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**University of Vermont Medical Center to Lease Offices in
Downtown Burlington for 350-400 Employees at the Redeveloped
Burlington Town Center**

*Developer Hails Important Project Milestone; Releases Economic Impact Study Detailing
Significant Jobs and Tax Receipts the Project Will Generate*

April 4, 2016 - Devonwood Investors, LLC, the owners of the Burlington Town Center (“BTC”) today announced that it has entered into a preliminary agreement with The University of Vermont Medical Center (“UVM Medical Center”) to lease non-clinical office space for UVM Medical Center right in the heart of downtown Burlington. The lease would allow the UVM Medical Center to utilize the soon-to-be redeveloped site of the BTC to place downtown 350-400 administrative jobs currently located at sites used by UVM Medical Center in Burlington and outside of the city as leases expire.

UVM Medical Center selected the BTC site to house these services after a competitive bid process. The preliminary agreement now requires the parties to negotiate a full lease in the coming months and it will move forward only if the BTC redevelopment meets a number of project milestones, including City Council approval of a predevelopment agreement for the BTC site, Development Review Board approval, and other permitting requirements.

“We are happy to keep our close connection to Burlington and to strengthen its downtown with our highly skilled workforce,” said Dr. John Brumsted, Chief Executive Officer of UVM Medical Center. “We expect the BTC site will provide cost-effective and efficient space for us in a newly-vibrant downtown location. We are very pleased to be right here in Burlington.”

The parties’ agreement contemplates an initial 10-year lease of new office space for UVM Medical Center staff, and includes options for renewal and for UVM Medical Center to purchase the space in the future. If approvals are obtained and the project moves forward as planned, UVM Medical Center will move into its new downtown space in January 2019, as required due to its expiring leases.

Don Sinex, a principal at Devonwood, hailed BTC’s selection by UVM Medical Center and expressed confidence his project will meet its needs. “Redeveloping the BTC site so that it can serve the City’s needs for decades to come is very important,” said Sinex. “UVM Medical Center’s decision to locate its services in our new site and grow jobs for the City represents an important milestone for this project. The hospital is a critical community partner, and I am so pleased that it will serve as an anchor for this project.”

Sinex also announced today the completion of an Economic Impact Study by UVM Business School Professor of Real Estate and Finance Kevin Chiang, confirming the significant economic benefits of redeveloping the BTC site. The study estimates that the project will generate 941 construction jobs and over 1200 direct and indirect permanent new jobs from its new retail, services, and commercial space. The study also details the significantly enhanced city and state tax receipts that the new activity created by the project will generate. The study projects an additional \$46 million paid due to city taxes and \$186 million paid due to state taxes from that activity over a 30-year period, even without calculating any additional benefits from the increased housing the project will create or from any follow-on investments.

For more information on the redevelopment of the Burlington Town Center, including public presentations and plans, please visit <https://www.burlingtonvt.gov/CEDO/BTV-Mall-Redevelopment-Process>

Professor Kevin Chiang's Economic Impact Study is attached

The Economic Impact of Burlington Town Center Mall Redevelopment

Prepared by:

Kevin Chiang, Ph.D.
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March 2016

Executive Summary

- The Burlington Town Center (BTC) Mall is planning a large-scale redevelopment. The redevelopment includes a variety of amenities that will further add to the City of Burlington. The redevelopment will add large anchor stores, branded and local restaurants, a cinema complex, residential housing, office space, and public amenities including newly restored St. Paul Street, a pedestrian corridor at Pine Street that may be used for a winter farmers' market, an observation deck open to the public overlooking Lake Champlain, more public parking, bike lockers, and more.
- The redevelopment construction direct spending is estimated to be \$249.00 million. The construction will create an additional \$165.61 million sales/output for the regional economy. The total output due to the construction is thus \$414.61 million.
- After the BTC redevelopment is completed, additional annual sales of \$147.70 million is expected for the BTC operations. These increased commerce activities will generate an additional \$46.39 million sales/output for the other stakeholders in the regional economy. In total, the redeveloped BTC is expected to introduce incremental output for the regional economy in the amount of \$194.09 million per year from commercial activity. This figure does not include any additional economic activity generated from the residential component of the project.
- The construction is expected to directly create approximately 547 new jobs during the construction phase. The secondary effects of the construction will generate an additional 394 jobs. In total, the BTC construction will support 941 jobs throughout the regional economy.
- The redeveloped BTC is expected to directly support approximately 957 additional permanent jobs from on-going operations. The secondary effects are expected to create 339 additional jobs throughout the regional economy. In total, 1,296 new jobs will be supported because of the BTC redevelopment.
- The present value over 30 years of direct tax revenues from the redeveloped BTC to the City is estimated to be \$46.82 million, whereas the present value of direct state tax is estimated to be \$186.10 million. These figures represent the additional amount expected to be paid by the owner and users of the project and do not take into account any municipal financing arrangements that may apply to the project.

The Economic Impact of Burlington Town Center Mall Redevelopment

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I. Purpose

The Burlington Town Center (BTC) Mall is located on Church Street in downtown Burlington. The BTC is in the planning phase for a large-scale, \$249.00 million redevelopment project. The redevelopment will include expanding and reconfiguring the retail space to include more entertainment-type venues, adding a large residential and office component, and providing enhanced public amenities. The purpose of this study is to examine and estimate the economic impact of the planned redevelopment on the City of Burlington, the regional area, and the State of Vermont. Like any economic modeling, this analysis is based upon the planned project program utilizing reasonable assumptions and publicly available metrics and statistics.

The BTC is an important revenue and job creator in the regional economy, but the economic impact of the BTC redevelopment go beyond the number of jobs and tax revenue at the BTC itself. In this study, the economic impact of the BTC redevelopment are estimated in terms of direct construction jobs, direct permanent jobs that are expected to be created within the BTC, the additional taxable sales revenue that can be generated for the City and the State, the increased property tax expected to be paid, and the overall secondary effects (i.e., multiplier effects) that will result from the proposed redevelopment project. The main underlying economic model used in the study is the input-output model developed by Nobel Prize laureate Wassily Leontief. The model is widely accepted among academia as the standard model for estimating the impact of potential performance of a regional economy in inter-industry transactions.

Our analysis is based on a carefully constructed economic model that quantifies the impact of the redevelopment on the City, the regional area, and the State. Such a systematic approach based on a well-established economic model is important because effective planning for private developments and community programs at the City and the State level requires comprehensive understandings of economic impact of developments and programs on the affected region. These understandings will help the City and the State in city planning and regional planning, respectively. The financial estimates from the study will also be useful to the City and the State in determining whether assistance should be provided to the proposed redevelopment project due to its economic impact.

This report was commissioned by Devonwood Investors, LLC, the new owner of the BTC. The research team consists of independent researcher Professor Kevin Chiang and his two graduate research assistants at the University of Vermont: Lauren Graves and Matthew Smith.

This report begins with a brief history of the BTC and a description of the proposed redevelopment. It follows with a discussion of the locational attributes and strategic importance of the BTC redevelopment to downtown Burlington. The report then turns to research methodology. We then estimate the direct impact of the redevelopment during its construction phase and the operation period. Next, we present our measures of the

total economic impact on sales, earnings, and employment to the regional economy. Finally, we conclude with a sensitivity analysis and put our findings into perspective.

II. Burlington Town Center Mall Redevelopment

The BTC is located at 49 Church Street in Burlington, Vermont. The property has a gross leasable area of 217,160 square feet that is primarily allocated to retail business.¹ The previous owner, General Growth Properties, had difficulties to improve occupancy of the retail space. The current owner believes that the underperformance is largely due to the poor infrastructure of the BTC and the lack of foot traffic within the mall.

The current owner of the BTC is Devonwood Investors, LLC. After being founded in 1997, the company serves as a private investment firm and provides real estate advisory services. In 2009, the company launched the Devonwood Investment Property Fund I. This private closed-end fund was created for the investment of capital into undervalued real estate property in the office, hotel, and retail sectors. The company provides strategic market knowledge, creative and direct transaction sourcing, and operational and financial management for investors, partners, and clients.² The BTC was purchased by Devonwood in December of 2013.

The proposed redevelopment of the BTC is comprehensive and slated to benefit the City and the State in a fundamental way. The current plan being discussed with the City includes the following aspects:

- Adding several local and popular brand restaurants to the BTC along Cherry Street and Bank Street
- Adding a cinema complex with six to eight screens
- Adding a new large retail department store tenant to the BTC or alternatively three to four mini-anchor retail stores
- Adding 274 residential housing units suitable for a variety of tenants across the income spectrum and meeting Burlington's inclusionary zoning requirements
- Adding new office space that houses institutional tenants
- Adding a new multi-level garage structure on Cherry Street that will be integrated into the new building being developed on Cherry Street
- Adding additional retail space that will focus on entertainment and services to satisfy the growing Church Street demand (e.g., retail services for tenants, live entertainment venues, etc.)
- Adding public amenities including a newly restored St. Paul Street, a pedestrian or perhaps vehicular corridor at Pine Street that may be used for a winter farmers' market or similar community events, improved public streetscape on

¹ www.loopnet.com/Listing/17838109/49-Church-Street-Burlington-VT/

² "About Devonwood. An Operating Partner for opportunistic real estate transactions", Devonwood Investors, LLC, 2009.

Bank and Cherry Streets, an observation deck open to the public overlooking Lake Champlain, more public parking, bike lockers, and more

- Enhancing the BTC's frontage on Church Street and adding additional retail space on Church Street

The proposed redevelopment plan, which is expected to take approximately three years to complete, has an estimated construction spending of \$249.00 million.

The BTC Redevelopment Project Preliminary Rendering



III. Locational Attributes and Significance

The BTC is geographically located in the center of downtown Burlington, and is the largest retailing facility in the area. These locational attributes endow a redeveloped BTC a leading role in creating and maintaining livability, retail experience, and identity for the community.

Foremost, the critical mass and potential drawing power of the redeveloped BTC is strategically important to the ongoing growth of the Burlington downtown area. As a potentially vibrant marquee retailer, the redeveloped BTC magnifies downtown commerce activities; that is, trips to the redeveloped BTC are expected to induce patronage of other downtown businesses. As a community member, the redeveloped BTC also provides a richer set of shopping and entertainment opportunities. These opportunities enrich living quality and experiences for residents and visitors. Many urban economists today believe that the growth of city is not just about creating and growing businesses and employment. Consumption amenities offered in a city are also important determinants in defining the attractiveness and sustainability of a modern city.

In addition, the redeveloped BTC is an integral component of the Church Street renaissance that prompts the return of housing and permanent residents to downtown Burlington. This robust community significantly contributes to the local economy because local residents purchase local products and services year-round. It is well known that a permanent residential community is the engine that sustainably drives the creation of new businesses and tax base. It is important to note, however, that this study treats the residential component of this project conservatively and does not attempt to attribute additional economic impact from this component, even though residential tenants contribute to regional economy.

Furthermore, it has been extensively documented in real estate literature that the success of a shopping area such as downtown Burlington is determined by a set of factors that include (1) customer drawing power of marquee retailers, (2) design and social characteristics of the shopping area (e.g., outdoor shopping vs. enclosed shopping, layout, restaurants featuring local food, etc.), and (3) community condition variables such as employment, earnings, and population.³ The quality of marquee retailers matters because retail activities are usually geographically clustered to satisfy consumers' desire for one-stop shopping. As a result, the economic significance of marquee retailers to the regional economy stems from their abilities to draw visitors and create foot traffic for the entire shopping area. In an economic equilibrium, retailers that are known traffic generators often receive rent discounts because they produce positive externalities to the community. For example, ABC 4 news in Salt Lake City reported that the Utah city offered five years free rent to its new Apple Retail Store.⁴

³ Sirmans and Guidry (1993, *Journal of Real Estate Research*), among many others.

⁴ <http://www.cnet.com/news/heres-how-desperately-cities-want-apple-stores/>

The redeveloped BTC has the potential to be an effective marquee retailer that draws new visitors to downtown Burlington for several reasons. First, the redeveloped BTC has the critical size to draw visitors. The redeveloped retail space is approximately two times of the old space. A greater size economizes one-stop shopping and better attracts those visitors who value shopping comparison and convenience. In addition, a more complete list of retailing and entertainment offerings at the redeveloped BTC helps draw different groups of visitors that are currently underserved. For example, the L.L.Bean store is a destination retailer that attracts outdoor lovers. The cinema complex and the other entertainment venues at the BTC provide visiting families with a more complete selection of family activities.

IV. Methodology

The economic impact of the BTC redevelopment goes beyond sales, the number of jobs created, wages paid, and taxes paid to the local and State governments by the BTC itself. The total economic impact of the BTC redevelopment consists of direct economic impact and secondary economic effects. In the framework of the input-output model, there are two types of secondary effects: indirect effects and induced effects. Indirect effects are the incremental changes in sales, wages, jobs, and tax revenues within backward-linked businesses in the region (e.g., local food suppliers to BTC restaurants). Backward-linked businesses and local governments benefit indirectly from the expansion of the BTC because of increased sales and associated job creation among the backward-linked businesses, as well as increased tax revenues due to increased commerce activities. In contrast, induced effects are the incremental changes in sales, wages, jobs, and tax revenues resulting from household spending of income earned either directly or indirectly from the BTC redevelopment. For example, new employees of the redeveloped BTC spend their incomes and add to the local economy. This type of spending creates additional commerce activities that indirectly lead to new sales, jobs, and tax revenues.

The standard method for estimating secondary economic effects is to use multipliers that capture the propensity of businesses and households to purchase products and services, as well as the propensity of businesses in hiring employees from within the local economy. For this study, the research team acquired the Regional Input-Output Modeling System (RIMS II) multipliers from the U.S. Bureau of Economic Analysis (BEA) in Washington, D.C. The multiplier estimates from the BEA are well-established standards in academic literature and are widely used by public and private sectors throughout the country. For example, the Department of Defense uses BEA multipliers to estimate the regional economic impact of defense spending. The Florida Department of Transportation uses BEA multipliers to estimate the regional economic impact of initiating transportation projects. It is widely held that the use of these standard multipliers frees studies from the problem of data snooping.

This study uses BEA multipliers that are tailored by the BEA for the regional economy in Chittenden County, Vermont. Output multipliers, wage/earnings multipliers, and employment multipliers related to the following industries were retrieved from BEA multiplier tables: amusements, construction, food services and drinking places, real estate, and retail trade.

V. Direct Economic Impact

The direct economic impact of a shopping center redevelopment has two components: short-term impact from construction spending and long-term impact from operations. The immediate, short-term impact is derived from the capital expenditures during the construction phase. The permanent, long-term impact is due to the incremental sales revenues that the redeveloped BTC is expected to generate. All of the commerce activities add directly to the regional economy and tax revenues.

A. Planned Capital Spending

For purposes of this analysis, the construction phase is assumed to begin in 2017 and end in 2019. The total capital spending is estimated to be \$249.00 million. The following is a presentation of planned capital expenditures during the three-year construction phase based on a parsimonious, straight-line spending schedule.

	% Capital Expenditure	Increase in Final Demand (\$million)
2017	33.33%	83.00
2018	33.33%	83.00
2019	33.33%	83.00

According to the BEA statistics, the planned annual capital spending will directly create approximately 547 additional construction jobs for the regional economy with an average annual wage gain of \$22.12 million for each of the three construction years. Sales tax revenues to the City and the State during the construction period are expected to be \$1.56 million and \$9.34 million, respectively.

B. Incremental Sales Revenues

Calendar year 2020 is expected to be the first full-operational year once construction concludes. The following is a presentation of the incremental sales revenues that are expected for calendar year 2020.

	Category	Sales (\$million)
Additional Retail	New Anchor or Mini-Anchors	20.00
	National Electronics Retailer	8.00
	L.L. Bean ⁵	7.20
	Other New Retail	76.50
	Misc Sales (Kiosk etc.)	<u>3.50</u>
	Total	115.20
Restaurants		12.00
Office Rental		13.00
Entertainment	Movie Theater	4.50
	Others	<u>3.00</u>
	Total	7.50

The additional retail space created by the redevelopment is expected to generate annual sales in the amount of \$115.20 million. The office space is expected to have annual rental sales in the amount of \$13.00 million. The forecasted annual sales for new restaurants and entertainment venues are \$12.00 and \$7.50 million, respectively. Overall, the redevelopment is expected to increase BTC annual sales by a total of \$147.70 million. Note that these forecasted sales revenues are obtained based on fairly conservative estimates of sales per square foot and the sizes (# square feet) of additional retail, restaurants, office, and entertainment venues. The guiding principle for setting the estimates of sales per square foot is to use a value that is no higher than a regional or national average. For example, national electronics retailers achieved a range of annual sales of \$900-\$5,000 per square foot in 2015. In our sales forecast model, the proposed national electronics retailer in the redeveloped BTC is expected to achieve \$800 per square foot in 2020.

According to the BEA statistics, the BTC redevelopment is expected to directly create approximately 957 additional permanent jobs for the regional economy. These permanent jobs generate an annual wage gain in the amount of \$20.84 million.

⁵ L.L. Bean is already operational but was recruited to the development by the owner in connection with this redevelopment plan.

C. Tax Revenues

The expansion of BTC commerce activities and property value creates additional recurring tax revenues to the City and the State. The vast majority of new tax revenues from the BTC redevelopment come in the form of sales tax, followed by property tax, meals tax, and utility tax. The following is a presentation of direct new taxes paid for calendar year 2020 when the redeveloped BTC enters its first year's full operation. Please note that this presentation does not model the effect of any municipal financing such as Tax Increment Financing.

	Tax Base (\$million)	Tax, City Rate (\$million)	Tax, State Rate (\$million)
Commercial Property ⁶	124.00	0.99	2.17
Retail Sales ⁷	115.20	0.77	4.63
Restaurant Sales	12.00	0.24	1.08
Entertainment Sales	7.50	0.08	0.45
Electricity ⁸	1.90	<u>0.09</u>	<u>0.11</u>
Total		2.16	8.45

In total, the redeveloped BTC is expected to generate an additional \$2.16 million in tax revenue to the City in 2020. An additional \$8.45 million in taxes will be paid based upon State rates directly from the BTC in 2020.

Since these annual tax payments are expected to recur for decades, the total values of these taxes are calculated by summing up the present values of future expected tax receipts from the BTC. The usable life of the BTC after the redevelopment is assumed to be 30 years.⁹ The nominal discount rate is assumed to be 4.5%. The BTC sales growth rate is approximated by expected inflation rate that is assumed to be 2%.¹⁰ Based on these assumptions, the present value of 30 years of recurring tax payments attributable to the City upon completion of the redevelopment is estimated to be \$46.82 million, whereas the present value of recurring tax payments attributable to the State is estimated to be \$186.10 million.

⁶ The tax base of \$124 million is based upon gross construction costs of \$249 million, minus all soft costs and amounts not paid by or on behalf of owner for direct construction.

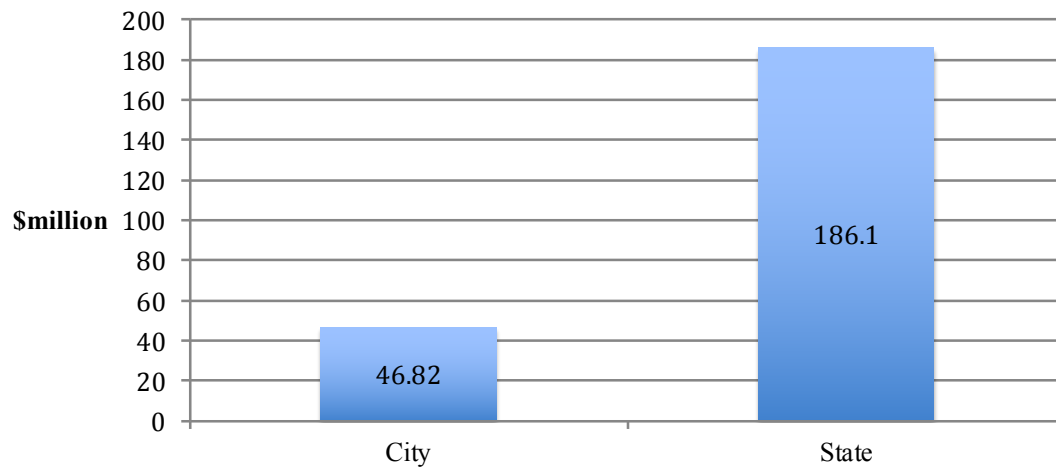
⁷ Calculation assumes 67% of retail sales are taxable transactions.

⁸ Electricity sales receipts do not assume any onsite electricity generation.

⁹ The Internal Revenue Service uses a 39-year life for the depreciation of commercial properties. According to CoStar, a leading commercial real estate database provider, the average economic life among distressed shopping malls is approximately 30 years. The economic life of a shopping mall is generally longer (shorter) when the location of the shopping mall is more (less) desirable.

¹⁰ U.S. retail growth rate, on average, has been higher than U.S. inflation rate.

BTC Direct Impact
Present Values of Recurring Tax Payments

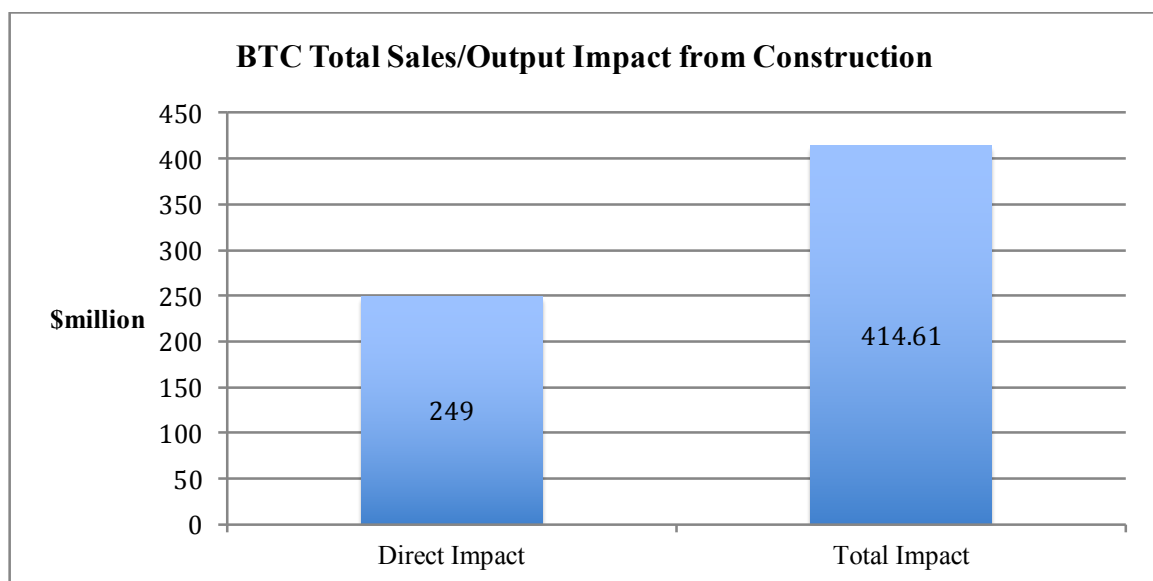


VI. Total Economic Impact

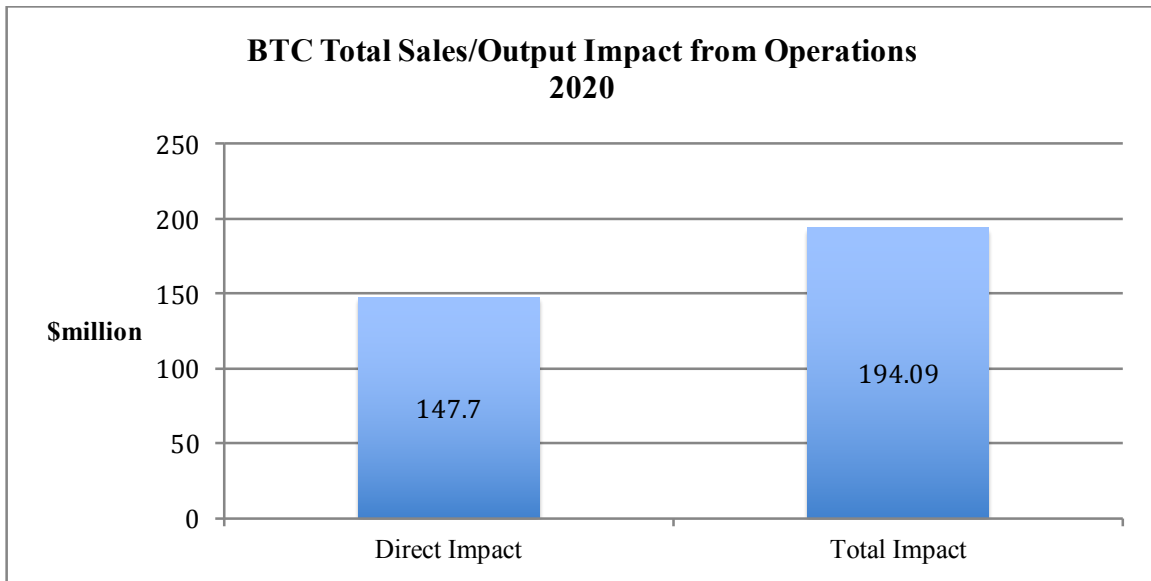
The BTC redevelopment has secondary economic effects. The redevelopment generates additional sales, earnings, and employment beyond the BTC because other stakeholders of the regional economy benefit from the redevelopment. Within the framework of the input-output model, the total economic impact of the BTC redevelopment is the sum of direct economic impact, indirect effects, and induced effects.

A. Total Sales/Output Impact

As discussed in the previous section, the construction spending is expected to be \$249.00 million. Based on the construction industry output multiplier published by the BEA, we estimate that the construction will create an additional \$165.61 million sales for the Chittenden County. That is, the total sales due to the construction is expected to be \$414.61 million for the regional economy.

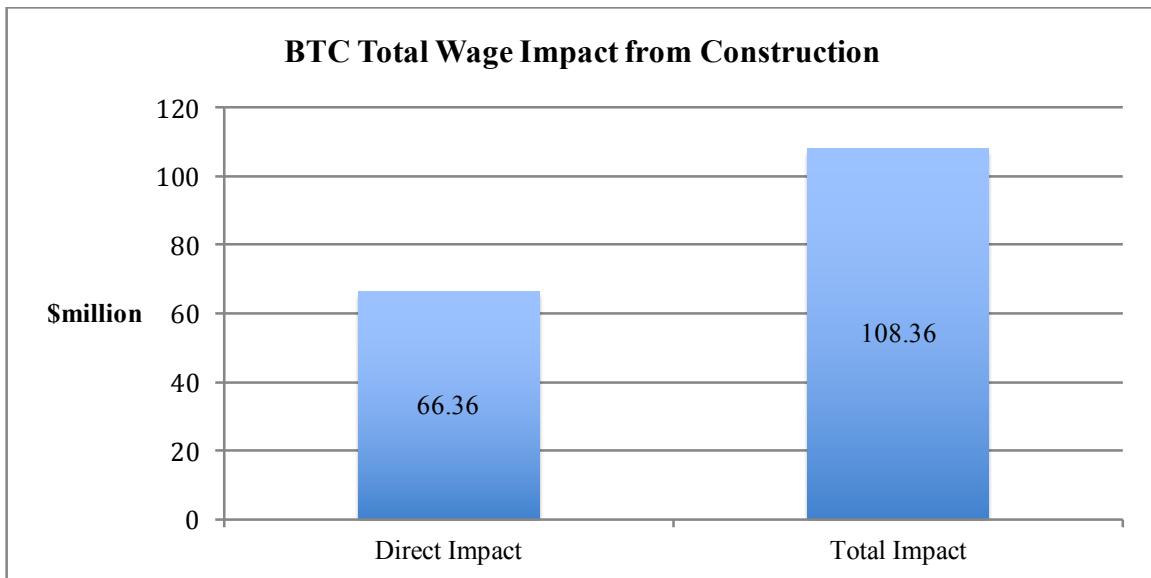


For the calendar year of 2020, the first year's full operation at BTC is expected to yield additional sales in the amount of \$147.70 million. Based on the output multipliers published by the BEA and an estimated retail share of 0.45, we estimate that these increased commerce activities will generate an additional \$46.39 million sales for the other stakeholders in the regional economy. In total, the redeveloped BTC is expected to introduce incremental sales for the regional economy in the amount of \$194.09 million per year.



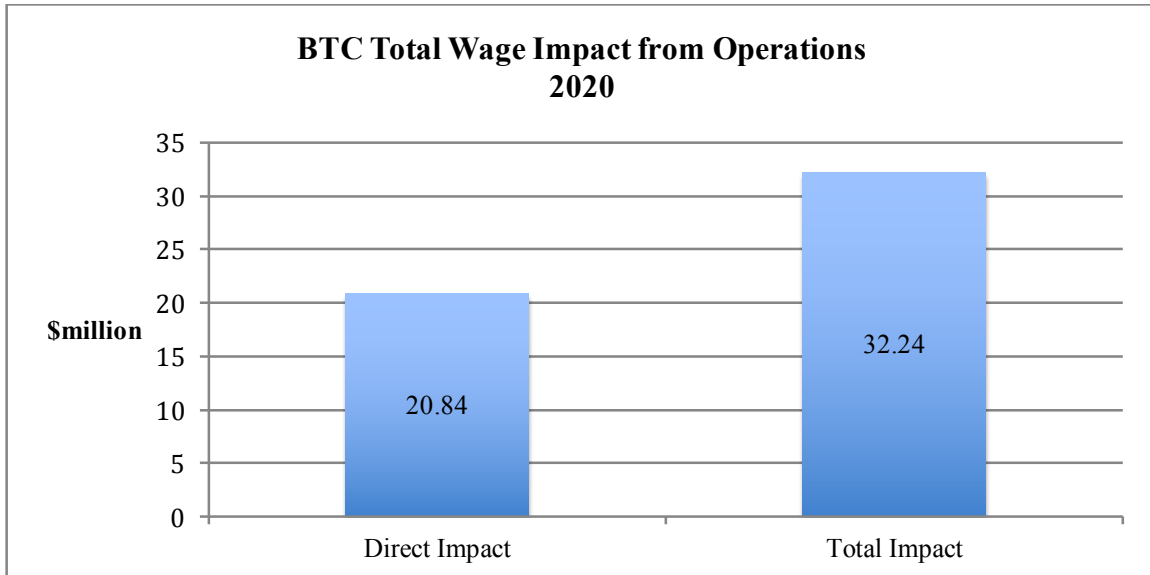
B. Total Wage Impact

It was shown in the previous section that the planned construction is expected to directly add to the regional economy with a total of wage gain in the amount of \$66.36 million. Based on BEA earnings multipliers, we estimate that the secondary effects are approximately \$42.00 million. As a result, the total wage gain due to construction is approximately \$108.36 million.



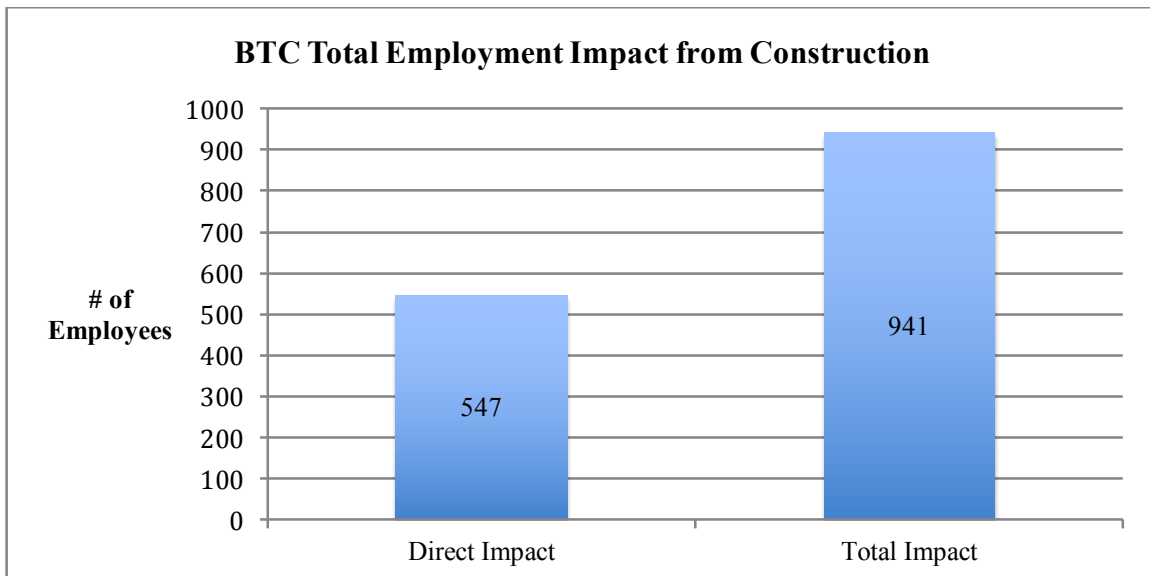
After the construction is completed, the operations in 2020 are expected to directly generate \$20.84 million wage gain. Based on BEA earnings multipliers, an additional \$11.40 million wage gain will be created in 2020 because of indirect effects and induced

effects. In total, the total wage gain in 2020 amounts to \$32.24 million, and the increase in earnings is expected to recur over the redeveloped BTC's usable life.



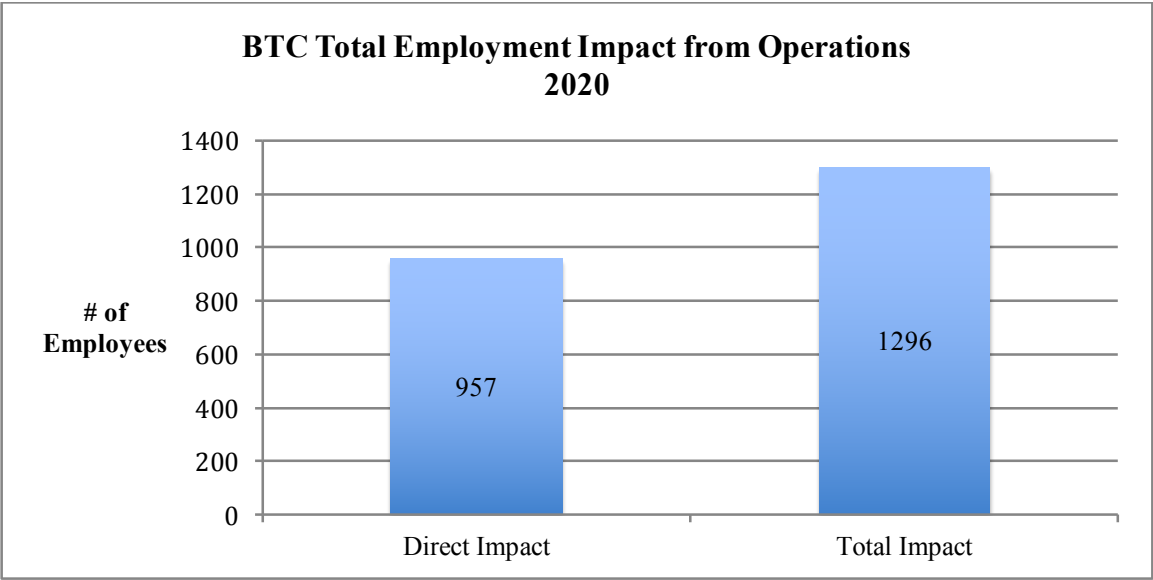
C. Total Employment Impact

The redevelopment construction is expected to directly create approximately 547 new jobs during the construction phase. According to BEA employment multipliers, the secondary effects of the construction will generate an additional 394 jobs. In total, the BTC construction supports 941 jobs throughout the regional economy.



The commercial component of the redeveloped BTC is expected to directly support 957 permanent jobs for the regional economy. According to BEA employment multipliers, the BTC employment will create 339 additional jobs throughout the Chittenden County.

In total, we estimate that 1,296 jobs will be supported because of the BTC redevelopment.



VII. Sensitivity Analysis and Discussion

We used the input-output model to estimate the total economic impact of the proposed BTC redevelopment for the regional economy. We obtained multiplier estimates from the BEA, and the resulting baseline economic impact estimates were presented in the previous sections. This section now concludes our report with a sensitivity analysis and some perspectives.

A. Sensitivity Analysis

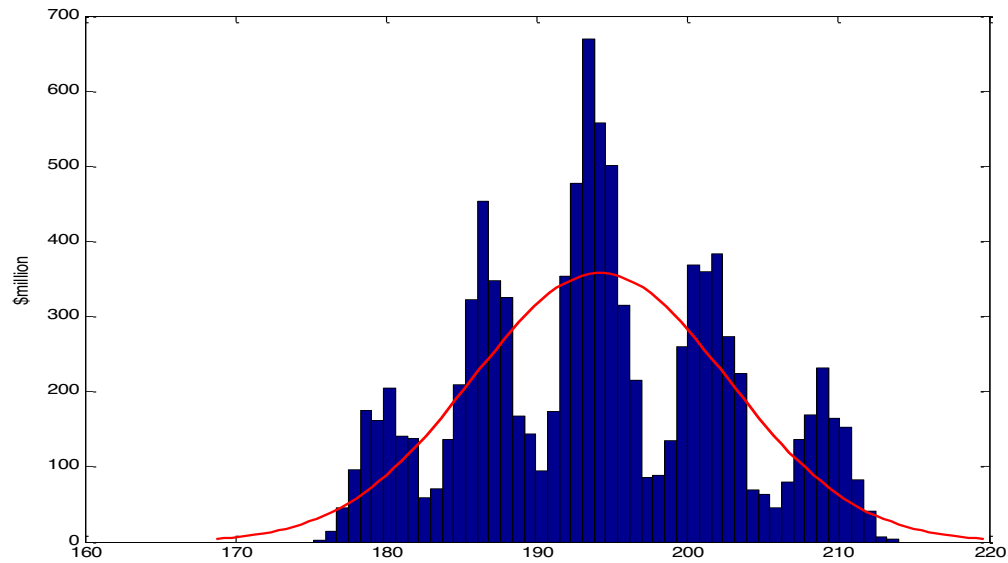
It is important to acknowledge that the baseline analysis is based on a set of operational assumptions. For example, we took the view that the Chittenden County multipliers that are virtually industry average estimates by the BEA for the Chittenden County are good proxies for the true, unobservable multipliers of the BTC redevelopment.¹¹

In light of these methodological limitations, we performed a sensitivity analysis for the BTC's operations in 2020 and ask the "what if" question. That is, we allow our retail, office, restaurant, and entertainment sales estimates and their multipliers to take on an additional two possible values in addition to their baseline value: one is higher than the baseline input by 5% and the other is lower by 5%. The inclusion of these two additional possible values reflects the best scenario and the worst scenario. We also assume that the probabilities for each of the three possible values are the same. We then perform a Monte Carlo simulation to generate a distribution of total economic impact. The simulation is repeated 10,000 times.

The following is a presentation of possible total sales/output impact from operations. The distribution suggests that there is a 95% probability that the total sales/output increase will be within the range of \$180 million and \$210 million in 2020.

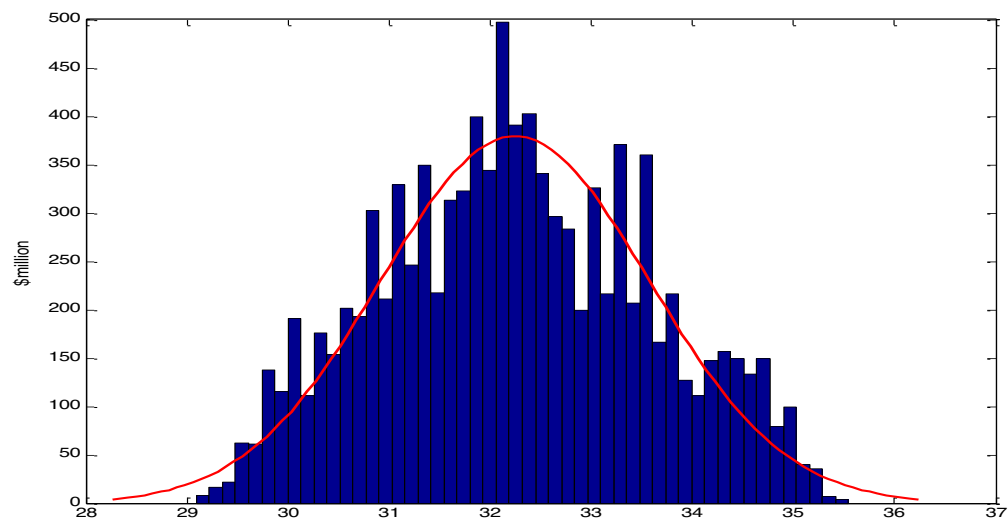
¹¹ The input-output model assumes industry homogeneity.

Sensitivity Analysis of BTC Total Final Sales/Output Impact 2020



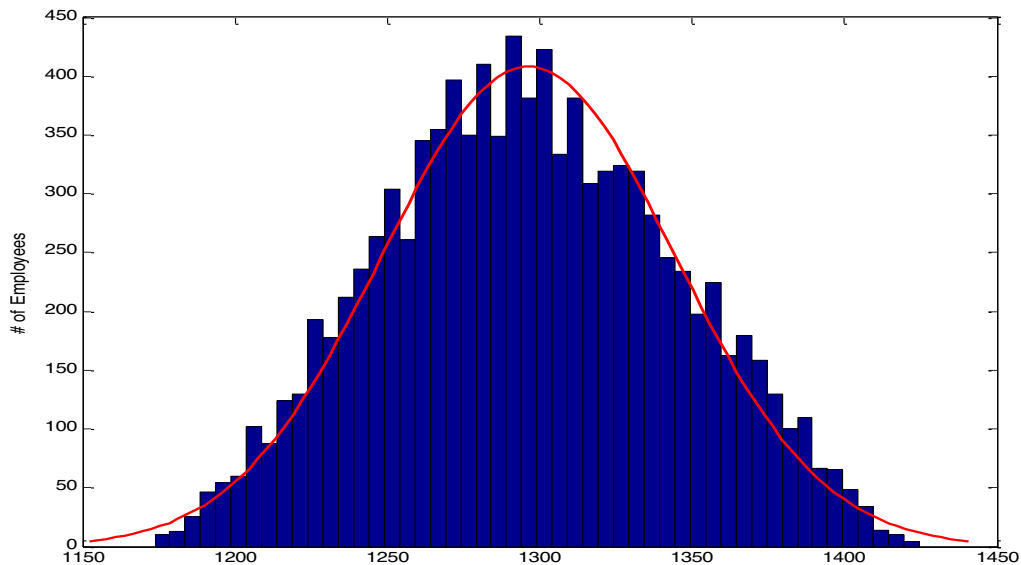
Using the same simulation procedure, the distribution in the following presentation suggests that there is a 95% probability that the total wage increase will be within the range of \$29 million and \$35 million.

Sensitivity Analysis of BTC Total Wage Impact 2020



The following is a presentation of possible increase in employment within Chittenden County due to the redeveloped BTC's operations. The distribution suggests that there is a 95% probability that the total employment increase will be within the range of 1,200 jobs and 1,400 jobs in 2020.

Sensitivity Analysis of BTC Total Employment Impact 2020



Through these simulations, we obtained a range of total economic impact. The results indicate that our baseline results are fairly robust. That is, the mostly likely estimates of the total economic impact are expected to retain their economic significance even when uncertainty is to some degree built into the underlying economic model.

B. Perspectives

The BEA multiplier measures the total economic impact for an average project. This average measure does not consider the scale economy of the project or whether it has marquee drawing power. Thus, if one believes that the redeveloped BTC will be an effective anchor that draws visitors to downtown Burlington, the true total sales/output, wage, and employment impact of the BTC redevelopment will be greater than those presented above.

Another limitation related to the use of the input-output model is that the BEA does not provide tax multipliers. Therefore, we are not able to use published, objective statistics to compute the secondary effects for the present value estimates of direct tax revenues: \$46.82 million to the City and \$186.10 million to the State. One circuitous way to gauge the secondary effects for the present values of tax revenues is to rely on output multipliers because the indirect effects of final demand produce sales tax revenues and the induced effects of final demand yield tax revenues through household consumption. However, an immediate problem is that the multipliers available from the BEA are

compiled for Chittenden County. The secondary effects for the City are by construction smaller than those for the County, whereas the secondary effects for the State are greater than those for the County. As a result, our following rough estimates should be taken with a grain of salt. We take the view that the present value of secondary tax revenues to the City may reach \$5 million and the present value of secondary tax revenues to the State may reach \$45 million. That is, the present value of total tax revenues to the City is approximately \$50 million and the present value of total tax revenues to the State should be greater than \$230 million. The combined present value of total tax revenues is thus estimated to be \$280 million. Again, this estimation did not consider whether the redeveloped BTC has marquee drawing power. If one believes that the redeveloped BTC will be an effective anchor that draws visitors to downtown Burlington, the true tax revenues impact of the BTC redevelopment will be greater than those presented above.

Finally, a fundamental limitation of the input-output model is that it ignores the improvement of living quality.¹² It is our view that the BTC redevelopment will lead to a better and improved use of the BTC site for the local community in terms of enhancing living quality. In addition, the planned redevelopment is consistent with recent policy emphasis on the notion of smart growth that promotes economic opportunities and encourages redevelopment in urban areas to avoid suburban sprawl.¹³ These non-financial qualities are, in our views, important considerations to city, regional, and state planners.

¹² *RIMS II: An essential tool for regional developers and planners*, Bureau of Economic Analysis, U.S. Department of Commerce.

¹³ <http://www.epa.gov/smartgrowth/>