

# POTENTIAL ECONOMIC IMPACT OF RECENT INVESTMENTS IN THE CITY OF WINCHESTER

AUGUST 2024



[KLC.ORG](http://KLC.ORG)

## Introduction

The Kentucky League of Cities Community & Economic Development team, on behalf of the City of Winchester, has created the following economic impact analysis in response to recent investments by the city into numerous development projects. These projects are primarily contained within the confines of Winchester's city limits, and therefore this impact analysis will focus on the zip code which contains the entirety of the city - 40391. The results of this analysis are derived using IMPLAN, an input-output modeling software that is the standard for impact studies among economic development practitioners.

IMPLAN's results are generated in terms of direct, indirect, and induced effects on the focus region. Direct effects include those that will immediately impact the region upon the implementation of these projects. This will include capital expenditures, wages, employment, and many other factors for the industries completing the projects. These direct effects will create the need for other support industries to increase their economic activity to assist in the projects' completion. This creates a business-to-business interaction in the supply chain through further increases in employment, wages, and capital expenditures that represent the indirect effects. Since the increase in employment and public and private spending leads to higher household incomes, consumer spending in the region increases and creates the induced effect. The sum of these effects gives us the total impact on the economy for Winchester from these developments.

Through a meeting with City of Winchester officials, all current information for the development projects was provided, which included total expenditure for each project as well as determinations for the industry most impacted by the projects. Due to the limited data available, it is safe to assume that the overall impact will be underestimated. Furthermore, the IMPLAN software will supplement gaps in the data with its own default values for spending patterns based on the region's averages. The predicted economic impact of Winchester's development projects is presented after the following glossary in terms of total impact from the invested capital and the impact from each individual project. The tax effect from the total investment is also included.

## Glossary


**Direct Effects:** One or more production changes or expenditures made by producers, consumers, or institutions as a result of the activity being studied.

**Indirect Effects:** Changes in the business-to-business purchases in the supply chain in response to new demands of the directly affected industries.

**Induced Effects:** Changes in consumer spending by households as increased wages lead to increased spending on local goods and services.

**Employment:** Within IMPLAN, an industry-specific mix of full-time, part-time, and seasonal employment. It is an annual average that accounts for seasonality and follows the same definition as the Bureau of Labor Statistics and the Bureau of Economic Analysis.

**Labor Income:** All forms of employment income, including wages, salaries, and benefits as well as proprietor income.



Proprietor Income: The current production income of sole proprietorships, partnerships, and tax-exempt cooperatives. Excludes dividends, interest earned by nonfinancial business, and rental income received by persons not primarily engaged in the real estate business.

Output: The value of production by industry in a calendar year.

Sub-County: Geographic locations contained in a county such as cities, townships, and villages.

Sub-County Special Districts: Special districts contained in a county such as public-school districts and fire districts.

Value Added: The difference between output and the cost of intermediate inputs throughout a defined economy during a specified period. Equal to the industry's contribution to GDP.

## Impact Results

The results below are set in 2026 dollars, as this will be the year when all of Winchester's development projects will be completed. The outputs generated by IMPLAN are a one-time annual estimate specific to the 2026 dollar year.

### Total Predicted Impact

**Table 1: Total Economic Impact**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	50.31	\$3,823,840.58	\$6,283,638.51	\$17,250,000.00
2 - Indirect	20.49	\$1,108,020.30	\$1,684,621.71	\$3,753,312.91
3 - Induced	7.99	\$396,995.81	\$770,957.93	\$1,339,916.68
<b>Total</b>	<b>78.79</b>	<b>\$5,328,856.69</b>	<b>\$8,739,218.15</b>	<b>\$22,343,229.59</b>

**Table 2: Total Tax Impact**

Impact	Sub County General	Sub County Special Districts	County	State	Federal	Total
1 - Direct	\$31,041.21	\$59,752.15	\$16,256.41	\$256,655.83	\$772,173.53	\$1,135,879.14
2 - Indirect	\$12,963.34	\$29,810.39	\$7,101.31	\$105,366.43	\$209,113.10	\$364,354.56
3 - Induced	\$7,141.72	\$19,293.45	\$4,096.90	\$63,090.76	\$82,997.58	\$176,620.41
<b>Total</b>	<b>\$51,146.27</b>	<b>\$108,855.98</b>	<b>\$27,454.62</b>	<b>\$425,113.02</b>	<b>\$1,064,284.21</b>	<b>\$1,676,854.11</b>

### Individual Project Impacts

**Table 3: Eugene Gay Splash Park**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	3.95	\$265,862.54	\$400,441.13	\$1,100,000.00
2 - Indirect	1.34	\$72,304.80	\$109,511.00	\$242,587.91
3 - Induced	0.55	\$27,190.29	\$52,801.73	\$91,769.47
<b>Total</b>	<b>5.84</b>	<b>\$365,357.63</b>	<b>\$562,753.86</b>	<b>\$1,434,357.39</b>

**Table 4: Depot Street**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	1.15	\$88,162.15	\$125,960.71	\$500,000.00
2 - Indirect	0.65	\$30,056.43	\$44,894.27	\$103,086.88
3 - Induced	0.19	\$9,569.80	\$18,586.35	\$32,301.90
<b>Total</b>	<b>1.99</b>	<b>\$127,788.39</b>	<b>\$189,441.33</b>	<b>\$635,388.78</b>

**Table 5: Jackson Street Bridge**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	3.21	\$216,963.86	\$362,961.52	\$921,000.00
2 - Indirect	1.69	\$82,805.74	\$119,474.14	\$254,795.05
3 - Induced	0.49	\$24,407.63	\$47,408.66	\$82,391.02
<b>Total</b>	<b>5.39</b>	<b>\$324,177.23</b>	<b>\$529,844.32</b>	<b>\$1,258,186.06</b>

**Table 6: Main Street High Side**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	19.74	\$1,329,312.72	\$2,002,205.64	\$5,500,000.00
2 - Indirect	6.71	\$361,523.99	\$547,555.02	\$1,212,939.56
3 - Induced	2.74	\$135,951.46	\$264,008.63	\$458,847.37
<b>Total</b>	<b>29.19</b>	<b>\$1,826,788.17</b>	<b>\$2,813,769.29</b>	<b>\$7,171,786.93</b>

**Table 7: Fire Engine**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	7.83	\$593,191.65	\$664,932.21	\$3,890,440.00
2 - Indirect	3.61	\$196,232.81	\$329,809.03	\$774,360.13
3 - Induced	1.27	\$63,296.87	\$122,911.44	\$213,623.66
<b>Total</b>	<b>12.71</b>	<b>\$852,721.34</b>	<b>\$1,117,652.69</b>	<b>\$4,878,423.78</b>

**Table 8: College Park Dectron**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	1.72	\$115,937.21	\$145,827.66	\$500,000.00
2 - Indirect	1.07	\$64,490.91	\$81,240.19	\$159,830.47
3 - Induced	0.29	\$14,561.04	\$28,279.33	\$49,148.14
<b>Total</b>	<b>3.09</b>	<b>\$194,989.17</b>	<b>\$255,347.18</b>	<b>\$708,978.61</b>

**Table 9: East Interceptor Sewer**

Impact	Employment	Labor Income	Value Added	Output
1 - Direct	5.02	\$697,534.97	\$1,802,793.84	\$2,700,000.00
2 - Indirect	2.81	\$160,034.57	\$239,232.72	\$534,086.72
3 - Induced	1.39	\$69,156.83	\$134,307.55	\$233,421.93
<b>Total</b>	<b>9.22</b>	<b>\$926,726.37</b>	<b>\$2,176,334.11</b>	<b>\$3,467,508.65</b>

**Table 10: Other Projects**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
<b>1 - Direct</b>	3.9	\$262,237.15	\$394,980.57	\$1,085,000.00
<b>2 - Indirect</b>	1.32	\$71,318.82	\$108,017.67	\$239,279.90
<b>3 - Induced</b>	0.54	\$26,819.51	\$52,081.70	\$90,518.07
<b>Total</b>	5.76	\$360,375.48	\$555,079.94	\$1,414,797.97

**Table 11: Design Work**

<b>Impact</b>	<b>Employment</b>	<b>Labor Income</b>	<b>Value Added</b>	<b>Output</b>
<b>1 - Direct</b>	3.78	\$254,638.31	\$383,535.23	\$1,053,560.00
<b>2 - Indirect</b>	1.29	\$69,252.22	\$104,887.65	\$232,346.29
<b>3 - Induced</b>	0.52	\$26,042.37	\$50,572.53	\$87,895.13
<b>Total</b>	5.59	\$349,932.90	\$538,995.41	\$1,373,801.42



## Disclaimer

This economic impact study has been prepared by Kentucky League of Cities, Inc., “KLC,” based on data, assumptions, and methodologies believed to be reliable and accurate at the time of publication, but which may not fully capture the complexities and uncertainties of real-world economic conditions. The findings, interpretations, and conclusions expressed in this report are based on simulations conducted by KLC using IMPLAN, an Input-Output modeling software that is a standard choice among economic development practitioners and is intended for informational purposes only. The information should not be relied upon for investment, legal, financial, or other critical decisions.

KLC makes no representations or warranties, express or implied, regarding the accuracy, completeness, or adequacy of the information contained in this report. Any reliance placed on such information is therefore strictly at your own risk. KLC will not be liable for any loss or damage caused by the use of this report, directly or indirectly. It is recommended that you consult with a professional economic development consultant or advisor before making any decisions based on the content of this report.