

A Report of the Economic Impact from Construction Activities of Raytown C-2 School District's Proposed 2019 Bond Projects Raytown, Missouri

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Prepared by:

Impact DataSource, LLC
4709 Cap Rock Drive
Austin, Texas 78735
(512) 892-0205
Fax (512) 892-2569
www.impactdatasource.com



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A Report of the Projected Economic Impact from Raytown C-2 School District's 2019 Proposed Bond Projects

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the impacts from construction activities of Raytown C-2 School District's proposed 2019 bond projects on the economy of the Raytown area during the construction period. In addition, estimated sales tax revenues that these projects will generate for local taxing districts, primarily from construction workers' spending, are calculated.

Description of the Bond Projects

The Raytown C-2 School District's Board of Education voted to approve a \$53 million bond issue which will be decided upon by the voters on April 2, 2019. The bond amount includes \$11 million to be used to pay past lease purchases. The amount allocated to bond projects is \$42 million.

The projects will be completed over a five year period. A summary of the amounts of the annual projects is shown below and details of the projects are on Appendix A.

Proposed Bond Projects	
Year	Amount
2019	\$12,889,548.13
2020	\$13,997,343.38
2021	\$5,951,185.20
2022	\$4,491,113.11
2023	\$4,923,322.88
Total	\$42,252,512.70

Summary of Economic Impacts

How will these projects impact Raytown's economy?

This construction activity will pump \$53 million into economy of the Raytown area economy or have a impact of \$53 million, support an estimated 99 construction jobs each year during construction, along with support \$18 million in salaries for area construction workers and other workers.

The projects will create an estimated \$4.6 million in local taxable sales and spending and generate \$172,508 in sales taxes for the cities in which the school district is located, the county and special purpose.

Details of the economic impacts during the projects' construction are discussed next.

Economic Impact During Construction of the Projects

Types of Economic Impacts During Construction of the Projects

During construction the projects will create revenues for area businesses, along with construction jobs and salaries.

These economic impacts may be characterized as direct, indirect and induced.

The direct economic impact will be the revenues of local development, construction and other firms that design, build, and complete the projects, as well as, construction jobs and salaries. From the spending of the some of these firms and their workers, indirect and induced benefits or spin-off benefits will be created.

Indirect sales, jobs and salaries will be created or supported in local businesses and organizations, such as trucking companies, equipment suppliers, concrete suppliers, lumber yards and other businesses while the projects are being completed.

In addition, induced sales, jobs and salaries will be created or supported in area businesses, such as restaurants, convenience stores, banks, grocery stores, apartment complexes, service companies, and others that supply goods and services to construction workers and their families and, in turn, to workers in indirect jobs and their families.

To estimate the indirect and induced economic impact of the projects during construction, regional economic multipliers were used. Regional economic multipliers for Missouri and areas of the state are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis:

- An output multiplier and
- An employment multiplier and
- An earnings multiplier.

An output multiplier was used to estimate indirect and induced revenues generated in businesses in Raytown during construction of the projects. The multiplier shows the indirect and induced revenues in other businesses in the area for each dollar of development, construction and installation costs.

Similarly, an employment multiplier was used to estimate the number of indirect and induced jobs created and supported in Raytown for each development, construction and installation job at the projects. Similarly, an earnings multiplier was used to estimate the amount of salaries to be paid to the workers in these

indirect and induced jobs for every dollar paid to a direct development and construction worker at the projects. Indirect and induced multipliers used in this analysis during development and construction are shown below.

**Indirect Multipliers Used in
the Analysis During the Development
and Construction**

Output	0.5896
Employment	0.4545
Earnings	0.5567

Economic Impacts During Development, Construction and Installation

Estimated Construction Costs

The projects' estimated construction costs are shown below:

Proposed 2019 Bond Projects

Total cost 2019 bond projects to be completed over five years	\$42,252,513
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Economic Impact

As shown above, the projects' construction and other costs are expected to be \$42 million. An estimated 80% of the costs of these projects or \$33.8 million may be considered local expenditures. Therefore, the projects will generate \$5.6 million in direct local revenues for construction companies, architects, engineers, and others in the construction industry and in other industries in the area. In addition, an estimated 68 direct construction and related workers will be employed each year during the construction period. The estimated direct construction payroll will be \$11.8 million, as shown below.

This construction activity and direct construction jobs and salaries will, in turn, create and support revenues in other businesses in the area and indirect jobs and salaries during the time that the projects are being constructed. In total, the projects may support an estimated \$53 million in direct and indirect gross area product or economic activity in area during their construction, an estimated 99 direct and indirect jobs each year during construction of the projects, along with \$18 million in direct and indirect salaries for area construction and other workers, as shown on the following page:

**Economic Impact During
Construction of the Projects**

Economic output/impact of the projects:

Direct	\$33,802,010
Indirect	\$19,927,975

Total economic output/impact \$53,729,985

Jobs:

Direct	68
Indirect	31
Total jobs	99

Salaries:

Direct	\$11,830,704
Indirect	\$6,585,679

Total salaries \$18,416,383

Local Sales Taxes to be Collected During Construction of the Projects

Taxable Sales

Although materials purchased for construction of the projects will not be subject to sales tax, spending by construction workers and some spending by indirect companies will, however, be subject to sales tax.

Estimated taxable sales will be generated during construction of the projects are shown on the following page:

Taxable Sales During Construction of the Project

Estimated local cost of constructing and other costs for the projects	\$33,802,010
Percent of costs for materials	65%
Percent of costs for labor	35%
Total cost of materials	\$21,971,307
Estimated percent of construction materials that will be taxable in the Raytown area	0%
Total taxable construction materials	\$0
Total direct construction labor	\$11,830,704
Percent of construction salaries to be spent on taxable goods and services	30%
Percent of construction salaries to be spent in the Raytown area	30%
Total taxable spending by construction workers in Raytown	\$1,064,763
Indirect salaries (salaries to be paid to workers supported in indirect jobs in the community)	\$6,585,679
Percent of construction salaries to be spent on taxable goods and services	30%
Percent of construction salaries to be spent in the Raytown area	30%
Total taxable spending by construction workers in Raytown area	\$592,711
Estimated taxable spending in the Raytown are by by indirect businesses (spending excluding payments for salaries)	\$2,989,196
Summary of taxable spending in the Raytown area:	
Purchases of construction materials for the projects	\$0
Taxable spending by direct and indirect workers	\$1,657,474
Taxable spending by indirect businesses	\$2,989,196
Total taxable spending during construction	\$4,646,671

While the Raytown C-2 School District is all within Jackson County, the district extends into the following three cities and, therefore, the percent and total taxable spending is expected to be in each of these cities:

Cities in Which Project Spending may Occur		
		Taxable Spending
Raytown	25%	\$1,161,668
Independence	20%	\$929,334
Kansas City	40%	\$1,858,668

Sales Tax Collections

The following cities in the school district, Jackson County and special will collect the following sales taxes during construction of the projects:

Estimated Local Taxable Sales and Sales Tax Collections During Construction

Taxable spending in:	
Jackson County	\$4,646,671
Raytown	\$1,161,668
Independence	\$929,334
Kansas City	\$1,858,668
Local portion of sales tax rate:	
Jackson County	1.250%
City of Raytown	2.750%
City of Independence	2.250%
City of Kansas City	3.000%
Special	0.125%
Sales tax collections during construction:	
Jackson County	\$58,083.38
City of Raytown	\$31,945.86
City of Independence	\$20,910
City of Kansas City	\$55,760
Special	\$5,808
Total	\$172,508

Conduct of this Analysis

This analysis was conducted by Impact DataSource using data supplied by Raytown C-2 School District. In addition, impact DataSource used local sales tax rates and certain estimates and assumptions.

Using this data, the economic impact during construction of the projects was calculated along with sales taxes that may be collected by the Cities of Raytown, Independence, and Kansas City; Jackson County, and special

Impact DataSource is a 25-year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Missouri and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Appendix A
Details of the 2019 Bond Projects

Row Labels	Sum of Estimate
2019	\$12,889,548.13
Blue Ridge	\$611,159.69
Additional Freezer Space in Kitchen	\$25,000.00
Concrete & Asphalt Repairs	\$77,286.56
Electronic Door Access	\$42,500.00
Exterior Tuckpointing	\$46,875.00
Playground Turf	\$235,000.00
Roofs	\$53,458.13
Windows	\$131,040.00
Fleetridge	\$793,965.63
Additional Freezer Space in Kitchen	\$25,000.00
Concrete & Asphalt Repairs	\$68,840.63
Electronic Door Access	\$42,500.00
Playground Turf	\$235,000.00
Roofs (HALF)	\$275,625.00
Windows	\$147,000.00
New Trails	\$572,234.38
Breezeway Repairs	\$105,000.00
Playground Shade Structure	\$20,000.00
Playground Turf	\$210,984.38
Roof Restoration	\$236,250.00
Norfleet	\$670,695.63
Additional Freezer Space in Kitchen	\$25,000.00
Concrete & Asphalt Repairs	\$108,780.00
Electronic Door Access	\$42,500.00
Playground Turf	\$235,000.00
Roofs (HALF)	\$248,259.38
Windows	\$11,156.25
Raytown South High School	\$1,722,189.06
Concrete & Asphalt + (3rd Lane)	\$185,200.00
Exterior Tuckpointing	\$157,500.00
Guided Entry Vestibule	\$177,187.50
Roofs (HALF)	\$1,142,301.56
Structural Repairs to Auditorium	\$60,000.00
South Middle School	\$2,168,293.75
Band Room Addition	\$966,000.00
Concrete & Asphalt Repairs	\$452,025.00
Electronic Door Access	\$56,437.50
Exterior Tuckpointing	\$52,500.00
Guided Entry	\$175,000.00
Roofs (HALF)	\$466,331.25

Three Trails	\$2,163,660.00
Concrete & Asphalt Repairs	\$202,125.00
HVAC - Boiler Upgrade	\$459,375.00
PA / Intercom	\$40,000.00
Playground Equipment	\$50,000.00
Roofs	\$826,875.00
Tuckpointing	\$387,187.50
Window Replacement	\$183,750.00
Window Treatments	\$14,347.50
Westridge	\$887,350.00
Additional Parking	\$225,000.00
Concrete & Asphalt Repairs	\$264,600.00
Electronic Door Access	\$44,625.00
Exterior Tuckpointing	\$65,625.00
Playground Turf	\$235,000.00
Windows	\$52,500.00
Herndon Campus Building D	\$3,300,000.00
Restaurant	\$3,300,000.00
2020	\$13,977,343.38
Blue Ridge	\$528,412.50
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$94,500.00
Interior Flooring Replacement(Corridor Only)	\$119,850.00
Lighting Upgrades	\$164,062.50
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Central Middle School	\$2,279,781.25
Bus Loop Addition/Parking Lots	\$105,000.00
Concrete & Asphalt Repairs	\$312,375.00
Electronic Door Access	\$56,437.50
Exterior Tuckpointing	\$431,484.38
Guided Entry	\$787,500.00
Roofs (HALF)	\$578,484.38
Stage Sound System Upgrades	\$8,500.00
Chitwood Stadium	\$1,940,000.00
ADA Access / Security	\$65,000.00
Pressbox / Locker Room Finish Upgrades	\$1,875,000.00
Laurel Hills	\$598,012.50
Concrete & Asphalt Repairs	\$161,700.00
Electronic Door Access	\$42,500.00
Playground Turf	\$235,000.00
Roofs	\$11,812.50
Windows	\$147,000.00

Little Blue	\$521,781.25
Additional Playground Equipment	\$80,000.00
Concrete & Asphalt Repairs	\$65,625.00
Electronic Door Access	\$42,500.00
Playground Turf	\$235,000.00
Retaining Wall Repairs	\$62,500.00
Roof Repairs	\$25,000.00
Windows	\$11,156.25
Northwood	\$385,000.00
ADA Playground Equipment	\$150,000.00
Playground Turf	\$235,000.00
Raytown High School	\$5,780,748.06
Auditorium Upgrade	\$1,230,468.75
Band and Choir Upgrades	\$1,181,250.00
Concrete & Asphalt Repairs	\$367,500.00
Exterior Brick Tuckpointing	\$393,750.00
Guided Entry Vestibule + Attendance Office	\$265,781.25
Gym Sound System	\$32,812.50
Gym Upgrades	\$100,000.00
Lighting Upgrades	\$479,010.00
Roofs (HALF)	\$906,975.56
Windows	\$823,200.00
Southwood	\$842,118.75
Concrete & Asphalt Repairs	\$381,500.00
Electronic Door Access	\$44,625.00
Exterior Tuckpointing	\$65,625.00
Playground Turf	\$235,000.00
Roofs	\$104,212.50
Windows	\$11,156.25
Spring Valley	\$463,306.25
Additional Freezer Space in Kitchen	\$25,000.00
Concrete & Asphalt Repairs	\$92,400.00
Electronic Door Access	\$44,625.00
Playground Turf	\$235,000.00
Roofs	\$55,125.00
Windows	\$11,156.25
Herndon Campus Building A	\$22,148.44
Cosmatology Flooring (Concrete)	\$22,148.44
Herndon Campus Building B	\$600,534.38
HVAC Improvements	\$206,784.38
Roofs - Building B	\$393,750.00
Herndon Campus Building C	\$15,500.00
Nursing Shower	\$15,500.00

2021	\$5,951,185.20
Eastwood Hills	\$417,937.50
Concrete & Asphalt Repairs	\$67,200.00
Electronic Door Access	\$42,500.00
Playground Turf	\$235,000.00
Window Treatments	\$14,437.50
Windows	\$58,800.00
Fleetridge	\$404,795.00
Epoxy on Corridor Walls	\$42,500.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$94,500.00
Interior Flooring Replacement(Corridor Only)	\$93,645.00
Lighting Upgrades	\$24,150.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Northwood	\$100,800.00
Lighting Upgrades	\$67,200.00
Outlets in Classrooms	\$33,600.00
Raytown Middle School	\$297,771.45
Concrete & Asphalt Repairs	\$58,708.95
Electronic Door Access	\$56,437.50
Guided Entry	\$170,625.00
Roofs	\$12,000.00
Raytown South High School	\$4,075,912.50
Auditorium Upgrade	\$1,315,125.00
Band and Choir Upgrades	\$436,275.00
Gym Restroom Addition	\$472,500.00
Gym Sound System	\$32,812.50
Gym Upgrades	\$100,000.00
Interior Flooring Replacement(Corridor Only)	\$380,625.00
Lighting Upgrades	\$489,825.00
Locker Room Finish Upgrades	\$498,750.00
Media Center Upgrade	\$350,000.00
Raytown South Stadium	\$133,000.00
Concrete & Asphalt Repairs	\$133,000.00
Robinson	\$488,156.25
Concrete & Asphalt Repairs	\$147,000.00
Electronic Door Access	\$42,500.00
Exterior Tuckpointing	\$52,500.00
Playground Turf	\$235,000.00
Windows	\$11,156.25
South Middle School	\$32,812.50
Sound System Upgrades	\$32,812.50

2022	\$4,491,113.11
Blue Ridge	\$137,812.50
Epoxy on Corridor Walls	\$137,812.50
Laurel Hills	\$484,620.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$94,500.00
Interior Flooring Replacement(Corridor Only)	\$93,645.00
Lighting Upgrades	\$146,475.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Little Blue	\$297,860.06
Lighting Upgrades	\$297,860.06
Northwood	\$388,265.63
Expand Life Skills Room	\$172,265.63
Interior Doors Replacement	\$21,000.00
Roof Improvements	\$195,000.00
Raytown High School	\$1,375,390.63
FACS Upgrades	\$787,500.00
Interior Flooring Replacement (Corridor Only)	\$237,890.63
Media Center Upgrade	\$350,000.00
South Middle School	\$986,774.30
Auditorium / Stage Upgrade	\$183,750.00
Cafeteria Flow - New entry / Exit Doors	\$60,000.00
Epoxy on Corridor Walls	\$30,000.00
Gym Upgrades	\$100,000.00
Interior Flooring Replacement(Corridor Only)	\$165,524.30
Lighting Upgrades	\$189,000.00
Media Center Upgrade	\$250,000.00
Stage Sound System Upgrades	\$8,500.00
Southwood	\$442,540.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$42,000.00
Interior Flooring Replacement(Corridor Only)	\$88,315.00
Lighting Upgrades	\$162,225.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Spring Valley	\$377,850.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$42,000.00
Interior Flooring Replacement(Corridor Only)	\$133,875.00
Lighting Upgrades	\$51,975.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00

2023	\$4,923,322.88
Central Middle School	\$2,617,115.38
Band Room Renovation	\$131,250.00
Cafeteria Expansion	\$1,515,937.50
Gym Upgrades	\$100,000.00
Interior Door Replacement	\$126,000.00
Interior Flooring Replacement(Corridor Only)	\$163,440.38
Lighting Upgrades	\$330,487.50
Media Center Upgrade	\$250,000.00
Eastwood Hills	\$524,287.50
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$94,500.00
Interior Flooring Replacement(Corridor Only)	\$113,625.00
Lighting Upgrades	\$166,162.50
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Norfleet	\$579,675.00
Epoxy on Corridor Walls	\$195,000.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$42,000.00
Interior Flooring Replacement(Corridor Only)	\$133,875.00
Lighting Upgrades	\$58,800.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Robinson	\$700,315.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$52,500.00
Interior Flooring Replacemen(Corridor Only)	\$88,315.00
Lighting Upgrades	\$173,250.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00
Renovation of two lower level classrooms	\$236,250.00
Westridge	\$501,930.00
Gym Upgrades	\$50,000.00
Interior Door Replacement	\$52,500.00
Interior Flooring Replacemen(Corridor Only)	\$129,855.00
Lighting Upgrades	\$169,575.00
Media Center Upgrades (Carpet, Painting)	\$100,000.00

2024	\$3,251,552.13
Fleetridge	\$469,218.75
Student Restroom Addition	\$469,218.75
Laurel Hills	\$650,468.75
Main Electrical Panel Replacement	\$181,250.00
Student Restroom Addition	\$469,218.75
Little Blue	\$82,500.00
Interior Flooring Replacement	\$82,500.00
Raytown Middle School	\$1,943,642.75
Band Room /Chior Renovations	\$656,250.00
Epoxy on Corridor Walls	\$277,003.13
Exterior Tuckpointing	\$65,625.00
Gym Upgrades	\$100,000.00
Interior Door Replacement	\$262,500.00
Interior Flooring Replacement(Corridor Only)	\$248,395.88
Lighting Upgrades	\$83,868.75
Media Center Upgrade	\$250,000.00
Southwood	\$105,721.88
Epoxy on Corridor Walls	\$105,721.88
2025	\$1,497,462.50
Central Middle School	\$183,750.00
Epoxy on Corridor Walls	\$183,750.00
Robinson	\$113,400.00
Epoxy on Corridor Walls	\$113,400.00
Southwood	\$468,750.00
Furniture	\$468,750.00
Spring Valley	\$468,750.00
Furniture	\$468,750.00
Westridge	\$137,812.50
Epoxy on Corridor Walls	\$137,812.50
Herndon Campus Building C	\$125,000.00
Culinary Space Improvements	\$125,000.00