

< E X E C U T I V E S U M M A R Y >



ECONOMIC IMPACT ANALYSIS For a Remediated and Redeveloped FMC Site

Neil Tocher, PhD
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EXECUTIVE SUMMARY

Main Objective: The main objective of the present report is to provide an independent analysis of the economic impact which will likely result from a timely remediation and redevelopment of the FMC site. The analysis was conducted by Neil Tocher, PhD, a professor at the College of Business at Idaho State University (ISU), for the Power County Development Authority (PCDA).

Report Assumption: The FMC portion of the EMF superfund site is slated to be reclaimed by FMC to a commercially usable quality by the spring of 2015. Notably, the present economic impact analysis was prepared under the assumption that such reclamation will be completed as scheduled.

Report Outline: The report is divided into four main sections as follows:

- 1. Analysis of potential commercial uses of the redeveloped site*
- 2. Projected economic influence of site redevelopment*
- 3. Proposition of a unified regional land development strategy*
- 4. Benchmark comparisons of previously remediated sites*



1. Analysis Of Potential Commercial Uses Of The Redeveloped Site

The primary conclusion of this section of the report is that a reclaimed FMC site will be very attractive to employers in the skilled manufacturing and product distribution industries. Such a conclusion is based on the following criteria:

Multimodal transportation access (rail, interstate, & airport):

- Two mainline rail tracks of the UP Railroad run parallel to the property
- Multiple spur tracks are constructed from 133-pound rail and can accommodate 400 railcars at an estimated length of 45 feet per car
- One rotary railcar inverter onsite
- Located on Interstate 86 (I86) and 5 miles from the intersection of I86 and I15
- Three miles away from Pocatello Regional Airport which has capability to land large jets and has 3,200 acres of land (1600 of which is not yet developed)

Access to electricity, water, and natural gas:

- Property's Western boundary is ¼ mile away from Idaho Power's Kinport electrical distribution center that has 345 to 360 Kv transmission line capacity
- Idaho Power's Don Substation is located within the plant site and can be served from the Kinport, Goshen and Brady Substations through existing transmission lines
- One high-pressure (425 psig) natural gas pipeline, owned by the Pacific Northwest Pipeline Company, runs through the plant site
- Approximately \$12 million of assets are already on site, including \$10-12 million of rail infrastructure
- Presence of the Don Substation will save future occupants from having to build millions of dollars of electrical transmission lines (valued at \$2 million/mile)

Given the above, the report concludes that a remediated FMC site likely represents the area's best possibility for attracting major industrial development and associated high paying jobs. Importantly, such a conclusion is very similar to conclusions reached by the Shoshone Bannock Comprehensive Plan, which finds that the redevelopment of the FMC land along with the development of the Pocatello airport land is critically important to the Tribes' future economic viability.

2. Projected Economic Influence Of Site Redevelopment

To estimate the economic impact that would likely result from redeveloping the remediated FMC site, the report generates analysis based on scenarios of 300, 400, and 500 jobs being created with average employee salaries of \$30,000, \$40,000, and \$50,000 respectively.

Highlights of the economic impact predictions are as follows:

- the creation of 300, 400, or 500 new jobs with an associated direct payroll infusion into the local economy of between \$9 million and \$25 million

- the creation of between 360 and 600 indirect jobs for the local economy
- capital investment by associated companies of between \$40 and \$60 million
- between \$600,000 and \$900,000 of local property taxes paid by the future site occupants
- between \$1 and \$2 million of annual local purchases by future site occupants
- between \$5,350,000 and \$18,850,000 in new disposable income will be created by the 300-500 new jobs
- approximately 70% of residents of Bannock County own homes, suggesting that the 300-500 new jobs created by site redevelopment would result in between 210 and 350 homes being purchased leading to between \$525,000 and \$875,000 in annual property taxes for local municipalities

3. Proposition Of A Unified Regional Land Development Strategy

FMC Airport Industrial Park: As mentioned above, the key assets of the FMC site are multimodal transportation access, and access to large amounts of electricity, water, and natural gas. While such assets are needed by all industrial users, they are likely most valuable to those companies operating in the skilled manufacturing industry. Further, it is also important to note that such an asset base is fairly similar to the asset base possessed by the approximately 1,600 acres of undeveloped land near the Pocatello Airport. As such, it is argued here that a remediated FMC site in combination with the 1,600 acres of undeveloped land at the airport could potentially create a 3,000 acre industrial park.

Pocatello Regional Airport site assets:

- 3,250 acres property of which 1,600 acres are potentially available for development. A 600-acre industrial site has been established and 450 acres are ready to be developed
- 24 Buildings – terminal, hangars, shops, fire station, warehouses, and 7 Parking lots
- 3.04 miles of runway with capacity to land large jets
- 3.50 miles of taxiway
- 75 acres paved ramp space with 75 tie downs
- 8 miles streets, sewer, water utilities, 10.2 Acres grass– 2 city parks with pavilion

Why create a unified land development strategy? The ability to attract large scale industrial development, with its associated high paying jobs, will dramatically increase if a joint industrial park using the Pocatello Airport and the FMC site is developed and marketed to firms in the skilled manufacturing and product distribution industries. The financial impact of undertaking such a unified land development strategy on the area economy would be huge, possibly even larger than the previous economic impact of the FMC plant.

Previous Economic impact of FMC Plant: In the year 2000, the FMC plant and its related mining operation had a payroll of over \$42 million and an average salary/benefit package of over \$70,000 per employee. The plant also paid \$1.4 million in property taxes to Power County, which accounted for approximately 25% of the county's yearly tax base.

Multiplier Effects: A development strategy aimed at attracting high paying jobs to the community will have a large economic multiplier effect on existing area businesses. Among other impacts, such jobs would facilitate more purchases of homes, cars, retail goods, restaurant meals, and local airport traffic. Local municipalities would also benefit from increased property tax collections enabling additional funding for improvements to schools, roads, parks and many other civic needs.

Projected Economic Impact: The total economic impact to local communities of implementing a unified land development strategy for the FMC site and the airport properties could easily be \$100 million. Figuring that such an industrial park could easily create 1,000 jobs at average salaries of between \$40,000 and \$50,000 per employee, the resultant benefit would be as follows:

\$40,000 average salary projection

- 1,000 jobs with an average salary of \$40,000 resulting in a direct payroll infusion of \$40 million to local communities
- 1,200 indirect jobs with average salaries of \$25,000 resulting in an indirect payroll infusion into local communities of \$30 million
- \$21 million of added payroll costs for employee benefits (30% benefit cost)

Total impact = \$91,000,000

\$50,000 average salary projection

- 1,000 jobs with average salary of \$50,000 resulting in a direct payroll infusion of \$50 million to local communities
- 1,200 indirect jobs with average salaries of \$30,000 resulting in an indirect payroll infusion into local communities of \$36 million
- \$25.8 million of added payroll costs for employee benefits (30% benefit cost)

Total impact = \$111,800,000

4. Benchmark comparisons of previously remediated sites: Benchmark analysis of previous phosphorus site remediation provides clear evidence of the following:

1. The proposed remediation plan by the EPA for the FMC site is aligned with similar such plans which have been successfully carried out at many former phosphorus plants throughout the country.
2. Once remediated, industrial redevelopment is the best option for the FMC site. Clear evidence suggests that industrial redevelopment of remediated EPA sites leads to high paying sustainable jobs returning to the communities where such remediation and redevelopment have taken place. Further, the unique bundle of assets which is already in place at the FMC site is best suited for industrial users, providing more credence to the statement that industrial redevelopment is the best course of action for the FMC site.
3. It is possible for Native American Tribes, municipalities, and companies to work in a unified manner to remediate and redevelop former phosphorus plant site locations. Referencing the Tennessee Valley Authority's remediation and redevelopment plan for the former Elemental Phosphorus Production Plant on the Muscle Shoals Reservation in Alabama demonstrates what is possible when such entities work collectively to achieve a common good.



College of Business

921 S. 8th Ave.

Pocatello, Idaho

83209-8020

(208) 282-3585

FAX: (208) 282-4367

<http://cob.isu.edu>