

SCOPE OF WORK

1. Establishment of Study Boundaries and Economic & Demographic Scan

The economic analysis study will begin by identifying the study area surrounding the upper Highland Lakes. The specific boundaries of the study area will be determined by CAPCOG and representatives from Burnet and Llano County.

The economic scan will determine the overall size of the study area's economy and its constituent parts. The demographic scan will also include an examination of the study area's residents in comparison to regional, state, and national statistics. The economic scan will provide a summary of the economies of Burnet and Llano County, thus providing a context for a subsequent analysis of economic activity specifically associated with the upper Highland lakes. The economic scan will also examine the contribution of the study area to the larger regional economy.

- a. Population
- b. Population Growth
- c. Employment by Industry
- d. Employment Growth
- e. Household Income
- f. Household Spending

2. Baseline Tax Revenues

The baseline tax revenue analysis will identify and quantify streams of tax revenues generated by economic activity occurring in both Burnet and Llano County. Additionally, the flow of taxes to all major cities within Burnet and Llano County will also be identified. Information will be collected and reported at both the county and city levels.

- a. Property Tax – Total assessed value of all taxable property
- b. Sales Tax – Total sales tax generated by taxable transactions
- c. Hotel Occupancy Tax – Taxes generated by hotels and rental homes
- d. Mixed Beverage Tax – Taxes generated by businesses selling mixed beverages.

3. Lake Generated Economic Activity

Lake generated economic activity will identify the economic impact of the Highland lakes on Burnet and Llano County. The analysis will examine the following data points:

- a. Park Visitors and Associated Spending
- b. Hotel and Vacation Renters and Associated Spending
- c. Second Home Visitor Spending
- d. Boater Spending and Boat Sales
- e. Direct, Indirect, and Induced economic activity (including wages and jobs) supported by lake generated economic activity

4. Fiscal Impact of Lake Generated Economic Activity

The fiscal impact analysis will identify tax sources generated by visitors to the lake and other associated economic activity.

- a. Sales tax generated by visitors
- b. Hotel Occupancy tax generated by visitors
- c. Mixed Beverage generated by visitors
- d. Home Value Premiums for Lake-related Properties
- e. Property Value (and associated taxes) of second homes

5. Fiscal Impact of Low Lake Levels (Against 2006 Benchmark year)

The fiscal impact analysis of low lake levels will identify the effects of the drought on tax revenues generated by visitors to the lake and other associated economic activities.

- a. Reduction in Property Tax Revenues
- b. Reduction in Sales Tax Revenues
- c. Reduction in Hotel Occupancy Tax
- d. Reduction in Mixed Beverage Tax Revenue
- e. Water Infrastructure Costs associated with Drought