



KILGORE

★ T E X A S ★

ECONOMIC DEVELOPMENT CORPORATION

Mid-Year Report 2019-2020

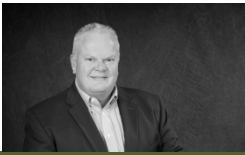
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INTRODUCTION

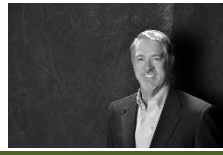
In September 2016, the KEDC Board of Directors approved a five-year strategic plan describing how the organization would pursue its vision and mission statements. The **FYE 2020 Mid-Year Report** describes the progress being made so far towards the goals and objectives described in that plan, and it includes the following key elements:

- Section II** Executive Summary of KEDC accomplishments including Economic Development Performance Agreements and project details.
- Section III** 2017-2022 Strategic Plan.
- Section IV** 2020 Program of Work.
- Section V** Challenges and Issues with relevant program of work recommendations.
- Section VI** P&L Budget Overview (Budget vs. Actual).
- Section VII** Estimated Cash Flow worksheet.

Board of Directors



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President



Bobby Beane
Vice-President



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Sec.-Treas.



Ruben Martin
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KEDC Staff



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*Business
Development Mgr.*



Stephanie Moore
*Office & Property
Mgr.*



Austin Clark
Research Specialist

SECTION II - EXECUTIVE SUMMARY

Summary

KEDC closed an economic development performance agreement In October with an existing industry. With the exception of last fiscal year, the first six months of any year are notoriously slow, with a normal mid-point five-year average of 1.4 closed agreements.

Election years also are notoriously slow with 2016 YE results at three closed agreements. KEDC was on track to close three agreements at mid-point this fiscal year. Had those deals not been interrupted by COVID-19, 2020 KEDC results at mid-point would have been consistent with normal averages for capital investment and job projections and exceeded YE results for capital investment in 2016.

<i>Economic Development Performance Agreements</i>		
KEDC closed one EDPA representing 62 retained jobs and 8 projected new jobs.		
Agreements	Jobs Under Contract	Investment Under Contract
1	70	\$400,000

<i>Leads</i>		
KEDC staff cultivated 23 leads, of which 18 were actionable. Four of the five leads in which we were unable to respond were sourced from the State.		
Leads are contacts that have required an economic development service from KEDC. The overall number of leads remains consistent with recent years.		
The number of non-energy related leads remains consistent at 91 percent.		
Internal KEDC activities continue to be the leading source for actionable leads. Internal KEDC activities include both inbound and outbound techniques.		
Total Leads Number	Total Leads Non-Energy	Actionable Leads
23	21	18

SECTION III - STRATEGIC PLAN 2017-2022

The Strategic Plan for Kilgore Economic Development has three areas of focus:

1. Business Climate – Development of real estate assets for Kilgore EDC targets.
2. New and Retained Investment and Jobs –Project development and closure.
3. Sustainability – Maintenance of resources to support economic development in Kilgore.

Business Climate	Maintain a relevant inventory of property for primary employers.
New and Retained Investment and Jobs	Generate leads from non-energy related industry sectors.
Sustainability	Protect the financial integrity of the organization.

The Kilgore EDC organizational statements are as follows:

Mission: To enhance a business climate that is conducive to primary job creation and retention, improving the standard of living for Kilgore residents.

Vision: A diverse economy that attracts and retains high impact projects and quality jobs.

Value: We deliver high impact results with outstanding customer service.

SECTION IV – PROGRAM OF WORK 2019-2020

Business Climate	Maintain a relevant inventory of property for primary employers.	Mid FYE 2020
Objective	To be primed to attract investment, we must evaluate gaps in inventory and infrastructure and invest as finances allow, ensuring key sites and buildings are prospect ready.	
Goal	Keep “Cannot Respond” rate to below 20%.	22%
Measurement	Commitments for: <ol style="list-style-type: none"> 1. Asset and 2. Infrastructure development to benefit primary employers. 	\$104,505

Strategy	Activity	Goal	Project	Complete
Infrastructure				
	*Synergy Park	Utility installation	1	Electricity
			1	Fiber/Broadband
			1	Natural Gas
Inventory				
	Synergy Park Phase V	Road Construction	1	Design
	Industrial Park 2.0	Site Evaluation	1	Evaluate and Compare 2 Sites
	Spec Building Program	Construction Documents	1	100,000 SF
		Promotion	1	Website
	Property Management	Inspections	2	CDL Facility
			2	4005 FM 349
			2	4017 Enterprise
			4	Synergy Park
			4	Cox Drive
			4	Kilgore Industrial Park
			4	North Kilgore Industrial Park
			4	East Kilgore Industrial Park
		Lease Renewals	1	2706 Highway 135
			1	4005 FM 349
			1	CDL Facility
			1	General Dynamics Property
		Maintenance	As Needed	CDL Facility
		Maintenance	As Needed	4005 FM 349
		Room Rentals	As Needed	Synergy Center
	Property Identification	Other Real Estate	12	Available Industrial Space

New and Retained Investment and Jobs	Generate leads from non-energy related industry sectors.	Mid FYE 2020
Objective	To attract and retain high impact projects with quality jobs from targeted industries we must engage in both inbound and outbound marketing and BRE programs.	
Goal	Close projects with an average ROR of 10% or more and a payback period of 10 years or less.	34.5% 2.9 Years
Measurement	From targeted industry sectors: 3. Number of leads generated from targeted industry sectors. 4. Number of closed projects. 5. Number of jobs under contract. 6. Amount of investment under contract.	3. 21 of 23 4. 1 5. 70 6. \$400,000

Strategy	Activity	Goal	Project	Complete
Lead Development				
Retained and Expanded Industries	BRE Visits	45		
	Industry Survey	30	At Risk Identification	
New Industries	Geographic Recruitment	3	NETEA	1
		1	Team Texas	0
		1	TBIC	0
		5	Internal	1
	Trade Shows	2	Right Corner	1
		2	Team Texas	0
	Trade Show Recruitment	4	Internal	2
	Lead Gen	10	Teleconferences/Meetings	0
Lead Generating Agents	Site Selectors	1	SEDC	0
		1	Team Texas	0
	Office of the Governor	1	NETEA	1
		1	Go Big in Texas	1
	Industrial Realtors	2	I-20 Corridor	0
Lead Nurturing	Online	12	Monthly	6
	Contact Programs	1	Annually	0
	IAMC	2	Biannually	1
	Pipeline Management	1	Biannually	0
Small Business Development	Advice and Referrals	As Needed		2
Branding				
Collateral Materials	Profile	1	Update	1
	Videos	3	*Testimonials, Virtual Building	2
	Photos	As Needed		1
	Promotional Items	As Needed		0
	Value Proposition			
Online Presence	Website	1	New	1
	Directories	1	Conway Data	1
		1	TDI	1
	Properties on Website	45	Verification	21

Sustainability	Protect the financial integrity of the organization.	Mid FYE 2019
Objective	To impact economic outcomes in Kilgore we must seek and provide opportunities to collaborate with economic development partners.	
Goal	Maintain Kilgore Economic Development Corp. as a relevant and financially viable organization.	
Measurement	<ul style="list-style-type: none"> 7. Meet budget. 8. Maintain positive cash flow. 	<ul style="list-style-type: none"> 7. Expenses at 33.9 percent of budget and income at 32.68% of budget. 8. Even when considering potential cash outlay and reduced revenue, cash flow is projected to be positive over the next 10 years and maintains a healthy reserve.

Strategy	Activity	Goal	Project	Complete
Partner Collaboration				
Chamber of Commerce	Bizconnect	1	Sponsorship	1
	E4	1	Participation	0
As appropriate	Joint Training	1	Sponsorship	0
Existing Industry	Special Projects	12	As Needed	1
	Management Roundtable	1	Annually	0
	Industry Appreciation	1	Reception	1
	Workforce Appreciation	6	Ice Cream Delivery	0
Governmental	Collaboration	6	City	6
		1	County	1
		1	State	1
		1	Federal	1
Workforce Development				
	HR Luncheons	4	Quarterly	1
	Workforce Training Projects	2	Semi-Annually	1
Kilgore ISD	KISD Teacher Facility Tours	4	Annually	0
	Career Events	1	Middle School Career Fair	0
Kilgore College	Advisory Boards	2	Representation	0
WorkKeys	Testing	75	Students	
	Assessments	1	Industry	
Organizational Proficiency				
Employee Performance Reviews	Meetings	4		0
Continuing education	BRE, ED, Gov., Property	11		4
	Webinars	As Needed		12
Certifications Maintenance	IEDC, NDC, IAMC	3		3
Awards	Economic Excellence	1	Designation	1
Program of Work	2021	1		0
Communications				
Advisory Board Meetings	Administrative	2		2
Board Meetings	Administrative	11		6
News	Announcements	3		1
	Activities	6		4
Sustainability	TEDC Legislative Efforts	1		1
Budget	Board Meetings	11		6
Cash flow	Board Meetings	11		6
	Financial	12	Reconciliations	7

SECTION V - CHALLENGES AND ISSUES

The three areas of the current KEDC Strategic Plan and corresponding Program of Work are focused on project related goals: preparing for primary employers; finding, developing and closing projects from existing and new primary employers; and sustaining our financial ability to accomplish both.

The ripple effects of the global pandemic and the oil and gas crisis have produced a level of uncertainty that is uncommon and uncomfortable. Even though the pandemic may end and the economy will rebound, certain adjustments may remain. Prevalent economic forecast scenarios suggest a “swoosh” with recovery beginning in 12-18 months and a 2- to 5-year recovery period.

Short Term Challenges

Short-term impacts on KEDC will include a smaller operating budget plus attraction target companies that may be less willing to make long-term decisions. It is predicted that attraction efforts will hibernate over the coming months in favor of business survival.

Challenge: KEDC is anticipating an initial drop in our operating budget of \$1 million.

Recommended Response: While KEDC has cash for immediate high-priority tasks such as high-impact prospect development and closure, the budget will require focus on business retention initiatives including assistance in business recovery and other special projects.

Long Term Issues

Increasingly, national economic development conversations are shifting from traditional metrics of new jobs and capital investment to longer term considerations of sustainability.

Issue: Business Sustainability

Recommended Response: Industry in Kilgore will continue to face challenges and value KEDC support as customer and market needs change. We recommend KEDC remain committed to special projects for existing primary employers to ensure existing companies are able to remain profitable locally and manufacture products that are attractive in the market.

Because local sales tax is being impacted in a variety of ways KEDC financial sustainability is in the forefront of KEDC conversations.

Issue: Budget Volatility

Recommended Response: Our recommendation is to continue expansion of the “virtual” and real building program to develop alternative income for the organization. If effective, the program over time will require additional property development and management expertise and additional KEDC personnel.

With a continuing focus on existing primary employers comes a longer-term emphasis on business sustainability and diversification.

SECTION VI- P&L BUDGET VS. ACTUAL

		Oct '19 - Mar 20	Budget	\$ Over/Under Budget	% of Budget
Ordinary Income/Expense					
Income					
	5001 · Sales Taxes	942,687.91	3,000,000.00	-2,057,312.09	31.42%
	5005 · Garbage Sales Tax	5,781.30	11,200.00	-5,418.70	51.62%
	5201 · Interest -Austin Bank Operating	9,788.27	15,600.00	-5,811.73	62.75%
	5204 · Interest - Texpool Operating	71,378.39	173,000.00	-101,621.61	41.26%
	5205 · Interest-TexSTAR Bond Set Aside	14,704.85	40,000.00	-25,295.15	36.76%
	5400 · Lease Revenue	75,349.85	251,133.00	-175,783.15	30.0%
	5401 · Miscellaneous Income	693.12	1,000.00	-306.88	69.31%
	5402 · Incentive Recovery	27,740.02	21,700.00	6,040.02	127.83%
	5409 · Grant Revenue	0.00	0.00	0.00	0.0%
	Total Income	1,148,123.71	3,513,633.00	-2,365,509.29	32.68%
	Gross Profit	1,148,123.71	3,513,633.00	-2,365,509.29	32.68%
Expense					
	600 · Supplies Expense	3,014.79	7,800.00	4,785.21	38.65%
	610 · Contractual Services	625,667.23	1,564,695.00	939,027.77	39.99%
	612 · School Registration & Training	3,243.00	11,260.00	8,017.00	28.8%
	614 · Travel Expenses	9,232.39	31,650.00	22,417.61	29.17%
	616 · Dues, Fees & Memberships	2,260.00	3,964.00	1,704.00	57.01%
	620 · Marketing	115,214.33	300,000.00	184,785.67	38.41%
	630 · Business Retention - Expansion	12,451.69	77,700.00	65,248.31	16.03%
	640 · Synergy Center Lease Expenses	45,500.27	84,940.00	39,439.73	53.57%
	650 · Buildings & Grounds Maintenance	37,261.93	195,670.00	158,408.07	19.04%
	660 · Capital Expenditures	59,002.11	415,000.00	355,997.89	14.22%
	Total Expense	912,847.74	2,692,679.00	1,779,831.26	33.9%
	Net Ordinary Income	235,275.97	820,954.00	585,678.03	28.66%
Other Income/Expense					
Other Income					
	5300 · Sale of Asset	0.00	0.00	0.00	0.0%
	Total Other Income	0.00	0.00	0.00	0.0%
Other Expense					
	680 · Transfers Out of Operating Fund	409,351.50	820,954.00	411,602.50	49.86%
	Total Other Expense	409,351.50	820,954.00	411,602.50	49.86%
	Net Other Income	-409,351.50	-820,954.00	-411,602.50	49.86%
Net Income		-174,075.53	0.00	-174,075.53	100.0%

SECTION VII - CASH FLOW WORKSHEET

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	C	E	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
				Audited	Budget		Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
				09/30/19	09/30/20		09/30/21	09/30/22	09/30/23	09/30/24	09/30/25	09/30/26	09/30/27	09/30/28	09/30/29	09/30/30										
1																										
2																										
3																										
4				3,356,141	3,000,000	2,000,000	2,000,000	2,200,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
5				11,580	11,200	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500	11,500
6				238,430	228,600	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
7				4,956,940																						
8																										
9																										
10				293,312	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133	146,133
11					105,000	180,000	180,000	180,000	215,040	243,024	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
12				21,380	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
13				21,709	21,700	21,300																				
14				1,000																						
15				8,900,492	3,513,633	2,559,933	2,559,933	2,738,633	3,073,673	3,101,657	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633	3,194,633
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21				0	1,423,142	373,950	373,950	326,600	115,000	90,000	267,000	184,229	180,834	22,000	0	0	0	0	0	0	0	0	0	0	0	0
22				799,468																						
23					1,189,662	574,964	574,964	725,179	620,264	410,702	388,666	300,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
24				412,767	444,184	453,068	453,068	462,129	471,372	480,799	490,415	500,223	510,228	520,432	530,841	541,458	550,000	560,000	570,000	580,000	590,000	600,000	610,000	620,000	630,000	640,000
25				36,645	38,400	39,168	39,168	39,951	40,750	41,565	42,397	43,245	44,110	44,992	45,892	46,809	47,744	48,700	49,677	50,675	51,695	52,737	53,801	54,887	55,995	57,125
26				80,498	74,200	75,684	75,684	77,198	78,742	80,316	81,923	83,561	85,232	86,937	88,676	90,449	92,256	94,097	95,973	97,885	99,834	101,818	103,837	105,891	107,979	110,102
27				7,315	7,800	7,956	7,956	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650	7,650
28				7,682	11,260	11,485	11,485	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320	8,320
29				20,676	31,650	32,283	32,283	30,450	30,450	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000	32,000
30				41,676	3,964	4,043	4,043	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689	3,689
31				183,604	300,000	306,000	306,000	220,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000	250,000
32				29,603	77,700	79,254	79,254	80,839	64,821	66,117	66,117	67,439	67,439	68,788	68,788	70,164	71,572	73,011	74,483	75,988	77,527	79,101	80,710	82,354	84,034	85,749
33				75,718	84,940	86,639	86,639	90,971	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402	87,402
34				223,277	195,670	199,583	199,583	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000	210,000
39				1,918,929	3,882,562	2,244,077	2,244,077	2,282,976	1,988,460	1,768,561	1,935,579	1,781,759	1,595,274	1,450,580	1,441,627	1,456,311	1,467,000	1,477,722	1,488,488	1,499,299	1,510,155	1,521,057	1,532,005	1,543,000	1,554,042	1,565,131
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					Audited	Budget	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
					09/30/19	09/30/20	09/30/21	09/30/22	09/30/23	09/30/24	09/30/25	09/30/26	09/30/27	09/30/28	09/30/29	09/30/30											
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97	SCHEDULE A - Special Projects - Funds Committed:																											
98	Maximum Payments on Contractual Commitments)																											
99	2002 Synergy Blvd Fire Suppression Pump/Sprinkler Upgrade 11/19/19	PP	PD	09/30/19	Audited	PD	09/30/20	PD	09/30/21	PD	09/30/22	PD	09/30/23	PD	09/30/24	PD	09/30/25	PD	09/30/26	PD	09/30/27	PD	09/30/28	PD	09/30/29	09/30/30	09/30/30	
100	Alliance Architects -Prospect 2001 Tilt Wall Building Design 07/27/18						160,000	X																				
101	Adams Eng - Prospect 2001 Tilt Wall Civil Engineering Design 08/21/18						3,600																					
102	Adams/Alliance Tilt Wall Direct Fees & Expenses 08/21/18						3,127																					
103	Ana Lab #2097 10/15/19						12,000		21,000		7,000																	
104	City of Kilgore/Commitment for Type B projects (carryover)						20,915		15,000		15,000																	
105	Cleveland Steel 01/2019						15,000	I	15,000		31,500																	
106	Closure Systems International (Southern Plastics) 01/15/19						48,000		54,500		174,600		15,000		15,000		15,000		15,000		15,000		15,000		15,000			
107	Evolution Outdoor Design #2068 06/04/2019						35,000	I																				
108	FM 349 at FM 2276, Infrastructure Environ/Wetlands						18,781	I																				
109	General Dynamics - Lot on County Road @ Longview Street						30,252	NC																				
110	KEDC Advanced Tech Center Building Expansion 10/15/2018 McClung						38,603	I																				
111	KEDC Synergy Park Titanium Environmental for #1985 06/2017						603																					
112	KEDC Synergy Park Topo Surveying for Prospect #1985 06/2017						8,000																					
113	KEDC Strategic Construction Finish-out Tilt Wall Bldg 04/09/19						865,595																					
115	Maverick Drive, Unit 2, Lot 3 Detention Pond Engineering						8,730																					
116	Maverick Well Services #2073 10/15/2018						27,235	X																				
117	McClung Energy Services 01/18/2018						60,500	X																				
118	Merritt #2061 01/2019						37,500	X	40,000		35,000		75,000		75,000		75,000		75,000		75,000		7,000					
119	Merritt 07/17/2018						-		75,000		75,000																	
120	Pak Sher 02/17/16						-																					
121	Pinnacle #2084 06/04/19 Closed - will pay back \$10,483.34						-																					
122	Premier Pressure Pumping 11/22/16						16,411	X	31,000	I	25,000		25,000															
123	SCP Distributors #1 11/2013						Extended		8,332																			
124	Temple Pro Ventures & Pallet Companies, Inc. (CHEP) Tax Reimb						4,016																					
125	VW Manufacturing Services #1 2056 05/2018						-	X	67,500																			
126	VW Manufacturing Services #2 2056 10/2018						27,500	X	30,118	I	10,000																	
127	VW Manufacturing Services #3 2092 04/09/2019																											
128	Wagner Tuning 05/2019 (Lease payment reduction-applied to bond pymt)						58,825	NC	317,000	NC	100,000	NC	100,000	NC	100,000	NC	100,000	NC	50,000	NC	50,000	NC						
129	Wagner Tuning 05/2019																											
130																												
131	TOTAL RESERVED FOR COMMITMENTS						0		690,950		426,600		215,000		190,000		267,000		184,229		180,834		22,000					
132	TOTAL CASH RESERVED FOR COMMITMENTS*						0		373,950		326,600		115,000		90,000		167,000		134,229		130,834		22,000					
133	(*subtract any non-cash incentives from total)																											
134																												
135																												

