



Brownwood Economic  
Development Corporation

# BEDC Annual Report, 2012

Prepared for: Brownwood City Council & BEDC Board of Directors

April 9, 2012

# Table of Contents



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Development Corporation

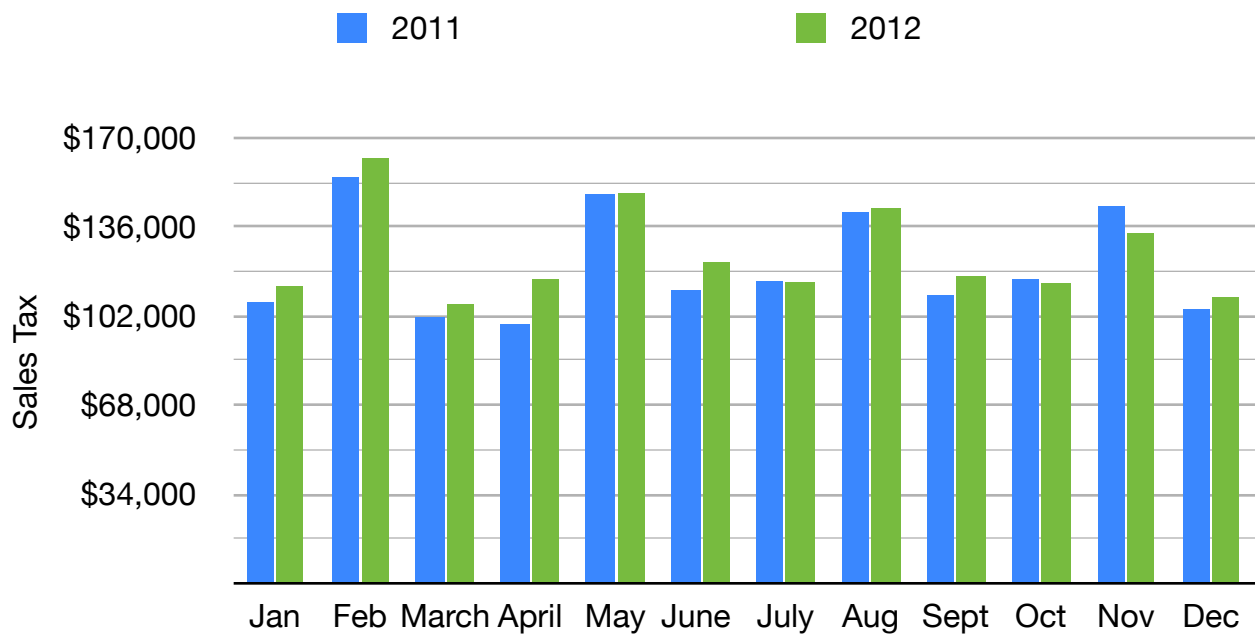
<b>Economic Indicators</b>	<b>2</b>
<b>Sales Tax</b>	<b>2</b>
<b>Employment</b>	<b>3</b>
<b>New Business Activity</b>	<b>4</b>
<b>Residential Sales and Construction</b>	<b>5</b>
<b>Hotel Occupancy Tax</b>	<b>6</b>
<b>BEDC PROJECTS</b>	<b>7</b>
<b>New Projects</b>	<b>7</b>
<b>Workforce Development</b>	<b>7</b>
<b>Entrepreneurship and Small Business Development</b>	<b>8</b>
<b>Marketing</b>	<b>8</b>
<b>Existing Projects</b>	<b>9</b>
<b>Issues and Challenges</b>	<b>9</b>
<b>BEDC Financials</b>	<b>10</b>
<b>BEDC Operations</b>	<b>12</b>
<b>Partnerships and Affiliations</b>	<b>11</b>
<b>Local</b>	<b>11</b>
<b>Regional</b>	<b>11</b>
<b>State and National</b>	<b>11</b>
<b>Contact Information</b>	<b>12</b>
<b>Acknowledgements</b>	<b>12</b>
<b>Appendix</b>	<b>13</b>

# Economic Indicators

## Sales Tax

The BEDC receives .5% of the 2% local sales tax for economic development. City of Brownwood sales tax increased about 4.5% in 2012 from 2011. Multiple factors account for the increase in sales tax, including new retail businesses, increased consumer spending, and decreased unemployment. Increased sales tax is a positive indicator of a strong economy.

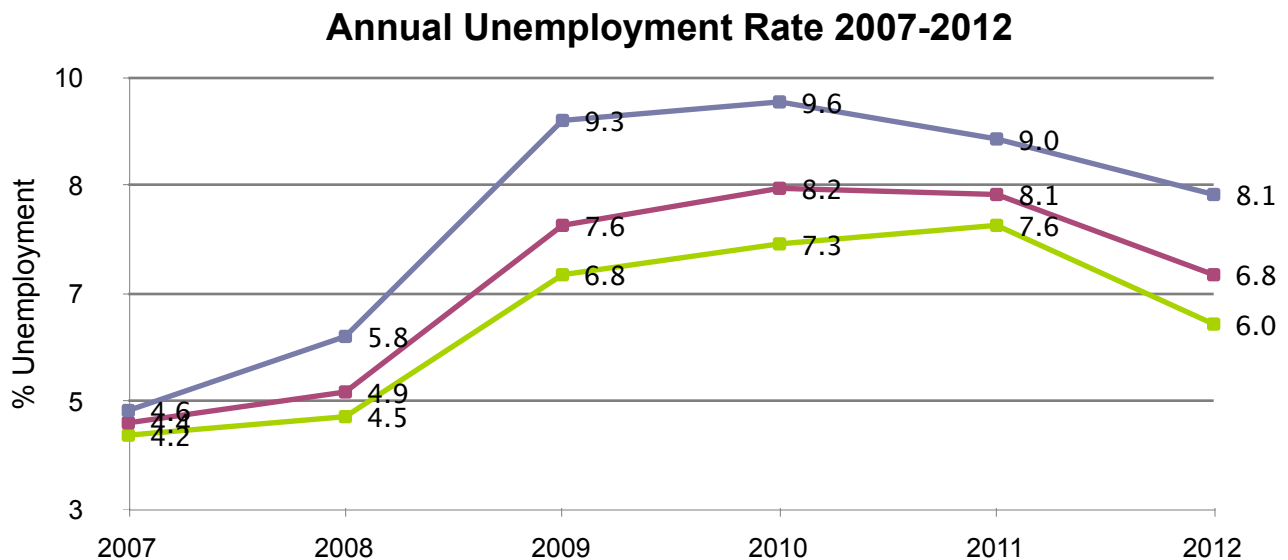
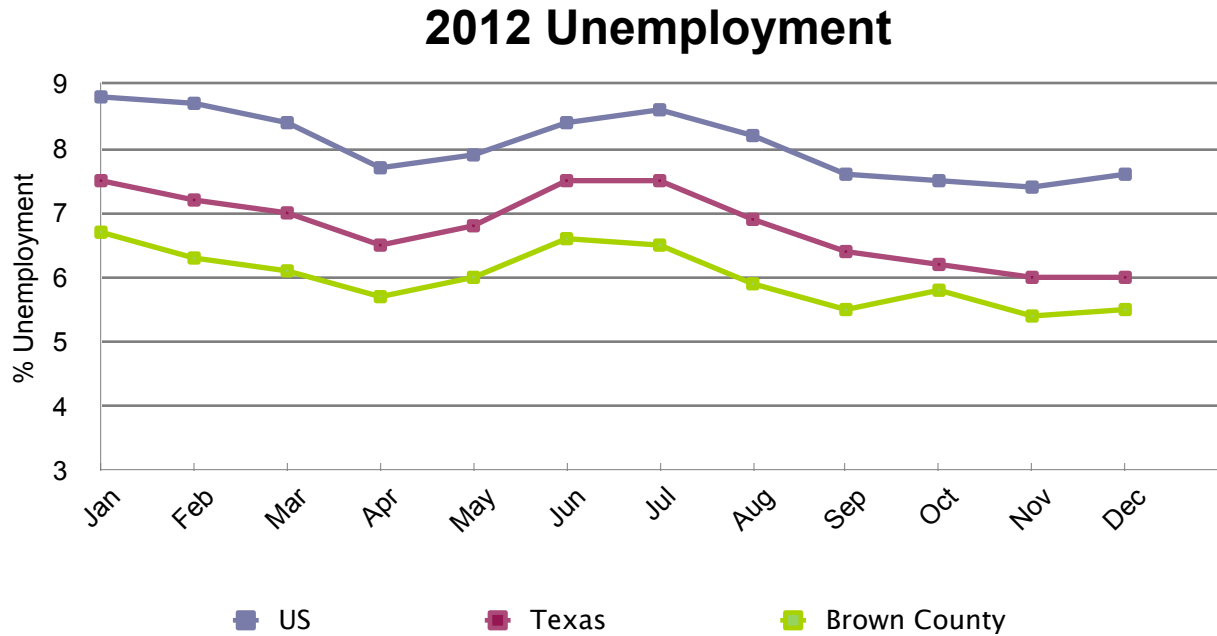
### Sales Tax - Economic Development Portion 2011-2012



*The Texas Comptroller reports monthly sales tax. Monthly reports reflect activity from two months prior, meaning that January numbers represent November sales activity.*

## Employment

A major indicator of employment data is unemployment claims. In 2012, Brown County's unemployment rate was once again lower than state and national figures. November unemployment in Brown County was 5.4%, the lowest since December of 2008. Six out of twelve months reported unemployment at less than 6%. Overall, Brown County unemployment was .8% lower than the Texas average, and 2.1% lower than the national average. This is a positive indicator of a stable economy.

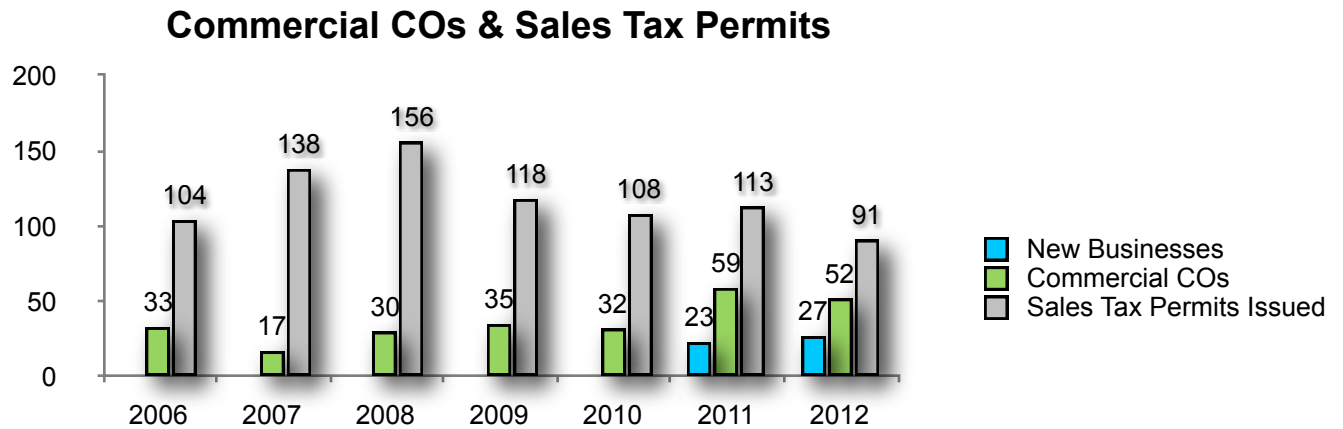


The Texas Workforce Commission reports Brown County employment information monthly, based off of data from the Bureau of Labor Statistics.

## New Business Activity

Certificates of Occupancy (CO) for commercial properties are issued for new buildings or after a remodel, expansion, or a change in classification. In 2012, 52 commercial COs were issued, just seven less than 2011. Of the 52 COs issued in 2012, 27 were new businesses.

Sales tax permits are issued by the State Comptroller's office to individuals or businesses engaging in sales. The number of new permits issued has been fairly consistent over the past four years, hovering around 100. The difference in sales tax permits over COs indicates the large number of "home based" or non store-front businesses applying for permits.



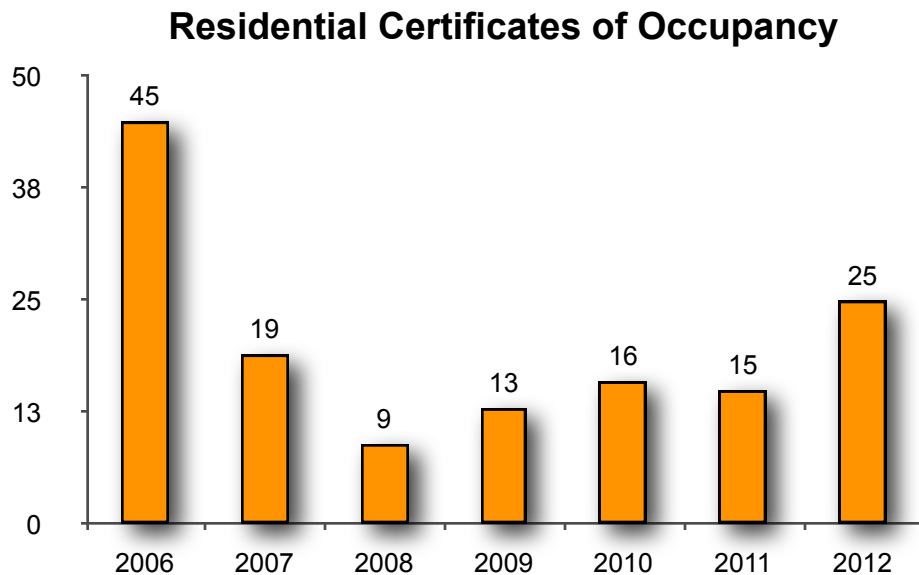
COs are issued by the City of Brownwood Development Services Department, and represent activity inside the city limits. Sale Tax Permits issued and inactivated permits are tracked by the State Comptroller.

## Residential Sales and Construction

Residential sales for the City of Brownwood in 2012 was 190 homes. This is up about 12% from 2011, and the highest in four years.



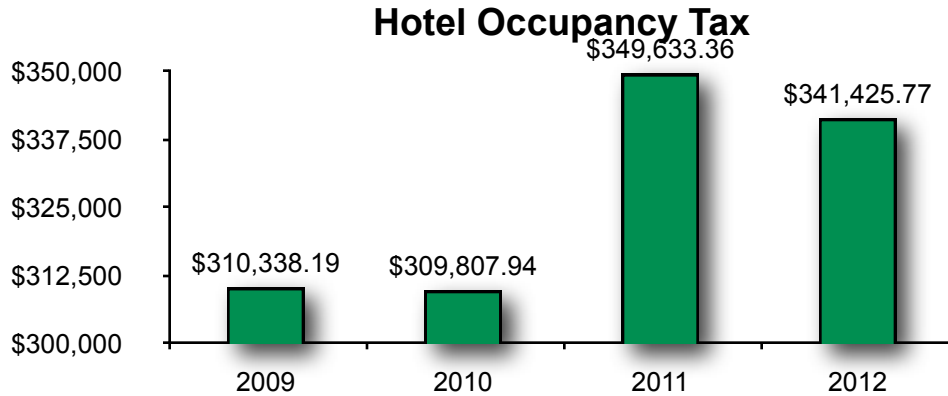
Certificates of Occupancy (CO) for residential properties are issued for new residential construction. In 2012, 25 new residences were built inside the city limits. This is a 60% increase over 2011. Residential sales and new construction appears to be rebounding.



*Residential sales are tracked by the Brownwood Board of Realtors. Certificates of Occupancy are issued by the City of Brownwood Development Services Department, and represent activity inside the city limits.*

## Hotel Occupancy Tax

Local Hotel Occupancy Tax is 7% in the City of Brownwood and reflects leisure and business travel in the area. The local Hotel Occupancy Tax collected in 2012 was about 2.5% lower than in 2011. The slight decrease in revenue is still significantly higher than in 2009 and 2010. Historically a large percentage of hotel stays are tied to activity at Lake Brownwood, but the drought has limited that substantially. Making up the difference has been more business and contractor stays.



*The local Hotel Occupancy Tax is collected by the City of Brownwood for hotels and motels inside the city limits.*

# BEDC PROJECTS

*BEDC is mandated to engage in activity that directly aides in the accomplishment of creating identifiable new jobs or retaining existing jobs. In 2012, the BEDC was engaged in the following projects and activities:*

## **New Projects**

- ▶ Underwent extensive strategic planning process and approved a 5 year strategic plan.
- ▶ Approved a \$100,000 equipment loan to Ratliff Steel to expand into manufacturing.
- ▶ Approved a \$200,000 infrastructure project with 3M for a new gas line to be paid out over four years.
- ▶ Approved a \$100,000 infrastructure project with Ethos for paving on the property.
- ▶ Approved a \$55,000 infrastructure project with Superior Essex for a new water line.
- ▶ Work on the Kohler southern truck entrance off of FM 45 began.
- ▶ Buy back of a 5 acre tract of land in the Industrial Park from Best Meds.
- ▶ Submitted one site selection proposal to the Office of the Governor, Economic Development and Tourism.

## **Existing Projects**

- ▶ Maintained ten existing loans with local businesses.
- ▶ Maintained eight existing incentives with local businesses.
- ▶ Maintained three leases of BEDC property.

## **Workforce Development**

- ▶ Participated in funding an onsite welding training in the amount of \$32,000 in partnership with Loadcraft TSTC, and the Early EDC.
- ▶ Participated in a Workforce Solutions Roundtable with Texas Workforce Chairman Andres Alcantar.
- ▶ In partnership with TSTC, launched the 21st Century Leaders Class, teaching job preparedness to High School Juniors and Seniors from Brownwood, Early and Bangs High Schools.
- ▶ Participated in and facilitated meetings of the Brownwood Area Chamber of Commerce Education Workforce Solutions of Brown County Committee. Director serves as chair.
- ▶ Supported Ranger College's Associates Degree in Nursing program and expanded services to Brown County in the amount of \$120,000 per fiscal year.



## **Entrepreneurship and Small Business Development**

- ▶ Through the Brownwood Area Chamber of Commerce, 24 small business start up consultations were provided. Four of which started new businesses.
- ▶ Supported the West Central Texas Council of Government SBA Loan Office in Brownwood in the amount of \$48,000 per year (2011-2012) and \$36,000 per year (2012-2013).

## **Marketing**

- ▶ Maintained [www.brownwoodbusiness.com](http://www.brownwoodbusiness.com) with current information for business relocation or expansion.
- ▶ Attended the International Convention of Shopping Centers (ICSC) trade show in Dallas to promote retail development in Brownwood with the Mayor and Brownwood Area Chamber of Commerce.
- ▶ Purchased an enhanced website listing on Trade & Industry Development's website.

# Challenges and Issues

## Short Term Challenges

The most urgent current challenges are the drought and the unknown impact of the Cline Shale in West Texas. Water is a major concern for manufacturing and tourism. The BEDC will continue to support the City and Brown County Water Improvement District's efforts to ensure an adequate water supply for its residents and businesses.

In the past six months, the discovery of the Cline Shale has generated significant economic activity in West Texas. Many of Brownwood's major employers and metal fabricators are losing employees to the Permian Basin and the emerging Cline Shale. There is a great demand for skilled labor, especially truck drivers and welders. BEDC is working with Ranger College and TSTC to develop short term training programs to increase the pool of available labor and to backfill positions vacated.

The full impact of the Cline Shale on the Brownwood economy is yet to be seen. There are positive indications that new companies will locate in Brownwood to service the oilfield. In addition, this is growth opportunities for local companies who fabricate equipment or provide services for the energy industry. The BEDC is participating in regional meetings and activities to promote available land and local companies to the West Texas region.

## Long Term Issues

The following were identified as long term issues through the BEDC's Strategic Plan. For each issue, the BEDC has multiple action steps to address the challenges. For Implementation Tables or the Full Strategic Plan, visit the website at [www.brownwoodstrategy.com](http://www.brownwoodstrategy.com).

- Recruitment and retention of young professionals.
- Availability of higher skilled mechanical and technical labor.
- Lack of higher education for area's high demand jobs, such as engineering and nursing.
- Relatively low wages, in comparison to State average.
- Limited retail, restaurants and other lifestyle related businesses.
- Limited housing options and availability.
- Limited resources for entrepreneurship and innovation.
- Perception of high taxes by major industry.

# BEDC Financials

Fiscal year 2011-2012 financials were strong. The audit reported the BEDC's net assets were \$3,406,609 as of September 30, 2012. Total revenue was \$1,596,983 while total expenses were \$842,056. The Corporation's net assets increased by \$754,927.

See Appendix for financial statements.

# Partnerships and Affiliations

## Local

- ▶ Brownwood Area Chamber of Commerce, Member
- ▶ Brownwood Marketing Alliance, Member
- ▶ Education Workforce Solutions of Brown County Committee, Chair
- ▶ Brownwood Area Chamber of Commerce Legislative Affairs Committee, Member
- ▶ Brownwood Industrial Foundation, Inc., Partner
- ▶ Brownwood ISD PR Committee, Member
- ▶ Mid-Tex Human Resource Management Association and SHRM, Board Member
- ▶ United Way Board, Board Member
- ▶ Kiwanis Club, Member

## Regional

- ▶ Texas Midwest Community Network, Member and Delegate
- ▶ West Central Texas Council of Governments, Council Finance Board Member
- ▶ Workforce Solutions of West Central Texas, Partner
- ▶ Small Business Development Center, Tarleton University, Partner

## State and National

- ▶ Texas Economic Development Council, Member
- ▶ International Economic Development Council, Member
- ▶ International Convention of Shopping Centers, Member

# Contact Information



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Development Corporation

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## **Acknowledgements**

This report was compiled with the cooperation of:

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Ray Tipton and Sunni Modawell, Brownwood Area Chamber of Commerce

Mark Campbell, Brownwood Board of Realtors President

# Appendix