

Garner | Economics LLC
solutions that work

Elevating Bastrop: An Addendum to the Economic Development Action Plan

Requested Addendum prepared July 30, 2020 for

bastrop
EDC



Elevating Bastrop Addendum

Garner Economics, LLC is pleased to have the opportunity to work with Bastrop Economic Development to review several new dynamics in Bastrop and the Austin Metro and construct an addendum to the report completed in 2019 “Elevating Bastrop: An Economic Development Action Plan to Attract Talent and Investment.”

The announcement of the new Tesla Gigafactory to be located near the Austin-Bergstrom International Airport creates new opportunities for Bastrop in terms of automotive suppliers. Secondly, the continued success and growth of the New Republic Studios has created the potential for more new investment. Garner Economics will use its deep knowledge obtained during the report completed in 2019 and study the opportunities for adding an automotive supplier target to its list of business groups to recruit to the area. Additionally, the economic impact of film production to Bastrop and the surrounding area will be examined. Findings from these efforts will be crafted into an addendum to the original report, Elevating Bastrop: An Economic Development Action Plan to Attract Talent and Investment” dated September 2019.



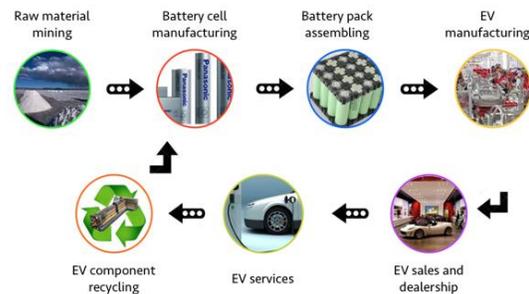
Automotive Suppliers as a New Target

Texas has three, soon to be four vehicle assembly plants — GM, Peterbilt, Toyota and the recently announced Tesla Gigafactory. Tesla will build its Cybertruck, Semi truck and Model Y at the 2,000-acre site near the Austin International Airport. GM’s facility is located in Arlington, and Peterbilt builds its trucks in Denton, where its headquarters is located. Toyota began production of pickup trucks in San Antonio in 2006, only 100 miles from Bastrop.

While existing facilities may have established supply chains, the new Tesla factory will create a surge of automotive supplier location movement. The supply chain model Tesla began with included more vertical integration with the main components made by them. Tesla is a comparatively young mass-production company and has not yet built the models slated for the Austin facility. Their supply chain will continue to evolve. Tier 1 suppliers will likely locate on the same campus as the assembly facility while Tier 2 & 3 suppliers, in particular, will likely want to locate in the area surrounding the plant. Bastrop stands to benefit from high-value automotive part manufacturers serving Tesla.

Areas to study:

- Tesla’s supply chain history for existing models
- Explore possible supply chain models for new facility
- National trends for automotive parts manufacturing
- Existing assets in Bastrop for auto suppliers



Sample of EV Supply Chain Model



Economic Impact of Film Studio

Designated as the “Film Hospitality Capital of Texas,” Bastrop is no stranger to film production. Garner Economics identified Film and Creative Services as an optimal target for Bastrop in 2019’s strategy. The continued success of New Republic Studios has put this industry in the spotlight for growth. Bastrop’s proximity to Austin, which is well-known as a film and music hub, is a major asset for this target. Garner Economics will undertake an economic impact analysis of film production in Bastrop resulting in direct benefits along with multiplier effects of this activity. Garner Economics will work with Bastrop EDC staff and film executives to capture the essential inputs such as staffing, vendors and suppliers. This will be a part of the addendum and address the potential for this industry. We will do this by using IMPLAN as a subcontractor to Garner Economics. The final economic impact report is usually 4 to 5 pages long and includes definitions of terms, the direct input data that we used, and the methodology for the report. One of the great things about this service is that you get a certified IMPLAN report that is done by one of IMPLAN’s PhD. economists.

These reports generally take about 4 weeks from when we get a signed statement of work in place, to delivery of the final report.

As far as what data is required to run the report, IMPLAN would need,

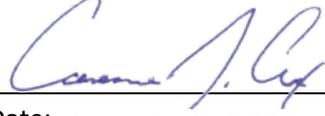
- Where is this business operating?
- What type of businesses is operating? If you can tell us the NAICS code, that would be best. If not, we can figure it out. For example, NAICS code 512110 covers Motion Picture and Video Production
- We will need at least 1 of the 4 following points for the operating businesses
 - Annual total revenue
 - Annual employment
 - Annual employee compensation (this includes benefits so this is the payroll cost to the employer)
 - Annual proprietor income (if the business is a sole proprietorship, how much does the sole proprietor plan to pay himself or herself)

Project Timing

Garner Economics anticipates a 6-7 week schedule to perform the project as currently described beginning as soon as Bastrop EDC approves the addendum project.

Fees

Garner Economics will conduct the work associated with this scope of work for an all-inclusive project fee of \$18,500. This includes the economic impact model from IMPLAN. This proposal will remain in effect for 30 days.

Garner Economics, LLC	Client: Bastrop EDC
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By: Jay A. Garner, President 	By: 
Date: July 30, 2020	Date: August 18, 2020

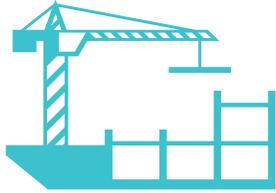
It is agreed by the client that payment for the services of Garner Economics is due immediately upon receipt of the invoice and that Garner Economics retains the option to halt work pending the receipt of payment; that all payments will be in US dollars; that full payment is due prior to receipt of the completed report; and that Garner Economics has the right to withhold delivery of the final report pending receipt of any overdue payments.

In the event that any invoice is not paid within 30 days after rendering of the invoice, it shall commence bearing interest on the date the invoice was rendered at the rate of 1.5 percent per month and the client agrees to pay all accrued interest, together with the charges for services rendered as provided for in this agreement. In addition, should an unpaid invoice be referred to Garner Economics' attorneys for collection, the client agrees to pay their reasonable fee for such work, as well as any costs of suit which may be incurred.

It is further agreed by the client that the report will be presented to third parties in its entirety and that no abstracting of the report will be made without first obtaining the permission of Garner Economics.

Certifications: Garner Economics, LLC is an Equal Opportunity Employer and our firm and subcontractors do not discriminate on the basis of race, color, national origin, or sex in the performance of this or any contract.

Construction & Operations Impact



Co. Name provides exceptional widgets to local markets. Not only are they positively impacting their communities through their amazing widgets, they also have an economic impact. This analysis examines the 2020 construction impact and the 2021 operations impact of the new widget factory built by Co. Name in Some City, Some State.

