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3/25/2014

Statement of Purpose

During a March 17th presentation to the Type A Board to consider the most effective way to expend funds available from the 1/8 cent sales tax for New and Expanded Business Enterprises it was requested that a written brief be prepared that describes the possible next steps forward to be considered by the Board.

Funding

The Board has an opportunity to determine the scope of funding they wish to target for effective use through 2017. Although the original discussion question posed by the staff and the Type A board centered on the best use of funds available for Large Business Incentives, the Board has an opportunity to consider a more broad approach to future funding decisions by considering the presently unallocated amounts for Small Business and Affordable Housing in addition to the Large Business Incentives. The total funding that may be considered for allocation may be as high as \$18.1 million. However, it is important to note that the available balance is subject to change due to variations in revenue expenditure trends. It is highly recommended that the Board be guided on the future available balance by the Finance Department. Also, the intended use should be subject to State law, the original ballot

language, authorizing ordinance(s) and any policy guidance established. The Legal Department's opinions will be essential in these matters.

Uses of Funds

It was clear from the discussion held by the Board that the most critical issue to be dealt with to determine the best use of the funds is the process used to recommend future funding. While there was no in depth discussion of the current process used, it was clearly stated by the board members that the current process currently lacks the following elements;

1. Adequate timing to receive a recommended project and review the information necessary to formulate an opinion on the value of the project in relation to the objectives desired by the Board.
2. Application of a defined scoring, or weighting process that is applied so the Board may quantitatively ascertain the value of the proposal. Based on comments by the Board the scoring/weighting process may include, but may not be limited to the following criteria:
 - a. Number of jobs created
 - b. Classification of jobs
 - c. Pay level of jobs
 - d. Sustainability of jobs
 - e. Capital investment committed by the applicant
 - f. The financial gap required to be filled through receipt of an incentive in order to attain the desired Return on Investment

- g. The acceptability of Return on Investment ratio used in the applicants financial model.
- h. Contribution of any matching funds to maximize the use of remaining Type A funds
- i. Etc.

The use of pre-determined scoring/weighting measures should be applied objectively by the entity responsible for the initial review of the application. The recommendation can then be presented to the Type A Board for consideration.

Also, in certain situations the information shared may be to be held in confidence and considered as proprietary information to protect the financial interest of the applicant.

The creation of scoring/weighting criteria may also be customized and applied to the other uses of the Type A funds (i.e., Small Business and Affordable Housing).

3. Process used to identify, select and weight the scoring/weighting criteria should be first formulated and then reduced to a memorandum of understanding that can be reviewed and approved by all parties having a role in the acceptance, review, evaluation, presentation and approval of a Type A project.


There was no discussion regarding which entity would be responsible for the initial development of the elements to be

scored/weighted. However, given the legal responsibility held by the Type A Board, it may be prudent to seek their guidance first.

Conclusion

The discussion during the Type A Board meeting centered on the desire to identify: 1) funds available for allocation and their best use as permitted by state law and local ordinance; 2) formulation and implementation of a clear, fair and effective project award process; and 3) inclusive participation by all primary stakeholders (i.e., Type A Board, Corpus Christi Regional Economic Development Corporation and the city of Corpus Christi).

The next steps in this process were not clearly identified during the presentation. However, a follow-up discussion by the entities responsible management and administration of the Type A funds for New and Expanded Business Enterprises may be appropriate in the very near future.

Signed: 
Date: 3-24-14