



Economic Impact and Other Benefits of the Proposed I-71 Interchange at Martin Luther King Drive

Prepared for the
Uptown Consortium
and
Cincinnati Business Committee

Prepared by the
Economics Center

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ECONOMIC IMPACT AND OTHER BENEFITS OF THE PROPOSED I-71 INTERCHANGE AT MARTIN LUTHER KING DRIVE

EXECUTIVE SUMMARY

Cincinnati's Uptown area has experienced significant job growth in recent years. Although it is the second largest employment center in the Cincinnati region, its economic development potential is constrained by the lack of adequate freeway access. Rarely does such a large employment center with a freeway running through it lack a full highway interchange.

The construction of an interchange in Cincinnati along I-71 at Martin Luther King Drive (MLK) will be a profitable investment for the City, County, and State. It will improve conditions for residents and employees in the surrounding neighborhoods and in the region as a whole. The MLK interchange will also contribute to business retention, expansion, and attraction. By providing access where none currently exists, it will have a larger economic impact than projects that improve existing access. Finally, the resulting accessibility gains will reduce travel time to emergency rooms, which will improve trauma care and save lives on a regular basis and in the event of a disaster.

The projected economic benefits of the MLK interchange include:

- An interchange construction impact of \$101 million, which includes \$20 million in wages and 430 jobs in Hamilton County;
- Over \$325 million of private investment, producing an economic impact of more than \$460 million in Hamilton County and another \$290 million throughout the rest of Ohio; and
- More than 2,000 additional permanent jobs within this new development, with combined wages of \$97 million annually.

The total impact of the MLK interchange on local employment consists of:

- 2,950 short-term jobs related to interchange construction and surrounding private development; and
- 5,900 to 7,300 permanent jobs, including:
 - 2,500 to 3,000 jobs from the growth of major Uptown employers,
 - 1,500 to 2,000 jobs from new business attraction and spin-off development, and
 - 1,900 to 2,300 jobs from retention of businesses that the City and State could be at risk of losing.

The fiscal benefits¹ of the MLK interchange and the resulting private development include:

- Over \$155 million in tax revenue for Ohio;
- More than \$20 million in sales tax revenue for Hamilton County;
- Over \$33 million in earnings tax revenue for Cincinnati; and
- Millions of dollars in property tax revenues.

The interchange is essential for continued economic development, serving as an important tool to:

- Retain 500 to 700 “at-risk” Ohio jobs by creating a preferred location in Uptown;
- Retain another 1,400 to 1,600 jobs that could be moved out of Uptown; and
- Create thousands of new jobs in the region’s second largest employment center.

Among the other economic development benefits identified by local leaders are:

- An attractive gateway and a better connection to downtown;
- A catalyst for residential reinvestment;
- Improved trip routes for employees of and visitors to the Zoo, hospitals, and university; and
- Reduced congestion and travel times.

By reducing travel times to trauma centers at University and Children’s Hospitals, the MLK interchange will produce major health and safety benefits, particularly:

- Saving lives and reducing health care costs as a result of saving 3 to 4 minutes in transport time for an estimated 17,000 trauma/emergency patients a year; and
- Providing more direct routes to trauma centers and emergency rooms in Uptown hospitals should a natural, or other, disaster occur in the region.

¹ Total fiscal benefits are calculated by discounting the taxes projected over the next 24 years to arrive at a present value of the revenue stream.

Principal Investigator
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About the Economics Center

The Research and Consulting division of the Economics Center provides the knowledge building blocks that help clients make better policy and economic development decisions. Our dynamic approach and critical data analysis empower leaders to respond to changing economic conditions, strengthen local economies and improve the quality of life for their communities. The Director of the Economics Center is Dr. Julia Heath.

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INTRODUCTION

An interchange at Martin Luther King Drive was part of the original plans for the I-71 expressway, but was eliminated during construction because of budgeting considerations. As a result, Uptown has been without a full interchange on I-71 to serve residents and businesses since the early 1970s.²

Creation of a new, full interchange for traffic on I-71 at Martin Luther King Drive will eliminate the highly unusual situation of a freeway running through a major urban employment center without providing complete access to that employment center. By removing this access impediment, the construction of this interchange will produce substantial benefits by driving economic development and providing a catalyst for community revitalization.

The immediate benefits of the interchange are that it will improve access to Uptown for workers, students, visitors, and people seeking health care. It will also give Uptown residents better access to destinations outside the Uptown area and reduce traffic on neighborhood streets that are heavily traveled by employees going to and from jobs in the area.

The interchange will have a large positive impact on jobs and private development, resulting in considerable growth in the state and local economies. The interchange will stimulate private investment, help to retain and expand existing local employment, and attract new jobs and spin-off development.

The Economics Center conducted this assessment of the magnitude of the economic impact and other benefits of the interchange on behalf of the Uptown Consortium and Cincinnati Business Committee, in order to inform interested public and business leaders.

² Access to I-71 is limited to a half interchange that is split between Taft and McMillan, which serves areas north of Uptown. A second half interchange that serves areas south of Uptown is located about two thirds of a mile further south, outside the Uptown area.

ALIGNMENT WITH STATE AND LOCAL ECONOMIC DEVELOPMENT INTERESTS

A recommendation emerging from recent studies of Ohio cities by the Brookings Institution is to establish an “Anchor Institution Transformation Zone program.” This strategy recognizes the importance of major research universities and medical centers in driving tomorrow’s urban economies, and it calls for leveraging the economic potential of such anchor institutions in Ohio.³

Local economic development officials recognize this interchange as a priority for the Cincinnati region.⁴ Full and direct access to I-71 is a requirement for many businesses, and is an essential element for creating a health care innovation hub in Uptown. The executive director of the local partnership for economic development noted that it will “make a big difference in improving travel from the airport and showcasing Uptown to non-local companies.” It is viewed as the top intrastate transportation priority for the region by the Cincinnati USA Regional Chamber.

As noted in the City of Cincinnati’s application for ODOT funding, the proposed interchange will vastly improve access to the second largest employment center in the Cincinnati metropolitan area. Over the past ten years, the Uptown area has been the biggest economic engine in the city, producing a net gain of more than 3,000 jobs and partially offsetting an employment decline of 12,000 across the rest of the metropolitan area.

In the area covered by the four Uptown ZIPs (45219, 45220, 45221, 45229), there are more than 55,600 jobs. Of these, half are in health care, nearly one-third are in the education and government sectors, and six percent are in the retail and food service/ hospitality sectors.

While the major medical institutions in the Uptown area have added 4,500 new positions since 2001, ancillary sectors have not kept pace; employment has actually declined in most other industries. Inadequate transportation infrastructure is one factor constraining growth in this area that otherwise appears to have great potential. In part because of this constraint, much land in the Uptown area remains vacant or underutilized.

Not surprisingly, the interchange is a key component of the City of Cincinnati’s future economic development strategy. This is clearly reflected in the *GO Cincinnati* report’s Transportation and Infrastructure recommendation to: “Develop a full interchange on I-71 to provide direct access to Uptown which is the leading job creation area in the City of Cincinnati.”

³“To enhance innovation, we propose that Ohio bolster the market shaping potential of anchor institutions like universities and medical facilities. We would not renew the urban enterprise zone program, opting instead to create tax favored, economic transformation zones around anchor institutions, thereby catalyzing firm creation and residential resettlement.” (Bruce Katz, Brookings Institution, “Restoring Prosperity to Ohio Summit,” September 2008) See also *Restoring Prosperity: How Ohio Can Revitalize Core Communities*, Brookings Institution, 2010, which cites the Uptown Consortium as an exemplary model of this approach. For more discussion, see “Anchor Institutions and Urban Economic Development,” *Inner City Insight*, June 2011.

⁴ The Cincinnati region is the federally-defined 15-county Metropolitan Statistical Area that includes Hamilton, Butler, Warren, Clermont, and Brown Counties in Ohio, Boone, Kenton, Campbell, Bracken, Pendleton, Grant, and Gallatin Counties in Kentucky, and Ohio, Dearborn, and Franklin Counties in Indiana.

An analysis of property records for parcels in the project area shows that it includes at least 120 acres of vacant or underutilized residential property and at least 550 acres of vacant or underutilized non-residential property.⁵ Much of this property lies in very close proximity to both I-71 and the Uptown area's anchor institutions. As a result, development in this area will both benefit from the proximity of these major employers and help those institutions continue to grow and prosper.

The benefits of urban agglomeration are generally well understood; they form one of the conceptual underpinnings of the cluster approach to economic development.⁶ Uptown is an ideal location for research commercialization efforts associated with the University of Cincinnati and Cincinnati Children's Hospital Medical Center. The concentration of professional employment is unique to Uptown and will serve as a stimulus to additional growth. No other region in the Cincinnati metropolitan area, and very few in the state, can provide the benefits of this type of concentration of talent. The proposed interchange, coupled with the redevelopment that is a likely consequence, makes Uptown much more competitive as a location for spinoff technology and research commercialization businesses, and it reduces the likelihood that new high-tech firms will move to competing university/technology research districts in other cities.

⁵ Vacant property has no building improvements. Underutilized land has improvements valued below the value of the land for residential property and less than twice the value of the land for non-residential property.

⁶ Randall W. Eberts and Daniel P. McMillen, "Agglomeration Economies and Urban Public Infrastructure" in *Handbook of Regional and Urban Economics, Volume 3: Applied Urban Economics* (1999).

IDENTIFICATION OF ECONOMIC AND OTHER BENEFITS

In an effort to identify the full range of gains expected from the new interchange, interviews were conducted with the top executives of most major Uptown institutions and two major economic development organizations.⁷ The Economics Center also researched the experiences of other urban science and technology research parks or districts. These benefits are divided into five categories:

- improved access and circulation,
- growth from major institutions,
- economic development,
- improved health and safety, and
- other community benefits.

IMPROVED ACCESS AND CIRCULATION

The travel time studies conducted as part of OKI's Congestion Management System have determined that ML King Drive, WH Taft Road and McMillan Street are among the most congested arterials in the region in terms of minutes of delay per mile. Improved access would distribute the traffic volumes to the arterial network more efficiently than the current traffic patterns resulting in an overall reduction in the levels of congestion on the arterial street network. – *Uptown Transportation Study* (URS Corporation, Nov 2006, pg. B-9)

The interchange will improve wayfinding. By making driving routes simpler and more efficient, travel difficulties are reduced, which leads to reduced accidents. In addition to eliminating some of the areas difficulties and problems, simpler travel routes will result in more visitors for the Zoo and students for the University of Cincinnati.

The Director of the Cincinnati Zoo and Botanical Garden stressed that he wants to make the Zoo a destination for people from outside the region; the interchange is key for attracting Kentucky visitors. For young families with children, it would be very helpful to have a route that they perceive as being easier, safer, and cleaner. He also noted that the interchange will make it easier to raise private investment and increase visitor revenue, both of which are extremely important.

The President of the University of Cincinnati (UC) observed that some UC Clermont students go to Northern Kentucky University rather than UC's main campus to complete their bachelor degrees because of access, and access is difficult for UC Blue Ash graduates as well. For UC, it isn't growth so much as maintaining current enrollment quantity and quality; having a strong gateway is an important element because UC needs to sell itself to thousands of students every year. For Children's Hospital, improved access matters to patients who come from outside the region. The interchange will also affect Good Samaritan Hospital by rerouting some traffic away from its area.

Access and traffic within the neighborhood also matter to Uptown workers and residents. Observations of substantial congestion during rush hours and around major visitor hours confirm the experience of these institutions that traffic is "a disaster" at times. While the area has demonstrated

⁷ A complete list of the persons and institutions that provided information through interviews and subsequent data requests is provided at the end of this report.

capability for economic development without the interchange, past growth has exacerbated the access and congestion problems to the point where it is becoming difficult to take advantage of the remaining growth potential of the area.

The interchange will not only provide a shorter, more direct route for people going to the University, Zoo, hospitals, and other businesses, but also move most traffic onto the streets that were designed to handle it, which will reduce much of the congestion on neighborhood streets. This will improve neighborhood conditions and benefit community residents as well as visitors and employees.

The new interchange will be important in attracting talented workers, which is a major concern in promoting high tech science and technology growth. Currently, the lack of good access from Northern Kentucky is believed to have contributed to difficulties in attracting people from that area, so the interchange will increase the attractiveness of the Ohio side of the river in relation to the Kentucky side.

GROWTH FROM MAJOR INSTITUTIONS

The six major Uptown institutions— four hospitals, UC, and the Zoo – have a combined employment of more than 23,000. Interviews with leaders of these institutions provided information about their anticipated employment growth in the Uptown area over the next five years. Collectively, they projected adding 2,500 to 3,000 positions in the area.

Although fewer specifics were offered about capital investment plans, their combined investment in Uptown is expected to amount to hundreds of millions of dollars. Executives identified both research space and state-of-the-art treatment facilities in their plans. A substantial share of this could occur at the new interchange once it is built. They also noted that some investment has already been made in anticipation of access improvements.

Finally, some interviewees indicated that the area around the new interchange would be a good location for consolidating some of their business functions that are currently dispersed throughout the region or out-of-state.

In describing their plans, several executives noted that some growth will happen somewhere, regardless of the new interchange, but more growth will occur with the construction of the interchange because it will permit their organizations to operate more efficiently.

For certain types of growth, the interchange is essential. Multiple hospital executives stated that better access would help to attract more patients, including people from outside the region and the State who might come for specialized treatment facilities such as a proton beam therapy site. Such major facilities could be built elsewhere in the region, including Northern Kentucky, or not at all. One executive's comment on this situation was: "Don't give us a reason not to build it here."

ECONOMIC DEVELOPMENT

One benefit of the new interchange is that it will help to retain existing "at-risk" jobs, those that might leave the area if the interchange is significantly delayed. Several interviewees noted that the lack of an interchange is already producing situations where companies are reported in the press as likely to

leave the City and the State. A similar but less immediate situation concerns NIOSH (National Institute for Occupational Safety and Health), which has made it known that it wants to be in Uptown but needs to be located at an interchange. Two CEOs noted that this represents 500 to 700 PhD positions that could be lost to Northern Kentucky.

A number of back office functions of the six major Uptown institutions are currently situated in leased space in Uptown. If the interchange were to be further postponed, there are 1,400 to 1,600 jobs that are susceptible to being moved elsewhere. The jobs identified in these two paragraphs illustrate the business retention potential of the new interchange.

Access stimulates development. In urban locations where there is demand for space in areas adjacent to freeways, "interchanges give developers a reason to build heavily in the area (and) sites are often re-developed for commercial and office use."⁸ This is why the City's *GO Cincinnati* plan for economic development specifically recommends that officials work to make the interchange a reality. Local economic development officials agree that improved access will lead to a dramatic acceleration of development, from both existing and new businesses. The new interchange is expected to become a primary gateway for introducing prospective employers to the area.

There are two types of spin-off development. The first is linked to the research activities (and some clinical ones) at the major institutions. The second comes from the growth of dining and shopping opportunities as a result of increases in these institutions' investment and employment. There is also a synergy between these two categories, so growth in each one fosters growth in the other.

Altogether, they identified another 3,500 to 4,000 jobs that are expected to be created somewhere in the region. About 60 percent of this is their own growth and the remainder is an estimate of anticipated indirect or spin-off development. Perhaps 500 to 1,000 of the indirect jobs might realistically be located in Uptown.

The CEO of Children's Hospital observed that there is considerable potential for growth that will come from companies that need to be close to this growing hub of health care/research, though this will occur gradually. Both economic development officials interviewed for this study believe that this is an ideal location for a research and innovation center.

Increased retail and restaurant options are expected as a part of the additional traffic along Martin Luther King Drive. Several executives characterized this demand for retail around the interchange as a consequence of employees being more likely to do some shopping in the area.

Development associated with the new interchange is expected to bring new amenities to the area, which will make it easier to attract knowledge workers and venture capital.

⁸ Steve Wray, Susan Moses and Glen Weisbrod. *The Development Impacts of Highway Interchanges in Major Urban Areas: Case Study Findings* (April 2000).

IMPROVED HEALTH AND SAFETY OUTCOMES

The CEOs of Children's and UC Health both identified the importance of the improved access for patients coming for emergency or trauma care. Saving lives, improving health, and reducing medical expenditures will all be consequences of reduced travel times resulting from the new interchange.

Hospitals have worked to reduce the amount of time it takes to get patients into treatment or surgery from the moment they come through the door because every minute saved can improve patient outcomes. In some cases, it is the difference between temporary and permanent disability, and in others it means being able to treat and release patients rather than having to admit them for more extensive – and expensive – care. Sometimes it is literally the difference between life and death.

University Hospital's Trauma Center sees 10,000 people annually, and 75 to 80 percent of them come by ambulance. How quickly they come through the door is key to positive outcomes, so saving a few minutes is very important. An examination of regional population distribution by ZIP Code showed that roughly half of all people living in the Cincinnati area would most likely use I-71 to get to University Hospital. Further research, using road trip planning programs, suggested that the new interchange will reduce travel time to the hospital by three to four minutes. This means that about 4,000 patients a year who arrive by ambulance will be seen more quickly once the new interchange is open.

Children's Emergency Department received about 100,000 patients in 2011, including more than 7,500 who came by ambulance. Most of the others arrived in private vehicles, of whom, over 30,000 were critical care or other highly acute patients, categories in which reducing travel time would improve outcomes. A ZIP analysis of these patients indicates that about 35 percent of them would be expected to use I-71 to get to Children's Hospital. Applying this percentage to the two groups described above, in 2011, about 13,000 patients would have arrived three to four minutes sooner if the interchange had been in place.

Combining these numbers for Children's and University Hospitals, the new interchange will reduce travel time for about 17,000 patients a year, or approximately 50 people each day. These numbers do not include consideration of emergency patients at The Christ Hospital.

In addition to making a daily difference for emergency and trauma patients, the interchange will also play a role in improving disaster response. In the event of a disaster of any type, a major consideration is the need to transport large numbers of people to hospital trauma centers. Disaster response planning emphasizes speed and efficiency in diagnosing and treating mass casualties. Given the presence of these two major trauma centers in Uptown, the interchange will be particularly important in facilitating improved response to natural or other disasters.

OTHER COMMUNITY BENEFITS

The new interchange will have other benefits beyond economic development in Uptown. Construction of the interchange will help improve neighborhood conditions, reversing some of the disinvestment that has occurred over the past two decades. Several executives stated that it will promote residential redevelopment and reinvestment, which will reduce vacancies in neighborhoods east of I-71.

The interchange will lead to improvements in physical appearance, amenities (such as parking and retail/restaurant options), and safety. These improvements will, in turn, promote greater neighborhood vitality, as both residents and workers find more reasons to be there.

While the interchange will benefit Uptown, it will also benefit the downtown area by improving access between the two, and it will benefit the city and region as a whole. These connections were noted by most interviewees, who also pointed to the importance of Uptown as an economic driver for growth throughout the City and the region.

ECONOMIC AND FISCAL IMPACT ANALYSIS

The economic and fiscal impacts of initial construction and resulting permanent jobs provide some indication of how important the interchange will be. The impacts described in this section include only new development; the additional gains from retaining jobs that could be lost without the interchange are not included.

The economic benefits for the State of Ohio, as well as Hamilton County and the City of Cincinnati, are considerable, indicating that dollars invested in the construction of the interchange will produce a positive return on investment.

IMPACT OF INTERCHANGE CONSTRUCTION AND RESULTING TAX REVENUE

Costs for the interchange are estimated at \$59 million, \$3 million for right-of-way acquisition and \$56 million for construction. The total direct and indirect economic activity resulting from the proposed interchange construction project (including right-of-way acquisition) will be \$101 million for Hamilton County and another \$32 million for other areas of the State. The impact on wages is less concentrated in Hamilton County, where an estimated 430 workers will receive \$20 million out of the statewide total of \$40 million in earnings.

Economic Impact from Interchange Construction		
	County	State
Project Spending	\$59,000,000	
Total Economic Output	\$101,010,600	\$133,207,800
Total Wages	\$19,940,100	\$39,980,400

All of this economic activity generates various types of tax revenue. Wages are subject to income tax, business operations pay a commercial activities tax, and sales tax is paid on certain purchases. The tax revenues generated by this economic activity constitute the fiscal impact of the project, which total \$542,900 for the City and County and another \$2.85 million in tax revenue for the State of Ohio.⁹

Fiscal Impact from Interchange Construction		
	Local	State
Income Tax	\$418,700	\$1,599,300
Commercial Activities Tax	-	\$330,000
Sales Tax	\$124,200	\$923,500
Total Tax	\$542,900	\$2,852,800

⁹ In economic impact tables, state impact includes county impact, but in fiscal impact tables, local tax revenues are separate from state tax revenues.

While numerous other interchange projects are under consideration by the State of Ohio, all other such projects appear to be improvements to existing access points. Interchange projects that create new access are more beneficial than those that improve existing access. Consequently, the benefits associated with subsequent private development at the I-71 interchange at Martin Luther King Drive are an important consideration, since no access currently exists at this location. This development is considered next.

IMPACT OF NEW PRIVATE CONSTRUCTION AND RESULTING TAX REVENUE

The Uptown project area has 670 acres of vacant and underutilized property, and much of it is very near to the interchange project site. The development potential for this land is illustrated by some of the design concepts of "Development Possibilities" in the *I-71 Uptown Access Study* (MLK Alternative 1 and Taft Alternative 2, prepared by DNK Architects).

Based on these design concepts, and assuming that future investment will support all of the new development at the proposed MLK interchange and a modest amount of the office and retail near the existing partial interchange (Taft and McMillan), private construction would include about 115 acres of land in the MLK area and less than 10 acres in the Taft/McMillan area. This is a conservative estimate of the area's development potential, as it represents less than 20 percent of the 670 acres of vacant and underutilized land.

This new private development would include 920,000 square feet of office, 190,000 square feet of retail, and nearly 587,000 of residential space (402 units), bringing \$326 million in new construction to the Uptown area, based on estimated construction costs for the assumed levels of private investment.

How realistic are these development estimates? A three-fold test was employed to assess these figures.

- A comparison to recent development performance in the Uptown area supports these estimates. In the five-year period from 2006 through 2010, new project announcements totaled 875,000 square feet of commercial space, with an investment of \$340 million, and the area will have an estimated 600 residential units coming online in 2011-12.
- Interviews with major CEOs in the area indicate a collective planned Uptown employment growth of 2,500 to 3,000 positions, and up to 1,000 indirect jobs might realistically be added in Uptown.
- The experiences of two urban research districts in other Midwest cities are also supportive; from 2005 to 2008, St. Louis saw investment totaling \$163 million for 536,000 square feet of research/office space, and Ann Arbor added nearly 1,000 jobs in acquired research space in 2010-11.

The development estimates are considered solid, even conservative, given these comparisons.

The total economic impact resulting from this new private construction will be \$460 million for Hamilton County and another \$290 million for other areas of the State. The impact on wages includes \$93 million for over 2,000 construction-related workers in Hamilton County, out of the statewide total of \$230 million in earnings.

Economic Impact from New Private Construction		
	County	State
Project Spending	\$326,680,000	
Total Economic Output	\$460,668,600	\$750,024,600
Total Wages	\$93,315,100	\$230,113,400

The fiscal impact of this private investment will include \$2.54 million for the City and County and additional \$16.38 million in tax revenue for the State of Ohio.

Fiscal Impact from New Private Construction		
	Local	State
Income Tax	\$1,959,600	\$9,204,500
Commercial Activities Tax	-	\$1,858,200
Sales Tax	\$575,600	\$5,315,600
Total Tax	\$2,535,200	\$16,378,300

ECONOMIC ACTIVITY FROM NEW DEVELOPMENT AND RESULTING TAX REVENUE

While construction of the interchange and subsequent private development will produce more than \$22 million in tax revenues (\$19.23 million for Ohio and \$3.08 million for local governments), the ongoing revenue stream from office and retail business activity will be even greater.

Most new development, including about 80 percent of the new commercial space, will occur around the Martin Luther King (MLK) interchange. The remaining commercial space resulting from the new interchange will consist of construction around the existing half interchange that is split between Taft and McMillan. This new commercial development will include an estimated 1,417 research or office jobs and 596 positions in retail and food service. Annual wages are expected to total \$97 million, and business income (gross receipts from sales of goods and services) is estimated at \$291 million annually.

Direct Economic Activity from MLK Development			
	Office	Retail	Total
Development at MLK (sq ft)	770,000	120,000	890,000
Development at Taft/McMillan (sq ft)	150,000	70,000	220,000
Total New Development (sq ft)	920,000	190,000	1,110,000
New permanent jobs	1,417	596	2,013
Annual wages from new jobs	\$83,400,000	\$13,851,300	\$97,251,300
Annual estimated business income	\$253,560,000	\$38,000,000	\$291,560,000

Because this development will generate an ongoing tax revenue stream for the State of Ohio, the resulting tax revenue is shown as the present value of the first 24 years of new business activity tax revenue.¹⁰ The following table details that the new development is projected to produce over \$50 million in taxes for Cincinnati and Hamilton County, plus \$136 million in Ohio tax revenues. (It should be noted that these calculations do not include tax revenues from existing or retained businesses.)

Present Value of Tax Revenues from MLK Development			
	Local	State	Total
Income Tax	\$31,138,500	\$59,311,500	\$86,219,400
Commercial Activities Tax	-	\$10,729,000	\$14,959,600
Sales Tax	\$19,396,900	\$66,118,500	\$85,515,400
Total Tax	\$50,535,400	\$136,159,000	\$186,694,400

This economic and fiscal impact analysis shows that, when the total impact of construction and the direct economic activity of the resulting commercial development are combined, the proposed addition of a full interchange at Martin Luther King Drive will generate over \$155 million in tax revenue for the State of Ohio in return for its investment. In addition, it will produce \$33 million in tax revenue for Cincinnati and \$20 million for Hamilton County, excluding consideration of property taxes.

A NOTE ABOUT HOW ECONOMIC IMPACT IS MEASURED

The economic impact of a business or project begins with its spending for good and services (including employee wages). This spending produces additional economic activity as other businesses make purchases and hire employees to meet demand for their goods or services. Finally, even more economic activity occurs as employees spend their wages. By using data on the structure of the local economy, the impact of this spending is modeled and calculated.

¹⁰ Present value of these tax revenues is the value today of all revenues projected over the next 24 years. This calculation is useful in evaluating the return on investment from the initial development. A discount rate of 4 percent is used and no inflation is assumed for either wages or gross receipts.

CONCLUSION

“The interchange is necessary in order for Cincinnati to compete with other top metros.”

This statement by Port of Cincinnati Development Authority President and CEO Laura Brunner reflects the unanimous perspective of the leaders interviewed for this study, who recognize that the area is competing with research parks in other major cities.

The completion of an interchange on I-71 at Martin Luther King Drive will promote job retention and creation, resulting in a stronger urban core that will, in turn, produce spin-off development throughout southwest Ohio. The area surrounding the interchange will become very attractive to companies from outside of Cincinnati and Ohio because it will offer numerous sites with access to Uptown’s existing scientific and technology resources.

The Uptown area has demonstrated its capability as a locus and driver for economic growth even without the interchange. As a result of past growth, access and congestion problems have reached the point where it is becoming difficult to take advantage of the remaining growth potential of the area.

The interchange will become an attractive gateway to Uptown that will benefit residents, businesses and their workers, patients, and visitors to locations such as the Zoo and the University of Cincinnati.

Principal Investigator
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APPENDIX

LIST OF INTERVIEWS

Major Institutions

Cincinnati Children's Hospital Medical Center

- Michael Fisher, President & CEO
- Elizabeth Stautberg, Senior Vice President
- Stephanie Ebken, Director, Special Projects

Cincinnati Zoo and Botanical Gardens

- Thane Maynard, Director

The Christ Hospital

- Heather Adkins, Vice President & Chief Strategic and Mission Officer

Tri-Health

- John Prout, President & CEO
- Steve Schwalbe, Senior Vice President of Strategy and Community Affairs

UC Health (University Hospital)

- Jim Kingsbury, President & CEO

University of Cincinnati

- Gregory Williams, President
- Robert Ambach, Senior Vice President, Administration & Finance
- Beth McGrew, Associate Vice President, Planning, Design & Construction
- Gregory Vehr, Vice President, Government Relations & University Communications

Economic Development

Cincinnati USA Partnership for Economic Development

- David Dougherty, outgoing Executive Director

Port of Cincinnati Development Authority

- Laura Brunner, President & CEO