

# Economic Impact of the Verano Project (Including the Impact of Texas A&M – San Antonio)

**Triple L Management**  
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PRESENTED BY



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## Major Findings

*FINDING #1: The mixed-use, urbanist character of the project should maximize the durability of underlying values and enhance efficiency in the provision of public services. The local real estate market appears primed for accelerated development of this type of project, a trend that is evident elsewhere in Texas and across the U.S, especially in light of rising gas prices.*

*FINDING #2: In spite of the current national economic environment, the longer-term outlook for San Antonio remains bright, as demographic trends and growing firms/sectors suggest that the local economy can expect economic growth that will outstrip the rest of the state and nation.*

*FINDING #3: Because of its size, scope, and unique mix of uses, the market area for the project is likely to be the San Antonio region. As a result, the project, while large-scale, represents a relatively small fraction of the expected demand for different types of land use in the San Antonio metro area.*

*FINDING #4: The presence of Texas A&M/San Antonio is integral to overall project appeal and viability, and will facilitate substantial economic development. At buildout, there will be approximately 17,350 permanent jobs at A&M/San Antonio and in the Verano project. When the ripple effects are included in the equation, this figure rises to just over 38,000 permanent jobs, as well as \$3.8 billion in annual economic activity and \$1.4 billion in annual personal income (measured in \$2007).*

*FINDING #5: In addition to direct tax implications discussed elsewhere, the City of San Antonio could expect to realize \$176.5 million (\$2007) in total revenue from the ripple effects outlined below over the life of the agreement. When inflation is added, this figure rises to \$326.0 million.*

## Economic Impact Analysis

### Direct Employment Assumptions of Verano

*Employment assumptions are derived as a function of square footage and are based on the following ratios:*

Retail/Restaurant:	638 sq ft/job
Office:	329 sq ft/job
R&D:	473 sq ft/job
Institutional (Medical):	401 sq ft/job

At Buildout of Verano in 2022, the translation is as follows:

Retail/Restaurant:	2,187 jobs
Office:	3,786 jobs
R&D:	6,631 jobs
<u>Institutional (Medical):</u>	<u>500 jobs</u>
Total	13,103 jobs

Note: These assumptions are based on a information from the American Planning Association publication, “Planner’s Estimating Guide – Projecting Land-Use and Facility Needs.” The figure for the Institutional category is an average of Office and Industrial/R&D.


### The Potential Direct Impact of Texas A&M – San Antonio

With an estimated ultimate student enrollment of 25,000, the ongoing operations of Texas A&M – San Antonio (A&M – SA) promises to have a significant impact on the local economy. Based on recent operating data from the University of Texas – San Antonio (updated for inflation and adjusted for a slight difference in enrollment), TXP estimates that, at buildout, A&M – SA will directly contribute \$329.1 million (\$2007) to the local economy, employing approximately 4,200.

### Economic Impact Methodology

The economic impacts extend beyond the direct activity outlined above. In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced. Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.

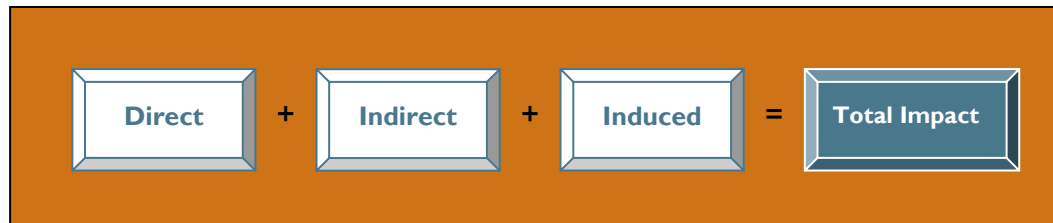
Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional



purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

## The Flow of Economic Impacts



Once the ripple effects have been calculated, the results can be expressed in a number of ways. Two of the most common are “Output,” which describes total economic activity, and is equivalent to a firm’s gross sales, “Earnings,” which represents the compensation to employees and proprietors, and “Employment,” which refers to permanent jobs that have been created in the local economy. The interdependence between different sectors of the economy is reflected in the concept of a “multiplier.” An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, another \$400 in output is produced in all sectors.

In this study, the RIMS II model for Bexar County maintained by the U.S. Department of Commerce was used to measure the relationships within industries and to estimate the ripple effects associated with the direct activity outlined above. The initial results are presented below.

### Initial Estimates of Total Economic Impact of Verano/A&M

Industry Sector	Direct Jobs	Indirect Jobs	Total Jobs
Retail/Restaurants	2,187	1,934	4,121
Office	3,786	4,944	8,729
R&D/Industrial	6,631	8,659	15,290
Institutional (Medical)	500	442	941
<b>Verano Sub-Total</b>	<b>13,103</b>	15,978	<b>29,081</b>
Texas A&M/San Antonio	4,247	5,950	10,197
<b>Totals</b>	<b>17,350</b>	21,928	<b>39,278</b>

Source: TXP

In order to avoid possible double-counting, the estimates of the indirect jobs retail/restaurant and institutional (medical) jobs associated with Verano/A&M were reduced by 50 percent. The revised figures are presented below.

**Revised Estimates of Total Job Impact of Verano/A&M  
(50% Indirect Reduction for Retail/Restaurant & Institutional)**

Industry Sector	Direct Jobs	Indirect Jobs	Total Jobs
Retail/Restaurants	2,187	967	3,154
Office	3,786	4,944	8,729
R&D/Industrial	6,631	8,659	15,290
Institutional (Medical)	500	221	720
<b>Verano Sub-Total</b>	<b>13,103</b>	<b>14,790</b>	<b>27,893</b>
Texas A&M/San Antonio	4,247	5,950	10,197
<b>Totals</b>	<b>17,350</b>	<b>20,740</b>	<b>38,090</b>

Source: TXP

**The Total Annual Economic Impact of Verano and Texas A&M – San Antonio (at Buildout, in Today’s Dollars, including Ripple Effects)**

*All dollar-denominated figures are \$2007*

Industry Sector	Employment	Earnings	Economic Activity
Retail/Restaurants	3,154	\$103,256,726	\$283,585,988
Office	8,729	\$363,613,365	\$973,788,318
R&D/Industrial	15,290	\$636,902,039	\$1,705,679,235
Institutional (Medical)	720	\$23,581,120	\$64,763,581
<b>Verano Sub-Total</b>	<b>27,893</b>	<b>\$1,127,353,250</b>	<b>\$3,027,817,123</b>
Texas A&M/San Antonio	10,197	\$282,402,814	\$790,234,168
<b>Totals</b>	<b>38,090</b>	<b>\$1,409,756,064</b>	<b>\$3,818,051,291</b>

Source: TXP

**Indirect Jobs and Earnings (Personal Income) Associated with Verano/A&M at Buildout**

*All dollar-denominated figures are \$2007*

Industry Sector	Indirect Jobs	Indirect Earnings
Retail/Restaurants	967	\$31,652,603
Office	4,944	\$157,688,263
R&D/Industrial	8,659	\$276,205,403
Institutional (Medical)	221	\$7,228,622
<b>Verano Sub-Total</b>	<b>14,790</b>	<b>\$472,774,890</b>
Texas A&M/San Antonio	5,950	\$117,608,261
<b>Totals</b>	<b>20,741</b>	<b>\$590,383,151</b>

Source: TXP

The estimates of indirect personal income reflect both the development schedule for Verano articulated elsewhere and the assumption that Texas A&M grows on

a linear basis from 1,500 students in 2009 to 10,000 during 2027, per a memorandum of understanding between Verano and the University. Buildout of the campus (25,000 students) occurs concurrent with the life of the TIF (2037).

**Schedule of Indirect Earnings (Personal Income) Associated with Verano/A&M Through Buildout in 2037**

*All dollar-denominated figures are \$2007*

	Retail/Rest.	Office	R&D/Ind.	Inst/Med	A&M	Totals
2009	\$0	\$0	\$0	\$0	\$7,056,496	\$7,056,496
2010	\$0	\$0	\$0	\$0	\$7,797,452	\$7,797,452
2011	\$0	\$0	\$0	\$0	\$8,616,211	\$8,616,211
2012	\$1,582,630	\$7,884,419	\$16,572,301	\$0	\$9,520,942	\$35,560,293
2013	\$3,165,260	\$15,768,839	\$38,668,762	\$0	\$10,520,674	\$68,123,535
2014	\$4,747,890	\$28,383,885	\$66,289,293	\$0	\$11,625,380	\$111,046,449
2015	\$7,913,151	\$44,152,724	\$93,909,825	\$0	\$12,846,085	\$158,821,784
2016	\$11,078,411	\$59,921,563	\$121,530,356	\$0	\$14,194,968	\$206,725,297
2017	\$14,876,728	\$75,690,401	\$149,150,888	\$0	\$15,685,487	\$255,403,505
2018	\$18,675,045	\$94,495,410	\$181,174,754	\$0	\$17,332,517	\$311,677,726
2019	\$22,473,361	\$113,300,419	\$213,198,620	\$2,891,449	\$19,152,491	\$371,016,340
2020	\$26,271,678	\$132,105,428	\$235,295,080	\$4,337,173	\$21,163,567	\$419,172,927
2021	\$29,436,939	\$147,870,089	\$257,391,541	\$5,782,898	\$23,385,814	\$463,867,280
2022	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$25,841,404	\$498,616,295
2023	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$28,554,840	\$501,329,730
2024	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$31,553,195	\$504,328,086
2025	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$34,866,388	\$507,641,279
2026	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$38,527,478	\$511,302,368
2027	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$42,572,995	\$515,347,885
2028	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$47,043,304	\$519,818,195
2029	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$51,983,012	\$524,757,902
2030	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$57,441,405	\$530,216,295
2031	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$63,472,948	\$536,247,839
2032	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$70,137,824	\$542,912,715
2033	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$77,502,535	\$550,277,425
2034	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$85,640,565	\$558,415,456
2035	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$94,633,117	\$567,408,007
2036	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$104,569,917	\$577,344,807
2037	\$31,652,603	\$157,688,263	\$276,205,403	\$7,228,622	\$117,608,261	\$590,383,151

Source: TXP

The City of San Antonio realizes the equivalent of 1.61 percent of each dollar of personal income (earnings) in the form of sales tax revenue and net CPS transfer revenue. The direct revenue calculations have been done elsewhere; this estimate does not include any property tax calculations beyond the direct impacts, nor does it include any other City revenues sources (fees, etc.). The following table outlines the revenue impact. Note

that these figures are not inflation-adjusted; assuming a 3 percent inflation rate, the total through 2037 would rise to \$326.0 million.

**City of San Antonio Revenue Impact Associated with the Ripple Effects of Verano/A&M Through 2037**

*All dollar-denominated figures are \$2007*

	<b>Total Indirect Personal Income</b>	<b>City of SA Revenue (@ 1.61%)</b>
2009	\$7,056,496	\$113,610
2010	\$7,797,452	\$125,539
2011	\$8,616,211	\$138,721
2012	\$35,560,293	\$572,521
2013	\$68,123,535	\$1,096,789
2014	\$111,046,449	\$1,787,848
2015	\$158,821,784	\$2,557,031
2016	\$206,725,297	\$3,328,277
2017	\$255,403,505	\$4,111,996
2018	\$311,677,726	\$5,018,011
2019	\$371,016,340	\$5,973,363
2020	\$419,172,927	\$6,748,684
2021	\$463,867,280	\$7,468,263
2022	\$498,616,295	\$8,027,722
2023	\$501,329,730	\$8,071,409
2024	\$504,328,086	\$8,119,682
2025	\$507,641,279	\$8,173,025
2026	\$511,302,368	\$8,231,968
2027	\$515,347,885	\$8,297,101
2028	\$519,818,195	\$8,369,073
2029	\$524,757,902	\$8,448,602
2030	\$530,216,295	\$8,536,482
2031	\$536,247,839	\$8,633,590
2032	\$542,912,715	\$8,740,895
2033	\$550,277,425	\$8,859,467
2034	\$558,415,456	\$8,990,489
2035	\$567,408,007	\$9,135,269
2036	\$577,344,807	\$9,295,251
2037	\$590,383,151	\$9,505,169
<b>Total</b>	<b>N.A.</b>	<b>\$176,475,847</b>

Source: TXP