

**THE FISCAL AND ECONOMIC IMPACT OF THE PROPOSED
HAYMARKET DUPAGE**

A Report to

HAYMARKET DUPAGE

from

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August 2020

C1551



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EXECUTIVE SUMMARY

INTRODUCTION

- Estimate the fiscal impact of Haymarket DuPage on the General Fund of the Village of Itasca and Itasca Fire Protection District #1.
- Estimate the economic impact of the on-going operation of Haymarket DuPage on the DuPage County, Illinois economy.

PRINCIPAL FINDINGS FISCAL IMPACT ANALYSIS

- Haymarket DuPage is estimated to generate over \$17,700 per year in tax revenues to the General Fund of Itasca.
- Haymarket DuPage is estimated to induce approximately \$27,716 to \$35,210 per year in municipal service costs.
- The net annual fiscal impact to the Village of Itasca General Fund is estimated at approximately (\$9,971) to (\$17,465). This equates to less than 1/10th to less than 2/10^{ths} of one percent of the total General Fund budget.
- Given estimated average service fee revenues of \$5,922 to \$7,896, and \$38,859 to \$54,198 of expenditures, the net fiscal impact estimated to be allocated to providing fire protection service to Haymarket DuPage is estimated at (\$32,937) to (\$46,302). This equates to 0.72 percent to 1.01 percent of the total Itasca Fire Protection District expenditure budget. On an annual cost per capita basis of only the Village residents and not of the broader District, this range equates to approximately \$3.36 to \$4.72 per Itasca resident.

PRINCIPAL FINDINGS ECONOMIC IMPACT ANALYSIS

- On-going operations of Haymarket DuPage will support an estimated 191 total jobs (direct and indirect) and \$10.6 million of total annual earnings (direct and indirect) within DuPage County. Total annual output impact is estimated at \$27.7 million in DuPage County.
- Direct impacts of on-going Haymarket DuPage operations (estimated at 163 jobs and approximately \$9.6 million in annual earnings) will occur locally in the Village of Itasca.¹

¹ With regards to the numbers included in this report, all calculations are rounded.



SECTION 1

**THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON
THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS**

THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

CHAPTER I INTRODUCTION AND METHODOLOGY

INTRODUCTION

This report summarizes an evaluation by Gruen Gruen + Associates (“GG+A”) of the fiscal impact of the proposed Haymarket DuPage substance use disorder and behavioral health treatment facility on the local taxing entities which may provide services to Haymarket DuPage. These taxing entities include the following:

- Village of Itasca; and
- Itasca Fire Protection District #1.

There will be no impacts on School District 10 or School District 108 because children will not be permitted at the Haymarket DuPage facility. Other taxing districts including County of DuPage, Forest Preserve District, Addison Township & Road District, DuPage Airport Authority, and College of DuPage will not be impacted by Haymarket DuPage because its clients will not use services provided by these entities. The Itasca Park District and Village of Itasca Library would be negligibly impacted by Haymarket DuPage.

METHODOLOGICAL APPROACH

This fiscal impact analysis is based on a review of recent budgets, annual financial reports, information obtained via Freedom of Information Act requests made previously by representatives of Haymarket DuPage, and information provided by a consultant retained by Haymarket DuPage to estimate the demand and capacity related to police and fire services. We draw on the specific characteristics of the proposed Haymarket DuPage facility to estimate sources of tax and fee revenue. The specific methodologies used to estimate each service cost or revenue item are discussed in the appropriate sections of this report. This report does not present an estimate of the impact of property tax collection on the assumption that Haymarket DuPage will be exempt from property taxes.²

The estimates of annual net fiscal impact consider revenues likely to be generated by the ongoing operation of Haymarket DuPage in relation to public service costs (operating expenditures) to provide municipal, public safety, and fire protection and emergency medical services.

2020 Constant Dollars

All cost and revenue projections in this report are expressed in constant 2020 dollars. That is, the possible effects of inflation or deflation on revenues and costs in the future are not quantified. All historical references to revenues or expenditures have been adjusted to 2020 dollars based on either the Municipal Cost Index or the Consumer Price Index for urban consumers in the Chicago Metropolitan Statistical Area.

² In the event that Haymarket DuPage is unable to obtain property tax exemption, the assumption serves to understate the revenues to be generated by Haymarket DuPage.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

**CHAPTER II
NET ANNUAL FISCAL IMPACT ON THE VILLAGE OF ITASCA**

INTRODUCTION

This chapter summarizes the baseline population and employment profile for the Village of Itasca upon which the General Fund expenditure and revenue estimates impacted by the proposed Haymarket DuPage facility are based. Some of the municipal service cost equations used to estimate future General Fund impacts associated with the operation of Haymarket DuPage utilize a per-capita measure referred to as "resident equivalents." This approach combines the resident population and employment in the Village of Itasca to form a single per-capita metric. For the fiscal impact analysis summarized in this report, we assume that three workers generate the same level of service demand as one Village resident.

This chapter presents estimates of potential General Fund service costs induced by Haymarket DuPage and estimates of General Revenue revenues associated with the operation of Haymarket DuPage.

DEMOGRAPHIC AND ECONOMIC PROFILE OF ITASCA

Table II-1 presents estimates of the population, employment (jobs in Itasca), and the resident equivalents based on the assumption that three workers located in the Village generate the equivalent service demand as one resident.

Table II-1: Resident Population and Employment in Village of Itasca				
	2009 #	2014 #	2019 #	10-Year Change # / %
Population ¹	8,543	8,803	9,805	1,262 / 14.8
Employment (Jobs) ²	17,072	23,396	18,786	1,714 / 10.0
Resident Equivalents³	14,234	16,600	16,067	1,833 / 12.9
¹ Population estimates for July 1 of each year. ² Employment estimates for March of each year. ³ Assumes that three jobs located in the Village generate the same service demand as one resident.				
Sources: U.S. Census Bureau; Illinois Department of Employment Security; Gruen Gruen + Associates.				

Over the 2009 to 2019 period, the population has increased by 1,262 from 8,543 in 2009 to 9,805 people in 2019. Employment has fluctuated but over the 10-year period has increased by 1,714 to 18,786 jobs. The resident equivalents have increased by 1,833 from 14,234 in 2009 to 16,067 in 2019.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

VILLAGE OPERATING EXPENDITURES

Table II-2 presents an overview of 10 years of Village of Itasca General Fund expenditures put in current 2020 dollars (adjusted for inflation).

Table II-2: Village of Itasca Historical Governmental Fund Expenditures¹				
	2008-09 \$	2013-14 \$	2018-19 \$	10-Year Change \$
General Government	3,902,100	3,319,600	2,865,300	(1,036,800)
Public Safety (Police)	5,412,000	5,131,800	5,362,600	(49,400)
Community Development	857,100	1,059,800	899,600	42,500
Public Works	4,191,800	3,031,600	1,660,400	(2,531,400)
Total²	14,363,000	12,542,800	10,787,900	(3,575,100)
Per Resident Equivalent	1,009	756	671	(338)
¹ Expenditures adjusted for inflation to current 2020 dollars based on the Municipal Cost Index.				
² Total excludes debt service and capital outlays.				
Sources: Village of Itasca, Audited Financial Statements; Gruen Gruen + Associates.				

While the resident equivalents in the Village have increased, over the 2008-2009 to 2018-2019 period, General Fund expenditures have decreased by nearly \$3.6 million to \$10.8 million. On a per resident equivalent basis, General Fund expenditures have decreased from \$1,009 in 2008-2009 to \$671 in 2018-2019. General Government administration costs have declined by over \$1.0 million, while public works costs have declined by \$2.5 million. Public safety (police) costs have declined by \$49,400 while community development costs have increased by \$42,500.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

ESTIMATE OF ANNUAL MUNICIPAL REVENUES

This section of the report presents estimates of the General Fund operating revenue associated with the operation of Haymarket DuPage.

Utility Tax Revenue

Table II-3 presents estimates of annual utility tax revenue.

Table II-3: Estimate of Annual Utility Tax Revenues¹	
	<u>Annual</u>
Natural Gas Purchases	\$57,750
Village Natural Gas Utility Tax Rate	5.0%
Annual Natural Gas Tax Revenue	\$2,888
Haymarket DuPage Electric Consumption (Kilowatt-Hours) ²	2,887,500
Village Average Electric Tax Rate per Kilowatt-Hour	\$0.0036
Annual Electric Tax Revenue	\$10,395
TOTAL UTILITY TAX REVENUE	\$13,283
¹ Figures are rounded.	
² Represents Haymarket DuPage projected annual electric cost divided by average commercial electric rate of \$0.08 per kilowatt-hour.	
Sources: Village of Itasca; Haymarket DuPage; electricitylocal.com; Gruen Gruen + Associates.	

Haymarket DuPage estimates it will consume approximately \$57,750 in natural gas per year. The Village imposes a five percent tax on the purchase of natural gas. This results in an estimate of nearly \$3,000 in natural gas tax revenue generated by the operation of Haymarket DuPage. Haymarket DuPage representatives estimate it will consume approximately 2,887,500 kilowatt hours in electricity service. Based on the Village electric tax rate per kilowatt hour of \$0.0036, this results in an annual electricity tax revenue of \$10,395. Total utility tax revenue per year is estimated at \$13,283.

Sales Tax Revenue

The Village of Itasca receives State of Illinois sales tax revenue equal to one percent of taxable purchases within the Village. The Village of Itasca has a relatively limited base of retail/commercial establishments. However, workers could purchase gasoline, patronize eating and drinking establishments, or other convenience services. Assuming on average 163 workers spend \$5 per day on conveniences and necessities would produce an annual sales estimate of \$297,475. At the 1.5 percent tax rate (one percent municipal sales tax and 0.5 percent non-home rule sales tax), this would produce sales tax revenue of \$4,462. Note because of the relatively small base of establishments, to be conservative we implicitly include food and beverage tax with the sales tax revenue estimate.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

Total Annual General Fund Tax Revenue

Table II-4 presents a summary of the total annual General Fund revenue estimated to be associated with the operation of Haymarket DuPage.

Table II-4: Total Annual Tax Revenues¹	
	<u>Annual</u>
Total Utility Tax Revenue	\$13,283
Total Sales Tax Revenue	\$4,462
TOTAL TAX REVENUE	\$17,745
¹ Figures are rounded.	
Sources: Village of Itasca; Haymarket DuPage; electricitylocal.com; Gruen Gruen + Associates.	

Haymarket DuPage is estimated to generate over \$17,700 per year in tax revenues to the General Fund of Itasca.

ESTIMATE OF ANNUAL MUNICIPAL SERVICE COSTS

General Fund costs that the Village of Itasca may incur to serve Haymarket DuPage include public safety (police) and general government services. The Municipal Nature Center is not likely to be affected by Haymarket DuPage. The property is already developed with street infrastructure and is at the front of a business park development and will not generate additional public works costs. One-time project fees and building permit revenues are assumed to offset any associated community development department costs.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

PUBLIC SAFETY (POLICE)

Table II-5 presents an estimate of annual public safety (police) service costs allocated to Haymarket DuPage.

Table II-5: Estimated Annual Costs of Providing Public Safety (Police) Service to Haymarket DuPage¹	
	<u>Annual</u>
Total Budgeted Public Safety (Police) Expenditures (FY 2019-20) ²	\$6,037,776
Estimated Variable Public Safety (Police) Costs	\$3,607,516
Annual Police Calls for Service (Based on Five-Year Average) ²	8,665
Variable Public Safety (Police) Cost per Service Call	\$416.33
Projected Haymarket DuPage Calls ²	55 – 73
Service Cost per Call	\$416.33
Annual Public Safety (Police) Service Cost³	\$22,898 - \$30,392
¹ Figures are rounded.	
² Total excludes debt service and capital outlays.	
³ Data provided by Polaris, public safety consultant to Haymarket DuPage.	
Sources: Village of Itasca, FY 2019-20 Budget; Village of Wood Dale; James W. Dominik with Polaris Public Safety Solutions, LLC (“Polaris”); Gruen Gruen + Associates.	

Excluding non-operating costs related to debt service and capital outlays, the fiscal year 2019-20 budget for public safety (police) services totals \$6,037,776. An estimated 40 percent of the budget is fixed or in other words does not vary with changes in population and employment. Personnel costs for management and administrative staff related to salaries, payroll tax, and benefits are estimated as fixed costs. All pension costs are assumed to be fixed. In addition, the estimate treats non-payroll costs including building and equipment maintenance, liability insurance, and professional services as fixed operating expenditures. According to Polaris, for the five-year period 2014 through 2018, the average annual police calls for service total 8,665. Dividing the estimated annual variable public safety (police) costs of \$3,607,516 by 8,665 annual calls produces a cost estimate of \$416.33 per call.

According to Polaris, Haymarket DuPage is estimated to generate 55 to 73 service calls per year. At a per call cost of \$416.33, this equates to annual public safety (police) costs of approximately \$22,898 to \$30,392.

General Government/Administration

Typically, general government services contain a significant fixed cost that does not change as the result of new occupants of an existing building. For example, even as a community experiences population or employment growth, its high-level managerial and administrative personnel costs tend to remain fixed (e.g., the community only needs one Village Manager, one Finance Director etc., irrespective of the size of the service population).



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

Table II- 6 presents an estimate of the annual general government service costs allocated to Haymarket DuPage.

Table II-6: Estimated Annual Cost of Providing General Government Services to Haymarket DuPage	
	<u>Annual</u>
Total Budgeted General Government Expenditures (FY 2019-20) ¹	\$2,849,427
Variable Costs	\$1,424,714
Variable Cost per Resident Equivalent	\$88.67
Haymarket DuPage Added Resident Equivalents ²	54.33
General Government Cost per Resident Equivalent	\$88.67
Annual General Government Service Cost³	\$4,818
¹ Includes the fund accounts of Administration, Legislative, and Information Technology. ² Reflects 163 on-site workers divided by three (to convert to resident equivalents). Food service contractors are not included in this number. ³ Figure is rounded.	
Sources: Village of Itasca, FY 2019-20 Budget; Haymarket DuPage; Gruen Gruen + Associates.	

The decrease in general government service costs during a period in which population and employment growth occurred suggests a high degree of fixed costs pertain to general government services. Adjusting for variable expenses identified from a review of the budget for debt service; payments for garbage service/collection which will not apply to Haymarket DuPage; and legislative (Village Board) expenses; produces an estimate that at least 50 percent of general government service costs are fixed and do not vary with changes in population or employment. We have not accounted for fixed costs with respect to administrative personnel.

For fiscal year 2019-2020, general government expenditures are budgeted at \$2,849,427. Variable costs of 50 percent or \$1,424,714 result in \$88.67 per resident equivalent general government costs. Haymarket DuPage is estimated to add approximately 54 resident equivalents. Multiplying the added resident equivalents by the fixed cost per resident equivalent produces an estimate of annual general government service costs of \$4,818.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

Total Annual General Fund Service Costs

Table II-7 summarizes the estimate of the total costs allocated for the provision of Village of Itasca services to Haymarket DuPage.

Table II-7: Total Annual Village of Itasca Service Costs¹	
	Annual \$
Annual Public Safety (Police Service) Cost	22,898 - 30,392
Annual General Government Service Cost	4,818
TOTAL VILLAGE OF ITASCA SERVICE COST	27,716 – 35,210
¹ Figures are rounded.	
Sources: Village of Itasca; Haymarket DuPage; Gruen Gruen + Associates.	

Haymarket DuPage is estimated to induce approximately \$27,716 to \$35,210 per year in municipal service costs.

Net Fiscal Impact

Table II-8 presents the estimated net fiscal impact of Haymarket DuPage on the General Fund of the Village of Itasca.

Table II-8: Estimated Annual Net Fiscal Impact of Haymarket DuPage on Village of Itasca General Fund¹	
	Annual \$
Total Annual Tax Revenue ²	17,745
Total Annual Service Costs ³	(27,716) – (35,210)
ANNUAL NET FISCAL IMPACT	(9,971) – (17,465)
¹ Figures are rounded.	
² Includes utility and sales tax revenue estimates. Figure is rounded.	
³ Includes police and general government service costs. Figure is rounded.	
Sources: Village of Itasca, FY 2019-20 Budget; Haymarket DuPage; Gruen Gruen + Associates.	

With an estimate of total annual tax revenue generated by Haymarket DuPage of \$17,745 and an estimate of induced annual service costs allocated to Haymarket DuPage of \$27,716 to \$35,210, the net annual fiscal impact to the Village of Itasca General Fund is estimated at approximately (\$9,971) to (\$17,465). This equates to less than 1/10th to less than 2/10^{ths} of one percent of the total General Fund budget summarized in Table II-2 above.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

CHAPTER III

NET ANNUAL FISCAL IMPACT ON THE ITASCA FIRE PROTECTION DISTRICT

INTRODUCTION

The Itasca Fire Protection District serves a geographic boundary that is slightly larger than the Village of Itasca at 6.5 square miles. The Itasca Fire Protection District staffs an engine, an ALS (Advanced Life Support) ambulance, and an aerial truck or tower. The Itasca Fire Protection District also maintains a reserve rescue squad as well as a reserve Engine and a reserve ALS Ambulance. It reportedly has 29 personnel on payroll.

The Village of Itasca states that the Itasca Fire Protection District has an annual call volume of just under 2,000 EMS and fire calls a year.³ According to Polaris, the Illinois Fire Protection District reported to the National Fire Incident Reporting System an average of 1,636 calls per year over the past five years. The Itasca Fire Protection District averages 704 fire service and 932 emergency medical service (“EMS”) service calls per year. The Fire District is principally funded through property taxes.

³ See <https://www.itasca.com/130/Fire-District>



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

FIRE DISTRICT OPERATING REVENUES AND EXPENSES

A FOIA request filed by Haymarket representative James Baldwin in November 2019 produced the Itasca Fire Protection District Annual Financial Report for the fiscal year ending June 30, 2018. Table III-1 summarizes the Fire District revenues and expenditures.

Table III-1: Itasca Fire Protection District Revenues and Expenditures¹		
	\$	%
REVENUES:		
Property Tax	3,847,600	87.2
Service Fees	504,800	11.4
Other	60,900	1.4
Total Revenue	4,413,300	100.0
EXPENSES:		
Salaries & Benefits ²	3,843,100	83.9
Administration	109,700	2.4
Equipment/Supplies	178,700	3.9
Communications	46,700	1.0
Contracted Services	158,500	3.5
Risk Reduction	173,600	3.8
Debt Service	71,400	1.6
Total Expense	4,581,700	100.0
OPERATING SURPLUS (DEFICIT)	(168,400)	
¹ Represents audited financial statement for the most recent period readily available, the fiscal year ending June 30, 2018. Revenues and expenses have been adjusted for inflation to 2020 dollars at the Municipal Cost Index. ² Not including pensions.		
Sources: Itasca Fire Protection District; American City and County; Gruen Gruen + Associates.		

The preponderance of expenses for the Itasca Fire Protection District relate to salaries and benefits of over \$3.8 million or approximately 84 percent of total expenses of nearly \$4.6 million. Property taxes of over \$3.8 million generate over 87.2 percent of total revenues of \$4,413,300. Service fees of \$504,800 account for over 11 percent of total revenue.



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

ESTIMATE OF ANNUAL SERVICE COST

The information received as the result of the previously referenced FOIA request by James Baldwin indicates that Itasca Fire Protection District had 837 ambulance (EMS) dispatches between July 1, 2018 and July 1, 2019. (see Page 83). According to Polaris, a five-year average for annual EMS calls is higher at 932 dispatches. The average of 704 fire protection service calls (non-EMS related) per year is also provided by Polaris.

Table III-2 summarizes an estimate of the annual cost to provide Fire Protection District services for ambulance (EMS) and fire protection service calls to Haymarket DuPage. The estimate summarized below does not reflect service fee charges that offset some of the Fire Protection District service costs.

Table III-2: Estimate of Annual Fire Protection District Service Costs for Ambulance (EMS) and Fire Service Calls		
	Ambulance (EMS)	Fire
Annual Fire District Expenditure	\$2,291,000	\$2,291,000
Estimated Variable Fire District Costs	\$1,786,980	\$1,786,980
Estimated Annual Calls for Service/Dispatches	932	704
Variable Cost per Service Call/Dispatch	\$1,917.36	\$2,538.32
Projected Haymarket DuPage Calls for Service ²	11 – 19	7
Annual Fire Protection District Service Cost	\$21,091 - \$36,430	\$17,768
Total Annual Fire Protection District Service Cost	\$38,859 - \$54,198	
¹ Figures are rounded.		
² Estimate provided by Polaris.		
Sources: Itasca Fire Protection District, FY 2018 Annual Financial Report; Haymarket DuPage; Polaris; Gruen Gruen + Associates.		

Another FOIA from the Better Government Association⁴ summarizes the Itasca Fire Protection District payroll from calendar year 2017. It indicates that the Fire Chief, Deputy Fire Chief, and Fire Prevention Director comprise 12 percent of all “base salary” and “overtime” pay for the Itasca Fire Protection District. Additionally, administration, contracted services, debt service and risk reduction (liability) payments represent about 10 percent of annual expenses as of 2018. Therefore, the calculation presented in Table III-2 assumes that 22 percent of overall Itasca Fire Protection District costs are fixed.

Approximately \$1.8 million of ambulance (EMS) service costs are assumed to be affected by changes in service population. Based on the estimated annual service calls/dispatches, the variable cost per service call/dispatch is estimated at \$1,917 for ambulance (EMS). Similarly, approximately \$1.8 million of fire protection service costs are assumed to be affected by changes in service population. Based on the estimated annual service calls/dispatches in the Village, the variable cost per service call is estimated at \$2,538 for fire protection services.

⁴ <https://salary.bettergov.org/department/itasca-fpd-fire-protection-district-f0f11a05/>



THE FISCAL IMPACT OF THE PROPOSED HAYMARKET DUPAGE ON THE VILLAGE OF ITASCA AND LOCAL TAXING DISTRICTS

According to Polaris, Haymarket DuPage is estimated to generate 11 to 19 EMS calls per year and seven fire protection service calls per year. Utilizing the cost per service call/dispatch and applying this metric to the estimated number of service calls for Haymarket DuPage results in estimated annual Itasca Fire Protection Service District of \$21,091 to \$36,430 for EMS service and \$17,768 for fire service. Combined EMS and fire service calls are estimated to range from \$38,859 to \$54,198 per year.

ANNUAL NET FISCAL IMPACT

Table III-3 summarizes the net annual fiscal impact to the Itasca Fire Protection District. The Itasca Fire Protection District Fiscal Year 2018 Annual Financial Report indicates collection of revenues equaling average service fees of approximately \$329 per call or dispatch.

Table III-3: Net Annual Impact to Fire Protection District	
	Annual \$
Average Service Fee Charges @ \$329/Call	5,922 – 7,896
Fire Protection District Expenditures to Serve Haymarket DuPage ¹	(38,859) – (54,198)
ANNUAL NET FISCAL IMPACT	(32,937) – (46,302)
¹ Based on estimated 11-19 EMS dispatch calls and seven calls for Fire response. See Table III-2.	
Sources: Itasca Fire Protection District, FY 2018 Annual Financial Report; Haymarket DuPage; Gruen Gruen + Associates.	

Given estimated average service fee charges of \$5,922 to \$7,896, and \$38,859 to \$54,198 of expenditures, the net fiscal impact estimated to be allocated to providing fire protection service to Haymarket DuPage is estimated at (\$32,937) to (\$46,302). This equates to 0.72 percent to 0.93 percent of the total Itasca Fire Protection District expenditures summarized in Table III-1 above.



SECTION 2

**THE ECONOMIC IMPACT OF THE PROPOSED
HAYMARKET DUPAGE ON THE DUPAGE COUNTY ECONOMY**

**THE ECONOMIC IMPACT OF THE PROPOSED
HAYMARKET DUPAGE ON THE DUPAGE COUNTY ECONOMY**

**CHAPTER IV
INTRODUCTION, FINDINGS AND CONCLUSIONS**

INTRODUCTION

Haymarket DuPage engaged Gruen Gruen + Associates (“GG+A”) to estimate the economic impact of the proposed Haymarket DuPage facility on the DuPage County economy. The proposed Haymarket DuPage substance use disorder and behavioral health treatment facility will generate economic impacts from three primary sources:

- Expenditures on payroll and staff to operate the facility;
- Expenditures on non-payroll goods and services to operate the facility; and
- Expenditures made by workers and visitors to the facility.

Haymarket DuPage will attract dollars from outside of DuPage County and spend many of these dollars within DuPage County on payroll and operations. Worker and visitor expenditures, in addition to expenditures on operations and payroll, will further serve to increase the purchase of goods and services in DuPage County. The direct expenditures of Haymarket - and to some degree, the demand that results from the secondary or induced effects of these initial dollars - ripple through the economy creating more activity, jobs, and income.

FINDINGS AND CONCLUSIONS

Table IV-1 summarizes the estimated annual economic impact of Haymarket DuPage operations on the DuPage County economy.

Table IV-1: Annual Economic Impact of Haymarket DuPage on the DuPage County Economy			
	Employment # Jobs	Earnings \$	Output \$
Direct ¹	163.0 ²	9,565,540	20,807,345
Indirect	27.8	1,050,511	6,860,482
Total	190.8	10,616,051	27,667,827
Multiplier ²	1.17	1.11	1.33
¹ The direct impacts will occur locally in Itasca. ² Food service contractors are not included in this number. ³ Figure rounded to nearest hundredth. Employment multiplier is 1.1708; earnings multiplier is 1.1098; and output multiplier is 1.3297.			
Sources: RIMS II, Regional Product Division, Bureau of Economic Analysis; Gruen Gruen + Associates.			

The direct annual impact of Haymarket DuPage operations is estimated at 163 jobs with \$9.6 million of direct earnings (payroll). This equates to direct annual earnings of approximately \$58,700 per job



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at the facility. The direct annual output is estimated at \$20.8 million. The direct output (volume of economic activity) estimate is imputed from the United States Bureau of Economic Analysis RIMS II multipliers for residential mental health and substance disorder treatment centers in DuPage County, indicating 7.834 direct jobs for each \$1,000,000 of annual output (revenue).

The total impacts of Haymarket DuPage operations, including direct and indirect effects, are estimated at 191 jobs and \$10.6 million of annual earnings within DuPage County. This equates to total annual earnings of \$55,600 per job created. The total annual output impact is estimated at \$27.7 million in DuPage County.

The employment multiplier within DuPage County is estimated at 1.17. This means that for every 10 direct, on-site jobs to operate Haymarket DuPage, an additional 1.7 jobs will be indirectly created elsewhere in DuPage County. The earnings multiplier of 1.11 indicates that \$11 in additional earnings will result from each \$100 dollars of direct earnings paid to Haymarket DuPage employees. The output multiplier is estimated at 1.33. This means for every \$1,000 of direct economic output there would be an additional \$330 dollars of output elsewhere in DuPage County.

The direct economic effects from Haymarket DuPage operations will occur on-site within the Village of Itasca. As of March 2019, the Illinois Department of Employment Security estimates that Itasca contained 18,786 jobs.⁵ Direct employment at the proposed Haymarket DuPage facility would represent a 0.87 percent increase to the employment base within the Village of Itasca.

⁵ Illinois Department of Employment Security, “Where Workers Work”, November 2019.



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CHAPTER V METHODOLOGY AND DATA INPUTS

METHODOLOGY

The economic impacts within DuPage County generated by the operation of Haymarket DuPage presented in this report are presented in terms of:

1. Employment (full-time and part-time jobs);
2. Earnings (wages and salaries, benefits, and proprietors' income); and
3. Output (value of all goods and services produced).

The economic impacts attributable to payroll, non-payroll, and worker and visitor spending are estimated using RIMS II multipliers produced by the United States Bureau of Economic Analysis. Input-output multipliers provide an accounting tool of inter-industry relationships (or linkages) among industry sectors within a given geographic area of study - in this case, DuPage County.

When one sector of the economy increases its production because of increased demand for its goods or services, firms and institutions in related industries will also experience increased demand for their products. This is referred to as the “multiplier effect” and is represented by a multiplier coefficient. The magnitude of the multiplier depends upon the extent to which firms purchase their inputs from other firms located in the same region, as contrasted with the purchase of inputs from those located outside the region. Multipliers vary among industries and among regions. For example, larger and more diverse regions will tend on average to have larger industry multiplier effects because of a greater likelihood of tighter linkages within the region, or in other words, that an industry’s inputs will be provided by other businesses within the region. Because some sectors are missing in the local economy, the multiplier effect is smaller than those for larger economic areas such as the Chicago metropolitan area.

The following explains the three coefficient effects:

1. “Direct” effects are those that result from the expenditures made by Haymarket DuPage directly for its operations and maintenance activities;
2. “Indirect” effects are the new economic activities that occur due to the direct expenditures of Haymarket DuPage. These effects are primarily due to the spin-offs in industry sector-to-industry sector demands that follow from the initial direct spending; and
3. “Induced” effects are the results of spending on wages and salaries for employees and non-payroll expenditures that generate new household income and associated proportionate re-spending and employment. These are industry sector-household spending effects.

The multiplier is the coefficient that relates the magnitude of a direct economic impact to a total economic impact that includes both direct and indirect (including induced) impacts. An employment multiplier of 1.2, for example, indicates that for every 10 jobs directly supported by an activity or event; an additional two jobs are created elsewhere in the local economy due to industry-to-industry purchases and the re-circulation of wages and salaries paid to employees.



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DATA INPUTS FOR IMPACT ANALYSIS

This section summarizes the direct inputs or sources of direct economic impact related to Haymarket DuPage payroll and non-payroll expenditures.

Direct Employment and Payroll

Table V-1 summarizes the number of on-site employees and associated annual payroll estimated by Haymarket DuPage.

Table V-1: Haymarket DuPage Direct Employment and Payroll		
	Total	Residing in DuPage County ¹
Direct Employees	163	50
Direct Annual Payroll (Salaries & Benefits) ²	\$9,565,540	\$2,934,215
¹ Assumes that 50 employees, or 30.7 percent of all employees, reside in DuPage County.		
² Includes payroll associated with two additional contract employees.		
Sources: Haymarket DuPage; Gruen Gruen + Associates.		

The United States Census Bureau Center for Economic Studies data indicates that 33.2 percent of workers employed in DuPage County also live in DuPage County. An estimated 27 percent of workers employed in the Village of Itasca live in DuPage County. This economic impact analysis assumes that 50 direct employees, or approximately 31 percent, will reside within DuPage County.

Non-Payroll Operating Expenditures

Non-payroll operating expenditures for various goods and services (e.g., supplies, utilities and telecommunications, food services, facility maintenance services, and private EMS services) increase final demand of the affected industries or businesses for those goods and services produced within DuPage County. These purchases by Haymarket DuPage will induce multiplier effects when suppliers of the goods and services purchase additional inputs from “upstream” suppliers; and when all affected suppliers hire employees, who in turn make consumer purchases in DuPage County.

Table V-2 summarizes estimates of annual non-payroll operating expenditures provided by Haymarket DuPage.



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Table V-2: Non-Payroll Operating Expenditures		
	Annual Expenditure \$	Local Purchase Share ¹ %
Utilities and telecommunications	494,626	41.6
Equipment and supplies	680,994	100.0
Insurance	62,000	0.0
Facility maintenance and repair	350,000	50.0
Program support services	262,421	100.0
Food services	850,000	100.0
Vehicle maintenance	101,000	100.0
Other expenses ²	274,065	0.0
Total	3,075,106	74.0
¹ Share of goods and services purchases assumed to be supplied locally in DuPage County.		
² Other expenses includes travel, conferences/meetings, and fees and licenses.		
Sources: Haymarket DuPage; Gruen Gruen + Associates.		

Non-payroll annual expenditures are estimated to total \$3,075,000 of which 74 percent are estimated to be made within DuPage County. These expenditures include utilities and telecommunications of approximately \$495,000; equipment and supplies of approximately \$681,000; and facility maintenance and repairs of \$350,000 of which 50 percent of expenditures are anticipated to be made within DuPage County. In addition, program support services of over \$262,000, contract food services of \$850,000, and vehicle maintenance expenses of \$101,000 are also estimated to be made within DuPage County.

The estimates of purchases within DuPage County reflect information provided by Haymarket DuPage pertaining to vendors. GG+A reviewed the geographic locations of vendors to estimate the degree of leakage (out of DuPage County) that would likely occur. For example, two vendors related to facility maintenance and repairs are anticipated and one of these vendors is located in Kane County, so the estimates assume 50 percent of non-payroll expenditure for facility maintenance and repair “leak” out of DuPage County. The estimates reflect the assumption no gas or electric expenditures are made within DuPage County but that 100 percent of water utilities and telecommunications are made within DuPage County. This assumption results in local purchase share of approximately 41.6% for total utilities and telecommunications expenditures.

Non-Local Worker Expenditures

The majority of workers directly employed to work at the Haymarket DuPage are presumed to reside outside of DuPage County. As summarized previously in Table V-1, this economic impact analysis assumes that 113 direct employees (about 69 percent) will reside outside of DuPage County. These non-local employees, however, will produce an economic impact to the local economy as they purchase goods and services.

Table V-3 summarizes an estimate of non-local worker spending on retail goods and services and dining.



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Table V-3: Annual Non-Local Worker Spending in DuPage County		
	Per Worker¹	Total
	\$	\$
Annual Payroll	58,684	6,631,325
Restaurant Expenditures @ 2.5%	1,467	165,783
Food/Beverage Store Expenditures @ 1.5%	880	99,470
Other Retail Expenditures @ 2.0%	1,174	132,627
Annual Expenditures	3,521	397,880
¹ Based on 113 direct employees residing outside of DuPage County.		
Sources: Haymarket DuPage; United States Bureau of Labor Statistics, <i>Consumer Expenditure Survey</i> ; Gruen Gruen + Associates.		

The expenditure estimate of six percent of payroll equates to spending of approximately \$70 per work week for each non-local worker commuting in- and out- of DuPage County. Total annual non-resident worker spending on retail goods and services and dining in DuPage County approximates \$398,000.

We do not consider any potential expenditures on lodging, food or necessities or other expenditures from friends and family members who may visit patients.



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**CHAPTER VI
ESTIMATED ECONOMIC IMPACTS ON THE DUPAGE COUNTY ECONOMY**

INTRODUCTION

As described above, the operation of Haymarket DuPage will directly and indirectly support jobs, income, and economic activity within DuPage County. Based on information and estimates provided by a representative of Haymarket DuPage and from secondary data sources cited in this report, this chapter presents an estimate of the economic impact of Haymarket DuPage operations on the DuPage County economy.

2020 CONSTANT DOLLARS

All earnings and output estimates are expressed in constant 2020 dollars. That is, the possible effects of inflation or deflation are not considered.

TOTAL ECONOMIC IMPACT HAYMARKET DUPAGE OPERATIONS

Table VI-1 summarizes the total direct and indirect economic impacts on the DuPage County economy. The total economic impacts encompass those related to payroll, non-payroll, and worker spending.

Table VI-1: Annual Economic Impact of Haymarket DuPage on the DuPage County Economy			
	Employment # Jobs	Earnings \$	Output \$
Direct	163.0 ¹	9,565,540	20,807,345
Indirect	27.8	1,050,511	6,860,482
Total	190.8	10,616,051	27,667,827
Multiplier ²	1.17	1.11	1.33
¹ Food service contractors are not included in this number.			
² Figure rounded to nearest hundredth. Employment multiplier is 1.1708; earnings multiplier is 1.1098; and output multiplier is 1.3297.			
Sources: RIMS II, Regional Product Division, Bureau of Economic Analysis; Gruen Gruen + Associates.			

The direct annual impact of Haymarket DuPage operations is estimated at 163 jobs with \$9.6 million of direct earnings (payroll). This equates to direct annual earnings of \$58,700 per job at the facility. The direct annual output is estimated at \$20.8 million. The direct output (volume of economic activity) estimate is imputed from the United States Bureau of Economic Analysis RIMS II multipliers for residential mental health and substance disorder treatment centers in DuPage County, indicating 7.8 direct jobs for each \$1,000,000 of annual output (revenue).



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The total impacts of Haymarket DuPage operations, including direct and indirect effects, are estimated at 191 jobs and \$10.6 million of annual earnings within DuPage County. This equates to total annual earnings of \$55,600 per job created. The total annual output impact is estimated at \$27.7 million in DuPage County.

The employment multiplier within DuPage County is estimated at 1.17. This means that for every 10 direct, on-site jobs to operate the Haymarket DuPage, an additional 1.7 jobs will be indirectly created elsewhere in DuPage County. The earnings multiplier of 1.11 indicates that \$1,000 in additional direct earnings will result in \$110 of indirect earnings created elsewhere in DuPage County. The output multiplier is estimated at 1.33. This means for every \$1,000 of direct economic output there would be an additional \$330 dollars of output elsewhere in DuPage County.

Source of Indirect Impacts on DuPage County Economy

Table VI-2 presents estimates of the sources of indirect impacts of the direct impacts generated by the operation of Haymarket DuPage on the DuPage County economy.

Table VI-2: Sources of Indirect Impacts on DuPage County Economy				
	Employment		Earnings	
	# Jobs	%	\$	%
Payroll expenditures	9.4	33.7	393,478	37.5
Non-payroll expenditures	16.4	59.0	601,978	57.3
Non-local worker spending	2.0	7.3	55,054	5.2
Total Indirect Effects	27.8	100.0	1,050,510	100.0
Sources: RIMS II, Regional Product Division, Bureau of Economic Analysis; Gruen Gruen + Associates.				

Expenditures on payroll, non-payroll items, and non-resident worker spending are estimated to support a total of nearly 28 additional jobs in DuPage County. These jobs are estimated to produce annual earnings or labor income of an additional \$1,051,000 (an average of \$37,700 per additional job).



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