

Economic Impact of the Proposed Colonel's Island Connecting Track Project on Georgia's Economy

**Prepared for: Brunswick and Glynn County Development
Authority**

**Prepared by: Bureau of Business Research
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This study analyzes the economic impact, benefit, and costs associated with the proposed Colonel's Island Connecting Track Project within the Brunswick area on Georgia's Economy.¹ The proposed connection is between Norfolk Southern and CSX Transportation, which is located northwest of Brunswick. This connection will provide a more efficient transportation network that will create new demand and economic activity for the Brunswick Port Authority and for the State of Georgia.

Economic Impact Summary

The proposed Colonel's Island Connecting Track Project is expected to increase employment and output in both the Brunswick area and the State of Georgia. The following highlights these economic impacts.

- Employment is expected to increase by 378 jobs in 2006. By 2025, employment is expected to reach a sustained increase of 308 jobs. Therefore, the proposed project will support at least 300 jobs over the next twenty years.
- Gross Regional Product is expected to increase by \$17.7 million in 2006 and by 2025 it is expected to increase by \$24.7 million. The largest portion of the increase in GRP is within the Transportation and Warehousing sector.
- Other noteworthy impacts include total personal income increasing by \$26.5 million, total real disposable income increasing by about \$13.0 million, total population increasing by 383; and labor force increasing by 239 jobs.

The summary above shows the complete economic impact of the proposed project; however, a second version of this impact was requested, excluding all jobs directly created or retained at the Brunswick Port Authority. The following highlights the second version of this economic impact.

- Employment is expected to increase by 292 jobs in 2006. By 2025, employment is expected to reach sustained increase of 206 jobs. Therefore, the proposed project will support at least 200 jobs over the next twenty years.
- Gross Regional Product is expected to increase by \$12.8 million in 2006 and by 2025 it is expected to increase by \$15.5 million.
- Other noteworthy impacts include total personal income increasing by \$18.3 million, total real disposable income increasing by about \$9.0 million, total population increasing by 279; and labor force increasing by 168 jobs.

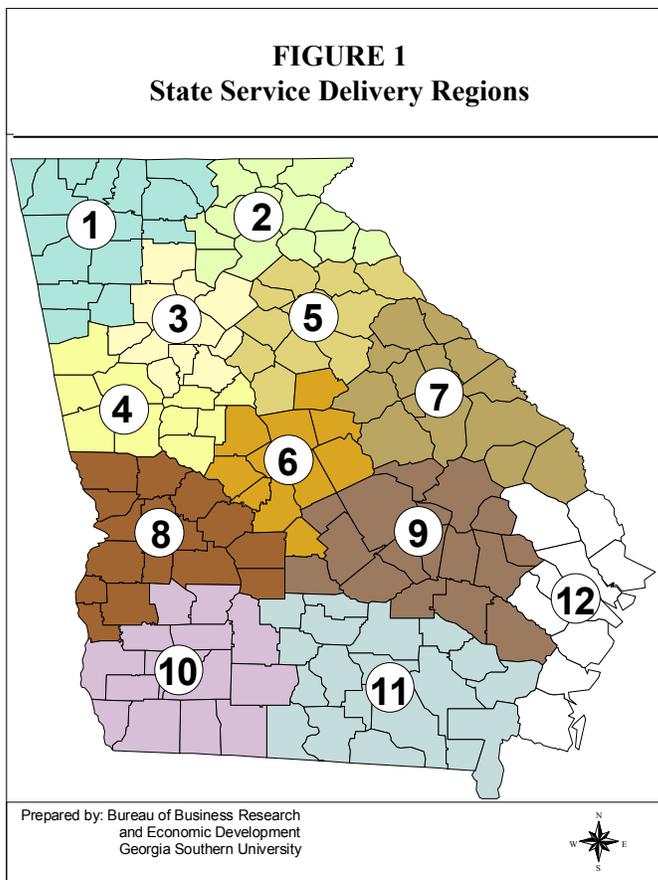
Of the two scenarios, BBRED argues that the first scenario, the one including Port employment, best captures the true economic impact. The fact that these jobs are classified as state employment is irrelevant. The jobs are directly tied to increased value added production. This is net new economic activity, which includes all of the associated multiplier effects.

¹ This project refers to a group of activities. The activities include the following: Sewer improvements between Brunswick and Colonel's Island, a railroad overpass SR520 (US17), improvements to the Anquilla yard, and the rail connection of the Norfolk Southern and CSX Transportation (Colonel's Island Connection).

Data and Region

The data supplied for this economic impact analysis came directly from a study prepared for the Southeast Georgia Joint Development Authority.² The Bureau of Business Research and Economic Development (BBRED) has identified the direct employment and investment numbers as being both sufficient and reliable as inputs into this study.³ In only a few instances some additional data was needed to allocate the direct impacts.

Figure 1 represents the economic regions used in this study.⁴ Brunswick, Georgia is within State Service Delivery Region 12, where the largest concentration of this impact will occur. However, there are instance where a portion of the direct economic impact, both positive and negative, does affect other parts of the State. For the purpose of this study, all of the total impacts are analyzed at the State level.



² “Evaluation of a Proposed NS-CSXT Connection Track Near Brunswick” October 15, 2004 Moreland Altobelli Associates, Inc.

³ Please refer to the study created by Moreland Altobelli Associates Inc. for the assumptions and methodologies for the direct employment and investment used in this study.

⁴ The twelve State Service Delivery Regions was created by the Governor and General Assembly in 1998 for the Department of Community Affairs and the Department of Economic Development for these agencies to assist in community development and for research purposes. For more information about the State Service Delivery Regions, please visit www.georgiaregions.org.

Direct Economic Impact⁵ – Input Data

Table 1 represents the direct employment impact associated with the proposed project, excluding the employment associated with construction, property acquisition, and capital improvements. As such, it is expected that this project will directly support (increase or retain) 139 jobs within Region 12. Of that 139 jobs, 18 will be supported by rail, 41 by water related activities, and 80 by an auto processing plant. The 41 water related jobs include both jobs at the Brunswick Port Authority and jobs associated with the Port. It should be noted that BBRED identifies the retention and creation of jobs at the Port to be noncompetitive to other state jobs and should be analyzed as a direct economic benefit to both Region 12 and the State of Georgia.

TABLE 1
***Direct Employment Impact By Region**

	Region 12
**Rail	18
***Water	41
****Auto Processing	80
Total	139

*Direct employment are all jobs directly created or supported by the proposed project

**Rail jobs includes all direct rail jobs associated with this project (Auto Processing and Grain)

*** Water jobs are all direct port related jobs (16 "at-risk", 16 new, and 9 Longshoreman)

**** Auto processing includes all private direct jobs except rail.

Source: Moreland Altobelli Associates, Inc

Table 2 represents the direct construction, property acquisition, and capital improvements associated with the proposed project. As such, the total direct expenditure is estimated to be \$60.6 million. Although, some components of this project are not directly related with the Colonel's Island Connection, the success of the project is interconnected and thus shown together with the allied projects. The distribution of the \$60.6 million geographically is based on both the purchase and/or completion of that component of the project. For example, the purchase of the additional rail cars, which will likely come from Cartersville Georgia, is allocated directly in that region (rest of Georgia) and does not directly impact Region 12. Such an allocation may have both positive and negative affects on Region 12.

TABLE 2
Construction, Property Acquisition, and Capital

Colonel's Island Connection	\$ 3,600,000
NS rail network improvements	\$ 13,400,000
Auto processing center	\$ 14,200,000
Additional rail cars	\$ 14,300,000
Anguilla Yard Improvements	\$ 2,500,000
SR520 (US17) Overpass	\$ 8,200,000
Sewer Extension	\$ 4,400,000
Total Cost	\$ 60,600,000

Source: Moreland Altobelli Associates, Inc

⁵ For this study, the direct impact refers to both "at-risk" and net new employment or output/sales associated with the proposed project. The "at-risk" employment, for example, includes jobs that would have left due to the absence of the proposed project.

Table 3 represents the production cost benefits associated with this project. The production cost benefits are considered as additional benefits to the proposed project that are not captured by either the employment gains shown in Table 1 or the output gains shown in Table 2. These include the following: time savings associated with rail, water, trucking, and vehicle (public) activities along with any reduced accidents/injuries. All of these benefits have a real direct effect on the cost to produce goods and services for businesses. As such, these benefits are entered into REMI as reduced production costs. This type of benefit, reduced production costs, has an inverse effect on employment; a decrease in production costs will increase employment.

TABLE 3
Reduced Production Cost
Benefits

Rail	\$ 324,000
Water	\$ 56,100
Truck	\$ 71,300
Vehicle (public)	\$ 86,500
Total	\$ 537,900

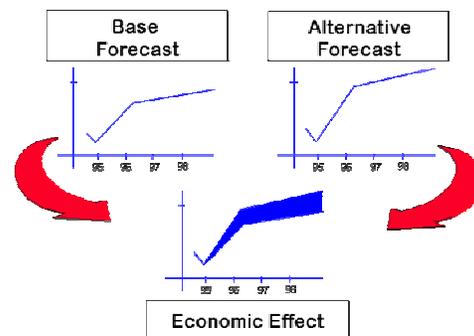
Source: Moreland Altobelli Associates, Inc

The only other direct effects analyzed within this study are the effects of state and local government spending. The funding for this project will come from the following sources: private, federal, and state. For the purpose of this project, all moneys from private contributors and from federal sources are considered as new cash flows into the State economy; however, all state related moneys are considered as transfers of payments and have both negative and positive affects on various portions of the State.⁶ In this particular case, the benefit of those state resources are allocated directly to region 12 and taken from the rest of the State.

The Model- Economic Impacts

The model used to show the economic impact of the proposed development on Colonel's Island Connecting Track was Regional Economic Modeling Inc. (REMI).⁷ This model is a dynamic economic impact model that can analyze multiple impacts geographically and overtime. Additionally, this model incorporates these impacts with the preexisting growth expectations of each region. The concept of how REMI isolates the economic impact is shown in Figure 2. In this figure there is a base

FIGURE 2
Estimating the Economic Effect



⁶ The two potential sources of State funding come from the Georgia Department of Transportation and the OneGeorgia Authority at \$1.0 million and \$.5 million, respectively.

⁷ For more information about REMI and documentation supporting it, please visit www.remi.com.

forecast (the preexisting growth of the economy absent of the proposed impact), an alternative forecast (the new forecast with the proposed project), and the economic effect (an isolation of the economic impact or the difference between the base forecast and the alternative forecast). For the purpose this study, the following tables and numbers only refer to the economic effect.

Economic Impact

The economic impact of the Colonel’s Island Connecting Track Project is shown in two ways, with and without jobs at the Brunswick Port Authority. It is the opinion of the Bureau of Business Research and Economic Development that the jobs at the Brunswick Port Authority should be considered on all decisions regarding State funding for this project.⁸ Additionally, it should be noted that the jobs created at the Port will not be competitive to any other state jobs or take away financial resources that have not already been included in this model.

Table 4 shows the total economic impact of the proposed project on employment between 2006 and 2025. The total increase in employment in 2006 is estimated to be 378 jobs and by 2025 the increase is expected to sustain 308 jobs. One will notice that the peak in employment is during the first few years of the project. This is associated with the construction portion of the impact. Construction tends to produce a temporary surge in employment and a subsequent fall two to three years later. However, the Colonel’s Island Connecting Track Project, as proposed, can maintain a total economic impact of at least 300 jobs.

TABLE 4
Employment Impact (With Port)

	2006	2010	2015	2020	2025
Manufacturing	4	1	1	1	2
Non-Manufacturing					
Natural Resources, Mining, and Utilities	1	1	1	1	1
Construction	93	18	14	12	11
Wholesale Trade	4	3	3	3	3
Retail Trade	31	23	22	22	22
Information, Finance, and Real Estate	17	14	15	16	17
Transportation and Warehousing	145	143	143	145	147
Services	77	62	66	74	82
State & Local Government	5	16	21	24	25
*Total Employment	378	280	285	296	308

*number may not add up due to rounding

⁸ Specifically, this refers to both Georgia Department of Transportation and the OneGeorgia Authority, for which this project is seeking founding.

Table 5 looks at the economic impact of the proposed project without including the 32 direct jobs supported at the Brunswick Port Authority. As shown in the table, the employment impact is 292 in 2006 and 206 in 2025. Overall, one would expect that the proposed project would support at least 200 jobs.

TABLE 5
Employment Impact (Without Port)

	2006	2010	2015	2020	2025
Manufacturing	3	0	1	1	1
Non-Manufacturing					
Natural Resources, Mining, and Utilities	1	0	0	0	0
Construction	90	13	9	8	8
Wholesale Trade	3	2	2	2	2
Retail Trade	24	15	14	14	14
Information, Finance, and Real Estate	11	8	9	9	10
Transportation and Warehousing	104	103	103	104	104
Services	52	36	39	43	48
State & Local Government	4	12	16	17	18
*Total Employment	292	190	193	199	206

*numbers may not add up due to rounding

Table 6 shows the impact in terms of total output. That is for each person employed in the economy there is an associated amount of goods and services produced. The table shows that total Gross Regional Product (GRP) is expected to increase by \$17.7 million in 2006 and increases to \$24.7 million by 2025. It should be noted that the largest portion of the increase in GRP is within the Transportation and Warehousing sector, \$9.0 million in 2006 and \$16.2 million in 2025.

TABLE 6
Gross Regional Product (With Port) 96\$

	2006	2010	2015	2020	2025
Manufacturing	385,800	169,800	197,400	246,000	330,900
Non-Manufacturing					
Natural Resources, Mining, and Utilities	170,644	141,603	147,388	159,985	174,292
Construction	2,641,000	570,400	458,500	410,200	396,800
Wholesale Trade	441,600	371,200	426,500	508,300	601,100
Retail Trade	1,016,000	849,700	948,900	1,067,000	1,195,000
Information, Finance, and Real Estate	1,640,400	1,567,000	1,748,300	1,987,000	2,264,500
Transportation and Warehousing	9,025,000	10,460,000	12,240,000	14,080,000	16,180,000
Services	2,351,170	2,080,460	2,455,150	2,977,360	3,583,040
Total Employment	17,671,614	16,210,163	18,622,138	21,435,845	24,725,632

*number may not add up due to rounding

Table 7 looks at the economic impact on GRP from the proposed project without including the 32 direct jobs supported at the Brunswick Port Authority. As shown in the table, the gross regional product impact is \$12.8 million in 2006 and \$15.5 million in 2025.

TABLE 7
Gross Regional Product (Without Port) 96\$

	2006	2010	2015	2020	2025
Manufacturing	298,500	102,000	136,400	178,300	237,500
Non-Manufacturing					
Natural Resources, Mining, and Utilities	138,738	106,385	110,525	119,702	129,283
Construction	2,556,000	402,300	309,900	278,700	267,500
Wholesale Trade	307,600	221,000	257,300	309,000	365,000
Retail Trade	776,800	564,600	630,400	706,700	786,300
Information, Finance, and Real Estate	1,133,800	964,300	1,062,400	1,201,300	1,354,300
Transportation and Warehousing	6,090,000	6,929,000	7,994,000	9,108,000	10,370,000
Services	1,468,820	1,085,220	1,300,550	1,603,600	1,943,530
Total Employment	12,770,258	10,374,805	11,801,475	13,505,302	15,453,413

*numbers may not add up due to rounding

Although the Colonel's Island Connecting Track Project will have a large impact in terms of jobs and output, those two components do not represent all the economic benefits of the project. Table 9 shows the impact of the project on total personal income, total real disposable income, population, and on the labor force. As such, it is estimated that total personal income will increase by \$26.5 million and total real disposable income will increase by \$13.0 million by 2025. In addition to both total and real incomes increasing in the State, there will also be increases in population and labor force. In 2006, the total population increase is expected to be 78 and the total labor force is expected to be 83. By 2025, population is expected to increase to 383 and labor force to 239. The reason why there is a lag in the increase in population and labor force is because of the time it takes to attract and hire economic migrants into the region.

TABLE 9
Other Impacts (With Port)

	2006	2010	2015	2020	2025
Total Personal Income (Nom \$)	12,520,000	13,600,000	17,110,000	21,290,000	26,530,000
Total Real Disposable Income (Fixed 96\$)	8,896,000	8,644,000	10,030,000	11,430,000	12,950,000
Population	78	241	320	361	383
Labor Force	83	187	214	228	239

Table 10 shows the impact of the project on total personal income, total real disposable income, population, and on the labor force without including the 32 direct jobs supported at the Brunswick Port Authority. As such, it is estimated that total personal income will increase by \$18.3 million and total real disposable income will increase by \$9.0 million by 2025. In addition to both total and real incomes increasing in the State, there will also be increases in population and labor force. In 2006, the total population increase is expected to be 63 and the total labor force is expected to be 66. By 2025, population is expected to increase to 279 and labor force to 168.

TABLE 10
Other Impacts (Without Port)

	2006	2010	2015	2020	2025
Total Personal Income (Nom \$)	9,758,000	9,537,000	11,860,000	14,720,000	18,260,000
Total Real Disposable Income (Fixed 96\$)	6,950,000	6,084,000	6,996,000	7,980,000	8,984,000
Population	63	185	238	266	279
Labor Force	66	139	153	162	168

The completion of proposed Colonel's Island Connecting Track Project will have a tremendous economic impact on both the local and state economies. Total employment is estimated to increase by 308 jobs and total output by \$24.7 million in 2025. Other noteworthy impacts include the following: total personal income increasing by \$26.5 million, total real disposable income increasing by about \$13.0 million, total population increasing by 383; and labor force increasing by 239 jobs.