The Economic Development Board meeting was called to order at 1:40 p.m.

Absent were Dwayne Nall and David Barnes.

The purpose of this meeting was to review and discuss the January - December 1997 Activity Summary; review and discuss the advancement of the Goals and Objectives; development of the annual report to the City Council and discuss any other pertinent matters pertaining to the economic development activity.

Support staff John Allen submitted a detailed activity summary which was reviewed and discussed.

The economic development Goal and Objectives were also reviewed and discussed. Additions made were:

1. Goal: CREATION / RETENTION OF JOBS
   
   C. Recruit a minimum of 1 new business with two or more employees to the area and 1 new family style restaurant.

Add:  


Add:  

D. Promote an assisted living facility in the Yoakum area.

After extensive discussion of the activities of the Economic Development Board and the activities of the Economic Development Director, it was determined that without monetary resources it is often very difficult to help prospective or existing business.

Motion was made by Weyman Adamek and second by Larry Brandt to recommend to City Council to pursue raising sales tax (1/2%) for Economic Development. Motion carried.

Meeting was adjourned at 2:40 p.m.
Meeting was called to order at 1:20 p.m. Absent were David Barnes, Dwayne Nall and Mike Behrens.

The purpose of this meeting was (1) to review and discuss the various provisions of the one-half percent city sales and use tax for economic development purposes and (2) to review and discuss the Economic Development Board’s recommended Goal Number 3: Co-operate with the Hospital to develop the new hospital into a “Regional Medical Center” and the hospital’s future role in the community’s economic development.

A brief summary of the provisions of the one-half percent sales tax and criteria for election dates was given to the board. The two options explained were:

4A Sales Tax: Is primarily intended for manufacturing and industrial development.

4B Sales Tax: Is intended to give communities an opportunity to undertake a project for quality of life improvements including economic development.

Although the city of Yoakum falls into either category, 4B would provide the city with a wider range of the use of the tax revenues. A one-half percent increase in sales tax would generate approximately $132,614 in annual revenues.

Discussion from the Board was held concerning raising the sales tax one-half percent and reducing or relieving ad valorem tax one-half percent. Under specific guidelines the earliest possible date for election would be August 1998.

After discussion motion was made by Dennis Kutach to recommend to City Council to raise sales tax from 7.25% to 8.25%. One-half percent to economic development and one-half percent to reduce ad valorem tax, also recommending that election date be in August 1998. Motion was second by Larry Brandt. Motion carried.

Second part of Board’s agenda was discussed. Board members expressed concern for the hospital’s future role in the community. After extensive discussion it was agreed a meeting between both hospital boards, city council and this economic development board was necessary to address concerns of the possible lease of the hospital and how it affects economic development and citizens of this community.

Arrangements would be made as soon as possible for a joint meeting.

Meeting adjourned at 2:20 p.m.
Meeting was called to order at 1:05 p.m. Absent were: Dwayne Nall, Mike Behrens, Doris Hardin and Weyman Adamek.

The purpose of this economic development meeting was to discuss the city sales and use tax election set for August 8, 1998. The members of this board feel they need to have an active role in this election. Members will actively support and promote this election for the following reasons:

1. The adoption of a sales and use tax will keep the city of Yoakum in line with surrounding communities.

2. The adoption of additional sales and use tax will be used to reduce the property tax rate.

3. The adoption of a sales and use tax will be kept within the city for the promotion and development of new and expanded business enterprises.

It was pointed out that under Section 1 of Ordinance No. 1721 one or the other of the two tax rates could pass without the other. This board will promote adoption of both.

A brief update of the old hospital building was given. The prospect, a Rehabilitation Center has requested an option on the building at this time. Certain regulations require the building be brought up to code. The prospect is favorable and would possibly employ 60 persons.

Meeting adjourned at 1:30 p.m.

Secretary

Chairman
Meeting was called to order at 1:15 p.m. Absent were: David Barnes, Doris Hardin, Larry Brandt and Ken Kvinta.

The purpose of this economic development meeting was to discuss a business opportunities program for addressing the need to identify potential entrepreneurs and the business investment opportunities in Yoakum.

Support staff John Allen briefed the Board on the proposed program. (Scc Attachment)

The Board feels there is a need to have a support person available that could put potential buyers and sellers in touch with one another or to help existing businesses locate sources of investment capital from sources other than financial institutions.

Motion was made by Dr. Louis Boenning and second by Dwayne Nall to adopt the program as proposed. (See Attachment) Motion carried.

The main concern of the Board was to promote the general concept of the program. Several suggestions were made:

Advertise in Newspapers
Business Journals
Promote to local citizens
Promote to businesses and potential prospects (Newsletter "Insider")
Financial institutions; Lawyers; CPA’s
Incorporate into Yoakum Brochure
Incorporate into Yoakum Profile
Incorporate into Yoakum Homepage / Website

The funding of advertising cost was discussed. City Manager advised that budget appropriation for advertising was not made. A separate corporation will be formed to monitor sales tax revenue but these funds will not be available until November of 1999.

John Allen also gave a brief update. City had received an excellence award from SWB; John Allen will be trained in Website design enabling him to update Yoakums site; prospect leads may now come from TDED through Website rather than just LCRA; still working on potential lead for old hospital facility; working with Eddy Pack on Texas Capital Growth Fund application; and working with Cottage Computers on $30,000 Smart Jobs Grant application to train computer specialists.

Meeting adjourned 2:00 p.m.

[Signatures]
Business Opportunities Program

What is the issue?

Certain business owners in Yoakum have been identified as having a desire to sell their establishments. Reasons for the sale include: a desire to retire; changing personal goals; and frustrations with the lack of perceived community growth. However, because some owners do not want to loose the clientele they already have, many are unwilling to advertise that their establishments are for sale. Their unwillingness to advertise makes it difficult to find someone who may be interested in owning/operating such an establishment. This results in businesses holding liquidation sales to reduce inventory and close permanently, leaving the perception to any interested entrepreneurs that the business was not viable.

On the other hand, identifying persons interested in owning/operating their own business has been a challenge. Although the city maintains an active economic development program, the number of prospects for local retail/service businesses remains low. A program that identifies such entrepreneurs from local and regional areas is needed to increase the potential for a successful sale/transfer of a business.

What role can the city play?

There is a need to connect potential investors with the a fore mentioned sellers. Since many owners are not willing to publicize their sale, a mediator is needed. This mediator, the city, can screen potential entrepreneurs and link them to the business that best meets their investment requirements. In this manner, businesses can actively seek investors/buyers without loosing existing clientele.

The goal of the city’s program should be:

1. To screen potential buyers/sellers/investors of Yoakum business enterprises in order to determine the best course of action aimed at continuing business operations.
2. Facilitate communication between the buyer/seller/investor and its financial institution and the Small Business Administration to assure informed financial decisions are made.
3. Assist in the development of a “Plan of Action” for the buyer/seller/investor to identify areas of concern in business dealings.

Partnerships

In conjunction with city efforts, financial institutions can offer services for persons considering buying, selling or investing in a business. These services include the determination of a fair price for the business, financing options, credit profile of the potential buyer/seller and explanations of the businesses’ cash flows.
In addition, the Small Business Administration offers many programs designed to assist a new entrepreneur. One of the most important is the assistance in the development of a business plan. Said plan includes the viability of the business, goals for future growth, and means by which to attain them.

Business Opportunities Program

In its completed format, the BOP will be a data base identifying businesses, entrepreneurs and investors. Ideally, the business data will contain the type of business, owner, etc. along with a selling price, what said price includes, a short text and statistical history of the business and any other facts pertinent to the success of the business. Entrepreneur/investor information will include contact information, investment range, type of business interested in and level of involvement desired. Although this program is designed to assist persons interested in selling his/her business, it can be used for persons looking for additional capital, partnerships or other business arrangements.

As previously stated, the greatest challenge will be identifying persons interested in investing in an established business. Although the city can, and should, use the Yoakum Insider and the Herald-Times as ways to advertise the program, these publications may not reach the targeted audience. In addition to the audience these publications provide, the BOP will require promotion at a regional level.

With the local paper, newsletter, and possibly the Victoria Advocate, promotion can take the form of informational articles. The articles should include much of the information discussed in this memorandum but should not identify any potential businesses. In order to get things started, the newsletter article should be published before any other public notification is made. The article should focus on the recruitment of potential businesses, encouraging owners to contact the city with their ideas/plans. By doing this, the city can begin to build the database for investment opportunities before it begins to receive calls from potential entrepreneurs. This should be followed by the articles in the Advocate and Herald-Times. The program can also be featured on Yoakum’s web site.

Once the initial announcements have been made, the city’s next challenge will be to keep the program in the public’s mind. One method will be to provide updates to the community via the newsletter. Figures such as the number of businesses participating in the program or the number and type of entrepreneur prospects received can be used to gauge the program’s growth. Another method would include advertising the program in publications like the Advocate, the Houston Chronicle and/or the Houston/San Antonio/Austin Business Journals. These ads will revolve around the theme of attracting outside investment to Yoakum. The advertisements should mention the opportunity to move to a smaller city, own one’s own business and/or invest in local industries. The spots should be featured in the business, financial, or real estate sections of the papers. By including information about the program on the city’s web site, advertising size can be reduced to include only the promotional text along with the site’s address for interested parties. At first, advertisements should appear once a week for about a month, then taper to a monthly advertisement. After six months,
the number of prospects received can be weighted against the cost of the advertising to determine its continuation.

An alternative source of entrepreneurs may be found in former Yoakum residents. As discussed in the city’s retiree strategy, there exists those persons who have moved from Yoakum to larger metropolitan areas that may be considering returning to the area. By providing such persons with information about investment/business opportunities in Yoakum, the city opens itself to new investment capital. Marketing strategies can mirror those of the retiree brochure in that mailing lists are generated from high school graduation/reunion files. Additionally, brochures or an information package can be developed to use as aids for spreading the program by word of mouth. This may serve as a less expensive way to advertise the program.

Because the city will be working with local financial institutions and the SBDC, promotional seminars or fairs can be held to promote and answer questions about the program. Similar to the first business seminar, such meetings can be held in conjunction with local service-club luncheons. These seminars will provide opportunities for press releases that will help keep the program in the papers without having to pay for advertisements. Additionally, to promote free press coverage, a stronger focus on the SBDC’s programs and meeting schedules should be provided to the Herald-Times.

End Results

This program should provide Yoakum with a database that addresses the need for new investment in established businesses. It will also serve to create a list of potential investors should the need for a new businesses be identified (i.e. Sears, K-Bobs).