

Joint Meeting between the City Council and The Development Corporation of Abilene Inc.

May 12th, 2015, at 10:00 a.m.

CITY COUNCIL OF THE CITY OF ABILENE, TEXAS Upstairs Conference Room, Civic Center

The City Council of the City of Abilene, Texas met in a Joint Special Called Session on May 12th 2015, at 10:00 am in the Upstairs Conference Room, 1100 N 6th. Shane Price Deputy Mayor Pro-tem was present and presiding with Councilmen Anthony Williams, Jay Hardaway, Kyle McAlister and Steve Savage. Councilman Joe Spano and Mayor Archibald were absent. Councilman Elect Bruce Kreitler was also present. Also present were Interim City Manager David A. Vela, City Secretary Danette Dunlap, City Attorney Dan Santee and various members of city staff.

Presentation from the Strategic Planning Committee for the DCOA by Kent Sharp, CEO of the Development Corporation of Abilene, Jason Smith with the Abilene Chamber of Commerce and .Ray Ferguson.

Economic Development Strategic Plan for Abilene

Benefits of Economic Development

- Jobs
- Higher Wages
- Increased Tax Base (Property Taxes)
- Increased Consumer Spending
- Better Public Services at Lower Costs
- Tertiary Business Formation

Ways for Cities to Succeed

- Grow Existing Business
- Attract New Businesses
- Start New Businesses

Role of the Economic Development Corp

While Texas as a state has competed very well over the last fourteen years, the real drivers behind this competition have been the state's municipal economic development corporations – local EDC's. Growing in number from a few dozen in the early 1990's, there are now 680 communities across the Lone Star state which have adopted a local sales tax for economic development. When a company decides to expand or locate in Texas, the competition can be fierce as cities engage in developing incentive packages to entice those new jobs to their location.

The overwhelming majority of these incentives are funded by local economic development corporations.

Abilene First to Adopt 4A

Abilene has the exclusive claim of being the first city in Texas to adopt the sales tax for economic development. With the passage of a ½ of 1 percent local retail sales tax, the Development Corporation of Abilene (DCOA) was formed in 1989 as a Type A corporation. Annual proceeds from the ½ cent sales tax have grown from just under \$4 million in 1990 to over \$10 million 2014. Since 1990, the DCOA has provided incentives to fifty-eight private sector enterprises, four state entities and one federal facility.

Why Type A vs. Other Model?

- Primary Jobs are the Economic Driver that Generate Funds for Other Activities
- Return on Investment is Greater for Dollars Expended
- Unlike Most Texas Cities and Neighboring States, Tax Abatement Has Not Been Part of the Abilene's Standard Incentive Package
- Private Concerns Have Filled Role for Quality of Life Enhancements

Successful Results

Top 20 Projects Since Inception of DCOA

- Responsible for over 10,000 current jobs in Abilene or 13.5% of total workforce
- Will pay over \$5 million in property taxes for 2014 or roughly 5% of all property taxes
- Will inject over \$300 million into the economy and cause over \$76 million in taxable sales to be recorded in 2015

Other Activities

- Funded military affairs program preserving Dyess Air Force Base and nearly \$500 million of economic impact
- Helped establish Texas Tech School of Pharmacy, School of Nursing and new School of Public Health
- Started several training programs to help get Abilene residents into new economy jobs

Misconceptions about DCOA

- Activities in which funding can be allocated is directed by state statute
- How DCOA operates is directed by state statute
- Over 60 percent of all proceeds have gone to help Abilene businesses
- Clawback provisions are part of incentive agreements
- All incentive agreements are approved by a vote in open session

Trends in Economic Development

Key Factors

- Job Creation Infrastructure
- Workforce at Startup and Ongoing
- Discretionary and Targeted Incentives



Develop Abilene Incentive Guidelines for New Businesses

Projects may receive assistance in one or more of these categories.

Jobs

For jobs paying ¹ :	Per job incentives ² :
• \$30k to \$40k / year	• from \$10k and up
• \$40k to \$50k / year	• from \$12k and up
• \$50k to \$60k / year	• from \$15k and up
• over \$60k / year	• from 35% of 1st year annual salary and up

¹ Based on regular salary (without overtime) and non-mandatory employee benefits.
² Amount per job is typically paid over 3 to 5 years, based on actual job creation.

Grants/Forgivable Loans & Loan Participation for Capital Investment (in lieu of tax abatement)

- 10% or more of capital investment costs
- 7% for projects outside the City limit but within the Extra-Territorial Jurisdiction (ETJ)

Grants for Code Compliance

- 25% or more of architectural & engineering services and costs of alterations to existing buildings for code compliance

Job Training Grants

- \$500 or more per job upon completion of training and employee probation period

Relocation Grants

- 15% or more of relocation costs for equipment, key personnel, etc.

Last Modified 7/19/2012

A summary of state incentives and programs available to industries locating in Texas can be found at the following link: <http://www.texaswideopenforbusiness.com/financial-resources/>

Economic Development Strategic Planning

Benefits of Strategic Planning

- **Shared Vision and Mission**
- **Benchmarking against Peers**
- **Realistic Expectations for Results**
- **Joint Responsibility & Accountability**
- **Clear Metrics for Evaluation**
- **Transparency of Activity**

The DCOA approved their Resolution authorizing a contract with TIP Strategies, Inc. for development of a strategic plan for economic development in Abilene.

No action required of the city council.

There being no further business the meeting was adjourned at 10:51 a.m.

Danette Dunlap, TRMC
City Secretary

Shane Price
Deputy Mayor Pro-tem