



# 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?



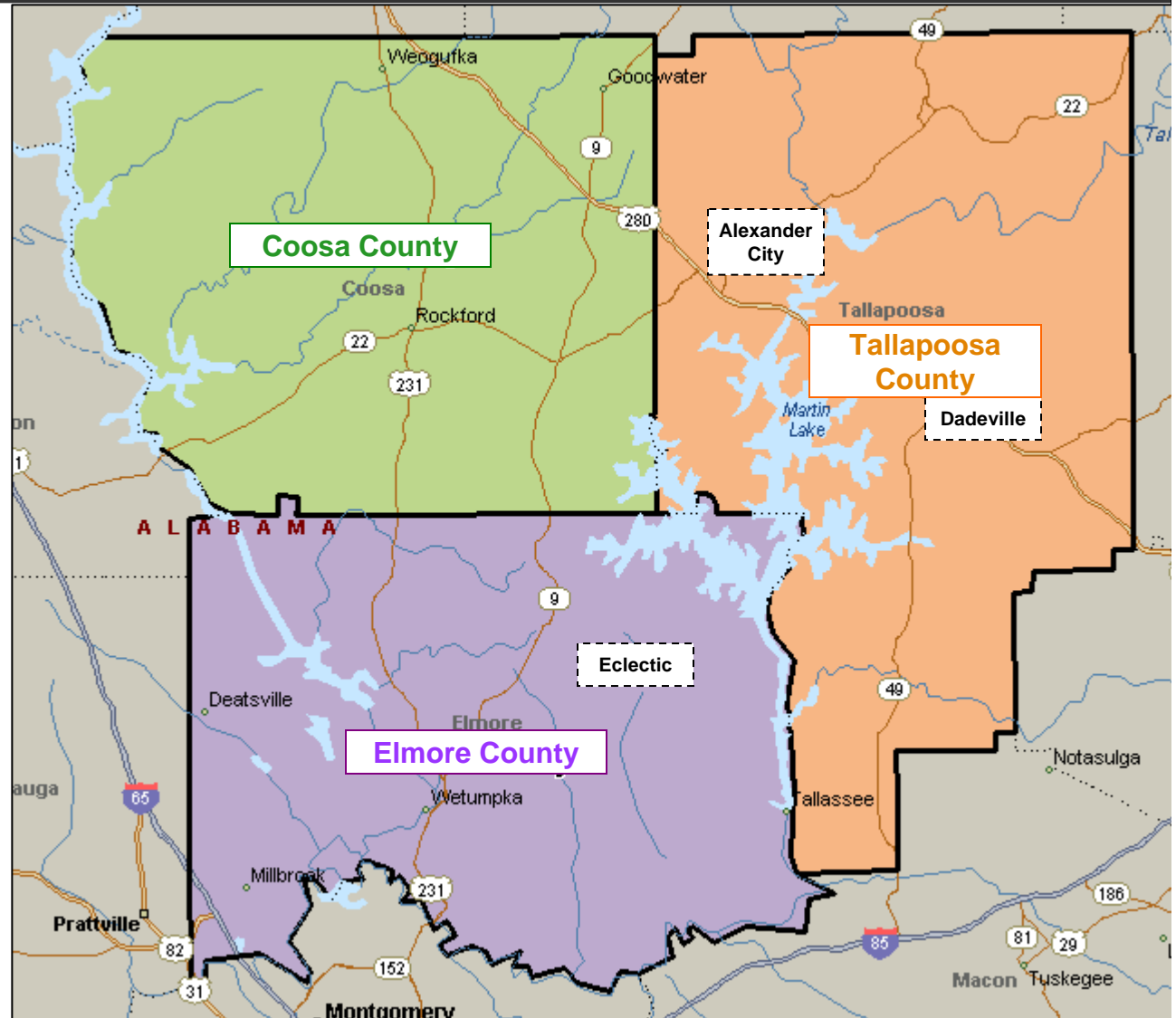
*Photo from LAKE Magazine, Lake Martin Edition*

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



# SUMMARY OF METHODOLOGY

## IMPACT OF FUTURE DEVELOPMENT

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

# 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

# WHAT DOES LAKE MARTIN CONTRIBUTE TO THE ECONOMY?

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- ▶ **Summary of Results**
  - **Impact of Existing Development**
  - Impact of Future Development



# 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

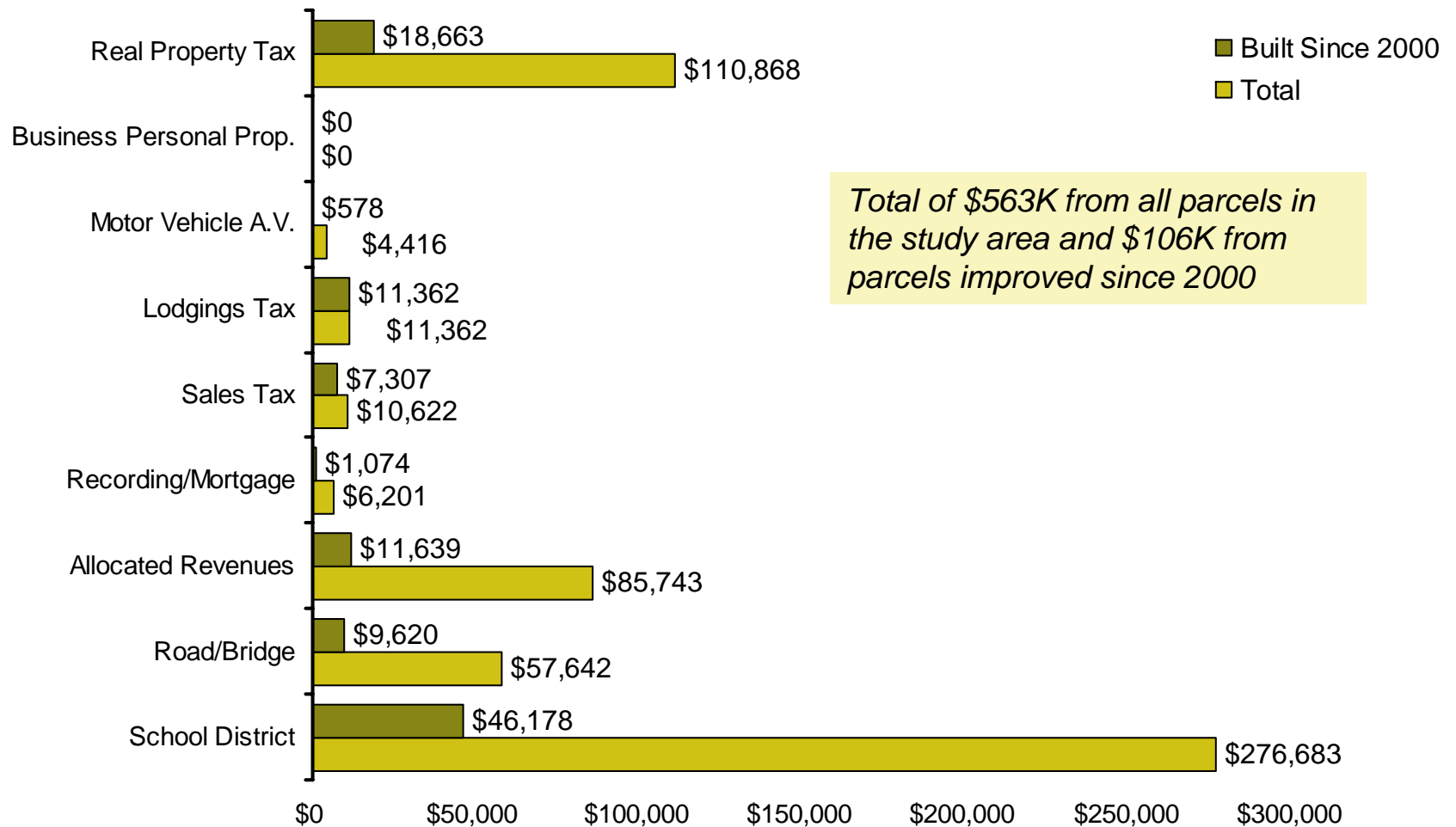
## ECONOMIC IMPACT OF CURRENT DEVELOPMENT

- ▶ 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
- ▶ Existing development supports **1,600 total jobs** and **3,170 total jobs including construction**-related activity from recent development on the lake
  - **449 permanent jobs** on/near Lake Martin and another approximately **1,100 to 1,200 retail and personal services jobs** that existing households support <sup>1</sup>
  - 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)
- ▶ Since 2000 on the lake, there has been an additional **\$918 million** worth of new development/ properties

<sup>1</sup> Excludes other potential untaxed labor.

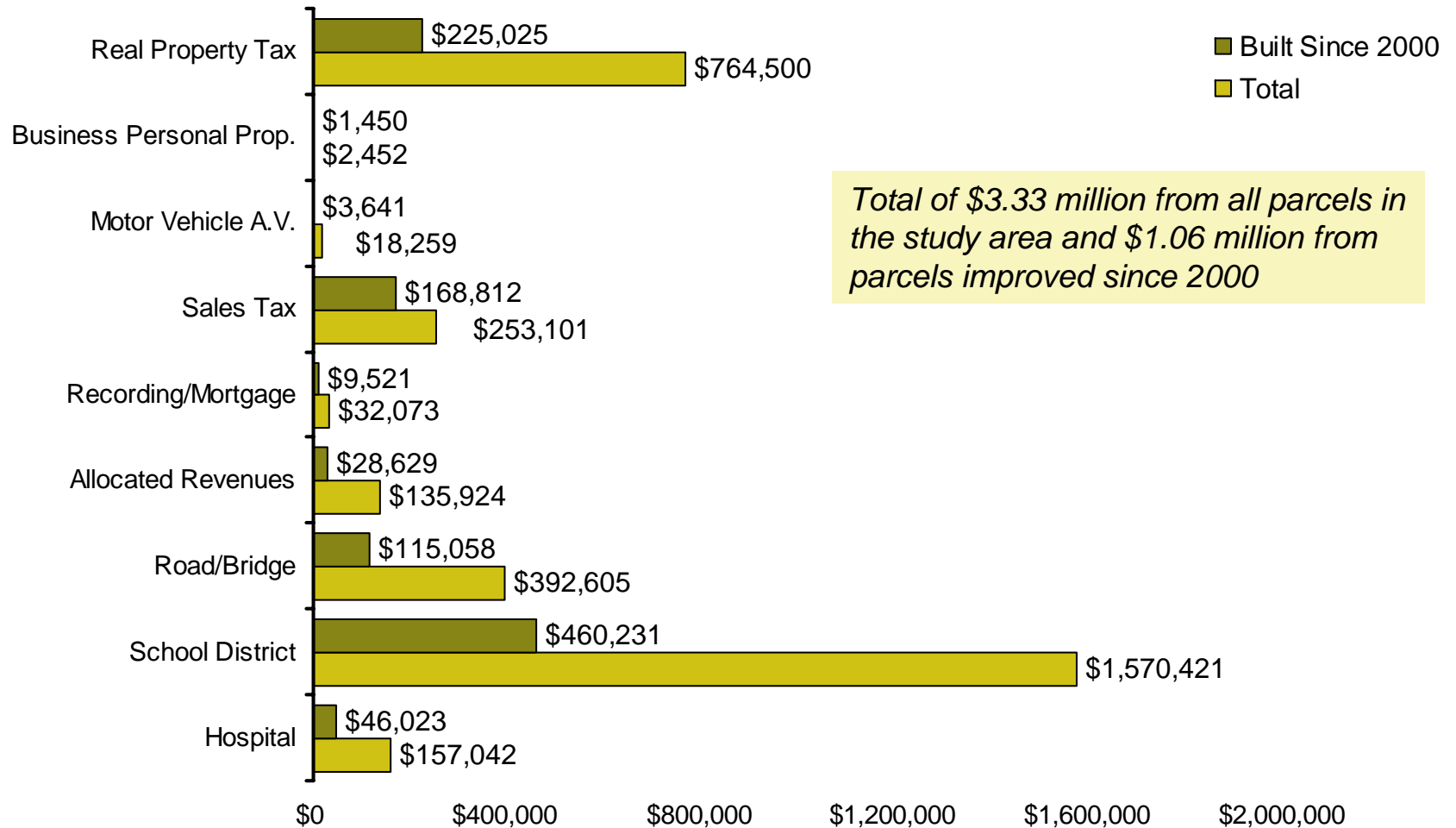
# COOSA COUNTY REVENUES FROM EXISTING DEVELOPMENT

## Revenues from Existing Development, Fiscal Year 2008-2009



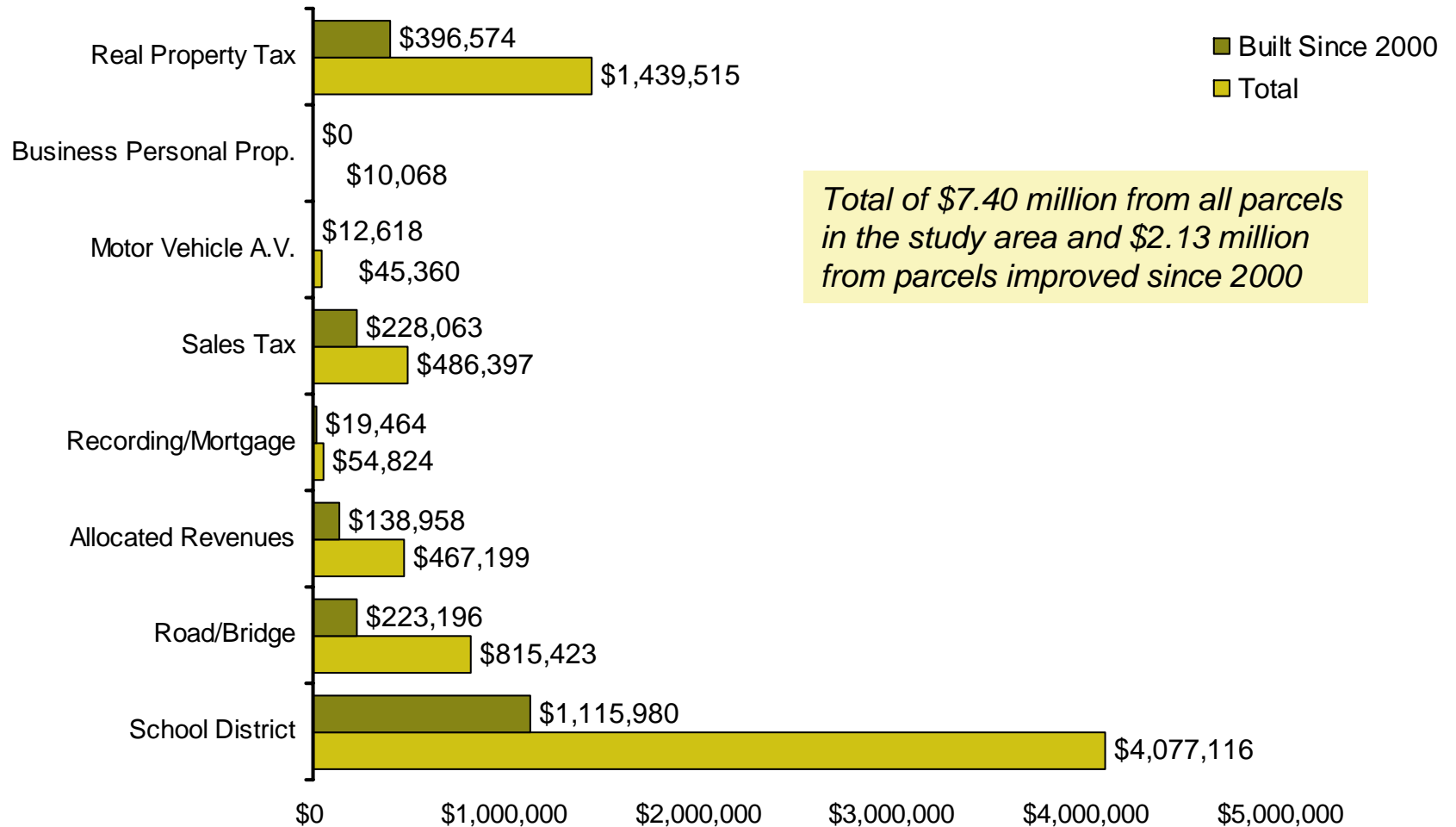
# ELMORE COUNTY REVENUES FROM EXISTING DEVELOPMENT

## Revenues from Existing Development, Fiscal Year 2008-2009



# TALLAPOOSA COUNTY REVENUES FROM EXISTING DEVELOPMENT

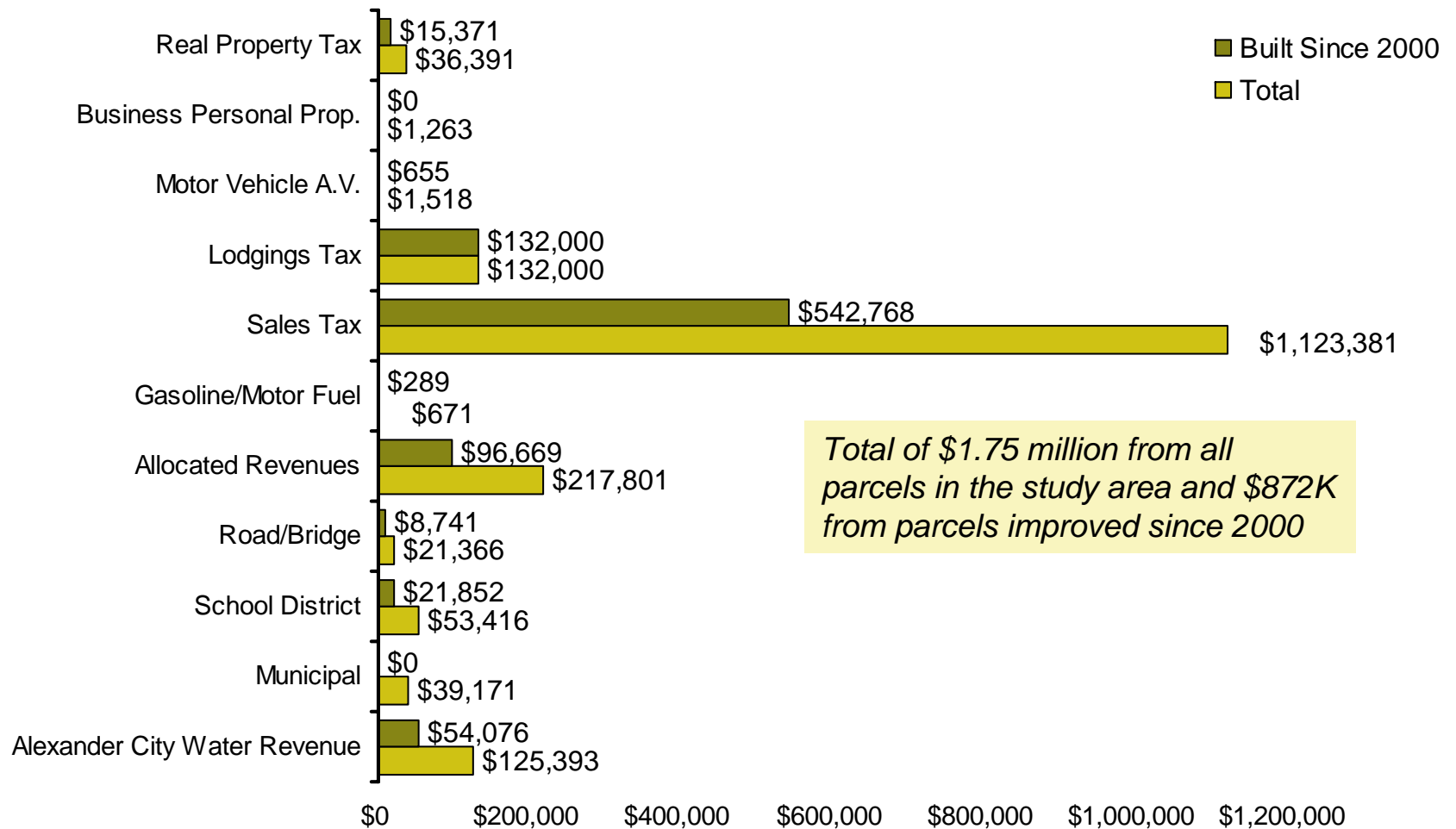
## Revenues from Existing Development, Fiscal Year 2008-2009





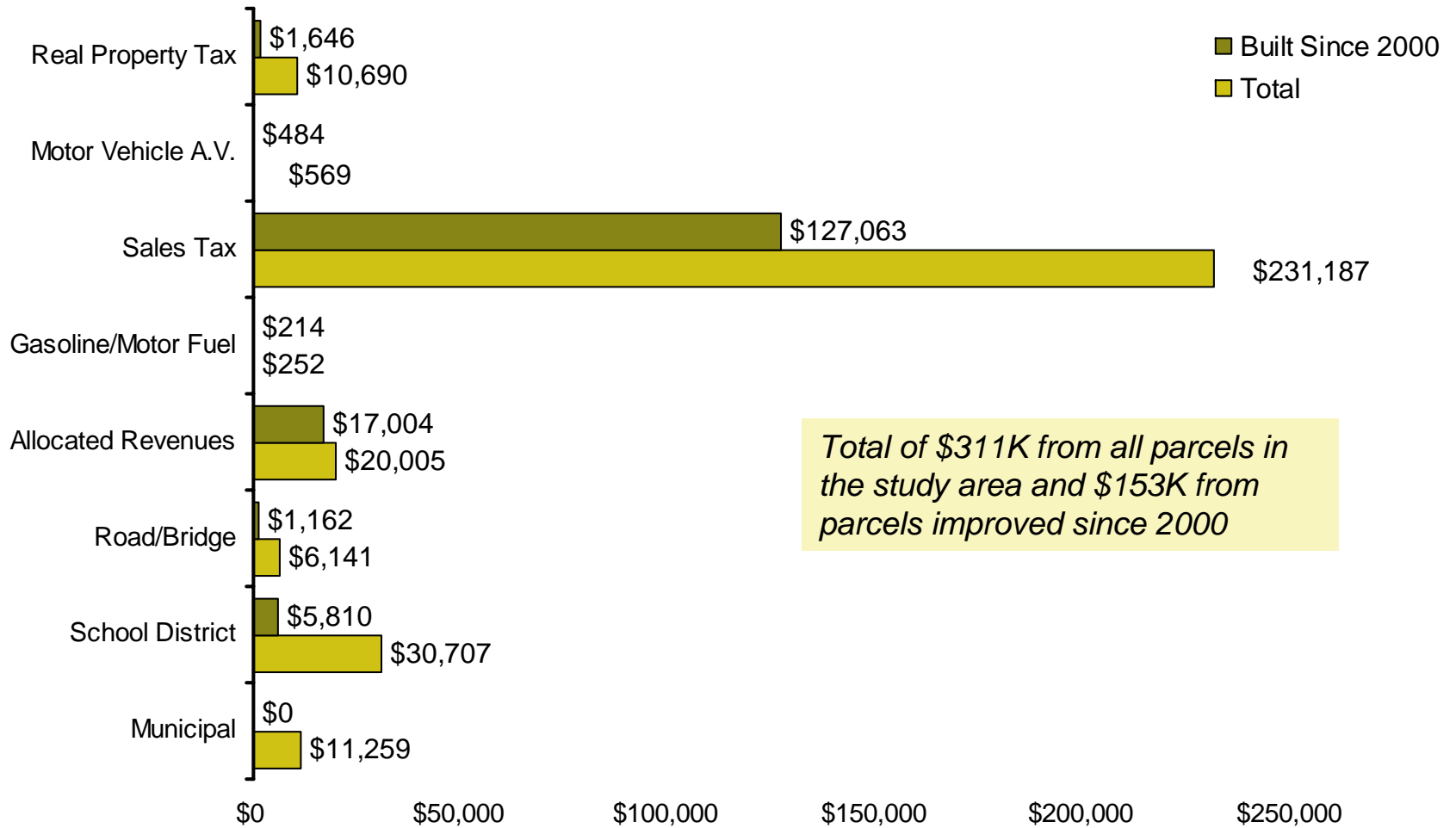
# ALEXANDER CITY REVENUES FROM EXISTING DEVELOPMENT

## Revenues from Existing Development, Fiscal Year 2008-2009



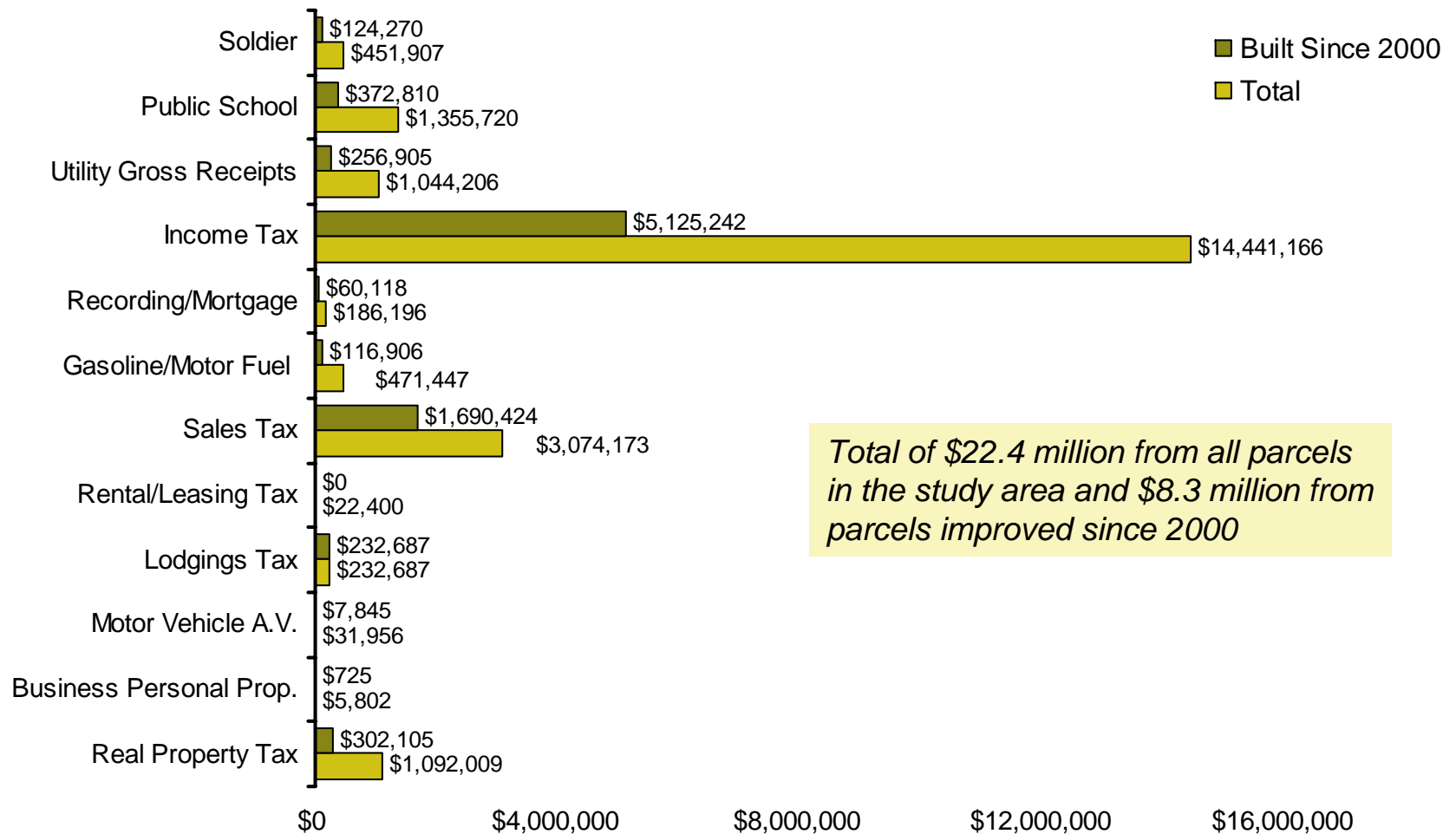
# DADEVILLE REVENUES FROM EXISTING DEVELOPMENT

## 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

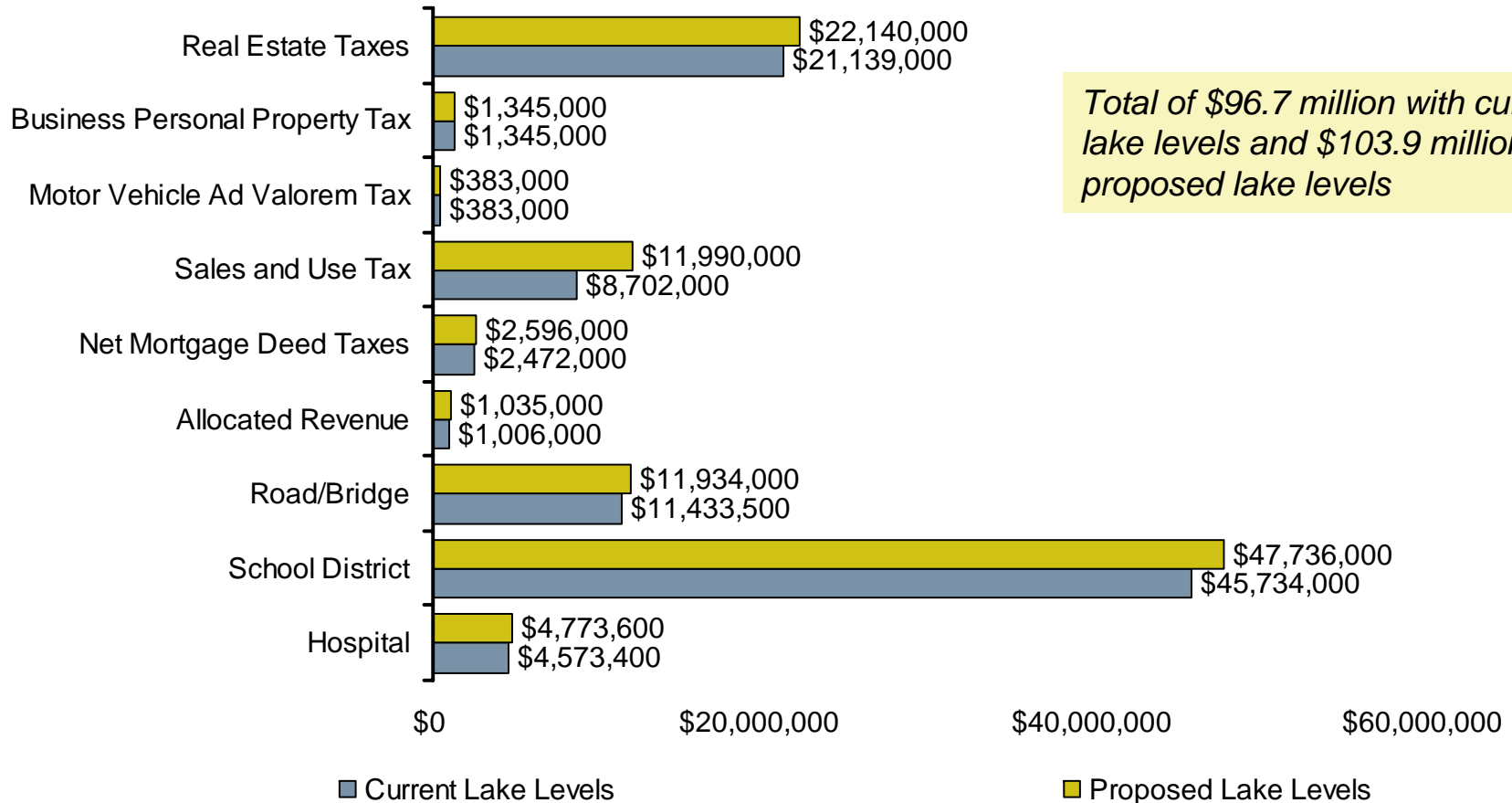
- ▶ Over the next 35 years, total projected development would have a total estimated appraised value of **\$4.8 billion** in 2009 dollars
  - **\$4.6 billion of residential: 6,211 new housing units** with an average appraised value of about **\$745,000**
  - **\$199 million** of commercial: 4 new golf courses, 2 new hotels, 274,000 gross square feet of retail, 2 new marinas, and expansion of 2 existing marinas
- ▶ Projected development estimated to support approx. **3,900 total jobs**
  - **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 \$)
- ▶ With higher lake levels, estimated annual retail sales increases to **\$149.3 million**

# SUMMARY OF RCLCO PROJECTED FUTURE DEVELOPMENT

| Type                           | Total Amount of New Development |
|--------------------------------|---------------------------------|
| <i>Housing Units</i>           | 6,211 Units                     |
| <i>Golf Courses</i>            | 72 Holes                        |
| <i>Hotels</i>                  | 370 Rooms                       |
| <i>Retail/Shopping Centers</i> | 274,100 Gross Square Feet       |
| <i>Marinas - Dry Stacks</i>    | 810 Slips                       |
| <i>Marinas - Wet Slips</i>     | 128 Slips                       |

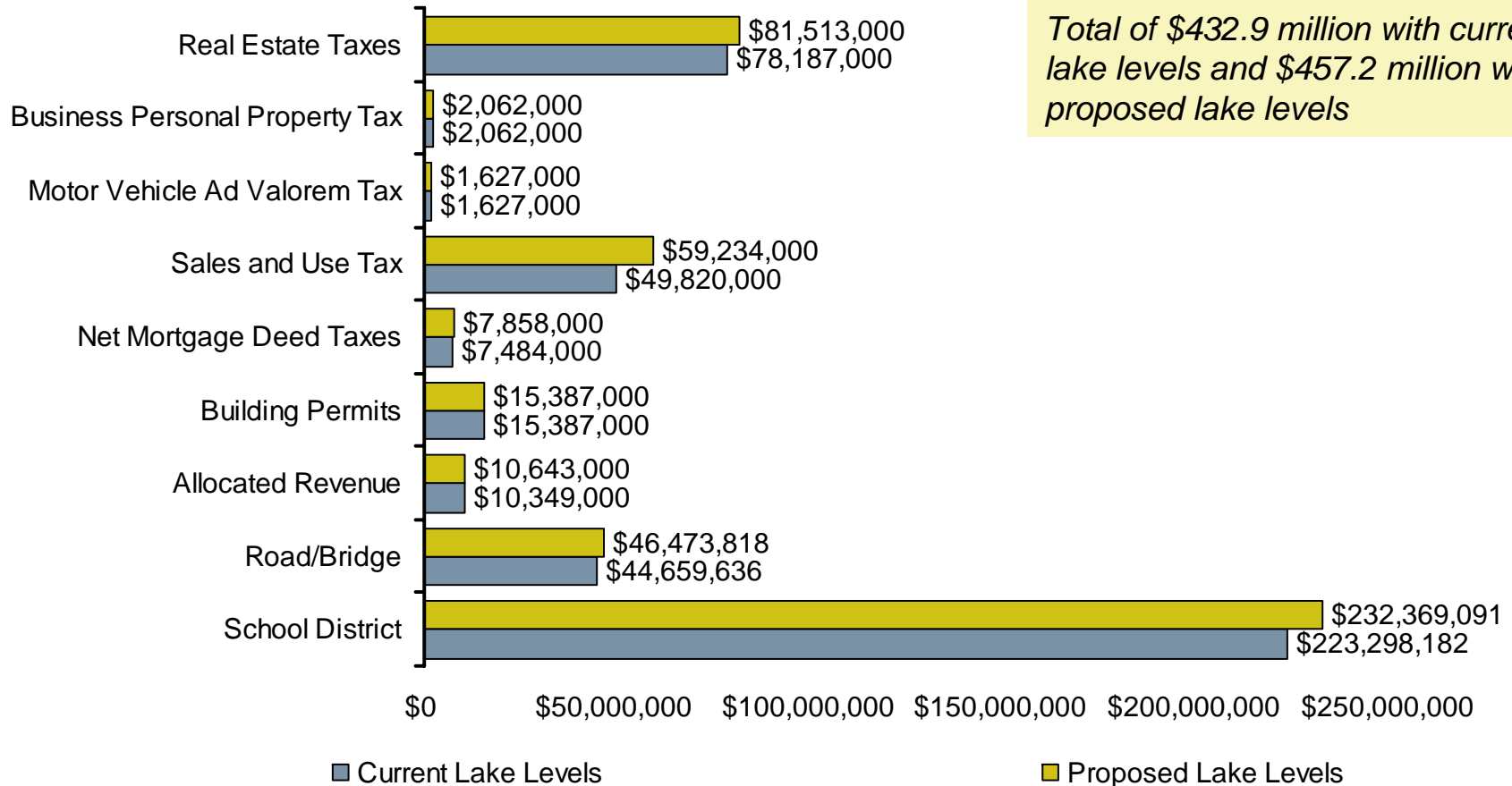
# ELMORE COUNTY REVENUES FROM FUTURE DEVELOPMENT

## Total Cumulative Incremental Revenues, 2009 - 2044 Elmore County



# TALLAPOOSA COUNTY REVENUES FROM FUTURE DEVELOPMENT

## Total Cumulative Incremental Revenues, 2009 - 2044 Tallapoosa County

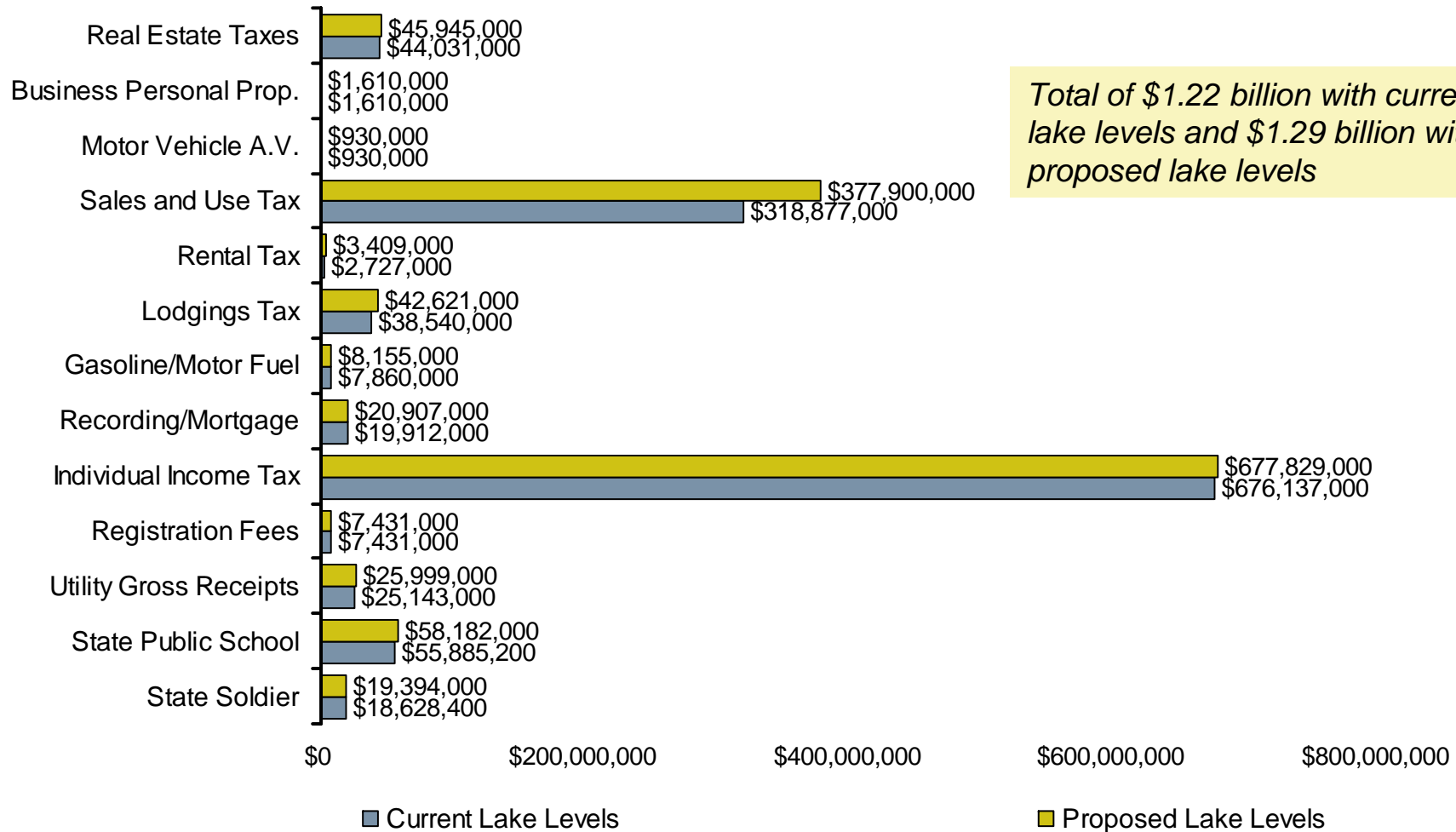




# ALABAMA REVENUES FROM FUTURE DEVELOPMENT

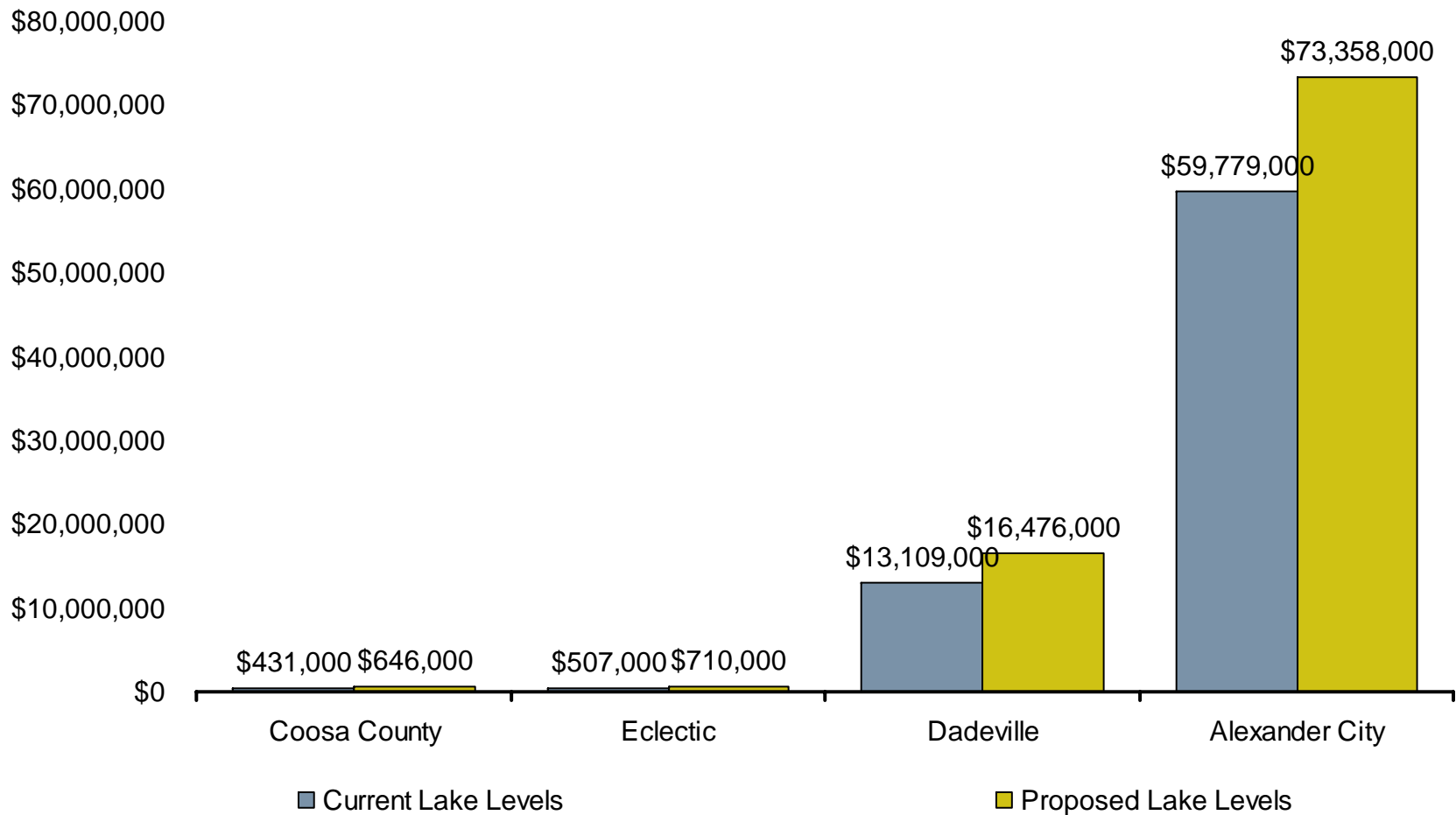
## Total Cumulative Incremental Revenues, 2009 - 2044

### Alabama



# SALES TAX REVENUES TO OTHER JURISDICTIONS FROM FUTURE DEVELOPMENT

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





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