

Kerrville/Kerr County

Economic Development Strategic Plan

2008



Prepared By



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Executive Summary

The economic development environment facing Kerrville and other Hill Country communities has changed significantly over the past 20 years. Economic development was once largely focused on corporate recruitment, with cost considerations the driving force and the competition almost entirely domestic. Today, while competition for new business investment has never been fiercer, a variety of additional factors are evolving the role of economic development. Overseas outsourcing, the aging of the population, the application of technology in traditional sectors, the emerging role of the “creative class,” and shifting consumer tastes mean that communities have more opportunities than ever to establish their competitive niche.

Background

To better understand how to leverage its unique assets in this multi-faceted environment, the Kerrville Economic Development Foundation (KEDF) engaged TXP to develop the Kerrville/Kerr County Economic Development Strategy. The creation of this Strategy involved a significant community-wide effort that brought together a variety of groups that can influence the long-term direction of the local economy. The Kerrville Area Chamber of Commerce, Kerrville Convention and Visitors Bureau, KEDF, City of Kerrville, Kerr County, and other leadership groups came together to contribute their time and ideas to the Strategy. The findings and recommendations reflect the culmination of extensive local research, including multiple interviews and public meetings, best practices, and TXP’s professional experience and expertise.

To further engage the community in the Strategic Planning process, TXP launched an Economic Development Survey of Kerrville/Kerr County residents and businesses. The survey, conducted between June and July 2007, provided TXP with insight into local opinions about issues pertaining to economic development. Within Kerr County, a total of 1,036 surveys were completed, 790 from local residents and 246 from local businesses. This impressive rate of response is indicative of the community’s strong interest in increasing the area’s economic prosperity.

This Strategy was designed to address the needs of existing residents and employers while taking a long-term view of what is required to enhance prosperity and quality of life in Kerrville/Kerr County. What resulted was a candid but ultimately optimistic picture of the region’s future.

Highlights

During the planning process, a number of themes emerged from discussions with stakeholders, community input and business surveys, and the SWOT analysis. Unlike some communities that are struggling for survival, Kerrville/Kerr County is in an enviable position. Many of the elements needed to enhance prosperity and quality of life already exist, but need better alignment and coordination to maximize the area’s potential. TXP has grouped these major themes into broad categories that capture the essence of economic development in the region. To assist the reader, TXP has developed a series of major findings that reinforce the economic analysis and community survey results while serving as a bridge to the recommendations section of the report.

1. **Kerrville/Kerr County is blessed with an unusually high number of unique assets.** The beauty of the Hill Country (which helped create the camps in western Kerr County), Schreiner University, a variety of cultural institutions, the airport, and the hospitals are all elements that can have an impact on the community's long-term economic future. Many communities of comparable size enjoy one or two similar assets, but it is uncommon to find so many concentrated in one area.
2. **"Kerrville" is a powerful brand with an excellent reputation in Texas, and growing recognition elsewhere in the US and internationally.** A number of factors have helped put Kerrville on the map for years, not the least of which have been Texans coming to camp as children and the Kerrville Folk Festival as adults. Decades of tourist activity have built the community's name recognition and resulted in a positive national image. In addition, Kerrville/Kerr County is home to a population of people who love living there. Many residents have chosen Kerrville/Kerr County as a destination, often moving there from larger cities because of the high quality of life. As a result, the local population has great potential to become a strong ally for economic development.
3. **Major employers of long standing, regional commercial activity, retirees, and a tourism sector that is based on repeat business and regional associations mean that the local economy is fairly stable, and somewhat insulated from national business cycle trends.** No local economy is immune from business cycles, but Kerrville's economic base is more stable than most, with its emphasis on serving consumers with steady income, the prominence of health care, and visitors who tend to return.
4. **While Kerrville remains a center for retirees, their demographics are changing, with a surge in non-Texans who typically are younger and more affluent.** The success of Comanche Trace and a number of new upscale developments in western Kerr County is indicative of the changes (along with the rise in foreign cars and non-Texas accents around town), as well-heeled retirees come from Texas major metros (especially the Houston area) and out-of-state (with a number from California and Colorado). The real impact will be felt in the future, as new housing builds out and new residents become more fully integrated into the community.
5. **Kerrville/Kerr County's proximity to Austin and San Antonio is both a blessing and a curse.** Depending on the lens through which the situation is viewed, the proximity of Kerrville/Kerr County to Austin and San Antonio is either a blessing or a curse. From the consumer's point of view, the glass is half-full – expanded recreational and shopping opportunities, a major commercial airport, and health care above and beyond what is available locally are as close as an hour or so away. Undoubtedly, proximity to these and other amenities has been a positive influence in recruiting retirees. From an economic development perspective, however, this "leakage" of dollars

down the highway has a negative economic impact on the local economy. Perhaps more importantly, the perception of greater employment opportunities (and wider housing options) elsewhere has been a drain on the local labor force.

6. The community appears primed to support economic development. When asked as part of the community survey if they supported the statement that economic development success is defined as "Enhanced prosperity and quality of life for Kerrville/Kerr County," 4 out of 5 respondents agreed. This statement was further defined by the following characteristics:

- Higher income levels
- Increased retail and entertainment options
- Greater job opportunities within the county
- Larger and more diversified tax base
- Overall growth while protecting the unique character of the region

This is a pretty clear message – the challenge is now to execute and deliver.

7. The availability and quality of the workforce is a top-of-mind issue for local businesses. It is telling that the business survey sites a shortage of workers, technical skills, and the cost of living as issues related to employee recruitment, findings reinforced by numerous direct conversations with a variety of local stakeholders. Labor force is perhaps the most significant economic development challenge facing Kerrville/Kerr County.

8. Housing is a key issue for economic development in Kerrville/Kerr County. Signs of change appear almost daily throughout Kerr County, as new upscale developments compete to attract affluent residents from throughout Texas and elsewhere. While data is limited, the numbers that are available are striking, with the average value of a residential building permit almost doubling from \$152,219 during 2002/3 to \$275,403 thus far this year. Aside from reflecting the demographics of new residents, this sharp rise in the cost of new housing has rippled through to the rest of the market, contributing to an overall increase in local housing costs. The implications for the labor force are significant – to the extent that local wages have not kept pace with the higher housing costs, the ability and willingness of workers to remain in Kerr County is diminished.

9. Labor force limitations suggest that target industries must build on existing assets, with large-scale job creation due to significant relocation unlikely in the near term. The implication is that employment growth will come from existing firms and/or smaller relocations. Smaller firms likely will be a significant part of the mix,

especially in sectors that can take advantage of both the quality of life amenities and the area's evolving demographics.

- 10. Expanding the recreational and retail capacity of the community will serve both residents and tourists.** In Kerrville/Kerr County, entertainment, retail trade, and consumer services (including certain types of housing) are valid targets for economic development. As an example, a destination retail/entertainment project not only attracts regional shoppers, but also helps stop retail leakage to San Antonio. Since Kerrville/Kerr County is not a major exporter of manufactured goods, enhancing local retail and entertainment options is especially important in light of new developments in surrounding communities.
- 11. Downtown is a focal point for near-term action.** The *Kerrville Daily Times* recently opined that “a healthy and vibrant downtown benefits all concerned — the city, businesses, tourists and residents — in the form of an area that generates tax revenues from profitable businesses.” TXP concurs – downtown has the potential to be a focal point for the community, both in terms of the day-to-day lives of local residents and as a significant element of the attractions that make Kerrville/Kerr County appealing to both tourists and those relocating to the area. The movement of Sid Peterson and the closure of Schreiner Department store have heightened the stakes, but have also created an opportunity to revitalize downtown in a manner that both enhances quality of life and maximizes economic development.
- 12. A range of tools will be necessary to create change in the disadvantaged community.** A variety of input (focus groups, the community survey, and a number of individual conversations) all point at the fact that the opportunities available to the “working poor” are fairly limited. Education, transportation, and access to capital are all areas where progress can be made, which in combination with other economic development efforts hopefully will yield greater job opportunities and increased prosperity for this segment of the community.

Recommendations

Based on these key themes, TXP created five priority recommendations and action items that are critical to the region's economic development potential. With commitment, these priority recommendations are both attainable and sustainable (consistent with the long-term economic growth that does not harm the community's unique character). This commitment must begin within the KEDF as it takes a strong leadership position in coordinating Kerrville/Kerr County's economic development efforts. The KEDF's most significant contribution will be that of community advocate for change in each of these five priority areas.

- Priority 1 – Focus on a select group of **target industries** that offer the best prospects for recruitment.

- Priority 2 – Adopt **incentive policy** guidelines that are competitive with other regions while protecting the tax base.
- Priority 3 – Ensure that economic opportunity and advancement are available to all Kerrville/Kerr County residents by **growing the middle class**.
- Priority 4 – Enact a coordinated economic development **marketing campaign** that increases awareness and perception of the community to the outside world.
- Priority 5 – **Implement the strategies** in such a way that maximum flexibility and accountability are maintained.

As the business and community surveys indicate, the residents of Kerrville/Kerr County are comfortable with pursuing economic growth that enhances prosperity and preserves local quality of life. The findings, strategies, policies, and action items contained in this report are designed to serve as a roadmap toward that goal, and should provide guidance for the next several years. However, conditions inevitably will change, and local economic development efforts must respond. In that light, it is important to see this effort as not just a static plan, but as the beginning of an ongoing process. If Kerrville/Kerr County succeeds in creating an environment in which the community remains engaged in economic development, the community will ultimately benefit from this Strategy and the positive results that will come from it.

Section 1 – Introduction

The economic development environment facing Kerrville and other Hill Country communities has changed significantly over the past twenty years. Economic development was once largely about corporate relocation and expansion, with cost considerations the driving force and the competition almost entirely domestic. Today, while competition from other communities has never been fiercer, a variety of additional considerations are shaping the landscape. For example, trends in the global economy (such as outsourcing), evolving demographics (including the aging of the population), the rising use of technology in non-technology industries (such as the medical sector), the emerging role of the “creative class,” (who increasingly can choose where they live and work) and shifts in consumer preferences (reflected in demand for specific goods and services, recreation, and land use patterns) all have an impact on the performance of a local economy.

Beyond these broad trends, specific local factors will shape Kerrville/Kerr County’s pace and direction, as the community has unique assets and challenges that can be brought to bear and must be addressed. To assist in this process, the Kerrville Economic Development Foundation (KEDF) engaged TXP to develop a plan of action, which occurred over a five-month period. The findings and recommendations reflect the culmination of extensive local research, public input, best practices, and TXP’s professional experience and expertise.

The creation of this Strategy involved a community-wide effort that brought together Kerrville/Kerr County groups that influence economic development in the community such as the Kerrville Area Chamber of Commerce, Kerrville Convention and Visitors Bureau, and KEDF. Given the numerous groups and activities currently affecting economic development throughout the county, TXP’s first goal was to identify top priorities for the next five years. Those priorities drove the development of the recommendations and tactics contained in this Strategy. A number of potentially viable tactics were excluded from this report because they did not align with organizational capacity or represent a significant return on investment.

Throughout the report, the term “Kerrville/Kerr County” is used to convey the community-wide spirit of this process. Kerrville is clearly the main driver of the regional economy, but there is a noticeable amount of economic activity outside of the city. Going forward, it is likely that many economic development opportunities will take place throughout the county. Given the size of the area, each jurisdiction will positively benefit from activity that occurs within the County borders. The term is not intended to exclude any group from participating in economic development, but rather serves as a general description of the region. This Strategy should be viewed as a living document that is reviewed and updated as the economic development program progresses, with action items eliminated as they are accomplished and new ones added as the community evolves.

Section 2 – Kerrville/Kerr County Socioeconomic Context

Summary of Economic Trends and Outlook

The Kerrville/Kerr County area economy grew gradually over the past two decades, remaining somewhat independent of statewide economic cycles. Unlike the larger Texas metropolitan areas that were hit by the technology sector collapse from 2000 to 2004, for example, Kerrville/Kerr County's employment base added over 1,000 jobs in that same period. Much of this growth is linked to four economic factors: 1) residential construction related to the influx of retirees, 2) the opening of two major home improvement big box stores, 3) an expanding healthcare sector, and 4) the re-emergence of some traditional manufacturers.

Even though Kerrville/Kerr County's employment base experienced steady growth over the past ten years, the average wage for a Kerr County-based job (\$28,510) is almost 30 percent below the state average (\$39,637). This trend is of interest since data from the U.S. Bureau of Economic Analysis indicates that job commuters to Kerr County take out more money than Kerr County residents bring in from their jobs based in surrounding counties (known as the adjustment for place of residents). An analysis of the data reveals that much of the job growth in Kerrville/Kerr County has been in lower wage sectors such as retail trade and hospitality. Moreover, interviews with area residents confirm that it is difficult to find jobs paying \$10 to \$15 per hour.

The major force influencing overall economic growth has been the steady in-migration of retirees to Kerrville/Kerr County. In contrast to a 16 percent employment growth rate from 2000 to 2006, the County's population has only grown 8 percent over this same period. As a point of reference, Kendall County's population growth rate was 28 percent over the past six years. Given the age of people migrating to Kerrville/Kerr County, the community experiences a high churn rate of residents without a corresponding high population or labor force growth rates.

This unique demographic pattern contributes to an already tight labor market for local employers. Based on the results of a Kerrville/Kerr County Business Survey, a major issue for businesses is labor force supply and preparedness. This issue is made worse by the proximity of two large metropolitan areas - Austin and San Antonio. Not only are wages higher in these markets, the housing stock is more plentiful and less expensive.

While the following sections and appendices provides greater detail and discussion of the economic trends facing Kerrville/Kerr County, TXP believes a number of key factors will help shape the area's economic landscape:

- *Over the next five years, growth in Kerrville/Kerr County should remain positive, as the region continues to be an attractive location for retirees and the westward expansion of greater San Antonio progresses along Interstate-10. TXP estimates that Kerrville/Kerr County's population will expand 10-12 percent over the next ten years.*

- *The successful completion and relocation of the Peterson Regional Medical Center away from downtown might put downward pressure on overall job growth.* Not only does this project employ a large number of construction workers, but the medical complex serves as downtown's economic anchor. Absent the redevelopment of this area, some downtown businesses might not survive.
- *Even with the increasingly competitive and difficult environment for domestic manufacturers, Kerrville/Kerr County should maintain its current manufacturing base.* The expansion of Mooney Airplane Company and enhanced utility infrastructure for James Avery, for example, bodes well for the future of manufacturing in the area.
- *The healthcare sector will remain the dominant force in the Kerrville/Kerr County economy.* Over 1/3 of the area's economy is tied to the healthcare sector – well above the state average of 22 percent. Any major change in staffing levels at any of the three major medical complexes will have noticeable effects on the community.
- *Labor force availability and housing costs will limit how fast the region can expand over the next 5-10 years.* Healthcare and tourism-related activity are logical growth sectors, but both the labor force requirements and industry pay scale might dampen major developments. Opportunities do exist for achieving better utilization of existing assets that do not require significant labor force needs – such as capturing a greater percentage of out of town spending by participants attending events at the Hill Country Shooting Sports Center.
- *Regionalization of the “local” economy will influence Kerrville/Kerr County more than ever before.* The expected population growth of the Hill Country and San Antonio will not only close the geographic gap, but economic development activity will create new opportunities and present new challenges. For example, new retail shopping developments along I-10, but outside of Kerrville/Kerr County, might hamper the ability to attract similar projects to the community.

These forces also played an important role in influencing the strategies and recommendations of the Strategic Plan.

Economic Base & Job Creation

Kerr County's employment base expanded over the past year, adding 200 jobs or a 1.1 percent increase in total employment. In 2006, there were approximately 17,400 Kerr County-based business employees. Health Care and Social Assistance, Accommodation and Food Services, and the Retail Trade sectors play a large role in the Kerr County economy. These three sectors account for more than 50 percent of Kerr County's current total employment, compared to 32 percent for Texas. In the short-term, Kerr County's employment base should remain flat or slightly increase as continued in-migration of retirees, a new hospital, and the completion of the Hill Country Shooting Sports Center, an official United States Olympic training site, may result in a modest increase in total jobs.

Table 1: Kerr County Employment Trends

Description	1996	2001	2005	2006	Change 05-06
Accommodation & Food Services	1,604	1,639	2,043	1,918	-125
Administrative and Support	199	300	544	562	18
Agriculture, Forestry, & Hunting	110	96	86	103	17
Arts, Entertainment, & Recreation	241	265	277	295	18
Construction	722	1,012	1,214	1,245	31
Educational Services	1,443	1,503	1,518	1,485	-34
Finance and Insurance	312	326	505	502	-3
Health Care & Social Assistance	3,098	3,492	4,000	4,088	87
Information	381	378	283	285	3
Management of Companies			30	37	7
Manufacturing	978	956	1,130	1,181	51
Mining	14	22	26	6	-20
Other Services	743	798	751	745	-7
Prof., Scientific & Technical Services	350	500	531	574	43
Public Administration	499	580	614	634	20
Real Estate & Rental and Leasing	184	207	315	325	10
Retail Trade	2,223	2,417	2,689	2,714	25
Transportation & Warehousing	144	176	222	243	22
Unclassified		6	15	18	3
Utilities	135	128	114	119	5
Wholesale Trade	228	277	292	317	25
Total Employment	13,608	15,077	17,195	17,391	197

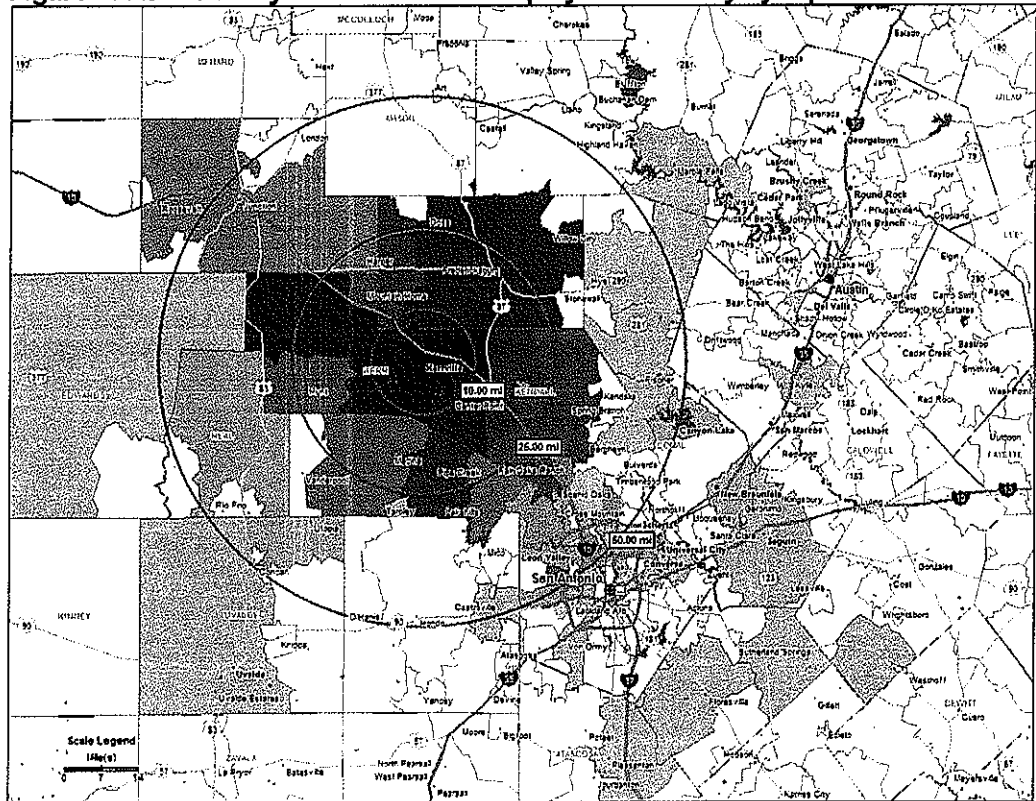
Source: Texas Workforce Commission

In 2006, approximately 21,951 Kerr County's residents were employed. The difference between total Kerr County-based employment (the number of jobs at local businesses) and the number of employed residents (21,951) would seem to indicate that jobs opportunities for residents appear to be more plentiful outside of the county. Hypothetically, if all Kerr County-based jobs were filled first by local residents, then approximately 4,600 residents would need to commute for

work each day. However, the data from the Community Survey and employment data provided by the major Kerr County employers paint a different picture.

Using employment data provided by major employers (residency by zip code), nearly 19 percent of the employees commute from surrounding counties. Given that TXP received residency data for 4,300 employees, these findings appear valid. In addition, data from the U.S. Bureau of Economic Analysis indicates that job commuters to Kerr County take out more money than Kerr County residents bring in from their jobs based in surrounding counties (known as the adjustment for place of residents). Based on these datasets, 7,700 Kerr County residents commute outside of the county for work. The following map highlights the total number of employees by zip code. Darker shading indicates a higher number of employees reside in the zip code boundaries.

Figure 1: Kerr County-Based Business Employee Residency by Zip Code



Source: TXP

Kerr County Industry Cluster Analysis

Methodology and Approach

Industry cluster analysis is a common approach used in economic development to evaluate the economic base of a region, usually at the county or multi-county level. Clusters are highly-integrated groups of businesses with strong vertical and horizontal linkages. Not only does industry cluster analysis describe the current state, but this technique is often used to identify areas of recruitment opportunity. Industry cluster analysis, however, is a broad concept rather than a precise term. There is not a unified definition of industry clusters or their subcomponents.

In general, a cluster consists of firms and related economic actors and institutions that draw productive advantage from their mutual proximity and connections. First, linkages are established in which businesses build relationships with existing specialized supplier firms throughout a region. Second, these developing clusters attract additional supplier firms and supporting business from outside of the area. Finally, by creating a critical mass of production, labor, and information, related manufacturers and supplier firms are attracted to these developing cluster regions to take advantage of the existing human and physical infrastructure.

A comprehensive analysis of industry cluster techniques released by [The Brookings Institute](#) (*Making Sense of Clusters: Regional Competitiveness and Economic Development, 2006*) highlights seven cluster drivers called "microfoundations" of clustering:

Table 2: Cluster Industry Microfoundations

Microfoundations	Description
Labor Market Pooling	Strong market/supply for the distinctive skilled labor needed
Supplier Specialization	Large number of industrial customers in the nearby area create sufficient demand to enable suppliers to acquire and operate expensive specialized machinery
Knowledge Spillovers	Concentration of many people working on a similar set of economic problems produces a widely shared understanding of an industry and its workings
Entrepreneurship	Entrepreneurship includes both the willingness of individuals to form new businesses and the willingness of owners of existing businesses to undertake new ideas
Path Dependence and Lock-In	Set of opportunities available to any particular place will be shaped by the economic activities it has already established.
Culture	Culture may be particularly important in helping local economies and clusters adapt to change over time
Local Demand	Demanding local consumers can pressure firms to innovate and to maintain and improve product quality, which in turn improves their competitiveness in other markets

The Brookings study concludes, "It is difficult for public policy to create new clusters deliberately. Instead, policymakers and practitioners should promote and maintain the economic conditions

that enable new clusters to emerge. Such an environment, for example, might support knowledge creation, entrepreneurship, new firm formation, and the availability of capital.”

The report highlights the role the public sector can play in cluster development by microfoundation:

- Labor Market Pooling: labor market information, specialized training
- Supplier Specialization: brokering, recruiting, entrepreneurship, credit
- Knowledge-spillovers: networking, public sector research and development support
- Entrepreneurship: assistance for startups, spin-offs
- Lock-In: work to extend, refine, and recombine existing distinctive specializations
- Culture: acknowledge and support cluster organization
- Local Demand: aggregate and strengthen local demand.

Application of Industry Cluster Analysis and Kerrville/Kerr County

To assess the strength of a cluster in a regional economy, the location factors are calculated by comparing the cluster's share of total local employment to the cluster's national share. This quotient will yield a value generally between 0 and 2, where 1.00 demonstrates an equal share percentage between the local and national economies. Cluster location factors greater than 2.00 indicate a strong cluster agglomeration, while those less than 0.50 indicate extremely weak clusters.

The biggest challenge for performing a cluster analysis on Kerrville/Kerr County is data availability. Clusters are typically defined using 6-digit NAICS (a business classification system). Given the employment base size of Kerr County, detailed data is not readily available because government agencies “suppress” data to protect the confidentiality of the businesses. For example, detailed employment and payroll data for the aircraft manufacturing sector is not released for Kerr County because it would reveal specific information about Mooney – the only airplane maker in the region. Therefore, TXP performed a cluster analysis using location quotients at the major NAICS level.

Table 3: Kerr County Employment Trends

NAICS Sector	1996	2001	2006
Accommodation and Food Services	1.5411	1.3673	1.3028
Administrative & Support Services	0.2636	0.3170	0.4883
Agriculture, Forestry, Fishing and Hunting	0.9505	0.8978	0.9375
Arts, Entertainment, and Recreation	1.3226	1.4573	1.3553
Construction	0.9078	1.0210	1.1087
Educational Services	1.0880	1.0204	0.8252
Finance and Insurance	0.5645	0.5152	0.6464
Health Care and Social Assistance	2.0846	2.1408	1.9990
Information	1.0723	0.8493	0.7077
Management of Companies and Enterprises	0.0000	0.0000	0.3718
Manufacturing	0.5619	0.5745	0.7232
Mining	0.0569	0.0905	0.0170
Other Services (except Public Administration)	1.7498	1.7626	1.5124
Professional, Scientific, and Technical Services	0.5896	0.6523	0.6204
Public Administration	0.8064	0.9312	0.8792
Real Estate and Rental and Leasing	0.7370	0.7267	1.0253
Retail Trade	1.2986	1.3268	1.3613
Transportation and Warehousing	0.2437	0.2631	0.3216
Unclassified	0.0000	0.6900	0.5159
Utilities	1.0766	1.0065	0.9158
Wholesale Trade	0.3339	0.3627	0.3632

Source: TXP, Texas Workforce Commission

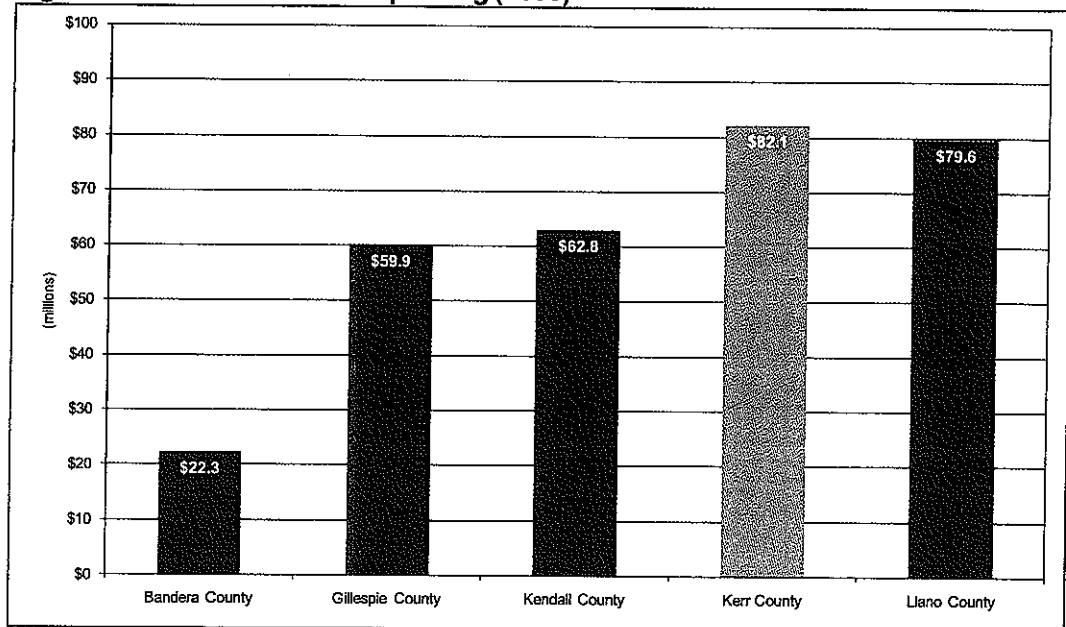
- Kerr County has sizeable concentrations of Accommodation and Food Services; Arts, Entertainment, and Recreation; Health Care and Social Assistance; and Retail Trade clusters relative to the state. Kerr County is home to several large employers in these industries: Sid Peterson Memorial Hospital, Kerrville State Hospital, and a number of box retailers including Wal-Mart, Home Depot, and Lowes.
- Kerr County has an above average retail trade cluster for a community of its size. However, the regional strength is heavily concentrated in building supply stores without much depth of product offering in other retail subsectors.
- Industry clusters that are less developed in Kerr County than the state as a whole are Finance and Insurance, Transportation and Warehousing, Information (the main components are software development, broadcasters, and telecommunications), and Wholesale Trade. The proximity to San Antonio as well as geographic location on the northwestern edge of the region limits growth in these sectors.

Tourism Sector

Tourism-related activity is big business in Kerrville/Kerr County. Out-of-town visitors and private camp attendees spend millions of dollars at local hotels, restaurants and shops each year. According to the Kerrville Convention and Visitors Bureau (CVB), over 26,000 people attend area camps each year. The CVB estimates the annual economic impact of Kerr County children's camps exceed \$23 million. In addition to summer camp facilities, Kerrville/Kerr County has established itself as popular convention location. In 2006, convention activity was responsible for 48,847 room nights. The CVB estimates that other special events and consumer activity generated another 190,000 room nights. The total direct spending of hotel/motel guests was roughly \$60 million. Based on data from the Office of the Governor, Economic Development and Tourism department, Kerr County attracts more visitor destination spending than surrounding counties.

To complement the statistical analysis, TXP interviewed local stakeholders to better understand challenges and opportunities for the tourism sector. Two major issues emerged: 1) sufficient demand exists to support a more upscale resort facility and 2) local retailers are not capturing the maximum visitor spending because the stores do not stay open late enough. These two issues are topical because the expanding Hill Country Shooting Sports Center should attract thousands of athletes, spectators, and sponsors to the region each year. Given the labor force constraints of the area, better utilization of all tourism-related assets is a priority to grow the local economy.

Figure 2: Visitor Destination Spending (2005)



Source: Office of the Governor, Economic Development and Tourism

Table 4: Annual Economic Impact of Visitor Spending – Kerr County

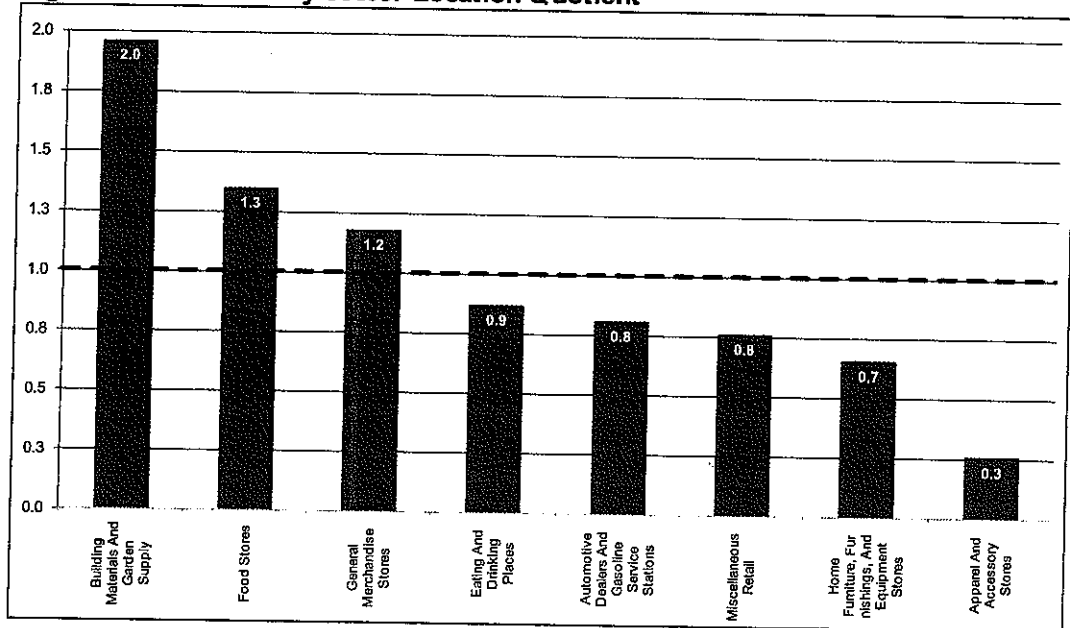
Year	Total Spending (000s)	Destination Spending (000s)	Earnings (000s)	Employment	State Tax Receipts (000s)	Local Tax Receipts (000s)
2000	\$68,063	\$67,747	\$26,650	1,880	\$4,331	\$1,387
2001	\$70,018	\$69,690	\$28,194	1,820	\$4,452	\$1,444
2002	\$70,314	\$70,093	\$28,731	1,800	\$4,488	\$1,462
2003	\$73,271	\$73,102	\$30,288	1,960	\$4,639	\$1,516
2004	\$77,326	\$77,067	\$31,480	1,870	\$4,825	\$1,579
2005	\$82,096	\$81,830	\$32,752	1,870	\$5,002	\$1,637

Source: Office of the Governor, Economic Development and Tourism

Retail Trade Sector

A review of area retail sales by trade sector reveals that Kerrville/Kerr County is not capturing its full share of resident spending. Based on a location quotient analysis, the area is strong in building materials and garden supply, food stores, and general merchandise stores. This is not a surprise since these stores sell the basic staples of life. However, the community is noticeably low in apparel and accessory stores and home furniture, furnishings, and equipment stores. This finding is consistent with stakeholder input that many residents drive to San Antonio to shop - in economic terms the region is "leaking" retail sales dollars. This is especially troubling since one would expect a popular tourist destination to have a disproportionately high level of retail sales.

Figure 3: Retail Sales by Sector Location Quotient



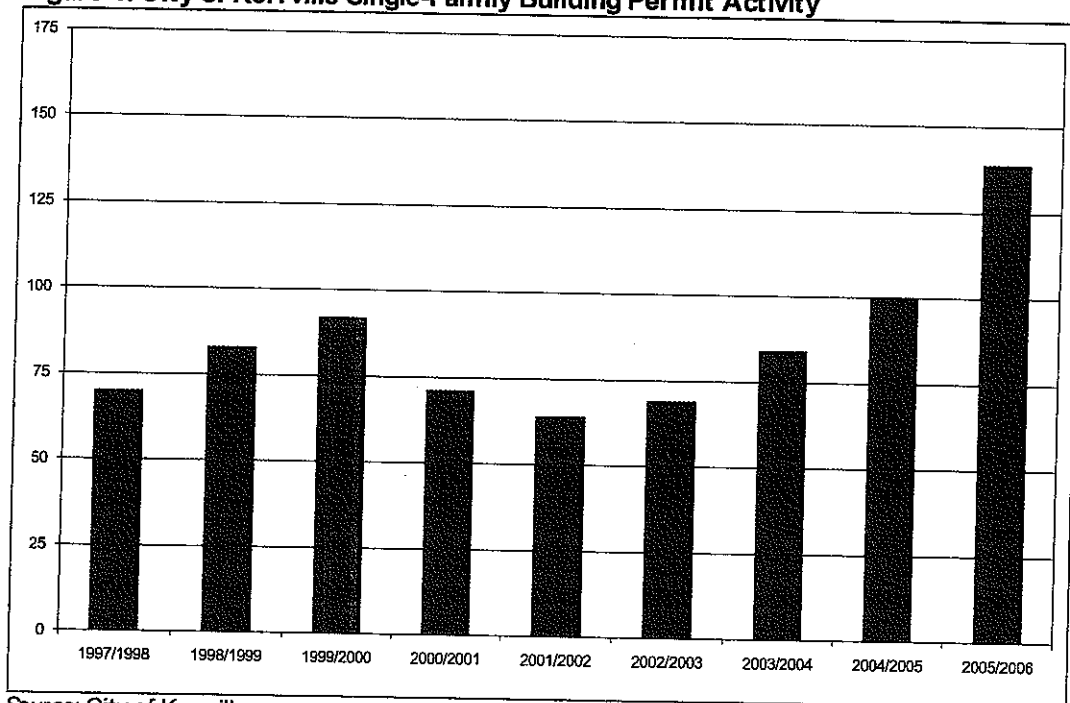
Source: TXP, Texas Comptroller of Public Accounts

Real Estate Sector

Single-family building permit activity has been healthy in Kerrville/Kerr County over the past decade. A number of major developments such as Comanche Trace and the Stablewood Springs Resort are adding to the residential housing supply. Data provided by the Texas A&M Real Estate Center indicates that Kerr County's single-family buildings permits lag the rapid growth in Kendall and Llano Counties, but are in line with Gillespie County. According to the City of Kerrville, single-family building permit activity has risen strongly over the past five years. In 2005/2006, 139 permits were issued.

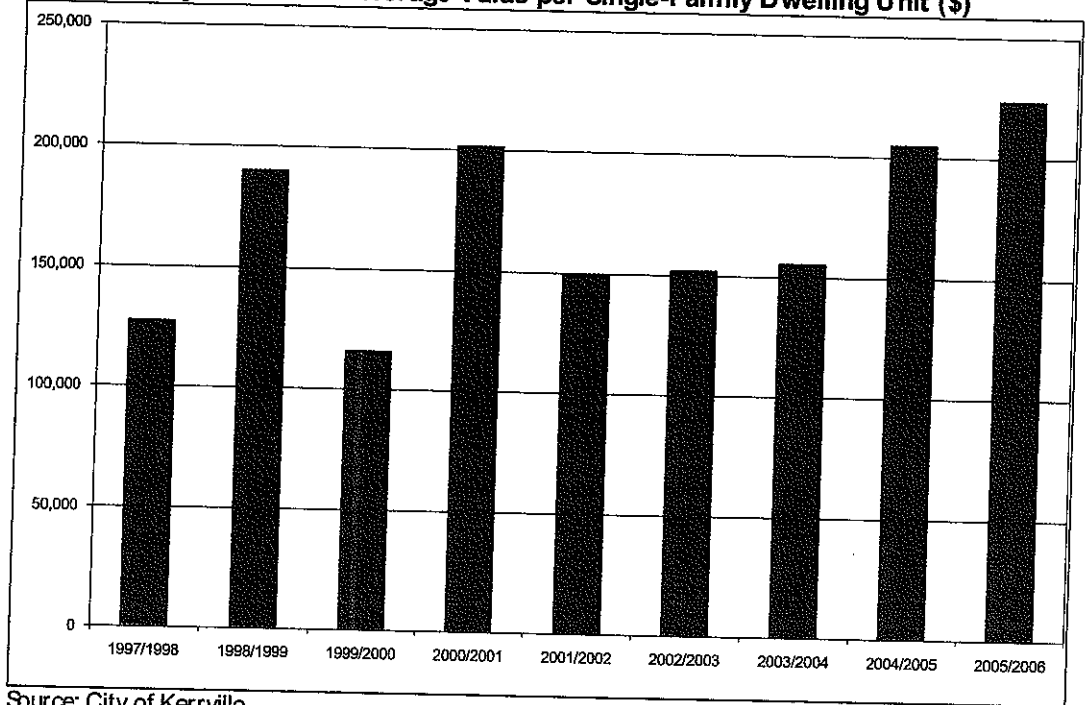
An analysis of the average value per single-family dwelling unit reveals that home prices in the area exceed the purchasing power of local employees. The average value of a new single-family home in 2005/2006 was \$225,000. Using an industry standard of 28 percent of gross income, the maximum percentage of monthly gross income that a lender allows for housing expenses plus recurring debt, a new home buyer would need to earn \$63,000 per year to qualify for a traditional loan. However, the average wage per job in Kerr County is under \$30,000 per year. While a variety of housing options exist such as apartment units or existing homes, stakeholder input confirms that housing prices are a major concern. In fact, area businesses (both public and private) revealed that home prices are a major impediment to attracting new employees.

Figure 4: City of Kerrville Single-Family Building Permit Activity



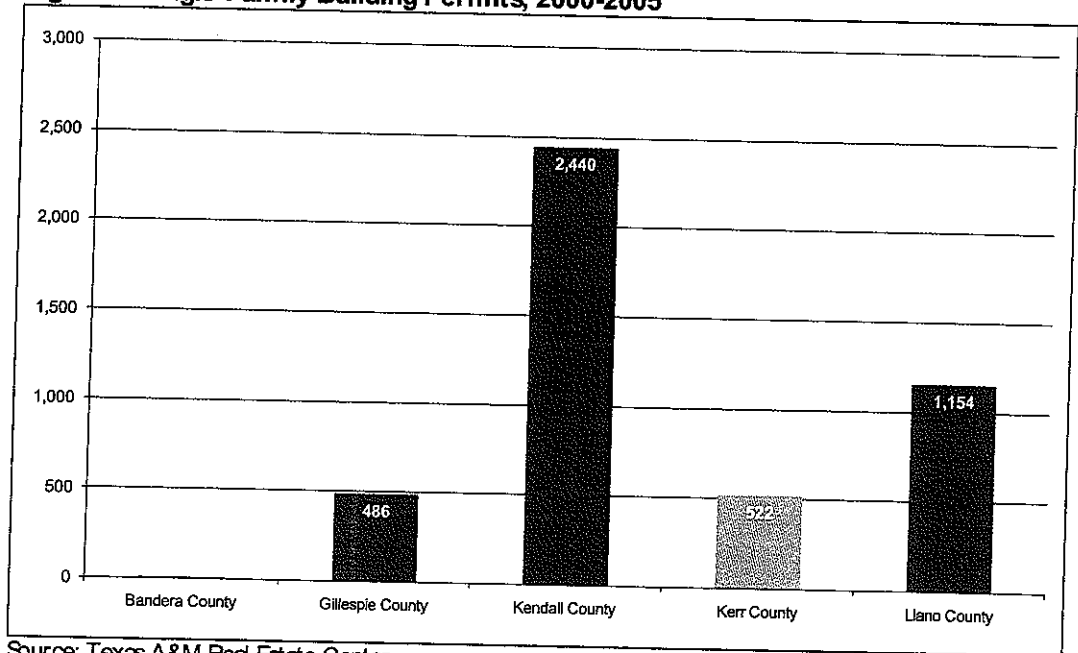
Source: City of Kerrville

Figure 5: City of Kerrville Average Value per Single-Family Dwelling Unit (\$)



Source: City of Kerrville

Figure 6: Single-Family Building Permits, 2000-2005

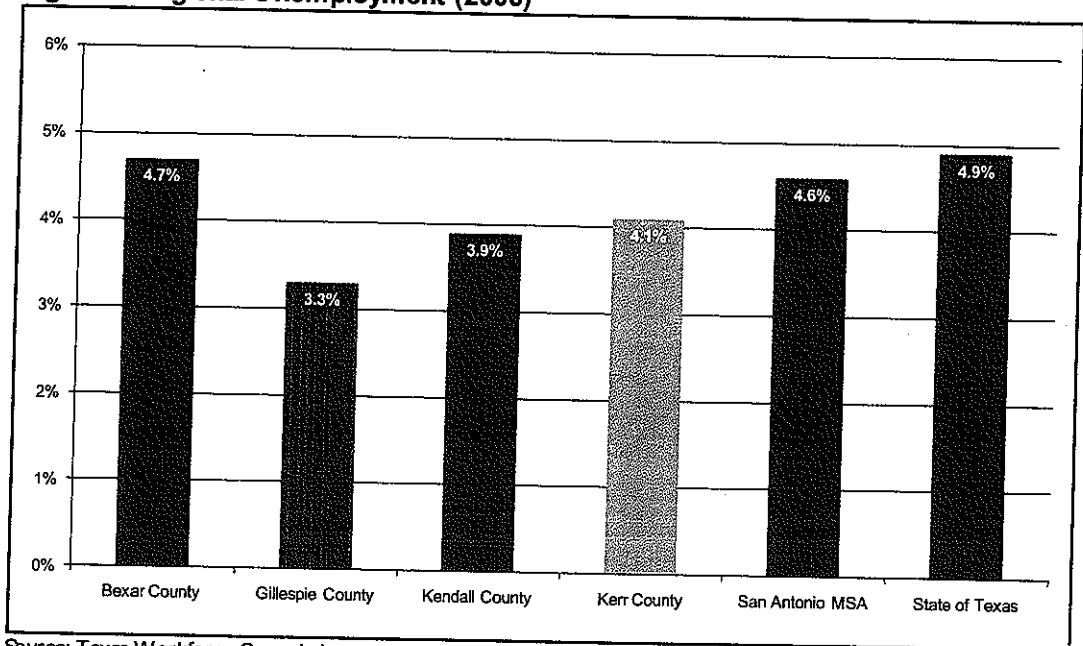


Source: Texas A&M Real Estate Center

Kerrville/Kerr County Unemployment

Consistent with a modestly growing population and job base, Kerr County's unemployment rate has fluctuated over the past five years. In 2000, unemployment in Kerr County reached 3.6 percent. By 2006, the unemployment rate had risen to 4.1 percent, but not after climbing to 5.3 percent in 2003. This trend is not surprising given that an individual employer adding or shedding jobs can significantly influence this statistic. The current unemployment rate for Kerr County is 3.8 percent.

Figure 7: Regional Unemployment (2006)



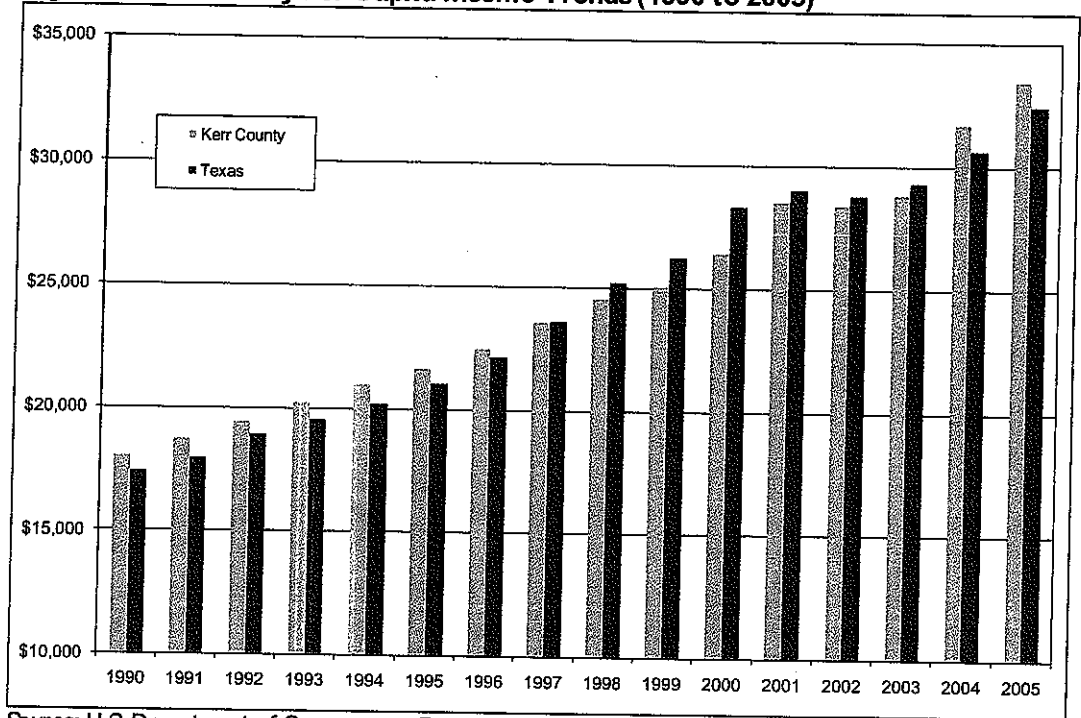
Source: Texas Workforce Commission

Per Capita Income & Wage Levels

While Kerr County's population has been slowly increasing, when compared to the state as a whole, its residents' per capita income has more than kept up. Kerr County's per capita personal income is 3.1 percent above the Texas average. The 2005 per capita income for Kerr County is \$33,473 versus the Texas average of \$32,460. This is largely a result of wealthy retirees moving to the area each year.

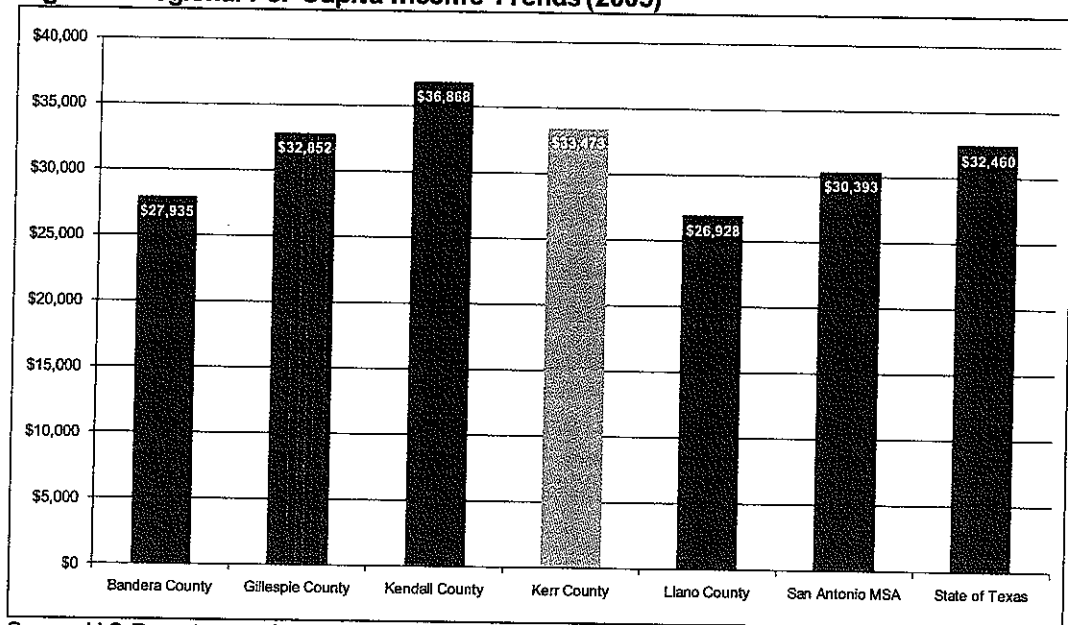
Wages paid to area workers, however, are lagging state levels. Over the last 15 years, Kerr County's workers earned about 25-30 percent less than the state average. In 2005, a full-time employee earned \$28,510 versus the Texas average of \$39,637. Full-time wages are now just 71.9 percent of the Texas average, falling from 73.5 percent in 2003. Even though Kerr County's wage rate is below the state average, the average price of a new house is 13 percent higher.

Figure 8: Kerr County Per Capita Income Trends (1990 to 2005)



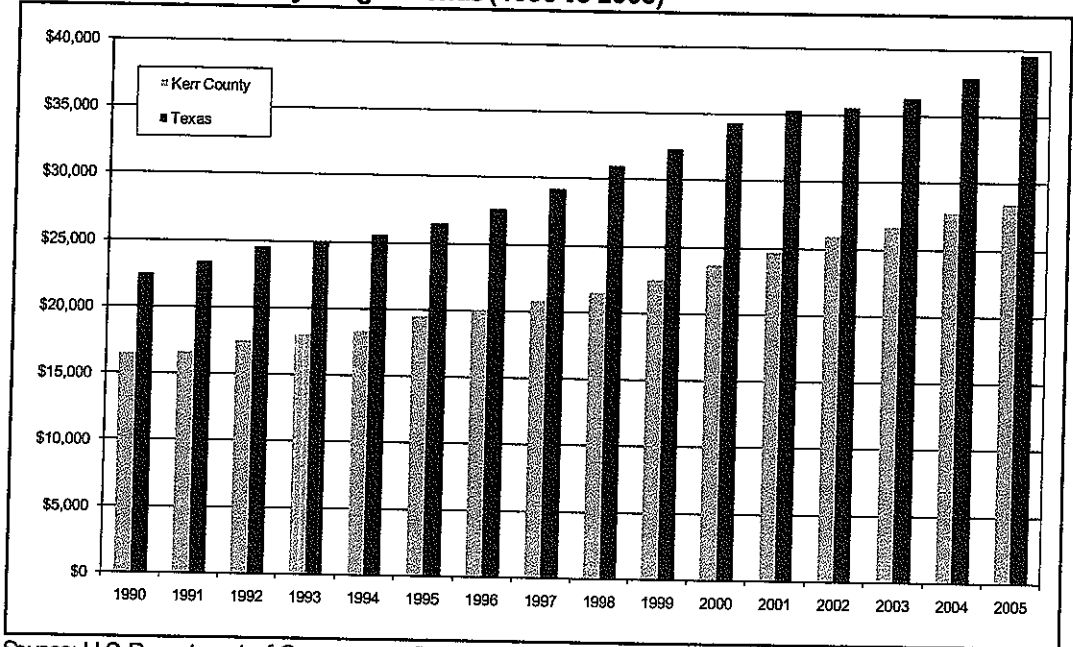
Source: U.S. Department of Commerce – Bureau of Economic Analysis

Figure 9: Regional Per Capita Income Trends (2005)



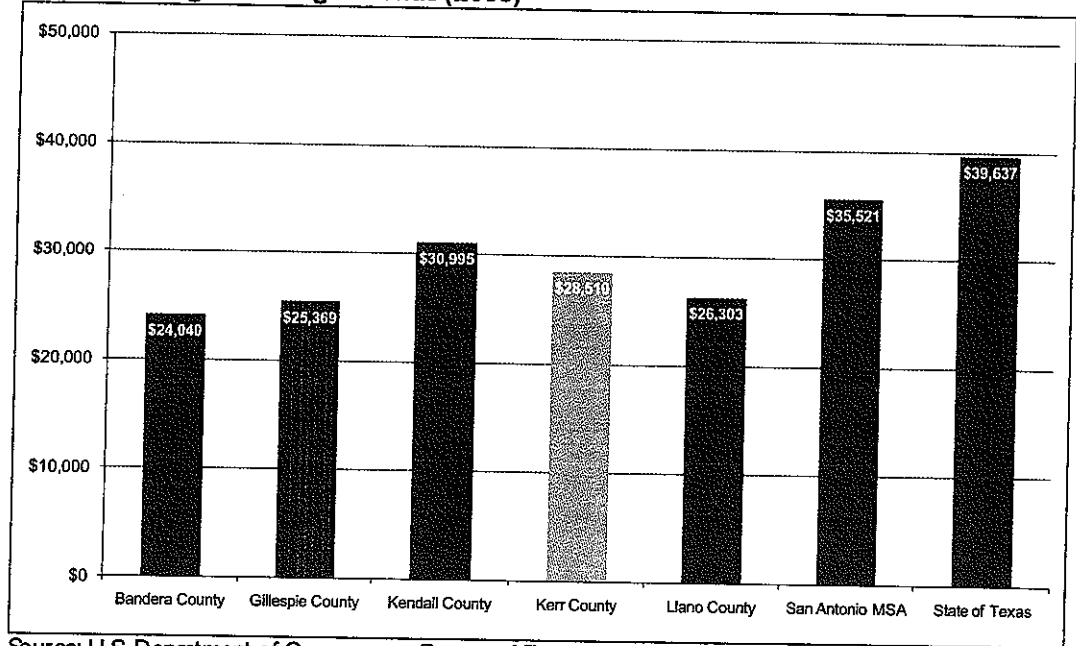
Source: U.S. Department of Commerce – Bureau of Economic Analysis

Figure 10: Kerr County Wage Trends (1990 to 2005)



Source: U.S. Department of Commerce – Bureau of Economic Analysis

Figure 11: Regional Wage Trends (2005)



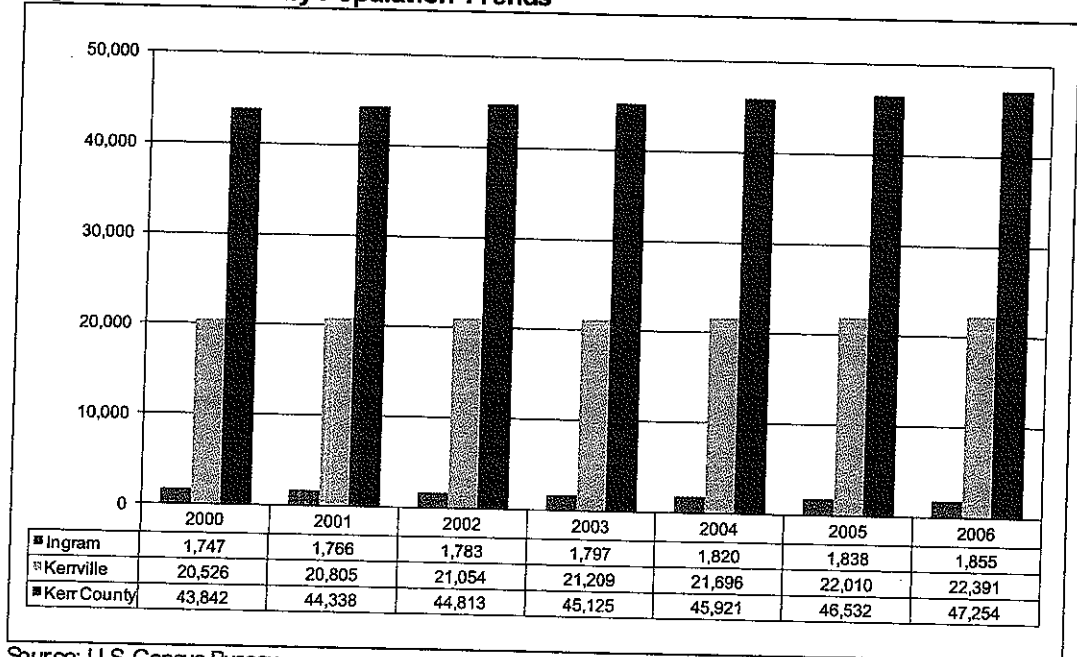
Source: U.S. Department of Commerce – Bureau of Economic Analysis

Population Growth Trends

Kerr County's population has been slowly increasing over the past decade. The current population estimate for Kerr County is approximately 47,000 residents. Since 2000, the County has added 3,400 residents, an increase of 7.8 percent. Kerr County's modest growth is even starker when compared to Texas' significant population growth rate of 11.5 percent. The Texas State Data Center projects that Kerr County's population will surpass 50,000 residents by 2010.

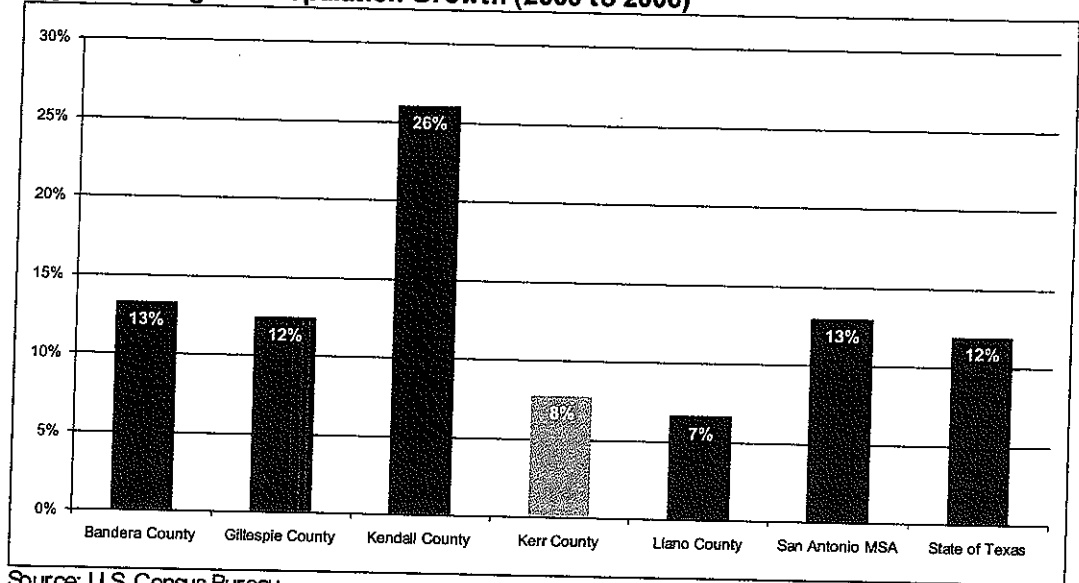
A review of population growth by components uncovered a number of trends not found in other parts of the state. First, the median age of Kerr County (43.3 years of age) is much higher than the state average of 36.4 years of age. Second, over 10 percent of the County's current population is comprised of recent migrants, which is double the Texas figure. Third, the adjusted gross income of in-migrants to Kerr County exceeds the adjusted gross income level of total Texas in-migrants. On average, Kerr County is attracting a more affluent population than the State of Texas as a whole. The combination of these trends, an older and more affluent resident population, is putting upward pressure on housing prices in the area. Last, an older demographic in Kerr County creates "churn" in the local population due to higher mortality rates of this population segment. Given the Hill Country's population draw, a younger demographic would have pushed up the overall population growth rate.

Figure 12: Kerr County Population Trends



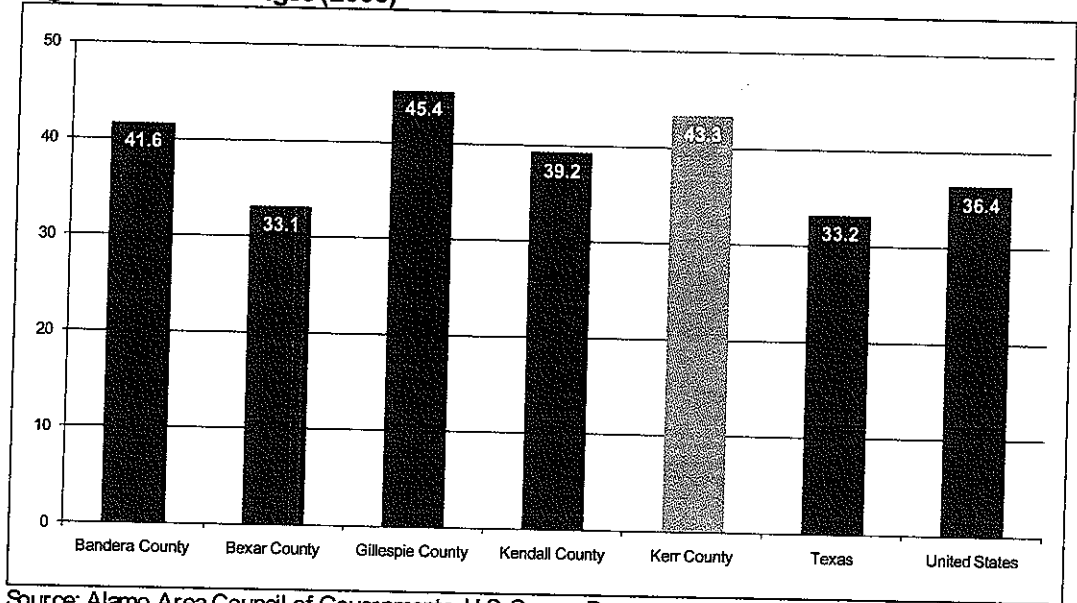
Source: U.S. Census Bureau

Figure 13: Regional Population Growth (2000 to 2006)



Source: U.S. Census Bureau

Figure 14: Median Ages (2006)



Source: Alamo Area Council of Governments, U.S. Census Bureau

Section 3 – Public Input Public Input Findings

To further engage the community in the Strategic Planning process, TXP conducted an Economic Development Survey of Kerrville/Kerr County residents and businesses. The survey, conducted between June and July 2007, provided TXP with insight into local opinions about issues pertaining to economic development.

Within Kerr County, a total of 1,036 surveys were completed, 790 from local residents and 246 from local businesses. TXP opted to survey residents and businesses separately to gain both perspectives of the local economy.

Many of the opportunities and challenges addressed were similar in both the business and residential responses. Frequently cited challenges included: (1) affordable housing, (2) skill shortages / career opportunities, (3) downtown revitalization, (4) retail availability, and (5) a desire for better community planning. Top strengths listed included: (1) healthcare, (2) natural environment, (3) tourism, (4) the airport, and (4) the community's neighborly attitude. Many businesses and residents encouraged Kerrville/Kerr County to get more aggressive with economic development.

Methodology

TXP kicked off the project by developing two versions of the survey, one for businesses and one for residents, and then presented the draft questions to the Economic Development Steering Committee for review. After receiving their feedback, TXP finalized the survey and launched it on June 16, 2007. The survey was available in both print and electronic forms. A copy of both surveys is provided at the end of this report.

The business survey was distributed using the Kerrville Area Chamber of Commerce's membership list of 900 local businesses. Of those, we received 246 responses – a 27 percent response rate. These response rates ensure the results are statistically significant.

To encourage residents to participate in the survey, TXP and the Steering Committee initiated a multi-faceted promotional campaign:

- TXP developed a survey website, hard copy survey, and flyer
- The website's URL was provided to Steering Committee members and other civic leaders, and they in turn shared it with their contacts.
- More than 100 survey flyers were distributed at establishments across the County.
- Printed copies of the survey were made available at the Butt-Holdsworth Library, the Kerr County Courthouse, and the Doyle Center.
- The Daily Times ran a copy of the survey in its June 16, 2007 newspaper edition.

The survey was closed on July 16, 2007.

Summary of Results: Business Survey

Of the 246 companies that filled out the business survey, 80 percent are headquartered in Kerrville/Kerr County, and 89 percent are located in the 78028 zip code. While around half of the companies had operated in the County for more than 10 years, a significant portion (12 percent) had been in the community for less than 2 years.

Respondents represented a good cross section of industries, with real estate, financial services, healthcare, retail, and professional services companies topping the list of survey participants. Company size also varied, with an appropriate level of participation by larger businesses: 63 percent of companies employed fewer than 10 people, 26 percent employed 10-49 people, and around 10 percent employed more than 50.

In the business survey, the focal points were:

- To understand where local companies' suppliers and customers are located in order to reveal economic development opportunities;
- To solicit input from local businesses about their near term growth potential; and
- To capture business attitudes about the local business climate.

Customers and Suppliers

As a whole, only 40 percent of surveyed companies purchase a majority of their supplies from other companies in Kerr County. The rest buy supplies nationally (25 percent), in the Greater San Antonio region (15 percent), or in other Texas cities (13 percent). Nearly 70 percent of Kerr County companies' customers come from within the County, but some sectors, such as hospitality, also serve customers coming from Texas cities other than San Antonio and nationally.

The tables below show responses for a sampling of industries that were surveyed:

Table 5: Where are the majority of your customers located?

	Kerrville/ Kerr County	Greater San Antonio	Other Texas Communities	National	International
Construction	70%	0%	23%	7%	0%
Manufacturing	29%	14%	14%	43%	0%
Wholesale Trade	67%	0%	0%	33%	0%
Retail Trade	80%	4%	8%	4%	0%
Transportation	100%	0%	0%	0%	0%
Information	75%	0%	25%	0%	0%
Finance / Insurance	92%	0%	0%	4%	0%
Real Estate	48%	0%	23%	26%	0%
Professional Services	72%	6%	17%	5%	0%
Healthcare	95%	0%	5%	0%	0%
Arts/ Entertainment	64%	9%	18%	9%	0%
Accommodations	0%	0%	67%	33%	0%
Food Services	100%	0%	0%	0%	0%
Government	100%	0%	0%	0%	0%

Table 6: Where are the majority of your suppliers located?

	Kerrville/ Kerr County	Greater San Antonio	Other Texas Communities	National	International
Construction	69%	8%	23%	0%	0%
Manufacturing	0%	14%	43%	43%	0%
Wholesale Trade	0%	0%	33%	67%	0%
Retail Trade	0%	12%	33%	55%	0%
Transportation	0%	100%	0%	0%	0%
Information	25%	0%	50%	25%	0%
Finance / Insurance	40%	16%	8%	36%	0%
Real Estate	75%	7%	3%	0%	0%
Professional Services	39%	17%	17%	22%	0%
Healthcare	43%	19%	5%	29%	0%
Arts/ Entertainment	46%	18%	0%	36%	0%
Accommodations	34%	33%	0%	33%	0%
Food Services	0%	88%	12%	0%	0%
Government	60%	20%	0%	20%	0%

Growth Potential

Other questions in the business survey addressed local employers' near term growth expectations. First, TXP asked respondents to state how many employees they hired in the past year. 49 percent said that they hired 1-5 people, and 40 percent said none.

Next, respondents estimated how many net new employees they would hire at their Kerr County location in the next five years. Results were optimistic. Of the 233 answering the question, 73 percent indicated that they planned to create one or more new jobs in the next five years. Results varied depending on company size. Among businesses employing 20 or more people, 30 percent said that they plan to create 1-5 new jobs, and another 20 percent will create 6-10 new jobs. Smaller companies were relatively less optimistic. Of companies with fewer than 20 employees, 35 percent of these did not expect to create any new jobs, and 60 percent expected to create fewer than 5 new positions.

Wages and Benefits

TXP also asked questions related to the local workforce. Companies said that finding technical and management skill sets is more difficult than finding administrative and customer service personnel. They indicated that Kerrville/Kerr County's high cost of living is the number one obstacle they face in recruiting new employees. A general shortage of workers and technical skills were also cited as hurdles to filling job openings.

Issues related to local costs of living, affordable housing, and wage rates surfaced throughout the surveys and interviews that TXP conducted for this project. The business survey revealed two findings that directly relate to these issues. First, 50 percent of Kerrville/Kerr County businesses' average wages are below \$34,999 per year. Second, 40 percent of local businesses do not pay employee benefits. By contrast, approximately two-thirds of workers and their families in the Austin area currently receive health insurance through their place of employment.

Business Climate

TXP asked companies to rate their satisfaction level on issues related to infrastructure, regulations, cost, and workforce. The results were as follows:

- Of the 204 businesses responding to the question, more than 50 percent said that they are moderately to highly satisfied with fire and police protection (80 percent), power availability (79 percent) water quantity / quality (64 percent), and sewage treatment (69 percent).
- More than 50 percent of respondents indicated low satisfaction with business incentives (64 percent), property tax assessments (58 percent), business recruitment and retention (53 percent), workforce training programs (53 percent), and community planning (50 percent).
- A majority of businesses felt 'somewhat satisfied' with the local regulatory environment.

A table illustrating all results is shown below.

Table 7: Rate the level of satisfaction with the following business issues.

	Not Satisfied (1)	(2)	Somewhat Satisfied (3)	(4)	Very Satisfied (5)	Total	Rating Average
Police/fire protection	3	4	34	83	80	204	4.14
Water quality / quantity	7	16	50	83	48	204	3.73
Sewer / sewage treatment	9	8	46	91	50	204	3.81
Power availability	2	4	37	95	66	204	4.07
Regulatory zoning	37	46	72	35	14	204	2.72
Regulatory enforcement	31	46	73	41	13	204	2.80
Community planning	40	62	66	22	14	204	2.55
Business incentives	65	65	56	12	6	204	2.16
Workforce training	42	66	67	24	5	204	2.43
Business recruitment and retention	40	70	79	12	3	204	2.35
Property tax assessment (fair & equitable)	58	61	72	10	3	204	2.21

Finally, respondents were asked to list things that Kerrville/Kerr County could do to increase the chance of their business expanding in the future. 139 businesses provided responses, which we have summarized below.

- Help with spousal job referrals for new recruits
- Build workforce skills
- Finish road construction on Highway 16
- Stimulate the downtown district
- Look for affordable housing solutions
- Support an entrepreneurial climate
- Provide better digital infrastructure
- Provide funding for employee training programs
- Become more assertive about water conservation
- Create a cooperative spirit in local government
- Grow retail
- Recruit more businesses
- Encourage residents to buy locally
- Showcase locally owned businesses
- Incentivize green building and use of alternative fuels
- Improve access to affordable childcare options
- Lower property taxes
- Streamline building / development process

Summary of Results: Community Survey

Of the 772 residents who completed the community survey, 82 percent live in the 78028 zip code, and 55 percent have lived in Kerr County longer than 10 years. Of those not born and raised in Kerr County, employment opportunities and quality of life played the most significant roles in their reasons to move there. 18 percent of all retirees who answered the survey moved to Kerrville/Kerr County within the past 2 years.

85 percent of all respondents were either employed full time (70 percent) or retired (15 percent). Of those employed, 82 percent worked for companies based in Kerrville. Fewer than 1 percent physically commuted outside of the county for work. A slightly larger group telecommute from their homes. Several respondents noted that they work for employers located in states outside of Texas, most notably Colorado and California.

The demographic mix of survey respondents closely matched Kerrville/Kerr County's population over 18 years old. The educational attainment of respondents was above average relative to the population. A strong percentage of those surveyed held a graduate or professional degree (31 percent), and an additional 36 percent had either an associates, bachelors, or graduate degrees.

Table 8: Kerr County Employment Trends

Age Range	% of Survey Participants	Actual % of Kerr County Population
18-24	1.5%	11.0%
25-34	8.8%	10.0%
35-44	14.0%	14.0%
45-54	23.1%	17.0%
55-64	23.4%	16.0%
65+	27.2%	32.0%

Economic Development Questions

To begin the economic development portion of the survey, TXP wanted to understand local residents' definition of "what counts as success?" in economic development. 81 percent said that they agree with the following definition:

"Enhanced prosperity and quality of life for Kerrville/Kerr County defined by the following characteristics: - Higher income levels - Increased retail and entertainment options - Greater job opportunities within the county - Larger and more diversified tax base - Overall growth while protecting the unique character of the region."

Next, TXP asked respondents to rate their satisfaction level on a variety of economic development topics, from public education to infrastructure, job opportunities, and community image.

Table 9: How satisfied are you with these factors related to prosperity and quality of life in Kerrville/Kerr County?

	Not Satisfied (1)	(2)	Somewhat Satisfied (3)	(4)	Very Satisfied (5)	Total	Rating Average
Public education (K-12)	45	60	261	271	128	765	3.49
Higher education opportunities	90	92	263	214	106	765	3.2
Workforce training programs	111	165	366	100	23	765	2.68
Cost of living	141	191	263	132	38	765	2.65
Entertainment & recreation	99	127	222	206	111	765	3.13
Arts & culture	32	64	191	268	210	765	3.73
Public safety	24	48	219	333	141	765	3.68
Healthcare (inpatient and outpatient)	42	63	184	290	186	765	3.67
Retail shopping options	187	198	251	112	17	765	2.44
Cost of housing	233	197	225	83	27	765	2.31
Historic preservation	85	116	273	224	67	765	3.09
Growth management	170	196	282	102	15	765	2.47
Public service	55	107	317	233	53	765	3.16
Employment opportunities	157	231	269	91	17	765	2.45
Economic and business development recruitment	158	207	306	77	17	765	2.46
Tourism marketing and promotion	60	104	263	245	93	765	3.27
Kerrville's overall image	35	78	244	294	114	765	3.49
Volunteer opportunities and community involvement	15	33	155	288	274	765	4.01
Effective government leadership	134	167	298	135	31	765	2.69

- A majority of respondents were either satisfied or very satisfied with the following topics:
 - Volunteer opportunities and community involvement (73 percent)
 - Arts and culture (64 percent)
 - Healthcare (62 percent)
 - Public safety (61 percent)
 - Kerrville's overall image (53 percent)
 - Public education (52 percent)

- In contrast, a majority of respondents indicated at least some dissatisfaction with the following:
 - Cost of housing (57 percent)
 - Retail shopping options (51 percent)
 - Employment opportunities (51 percent)
 - Government leadership (39 percent)

- On the remaining topics, most respondents felt neutral, or "somewhat satisfied," including higher education opportunities, workforce training, cost of living, entertainment, historic preservation, growth management, public service, economic and business recruitment, tourism marketing, and effective government leadership

- When examining responses by retirees alone, satisfaction levels on all topics improved. Their main issues of dissatisfaction related to retail shopping options, growth management, economic and business recruitment, and effective government leadership. In contrast, retirees were very satisfied with volunteer opportunities, arts and culture, entertainment options, healthcare, community image, historic preservation, and tourism promotion.

- TXP also compared the responses of individuals who have lived in Kerrville/Kerr County for less than 2 years against those who have lived in the county more than 15 years. When asked to rate their satisfaction levels, respondents who lived in Kerrville/Kerr County fewer than 2 years felt 'somewhat satisfied' on a majority of the topics, with the exception of employment opportunities which received a less than satisfied ranking. In contrast, respondents who lived in the county for more than 15 years had different attitudes. Their greatest dissatisfaction was with the cost of housing.

Respondents were also asked to rate what they believe to be Kerrville/Kerr County's top economic development priorities. Business recruitment and expansion, more affordable housing, and higher paying jobs rose to the top. In addition, they listed what they thought to be Kerrville/Kerr County's top strengths and challenges. Common answers emerged among all 600+ people who gave input on this question (see above box).

What are Kerrville/Kerr County's greatest strengths? (no specific order)

- Natural beauty
- Local healthcare providers
- Camps
- Retiree community
- Small town charm
- Tourism
- Arts and Culture
- Climate
- River
- Friendly residents
- Proximity to San Antonio and Austin

What are Kerrville/Kerr County's greatest weaknesses? (no specific order)

- Affordable housing
- Few major employers
- Lack of mid and higher paying jobs
- Entertainment and job options for youth
- Public transportation
- Retail choice
- Not making better use of the river
- Lack of downtown vision
- Land use controls in river and hillside areas
- Road infrastructure / traffic

Finally, respondents provided a short phrase or word that they would use to describe Kerrville. Words like "excellent," "friendly," "beautiful," and "relaxed" were frequently cited. A list of all words used is provided in the Survey Analysis section of this report.

Section 4 – SWOT Analysis

A “SWOT” analysis evaluates a community’s strengths, weaknesses, opportunities, and threats. Performing a SWOT Analysis is a simple but excellent tool to help focus an economic development strategy and develop an action plan.

The information presented in Section 2, Socioeconomic Context, provides an analysis of the trends impacting Kerrville/Kerr County. This SWOT Analysis takes the investigation one step further. It also considers how closely those trends align with input presented in Section 3 - the survey, interviews, and focus groups conducted for this Strategy. Contrasting quantitative and qualitative information reveals where Kerrville/Kerr County’s true strengths and weaknesses exist.

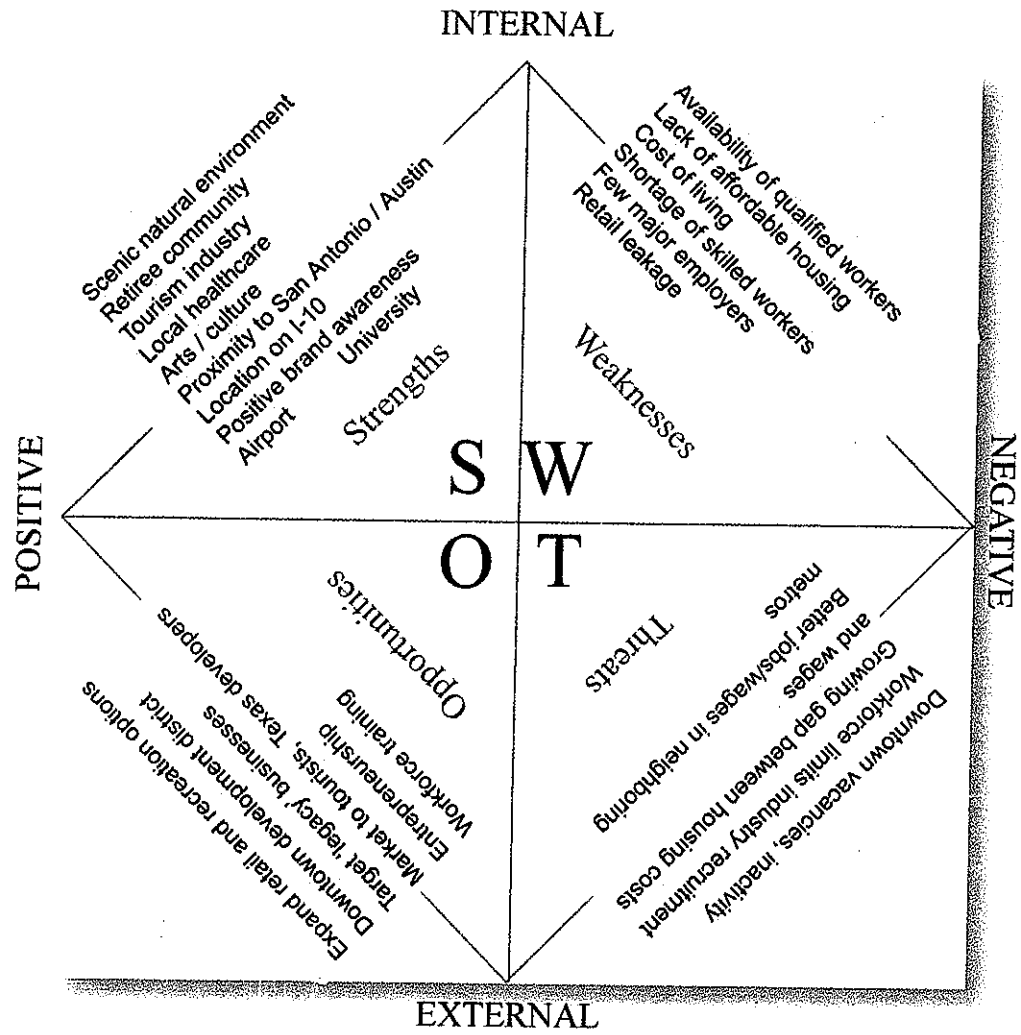
Strengths are those attributes of Kerrville/Kerr County that should be marketed and built upon to grow business opportunities. Kerrville/Kerr County has a remarkable number of assets for a community of its size. Among many others, the beautiful natural environment and tourism amenities, retiree population, concentration of healthcare, airport, university, and interstate highway access are top selling points.

Weaknesses are characteristics that currently hinder economic development. Top on the list is affordability, which stems from a growing gap between local wages and the cost of housing. Local businesses expressed concern with the availability of trained workers, while workers complain that the high cost of housing forces them to live outside of the county. The shortage of employment opportunities puts downward pressure on wages and limits worker ability to transfer skills between local jobs.

Opportunities and threats are factors that affect Kerrville/Kerr County’s economic development potential. The success of neighboring San Antonio, Austin, and their suburban areas poses both a threat and an opportunity. While their proximity allows Kerrville/Kerr County employers excellent access to suppliers and customers, their higher wages and lower relative housing costs challenge Kerrville/Kerr County’s ability to recruit and retain skilled professionals. Locally, downtown vacancies and decreasing retail threatens the community’s vibrancy – a problem that could negatively impact the ability to draw in new businesses and residents.

The following page provides an illustration of Kerrville/Kerr County’s SWOT analysis. TXP’s marketing and economic development recommendations aim to address the community’s threats and build upon its opportunities.

Figure 15: Kerrville/Kerr County SW OT Analysis



Section 5 – Major Findings

The previous sections of the report address a wide variety of issues in Kerrville/Kerr County. There is a substantial amount of information readers must work through in order to understand the local context and how these forces influenced the key priorities and strategies. To assist the reader, TXP has developed a series of major findings that reinforce the previous sections' analysis while serving as a bridge to the recommendations section of the report.

- 1. Kerrville/Kerr County is blessed with an unusually high number of unique assets.** The beauty of the Hill Country (which helped create the camps in western Kerr County), Schreiner University, a variety of cultural institutions, the airport, and the hospitals are all elements that can have an impact on the community's long-term economic future. Many communities of comparable size enjoy one or two similar assets, but it is uncommon to find so many concentrated in one area.
- 2. “Kerrville” is a powerful brand with an excellent reputation in Texas, and growing recognition elsewhere in the US and internationally.** A number of factors have helped put Kerrville on the map for years, not the least of which have been Texans coming to camp as children and the Kerrville Folk Festival as adults. Decades of tourist activity have built the community's name recognition and resulted in a positive national image. In addition, Kerrville/Kerr County is home to a population of people who love living there. Many residents have chosen Kerrville/Kerr County as a destination, often moving there from larger cities because of the high quality of life. As a result, the local population has great potential to become a strong ally for economic development.
- 3. Major employers of long standing, regional commercial activity, retirees, and a tourism sector that is based on repeat business and regional associations mean that the local economy is fairly stable, and somewhat insulated from national business cycle trends.** No local economy is immune from business cycles, but Kerrville's economic base is more stable than most, with its emphasis on serving consumers with steady income, the prominence of health care, and visitors who tend to return.
- 4. While Kerrville remains a center for retirees, their demographics are changing, with a surge in non-Texans who typically are younger and more affluent.** The success of Comanche Trace and a number of new upscale developments in western Kerr County is indicative of the changes (along with the rise in foreign cars and non-Texas accents around town), as well-heeled retirees come from Texas major metros (especially the Houston area) and out-of-state (with a number from California and Colorado). The real impact will be felt in the future, as new housing builds out and new residents become more fully integrated into the community.

5. **Kerrville/Kerr County's proximity to Austin and San Antonio is both a blessing and a curse.** Depending on the lens through which the situation is viewed, the proximity of Kerrville/Kerr County to Austin and San Antonio is either a blessing or a curse. From the consumer's point of view, the glass is half-full – expanded recreational and shopping opportunities, a major commercial airport, and health care above and beyond what is available locally are as close as an hour or so away. Undoubtedly, proximity to these and other amenities has been a positive influence in recruiting retirees. From an economic development perspective, however, this "leakage" of dollars down the highway has a negative economic impact on the local economy. Perhaps more importantly, the perception of greater employment opportunities (and wider housing options) elsewhere has been a drain on the local labor force.

6. **The community appears primed to support economic development.** When asked as part of the community survey if they supported the statement that economic development success is defined as "Enhanced prosperity and quality of life for Kerrville/Kerr County," 4 out of 5 respondents agreed. This statement was further defined by the following characteristics:

- Higher income levels
- Increased retail and entertainment options
- Greater job opportunities within the county
- Larger and more diversified tax base
- Overall growth while protecting the unique character of the region

This is a pretty clear message – the challenge is now to execute and deliver.

7. **The availability and quality of the workforce is a top-of-mind issue for local businesses.** It is telling that the business survey sites a shortage of workers, technical skills, and the cost of living as issues related to employee recruitment, findings reinforced by numerous direct conversations with a variety of local stakeholders. Labor force is perhaps the most significant economic development challenge facing Kerrville/Kerr County.

8. **Housing is a key issue for economic development in Kerrville/Kerr County.** Signs of change appear almost daily throughout Kerr County, as new upscale developments compete to attract affluent residents from throughout Texas and elsewhere. While data is limited, the numbers that are available are striking, with the average value of a residential building permit almost doubling from \$152,219 during 2002/3 to \$275,403 thus far this year. Aside from reflecting the demographics of new residents, this sharp rise in the cost of new housing has rippled through to the rest of the market, contributing to an overall increase in local housing costs. The implications for the labor force are significant – to the extent that local wages have not kept pace with

the higher housing costs, the ability and willingness of workers to remain in Kerr County is diminished.

- 9. Labor force limitations suggest that target industries must build on existing assets, with large-scale job creation due to significant relocation unlikely in the near term.** The implication is that employment growth will come from existing firms and/or smaller relocations. Smaller firms likely will be a significant part of the mix, especially in sectors that can take advantage of both the quality of life amenities and the area's evolving demographics.
- 10. Expanding the recreational and retail capacity of the community will serve both residents and tourists.** In Kerrville/Kerr County, entertainment, retail trade, and consumer services (including certain types of housing) are valid targets for economic development. As an example, a destination retail/entertainment project not only attracts regional shoppers, but also helps stop retail leakage to San Antonio. Since Kerrville/Kerr County is not a major exporter of manufactured goods, enhancing local retail and entertainment options is especially important in light of new developments in surrounding communities.
- 11. Downtown is a focal point for near-term action.** The *Kerrville Daily Times* recently opined that "a healthy and vibrant downtown benefits all concerned — the city, businesses, tourists and residents — in the form of an area that generates tax revenues from profitable businesses." TXP concurs — downtown has the potential to be a focal point for the community, both in terms of the day-to-day lives of local residents and as a significant element of the attractions that make Kerrville/Kerr County appealing to both tourists and those relocating to the area. The movement of Sd Peterson and the closure of Schreiner Department store have heightened the stakes, but have also created an opportunity to revitalize downtown in a manner that both enhances quality of life and maximizes economic development.
- 12. A range of tools will be necessary to create change in the disadvantaged community.** A variety of input (focus groups, the community survey, and a number of individual conversations) all point at the fact that the opportunities available to the "working poor" are fairly limited. Education, transportation, and access to capital are all areas where progress can be made, which in combination with other economic development efforts hopefully will yield greater job opportunities and increased prosperity for this segment of the community.

Section 6 – Priorities and Recommendations

This study was designed to address the needs of existing residents and employers while taking a long-term view of what is required to enhance prosperity and quality of life in Kerrville/Kerr County. What resulted was a candid but ultimately optimistic picture of the region's future.

During the planning process, a number of themes emerged from discussions with stakeholders, input obtained from the community and business surveys, and the SWOT analysis. Unlike some communities that are struggling for survival, Kerrville/Kerr County is in an enviable position. Many of the elements needed to enhance prosperity and quality of life already exist, but need better alignment and coordination to maximize the area's potential. TXP has grouped these major themes into broad categories that capture the essence of where Kerrville/Kerr County should focus its energies in the coming years to reach its goal.

Figure 16: Strategic Plan Major Themes



TXP then created a series of five priority recommendations that are critical to the region's ability to succeed in economic development and that leverage existing attributes. These recommendations are both attainable (reachable outcomes that will require commitment) and sustainable (consistent with the long-term economic growth that does not harm the community's unique character). The region needs the KEDF to take a strong leadership position in coordinating Kerrville/Kerr County's economic development efforts. The KEDF's most significant contribution will be that of community advocate for change in each of these five priority areas.

- Priority 1 – Focus on a select group of **target industries** that offer the best prospects for recruitment.
- Priority 2 – Adopt **incentive policy** guidelines that are competitive with other regions while protecting the tax base.
- Priority 3 – Ensure that economic opportunity and advancement are available to all Kerrville/Kerr County residents by **growing the middle class**.
- Priority 4 – Enact a coordinated economic development **marketing campaign** that increases awareness and perception of the community to the outside world.
- Priority 5 – **Implement the strategies** in such a way that maximum flexibility and accountability are maintained.

There are two important local organizations that directly influence the region's economic development future, but are not the focus of the five priorities – Schreiner University and the Kerrville Municipal Airport.

Schreiner University is a strong asset for Kerrville/Kerr County. The University has a well-defined internal strategic plan that is consistent with the five priorities outlined in this report. In addition, Schreiner University is already a stakeholder in the local labor force, both as employer and as a provider. Because the focus of this report is aimed at initiatives that economic development organizations can influence, Schreiner University will likely play a key supporting role.

The Kerrville Municipal Airport is home to one of the area's largest employers, Mooney Airplane Company. According to a 2005 report by the Texas Department of Transportation (http://www.dot.state.tx.us/publications/aviation/economic_impact/erv_kerrville.pdf) the airport's annual economic impact is in excess of \$116 million and supports 1,036 jobs (direct plus indirect effects). Currently, a consulting firm has been retained to address issues at the airport. TXP strongly believes the airport is a major asset Kerrville/Kerr County can build upon in the coming years. However, preliminary evidence suggests a substantial amount of financial resources will need to be invested in the airport. The community will need to balance the needs of the airport versus downtown redevelopment and weigh the cost-benefit of any decision.

Priority 1 – Accelerate Growth through Targets and Incentives

As part of the economic development planning process, TXP has identified two broad areas of focus for development, recruitment, and retention:

- targeted sectors of the economy
- projects/developments of certain types

Given the size and relative stand-alone nature of the community, factors such as Kerrville/Kerr County's geographic location, demographic structure, labor force availability, and current industrial base played a significant role in developing targets for recruitment and/or expansion. In assessing Kerrville/Kerr County's potential target business sectors, TXP used both a quantitative and qualitative process.

Targeted Sectors Analysis

Identification Process

The location quotient analysis included earlier in the report suggests local concentration in Accommodation, Arts & Entertainment, Healthcare, Retail Trade, Construction, and Other Services. In general, these findings are consistent with Kerrville/Kerr County's status as a regional commercial center that serves a strong retiree population. Because Kerrville/Kerr County is a relatively small community whose primary employers are concentrated in a few sectors, a recruitment approach driven entirely by these location quotients likely would be incomplete. Instead, Kerrville/Kerr County would be well served to evaluate targets by reviewing the following additional criteria.

Evaluate the expected national performance of individual sectors over both the short term and the next ten years

Essentially, supply and demand forces should be at work in identifying candidate business sectors for recruitment. Current and expected economic growth in a given sector is perhaps the best measure of demand, with national performance normally the most appropriate standard of measure (although local growth can be used to either confirm national trends or indicate a rising local share of a flat or declining national market).

Beyond the cluster analysis, review the local and regional economy to identify possible supply gaps

Once sectors with rising demand have been identified, supply factors should be considered. For example, a supply gap may exist in the local market, where growing firms are forced to buy inputs from outside the region due to absence of local suppliers. Similarly, a concentration of interconnected firms (typically referred to as "clusters") can create opportunities. In Kerrville/Kerr County, interviews with major local primary employers indicated no clear opportunities to recruit either upstream firms (suppliers) or downstream firms (those who used locally-produced products for further production).

Evaluate possible target businesses in light of the region's comparative advantages/constraints

A second "supply" consideration relates to comparative advantage. Workforce characteristics, transportation components (proximity to I-10 and the presence of the airport), the quality and scope of local infrastructure, and unique local factors (such as legacy production in jewelry, aircraft, and plastics) can create comparative advantage or reveal constraints. Niche opportunities may also be identified as part of this review, such as local specialty food manufacturing. By the same token, proximity to markets may also be a consideration, along with other measures of comparative advantage.

The net effect is that target business sectors normally fall into two broad categories: those industries which are growing rapidly, with the hope that the community will get a share of that growth, and those industries or projects in which the community has a comparative advantage, be it infrastructure-related, labor force, unique local considerations, existing local/regional economic linkages (including clusters), or proximity to markets.

Evaluate possible target industries in light of the region's competitors

Once the target sector candidates have been identified, a final step is to compare Kerrville/Kerr County to its logical competitors. Other communities throughout the Hill Country could, in theory, offer many of the advantages that Kerrville/Kerr County might provide to a relocating firm, although proximity to healthcare and higher education are distinguishing assets. In general, competition is likely to be fiercest from Fredericksburg/Gillespie County on the tourism side, while communities to the south along I-10 will compete for spillover activity from San Antonio.

Confirm that the target industries are consistent with Kerrville/Kerr County's values and vision for its economy.

A final consideration is community and stakeholder sentiment. It is possible that the above process could yield candidate industries that would be inconsistent with community values. In Kerrville/Kerr County, for example, certain kinds of entertainment options may not fit local desires. Similarly, the community's commitment to development of a particular sector (perhaps based on factors that are not easily measured or quantified) could override an apparent impediment to success.

Targeted Sectors Recommendations

The following table delineates the areas identified for Kerrville/Kerr County as targets for recruitment, expansion, and retention. Before reviewing each broad category, several general points should be made.

The targets that follow make sense at this point, but shifting conditions (both external and local) will require ongoing reevaluation. Target industry selection is necessarily a dynamic process, as sectors that may make sense at one point may not be viable in the future. Telecommunications is a good example; after having appeared on virtually every

target industry list in the mid-to-late 1990s, significant over-capacity lead to massive industry layoffs and restructuring in the wake of 9-11 and the dot.com crash.

Expansion (and, by extension, retention) represents the bulk of the near-term opportunity. Conventional wisdom holds that local expansion and entrepreneurship creates approximately 4 out of 5 jobs nationwide, a trend that is likely to be the case (at least in the near term) for Kerrville/Kerr County as well. By the same token, retention is an equally vital economic development task, as a job saved is just as valuable (if not more so) than a new job created. In that light, the “Legacy Production” target acknowledges current large production-related employers in the community.

Labor force constraints limit the community’s current capacity to attract large-scale new employment, further suggesting that employment growth will come from existing firms and/or smaller relocations. Smaller firms likely will be a significant part of the mix, especially in sectors that can take advantage of both the quality of life amenities and the area’s evolving demographics.

Table 10: Targeted Sectors for Recruitment/Retention

Sector	Local Concentration	Short-Term Growth	Long-Term Growth	Niches	Local Assets
Professional Training		X	X	X	X
Corporate/Management					
Aircraft					
Legacy Production	X			X	X
Aircraft-related					
Jewelry-related					
Plastics					
Specialty Food Processing					
Tourism-related	X	X	X	X	X
High-end Lodging					
Destination Retail					
Entertainment					
Recreational Sports Facilities					
Advanced Building Practices		X	X	X	X
Water/Wastewater					
Materials/Energy systems					
Life Science	X		X	X	X
Physicians/Nursing					
Laboratory-Based Testing, etc.					
Local Population Based Research					

Professional Training

Building on a process begun by some of the local camps, Kerrville/Kerr County makes sense as an area for corporate retreats/training. Faculty and staff at Schreiner University should also be leveraged as part of any professional training program. New facilities and a marketing effort may be required to realize this opportunity. Potential opportunities include the following:

- Mooney currently conducts its training programs for new aircraft owners in San Antonio, but would prefer to offer this instruction at the local airport if appropriate classroom facilities existed. For example, demolishing Building 17 at the airport and constructing a new multi-use facility should be explored by the Economic Partners.
- As part of the recommendation to encourage ACCION funding in the region, Kerrville/Kerr County could host small business forums aimed at entrepreneurship.
- Target large employers in Central Texas to host regional training and other business-related meetings in Kerrville/Kerr County.

Legacy Production

None of the conversations with James Avery, Mooney, or ATEK indicated significant supplier gaps at this point. However, the situation may change in the future, and the status of each as a major primary employer suggests close ongoing contact and quick response will facilitate retention and local expansion. Moreover, the success of these firms and the existing pool of trained workers might encourage similar firms to locate to the region. Potential opportunities include the following:

- Specialty food production such as organic foods and ready-made meals are a growing niche in the supermarket industry. Given Kerrville's history as the original home of H-E-B and proximity to large metropolitan areas, the region should market to niche food manufacturers in this segment.
- Building upon the ongoing airport study and the existing pool of trained workers, aircraft-related manufacturing is a viable target. Just like the technology sector, employment in this industry is not constant, but a handful of related firms could help create employment stability as well as an industry cluster.
- Encourage the recruitment and development of an artisan crafts cluster in Kerrville/Kerr County. For example, a retiree moving to Kerrville might now have the financial resources to open an art gallery or studio. These businesses will probably employ a small number of people, but this cluster helps create a cultural vitality required to recruit people and other firms.

Case Study - Asheville North Carolina

Economic Development via the Arts

The primary leader of economic development in Asheville, North Carolina is the Asheville Area Chamber of Commerce Economic Development Department. The Economic Development Department is led by a vice president of economic development and a vice president of small businesses who are aided by a director of business and industry services, a director of research and information, a research assistant, and an administrative assistant.

In addition to the City and the Chamber, economic development is supported in part by the region's strong artistic community. To foster creative industries as well as Asheville has, a city must invest in the civic infrastructure required to support these ventures. For many years, Asheville has embraced the arts through its Area Arts Council. The Council's programs and services fall into five major categories: Arts-in-Education, Artist Support Services, Organizational Support Services, community services, and the Urban Trail.

- The Arts-in-Education program funds artist performances and residencies in the schools, administers a scholarship fund for local high school students who will pursue higher education in the arts, administers the KidsTix program (which provides tickets to cultural events for underserved students with mentors), provides professional development opportunities to teachers as a Kennedy Center Partners in Education participant, and offers Teaching Artist training.
- The Regional Artist Project Grants, feature local artists' work in 3 exhibition spaces which total more than 2,000 square feet of downtown space, present professional development training for artists to help advance the business of the arts, and serve as an informational resource to all local artists, community members, students, arts organizations, businesses, and tourists.
- The Grassroots Arts Program gives a high priority to those organizations targeting under-served populations, emerging organizations meeting a special need in the community, and projects that explore new, creative directions in the arts or provide a special arts or cultural service to the community.
- The City and the Arts Council are partners in the Urban Trail, which has become the unique signature piece of Asheville's history. This walking tour is visited by countless tourists, school groups, and locals. The Arts Council is responsible for marketing, tour scheduling, and guide training for this treasured attraction.

Asheville also recognizes the link between an artistically creative community and the growth of high tech businesses. August 2000, the Asheville Chamber Economic Development Department launched an initiative to promote creativity and high-tech in the area. The Chamber formed the Asheville Area Technology Council, which meets bimonthly and aims to provide educational and networking opportunities to existing technology firms and to develop strategies which promote the growth of these companies and the attraction of new technology companies and talent to the area.

Asheville ranked the #1 out of 10 Great Adventure Towns by National Geographic Adventure Magazine in 2004 and number 10 out of 25 Top Art Destinations by AmericanStyle magazine. In addition, Cities Ranked and Rated ranked it the #8 Best Place to Live out of 331 metros. The publicity generated through Asheville's active arts community is a marketing engine that supports residential and business expansion to the area.

Tourism-Related

As one of the mainstays of the local economy, tourism is a clear target for expansion and development. In general, the first three sub-segments all speak to a strategy of reaching beyond the existing base toward a higher-end market. Recreational sports facilities would work well with the current infrastructure, as the lodging requirements, etc. are consistent with what is already in place. Potential opportunities include the following:

- High-end lodging options are limited in Kerrville/Kerr County, however, there appears to be sufficient demand for growth in this sector. For example, out-of-town visitors going to events at the Hill Country Shooting Sports Center, Mooney airplane owners in town for training, or parents dropping their children off at summer camp are an immediate target.
- The lack of entertainment options, especially at night, was a common weakness cited in the community survey. While not a typical economic development target, enhancing entertainment options improves the overall quality of place which helps attract future tourists, businesses, and younger residents. Downtown might be the best location to encourage the grouping of these venues to create a mini-nightlife district.
- As San Antonio continues to expand along I-10, destination retail will likely occur west of 1604. These retail developments will likely draw shoppers from Bandera, Gillespie, Kerr, and Kendall Counties. Instead reaching for every store or brand, Kerrville should develop unique shopping options or venues. For example, downtown Kerrville might become the high-end retail outlet in the area - which also encourages out-of-town guests to spend money.
- Recreational sports facilities would work well with the current infrastructure, as the lodging requirements, etc. are consistent with what is already in place. Soccer, baseball, and basketball tournaments attract hundreds of visitors to each event. This strategy would require the community to build a sports complex, but hotel and sales tax revenues might justify the investment if the complex is part of a larger parks plan. Kerrville already has a strong brand with youth based on its summer camp programs which should make hosting and attracting youth teams easier than other communities.

Case Study - Hot Springs, Arkansas Courting Business through Tourism

Hot Springs' leading economic development organization is the Garland County EDC, which is housed in the Greater Hot Springs Chamber of Commerce.

Hot Springs is home to companies like Accent Marketing Services, Weyerhaeuser, Xerox, Stanley Associates and Arkansas Aluminum Alloy. More than \$100 million in technology, tourism, manufacturing, and life sciences projects have been announced in Hot Springs since 2004 the past three years.

The city's newest industrial site, the 80-acre Hot Springs Office and Technology Park, is located adjacent to the Hot Springs Municipal Airport. The Park is fitted with telecommunications capacity sufficient for call centers. The EDC's increased emphasis on health care, biotechnology is becoming a growing industry in the area and is a target for the Park.

The region has long been a magnet for tourists and retirees. Tourism is Hot Springs' top marketing resource and generates significant exposure for the region. Both State and local leaders have invested in expanding the tourism industry as a means for boosting economic development. The State of Arkansas recently established tax incentive programs for tourism-oriented businesses. The city expanded and renovated its convention center to accommodate larger conferences. Both recreational and business visitors provide a good stream of economic development leads for Hot Springs.

Advanced Building Practices

Growth in more affluent residents, evolving use of materials and technology, and shifting consumer preferences are all contributing to new approaches to construction, especially residential construction. The translation, at least in part, is growing demand for solar panels, rainwater collection systems, etc. Kerrville/Kerr County could be a center for firms serving the regional market that create/install this type of technology. Potential opportunities include the following:

- Green building and sustainable development is still evolving, but market demand is growing rapidly each year. In the US, McGraw-Hill Construction predicts that the market for 'true green homes' is expected to rise from \$2 billion to \$20 billion over the next five years. The region should heavily recruit firms in the green building materials sector.
- Kerrville/Kerr County should work with Schreiner University and the Alamo Community College District to offer green building programs similar to the Santa Fe Community College Center for Community Sustainability which offers noncredit courses designed to increase awareness of energy and water sustainability issues, provide information about alternative energy sources and train individuals for employment or entrepreneurship in these rapidly growing industries.

Life Sciences

Healthcare is already the largest industry in Kerrville/Kerr County, a situation unlikely to change in the near future. However, the increasing affluence of the retiree population (and the ever-expanding range of medical procedures and technology available) points toward a wider range of products and services than what is presently offered. Part of the challenge will come in identifying when critical mass has been reached, and when there is sufficient local demand to justify a Kerrville location (rather than only Austin or San Antonio). In addition to healthcare, laboratory-based research and manufacturing has a long tradition in the area. Potential opportunities include the following:

- Work with the Kerrville Veterans Administration Hospital to explore the options for the local facility to expand in the area of rehabilitation services for veterans returning from Iraq and Afghanistan.
- Beyond USDA's Knipling-Bushland facility, which brings millions of dollars into the economy annually, there is at least one local private sector firm already operating in this area. The veterinary and agricultural/biological sector is also not a heavily target sector for economic development.
- Actively recruit pharmaceutical, biotechnology, medical device, and other R&D organizations to create a center of excellence related clinical research focused on aging populations.

Action:	Have all groups involved in economic development in Kerr County adopt this target industries list
Primary:	Cities of Kerrville and Ingram and Kerr County
Support:	KEDF and Chamber
Start:	1-3 months

Project-Based Development

For a number of reasons, standard economic development practice does not typically include housing, retail trade, and consumer services as candidates for economic development and financial incentives. First, consumer activity is normally considered a secondary industry, meaning that it serves mainly local markets, rather than a primary industry, which sells its products and services to non-local customers. Importing of external funds by primary industries is traditionally considered the foundation of economic development, as a region's primary employers create spin-off effects that increase demand for small business services, promote consumer activity, and directly and indirectly enhance the community's tax base. Second, local competition is likely to be strong for a new retailer to a community, and it is both ethically and politically challenging to provide a subsidy to a direct competitor to an existing local firm. Finally, the ripple effects associated with retail trade (and consumer-driven industries in general) are relatively lower than for production sectors of the economy, as the backward and forward linkages to other industries are not as extensive, reducing the multiplier effect. As a result, some communities have explicitly prohibited retail trade from receiving incentives under the city's economic development policy.

In Kerrville/Kerr County, however, entertainment, retail trade, and consumer services (including certain types of housing) are valid targets for economic development. One specific target, destination retail, can encompass a number of other sub-targets including retail, hospitality, and entertainment. While no formal definition exists, destination retail centers vary based on size, with the focus on providing selection and service as well as enhancing the shopping experience. These centers aim for high consumer awareness, with the goal of becoming "the place to go" when a purchase decision is being made. A new destination retail/entertainment project not only

attracts regional shoppers, but this type of project helps maintain Kerrville/Kerr County's sales tax base. Since Kerrville/Kerr County is not a major exporter of manufactured goods, enhancing local retail and entertainment options is especially important in light of new developments in surrounding communities. By the same token, the labor force constraints facing the community suggest that workforce housing is a top priority.

Depending on the size and scope, the following benefits may accrue from this type of project:

- If the development represents “destination” retail, it may well draw shoppers from outside the local market, enhancing tourism. It may also represent unique retail that is not currently available in the local market.
- Mixed-use developments tend to have a longer “shelf-life” than traditional developments, which will tend to create a greater fiscal impact over the medium and longer-term. A portion of this impact is due to the inclusion of housing in the project, both through direct enhancement of the tax base and the indirect effects of relocating consumers to the city.
- To the extent that the development includes public facilities and advances public goals, benefits are created in several ways. First, the public interest is served directly to the extent that they are used and enjoyed. Second, the cost of these amenities is initially borne by the developer; even if inducements are ultimately used to “pay” for some portion, the ability to coordinate their inclusion with the development from the beginning means that there likely will be a synergistic effect with the shopping and services offered elsewhere in the center, creating greater leverage with consumers.

Action:	Encourage public sector jurisdictions to expand the definition of target industries to include project-based developments
Primary:	EDF and Chamber
Support:	Cities of Kerrville and Ingram and Kerr County
Start:	1-3 months

The marketing recommendations and strategies in Priority 4 – Enact a Coordinated Economic Development Marketing Campaign apply to the target industries. The audience of an economic development marketing campaign depends on the community's assets and needs. Clearly, Kerrville/Kerr County will focus on target businesses that bring new capital investment, jobs, and income to the area. In addition to industries, Kerrville/Kerr County also needs to market to skilled workers, entrepreneurs, R&D institutes, federal projects, retailers, and real estate developers.

Kerrville/Kerr County's target industries should evolve based on market conditions, national and local economic trends, and specific regional issues. Because the needs of the target industries can vary year-to-years, TXP believes Kerrville/Kerr County should continually refine and refocus its

target industry market based on three general steps. These actions items should closely align with the more general marketing strategies detailed in Priority 4.

1 - Develop a specific marketing plan for each target industry

Once target audiences have been identified, the community should develop a strategy to direct the marketing campaign. Tailor the plan to the needs of the target audiences. Sales messages should be customized for each audience. Marketing tools should be selected based on the way that audiences like to receive information. Marketing activities should position the community in places where the target audiences will be. Marketing plans should include a three-year calendar of activities, budget, and metrics.

Case Study – Temple, Texas

Long-term Planning for the Target Industries

Temple, Texas, recently completed a marketing strategy that lays out a monthly calendar of marketing activities for the next three years. The calendar allows the EDC to prepare well in advance for industry trade shows, direct mailings, and marketing trips, and ensures that their budget is adequate. At the end of each year, the EDC revisits the plan to assess their performance and make adjustments for the upcoming year.

2- Build local support

Internal marketing is as important to the success of economic development as external marketing. Before launching an external campaign, be sure that community leaders are cohesive in their overall support of economic development. Arm them with sales statements so that when they speak about the community, their voices are unified. Reiterative messaging will increase the chance that target audiences remember the community's selling points.

It is important to make the marketing planning process as inclusive as possible in order to build support for the plan. The more local business people, residents, public sector officials, educators, and media are involved in the process, the better spokespeople they will be. Positive word-of-mouth promotion is often a community's very best marketing resource.

Case Study – Charleston Regional Development Alliance

Build Community Support for the Target Industries

The Charleston Regional Development Alliance included more than 700 people in the process of crafting its marketing strategy three years ago. Today, the marketing initiative continues to involve the community through 'cluster teams,' which bring business executives together on a quarterly basis to tackle issues directly affecting their industries. The effort has resulted in an unprecedented level of new business investment as well as heightened entrepreneurship.

3 - Market smart

Smart marketing requires in-depth knowledge of the target audiences. The marketing plan should contain a profile of each audience that includes information about industry trends, site selection

requirements, where they are located, what they read, and where they network. Having this knowledge allows an economic developer to customize his marketing activities.

Typical economic development marketing activities include trade show attendance, marketing missions, familiarization tours, public relations, advertising, and direct mail. Tools used to support marketing activities include websites, print / online newsletters, brochures, fact books, community videos, and postcards, to name a few. The combination of marketing activities and tools a community chooses to utilize depends on the target audience. If targeting software companies, for example, a community may choose to publicize in IT newsletters, distribute an HTML newsletter, and invest in an outstanding website. If targeting traditional manufacturers, a community may opt for a combination of trade show attendance, printed collateral materials, and marketing missions to meet face-to-face with prospects.

Case Study – Orlando, Florida

Targeting Tourists

Some communities discover that their target audiences are coming to them as tourists, and they adapt their campaign as such. The Orlando Economic Development Commission recognized that many executives travel to the region with their families for vacation or to attend conferences. In response to this, the EDC works closely with the Convention and Visitors Bureau to develop printed collateral for placement in local hotel rooms. In addition, the EDC spends a portion of its marketing time to recruiting target industry conferences to town.

Case Study – Richmond, Virginia

Targeting Young Professionals

Richmond, Virginia is an example of a community that targets young professionals in addition to industry. The region understands the connection between business investment and availability of skilled workers. In response, the Greater Richmond Partnership publishes a quarterly Work Magazine that features young talent and careers in the region. The publication is distributed in major U.S. metros to attract new residents as well as to site selectors as a way of showcasing the region's abundant young talent.

Action:	Develop a marketing plan for each target industry
Primary:	EDF and Chamber
Support:	CVB
Start:	Immediately

Priority 2 – Adopt incentive policy guidelines that are competitive with other regions while protecting the tax base

To influence the direction and extent of their economic development, many state and local governments have adopted the practice of providing incentives for increased economic activity to existing firms that are expanding and/or firms or projects that are considering locating in the local area. A wide array of policy instruments are used to create these incentives, ranging from favorable tax treatment to the waiving of certain fees to the public provision of specialized services (e.g., machine-operator training at community colleges).

Provision of incentives to specific firms, once routine, has become increasingly controversial. Critics charge that they are little more than “corporate welfare” - unnecessary subsidies to well-heeled corporations that come at the expense of the rest of the community’s taxpayers. Proponents, on the other hand, argue that they remain an essential tool for effective industrial recruitment and retention, and that failure to offer viable incentive packages severely undermines Kerrville/Kerr County’s competitive position.

While targeting focuses on business sectors, incentives are offered to specific firms. If a firm has been identified as part of a formal target business process, the following evaluation considerations presumably have been answered. However, there may be firms who come to the city seeking incentives who have not been targeted for recruitment that are, nevertheless, potentially desirable. By the same token, local firms planning to expand may also seek incentives, and should be subjected to an evaluation process as well.

The first step in developing a coherent business incentive policy is to carefully assess the overall nature and scope of the net benefits of some of these instruments to the taxing jurisdictions and taxpayers. As part of this process, a number of questions arise. For example:

- Would this project happen absent the provision of incentives?
- What is the opportunity cost of the incentive (in other words, what alternative uses of these resources are foregone by supporting this project)?
- How much economic activity will accrue to the area providing the incentives (as well as other communities in the region) as a result of the project? What is the total present value of the incentive package?
- How much will it cost the jurisdiction to adequately service (e.g., utilities, public safety, etc.) the project during its construction and operational phases? What will be the environmental impact?
- What return can government expect in terms of tax revenues from the project?
- Will the benefits accrue past the immediate recipient? Over what time period?

Before considering whether or not to offer a prospect an incentive, the questions above should be answered. A cost-benefit analysis to determine the potential value of the firm to the

community is the first step in this process; once the relative benefits of the firm have been measured, it is then possible to evaluate the nature and scope any incentive to be offered, and to then confirm that the benefit to the community remains positive.

Policy Guideline #1:

Benefits should exceed costs, even after incentives are granted. Except in extraordinary situations, the public sector should not be willing to “go upside down,” meaning that tax revenues must exceed public sector costs.

This may appear obvious, but many communities do not accomplish this goal by failing to accurately measure each. One of the issues complicating the evaluation is what standard should be used to account for benefits. From the point of view of strictly the local economy, economic activity (which we think is best measured by total local payroll) would be the best single measure, but that can create a situation where net public resources are allocated to create private gain; in other words, the cost of the incentive from a local public sector jurisdiction is greater than the expected return in new tax revenues from activity associated with the plant or firm. As a general rule, care should be taken to avoid this situation, although it may be necessary on occasion. Ideally, the cost of the incentive will not exceed the expected fiscal return to the participating jurisdictions.

Policy Guideline #2:

The Cities of Kerrville and Ingram and Kerr County should commit to using the same standards to evaluate possible incentives for economic development projects, with the expectation that each applicable jurisdiction will participate if a project is deemed worthy.

Much of the tenor of the entire economic development plan has been that it is a community-wide effort. In that light, it makes sense that common standards regarding evaluation and terms and conditions on incentives would be adopted. In addition, the potential value to a recipient is greater if all applicable jurisdictions participate – if the purpose is to incentivize action, it is desirable to maximize the value of the offer (within the policy guidelines).

Evaluation Framework

Based on discussions with local economic development stakeholders, the target business sectors discussed above, and professional expertise and experience, TXP has created a preliminary framework (Scoring System) by which Kerrville/Kerr County can assess the impact of future projects. This process not only allows evaluation of projects, but also provides guidance on the level of incentives that the community might ultimately offer. TXP's approach strives to offer competitive incentives to important projects while protecting the community's unique position and cultural heritage.

The Scoring System is an approach that uses points for each of the major criteria discussed in the next section. This Scoring System evaluates both the traditional (economic impact) and non-

traditional (quality of life) elements of the project. These point values are for illustration, and should be refined/adjusted as Kerrville/Kerr County sees fit.

Table 11: Preliminary Scoring System

Overall Economic and Fiscal Impact			
Minimal	Acceptable	Good	Excellent
0	10	20	30
Character of Jobs			
Poor/Minimal	Acceptable	Good	Excellent
0	10	20	30
Linkage to Local Economy/Targets			
Uncollected	Acceptable	Good	Excellent
0	10	15	20
Additional Contribution to Community Vitality			
Minimal	Acceptable	Good	Excellent
0	10	15	20
Total Possible Points			100
Bonus Points for Desired Development Location			15

Policy Guideline #3

Firms with a score between 70-100 may qualify for return of up to 50% of the net present value of the estimated total tax liability, minus direct city and or county costs, for a term that may be as long as 10 years. Firms with a score between 50-70 may qualify for up to 30% of the net present value of the estimated total tax liability for a term that may be as long as 10 years. Firms that score 50 and below do not qualify. In addition, tax revenue returned will not exceed 80% of the total tax liability in any single year.

Scoring System Factors

Economic/Fiscal Impact and Character of the Jobs

Kerrville/Kerr County's primary considerations when evaluating whether or not to offer a specific relocating or expanding company an incentive package is the potential aggregate economic and fiscal impact on the community and the character of the jobs to be created. Standard questions asked when evaluating firm-based incentives requests may include:

- What is the absolute size of the net benefit (economic and fiscal)?
- Is the firm a headquarters operation? Does it represent the "headquarters" of a new product line/service for the firm?
- Is the firm growing? Is the firm in a growing industry? How stable is the firm?
- Does the project represent a significant enhancement of the local tax base over and above the economic impact (i.e., a new entertainment/lodging facility that can choose whether or not to locate in the city limits)?

- Will the firm make a disproportionate demand on the community's environmental and infrastructure resources?

Policy Guideline #4:

The present value of the local economic impact of the relocation or expansion (as measured by new direct local payroll) should be at least \$285,000 annually at buildout to qualify for incentives. As a practical matter, that means that a firm paying an average hourly wage of \$14.20/hour (the average hourly wage in Kerr County in 2006) would have to employ at least 10 new people to qualify. Standards as to what counts as Acceptable, Good, etc. will vary by industry.

At first blush, this may appear to be "setting the bar low." However, the above represents a minimum level of investment that appears realistic in light of the labor force constraints facing the community. Moreover, it facilitates local firms qualifying expansion rather than relocation of existing Kerrville/Kerr County firms.

Policy Guideline #5:

The average wage paid as part of the relocation or expansion should exceed the local average wage for the firm's industry. As standard practice, the threshold for an "Acceptable" rating should be firms that will pay higher than average local wages for the company's industry and/or provide health insurance as part of the overall compensation. The standard for a "Good" rating would be firms that both pay higher than average local wages and provide health benefits (assuming they meet the minimum standard in Policy Guideline # 4). Additional factors (paid training, opportunities for advancement, connection to programs at Tivy or Schreiner, etc.) should also be considered.

While the above areas are the main criteria for determining the scope of inducements to offer, there are other considerations as well. The character of new jobs being created and a firm's overall labor practices are important, as it is in Kerrville/Kerr County's interest to ask not only "how many" but also "what kind?" To that end, industry-specific wage information can be used to evaluate if a firm is improving the overall wage climate in Kerrville/Kerr County.

Local Linkages to the Economy & Contribution to Community Vitality

While the above areas are the main criteria for determining the scope of incentives to offer, there are other considerations as well. A target business might have strong actual or potential linkages to the current Kerrville/Kerr County economy (such as specialty food manufacturers or entertainment venues in downtown), but might not qualify by using a traditional economic impact analysis approach. Therefore, it is important that the Kerrville/Kerr County incentives framework be able to consider these types of projects or opportunities as well. For these types of projects, the following questions should be reviewed:

- Does the project make use of an especially underutilized asset?
- Will the project create significant contracting opportunities for local firms?
- Does the project fill a hole in Kerrville/Kerr County's economic base?

- Does the project have the potential to either seed a new cluster or bring additional firms to Kerrville/Kerr County?
- Will the firm directly compete with existing local firms?

Policy Guideline #7:

Projects that address a specific need, such as workforce housing, destination retail/entertainment, and/or redevelopment/reuse of certain sites (such as Sid Peterson or the airport) may qualify for incentives if they receive public sector support outside of the incentive structure (through vehicles such as EIC funding, participation in a tax-increment financing district, expedited regulatory treatment, and/or the donation of land).

The evaluation process outlined above can be applied to any economic development situation, but is perhaps best suited to evaluating firms and, to a lesser extent, projects that are stand-alone developments. However, there clearly could be situations (such as the redevelopment of the Sid Peterson site or the possible creation of training capacity at the airport), which are outside these parameters. If the decision is made to offer public sector support, either financial or regulatory, then additional leverage could be created through providing tax incentives as well.

Policy Guideline #8:

Chapter 380/381 of the Texas Local Government Code, due to its flexibility and simplicity, is likely to be the preferred vehicle for any financial incentive agreement between Kerrville/Kerr County and a potential recipient.

Within this structure, sales taxes, property taxes, and other fees, etc. paid by the company could be eligible to be included in the agreement, although all should be returned, rather than waived/abated. Property taxes can be an incentive for existing space as well. For end-user purchase, Kerrville/Kerr County can offer to structure an agreement that returns, on a performance basis, the taxes that accrue based on the incremental growth of the property over time. The same process could be applied to end-user tenants, since commercial/industrial leases can be written as "triple net," where the tenant directly pays the cost of taxes, insurance, and utilities.

What this structure does is to insure that Kerrville/Kerr County covers its costs before offering incentives, while essentially forgoing the right to use the "profit" from the firm to cross-subsidize residents (as with utilities, commercial property taxpayers tend to provide a disproportionate share of revenue). At the same time, the community (and the city) gain in a number of additional ways, such as economic activity in the form of jobs and spending plus additional tax revenues.

Policy Guideline #9:

Financial incentives should not be "front-loaded." Rather, the community should set an incentive policy based on returning taxes and/or fees paid by a company upon execution of a specific set of agreed-upon performance criteria between the firm and each participating jurisdiction.

Standard economic development practice has moved toward using performance-based standards to safeguard the public interest in economic development incentive agreements. The extent of the incentive(s) to be offered could be a substantial percentage of the net gain to the community, as measured by the expected tax revenue gains minus direct costs, and the community should be aggressive in working with companies and projects that meet the criteria established. However, the return of these funds must be performance-based, and must occur after the funds have been paid initially to each participating jurisdiction.

Policy Guideline #10

Kerrville/Kerr County should reserve the right to craft a unique incentive package in the case of extraordinary opportunities for economic development in Kerrville/Kerr County. These may include cases with: 1) exceptionally high levels of economic impact as measured by investment, jobs, or tax revenue; or, 2) opportunities to leverage significant funds from other public sector jurisdictions, for example federal or state sources.

Inevitably, there will be situations that should be exceptions to the policy guidelines outlined above. This guideline provides some indication about the conditions under which an exception should be made, and acknowledges that overall policy must contain some flexibility.

Action:	Encourage the Cities of Kerrville and Ingram and Kerr County to adopt these standards to evaluate possible incentives for economic development projects
Primary:	Cities of Kerrville and Ingram and Kerr County
Support:	KEDF and Chamber
Start:	1-3 months

Example Projects

Example 1 - Specialty Food Processor

The Amalgamated Food Company seeks to establish new production capacity somewhere in the United States. Amalgamated intends to build a campus-style facility with an estimated value of \$12 million, and employ 65 full-time workers, the bulk of whom will be production staff. The City will need to spend \$300,000 in providing infrastructure related to the facility. Having narrowed their search to four communities (including Kerrville), Amalgamated has asked for incentives.

For the sake of argument, Amalgamated fits with the target industries identified for recruitment to Kerrville/Kerr County. At the same time, the firm is growing, and its labor force practices (both in terms of compensation, job structure, and provision of health insurance) are above industry standards.

Overall Economic and Fiscal Impact			
Minimal	Acceptable	Good	Excellent
0	10	20	30
Character of Jobs			
Poor/Minimal	Acceptable	Good	Excellent
0	10	20	30
Linkage to Local Economy/Targets			
Unconnected	Acceptable	Good	Excellent
0	10	15	20
Additional Contribution to Community Vitality			
Minimal	Acceptable	Good	Excellent
0	10	15	20
Bonus Points for Desired Development Location			0
TOTAL SCORE			75

Project Score = 75. This project would qualify for up to 50 percent tax incentive.

Project Details

Taxable Annual Sales	NA
Number of FTEs	65
Average Hourly Wage	\$12.50
Average Annual Wage	\$25,000
Total Annual Payroll	\$1,625,000
Taxable Hotel Revenue	\$0
Value of Property, etc	\$12,000,000
Payroll Growth Factor	3%
Sales Growth Factor	3%
Value of Plant/Equipment Growth Factor	3%
Hotel Revenue Growth Factor	3%
Discount Rate	6%
Present Value of Fiscal Benefits - No Incentives	\$908,913
Estimated Direct City/County Costs	\$300,000
Present Value of Fiscal Benefits - With Incentives	\$727,130
Present Value of Public Costs	\$273,588
Present Value of Net Benefits - With Incentives	\$453,542
Value to City/County as Percentage	50%

Example Abatement Schedule

Year	Kerrville	Kerr County	Direct Cost Timing
Year 1	20%	20%	60%
Year 2	20%	20%	20%
Year 3	20%	20%	20%
Year 4	20%	20%	0%
Year 5	20%	20%	0%
Year 6	20%	20%	0%
Year 7	20%	20%	0%
Year 8	20%	20%	0%
Year 9	20%	20%	0%
Year 10	20%	20%	0%

Example 2 - Biopharmaceutical Manufacturing Plant

ABC, Inc. is a leader in the growing field of biopharmaceutical manufacturing. ABC plans to build a facility and put in place equipment in the desired development zone with a total taxable value of \$6 million, and employ 15 full-time workers, with a mix of technical, professional, operators, and administrators among the firm's employees. There are no expected direct costs.

Overall Economic and Fiscal Impact			
Minimal	Acceptable	Good	Excellent
0	10	20	30
Character of Jobs			
Poor/Minimal	Acceptable	Good	Excellent
0	10	20	30
Linkage to Local Economy/Targets			
Unconnected	Acceptable	Good	Excellent
0	10	15	20
Additional Contribution to Community Vitality			
Minimal	Acceptable	Good	Excellent
0	10	15	20
Bonus Points for Desired Development Location			15
TOTAL SCORE			65

Project Score – 65. Qualifies for up to 30 percent tax incentive.

Project Details

Taxable Annual Sales	NA
Number of FTEs	15
Average Hourly Wage	\$22.50
Average Annual Wage	\$45,000
Total Annual Payroll	\$675,000
Taxable Hotel Revenue	NA
Value of Property, etc	\$6,000,000
Payroll Growth Factor	3%
Sales Growth Factor	NA
Value of Plant/Equipment Growth Factor	3%
Hotel Revenue Growth Factor	NA
Discount Rate	6%
Present Value of Fiscal Benefits - No Incentives	\$454,456
Estimated Direct City/County Costs	\$0
Present Value of Fiscal Benefits - With Incentives	\$318,784
Present Value of Public Costs	\$0
Present Value of Net Benefits - With Incentives	\$318,784
Value to City/County as Percentage	70%

Example Abatement Schedule

Year	Kerrville	Kerr County	Direct Cost Timing
Year 1	75%	75%	0%
Year 2	75%	75%	0%
Year 3	50%	50%	0%
Year 4	50%	50%	0%
Year 5	25%	25%	0%
Year 6	0%	0%	0%
Year 7	0%	0%	0%
Year 8	0%	0%	0%
Year 9	0%	0%	0%
Year 10	0%	0%	0%

Example 3 - Mixed Use Project

New Urban Builders plans to bring a mixed use project to a greenfield site in Kerr County within the city limits of Kerrville. The plan is to build 275,000 square feet of retail, add 75,000 square feet of office uses (expected to be largely medical related uses), and to add 200 housing units, of which 75 will be single-family priced between \$85,000 and \$115,000/unit, with the balance multi-family rental. The City and County will spend \$475,000 in infrastructure extensions. The following table details the project's financial parameters.

	Retail	Office	Single-Family	Multi-Family
Square Footage	275,000	75,000	75	125
Value/Unit-Sq Ft	\$125	\$145	\$100,000	\$75,000
Sales/Sq Ft	\$225			
Value	\$34,375,000	\$10,875,000	\$7,500,000	\$9,375,000
Sales	\$61,875,000			
Total Taxable Value	\$62,125,000			
Taxable Sales	\$61,875,000			

Overall Economic and Fiscal Impact				
	Minimal	Acceptable	Good	Excellent
	0	10	20	30
Character of Jobs				
	Poor/Minimal	Acceptable	Good	Excellent
	0	10	20	30
Linkage to Local Economy/Targets				
	Unconnected	Acceptable	Good	Excellent
	0	10	15	20
Additional Contribution to Community Vitality				
	Minimal	Acceptable	Good	Excellent
	0	10	15	20
Bonus Points for Desired Development Location				0
TOTAL SCORE				55

Project Score – 55. Qualifies for up to 30 percent tax incentive.

Project Details

Taxable Annual Sales	\$61,875,000
Number of FTEs	550
Average Hourly Wage	\$12.00
Average Annual Wage	\$24,000
Total Annual Payroll	\$13,200,000
Taxable Hotel Revenue	NA
Value of Property, etc	\$62,125,000
Payroll Growth Factor	3%
Sales Growth Factor	3%
Value of Plant/Equipment Growth Factor	3%
Hotel Revenue Growth Factor	NA
Discount Rate	6%
Present Value of Fiscal Benefits - No Incentives	\$15,000,035
Estimated Direct City/County Costs	\$475,000
Present Value of Fiscal Benefits - With Incentives	\$11,949,479
Present Value of Public Costs	\$429,448
Present Value of Net Benefits - With Incentives	\$11,520,030
Value to City/County as Percentage	77%

Example Abatement Schedule

Year	Kerrville	Kerr County	Direct Cost Timing
Year 1	40%	40%	50%
Year 2	40%	40%	25%
Year 3	40%	40%	25%
Year 4	40%	40%	0%
Year 5	10%	10%	0%
Year 6	10%	10%	0%
Year 7	10%	10%	0%
Year 8	0%	0%	0%
Year 9	0%	0%	0%
Year 10	0%	0%	0%

Priority 3 – Ensure that economic opportunity and advancement are available to all Kerrville/Kerr County residents by growing the middle class

Although the KEDF is not charged with community development activities per se, as one of the region's leading economic development participants it should be involved in setting the direction for local improvements that are made. This involvement will assure that the region is in the best condition possible to compete for retaining skilled workforce, targeting industries, and promoting entrepreneurship. For many of these tasks, the KEDF will play a supporting role to the primary organization responsible for this area.

Recommendation 1: Assist in the redevelopment of Downtown Kerrville Medical Complex

The *Kerrville Daily Times* recently opined that “a healthy and vibrant downtown benefits all concerned - the city, businesses, tourists and residents - in the form of an area that generates tax revenues from profitable businesses.” TXP concurs – downtown has the potential to be a focal point for the community, both in terms of the day-to-day lives of local residents and as a significant element of the attractions that make Kerrville/Kerr County appealing to both tourists and those relocating to the area. The movement of Sd Peterson Memorial Hospital and Guy Griggs building tenants as well as the closure of Schreiner Department Store have heightened the stakes, but have also created an opportunity to revitalize downtown in a manner that both enhances quality of life and maximizes economic development. No redevelopment possibility should be overly emphasized or discounted since the marketplace in the ultimate arbiter of which land use is the most viable over the long-term.

Christopher Leinberger of the Brookings Institute has devoted much time and energy to studying what works best in crafting a downtown revitalization strategy, and has encapsulated his work into twelve broad steps, as follows:

1. Capture the Vision
2. Develop a Strategic Plan
3. Forge a Healthy Private/Public Partnership
4. Make the Right Thing Easy
5. Establish Business Improvement Districts
6. Create a Catalytic Development Company
7. Create an Urban Entertainment District
8. Develop a Rental Housing Market
9. Pioneer an Affordability Strategy
10. Focus on For-Sale Housing
11. Develop a Local-Serving Retail Strategy
12. Re-create a Strong Office Market

In general, the first six steps are designed to put public policy in place necessary to create the infrastructure and financial structure to facilitate downtown redevelopment. The next six steps shift the focus to the private sector, and are designed to enhance the functioning of the real

estate market. While the details for each community inevitably will vary, “in one fashion or another, this strategic process has been implemented by all of the downtowns in which the author (Leinbarger) has worked.”¹

Leinbarger’s approach is an excellent general guide to downtown redevelopment, and should be followed (at least in outline form) as Kerrville/Kerr County creates the specifics of its plan. In addition, TXP recommends that:

1. The community should consider engaging outside help to coordinate and manage the downtown redevelopment process, in the process identifying all costs associated with the plan’s implementation.
2. The EC consider funding some portion of the costs identified above, either through direct grants, or the commitment to service debt.
3. A tax-increment financing district (TIF) or some similar financing instrument be put in place to help create additional resources.
4. Redevelopment of the Sd Peterson site becomes a priority. In that context, a site-specific plan should be developed as part of the overall downtown effort, with every effort to connect possible uses to targeted sectors. Local public sector jurisdictions, if feasible, should give strong consideration to helping catalyze the process as end-users of the site themselves.
5. The City of Kerrville should identify a single point of contact within the city that will serve as Project Coordinator for this and other large scale projects.

Action:	Engage a consultant to guide the development of a downtown redevelopment plan that identifies the highest and best use for existing buildings based on market conditions, development cost including infrastructure, and completion timeline
Primary:	Sd Peterson Hospital, City of Kerrville, and Kerr County
Support:	KEDF, EC
Start:	Immediately

¹ http://www3.brookings.edu/metro/pubs/20050307_12steps.pdf

Recommendation 2: Increase access to capital, promote entrepreneurship, and assist small business expansion

Economic development should be viewed as a pathway for making it easier for all segments of the population to afford to live and work in Kerrville/Kerr County. The area suffers from a widening gap between local wages and the cost of living. While economic theory states that earnings are closely related to productivity, recruiting higher paying firms from outside the region is only one tactic that can be used to address this concern. Another option, rooted in Kerrville/Kerr County's entrepreneurial history and spirit, is access to capital for the next generation of small business owners.

The building of a fertile small business environment provides communities a necessary economic safety net. A thriving small business sector is not only a primary source of employment, but also generates wealth, expands the tax base, encourages socio-economic mobility, incubates industrial innovation, and creates natural links to the economy at large. These benefits also alleviate economic strain caused by the loss or downsizing of large employers by absorbing workers, and continuing to generate capital and economic opportunity. A vibrant network of small businesses helps cities avoid over reliance on a few large businesses, whose closure could be debilitating. Small businesses reduce economic risk by spreading it among rich and varied entities that provide economic goods.

A sustainable and growing small business environment in Kerrville/Kerr County requires the free flow of capital to small businesses. Promoting this type of economic development activity only makes sense in a community with a rich tradition of entrepreneurship success stories. Currently, 32 local businesses have received approximately \$1 million from ACCION loans. This is the type of activity that should be enhanced and expanded.

Action:	Promote Kerrville/Kerr County to microlending programs such as ACCION Texas
Primary:	KEDF, Chamber
Support:	Local banks and financial institutions
Start:	6-12 months

Established in 1994, ACCION Texas is based in San Antonio with satellite offices in Austin, Brownsville, Corpus Christi, Dallas/Fort Worth, El Paso, Houston, Laredo, and McAllen. ACCION Texas provides entrepreneurs from these and other communities throughout the state access to credit and business support services not available from the commercial banking sector. Offices are staffed with loan officers and outreach personnel who market the program and provide information sessions to prospective clients, establish local community relationships, assist borrowers with loan applications, and conduct follow-up visits. Currently, there are 45 staff members and 8 summer interns.

ACCION has disbursed \$42 million in loans and served over 4,400 clients since 1994. The average loan increased over the same period from \$3,000 to nearly \$7,900. In the last three years (2003-2005), ACCION Texas has disbursed over \$20 million, representing 50 percent of all loans disbursed since 1994. ACCION currently has over 1,450 active clients and disbursed over \$8.1 million in loans in 2005.

Case Study – ACCION Lending Success Story

Petra Rosales, Pensamientos de Mi Tierra (El Paso)

Petra Rosales acquired her passion for preserving Mexican heritage from her father, a native of Zacatecas who immigrated to Texas with a head full of rich stories about the culture he experienced as a child. Years later, Ms. Rosales became interested in traditional Mexican costumes while her sons were involved in folklorico dancing. She began making dolls as a hobby, and quickly learned how to make them come alive with her special touch.

As word spread, she began making more dolls and selling them to friends. When she decided to turn her hobby into a business venture, she studied each region of Mexico to learn how to best reproduce its traditional dress. It wasn't long before orders started pouring in. A loan from ACCION Texas allowed Ms. Rosales to keep up with the demand. Ms. Rosales's husband quit his job as a mechanic to help with the doll making, and now they both work full-time in the business. Ms. Rosales design the costumes and paints the delicate features of the faces, and Mr. Rosales hand paints designs on the dresses.

Ms. Rosales's dolls have become sought after by serious collectors, and they have been displayed at exhibitions, festivals, galleries, and museums. Actor Edward James Olmos is one of her fans and has helped to promote her work. No two dolls are alike – each reflects Ms. Rosales's love of Mexican culture and careful investigative work and has an unmistakable air of authenticity.

Action:	Launch an internal marketing campaign that informs Hill Country businesses and residents about these programs
Primary:	Chamber, KEDF
Support:	Local banks and financial institutions
Start:	6-12 months

Kerrville/Kerr County should work to position itself as the Hill Country center of small business lending and access to credit for businesses that do not have access to loans from commercial sources. This strategy could have the affect of organically attracting firms to the region needing access to financing who otherwise would not have considered Kerrville/Kerr County as a location. This action is also consistent with the large number of semi-retired residents who live in the area that have extensive business management backgrounds who could serve as mentors for start ups.

Action:	Establish development processes that make it fast and affordable for small businesses to locate and expand in Kerrville
Primary:	City of Kerrville
Support:	KEDF
Start:	6-18 months

The local business survey indicated a degree of frustration with the City's development process. Many businesses said the process was too cumbersome, costly, and confusing. If this is a concern of existing employers, an entrepreneur or small business owner that does not have experience navigating these procedures might be discouraged from expanding in the area.

The KEDF could facilitate meetings and discussions with local developers and businesses to determine which specific steps in the process are perceived to be the biggest bottlenecks. In addition, the City of Kerrville could task a liaison with guiding small businesses through the development process. This person could serve as a formal or informal 'one-stop-shop' to project manage all development requests from small businesses or start ups.

Recommendation 3: Expand workforce training and skills development

Workforce development and education are the cornerstone for any economic development initiative. A strong pool of workers is critical to business expansion and recruitment to the region as well as industrial diversification. Kerrville/Kerr County is fortunate to be home to Schreiner University. Not only does the school attract students from the surrounding area, but it provides educational access and opportunity to local residents. Campus enrollment is projected to exceed 1,000 students this year.

Alamo WorkSource serves as the governing board for the regional workforce system, a network of service providers and contractors that brings people and jobs together. Alamo WorkSource represents the taxpayers of the 12-county Alamo region. Currently, Alamo WorkSource is actively involved with workforce training programs in Kerrville/Kerr County, spending roughly \$500,000 locally last year.

As part of the business survey, TXP asked local businesses about their perceptions regarding workforce quality, training programs, and availability. The general feeling was that each area could use improvement. The challenge is that each of these segments is interrelated and cannot evolve without the others. For example, new workforce training programs require students to participate, but this is a major impediment give the region's demographic constraints. In addition, Schreiner University is a fine university, but tuition costs exceed the financial resources of some segments of the community. Progress is also being made between Kerrville I.S.D. and Alamo Community Colleges to offer credited courses to students.

Given the number of groups already involved with workforce training and skills development, TXP believes the best opportunity to retain a workforce while improving skills would be to encourage Alamo Community Colleges to establish a program to offer credit classes and vocational training to the general public at a Kerrville location (similar to Austin Community College's center in Fredericksburg). This might be a logical extension of discussions currently underway with the Kerrville I.S.D.

A local community college center would assist the disadvantaged community by offering affordable training without the need to drive to San Antonio. In addition, students might qualify for financial assistance under existing Alamo WorkSource programs. The community should ensure that the geographic location of the facility is accessible to any public transportation in the region.

Action:	Recruit a community college to offer traditional courses and technical/vocational training to all Kerr County residents
Primary:	KEDF, Chamber
Support:	All organizations involved in economic development and education
Start:	18-36 months

Recommendation 4: Attainable Housing

Affordable housing and cost of living concerns were frequently cited by local businesses as major challenges for recruiting workers. The data on employees by place of residence confirmed that a large portion of the local job market is filled by people who live outside of Kerr County. In many communities, tension exists between allowing market forces to set the price of residential units with the basic housing needs of lower income residents.

The Department of Housing and Urban Development (HUD) defines affordable housing as costing the owner or tenant no more than 30 percent of gross income. According to a recent Federal Reserve Bank of Dallas report, "In Texas, the number of families facing a cost burden is growing three times faster than the availability of decent, affordable housing, according to the Texas Low Income Housing Information Service. Rising housing costs have created a housing shortage not only for lower-income groups, but also for middle-income professions such as teachers, nurses, firefighters, police officers and others who can't afford to live in the communities they serve. Maintaining employment does not guarantee that a family can find decent affordable housing."

Land and infrastructure costs for attainable and workforce housing within the City of Kerrville corporate limits are fast becoming prohibitive to keeping unit costs affordable, making any long-term solution challenging. In the short-term, however, an immediate opportunity exists to promote and support attainable housing. The Center Point/Eastern Kerr County area has become the prime area for the development of this type of housing.

To open this area for affordable housing and other developmental opportunities, the missing infrastructure elements must be put into place. Kerr County has committed to the development of a Wastewater Collection and Transmission System for this area, and to support the Upper Guadalupe River Authority (UGRA) in its efforts to improve water treatment and distribution; which upon completion should encourage development of this type. Therefore, a significant part of the long-range Economic Development strategy for correcting the workforce housing deficiency should include a concentrated effort of support of Kerr County and UGRA's efforts to bring infrastructure to this area within the earliest possible timeframe. TXP believes infrastructure development in the Center Point/Eastern Kerr County area is not only consistent with promoting affordable housing, but in a key component to support the other elements in this plan.

To address the long-term needs of affordable housing, TXP recommends convening an affordable housing summit with all relevant public, private, and non-profit organizations to discuss affordable housing. Communities that have had success in affordable housing initiatives have taken a long-term holistic approach to the issue. There is no easy or short-term comprehensive solution to this issue. It is likely that any strategy will require a strong financial commitment from the public sector.

For example, City of Kerrville and Kerr County consider creating financial incentives (outside the structure outlined in Priority 2) to encourage affordable housing. One approach used elsewhere is a tax increment financing (TIF) district. TIF revenues could be used to invest in land and/or infrastructure improvements within the defined area. The public improvements make the area more attractive to investors and increase property values – which generates more tax revenue than would have been expected absent the public improvements. These incremental taxes are removed from the general tax rolls and used to fund public improvements within the TIF district.

Action:	Host of Kerrville/Kerr County summit on affordable housing
Primary:	City of Kerrville and Kerr County
Support:	KEDF
Start:	12-18 months

***Case Study - City of Santa Fe, New Mexico
Making Housing Affordable***

The City of Santa Fe faces a serious affordable housing issue that stands as the area's top deterrent to economic development. The high number of wealthy individuals moving to the region for its quality of life has sent housing costs sky high. Today, the average cost of a home in Santa Fe is \$422,500 while the city's median household income is \$40,392.

What has the City done to make housing affordable? The City and local leaders developed a Strategic Housing Plan. The Plan contained a three-prong approach toward making housing more affordable: (1) building the capacity of nonprofit providers; (2) obtaining new sources of low-cost capital; and (3) bringing more affordable land to market.

Following the completion of the Plan, Santa Fe established the Affordable Housing Roundtable. The Roundtable was designed to implement the goals of the Affordable Housing Plan. After accomplishing the Plan's first three-year goals, the Roundtable continues to meet and has since assisted 1,900 households. Several major initiatives emerged and have proven effective in tackling the issue:

Building Nonprofit Capacity

- The quasi public-private Tierra Contenta Corporation was established in 1993 to develop an 860-acre affordable and environmentally sound housing project. The development includes 189 tax-credit apartments managed by Casas de Bueno Ventura, a nonprofit rental housing corporation. Houses are made affordable through low-interest loans, "soft 2nd" mortgage programs, and subsidies.
- The Santa Fe Community Housing Trust provides low interest home loans to more than 550 families a year. The Affordable Housing Trust Fund is largely made up of donations made by Santa Fe developers. The Trust Fund is administered by the Housing Trust;

however, the members of the Roundtable collectively determine how the dollars are to be allocated. The money, matched with other federal and conventional funding, is used exclusively for affordable housing projects in Santa Fe.

Obtaining Low Cost Capital

The Roundtable leveraged millions of dollars from private foundations and federal grants to provide more affordable housing in Santa Fe, including:

- The HOME Program gets funding from the New Mexico Mortgage Finance Authority
- Community Development Block Grants
- Department of Housing and Urban Development (HUD) funds which the City became eligible for after adopting a Comprehensive Housing Affordability Strategy.
- Private foundations such as the FEW Partnership for Civic Change, the Enterprise Foundation, and the McCune Charitable Foundation

Bringing Affordable Land to Market

- The City of Santa Fe purchased the 860-acre Tierra Contenta parcel in 1992 for mixed-income development by a quasi-public nonprofit corporation.
- The Roundtable created the Santa Fe Community Housing Trust as a staffed organization that provides, among other services, homes developed on land trusts for long-term affordability.

Other Programs

- Building Permit and Impact Fee Waivers is a City policy that waives up-front construction and associated building permit fees for nonprofit affordable housing developers.
- Down-payment Assistance Program provides funds to reduce the principal owed on a mortgage, allowing low- and moderate-income households to become homeowners. The program is administered by the Housing Trust and funded by the City through Community Development Block Grant (CDBG) funds matched with other funds.
- First Month's Rent and Damage Deposits was designed and administered by the City's Community Development Division, using HOME Program funds. The program provided the first month's rent and security deposits to homeless clients, as well as funding for new housing for homeless and mentally ill.
- Home-owner/Builder Program is a service provided by Neighborhood Housing Services of Santa Fe, Inc., to assist low-income individuals or families (those earning 80% of the

area median income) who own land, to build homes at a lower cost. The program encourages the tradition of owner-built homes in Santa Fe. In addition, the program allows for cost savings in housing production by taking land costs out of the financing equation and through the sweat equity of the homebuilder. A licensed general contractor oversees all phases of the construction process.

- Inclusionary Zoning (or Housing Opportunity Program) is an initiative by the Community Development Division to create affordable housing by establishing a mandatory requirement in new market-rate residential developments. The zoning requires that a certain number of the new homes will be set aside for low- to moderate-income households.

Priority 4 – Enact a coordinated economic development marketing campaign that increases awareness and perception of the community to the outside world

Economic development entails both capacity building and marketing. The strongest economic development efforts involve the entire community working together to improve the local “product,” while the economic development organizations work to increase awareness and perception of the community and its resources to both local stakeholders and the outside world. This section focuses on the marketing, while strategies related to capacity building and community development follow.

Marketing the Region

Kerrville/Kerr County has two enviable marketing strengths. First, its brand name is both widely known and positively perceived. Decades of tourism activity have built the community’s name recognition and resulted in a positive national image. Second, Kerrville/Kerr County is home to a population of people who love living there. Many residents have chosen Kerrville/Kerr County as a destination, often moving there from larger cities because of the County’s high quality of life. This trend means that the local population has potential to become a strong ally for economic development.

In this strategy, marketing recommendations are organized within two topics:

- **“Internal Marketing”** offers the Kerr Economic Development Foundation and its partners recommendations for bolstering collaboration and building widespread community support for economic development.
- **“External Marketing”** provides recommendations related to Kerrville/Kerr County’s push to attract new business investment from outside of the region.

As with previous strategies, accomplishing this objective will require participation and support of many organizations in Kerrville/Kerr County in addition to the KEDF. The Kerrville Area Chamber of Commerce, for example, will likely take a lead role on a number of these action items. As with other strategies, TXP has listed the primary and support organizations required for implementation.

Internal Marketing

Internal and external marketing activities should be equally balanced in terms of time and financial commitment. Internal marketing is essential to successful economic development. Companies want to locate in places that exhibit a spirit of teamwork. It assures executives that the community is friendly, welcoming, and will work together to help local businesses.

Recommendation 1: Move toward a more unified Kerrville/Kerr County identity.

Kerr County is home to numerous organizations whose own marketing activities influence the region's external image. The KEDF, Chamber, Convention and Visitors Bureau (CVB), and City and County governments all play significant roles in how Kerr County is perceived by the outside world, as do other organizations, such as educational institutions, local news media, arts and music organizations. All of these groups have their own logos, taglines, and sales messages that convey an image of Kerrville/Kerr County (see appendix for an illustration of the various logos and taglines that are communicated currently on Kerr County based organizations' websites).

As is evident, the colors, fonts, and messages vary greatly. Although it would be unreasonable to ask any of these organizations to drop their current logos, TXP recommends that the community take small steps towards unifying Kerrville/Kerr County's sales message to the outside world. To start, develop a Kerrville/Kerr County Web portal.

Action:	Develop a Kerrville/Kerr County Web portal.
Primary:	Chamber, KEDF
Support:	CVB, Cities, County
Start:	1-6 months

A large majority of Kerrville/Kerr County's audiences, from businesses to tourists and residents, will use the Internet to find information about the community. Currently, a Google search for "Kerrville" produces the following results:

Rank #1:	City of Kerrville	www.kerrville.org
Rank #2:	Kerrville CVB	www.kerrvilletxcvb.com
Rank #3:	Kerrville Chamber	www.kerrvilletx.com
Rank #4:	Kerrville Festivals	www.kerrvillefolkfestival.com
Rank #5:	Hill Country Visitor	www.hill-country-visitor.com

TXP recommends that the community develop a Web portal to all Kerrville/Kerr County organizations that directly affect economic development. The portal will show cohesiveness and serve as an important first step toward unifying the region's sales message.

This web based window could be as simple as one page containing links to the County, City, KEDF, Chamber, and CVB websites. Or, the portal could be formatted as a short website that highlights the region's assets and directs visitors as appropriate to other community websites. Consider the following advice when developing the portal:

- **Use a URL that is instinctive** for all audiences, for example, “kerrville.com” (which appears to be taken but inactive) or “kerrvilletexas.com” (which currently routes visitors to a different URL belonging to a local broker). As with these two examples, it would be necessary to purchase the domain from a current owner.
- **Keep graphics neutral but attractive.** If possible, use colors or graphic elements that are currently shared by multiple groups, such as a river and hills photo and a green, blue, and grey / black color palette.
- **List 3-5 sales messages on the homepage** that encompass advantages appealing to all audiences.
- **Give visitors specific navigation instructions** and call them by name. For example: “If you are interested in visiting Kerr County, click here” [link to CVB’s website]. Or, “Kerr County businesses click here” [link to Chamber]; “Interested in Kerr County as a business location? Click here [link to KEDF].”

As a final consideration, residents who have moved to Kerrville/Kerr County in the past five years could be its most enthusiastic spokespeople. Their fresh perspective and current connections to colleagues living outside of the region is a tremendous resource. They could become powerful promoters, and should be targeted for participation on the Prosperity Team.

Recommendation 2: Launch an internal marketing campaign to involve residents in economic development.

Action:	Organize community volunteers into a “Prosperity Team” charged with promoting the area
Primary:	EDF
Support:	Chamber
Start:	6-18 months

Organize, inform, and equip community evangelists with tools to help promote Kerrville/Kerr County. “Community evangelists” are vocal residents who exude enthusiasm for Kerrville/Kerr County. Tap into the community’s strong dedication to volunteerism, and put that spirit to work on behalf of economic development.

- **Organize a Kerrville/Kerr County Prosperity Team.** The Prosperity Team will reach out to and inform the outside world about Kerrville/Kerr County. To form the Team, invite individuals who provided their contact information in the TXP survey and who also made strong positive statements in their responses. You may also make an open call through an announcement in local newspapers.

Why would residents want to volunteer for economic development? Everyone in the community has at least one thing that they would like to improve about it, whether it is adding new retailers, revitalizing downtown, or growing jobs and earning potential.

Empower individual residents to contribute to these improvements through their participation in economic development.

- **Give the Prosperity Team a mission.** The Team's mission is to engage in a grassroots effort to promote Kerrville/Kerr County as a business location.
- **Schedule a kick off meeting with Team members.** At the meeting, engage Team members in composing written statements that capture their passion for living and working in Kerrville/Kerr County. Inform them of the ways that they can affect economic development in their personal lives, for example, by speaking positively about the community and asking others to do the same. At the end of the meeting, "deputize" participants as official Prosperity Team members. Hire a professional meeting facilitator to manage this meeting.
- **Communicate with Team Members.** Develop a Prosperity Team project website on which members can communicate with one another. Basecamp project management software, for example, would be an easy and affordable platform for facilitating interaction among members.
- **Launch a letter writing and telephone campaign.** Schedule a second Prosperity Team meeting. At the meeting, provide members with a letter and telephone script that (1) incorporates the statements they developed at the first meeting and (2) asks recipients to remember Kerrville as a great location for business. Ask Team members to send the letter or place a phone call with at least five well networked friends or past colleagues living outside of the Hill Country.
- **Complete the Team mission and gather the next round of recruits.** Host a final meeting with Team members to discuss the results of the letter writing / phone call campaign. With the first mission complete, members should formulate their next mission and recruit new "deputies" to assist in the campaign.

As a final consideration, residents who have moved to Kerrville/Kerr County in the past five years could be its most enthusiastic spokespeople. Their fresh perspective and current connections to colleagues living outside of the region is a tremendous resource. They could become powerful promoters, and should be targeted for participation on the Prosperity Team.

Recommendation 3: Market Kerrville/Kerr County to alumni of local high schools and Schreiner University.

Part of the internal marketing initiative should be reconnecting with people who lived in Kerrville/Kerr County as a youth but now live in a different city. These individuals may be entrepreneurs and executives who have positive memories of the community but never thought of it in terms of a business opportunity.

Action:	Create a "Come Back to Kerrville" web page aimed at high school and college alumni
Primary:	Chamber, CVB, KEDF
Support:	Schreiner University and Kerr ISDs
Start:	6-18 months

The webpage can convey information such as: (1) reasons why alumni should consider moving back to Kerr County, (2) local job postings, (3) links to realtors' websites, and (4) links to positive news stories about the community. Add a hyperlink on Schreiner University's Association of Former Student's website and on the Kerr ISD website. (Currently, hometokerrville.com and kerrvillealumni.com are both available.)

Action:	Promote Kerrville/Kerr County at class reunions and homecoming festivities
Primary:	Chamber, CVB, KEDF
Support:	Schreiner University and Kerr ISDs
Start:	6-18 months

At least twice each year, Kerr County plays host to Schreiner University and Kerr ISD's class reunions and homecoming events. During these weekends, the Kerr KEDF should host an event such as a barbeque or downtown concert at which it encourages attendees to consider a move back to Kerr County. Sell to their sense of nostalgia and social purpose to provide their families with the same high quality of life that they enjoyed as a child.

Recommendation 4: Target tourists

Tourism traffic means that Kerrville/Kerr County's audiences are coming to its doorstep. The more than 600,000 tourists visiting Kerrville/Kerr County each year represent a target rich environment for economic development. These individuals include target industry business executives and entrepreneurs, who enjoy their visit to Kerr County but may never consider the community as a business location.

Action:	Place economic development collateral in all local hotel rooms and tourist destinations.
Primary:	KEDF
Support:	CVB
Start:	1-6 months

- **Develop an attractive brochure** describing Kerrville/Kerr County's business advantages.
- **Place brochure in Kerrville/Kerr County hotel and motel rooms.**
- **Distribute the brochure at Kerrville/Kerr County tourist venues and festivals.** Focus on events that attract an audience from outside of the region, such as the Folk Festival, State Arts and Crafts Fair, and Wine and Music Festival. The KEDF may consider staffing a booth at these events to better distribute information and field questions.
- **Ask local camps to distribute the brochure to parents when they drop off kids.** Parents of youth attending local summer camps should be encouraged to spend time in Kerrville/Kerr County. Along with CVB materials, parents should receive information about doing business in the community.

External Marketing

Recommendation 1: Keep prospects and constituents updated on the KEDF's activities.

Action:	Develop an e-newsletter
Primary:	KEDF
Support:	Chamber
Start:	1-6 months

Newsletters are an ideal format for sharing economic development news. If properly developed, a single newsletter can be distributed to internal audiences, such as local investors and partners, as well as to external prospects.

- **Develop a contact database.** The first step in launching a newsletter campaign is to assemble all of the KEDF's contacts into one database. Initially, develop the database in a simple format, such as Excel. Dedicate time to updating contact information and collecting email addresses for every entry.
- **Design the newsletter.** TXP recommends developing an electronic newsletter. E-newsletters are significantly less expensive to distribute and indicate a more sophisticated marketing effort. Hire a graphic designer to develop the newsletter's header graphic and overall layout. We have provided several examples of economic development e-newsletters in the appendix of this strategy.
- **Use an e-newsletter service,** such as Constant Contact, Campaign Monitor, or MailChimp. These services allow users to upload their newsletter design and content. Some even provide attractive templates. Upload email addresses from the KEDF's contact database. The software will distribute the e-newsletter, report response rates, and inform you of bounce backs. The cost of these services is typically a few cents per contact.
- **Distribute the newsletter on a quarterly basis.** Be consistent and distribute the newsletter on a regular basis. Quarterly distribution will be a good approach in the beginning, although you may want to distribute monthly as economic development activity increases.

Recommendation 2: Target developers

Action:	Quarterly marketing missions to San Antonio and Austin
Primary:	KEDF
Support:	Chamber and local business executives
Start:	1-6 months

This task and the one that follows build on the project-based section of Priority 1. Many good contacts are based here in Texas. Develop a database of commercial brokers, commercial developers, and residential developers located in major Texas metros. Schedule quarterly visits to San Antonio and Austin and meet one-to-one with these contacts to inform them of opportunities in Kerrville/Kerr County. Add these contacts to the KEDF's newsletter database.

As these relationships develop, host a major networking event in San Antonio and Austin each year. These events could be golf tournament, for example, a Spurs basketball game, or a nice luncheon. As the marketing campaign expands in future years, organize similar marketing trips to Houston and Dallas.

Action:	Host a Kerrville Real Estate Day
Primary:	Chamber, KEDF
Support:	CVB, City and County officials, and local business executives
Start:	18-36 months

Organize a Real Estate Day in which Texas brokers and developers tour Kerrville/Kerr County to learn firsthand about business opportunities. This half-day event should include a brief presentation about the community, a bus tour of sites and community assets, and lunch. Provide guests with printed materials about available business properties, community statistics, and a map of the region.

Plan well in advance for this event, working with the CVB to arrange accommodations and entertainment for guests who choose to stay overnight. Develop professional looking print and electronic invitations, and distribute invitations at least 8 weeks in advance of the event. Follow up with personal phone calls to maximize participation.

Recommendation 3: Target retail developers

The survey conducted for this project revealed that increasing retail shopping options is a top priority. Although most retail developers have sophisticated approaches to site selection, and are primarily driven by population demographics, it is beneficial to build relationships with these businesses.

Action:	Exhibit at the annual ICSC conference in San Antonio
Primary:	Chamber, KEDF
Support:	N/A
Start:	6-18 months

The International Conference of Shopping Centers (ICSC) is the shopping center industry's global trade association. It has 65,000 members, which include shopping center developers, owners, managers, investors, lenders, retailers, and marketing specialists.

ICSC's Texas Conference and Deal Making event occurs every October in San Antonio. The conference attracts major companies such as Applebee's, Chipotle, FedEx, JC Penney, Staples, Starbucks, and The Container Store. Almost every major commercial developer is also present.

TXP recommends that the KEDF attend the 2007 conference (October 10-12), and begin exhibiting at the event in 2008. The cost to register is \$240 for members and \$345 for non-members. Exhibit space ranges in cost from \$350 to \$2100.

As with any show, plan in advance, follow up, and maximize your time while in attendance:

- Before the event, alert contacts that the KEDF will be exhibiting and invite them to visit the booth. Also, in advance of the show, call attendees to set up meetings.
- At the show, use creative techniques to bring people into your booth. Provide attractive handouts and presentations illustrating why Kerrville/Kerr County is an ideal location for retail.
- Personally follow up with contacts no later than 2 weeks following the show. Add all of these individuals and their companies to the KEDF's newsletter database.

Recommendation 4: Launch a public relations initiative

A good direct sales initiative aimed at building relationships should be balanced with a concerted effort to keep Kerrville/Kerr County's brand name in front of its economic development audiences. Public relations has been cited by site selectors as having a greater influence on their decisions than other forms of marketing, including advertising and direct mail. The good relationships that the KEDF builds on its marketing trips and trade shows will be reinforced when prospects read about the region in the news.

Action:	Distribute good business news to targeted media
Primary:	Chamber, KEDF
Support:	N/A
Start:	6-18 months

The KEDF can serve as a clearinghouse for positive news stories generated by local organizations. Begin by developing a contact list of Texas media and niche industry publications. Contact names for the editorial teams of these publications are often available on the publications' websites. Then, ask the business community, City, County, and other organizations to include the KEDF on their own PR distribution lists. In turn, distribute press releases to the KEDF's media contacts. In addition, post stories on the KEDF's website or portal page.

As the KEDF's campaign gains momentum, consider hiring a professional public relations firm. Seek firms with experience working directly for companies in Kerrville/Kerr County's target industries. Industry experience means that the firm will recognize what is considered newsworthy to target industries and will have contacts at appropriate publications.

Action:	Position Kerrville/Kerr County in front of state and national elected officials
Primary:	KEDF, Chamber
Support:	All local organizations receiving state or federal funding
Start:	Immediately

Continue to keep Kerrville/Kerr County top of mind among state and national public policy officials. Public funding already has a strong impact on the region's economy. A number of local organizations, such as the VA Hospital and Kerrville State Hospital rely on public funding for operations.

Increase the amount of public funding flowing into the region. This is, in part, a public relations initiative. Add public officials to the KEDF's newsletter database. Communicate with them frequently through letters and phone calls. Continue scheduling trips to Washington DC to meet one-to-one with national officials. Let them know that Kerrville/Kerr County values their support and recognized their important role in the community.

Budget

TXP recommends a starting marketing budget for year 1 to be \$55,000. This budget will be adequate to begin implementing the recommendations provided in this section of the strategy. It is comparable to the marketing budgets of similarly sized communities in Texas. Plan to increase the marketing budget at a rate of 10-20 percent each year.

Total 2008 Annual Budget:	\$55,000
Internal Marketing	
Portal page	\$ 2,500
Prosperity Team	\$ 5,000
Tourist campaign, incl. sales materials	\$10,000
"Come Home to Kerrville" campaign	\$ 7,500
External Marketing	
E-newsletter design and distribution	\$ 5,000
Quarterly marketing missions	\$ 3,000
Real Estate Days	\$10,000
ICSC Exhibit and materials	\$ 2,500
Public relations	\$ 7,500
Administrative	\$ 2,000

Priority 5 – Implement the strategies in such a way that maximum flexibility and accountability are maintained

From the outset, this plan was designed in such a way that the priorities led to clear implementation actions. Even with this objective in mind, it was essential that a single group would assume responsibility for the plan. The KEDF would need to play a key role, but it would have been inappropriate for the full responsibility to fall on a single group. The action items were too diverse and too broad to fall under one organization.

In addition to the implementation, TXP felt that an overall structure for economic development accountability and efficiency would be beneficial. The many groups with varying levels of economic development responsibility need to coalesce around a single vision for the community. This plan seeks to articulate a vision or framework, and in doing so requires a broad-based group to direct economic development.

Action:	Create the "Economic Development Council"
Primary:	KEDF
Support:	All groups involved with economic development
Start:	immediate

The Economic Development Council should represent the diversity of stakeholders in the community and should be assigned responsibility for monitoring the implementation of strategic plan. The current Economic Development Steering Committee would serve as a good starting point for building membership.

The initial Economic Development Council will also be charged with developing the group's long-term goals and objectives, organizational structure, and selection criteria for future Economic Development Council members. This should be completed within one year of the formation of the Economic Development Council.

The KEDF will provide support to the Economic Development Council, which will meet quarterly. On an annual basis, the Economic Development Council should review this report to measure progress and to set priorities

Action:	Establish performance-based economic development benchmarks
Primary:	Economic Development Council
Support:	KEDF
Start:	Immediate

The consulting team recommends the following three over-arching benchmarks:

- **Average Kerr County Wage** – If Kerr County's wage growth rate is faster than the state's rate, the benchmark will be achieved. This benchmark was chosen because Kerr County's local wage rate is now just 72 percent of the Texas average. In addition, achieving wage parity with the state also addresses some of the issues related to affordable housing, the need to commute to San Antonio for employment opportunities, and the ability to attract labor force participants.
- **Employment Growth** - If Kerr County's employment growth rate is faster than the state's rate, the benchmark will be achieved. Just released Q1 2007 employment data indicates year over year employment growth was slightly negative compared to a 3.5 percent growth rate for the state over this same time period.
- **Sales Tax Growth** - If Kerr County's sales tax growth rate is equal to the state's rate, the benchmark will be achieved. During the public input phase, there was a lot of discussion about existing shopping options, leakages to San Antonio, and how to better capture visitor spending. While population growth is a natural driver of retail sales because disposable income is somewhat finite, TXP believes existing leakages and Kerrville's tourism base could support more local retail activity. A review of 2007 sales tax collections (January to August) reveals that Kerrville's collections are up 1.6 percent compared to 6.9 percent for the state as a whole.

As part of the implementation plan, the KEDF and the project Steering Committee should host a public event to celebrate economic development ideas, continue project momentum, and get the community energized for the future. During the event, the community's economic development goals, major findings, and main strategies should be presented. Invite several community leaders to give brief presentations of support for the economic development strategy and to talk about Kerrville/Kerr County's future potential. Ask a prominent local personality to MC the event. Speakers should be dynamic communicators and well respected. Steering Committee members should help identify and invite the MC and speakers.

How will Kerrville/Kerr County will benefit from this event? Gaining community buy-in for the economic development strategy is the first step to ensuring its successful implementation. The event should be open to the public and widely publicized in local media. The more representatives from the Steering Committee who attend, the more successful the event will be. The event will show attendees that community leaders are committed to working together across organizations to executing the strategy and improving the region's economy. This will inspire other organizations to become involved in its implementation.

Who should attend? The event is open to the public. Be sure that the following individuals and organizations are invited: County/City elected officials and staff, Chamber of Commerce leaders and members, KEDF, educators, non-profit organizations, local media, business executives and

small business owners, as well as anyone who attended a focus group, interview, or filled out a survey.

Draft event agenda

Program Length: 1 hour 45 minutes total

Date: To be determined

Time: To be determined

Place: To be determined

7:00 a.m.	Doors open
7:00 a.m.	Networking among attendees, coffee and juice are available
7:20 a.m.	Guests are asked to be seated
7:30 a.m.	Event MC welcomes guests and recognizes VIPs, project sponsors
7:35 a.m.	MC introduces first speaker
7:35 a.m.	Speaker 1: Why was this planning process needed? Why is Kerrville / Kerr County committed to economic development?
7:45 a.m.	MC thanks Speaker 1, introduces Speaker 2
7:45 a.m.	Speaker 2: What does economic development mean for Kerrville / Kerr County? What is the future of economic development? Motivate audience to support economic development.
8:00 a.m.	MC thanks speaker, introduces TXP
8:00 a.m.	TXP presentation – highlights of the Economic Development Strategy and how audience can (and should!) get involved
8:30 a.m.	MC thanks TXP and requests questions from the audience
8:45 a.m.	Event concludes. Media is invited to stay afterward to interview speakers.

How to organize the event

1. Agree on event date and time. Begin organizing the event at least two months in advance.
2. Identify and secure a location for the event. If at all possible, host the event in a place that is uniquely Kerrville Kerr County. Consider a downtown location to emphasize our support for downtown development (such as the Cailloux Center).
3. Create a theme and title for the event.
4. Design electronic and print invitations. The Steering Committee should ask local design firm to develop an invitation (and perhaps a logo for the event) pro bono.
5. Draft an event agenda. Identify guest speakers to fill MC and key note slots.
6. Secure guest speakers (Steering Committee). Ask Steering Committee members to personally call these individuals and invite them to speak at the event.
7. Create a mailing and e-mail database of invitation addresses. The database should include all individuals who attended focus groups and interviews during the project. Ask Steering Committee members to distribute the invitation to their databases of contacts. Mail / e-mail invitations 2-3 weeks prior to the event. Send an e-mail reminder 2-3 days prior to

- the event. Call or visit VIPs to give them personal invitations. Invitations should be signed by key Steering Committee members, not just City staff.
8. Ask local media to publicize the event. Place a copy of the invitation in the newspaper. Think of creative ways to reach out to the public (posters, flyers, announcements at community events, through schools, for example).
 9. Ask Steering Committee members to do interviews with local radio stations and write Op-Ed pieces to publish in the local newspaper. Take every opportunity to talk publicly about economic development prior to the event. This will help educate people on the issues and spark their interest.
 10. Prepare a one-page flyer summarizing the findings of the Plan. Make copies of the handout to distribute at the event.
 11. Write and distribute a press release announcing the event. Send out the press release 3-4 days prior to the event. Invite the media to attend. One-day prior to the event, call local media reps with a reminder.
 12. Preview the room set-up one day prior to the event. Will the room have adequate A/V equipment (need microphone, LCD projector, podium, etc.)? How will the seats be arranged to accommodate the highest number of attendees? Will refreshments be served? Where will handouts be placed? Where will speakers be sitting? Where will the public officials and other VIPs be seated?
 13. Call speakers one-day prior to event. Ensure that speakers' needs are met and that they are clear on the agenda. If they are going to use presentation materials, make sure you get a copy of them the day before so that you can have it set up.

Action:	Roll out event for the strategic plan
Primary:	Economic Development Council
Support:	KEDF, Chamber
Start:	Immediate

Conclusion

As the business and community surveys indicate, the residents of Kerrville/Kerr County are comfortable with pursuing economic growth that enhances prosperity and preserves local quality of life. The findings, strategies, policies, and action items contained in this report are designed to serve as a roadmap toward that goal, and should provide guidance for the next several years. However, conditions inevitably will change, and local economic development efforts must respond. In that light, it is important to see this effort as not just a static plan, but as the beginning of an ongoing process. If Kerrville/Kerr County is successful in creating an environment where the community remains engaged beyond the implementation of this plan's recommendations the chances of meeting or exceeding the benchmarks are very good.

Appendix 1 – Summary of Priorities and Recommendations

Priority/Recommendation	Action	Primary	Support	Start
Priority 1 – Accelerate Growth Through Targets and Incentives				
	Have all groups involved in economic development in Kerr County adopt the KEDF's target industries list	Cities of Kerrville and Ingram and Kerr County	KEDF and Chamber	1-3 months
	Encourage public sector jurisdictions to expand the definition of target industries to include project-based developments	Cities of Kerrville and Ingram and Kerr County	KEDF and Chamber	1-3 months
	Develop a marketing plan for each target industry	KEDF and Chamber	CVB	Immediately
Priority 2 – Adopt incentive policy guidelines that are competitive with other regions while protecting the tax base				
	Encourage the Cities of Kerrville and Ingram and Kerr County to adopt these standards to evaluate possible incentives for economic development projects.	Cities of Kerrville and Ingram and Kerr County	KEDF and Chamber	1-3 months

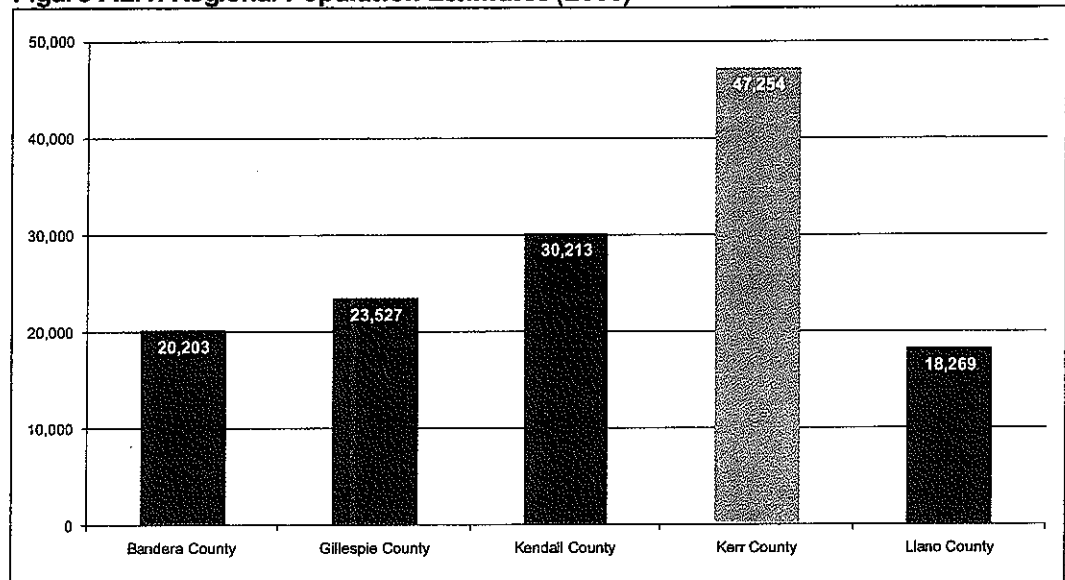
Priority/Recommendation	Action	Primary	Support	Start
Priority 3 – Ensure that economic opportunity and advancement are available to all Kerrville/Kerr County residents by growing the middle class				
Assist in the redevelopment of Downtown Kerrville Medical Complex	Engage a consultant to guide the development of a downtown redevelopment plan that identifies the highest and best use for existing buildings based on market conditions, development cost including infrastructure, and completion timeline	Sd Peterson Hospital, City of Kerrville, and Kerr County	KEDF, EC	Immediately
Increase access to capital, promote entrepreneurship, and assist small business expansion	Promote Kerrville/Kerr County to microlending programs such as ACCION Texas	KEDF, Chamber	Local banks and financial institutions	6-12 months
	Launch an internal marketing campaign that informs Hill Country businesses and residents about these programs	Chamber, KEDF	Local banks and financial institutions	6-12 months
	Establish development processes that make it fast and affordable for small businesses to locate and expand in Kerrville	City of Kerrville	KEDF	6-18 months
Expand workforce training and skills development	Recruit a community college to offer traditional courses and technical/vocational training to all Kerr County residents	KEDF, Chamber	All local organizations involved in economic development and education	18-36 months
Address attainable housing issues	Host a Kerrville/Kerr County summit on affordable housing	City of Kerrville and Kerr County	KEDF	12-18 months

Priority/Recommendation	Action	Primary	Support	Start
Priority 4 – Enact a coordinated economic development marketing campaign that increases awareness and perception of the community to the outside world				
Move toward a more unified Kerrville/Kerr County identity	Develop a Kerrville/Kerr County Web portal	KEDF and Chamber	CVB, Cities, County	1-6 months
Launch an internal marketing campaign to involve residents in economic development	Organize community volunteers into a "Prosperity Team" charged with promoting the area	KEDF	Chamber	6-18 months
Market Kerrville/Kerr County to alumni of local high schools and Schreiner University	Create a "Come Back to Kerrville" web page aimed at high school and college alumni	Chamber, KEDF	Schreiner University and Kerr ISDs	6-18 months
Target tourists	Promote Kerrville/Kerr County at class reunions and other festivities.	Chamber, KEDF	Schreiner University and Kerr ISDs	6-18 months
Keep prospects and constituents updated on the KEDF's activities.	Place economic development collateral in all local hotel rooms and tourist destinations	KEDF	CVB	1-6 months
Target developers	Develop an e-newsletter	KEDF	Chamber	1-6 months
Target retail developers	Quarterly marketing missions to San Antonio and Austin	KEDF	Chamber and local business executives	1-6 months
Launch a public relations initiative	Host a Kerrville Real Estate Day	Chamber, KEDF	CVB, City and County officials, and local business executives	18-36 months
	Exhibit at the annual ICSC conference in San Antonio	KEDF, Chamber	N/A	6-18 months
	Distribute good business news to targeted media	Chamber, KEDF	N/A	6-18 months
	Position Kerrville/Kerr County in front of state and national elected officials	KEDF, Chamber	All local organizations receiving state or federal funding	Immediately

Priority/Recommendation	Action	Primary	Support	Start
Priority 5 – Implement the strategies in such as way that maximum flexibility and accountability are maintained				
	Create the "Economic Development Council"	KEDF	All groups involved with economic development	immediate
	Establish performance-based economic development benchmarks	Economic Development Council	KEDF	immediate
	Roll out event for the strategic plan	Economic Development Council	KEDF	immediate

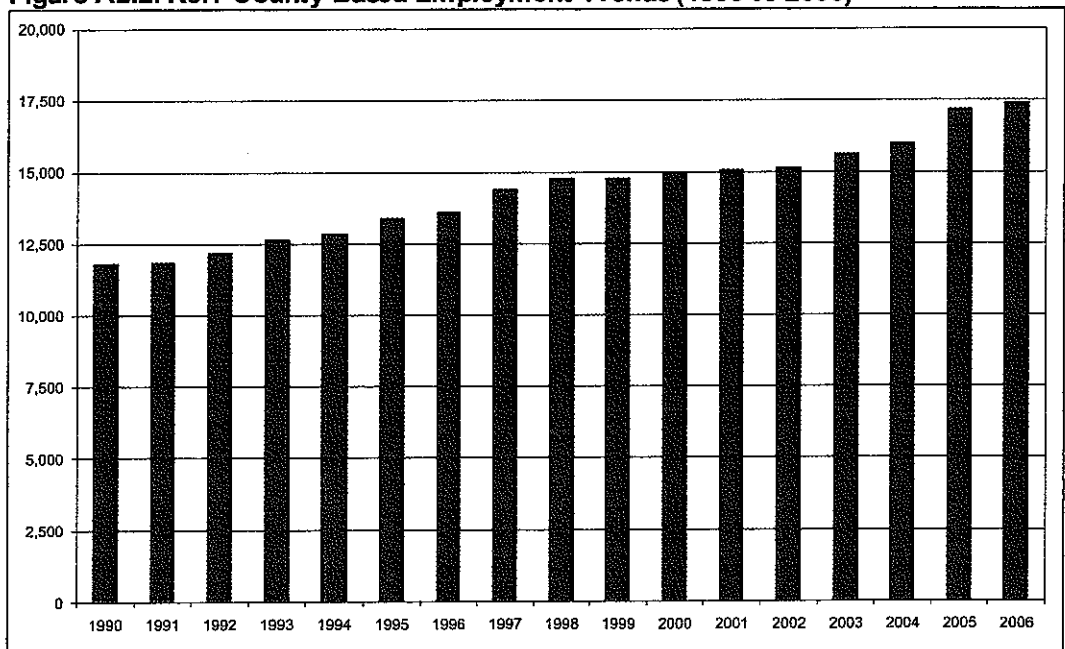
Appendix 2 – Economic & Community Data

Figure A2.1: Regional Population Estimates (2006)



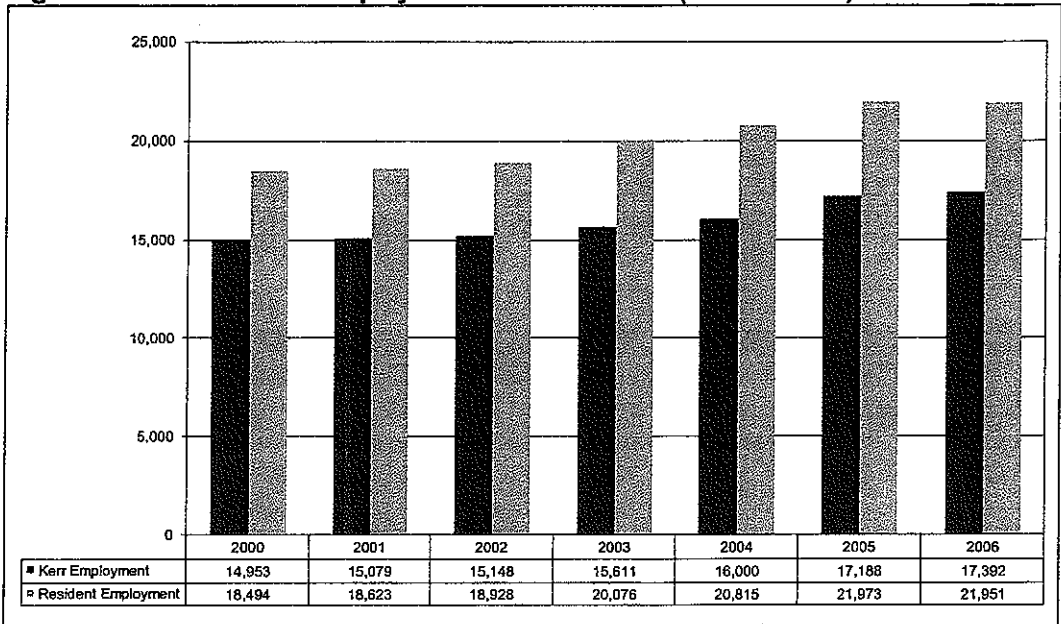
Source: U.S. Census Bureau

Figure A2.2: Kerr County-Based Employment Trends (1990 to 2006)



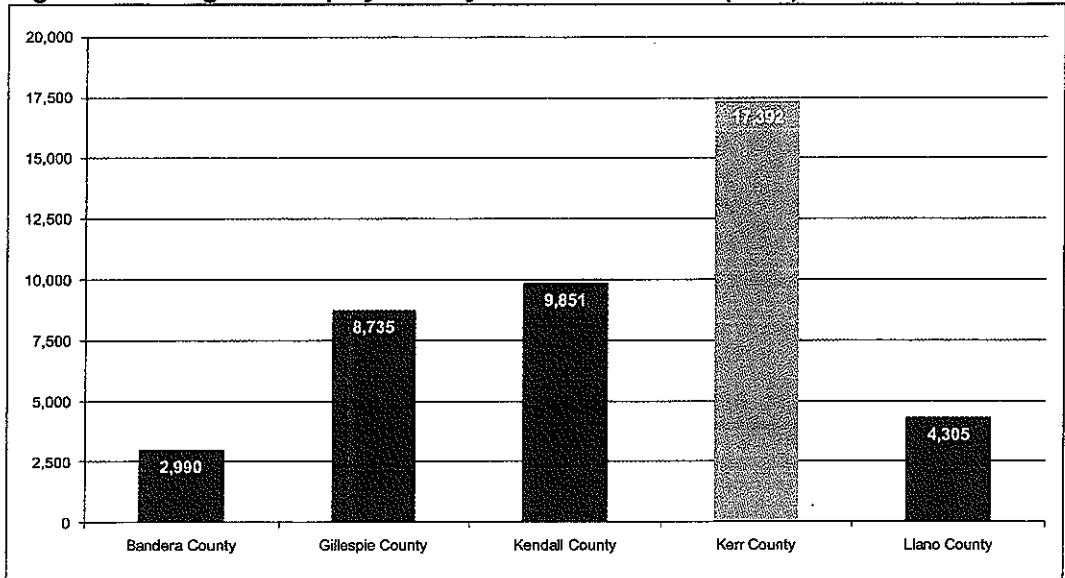
Source: U.S. Department of Labor – Bureau of Labor Statistics

Figure A2.3: Kerr Count Employment Characteristics (2000 to 2006)



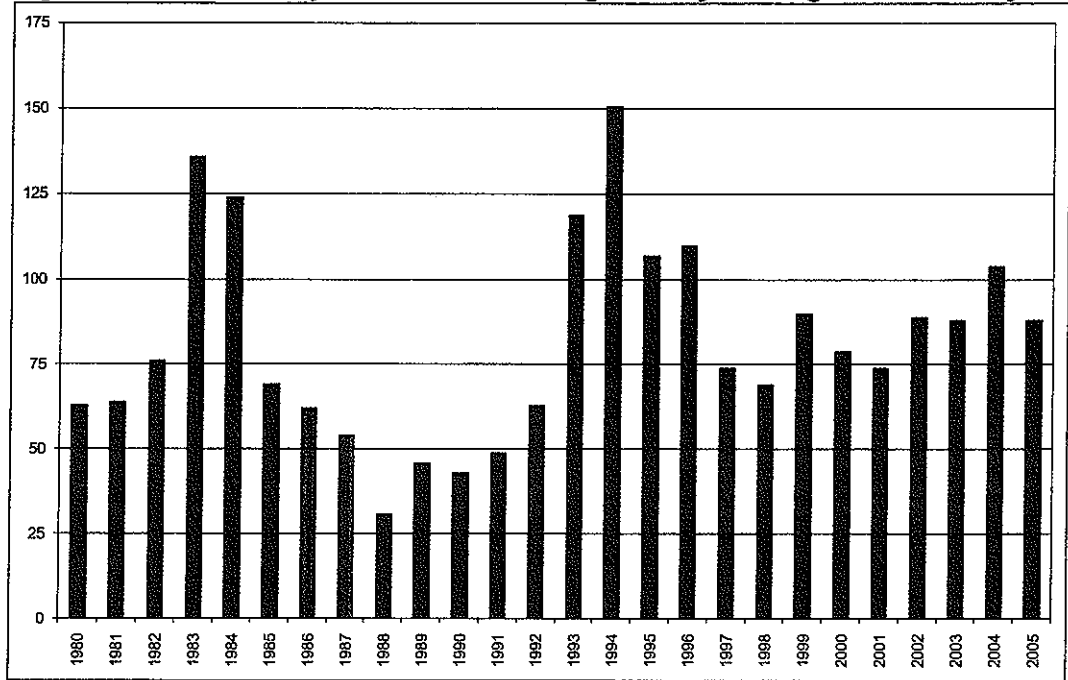
Source: U.S. Department of Labor – Bureau of Labor Statistics, Texas Workforce Commission

Figure A2.4: Regional Employment by Place of Residence (2006)



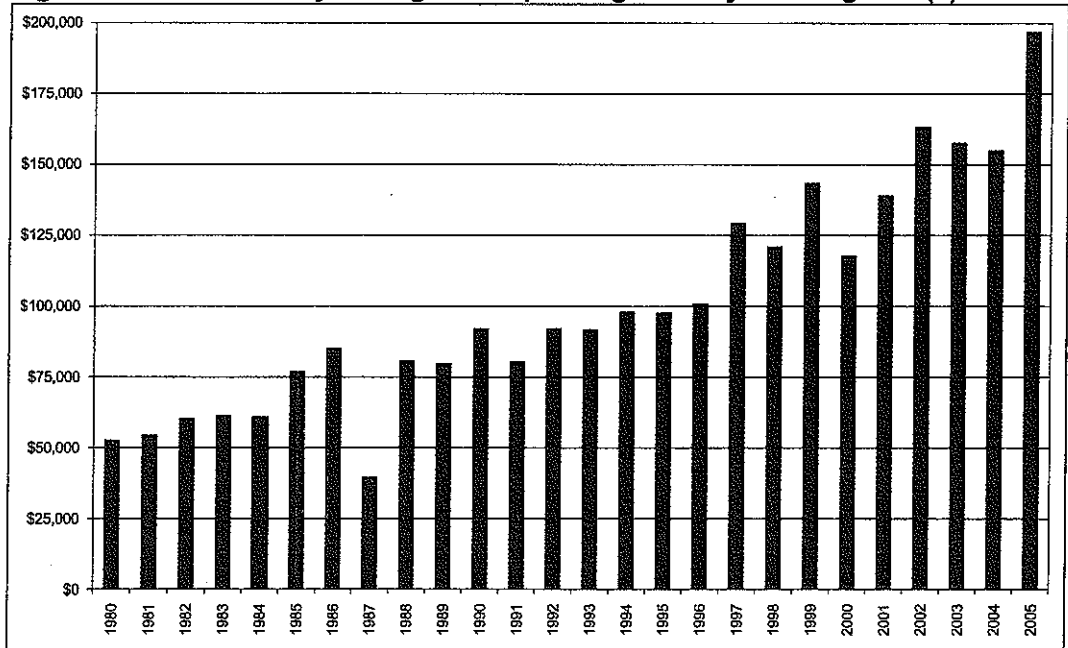
Source: Texas Workforce Commission

Figure A2.5: Kerr County State Residential Single-Family Building Permit Activity



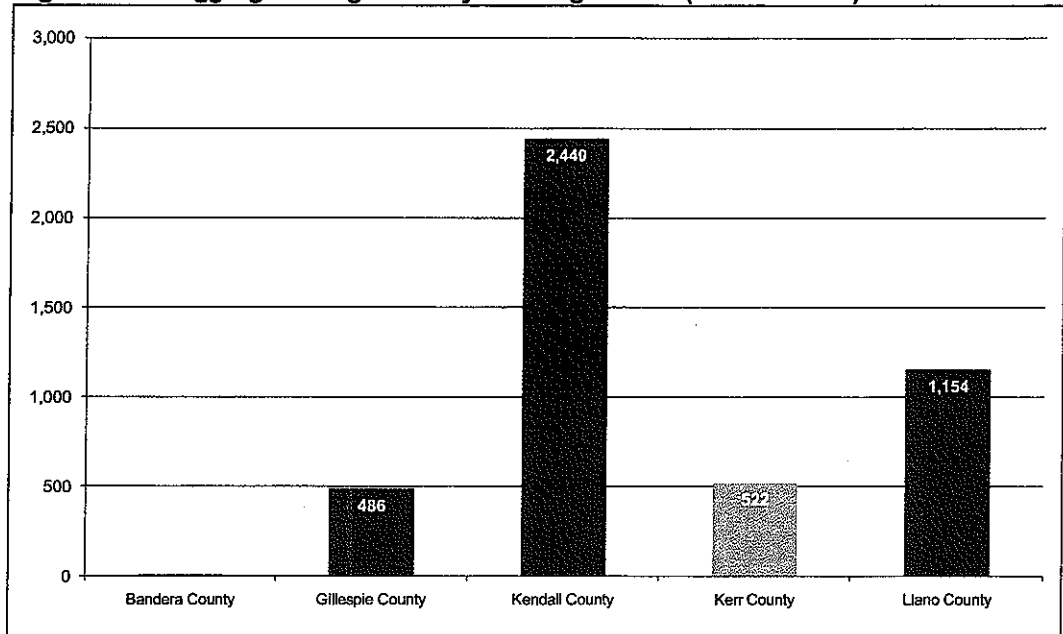
Source: Real Estate Center at Texas A&M University

Figure A2.6: Kerr County Average Value per Single-Family Dwelling Unit (\$)



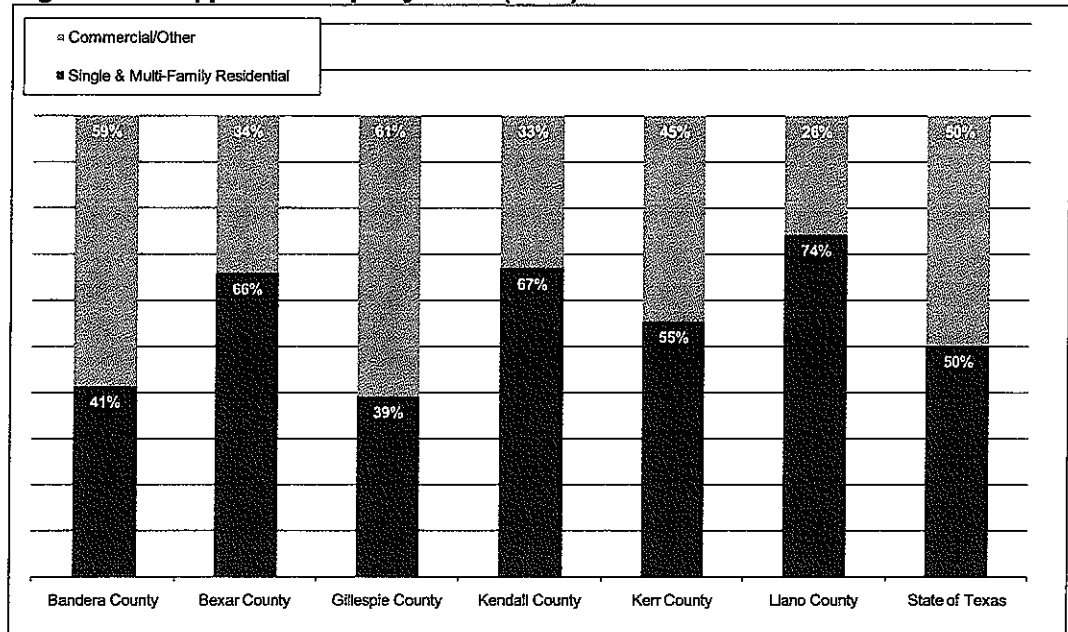
Source: Real Estate Center at Texas A&M University

Figure A2.7: Aggregate Single-Family Building Permit (2000 to 2005)



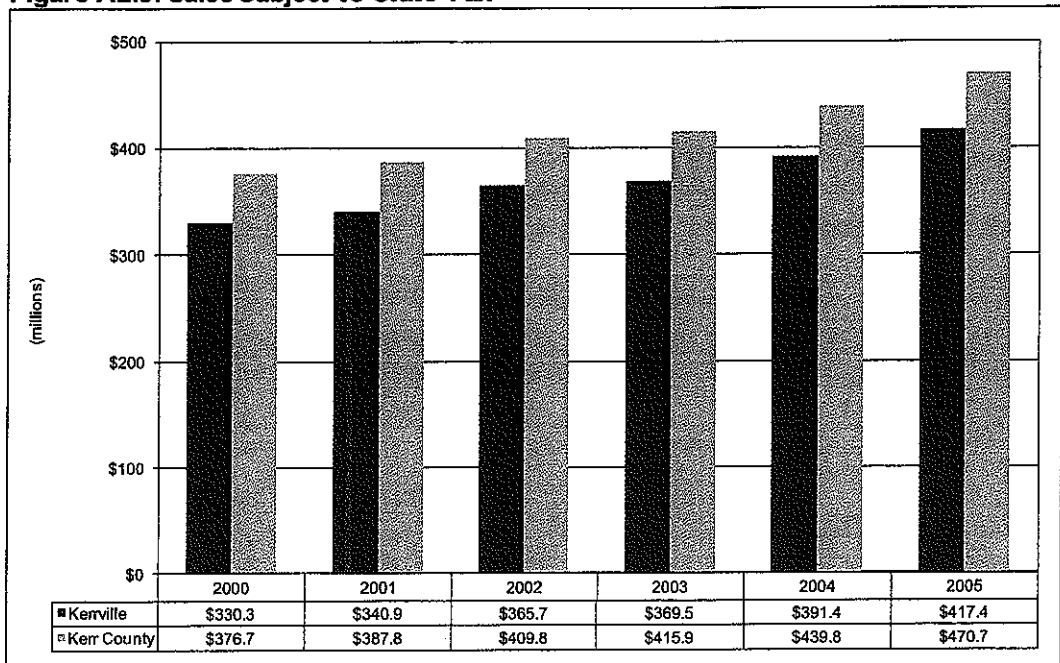
Source: Real Estate Center at Texas A&M University

Figure A2.8: Appraised Property Value (2005)



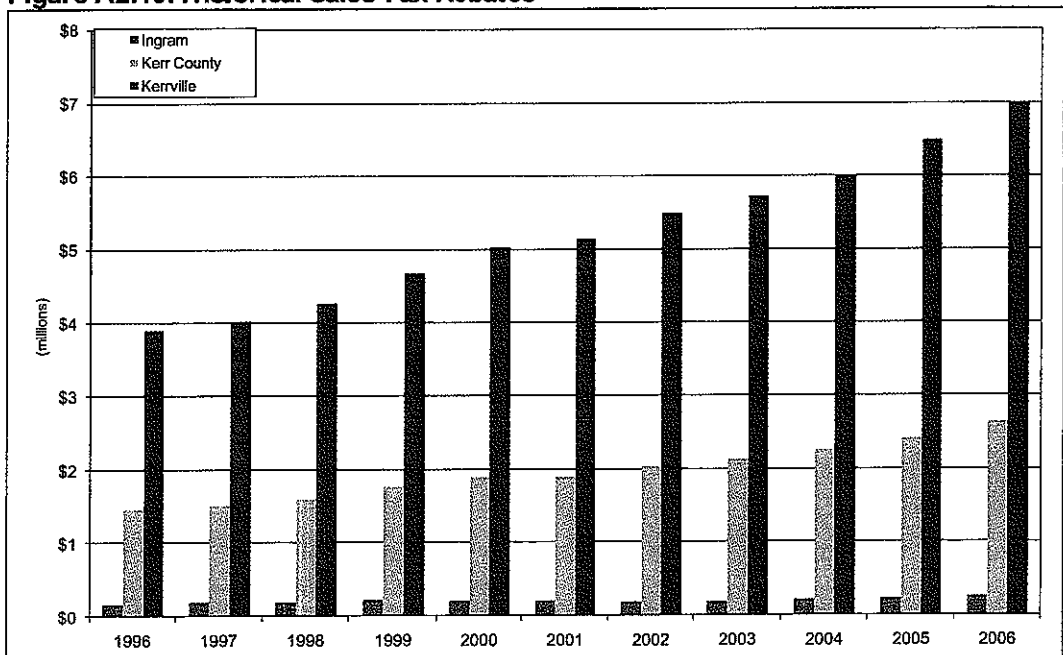
Source: Texas Comptroller of Public Accounts

Figure A2.9: Sales Subject to State Tax



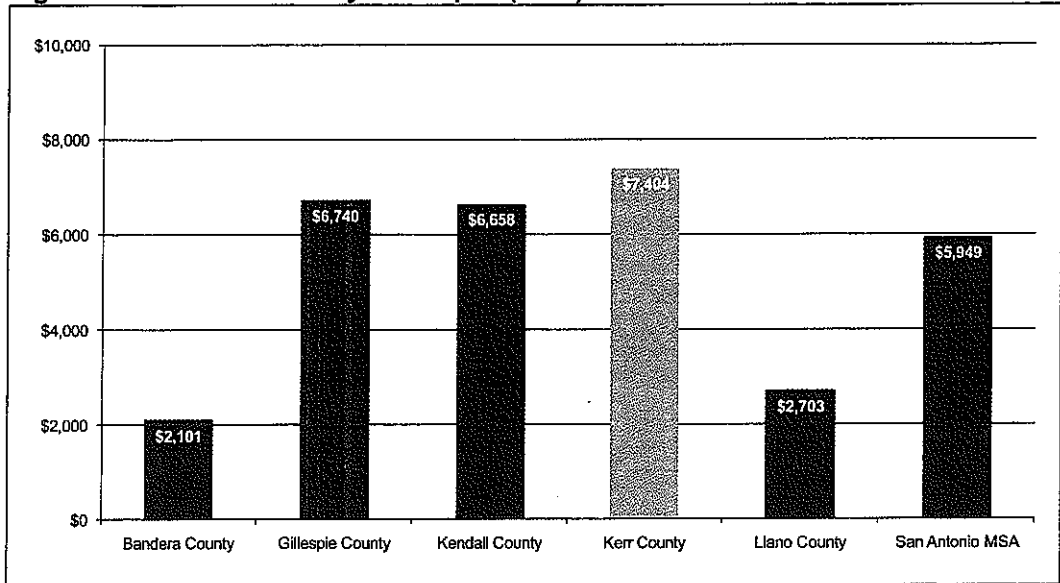
Source: Texas Comptroller of Public Accounts

Figure A2.10: Historical Sales Tax Rebates



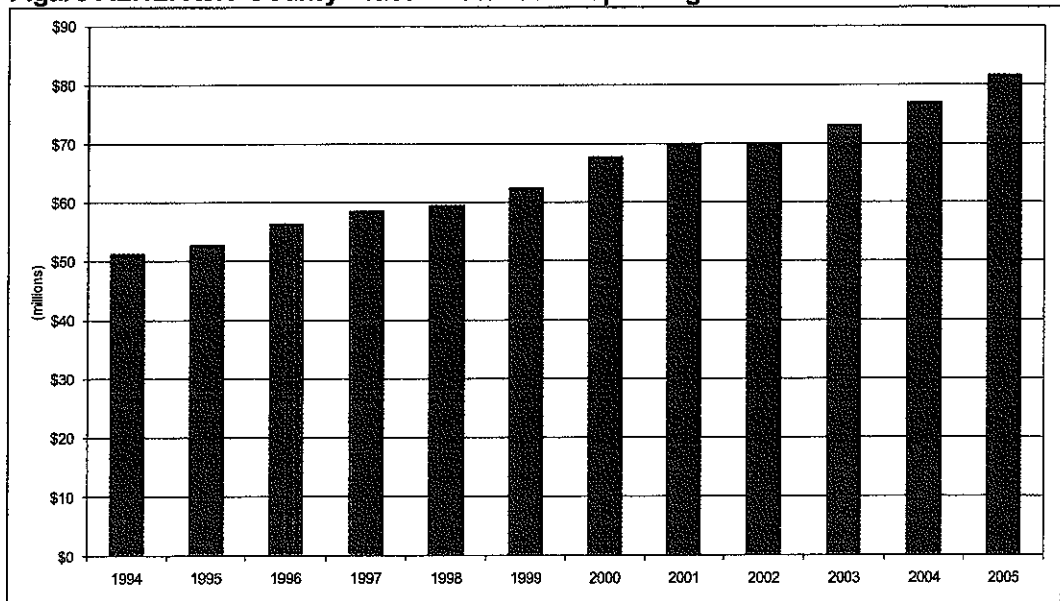
Source: Texas Comptroller of Public Accounts

Figure A2.11: Retail Sales by Per Capita (2005)



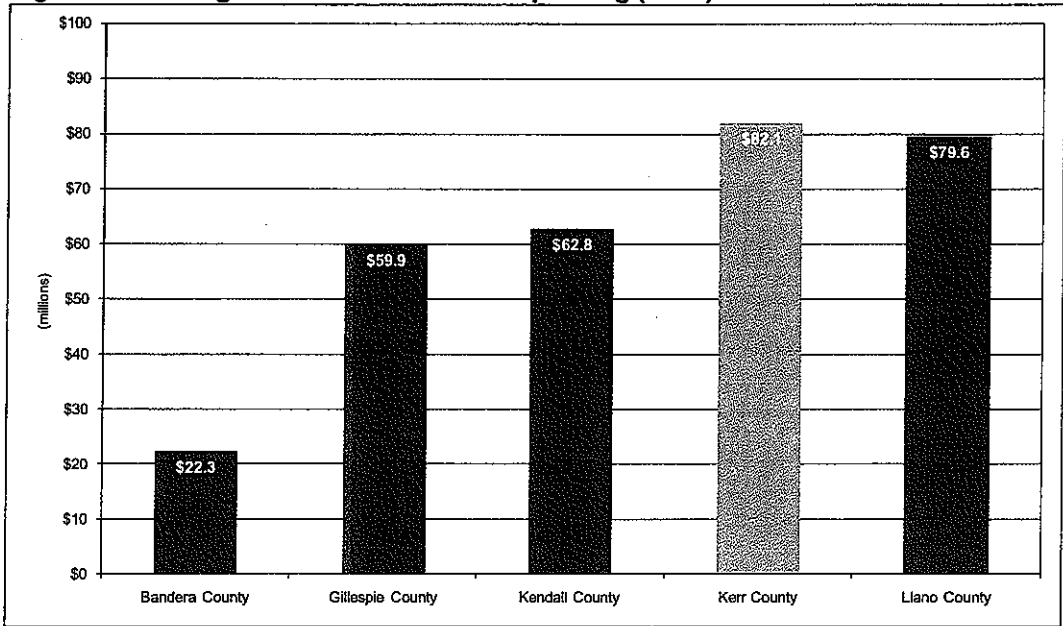
Source: TXP, Texas Comptroller of Public Accounts

Figure A2.12: Kerr County Visitor Destination Spending



Source: Office of the Governor, Economic Development and Tourism

Figure A2.13: Region Visitor Destination Spending (2005)



Source: Office of the Governor, Economic Development and Tourism

Appendix 3 – Business Survey Results

Figure A3 - 1: Where is your firm's main headquarters location?

	Response Percent	Response Count
Kerrville/Kerr County	79.27%	195
Texas	10.16%	25
North America	4.47%	11
Other (please specify)	6.10%	15

Figure A3 - 2: How long has the firm operated in Kerrville/Kerr County?

	Response Percent	Response Count
78010	0.41%	1
78024	3.25%	8
78025	3.25%	8
78028	89.02%	219
78058	0.41%	1
Other (please specify)	3.66%	9

Figure A3 - 3: What is firm's industry sector?

	Response Percent	Response Count
Agriculture, Forestry, Fishing, and Hunting	1.63%	4
Mining	0.41%	1
Utilities	1.22%	3
Construction	5.28%	13
Manufacturing	2.85%	7
Wholesale Trade	1.22%	3
Retail Trade	9.76%	24
Transportation and Warehousing	0.41%	1
Information	1.63%	4
Finance and Insurance	10.16%	25
Real Estate and Rental and Leasing	12.60%	31
Professional, Scientific and Technical Services	7.32%	18
Management of Companies and Enterprises	0.41%	1
Administrative and Support and Waste Management and Remediation Services	0.00%	0
Educational Services	3.25%	8
Health Care and Social Assistance	8.54%	21
Arts, Entertainment and Recreation	4.47%	11
Accommodation (hotel or motel)	1.22%	3
Food Services	3.25%	8
Public Administration (Government)	2.03%	5
Other (please specify)	22.36%	55

Figure A3 - 4: Where are the majority of your customers located?

	Response Percent	Response Count
Kerrville/Kerr County	67.76%	166
Greater San Antonio area	4.08%	10
Other Texas Communities	13.06%	32
Nationally	12.65%	31
Internationally	1.22%	3
Prefer not to answer	1.22%	3

Figure A3 - 5: Where are the majority of your suppliers located?

	Response Percent	Response Count
Kerrville/Kerr County	40.00%	98
Greater San Antonio area	15.51%	38
Other Texas Communities	13.06%	32
Nationally	25.31%	62
Internationally	1.22%	3
Prefer not to answer	4.90%	12

Figure A3 - 6: How many people does your firm employ in Kerrville/Kerr County?

	Response Percent	Response Count
1-9	63.22%	153
10-19	13.64%	33
20-29	6.20%	15
30-39	3.72%	9
40-49	3.31%	8
50-99	4.13%	10
100 or more	5.79%	14

Figure A3 - 7: What is the firm's average wage for all employees?

	Response Percent	Response Count
Less than \$15,000	9.09%	22
\$15,000 to \$24,999	19.01%	46
\$25,000 to \$34,999	26.45%	64
\$35,000 to \$44,999	13.22%	32
\$45,000 to \$54,999	6.20%	15
\$55,000 to \$64,999	2.89%	7
\$65,000 or more	4.13%	10
Prefer not to answer	19.01%	46

Figure A3 – 8: Please select the benefits your firm provides (Select all that apply)

	Response Percent	Response Count
401k, IRA, pension or other retirement plan	41.74%	101
Health insurance	46.28%	112
Paid vacation	69.01%	167
Education reimbursement	27.69%	67
Other (please specify)	39.26%	95

Figure A3 - 9: How many net new employees did you hire last year in the County?

	Response Percent	Response Count
None	39.48%	92
1-5	48.50%	113
6-9	4.29%	10
10-14	2.58%	6
15-24	1.72%	4
25 or more	3.43%	8

Figure A3 - 10: How many employees do you expect to add over the next five years?

	Response Percent	Response Count
None	27.04%	63
1-5	52.79%	123
6-9	6.87%	16
10-14	4.72%	11
15-24	3.00%	7
25 or more	5.58%	13

Figure A3 - 11: How difficult is it to find employees in the Kerrville/Kerr County region for the following broad job classifications?

	Not Difficult		Somewhat Difficult		Very Difficult	Rating Average	Response Count
Administrative	34	43	81	32	23	2.85	213
Customer Service	22	41	79	37	34	3.09	213
Sales & Marketing	21	37	82	50	23	3.08	213
Technical & Production	6	21	80	55	51	3.58	213
Management	15	32	67	51	48	3.4	213
Trades	14	41	71	39	48	3.31	213

Figure A3 - 12: What are the three biggest challenges related to employee recruitment?(select up to three choices)

	Response Percent	Response Count
General shortage of workers	52.58%	112
Lack of technical skills	54.93%	117
Cost of living is too high in Kerrville/Kerr County	55.87%	119
Higher wages offered by firms in surrounding counties	37.56%	80
Other (please specify)	24.88%	53

Figure A3 - 13: Rate the level of satisfaction with the following business issues.

	Not Satisfied		Somewhat Satisfied		Very Satisfied	Rating Average	Response Count
	(1)	(2)	(3)	(4)	(5)		
Police/fire protection	3	4	34	83	80	4.14	204
Water quality / quantity	7	16	50	83	48	3.73	204
Sewer / sewage treatment	9	8	46	91	50	3.81	204
Power availability	2	4	37	95	66	4.07	204
Regulatory zoning	37	46	72	35	14	2.72	204
Regulatory enforcement	31	46	73	41	13	2.8	204
Community planning	40	62	66	22	14	2.55	204
Business incentives	65	65	56	12	6	2.16	204
Workforce training	42	66	67	24	5	2.43	204
Business recruitment and retention	40	70	79	12	3	2.35	204
Property tax assessment (fair & equitable)	58	61	72	10	3	2.21	204

Figure A3 - 14: What word or words describe the Kerrville/Kerr County region as a business location?(Repeated answers removed; answers in no specific order)

- Unpolluted
- Good place to live, bad place for business
- Lack of rail served sites limits business
- Ready for more choices
- Beautiful area, great climate, insufficient work force
- Limited primarily to services rendered to local population
- Good opportunity for business growth
- Behind the times
- Good location
- Fickle
- Desirable
- Friendly, receptive, slow
- Best of all worlds - lots of old money and new money
- Very friendly customers
- Hampered by lack of labor, affordable housing, and retail shopping
- Great potential
- Great if you're retired, abominable if you're trying to build a career
- Very nice area to work in, difficult to start a business
- Off the beaten path
- Not as business friendly as it should be
- Difficult
- Specialty
- Small town
- Slow to adapt to technology
- Economic development is not a focus
- Outstanding place to live and work
- Absolutely terrible
- Limited
- Retirement destination
- Excellent
- Aesthetically appealing
- Fine cultural and intellectual offerings
- Excellent medical services
- Heavy on service, tourism, and medical industries, but light on manufacturing
- Growing
- Exceptional community involvement
- Hard to be productive and competitive
- Willing to take risks
- Good quality of life
- No aggressive in attracting new businesses
- Resistant
- Tough
- Potential
- Very expensive
- Not well planned
- Haphazard
- Beautiful place to work
- Difficult to find workers
- Short term, great, long term terrible
- Good climate
- Focus on retirees and tourism
- Not good accessibility
- High on need, low on skill
- Possibilities
- Great community work ethic
- Relaxed
- Functional working hub
- Rapidly growing
- Status quo
- Lifestyle
- Soft
- Challenging
- Good geographically
- Comfortable
- Fragmented
- Very good
- Officials seem to not want new industry
- Not business friendly
- Beautiful and wonderful if you can afford it
- Great place to live and raise a family

-
- Promising
 - Fair
 - Antiquated local politics
 - Poor location due to lack of skilled employees
 - Growth potential
 - Laid back
 - Service sector
 - Responsive City government
 - Excellent healthcare
 - Lack of affordable housing
 - Lovely climate
 - Good for a small market
 - Mediocre
 - Popular but difficult
 - City is hard on existing businesses and new developments
 - Not enough industry in the County
 - Satisfactory
 - The best place to live of anywhere I know
 - City staff is making progress
 - Growing pains
 - Good location for small business
 - Wonderful climate

Appendix 4 – Community Survey Results

Figure A4 - 1: Please select the zip code for your residence.

	Response Percent	Response Count
78010	2.91%	23
78024	3.54%	28
78025	6.71%	53
78028	81.65%	645
78058	0.76%	6
Other (please specify)	4.43%	35

Figure A4 - 2: How long have you lived in Kerrville/Kerr County?

	Response Percent	Response Count
0-2 yrs	13.04%	103
3-4 yrs	10.76%	85
5-6 yrs	8.61%	68
7-10 yrs	12.41%	98
11-15 yrs	12.15%	96
15 yrs or longer	43.04%	340

Figure A4 - 3: What was the major reason you moved to Kerrville/Kerr County?

	Response Percent	Response Count
Employment opportunity (new job or transfer)	25.57%	202
Retirement	16.84%	133
Quality of life factors	28.23%	223
Cost of living	1.39%	11
Other (please specify)	27.97%	221

Figure A4 - 4: Are you currently employed (including part-time and self-employed)?

	Response Percent	Response Count
Yes	69.07%	545
No	11.66%	92
Seeking Employment (full or part-time)	1.01%	8
Retired	15.72%	124
Other (please specify)	2.53%	20

Figure A4 - 5: Please select your employer's industry sector.

	Response Percent	Response Count
Agriculture, Forestry, Fishing, and Hunting	1.66%	9
Mining	0.00%	0
Utilities	0.37%	2
Construction	2.95%	16
Manufacturing	2.03%	11
Wholesale Trade	0.55%	3
Retail Trade	4.79%	26
Transportation and Warehousing	0.37%	2
Information	2.58%	14
Finance and Insurance	11.97%	65
Real Estate and Rental and Leasing	5.16%	28
Professional, Scientific and Technical Services	8.47%	46
Management of Companies and Enterprises	0.37%	2
Administrative and Support and Waste Management and Remediation Services	0.74%	4
Educational Services	6.63%	36
Health Care and Social Assistance	27.07%	147
Arts, Entertainment and Recreation	0.92%	5
Accommodation and Food Services	3.68%	20
Public Administration (Government)	6.45%	35
Other	13.26%	72

Figure A4 - 6: Where is your employer located?

	Response Percent	Response Count
Telecommute / Work from home	3.87%	21
Kerrville	83.06%	451
Kerr County (not in Kerrville)	7.73%	42
San Antonio area	0.92%	5
Other (please specify)	4.42%	24

Figure A4 - 7: As part of this process, it is important to formulate a shared understanding for “what counts as success?” Do you support the notion that economic development success is defined as “Enhanced prosperity and quality of life for Kerrville/Kerr County” defined by the following characteristics:

- Higher income levels
- Increased retail and entertainment options
- Greater job opportunities within the county
- Larger and more diversified tax base
- Overall growth while protecting the unique character of the region

	Response Percent	Response Count
Yes	80.65%	617
No	7.32%	56
Not Sure	12.03%	92

Figure A4 - 8: How satisfied are you with these factors related to prosperity and quality of life in Kerrville/Kerr County?

	Not Satisfied		Somewhat Satisfied		Very Satisfied	Rating Average	Response Count
	(1)	(2)	(3)	(4)	(5)		
Public education (K-12)	45	60	261	271	128	3.49	765
Higher education opportunities	90	92	263	214	106	3.2	765
Workforce training programs	111	165	366	100	23	2.68	765
Cost of living	141	191	263	132	38	2.65	765
Entertainment & recreation	99	127	222	206	111	3.13	765
Arts & culture	32	64	191	268	210	3.73	765
Public safety	24	48	219	333	141	3.68	765
Healthcare (inpatient and outpatient)	42	63	184	290	186	3.67	765
Retail shopping options	187	198	251	112	17	2.44	765
Cost of housing	233	197	225	83	27	2.31	765
Historic preservation	85	116	273	224	67	3.09	765
Growth management	170	196	282	102	15	2.47	765
Public service	55	107	317	233	53	3.16	765
Employment opportunities	157	231	269	91	17	2.45	765
Economic and business development recruitment	158	207	306	77	17	2.46	765
Tourism marketing and promotion	60	104	263	245	93	3.27	765
Kerrville's overall image	35	78	244	294	114	3.49	765
Volunteer opportunities and community involvement	15	33	155	288	274	4.01	765
Effective government leadership	134	167	298	135	31	2.69	765

Figure A4 - 9: What do you believe are the top three economic development priorities for Kerrville/Kerr County?(Select up to three choices)

	Response Percent	Response Count
Business recruitment and expansion	62.76%	460
More affordable housing	63.57%	466
Higher paying jobs	64.26%	471
Better lifestyle amenities	23.60%	173
Greater educational opportunities and workforce development	30.83%	226
Increased image and awareness about Kerrville/Kerr County	16.92%	124
Other (please specify)	17.87%	131

Figure A4 - 10: Age (optional information)

	Response Percent	Response Count
< 18	0.14%	1
18-24	1.51%	11
25-34	8.80%	64
35-44	14.03%	102
45-54	23.11%	168
55-64	23.38%	170
65+	27.24%	198
Prefer not to answer	1.79%	13

Figure A4 - 11: Educational Attainment (optional information)

	Response Percent	Response Count
Less than 9th grade	0.28%	2
9th to 12th grade, no diploma	0.69%	5
High school graduate	7.43%	54
Some college, no degree	22.15%	161
Associate degree	7.29%	53
Bachelor's degree	29.57%	215
Graduate or professional degree	31.09%	226
Prefer not to answer	1.51%	11

Figure A4 - 12: Annual Household Income (optional information)

	Response Percent	Response Count
Less than \$15,000	1.83%	13
\$15,000 to \$24,999	5.50%	39
\$25,000 to \$34,999	7.76%	55
\$35,000 to \$49,999	12.41%	88
\$50,000 to \$74,999	19.04%	135
\$75,000 to \$99,999	15.23%	108
\$100,000 to \$149,999	13.68%	97
\$150,000 or more	11.28%	80
Prefer not to answer	13.26%	94

Appendix 5 – Community Survey Results – Age 65+

The survey results have been filtered based on the optional question that asks the respondent's age. This data is for respondents who indicated their age is 65+.

Figure A5 - 1: Please select the zip code for your residence.

	Response Percent	Response Count
78010	2.02%	4
78024	4.04%	8
78025	7.58%	15
78028	84.85%	168
78058	0.00%	0
Other (please specify)	1.52%	3

Figure A5 - 2: How long have you lived in Kerrville/Kerr County?

	Response Percent	Response Count
0-2 yrs	10.10%	20
3-4 yrs	8.08%	16
5-6 yrs	6.57%	13
7-10 yrs	16.67%	33
11-15 yrs	15.66%	31
15 yrs or longer	42.93%	85

Figure A5 - 3: What was the major reason you moved to Kerrville/Kerr County?

	Response Percent	Response Count
Employment opportunity (new job or transfer)	13.13%	26
Retirement	42.42%	84
Quality of life factors	27.78%	55
Cost of living	1.52%	3
Other (please specify)	15.15%	30

Figure A5 - 4: Are you currently employed (including part-time and self-employed)?

	Response Percent	Response Count
Yes	24.24%	48
No	31.31%	62
Seeking Employment (full or part-time)	1.01%	2
Retired	42.42%	84
Other (please specify)	1.01%	2

Figure A5 - 5: Please select your employer's industry sector.

	Response Percent	Response Count
Agriculture, Forestry, Fishing, and Hunting	0.00%	0
Mining	0.00%	0
Utilities	0.00%	0
Construction	0.00%	0
Manufacturing	4.17%	2
Wholesale Trade	2.08%	1
Retail Trade	8.33%	4
Transportation and Warehousing	0.00%	0
Information	4.17%	2
Finance and Insurance	8.33%	4
Real Estate and Rental and Leasing	10.42%	5
Professional, Scientific and Technical Services	16.67%	8
Management of Companies and Enterprises	0.00%	0
Administrative and Support and Waste Management and Remediation Services	0.00%	0
Educational Services	0.00%	0
Health Care and Social Assistance	12.50%	6
Arts, Entertainment and Recreation	4.17%	2
Accommodation and Food Services	2.08%	1
Public Administration (Government)	10.42%	5
Other	16.67%	8

Figure A5 - 6: Where is your employer located?

	Response Percent	Response Count
Telecommute / Work from home	8.33%	4
Kerrville	62.50%	30
Kerr County (not in Kerrville)	14.58%	7
San Antonio area	0.00%	0
Other (please specify)	14.58%	7

Figure A5 - 7: As part of this process, it is important to formulate a shared understanding for “what counts as success?” Do you support the notion that economic development success is defined as “Enhanced prosperity and quality of life for Kerrville/Kerr County” defined by the following characteristics:

- Higher income levels
- Increased retail and entertainment options
- Greater job opportunities within the county
- Larger and more diversified tax base
- Overall growth while protecting the unique character of the region

	Response Percent	Response Count
Yes	77.27%	153
No	8.59%	17
Not Sure	14.14%	28

Figure A5 - 8: How satisfied are you with these factors related to prosperity and quality of life in Kerrville/Kerr County?

	Not Satisfied (1)	(2)	Somewhat Satisfied (3)	(4)	Very Satisfied (5)	Rating Average	Response Count
Public education (K-12)	6	7	73	72	40	3.67	198
Higher education opportunities	5	16	74	57	46	3.62	198
Workforce training programs	11	36	117	30	4	2.90	198
Cost of living	14	41	70	57	16	3.10	198
Entertainment & recreation	3	17	43	70	65	3.89	198
Arts & culture	1	6	34	62	95	4.23	198
Public safety	5	8	49	91	45	3.82	198
Healthcare (inpatient and outpatient)	4	3	29	84	78	4.16	198
Retail shopping options	21	41	74	56	6	2.92	198
Cost of housing	29	39	84	34	12	2.80	198
Historic preservation	13	26	76	64	19	3.25	198
Growth management	35	46	77	33	7	2.65	198
Public service	5	19	82	73	19	3.41	198
Employment opportunities	24	48	98	26	2	2.67	198
Economic and business development recruitment	23	39	105	25	6	2.76	198
Tourism marketing and promotion	10	18	63	71	36	3.53	198
Kerrville's overall image	6	9	54	87	42	3.76	198
Volunteer opportunities and community involvement	1	3	15	72	107	4.42	198
Effective government leadership	26	37	77	47	11	2.90	198

Figure A5 - 9: What do you believe are the top three economic development priorities for Kerrville/Kerr County?(Select up to three choices)

	Response Percent	Response Count
Business recruitment and expansion	58.88%	116
More affordable housing	62.94%	124
Higher paying jobs	60.91%	120
Better lifestyle amenities	21.32%	42
Greater educational opportunities and workforce development	23.86%	47
Increased image and awareness about Kerrville/Kerr County	21.83%	43
Other (please specify)	22.84%	45

Figure A5 - 10: Age (optional information)

	Response Percent	Response Count
< 18	0.00%	0
18-24	0.00%	0
25-34	0.00%	0
35-44	0.00%	0
45-54	0.00%	0
55-64	0.00%	0
65+	100.00%	198
Prefer not to answer	0.00%	0

Figure A5 - 11: Educational Attainment (optional information)

	Response Percent	Response Count
Less than 9th grade	0.00%	0
9th to 12th grade, no diploma	0.00%	0
High school graduate	8.67%	17
Some college, no degree	19.90%	39
Associate degree	3.57%	7
Bachelor's degree	25.00%	49
Graduate or professional degree	41.84%	82
Prefer not to answer	1.02%	2

Figure A5 - 12: Annual Household Income (optional information)

	Response Percent	Response Count
Less than \$15,000	1.57%	3
\$15,000 to \$24,999	5.76%	11
\$25,000 to \$34,999	5.76%	11
\$35,000 to \$49,999	16.23%	31
\$50,000 to \$74,999	15.18%	29
\$75,000 to \$99,999	16.23%	31
\$100,000 to \$149,999	9.95%	19
\$150,000 or more	9.95%	19
Prefer not to answer	19.37%	37

Appendix 6 – Community Survey Results – Age >65

The survey results have been filtered based on the optional question that asks the respondent's age. This data is for respondents who indicated their age is less than 65.

Figure A6 - 1: Please select the zip code for your residence.

	Response Percent	Response Count
78010	3.29%	17
78024	3.29%	17
78025	6.59%	34
78028	80.43%	415
78058	1.16%	6
Other (please specify)	5.23%	27

Figure A6 - 2: How long have you lived in Kerrville/Kerr County?

	Response Percent	Response Count
0-2 yrs	13.76%	71
3-4 yrs	12.02%	62
5-6 yrs	9.88%	51
7-10 yrs	11.05%	57
11-15 yrs	10.66%	55
15 yrs or longer	42.64%	220

Figure A6 - 3: What was the major reason you moved to Kerrville/Kerr County?

	Response Percent	Response Count
Employment opportunity (new job or transfer)	30.23%	156
Retirement	7.75%	40
Quality of life factors	28.88%	149
Cost of living	1.36%	7
Other (please specify)	31.78%	164

Figure A6 - 4: Are you currently employed (including part-time and self-employed)?

	Response Percent	Response Count
Yes	87.02%	449
No	4.07%	21
Seeking Employment (full or part-time)	1.16%	6
Retired	5.23%	27
Other (please specify)	2.52%	13

Figure A6 - 5: Please select your employer's industry sector.

	Response Percent	Response Count
Agriculture, Forestry, Fishing, and Hunting	1.78%	8
Mining	0.00%	0
Utilities	0.45%	2
Construction	3.12%	14
Manufacturing	1.56%	7
Wholesale Trade	0.45%	2
Retail Trade	4.90%	22
Transportation and Warehousing	0.45%	2
Information	2.45%	11
Finance and Insurance	12.25%	55
Real Estate and Rental and Leasing	4.90%	22
Professional, Scientific and Technical Services	7.57%	34
Management of Companies and Enterprises	0.45%	2
Administrative and Support and Waste Management and Remediation Services	0.89%	4
Educational Services	7.57%	34
Health Care and Social Assistance	28.51%	128
Arts, Entertainment and Recreation	0.67%	3
Accommodation and Food Services	3.56%	16
Public Administration (Government)	6.24%	28
Other	12.25%	55

Figure A6 - 6: Where is your employer located?

	Response Percent	Response Count
Telecommute / Work from home	3.12%	14
Kerrville	85.30%	383
Kerr County (not in Kerrville)	6.90%	31
San Antonio area	1.11%	5
Other (please specify)	3.56%	16

Figure A6 - 7: As part of this process, it is important to formulate a shared understanding for “what counts as success?” Do you support the notion that economic development success is defined as “Enhanced prosperity and quality of life for Kerrville/Kerr County” defined by the following characteristics:

- Higher income levels
- Increased retail and entertainment options
- Greater job opportunities within the county
- Larger and more diversified tax base
- Overall growth while protecting the unique character of the region

	Response Percent	Response Count
Yes	82.75%	427
No	6.59%	34
Not Sure	10.66%	55

Figure A6 - 8: How satisfied are you with these factors related to prosperity and quality of life in Kerrville/Kerr County?

	Not Satisfied		Somewhat Satisfied		Very Satisfied	Rating Average	Response Count
	(1)	(2)	(3)	(4)	(5)		
Public education (K-12)	34	48	171	183	80	3.44	516
Higher education opportunities	79	72	169	145	51	3.03	516
Workforce training programs	93	122	224	60	17	2.59	516
Cost of living	120	138	175	64	19	2.47	516
Entertainment & recreation	89	98	158	132	39	2.87	516
Arts & culture	30	52	136	196	102	3.56	516
Public safety	14	36	156	225	85	3.64	516
Healthcare (inpatient and outpatient)	34	59	143	180	100	3.49	516
Retail shopping options	154	141	162	49	10	2.26	516
Cost of housing	191	147	124	40	14	2.11	516
Historic preservation	65	79	181	147	44	3.05	516
Growth management	127	138	183	60	8	2.39	516
Public service	47	79	213	143	34	3.07	516
Employment opportunities	124	169	152	57	14	2.36	516
Economic and business development recruitment	125	157	178	45	11	2.34	516
Tourism marketing and promotion	46	78	179	159	54	3.19	516
Kerrville's overall image	26	65	171	188	66	3.39	516
Volunteer opportunities and community involvement	12	27	127	197	153	3.88	516
Effective government leadership	103	114	200	79	20	2.61	516

Figure A6 - 9: What do you believe are the top three economic development priorities for Kerrville/Kerr County?(Select up to three choices)

	Response Percent	Response Count
Business recruitment and expansion	64.27%	331
More affordable housing	65.24%	336
Higher paying jobs	66.60%	343
Better lifestyle amenities	24.27%	125
Greater educational opportunities and workforce development	33.59%	173
Increased image and awareness about Kerrville/Kerr County	14.56%	75
Other (please specify)	14.95%	77

Figure A6 - 10: Age (optional information)

	Response Percent	Response Count
< 18	0.19%	1
18-24	2.13%	11
25-34	12.40%	64
35-44	19.77%	102
45-54	32.56%	168
55-64	32.95%	170
65+	0.00%	0
Prefer not to answer	0.00%	0

Figure A6 - 11: Educational Attainment (optional information)

	Response Percent	Response Count
Less than 9th grade	0.39%	2
9th to 12th grade, no diploma	0.97%	5
High school graduate	7.18%	37
Some college, no degree	23.11%	119
Associate degree	8.35%	43
Bachelor's degree	31.26%	161
Graduate or professional degree	27.18%	140
Prefer not to answer	1.55%	8

Figure A6 - 12: Annual Household Income (optional information)

	Response Percent	Response Count
Less than \$15,000	1.99%	10
\$15,000 to \$24,999	5.58%	28
\$25,000 to \$34,999	8.37%	42
\$35,000 to \$49,999	11.35%	57
\$50,000 to \$74,999	20.92%	105
\$75,000 to \$99,999	13.94%	70
\$100,000 to \$149,999	15.54%	78
\$150,000 or more	12.15%	61
Prefer not to answer	10.16%	51

Appendix 7 – Business Survey

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Introduction

The Kerr Economic Development Foundation has retained Texas Perspectives (TXP), an Austin, Texas-based consulting firm, to develop an economic development strategic plan for Kerrville/Kerr County. A Steering Committee comprised of community leaders and stakeholders will oversee the project. Based on an analysis of regional economic and demographic trends, best practices from other communities, and community input, a range of policy options will be developed to assist in increasing prosperity and managing long-term growth in Kerrville/Kerr County.

As part of this process, it is essential that the consulting team gather input from Kerrville/Kerr County businesses. Please spend a few minutes completing this survey. All responses will be kept confidential, and all data gathered will only be reported in the aggregate.

Please complete the survey by Monday, July 16.

Thank you in advance for participating in this survey. If you have any questions about the study, please contact:

Guy Overby
Kerr Economic Development Foundation
information@kerredf.org
(830) 896-1157

If you have any questions or problems with the survey, please contact:

Travis D. James
Texas Perspectives
travisjames@txp.com
(512) 328-8300

Business Overview

1. Where is your firm's main headquarters location?

- Kerrville/Kerr County
- Texas
- North America
- Other (please specify)

2. Please select the zip code for your firm's primary Kerrville/Kerr County location.

- 78010
- 78024
- 78025
- 78028
- 78058
- Other (please specify)

3. How long has the firm operated in Kerrville/Kerr County?

- 0-2 yrs
- 3-4 yrs
- 5-6 yrs
- 7-10 yrs
- 11-15 yrs
- 15 yrs or longer

4. Please select your firm's industry sector.

- Agriculture, Forestry, Fishing, and Hunting
- Mining
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation and Warehousing

Kerrville/Kerr County Business Survey

- Information
- Finance and Insurance
- Real Estate and Rental and Leasing
- Professional, Scientific and Technical Services
- Management of Companies and Enterprises
- Administrative and Support and Waste Management and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment and Recreation
- Accommodation (hotel or motel)
- Food Services
- Public Administration (Government)
- Other (please specify)

Customers and Suppliers

5. The majority of our customers are located in

- Kerrville/Kerr County
- Greater San Antonio area
- Other Texas Communities
- Nationally
- Internationally
- Prefer not to answer

6. The majority of our suppliers are located in

- Kerrville/Kerr County
- Greater San Antonio area
- Other Texas Communities
- Nationally
- Internationally
- Prefer not to answer

Wages and Benefits

7. How many people does your firm employ in Kerrville/Kerr County?

- 1-9
- 10-19
- 20-29
- 30-39
- 40-49
- 50-99
- 100 or more

8. What is the firm's average wage for all employees?

- Less than \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999
- \$35,000 to \$44,999
- \$45,000 to \$54,999
- \$55,000 to \$64,999
- \$65,000 or more
- Prefer not to answer

9. Please select the benefits your firm provides (Select all that apply).

- 401k, IRA, pension or other retirement plan
- Health insurance
- Paid vacation
- Education reimbursement
- Other (please specify)

Growth Trends

10. How many net new employees did you hire last year in Kerrville/Kerr County?

- None
- 1-5
- 6-9
- 10-14
- 15-24
- 25 or more

11. How many employees do you expect to add over the next five years in Kerrville/Kerr County?

- None
- 1-5
- 6-9
- 10-14
- 15-24
- 25 or more

12. What specific steps can Kerrville/ Kerr County take to increase the possibility of your company expanding here in the future?

Employee Retention and Recruitment

13. How difficult is it to find employees in the Kerrville/Kerr County region for the following broad job classifications?

	Not Difficult		Somewhat Difficult		Very Difficult
Administrative	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customer Service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sales & Marketing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Technical & Production	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Trades (construction, plumbers, and electricians)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

14. What are the three biggest challenges related to employee recruitment? (select up to three choices)

- General shortage of workers
- Lack of technical skills
- Cost of living is too high in Kerrville/Kerr County
- Higher wages offered by firms in surrounding counties
- Other (please specify)

Regional Business Climate

15. Please rate the level of satisfaction with the following business climate issues.

	Not Satisfied		Somewhat Satisfied		Very Satisfied
Police and fire protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Water quality / quantity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sewer / sewage treatment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Power availability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory zoning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulatory enforcement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business incentives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workforce training programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business recruitment and retention	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Property tax assessment (fair & equitable)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

16. What word or words describe the Kerrville/Kerr County region as a business location?

17. What do you see as the greatest opportunities for economic development in the Kerrville/Kerr County region over the next few years?

18. What do you see as the greatest barriers to economic development in the Kerrville/Kerr County region over the next few years?

Thank you

Thank you for participating in this survey. If you have any questions about the study, please contact:

Guy Overby
Kerr Economic Development Foundation
information@kerredf.org
(830) 896-1157

If you have any questions or problems with the survey, please contact:

Travis D. James
Texas Perspectives
travisjames@txp.com
(512) 328-8300

19. Additional comments or suggestions.

Appendix 8 – Community Survey

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Introduction

The Kerr Economic Development Foundation has retained Texas Perspectives (TXP), an Austin, Texas-based consulting firm, to develop an economic development strategic plan for Kerrville/Kerr County. A Steering Committee comprised of community leaders and stakeholders will oversee the project. Based on an analysis of regional economic and demographic trends, best practices from other communities, and community input, a range of policy options will be developed to assist in increasing prosperity and managing long-term growth in Kerrville/Kerr County.

As part of this process, it is essential that the consulting team gather input from Kerrville/Kerr County residents. Please spend a few minutes completing this survey. All responses will be kept confidential, and all data gathered will only be reported in the aggregate.

Please complete the survey by Monday, July 16.

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Travis D. James
Texas Perspectives
travisjames@txp.com
(512) 328-8300

Household Information

1. Please select the zip code for your residence.

- 78010
- 78024
- 78025
- 78028
- 78058
- Other (please specify)

2. How long have you lived in Kerrville/Kerr County?

- 0-2 yrs
- 3-4 yrs
- 5-6 yrs
- 7-10 yrs
- 11-15 yrs
- 15 yrs or longer

3. What was the major reason you moved to Kerrville/Kerr County?

- Employment opportunity (new job or transfer)
- Retirement
- Quality of life factors
- Cost of living
- Other (please specify)

Employment Information

4. Are you currently employed (including part-time and self-employed)?

- Yes
- No
- Seeking Employment (full or part-time)
- Retired
- Other (please specify)

Current Employer

5. Please select your employer's industry sector.

- Agriculture, Forestry, Fishing, and Hunting
- Mining
- Utilities
- Construction
- Manufacturing
- Wholesale Trade
- Retail Trade
- Transportation and Warehousing
- Information
- Finance and Insurance
- Real Estate and Rental and Leasing
- Professional, Scientific and Technical Services
- Management of Companies and Enterprises
- Administrative and Support and Waste Management and Remediation Services
- Educational Services
- Health Care and Social Assistance
- Arts, Entertainment and Recreation
- Accommodation and Food Services
- Public Administration (Government)
- Other

6. Where is your employer located?

- Telecommute / Work from home
- Kerrville
- Kerr County (not in Kerrville)
- San Antonio area
- Other (please specify)

Telecommute / Work from home

7. What type(s) of local business support services would you like to see developed/enhanced to support telecommuting/working from home?

- Rentable conference space
- Small office suites
- Telecommunications and video conferencing technology
- Business support services (ex. marketing, accounting, legal, and website development)
- Other (please specify)

Economic Development Issues

8. As part of this process, it is important to formulate a shared understanding for "what counts as success?" Do you support the notion that economic development success is defined as "Enhanced prosperity and quality of life for Kerrville/Kerr County" defined by the following characteristics:

- Higher income levels
- Increased retail and entertainment options
- Greater job opportunities within the county
- Larger and more diversified tax base
- Overall growth while protecting the unique character of the region

- Yes
- No
- Not Sure

9. How satisfied are you with these factors related to prosperity and quality of life in Kerrville/Kerr County?

	Not Satisfied		Somewhat Satisfied		Very Satisfied
Public education (K-12)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Higher education opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Workforce training programs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of living	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Entertainment & recreation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Arts & culture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public safety	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Kerrville/Kerr County Community Survey

Healthcare (inpatient and outpatient)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Retail shopping options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of housing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Historic preservation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Growth management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Public service	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employment opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Economic and business development recruitment	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tourism marketing and promotion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kerrville's overall image	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Volunteer opportunities and community involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Effective government leadership	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Economic Development Issues

10. What are the Kerrville/Kerr County regional economy's three greatest strengths?

11. What are the Kerrville/Kerr County regional economy's three greatest weaknesses?

12. What one word or short phrase would you use to describe Kerr County / Kerrville as a place to live?

13. What do you believe are the top three economic development priorities for

Kerrville/Kerr County? (Select up to three choices)

- Business recruitment and expansion
- More affordable housing
- Higher paying jobs
- Better lifestyle amenities
- Greater educational opportunities and workforce development
- Increased image and awareness about Kerrville/Kerr County
- Other (please specify)

Optional Demographic Information

14. Age (optional information)

- < 18
- 18-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65+
- Prefer not to answer

15. Educational Attainment (optional information)

- Less than 9th grade
- 9th to 12th grade, no diploma
- High school graduate
- Some college, no degree
- Associate degree
- Bachelor's degree
- Graduate or professional degree
- Prefer not to answer

16. Annual Household Income (optional information)

- Less than \$15,000
- \$15,000 to \$24,999
- \$25,000 to \$34,999

Kerrville/Kerr County Community Survey

- \$35,000 to \$49,999
- \$50,000 to \$74,999
- \$75,000 to \$99,999
- \$100,000 to \$149,999
- \$150,000 or more
- Prefer not to answer

Thank you

Thank you for participating in this survey. If you have any questions about the study, please contact:

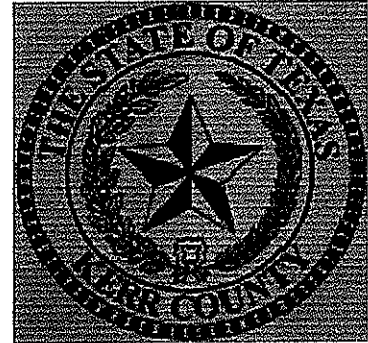
Guy Overby
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If you have any questions or problems with the survey, please contact:

Travis D. James
Texas Perspectives
travisjames@txp.com
(512) 328-8300

17. Additional comments or suggestions.

Appendix 9 – Kerrville/Kerr County Logos



Kerr Arts & Cultural Center



Learning by heart



Kerrville Performing Arts Society



Appendix 10 – Examples of Economic Development Newsletters



News and Updates from North Carolina's Piedmont Triad

OCTOBER 2006

Recent Announcements

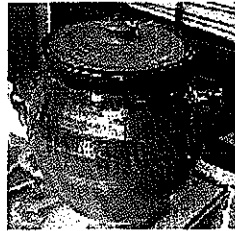
Exhibit Works Inc. - Producer of large-scale displays plans to build at Union Cross; invests \$9.1 million

Carolina Precision Plastics - Injection molding company expands; invests \$4.5 million, creates 150 jobs

Global Textile Alliance Inc. - Mattress ticking manufacturer plans a technology-driven textile mill; invests \$12.3 million, creates 48 jobs

U.S. Xpress - Leader in the transportation industry locates a trucking facility in Lexington

Living in the Triad



Visit the Birthplace of North Carolina Pottery
November 18-19, 2006

75th Annual Seagrove Pottery Festival

**This is the only time of year Seagrove area potters
showcase their collections in one location.**

In Case You Missed It

Higher Education Update

Recognition and enrollments are increasing at colleges and universities in the Piedmont Triad. Between construction activity and curricula expansion, the Triad's four-year institutions are growing to meet workforce demands. [Click here](#) to see what's happening in the Piedmont Triad's collegiate community.



My Florida INNOVATION QUARTERLY

NEWS AND INSIGHTS FROM FLORIDA'S INNOVATION ECONOMY

SUMMER 2007 ISSUE

Think Tank

Keep up with the latest facts and figures on Florida's economy. Here are just a few of the resources that have been recently updated on eflorida.com:

Economic Information:

- Monitor Florida's economy through a quarterly analysis. Download the Florida Economic Bulletin.
- See how Florida's performance stacks up in the latest data releases. Read Economic Briefs on Florida's Gross Domestic Product, High-Tech Economy and Personal Income.
- Get a quick quarterly snapshot of Florida's economic and industry data. View the Florida Economy at a Glance.

Industry Cluster Intelligence:

- Learn about Florida's major activities and assets in the Homeland Security & Defense Industry. Download the Homeland Security & Defense Market Brief.

Hot Topics

Florida's Virtual Gateway, www.florida.com, has been enhanced with simplified navigation, more in-depth content, multi-media and interactive features, and a state-of-the-art technology platform.

Featured sections include:

- Why Florida - highlights Florida's competitive advantages in key business drivers
- Florida Industry Clusters - informative profiles filled with data, videos, and interactive maps
- Florida Regions - geographic and statistical information for Florida's regions, metro areas, and counties
- Florida Knowledge Center - multi-media resources, statistical data, and in-depth analyses

Download a quick guide to the new eflorida.com website.

Florida's workers' compensation rates to be slashed by 50% in 2008. (Learn more)

MARKETWISE

Vol. 1, No. 4 A quarterly publication of the Harlingen Area Chamber of Commerce Harlingen, Texas

FALL 2006

FAST FACTS

Harlingen's population stood at 62,318 in July of 2005, an increase of 8.3% over Census 2000 figures.

Gross sales increased by 12% between the first quarter of 2005 and that of 2006. All of the city's economic sectors fueled this growth.

Between the second quarter of 2005 and that of 2006:

- Sales tax revenues for the City of Harlingen grew by 10.5%.
- The value of residential and commercial building permits rose by 46% and 31%, respectively.
- Cargo volume at Valley International Airport (Harlingen) rose by 12% while passenger numbers increased by around 2%. The airport is the Air Cargo Hub of the Rio Grande Valley and accounts for 47% of passenger activity in the area.
- Hotel revenues grew by 11.3% reflecting an 8.3% rise in occupancy rates.
- Harlingen added 700 jobs, an increase of 3%.

Harlingen's unemployment rate stood at 6.6% in June 2006, compared to 6.9% in June 2005.

SALES TAX REVENUES*
IN THOUSANDS OF DOLLARS

	Q2 '06	Q2 '05	Percent Change
Taxes	\$4,574	\$4,138	10.5%

* Revenues reflect the 2% sales tax collected by the city. Source: Texas Comptroller of Public Accounts

INFRASTRUCTURE NEWS

The City of Harlingen has implemented Tax Increment Financing (TIF), a tool that local governments can use to publicly finance infrastructure improvements undertaken to promote the viability of existing businesses and to attract new commercial enterprises. The Harlingen TIF board consists of 7 members. The board is responsible for the review and implementation of projects within the Tax Increment Reinvestment Zone.

GROSS SALES
IN THOUSANDS OF DOLLARS

	Q1 '06	Q1 '05	Numerical	Percent
		



Charlotte USA Site Selection Update



Charlotte USA Recent Announcements

- [Turbomeca USA Inc. will build a \\$50 million aircraft engine parts manufacturing facility in Monroe](#)
- [Convergys to open second call center in Charlotte.](#)
- [JRS Custom Fabrication chooses Chester County for new manufacturing facility.](#)

Charlotte USA Rankings

- [Forbes Magazine - #1 "America's Least Overpriced Real Estate Markets"](#)
- [FDI International Magazine - #3 as "North American Cities of the Future."](#)
- [Southern Business & Development - #5 "Top 10 Unbelievable Sites for Auto Assembly."](#)

Charlotte USA - Partner Links

- [Charlotte Research Institute](#) - The Charlotte Research Institute is helping enhance the technology infrastructure of the Charlotte region through its business-university partnerships. With internationally recognized centers in Precision Metrology, eBusiness Technology, and Optoelectronics, CRI is initiating new partnerships with regional and national reach. CRI offers its partners a unique opportunity to engage faculty and take advantage of specialized facilities available only at UNC Charlotte.

Contact the Charlotte Regional Partnership

The 16-county Charlotte USA region continues to be one of the most attractive regions within North America for new and expanding industry. The diverse set of announcements and rankings below are a small indication of the great things happening in the Charlotte region. We welcome your call to