

EXHIBIT C

Economic Impact Study

South Side Studios Dallas, LLC



March 5, 2024

Mr. Ray Brandte
Chief Financial Officer
South Side Studio Dallas, LLC
11321 Winthrop Lake Drive
Riverview, Florida 33578

Mr. Brandte,

Thank you for the opportunity to provide consulting services to South Side Studio Dallas, LLC. The attached memo highlights TXP's findings related to the economic and tax impact of South Side Studios' proposed renovation and modernization project in Dallas, Texas. TXP has organized the analysis and results based on the requirements of the State of Texas Media Production Facilities Development Program.

To assist the City of Dallas and State of Texas in reviewing your application, TXP has summarized the State of Texas Media Production Facilities Development Program. This document is intended to satisfy the requirements of the economic impact analysis.

Please do not hesitate to contact me with any questions or comments.

Best regards,

A handwritten signature in blue ink that reads "Travis D. James".

Travis D. James
Vice President



South Side Studios Renovation and Modernization Project Summary

- South Side Studios (SSS) is an existing converted warehouse on 11 acres that has served as a production studio facility in south Dallas, Texas.
- South Side Studios Dallas, LLC (SSSD) proposes to renovate the original spaces in the West Building, including unconditioned spaces that do not have soundproofing, into a state-of-the-art, purpose-built Studio Production Facility.
- The scope of work also includes a new roof and soundproofing at a second warehouse known as the Forest Building.
- SSSD will serve as the studio's operator, overseeing the leasing of soundstages, including an LED virtual production stage, production offices, post- production facilities, mill, and support facilities located on a secure lot with 2 acres of parking.
- SSSD will also rent camera, grip, and lighting production equipment, trailers, stake-bed trucks, and other vehicles.
- SSSD's project includes an estimated \$6.275 million in hard construction renovations as well as approximately \$1.532 million in furniture, fixtures, and equipment purchases.
- Because the project is nonresidential, a significant portion of the project costs could be subject to state and local sales tax.
- SSSD's proposed renovation will take approximately 6 months to complete.
- To be conservative, TXP has assumed all construction inputs are purchased from City of Dallas vendors. This assumption and the corresponding sales tax loss represent the maximum in forgone City sales tax revenue.

Table 1: South Side Studios Business Activity by Year

	2024	2025	2026	2027	2028
	Year 1	Year 2	Year 3	Year 4	Year 5
Economic Activity	\$737,500	\$2,950,000	\$3,466,250	\$3,748,406	\$3,842,116
Wages	\$320,833	\$770,000	\$789,250	\$808,981	\$829,206
Employment*	13	13	13	13	13

Source: South Side Studios Dallas, LLC

* Includes full-time and part-time Texas-based cast, crew, and corporate employees

Table 2: South Side Studios Machinery and Equipment Costs

Component	Cost Estimate*
Office and Hair/Make-Up/Green Rooms FF&E	\$179,012
LED Volume Wall Technology	\$450,000
Arri ALEXA Mini LF Camera Package	\$257,000
Sony Camera, Grip, Lighting Equipment	\$646,952
Total	\$1,532,964

Source: South Side Studios Dallas, LLC

*These costs exclude sales tax



Table 3: South Side Studios Construction Costs

Component	Cost Estimate
Roof	\$2,448,260
Demolition	\$46,000
Drywall	\$880,200
Paint	\$134,700
Vinyl Graphics	\$1,900
Doors/Frames/Hardware	\$92,200
Flooring	\$43,600
Concrete Sealer	\$13,100
Cabinetry	\$14,600
Solid Surface Tops	\$8,600
Roll Up Doors	\$82,000
Restroom Partitions & Accessories	\$21,300
Landings, Stairs and Handrails	\$6,200
Wheelchair Lift	\$20,500
Fence/Fencing	\$3,000
Parking Striping	\$4,900
HVAC	\$483,600
Electrical	\$682,500
Plumbing	\$178,600
Concrete	\$11,000
Masonry	\$134,000
Fire Alarm	\$15,700
Fire/Sprinklers	\$34,500
Audio Video	\$27,800
Access Controls/Cctv	\$63,200
General Conditions	\$170,000
Overhead/Profit	\$158,685
Subtotal	\$5,797,422
Sales Tax @ 8.25%	\$478,287
Total Cost	\$6,275,710

Source: Kpost Company, CCI Commercial Construction



Economic Impact of Methodology

An economy can be measured in a number of ways. Four of the most common are “**Output**” which describes total economic activity and is equivalent to a firm’s gross sales, “**Value Added**” which equals gross output of an industry or a sector less its intermediate inputs, “**Labor Income**” which corresponds to wages and benefits, and “**Employment**” which refers to permanent jobs that have been created in the local economy.

In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced.

Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as would be the taxi fare that visitor paid to be transported into town from the airport.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and the taxi driver will have to replace the gasoline consumed during the trip from the airport. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and taxi driver experience increased income from the visitor’s stay, for example, as do the cleaning supplies outlet and the gas station proprietor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

The interdependence between different sectors of the economy is reflected in the concept of a “multiplier.” An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every \$1,000 injected into the economy, another \$400 in output is produced in all other sectors.

For this project, TXP used Dallas-Fort Worth-Arlington, TX Metropolitan Statistical Area RIMS II multipliers (2012 U.S. Benchmark I-O data and 2021 Regional Data).



Table 4: Final Demand Multipliers: 7 – Construction

Output	Value-Added	Earnings	Employment
2.3516	1.2770	0.8187	14.9856

Source: RIMS II

Table 5: Direct Effect Multipliers: 7 – Construction

Earnings	Employment
1.9327	2.1873

Source: RIMS II

Table 6: Final Demand Multipliers: 7 – Construction

Sector	Output	Value-Added	Earnings	Employment
Agriculture, forestry, fishing, hunting	0.0006	0.0002	0.0001	0.0067
Mining	0.0171	0.0100	0.0038	0.0349
Utilities	0.0193	0.0113	0.0029	0.0227
Construction	1.0126	0.5215	0.4290	6.9377
Durable goods manufacturing	0.1525	0.0602	0.0322	0.4756
Nondurable goods manufacturing	0.1036	0.0296	0.0168	0.2167
Wholesale trade	0.1072	0.0646	0.0270	0.2939
Retail trade	0.1358	0.0872	0.0468	1.3984
Transportation and warehousing	0.0631	0.0291	0.0185	0.4185
Information	0.0537	0.0281	0.0098	0.1162
Finance and insurance	0.1219	0.0668	0.0342	0.5793
Real estate and rental and leasing	0.1788	0.1290	0.0284	1.1735
Professional, scientific, tech. services	0.0958	0.0638	0.0471	0.5522
Management of companies	0.0296	0.0187	0.0129	0.1313
Administrative and waste services	0.0448	0.0285	0.0211	0.4867
Educational services	0.0142	0.0098	0.0066	0.1725
Health care and social assistance	0.0985	0.0606	0.0455	0.7870
Arts, entertainment, and recreation	0.0109	0.0070	0.0042	0.1516
Accommodation	0.0087	0.0052	0.0024	0.0697
Food services and drinking places	0.0365	0.0191	0.0113	0.4403
Other services	0.0465	0.0257	0.0172	0.4493
Households	0.0000	0.0009	0.0009	0.0711
Total Impact	2.3517	1.2769	0.8187	14.9858

Source: RIMS II



Using the RIMS II model, South Side Studios' activity most closely matches 512100 – Motion picture and video industries.

Table 7: Final Demand Multipliers: 512100 – Motion picture and Video Industries

Output	Value-Added	Earnings	Employment
1.7623	1.0584	0.4679	13.2638

Source: RIMS II

Table 8: Direct Effect Multipliers: 512100 – Motion picture and Video Industries

Earnings	Employment
1.9809	1.6691

Source: RIMS II

Table 9: Final Demand Multipliers: 512100 – Motion picture and Video Industries

Sector	Output	Value-Added	Earnings	Employment
Agriculture, forestry, fishing, hunting	0.0003	0.0001	0.0001	0.0036
Mining	0.0032	0.0019	0.0008	0.0055
Utilities	0.0110	0.0064	0.0017	0.0126
Construction	0.0078	0.0033	0.0022	0.0374
Durable goods manufacturing	0.0133	0.0055	0.0029	0.0415
Nondurable goods manufacturing	0.0404	0.0133	0.0073	0.1223
Wholesale trade	0.0328	0.0198	0.0083	0.0899
Retail trade	0.0457	0.0294	0.0159	0.4708
Transportation and warehousing	0.0349	0.0166	0.0105	0.2647
Information	1.0805	0.6453	0.2543	8.3455
Finance and insurance	0.0876	0.0483	0.0236	0.3825
Real estate and rental and leasing	0.1295	0.0921	0.0217	0.8390
Professional, scientific, tech. services	0.0750	0.0505	0.0331	0.4356
Management of companies	0.0169	0.0107	0.0074	0.0749
Administrative and waste services	0.0351	0.0233	0.0175	0.4183
Educational services	0.0085	0.0058	0.0040	0.1019
Health care and social assistance	0.0565	0.0350	0.0260	0.4337
Arts, entertainment, and recreation	0.0278	0.0202	0.0112	0.5547
Accommodation	0.0060	0.0036	0.0017	0.0481
Food services and drinking places	0.0233	0.0123	0.0075	0.2832
Other services	0.0264	0.0144	0.0099	0.2575
Households	0.0000	0.0005	0.0005	0.0406
Total Impact	1.7625	1.0583	0.4681	13.2638

Source: RIMS II



Construction Economic Impact of the South Side Studios Project

The following table depicts how SSS expansion spending ripples through the Dallas MSA economy. This spending increases regional economic activity by \$13.6 million, labor income by \$4.7 million, and employment by 86.6 jobs. This table illustrates how the SSS project encourages and promotes regional economic growth in other sectors of the economy.

The input into the model was \$5.8 million in construction spending (see tables 3).

Table 12: Total Economic Impact of the South Side Studios Project Construction Spending

Sector	Output	Value Add	Earnings	Employment
Agriculture, forestry, fishing, hunting	\$3,468	\$1,156	\$578	0.0
Mining	\$98,849	\$57,806	\$21,966	0.2
Utilities	\$111,566	\$65,321	\$16,764	0.1
Construction	\$5,853,481	\$3,014,606	\$2,479,897	40.1
Durable goods manufacturing	\$881,548	\$347,995	\$186,137	2.7
Nondurable goods manufacturing	\$598,875	\$171,107	\$97,115	1.3
Wholesale trade	\$619,685	\$373,430	\$156,077	1.7
Retail trade	\$785,012	\$504,072	\$270,534	8.1
Transportation and warehousing	\$364,759	\$168,217	\$106,942	2.4
Information	\$310,421	\$162,436	\$56,650	0.7
Finance and insurance	\$704,661	\$386,147	\$197,698	3.3
Real estate and rental and leasing	\$1,033,579	\$745,703	\$164,170	6.8
Professional, scientific, tech. services	\$553,786	\$368,805	\$272,268	3.2
Management of companies	\$171,107	\$108,098	\$74,570	0.8
Administrative and waste services	\$258,973	\$164,748	\$121,972	2.8
Educational services	\$82,085	\$56,650	\$38,152	1.0
Health care and social assistance	\$569,394	\$350,307	\$263,019	4.5
Arts, entertainment, and recreation	\$63,009	\$40,465	\$24,279	0.9
Accommodation	\$50,292	\$30,059	\$13,874	0.4
Food services and drinking places	\$210,994	\$110,410	\$65,321	2.5
Other services	\$268,800	\$148,563	\$99,427	2.6
Households	\$0	\$5,203	\$5,203	0.4
Total Impact	\$13,594,342	\$7,381,305	\$4,732,614	86.6

Source: TXP, Inc.



Economic Impact of South Side Studios Annual Operations

The following table illustrates how normal business activity at SSS ripples through the Dallas-Fort Worth MSA economy. Over the next five years, SSS' annual impact on the regional economy will increase with inflation.

Table 13: Total Economic Impact of South Side Studios Annual Operations (Direct + Indirect + Induced)

Year	Output	GDP/ Value Add	Earnings	Employment
Year 1	\$1,299,696	\$780,570	\$635,539	22
Year 2	\$5,198,785	\$3,122,280	\$1,525,293	22
Year 3	\$6,108,572	\$3,668,679	\$1,563,425	22
Year 4	\$6,605,816	\$3,967,313	\$1,602,511	22
Year 5	\$6,770,962	\$4,066,496	\$1,642,574	22

Source: TXP, Inc.

State of Texas Tax impact of South Side Studios

Applying the percentage of state tax revenue to GDP (3.34 percent) against economic activity attributable to SSS's expansion project and construction, the state is projected to receive \$0.8 million in net new tax revenue over the next five years.

Table 14: State of Texas Estimated Tax Revenue Impact of South Side Studios Annual Operations

Phase	Annual State GDP	Annual Tax Impact (3.34% ratio)
Construction	\$7,381,305	\$246,387
Year 1	\$780,570	\$26,055
Year 2	\$3,122,280	\$104,221
Year 3	\$3,668,679	\$122,460
Year 4	\$3,967,313	\$132,429
Year 5	\$4,066,496	\$135,739
New State Tax Revenue		\$767,292

Source: TXP, Inc.



About TXP, Inc.

TXP is an economic analysis and public policy consulting firm founded in 1987 in Austin, Texas. Since then, TXP has grown into a team of professionals whose diverse backgrounds allow us to craft customized solutions to client problems. Our clients have discovered that TXP is the firm to hire when there is not an immediate, obvious, or simple solution to their economic or public policy challenge. Our reputation for having the right people to analyze issues from a variety of perspectives has made TXP the firm to call first for professionals in the public sector and business arenas. In addition to drawing on the expertise of our firm members, we regularly partner with urban planning, engineering, and public policy firms — as well as Ph.D.s in varying disciplines — to put together teams uniquely suited to our clients' needs.

TXP has worked with a wide range of not-for-profits and private sector clients to provide illumination through analytical support, always with a strategic view of the big picture. Members of TXP are involved in the community and understand the challenges faced by an increasingly complex world, as heightened media attention and an ever more diverse set of stakeholders shine a brighter spotlight on public decision-making and public policy.

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