



Brownwood Economic
Development Corporation

BEDC Annual Report, 2015

Prepared for: Brownwood City Council & BEDC Board of Directors

February 16, 2016

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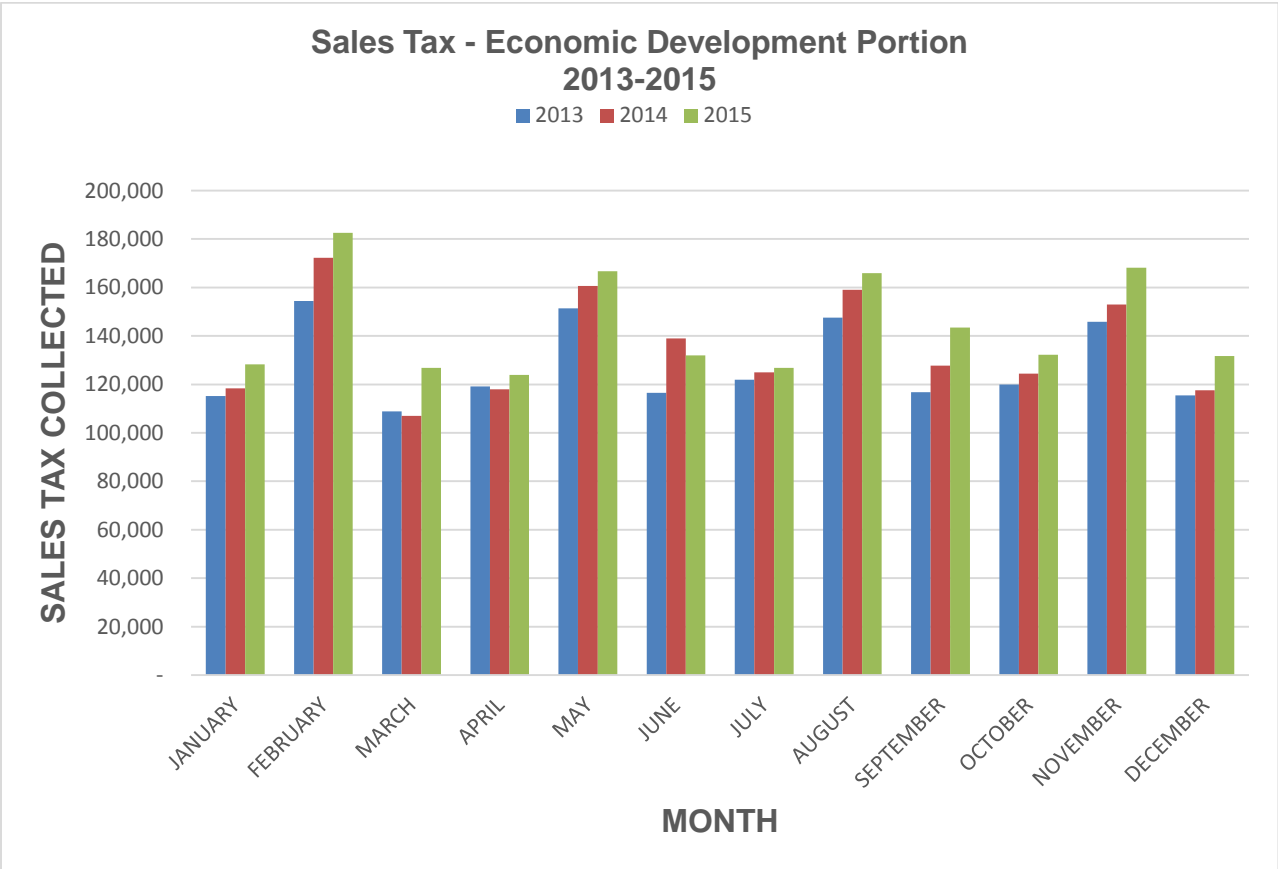
Brownwood Economic
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Economic Indicators

Sales Tax

The BEDC receives .5% of the 2% local sales tax for economic development. City of Brownwood **sales tax increased 5.96% in 2015 from 2014**. Multiple factors account for this increase in sales tax, including new retail businesses, increased consumer spending, full lake levels and continued decreases in unemployment. Increased sales tax is a positive indicator of a strong economy and the trend is continuing in the current fiscal year.



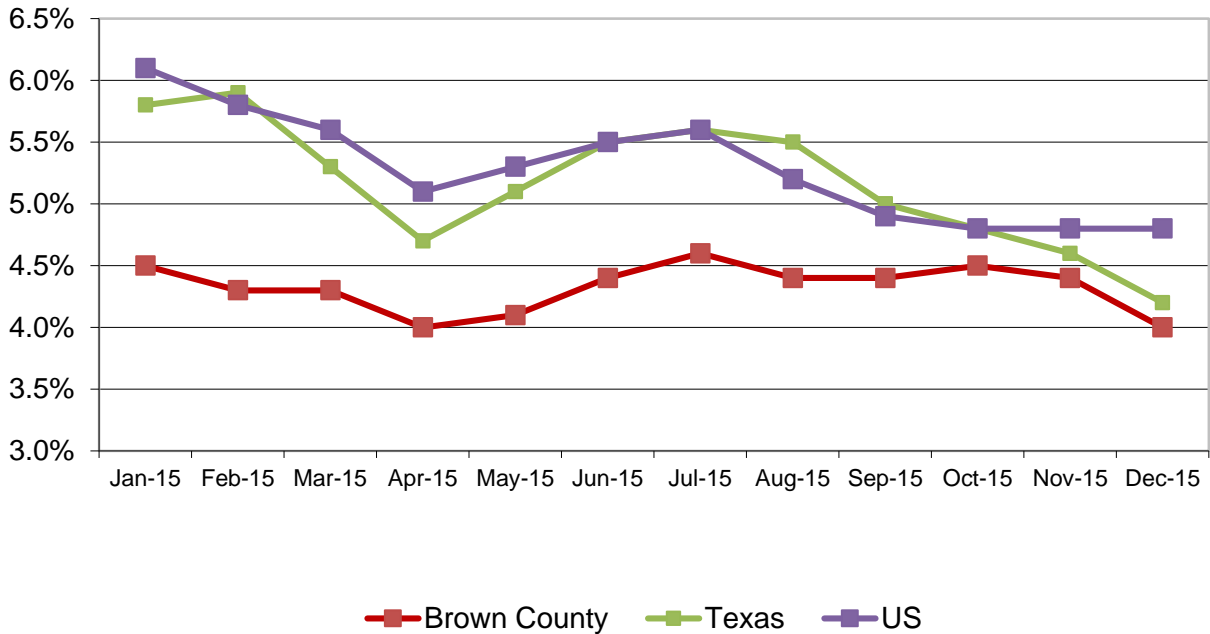
The Texas Comptroller reports monthly sales tax. Monthly reports reflect activity from two months prior, meaning that January numbers represent November sales activity.

Employment

A major indicator of employment data is unemployment claims. In 2015, Brown County's unemployment rate was once again lower than state and national figures. December unemployment in Brown County was **4.0%**.

The 2015 average unemployment rate for Brown County was 4.3%, which was .9% lower than the Texas average, and 1% lower than the national average. This is a positive indicator of a stable economy.

2015 Unemployment

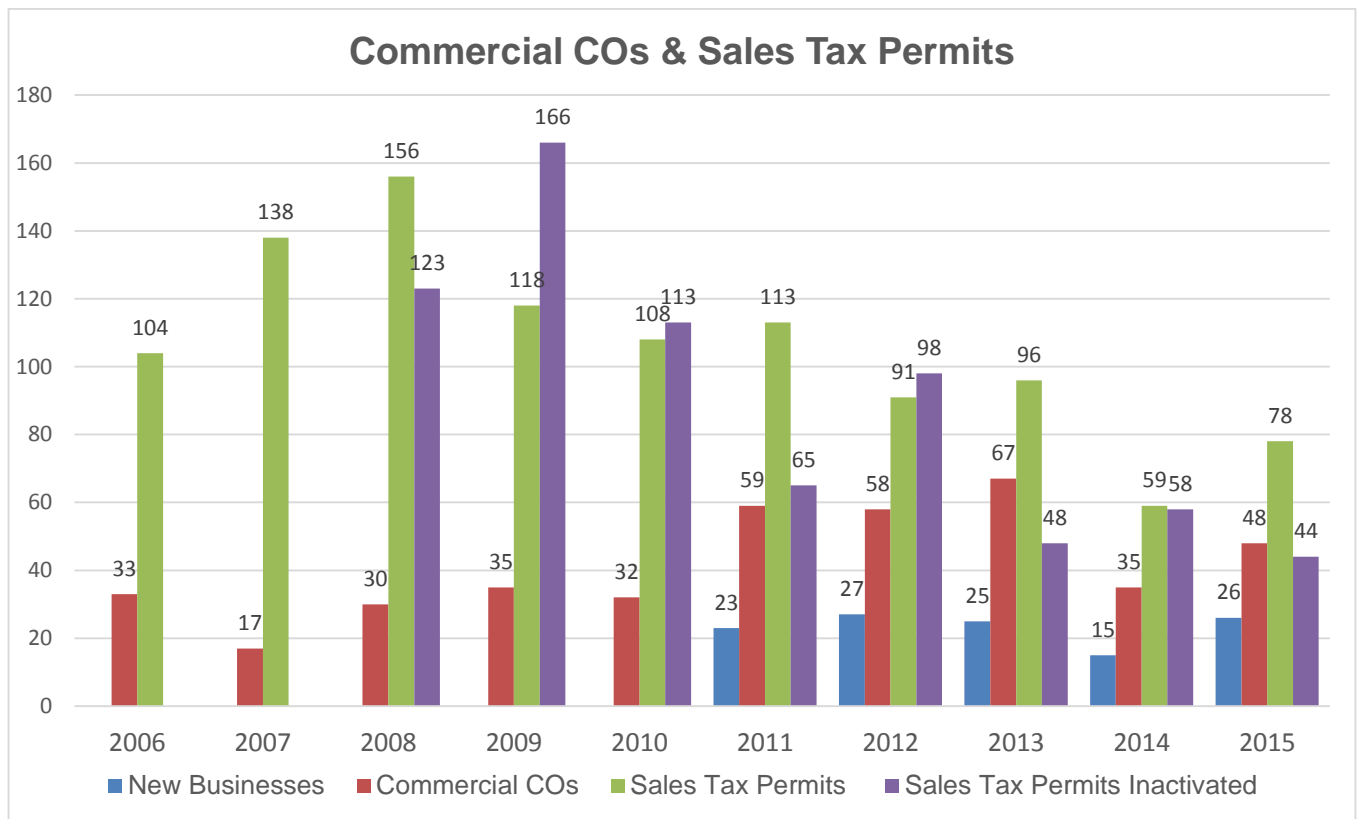


The Texas Workforce Commission reports Brown County employment information monthly, based off of data from the Bureau of Labor Statistics.

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 2015, 78 commercial COs were issued, of which 26 were new businesses.

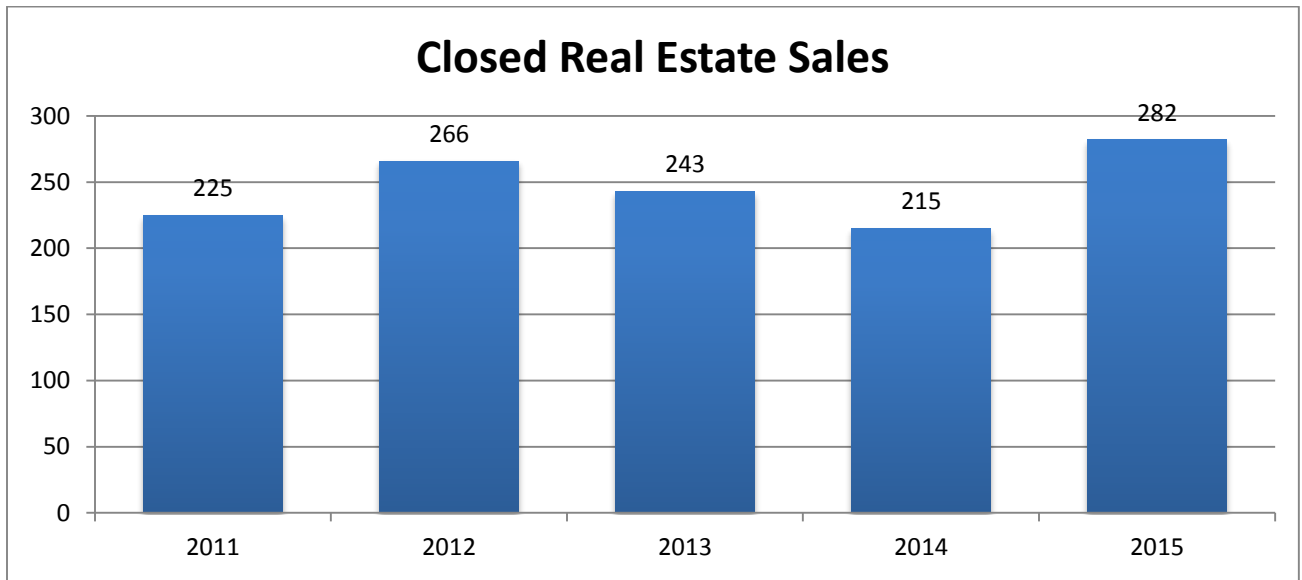
Sales tax permits are issued by the State Comptroller’s office to individuals or businesses engaging in sales. The difference in sales tax permits over COs indicates the large number of “home based” or non store-front businesses applying for permits. Sales Tax Permits Inactivated represents businesses that are no longer in business due to either changing ownership or closing down the business completely. Historically, a slow economy encourages entrepreneurship and small business start-ups. The number of inactivated permits decreased by 24% to 44, which remains as the all-time low compared to previous 8 recorded years. This is an indication that local businesses continue to be more stable and are staying open.



COs are issued by the City of Brownwood Development Services Department and represent activity inside the city limits. New businesses were not tracked prior to 2011. Sale Tax Permits issued and inactivated permits are tracked by the State Comptroller.

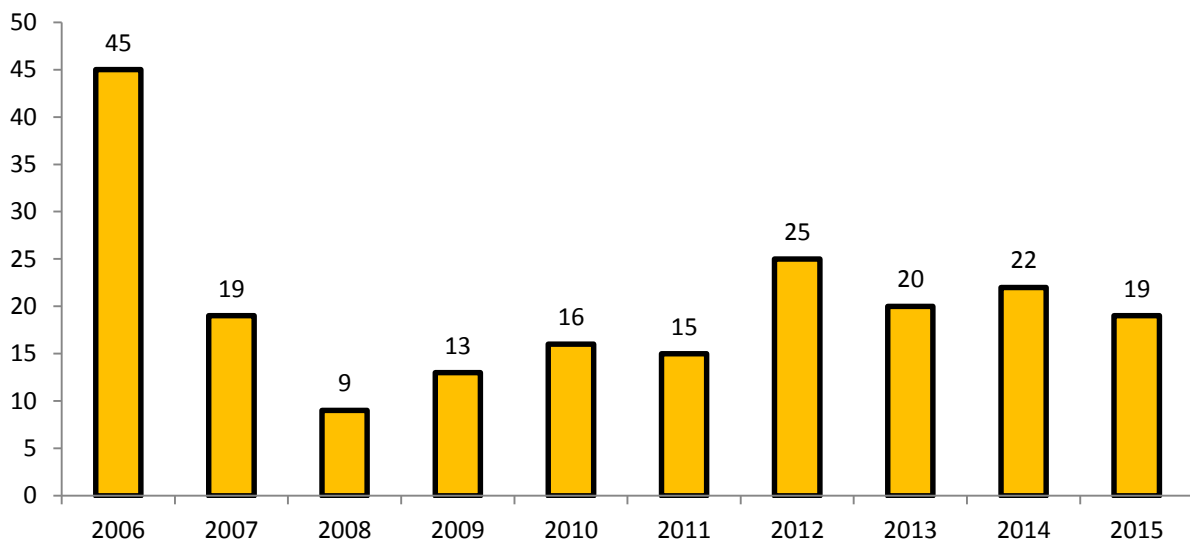
Real Estate Sales and Construction

Real estate sales within the City of Brownwood in 2015 were 282. This is a 31% increase from 2014.



Certificates of Occupancy (CO) for residential properties are issued for new residential construction or substantial renovation. **In 2015, 19 residential COs were issued inside the city limits, of which 18 were newly built houses.** This is a 14% decrease from 2014.

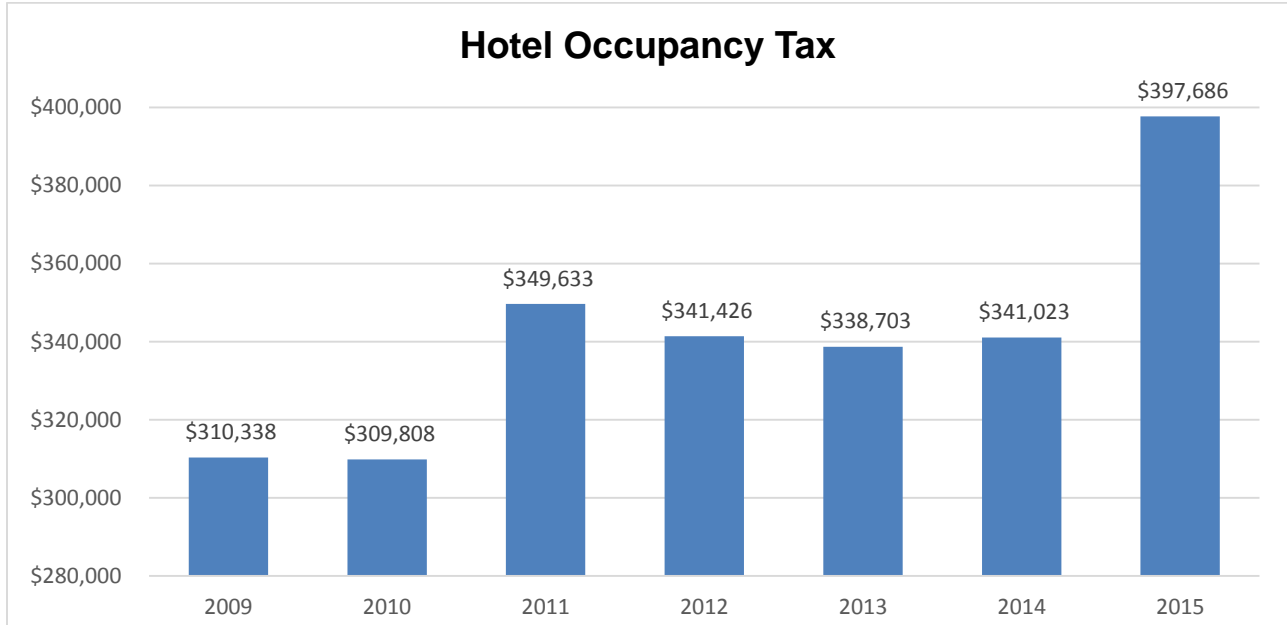
Residential Certificates of Occupancy



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 2015 had a substantial increase of over 16% from 2014 resulting in a record high.** The increase is partially due to additional tourism due to lake levels at full capacity.



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 2015, the BEDC was engaged in the following projects and activities:

New Projects

- Executed a \$250,000 new business loan to Wright Asphalt for its new Brownwood plant.
- Executed a \$200,000 business expansion loan with Loadcraft Industries.
- Executed a \$300,000 business expansion loan with Ingram Concrete.
- Executed a \$360,000 infrastructure incentive to United Supermarkets.
- Purchased Old Main Fire Station for resale as retail establishment.
- Negotiated lease agreement with T.G. mercer for 15 acres for pipe yard.
- 3M Product Lines – Agreement Incentives for 2016
 - Crystal silk Surface Shield - \$250,000 (\$4.5M Investment and 12 employees)
 - Micro Prismatic Reflective Sheeting - \$300,000 (\$6M Investment and 15 employee credits.
- Began work and coordination on rail project for our industrial park to enhance rail services to Lortscher, Ethos, and VRC Technologies.
- The Shoppes at Pecan Bayou – Retail Development

Existing Projects

- Maintained eight (6) existing loans with local businesses. (Barr Fabrication, City of Brownwood, KJD, Superior Essex, Ratliff Steel, VRC Technology)
- Issued three (3) existing incentives with local businesses. (two with 3M and Willie’s T’s)
- Added one new incentive (United Supermarkets)
- Maintained two leases of BEDC property.
- Continued work on the BEDC Strategic Plan including development of BEDC and City owned property for Industrial Development, completed website project and worked on multiple grants with local schools and businesses.
- Renewed Hangar lease for Heritage Helicopter

Workforce Development

- Completion of partnership with Ranger College, TSTC, Kohler Company and M&F Gauge, execution of \$1.4 million grant through the Texas Workforce Commission’s Skills Development Fund.
- Jobs Page reached over 306,000 page views in first year of launch: www.brownwoodbusiness.com/jobs.
- Facilitated meetings with TSTC in sharing cost of workforce gap needs survey by Perryman Group, an economic and financial analysis firm.
- 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, a total of 22 consultations were conducted which include small business consults to new or prospective businesses and 13 startup consultations, 6 consults with existing businesses, and 3 marketing consultations. From these consultations two started new businesses. Compared to last year, the number of consults have decreased, from the 33 consultations in 2014.
- Supported the West Central Texas Council of Government SBA Loan Office in Brownwood in the amount \$12,000 per year (2014-2015). One (1) SBA 504 loan was made and two (2) WCTCOG Revolving Loan Funds were made to Brown County businesses in 2015.

Marketing

- Attended the International Council of Shopping Centers (ICSC) trade show in Dallas with the Mayor, City Manager and Brownwood Area Chamber of Commerce, as well as year-round retail recruitment efforts with site selectors, brokers and developers.
- Contracted with Retail Strategies to help identify and recruit retail.
- Increased BEDC Facebook following by 200%.
- Continued to utilize YouTube and Twitter as social media communication outlets.
- Established a LinkedIn Business Page.
- Improved communication by establishing mass e-mail campaigns via MailChimp
- Awarded Merit Recognition for Community Economic Development for Outstanding Achievement in Community Economic Development by TEDC.
- Half page ad in *Texas Wide Open for Business* magazine, the official Economic Development magazine of the State of Texas and quarter page ad in *Brown County Living* magazine.
- Full Page back cover ad for Camp Bowie 75th Anniversary insert in Brownwood Bulletin.

Challenges and Issues

Short Term Challenges

The most urgent challenges are housing, workforce shortage, and the unexpected downturn in the oil and gas industry. Water is a major concern for all facets of business including 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 2015, the skilled workforce shortage still remains a serious challenge for businesses of every sector in Brownwood. The local labor pool remains very thin. The booming oil and gas industry pulled many workers from the Brown County region, causing existing workers to leave the county. In response to the shortage of labor, the BEDC created a centralized job listings page on our website and marketed that website to the local area and across the state. Additional recruitment efforts will be necessary to fill the vacant and newly created jobs.

The opening of United Supermarkets and Aldi Supermarkets opening in Brownwood in 2015 has created heightened interest by retail developers and site selectors in the Brownwood market. The unveiling of the Shoppes at Pecan Bayou has created additional attention and excitement for the community in retail recruitment. Multiple factors such as flood plains, cost of real estate, and limited sites available are challenges the BEDC and City must facilitate solutions for in order to capitalize on the retail interest.

Long Term Issues

The following are long term issues as stated in the BEDC's Strategic Plan. The BEDC is actively addressing each challenge. For Implementation Tables or the Full Strategic Plan, visit the website at www.brownwoodstrategy.com.

- Limited housing options and availability.
- Conversion to a MDD corporation
- 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.
- Perception of high taxes by major industry.

BEDC Financials

Fiscal year 2014-2015 financials were sound. The audited financial reports indicate that the BEDC's net position was \$5,472,660 as of September 30, 2015. Total revenue was \$1,794,748 while total expenditures were \$1,116,180. The Corporation's net assets increased by \$628,568.

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
- Young Leaders of Brown County, Board Member
- Kiwanis Club, Member
- Chamber of Commerce Tourism Advisory Board, Member
- Review, Evaluate, Adjust, and Develop (R.E.A.D.) Group, Member

Regional

- West Texas Energy Consortium, Member
- Texas Midwest Community Network, Member and Delegate
- West Central Texas Council of Governments, 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 Council of Shopping Centers, Member

Contact Information



Brownwood Economic
Development Corporation

Brownwood Economic Development Corporation
P.O. Box 1389
501 Center Ave.
Brownwood, TX 76801
325.646.9600
www.brownwoodbusiness.com

Guy Andrews, Executive Director
gandrews@ci.brownwood.tx.us

Jeanice Padilla, Executive Assistant
jpadilla@ci.brownwood.tx.us

Acknowledgements

This report was compiled with the cooperation of:

Walter Middleton, City of Brownwood Finance Director

Ray Tipton, Brownwood Area Chamber of Commerce

Brownwood Board of Realtors

Appendix A

BEDC 2015 Balance Sheet