MANHATTAN AREA TECHNICAL COLLEGE

ECONOMIC IMPACT STUDY

MARCH 16, 2023

PREPARED BY

MUNICIPAL CONSULTING, LLC

R. STEVEN ROBB, SOLE OWNER

MANHATTAN AREA TECHNICAL COLLEGE ECONOMIC IMPACT STUDY

Executive Summary:

The purpose of this report is to lend support to a request from the Manhattan Area Technical College (MATC) for partial funding of a new technical education center on the MATC campus. The facility is projected to cost a total of $16.3 million and the MATC is requesting that the City of Manhattan provide $1.3 million of the cost based upon the projected sales tax and city utility revenues that the new MATC staff employees and graduates of the technical programs could produce for the city.

As documented below and in the Appendices of this report, the MATC plan could have the following economic impact on the City of Manhattan over the next ten years:

- Increase in local sales tax revenues of about $1,556,000.
- Increased city utility revenues of about $507,000.
- Increased franchise fees of about $104,000.

The projected total direct revenues to the city would thus be about $2,167,000, or about 1.7 times the amount requested from the city for inclusion in the building costs. The cash flow back to the city would equal the $1.3 million grant during the 7th year (See Table 1 after the appendices), assuming that the first two years of the period would be for construction and the first graduates of technical programs would occur in the third year.

The detailed itemization of this information can be found in Appendix A, "Executive Summary" and in the other Appendices to this report.

Methodology and Assumptions

An economic impact study involves identifying the various aspects of a project that will have an impact on the community. This report follows the methodology of determining the impact of these components of the project that will create a public benefit:

- Impact of construction
  - Construction salary spending plus rollover.
  - Materials purchases plus rollover.
- Impact of new permanent staff jobs created plus salary rollover.
- Impact of utilities expenses and utility franchise fee collections

Rollover Impact:

The above components introduce a factor known as "rollover" spending that is an important component of economic impact. "Rollover" refers to the fact that when funds are spent within a community, they are then spent again by the receiver and the process is repeated until all the money finally leaves the community.

Other Calculations and Assumptions

Explanations of the methods used are contained in each section of the report. *The assumptions used can be found within each section.*

SECTION 2 - INTRODUCTION, PURPOSE, AND METHODOLOGY

Introduction

Governments are charged with the responsibility to wisely spend public monies, whether for governmental operations or incentives for public and private investments. In Kansas, municipal governments are required by statute to conduct a cost-benefit analysis before granting tax abatements to private developments. Many cities will do a detailed analysis of the economic impact of a proposed project, even if it does not involve a tax abatement or public incentives. Therefore, it is good practice for developers, public and private, to perform their own analysis before approaching a municipality for incentives, or even concurrence with the proposed project.

Purpose of this Report

The purpose of this report is to estimate the direct and indirect economic impact of the MATC building plan.

Methodology

Conducting an economic impact study involves identifying the various aspects of a proposed project that will have an impact on the community. There are a number of components of this project that will create a public benefit:

- Impact of construction
    - Construction salary spending plus rollover.
    - Materials purchases plus rollover.
- Impact of new permanent jobs created plus salary rollover.
- Impact of utilities expenses and utility franchise fee collections

Rollover Multiplier

These components introduce a factor known as "rollover" spending that is an important component of economic impact. "Rollover" refers to the fact that when funds are spent within a community, they are then spent again by the receiver and the process is repeated until all the money finally leaves the community. Economists frequently refer to a "rollover multiplier" or simply "rollover." Multipliers may range from a low of 2.5 to a high of 7.5.

In order to accurately apply a multiplier, it is necessary to examine an independent data set that is based upon actual spending within the community. This information is compiled and reported annually by the Kansas Department of Revenue[1] in what are known as "Pull-Factor" reports. The most recent Pull-Factor reports for Kansas for the year 2022 are posted on the Kansas Department of Revenue website. The following excerpt from the report explains the data:

> *"The City Trade Pull Factor report provides different measures of retail market data for the cities for fiscal year 2022, which represents the period July 1, 2021 through June 30, 2022. Retail market data is presented three ways.*
>
> *• The first measure is a location quotient of retail trade called the City Trade Pull*

[1] Kansas Department of Revenue, Office of Policy and Research, City/County Trade Pull Factors, Annual Report FY 2022, issued December 2022.

Factor (CiTPF). It is a measure of the relative strength of the retail business community. The City Trade Pull Factor is computed by dividing the per capita sales tax of a city by the statewide per capita sales tax. A CiTPF of 1.00 is a perfect balance of trade. The purchases of city residents who shop elsewhere are offset by the purchases of out-of-city customers. CiTPF values greater than 1.00 indicates that local businesses are pulling in trade from beyond their home city border. Thus, the balance of trade is favorable. A CiTPF value less than 1.00 indicates more trade is being lost than pulled in, that residents are shopping outside the city. This is an unfavorable balance of trade.

The *City Trade Pull Factor* for Manhattan is 1.56, which means that more people from other areas are spending more in Manhattan than residents of Manhattan are spending in other communities. Technically, a rollover factor of the highest measure (in the area of 6 or 7 times) could be used for Manhattan. However, we do not advocate using any factor higher than 4 times to remain conservative.

Other Calculations and Assumptions

The other calculations used in developing this report are explained at the beginning of each section. The worksheet appendices are constructed in a manner that allows different assumptions to be entered once in the respective worksheet and the changes will flow automatically to the affected worksheets and final results.

Report Structure

The report is organized in a manner that shows the economic impact in terms of direct revenue to the city and other economic indicators of importance to the community. These include:

Components of City Revenues:

- Sales taxes
- Net profits from city utilities
- Utility franchise fees

Annual Summary of All Components

The year-by-year summary of all the components listed above is shown in Appendix B, "Annual Impact Summary." Due to the fact that fundraising and construction timetables are flexible, we have not attempted to predict the actual calendar year the building would be completed, so we use a system of Years 1-10, with Year 1 beginning when construction begins.

SECTION 3 - CONSTRUCTION IMPACT

Total Construction Costs

The architectural estimate for the cost of the building is $16.3 million, which we have divided into two years.

Construction Cash Flow

We estimated that the construction labor would be divided equally between the two years. We estimated that the purchasing of construction materials would take place mostly in the first year.

Construction Jobs Created

The estimate of construction jobs created is determined using an average wage of $25.00 per hour for a 40-hour workweek (typically worked in four days of 10 hours each) and 4.2 work-weeks per month. This monthly salary of $4200 is divided into the projected labor expenditure for the month to determine the number of jobs required. We estimated that a total of 130-250 workers would be needed each year, although not all of them would be on the job at the same time.

It is generally accepted within the methodology for cost-benefit studies that labor is 50% of the total construction cost and that 50% of the labor salaries will be disposable income subject to sales tax. The location and duration of each project will affect the amount of the disposable income that is spent in the local community.

This project will take 12-24 months for completion. It can be expected that for a project of this duration, the workers will spend several days per week in Manhattan (typically four 10-hour days) rather than commute daily from other communities. For this project, we are using the assumption that 90% of the disposable income will be spent in Kansas and 75% of that will be spent in Manhattan. Construction workers might also require hotel rooms, but we have not included any of those in this report.

Construction Materials Spending

After labor expenses, 50% of the total construction cost is left for materials. The key factor is determining the percentage of materials that will be purchased in the local area.

Our research among local contractors indicates that the materials for residential and small commercial "stick-built" projects are 100% available in the local community. By contrast, structural steel for larger commercial projects, and commercial metal building materials all have to be acquired from other areas. We have assumed that 75% of the construction materials will be purchased locally.

The impact of the construction activity is detailed in Appendix C, "Economic Impact of Construction."

Total Estimated Economic Impact of Construction

The combined totals for construction labor and materials economic impact are estimated to be:

- **Increased initial local retail spending of $7.7 million in Year 1 and $4.0 million in Yr. 2.**
- **Additional rollover spending of $15.8 million in Yr. 1 and $8.2 million in Yr. 2.**
- **City sales taxes of $342,000 in Year 1 and $178,000 in Yr. 2.**

SECTION 4 - IMPACT OF NEW PERMANENT JOBS

New Permanent Staff Jobs Created

MATC projects four new faculty positions and 3 support staff positions with an annual salary and benefit expense of $500,000.

The listing of positions and salaries for these staff positions is shown in Appendix D, "Economic Impact of Existing and New Permanent Jobs."

Permanent Salary Rollover Calculation

The rollover impact of salary spending is very similar to the process used for construction labor in Section 3. We used the same rollover factor of 4. This is a conservative approach. It might be argued that a portion of the original spending not subject to sales tax should be included in subsequent rollovers. We have elected not to include any of that salary component in the rollover calculation. For jobs at this salary level, the first 50% of the salary would likely go to mortgage payments, auto financing and other payments that immediately leave the community.

Estimated Economic Impact of New Staff Jobs

Using the assumptions described above, the estimated economic impact of the 7 new jobs described above over the next 10 years could be:

- **Total salaries paid of $3.7 million.**
- **Increased local retail spending of $4.3 million (Includes rollover spending).**
- **Increased city sales tax collections of $63,000.**

E. Impact of New Graduate Jobs in the Area:

MATC projects that 100 new annual graduates of the new and expanded technical programs. MATC has established that 86% of their program graduates remain in the local area. We have assumed that 70% will remain in the area at least three years. We further assumed that 50% of those would live in Manhattan and use city utilities. MATC estimates that the average beginning salary for their graduates is $45,000, which is slightly below the county average wage of $47,471. We usually use 50% of the salary as disposable income, but in this case, we used only 30% disposable income to remain conservative in the community retail spending. We also assumed that after three years, all of the new graduates would leave the area, so our calculations only include a 3-year graduate group. It is entirely possible that many of the graduates would permanently remain in the area, but again we are maintaining a conservative approach.

Using the assumptions described above, the estimated economic impact of the new graduate jobs over the next ten years could be: (See Appendix E)

- **Total salaries paid of about $73 million.**
- **Increased local retail spending of about $67 million.**
- **City sales tax collections of about $972,000.**

SECTION 5 - IMPACT OF NEW UTILITY USAGE

Utility Profits and Franchise Fee Calculation (See Appendix F)

The Manhattan City Budget actual expenditures for 2020 indicated a profit margin of 45.1% in the water, wastewater and storm water funds, which we have used in this report. We assume that 70% of the utility profits are from residential use. We then divide the 70% by the latest available number of households in Manhattan (22,137) to get an average annual profit per household of $402.86. This is the beginning amount we multiply by the number of new staff and graduates each year.

Public utilities in Kansas typically pay franchise fees to the municipalities where the services are delivered. The typical rate for these franchise fees is about 5%. We have used this rate in calculating the approximate franchise fees that would be generated by the staff members and new graduates that live in Manhattan. In similar fashion to the utility profits, we take 70% of the franchise tax total and divide by the number of households to get an average annual amount per household of $93.73.

Estimated Total Impact of All Utility Purchases

Using the assumptions discussed above, the overall impact of new utility purchases by the staff and graduates over the next 10 years could be:

- **Increased city utility profits of about $507,000.**
- **Increased city franchise fees of about $104,000**
- **Total new city net revenues from utilities of about $611,000.**

SECTION 6 - REPORT SUMMARY AND DISCLAIMER

Report Summary

We believe that this report presents a conservative indication of the potential economic impact of this project at MATC on the City of Manhattan. The methodology is based upon documentable data and assumptions that are conservative rather than liberal. The assumptions used have been determined independently by Municipal Consulting, LLC from its own analysis and experience in more than 300 cost-benefit analyses conducted throughout the State of Kansas.

Estimated Total Economic Impact of the Project

The estimated total economic impact of all sections of this report over the next 10 years could be:

- Increased local sales tax collections of about $1,556,000.
- Increased utility profits and franchise fees of about $611,000.
- Total direct revenues to the city of about $2,167,000.

MATC reports that an independent analysis performed for all the technical colleges in Kansas indicates a total annual economic impact of MATC in the region is $22 million. With an average enrollment of about 1,000 students, the average impact per student would be $22,000. Our calculation based on an average of 210 students for the 8-year period is a total of $10,319, or $1,290 per student per year. Thus, we maintain that this is a very conservative approach to this analysis.

Disclaimer

The results of this report are estimates based on the various assumptions listed above and are not to be interpreted as an actual prediction of performance of the overall economic impact of this project. Many unknown financial and economic factors can occur over a 10-year period that could significantly alter these projections. Municipal Consulting, LLC has no control over any of these factors and therefore cannot and does not make any guarantees of the results indicated in this report. Projections out to 10 years may have an error margin of 25-50% or even greater, depending on many economic factors.

About Municipal Consulting, LLC

Municipal Consulting, LLC was formed in 2010 with R. Steven Robb as sole owner. However, Robb has been performing cost-benefit studies, economic impact studies, and financial feasibility reports for over 20 years. He has performed more than 300 cost-benefit studies for city development projects all over the state of Kansas.

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MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix A - Executive Summary

City Revenues Generated:	Years 1-5	Years 6-10	10 Year TOTAL
Sales tax from construction labor & materials	$520,789	$0	$520,789
Sales tax from new staff jobs spending	$29,546	$33,467	$63,013
Sales tax from new graduate spending	$259,600	$712,524	$972,124
Total New City Sales Taxes Generated	$809,935	$745,991	$1,555,926
Utility Net Profits	$160,698	$346,163	$506,861
Franchise Fees	$31,004	$73,073	$104,077
Total City Revenues	$809,935	$1,165,227	$2,166,865
County Revenues Generated			
Sales tax from construction labor & materials	$359,165	$0	$359,165
Sales tax from new staff jobs spending	$20,377	$23,081	$43,457
Sales tax from new graduate spending	$179,034	$491,396	$670,430
Total County Revenues	$558,576	$514,477	$1,073,053

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix B - Annual Impact Summary

City Revenues Generated:											Decade
Description	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**	**Yr 6**	**Yr 7**	**Yr 8**	**Yr 9**	**Yr 10**	**Total**
Sales tax from construction labor & materials	342,232	178,557	0	0	0	0	0	0	0	0	**$520,789**
Sales tax from new staff jobs spending	5,611	5,757	5,907	6,060	6,212	6,367	6,526	6,689	6,857	7,028	**$63,013**
Sales tax from new graduate spending	0	0	41,803	85,780	132,016	135,449	138,970	142,444	146,006	149,656	**$972,124**
Total new city sales taxes	**347,843**	**184,314**	**47,710**	**91,841**	**138,228**	**141,815**	**145,496**	**149,134**	**152,862**	**156,684**	**$1,555,926**
Utility Net Profits	4,511	13,195	31,349	47,393	64,250	65,856	67,503	69,190	70,920	72,693	**$506,861**
Franchise Fees	0	1,788	5,978	9,676	13,563	13,902	14,249	14,606	14,971	15,345	**$104,077**
Total New City Revenues	**$352,354**	**$199,296**	**$85,037**	**$148,910**	**$216,041**	**$221,574**	**$227,249**	**$232,930**	**$238,753**	**$244,722**	**$2,166,865**
County Revenues Generated	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**	**Yr 6**	**Yr 7**	**Yr 8**	**Yr 9**	**Yr 10**	**$0**
Sales tax from construction labor & materials	236,022	123,143	0	0	0	0	0	0	0	0	**$359,165**
Sales tax from new staff jobs spending	3,870	3,970	4,074	4,179	4,284	4,391	4,501	4,613	4,729	4,847	**$43,457**
Sales tax from new graduate spending	0	0	28,830	59,159	91,046	93,413	95,841	98,238	100,693	103,211	**$670,430**
Total new sales tax collections	239,891	127,113	32,903	63,338	95,329	97,804	100,342	102,851	105,422	108,058	**$1,073,053**

MANHATTAN AREA TECHNICAL COLLEGE
Economic Impact Study

Appendix C - Economic Impact of Construction

Assumptions:	Persentag of construction cost attributed to contractor profits	3%
	Percentage of construction cost attributed to labor:	47.00%
	Percentage of labor salaries as disposable income:	50.00%
	Percentage of disposable income spent in Kansas:	100.00%
	Percentage of disposable income spent in the county	75.00%
	Percentage of disposable income spent in the city	75.00%
	Percentage of construction cost attributed to materials:	50.00%
	Percentage of materials cost spent in Kansas:	100.00%
	Percentage of materials cost spent in the county	75.00%
	Percentage of materials cost spent in city:	75.00%
	Average construction worker monthly salary ($25/hr x 40 hrs/wk x 4.2 weeks/mo.)	$4,200
	Percent of rollover spending retained in the community	75.00%
	City sales tax rate	1.45%
	County sales tax rate	1.00%
	State Sales Tax Rate	6.50%

Project Schedule Project	Amount	BidStartding Construction	Finish Construction	Begin Operation	Year 1 Amounts	Year 2 Amounts	Grand Totals
Building Construction	16,300,000	Year 1	Year 2	Year 3			
FFE	750,000				187,500	562,500	750,000
Labor	7,661,000				3,830,500	3,830,500	**$7,661,000**
Materials	8,150,000				6,112,500	2,037,500	**$8,150,000**
				Annual Total	**$9,943,000**	**$5,868,000**	**$15,811,000**
	Labor disposable income				1,915,250	1,915,250	**$3,830,500**
	Amount spent in the city				1,436,438	1,436,438	**$2,872,875**
	Materials & FFE cost spent in city				6,300,000	2,600,000	**$8,900,000**
	Total Original city spending				7,736,438	4,036,438	**$11,772,875**
	First rollover				5,802,328	3,027,328	**$8,829,656**
	Second rollover				4,351,746	2,270,496	**$6,622,242**
	Third rollover				3,263,810	1,702,872	**$4,966,682**
	Fourth rollover				2,447,857	1,277,154	**$3,725,011**
	Total all city spending				23,602,178	12,314,288	**$35,916,466**
	City sales tax generated				$342,232	$178,557	**$520,789**
	County sales tax generated				$236,022	$123,143	**$359,165**
	Number of construction jobs				456	130	

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix D - Economic Impact of New Staff Jobs

Assumptions:			
Annual Inflation Rate (Years 1 & 2)	2.60%		
Annual Inflation Rate (Years 3 and 4)	2.60%	City sales tax	1.45%
Annual Inflation Rate (Years 5 thru 10)	2.50%	County sales tax	1.00%
Percent of salaries as disposable income	50.00%		
Disposable income spent in Kansas	90.00%		
Disposable income spent in Manhattan	75.00%		
Rollover retainage rate	75.50%		

	Number	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Total	
New Position Description													
Faculty	4.0	61,623	63,225	64,869	66,556	68,220	69,925	71,673	73,465	75,302	77,184	**$2,768,165**	
Admin. Assistant	0.0	0	0	0	0	0	0	0	0	0	0	**$0**	
Maintenance	1.0	36630	37,582	38,560	39,562	40,551	41,565	42,604	43,669	44,761	45,880	**$411,364**	
Custodial	2.0	25940	26,614	27,306	28,016	28,717	29,435	30,171	30,925	31,698	32,490	**$582,625**	
	0.0		0	0	0	0	0	0	0	0	0	**$0**	
	0.0		0	0	0	0	0	0	0	0	0	**$0**	
Total Jobs	**7.0**												
Total Salaries		335,002	343,712	352,649	361,817	370,863	380,134	389,638	399,379	409,363	419,597	**$3,762,154**	$3,762,154
Initial disposable spending		167,501	171,856	176,324	180,909	185,431	190,067	194,819	199,689	204,682	209,799		
Disposable spending in the City		125,626	128,892	132,243	135,682	139,074	142,550	146,114	149,767	153,511	157,349		
First rollover		94,847	97,313	99,844	102,440	105,001	107,626	110,316	113,074	115,901	118,798		
Second Rollover		71,610	73,472	75,382	77,342	79,275	81,257	83,289	85,371	87,505	89,693		
Third rollover		54,065	55,471	56,913	58,393	59,853	61,349	62,883	64,455	66,066	67,718		
Fourth rollover		40,819	41,881	42,970	44,087	45,189	46,319	47,477	48,664	49,880	51,127		
Total city spending		386,968	397,029	407,352	417,943	428,391	439,101	450,079	461,331	472,864	484,686	**$4,345,743**	
City sales tax generated		$5,611	$5,757	$5,907	$6,060	$6,212	$6,367	$6,526	$6,689	$6,857	$7,028	**$63,013**	
County sales tax generated		$3,870	$3,970	$4,074	$4,179	$4,284	$4,391	$4,501	$4,613	$4,729	$4,847	**$43,457**	

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Appendix E - Impact of New Graduate Jobs

Assumptions:		
	No of new graduates each year (Over and above the current graduates)	100
	New Graduate Average Beginning Salary	$45,000
	Percentage of Average Salary as disposable income	30.00%
	Percent of New Graduates Remaining in the Immediate Area for at least 3 Years	70.00%
	City retainage rate for roll-over spending	75.00%
	City sales tax rate	1.45%
	Annual Inflation Rate (Years 1-3)	2.60%
	Annual Inflation Rate (Years 4-5	2.60%
	Annual Inflation Rate (Years 6-10	2.50%
	County Sales Tax Rate	1.00%

Avg. Annual Wage			$45,000	$46,170	$47,370	$48,602	$49,866	$51,112	$52,390	$53,700	Totals
	Yr 1	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**	**Yr 6**	**Yr 7**	**Yr 8**	**Yr 9**	**Yr 10**	
New Graduates Per Year in the Area	0	0	70	70	70	70	70	70	70	70	560
New Annual Personal Income	$0	$0	$3,150,000	$6,463,800	$9,947,788	$10,206,431	$10,471,798	$10,733,593	$11,001,933	$11,276,981	$73,252,323
Disposable income	$0	$0	$945,000	$1,939,140	$2,984,336	$3,061,929	$3,141,539	$3,220,078	$3,300,580	$3,383,094	$21,975,697
New Retail Sales	$0	$0	$945,000	$1,939,140	$2,984,336	$3,061,929	$3,141,539	$3,220,078	$3,300,580	$3,383,094	$21,975,697
First rollover	$0	$0	$708,750	$1,454,355	$2,238,252	$2,296,447	$2,356,155	$2,415,058	$2,475,435	$2,537,321	$16,481,773
Second rollover	$0	$0	$531,563	$1,090,766	$1,678,689	$1,722,335	$1,767,116	$1,811,294	$1,856,576	$1,902,991	$12,361,330
Third rollover	$0	$0	$398,672	$818,075	$1,259,017	$1,291,751	$1,325,337	$1,358,470	$1,392,432	$1,427,243	$9,270,997
Fourth rollover	$0	$0	$299,004	$613,556	$944,263	$968,814	$994,003	$1,018,853	$1,044,324	$1,070,432	$6,953,248
Total City Retail Sales	$0	$0	$2,882,988	$5,915,892	$9,104,558	$9,341,276	$9,584,149	$9,823,753	$10,069,347	$10,321,081	$67,043,044
City Sales Tax Generated	$0	$0	$41,803	$85,780	$132,016	$135,449	$138,970	$142,444	$146,006	$149,656	$972,124
County Sales Tax Generated	$0	$0	$28,830	$59,159	$91,046	$93,413	$95,841	$98,238	$100,693	$103,211	$670,430

City Sales Tax Rate:	1.45%
County Sales Tax Rate	1.00%

MANHATTAN AREA TECHNICAL COLLEGE
Economic Impact Study
Appendix F - Impact of New Utility Usage

Supporting Facts:			
	Current city average utility profit margin	45.11%	(Water/Sewer/Electricity/Trash)
	Franchise fee rate	5%	(Gas/Internet/Phone)
Assumptions: Percentage of new graduates that will use city utilities:		50.00%	
Estimated annual cost for water/sewer/trash/stormwater		$29,250	
Estimated annual cost for electricity and gas		$25,750	
Estimated annual cost for internet and phone		$10,000	
Annual Inflation Rate (Years 1-3)		2.60%	
Annual Inflation Rate (Years 4-5)		2.60%	
Annual Inflation Rate (Years 6-10)		2.50%	
Average annual utility profits per household		$403	
Average annual franchise fees per household		$94	

ANNUAL UTILITIES:	**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**	**Yr 6**	**Yr 7**	**Yr 8**	**Yr 9**	**Yr 10**	**Decade Total**
All City-Provided Utilities	10,000	29,250	30,011	30,791	31,591	32,381	33,191	34,020	34,871	35,743	$301,848
City Net Profit Margin	4,511	13,195	13,538	13,890	14,251	14,607	14,972	15,347	15,730	16,124	$136,164
Gas/internet/phone	0	35,750	36,680	37,633	38,612	39,577	40,566	41,581	42,620	43,686	$356,704
City Franchise Fees	0	1,788	1,834	1,882	1,931	1,979	2,028	2,079	2,131	2,184	$17,835
Revenue from New Families	**NOTE: New graduates assumed to remain in the area for 3 years.**										
Utility Revenue per Family	$403	$413	$424	$435	$446	$458	$469	$481	$493	$505	
Franchise Fees/Family	$94	$96	$99	$101	$104	$106	$109	$112	$115	$118	
Number of new families:	0	0	42	35	35	35	35	35	35	35	**287**
Cumulative new families	0	0	42	77	112	112	112	112	112	112	**112**
Utility net profits	**0**	**0**	**17,811**	**33,503**	**49,999**	**51,249**	**52,530**	**53,844**	**55,190**	**56,570**	**$370,697**
Franchise Fees	**0**	**0**	**4,144**	**7,795**	**11,632**	**11,923**	**12,221**	**12,527**	**12,840**	**13,161**	**$86,242**
Total utility net profits	**4,511**	**13,195**	**31,349**	**47,393**	**64,250**	**65,856**	**67,503**	**69,190**	**70,920**	**72,693**	**$506,861**
Total franchise fees	**0**	**1,788**	**5,978**	**9,676**	**13,563**	**13,902**	**14,249**	**14,606**	**14,971**	**15,345**	**$104,077**
Total City Revenues - Utilities	**4,511**	**14,982**	**37,327**	**57,069**	**77,813**	**79,758**	**81,752**	**83,796**	**85,891**	**88,038**	**$610,938**

MANHATTAN AREA TECHNICAL COLLEGE

Economic Impact Study

Table 1- Cumulative Benefits vs. Incentive

Year	City Sales Taxes	Utility Usage	Total Benefits	Incentive	Cumulative Benefits
1	$347,843	$4,511	$352,354	$1,300,000	$947,646
2	$184,314	$14,982	$199,296		$748,350
3	$47,710	$37,327	$85,037		$663,313
4	$91,841	$57,069	$148,910		$514,403
5	$138,228	$77,813	$216,041		$298,362
6	$141,815	$79,758	$221,574		$76,789
7	$145,496	$81,752	$227,249		$150,460
8	$149,134	$83,796	$232,930		$383,390
9	$152,862	$85,891	$238,753		$622,143
10	$156,684	$88,038	$244,722		$866,865
Totals	$1,555,926	$610,938	$2,166,865	$1,300,000	$866,865