

TO: Wendy Nagle, Garden Spot Communities
FROM: Troy D. Truax, AICP, Project Manager
SUBJECT: Garden Spot Communities Impact Analysis
DATE: September 27, 2023

Purpose/Need

Garden Spot Communities, Inc. (GSC) contracted with engineering and consulting firm Michael Baker International, Inc. to conduct an analysis of the quantitative economic and fiscal (tax) impacts that its retirement communities (i.e., Garden Spot Village and Maple Farm) have with respect to its local host municipalities, school districts, and Lancaster County. In addition, a summary of GSC's social implications to enhancing resident and community livelihood was also captured to further identify the qualitative contributions that GSC and its residents make in the communities annually. This technical memorandum reports the results and findings of Michael Baker's analysis that was conducted in collaboration with GSC staff between May – August 2023.

The GSC leadership team intends to use the results and findings presented herein to better educate residents, employees, host municipalities, and school districts on the significant economic, financial, and quality of life contributions and benefits that its retirement living communities have in Lancaster County. Furthermore, the leadership team will use the information to bolster GSC's mission and strengthen partnerships with its donor community.

About Garden Spot Village and Maple Farm

Garden Spot Communities, Inc., is a 501(c)(3) not-for-profit corporation that provides support services to operate the Garden Spot Village and Maple Farm retirement living communities.

Located on a scenic 220-acre campus in New Holland Borough in Lancaster County, Garden Spot Village is a faith-based and licensed continuing care retirement community that provides abundant opportunities for people who are 55+ to live with purpose in community. Garden Spot Village features award-winning architecture, exceptional amenities, more than 40 micro-communities, and a vibrant schedule of activities, including international travel. In addition to residential offerings, Garden Spot provides a continuum of care as well as Garden Spot Village At Home and Adult Day Services for the broader New Holland community.

Maple Farm offers an innovative approach to short- and long-term skilled nursing care in two warm and welcoming households on a 66-acre campus situated in Akron Borough and Ephrata Township in Lancaster County. Founded circa 1909 by Dr. Fink of Philadelphia, Maple Farm began as a summer retreat facility and over the years transitioned to provide skilled nursing care. In the early 1940s, it became the first licensed nursing center in Pennsylvania. Garden Spot Village acquired Maple Farm in 2009 and immediately began implementing its person-centered model of skilled care.

The following sections summarize the results of the economic and fiscal (tax) impact analyses of Garden Spot Village and Maple Farm (collectively referred to herein as GSC).

General Economic Impacts of Garden Spot Communities

This study estimates the economic impacts to the Lancaster County economy of spending by GSC. GSC generates economic activity in the local economy in two ways:

- From the spending by GSC to operate its facilities.
- From the household expenditures by GSC residents in Lancaster County (other than spending inside GSC and actual residence fees).

The method used to calculate the total employment and economic output of GSC is application of the IMPLAN model using data that is specific to the businesses located in Lancaster County. IMPLAN is an industry-standard input-output (I-O) analysis process that follows the direct external or new spending through an economy as it generates additional or “secondary” spending in the economy in the course of one year. The foundational concept of IMPLAN I-O model is that all industries, households, and government in the economy are connected through buy-sell relationships; therefore, a given economic activity supports a ripple of additional economic activity throughout the economy. Understanding the interactions between the various actors in an economy (industries, households, governments) and between economies (trade) allows for the modeling of wider economic impacts across industries and geographies.

Economic Analysis: Modeling of the Multiplier Effect

All economic impact analyses attempt to capture the total output created by new spending in an economy. “Output” is the value of production by all businesses in the economy in a calendar year. Any new spending creates a ripple effect through the economy based on the buy-sell relationships between all the businesses in the economy, and between the consumers and providers of goods and services. Each dollar received as income by a business or household is spent to purchase goods, services, and labor.

As the original spending works its way through the economy over a one-year period, total output grows in what is known as the “multiplier effect.” The multiplier is the ratio of total output to the original or new spending. The size of the multiplier in a region depends on how much of the spending stays within the region. A ratio greater than 1 means that more spending is captured in the region than is spent outside the region in the same year. The IMPLAN model calculates the output generated by each business that is linked with the business that precedes it in the spending chain based on specific data for the economy being studied. For example, if a GSC resident spends \$1 dollar at a local store that \$1 is income for the store, which then spends parts of the dollar on labor, merchandise, proprietor’s income and other operating expenses. The dollar fraction spent on merchandise is counted as output for the business that sold the merchandise to the store. The spending continues along the supply chain until the original dollar has dissipated. The spending in addition to the original dollar is called “secondary” spending.

In economic modeling studies, it is important to distinguish between what is “new” vs. existing spending. For example, opening a new retail establishment in a region may not lead to much additional economic activity if the establishment merely draws local shoppers from existing stores in the area. The spending in this case is not new and will not lead to an increase in secondary spending. The IMPLAN model is used in the context of this study to estimate GSC’s contribution to the economy even though it is an existing operation. This is a valid approach since the services offered by GSC are unique in Lancaster County and, furthermore, its residents are largely from outside the county (in this respect they represent new households in terms of spending). GSC’s facilities are not easily replaced by existing alternatives. The

analysis could be considered as what would be the immediate economic loss to the local communities and county if GSC did not exist.

GSC Operations Impact

Garden Spot Communities' 2023-2024 operating budget indicates a direct impact on the local economy of approximately \$46.3 million in the form of both the accommodation revenues it collects from residents and total operating expenses. This economic impact analysis applies the revenue/total operating expenses as a direct output to the Lancaster County economy. This direct output, therefore, becomes income that is spread among all businesses in Lancaster County that are linked to GSC through their business relationships. The direct output of GSC generates "indirect output," which is the sum of the spending of all the linked businesses that provide goods and services to not only GSC but to each other as well.

Along with economic output, the IMPLAN model generates employment impacts. The GSC staffing total of 570 employees, which is a specified input in the IMPLAN model, is augmented by indirect employment in the linked businesses. As shown in Table 1, the model generated a direct labor income of \$27.9 million for GSC employees, which is close to the 2023-24 budgeted salaries, wages, and benefits expense of \$28.3 million, which serves to validate the model's results.

Table 1 – IMPLAN Modeling Results of GSC Operations

	Employment	Labor Income	Output
Direct	570	\$27,930,216	\$46,300,000
Indirect	83	\$4,101,892	\$11,660,656
Induced	114	\$6,450,039	\$18,170,836
Total	767	\$38,482,148	\$76,131,493

Source: IMPLAN, 2023

GSC funds 570 employee jobs. These 570 employees spend money in Lancaster County, generating another 83 jobs. The 570 employees directly employed by GSC, plus the 83 indirect employed community jobs spend money in the community on household expenditures, that generate another 114 employees: equaling a total impact of 767 jobs in the Lancaster County community.

Indirect employment, labor income and output are calculated by IMPLAN from Lancaster County's input and output data for all industry sectors in the county and represent the business-to-business activity generated by GSC expenditures in the county. The induced amounts are due to the household expenditures supported by the direct and indirect labor income. The total output of over \$76 million in economic activity in Lancaster County due to GSC operations represents a multiplier of 1.64, which is typical of semi-rural counties the size of Lancaster County. Larger and more highly urbanized areas, with a wider range of industry sectors, tend to have higher multipliers usually about 2.5 to 3.

Garden Spot Village Household Expenditure Impacts

Direct Impacts

The direct household expenditures of Garden Spot Village residents, estimated to be \$12 million annually, also generate substantial secondary impacts. A survey of Garden Spot Village's Independent Living Households was taken in July 2023 to ask residents about their levels of annual household spending within Lancaster County. **A total of 387 Independent Living households completed the survey, representing 63% of the 616 total Independent Living Households at Garden Spot Village.** This survey response rate far exceeds the traditional response rate of ~10% - 20% and as such provides a high level of confidence that the information obtained is representative of the total Independent Living Households.

The results of this survey, completed by 63% of Garden Spot Village independent living residents, provided the basis for estimating the direct impacts—the total expenditures—in the categories identified in Table 2.

Table 2 – Total Direct Household Expenditures of Garden Spot Village Residents

Expenditure Category	Annual Amount
Household Items and Supplies	\$617,417
Personal Care	\$877,837
Food	\$1,990,296
Pet Care	\$93,878
Gifts	\$389,004
Recreation and Entertainment	\$598,789
Transportation	\$768,583
Health Care/Medical	\$1,079,047
Contributions	\$3,686,390
Major Purchases	\$1,899,374
Total	\$12,000,615

Source: GSC Independent Living Household Survey, 2023 the annual amounts are extrapolated from the residents' responses to the survey of their annual expenditures within each category.

Secondary Impacts

The IMPLAN model was run combining Household Items and Supplies, Personal Care, Food, Pet Care, Gifts, and Recreation and Entertainment into the General Retail industry sector for purposes of modeling the secondary impacts to the local economy. The direct, indirect, and induced employment and output results are provided in Tables 3A – 3F below (the totals in some cases do not equal due to rounding).

Tables 3A-3F – Secondary Household Expenditure Impacts

Table 3A – General Retail Spending

	Employment	Labor Income	Output
Direct	55	\$1,996,380	\$4,567,221
Indirect	10	\$675,422	\$1,647,012
Induced	9	\$529,780	\$1,497,353
Total	74	\$3,201,582	\$7,711,585

Source: IMPLAN, 2023

Table 3B – Healthcare/Medical Spending

	Employment	Labor Income	Output
Direct	9	\$540,876	\$1,079,047
Indirect	1	\$32,657	\$98,866
Induced	2	\$117,719	\$331,688
Total	12	\$691,251	\$1,509,601

Source: IMPLAN, 2023

Table 3C – Transportation Spending

	Employment	Labor Income	Output
Direct	7	\$535,442	\$768,583
Indirect	1	\$44,422	\$134,692
Induced	2	\$121,769	\$343,300
Total	10	\$701,634	\$1,246,575

Source: IMPLAN, 2023

Table 3D – Contributions Spending

	Employment	Labor Income	Output
Direct	40	\$2,055,853	\$3,686,390
Indirect	12	\$651,643	\$2,086,426
Induced	10	\$551,047	\$1,552,500
Total	63	\$3,258,543	\$7,325,315

Source: IMPLAN, 2023

Table 3E – Major Purchases Spending*

	Employment	Labor Income	Output
Direct	14	\$1,054,145	\$1,899,374
Indirect	3	\$168,860	\$457,439
Induced	4	\$240,589	\$681,582
Total	21	\$1,463,594	\$3,038,395

Source: IMPLAN, 2023

**Note: Modeled using the automobile sales industry data in Lancaster County.*

Table 3F provides the total summation of the secondary spending results (indirect and induced) shown in Tables 3A – 3E.

Table 3F – Total Sum of Garden Spot Village Household Spending Results

	Employment	Labor Income	Output
Direct	125	\$6,182,696	\$12,000,615
Indirect	26	\$1,573,004	\$4,424,435
Induced	28	\$1,560,904	\$4,406,422
Total	179	\$9,316,605	\$20,831,472

Source: IMPLAN, 2023

Overall Economic Impacts Summary

A summary of the results of the impact of GSC's 2023-24 operations and GSC residents' annual household expenditures is in Table 4. The two impact generators together total nearly \$97 million annually in economic activity in Lancaster County and provides 946 jobs. The multiplier effect of the direct GSC output when household expenditures are included is 1.66 (Total Output/Direct Output).

Table 4 - Overall Summary of GSC's 2023 – 24 Operations and Resident Household Spending Impacts

Category	Employment	Labor Income	Output
Direct	695	\$34,112,912	\$58,300,615
Indirect	109	\$5,674,897	\$16,085,091
Induced	142	\$8,010,944	\$22,577,259
Total	946	\$47,798,753	\$96,962,965

Source: IMPLAN, 2023

Garden Spot Communities Tax Contributions

In 2022, GSC contributed a total of over \$2 million to the budgets of the County of Lancaster, the municipalities and school districts in which its facilities, residents and staff are located. The total taxes paid are as follows:

- Real Estate Tax: \$ 1.8 million
- "Payroll Taxes" Local Service Tax and Earned Income Tax: \$226,000

The amounts paid to each taxing entity are as follows:

- Lancaster County: \$265,220
- Akron Borough: \$1,550
- Ephrata Township: \$43,230
- New Holland Borough: \$59,518
- Earl Township: \$267,609
- West Earl Township: \$311
- Eastern Lancaster County School District: \$1,326,059
- Ephrata Area Schools: \$59,225
- Conestoga Valley School District: \$3,557

GSC contributed \$1,272 per capita in real estate and payroll taxes to the entities on behalf of its 1,593 residents and staff. Not counting the school districts, GSC's per capita tax contribution to the County and the six municipalities where the communities are located is \$400. This number may be compared with \$243, the tax contribution per capita for the entire County and the six municipalities. GSV contributes 65 percent more on a per capita basis than the average resident or worker in Lancaster County and the six municipalities.

GSC's real estate tax contribution to the school districts is approximately \$1.4 million. This contribution is considered in light of the zero-cost impact of GSC on the school districts' operations. Therefore, the entire real estate tax of \$1.4 million paid by GSC is a net benefit to the districts.

IMPLAN Glossary

Direct Output and Employment: The initial expenditure of a business for supplies, labor and other services. Similarly direct employment is the number of workers employed by the initial expenditure.

Indirect Output and Employment: The expenditures of all businesses linked to the initial business and all the businesses linked to those businesses. Indirect output represents the business-to-business transactions required to support the direct activity of all the linked businesses. This effect is a measure of the change in the output of suppliers linked to the business that is being evaluated. Indirect employment is the total of all workers employed by the linked businesses.

Induced Output and Employment: Consist of impacts from employee spending in the regional economy. Specifically, the employees of directly and indirectly affected businesses generate this effect by purchasing goods and services in the local economy (e.g., food, clothing, automobiles, health care, etc.). For this analysis, only induced effects within Lancaster County are estimated.

Secondary Impacts: Are the indirect and the induced impacts.

Multiplier Effect: The "multiplier" name given to the ratio of the total secondary impacts (indirect and induced) to the initial direct output (initial expenditure). The multiplier effect is what happens to the initial dollar of expenditure as businesses interact with each other through successive rounds of transactions—how is the initial dollar multiplied in the local economy at the end of the spending cycle.

GSC Social Impacts

In addition to the economic and fiscal (tax) impacts GSC has on the Lancaster County community, the following highlights the many ways that the GSC organization, and team members and residents of the Garden Spot Village community have in enhancing resident and community livelihood.

The following summarizes the various community outreach events and programs that GSC annually sponsors and promotes through its employees and resident volunteers.

GSC Corporate-Sponsored Community Outreach Events and Programs

GSC-Sponsored Event/Program	Qualitative Impact
Making a Difference: Monthly material collection for local nonprofit organizations. In 2022, residents and team members donated 7,621 items like toothbrushes, non-perishable foods, pet food and pet supplies, eyeglasses, winter coats and backpacks. Value estimated at \$36,000.	A team of resident volunteers determine the non-profits to support. It creates community and purpose for those volunteers as well as for the residents and team members who support the material collections each month.
Swipe Out Hunger: A monthly meal served at CrossNet Youth Ministries. In 2022, GSC provided 4,100 meals to the local community.	A team of 10+ residents volunteer monthly to prepare and serve the meal and build relationships with the community members who attend the meal; many people come for the food - others come for the community and companionship. On a recent Monday night, people arrived 45 minutes early – just to enjoy the sense of community found at the event. The meal is funded with donations from residents and team members.
New Holland Elementary Pen Pals: Each school year, Garden Spot Village residents volunteer to be pen pals for 5 th graders at New Holland Elementary. Through the school year the pen pals exchange letters and then meet one of the last days of school for a root beer float party.	The benefits of intergenerational interactions are numerous; residents appreciate the opportunity to connect with students and the students learn how to write letters and interact with older adults. The pen pals build a relationship through the letter writing and then meet—it's an afternoon filled with smiles! Each year multiple pen pals continue their relationship through the summer and into the next school year. Based on parent approval, some of the pen pals meet in person and spend time together. This offers an opportunity for a surrogate grandparent / grandchild relationship in situations where family is not close (either for the child or the adult).
Dementia Friendly Lancaster County: An initiative that originated at Garden Spot Village, Dementia Friendly Lancaster County (DFLC) is now a countywide program that connects families struggling with a dementia diagnosis and	At the start, DFLC was a community-focused initiative. Business and church leaders served on the steering committee and hosted events in the greater New Holland area. As the initiative grew, relationships were formed with like-minded

GSC-Sponsored Event/Program	Qualitative Impact
provides training and support for businesses who want to be Dementia Friendly. In 2022, DFLC hosted nationally known dementia speaker Teepa Snow, with a sold-out crowd at Garden Spot Village. In 2023, DFLC hosted Teepa at Lancaster Alliance Church with more than 600 guests.	business and church leaders across the county. Partnerships and alliances are growing, with the goal of treating people who are living with dementia with respect and honor.
Non-Profit Sponsorship: Gifts of cash or material donations to support other non-profit organizations in New Holland and the surrounding communities. In 2022 Garden Spot donated more than \$60,000 to local non-profits including ELANCO Public Library, Fulton Theatre, local schools, etc. In addition, we provide complimentary meeting and event spaces for the New Holland Lions Club, Kiwanis and Rotary Clubs, as well as ELANCO and Cocalico School Districts, New Holland Historical Society and more.	The local community views Garden Spot Village as a welcoming community that is willing to partner with and support other organizations who serve the local community. Together, we can make a difference and improve the lives of the people who live and work in New Holland and the surrounding communities.
CrossNet Ministries: Garden Spot Communities supports CrossNet Ministries in a variety of ways. In addition to cash donations to support fundraising efforts, Garden Spot Village hosts their summer fundraiser. Team members and residents are deeply involved in the organization's work in the New Holland community through volunteering with Cross Junior, the mentoring program and the food bank. Garden Spot team members and residents also fund and serve a monthly community meal for approximately 150 people.	Garden Spot's partnership with CrossNet provides opportunities for residents and team members to live with purpose in community. Opportunities to volunteer and to materially bless our neighbors through donations of backpacks, food and a community meal provide purposeful community interaction.
Garden Spot Fire Rescue: Garden Spot Communities' annual donation to Garden Spot Fire Rescue is more than \$25,000, making the community one of the top ten donors to the fire company.	Garden Spot also supports the company in ways that go beyond an annual donation. Volunteers train in the stairwells of Garden Spot's Village Square Apartments and residents donate time and resources above and beyond the organizational donation. Team members also serve as fire fighters and auxiliary members.
Internship program: Garden Spot Village hosts interns from Garden Spot High School and Cocalico High School as well as local colleges like Penn State, Franklin & Marshall, Lebanon Valley College and more.	High school and college student interns gain valuable work experience in marketing, campus services, accounts payable, healthcare and more. Residents gain the opportunity to interact with young adults and speak into their career choices. Students also see a retirement community as a viable career opportunity.

GSC-Sponsored Event/Program	Qualitative Impact
ELANCO Library: Garden Spot Communities donated the use of a parcel of land adjacent to the Garden Spot Village Campus to the ELANCO Library. Garden Spot Village provides ongoing property management of the building and grounds.	ELANCO Library uses the building to serve the broader community through programming and book lending. Residents also have access to a quality library within walking distance of our campus. The New Holland Band Museum also has space in this building.
Travel with Purpose: Over the years Garden Spot has developed a Travel with Purpose program that connects residents, team members and family with regional, national and international service opportunities. Teams have helped with disaster relief in Louisiana, New Jersey, Alabama and North Carolina. Teams have served internationally with Missions Door in Honduras, CURE International in Dominican Republic and Kenya and Missions of Hope International in Kenya.	Residents, team members, and family members build community as they serve and represent Garden Spot more broadly. Participants gain a broader perspective of the world as they are immersed in service and learning. They return with this broader perspective and invite their friends and neighbors to engage with them in new ways. Garden Spot matches team member PTO for these trips, i.e., if the team member needs to take 5 days of PTO to participate in the trip, Garden Spot “gifts” 2.5 days of the time off.
Volunteer Income Tax Assistance: February through April, a team of residents provide income tax preparation through the federal Volunteer Income Tax Assistance (VITA) program. Each year the team completes more than 300 tax returns for members of the greater community who qualify for the service. Garden Spot Communities provides computers as well as meeting space for the program.	Residents, team members and people in the local community can access free income tax return preparation.
Home Repair: Over the years residents have volunteered with several home repair organizations including GoodWorks, Servants Inc and CrossNet Ministries.	Residents have blessed neighbors near and far through sharing home repair expertise.

Source: *Garden Spot Communities, 2023.*

Garden Spot Village Individual Impact

Garden Spot Village Founder, Dale Weaver, believed that Garden Spot Village shouldn’t be “an island unto itself.” Rather, Garden Spot Village should be a vibrant part of New Holland—open to the community and a blessing to those around us. More than 25 years later we celebrate the ways that Garden Spot Village residents and team members serve their community and share their time and resources.

The following is a representative sampling of the many ways individual team members and residents are making a difference in their community.

- **Darrel Bills, Environmental Services, Floor Care Technician** – Darrel volunteers as the fish hatchery manager at Beartown Sportsman Association and cares for the 4,000 thousand fish the club purchases each year to stock the Conestoga Creek.
- **Heather Mellinger, Finance, Payroll and Accounts Payable Supervisor (Sunday school)** – Heather is one of many team members who are involved in children’s ministry at their churches.

- **Priscilla Patrella, Director of Dining Services, Maple Farm and Autumn Andreuzzi Nurse Assistant, Maple Farm** – Priscilla and Autumn volunteer with the Lititz Legion, hosting fund drives and events for veterans at the VA hospital, etc., in honor of Priscilla’s father.
- **Rita and Jim Gribbell, Garden Spot Village Residents** – Since March 2021, the Gribbell’s volunteer their time in prison ministry, visiting inmates, and helping lead a church service monthly.
- **Wes Kopp, RN Supervisor, Maple Farm** – Wes has been volunteering with Garden Spot Fire Rescue since he was 14 years old. He spends most evenings at the fire company training and working. Each summer he takes a week of vacation and helps to teach 10–14-year-old campers at Cadet Fire Camp.
- **Bob and Nancie Weaver, Garden Spot Village Residents Since June 2014** – Bob and Nancie lead a team of residents who are helping Afghani refugees resettle in New Holland. They secured housing and employment and have been coaching the young people through their resettlement; the group hopes to help future refugees.
- **Ron and Mary Westcott, Garden Spot Village Residents Since May 2009** – The Westcott’s volunteer regularly with CrossNet Ministries’ CrossJr Mentoring program. Many, many residents serve with CrossNet in a variety of ways.
- **Amanda Feeg, Design Specialist, Fred Newswanger, Systems and Project Technician, Gordon Lash, Garden Spot Village Resident since October 2016, Mark Hickson, Meadow View Chaplain** – All serve on the New Holland Re-Uzit Board, a private, non-profit organization that sells thrift items to benefit Mennonite Central Committee.
- **Juanita Fox, Storyteller** – Juanita volunteers her time as a school director for Cocalico School District.
- **Sharon Sparkes, Digital Storyteller** – Sharon teaches every Monday evening at Dramability Works, a unique theater and arts program for adults with developmental disabilities.
- **Albert (Director of Environmental Services) and Stacy (Facility Services Operational Support) Vega** – Both volunteer with LifeCycles, a nonprofit that works to build young men and women of character in a Christ-centered bicycle touring adventure experience for teens with a mentoring program to guide them into adulthood.
- **Don Horning, et. al.** – All volunteer with the New Holland Historical Society and Museum, preserving the history of our local community and sharing our stories and heritage with the next generation.
- **Wilbur and Bert Horning, Garden Spot Village Residents Since June 2022** – The Horning’s remain active in the New Holland community. Wilbur was the former mayor of New Holland and served in a variety of roles. They have been instrumental in fundraising for a butterfly park adjacent to Groff Park in New Holland.
- **Len Reinsfelder, Garden Spot Village Resident Since July 2022** – Len has become very involved in the local community, serving at his church Our Lady of Lourdes and with the ELANCO Public Library. Len says what many people say when they move to Garden Spot Village: “For so many years, my career was all encompassing. I needed to cut back all of my community service and volunteering. As I retired, I wanted to refocus my time on family, church involvement and community.”