



Economic Impact Analysis of Lake Martin

May 1, 2009

City of Alexander City

Elmore County Commission

Lake Martin Area Economic Development Alliance

Lake Martin Resource Association

Middle Tallapoosa River Basin Clean Water Partnership

Russell Lands, Inc.

Tallapoosa County



WHAT DOES LAKE MARTIN CONTRIBUTE TO THE ECONOMY?

- ▶ **Overview Of Analysis**
- ▶ Methodology
- ▶ Summary of Results
 - Impact of Existing Development
 - Impact of Future Development



OBJECTIVES OF ECONOMIC IMPACT ANALYSIS

What is the economic impact of Lake Martin...

- ▶ Currently?
- ▶ Of recent construction?
- ▶ In the future?
 - If current lake levels continue?
 - If lake levels increase?



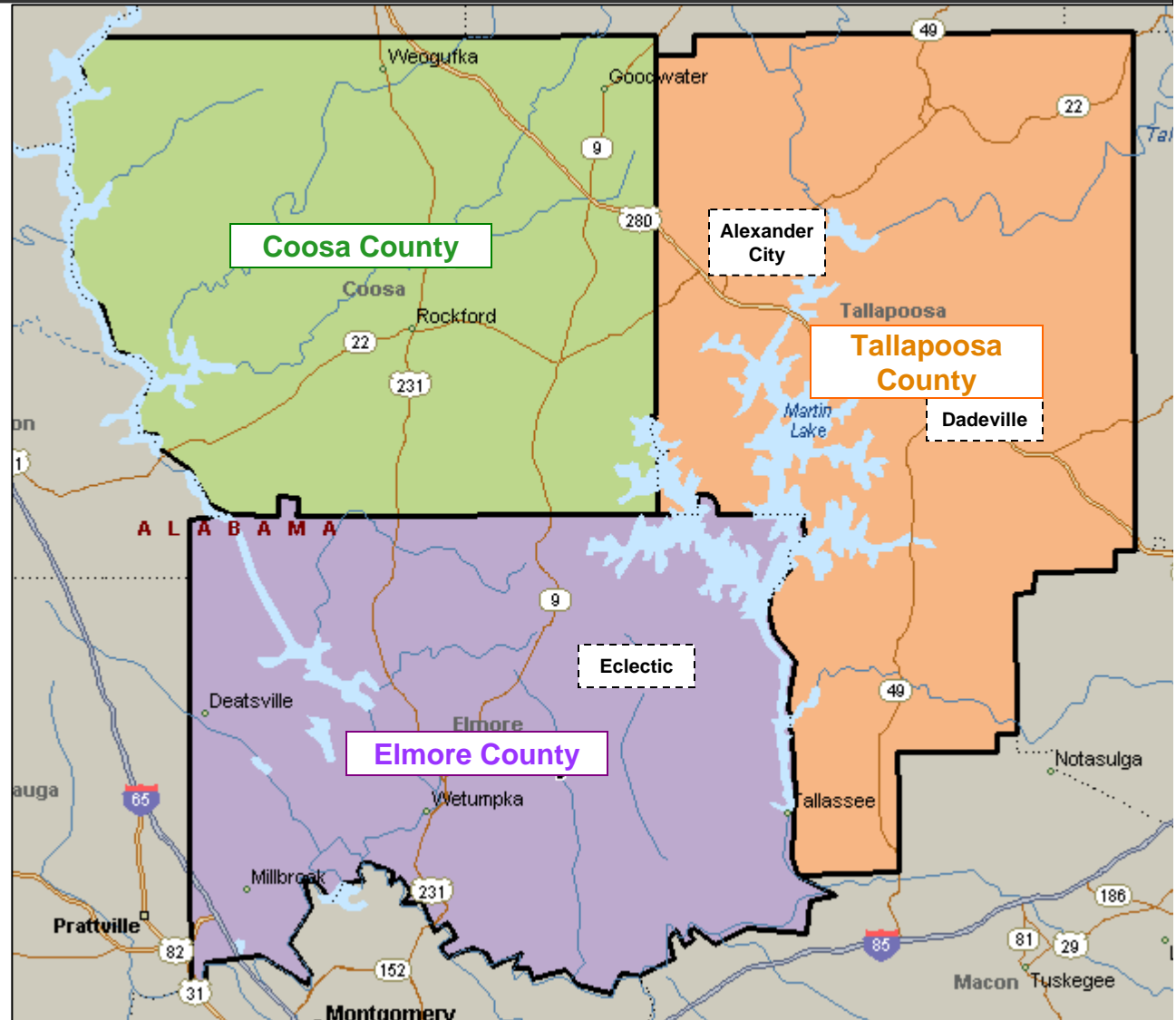
Photo from LAKE Magazine, Lake Martin Edition

OVERVIEW OF ECONOMIC IMPACT ANALYSIS

GEOGRAPHY

RCLCO analyzed the impact of Lake Martin on several jurisdictions

- ▶ Counties: Coosa, Elmore, and Tallapoosa
- ▶ Towns/Cities: Alexander City, Dadeville, and Eclectic
- ▶ State of Alabama



OVERVIEW OF ECONOMIC IMPACT ANALYSIS

CURRENT AND FUTURE IMPACT SCENARIOS

	Snapshot of what Lake Martin <u>currently</u> contributes to the local economies		Projections of what <u>future</u> development at Lake Martin could contribute to the local economies	
<i>Scenario</i>	All Properties	Recently Built Properties	Current Lake Levels	Proposed Lake Levels
<i>Timeframe</i>	Fiscal Year 2008-2009	Fiscal Year 2008-2009	2009 through 2044	2009 through 2044
<i>Lake Levels</i>	Current	Current	Current	Proposed (62% increase in number of days at full pool)
<i>Study Area</i>	All lakefront properties and lots within lakefront subdivisions	All lakefront properties and lots within lakefront subdivisions that were built since 2000	Development on unimproved land on/near the lake	Development on unimproved land on/near the lake

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OVERVIEW OF ECONOMIC IMPACT ANALYSIS

COMPONENTS OF ANALYSIS

The economic impact study of Lake Martin focuses on the following major measures of economic activity:

▶ Jobs

- Businesses on/near the lake
- Construction jobs generated by recent and future development along the lake
- “Spin-off” employment supported by businesses proximate to the lake and construction jobs

▶ Retail spending

- Spending from tourists visiting the lake
- Spending by households who live near/on the lake

▶ Fiscal impacts

- General fund taxes and
- Other ad valorem taxes
- Other revenues

SUMMARY OF METHODOLOGY

IMPACT OF CURRENT DEVELOPMENT

Impact	Factor	Description
Jobs	<i>Businesses on/near the lake</i>	<ul style="list-style-type: none"> • Within commercial properties on the lake • Other businesses that would not exist but for the lake
	<i>Construction</i>	<ul style="list-style-type: none"> • Jobs created through the construction of new homes and businesses since 2000
	<i>“Spin-off” Jobs</i>	<ul style="list-style-type: none"> • Additional retail and personal service jobs supported by households in the study area
Retail Spending	<i>Tourists</i>	<ul style="list-style-type: none"> • Spending on retail, food/beverage, and entertainment by tourists
	<i>Households</i>	<ul style="list-style-type: none"> • Spending by households on/near the lake within lakefront businesses • Spending by households in retail stores elsewhere in the counties, cities, and state
Fiscal Impacts	<i>Revenues</i>	<ul style="list-style-type: none"> • Sales taxes attributable to retail spending • Other local taxes and revenues and selected state taxes emanating from properties located along the lake and in lakefront subdivisions

SUMMARY OF METHODOLOGY

IMPACT OF FUTURE DEVELOPMENT

Impact	Factor	Description
Jobs	<i>Businesses on/near the lake</i>	<ul style="list-style-type: none"> • RCLCO projections of future development of retail, hotels, golf courses, and marinas on undeveloped land
	<i>Construction</i>	<ul style="list-style-type: none"> • Jobs created through the construction of projected development of residential and commercial properties
	<i>“Spin-off” Jobs</i>	<ul style="list-style-type: none"> • Spin-off employment supported by businesses proximate to the lake and construction jobs
Retail Spending	<i>Tourists</i>	<ul style="list-style-type: none"> • Spending on retail, food/beverage, and entertainment by tourists
	<i>Households</i>	<ul style="list-style-type: none"> • Spending by households in projected future commercial development • Spending by households in retail stores elsewhere in the counties, cities, and state
Fiscal Impacts	<i>Revenues</i>	<ul style="list-style-type: none"> • Sales taxes attributable to future retail spending • Other local taxes and revenues and selected state taxes emanating from projected future development

SUMMARY OF METHODOLOGY

KEY ASSUMPTIONS

- ▶ Annual retail expenditures per full-time equivalent household:
 - \$20,907 applied to current households, based on median income of \$52,491
 - \$26,263 applied to future, new households (about 25% higher), based on a median income of \$67,419
 - Part-time households spend 15% more per year on retail than full-time households

- ▶ Occupancy assumptions for part-time households:
 - Currently and in the future with current lake levels: 7 to 9 weeks per year
 - Currently and in the future with proposed lake levels: 10 to 11 weeks per year

- ▶ Percent full-time versus part-time households:
 - 50% full-time, 50% part-time for current housing units
 - 54% full-time, 46% part-time for projected future housing units

- ▶ Other effects of proposed lake levels:
 - 5% increase in sale price and 20% increase in number of annual sales
 - 25% increase in sales at projected future retail development
 - 10% increase in hotel revenues at projected future hotels
 - 1.5 times higher retail/entertainment sales from tourists

- ▶ Assumptions for estimating construction employment:
 - 40% of constructions costs assumed to be attributable to labor
 - Annual compensation per construction employee: \$36,000
 - Divide the annual value of construction labor by annual compensation

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SUMMARY OF RESULTS OF REVENUE ANALYSIS

Summary of Total Tax Revenue from Existing and Projected Future Development

Current Revenue from Existing Development	
<i>All Parcels</i>	\$35,800,000
<i>Parcels Built Since 2000</i>	\$12,600,000
Incremental Revenue from Future Development	
<i>Current Lake Levels</i>	\$1,821,000,000
<i>Proposed Lake Levels</i>	\$1,943,000,000

Note: Figures shown are the sum of estimated tax revenue to Alabama, Coosa County, Elmore County, Tallapoosa County, Alexander City, Dadeville, and Eclectic.

MAJOR FINDINGS OF ANALYSIS

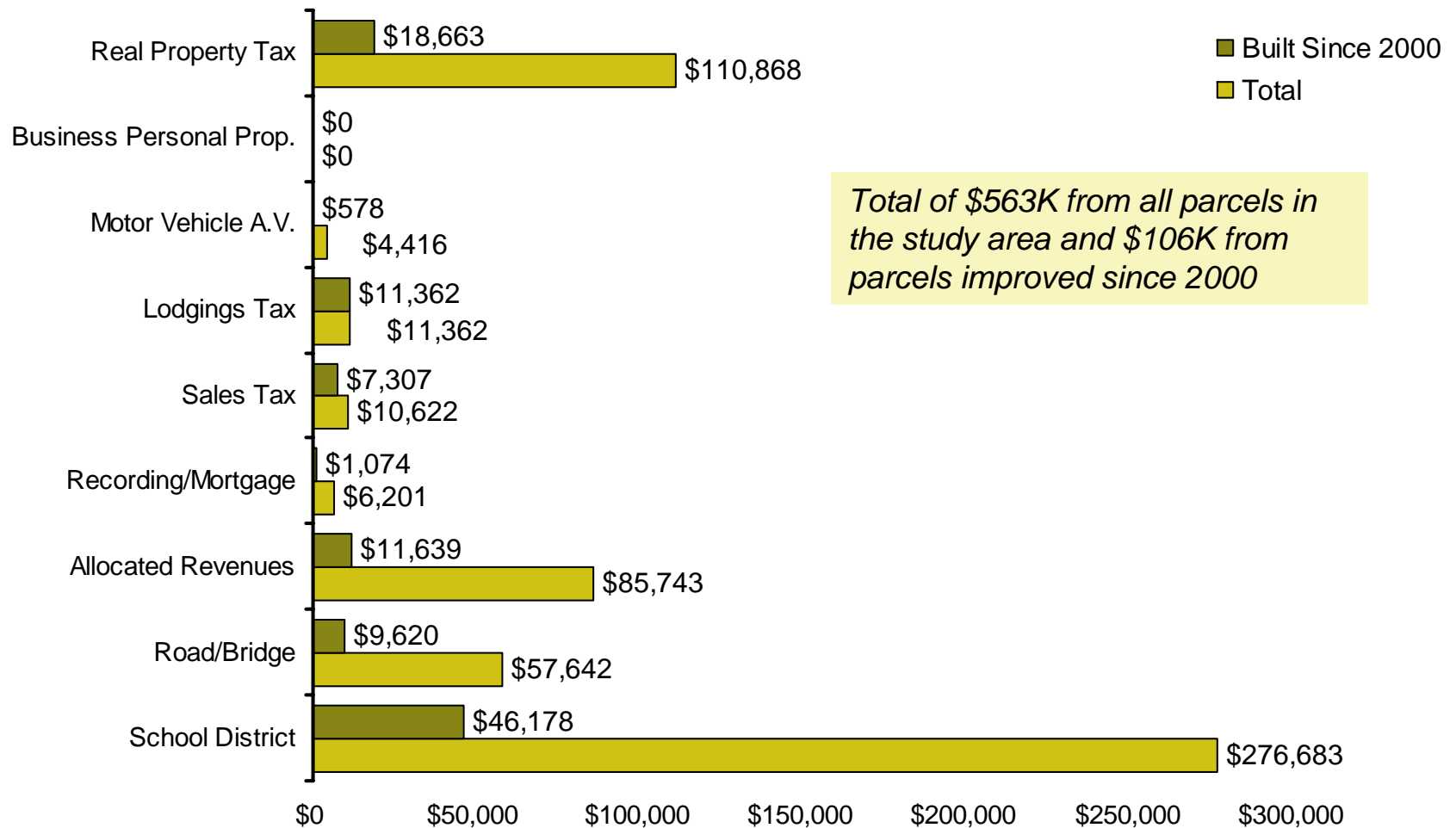
ECONOMIC IMPACT OF CURRENT DEVELOPMENT

- ▶ Existing development on the lake (and in waterfront subdivisions) has a total appraised value of **\$3.4 billion**
 - In Tallapoosa County, the lakefront properties account for half of all assessed value in the county
 - Elmore and Coosa Counties, the lakefront properties account for over one-sixth of assessed value in the county
- ▶ **449 permanent jobs** on/near Lake Martin and another approximately **1,100 to 1,200 retail and personal services jobs** that existing households support ¹
- ▶ Development since 2000 supported an average of **764 construction jobs** per year and an additional **827 indirect jobs**.
- ▶ Residents at and guests to the lake account for approximately **\$89 million** per year in retail sales in Tallapoosa, Coosa, and Elmore Counties (46% of those sales can be attributed to growth since 2000)
 - Tallapoosa, Coosa, and Elmore Counties capture about \$43 million, or about 50%, of total annual spending by households in the study area
- ▶ Since 2000 on the lake, there has been an additional **\$918 million** worth of new development/ properties

¹ Excludes other potential untaxed labor.

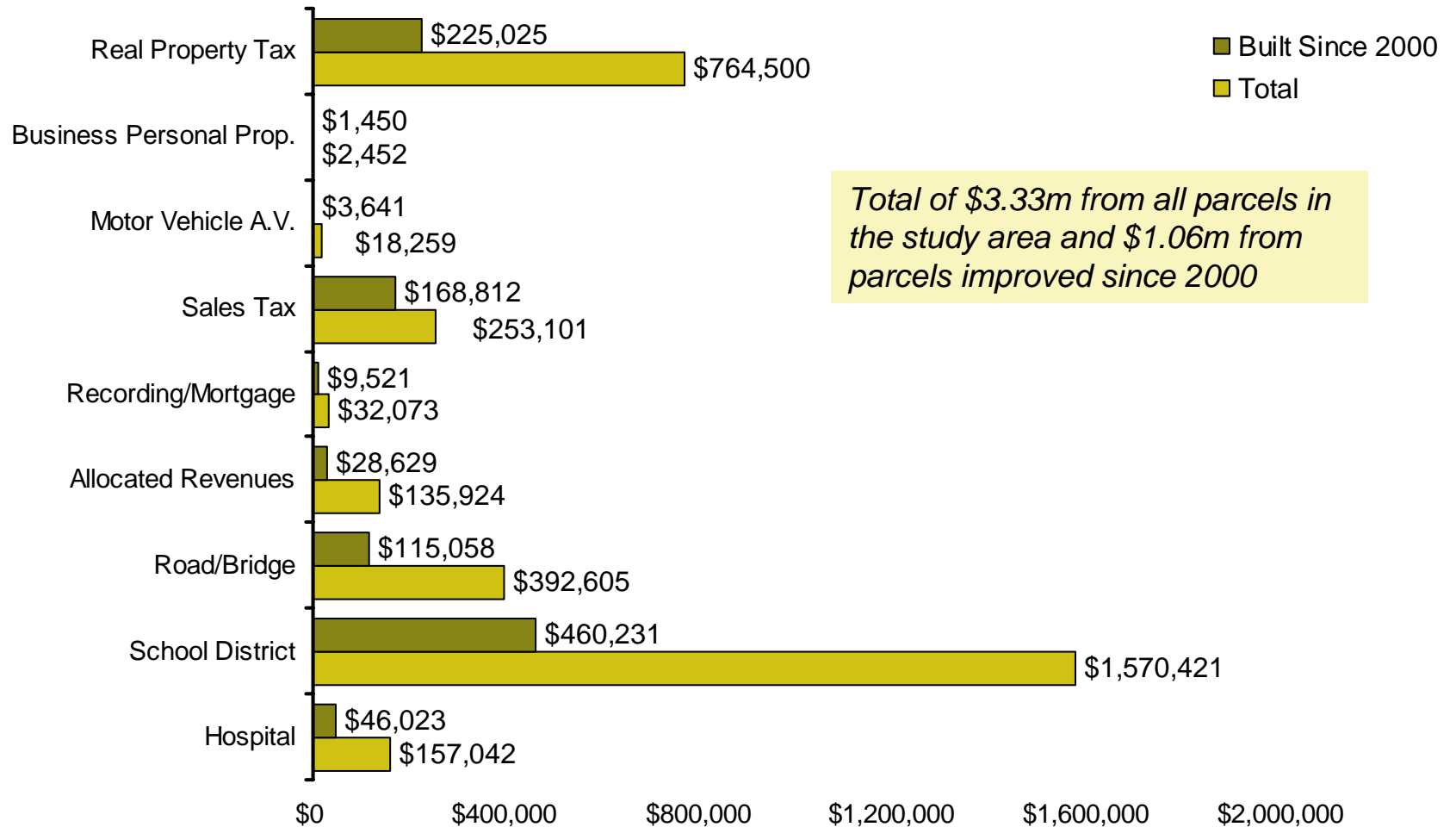
COOSA COUNTY REVENUES FROM EXISTING DEVELOPMENT

Revenues from Existing Development, Fiscal Year 2008-2009



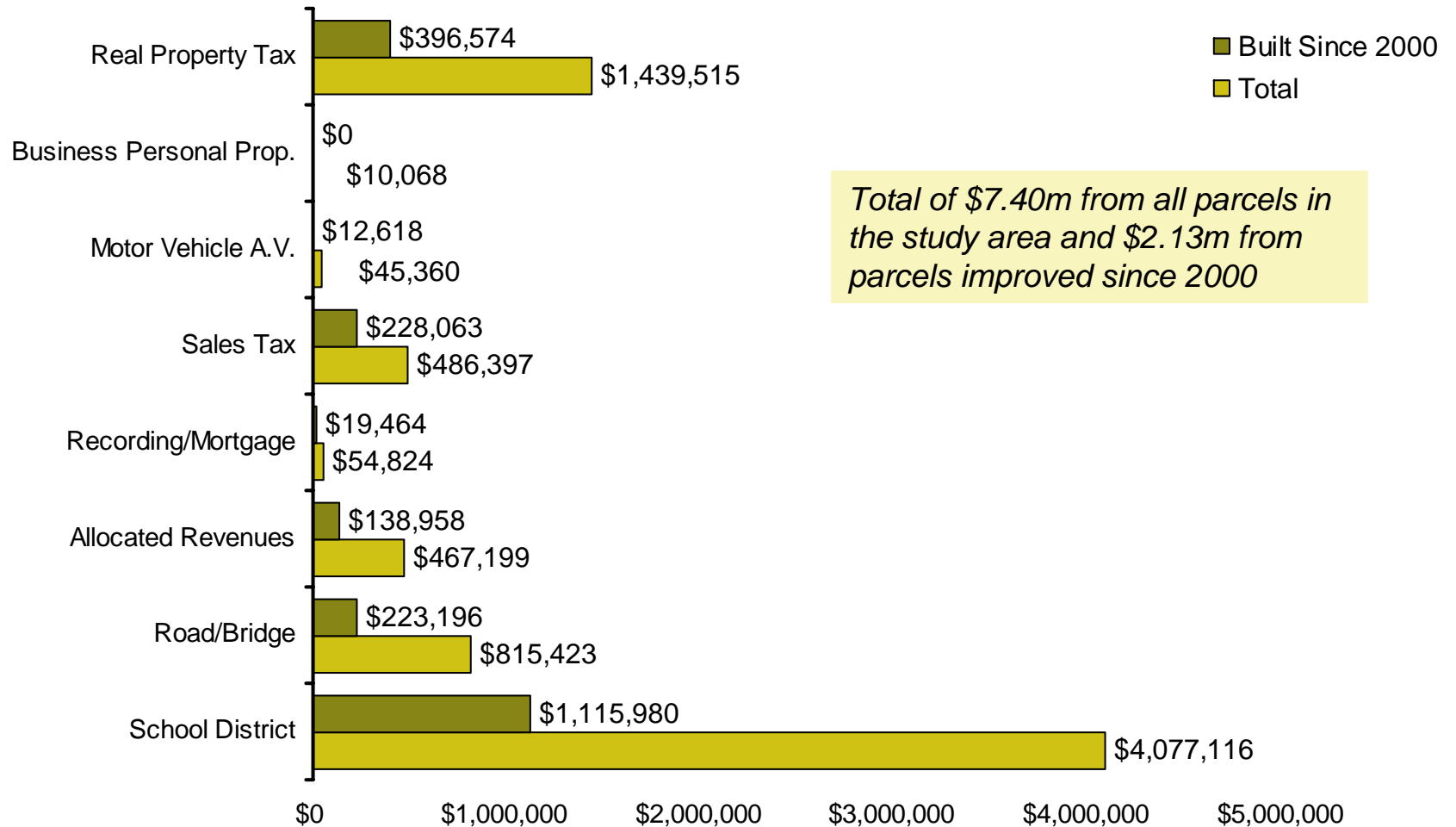
ELMORE COUNTY REVENUES FROM EXISTING DEVELOPMENT

Revenues from Existing Development, Fiscal Year 2008-2009



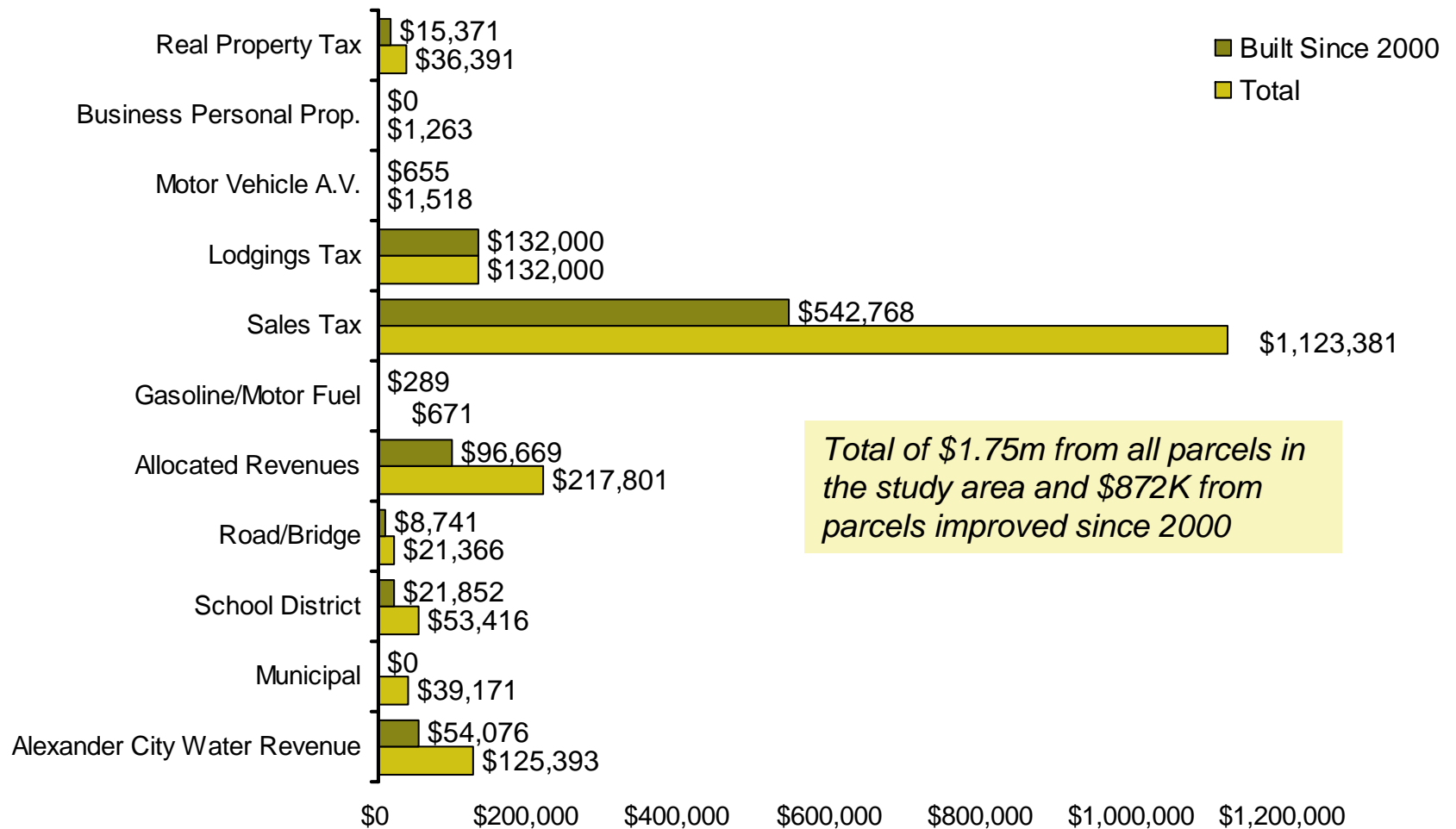
TALLAPOOSA COUNTY REVENUES FROM EXISTING DEVELOPMENT

Revenues from Existing Development, Fiscal Year 2008-2009



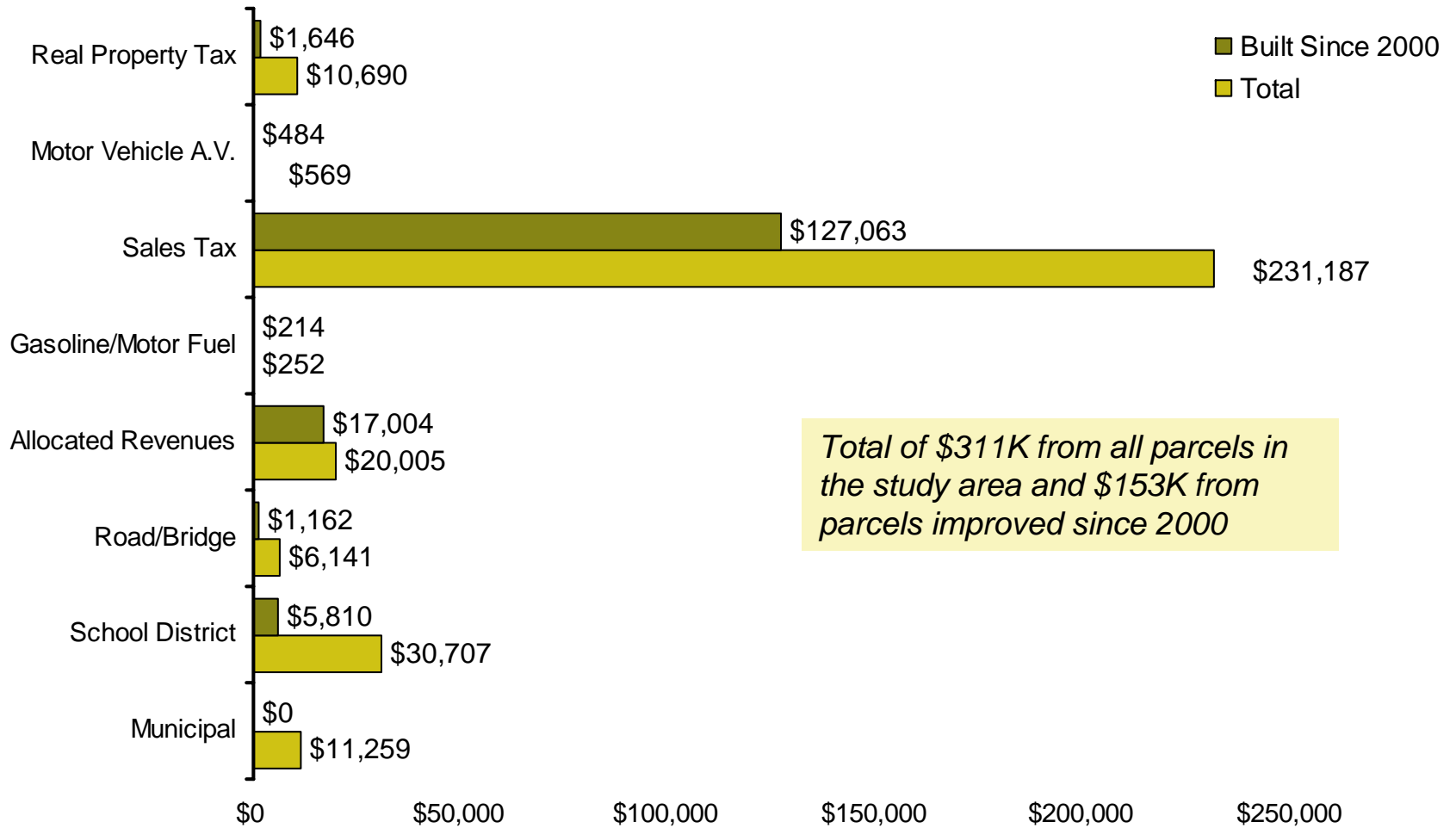
ALEXANDER CITY REVENUES FROM EXISTING DEVELOPMENT

Revenues from Existing Development, Fiscal Year 2008-2009



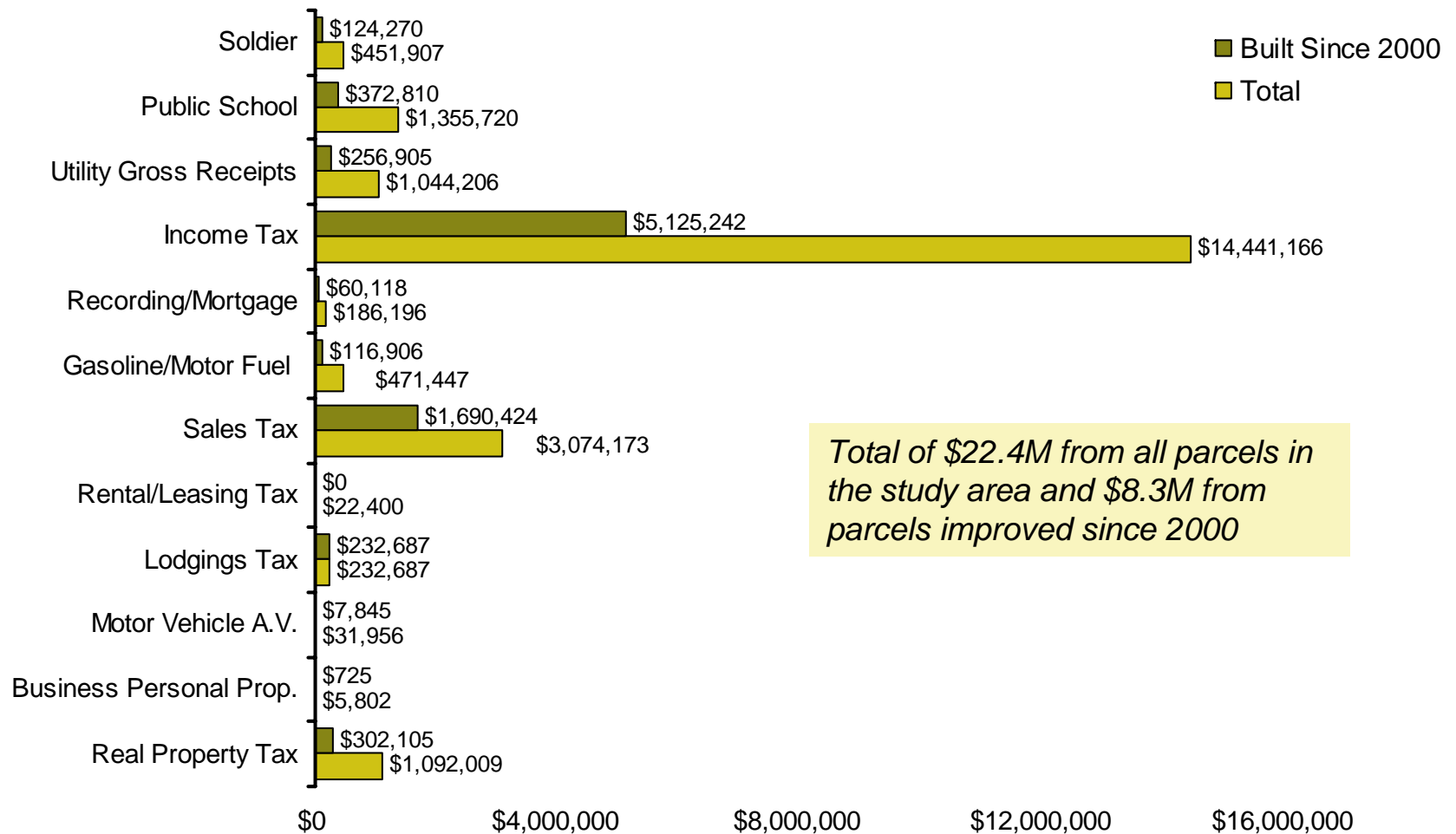
DADEVILLE REVENUES FROM EXISTING DEVELOPMENT

Revenues from Existing Development, Fiscal Year 2008-2009



ALABAMA REVENUES FROM EXISTING DEVELOPMENT

Revenues from Existing Development, Fiscal Year 2008-2009



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MAJOR FINDINGS OF ANALYSIS

INCREMENTAL IMPACT OF FUTURE DEVELOPMENT

- ▶ RCLCO projects the following future development through 2044:
 - **6,211 new housing units** with an average appraised value of **\$745,000** (2009 \$)
 - 4 new golf courses, 2 new hotels, 274,000 gross square feet of retail, 2 new marinas, and expansion of 2 existing marinas
- ▶ **1,033 permanent jobs** that projected future development would generate at build-out within the state of Alabama and **299 indirect jobs**.
- ▶ Ongoing construction over the next 20 years could generate an additional **1,100 – 1,150 construction jobs each year** in Alabama
- ▶ Future employment generated from future development and construction would indirectly support an **additional 1,500 jobs** in Alabama
- ▶ At build-out, we estimate that residents at and guests to the lake account for approximately **\$121.5 million** per year in incremental, new retail sales in Tallapoosa, Coosa, and Elmore Counties (2009 \$)
 - Tallapoosa, Coosa, and Elmore expected to capture \$99 million, or about 80%, of total annual spending by households in the study area
- ▶ With higher lake levels, estimated annual retail sales increases to **\$149.3 million**

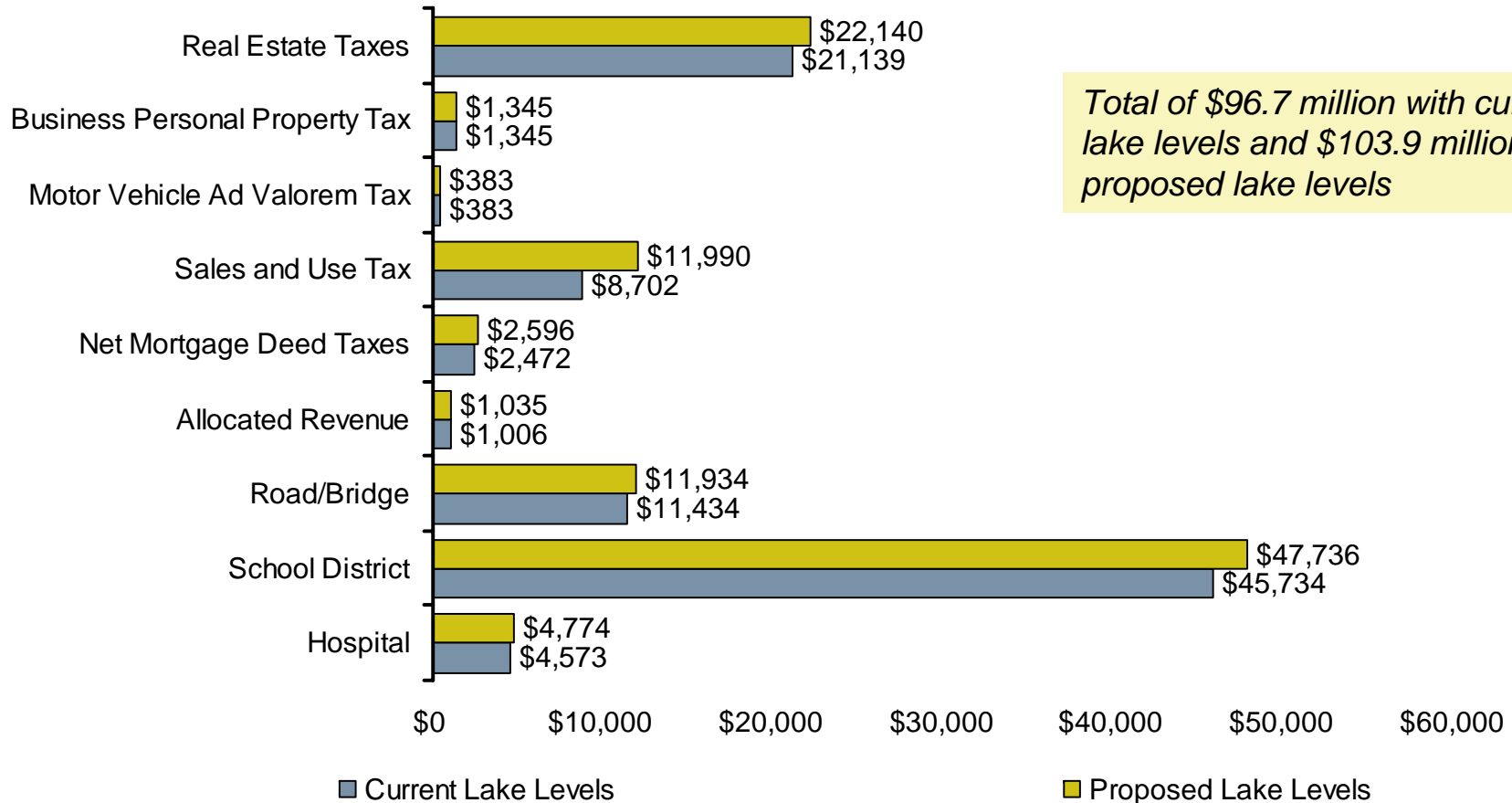
SUMMARY OF RCLCO PROJECTED FUTURE DEVELOPMENT

	Tallapoosa County	Elmore County	Coosa County	Total
<i>Housing Units</i>	5,152	1,060	0	6,211
<i>Golf Courses</i>	72 Holes	0 Holes	0 Holes	72 Holes
<i>Hotels</i>	300 Keys	70 Keys	0 Keys	370 Keys
<i>Retail</i>	154,100 GSF	120,000 GSF	0 GSF	274,100 GSF
<i>Marinas - Dry Stacks</i>	800 Slips	10 Slips	0 Slips	810 Slips
<i>Marinas - Wet Slips</i>	0 Slips	128 Slips	0 Slips	128 Slips

Note: GSF=Gross Square Feet

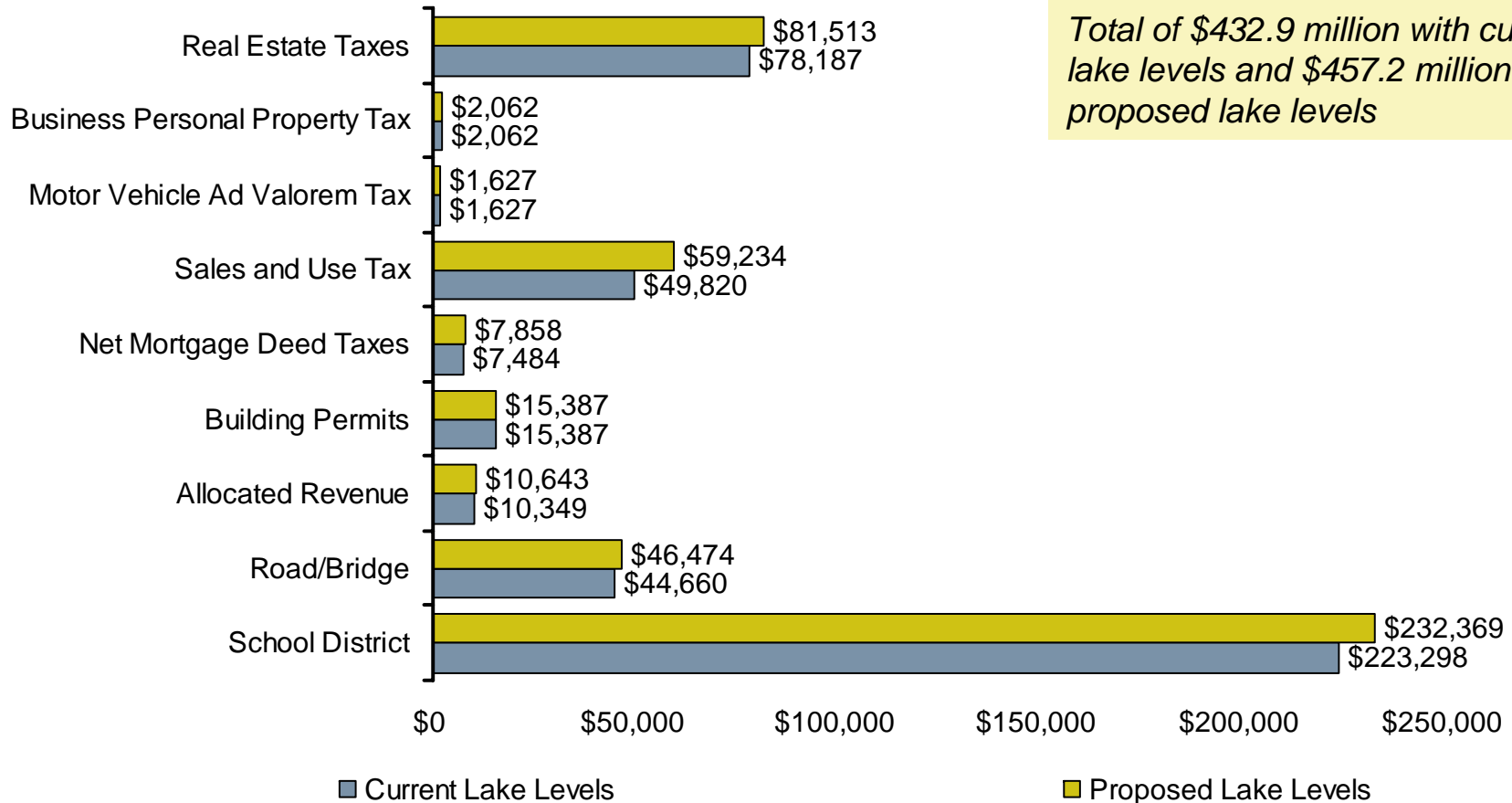
ELMORE COUNTY REVENUES FROM FUTURE DEVELOPMENT

Total Cumulative Incremental Revenues in Thousands, 2009 - 2044
Elmore County



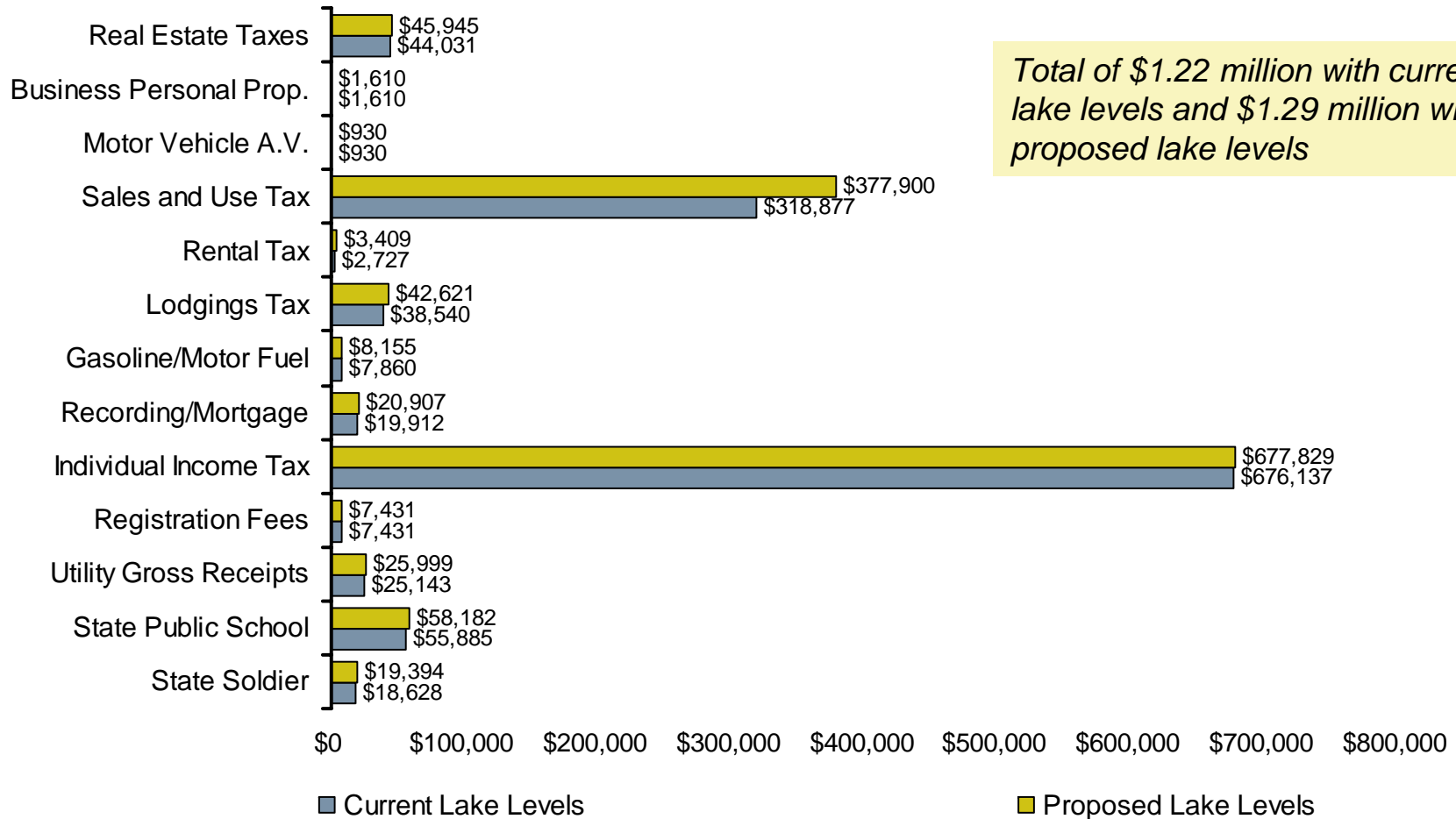
TALLAPOOSA COUNTY REVENUES FROM FUTURE DEVELOPMENT

Total Cumulative Incremental Revenues in Thousands, 2009 - 2044
Tallapoosa County



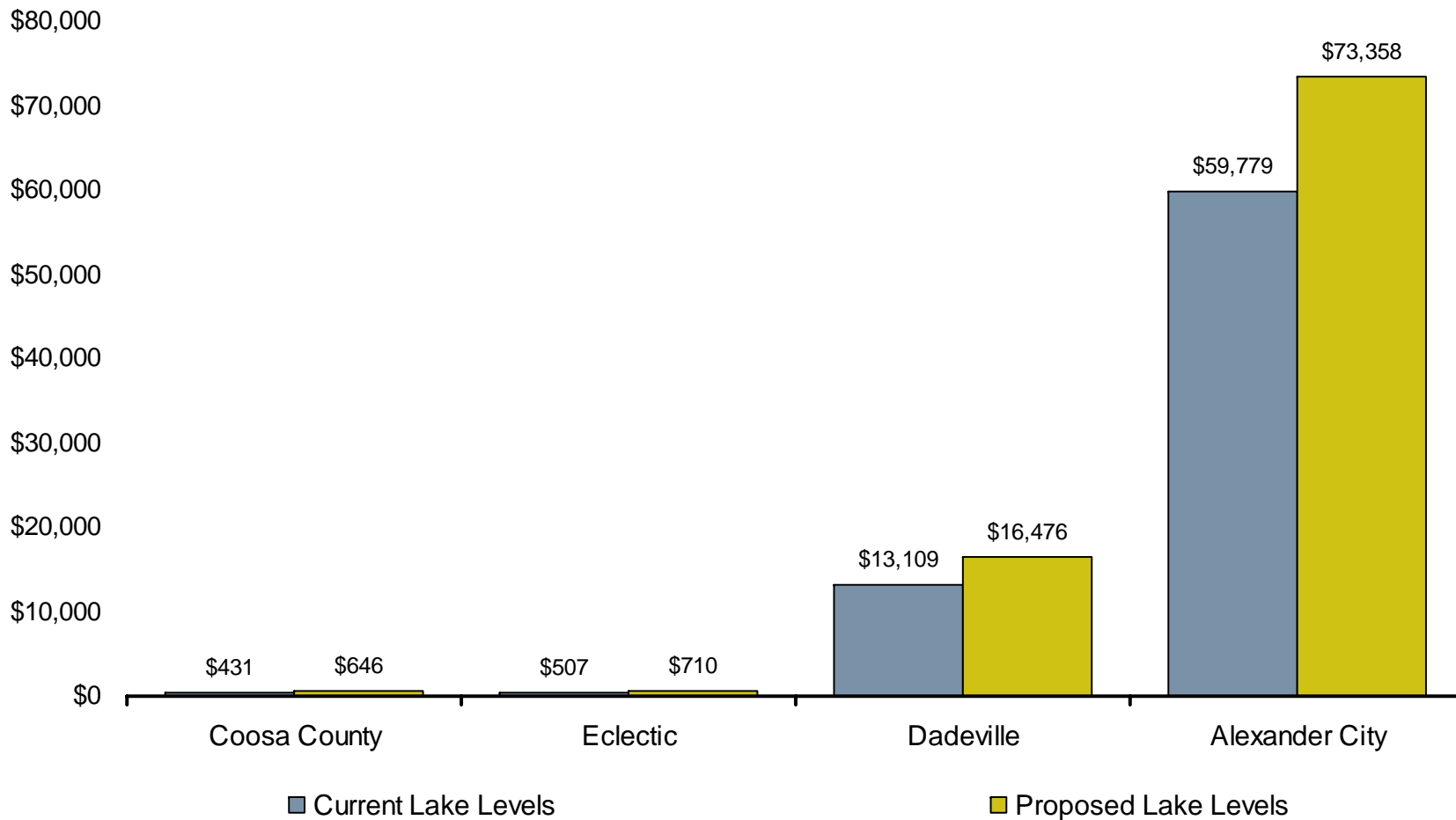
ALABAMA REVENUES FROM FUTURE DEVELOPMENT

Total Cumulative Incremental Revenues in Thousands, 2009 - 2044
Alabama



SALES TAX REVENUES TO OTHER JURISDICTIONS FROM FUTURE DEVELOPMENT

Total Cumulative Incremental Sales Tax Revenues in Thousands, 2009 - 2044
Coosa County, Eclectic, Dadeville, and Alexander City





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