

Economic and Revenue Impact of the Proposed Bike Ranch

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The proposed Bike Ranch provides lodging and training facilities designed to attract bicycle riders from around the globe to Tucson, all in a ranch atmosphere. Because all of the guests are expected to come from outside of Pima County, the Bike Ranch, like most other tourism-related activities, are considered part of the export-base of the community.

The \$15M construction phase of the Bike Ranch will directly support more than 90 construction jobsⁱⁱ, which will pay \$4.4 million in compensation. In addition to the direct construction jobs, the construction project will require the purchase of other goods and services in the community, resulting in 25 indirect jobs, paying an additional \$1.1 million in compensation to workers. As the direct and indirect workers spend their income within Pima County, they create 38 induced jobs throughout the economy in all sectors, but particularly in retail, restaurants and other services.

In total, construction of the Bike Ranch will support more than 150 jobs and contribute over \$7 million in labor income. The construction impacts are transitory in nature, lasting only through the construction phase of the project. During the construction phase, the contribution to Gross Regional Product (value added) is estimated to be \$11.4 million and gross sales (output) to be \$22.3 million.

The operation and maintenance of the facility generates impacts annually, on an ongoing basis. The Bike Ranch is expected to employ 80 persons, 50 on a full-time basis and 30 on a part-time basis. Annual direct labor income is expected to be over \$2.5 million.ⁱⁱⁱ The Bike Ranch is expected to make other purchases locally that are necessary for the ongoing operation of the facility, supporting another 25 jobs in the community and more than another \$1 million in labor income. Employees at the Bike Ranch and in establishments that sell to the Bike Ranch will spend part of their income locally, thereby supporting 30 induced jobs and more than \$1.3 million in induced labor income.

In total, the ongoing operations and maintenance of the Bike Ranch is expected to support 135 jobs and more than \$4.8 million in local income. In all, the annual contribution to Gross Regional Product (value added) is estimated to be almost \$8.8 million and the resulting gross sales (output) are estimated to be \$15.7 million.

Table 1. Total Economic Impact Summary of Bike Ranch

	Jobs	Income (000s)	Value Added (000s)	Gross Sales (000s)
Construction Phase, Transitory Effects	156	7,164	11,355	22,320
Operation and Maintenance, Annually	135	4,840	8,751	15,679

Both the construction and operations and maintenance will also generate revenues that accrue to government entities within Pima County. Table 2 summarizes the revenues expected to be received that are due to the construction expenditures and the ongoing lodging, restaurant and retail sales projected by the Bike Ranch.

Sales taxes are paid to the State of Arizona and the state retains the 0.6% designated for education and the major part of the 5% state sales tax. Revenues associated with the revenues retained by the state are in the first line.

During construction, Pima County receives state-shared sales tax revenues from the contracting category of the state sales tax. In addition to the state-shared revenues received from the lodging, restaurant and retailing at the Bike Ranch, Pima County will receive revenues from the hotel/motel tax that is imposed in the balance of the county. In addition, the Regional Transportation Authority collects revenues from a sales tax, imposed for transportation purposes.

The Bike Ranch is not located in a city, but incorporated cities and towns in Pima County will receive a portion of the state tax collection through sharing formulas.

In total, the Bike Ranch project is expected to contribute more than half a million dollars to government entities in Pima County during the construction phase and more than three-quarters of a million dollars annually during the operations phase.

	During Construction (\$)	Operations & Maintenance (\$)
State of Arizona	482,128	384,153
Pima County	22,168	318,782
Regional Transportation Authority	48,750	50,080
Cities in Pima County	3,040	7,010
Total	556,086	760,026

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ⁱⁱ Jobs, in an impact analysis, are measured in man-years. Therefore, 90 jobs could mean 90 year-long jobs or 45 2-year jobs.

ⁱⁱⁱ These projected direct job and labor income figures were provided by Bike Ranch, LLC, but they are very similar to other hotel/lodging job and labor income estimates for facilities of a similar size.