

Parkway 1e1 1



Economic Impact of The Parkway 1e11

Executive Summary - *The Economic Impact of The Parkway 1e11* study prepared by John E. Husing, Ph.D.

For years, the Coachella Valley's leaders have recognized the need for an alternative to the SR-111 to allow residents and visitors to move between their homes or hotels and the valley's wide range of retail, recreation and entertainment venues. As designed, the proposed Parkway 1e11 would fill this need in a unique and powerful way. Parkway 1e11 would be an aesthetically pleasing, very high quality, automobile-free corridor running 46 miles from Palm Springs to beyond the City of Coachella, parallel to the SR-111.

In May of 2012, Inland Empire economist Dr. John Husing completed a study on Parkway 1e11, determining that the proposed corridor would have a profound impact on the region. The cost-benefit study, based on a wide field of research, found that the Parkway 1e11 will be a game-changer for the valley's residents and the local economy.

Because the pathway would be grade-separated from the intersecting streets, but would allow entrance and egress to them, Parkway 1e11 would provide walkers, joggers, cyclists and owners of Neighborhood Electric



Overpass at Fred Waring Drive

Vehicles (NEVs) with a beautiful, safe and environmentally friendly way to improve air quality while traveling from point-to-point. Similar corridors in other resort areas have dramatically raised tourist visits and economic activity, despite not being grade separated.

The Parkway 1e11 is designed for events drawing runners, cyclists, in-line skaters, NEV owners and solar-powered vehicle enthusiasts. Health advocates see the Parkway 1e11 as an environment to counter inactivity and obesity, inspiring

local residents and retirees to lead far more active lifestyles. Home and business owners would see their property values rise. Those who worry about safety recognize that over 80 percent of the valley's auto accidents involving cyclists, as well as pedestrian fatalities have occurred within two miles of what would be a safe pathway.

INVESTMENT COSTS

Investment costs would total \$80,414,600. \$70 million is projected to be spent over a ten year period on construction. Routine grooming and maintenance costs are projected at \$9.4 million over 20 years (approximately \$500,000 a year upon trail completion). Facility, trail and pavement refurbishment is also assumed; \$1,030,000 in total would be spent refreshing the facility over the 14 years from 2022 – 2035 at \$73,600 per year. The facility will thus be continuously restored to its high level of quality.

JOB BENEFITS

The Parkway 1e11 would create 743 worker years of construction and related jobs over the course of development. As well an additional 690 permanent jobs would be added, associated with the increased visitor and tourist-related spending. Importantly, over 90 percent of the jobs are likely to be filled by modestly educated workers, aged 25-64, who live in the Coachella Valley and are predominately Hispanic.

Construction Impact, Parkway 1e11				
Impact Type	Employment	Labor Income	Value Added	Output
Direct Effect	482	\$29,311,826	\$33,338,956	\$70,000,000
Secondary Effect	261	\$11,927,503	\$20,009,493	\$32,396,452
Total Effect (2035)	743	\$41,239,330	\$53,348,449	\$102,396,452
Ten Year Effect	74	\$4,123,233	\$5,334,845	\$10,239,645

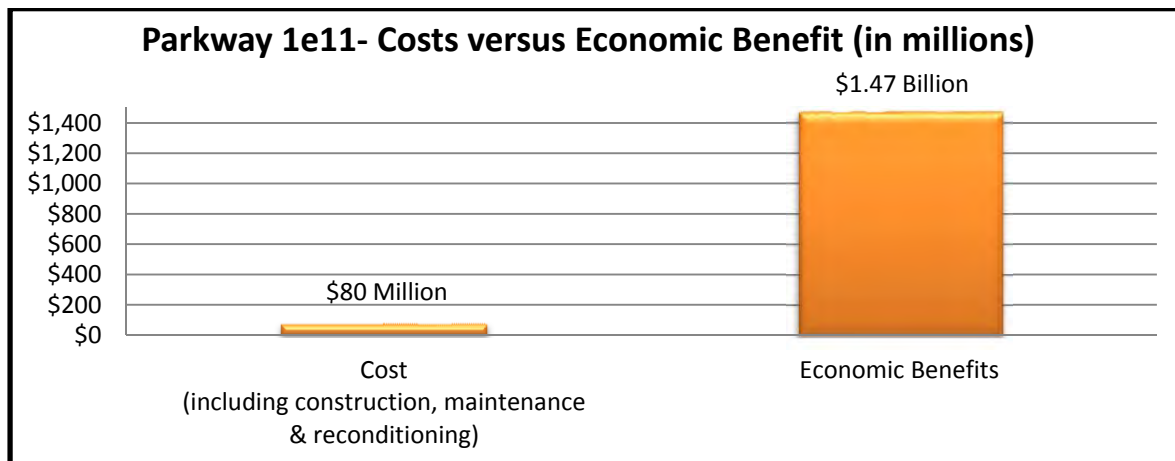
ECONOMIC BENEFITS

The impact study found that overall economic benefits for the Parkway 1e11 would total **\$1.47 billion**. Substantial potential benefits are documented in the study regarding economic and job impact numbers that would be delivered to the Coachella Valley economy by the construction and use of the Parkway 1e11. Contributing to the \$1.47 in economic benefits includes:

- Health - Reduce medical costs from reduced obesity \$152,250,985
- Events - Tourists coming for five types of annual events \$137,357,016
- Safety - Reduce impact of pedestrian and cycling accidents \$136,920,280
- Tourism - Increase in cyclists drawn to stay in area hotels \$487,376,407
- Secondary Impact - Indirect & induced impact of events & tourism \$300,111,945
- Residential Valuation - Impact on homes valuation within ½ mile \$103,409,166
- Business Valuation - Impact on business valuation within ½ mile \$21,735,260
- Gasoline Saving - Budget savings from avoiding gasoline purchases \$28,830,409
- Construction - Money flowing to local firms & secondary impact \$102,396,452

COST-BENEFIT SUMMARY

To judge whether the Parkway 1e11 makes economic sense, the costs and benefits of the project were compared against economic activity through the year 2035. The analysis found that for every \$1 in public money spent toward the cost of the \$80.4 million project, \$18.29 would be returned in benefits to the Coachella Valley economy. That represents a ratio of \$1.00 v. \$14.04 in discounted present value terms. Once the first phase of the Parkway 1e11 is completed (23 miles) the \$70 million required to build the full 46 mile facility will already be matched by the first 1.52 years of economic activity stimulated from the project. That will occur despite counting none of the economic benefits from the local construction activity set-off in building the facility.



PROJECT BENEFITS

The Parkway 1e11 would realize numerous benefits over time, based on conservative but “cautiously optimistic” assumptions, for these reasons:

Public Health – Reduced medical costs from reduced obesity - \$152.2 million

The Desert Health Care District views Parkway 1e11 as central to their efforts to increase physical activity in the Coachella Valley, a region with a growing base of retirees and school-aged youth who are overweight and have a high degree of obesity. Health care researchers are unanimous in the view that increased exercise and activity can decrease the incidents of disease and lower health care costs. Research conducted on 45,520 Medicare retirees in 2005 found that moderately active retirees had \$1,456 lower health care costs than their more sedentary counterparts. Another study found physically active people aged 15 and older spent \$330 less on healthcare



Jackson Park, Indio with Parkway 1e11 in background

annually, \$1,019, than those who reported being inactive, \$1,349.

The cost-benefit study, assuming three levels of success from the public health initiative aimed at the obese population, noted that medical cost savings in the valley at a 10% success rate – or 9,670 people – would be achieved in the third year with \$4.9 million in health care costs saved each year. After 2025, with the Parkway1e11 achieving a 20% rate of success, the medical cost savings for 19,339 people

would hit \$9.8 million, and hold at that level through 2035. Adjusting those figures, the full public health benefit measured as a reduction in medical costs would total \$152.2 million through 2035.

Major Events – Tourists visiting for five types of annual events - \$137.3 million

As a tourist mecca, the Coachella Valley claims a wide variety of nationally recognized tourist events -- from golf and tennis tournaments to film festivals and music concerts. The region’s list of major events already includes the Tour de Palm Springs cycling event and the Palm Springs Half Marathon, Half Marathon Relay and 5K Run. The Parkway 1e11 would allow these events to be connected to local hotels by a pathway. It would enable the Coachella Valley to expand its menu of events and athletic competitions, all of which would fill hotel beds and pump spending on resort amenities, entertainment, shopping, groceries, casino gaming, and dining.

The cost-benefit study assumed Parkway 1e11 would attract one additional half marathon with attendance equal to 75% of the Big Sur race with 4,000 runners; one bicycle race with a slightly larger roster than the 2012 Tour de Palm Springs, which attracted 9,136 cyclists; one In-Line Skating event with 300 participants; one NEV/Cart race and one solar car event for California colleges, each attracting 30 to 50 teams. By the third year, the five added events would reach its estimated impact from hotel stays and visitor spending of \$7.6 million, and remain at that level. Through 2035, that would inject \$137.3 million in direct new spending into the Coachella Valley economy.

Tourism – Increase in cyclists drawn to stay in area hotels - \$487.4 million

The spark that has driven the Coachella Valley’s economy through its history has been tourism. It has also struggled to bridge a misconception as a spot offering only retirement and golf. Today’s tourists are sophisticated and seek a wide range of activities across Greater Palm Springs while on vacation, or while attending conferences or conventions. The Parkway 1e11 would put a fresh amenity on their plate, offering unique and attractive



access to world class hotels, Indian gaming, headliner shows, luxury shopping, golf courses and tennis facilities, while connecting them via electric carts or their own foot power to jog, walk, skate or cycle. As such, the Greater Palm Springs CVB and the Palm Springs Hospitality Association, along with managers of the valley’s major tourist venues, strongly support the Parkway 1e11 as a magnet for tourists and a new marketing platform.

To study its impact, sites were set on a technical report on North Carolina’s investment in the Northern Outer Banks bicycle facility, a high-quality bicycle path along the ocean. The corridor was researched for its impact on tourism. Applying calculations from the North Carolina cycling study to the proposed Parkway 1e11 experience, the cost-analysis found that the Coachella Valley could expect the average historical hotel occupancy rate of 57.1% to increase 0.75% to 1.50% by 2019 to occupancy levels of 57.9% to 58.6%. Under that scenario, the Parkway 1e11 would increase the number of hotel room nights sold for overnight stays by cyclists by 22,164 to 44,328 annually, netting \$2.7 million to \$5.4 million in added hotel revenue. Calculations were based on a room night average of \$121.49.

Total Annual Increase In Visitor Spending From Parkway 1e11			
Assumed Potential Increase in Room Occupancy	Pessimistic 0.75%	Cautious 1.00%	Cautious Optimism 1.50%
Average Non-Hotel Spending Per Trip	\$588.00	\$588.00	\$588.00
Added Trips	22,164	29,552	44,328
Increase in Non-Hotel Spending	\$13,032,556	\$17,376,742	\$26,065,113
Increase in Hotel Revenue	\$2,692,645	\$3,590,193	\$5,385,290
Total Impact of Added Cycling	\$15,725,201	\$20,966,935	\$31,450,403

Non-hotel spending, at \$588 per trip, would rise anywhere from \$13 million to \$26 million. Taken together, the total annual increase in visitor spending from cycling alone would be \$15.7 million to \$31.4 million annually. Assuming it would take three to nine years to increase the overnight visitor stays from 0.75% to 1.5%, the total direct impact from added tourism would be \$487.4 million.

Secondary Spending – Indirect & induced impact of events and tourism - \$300.1 million

Once an economy receives a direct injection of fresh external money, in this case, through new events and increased tourism, that money is re-spent by the firms and workers receiving it. The major “direct” spending impacts would be from hotels, \$7.8 million; food, beverage and dining, \$8 million; entertainment and gaming, \$5 million; shopping, \$3.8 million; and gasoline, \$3.7 million. This creates a second tier of economic impact. Entering that data into the IMPLSN Model allows secondary impact to be calculated. From 2017 through 2035, the Coachella Valley would realize \$300.1 million in secondary spending. The Parkway 1e11 would create 408 to 501

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permanent jobs, as part of that spin-off effect. Payroll would be \$13.6 million to \$22.9 million annually. Average pay in the new jobs would range from \$33,305 to \$33,474.

Property Values – Impact on homes valuation within ½ mile - \$103.4 million

Property values can be impacted by a metropolitan trail. An economic study of a segment along the Miami Scenic Trail in Ohio found that homes located within 1.7 miles of the corridor – worth \$263,517 on average -- had a 3.4% premium of \$9,000



Rancho Mirage Library Charging Station

on the average home price. To see how an urban trail would affect property value in the Coachella Valley, GIS work was undertaken by the Coachella Valley Association of Governments to identify 956 residential properties or parcels within 2,640 feet of the proposed Parkway 1e11. It applied the 3.4% premium, and determined that assessed values on property would rise by \$37.6 million. At a tax rate of 1% the valuation increase would generate \$376,635 more in local property tax revenue annually from 2017 to 2019. At Parkway 1e11 build-out, 2020, the valuation premium on residential property would be \$58.4 million, generating \$584,487 in additional property taxes. Another important study on a 67-mile trail system in Omaha found that 65% of residents living nearby felt their homes would be easier to sell; and 42% felt it had a positive impact on the listing price. Further, the Omaha trail was found to be a factor in purchasing decisions in 63.8% of all sales.

For business properties, the full impact of Parkway 1e11 from 2021 going forward could realize assessed valuation increases of \$12.9 million to \$21.7 million, generating \$129,231 to \$217,353 in added local tax revenue annually.

Fuel Cost Savings – Budget savings from avoiding gasoline purchases - \$28.8 million

An important goal in the valley is to provide pollution-free alternatives to driving on the congested roadways. The Parkway 1e11 achieves that goal, as it offers ingress and egress to a corridor along which its users could easily walk, cycle or use their NEVs to move from their homes to numerous retail, recreation, business and entertainment venues just outside the path. To determine the gasoline savings, Alta Planning + Design estimated that the number of vehicle miles that would be saved by walkers, runners, cyclists and NEVS from 2017-2035 would reduce vehicle miles traveled (VMT) by 144.5 million miles (VMT). Consumer gasoline savings would total \$28.8 million in 2012 dollars. Air quality would improve, as well.

The 144.5 mile VMT reduction would eliminate airborne emissions ranging from 70,734 pounds of PM10 and 16,250 PM2.5 to 117.6 million pounds (58,786 tons) of carbon dioxide (CO2). Translating the (CO2), hydrocarbon and nitrous oxides into metric tons of carbon dioxide equivalent (MtCO2) indicates the project would eliminate 48,527 MtCO2. This would increase the health of people living in the region, and contribute to a desired reduction in greenhouse gases in the Coachella Valley.

Safety – Reduce impact of pedestrian and cycling accidents - \$136.9 million

The Coachella Valley Economic Blueprint called for facilities like Parkway 1e11 to be developed, giving residents the opportunity to walk, jog, cycle or use their NEVs in a safe, vehicular traffic free environment. It was estimated that with the corridor fully completed, an annual average of \$8.2 million in annual losses due to the accidents that would be avoided in the Coachella Valley if the Parkway 1e11 was used as an alternative to State Route 111. The projection was based on a conservative estimate from the Coachella Valley Association of Governments of 94 fewer incidents involving walkers, joggers, and cyclists.

Construction – Money flowing to local firms and secondary impact - \$102.4 million

Coming off a period from June 2006 to March 2012 when the construction sector laid off 77,600 workers, the \$70 million Parkway 1e11 project would create 482 direct construction jobs. Those jobs alone, would net \$29.3 million in payroll, an increase of 12.2% over \$241.1 million in 2010 payroll in construction. As construction workers and firms buy local goods, another 261 secondary jobs would be created elsewhere in the economy with payroll totaling \$11.9 million. The total impact from the \$70 million construction project and the \$32.4 million in secondary output would cause total output in the valley to increase by \$102.4 million.

Exhibit 28.-Construction Impact, Parkway 1e11				
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An issue of extraordinary importance is the need to expand the valley's economic base to lift the standard of living for a large portion of working residents who are modestly educated and are significantly unemployed or underemployed. Additionally, the need for job creation in this group has important social justice implications since a disproportionate share of the residents are Hispanic. Underscoring the economic challenge is the Coachella Valley's high rate of unemployment. The Coachella Valley unemployment rate in 2010 was 17.5%, with 21.5% of the area residents living below the poverty level. For these reasons, an expansion of the valley's economy is vital to the economic well-being and health of its residents and their families.

In Summation

The Coachella Valley Economic Blueprint included a strategy calling for a better connection to valley communities through the development of a non-motorized infrastructure and way finding program. This includes the development of bicycle and pedestrian infrastructure for the benefit of connecting regional communities. Parkway 1e11 represents a multi-faceted valley-wide approach that would improve the Coachella Valley's quality of life now and for generations to come.

CVEP has prepared this Executive Summary based on the information included in *The Economic Impact of The Parkway 1e11* study prepared by John E. Husing, Ph.D.

