

Type B Guidelines Workshop

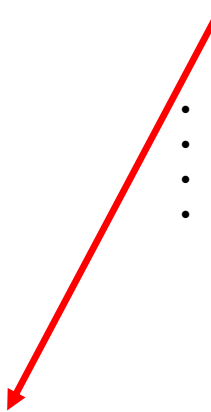
City Council, CCREDC Executive Board,
and
Type B Corporation Joint Workshop



October 15, 2018
2:00 PM
Selena Rotunda



Introduction

- Why are we here?
 - Type B Corporation is new!
 - When it comes to deciding how we invest our taxpayers dollars we must:
 - Follow the law
 - Set standards, guidelines, principles
 - Keep the public / taxpayers in mind
 - Goal of this workshop – approve a set of guidelines for use by the City staff and the CCREDC for **granting business incentives (50%)**
 - Not included today are guidelines for affordable housing and streets
- ***Proposition 1 limited the use of the 1/8th cent sales tax to the following:
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 - **50% for economic development, specifically the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law;**
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 - Up to \$500,000 annually on affordable housing; and
 -
 - Balance of proceeds to be used for the construction, maintenance and repair of arterial and collector streets and roads;
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- A red arrow originates from the text "50% for economic development, specifically the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law;" in the right-hand list and points diagonally down and to the left towards the bolded text "granting business incentives (50%)" in the left-hand list.



Mission

The mission of the Business & Jobs Development Corporation and B Corporation is to promote and enhance the City of Corpus Christi's economic base by supporting projects and programs that create primary jobs, affordable housing opportunities, and improved infrastructure in our City.



Vision

- **Think and work together** as a team, this includes the City staff, CCREDC, elected officials, and others.
 - We need to work in alignment with a set of guiding principles, rules, or bylaws to support our decisions:
 - local economic development
 - Big business (primary jobs) and small business
 - education & skills development
 - job creation
 - affordable housing opportunities
 - sports, entertainment, and arts / tourism
 - We must follow the letter of the law when setting policy and approving programs and we must **always keep our taxpayers in mind**. It's the taxpayers' money that supports these programs. We must know the State law when it comes to supporting the above and most importantly, we must know where public interests lie.
 - We need to openly promote our programs and projects that benefit our citizens, **support** education and jobs, and **encourage** our targeted infrastructure improvement projects.
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Overview of Eligible Economic Development Fund Projects



City Council, EDC, and
Type B Workshop
October 15, 2018



Approved Type B Ballot Language (2016)

Replacing the portion of the Type A sales tax that expires in 2018 with the adoption of a one eighth of one percent sales and use tax (maintaining the current level of sales and use tax) to be administered by a Type B Corporation under Chapter 505 of the Texas Local Government Code, to be effective for 20 years, with the use of the proceeds for:

- 1) **50% for economic development, specifically the promotion and development of new and expanded business enterprises to the full extent allowed by Texas law;**
- 2) Up to \$500,000 annually on affordable housing; and
- 3) Balance of proceeds to be used for construction, maintenance and repair of arterial and collector streets and roads



Eligible Type B Projects – Definition of Primary Jobs

- Primary job is one that is “available at a company for which a majority of the products or services of that company are ultimately exported to regional, statewide, national, or international markets infusing new dollars into the local economy” and that meets any one of a specific list of sector numbers of the North American Industry Classification System.

111	Crop Production	42	Wholesale Trade
112	Animal Production	48 and 49	Transportation and Warehousing
113	Forestry and Logging	51 (excluding 512131 and 512132)	Information (excluding movie theaters and drive-in theaters)
11411	Commercial Fishing	523-525	Securities, Commodity Contracts, and Other Financial Investments and Related Activities; Insurance Carriers and Related Activities; Funds, Trusts, and Other Financial Vehicles
115	Support Activities for Ag and Forestry	5413, 5415, 5416, 5417, and 5419	Scientific Research and Development Services
211 to 213	Mining	551	Management of Companies and Enterprises
221	Utilities	56142	Telephone Call Centers
311 to 339	Manufacturing	922140	Correctional Institutions
928110	National Security and for corresponding index entries for Armed Forces, Army, Navy, Air Force, Marine Corps, and Military Bases.		



Eligible Type B Projects – Create or Retain Primary Jobs

- Examples of eligible projects that create/retain primary jobs:
 - Manufacturing and Industrial Facilities
 - Research and Development Facilities
 - Military Facilities
 - Recycling Facilities
 - Distribution Centers
 - Small Warehouse Facilities
 - Primary job training facilities for use by institutions of higher education
 - Regional or national corporate headquarters facilities



Eligible Type B Only Projects – Create or Retain Primary Jobs

- Examples of eligible projects for Type B only projects that create/retain primary jobs:
 - Transportation Facilities
 - Sewage or Solid Waste Disposal Facilities
 - Air or Pollution Control Facilities
 - Facilities for Furnishing Water to the Public
 - Public Safety Facilities
 - Streets and Roads
 - Drainage and Related Improvements
 - Demolition of Existing Structures
 - General Municipally Owned Improvements
 - Any improvements or facilities that are related to any of those projects and any other projects that the board in its discretion determines promoted or develops new or expanded business enterprises that create or retain primary jobs.
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Eligible Type B Projects – Do Not Create or Retain Primary Jobs

- Examples of eligible projects without jobs requirement:
 - Job Training Classes
 - Infrastructure Improvements (promote/develop business enterprises)
 - Streets and Roads
 - Rail Spurs
 - Water and Sewer
 - Gas and Electric Utilities
 - Drainage
 - Site Improvements and Related Improvements
 - Telecommunications and Internet Improvements
 - Beach remediation on the Gulf
 - Career Centers
 - Commuter Rail, Light Rail, or Motor Buses
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Eligible Type B Only Projects – Do Not Create or Retain Primary Jobs

- Examples of eligible Type B only projects without jobs requirement:
 - Professional and amateur sports and athletic facilities
 - Entertainment, tourist and convention facilities
 - Public parks and related open space improvements
 - Affordable housing – likely can't use additional funding per ballot language
 - Water supply facilities
 - Water conservation programs
 - Airport facilities
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Public Hearing Requirement for Type B Projects

- Prior to approving any projects, the Type B must hold a Public Hearing.
 - Notice of the Public Hearing is given on the agenda for the meeting.
 - The required Public Hearing starts a 60 Day window, during which:
 - No Expenditures Can Be Made
 - Public can submit petition with 10% of voters to request an election.
 - Election not required if Voters have already approved Project or Type of Project.
 - If no petition after 60 days, expenditures can be made.
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Guidelines

- Type A has guidelines that have been in place since 2003 and have been amended three times.
 - For all projects that
 - create jobs
 - provide job training
 - provide small business assistance
 - Affordable housing
 - These guidelines will work for both Type A and Type B
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Guidelines 2

- For the tourism, targeted infrastructure, and other Type B uses, these guidelines are silent.
- The current process is for the EDC to act as staff and receive the applications for funds
- EDC staff reviews the application, researches the company, and does an economic impact of the project.
- The EDC presents the project to its Board, where they vote to recommend approval or rejection to the Type A Board
- The EDC staff then presents it to the Type A Board for their consideration.



Guidelines 3

- Many of these projects do not lend themselves to economic modeling
 - The Hutto hippo The logo for the Hutto hippo is an orange shield-shaped emblem. It features a white hippopotamus standing on a small island with a palm tree. The word "HUTTO" is written in white capital letters on a black banner across the hippo's midsection.
 - For tourism - should we use just sales tax increase or should HOT funds be taken into account
 - What about projects that just make the community a better place to live
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EDC Type B Guidelines

- The addition of Type B type projects are covered under Sections
 - 9 - Certain targeted infrastructure
 - 10 - Other projects
 - ~~11 - Iconic projects~~
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Discussion

- Discussion
 - Public Notice - - ITEMS ON THIS AGENDA ARE FOR THE INFORMATIONAL PURPOSES ONLY. DIRECTION MAY BE GIVEN, BUT NO OTHER ACTION WILL BE TAKEN AND NO PUBLIC COMMENT WILL BE SOLICITED.
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Recommendations

- Recommendations on Guidelines



Closing

- Closing and other considerations