APPENDIX J

ECONOMIC IMPACT OF JOB RECOMMENDATION FOR THE GABRESKI AIRPORT PLANNED DEVELOPMENT DISTRICT (HAMPTON BUSINESS AND TECHNOLOGY PARK)

prepared for the Department of Economic Development and Workforce Housing

Martin R. Cantor, CPA, MA

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for the

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(Hampton Business and Technology Park)

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Prepared by

Martin R. Cantor, CPA, M.A.
Consulting Economist and Planning and Economic Development Consultant
28 Woodmont Road
Melville, New York 11747

Tel: (631) 491-1388
Fax (631) 491-6744
E-Mail: EcoDev1@aol.com

I: INTRODUCTION

The purpose of this analysis is to assess the job growth potential of the economic development initiative presented in the Draft Town of Southampton Gabreski Airport Planned Development District Master Plan (APDD). Focus will be on the economic impact of the recommended jobs in Table 2 of Chapter 5 entitled APDD Use Regulation Recommendations; the level of participation of these jobs in the current regional economy and their prospects for growth; and sources of new generated economic activity for the business districts near the Hamptons Business and Technology Park, including Westhampton Beach's Village business district.

Modifications to the general LI-200 industrial district regulations were made for the APDD in order to encourage, as a matter of right, the recommended uses for the site which include non-aviation and complementary mixed-use activity consisting of light industrial, office, service, support, ancillary retail, transportation, lodging, and related uses.

The recommended uses conform to the County Department of Economic Development and Workforce Housing's desire for full development of the site to reduce and/or eliminate County taxpayer dollars currently used to operate and maintain Gabreski Airport, while recognizing the importance in maintaining Southampton's resort qualities, appeal to visitors, and ensuring development of the site complements rather than competes with the Westhampton Village center.

The result is a shared collaborative vision of Suffolk County and the Town of Southampton for the Hampton Business and Technology Park, to be developed with emphasis on high technology, homeland security, homeland defense, and communications industries. The result of these efforts is a list of allowable uses in the APDD, intended to attract the type of employment opportunities intended by this vision. As noted, it is the economic impact of these recommended uses that will be discussed.

II: ANNUAL PAYROLL OF APDD RECOMMENDED JOBS

Table 2, of the APDD Use Regulation Recommendations was evaluated because these are the uses being considered by Southampton Town. These suggested uses are intended to assist in attracting (by automatically permitting) those uses identified by the County and the Town, which best suit the site, local economic needs, and future growth of the area. The following table presents actual wage data for the recommended jobs.

Table 1: AVERAGE ACTUAL ANNUAL PAYROLL OF APDD USE REGULATION RECOMMMENDATIONS FOR NASSAU AND SUFFOLK COUNTIES[1]

2002 NAICS Code	Job Sector Description	Description Catchment Group	Industry Revenues ($1000's)	Annual Payroll ($1000's)	Employees	Average Payroll
5413	Architectural, engineering, & related service	All (1,212 Co.) establishments	$ 1,255,862	$ 497,986	9,542	$ 52,188.85
4234	Prof & Commercial equip & supp merchant wholesalers	Wholesale trade (651 Co.)	8,485,421	863,720	14,510	59,525.84
42341	Photo equip & supp merchant wholesalers	Wholesale trade (30 Co.)	2,249,125	97,525	1,612	60,499.38
42345	Med. Dental & hosp equipm & supp merchant wholesalers	Wholesale trade (181 Co.)	2,982,934	330,400	5,362	61,618.80
42346	Ophthalmic goods merchant wholesalers	Wholesale trade (45 Co.)	549,963	69,509	1,389	50,042.48
4236	Electrical goods merchant Wholesaler	Wholesale trade (697 Co.)	5,709,706	576,386	9,902	58,209.05

[1] U.S. Census. *2002 Economic Census*. American Fact Finder: Internet, 23 February 2006. Information based upon NAICS (North American Industry Classification System) which replaced the SIC.

2002 NAICS Code	Job Sector Description	Description Catchment Group	Industry Revenues ($1000's)	Annual Payroll ($1000's)	Employees	Average Payroll
6215	Medical & diagnostic laboratories	All (166 Co.) establishments	511,911	177,036	3,510	50,437.61
48532	Limousine service	Total (205 Co.)	76,808	19,014	1,268	14,995.27
4413	Automotive parts, tires & accessories	Total (432 Co.)	446,977	84,563	3,196	26,459.01
442	Furniture & home furnishings	Total (746 Co.)	1,387,860	167,505	6,421	26,087.06
443	Electronics & applianc stores	Total (602 Co.)	1,357,310	133,039	4,897	27,167.45
444	Buildng/garden equipment supplies dealers	Total (884 Co.)	3,074,383	379,933	12,717	29,875.99
445	Food & beverage stores	Total (2,408 Co.)	5,750,411	673,362	33,362	20,183.50
448	Clothing & clothing accessories stores	Total (2,146 Co.)	3,051,887	372,306	22,377	16,637.89
4482	Shoe stores	Total (365 Co.)	369,816	41,707	2,826	14,758.52
4483	Jewelery, luggage, & leather goods stores	Total (396 Co.)	387,478	56,185	2,078	27,038.02
42373	Warm air heating & ac equip merchant wholesaler	Wholesale trade (62 Co.)	290,598	32,806	659	49,781.49

2002 NAICS Code	Job Sector Description	Description Catchment Group	Industry Revenues ($1000's)	Annual Payroll ($1000's)	Employees	Average Payroll
337	Furniture mfg-related product	Total (329 Co.)	494,372	139,053	4,108	33,849.32
4233101	Lumber without yard merchant wholesalers	Merchant wholesalers, excpt. mfgrs, sales/office branch (12 Co.)	313,466	13,036	314	41,515.92
4243	Apparel piece goods, notions, wholesale	Wholesale trade (457 Co.)	1,892,053	185,218	3,384	54,733.45
441	Motor vehicle & parts dealers	Total (1014 Co.)	10,061,579	731,605	16,272	44,960.98
6116	Other school & instructions	All (518 Co.) establishments	196,254	68,113	3,901	17,460.39
423850	Service estab. equipment & supp merchant wholesalers	Wholesale trade (98 Co.)	325,952	54,228	1,298	41,778.12
54194	Veterinary Services	All (207 Co.) establishments	245,165	82,437	2,989	27,580.12
42931	Sporting, Rec.	Wholesale Trade (77 Co.)	363,110	30,167	743	40,601.61
4251	Grocery and related Prod.	Wholesale Trade (58Co)	802,122	15,931	264	61,344.70
7211	Hotels/motels	Total (191 Co.)	393,691	102,304	4,659	21,958.30
5416	Mgmt. Scient Tech consult.	All(1,681 Co.) establishments	889,702	338,288	7,328	46,163.76

2002 NAICS Code	Job Sector Description	Description Catchment Group	Industry Revenues ($1000's)	Annual Payroll ($1000's)	Employees	Average Payroll
54132	Engineering services	All (498 Co.) establishments	618,271	260,118	4,377	59,428.38
54138	Testing laboratories	All (51 Co.) establishmnts	297,963	116,788	2,250	51,905.78
54143	Graphic desgn. svces	All (236 Co.) establishments	100,448	30,480	890	34,347.19
54162	Envionmntl Conslt. Svcs	All (103 Co.) establishments	123,083	44,251	843	52,492.29
Total	16,758 Companies		$ 55,055,681	$ 6,784,999	189,248 Jobs	$ 35,852.42 average.

III: PROJECTED JOB GROWTH OF ADPP USE REGULATION RECOMMENDATIONS

Table 1 indicates that there is a current market exists in the Long Island workforce for the space provided in the Draft Gabreski Airport Planned Development District Master Plan. While the most recent confirmable census data is from 2002 the wages and employment are within 6-7 percent of current levels. Since the Long Island region has experienced sluggish wage growth, with wages increasing within the Consumer Price Index range of approximately 3 percent per year. The 16,758 companies employing the recommended job categories represent 14.6 percent of the 114,843[2] businesses in the regional business base and employ 15.2 percent of working Long Islanders. The nearly $6.8 billion gross payroll represents over 10 percent of Long Island's effective buying power. Furthermore, the job categories are in industry sectors where there has been job growth in the past several years, and it is expected that this level of job growth will continue over the next five years. In 2005 12,000 jobs were created , and although

[2] Long Island Business News. *Doing Business on Long Island 2005.*
3 Albrecht, Viggiano, Zureck & Company, Dowling College. *Long Island Economic Survey & Opinion* Poll 2005-2006.
4 Long Island Business News. *Doing Business on Long Island.* Newmark and Company and C.B. Ellis December 2005 Quarterly Long Island Real Estate Reports.

modest, projections anticipate another 12,000 new jobs in 2006. Job growth is expected to continue in the areas contained in the APDD Regulation Recommendations such as transportation, information, professional and technology services, education and health services, leisure and hospitality, and miscellaneous other services.

Business expansion is expected to continue. More than half of respondents (55%) to the 2005-2006 Long Island Economic Survey and Opinion Poll conducted by Dowling College and the Certified Public Accounting firm of Albrecht, Viggiano, Zureck & Company, P.C. plan some type of facility expansion during 2006.[3] This is a continuation of a trend that has continued for several years and the 55 percent is the highest percentage of respondents indicating a facility expansion strategy in the 12 years that the survey has been conducted.

The tightness of quality rental space is reflected by recent published Long Island office and commercial space vacancy rates of between 11 to 13 percent[4], with a 10 percent vacancy rate indicative of a tight rental market. Quality commercial and office space is becoming a premium with much of the vacancy rate in Class B or lower buildings. Nineteen percent of the respondents planned to construct a new facility, with a majority of 72 percent planning an expansion of 1,000 to 10,000 square feet. Almost half are expanding warehouse square footage, with the rest planning for additional office space or a combination of both. Furthermore, according to regional realtors Cushman and Wakefield, noted that the vacancy increased to 11 percent in the last quarter of 2005, and that most of the new square footage coming on line in 2006 will be build in Nassau County, with little development in Suffolk County[5].

IV: PROJECTED ECONOMIC IMPACT OF APDD

The Draft Generic Environmental Impact Statement (DGEIS) presents three development alternatives. The alternatives range from 510,523 square feet of commercial space that will create a maximum of 765 jobs, and two others requiring 1.5 million and 1.1 million square feet of commercial space generating a maximum of 2,298 and 1,723 jobs respectively. However, with a current vacancy rate of 11 percent, the maximum square feet rented and jobs created will reflect that vacancy rate. As such, an estimated 650 new jobs created will be projected from the DGEIS, with 2,000 and 1,500 jobs respectively from the other alternatives. These job projections will be used in the calculation of the economic impact that is presented in Table 2.

The efficiency of the planned APDD is that it can be developed in phases, maximizing the efficient use of whatever financing capital is available. Furthermore, based on the economic value of the various levels of job earning capability and growth, as presented in Table 1, there are economic benefits from which the community surrounding the Gabreski APDD can benefit. Incorporated in the analysis are the range of statistical possibilities, and the resulting levels of potential economic benefits that can be attracted to the Village of Westhampton Beach and communities surrounding Gabreski Airport.

The job categories and related data from Table 1 are presented in Table 2 as cohorts of; the mean or weighted average payroll; the median payroll or the payroll that equally divides the responses; the mode payroll or the payroll occurring most frequent; and a modified median based on payroll in the mode array that divides the array in half. Recognizing that the Hamptons Business and Technology Park wishes to attract homeland security or hi-tech companies, the modified mean calculation will reflect jobs the impact of where the average payroll is over $50,000 per year.

TABLE 2: ESTIMATED ECONOMIC IMPACT OF RECOMMENDED JOBS

Category	Payroll	Jobs	Primary Economic Impact	Secondary Economic Impact	Total Econ. Impact
Mean	$ 35,853	650	$ 23,304,450	$ 23,304,450	$ 46,608,900
		2000	71,706,000	71,706,000	143,412,000
		1500	53,779,500	53,779,500	107,559,000
Median	$ 41,515	650	$ 26,984,750	$ 26,984,750	$ 53,969,500
		2000	83,030,000	83,030,000	166,060,000
		1500	62,272,500	62,272,500	124,545,000
Mode	$ 20,183	650	$ 13,118,950	$ 13,118,950	$ 26,237,900
		2000	40,366,000	40,366,000	80,732,000
		1500	30,274,500	30,274,500	60,549,000
Median Mode	$ 54,733	650	$ 35,576,450	$ 35,576,450	$ 71,152.900
		2000	109,466,000	109,466,000	218,932,000
		1500	82,099,500	82,099,500	164,199,000

The data in Table 2, based on the actual payroll as presented in Table 1, suggests that there will be significant economic impact created at the Hamptons Business and Technology Park. What that impact will be is dependent on how close the job-mix and resulting generated payroll approaches the maximum job projections. An indication of job growth potential is the anticipated vacancy rate at the Hamptons Business and Technology Park. Reflecting the impact of the previously discussed 11-13 percent regional office and commercial vacancy rate, the estimated economic impact presented in Table 2 is based on 650, 1500, 2000 estimated new jobs.

The economic activity generated by the various levels of job growth presented in Table 2 is based on calculations from projected annual salaries. These calculations are known as the Mean, Median, Mode, and Median Mode. The mode, or most frequently occurring job annual salary, results in a lower wage and economic impact, since the most actual frequent job wage is $20,183 for a warehouse job. However, when the median mode is used, that is the salary at the mid-point of the frequency distribution of jobs, a higher average annual wage of $54,733 results. These two criteria provide the low-high range of primary and secondary economic impact for each of the three-job creation alternatives.

The relevance of this range is that with good planning, 650 jobs at the Hamptons Business and Technology Park can generate a range of $13.1 million to $35.6 million of new primary economic activity. These 650 primary jobs will in turn spin off new jobs, resulting in secondary economic activity. The secondary economic impact in Table 2 is based upon an economic impact multiplier of 1, where one secondary job will be created for each primary job. Thus, a goal of 1500 new jobs would be capable of generating between $30.3 million and $82.1 million of primary economic activity. As economic activity at the Hamptons Business and Technology Park grows, the secondary economic impact of the primary job creation could increase job growth to another 1500 jobs, with secondary economic impact potential within a range of $60.6 million and $164.2 million.

Another range of possible economic impact results from using a 650 job based weighted average (mean) of all the salaries created of $ 35,853 and the median of all the annual salaries of $ 41,515. This results in a range of primary economic impact between

$ 23,304,450 to $ 26,984,750, and a total primary and secondary economic impact of between $ 46.7 and $ 54.0 million. As jobs created achieve the maximum projections, additional economic impact will result, as presented in Table 2.

Whatever economic activity is generated at Hamptons Business and Technology Park, a portion of that can be attracted to the Village of Westhampton Beach if the business community undertakes a marketing campaign to the companies and employees at the Business and Technology Park.

CONCLUSION

In evaluating economic impact, a baseline of comparison has to be established. That is what we have presented in Table 2; a range of possibilities based on actual data, for that baseline. Clearly the range of job possibilities for primary and secondary economic impact will vary depending upon the types of businesses that are attracted to the Hamptons Business and Technology Park. What is also clear is that more professional and high-tech jobs will result in a greater payroll and greater economic impact, and with it an opportunity to control the growth, create new economic activity, and generate new wealth for the Village of Westhampton Beach and the Town of Southampton.

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