

A Report of the Economic Impact of the Operations of the Corpus Christi Regional Economic Development Corporation During 2011-2015

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Prepared for:

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Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm. The purpose of the analysis was to determine the economic impact of the activities of the Corpus Christi Regional Economic Development Corporation (CCREDC) during the past five years of operations, 2011-2015.

About the Corpus Christ Regional Economic Development Corporation

The CCREDC began its first full year of operations on August 1, 2000. In the first year, the Corporation (a) hired and developed a full-time staff, (b) moved into a new office complex, and (c) set about to accomplish its mission. During following years, the Corporation successfully expanded the economic base in the Corpus Christi region. The mission of the Corporation, as expressed in its mission statement, is as follows:

The Corpus Christi Regional Economic Development Corporation will organize, coordinate, and lead the expansion of the Corpus Christi region's economic base through actions and programs that encourage and cause retenion, expansion, and recruitment of industrial, manufacturing, distribution, and service employers.

The Corporation is located in the One Shoreline Plaza, 800 N. Shoreline Boulevard, Suite 1300 South, in Corpus Christi, Texas. The organization is governed by a 27-member Board of Directors and operated by a staff of five. The Board of Directors meets monthly.

During the last five years, the Corporation received funding of \$7.5 million from public and private investors for its operations. Of this funding, the City of Corpus Christi provided an average of \$659,000 a year or about \$3.2 million over five years.

Accomplishments of CCREDC Over the Past Five Years

During its last five years of operations, the CCREDC, guided by its Board of Directors, accomplished the objectives set forth in its mission statement -- to "organize, coordinate, and lead the expansion of the Corpus Christi region's economic base".

CCREDC assisted firms that invested in new or expanded facilities and created or retained jobs in the community.

Types of Economic Impacts Generated by Firms Assisted by CCREDC

The firms assisted by CCREDC generated direct economic activity from their new investments in the area and from new firms that located in community and from expanding firms and from retained firms. This direct economic activity rippled through the economy of the Corpus Christi area. For example, indirect jobs and earnings were created or retained in local businesses that supply goods and services to new or retained firms and their workers.

To estimate the indirect economic impact, RIMS II regional multipliers for Nueces County were used. The following indirect multipliers were used in this analysis

Regional Multipliers Used in this Analysis		
	From Construction Activities	From Operations of the Firms
Indirect jobs multiplier	0.8153	0.65
Indirect salaries multiplier	0.6982	0.55

The above multipliers mean, for example, that for each new job or retained job in a company's operations, there are .65 indirect jobs created or retained in the community. Similarly, for every dollar paid to one of the new or retained workers, there is \$.55 paid to workers in new or retained spin-off jobs.

Economic Impacts Generated by CCREDC

The economic activity generated by new or retained firms assisted by CCREDC over the past five years has been significant. As shown on the following page, \$20.7 billion in major investments were announced or made in the area by 26 firms.

Over the past five years, the investments that occurred created or supported 5,677 direct and indirect construction jobs each year and \$3.1 billion in direct and indirect construction salaries.

Further, these firms created 1,234 new permanent direct jobs and retained 2,035 jobs for a total of 3,269 permanent direct jobs. Total direct and indirect new and retained jobs from these firms was 5,394.

Total permanent direct and indirect salaries created or retained in the community by these firms over the past five years was \$3 billion.

These and other economic activities generated by firms assisted by CCREDC are shown on the following page.

Economic Activity Generated by Firms Assisted by CCREDC in the Corpus Christi Area During 2011-2015

Major announced investments during the period:

Number of firms/projects	26
Actual and announced investments	\$20,714,536,431

Construction jobs and salaries supported during the period:

Average number of direct and indirect construction jobs supported each year	9,404
Total direct and indirect construction jobs salaries during the period	\$2,379,332,313

Permanent direct jobs retained or created during the period:

Number of jobs:	
New direct jobs created	1,234
Direct jobs retained	2,035
Total direct jobs retained and created	3,269

Annual salaries for jobs retained/created:

New direct salaries created	\$52,886,907
Direct salaries retained	\$87,210,190
Total direct salaries retained and created	\$140,097,097

Permanent direct and indirect jobs retained and created during the period:

Total number of jobs created/retained:	
Direct jobs	3,269
Indirect jobs	2,125
Total permanent jobs	5,394

Total salaries created/retained during period:

New and retained direct salaries	\$1,369,650,373
Indirect salaries created and retained	\$1,643,580,448
Total direct and indirect salaries created and retained	\$3,013,230,821

Additional or retained annual taxable sales in area businesses \$979,581,813

New commercial and residential property (from new workers moving to or being retained in the community) added to or retained on local tax rolls during the period \$3,328,623,044

While these new investments were announced over the past five years, the investments will likely be made over a longer period and new jobs announced may be filled over a longer period. To determine construction impacts and commercial property added to local tax rolls, the analysis considered only construction occurring each year during the five year period and property added to tax rolls each year.

Additional or Retained Public Revenues

The economic activity generated by new investments and jobs in the Corpus Christi area during CCREDC's last five years of operations will translate into additional or retained sales and property taxes for the city and county and local school districts and special taxing districts. The estimated additional and retained sales and property taxes for the City of Corpus Christi, Nueces County and local school districts and special taxing are as follows:

Estimated Sales and Property Taxes Generated or Retained by Firms Assisted by CCREDC Over the Past Five Years	
Sales taxes collected on taxable new or retained taxable sales	\$19,591,636
Property taxes collected on new commercial and residential property added to local tax rolls	\$83,358,295
Total new or retained sales tax collections and property tax collections on new property added/retained on local tax rolls	\$102,949,931

Return on the Community's Investment in the Corpus Christi Regional Economic Development Corporation

Area organizations, both public and private, provided funding of \$7.5 million to the Corpus Christi Regional Economic Development Corporation during the corporation's last five years of operation, 2011-2015. The Corporation and its development partners assisted in securing investments in the community of \$20.7 billion and an estimated 9,404 new construction jobs and created or retained each year and 5,394 direct and indirect permanent jobs. Further, this economic activity generated an estimated \$102 million in additional/retained revenues for the City of Corpus Christi, Nueces County and local school districts and special taxing districts during the period.

Return on Total Community Investment in CCREDC

If the community's total funding in CCREDC is considered a community investment in economic development, this investment had a rate of return on investment of 1360% and a cost-benefit ratio of 1 to 13.60, as shown below:

Rate of Return on the Community's Investment in the Corpus Christi Regional Economic Development Corporation	
The community's investment in CCREDC during five	\$7,572,043
Estimated additional or retained sales and property tax collections for all local taxing districts	\$102,949,931
Rate of return on the community's investment over five years	1360%
Cost-benefit ratio over five years	1 to 13.60

Return on the City of Corpus Christi's Investment in CCREDC

If the City of Corpus Christi's funding provided to CCREDC (a portion of total funding provided to the corporation) is considered a city investment in economic development, this investment had a rate of return on investment of 675% and a cost-benefit ratio of 1 to 6.23, as shown below:

Rate of Return on the Community's Investment in the Corpus Christi Regional Economic Development Corporation	
The City of Corpus Christ investment in CCREDC during 2011-2015	\$3,295,000
Estimated additional or retained sales and property tax collections from the City of Corpus Christi's investment in CCREDC	\$22,230,052
Rate of return on the City's investment	675%
Cost-benefit ratio	1 to 6.23

Summary and Perspective

To provide some perspective on the data presented above, Impact DataSource offers the following comments:

1. The creation or retention of \$102 million in sales and property tax collections during the period is an example of what a focused economic development effort can accomplish for the public benefit in a community -- especially during difficult economic times.
2. The job growth and retention and sales and property taxes created or retained was achieved within the relatively inexpensive cost-benefit ratio of 1 to 13.60 for community investment in CCREDC.

It is not being suggested here that the CCREDC caused all these investments and growth. In fact, the EDC provided to most firms a range of services from initiation of contact to complete analytical support from beginning to end. But the marketing, assembly of facts, center-point, one-stop service of an aggressive EDC is the one essential element that industry depends upon during its decisions to invest or stay in Corpus Christi. In our experience, investment does not materialize without these EDC services. To have been in the center of this development and retention during its last five years, indicates an EDC performance that is essential.

Conduct of this Analysis

Impact DataSource completed this analysis. Impact DataSource is 21-year-old Austin, Texas economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects and activities in Texas and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

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