

Sample Project - Impact Report

Sample Project

Prepared By: Buda EDC

Purpose & Limitations

This report presents the results of an economic and fiscal analysis undertaken by Buda EDC using Impact DashBoard, an online impact analysis tool created and supported by economic consulting firm Impact DataSource, based in Austin, TX.

Impact DashBoard is a customized web application developed for Buda EDC. The model includes estimates, assumptions, and other information developed by Impact DataSource from its independent research effort detailed in Buda EDC's Impact DashBoard User Guide.

The analysis relies on prospective estimates of business activity that may not be realized. Buda EDC made reasonable efforts to ensure that the project-specific data entered into Impact DashBoard reflects realistic estimates of future activity.

No warranty or representation is made by Buda EDC or Impact DataSource that any of the estimates or results contained in this study will actually be achieved.

Introduction

This report presents the results of an economic impact analysis performed using Impact DashBoard, a model developed by Impact DataSource. The report estimates the impact that a potential project will have on the local economy and estimates the costs and benefits for local taxing districts over a 10-year period.

Description of the Project

Tourism Destination

Economic Impact Overview

The table below summarizes the economic impact of the project over the first 10 years in terms of job creation, salaries paid to workers, and taxable sales.

Summary of Economic Impact Over 10 Years in City of Buda			
Impact	Direct	Spin-off	Total
Permanent jobs created	75.0	16.1	91.1
Salaries or wages paid to workers	\$28,727,555	\$6,923,786	\$35,651,341
Taxable sales and purchases expected in City of Buda	\$17,083,676	\$86,547	\$17,170,223

*Totals may not sum due to rounding

The Project may result in new residents moving to the community and potentially new residential properties being constructed as summarized below.

Summary of Population Impact Over 10 Years in City of Buda			
Impact	Direct	Spin-off	Total
Workers who will move to City of Buda	3.8	0.4	4.2
New residents in City of Buda	9.8	1.0	10.8
New residential properties constructed in City of Buda	0.6	0.1	0.6
New students to attend local school district	1.9	0.2	2.1

*Totals may not sum due to rounding

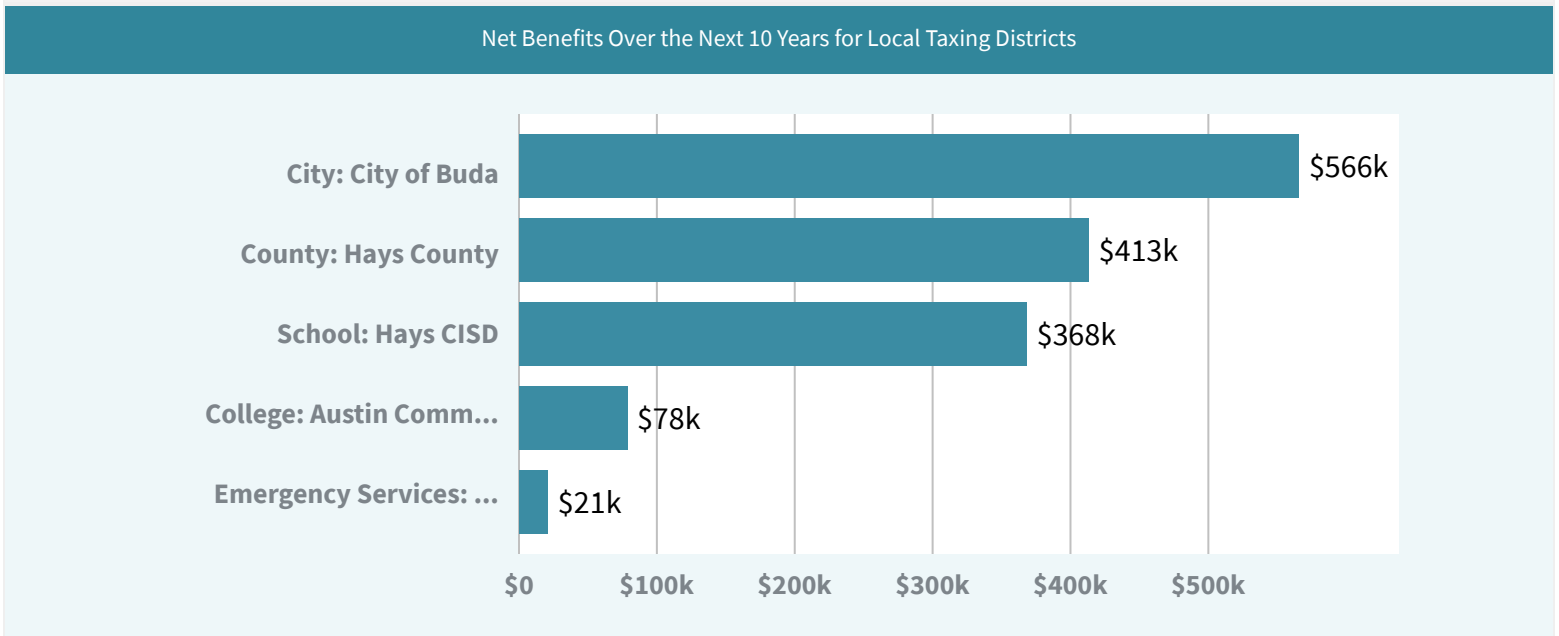
The new taxable property to be supported by the Project over the next 10 years is summarized in the following table.

Summary of Taxable Property Over 10 Years in City of Buda							
Yr.	New Residential Property	Land	Buildings...	FF&E	Inventories	Non-Residential Property	Total Property
1	\$85,654	\$0	\$4,000,000	\$3,500,000	\$500,000	\$8,000,000	\$8,085,654
2	\$87,367	\$0	\$4,080,000	\$3,150,000	\$510,000	\$7,740,000	\$7,827,367
3	\$89,115	\$0	\$4,161,600	\$2,800,000	\$520,200	\$7,481,800	\$7,570,915
4	\$90,897	\$0	\$4,244,832	\$2,450,000	\$530,604	\$7,225,436	\$7,316,333
5	\$139,073	\$0	\$4,329,729	\$2,100,000	\$541,216	\$6,970,945	\$7,110,017
6	\$141,854	\$0	\$4,416,323	\$1,750,000	\$552,040	\$6,718,364	\$6,860,218
7	\$144,691	\$0	\$4,504,650	\$1,400,000	\$563,081	\$6,467,731	\$6,612,422
8	\$147,585	\$0	\$4,594,743	\$1,050,000	\$574,343	\$6,219,086	\$6,366,670
9	\$150,537	\$0	\$4,686,638	\$700,000	\$585,830	\$5,972,467	\$6,123,004
10	\$153,547	\$0	\$4,780,370	\$700,000	\$597,546	\$6,077,917	\$6,231,464

Fiscal Impact Overview

The Project will generate additional benefits and costs for local taxing districts, a summary of which is provided below. The source of specific benefits and costs are provided in greater detail for each taxing district on subsequent pages.

Fiscal Net Benefits Over the Next 10 Years for Local Taxing Districts				
	Benefits	Costs	Net Benefits	Present Value
City of Buda	\$986,700	(\$420,961)	\$565,739	\$434,964
Hays County	\$481,975	(\$68,599)	\$413,376	\$320,325
Hays CISD	\$1,807,291	(\$1,438,939)	\$368,352	\$287,467
Austin Community College Hays County	\$78,399	\$0	\$78,399	\$61,089
Hays County Emergency Services #1	\$21,031	\$0	\$21,031	\$16,449
Total	\$3,375,396	(\$1,928,498)	\$1,446,897	\$1,120,293

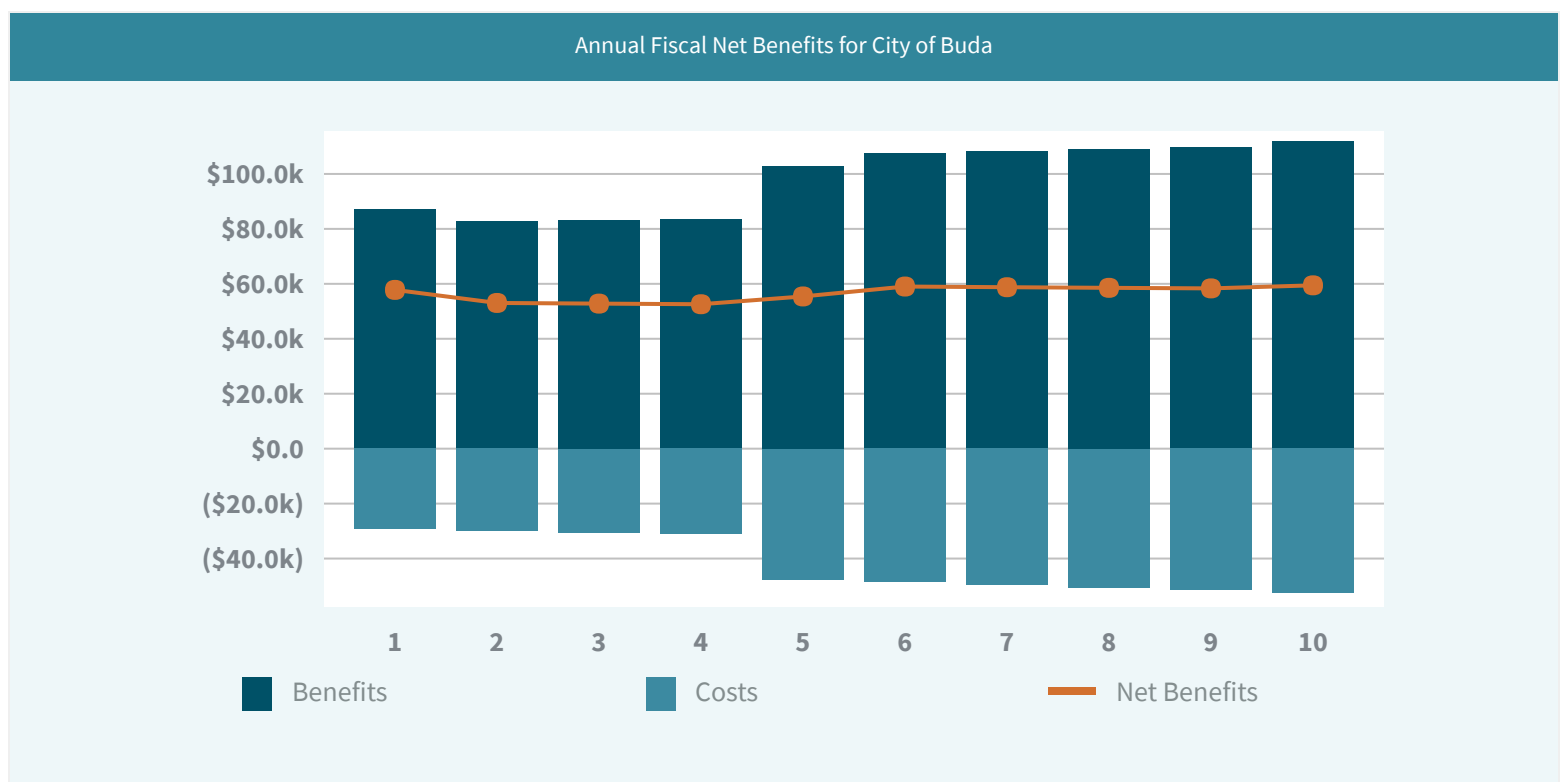


City of Buda

The table below displays the estimated additional benefits, costs, and net benefits to be received by City of Buda over the next 10 years of the Project.

Net Benefits Over the First 10 Years: City of Buda			
Benefits	Project	Workers	Total
Sales Taxes	\$250,869	\$6,685	\$257,553
Real Property Taxes*	\$150,666	\$0	\$150,666
FF&E Property Taxes*	\$64,820	\$0	\$64,820
Inventory Property Taxes*	\$18,833	\$0	\$18,833
New Residential Property Taxes	\$0	\$4,557	\$4,557
Utility Revenue	\$338,985	\$55,975	\$394,960
Utility Franchise Fees	\$17,955	\$2,942	\$20,897
Miscellaneous Taxes and User Fees	\$63,919	\$10,495	\$74,414
Total Benefits *	\$906,046	\$80,654	\$986,700
Costs	Project	Workers	Total
Cost of Utility Services	(\$284,403)	(\$47,030)	(\$331,433)
Cost of Government Services	(\$76,846)	(\$12,682)	(\$89,528)
Total Costs	(\$361,249)	(\$59,712)	(\$420,961)
Net Benefits*	\$544,797	\$20,942	\$565,739

*After Abatements

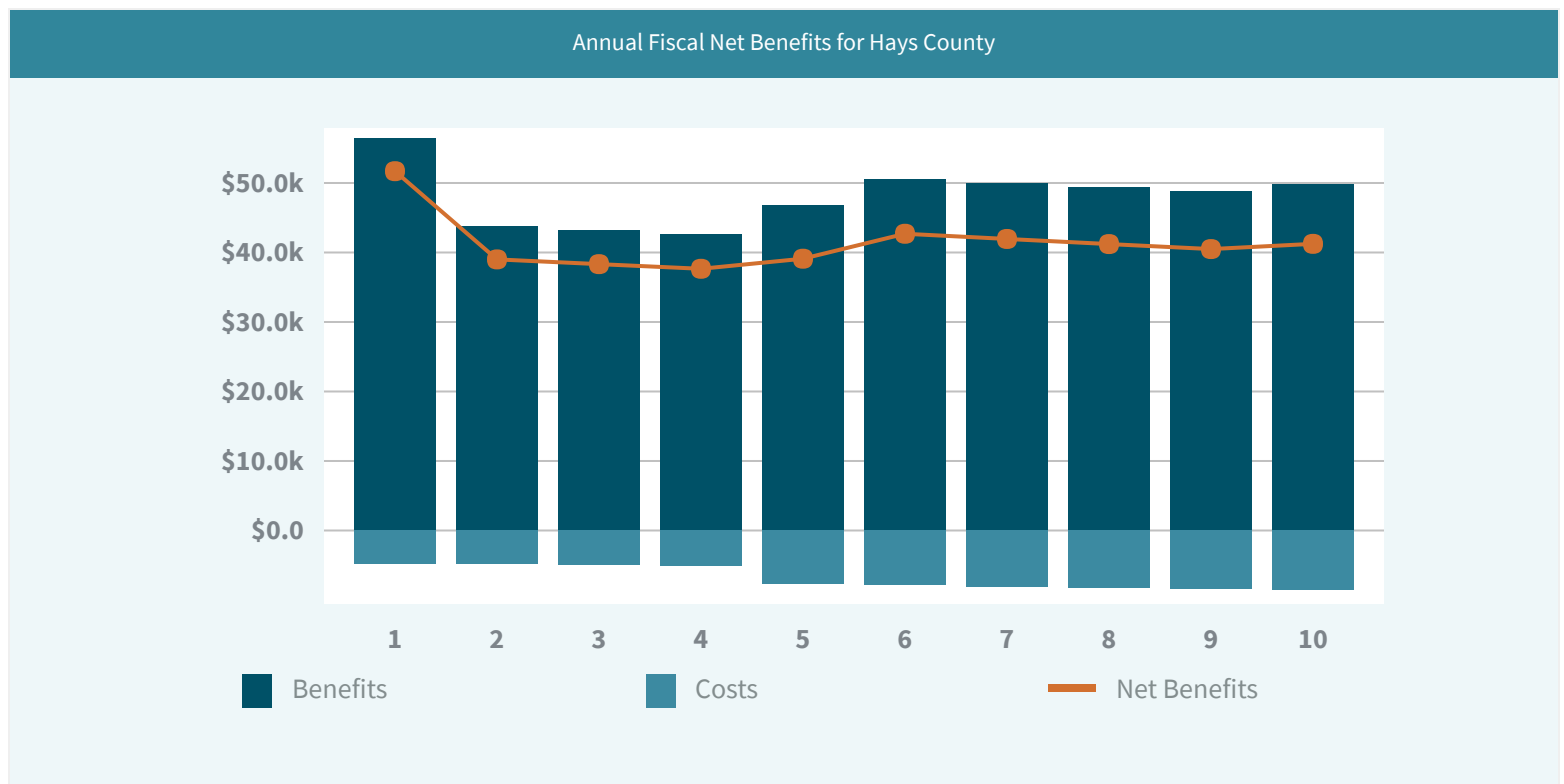


Hays County

The table below displays the estimated additional benefits, costs, and net benefits to be received by Hays County over the next 10 years of the Project.

Net Benefits Over the First 10 Years: Hays County			
Benefits	Project	Workers	Total
Sales Taxes	\$94,123	\$20,763	\$114,886
Real Property Taxes*	\$169,295	\$0	\$169,295
FF&E Property Taxes*	\$72,835	\$0	\$72,835
Inventory Property Taxes*	\$21,162	\$0	\$21,162
New Residential Property Taxes	\$0	\$33,245	\$33,245
Miscellaneous Taxes and User Fees	\$51,710	\$18,842	\$70,551
Total Benefits *	\$409,125	\$72,850	\$481,975
Costs	Project	Workers	Total
Cost of Government Services	(\$50,273)	(\$18,326)	(\$68,599)
Total Costs	(\$50,273)	(\$18,326)	(\$68,599)
Net Benefits*	\$358,852	\$54,524	\$413,376

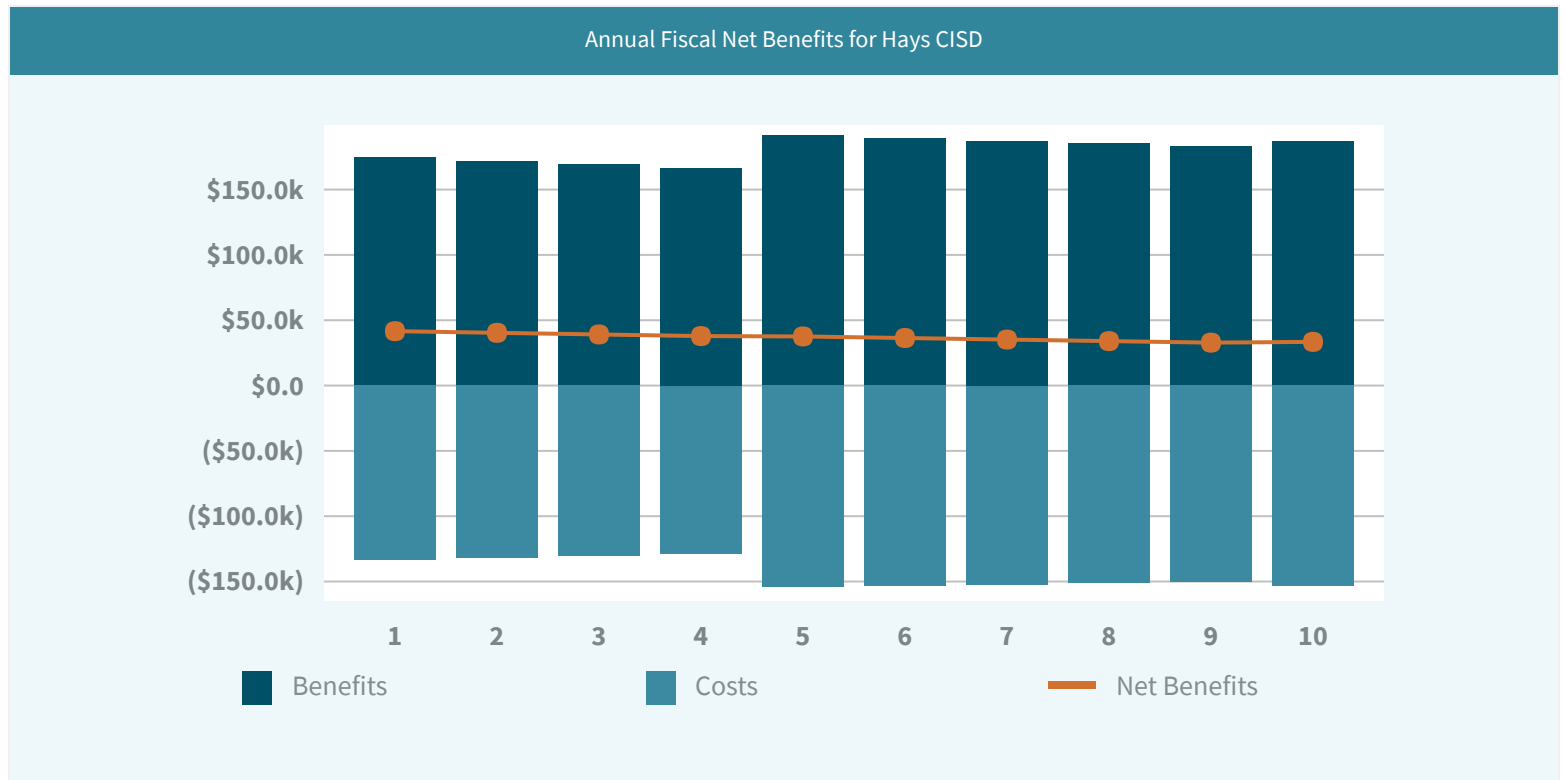
*After Abatements



Hays CISD

The table below displays the estimated additional benefits, costs, and net benefits to be received by Hays CISD over the next 10 years of the Project.

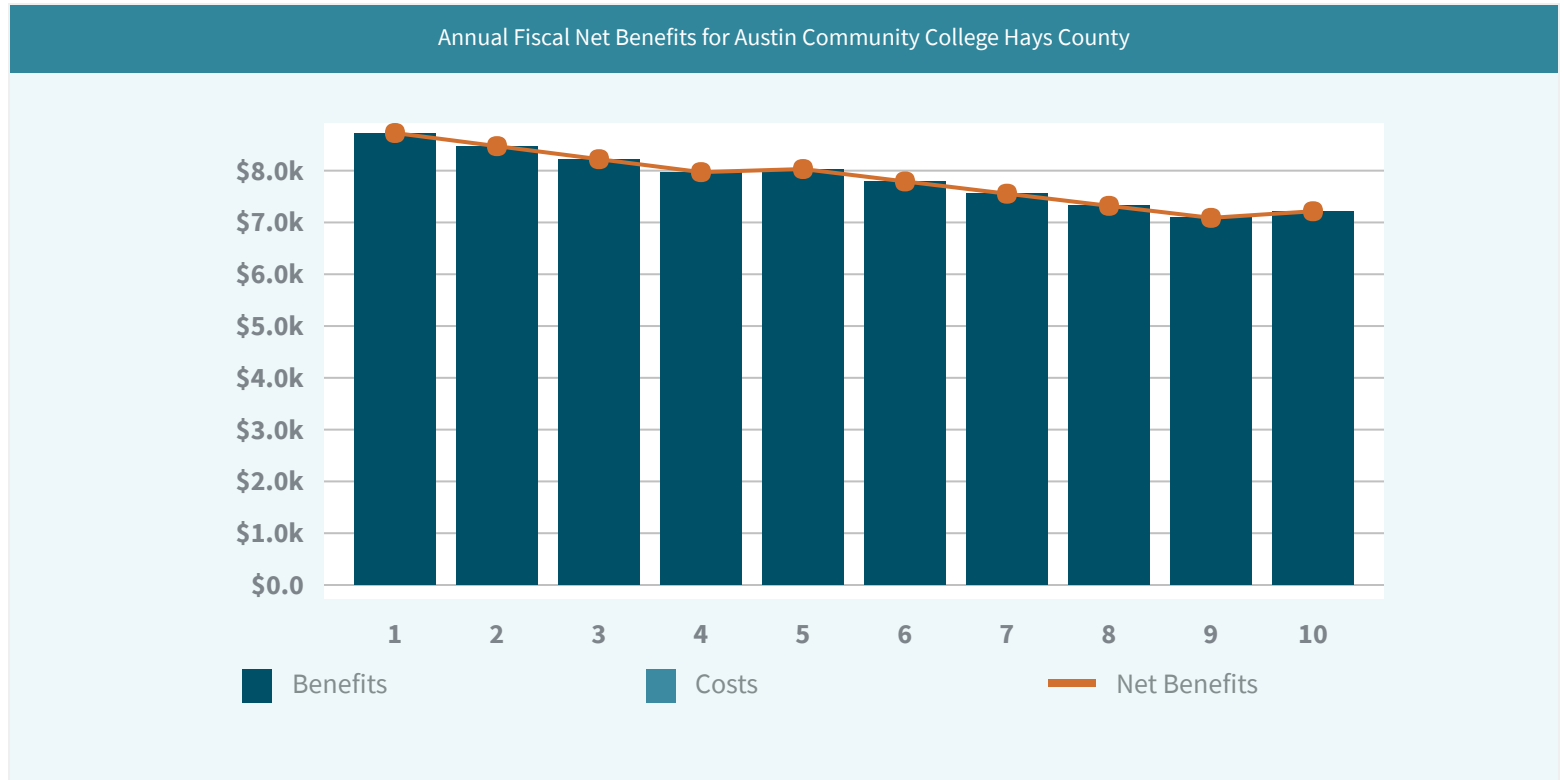
Net Benefits Over the First 10 Years: Hays CISD			
Benefits	Project	Workers	Total
Sales Taxes	\$0	\$0	\$0
Real Property Taxes	\$673,495	\$0	\$673,495
FF&E Property Taxes	\$301,389	\$0	\$301,389
Inventory Property Taxes	\$84,187	\$0	\$84,187
New Residential Property Taxes	\$0	\$122,828	\$122,828
Addtl. State & Federal School Funding	\$0	\$625,392	\$625,392
Total Benefits	\$1,059,072	\$748,219	\$1,807,291
Costs	Project	Workers	Total
Cost to Educate New Students	\$0	(\$639,975)	(\$639,975)
Reduction in State School Funding	(\$715,932)	(\$83,032)	(\$798,964)
Total Costs	(\$715,932)	(\$723,006)	(\$1,438,939)
Net Benefits	\$343,139	\$25,213	\$368,352



Austin Community College Hays County

The table below displays the estimated additional benefits, costs, and net benefits to be received by Austin Community College Hays County over the next 10 years of the Project.

Net Benefits Over the First 10 Years: Austin Community College Hays County			
Benefits	Project	Workers	Total
Sales Taxes	\$0	\$0	\$0
Real Property Taxes	\$44,675	\$0	\$44,675
FF&E Property Taxes	\$19,992	\$0	\$19,992
Inventory Property Taxes	\$5,584	\$0	\$5,584
New Residential Property Taxes	\$0	\$8,148	\$8,148
Total Benefits	\$70,251	\$8,148	\$78,399
Costs	Project	Workers	Total
Total Costs	\$0	\$0	\$0
Net Benefits	\$70,251	\$8,148	\$78,399



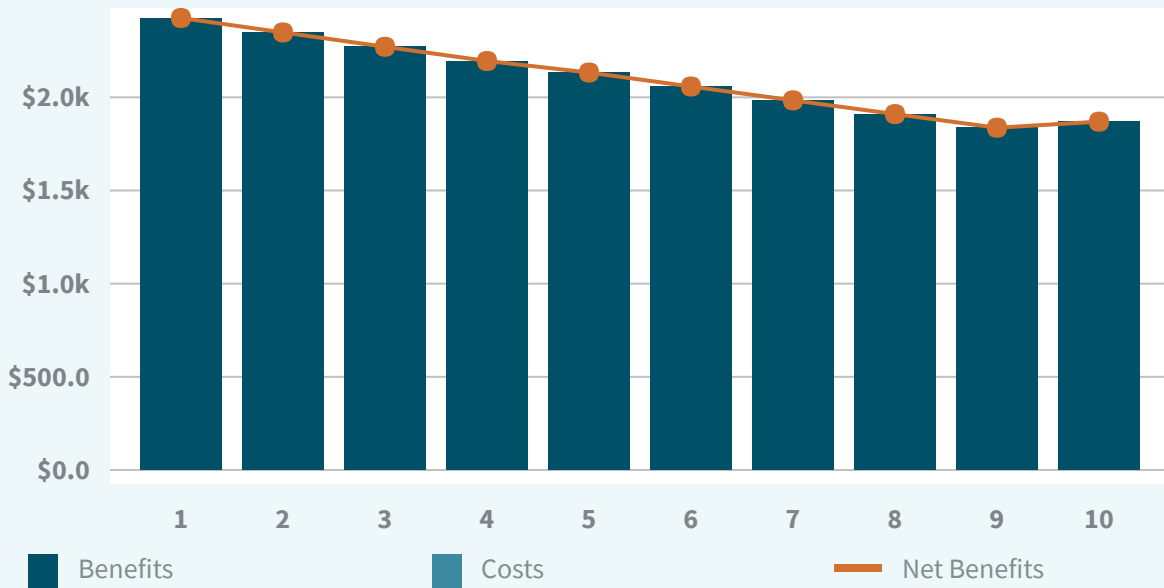
Hays County Emergency Services #1

The table below displays the estimated additional benefits, costs, and net benefits to be received by Hays County Emergency Services #1 over the next 10 years of the Project.

Net Benefits Over the First 10 Years: Hays County Emergency Services #1

Benefits	Project	Workers	Total
Sales Taxes	\$0	\$0	\$0
Real Property Taxes	\$13,140	\$0	\$13,140
FF&E Property Taxes	\$5,880	\$0	\$5,880
Inventory Property Taxes	\$1,642	\$0	\$1,642
New Residential Property Taxes	\$0	\$369	\$369
Total Benefits	\$20,662	\$369	\$21,031
Costs	Project	Workers	Total
Total Costs	\$0	\$0	\$0
Net Benefits	\$20,662	\$369	\$21,031

Annual Fiscal Net Benefits for Hays County Emergency Services #1



Property Tax Abatement

The table below identifies the value of the property taxes abated or exempted for the Project. The value of the abatement represents taxes foregone by the local taxing districts and can also be viewed as the value of the tax abatement incentive to the Project.

The property taxes shown earlier in this report represent the estimated property taxes to be collected net of the tax abatement.

Value of Property Tax Abatement Under Consideration					
	Land	Buildings...	FF&E	Inventories	Total
City of Buda	\$0	\$11,565	\$7,778	\$1,446	\$20,790
Hays County	\$0	\$12,996	\$8,740	\$1,624	\$23,360
Hays CISD	\$0	\$0	\$0	\$0	\$0
Austin Community College Hays County	\$0	\$0	\$0	\$0	\$0
Hays County Emergency Services #1	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$24,561	\$16,519	\$3,070	\$44,150

The table below identifies the type of property for which the taxing districts are considering abating taxes and the corresponding abatement schedule.

Property Tax Abatement Schedule					
Year	Land	Buildings...	FF&E	Inventories	
1	0.0%	15.0%	15.0%	15.0%	
2	0.0%	15.0%	15.0%	15.0%	
3	0.0%	15.0%	15.0%	15.0%	
4	0.0%	15.0%	15.0%	15.0%	
5	0.0%	15.0%	15.0%	15.0%	
6	0.0%	0	0	0	
7	0.0%	0	0	0	
8	0.0%	0	0	0	
9	0.0%	0	0	0	
10	0.0%	0	0	0	

Non-Tax Incentives

City of Buda is considering the following non-tax incentives for the Project.

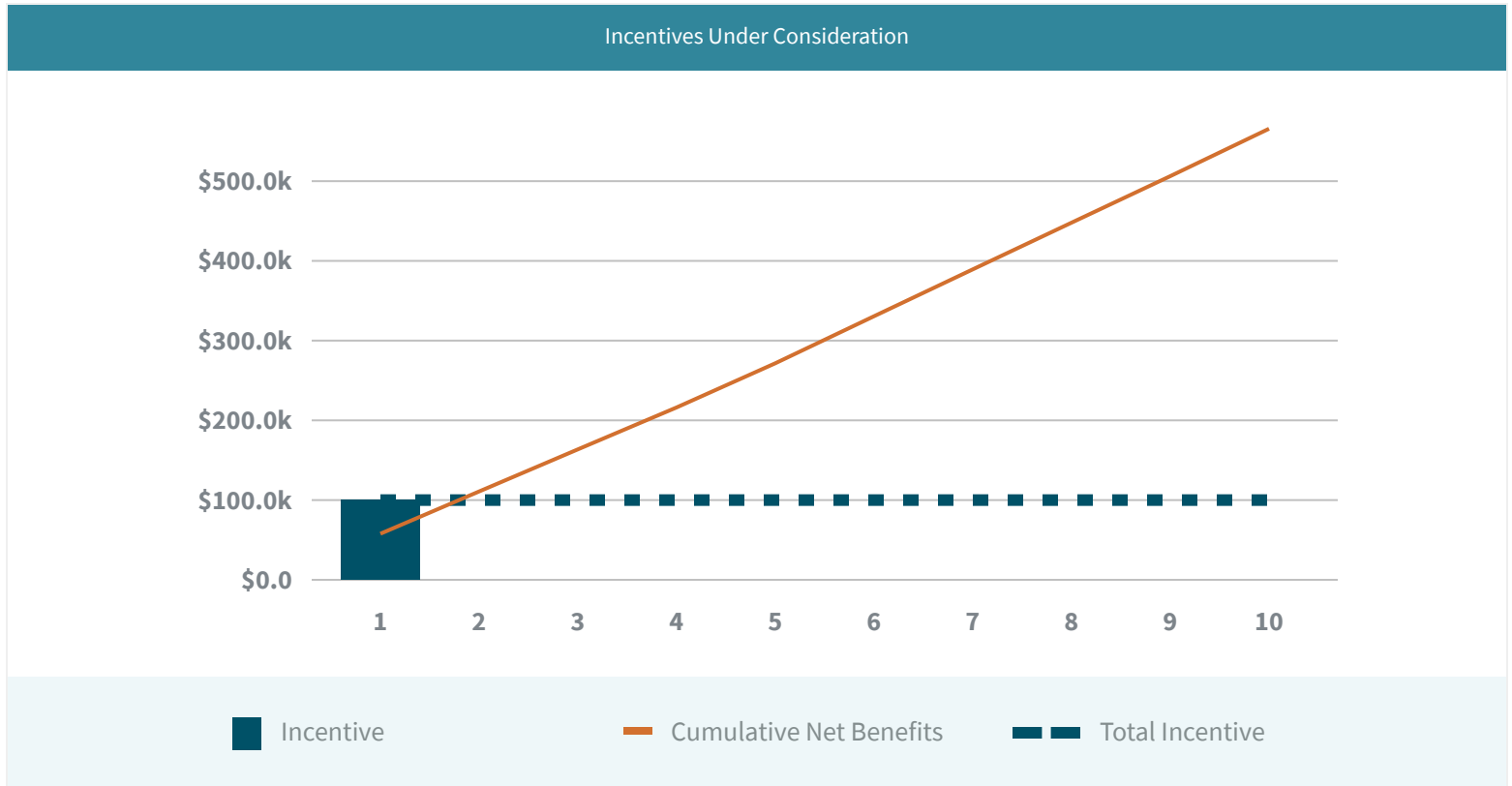
Incentives Under Consideration	
Year	Non-Tax Incentive
1	\$100,000
2	\$0
3	\$0
4	\$0
5	\$0
6	\$0
7	\$0
8	\$0
9	\$0
10	\$0
Total	\$100,000

The analysis below calculates the average annual rate of return to City of Buda, treating the incentives as the initial investment and the net benefits to City of Buda as the return on investment. The payback period is the number of years that it will take City of Buda to recover the cost of incentives from the additional revenues that it will receive as a result of the Project.

Analysis of Incentives	
Total Non-Tax Incentive	\$100,000
Incentive Per Job	\$1,333
Rate of Return	56.6%
Payback Period (years)	1.8

Note: The Rate of Return and Payback Period are calculated based on the sum of annual incentives, not the present value of the incentives.

The graph below depicts the total incentives currently under consideration versus the cumulative net benefits to City of Buda. The intersection indicates the length of time until the incentives are paid back.



Overview of Methodology

The Impact DashBoard model combines project-specific attributes with community data, tax rates, and assumptions to estimate the economic impact of the Project and the fiscal impact for local taxing districts over a 10-year period.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are the jobs and payroll directly created by the Project. Second, this economic impact analysis calculates the spin-off or indirect and induced impacts that result from the Project. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services for the Project. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to new workers and their families.

The economic impact estimates in this report are based on the Regional Input-Output Modeling System (RIMS II), a widely used regional input-output model developed by the U. S. Department of Commerce, Bureau of Economic Analysis. The RIMS II model is a standard tool used to estimate regional economic impacts. The economic impacts estimated using the RIMS II model are generally recognized as reasonable and plausible assuming the data input into the model is accurate or based on reasonable assumptions. Impact DataSource utilizes county-level multipliers to estimate the impact occurring at the sub-county level.

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier. An employment multiplier was used to estimate the number of indirect and induced jobs created or supported in the area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The employment multiplier shows the estimated number of total jobs created for each direct job. The earnings multiplier shows the estimated amount of total salaries paid to these workers for every dollar paid to a direct worker. The multipliers used in this analysis are listed below:

721110 Hotels (except Casino Hotels) and Motels		City of Buda
Employment Multiplier	(Type II Direct Effect)	1.1809
Earnings Multiplier	(Type II Direct Effect)	1.2315

Most of the revenues estimated in this study result from calculations relying on (1) attributes of the Project, (2) assumptions to derive the value of associated taxable property or sales, and (3) local tax rates. In some cases, revenues are estimated on a per new household, per new worker, or per new school student basis.

The company or Project developer was not asked, nor could reasonably provide data for calculating some other revenues. For example, while the city will likely receive revenues from fines paid on speeding tickets given to new workers, the company does not know the propensity of its workers to speed. Therefore, some revenues are calculated using an average revenue approach.

This approach uses relies on two assumptions:

1. The taxing entity has two general revenue sources: revenues from residents and revenues from businesses.
2. The taxing entity will collect (a) about the same amount of miscellaneous taxes and user fees from each new household that results from the Project as it currently collects from existing households on average, and (b) the same amount of miscellaneous taxes and user fees from the new business (on a per worker basis) will be collected as it collects from existing businesses.

In the case of the school district, some additional state and federal revenues are estimated on a per new school student basis consistent with historical funding levels.

Additionally, this analysis sought to estimate the additional expenditures faced by local jurisdictions to provide services to new households and new businesses. A marginal cost approach was used to calculate these additional costs.

This approach relies on two assumptions:

1. The taxing entity spends money on services for two general groups: revenues from residents and revenues from businesses.
2. The taxing entity will spend slightly less than its current average cost to provide local government services (police, fire, EMS, etc.) to (a) new residents and (b) businesses on a per worker basis.

In the case of the school district, the marginal cost to educate new students was estimated based on a portion of the school's current expenditures per student and applied to the headcount of new school students resulting from the Project.

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About Impact DataSource

Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 2,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 30 other states.

In addition, Impact DataSource has prepared and customized more than 50 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the New Mexico Economic Development Department and the Metro Orlando (Florida) Economic Development Commission.

The New Mexico Department of Economic Development uses Impact DataSource's computer model to project the economic impact of new or expanding firms in the state, including costs and benefits for the State of New Mexico, as well as each local taxing district. The model also analyzes the amount of eligible state and local incentives and calculates a rate of return and payback period for these incentives.



Sample Project