

ECONOMIC IMPACT OF
SANTA FE INDUSTRIAL PARK

by

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Economic Impact of Sante Fe Industrial Park

The Sante Fe Industrial Park currently employs about 1600 persons. The economic impact of these jobs is felt throughout the community. The Industrial Park accounts for 38 percent of all manufacturing jobs in the country and around 5 percent of total jobs. Over \$118 million has been invested in the park to create these jobs (see Attachment One). To understand the initial and continuing effect of these jobs a brief explanation and analysis of this impact is presented here.

Because these are manufacturing jobs, it is assumed that they are "basic" jobs. To assess the impact of these jobs in Lawrence the Heins model from the University of Illinois was used. The key element in the analysis is the multiplier effect. Because those employed in manufacturing spend their money in the community, demand is increased. This in turn leads to increases in employment in other areas. Finally, the change in total income in the area is a multiple of the initial income generated by the new manufacturing jobs, not simply the additional wages of the manufacturing workers. It is our view that the Heins model tends to a high impact estimate for Douglas County, because of a higher leakage of sales to Kansas City and Topeka. To account for this leakage a more conservative estimate of a typical Kansas county was used. In the model, it is assumed that within four or five years after the creation of the new jobs, the growth process will be complete. The higher level of economic activity will remain constant at that point as long as the jobs are maintained. In order to continue to increase income and economic activity new jobs must be added on an ongoing basis.

In this analysis at least two assumptions are implicit. First, that all of these jobs are at least five years old. This is supported by the fact that since 1980 Lawrence has lost manufacturing jobs, that is, there have been no additional

basic jobs in manufacturing since 1980. In 1980 there were approximately 4,800 manufacturing jobs, now there are around 4,300. Secondly, all dollar amounts are in 1982 terms. No account is taken of the time value of money.

The annual effect on the economy of Douglas County of the jobs in the Santa Fe Industrial Park is as follows:

1. Personal income in Lawrence has been increased by \$90 million per year due directly and indirectly to 1600 basic jobs.
2. Total employment has increased by 6,400 due directly or indirectly to 1600 basic jobs.
3. \$2.9 million of annual property taxes per year are attributable directly or indirectly to 1600 basic jobs.
4. \$53 million in annual retail sales are attributable per year directly or indirectly to 1600 basic jobs.
5. The number of retail establishments has increased by 100 due directly or indirectly to 1600 basic jobs.
6. \$6 million annual service sector receipts are attributable each year directly or indirectly to 1600 basic jobs.
7. The number of service establishments has increased by 75 due directly or indirectly to 1600 basic jobs.

Attachment Two shows what a new 100-job manufacturing plant would mean in Douglas County in nine different areas and on a year-by-year basis for ten years. Professor Heins calculated this effect for Douglas County in 1982, and the numbers should be treated as rough orders of magnitude rather than as exact estimates.

ATTACHMENT ONE

DIRECT IMPACT OF SANTA FE INDUSTRIAL PARK

	ACRES	EMPLOYEES	CAPITAL INVESTMENT (\$Millions)
Aeroquip	13	173	4
K-Mart Distribution.	36	445	40
Lawrence Paper Co. .	21	300	19
Packer Plastics. . .	20	425	14
Quaker Oats.	30	165	30
TRW.	41	121	10
U.S. Bldg. Prod. . .	16	24	1.5
TOTAL.	177	1,653	118.5

Santa Fe Industrial Park Jobs:

Percent of All Manufacturing	38.44%
Percent of All Jobs	5.51%

ASSESSED VALUE FOR:	REAL ESTATE (\$Millions)	PERSONAL PROPERTY (\$Millions)	TOTAL (\$Millions)
Douglas County . . .	129.342	42.185	208.424
City of Lawrence . .	93.853	34.728	138.329
Santa Fe Ind Park. .	4.298	7.424	11.722

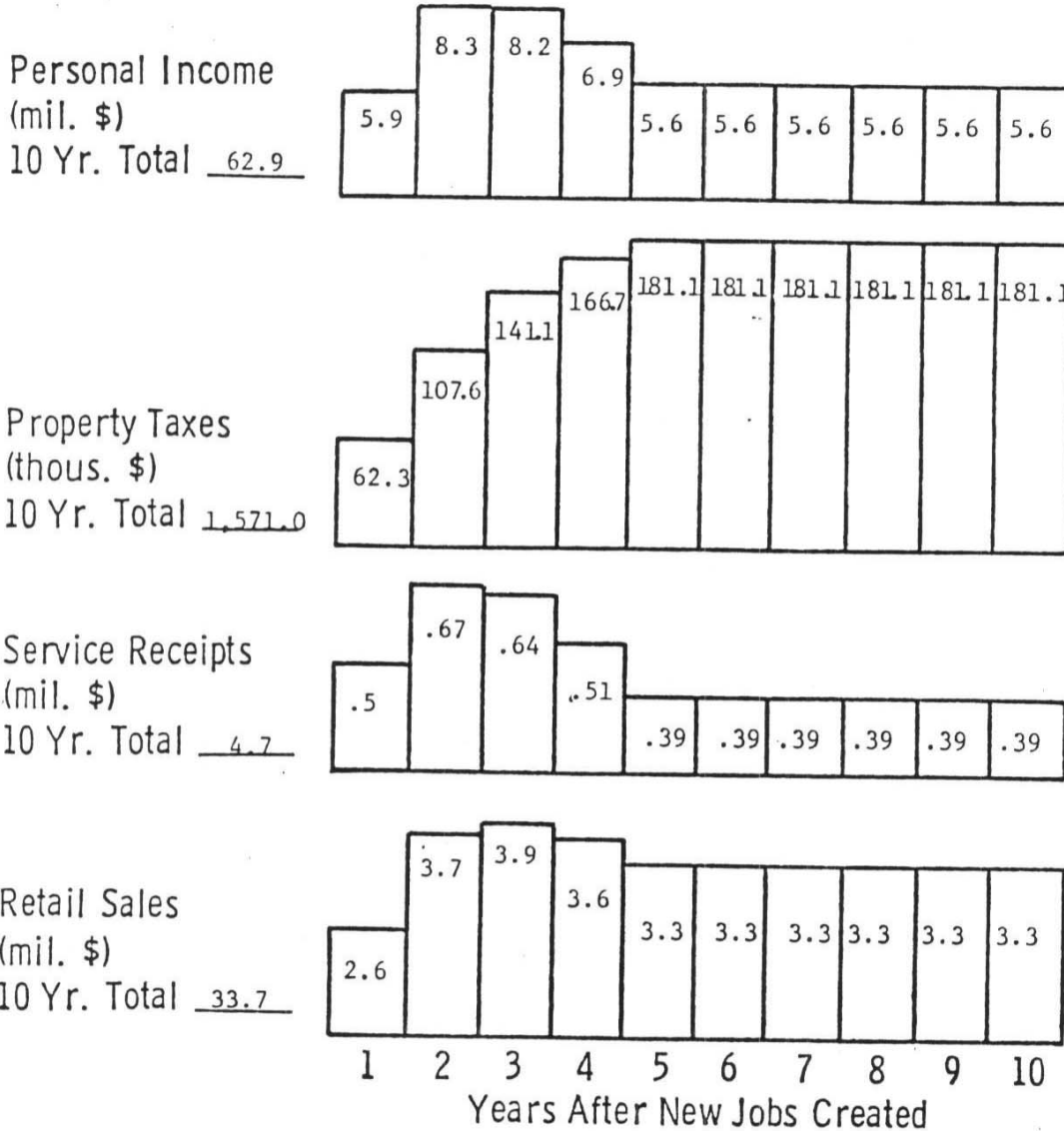
SANTE FE % OF:

Douglas County . . .	3.32%	17.60%	5.62%
City of Lawrence . .	4.58%	21.38%	8.47%

WHAT 100 ADDITIONAL BASIC JOBS MEAN FOR
DOUGLAS COUNTY

RESULTS

A. Flow Variables



B. Stock Variables

