

Executive Summary: The Economic Impact of Kerr Economic Development Corporation 2014-2017

December 5, 2017

Prepared for:

Kerr Economic Development Corporation
1700 Sidney Baker, Suite 100
Kerrville, TX 78028

Prepared by:

Impact DataSource
4709 Cap Rock Drive
Austin, Texas 78735
(512) 892-0205
Fax (512) 892-2569
www.impactdatasource.com



Executive Summary

Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm. This report estimates the economic and fiscal impact resulting from projects supported by the Kerr Economic Development Corporation (KEDC) during fiscal years 2014-2017

KEDC is a private nonprofit company dedicated to ensuring a diverse and strong economic climate for all businesses in Kerrville and Kerr County, Texas. KEDC was formed with the mission of stimulating a diversified and strong economic climate for Kerrville and Kerr County. They recruit new businesses, help established businesses' retention and expansion efforts and work with local companies to provide economic data, workforce information, facilitation of the regulatory processes, real estate site searches and evaluation for potential economic development incentives.

Economic Impact, 2014-2017

Over the past four years, KEDC assisted the following companies to locate, startup or expand in the community:

- Mooney International,
- Fox Tank,
- James Avery, and
- Nature Blinds.

Economic Output

KEDC supported the above projects that produced economic output representing how much money the projects pumped into the Kerrville area's economy:

Estimated Economic Output Generated by Firms over the Past Four Years			
Year	Direct Economic Output	Indirect & Induced Economic Output	Total Economic Output
2014	\$219,113,425	\$125,206,889	\$344,320,313
2015	\$225,868,788	\$129,067,072	\$354,935,861
2016	\$232,645,667	\$132,939,550	\$365,585,218
2017	\$239,625,878	\$136,928,217	\$376,554,095
Total	\$917,253,758	\$524,141,729	\$1,441,395,487

Jobs and Salaries

The cumulative number of permanent jobs and salaries created by these projects/firms are shown below

Total Permanent Jobs and Annual Salaries Created, 2014-2017			
	Direct	Indirect & Induced	Total
Total jobs created/supported	329	343	672
Workers' earnings created/supported over the period	\$48,818,511	\$40,568,183	\$89,386,694

Taxable Spending

Taxable sales and spending generated by the firms, direct and indirect workers and out-of-town visitors are shown below.

Taxable Sales and Spending Generated by Firms, Workers and Visitors, 2014-2017	
Year	Taxable Sales
2014	\$29,184,079
2015	\$33,189,910
2016	\$37,332,964
2017	\$35,470,661
Total	\$135,177,613

Property Added to Local Tax Rolls

Property added to local tax rolls by the firms and new residential property built for some new workers moving to the community is shown below.

Value of New Property on Tax Rolls by 2017 Generated by 2014-2017 Projects	
Industrial and commercial property	\$39,702,595
Residential property	\$1,863,614
Total	\$41,566,209

Fiscal Impact of 2014-2017 Projects

The economic impacts described above translate into the following fiscal impacts or additional revenues for the city, county and other local taxing districts:

Total Revenues for Local Taxing District Generated by KEDC Supported Projects During 2014-2017					
	Sales Taxes	Property Taxes	Hotel Occupancy Taxes	Other Revenues Including Net Utility Revenues*	Total
City of Kerrville	\$1,351,776	\$662,279	\$6,903	\$311,065	\$2,332,024
EIC	\$675,888				\$675,888
KPUB				\$197,369	\$197,369
Kerr County	\$675,888	\$544,020		\$36,350	\$1,256,259
Kerrville & Center Point ISD		\$1,398,994			\$1,398,994
Upper Guadalupe River Authority		\$28,554			\$28,554
Lateral Road		\$38,294			\$38,294
Underground Water		\$8,773			\$8,773
Total	\$2,703,552	\$2,680,915	\$6,903	\$544,785	\$5,936,156

**The amounts shown are (1) miscellaneous revenues for the city and county, (2) utility franchise fees for the city, and (3) net income from utilities for the city and KPUB. Net utility income are gross utility revenues for the city and KPUB minus a cost of an estimated of 83.5% and a resulting net utility income of 16.5%.*

Return on the Community's Investment in Economic Development

Community's Investment in Economic Funding During 2014-2017

Over the past four years Kerrville Economic Development Corporation's budget has totaled \$798,224. The funds came from City of Kerrville, Economic Improvement Corporation, Kerr County, and Kerrville Public Utility Board. This funding was used to support KEDC's operations during 2014-2017.

Additionally, direct incentives and tax abatement were provided to the eligible projects by the Economic Improvement Corporation, the City of Kerrville and Kerr County.

A summary of this public investment in KEDC and its four economic development projects during 2014-2017 is shown below.

Summary of Public Investments in Economic Development, 2014-2017	
Contributions for KEDC's operations:	
City of Kerrville	\$79,341
EIC	\$560,653
Kerr County	\$79,115
KPUB	\$79,115
Total contributions to KEDC	\$798,224
EIC Incentives to firms	\$2,319,000
Tax abatement/rebates:	
City of Kerrville	\$333,442
Kerr County	\$272,381
Total abatement/rebates	\$605,822
Contribution for roof replacement	
City of Kerrville	\$500,000
Kerr County	\$500,000
Total	\$4,723,046

Returns on Investment

Contributions in support of KEDC projects may be considered investments that public entities are making in economic development in the community. The returns on these investments are the additional revenues the projects assisted by KEDC generate for local public entities making these investments, including the City of Kerrville, Kerr County, the EIC, and KPUB.

The returns on investment/revenues for local public entities, discussed on previous pages, are shown below.

Total Revenues for Local Taxing District from KEDC Supported Projects During 2014-2017	
City of Kerrville	\$2,332,024
EIC	\$675,888
KPUB	\$197,369
Kerr County	\$1,256,259
Kerrville & Center Point ISDs	\$1,398,994
Upper Guadalupe River Authority	\$28,554
Lateral Road	\$38,294
Underground Water	\$8,773
Total	\$5,936,156

Rate of Return on Investment

With community investments in KEDC's project and returns on investment, a rate of return on total community investment may be calculated, along with rates of return for each public entity investing in KEDC and its projects. Those rates of return are shown below.

Rate of Return on Investment for Public Investments in KEDC and its Projects, 2014-2017						
	City	EIC	KPUB	County	ISDs and Other Districts	Total
Investment in KEDC, incentives, tax abatement/rebates and roof replacement costs	\$912,783	\$2,879,653	\$79,115	\$851,496		\$4,723,046
Returns on investment over four years	\$2,332,024	\$675,888	\$197,369	\$1,256,259	\$1,474,616	\$5,936,156
Rate of return on investment	255%	23%	249%	148%	NA	126%

Conclusions and Perspective

Some conclusions can be drawn by Impact DataSource from this and other studies that it conducts for economic development organizations. These conclusions or observations include the following:

The creation of new taxes generated by KEDC-assisted projects are examples of what a focused economic development effort can accomplish for the benefit of a community and such new taxes and other public revenues are significant.

The job growth and increased tax revenues can be accomplished with a relative inexpensive investment in economic development activities.

Impact DataSource does not suggest that KEDC caused all of the investments and growth presented in this report. KEDC provided support to these businesses, some more than others, and in some cases facilitated incentives.

However, Impact DataSource believes that such one-stop center for economic development services is critical to a community's economic growth and many of these investments may not have occurred without the efforts of KEDC.

About Impact DataSource

Impact DataSource is a 24 year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in 39 states, including Texas. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.