



Brownwood Economic  
Development Corporation

# BEDC Annual Report, 2013

Prepared for: Brownwood City Council & BEDC Board of Directors

February 11, 2014



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Development Corporation

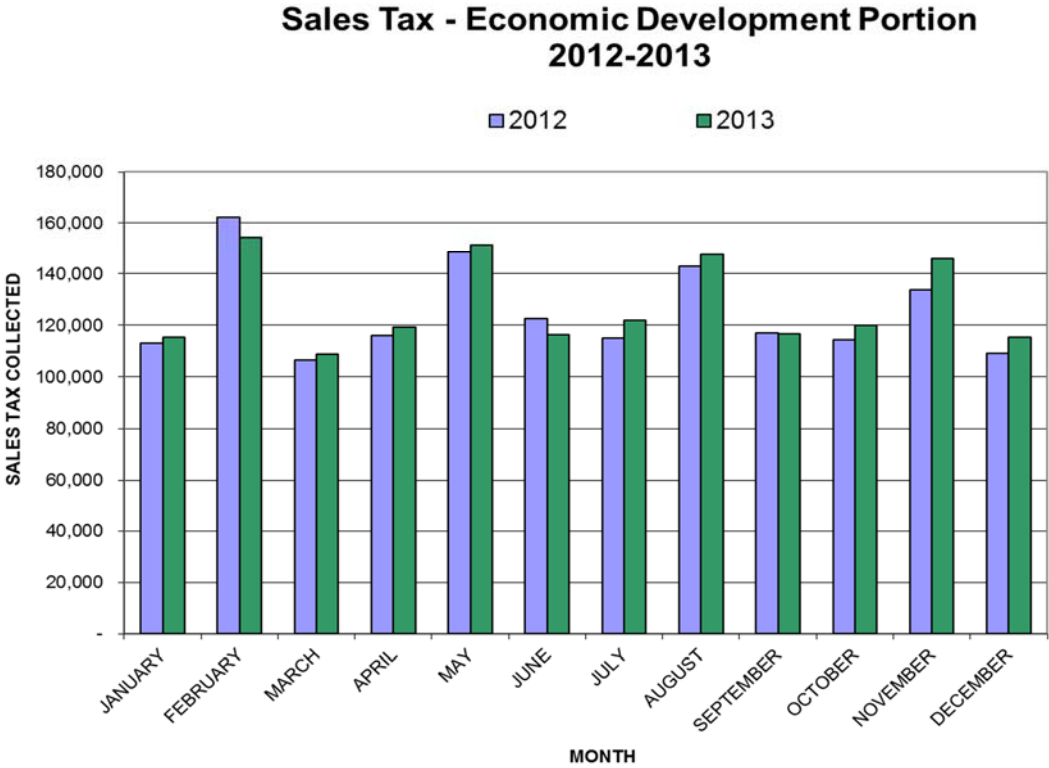
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# Economic Indicators

## Sales Tax

The BEDC receives .5% of the 2% local sales tax for economic development. City of Brownwood sales tax increased about 0.07% in 2013 from 2012. Multiple factors account for the slight increase in sales tax, including new retail businesses, increased consumer spending, and continued decreased unemployment. Increased sales tax is a positive indicator of a strong economy and the trend is continuing even stronger in the current fiscal year.

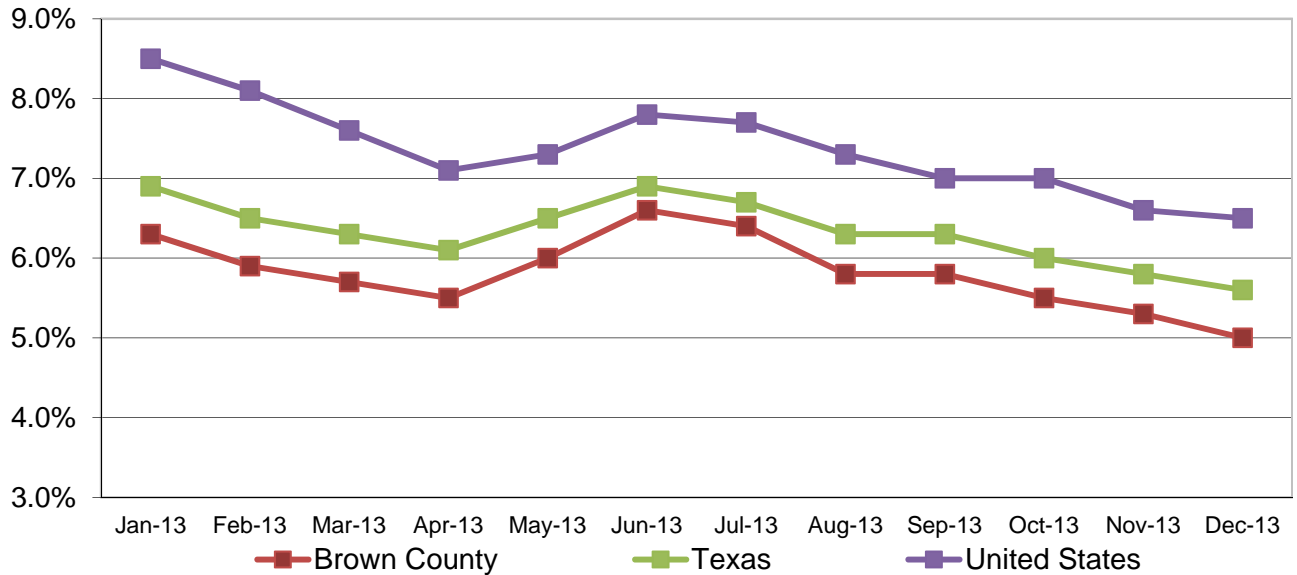


*The Texas Comptroller reports monthly sales tax. Monthly reports reflect activity from two months prior, meaning that January numbers represent November sales activity.*

## Employment

A major indicator of employment data is unemployment claims. In 2013, Brown County's unemployment rate was once again lower than state and national figures. December unemployment in Brown County was 5.0%, the lowest since November of 2008. Eight out of twelve months reported unemployment at less than 6%. Overall, Brown County unemployment was .6% lower than the Texas average, and 1.5% lower than the national average. This is a positive indicator of a stable economy.

### 2013 Unemployment

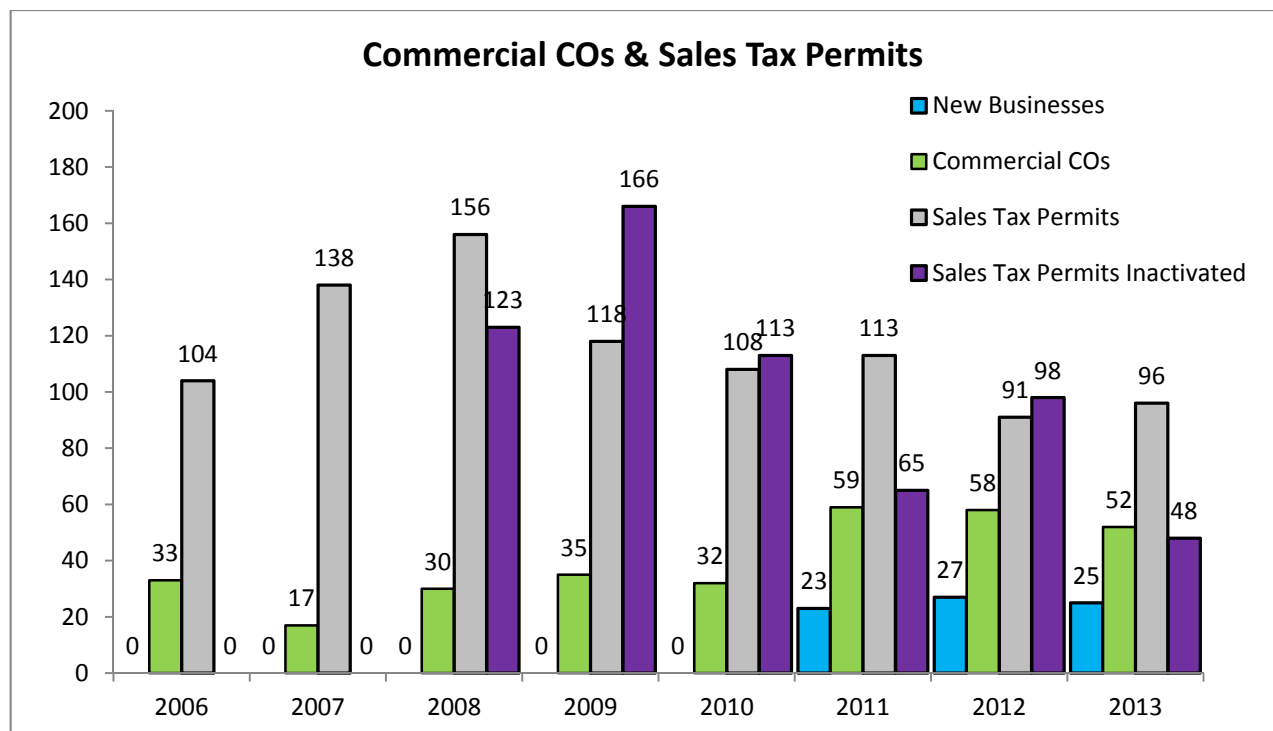


*The Texas Workforce Commission reports Brown County employment information monthly, based off of data from the Bureau of Labor Statistics.*

## 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 2013, 52 commercial COs were issued, just six less than 2012. Of the 52 COs issued in 2013, 25 were new businesses.

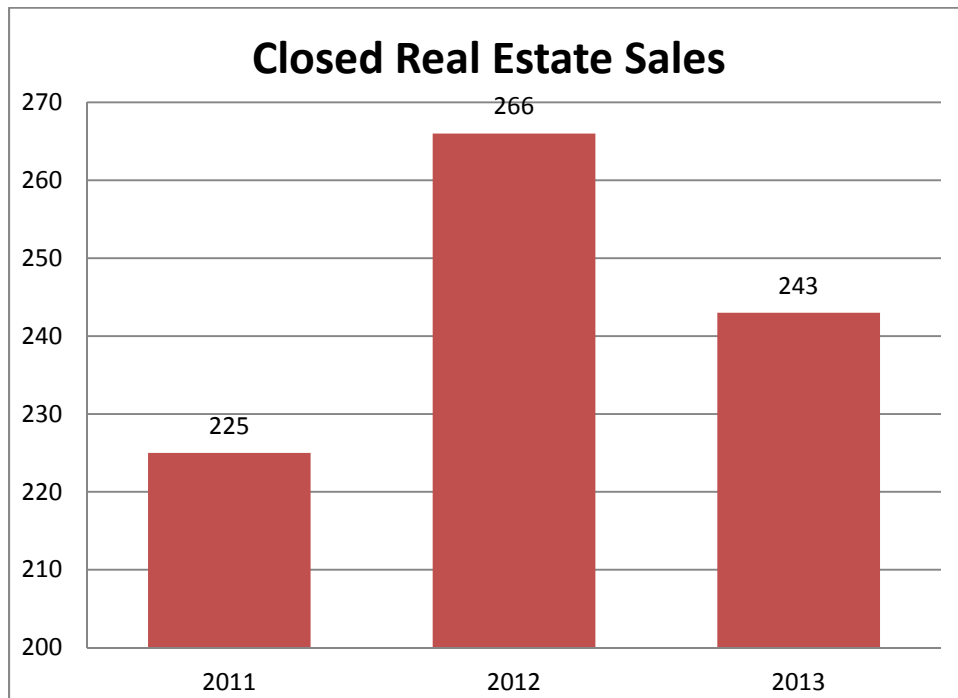
Sales tax permits are issued by the State Comptroller's office to individuals or businesses engaging in sales. The number of new permits issued has been fairly consistent over the past four years, hovering around 100. The difference in sales tax permits over COs indicates the large number of "home based" or non store-front businesses applying for permits. Sales Tax Permits Inactivated represents businesses that are no longer in business due to either it changing ownership or closing down the business completely. The number of inactivated permits dropped dramatically in 2013 by about 50%. This is an indication that local businesses are more stable and staying open.



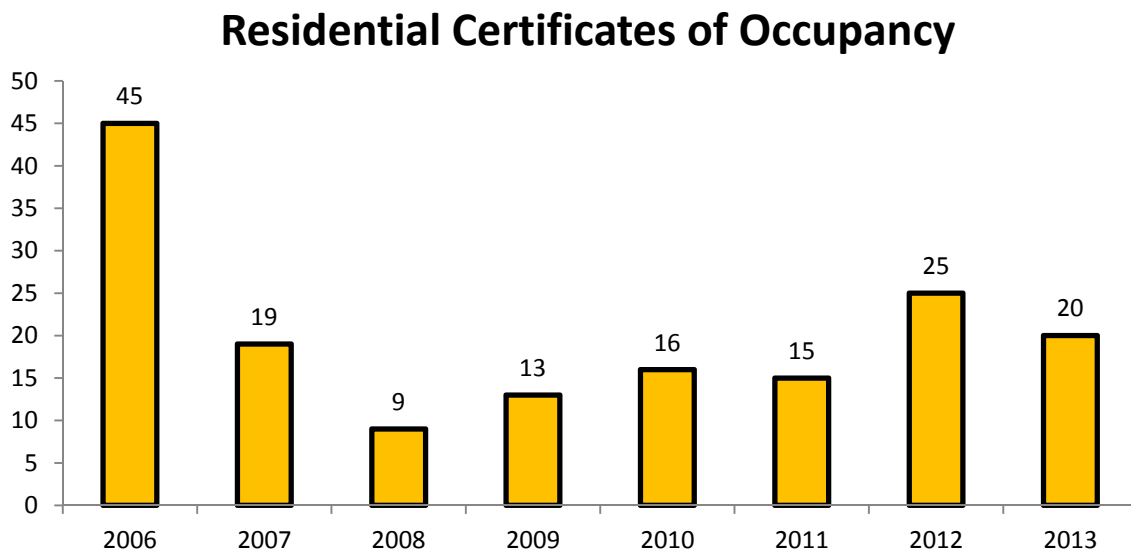
*COs are issued by the City of Brownwood Development Services Department and represent activity inside the city limits. New businesses were not tracked prior to 2011. Sale Tax Permits issued and inactivated permits are tracked by the State Comptroller. Sales Tax Permits inactivated were not tracked prior to 2008.*

## Real Estate Sales and Construction

Real estate sales for the City of Brownwood in 2013 were 243. This is down about 8% from 2012.



Certificates of Occupancy (CO) for residential properties are issued for new residential construction. In 2013, 20 new residences were built inside the city limits. This is a slight decrease from 2012, but still higher than 2007-20011.



*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 2013 was about 1.0% lower than in 2012. 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, education, sports 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 2013, the BEDC was engaged in the following projects and activities:*

## **New Projects**

- ▶ Approved a \$125,000 equipment loan to VRC Technology to open a new manufacturing company.
- ▶ Approved a \$100,000 business expansion loan with Willie's T's.
- ▶ Approved a \$30,000 business expansion loan with Big Country Water Works.
- ▶ Approved a \$10,000 infrastructure project for the Burnet Road crossing with Texas Rockcrusher Railroad.
- ▶ Completed the Kohler southern truck entrance off of FM 45.
- ▶ Leased nine acres of BEDC property on FM45 to TG Mercer for a pipe yard for the BridgeTex Pipeline.
- ▶ Submitted eight proposals to the Office of the Governor, Economic Development and Tourism.

## **Existing Projects**

- ▶ Maintained five existing loans with local businesses.
- ▶ Maintained five existing incentives with local businesses.
- ▶ Maintained three leases of BEDC property.
- ▶ Two loans were paid off, one paid off early (TASCO) and one paid off as scheduled (West Texas Printing).
- ▶ Continued work on the BEDC Strategic Plan including development of BEDC and City owned property for Industrial Development, began website project, and supported the launching of the New Leaders of Brown County young professionals group.

## **Workforce Development**

- ▶ Participated in the West Texas Energy Consortium and Cline Shale Economic Impact Study.
- ▶ In partnership with TSTC, continued the 21st Century Leaders Class, teaching job preparedness to High School Juniors and Seniors from Brownwood and Early High Schools.
- ▶ Worked in partnership with the Brownwood Area Chamber of Commerce to launch the new Young Leaders of Brown County program that provides young people the opportunity to attend social events and luncheons to help establish ties to the community in order to help local industry attract and retain young professionals.
- ▶ 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, 23 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 \$36,000 per year (2012-2013) and \$24,000 per year (2013-2014). Three loans were made to Brown County businesses in 2013.

## Marketing

- ▶ Attended the International Convention of Shopping Centers (ICSC) trade show in San Antonio to promote retail development in Brownwood with the Mayor and Brownwood Area Chamber of Commerce.
- ▶ Launched BEDC Facebook and Twitter accounts.
- ▶ Full page ad in *Texas Wide Open for Business* magazine, the official Economic Development magazine of the State of Texas.
- ▶ Began work on a new BEDC website [www.brownwoodbusiness.com](http://www.brownwoodbusiness.com).

# Challenges and Issues

## Short Term Challenges

The most urgent challenges continue to be the drought and the unknown impact of the Cline Shale in West Texas. 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.

Throughout 2013, the BEDC has continued to work in partnership with the West Texas Energy Consortium to identify the impact that the Cline Shale will have on Brownwood and its economy. Brownwood's major employers and metal fabricators have reported losing employees to the Permian Basin and the emerging Cline Shale. There is a great demand for skilled labor, especially truck drivers, welders and mechanics. 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, there are growth opportunities for local companies who fabricate equipment or provide services to the energy industry, as well as increased business for retail and service companies from temporary pipeline workers and drive-through traffic. 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 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](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 2012-2013 financials were sound. The audited financial reports indicate that the BEDC's net assets were \$3,990,966 as of September 30, 2013. Total revenue was \$1,651,471 while total expenses were \$1,303,924. The Corporation's net assets increased by \$584,357.

# 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 Vice President
- ▶ United Way Board, Board Vice President
- ▶ Young Leaders of Brown County, Board Member
- ▶ Kiwanis Club, Member

## Regional

- ▶ West Texas Energy Consortium, Economic Development Committee Co-chair
- ▶ Texas Midwest Community Network, Member and Delegate
- ▶ West Central Texas Council of Governments, Council Finance and RBEG 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
- ▶ Society for Human Resource Management, Member



Brownwood Economic  
Development Corporation

# Contact Information

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## Acknowledgements

This report was compiled with the cooperation of:

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