



DISCUSSION OF CITY OF KILLEEN ECONOMIC DEVELOPMENT POLICY

DS-18-024

March 20, 2019

Process for Discussion

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- 1. Review what policies we have.**
- 2. Discuss what else we may need.**
- 3. Form a new policy.**
- 4. Debate/discuss the new policy.**
- 5. Adopt the new policy.**

What We Have

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- **Ordinance No. 06-45** was passed by the City Council on 04/25/2006 adopting a policy that established an economic development program for the enhancement of City sales tax revenues. It provided for the payment of funds to promote economic development, and to stimulate commercial activity by encouraging qualifying businesses to locate within Killeen resulting in the enhancement of city sales tax revenues.
- **POLICY:** It states that the City Council may at its discretion enter into an agreement for the City to pay funds to an applicant that qualifies under this policy. It sets the qualifications for eligibility to receive incentives.

What We Have (continued)

- **Ordinance No. 07-010** was passed by the City Council on 2/13/2007 establishing an economic development program for the encouragement of retail economic growth, expansion of the local economy, creation of jobs, and enhancement of city sales tax revenues. It provided for the payment of funds to promote economic development, and to stimulate retail business.
- **POLICY:** The City Council may at its discretion enter into an agreement for the City to rebate a portion of the 1% local option sales tax to an Applicant that qualifies under this policy. The policy established guidelines for providing economic development incentives.

What We Have (continued)

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- **Ordinance No. 08-089 was passed by the City Council on 9/04/2008 designating a contiguous geographic area within the city as Tax Increment Reinvestment Zone-2 (TIRZ- 2) to promote economic development.**
- **Tax Increment Reinvestment Zone (TIRZ) is a tool to promote economic development by earmarking property tax revenue from increases in assessed values within a designated TIRZ. It carves out the increase in property tax and reserves it for economic development, while the base-year assessed value stays in the local tax base.**
- **The new revenue can be used to pay for redevelopment, infrastructure, and other community-improvement projects.**

What We Have (continued)

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- **Ordinance No. 13-011, passed on 1/22/2013, created a policy that established an economic development program for the encouragement of industrial economic growth, expansion of the economy, creation of jobs, and the enhancement of City sales tax revenues. It established a program to provide for the payment of funds to promote economic development, and to stimulate industrial business and commercial activity.**
- **POLICY: The City Council may, in its sole discretion, enter into an agreement to rebate a portion of the one percent (1%) local option municipal sales and use tax to an applicant that qualifies under this policy...**

What We Have (continued)

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- **ORDINANCE NO.15-055** was passed by the City Council on 9/22/2015 that established the North Killeen Revitalization Program for the encouragement of revitalization and economic growth.

- **PURPOSE:** The purpose of this ordinance is to promote the development and redevelopment of North Killeen. This program includes incentives for residential and commercial/business structures' rehabilitation, expansion and/or new construction. By adopting this program the City intends to provide incentives by waiving certain fees and property tax abatement.

What We Have (continued)

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- ❑ **Facade Improvement Program (2008)**
- ❑ **The City of Killeen offers facade grants for eligible rehabilitation projects located in the Downtown Historic Overlay District. The grant is structured whereas the City contributes 80% of project costs and the property owner contributes 20% of funds toward facade, roof, and/or sign improvements ultimately achieving a “new face” for downtown Killeen. These grants are available for up to \$10,000 per façade with a maximum of \$20,000 per property owner in any given year.**

What We Have (continued)

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- **Agreement with Killeen Economic Development Corporation (KEDC) - 9/13/2016.**
- **The City entered into an agreement with KEDC providing for economic development services such as:**
 - 1) Encourage and promote economic development**
 - 2) Recommend to the City Council projects and programs to further economic development**
 - 3) Commit and spend funds contributing to creation of new jobs or retention of jobs and to improve infrastructure**

- ❑ **KEDC's mission is to promote the development of commercial, industrial and manufacturing enterprises to promote and encourage employment and the public welfare.**
- ❑ **KEDC maintains a website to promote their services**
- ❑ **KEDC receives applications for incentives and evaluates them based on the economic impact analysis**
- ❑ **They negotiate with prospects to get the best return on the investment.**

What We Have (continued)

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- **Agreement with Greater Killeen Chamber of Commerce - 9/13/2016 to provide economic development services:**
 - 1) **Promote and encourage development of new and expanded business, commerce and industry**
 - 2) **Plan, organize and direct economic development programs**
 - 3) **Coordinate activities of various groups involved in economic development**
 - 4) **Maintain an economic development website**

- **The Chamber's Plan of Work includes many activities such as:**
- **Create an environment for the growth of new businesses**
- **Conduct a business recruitment program.**
- **Provide staff support for KEDC and Killeen Industrial Foundation**
- **Implement a communications plan to provide professional, timely, and accurate content in various forms.**
- **Operate Leadership Killeen to enhance the skills of future community and business leaders to provide value to participants and sponsors.**
- **Develop and engage Young Professionals who aspire to become leaders for the future.**

Discuss What Else We May Need

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- ☐ **Council Input**
- ☐ **Council Questions**

Note: Staff will follow-up on questions and set another discussion item on Council agenda. When the Council is ready, staff will prepare a draft Economic Development Policy.