



APPLIED ECONOMICS

**ECONOMIC AND REVENUE IMPACTS
OF PROJECT DYNASTY
GLENDALE, ARIZONA**

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INTRODUCTION

Applied Economics has been contracted by the City of Glendale to perform a third party economic and revenue analysis of Project Dynasty. This analysis is intended to provide a framework for understanding the economic and revenue impacts that the company's operations could create, and the potential impacts of a Foreign Trade Zone (FTZ) incentive.

Project Dynasty is considering constructing a new manufacturing facility in Glendale. The approximately 142-acre site being considered for this facility is located between Northern Avenue and Northern Parkway, 1/2 mile east of Reems Road. The company's capital investment is estimated at \$400 million and includes \$38 million for land, \$226 for shell building construction and tenant improvements, and \$136 million for equipment. It is anticipated that this capital investment would take place over four years. The company could create 200 jobs by the fourth year of operations at an average wage of \$60,775.

The economic and revenue impacts presented here are based on information about Project Dynasty provided by the city and the company. Actual results could vary significantly. However, even if the assumptions outlined in this report were to occur, there will usually be differences between the projections and the actual results because events and circumstances frequently do not occur as expected. This analysis is based on the best available information and is intended to aid the City of Glendale in evaluating this potential economic development opportunity. All dollar estimates should be interpreted as order of magnitude estimates only. In no way will Applied Economics LLC be held responsible or have any liability or be subject to damages as a result of this analysis. This report may be used only for the purposes that it was intended.

PROJECT DYNASTY IMPACT SUMMARY

Jobs, Payroll and Capital Investment

New Jobs	200
Estimated Annual Payroll	\$12.2 M
Capital Investment (buildings, land, equipment)	\$400.0 M

10-Year Economic Impacts

Economic Impact of Operations	\$2.1 B
Total Job Impacts	200 Direct/260 Indirect

Economic Impact of Construction	\$342.7 M
Total Job Impacts	1,900 Direct/700 Indirect

10-Year Revenue Impacts

Direct Revenues to City*	\$7.4 M
Employee Revenues to City (based on 200 jobs)	\$0.7 M

*Assumes company qualifies for FTZ property tax reduction.

IMPACT SUMMARY

The operations of Project Dynasty's new manufacturing facility in Glendale could provide a variety of economic benefits to the city. These include economic impacts, which measure the effects of economic stimuli or expenditures in the local economy in terms of direct and indirect jobs, labor income, and output that could be generated by the company's operations. The project could also generate revenue impacts, defined here as tax revenues to the city, including property, sales and utility franchise taxes from the company's operations, as well as taxes generated by direct employees living in Glendale. A summary of potential impacts on the city is detailed below.

Economic Impacts

- **Overall Operations Impacts.** In total, Project Dynasty could create an economic impact of \$2.1 billion in the City of Glendale over the next ten years. The company's operations could directly and indirectly support an estimated 460 jobs (including 200 direct jobs) and generate \$239.6 million in total labor income over ten years.
- **Jobs and Income.** The manufacturing facility could directly employ 200 people at full operating levels with an annual payroll of \$12.2 million. Through the multiplier effect, an additional 260 indirect and induced jobs and \$14.8 million in annual payroll could be supported at other businesses in Glendale. The additional jobs and payroll at other local businesses stem from indirect and induced impacts of supplier demand created by the company and consumer demand created by its employees.
- **Construction Impacts.** About 1,900 direct construction jobs and 700 additional indirect jobs could be created in Glendale over a four-year period through the \$226 million in estimated new construction activity. This would result in a one-time economic impact of \$342.7 million to the city. An estimated total of \$6.0 million in one-time city construction sales taxes and permit/planning fees could also be generated during the construction phase.
- **Supported Population.** The 200 direct jobs and approximately 260 indirect and induced jobs associated with Project Dynasty's new operations could support a population (including families) of about 300 people in the City of Glendale. This estimate assumes that approximately 29 percent of the workforce would live in the city.

Revenue Impacts

- **Direct Revenue Impacts.** The company's new manufacturing facilities could generate new one-time and on-going tax revenues to the city, in addition to the economic impacts described above. This includes, one-time construction sales tax and permit-related fees, property taxes on the new facilities and equipment and on-

going sales and utility franchise tax revenues with new revenues to the city totaling \$7.4 million over the first ten years of operations. This estimate assumes that the company would qualify for FTZ benefits.

- **Employee Revenue Impacts.** In addition to revenues generated by the company, direct employees living in Glendale could generate property, sales and utility franchise taxes as well as state shared revenues. Employee revenues are estimated at \$0.7 million over ten years.
- **Foreign Trade Zone.** Assuming that the company is able to qualify for a Foreign Trade Zone designation under U.S. Customs and Border Protection guidelines, they could also qualify for a 5 percent assessment ratio on real and personal property taxes. This reduction from the normal 17.5 percent assessment ratio would result in a tax savings of \$2.3 million over ten years in city property taxes, based on the specified level of capital investment. The site that the company is considering is currently generating approximately \$500 in annual property taxes to the city.

Project Dynasty could be a significant contributor to the region's economy, providing export jobs that bring new wealth to the region. The 200 new jobs associated with the project would be net new jobs to the state, thereby growing the economy both locally and regionally. The location of this company in Glendale would not only create new high wage jobs in the community, but also support a significant amount of additional economic activity at related local supplier and consumer businesses, as well as generating new tax revenues.

ECONOMIC IMPACT ANALYSIS

The potential economic benefits resulting from the location of the Project Dynasty in Glendale can be measured in terms of both the one-time construction impacts and on-going operations impacts. These impacts would include direct and indirect jobs, labor income and output that would be generated by the project. Indirect impacts are the result of the multiplier effect and capture supported supplier and consumer businesses and employees in the city that would benefit from this company.

Construction Impacts

Project Dynasty is anticipated to invest \$226 million in the construction of a new manufacturing facility in Glendale. The multiplier effect of this spending could result in a total increase in economic activity of about \$342.7 million during the four-year construction period. The approximately 2,600 direct and indirect jobs created in Glendale by the construction project could also generate close to \$156.6 million in labor income over the construction period. Total labor income, or earnings, and the total increase in economic activity from construction are shown in Figure 1.

**FIGURE 1
CONSTRUCTION IMPACTS OF PROJECT DYNASTY**

Year	Direct			Total		
	Construction Expenditures	Jobs	Labor Income	Output	Jobs	Labor Income
2022	\$113,000,000	950	\$59,377,796	\$171,336,368	1,300	\$78,279,230
2023	\$91,000,000	764	\$47,817,517	\$137,978,845	1,047	\$63,039,026
2024	\$18,000,000	152	\$9,458,410	\$27,292,519	207	\$12,469,258
2025	\$4,000,000	34	\$2,101,869	\$6,065,004	46	\$2,770,946
Total	\$226,000,000	1,900	\$118,755,592	\$342,672,736	2,600	\$156,558,460

Operations Impacts

The projected economic impacts from the Project Dynasty’s manufacturing activities in Glendale are shown in Figure 2. The company is anticipated to create 200 new jobs with an estimated annual payroll of \$12.2 million. Through local supplier purchases, as well as employee spending, Project Dynasty could create an annual economic impact of \$231.3 million in Glendale (Figure 2). The multiplier effect of the company’s operations on the city could result in a total economic impact of \$2.1 billion over the next ten years, supporting an estimated 460 direct and indirect jobs and \$239.6 million in total labor income.

**FIGURE 2
ANNUAL OPERATIONS IMPACT OF PROJECT DYNASTY**

Year	Direct			Total		
	Output	Jobs	Labor Income	Output	Jobs	Labor Income
2024	\$13,221,150	19	\$1,680,000	\$21,973,350	44	\$3,081,708
2025	\$107,856,749	155	\$9,815,000	\$179,256,275	355	\$21,249,985
2026	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2027	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2028	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2029	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2030	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2031	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2032	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
2033	\$139,169,998	200	\$12,155,000	\$231,298,420	460	\$26,909,819
10 Year Total	\$1,234,437,884	200	\$108,735,000	\$2,051,616,985	460	\$239,610,249

The new jobs generated directly and indirectly by Project Dynasty could support a resident base of about 300 people in Glendale. This includes families of direct employees, as well as families of employees at related supplier and consumer businesses, and assumes that about 29 percent of the employees will work and live in the city.¹

The secondary or indirect/induced impacts described here are called multiplier effects. Multiplier effects are a way of representing the larger economic effects on the local economy. The multiplier effects translate an increase in output (defined as labor cost, plus cost of inputs plus profits) into a corresponding increase in jobs and labor income. In essence, the multiplier effect represents the recycling of local spending. This recycling process creates new business opportunities.

The multipliers used in this analysis are from IMPLAN, a national vendor of economic impact software, and are specific to the economic base of Glendale. Industry specific multipliers for manufacturing and for industrial construction were used in the analysis. The output multiplier for this project is 1.66. This means that for every \$1 million of output created by the company, an additional \$660,000 in economic activity is generated in the local economy, along with about 2 jobs and about \$106,000 in payroll at other local businesses.

¹ Based on data from the Maricopa County Rideshare Survey, 29 percent of people who work in Glendale also live in Glendale.

REVENUE IMPACTS

In addition to supporting jobs and output at related businesses in the city, Project Dynasty could also generate new tax revenues. In total, the company could generate an estimated \$7.4 million in direct revenues and \$0.7 million in employee tax revenues in Glendale over the next ten years, based on the assumptions used in this analysis. There would be additional revenues to the school district, county and state. Details on local property taxes by jurisdiction, with and without FTZ benefits, are included in Appendix A.

Company Impacts

Direct revenues generated by the company over ten years are estimated at \$7.4 million, assuming the company qualifies for FTZ property tax reductions. Direct property tax revenues to the city with the FTZ could total \$919,000 over the first ten years of operations, including both real and personal property (Figure 3). Note that the proposed site is currently vacant and is generating approximately \$500 in annual property taxes to the city.

Property tax estimates are based on the estimated limited property value of the new building and the annual depreciated value of new equipment. For purposes of this analysis, all equipment is depreciated based on a 12-year life. Accelerated depreciation is also applied in the first five years following equipment purchase, per state statute. It is assumed that the real property value would increase by 5 percent per year, based on recent increases in LPV for the other manufacturing properties in the city and statutory guidelines.

In addition to property taxes, there would be one-time sales taxes, planning/permit fees and development impact fees from facility construction estimated at \$6.0 million to the city during the four-year construction period. Permit-related fees that are included in the \$6.0 million could range from approximately \$1.0 million to \$2.5 million, depending on the final building valuation, and the total here reflects an average of that range. This analysis further assumes that all equipment would be exempt from sales tax.

There could be on-going sales tax revenues associated with the company's utility usage estimated at \$23,000 per year, plus franchise fees of \$23,000 per year. Total sales and franchise taxes are estimated at \$458,000 over ten years, excluding construction sales tax.

FIGURE 3
ESTIMATED DIRECT REVENUE IMPACT OF PROJECT DYNASTY

Year	Sales Tax ¹	Property Tax ²	Plan/Permit Fees ³	Utility Franchise	Total City Revenues
2022-2023 (Const.)	\$2,130,050	\$0	\$1,753,127	\$0	\$3,883,177
2024	\$1,738,239	\$41,981	\$0	\$22,889	\$1,803,109
2025	\$362,189	\$62,740	\$0	\$22,889	\$447,818
2026	\$98,289	\$87,476	\$0	\$22,889	\$208,654
2027	\$22,889	\$97,410	\$0	\$22,889	\$143,188
2028	\$22,889	\$107,970	\$0	\$22,889	\$153,748
2029	\$22,889	\$114,570	\$0	\$22,889	\$160,348
2030	\$22,889	\$113,399	\$0	\$22,889	\$159,177
2031	\$22,889	\$106,389	\$0	\$22,889	\$152,167
2032	\$22,889	\$97,815	\$0	\$22,889	\$143,594
2033	\$22,889	\$89,486	\$0	\$22,889	\$135,264
10 Year Total	\$4,488,990	\$919,236	\$1,753,127	\$228,890	\$7,390,243

Employee Revenues

In addition to the direct taxes paid by the company, there could also be taxes generated by employees living in Glendale estimated at \$702,000 over the ten year period, based on 200 new jobs (Figure 4). Using the results from the economic impact analysis, it is possible to estimate employee tax impacts.

Employee sales taxes are estimated at \$302,000 over ten years. Employee sales tax revenues represent sales taxes on household spending by direct employees living in Glendale. Sales taxes to the city are estimated by multiplying direct labor income from the economic impact by 33 percent (share of taxable expenditures), multiplied by a residency ratio of 29 percent and the city sales tax rate of 2.9 percent.² There could be an additional 2 percent franchise tax on residential utility expenditures resulting in an estimated \$21,000 in utility franchise taxes over the next ten years from employees, assuming an average monthly utility bill of \$192.³

Direct employees could also generate an estimated \$77,000 in property tax revenues to the city over ten years. Employee property tax revenues were based on average residential assessed value per capita in Glendale multiplied by the annual supported population, times the current city property tax rate of 1.73 percent.

² According to the Census Bureau Consumer Expenditure Survey, persons in the median income range spend about 33 percent of their income on taxable goods.

³ Council for Community and Economic Research, *Cost of Living Index*, Q3 2021.

FIGURE 4
ESTIMATED EMPLOYEE REVENUE IMPACT OF PROJECT DYNASTY

Year	Sales Tax ¹	Property Tax ²	Utility Franchise	State-Shared Revenues ¹	Total City Revenues
2024	\$4,663	\$830	\$229	\$3,223	\$8,945
2025	\$27,240	\$6,771	\$1,871	\$26,297	\$62,179
2026	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2027	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2028	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2029	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2030	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2031	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2032	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
2033	\$33,734	\$8,737	\$2,415	\$33,931	\$78,816
10 Year Total	\$301,772	\$77,497	\$21,417	\$300,968	\$701,655

Note: All figures are in constant 2022 dollars. Analysis assumes 29% of employees live in the City of Glendale for the calculation of employee revenues.

New employees living in Glendale could also result in increased state shared revenues. State shared revenues include state sales tax, urban revenue sharing and auto lieu tax, all of which are distributed to the city based on population. Applying the current amount the city is receiving per capita to the projected new residents associated with this project, the city could receive an estimated \$301,000 in new state shared revenues over the next ten years assuming 29 percent of the new employees live in Glendale. All total, revenues from the direct employees of Project Dynasty to the city are estimated at \$702,000 over ten years.

Summary

The operations of the Project Dynasty in Glendale, as described in this analysis, could create significant economic benefits for the city. The company would not only create a sizeable number of new manufacturing jobs, but would also create additional demand for other local businesses based on supplier purchases and employee spending. Along with supporting economic activity in the private sector, the company’s operations could generate new tax revenues to the city, as well as to other local taxing entities, in the form of increased sales, utility franchise and property taxes.

APPENDIX A

This Appendix details the potential impacts of FTZ tax reductions to the city, school districts and other taxing districts associated with Project Dynasty. These are rough estimates based on initial capital investment information provided by the company and could vary significantly depending on the actual value of real and personal property.

Using current mill rates at the proposed site and estimated limited property value of the building plus the depreciated value of personal property investments by the company, Figure A-1 shows the amount of new property taxes by year that would be paid to the city, school district, county and other local taxing jurisdictions if an FTZ application for property reclassification is approved. The FTZ property tax benefits reduce the assessment ratio on real and personal property to 5 percent, down from the normal 17.5 percent ratio for commercial and industrial property. This could result in \$6.3 million in new tax revenues to the city and school districts over the next ten years, assuming a 5 percent annual increase in the value of real property.

**FIGURE A-1
PROPERTY TAX IMPACT OF PROJECT DYNASTY CAPITAL INVESTMENT
WITH FTZ PROPERTY TAX BENEFITS**

Year	New Investment	Annual Taxable Value*	Property Tax by Jurisdiction with FTZ					Total
			City of Glendale	Dysart Unified	Maricopa County	Maricopa Community Colleges	Other Spec Districts	
2022	\$148,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$165,000,000	\$48,653,308	\$41,981	\$150,387	\$32,741	\$29,817	\$30,763	\$285,690
2024	\$45,000,000	\$72,712,621	\$62,740	\$224,755	\$48,932	\$44,562	\$45,976	\$426,965
2025	\$4,000,000	\$101,380,774	\$87,476	\$313,368	\$68,224	\$62,131	\$64,103	\$595,303
2026	\$0	\$112,892,863	\$97,410	\$348,952	\$75,971	\$69,186	\$71,382	\$662,901
2027	\$0	\$125,132,238	\$107,970	\$386,784	\$84,208	\$76,687	\$79,121	\$734,770
2028	\$0	\$132,780,517	\$114,570	\$410,425	\$89,355	\$81,375	\$83,957	\$779,681
2029	\$0	\$131,423,601	\$113,399	\$406,230	\$88,442	\$80,543	\$83,099	\$771,713
2030	\$0	\$123,299,683	\$106,389	\$381,119	\$82,975	\$75,564	\$77,962	\$724,010
2031	\$0	\$113,363,268	\$97,815	\$350,406	\$76,288	\$69,475	\$71,680	\$665,663
2032	\$0	\$103,710,185	\$89,486	\$320,568	\$69,792	\$63,559	\$65,576	\$608,981
10 Yr Total	\$362,000,000	\$1,065,349,059	\$919,236	\$3,292,994	\$716,927	\$652,899	\$673,620	\$6,255,676

**Includes additional and regular depreciation and 5 percent assessment ratio. Real property value is increased by 5 percent per year.*

In order to clearly show the impacts of the FTZ property reclassification to local taxing jurisdictions, Figure A-2 details the amount of new property taxes by jurisdiction over the next ten years at a normal 17.5 percent assessment ratio. Under these conditions, the new capital investment by Project Dynasty could generate \$21.9 million in tax revenues to the city and other local taxing jurisdictions over the next ten years.

**FIGURE A-2
PROPERTY TAX IMPACT OF PROJECT DYNASTY CAPITAL INVESTMENT
WITHOUT FTZ PROPERTY TAX BENEFITS**

Year	New Investment	Annual Taxable Value*	Property Tax by Jurisdiction without FTZ					Total
			City of Glendale	Dysart Unified	Maricopa County	Maricopa Community Colleges	Other Spec Districts	
2022	\$148,000,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2023	\$165,000,000	\$48,653,308	\$146,932	\$526,356	\$114,594	\$104,360	\$107,672	\$999,914
2024	\$45,000,000	\$72,712,621	\$219,590	\$786,641	\$171,262	\$155,967	\$160,917	\$1,494,377
2025	\$4,000,000	\$101,380,774	\$306,167	\$1,096,788	\$238,785	\$217,459	\$224,361	\$2,083,560
2026	\$0	\$112,892,863	\$340,934	\$1,221,331	\$265,899	\$242,152	\$249,838	\$2,320,154
2027	\$0	\$125,132,238	\$377,896	\$1,353,743	\$294,727	\$268,406	\$276,924	\$2,571,696
2028	\$0	\$132,780,517	\$400,994	\$1,436,486	\$312,741	\$284,811	\$293,850	\$2,728,882
2029	\$0	\$131,423,601	\$396,896	\$1,421,806	\$309,545	\$281,900	\$290,847	\$2,700,995
2030	\$0	\$123,299,683	\$372,362	\$1,333,918	\$290,411	\$264,475	\$272,868	\$2,534,034
2031	\$0	\$113,363,268	\$342,354	\$1,226,421	\$267,007	\$243,161	\$250,879	\$2,329,822
2032	\$0	\$103,710,185	\$313,202	\$1,121,989	\$244,271	\$222,456	\$229,516	\$2,131,434
10 Yr Total	\$362,000,000	\$1,065,349,059	\$3,217,328	\$11,525,479	\$2,509,243	\$2,285,147	\$2,357,671	\$21,894,867

*Includes additional and regular depreciation and 17.5 percent assessment ratio. Real property value is increased by 5 percent per year.

The final figure shows the projected amount of property taxes that could be generated by the property based on its current limited property value, assuming no new development (Figure A-3). This vacant parcel is currently generating about \$3,500 in total annual property taxes.

**FIGURE A-3
PROPERTY TAX IMPACT WITH NO NEW DEVELOPMENT**

Year	New Investment	Annual Taxable Value*	Property Tax by Jurisdiction					Total
			City of Glendale	Dysart Unified	Maricopa County	Maricopa Community Colleges	Other Spec Districts	
2023	\$0	\$207,222	\$508	\$1,819	\$396	\$361	\$372	\$3,456
2024	\$0	\$212,402	\$520	\$1,865	\$406	\$370	\$381	\$3,542
2025	\$0	\$217,712	\$534	\$1,911	\$416	\$379	\$391	\$3,631
2026	\$0	\$223,155	\$547	\$1,959	\$426	\$388	\$401	\$3,721
2027	\$0	\$228,734	\$561	\$2,008	\$437	\$398	\$411	\$3,814
2028	\$0	\$234,452	\$575	\$2,058	\$448	\$408	\$421	\$3,910
2029	\$0	\$240,314	\$589	\$2,110	\$459	\$418	\$432	\$4,008
2030	\$0	\$246,321	\$604	\$2,162	\$471	\$429	\$442	\$4,108
2031	\$0	\$252,480	\$619	\$2,216	\$483	\$439	\$453	\$4,210
2032	\$0	\$258,792	\$634	\$2,272	\$495	\$450	\$465	\$4,316
10 Yr Total	\$0	\$2,321,584	\$5,689	\$20,380	\$4,437	\$4,041	\$4,169	\$38,716