

# **The Economic Impact of a Great Wolf Lodge in Perryville, Maryland**

Submitted by:  
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Submitted to:  
The Town of Perryville

**January 2019**

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# **The Economic Impact of a Great Wolf Lodge Resort in Perryville, Maryland**

## **Executive Summary**

The Town of Perryville (the Town) commissioned Sage Policy Group, Inc. (Sage) to conduct an economic and fiscal impact study of a prospective Great Wolf Lodge (GWL) in Perryville. This analysis uses IMPLAN economic modeling software to produce estimates of jobs, labor income, and economic activity attributable to the resort's development and operations. These economic impacts produce fiscal impacts, which have also been computed in this analysis.

### ***Economic Impacts***

The construction phase of the new resort will support nearly 1,850 jobs in Cecil County and an additional 53 jobs in the balance of Maryland. Those 1,900+ jobs will be associated with more than \$92 million in labor income and more than \$247 million in economic activity. These impacts are supported over the course of the development/construction phase.

Once operational and stabilized, the resort will support approximately 600 full & part time jobs at the lodge itself and nearly 990 jobs in total once visitor spending and multiplier effects are considered. Those jobs, which would exist on an ongoing basis, would be associated with nearly \$30 million in annual labor income. The lodge's operations would directly and indirectly support more than \$85 million in annual economic impact. It is anticipated that approximately 500,000 people will visit this location annually.

### ***Fiscal Impacts***

The Town of Perryville and Cecil County are offering GWL a package of resources and incentives to establish a resort in Perryville. Town- and County-level assistance is slated to total \$91.8 million via contributions, tax credits, grants, and fee reductions. This analysis accounts for these prospective contributions to what would effectively be a public-private partnership to drive more economic activity to Perryville and Cecil County. The Sage study team also accounts for the expanded demand for local government services that would be attributable to the lodge's presence in the community.

Based on our analysis, we conclude that through the lodge's initial twenty-five years of operations, Perryville's net revenues will be augmented by approximately \$18 million including impact fees. If one excludes impact fees, the net fiscal benefit to the Town will still exceed \$15 million over the initial 25 years of operations. Incremental fiscal benefits to the Town will be positive in all years, reaching their lowest level in the 5<sup>th</sup> year at roughly \$408,000 before increasing to more than \$810,000 by the 25<sup>th</sup> year of operations.

## Introduction

The Town of Perryville (Town) commissioned Sage Policy Group, Inc. (Sage) to conduct an economic and fiscal impact study of a prospective Great Wolf Lodge (GWL) in Perryville to be situated on approximately 44 acres along Chesapeake Overlook Parkway adjacent to Hollywood Casino. The development represents an investment in excess of \$200 million.

GWL resorts, all of which feature a hotel, indoor waterpark, and other attractions and amenities, currently attracts more than 8 million visitors a year to 17 locations across North America. The hotel aspect of these resorts render them unique from an economic impact perspective. While many recreational attractions poach some level of economic activity from other operators in the immediately proximate area, approximately 97 percent of GWL visitors will originate from outside of Perryville's boundaries. In addition, the unique theming and target customer base (families versus business travelers) of GWL suggest it will not compete, or steal, existing business from other hotels in Perryville. For this reason, the presented economic benefits essentially represent completely positive net economic impacts.

This analysis begins with an economic impact analysis focused upon the construction phase, which supports one-time economic and fiscal impacts that end once construction is complete. The study then turns to an economic assessment of the operational phase, which is associated with ongoing, annual support for economic and fiscal impacts.

Sage created custom models using IMPLAN economic modeling software to generate estimates of employment, labor income, and output (which can broadly be understood as economic activity). Appendix A at the end of this report supplies guidance regarding how to interpret economic impact findings.

The final section of this analysis examines the fiscal impacts of GWL on the Town. This analysis fully embodies the fiscal implications of an incentive package that has been designed and designated for GWL that totals nearly \$92 million over 25 years in contributions, performance based tax credits, grants, and fee reductions, though not all of that is to be supplied by the Town. Note that these incentives are performance based and that without them, the Lodge would not be possible. Costs in the form of incentives and augmented local government costs of service are computed, as are offsetting tax revenue impacts. This allows the study team to determine whether the project would represent a net positive or negative fiscal impact for the Town over the course of two and a half decades. Note that this analysis concerns itself only with Town-level fiscal impacts and does not consider County-level consequences.

## I. Construction Economic Impacts

The approximately 460,000 square foot lodge will generate project costs of approximately \$200 million and is slated for completion by early 2022. Among other things, this investment will trigger a set of economic impacts that will persist during the course of development and construction. Note that jobs are presented in annual figures, meaning that four jobs that last for 6 months are counted as 2 jobs (it might be easier to think of them as job-years). Countywide, construction of the GWL facility will support approximately 1,850 jobs measured in job years. About 1,350 of those jobs will be directly related to the construction project — construction laborers, designers, marketers, etc. — while the other 500 jobs will be supported through indirect and induced impacts (multiplier effects). An important aspect of this is that Cecil County is home to a robust construction industry, one that is positioned to provide a significant share of project construction services. Associated employee compensation will approach \$90 million, and the construction phase of the project will support more than \$237 million in augmented economic activity in Cecil County.

Another 53 jobs will be supported statewide during the construction phase. Jobs are classified by the job location as opposed to the location of worker residences. A portion of the jobs presented for Cecil County will be occupied by workers from other jurisdictions. Accounting for additional statewide impacts, the construction phase will support 1,900 jobs in total, \$92.6 million in employee compensation, and nearly \$250 million in total economic activity (i.e. business sales, or the sum of goods and service sold in the local economy). Exhibit 1 supplies summary detail.

Exhibit 1: Construction Phase Economic Impacts

	Jobs	Employee Compensation	Value Added	Business Sales
<b><i>Cecil County</i></b>				
Direct effects	1,353	\$72,506,930	\$92,905,955	\$180,572,268
Indirect effects	199	\$6,803,033	\$11,116,034	\$21,630,538
Induced effects	296	\$9,755,625	\$20,048,029	\$35,003,735
<b>County Total</b>	<b>1,848</b>	<b>\$89,065,588</b>	<b>\$124,070,017</b>	<b>\$237,206,542</b>
<b><i>Remainder of Maryland</i></b>				
Direct effects	-	-	-	-
Indirect effects	34	\$2,495,229	\$3,465,548	\$6,934,485
Induced effects	19	\$1,032,088	\$1,755,533	\$2,906,571
<b>Remainder of MD Total</b>	<b>53</b>	<b>\$3,527,317</b>	<b>\$5,221,082</b>	<b>\$9,841,056</b>
<b>State Total</b>	<b>1,901</b>	<b>\$92,592,905</b>	<b>\$129,291,099</b>	<b>\$247,047,598</b>

Source: Sage, IMPLAN (all dollar estimates presented in this report measured in \$2018 unless specified otherwise).

## II. Operational Economic Impacts

Once the GWL is operational in Perryville, economic impacts would stem from two sources: 1) the Lodge’s operations and 2) local spending by approximately 500,000 visitors who will come to the area to visit GWL each year. Upon completion the facility will employ approximately 600 full and part time employees with additional staffing increases to assist during peak seasons. Once multiplier effects are considered, GWL will support 950 jobs—including the 600 at the GWL—associated with more than \$28 million in employee compensation on an annual basis (once operations stabilize in year 3). Countywide business sales (the sum of goods and services sold throughout the economy) will be augmented by more than \$83 million as a result of the GWL. A small portion of impact will spill over into the balance of the state, with 12 jobs and about \$760,000 in employee compensation being supported elsewhere within Maryland.

There are several important considerations regarding estimates of operational phase impacts:

1. GWL is a destination resort, meaning virtually all of its customers will be coming from outside of the study area;
2. It is expected that customers will primarily spend monies at the resort as opposed to at other local businesses. This presumption could ultimately prove flawed, but these lodges are amenity rich and provide opportunities for eating, shopping, and staying overnight;
3. Even if one accepts premise number two, the associated direct jobs by themselves represent more than half of Perryville’s 2015 employment level according to U.S. Census Bureau data.

Exhibit 2 supplies summary detail for operational phase economic impacts.

Exhibit 2: Operational Phase Economic Impacts (Year 3, Stabilized)

	Jobs	Employee Compensation	Value Added	Business Sales
<b><i>Cecil County</i></b>				
Direct effects	765	\$21,825,145	\$39,233,617	\$61,051,920
Indirect effects	115	\$4,055,212	\$5,854,652	\$11,513,753
Induced effects	94	\$3,176,178	\$6,513,645	\$11,403,625
<b>County Total</b>	<b>975</b>	<b>\$29,056,535</b>	<b>\$51,601,914</b>	<b>\$83,969,298</b>
<b><i>Remainder of Maryland</i></b>				
Direct effects	-	-	-	-
Indirect effects	8	\$507,887	\$714,964	\$1,306,487
Induced effects	4	\$254,251	\$424,246	\$709,036
<b>Remainder of MD Total</b>	<b>12</b>	<b>\$762,139</b>	<b>\$1,139,210</b>	<b>\$2,015,523</b>
<b>State Total</b>	<b>987</b>	<b>\$29,818,674</b>	<b>\$52,741,124</b>	<b>\$85,984,821</b>

Source: Sage, IMPLAN

Over its initial 25 years of operation, the GWL in Perryville will support more than 28,000 jobs measured in job-years directly and secondarily (indirect and induced impacts – see Appendix A for definitions). Associated employee compensation will exceed \$880 million countywide, and associated economic activity will approach \$2.6 billion. By definition, direct impacts will take place in Perryville. Some fraction of indirect and induced impacts will also be located in Perryville.

### III. Fiscal Impacts

The Town of Perryville and Cecil County are offering GWL a package of resources and incentives to establish a resort in Perryville. Town- and County-level assistance will total approximately \$91.8 million over 25 years via contributions, tax credits, grants and fee reductions. To the extent that the Town is prepared to supply incentives, those have been encapsulated in this analysis regarding fiscal implications for Perryville.

#### *Impact Fees*

Absent assistance, GWL would owe Perryville more than \$5.94 million in impact fees. The Town, as part of its grant-incentive package, is prepared to provide an impact fee reduction totaling \$1.128 million based on the difference between how the Town typically calculates connection fees and GWL’s estimate of its expected wastewater utilization. That brings the total impact fee liability to approximately \$4.81 million. The Town will also provide an estimated \$2.5 million in infrastructure improvements deemed necessary to accommodate the resort. Accounting for this infrastructure investment, the net impact fees accruing to the Town will total approximately \$2.31 million. Exhibit 3 supplies relevant summary detail.

Exhibit 3: Impact Fee and Upfront Incentives, Town of Perryville

	Impact Fee	Incentive
Water Connection Fees	\$2,700,000	
Sewer Connection & Facility Fees	\$3,240,000	
Subtotal Gross Impact Fees	\$5,940,000	
Impact Fee Reduction		\$1,128,000
Total due to Town from GWL	<b>\$4,812,000</b>	
Improvements to Water and Sewer System		\$2,500,000
Total Net Impact Fees		<b>\$2,312,000</b>

Source: Town of Perryville

#### *Construction Phase Fiscal Impacts*

During the construction phase, GWL will pay a bit more than \$24,000 in direct property taxes to the Town. Indirect and induced impacts—those pertaining to economic multiplier effects and not GWL’s direct activities—will generate an additional \$707,888 in property tax revenues for the Town over the duration of development/construction. Sage produced this estimate using results from our custom IMPLAN model and computations of effective tax rates derived from Perryville’s audited financial statements.

***Real Property Taxes***

The Town of Perryville taxes real property at a rate of \$0.3097 per \$100 of assessed value (or 0.3097 percent). Cecil County intends to submit an application to the State to designate the relevant property as a Maryland Enterprise Zone. If the Maryland State Department of Commerce approves the application, it will allow GWL to receive a ten-year tax credit against local property taxes for a portion of real property improvements to the site. The real property tax credit would represent 80 percent of tax liability for the first five years and would then decrease by 10 percent annually to 30 percent during the final year of the tax credit.

The State of Maryland, per Maryland Tax Property Article §9-103(h), will refund 50 percent of property tax credits issued under an Enterprise Zone Designation. While this is subject to State Budgetary Appropriations, this analysis assumes Perryville will receive the full 50 percent remittance.

Over the ten year period, GWL would receive a bit more than \$2.6 million in real property tax credits. Perryville will receive approximately \$1.4 million in real property tax revenues and another \$1.3 million in remittance from the State. Exhibit 4 provides summary detail for the ten years during which the tax credit would occur. The figures presented in Exhibit 5 do not account for inflation or appreciation.

Exhibit 4: Real Property Tax Credits and Payments

<b>Year</b>	<b>GWL Real Property Tax Liability (To Perryville)</b>	<b>Real Property Tax Credits</b>	<b>Remittance from State</b>	<b>Real Property Tax Revenues to Town</b>
1	\$402,610	\$322,088	\$161,044	\$241,566
2	\$402,610	\$322,088	\$161,044	\$241,566
3	\$402,610	\$322,088	\$161,044	\$241,566
4	\$402,610	\$322,088	\$161,044	\$241,566
5	\$402,610	\$322,088	\$161,044	\$241,566
6	\$402,610	\$281,827	\$140,914	\$261,697
7	\$402,610	\$241,566	\$120,783	\$281,827
8	\$402,610	\$201,305	\$100,653	\$301,958
9	\$402,610	\$161,044	\$80,522	\$322,088
10	\$402,610	\$120,783	\$60,392	\$342,219
<b>Total</b>	<b>\$4,026,100</b>	<b>\$2,616,965</b>	<b>\$1,308,483</b>	<b>\$2,717,618</b>
<b>25 Year Total</b>	<b>\$10,065,250</b>	<b>\$2,616,965</b>	<b>\$1,308,483</b>	<b>\$8,756,768</b>

Source: Sage, Town of Perryville, Great Wolf Lodge

*Personal Property Tax Grants*

The Town of Perryville taxes personal property at a rate of \$0.94 per \$100 of assessed value (or 0.94%). Perryville has agreed to provide GWL with a personal property grant of 50 percent of annual personal property taxes capped at \$1.5 million. According to projections supplied by GWL and the Town, that cap will be reached during the 24<sup>th</sup> year of the agreement. After the first 25 years of GWL operations, Perryville will have collected more than \$1.6 million in personal property tax revenues despite the grants – revenues that would not be collected absent the development. See Exhibit 5 for summary statistical detail.

Exhibit 5: Personal Property Tax Credits and Payments

Year	Personal Property Taxes Liability	Personal Property Grants	Town Personal Property Tax Revenues
1	\$338,400	\$169,200	\$169,200
2	\$293,280	\$146,640	\$146,640
3	\$248,160	\$124,080	\$124,080
4	\$203,040	\$101,520	\$101,520
5	\$157,920	\$78,960	\$78,960
6	\$112,800	\$56,400	\$56,400
7	\$94,000	\$47,000	\$47,000
8	\$94,000	\$47,000	\$47,000
9	\$94,000	\$47,000	\$47,000
10	\$94,000	\$47,000	\$47,000
11	\$94,000	\$47,000	\$47,000
12	\$94,000	\$47,000	\$47,000
13	\$94,000	\$47,000	\$47,000
14	\$94,000	\$47,000	\$47,000
15	\$94,000	\$47,000	\$47,000
16	\$94,000	\$47,000	\$47,000
17	\$94,000	\$47,000	\$47,000
18	\$94,000	\$47,000	\$47,000
19	\$94,000	\$47,000	\$47,000
20	\$94,000	\$47,000	\$47,000
21	\$94,000	\$47,000	\$47,000
22	\$94,000	\$47,000	\$47,000
23	\$94,000	\$47,000	\$47,000
24	\$94,000	\$24,200	\$69,800
25	\$94,000	-	\$94,000
<b>Total</b>	<b>\$3,139,600</b>	<b>\$1,500,000</b>	<b>\$1,639,600</b>

Source: Sage, Town of Perryville, Great Wolf Lodge

## *Hotel Tax Grants*

Cecil County collects a 6 percent hotel tax on behalf of the Town of Perryville, but retains 5 percent of hotel tax collections (i.e., \$1 out of every \$20) for administrative costs. Under the incentive package, the Town of Perryville would supply a grant to GWL for 90 percent of its share of hotel tax collections for a period of 25 years. The Town would also supply a grant to GWL for 75 percent of the share remaining for the first ten years and 50 percent of the remaining share for the following 15 years. Put in simpler language, The Town of Perryville’s grant will effectively reimburse GWL for 97.5 percent of its share of hotel tax revenues for ten years and for 95 percent of its share of hotel tax revenues for the ensuing 15 years. Over the 25-year period, Perryville would forego nearly \$65 million in hotel tax collections and retain \$2.8 million. Exhibit 6 summarizes summary detail, with a thicker horizontal line denoting the point at which tax forgiveness is cut from 97.5 percent to 95 percent.

Exhibit 6: Hotel Tax Liabilities, Collections, and Reimbursements

Year	GWL Hotel Tax Liability	Town Share of Hotel Tax Collections	Hotel Tax Grants from Town	Town Net Hotel Tax Revenues
1	\$2,056,449	\$1,953,627	\$1,904,786	\$48,841
2	\$2,170,108	\$2,061,603	\$2,010,063	\$51,540
3	\$2,287,491	\$2,173,117	\$2,118,789	\$54,328
4	\$2,351,496	\$2,233,921	\$2,178,073	\$55,848
5	\$2,417,145	\$2,296,288	\$2,238,880	\$57,407
6	\$2,465,488	\$2,342,213	\$2,283,658	\$58,555
7	\$2,514,797	\$2,389,058	\$2,329,331	\$59,726
8	\$2,565,093	\$2,436,839	\$2,375,918	\$60,921
9	\$2,616,395	\$2,485,576	\$2,423,436	\$62,139
10	\$2,668,723	\$2,535,287	\$2,471,905	\$63,382
11	\$2,722,098	\$2,585,993	\$2,456,693	\$129,300
12	\$2,776,540	\$2,637,713	\$2,505,827	\$131,886
13	\$2,832,070	\$2,690,467	\$2,555,943	\$134,523
14	\$2,888,712	\$2,744,276	\$2,607,062	\$137,214
15	\$2,946,486	\$2,799,162	\$2,659,204	\$139,958
16	\$3,005,416	\$2,855,145	\$2,712,388	\$142,757
17	\$3,065,524	\$2,912,248	\$2,766,635	\$145,612
18	\$3,126,834	\$2,970,493	\$2,821,968	\$148,525
19	\$3,189,371	\$3,029,903	\$2,878,408	\$151,495
20	\$3,253,159	\$3,090,501	\$2,935,976	\$154,525
21	\$3,318,222	\$3,152,311	\$2,994,695	\$157,616
22	\$3,384,586	\$3,215,357	\$3,054,589	\$160,768
23	\$3,452,278	\$3,279,664	\$3,115,681	\$163,983
24	\$3,521,324	\$3,345,257	\$3,177,994	\$167,263
25	\$3,591,750	\$3,412,163	\$3,241,554	\$170,608
<b>Total</b>	<b>\$71,187,555</b>	<b>\$67,628,177</b>	<b>\$64,819,456</b>	<b>\$2,808,721</b>

Source: Sage, Town of Perryville, Great Wolf Lodge

### *Multiplier Effect Fiscal Impacts*

The indirect and induced economic activity generated by the GWL's operations will increase Perryville's tax revenues by approximately \$6.9 million over the first 25 years, mostly from increased property tax revenues. These impacts occur due to increased spending in the local economy by GWL, its visitors, and its employees. The study team used implicit fiscal impacts generated by IMPLAN and computations of effective local tax rates to produce these estimates. Exhibit 7 presents relevant summary detail.

Exhibit 7: Multiplier Effect Fiscal Impacts to Perryville

Year	Perryville Multiplier Effect Tax Revenues
1	\$199,003
2	\$210,002
3	\$221,361
4	\$227,554
5	\$233,907
6	\$238,585
7	\$243,357
8	\$248,224
9	\$253,189
10	\$258,252
11	\$263,418
12	\$268,686
13	\$274,060
14	\$279,541
15	\$285,132
16	\$290,834
17	\$296,651
18	\$302,584
19	\$308,636
20	\$314,808
21	\$321,105
22	\$327,527
23	\$334,077
24	\$340,759
25	\$347,574
<b>Total</b>	<b>\$6,888,824</b>

Source: Sage, Town of Perryville, Great Wolf Lodge

***Cost of Services***

The Sage study team calculated a per hour cost of services based upon segmenting users of government services into four segments: 1) those who work and live in Perryville (intense users of local services on a potentially 24-hour basis); 2) those who work in Perryville, but live elsewhere; 3) those who live in Perryville, but work elsewhere; and 4) those who live in Perryville, but who don't work (also intense users).

The study team assigned each segment a value for the number of hours they likely spend per day in Perryville from which a per hour cost of services parameter was calculated for each of the four discrete populations. This also allows for a division of service utilization between residents and non-residents.

Applying the estimate of hours spent in Perryville by GWL lodge employees (as workers and potentially residents) to the per hour operating expenditures, the study team determined that GWL's location in Perryville will cost the Town roughly \$204,000 in annual service provisions. Note that this cost of services analysis does not encompass tax revenues, which are calculated in the following section of this report.

Note that this study assumes that GWL's water and sewer usage will be revenue neutral. After an audit in FY2016 revealed that the Water Fund unrestricted fund balance was roughly 4 percent below the required minimum, the Town contracted with the Maryland Center for Environmental Training (MCET) to conduct an analysis of water and sewer rates and rate structures during FY 2017. As a result of the MCET's study's recommendations, the Town increased water rates by 13 percent and sewer rates by 8 percent (with annual increases in FY 18 and FY 19 of 9 percent and 8 percent for water rates and sewer rates, respectively). Note that these rates are subject to change. Given these increases and the fact that GWL will pay the standard rates, this study assumes that water and sewer rates are now at levels that allow for usage to be revenue neutral. The estimated \$922,000 in annual water and sewer charges that GWL will pay (and the associated expenses to the Town) are therefore excluded from this analysis.

Exhibit 8: Annual Cost of Services Estimate

	<b>Annual Cost of Services</b>
<i>Expenses</i>	
General Government	\$44,920
Planning & Zoning	\$13,674
Public Safety	\$74,083
Public Works	\$47,697
Parks & Recreation	\$22,967
Debt	\$374
<b>Total Cost of Services</b>	<b>\$203,715</b>

Source: Sage, Town of Perryville Financial Statements, GWL

## *Total Fiscal Impacts*

Exhibit 8 supplies total fiscal impacts through the first 25 years of operations. All revenue categories for which a corresponding incentive will be provided are presented on a net basis.

Annual revenues will remain positive during each of the 25 years, reaching their lowest point in Year 5 at roughly \$408,000 and peaking at more than \$810,000 in Year 25. Including the \$2.3 million in net impact fees accruing to the Town during the construction phase, cumulative fiscal benefit will exceed \$18 million through 25 years of operations. If one excludes consideration of those fees, cumulative positive net fiscal impact would still exceed \$15 million by the end of operating year 25.

Exhibit 8: Total Fiscal Impacts (\$2018)

Year	Annual Total	Cumulative Total
Construction	\$3,043,888	\$3,043,888
1	\$454,895	\$3,498,784
2	\$446,033	\$3,944,817
3	\$437,620	\$4,382,437
4	\$422,773	\$4,805,211
5	\$408,125	\$5,213,336
6	\$411,522	\$5,624,859
7	\$428,195	\$6,053,054
8	\$454,388	\$6,507,442
9	\$480,701	\$6,988,144
10	\$507,138	\$7,495,282
11	\$638,613	\$8,133,896
12	\$646,467	\$8,780,363
13	\$654,478	\$9,434,841
14	\$662,650	\$10,097,492
15	\$670,985	\$10,768,477
16	\$679,486	\$11,447,964
17	\$688,158	\$12,136,122
18	\$697,004	\$12,833,126
19	\$706,026	\$13,539,153
20	\$715,228	\$14,254,381
21	\$724,616	\$14,978,998
22	\$734,190	\$15,713,188
23	\$743,955	\$16,457,143
24	\$776,717	\$17,233,861
25	\$811,077	\$18,044,938
Total	\$18,044,938	\$18,044,938

Source: Sage, IMPLAN, the Town of Perryville, GWL

## IV. Beneficial Economic and Demographic Trends

A combination of economic and demographic considerations suggests that family-oriented recreational attractions will surge in popularity over the coming decade. Perhaps the most impactful factor relates to the emergence of the Millennial generation. This represents both the largest and most educated generation in American history. Along the dimension of age, the central tendency of this generation is presently in the mid-20s (the most common age in America in 2018 was 26 years). Over the next decade, much of this generation will enter its mid-to-late thirties; an age associated with rapid family formation.

Not only is this emerging generation about to enter prime household formation and childbearing years, but their demonstrated tastes and preferences are consistent with elevated demand for places like GWL. A 2014 Eventbrite survey determined that 78 percent of Millennials would rather spend money on a desirable experience than a desirable product. This likely helps explain the 5 percent increase in theme park revenues in 2017.

Faster income growth also supports demand. Despite much discussion regarding stagnant wages in recent times, real per capita personal income has increased 14 percent nationally since early 2013. Over the past two decades, real per capita personal income has expanded by more than 37 percent. This is consistent with both greater disposable income and more funds spent recreationally.<sup>1</sup>

Even absent the complete maturation of the Millennial generation, theme park demand has been surging. From January 1990 to November 2018, leisure park employment nationally expanded by 112 percent. To put that into context, employment in all industries expanded by just 37 percent over that period.

A 2014 study supplied by the University of Central Florida's Rosen College of Hospitality Management found that successful theme parks produce significant and lasting social and economic impacts on their region, including by creating jobs ranging from entry-level to senior managers.<sup>2</sup> GWL presently maintains 17 active resorts, all of which are successful. Two others are under construction. According to a 2014 survey of theme park visitors, only Disney is associated with a higher percentage of patrons likely to recommend the resort to their friends or family. That same survey found that guests are more than six times as likely to recommend GWL relative to other notable park operators like Six Flags or SeaWorld.

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<sup>1</sup> U.S Bureau of Economic Analysis

<sup>2</sup> Milman, Ady & Okumus, Fevzi & Dickson, Duncan. (2010). The contribution of theme parks and attractions to the social and economic sustainability of destinations. *Worldwide Hospitality and Tourism Themes*. 2. 338-345.

## Conclusion

Including impact fees that would be paid to the Town of Perryville, MD, the proposed GWL would produce approximately \$18 million in positive fiscal impact for the Town through its initial 25 years of operations. Note that without this assistance, the resort would not be feasible in this location. This estimate accounts for all incentives the Town would be prepared to offer to GWL. Once multiplier effects are considered, GWL would expand countywide employment by 950 jobs on an ongoing basis. A significant majority of these jobs would be located in Perryville itself (>700). Those 950 jobs would be associated with nearly \$29 million in annual employee compensation and there would be \$83 million in augmented annual economic activity measured in \$2018. Another set of jobs would be supported during the project's development/construction phase. As a final consideration, note that the incentives from the Town to GWL are performance based and are projected to be entirely supported by augmented tax revenues (and therefore do not touch the general fund), and that without this financial assistance the lodge would not be possible.

## Appendix A: How to Interpret the Results from IMPLAN

### IMPLAN Economic Modeling Software

To quantify economic impacts, Sage uses IMPLAN economic modeling software and its embodied multipliers to generate estimates of employment, labor income, and output (also referred to as economic activity or business sales). What follows is a glossary of terms.<sup>3</sup>

#### *Employment*

In IMPLAN, the number of jobs in an industry is defined as the average annual monthly job total. This encompasses full- and part-time jobs, and represents the same definition used by the Bureau of Economic Analysis' Regional Economic Accounts and the Bureau of Labor Statistics' Covered Employment and Wages.

As defined by IMPLAN, one job that lasts twelve months equals one job; two jobs that last six months also equal one job; three jobs that last four months equal one job, etc. For construction or capital investment events (one-time-only) for which the economic or fiscal impacts occur only once, the stated number of jobs is the total number of job-years that will be supported over the duration of the event. For operational (ongoing) impacts, job figures are annual and will occur every year as long as the operational event persists.

Note that IMPLAN jobs aren't quite the same thing as full-time equivalents (FTEs). Each of IMPLAN's 536 unique industries has a different conversion rate between jobs and FTEs, although for almost every industry one job is equal to less than one FTE. The conversion rates are as high as 1 and as low as 0.68, although the vast majority of sectors are between 0.9 and 0.99 (the average among all sectors for 2015 was 0.95 and the median was 0.97).

#### *Labor Income*

Labor income encompasses wages, benefits, and proprietor income (money accruing to owners of businesses). This is summarized by the following equation:

$$\text{Labor income} = \text{all forms of employee compensation (wages \& benefits)} + \text{proprietor income}$$

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<sup>3</sup> These definitions are largely attributable to IMPLAN user Phil Cheney, who, as of this writing, has contributed over 300 articles to the IMPLAN Knowledge Base

### ***Output (Business Activity, Economic Activity)***

Output equals the value of industry production. It might be easier to conceptualize this as total business sales or economic activity. For retail industries, it is the gross margin (not gross sales). For manufacturing, output is the quantity of total sales plus/minus the change in inventories. For the service sector, output is directly equal to sales. This can be visualized by the following equation:

$$\text{Output} = (\text{Manufacturing sales} +/\text{- change in inventories}) + (\text{service sector sales}) + (\text{gross margin for wholesale and retail trade})$$

These figures are based on annual production estimates for the year of the dataset.

### ***Direct Effects***

Direct effects stem from outlays of resources. They do not account for multiplier effects like indirect or induced effects.

### ***Indirect Effects***

The easiest way to conceptualize indirect effects is as the impacts stemming from business-to-business spending activity within the study area that occurs as a result of direct effects. These can also be viewed as secondary supply chain effects.

### ***Induced Effects***

Induced effects reflect enhanced household spending due to the positive labor income effects stemming from the activity or event under consideration.