

An Estimate of the Expected Economic Impact from the Retention/Expansion of the Schwan's Facility Located at the Salina Airport Industrial Center

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Executive Summary

- The results of this analysis show that the retention of the existing workers and the planned construction and expansion of the Schwan's Company facility at the Salina Airport/Salina Airport Industrial Center (SLN/SAIC) will have a substantial long-term impact on the local economy (Salina and Saline County) and the State of Kansas.
- The 1,200 existing jobs will continue to support the 847 secondary (indirect and induced) jobs in the Salina economy. The 645 FTE temporary construction jobs will create 287 secondary jobs during the three-year construction phase. The 225 permanent new jobs following the expansion of the facility are expected to add 158 secondary jobs to the local economy.
- At the local level (Saline County and sub-county taxing entities), the long-term tax consequences are an annual increase in total tax revenues of \$583,000 from the 2019 level. At the State of Kansas level, the annual increase in tax revenues is more than \$1.2 million from the 2019 level.

This forward-looking report is based on information provided by the Salina Airport Authority (SAA) and Schwan’s Company. IMPLAN software and data were used to estimate the secondary economic impacts that are likely to result based on the projected staffing and wage/salary levels associated with the construction of the new facilities and their operation. The report considers the construction phase separately from the operational phase because the construction phase is of limited duration, while the operational aspects of the project are continuous.

Table 1 shows the estimated dollar amounts of the improvements and upgrades to existing facilities at SLN/SAIC. The expected incentives and funding sources for the improvements and infrastructure are listed in Table 2.

Table 1: Construction Phase Expenditures

Improvements & Upgrades	Projected Amount
Land and Building	\$390,000,000
Machinery and Equipment	\$210,000,000
Stormwater Improvement	\$4,000,000
Roadway Improvement	\$3,000,000
Site Clearance and Demolition	\$3,788,000
EPA Abatement	\$400,000

Table 2: Expected Funding Sources

Source	Projected Amount
Schwan’s Company	\$604,000,000
City of Salina	\$1,550,000
Salina Airport Authority	\$2,252,000
State of Kansas	\$162,000,000
United States	\$4,000,000
Private Utilities	\$6,700,000

Table 3 shows the projected employment numbers and labor income from construction activities in 2020. The indirect jobs are the result of additional hiring by businesses doing business with the construction companies. The induced jobs are the result of additional hiring by businesses affected by employee spending. The projected 221 FTE direct jobs generate 98 secondary jobs that add more than \$5 million in labor income for a total of more than \$19 million in labor income for the 2020 construction season.

Table 3: Expected Jobs and Labor Income, 2020 Construction Activities

Impact	Employment	Labor Income
Direct Jobs	221	\$13,910,000
Indirect Jobs	36	\$2,367,000
Induced Jobs	62	\$2,777,000
Total	319	\$19,054,000

Table 4 shows the projected employment numbers and labor income from construction activities in 2021. For the 2021 construction season, the 314 FTE direct jobs create 140 secondary jobs that add slightly more than \$7.3 million in labor income for a total of more than \$27 million in labor income.

Table 4: Expected Jobs and Labor Income, 2021 Construction Activities

Impact	Employment	Labor Income
Direct Jobs	314	\$19,764,000
Indirect Jobs	52	\$3,363,000
Induced Jobs	88	\$3,946,000
Total	454	\$27,073,000

Table 5 shows the projected employment numbers and labor income from construction activities in 2022 when the construction phase of this project will end. The projected 110 FTE direct jobs generate 49 secondary jobs

that add more than \$2.5 million in labor income for a total of about \$9.5 million in labor income for the final construction season.

Table 5: Expected Jobs and Labor Income, 2022 Construction Activities

Impact	Employment	Labor Income
Direct Jobs	110	\$6,924,000
Indirect Jobs	18	\$1,178,000
Induced Jobs	31	\$1,382,000
Total	159	\$9,484,000

The total employment for the construction phase of this project is 932 jobs that will generate \$55.6 million in labor income. This is in addition to the more than \$611 million in infrastructure and plant and equipment expenditures.

Tables 6, 7, and 8 show the employment and labor income associated with the retention and expansion of the Schwan’s facility at the Salina Airport Industrial Center. Table 6 shows the direct, indirect, and induced jobs and labor income that are retained. The current 1,200 direct jobs generate 847 secondary (indirect and induced) jobs that add more than \$44 million in labor income for a total of more than \$116.4 million in labor income.

Table 6: Expected Jobs and Labor Income, 2020 Operations

Impact	Employment	Labor Income
Direct Jobs	1,200	72,226,000
Indirect Jobs	479	27,713,000
Induced Jobs	368	16,480,000
Total	2,047	116,419,000

Table 7 shows the increase in direct, indirect, and induced jobs and labor income as the new facility comes online in 2022. The 42 new direct jobs

increase labor income by \$2.5 million and generate 29 new secondary jobs that add an extra \$1.5 million in labor income to the economy.

Table 7: Expected Jobs and Labor Income, 2022 Operations

Impact	Employment	Labor Income
Direct Jobs	1,242	74,754,000
Indirect Jobs	495	28,683,000
Induced Jobs	381	17,057,000
Total	2,118	120,494,000

Table 8 shows the expected ending level of direct jobs and labor income for 2024. The addition of the final 183 jobs brings the total increase in employment at the Schwan’s facility to 1,425. Compared to the number of retained jobs and resulting secondary jobs in 2020, the fully operational expansion as of 2024 will have added an estimated 225 new jobs and 158 new secondary jobs in the Salina economy. Total labor income from all new jobs is expected to be more than \$21.8 million.

Table 8: Expected Jobs and Labor Income, 2024 Operations

Impact	Employment	Labor Income
Direct Jobs	1,425	85,769,000
Indirect Jobs	568	32,909,000
Induced Jobs	437	19,570,000
Total	2,430	138,248,000

Table 9 provides insight into the expected tax revenues from worker spending associated with the construction phase of the project at the local and the state level. Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes. Labor income of both the primary workers (direct) and the secondary workers (indirect and induced) are included in the calculation of expected tax revenues. Local tax

revenues include taxes levied at both the county and the sub-county level. The heading year is the tax year, not necessarily the year the taxes are collected.

Table 9: Expected Tax Revenues*, Construction Phase

	2020	2021	2022
Kansas Tax Revenues	\$ 1,020,000	\$ 1,450,000	\$ 508,000
Local Tax Revenues	\$ 466,000	\$ 662,000	\$ 232,000
Total Tax Revenues	\$ 1,486,000	\$ 2,112,000	\$ 740,000

* Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes. It does not include ad valorem or real estate taxes on the plant construction.

Table 10 provides insight into the expected tax revenues from worker spending associated with the operational phase of the project at the local and the state level. Labor income of both the primary workers (direct) and the secondary workers (indirect and induced) are included in the calculation of expected tax revenues. Local tax revenues include taxes levied at both the county and the sub-county level. The heading year is the tax year, not necessarily the year the taxes are collected. Taxes are not calculated beyond the 2024 tax year but can be expected to continue into the future.

Table 10: Expected Tax Revenues*, Operational Phase

	2020	2022	2023	2024
Kansas Tax Revenues	\$ 6,566,000	\$ 6,795,000	\$ 6,795,000	\$ 7,797,000
Local Tax Revenues	\$ 3,110,000	\$ 3,219,000	\$ 3,219,000	\$ 3,693,000
Total Tax Revenues	\$ 9,676,000	\$ 10,014,000	\$ 10,014,000	\$ 11,490,000

* Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes. It does not include ad valorem or real estate taxes on the plant construction.

Findings

The results of this analysis show that the retention of the existing workers and the planned construction and expansion of the Schwan's Company facility at SLN/SAIC will have a substantial long-term impact on the local economy (Salina and Saline County) and the State of Kansas.

The 1,200 existing jobs will continue to support the 847 secondary (indirect and induced) jobs in the Salina economy. The 645 FTE temporary construction jobs will create 287 secondary jobs during the three-year construction phase. The 225 permanent new jobs following the expansion of the facility are expected to add 158 secondary jobs to the local economy.

At the local level (Saline County and sub-county taxing entities) the long-term tax consequences are an annual increase in total tax revenues of \$583,000 from the 2019 level. At the State of Kansas level, the annual increase in tax revenues is more than \$1.2 million from the 2019 level. Expected tax revenue includes all taxes paid by individuals, such as sales tax, income tax, payroll taxes, real estate taxes, personal property taxes, and motor fuel taxes.