

REPORT:

Belton Tomorrow: Action Plan Executive Summary

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BELTON
ECONOMIC DEVELOPMENT
CORPORATION

Prepared by:

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GLOBAL ECONOMIC DEVELOPMENT

EXECUTIVE SUMMARY

The Belton Economic Development Strategic Plan is a strategic plan for the future of Belton's economic development. It was developed through strong consultation with Belton's business community and residents. The strategy contains objectives and actions that represent big, bold, visionary ideas, that when implemented, will ensure Belton's future economic success.

The strategy should be viewed in the following ways:

1. *As direction for making immediate and long-term planning decisions*

The strategy can be used as a guide for directing short and longer term economic development initiatives, planning and development initiatives and strategic investments into specific sectors, projects and developments. The intent of the strategy is that future city, regional organizations, private, institutional and non-profit investments work toward the achievement of common goals as articulated in this strategy.

2. *As direction into the creation and development of future economic development work plans and budgets*

This strategy will require flexibility of existing programs and creation of new programs in the future.

3. *As the source of ideas and inspiration for community action and collaboration*

Achieving the goals of this strategy will require the involvement and participation of many businesses, organizations, associations, levels of government and stakeholders. This strategy should serve as a source of ideas and inspiration for actions aligned with mutually supportive of the goals and objectives.

The successful achievement of these goals will require the support of all organizations, companies, entities and individuals with an interest in the development of the Belton's economy. Implementation will be a collective endeavor. There is significant need for participation, and more importantly partnership, to deliver on the goals, objectives and actions within this plan. Public and private sector participation is critical.

This strategy is a starting point – not an end point – of a process that will yield increased prosperity in the community and a competitive position in the regional, national and global economy. This strategy should be viewed as a living document. The list of actions is a starting point based on community input and research at a point in time. Essential for effective implementation will be ongoing annual review of the strategy implementation. New realities, new ideas and opportunities will emerge that could not possibly be envisioned during the creation of this report. **Therefore the strategy itself must never remain static, closed or rigid. It must never be viewed as “The Strategy for 2009” but as the dynamic and evolving plan that sets the stage for the first bold actions.** It must be dynamic, fluid and ever-changing in response to the world around us.

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ACTION PLAN INTRODUCTION

The Belton Economic Development Strategy is underpinned by three high level goals, intended to anchor and qualify all strategic initiatives or ensuing actions to support the vision of a greater level of prosperity for the city and its residents.

By definition the goals represent the overall vision and desired outcomes from the strategic planning process and present a view of the type of community that businesses and residents have told us they wish to have, one where people play a key role in the future of the city, where business and enterprise are well supported and where the city itself is promoted for its capabilities and success.

It should be noted that the list of actions is a starting point based on community input and research at a point in time. It is by no means an exhaustive or comprehensive list of all the potential actions for Belton's economic development. Other actions exist and new ones will emerge throughout the lifespan of the strategy. It will be critical for effective implementation to continually assess the suitability of identified actions and consider additional or new actions to improve overall success.

The three fundamental elements are:

1. Focus on Business and Enterprise
2. Focus on People and Community
3. Focus on Regional and National Outreach

This Action Plan comprises a set of strategies that support this collaborative, entrepreneurial driven strategy. It sets a framework for connecting, networking and leveraging important economic development, education, workforce and industry assets to strengthen existing companies, foster community collaboration all while making Belton more competitive for future economic development opportunities.

This action plan focuses on seven core strategy areas:

1. Implementing an enhanced and collaborative target industry marketing program
2. Enhancing business retention and expansion efforts
3. Foster and develop a support system for entrepreneurs and small businesses
4. Identify vital land use opportunities; extend infrastructure for site development; develop flex space capacity; and enhance development process
5. Implementing a targeted retail attraction strategy and capitalize on Belton's tourism opportunities
6. Acknowledge, reinforce and compensate Belton's most important resource – its human capital – by working to attract high wage jobs and focusing on workforce training and ongoing career advancement programs
7. Foster and develop broad community engagement in economic development

BELTON MARKET ASSESSMENT KEY FINDINGS

Strategic areas of opportunity

Several positive trends indicate that Belton has a collective set of strengths and specific assets upon which to build a robust economic future.

✓ ***Pockets of niche manufacturing***

As the manufacturing industry, nationally, continues to slow in the face of outsourcing, Belton's aging workforce must continue to support those niche manufacturing sectors in which they continue to maintain an economic advantage (institutional furniture, chemical and plastics and industrial machinery). Simultaneously Belton must continue to build growing sectors such as software & IT and business and professional service to ensure a healthy and diverse economy.

✓ ***Steady population growth***

Belton has significant assets that make it a great place to raise a family and has seen steady population growth since 1990 due to its high quality of life and stable economy.

✓ ***Strong education and quality of life assets***

Belton has significant education and quality of life assets unmatched throughout the region. Quality of life is a critical factor when companies decide to relocate or expand operations. The Belton ISD has a strong reputation as a high quality public school district. The presence of UMHB and surrounding community colleges and technical training programs provides Belton with significant higher education and workforce training opportunities. Additionally, Belton benefits from a low crime rate and overall low cost of living.

✓ ***Balanced industries, growing economy***

Belton retains a balanced economic base in education, trade and manufacturing. Existing industries in the Central Texas region are diverse while major employment is firmly in higher education, government and health services, and trade, manufacturing and professional services. This provides Belton residents with a number of employment opportunities. Growing population and labor force provide significant benefits to current and future employers and retailers.

CHALLENGES

✓ ***Incomes, while still lower than the national average, are catching up***

Median household income in the region (\$38,600) is 27% below the national median household income. However, over time, that gap is narrowing. The region's growth in the government and education and health sectors has had a significant positive impact on Belton's economy.

✓ ***Low wages but faster wage growth***

Likely, due to the concentration of moderate wage industries such as education and manufacturing, and military employment, wages in Belton (\$33,600) are significantly lower than state, national and majority of benchmarked cities. However, wages are increasing (26.6% since 1991) slightly faster than the national average. Business attraction efforts must focus on high quality of life and competitive costs of living to help counter balance Belton's low wages.

✓ ***Declining young professional demographic***

Belton is experiencing an increasingly aging population with more individuals at or approaching retirement and an actual decline in young adults (ages 25-44). While the nation as a whole is getting older, Belton's median age (now at 32.4) is rising. The loss of young adults (5.7% since 1990) is of particular concern. This demographic is

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pivotal in today's knowledge-based economy that requires workers with high-level computer, science, and design skills and capable of employing the latest technological advances.

✓ *Limited tax base and private sector investment*

As the county seat of Bell County, Belton has witnessed a tremendous amount of government and other non-profit sector growth and investment. This is a double edged-sword; while attracting a significant number of new jobs, these investments are not resulting in a significant increase for the City's general fund from property taxes. Future efforts must focus on leveraging existing government assets towards private sector investment attraction.

SWOT ANALYSIS SUMMARY

The chart on the following page provides quick insight in the dynamics, both positive and negative, currently operating in Belton.

- **Strengths:** Belton's strong educational assets, recreation opportunities and low crime rate speak directly to the area's primary existing strengths – a high quality of life. Additionally, the availability of sites and infrastructure assets combined with an enviable location between the Dallas, Waco and Austin metropolitan areas and close proximity to Fort Hood.
- **Weaknesses:** Belton's greatest weaknesses revolve around the limited breadth and depth of employment opportunities in the area. The lack of diverse employment opportunities directly contributes to another local weakness – the low percentage of Belton residents between the ages of 25 and 44.
- **Opportunities:** Recently announced plans to establish a Texas A&M branch in Killeen will undoubtedly help increase the community's educational attainment while also strengthening the city's appeal to the young professional demographic. Additionally, continued focus on downtown can be leveraged to increase Belton's tourism offerings.
- **Threats:** Some of Belton's largest employment clusters are among the lowest paying industries in the community. Furthermore, limited opportunities for individuals seeking advanced employment opportunities are forced to leave the community to find appropriate work.

KEY STRATEGIC IMPLICATIONS

As Belton seeks to foster a more economically competitive environment predicated on developing high-skilled, high-wage jobs, key strategic implications of that decision must be at once recognized and addressed. Specifically, Belton's leaders must focus on quantitative and qualitative issues that will influence the location and expansion decisions of businesses and relevant site selection consultants. Important factors include the ability to attract and retain a qualified workforce, the presence of reliable infrastructure, and an attractive and unique quality of life.

It must be noted that the following analysis of strategic implications is not designed to be exhaustive. Rather, it is a concise assessment of the issues that will have the greatest impact on future economic development efforts throughout Belton.

Below is a summary of the top issues that Belton is currently facing. These issues will need to be addressed if Belton hopes to continue to fully realize sustainable realistic economic development success. The following conclusions are divided into five sections: Business & Entrepreneurial Climate, Workforce & Education, Quality of Life and Economic Development & Marketing

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BUSINESS & ENTREPRENEURIAL CLIMATE

- ✓ Belton must develop a strategy to foster entrepreneurship and innovation
- ✓ Belton must establish a realistic retail recruitment strategy to meet the growing needs of existing and future residents and workers
- ✓ Belton currently lack a small business development center or incubator

WORKFORCE & EDUCATION

- ✓ Erosion of young professional workforce
- ✓ Need to enhance technical training and leadership development programs
- ✓ Perception of shortage of skilled workers in trade industries

QUALITY OF LIFE

- ✓ Belton suffers from significant retail leakage to surrounding communities
- ✓ Lack of identifiable gateways to signal entrance into Belton
- ✓ Limited amenities to attract and retain young professionals

ECONOMIC DEVELOPMENT AND MARKETING

- ✓ Need to enhance economic development "toolbox"
- ✓ Need to define roles and responsibilities for economic development
- ✓ Need to increase branding and marketing for economic development
- ✓ Need to improve collaboration among Belton economic development organizations and regional entities
- ✓ Need to enhance available real estate portfolio, particularly for small, emerging companies
- ✓ Belton must enhance its fiber optic availability and make strategic infrastructure investments along the I-35 and I90 corridors

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Strengths

- Strong educational assets both within the city and region
- Balanced attractive community
 - Recreation opportunities
 - Regional assets (medical facilities, retail and cultural events)
 - Low crime rate
 - Competitive cost of living
 - Sense of community and value of historic assets
- Strategic central location
 - At the crossroads of two major highway systems, in the heart of the growing Central Texas region.
- Proximity to two economic engines – Ft. Hood and Temple's Medical Complex
- Stable employment with concentration of public payrolls and mixture of industries
- Availability of infrastructure
 - Available utility grid that can support attractive projects, including dual feed electrical
 - Shovel ready business park
- Downtown Revitalization
 - City committed to downtown improvements (Central Ave. and Gateway projects, TIRZ that are approved)
- Attractive tourism opportunities – two lakes, well regarded County museum, historic assets, Expo Center
- Institutions (City, Chamber, BEDC) that are cooperative and focused on the Belton Tomorrow concept
- Belton demographics comparable to region in general; regional demographics that are positive for development

Weaknesses

- Limited tax base & high personal property tax rate
- Proximity to Temple, Killeen, and Harker Heights may limit retail opportunities in Belton
- High-tech communications infrastructure (fiber optics)
- Expansion limited by jurisdictional factors; land is available but practical impediments to development exist, including: infrastructure availability, utility costs, ownership, single-vision
- Downtown area that lacks vibrancy and critical mass
- Lack of quality dining/lodging/entertainment options
- Appears to be lack of common, agreed aspiration for Belton Tomorrow
 - Old Timers vs. Newcomers vs. Temple suburbanites
- Need for enhanced collaboration with workforce providers
- Inadequate economic development toolbox
- Sometimes a challenge for employers to find highly-skilled or highly-educated professionals
- Leadership diversity lacking
- Lack of fiber optic availability along Loop 121 area
- Retention of young professionals/brain drain
- Lack of niche/specialty retail in Belton
- Need to refine vision among all entities
- Need for supplemental closing funds
- Need for better coordination of incentives among entities
- Need to solicit targeted investment

Opportunities

- Maintain and enhance an environment conducive to the revitalization of downtown
- Foster and expand the creation of groups focused on addressing recognized shortcomings in Belton and in the region
 - Young professionals group
 - Retirees
 - Accomplished entrepreneurs
- Development, construction and marketing of small "ready to go" flex spaces for offices, manufacturing and logistical support
- Creation of an environment that fosters entrepreneurial development
- Development opportunities at EPA Superfund site
- Retention of exiting military and military contract/supply opportunities
- Marketing Belton's unique assets externally and to target industries
 - Potential recruitment of Tier III and IV data centers, and other targeted prospects that provide jobs requiring a well educated and trained workforce
- Partnership opportunities with public/private entities including:
 - Collaboration with BISD, UMHB for public improvement projects, workforce development, prospect visits, etc.
 - Regional collaboration – CTEC, CTCOG, HOTDA
 - City/BEDC/Chamber

Threats

- Aging retiree population presents challenges to financing future growth needs as "pie" declines and service costs increase
- Retaining community character in the face of growth/managing growth
- Failure to recognize threats from within and the temptation to adopt appealing, but fundamentally impractical remedies
- Loss of other local industries, manufacturing
- Failure to recognize and plan for appropriate, long term land utilization
- Potential lack of competitiveness in incentives available for development
- Potential downsides arising from macro economic and political conditions
- General competitiveness for economic projects
- Public and non-tax paying sector presents challenges to service costs and delivery.
- Challenge of paying for services with over 22% non-taxable tax base
- Challenge to ensure effective long term land utilization

TARGET INDUSTRY SUMMARY

Despite some recent labor market and economic challenges, Belton brings to bear a number of key assets, many still untapped, that put it in an excellent position to capture growth from high-powered and emerging industries. The region's competitive advantage will lie in its ability to build innovative industry clusters - a concentration of firms formed by entrepreneurial people within a sector that fosters collaboration and leads to dynamic products through the adoption of new technologies.

Forming these innovative clusters often involves three strategies: 1) **reinforcing and transforming** currently concentrated industries into those more apt to develop or support innovative research and products; 2) **building upon** emerging but fast growing industries; and 3) **tapping into** emerging industries that are inherently built upon innovative technological applications.

For Belton, this means reinforcing traditional manufacturing, warehousing and distribution and industry sectors while creating new standards in some uncharted areas that have direct ties to their traditional sector strengths.

Following the outlined process and community direction, AE identified the following six target industry opportunities: **Advanced Manufacturing, Warehousing and Distribution, Data Centers, Business and Professional Services and Tourism and Retail.**

Advanced Manufacturing

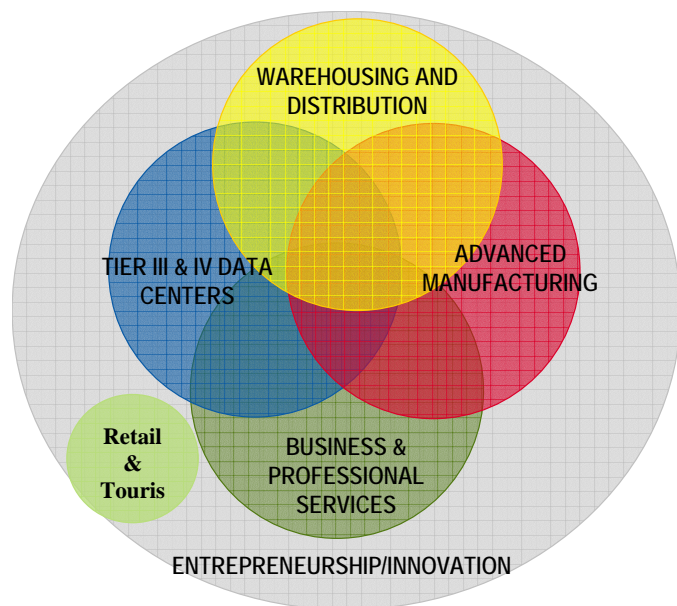
Belton has existing strengths in manufacturing niches such as institutional furniture and industrial machinery, which can be strengthened further through focus on emerging areas with cross-industry ties, such as bio-composites, which draw research from and have potential applications in biotechnology, health care, and renewable energy. Similarly, advanced manufacturing skills and assets have numerous other applications in renewable energy (e.g., wind turbine manufacturing) and biosciences (e.g., medical device and agricultural feedstock manufacturing).

Warehousing and Distribution

Historically, most manufacturing firms took responsibility for the warehousing and coordination of their flow materials. Now these services are often outsourced to develop advanced just-in-time delivery systems. The integration of international trade, logistics, and distribution into one continuous and extensive supply chain driven by global free trade has put this industry at the forefront of economic growth.

Business and Professional Services

Underlying all of these industries is a business and professional services sector that provides needed services (e.g. consulting, back office, processing, and IT support) to many of the other industries. This sector, while still small in the region in terms of total employment, has grown rapidly. This sector has the capacity to continue to grow. With numerous services engaged in the health care industry (back office support, health insurance, logistical services), this sector could potentially build on the Obama administration's efforts to revamp and expand national health care as well as the current demographic shift towards a more elderly population.



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Retail & Tourism

Top competitors in the tourism markets will recognize that regions serious about promoting tourism will offer a wide variety of attractions to visitors, not merely a single facility or type of attraction. Leading hotel and entertainment facilities will analyze the hotel markets, noting occupancy rates, as well as potential for serving events and conventions

Retail site selection is extremely particular and dependent on the exact type of store and, for chains, the particular requirements for a franchise. In general, retailers and restaurateurs require significant foot traffic, ample parking nearby, and would ideally like to have traffic at all hours of the day. The ability to sell alcohol significantly helps in building a restaurant's business, while retailers typically rely on advertising, word of mouth or locational demographics in their target area to ensure success.

Data Centers

Data storage centers house the computing, data storage, and networking equipment that make computerized, web-based services and transactions faster and more accurate. A number of factors drive growth in this industry: legislation increasing standards for information storage, shift in media delivery and technology advances. Many companies are beginning to move away from in house data storage operations toward off-site third party data centers. These facilities are increasing in importance and many are co-developed with small software development operations. Excess capacity exists from the the late 1990s build out, but many of these facilities can no longer accommodate the changing technological needs of companies. This is leading to substantial development of new facilities. Demand is also driven by strong growth in server and storage requirements, as well as increased digital media and transactions processing via the internet. Data centers are high value operations, pay excellent wages, and are very low impact. Belton has a strong redundant utility infrastructure, large shovel ready parcels along the Loop 121 corridor providing potential data centers users with significant competitive advantages.

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Every strategic plan must start with a vision. AngelouEconomics distilled the vision statement from comments, opinions, and information from engaged Belton constituents. The goals, objectives, and actions in this report support the following vision statement for the region:

VISION:

Belton will capitalize on its community strengths and strategic location to expand its economy and elevate the quality of economic opportunities for area residents while ensuring the preservation and enhancement of the features that make Belton a special place.

It is the overall objective of this economic development strategy to promote and foster economic growth that will result in the following outcomes:

- ✓ Expand City revenues such that needed and/or desired growth in City services can be achieved with minimum (or no) increases in the City ad valorem tax rate.
- ✓ Diversify Belton's tax revenues such that the BISD can continue generating necessary expansion revenues, minimizing reliance on increased tax rates.
- ✓ Support existing business and create an environment for entrepreneurship that results in new business investment.
- ✓ Recognize the unique opportunity represented by Belton's location at IH-35/US 190 and plan for future development.
- ✓ Preserve and continue development of Belton's downtown by a combination of private and public utilization of available vacant space.
- ✓ Improve existing retail activity consistent with the growth of the city and its immediate environs, and expansion of retail opportunities consistent with the market forces within the region.
- ✓ Capitalize upon Belton's unique tourism assets.
- ✓ Narrow the gap between median incomes versus the region.
- ✓ Accomplish these outcomes while continuing to enjoy and improve the quality of life and place that residents come to expect.

In harmony with this vision, this Economic Development Vision and Goals section contains strategies that will increase opportunities for Belton to redevelop its primary corridors, attract high impact companies, and provide better quality of life opportunities for residents. The Belton Economic Development Corporation, Belton Chamber of Commerce and the City of Belton have made notable progress in expanding the local economy. In order to move up to the next level of economic development, certain actions are necessary in order to effectively compete for economic activity.

These goals and underlying strategies provide Belton with a strategic economic development framework to implement over the next several years. This framework represents achievable options for Belton to begin to build a proactive, dynamic and collaborative economic development program. The strategies are designed to be implemented by a consortium of economic development organizations. However, the plan must be integrated with other traditional economic development planning activities that are critical for building strong clusters, including regional transportation enhancements, physical infrastructure improvements, and quality of life factors.

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GOALS & STRATEGIES

The *Economic Scan* and *SWOT & Critical Implications* reports shed light on Belton's greatest economic development opportunity: **To be competitive Belton must work collaboratively to leverage existing strengths towards a knowledge-based economy that supports innovative industry clusters where entrepreneurship and highly skilled workers will be the driving forces of the economy.**

The Belton Tomorrow Action Plan comprises a set of strategies that support this collaborative, entrepreneurial driven strategy. It sets a framework for connecting, networking and leveraging important economic development, education, workforce and industry assets to strengthen existing companies, build the local tax base, foster community collaboration all while making Belton more competitive for new industry opportunities.

Goals	Strategies
Implement an enhanced and collaborative target industry marketing program	<ul style="list-style-type: none"> • Define target opportunities and implement an enhanced and collaborative target industry marketing campaign • Ensure all marketing efforts (website and other) identify important city-wide quality of life amenities • Expand Belton's role in regional marketing campaigns • Create specific formalized target industry prospect teams for each target industry • Develop a coordinated "Meet Belton" campaign
Enhance business retention and expansion efforts for all existing businesses	<ul style="list-style-type: none"> • Constantly monitor and maintain contact with existing companies in Belton and seek out opportunities to proactively reinforce retention, expansion and transformation opportunities
Foster and develop a support system for entrepreneurs and small businesses	<ul style="list-style-type: none"> • Identify capital for small business entrepreneur for each target industry • Improve, coordinate and streamline services to small businesses and entrepreneurs • Evaluate the implementation for a business incubator • Strengthen the existing support system for small business and entrepreneurs
Identify vital land use opportunities; extend infrastructure for site development; develop flex space capacity; and enhance development review process	<ul style="list-style-type: none"> • Update Belton land use plan to facilitate development and redevelopment of key locations, especially along IH-35, Loop 121, US 190 and FM 93 corridors • Identify IH-35 liaison to serve as a key resource among City, TxDOT, land owners and developers for future IH-35 expansion • Provide infrastructure to prime development sites • Develop marketable office and flex space capacity within Belton competitive with target industry attractive markets in the surrounding region • Ensure business friendly consistency and predictability throughout the development review. Engage young professionals in economic development efforts
Develop and implement a targeted retail attraction strategy and capitalize on Belton's unique tourism assets	<ul style="list-style-type: none"> • Establish a retail recruitment taskforce comprised of BEDC, Chamber and City officials and existing retailers, while anticipating the future assignment of a retail champion • Take AE retail leakage analysis and identify targets, work with retail/commercial real estate brokers active in the region • Link retail/tourism in a meaningful way • Evaluate feasibility of THC's Main Street Program for 2011 • Capitalize on tourism opportunities associated with local assets • Coordinate with others to seek enhanced lodging amenities to meet growing tourism opportunities • Seek additional Downtown Belton development opportunities that capitalizes on tourism opportunities. Enhance incentives for Downtown investment
Acknowledge, reinforce and compensate Belton's most important resource – its human capital by working to attract high wage jobs and focusing on workforce training and ongoing career advancement programs	<ul style="list-style-type: none"> • Measure market salaries in Belton and the surrounding region. • Assess proposed salaries/benefits as one criteria in the analysis of an economic development prospect and consider re-shaping incentive programs to recognize and reward candidates with higher capital and skill requirements and associated higher wages/benefits.
Foster and develop broad community engagement in economic development	<ul style="list-style-type: none"> • Establish the Belton Tomorrow Plan Committee as a standing committee to monitor plan progress • Establish professional capacity for effective and timely communication of Belton's economic development message • If feasible co-locate BEDC/Chamber in downtown Belton • Determine need and proper timing for Belton "branding" effort • Expand partnerships between BISSD, businesses and others to encourage "job shadowing" and an appreciation for entrepreneurship • Hold an annual economic summit to address progress and changing needs