
Economic Development Strategic Plan

League City, Texas

Vision

League City's economic base will be diverse and sustainable, offering meaningful employment opportunities for all citizens, encouraging the best use of the community's physical and intellectual assets, consistent with the highest quality of life possible for League City residents.

Mission

Build an economic development initiative and environment that promotes the retention and expansion of existing businesses and jobs while creating new business investment and employment.

We will accomplish our mission by ensuring a positive local governmental climate for private sector investment; leveraging resources and investment; creating a business environment that supports appropriate public/private partnerships and relationships; implementing responsible and well planned branding and marketing strategies; pursuing only well defined, financially sustainable catalyst projects; working with our economic development partners both within League City and the region; and encouraging development of venues that will attract events and tourism. We strive to assure a superb quality of life, to increase investment and to diversify and expand the local tax base, thereby keeping taxes low for all, thus creating additional economic development and community wealth.

Objectives and Strategies

Objective #1: Ensure a positive local governmental climate for private sector investment.

Strategies:

1. Promote an open transparent, accountable, performance-based local government.
2. Provide appropriate, effective and efficient governmental services to maintain competitively low local taxes and fees.
3. Provide a fair, transparent and efficient local governmental regulatory environment while protecting the health, welfare and safety of League City citizens and visitors.
4. Communicate regularly with League City businesses.

Objective #2: Contribute to a local and regional business environment that supports appropriate and productive public/private partnerships and relationships.

Strategies:

1. Streamline the City's permitting and regulatory processes while vigorously enforcing the City's development ordinances and policies in an efficient and timely manner.
2. Establish a one-stop development center to facilitate and coordinate the actions of City agencies in the administration and management of the local development process.

3. Develop appropriate economic, financial, infrastructure and regulatory incentives to encourage private sector investment.
4. Encourage the development of a talented and productive workforce that meets the employment needs of an expanding and diversified business community.
5. Provide a transparent, accountable, efficient, and results-driven economic development structure.
6. Create a business incubator similar to that recommended by Destination Development International (DDI) “to foster new start-up businesses, providing shared expenses and administrative, technical business assistance and access to resources and information.
7. Work closely with the City’s local and regional partners, including establishment of regular gatherings for mutual updates on progress and plans.

Objective #3: Support and assist existing business retention and expansion.

Strategies:

1. Provide regulatory and economic incentives that promote business retention and expansion.
2. Identify local partnerships in workforce development and business-to-business relationships to assist local firms.
3. Support business infrastructure development in collaboration with such organizations as Bay Area Transportation Partnership, Houston Galveston Area Council (HGAC), local and regional higher education institutions and the Chambers of Commerce.

Objective #4: Implement appropriate well-planned branding and marketing strategies that support meaningful and sustainable economic development.

Strategies:

1. Review and critique the recommendations of the analysis conducted by Destination Development International and adopt those that support League City’s Economic Development Strategic Plan.
2. Create a Brand Leadership Team or similar group as recommended by DDI to develop a branding and marketing implementation plan for consideration by City Council and inclusion in the City Budget.
3. Develop an advertising and promotional program that supports the City’s Economic Development Strategic Plan and the branding and marketing implementation plan.

Objective #5: Pursue well-defined and financially sustainable catalyst projects that leverage the City’s administrative and financial investment.

Strategies:

1. Review potential catalyst projects for “fit” with the City’s Comprehensive Plan and Updates, Master Mobility Plan, Utility Master Plans and Long-Range Financial Forecast prior to making recommendations to City Council for approval.
2. Perform in-depth market demand, business feasibility, financial pro forma, legal review and other appropriate analyses to assure project feasibility and sustainability prior to City investment.
3. Utilize only the most appropriate regulatory and economic City incentives to fill catalyst project feasibility gaps and meet “but for” provisions of catalyst project implementation.

Objective #6: Encourage the development of venues that will attract tourism and events including development of support infrastructure such as hotels, restaurants, retail, entertainment and the arts.

Strategies:

1. Build upon League City’s existing assets and unique native character in promoting tourism and events.

2. Focus on reducing economic leakage to surrounding communities first before promoting tourism outside of the region.
3. Utilize “mixed use place-making “which incorporates recreation, restaurants, entertainment and the arts as a strategy in the expansion of existing venues and the development of new venues.
4. Assure that existing and new venues are linked to other attractions and economic nodes in the City.

Market Niches

League City should pursue a diversified economic development strategy that connects strengths with opportunities while minimizing weaknesses and threats. With this in mind, League City shall pursue several key market niches, an approach that will require a strong network of partnerships between the City and numerous partners locally, regionally and beyond. It is also an approach that takes full advantage of local attractions such as the Big League Dreams, South Shore Harbour, and the Historic District including League Park, Helen’s Garden, One Room School House, Butler Longhorn Museum and Heritage Park. Proposed niches include:

Office/Business: Encourage growth and development of entrepreneurship and small, home or “micro” businesses via an “economic gardening” approach that seeks to provide business and technical assistance otherwise inaccessible to many start-up businesses. This strategy will target development of new Class A office space in relatively small units and establishment of a business incubator program for the start-up and support of micro-businesses. Orthopedic/sports medicine and other medical clinics could be target occupants to take strategic advantage of UTMB’s presence in the region and to leverage League City’s substantial investment in amateur sports. It also recognizes emerging opportunities, such as corporate maritime and logistics office demand that may arise as a result of improvements to the Panama Canal.

Evolving aerospace and energy industries: A shift toward privatization of space flight and the continuing emphasis on energy management, conservation and alternate fuels make this market niche timely and strategic. League City’s location adjacent to NASA/Houston and the education and work skill characteristics of its citizens poise it to retain and continue to draw bright, creative individuals who are potential entrepreneurs.

The phasing-out of some NASA/Houston contractors and other space-related interests at NASA present another opportunity to create new small entrepreneurial enterprises. Changes to NASA and the aging petroleum refineries in the region have been identified by staff as a potential threat to future economic stability.

Retail appropriate to each district: Depending on the district, this niche will draw from a retail spectrum that ranges from local stores and boutique retail to national “big box” brands and distribution outlets.

Retail leakage to other jurisdictions has long been identified as a weakness of the League City economy. Place-making utilizing mixed-use development which incorporates retail into development plans shall be encouraged when economically and financially feasible in order to promote the highest sustainable quality of life by making League City a great place to live, work and play.

Institutional infrastructure: This could include educational facilities serving levels anywhere from pre-kindergarten to college, as well as medical (hospital/sports medicine/specialty clinics) and government (local/state/federal) buildings.

League City is known for its outstanding public schools, which is an asset that should be promoted, and is characterized by a highly skilled and educated workforce. The College of the Mainland has a branch in League City. The opportunity exists to build upon these facilities as well as the regional medical complex and State and local government employment as a strategy to spur additional economic development. The potential exists to develop a Town Center on existing vacant land as well as redeveloped properties.

Tourism: By building on place-making strategies and investing hotel/motel tax dollars wisely with an emphasis on marketing, events and the arts, League City can leverage its location and the Bay Area's rich history and assets to attract new and repeat visitors, many of whom will be drawn to the same venues already favored by locals such as:

- League City Park
- Helen's Garden
- Butler Longhorn Museum
- Heritage Park
- One Room School
- Historic Homes District

The arts and entertainment have been utilized successfully by many communities as economic development tools as well. Walter Hall Park, the Creekside District, Big League Dreams and the Harbourside District all offer existing or potential venues for events or festivals that would appeal to residents and tourists alike. The hotel and conference center at South Shore Harbour offer opportunities for business meetings and travel which may be expanded upon. Proximity to the Kemah Boardwalk and NASA also offers opportunities to extend visitor nights to take advantage of attractions in League City.

Agribusiness: Another potential visitor generator is agribusiness. League City has deep agricultural roots, ranging from the Italian family farms that settled in this area to the Butler longhorns. Development of this niche will help preserve League City's unique heritage, a primary reason for DDI's recommendation that the City pursue development of a public/farmers market.

Competition from existing farmers markets in neighboring communities has been identified as a potential threat. A strategy to mitigate this threat is the formation of a collaborative that could be operated through a partnership among the private and non-profit sectors (perhaps with limited support from the City and neighboring communities). The City's recent citizen survey indicates a potential customer base in League City – 65 percent of respondents said they would be likely to visit a public market at least two or three times a month, 19 percent said at least monthly and only 2 percent said they would never visit.

Recreation: As DDI points out in its branding analysis, League City has an active recreational lifestyle. League City is "a family-centric community built around sports, recreation, education and an active lifestyle. With a myriad of activities from Big League Dreams to historic gardens, no wonder League City is becoming Houston's recreational lifestyle community."

Recreation is a market niche that offers great opportunity on which to capitalize. According to DDI the most notable League City assets include "stunning upscale neighborhoods with hundreds of waterfront

homes, beautiful golf courses, waterways and trail systems.” Voters’ approval of a 4B sales tax devoted exclusively to development and maintenance of amateur sports projects sets the stage for this focus, which is complemented by private development like the community’s three golf courses, public-private ventures like Big League Dreams, and public investments in amenities such as the planned trails network.

Trails may not be the centerpiece of the community’s brand, but they improve mobility, serve as mechanisms to link market nodes and may serve as catalysts for community-wide economic development efforts. The City’s proximity to water also offers opportunities for recreation and economic development partnerships – the City has suggested to the Butler Longhorn Museum that the museum operate canoe/kayak concessions for the planned Heritage Park launch which is part of the paddle trail project which is sponsored by the City, Galveston County and Harris County.

Districts

Districts have one or more catalyst projects that attract people to the area and entice them to stay long enough to enjoy their experience and contribute to the local economy. Districts are ideally characterized by a unique character, a range of land uses, cultural/physical activities and architectural styles that make the area desirable as a place to shop, work, play, gather and sometimes live. This is called “place-making”. The combination of existing, emerging or future catalyst projects and complementary attractions/amenities must create critical mass sufficient to generate economic and financial value that can be sustained over time. Fortunately, League City has several areas that can become exciting, sustainable districts, and there are more where potential will emerge as the community matures.

Areas with existing or potential ingredients needed to become districts include:

The Creekside District (a slightly expanded version of Main Street and the Historic District)

Target market niches: Local and boutique retail, tourism, agribusiness, recreation

- The “cultural” heart of League City
- Existing attractions include League Park, Helen’s Garden, Heritage Park, Butler Longhorn Museum, One-Room Schoolhouse Museum, a “folksy” mix of local restaurants and shops, and the majority of the community’s major events (with close proximity to Walter Hall Park and the Municipal Complex)
- Potential catalysts to spur reinvestment could include a large-scale public market, capital and programming improvements at League and Heritage parks, and a major amphitheater
- Connects to Clear Creek and includes one of five initial stations along the proposed paddle trail from the Dr. Ned and Fay Dudney Nature Center to Countryside Park.
- A Livable Centers grant awarded by H-GAC has led to hiring of a consultant to complete a full implementation plan for improvements to the Creekside District by June 2011.

The Harbourside District (includes South Shore Harbour conference hotel, resort, and marina, area offices and commercial activities)

Target market niches: Office/business, evolving aerospace and energy industries, local and boutique retail (and possibly regional/national), tourism, recreation

- Existing attractions include South Shore Harbour conference hotel and marina, and a mix of local and national-brand restaurants and shops
- Class A office hub of the community
- Stands to reap rewards from additional events, festivals and programs
- Most visible and actively engaged connection to the waterfront

Incentives

The term “incentives” is too often considered to mean tax breaks and rebates. In fact, government can influence and facilitate business growth and sustainability by a variety of means. As the City’s existing policy (attached as Appendix C) dates to 2003, a review and update are timely. The review shall be conducted by the Brand Leadership Team. The team’s goal will be to recommend updates that ensure the City:

- Utilizes only the most appropriate incentives that fill catalyst project feasibility gaps and fulfill “but for” requirements;
- Leverages acceptable levels of private-sector capital investment and job creation;
- Demonstrate acceptable levels of return on investment for incentives provided; and
- Protects taxpayers against exposure to failures in the marketplace.

Changes should include a clear statement that the City intends to offer incentives not to enrich the private sector, but to encourage financial assistance based on performance and a demonstrated need based on anticipated project finances. In addition, the City should increase its focus on incentives that improve the quality of life in the community, contribute to an investment-conducive environment or provide critical services the business owner would otherwise expend funds to obtain. These incentives include:

- Infrastructure and mobility improvements, including roads, pedestrian/bicycle access and other linkages;
- Construction of parking in strategic locations;
- Development of attractions and “catalyst projects” that spur additional private investment and around which development activity can cluster and establish critical mass;
- Streetscape improvements, landscaping, lighting, wayfinding, installation of artwork and other features that improve the viability and attractiveness of the surrounding area;
- Research support and “data mining” as needed to successfully grow the business and make it more competitive; and,
- Marketing support.

Through partnership with other organizations and stakeholders, League City also has the opportunity to assist through other methods including:

- Land acquisition and assembly;
- Development of loan programs such as a revolving loan fund or microloan program; and,
- Application for state economic development grant funds in coordination with a specific employer.

Key Stakeholders

Key to the success of this economic development strategy will be continued efforts to strengthen relationships with organizations within the region that can impact the ability to grow jobs and wealth in League City. The Economic Development Strategic Plan is intended to ensure that all of the entities in the community share a common focus. Regionally, this plan advocates mutual respect and coordination among peer communities and organizations, including an effort, to the extent possible, to pursue complementary policies.

Within League City, government-created entities with an impact on economic development efforts include:

- League City Municipal Improvement District (MID) has potential, but no resources, to act in support of economic development. Created by State Legislation, the MID has authority to make capital improvements, acquire land and provide other services, particularly in commercial districts as funding opportunities become available. Those opportunities will depend heavily on the willingness of property owners in affected areas to support additional taxes; the only other viable funding option identified at this time is a contribution from the City if a case could be made that taxpayers would receive some benefit for allowing the MID to invest City funds.
- Destination League City makes recommendations to Council regarding use of hotel occupancy tax monies to promote tourism and the hotel and convention industries by supporting the arts and cultural events, historic preservation and marketing of the City and its hoteliers. In recent years, the percentage of funds dedicated to arts, events and historic preservation has dwindled well below caps imposed by state law. It is recommended that the City look for ways to expand funding to these purposes within legal limits. Also, the City has amassed a significant reserve in its HOT funds – local hoteliers and DLC members have suggested dedicating most of that to marketing and other suitable purposes, and City staff recommends pursuing a course along these lines.
- Industrial Revenue (4B) Board has funds that are limited to amateur athletics purposes offering significant potential to support the proposed brand focus on Recreational Lifestyle. There is a broad menu of other potential uses of these sales tax monies, which may see rapid growth with the potential addition of the proposed Tanger outlet mall. However, expanding the use of 4B (now referred to as Type B) funds will require voter approval and should not be pursued except in the case of necessity, and with one or more project(s) for which there is clear and strong public support.
- Community Investment Committee promotes development and implementation of marketing and capital improvements that reinforce a common brand for the community. With completion of the DDI project, the City should seek a new role/direction for the CIC.
- Historic District Commission, as well as the Planning and Zoning Commission, ensure that development occurs in a manner that reinforces the vision for the community, particularly as it relates to creating vibrant and well linked districts and destinations. The success of these groups will hinge greatly on the City's ability to communicate effectively with them on a two-way basis.

Working together, regional entities can pool resources of numerous communities into a powerful force for economic development. Entities and peer communities throughout the region include:

- Bay Area Houston Economic Partnership (BAHEP) promotes regional economic development throughout the “bay area” and acts as an economic resource for member communities and counties. BAHEP offers support for business recruiting efforts and outreach to retail developers, but is perhaps most valuable for its leadership of regional advocacy for NASA's Johnson Space Center.
- Galveston County Economic Alliance is home to the county's Small Business Development Center and serves as a resource for Galveston County communities from Tiki Island to League City.
- Bay Area Houston Convention and Visitors Bureau promotes regional tourism and coordinates closely with Destination League City. The City contributes 15 percent of annual HOT revenue to BAHCVB.
- Galveston County and Harris County have a vested interest in the economic prosperity of League City and surrounding communities, including the ability to offer assistance with capital improvements such as road and infrastructure improvements as well as park development. Given the City's limited presence in Harris County, partnerships with Galveston County appear more feasible (i.e. the proposed public safety building and/or a potential first-responder hurricane shelter that might also offer recreational/entertainment venue possibilities).

- Surrounding cities such as Friendswood, Webster, Nassau Bay, Clear Lake Shores, Seabrook, Kemah, Texas City, Dickinson and Alvin benefit from coordinated economic development efforts and sustainable regional growth.

Perhaps no relationship is more critical than League City’s relationship with the local business community. Leadership in city government will take particular effort to work closely with all organizations that represent the business community to increase economic opportunity, including coordination with:

- League City Chamber of Commerce as the single largest representative of business interests in the community and functions as League City’s visitor center under an informal arrangement that should be brought to Council as a contract for services.
- Other chambers of commerce, including the Clear Lake and Galveston County chambers. The City presently has little, if any, interaction with these groups and may wish to evaluate the potential for more networking in these arenas, though the League City chamber should remain the primary partner.
- League City Historic Shoppes as a new organization focused on creating increased and sustainable “critical commercial mass” in the historic core of League City. This group has already developed a quality marketing brochure and offers a strong, if relatively small, private-sector presence from which to build momentum in the Creekside District.

Educational Institutions represent the opportunity to grow the skills of area employees, add critical resource support for businesses, and expand upon one of the community’s most recognizable assets. At the same time, building the educational resources of the community will be a necessity if the community is to continue attracting high skill, high wage residents.

- College of the Mainland offers secondary education services through a branch in League City.
- Clear Creek, Dickinson and Santa Fe ISDs all provide services for children in League City, including the needed essential skills to be competitive in today’s job market.
- League City should not overlook its proximity to UTMB, Houston’s Medical Center, and the region’s university community, including UH-Clear Lake, as potential attractions and generators of activity.

Cultural institutions such as the League City Historical Society and League City Heritage Foundation may not be typical economic development partners, but they may have a role in improvements intended to make the community’s historic core a destination for residents and guests.

Governance and community support

As indicated above, a variety of partners will contribute to the ultimate success of League City’s economy. Because of this, progress will require a strong outreach initiative and ongoing communication among the City and key stakeholders. Given its resources, the City must take the primary role in determining appropriate investment of public funds to stimulate business activity, and City Council will thus function as the primary governing body of the City’s economic development efforts.

Economic development is not a function. It is an ethic. “Good government” is more than simply a motto in regards to economic development. The perception of League City as a business-friendly, stable, responsive, responsible and dependable partner will directly and indirectly impact others’ decisions to invest in League City. This will depend not just on the daily work of staff, but on the business community’s perception of Council’s commitment to foster good government and economic growth.

With the above in mind, the following parties (beginning with Council as the City's governing body and holders of primary responsibility for oversight) are listed with their responsibilities and suggested steps to prepare for implementation of this plan:

City Council

Reporting directly to the voters of League City, Council has a role of paramount importance. League City's elected leaders have already displayed a willingness to invest in economic development, setting aside \$1 million in the FY11-15 CIP for one or more capital project(s) that remain unidentified, as well as \$250,000 in the FY11 operating budget. Council's role will be to exercise leadership in building community consensus regarding the city's economic development vision and strategy, beginning with consideration and formal ratification of this plan. This leadership will be demonstrated in a formal sense through debate and votes at Council meetings, but will also show itself on an informal basis through community appearances, neighborhood engagements and one-on-one conversations.

With a vision established, Council's apparent dedication to implementation will be a barometer of great interest for stakeholders and prospective investors. Finally, Council is responsible for holding City staff, boards, committees and commissions accountable for fulfilling their respective roles and responsibilities under this plan and the City's other major plans, including the Comprehensive Plan, Master Mobility Plan, Master Drainage Plan, and the Water Master Plan. These plans are carefully coordinated, incorporate the vision for the Economic Development Strategic Plan, and will allow League City to promote sustainable growth. Council must ensure that plans are implemented, projects undertaken, and services delivered in a manner that fits this strategic plan.

City Staff

Reporting to the Council (City Manager, City Attorney, City Secretary) or City Manager (other City staff), this group is responsible for providing professional advice, research, support and guidance to the Council, community and City boards/committees/commissions. Staff also plays a primary role in facilitating the flow of information among various stakeholders listed in this and the prior section, and in identifying and promoting opportunities for partnerships that benefit the City.

The City's economic development manager's position remains open, and will be reposted quickly in line with the strategic plan ultimately endorsed by Council. If funds are available, the City Manager may consider division of the economic development function into two roles – one focused on the arts, culture, events and the Main Street/Historic District/Creekside District area, and the other targeting business development, recruitment and retention.

Even with the addition of one or two staff members to focus on activities traditionally associated with municipal economic development, it would be a mistake to consider this the extent of the City's economic development staffing. Again, economic development is not a function. It is an ethic that must permeate a variety of City functions and services. Toward this end, the City Manager will assemble an Economic Development Team that includes the chief of staff, three assistant city managers, the directors of parks and cultural services and planning and research, and the economic development staff noted in the paragraph above.

The Economic Development Team will convene as called upon by the City Manager, as a whole or in parts as appropriate. It will issue a quarterly update to Council as part of the Manager's Quarterly Performance Management Report. Its members will share responsibility for ensuring that all appropriate City resources are committed to implementation of this plan, which touches activities from budgeting

and planning to permitting and communications to parks and infrastructure design and construction. Through daily work and recommendations to Council and boards, staff will also play a key role in making sure other City plans are implemented in line with the community's economic development vision.

Another important role for staff is as facilitators of communication. In this arena, the City Manager, Chief of Staff, and economic development staff will assume primary responsibility for coordinating with Council, the community, and economic development-focused organizations such as the MID and DLC. Staff has already begun building relationships with key community leaders and opinion-shapers, several of whom were consulted in the drafting of the "white paper" on which this plan is founded. In a broader sense, members of the Economic Development Team and their direct reports will also aid Council in ensuring that City boards, committees, commissions and other stakeholders receive support and useful information as they influence the City's direction and implementation of various plans.

Boards, Committees and Commissions

As suggested above, numerous individuals and boards, committees and commissions appointed by the Mayor and confirmed by City Council have great sway locally and even regionally in decisions that will impact the City's successful implementation of this plan. Held accountable by Council and aided by staff, these appointees must be familiar with the Economic Development Strategic Plan adopted by Council, and committed to decisions that contribute to the plan's success. Further, they are invaluable sources of feedback and input for staff, Council, and appointees to other boards, committees and commissions.

To these groups, DDI's report suggests adding a Brand Leadership Team to guide development of the city's image and branding efforts. This plan recommends a slightly different tack: the City Manager will name a Community Economic Development Council that includes the chairs of key stakeholder groups, the Mayor, and a Council liaison. This group will be rounded out by the members of the Community Investment Committee – participation in the new Community Economic Development Council is a logical next step for this group on the heels of its success in moving the DDI study to completion. The new entity will fill the role of a Brand Leadership Team, but will make contributions beyond that assignment, including serving as an essential two-way communications linkage between the City and key stakeholders.

To foster communication among the various economic development stakeholders and promote constructive public discussion of economic development initiatives and successes, the Council will take the lead in reinstating quarterly community conversations on economic development. These will be modeled after the monthly lunch meetings formerly held by the EDC and other partners, and will feature a presentation by City staff and others as appropriate on plans and projects. The gatherings offer a ready, structured opportunity for communication and networking for a group that will likely serve as an important sounding board for the City Manager on key decisions, meeting on an as-needed basis in addition to the quarterly gatherings mentioned earlier.

APPENDIX A – RELEVANT DATA FROM THE 2010 NATIONAL CITIZEN SURVEY

Based on results from the City's recent participation in the National Citizen Survey, residents are generally pleased with growth rates and economic development in League City, though less so with regard to population. Fifty-three percent of survey respondents indicated that they think the City's population growth is occurring too quickly (despite a prolonged dropoff in residential construction), and 35 percent gauged population growth as "about right." Fifty-six percent said retail growth is occurring at about the right pace, with 22 percent deeming retail growth too slow and just 17 percent rating it faster than desirable. In a related question, 64 percent of survey respondents rated League City's shopping opportunities "good" or "excellent."

Compared with benchmark data from other cities' citizen surveys, League City residents are much less likely to believe their community's retail growth is occurring too slowly. The same is true for jobs growth, though 39 percent of survey respondents said employment in League City is expanding too slowly, 18 percent rated the community "about right," and – notably – 41 percent responded "don't know" (one likely reason would be that with a property tax base that is 80 percent single-family residential, League City has a number of residents who view the Houston-Galveston region as their job market, a suggestion backed by the popularity of park-and-ride services from the area). Asked to rate the city's employment opportunities, 30 percent said they didn't know, and just 27 percent responded "excellent" or "good" (31 percent said "fair," 12 percent "poor"). These ratings are still much above the norm seen in other communities, and the same is true for respondents' ratings of League City as a place to work, with 48 percent scoring the City "excellent" or "good" and just 6 percent answering "poor" (31 percent answered "fair," 39 percent "don't know").

Asked to grade the City's economic development services, 11 percent of respondents answered "excellent," and another 40 percent rated the services "good." "Fair" scored 23 percent of the responses, with 6 percent ranking the City's economic development efforts as "poor" and 21 percent of respondents answering "don't know." Survey data suggest that League City residents are much more likely to have a positive perception of economic development services than is typically seen in other communities' citizen surveys. Still, with one in five respondents not holding an opinion, the City should consider spotlighting this plan and related progress in hopes of building better understanding of ongoing initiatives.

To summarize, there is good reason to believe that League City residents will support programs and activities designed to encourage job growth and, to a lesser degree, retail development. And they appear cautiously optimistic about the climate in which they and the City will operate in the months ahead – in part possibly because they are less likely than residents in other communities to be experiencing housing-related financial stress, League City residents are more likely than their counterparts in other communities to feel positive about their households' economic status in the next six months. One in five say they expect the economy to affect them positively, while 36 percent report the opposite and 42 percent expect no impact on their situation.

APPENDIX B – SWOT (STRENGTHS, WEAKNESSES, OPPORTUNITIES, THREATS) ANALYSIS FROM FALL 2010 ECONOMIC DEVELOPMENT “WHITE PAPER”

City staff have identified an initial list of significant strengths, weaknesses, opportunities and threats relevant to League City’s economic development efforts. They are:

Strengths

- Strategically located between Houston and Galveston
- Highly skilled and highly educated workforce
- Strong local buying power and high disposable income
- Waterfront and recreational amenities
- Desirable subdivisions and great place to live
- Highly desirable school districts

Weaknesses

- Lack of a common vision or focus for economic development/recognizable “community brand”
- Substantial employment and retail leakage
- Too many cooks in the “ED kitchen”
- High water rates
- Negative perceptions about League City as a place to conduct business (lengthy permitting, political instability)
- Transportation issues
- No dedicated revenue stream for economic development and limited programs/staff
- Lack of available “spec” land and buildings
- Baybrook market capture limits ability to capture national brands
- Largely a “bedroom community” with a limited corporate base and jobs

Opportunities

- Place-based focus
- Rich environment for starting and growing businesses
- Existing regional clusters in aerospace, energy, medical and tourism
- Available raw land for new development
- Municipal Improvement District as a tool for economic development
- Growing stability in local leadership/form of government
- Leadership interest in targeted investments for economic development
- Transformation of NASA/space industry and evolving energy sector
- Regional collaboration and complementary economic development efforts
- National movement toward local grown, sold and prepared food
- Corporate office growth, including space for growing or emerging markets such as maritime and logistics
- Educational linkages, including seamless connections between the ISDs, College of the Mainland, and colleges and universities
- Regular networking opportunities and speaker's meetings

Threats

- Limits in infrastructure and transportation capacity/growing traffic congestion
- Lack of identity or targeted focus
- Lack of community “champions” for economic development
- Lack of available financing/venture capital

- Changes to NASA and aging refineries
- Lack of confidence and trust of government and local economic partners by the business community and area residents
- Competition from aggressive, regional peers
- Potential for regional cannibalism (without an effort to establish regional, complementary strategies)
- Growing redevelopment needs
- Slow economy/companies are not actively expanding
- Poor coordination among local economic partners
- Physical east/west "divide" created by Interstate-45

APPENDIX C – LEAGUE CITY ECONOMIC DEVELOPMENT INCENTIVE POLICY AND APPLICATION

CITY OF LEAGUE CITY ECONOMIC DEVELOPMENT INCENTIVES POLICY

I. Purpose of Policy

The City of League City, pursuant to state law, is authorized to offer a variety of incentives to industries and commercial enterprises for the purpose of local economic development. The purpose of this policy is to establish guidelines for making local incentives available for projects that fall within the City's economic development objectives.

II. Premises

- A.** The City of League City must offer incentives in order to stimulate certain types of business development and to be competitive with other communities.
- B.** The City's priority is to offer incentives to projects that will create new primary jobs (i.e. jobs that form the economic base of the community, created by enterprises that import new wealth into the local economy).
- C.** Our community believes that a new primary job created by an existing employer is as valuable as a primary job created by a new company. Therefore, incentives will be offered on an equitable basis to qualifying existing businesses as well as those recruited from outside the City.
- D.** Although nearly every economic development project has unique requirements, our city should have a rational set of guidelines that can be explained to a prospect in advance. This is not to suggest, however, that the City should have no flexibility to accommodate different types of economic development opportunities or special situations.
- E.** The amount or level of local incentives offered to prospective developers/companies should be based on the projected increase in the value of real property, business machinery and personal property and/or the increase in the local workforce (both in number of jobs and the level of wages).
- F.** Incentives will be used when they will make a difference in a project's likelihood of success and/or our City's competitive advantage in securing the project. Incentives may also be provided to a company when the City is convinced that incentives are needed to retain existing jobs, which would otherwise be lost.

III. Incentives for Business/Industrial Development

- A.** Municipal tax abatements, tax exemptions and grants.

1. Abatement of municipal ad valorem property taxes
Sec. 312.204 of the Texas Tax Code

The City of League City, Galveston County and Harris County may grant up to 100% abatement of property taxes on buildings, fixed machinery and other business property for up to ten years. Tax abatements do not apply to the value of land but to the value of improvements constructed as a result of a particular economic development project. Minimum qualifications for tax abatement are \$500,000 in real property improvements and 7 new jobs created.

2. Freeport property tax exemption
Texas Constitution Art. VIII, §1-j

The freeport exemption exempts personal property consisting of inventory goods or ores, other than oil, natural gas and petroleum. Eligible property must be transported out of the state within 175 days of acquisition but may first be assembled, stored, manufactured, processed or fabricated locally.

3. Municipal grants
Chapter 380 of the Texas Local Government Code

The City Council of the City of League City may provide loans and grants of city funds as well as city employees and equipment to promote economic development projects within the city. Eligible projects involving significant investment may contract with the City to receive sales tax grants, franchise fee grants, water or sewer line extensions, building permit fee waivers and grants for capital recovery fees.

4. Creation of Industrial District in ETJ and agreement to not annex
Section 42.044 of the Texas Local Government Code

To attract a business into an area, a city may choose to encourage the business to locate in the city's extraterritorial jurisdiction ("ETJ"). If the business locates in the city's ETJ, the City Council may enter into an agreement not to annex the business property for a set period of time (maximum of 15 years). The agreement may call for the business to pay the city an annual fee in lieu of taxes for the use of city facilities. The city may also provide certain contractual services (i.e. firefighting services) to the business during the non-annexation period.

B. Municipal programs used to help finance business development projects.

1. Industrial Development Revenue Bonds (Issued by the City for construction of leased facilities)
Article 835s of the Revised Texas Civil Statutes

The City of League City may issue Industrial Development bonds to finance the construction or purchase of a manufacturing facility for lease to a private entity. Bonds are payable from the lease revenue.

2. Industrial Development Revenue Bonds (Issued by Economic Development Corporation)
Article 5190.6, Sec. 21 of the Revised Texas Civil Statutes

The League City Economic Development Corporation may issue bonds for economic development projects. Generally all debt services on the bonds are paid by the business under the terms of a lease, sale or loan agreement. This does not constitute a debt of obligation by the city or the Economic Development Corporation.

3. Public Improvement Districts
Chapter 372 of the Texas Local Government Code

A Public Improvement District (“PID”) enables a commercial area to make improvements benefiting the area and spread the cost equally among all properties. Property owners are assessed based on benefit. These assessments may be used to pay the debt service on bonds or they may be used to pay for services directly if no bonds are issued. PID funds may be used to purchase real property in connection with improvements. Improvements include a wide variety of enhancements such as water and wastewater, streets, drainage, parking, landscaping, etc.

4. Reinvestment Zones
Chapter 311 of the Texas Tax Code

Developers of business property within a defined area (i.e. business parks, service centers) may receive municipal financing assistance through the use of tax increment financing. The City Council may create a Tax Increment Reinvestment Zone where construction of public improvements using tax increment funds are likely to result in significant commercial investment. The cost of improvements within the zone is repaid by the contribution of future tax revenues by each taxing unit that levies taxes on the affected properties. Once the city initiates tax increment financing, counties and school districts may also participate in the tax increment financing program.

5. Municipal Management Districts
Chapter 375 of the Texas Local Government Code

Municipal Management Districts allow commercial property owners to enhance a defined business area by financing facilities, infrastructure and services beyond those already provided by the municipality. The improvements may be paid for by a combination of self imposed property taxes, special assessments and impact fees. A district is created to supplement not supplant the municipal services available to the area.

C. Empowerment Zone

1. The City Council has created an Economic Development Empowerment Zone within the I1 (Light Industrial) and I2 (Heavy Industrial) zones located along the Union Pacific Railroad line, south of Walker Street to the city limits. The purpose of

creating the zone is to encourage investment in certain areas lacking adequate water and sewer lines and paved streets.

2. Qualified businesses locating in the zone are eligible for municipal grants to assist in the developer's costs of extending water and sewer lines, paving public streets, or the cost of municipal fees (building fees, capital recovery fees, etc.). The City will grant \$1, up to \$25,000, for every \$2 spent by the business.
3. Businesses must invest a minimum of \$250,000 in improvements in real property to be eligible for municipal grants. Grants will be considered for the following types of development:

- Manufacturing facilities
- Distribution facilities
- Office warehouses
- Wholesale sales

IV. Eligibility Criteria for Incentives

- A. Incentives will be considered for the following types of development if the project will create substantial capital improvements within the City and additional permanent employment;

- Manufacturing facilities
- Distribution facilities
- Corporate offices or service centers
- Research and development facilities
- Regional entertainment or tourist related facilities
- Developers of large commercial/industrial development properties

- B. Unless the project generates significant sales tax revenue or significant new employment, incentives will not be offered directly to retail businesses, however developers of comprehensive commercial projects (i.e. business parks, service centers that include retail facilities) may qualify for some incentive programs.
- C. The Economic Development Department will provide assistance to business owners and commercial developers in obtaining incentives and financial services that are sponsored by other agencies and organizations. Commercial development projects do not have to qualify for incentives from the City of League City in order to receive this assistance from the Economic Development Department.
- D. Schedule for amount and term of municipal tax abatements, tax exemptions and grants.

(1) Abatement of ad valorem taxes

- (a) Factors that will be considered in determining whether to grant tax abatement on real property, or if additional percentage of abatement or duration is warranted include:

- Type and value of proposed improvements;
- Productive life of proposed improvements;
- Number of jobs to be created or retained by proposed improvements;
- Wage levels of jobs to be created or retained;
- Amount of any local sales tax to be generated directly;
- The costs, if any, to be incurred by the city to provide facilities or services directly resulting from the improvements;
- The amount of ad valorem taxes to be paid to the City during the abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the abatement period, and (d) the projected property value after expiration of the abatement period;
- The types and value of public improvements, if any, to be constructed and paid for by the applicant seeking abatement;
- The positive or negative impact on the opportunities of existing businesses;
- The impact on the opportunities of attracting additional business to the area;
- Whether the project is environmentally compatible with no appreciable negative impact on quality of life perceptions; and
- The probability that the project will or will not take place without tax abatement.

Taxes on the value of eligible improvements will be abated according to the schedule below:

Up to 100% of the value of new eligible investment may be abated for up to two years during the construction period of a project. The total abatement period, inclusive of construction, may extend for up to ten years.

<u>Investment in Real Property</u>	<u>New Fulltime Permanent Jobs</u>	<u>% of Increased Value to be Abated</u>
\$500,000 - \$999,999	7 jobs	up to 50%
\$1,000,000 – and over	15 jobs	up to 100%

(b) The City may also abate all or part of the value of tangible personal property at the property site, other than inventory or supplies, purchased with new capital identified in the tax abatement agreement. Personal property already located on the site prior to the period covered in the abatement agreement is not eligible for tax abatement.

2. Freeport property tax exemption

The City will provide information about obtaining the freeport tax exemption to all qualifying businesses whenever an inquiry is made about local incentives.

3. Municipal grants

Factors listed in granting tax abatements, (1,a) will be considered in determining whether to provide municipal grants, or if an additional amount or duration of a municipal grant is warranted.

(a) Sales tax grants

The City may provide grants based on sales and use tax collections to commercial projects that generate a minimum of \$100,000 in annual sales tax revenue to the City. The City may grant up to one half of the eligible sales and use tax paid by a qualifying business for a period of up to five years.

(b) Franchise fee grants

The City may provide grants to commercial projects that generate a minimum of \$10,000 in annual franchise fee payments to the city. The City may grant up to one half of the eligible franchise fee amount paid by a qualifying business for a period of up to five years.

(c) Sales tax on equipment and materials

Qualifying projects with a minimum of \$500,000 in improvements and 7 new permanent jobs may be eligible for a grant based upon the amount of sales and use taxes paid on the purchase, lease or rental of equipment and materials used in the construction or improvement of the project.

(d) Waiver of municipal fees and capital recovery fee grants

Qualifying projects with a minimum of \$500,000 in improvements and 7 new permanent jobs may be eligible for a waiver of building permit fees or for a grant based upon the amount of capital recovery fees paid to the City. Certain types of retail projects, targeted by the City's Economic Development Department, with less than \$500,000 in new improvements may be eligible if the project creates significant new employment.

(e) Infrastructure improvements for building sites

The City may provide a grant of municipal services for infrastructure improvements (extension of water and sewer lines, drainage improvements, etc.) if the facility meets the minimum qualifications for tax abatement. The amount of the grant will be determined on an individual project basis.

4. Agreement to not annex

If a qualifying business locates in the City's extraterritorial jurisdiction, the City may enter into an agreement to not annex the business property for a set period of time. In such cases the agreement shall provide for an annual fee, in lieu of taxes, to be paid to the city during the agreement period.

5. Municipal programs to help finance business development projects

The City may enter into development agreements with owners of property within a Tax Increment Reinvestment Zone or Public Improvement District where construction of public improvements (i.e. bridge, street, sewer or water line, railroad spur or drainage project) using tax increment funds is likely to result in the significant expansion of an existing facility or the construction of a major new facility. The City will establish minimum criteria for consideration of development agreements on an individual project basis.

- V. Procedure for handling requests for incentives
 - A. Any present or potential owner of taxable property in League City may request economic development incentives by filing a written application with the Economic Development Department. An application for designation of a reinvestment zone and for tax abatement may be combined and submitted jointly. Applications for incentives shall include the following information:
 - 1. Information about the applicant company's history, ownership, divisions and locations;
 - 2. A map of metes and bounds or other valid legal property description of the property (for tax abatement);
 - 3. A description of the proposed use and the specific nature and extent of the improvements to the property;
 - 4. An estimate of the cost of the improvements;
 - 5. The estimated productive life of proposed improvements;
 - 6. A time schedule for undertaking and completing the planned improvements;
 - 7. An estimate of the number of employees during construction and thereafter to operate the facility; including estimated increase in payroll;
 - 8. A plan for recruiting employees in the construction and operation of the facility, with a statement of commitment to equal opportunity hiring;
 - 9. Financial and other information sufficient to evaluate the financial capacity of the applicant;
 - 10. An estimate of the amount of local sales tax that will be generated (if applicable);
 - 11. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application; and
 - 12. In the case of application based on job retention, sufficient information to verify the potential of job loss that would occur without abatement.
 - B. Upon receipt of an application for incentives, an economic impact analysis shall be prepared by the Economic Development Coordinator and reviewed by a committee appointed by the League City Economic Development Corporation. Information contained in the analysis shall include:
 - 1. Information about the applicant company's history, ownership, divisions and locations.
 - 2. Current value of property to be improved.
 - 3. Type and value of proposed improvements.
 - 4. Productive life of proposed improvements.
 - 5. Existing jobs to be retained and their value.
 - 6. New jobs to be created and their value.

7. Projection of indirect jobs to be created as a result of the proposed project.
 8. Additional sales and use tax generated, franchise fees generated and increase in local property tax base.
 9. Costs incurred by local governments to provide facilities and services for project.
 10. Estimated local purchases by the company.
 11. Projection of increases in local purchases by company employees.
 12. Projection of increase in average annual earnings.
- C. At the request of the City Council or the League City Economic Development Corporation, a health and safety or environmental risk assessment may be conducted for projects requesting incentives.
- D. Based on information filed with the application and the economic impact analysis, the League City Economic Development Coordinator and the League City Economic Development Corporation will make a recommendation to the City Council regarding the amount and duration of local incentives.
- E. When an application for tax abatement or the establishment of a reinvestment zone is filed, the City shall give notice to the presiding officer of the governing body of each taxing unit in which the subject property is located, no later than the seventh day before a scheduled public hearing. The City Council shall then conduct a public hearing on the proposed project. After preliminary approval, the City shall pass a resolution authorizing an agreement with the applicant.
- F. All incentives granted by the City shall be described in an agreement with the applicant to include provisions for:
1. The amount and duration of incentives;
 2. A listing of the kind, number and location of all property improvements;
 3. Provisions for inspection of the property to ensure compliance with the agreement;
 4. Total estimated cost of the improvements and employment estimates;
 5. A time schedule and improvement list as provided for in the application for incentives;
 6. A provision for rescission, recalibration of incentives or clawback in all agreements containing declining value or performance incentives;
 7. Contractual obligations in the event of default, violation of terms or conditions, administration and assignment; and
 8. Documentation necessary to support a refund claim for incentives based on municipal sales tax grants.

**CITY OF LEAGUE CITY
ECONOMIC DEVELOPMENT INCENTIVES
APPLICATION**

This application must be filed at least 60 days prior to the date the City Council considers the request. Requests for incentives must be approved by the City Council prior to the beginning of construction or installation of equipment. This application will become part of the agreement between the applicant and the City of League City. Any knowingly false representations will be grounds for voiding the agreement. This original application must be submitted to the Economic Development Coordinator, City of League City, 300 West Walker Street, League City, TX 77573.

I. APPLICANT INFORMATION

1. Date of Application: _____
2. Company Name: _____
3. Current Number of Employees: _____
4. Address: _____

5. Annual Sales: _____
6. Type of Ownership: _____ Corporation _____ Partnership
_____ Proprietorship
7. Names(s) of principal owner(s), partner(s) or director of the company:

8. Corporate Headquarters' address: _____

9. Corporate Telephone: _____

10. Other locations and/or places of business owned and operated by the applicant. For each location, please provide the city, state, street address and name(s) under which business is conducted:

11. Date Organization Formed: _____

12. Please attach most recent annual report or financial statement.

II. PROJECT INFORMATION

1. Type of Facility: _____ Manufacturing
_____ Distribution Center
_____ Corporate Office or Service Center
_____ Research and Development Facility
_____ Regional Entertainment Facility
_____ Other (please specify)

2. Project Description: _____ New Construction _____ Expansion
_____ Modernization

3. Location address of proposed project: _____

4. County _____ 5. School District _____

6. Product(s) or Service: _____

7. Attach map and legal description of project location showing proposed improvements.

8. Please describe the proposed use and the specific nature and extent of the project:

9. Please list all improvements and equipment for the project:

Improvement Items

Cost

Improvement Items	Cost
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

10. Please state all sources for financing the improvements:

11. Please state the time frame or projected date of start and completion:

12. Improvements will be completed by January 1, _____ (specify year).

13. Please state the productive life of the proposed improvements:

14. Please give a general description of business personal property (property other than buildings, fixed machinery, inventory and supplies) that will be purchased as a result of the project:

III. ECONOMIC INFORMATION

1. Number of persons currently employed by applicant:

Full Time _____ Part Time _____

Total Annual Payroll: \$ _____

2. Number of new jobs (full time equivalent) to be created/retained by the proposed improvements:

Number	Estimate Annual Payroll	Year
At Opening _____	\$ _____	_____
At 3 years _____	\$ _____	_____
At 5 years _____	\$ _____	_____

3. Number of new jobs to be filled by persons residing in League City or Galveston County:

Full Time _____ Part Time _____

4. Number of Peak Construction Jobs: _____

5. In the case of modernization, please estimate the economic life of the existing facility: _____ years. Added economic life after modernization: _____ years.

6. In the case of modernization, please state the assessed value of the facility for the tax year immediately preceding this application:

Real Property \$ _____ Business Personal Property \$ _____

7. Amount of taxable sales currently being generated annually in the City of League City (if applicable): \$ _____.

8. Amount of projected taxable sales that the proposed improvements will generate: \$ _____.

9. In the case of application based on job retention, please describe potential job loss that would occur without economic development incentives:

Company Representative to be contacted:

Name

Title

Address

Telephone

Authorized Company Official:

Authorized Signature

Date

Printed Name

Title

Telephone