

***Mount Washington Resort and Development  
Economic Impact Analysis***

Ross Gittell

*James R Carter Professor*

*Whittemore School of Business and Economics*

*University of New Hampshire*

2/6/08

# Presentation Overview

- Professor Ross Gittell introduction
- Research Purpose and Methodology
- Summary
- Overview of Resort and Properties
- Current Mount Washington Resort and Properties Economic Impact
  - Purchases and Vendors
  - Wages and Employment Breakdown
  - Taxes Paid
- Economic Impact Expected 2019
  - Purchases and Vendors
  - Wages and Employment Breakdown
- Town of Carroll Fiscal Impact Analysis: Projected Property Tax Revenues and Expenses and Municipal Services Demand and Resources
- Reflection
  - Resorts as Economic Hub for region
  - Estimates are conservative
  - Summary
- Questions

# Professor Ross Gittell

## *Economic Impact Analysis Qualifications*

- Ross Gittell, James R Carter Professor, at UNH for 15 years
- PhD, Harvard University; MBA, University of California, Berkeley; BA, University of Chicago
- Vice President and Forecast Manager, New England Economic Partnership
- New Hampshire Economist, NH Wall Street Bond Rating Agency Presentations, for last four Governors (Governors Merrill, Sheehan, Benson and Lynch)
- Lead Researcher on: State Economic Development Plan for Governor Sheehan, BIA Economic Benchmark Report.
- Economic Impact Studies completed for NH Political Library (with Governor Hugh Gregg); University System of New Hampshire (Chancellor Reno).

# ***Example, Professional Reports***

- With Brian Gottlob, *The Economic Impact of New Hampshire's First-in-the-Nation Primary*. Library & Archives of New Hampshire's Political Tradition. February 2001.
- With Richard Gsottschneider et. al., *New Hampshire in the New Economy: A Vision of Expanded Prosperity*, State of New Hampshire. With funding from U.S. Department of Commerce, Economic Development Administration, Sept. 1996.
- *High Technology in New Hampshire: The Future is Now*, NetworkNH, April 2005.
- *Manufacturing: New Hampshire's Secret Strength - Building On Our Advantage*, NH SBDC Manufacturing Management Center, December 2001.
- With Brian Gottlob, *The Bottom Line: Kids Count to New Hampshire's Future*, Children's Alliance of New Hampshire. Business New Hampshire, Fall 2001.
- With Brian Gottlob, *Meeting the Challenge: Higher Education and the Economy in New Hampshire*, The New Hampshire Forum on Higher Education. Feb. 2001.
- With Fred Kaen, *State-Assisted Financing Programs Policies and Strategies for New Hampshire*. Prepared for Josiah Bartlett Center for Public Policy, September 1998.
- With Brian Gottlob and Norm Sedgley, *The Status of Higher Education in New Hampshire: Trends, Opportunities and Challenges*. Prepared for New Hampshire College and University Council, New Hampshire Higher Education Assistance Foundation, and New Hampshire Charitable Foundation, November 1999.

# **Economic Impact Analysis:**

## ***Purpose and Methodology***

- Independent assessment of the economic impact of Mount Washington Resort.
  - Currently and with planned development, annual impact in 2019 and beyond
  - With focus on Coos County and North Country (Coos, Grafton and Carroll Counties)
- Comprehensive review and analysis of Mt Washington Resort financial and employment records and development plans.
- Use of Mt Washington Resort and Development planning data and documents to do economic impact estimates for 2019.
- Extensive data collection, modeling and analysis.
- Analysis of County, North Country and NH economic and fiscal data from US Census and New Hampshire and Town and County sources.
- Assessment of Mt Washington Resort economic impact broadly defined --on employment, on other businesses (suppliers), on local finances (revenues and expenditures).
- Interviews with town of Carroll and Coos county officials, state leaders and Mt Washington management team.
- Comparisons with other towns and cities in New Hampshire.
- Presentation and Report (report in draft to be finalized after public presentation, 2/11/08, posted on Mt Washington Resort website.

# Key Findings: Economic Impact of Mt Washington **Resort and Development in Coos County**

- Coos County 2007/08:
  - Current economic impact, \$18.8 million
  - 470 full time equivalent employment (750 employed annually with seasonal employment)
  - with multiplier effects accounts for about 3.4 percent of Coos County economy
- Coos County 2019
  - Planned Mt Washington Resort and Development investments of \$1.1B
  - Impact of \$71 million annually, representing a increase in real terms of over 150% in economic impact
  - With multiplier 8.7% of Coos County economy
  - 930+ full-time equivalent employment, increase of 460 FTEs, or about doubling employment
- Local Finances:
  - Currently Mt Washington Resort and Bretton Woods properties account for 60% of Carroll local property tax revenue, over \$2.7M
  - Planned investment and development will add \$16.6M (from \$5.1M) to total local property tax revenue by 2019 (town, county, local education, state education)
  - Will add to local Carroll property tax revenues \$4.4M (from 1.3M in 2007) resulting local town surplus of \$3M or potential to reduce tax rates by over 40% (47%)
  - Increased municipal services demand can be met by increased tax revenue from investment and development with a significant net surplus

# Overview of MW Resort and Properties

- The properties are comprised of over 1,900 acres:
- CNL acquired +/- 991 Acres:
  - The Mount Washington Hotel
  - The Bretton Arms
  - The Lodge
  - Bretton Woods Ski Resort
- Celebration Associates acquired +/- 922 Acres:
  - Two Golf Courses
  - Golf Clubhouse/ Nordic Center
  - Livery Stables
  - Waste Water Treatment Plan
  - Water Company
  - 280 Acres of Undeveloped Real Estate
- Closing occurred on June 22nd 2006

# Summary Coos County Economic Impact 2007

Coos County		
	2007	
Economic Impact	Value	Percent of Total
Visitor spending outside MW	\$9,235,950	49.1%
Wages to local residents, 46% of total	\$4,416,000	23.5%
Local Property Taxes	\$2,756,613	14.6%
Vendor Purchases in County	\$2,337,280	12.4%
Foundation Contributions	\$37,000	0.2%
Local Permitting Fees	\$35,931	0.2%
<b>Total</b>	<b>\$18,818,774</b>	

# North County Economic Impact 2007

North County		
	2007	
Economic Impact	Value	Percent of Total
Visitor Spending	\$12,376,173	44.7%
Wages, 79% of total	\$7,584,000	27.4%
Vendor Purchases	\$4,928,000	17.8%
Property Taxes	\$2,756,613	9.9%
Foundation Contributions	\$37,000	0.1%
Permitting Fees	\$35,931	0.1%
<b>Total</b>	<b>\$27,717,717</b>	

# Data and “Assumptions” Used in Economic Impact Analysis

- Visitors...

- 370,000 “visitor days” including Bretton Woods property owners a year
- Over 85% of “visitors” are to the Resort and Facilities
- For purposes of our analysis treated BW property owners as “visitors” with ..5% full-time and 95% at location 10% of the time
- Average visitor sends \$50 a day (in 2007 \$’s) in NH outside of MW properties (*consistent with PSU research and data for state of NH DRED*)
  - For example, skiers and golfers spending on “non-MW” meals and lodging and also on retail purchases, food, gasoline, etc.
- Coos spending is ½ of visitor NH spending outside of MW, 2/3 in 3-County local area
- Currently over 80% of Resort lodging guests are from outside NH, about 3/4ths from outside Northern New England, about 1/3 from outside Northeast

# 2007 Mount Washington Resort Purchases -- Vendor Breakdown

Area	Percent of Total	Percent of NH	Purchases	Number
<i>Coos County</i>	8.3%	27.9%	\$2,351,384	29
<i>3-County Area</i>	17.5%	58.4%	\$4,920,446	79
<i>New Hampshire</i>	29.9%	-	\$8,427,154	128
<i>Total</i>	-	-	\$28,161,541	

# Coos County Top Vendors

6 businesses in the County with \$189K+ revenue from Mt Washington Resort

## Coos County

Rank	Entity	Vendor	Purchases	City
1	MWH	<b>Caron Building Center, Inc</b>	\$610,253	Berlin
2	Resort/Club	<b>Munces Superior</b>	\$294,945	Gorham
3	Resort/Club	<b>BW Telephone Company</b>	\$260,727	Bretton Woods
4	MWH	<b>Timothy Challinor Plumbing &amp; Heating</b>	\$247,738	Whitefield
5	MWH	<b>North Country Concrete</b>	\$190,250	Jefferson
6	MWH	<b>Louis Memolo/labor &amp; materials</b>	\$189,358	Gorham
7	MWH	<b>Perras Ace, Inc</b>	\$79,076	Lancaster
8	Resort/Club	<b>Catalano's Main St. Pizzeria</b>	\$64,049	Bretton Woods
9	Resort/Club	<b>North Country Ford</b>	\$59,791	Lancaster
10	Resort/Club	<b>White Mt Distributors</b>	\$58,070	Berlin
11	Resort/Club	<b>Mt Washington Railway Co</b>	\$56,968	Mount Washington
12	Resort/Club	<b>Smith &amp; Town Printers</b>	\$31,632	Berlin
13	Resort/Club	<b>Norris Davis Electric, Inc</b>	\$29,636	Whitefield
14	Resort/Club	<b>Sherwin-Williams</b>	\$25,141	Berlin
15	MWH	<b>Isaacson Structural Steel Inc.</b>	\$21,320	Berlin

# 3-County Area Top Vendors

14 businesses in North Country with over \$100K in revenue from Resort

## North Country (Coos, Carroll, Grafton)

Rank	Entity	Vendor	Purchases	City
1	MWH	<b>Caron Building Center, Inc</b>	\$610,253	Berlin
2	BWLand/Club	<b>Horizons Engineering, PLLC</b>	\$573,243	Littleton
3	MWH	<b>Robert Hanson Excavating, Inc.</b>	\$299,055	North Conway
4	Resort/Club	<b>Munces Superior</b>	\$294,945	Gorham
5	Resort/Club	<b>BW Telephone Company</b>	\$260,727	Bretton Woods
6	MWH	<b>Timothy Challinor Plumbing &amp; Heating</b>	\$247,738	Whitefield
7	MWH	<b>North Country Concrete</b>	\$190,250	Jefferson
8	MWH	<b>Louis Memolo/labor &amp; materials</b>	\$189,358	Gorham
9	Resort/Club	<b>Tuite Painting Company</b>	\$180,774	Littleton
10	Resort/Club	<b>Franconia Gas</b>	\$165,142	Littleton
11	MWH	<b>J A Corey Electric &amp; Telephone</b>	\$155,813	Littleton
12	Resort/Club	<b>North Country Wholesale</b>	\$136,987	North Conway
13	Resort/Club	<b>Pam Alberts</b>	\$132,727	Lisbon
14	MWH	<b>Brooks Drywall</b>	\$111,610	Littleton
15	MWH	<b>Perras Ace, Inc</b>	\$79,076	Lancaster

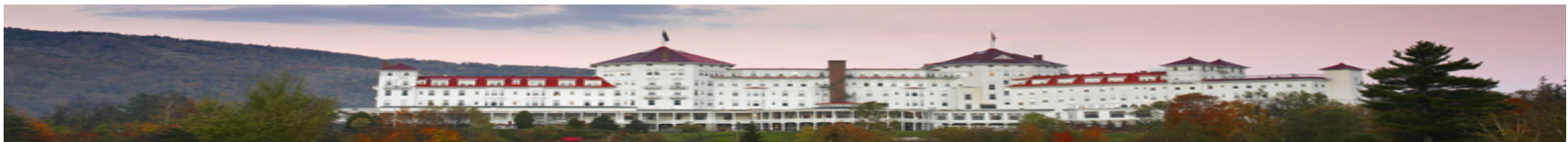
# **Mount Washington Resort and Development**

*Economic Impact 2019*



## CAPITAL INVESTMENTS

- Over \$1B of Real Estate Investment, 2007-2019, 938 new properties
- Resort investment of \$97M
  - Currently 90% complete on the renovation of the Great Hall
  - Dining room renovation is complete
  - Restoration of the Donald Ross Golf Course is underway
  - Tennis Center is underway
  - Spa and Meeting Space project, completion October 2008
  - Outdoor pool and landscape will be completed Summer 2008
  - Village Development with 30,000 sq. ft. retail



# Visitor Days... 2007 and 2019

## Visitor Days

	<u>2007</u>	<u>2019</u>	<u>change</u>	<u>percent chg</u>
Skier	187,372	264,276	76,904	41.0%
Hotel	111,972	223,434	111,462	99.5%
Golf	9,000	40,123	31,123	345.8%
Summer Mountain	11,694	16,673	4,979	42.6%
Village	-	34,010	34,010	-
Property Owners	49,400	168,780	119,380	241.7%
<b>Total</b>	<b>369,438</b>	<b>747,296</b>	<b>377,858</b>	<b>102.3%</b>

# Employment Breakdowns, *FTEs*

Employment		<u>2007</u>	<u>2019</u>
<i>FTE</i>	Club	14	66
	Development	5	15
	Brokerage	1	33
	Resort Ops	352	642
	Resort Admin	99	136
	Village		42
Total FTE		471	934

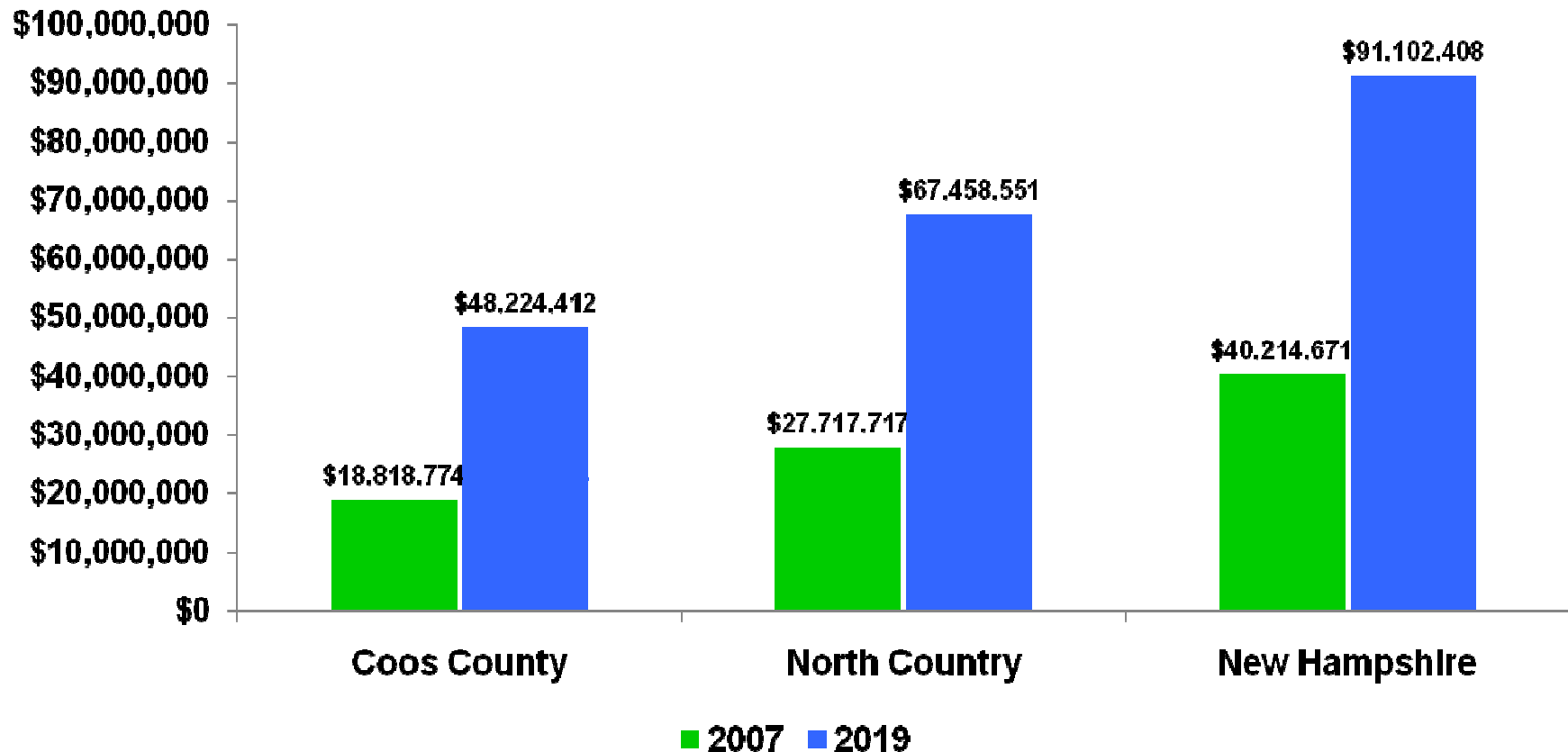
# Real Estate Property Development Build-out: *Types and Numbers*

<b>Inventory Added (Developed)</b>	<b>2007-2014</b>	<b>2014-2019</b>	<b>Total</b>
Single Family	158	12	170
TH/Villas	75	118	193
Fractionals-1/4's	10	-	10
Fractionals-1/8's	25	-	25
Condominiums	335	205	540
<b>Total Inventory Added</b>	<b>603</b>	<b>335</b>	<b>938</b>

# Increased Economic Impact: 2007-2019 in Coos County, North Country and NH (in 2007\$)

*150+% (real) economic impact increase in Coos County*

## Mount Washington Resort & Properties Economic Impact (Real \$2007)



# 2019 Mount Washington Resort & Development Economic Impact in Coos County with Planned Development

*all figures are in 2019 \$'s*

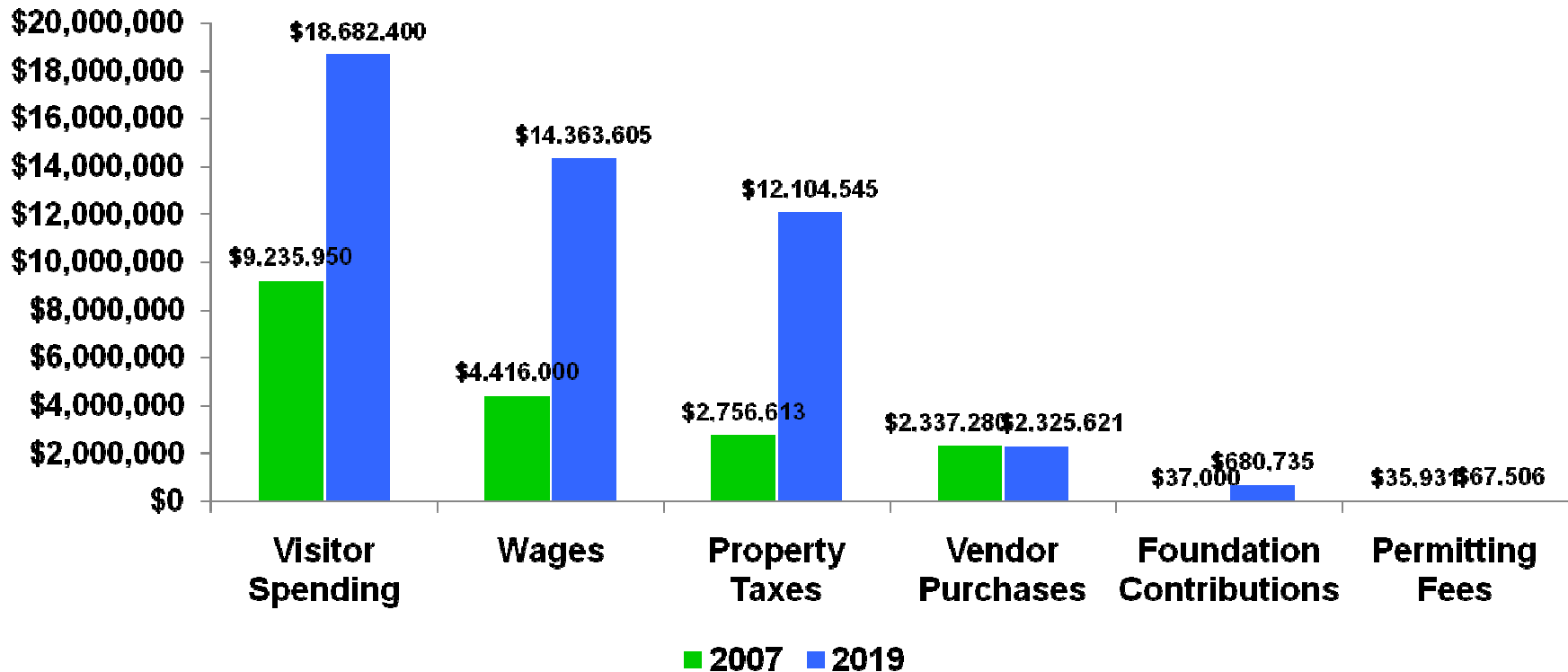
- By 2019 \$71 million annually direct \$ contributions to the Coos County economy, over 4.6% of County economy in 2019 with multiplier 8.7% of Coos economy
  - \$99.1M, North Country
  - \$133.8M, New Hampshire
- 934 jobs (FTEs) ..not including construction jobs during “build-out”
- 1,500 employed in annually in different seasons
- \$45.9M in wages and benefits in Coos
- Over 747,000 “day visits” a year
- \$27.4M in visitor spending in Coos
  - \$36.8M in North Country
  - \$54.9M in New Hampshire
- Adding \$16.6M (in 2019 \$'s) Local Property Tax Revenue (Towns, Counties, Schools, State-Wide) from base of \$5.1M in 2007.
- \$4.4M added to Local Town of Carroll Property Tax Revenue from base just over \$1.3M in 2007.
- Close to \$100,000 average year in local permitting revenue
- Foundation contributions of over \$80,000 a year (1% of property sales minus administrative expenses)

# Increased Economic Impact in Coos County

*County By Major Category (in 2007\$)*

*... largest percent real increase in local property tax payments*

## Mount Washington Resort & Properties Coos County Economic Impact (Real \$2007)



# Coos County Economic Impact in 2019

Coos County				
	2019		2007-2019 Percent Change	
Economic Impact	Value	Percent of Total	Nominal	Real
Visitor Spending	\$27,444,446	38.7%	197.1%	102.3%
Wages	\$21,100,136	29.8%	377.8%	225.3%
Property Taxes	\$17,781,576	25.1%	545.1%	339.1%
Vendor Purchases	\$3,416,337	4.8%	46.2%	-0.5%
Foundation Contributions	\$1,000,000	1.4%	2602.7%	1739.8%
Permitting Fees	\$99,167	0.1%	176.0%	87.9%
<b>Total</b>	<b>\$70,841,661</b>		<b>276.4%</b>	<b>156.3%</b>

# **Economic Impact**

## ***From Construction During “Build-out” 2007-2019***

- Not included in the annual impact numbers is construction 2007-2014 during “build-out”
  - Estimate of 100 local construction jobs annually
  - Construction adding over \$11M to the County economy each year through wages and supply purchases

# **Fiscal and Municipal Services Impact Analysis of Planned Development**

*Town of Carroll*

# Use of Municipal Services

## *Electric, Water, Wastewater, Phone*

- Electric – PSNH. Future capacity needs will either be funded by the developer or through PSNH through future revenue.
- Water – All costs borne by developer currently and in the future
- Wastewater – All costs currently and in the future borne by developer
- Phone – All costs currently and in the future will either be carried by developer or by Bretton Woods Telephone Co.

# **Town of Carroll Local Property Tax Estimates**

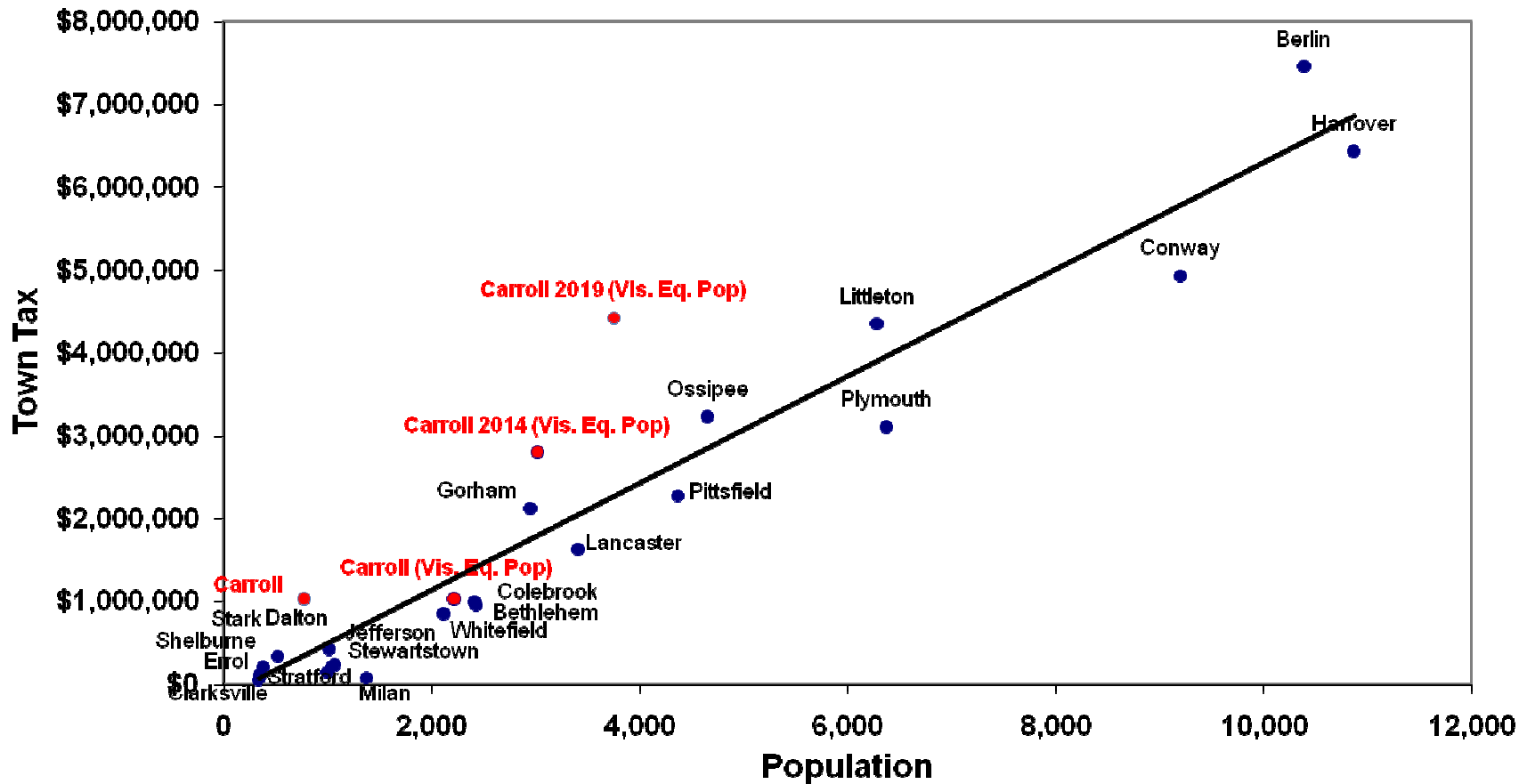
## ***(town, county, local education and state education)***

- Analysis done holding tax rates at current level
- All values presented in current/nominal 2007/08 and 2019 values
- Most (80+%) of local property tax increase is from new \$1B+ real estate development .. 938 units and total local property tax of \$13.4M, or about \$9,700 per new unit in 2007 dollars
- Resort and related facilities are assumed to increase in valuation at rate of operating revenue growth and adjusted to 2019 dollars.
- Non-MW property value in 2007 is assumed to grow an additional 1.5 % per year in value (or 21.4% out to 2019) to have an “MW-Development increased” value of about \$102M by 2019 providing about \$1.4M of additional local property taxes
- New local property taxes from Village development over \$189,000

<b><u>Town of Carroll Total Property Tax</u></b>	<b>2007 to 2019</b>	
	<b>Increase</b>	
<b>New Real Estate Development</b>		-
Sales Gross Revenue From New Development	\$1,032,409,321	
Added to Tax Base From New Dev @ 95% assessment	\$980,788,855	
Total Property Tax Increase From New Development		\$13,358,344
<i>Average Local Property Tax on 938 new units in 2007 \$'s</i>	<i>\$9,695</i>	
<b>Carroll Other Tax Base 2019 \$, + extra 21.4% 07-19</b>		
Property Valuation	\$101,934,279	
Total Increase in Property Tax		\$1,388,345
<b>Resort, Club, Land and Reality ...</b>		
Additional MW Resort Property Valuation from "Build-out"	\$154,391,061	
Total Increase in Property Tax		\$2,102,806
"Loss" of 2019 Property Taxes from Land Valuation in 2007		(\$352,137)
<b>Village</b>		
Property Valuation	\$13,901,168	
Total Increase in Property Tax		\$189,334
<b>TOTAL</b>		<b><u>\$16,686,692</u></b>

# Local Carroll and Comparison Town Tax Revenue to Population: With increase in tax revenue and population (with visitor equivalents) in 2019 Carroll will be in strong fiscal position

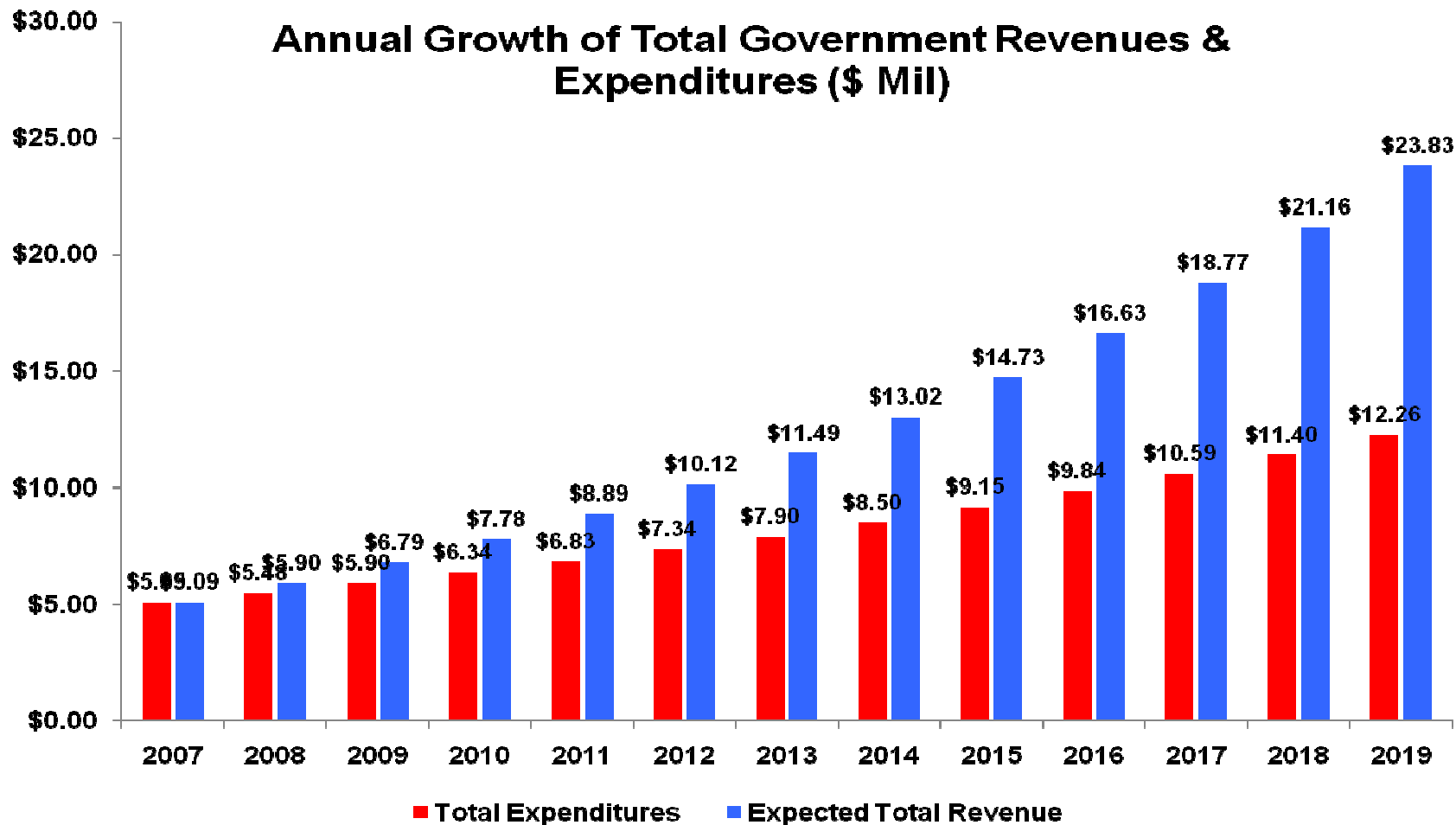
Population vs. Town Tax Revenue, Coos County & Selected Towns



# Total Local Property Tax Base

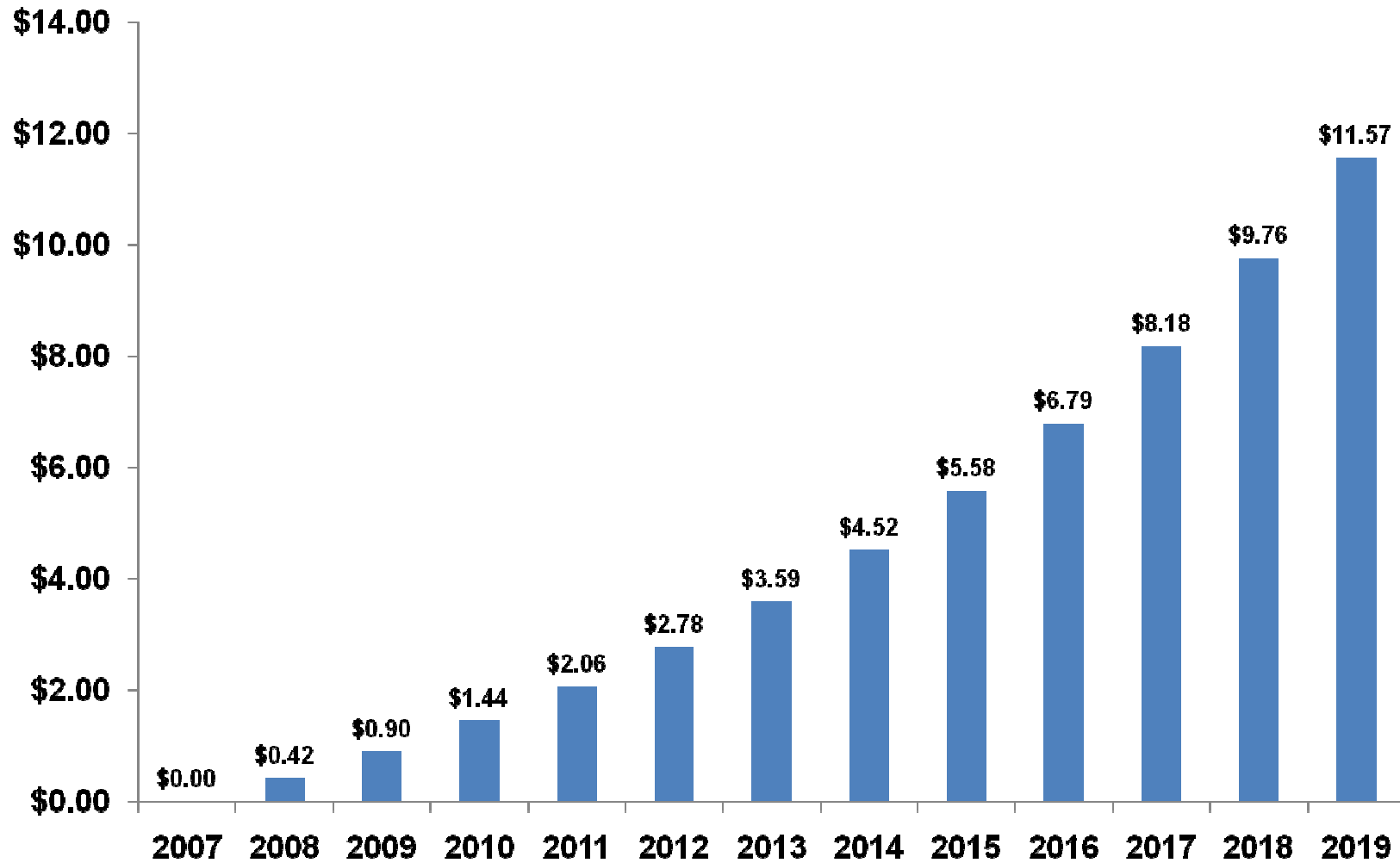
*(Town Tax, Local Education, County, State Education)*

## Projected **Revenues** and **Expenses** 2007-2019



# Total Local Property Taxes: *Projected Surpluses 2007-2019*

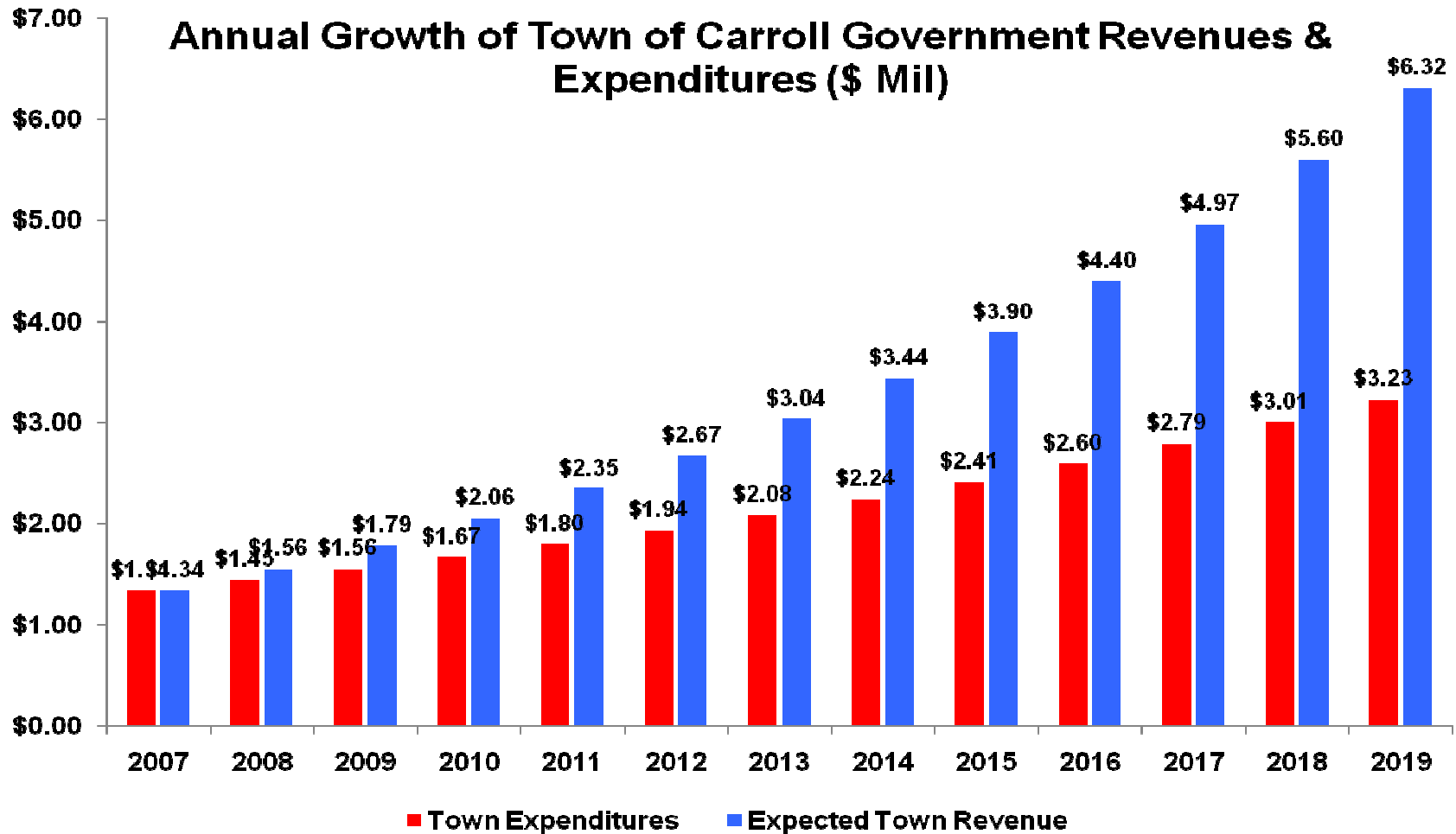
Average Annual Total Net Fiscal Impact (\$ Mil)



# Town of Carroll Property Tax

Town Tax, 3.57 out of 13.62 rate

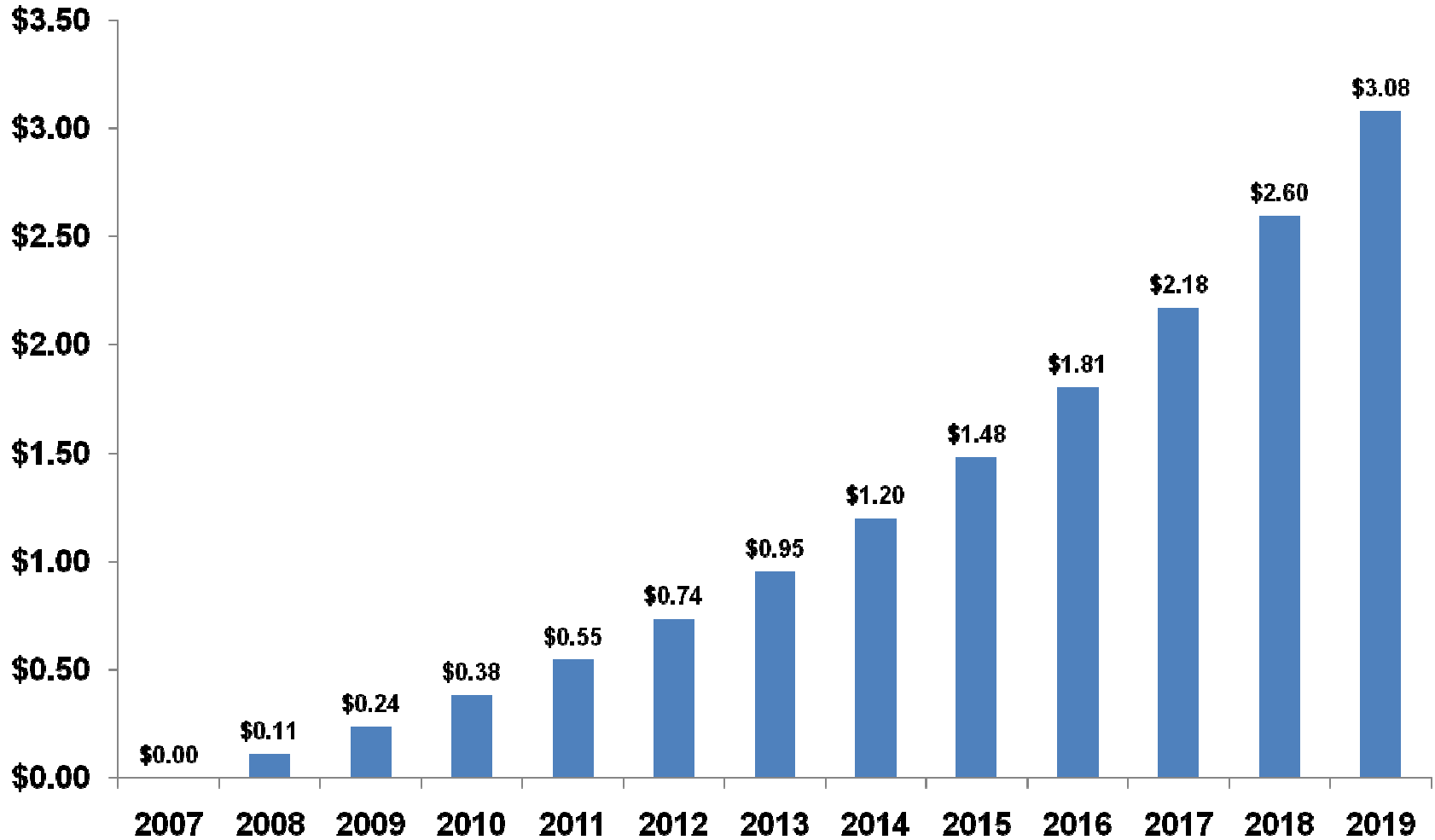
## *Projected Revenues and Expenses*



# Town of Carroll Local Property Tax:

*Projected Surpluses assuming constant tax rates 2007-2019*

**Average Annual Town Net Fiscal Impact (\$ Mil)**



# Municipal Services

## *Police and Fire*

- Assessment is that with the additional tax revenue with the planned development additional demand for police, educational and other municipal services can be met with increased expenditures from increased local tax base and revenue paying for incremental additions to existing capacity...
- In the above areas a need for major new capital infrastructure investments is not anticipated...
- There is a need for increased capital fire services expenditures ... including a new fire sub-station in Bretton Woods area (*estimated cost of \$600K for facility and \$350K for new fire engine, plus additional communications costs*)

## **The Economic Impact Analysis is Conservative**

***It most likely underestimates the economic impact of  
MW Resort & Development 2007-19 Plans***

# The Economic Impact Analysis is Conservative

- Analysis assumes that 2007/08 parameters do not change, e.g.,
  - That the mix of visitors stays the same.. However, with the Resort and Development further established as a “destination” would expect higher proportion of visits from outside NH and average income and expenditures to go up and property owner annual “visits” to be longer.
  - That relatively low 8% of suppliers for the Resort are from Coos County.. This could be increased over time as entrepreneurship opportunities expand in Coos with the MW Resort and Development as the Economic Hub
  - That percentage of local percentage of payroll with stay the same, 46%, this is likely to increase
- The “base case” used is “as is” .. Yet, resort competitors in Vermont, Maine and Colorado and elsewhere are aggressively upgrading ... having invested or planning to invest in major upgrades
  - Without planned development MW would lose market share and Coos economy could experience decline

# Resort as an Economic Hub and Job Generator

*The Economics Of Resort Economic Impact: Source: U.S. Bureau of Economic Analysis (BEA), Multipliers for NH Hotel and "Other Lodging Places," Regional Input-Output Modeling System (RIMS II)*

- 43% of Resort Industry Output goes directly to Employment Wages & Salaries...
  - High percentage relative to other industries .. *Resort industry is a labor intensive industry*
  - Compares favorably to 37% for electronic computers, 42% for electro-medical apparatus
- For every \$1M in Resort Investment 28 new jobs created
  - More than many other industries such as high tech with less than 10 jobs created with \$1M new investment

# Multiplier Impacts

- For every \$1 million change in Resort output a \$1.9 million gain for the economy, or 1.9 multiplier..
  - *That's how 8.7% of Coos economy figure was estimated for 2019*
- This is a conservative multiplier given the economic impact methodology used. The economic base analysis did not include:
  - *vendor purchases outside the County*
  - *wages (and worker local expenditures) of workers from outside the County*
- For every job created at Resort another .75 jobs created in the economy, or 1.75 employment multiplier
- *From U.S. Bureau of Economic Analysis (BEA), Multipliers for NH Hotel and "Other Lodging Places," Regional Input-Output Modeling System (RIMS II)*

## ***Not considered in analysis***

- Impact on Broader Economy of Mount Washington as World Class Destination and “Economic Hub”
  - Hard to quantify now.. Will evolve over time

# Key Findings: Economic Impact of Mt Washington Resort and Development

- Coos County 2007/08:
  - Current economic impact, over \$18.8 million
  - 470 full time equivalent employment (750 employed annually with seasonal employment)
  - with multiplier effects accounts for about 3.4 percent of County economy
- Coos County 2019
  - Planned development and investments of \$1.1B
  - economic impact of \$71 million annually, representing a increase in real terms of over 150% in economic impact
  - with multiplier 8.7% of Coos County economy
  - 934 full-time equivalent employment, increase of over 460 FTEs or about doubling employment.
- Local Finances:
  - Currently Mt Washington Resort and Bretton Woods properties account for 60% of Carroll local property tax revenue, over \$2.7M
  - Planned investment and development will add \$16.6M (from \$5.1M) to total local property tax revenue by 2019 (town, county, local education, state education)
  - Will add to local Carroll property tax revenues \$4.4M (from 1.3M in 2007) resulting local town surplus of \$3M or potential to reduce tax rates by over 40% (47%)
  - Increased municipal services demand will be met by increased tax revenue from investment and development with a significant net surplus for total tax base and town tax base

# Questions??

*Can also email at:*

[Ross.gittell@unh.edu](mailto:Ross.gittell@unh.edu)

# ***Appendix: Fiscal Analysis and Assumptions Used***

## ***Total Property Taxes and Town of Carroll***

- Town of Carroll Population+Visitor Imputed of 2,220 in 2007
  - 783 (2007 Full Time Resident Population)
  - plus 1,458 (2007)-Visitor Equivalent Municipal Services Population which includes 50% visitor “burden factor”
- Growing to 3,750 Population+Visitor Imputed in 2019
  - Assuming natural full time resident population growth of .5 percent per year from base in 2007, to 835
  - And accounting for growth in visitors to 2,914 Visitor Equivalent Population
- 2007 Equilibrium: Revenue=Expenditure
- Expenses-Grows approximately same percentage as population-from fiscal regression model of all NH towns and cities
  - Can estimate using annual population growth
  - 2007 Base-Carroll Town Tax (3.57%)-\$1.3M
  - 2007 Base-Total Tax (13.62%)-\$5.1M
  - 3% Per Year Inflation Adjustment
- Revenue
  - Town Revenue-Additional \$4.4M out to 2019 (about 12.9% annual growth)
  - Total Revenue-Additional \$16.5M out to 2019 (about 12.8% annual growth)
  - 3% Inflation Adjustment to 2007 Base