



ECONOMIC DEVELOPMENT

FY 2017  
ANNUAL REPORT



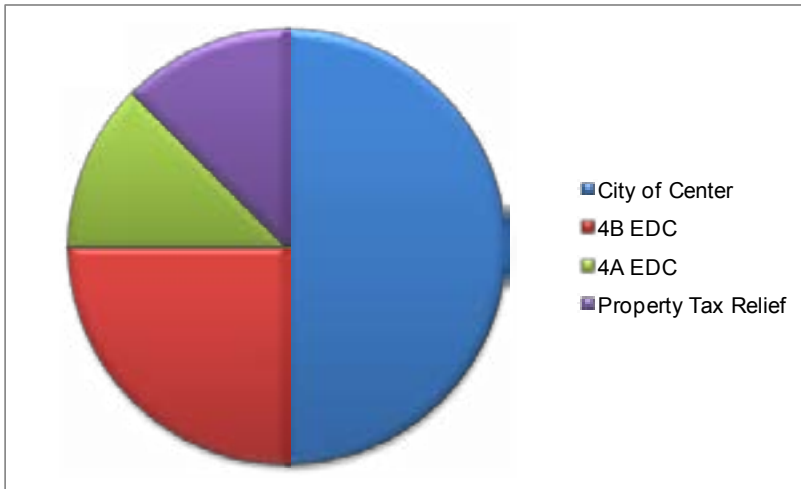
## INTRODUCTION

The FY 2017 Center Economic Development Annual Report will capture all the measurable activity of the Center Economic Development Corporation (CEDC) and report on the effect and outcomes of those activities.

The City of Center operates two independent sales tax supported EDC's. The Type A CEDC collects 1/8 of the City's 2% local sales tax option and uses that money in accordance with the laws of the State of Texas.

Essentially, the law states that this money must be used for those projects that create primary jobs in the community. One of the few exceptions to the jobs creation requirement is targeted infrastructure.

The voters authorized the collection of this sales tax in 1996, by means of an election. The CEDC is governed by a five member Board: Board President John Snider, Mark Ivey, Bill Lloyd, David Chadwick, and Terry Scull. The day to day operations of the CEDC are managed by Economic Development Director, James P. Gibson.



City of Center Sales Tax Allocation

The Board meets on an as-needed basis to adopt the budgets, approve contracts and projects and provide

general direction for City staff.

The following sections will describe the different projects, initiatives, and accomplishments of the CEDC in FY 2017.

## ECONOMIC COMMENTARY

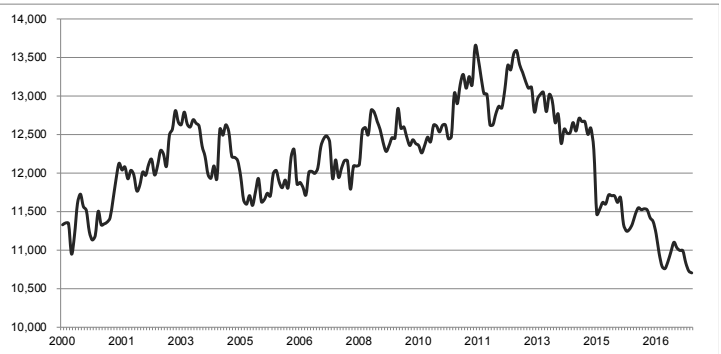
Center's recent economic experiences take it from the oil/gas boom years of 2009-2012, through a two-year economic contraction, to a small commercial building spree in 2016. This activity ebbed in 2017 and, as a result, there were few projects in the CEDC pipeline.

The City's sales tax has stabilized and solidified around the \$3 million mark. Assuming there are no unforeseen economic disruptions, this revenue stream should experience slow steady increases.

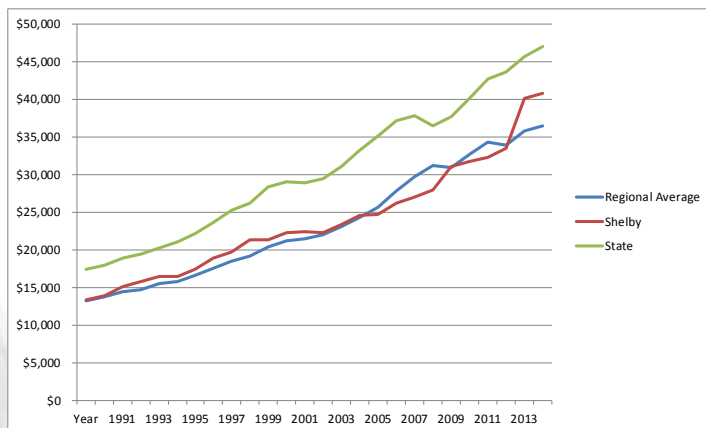
Through 2017, the Shelby County unemployment rate has decreased and is now close to a 2 year low. Unfortunately, the

labor force size has correspondingly precipitated and Shelby County has its' smallest labor force on record (data back to January 2000). However, the Texas unemployment rate is at historic lows, contributed mostly to increased West Texas oil exploration and production. Coupled with Hurricane Harvey in August 2017, one can hypothesize that many Shelby County workers are able to continue their residence here but are employed elsewhere in the State.

A very positive note is that per capita income has increased at a pace that pulls it ahead of the region but still lags behind that of the state. 2015 is the most recent data point, but the gap was as large as 42% in 2006 - this gap has narrowed to 15%.



Shelby County Labor Force - January 2000 to September 2017



Per Capita Income- January 2000 to September 2017

### ECONOMIC DEVELOPMENT AGREEMENTS

In Fall 2015, the CEDC entered into an agreement with Portacool, LLC for a major plant expansion and new headquarter construction. The agreement was in two parts - the CEDC would reimburse Portacool for utility relocations and driveway improvements to the public ROW. The other part obligated the CEDC to reimburse Portacool for the creation of a new employee training program and facility. The CEDC made this final payment in 2017 and this project is now closed.

In 2016 the CEDC negotiated a 10 year agreement with Viatract organic fertilizer for a loan/forgivable loan combination program. For the first 5 years, Viatract is to pay a portion of the loan back to the CEDC. If they create and retain a certain number of jobs, then the interest payment is forgiven. If Viatract creates and retains a certain number of jobs over the following five years, then the principal and interest payments are forgiven. Viatract made their first payment in 2017.

## **INNOVA GRANTS**

In FY 2016, the CEDC Board approved the creation of the INNOVA business improvement grant to incentivize businesses to make external building improvements and to bring underutilized buildings up to code standards. In FY 2017, the Board approved four grant awards.

The goal of the INNOVA program is to incentivize up to 50% of the investment. In FY 2017, this number is 35%.

Applicant Business	Project Amount	INNOVA Grant	Paid Out 2017
Payne & Payne Building	\$32,850	\$15,000	\$7,500
Pineywoods Beverage	\$6,644	\$3,322	\$2,492
ATV Store	\$21,506	\$5,000	\$2,500
Pine Colony Inn	\$20,060	\$5,000	\$3,750
Total	\$81,060	\$28,322	\$16,242

## **BUSINESS NETWORKING AND COMMUNITY OUTREACH**

- One of the most important elements of a successful economic development program is for staff to build relationships with local business leaders, and to encourage business leaders to dialogue among each other. In August 2017, the CEDC sponsored the first of a renewed Industrial Breakfast program.
- With the assistance of the Governor's Office of Economic Development and Tourism, the CEDC was able to present an Economic Development 101 workshop for Shelby County officials. The goal of the workshop was for those elected officials and their staffs to learn more about the basics of economic development.
- Staff visited two Center ISD school board meetings to make presentations on Chapter 313 agreements and how the school's participation could help the community be more competitive with large projects.
- Staff encouraged the Center High School administration to restart the Career and Technical Education Advisory Committee.

## **MARKETING EFFORTS**

In FY 2017, staff hosted a site selector for a community fam tour; staff also travelled to a site selector/incentive negotiator office in Paris, Texas, (the HWH group) to develop that relationship.

An email familiarization campaign was initiated to site selectors and selected businesses.

The CEDC responded to 6 prospect leads.

Project Name	Industry	Agency	Status
Bald Eagle	Distribution Center	Governors Office	Sited in Longview
Hornet	Manufacturing	Inbound	Active
Enterprise	Manufacturing	Inbound	Active
Purple Sunbird	Manufacturing	Governor's Office	Inactive
Red Oriole	Food Processing	Governor's Office	Looking at alternatives
Laminate	Packaging	Governor's Office	Inactive

### DOCUMENTED SITES

In 2016, the CEDC completed the first Documented Site location, a 22 acre tract at the intersection of Loop 500 and Hwy 7E. This site is shovel ready for a prospect to come in and quickly begin their operations.



### STAFF PROFESSIONAL DEVELOPMENT



In June 2017, staff completed all the requirements to sit for the Certified Economic Developer (CEcD) test and passed all sections.

Also in June 2017, staff attended the Texas Economic Development Council summer conference.

The CEDC is a member of the Northeast Texas Economic Developer's Roundtable, an organization sponsoring professional development opportunities for regional economic developers.

### OLDER PROJECTS

- In 2016, the CEDC provided assistance to a local developer for targeted infrastructure for a small commercial strip center, Hilltop Marketplace, which is fully occupied.
- In 2015, the CEDC entered into an agreement with Tenet Healthcare for targeted infrastructure for the standalone ER facility. This project was completed in 2016.
- In 2015, the CEDC agreed to sponsor a Texas Capital Grant application for Center Motors for the construction of Hutcherson Drive. The CEDC also funded drainage work allowing a tract of land to be developed for future commercial use.

## LOCAL ECONOMIC MEASURES

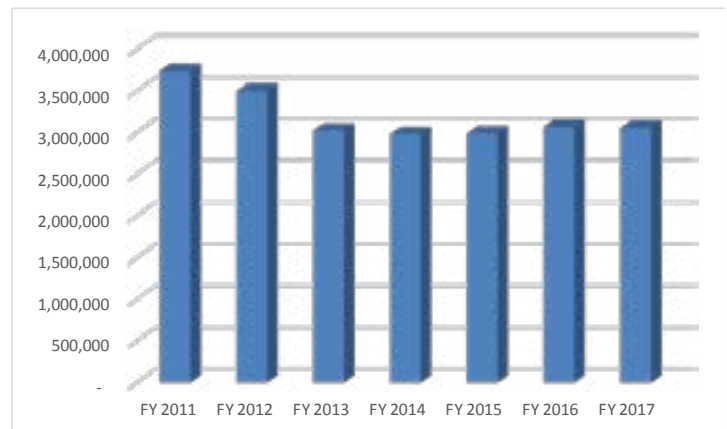
<b>Population</b>	
2016 Estimate	5,401
2010 Census	5,193

<b>Unemployment Rate</b> (Not Seasonably Adjusted)	September 2017	March 2017	September 2016	March 2016
Shelby County	4.6	6.0	6.2	5.7
Region (Nacogdoches, Panola, Rusk, Sabine, San Augustine)	4.6	6.2	6.2	5.5
State of Texas	4.0	5.0	4.9	4.5

<b>Per Capita Income</b> Source: Bureau of Economic Analysis	2015	2014	2013
Shelby County	\$40,721	\$40,083	\$33,432

<b>Educational Attainment</b> Source: Census Bureau	2000	2010	2015
High School Diploma and higher	37	58.7	70.7
Bachelor's Degree	4.3	9.1	9.0

<b>Annual Average Weekly Wages</b>		
Year	Shelby County	Texas
2016	703	1,325
2015	686	1,401
2014	656	1,370
2013	624	1,325



**Total Annual Sales Tax Receipts  
City of Center 2% Local Option**

<b>Year</b>	<b>Total Number of Businesses - Shelby County</b>
2015	504
2014	505
2013	523
2012	537
2011	490



## ECONOMIC DEVELOPMENT

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