

# FY 2018-19

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# ANNUAL REPORT

CITY OF SCHERTZ ECONOMIC  
DEVELOPMENT CORPORATION

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MISSION | To grow the Schertz economy through Projects. Specifically, we pursue Projects that focus on the creation/retention of Primary Jobs and Infrastructure Improvements.

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The Annual Report provides an overview of the SEDC's activities for the 2018-19 fiscal year (from October 1, 2018 to September 30, 2019).

**VERSION** | November 4, 2019



# SCHERTZ IS THE SMART PLACE TO LIVE, WORK, & INVEST

FIND OUT MORE AT [SCHERTZEDC.COM](https://www.schertzedc.com)





# INTRODUCTION

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FROM THE BOARD PRESIDENT



**INFRASTRUCTURE**

Infrastructure is the backbone of a community and an important consideration for businesses locating in Schertz. The phrase, 'where infrastructure goes, development will follow' is certainly true in Schertz, where rapid growth is occurring along areas of the city with existing water and wastewater infrastructure.

As part of the City of Schertz Economic Development Corporation's (SEDC) efforts to position the community for success, expanding Schertz' infrastructure base remains a focus. This past year saw the SEDC taking significant steps towards this goal, both for recruitment and retention purposes. Combined with the SEDC's ongoing pursuit of targeted Projects involving Primary Jobs, Schertz continues to be an excellent community in which to do business.

**MISSION & BALANCE**

Infrastructure is an essential component of the SEDC's work. The SEDC's mission focuses on (1) attracting & retaining companies that create Primary Jobs and (2) providing infrastructure that promotes commercial development. Infrastructure improvements are emphasized due to their ability to benefit both our existing and future business community.

**OPENING NEW AREAS**

One of the largest infrastructure-related commitments undertaken by the SEDC this fiscal year is the Schertz 312 Project. In partnership with Titan Development, this Project's first phase involves opening 171 acres of Schertz for future development, an area that can accommodate well over a million square feet of new commercial space. A new road, along with public utilities, is currently under construction. This road will ultimately tie into Doerr Lane and the larger Schertz industrial area. Aside from situating Schertz for continued growth, this Project highlights the SEDC's commitment to address large-scale community priorities by leveraging private sector partnerships.

**LOOKING AHEAD**

As the City of Schertz undergoes additional growth, the SEDC will continue to balance forward-looking development opportunities with existing needs. To guide this process, the SEDC Board developed a Reserves Strategy over the course of the year. This strategy outlines how the Board plans to utilize the community's existing and future economic development funds. Check out the Reserves section for additional details. Within this report is an overview of the SEDC's major activities for the 2018-19 fiscal year. We invite you to learn more about our work and discover why Schertz is a quality place for business.

*Paul Macaluso*  
PAUL MACALUSO  
SEDC Board President

## OUR MISSION

The mission of the City of Schertz Economic Development Corporation is to grow the Schertz economy through Projects. Specifically, we pursue Projects that focus on the creation/retention of Primary Jobs and Infrastructure Improvements.

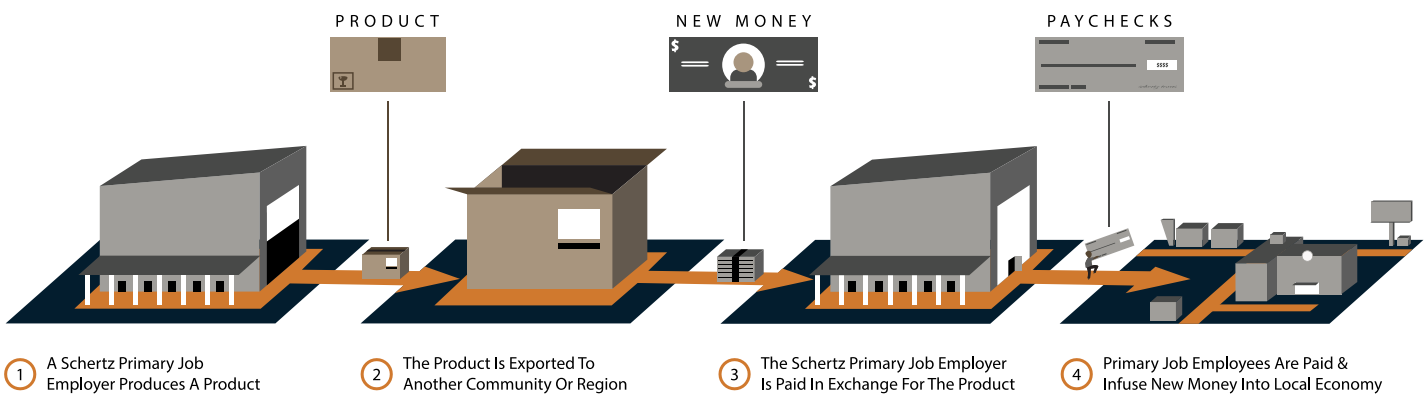
## PRIMARY JOBS

One of the key elements of our mission involves **Primary Jobs** - jobs that produce goods/services for customers that are predominantly outside the region and defined by Texas Local Government Code 501.002 (12). Primary Jobs create new money for our community by exporting products. Once an employer is paid for these Primary Job-produced goods/services, new money is redistributed into the community through wages paid to employees; capital investments; tax payments to the City, local school districts, and counties; and through payments to local suppliers.

The City of Schertz is fortunate to have a variety of **Primary Job Employers** - companies that create Primary Jobs. In Schertz, examples of companies that create Primary Jobs are associated with our key industries of: manufacturing, warehouse and distribution, and e-commerce because they export goods/services to regional, statewide, national, or international markets.

CalTex Protective Coatings is an example of a Schertz company that creates Primary Jobs. They manufacture sealants and other car-care products. These products are exported to other markets, such as Kansas City, and in return new money is created in Schertz. This is what creates and maintains the flow of new wealth into our community.

On the other hand, an example of a business sector that does not create Primary Jobs is retail or medical. Purchases made at a local shopping center or payments made when visiting the doctor generally use existing money to pay for those goods or services. These businesses rely on new money that was created through the companies that generate Primary Jobs to fuel our local economy.







# RECRUITMENT

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**RECRUITMENT**

The SEDC uses the following ‘pipeline’ to monitor companies as they move through the site selection process. This process allows the SEDC to effectively follow up on each project and help where appropriate.



	Recruitment Events	Inquiries	Prospects
Goal	15	115	45
Quarter 1 (Oct-Dec)	3	24	9
Quarter 2 (Jan-Mar)	3	30	12
Quarter 3 (Apr-Jun)	4	66	13
Quarter 4 (Jul-Sept)	2	19	3
<b>Total</b>	<b>12</b>	<b>139</b>	<b>37</b>

**RECRUITMENT EVENTS**



**Purpose | Why Attend**

The SEDC actively engages in recruitment events as part of a targeted marketing strategy to recruit new Primary Job Employers. As part of this strategy, the SEDC visits specific markets and events in effort to engage directly with key site selection decision makers. Recruitment events include attending trade shows, networking events, one-on-one company visits and facility tours, or engaging with site selection consultants. Each interaction provides opportunity to develop a trusting and personal connection that can be leveraged throughout the site selection process.



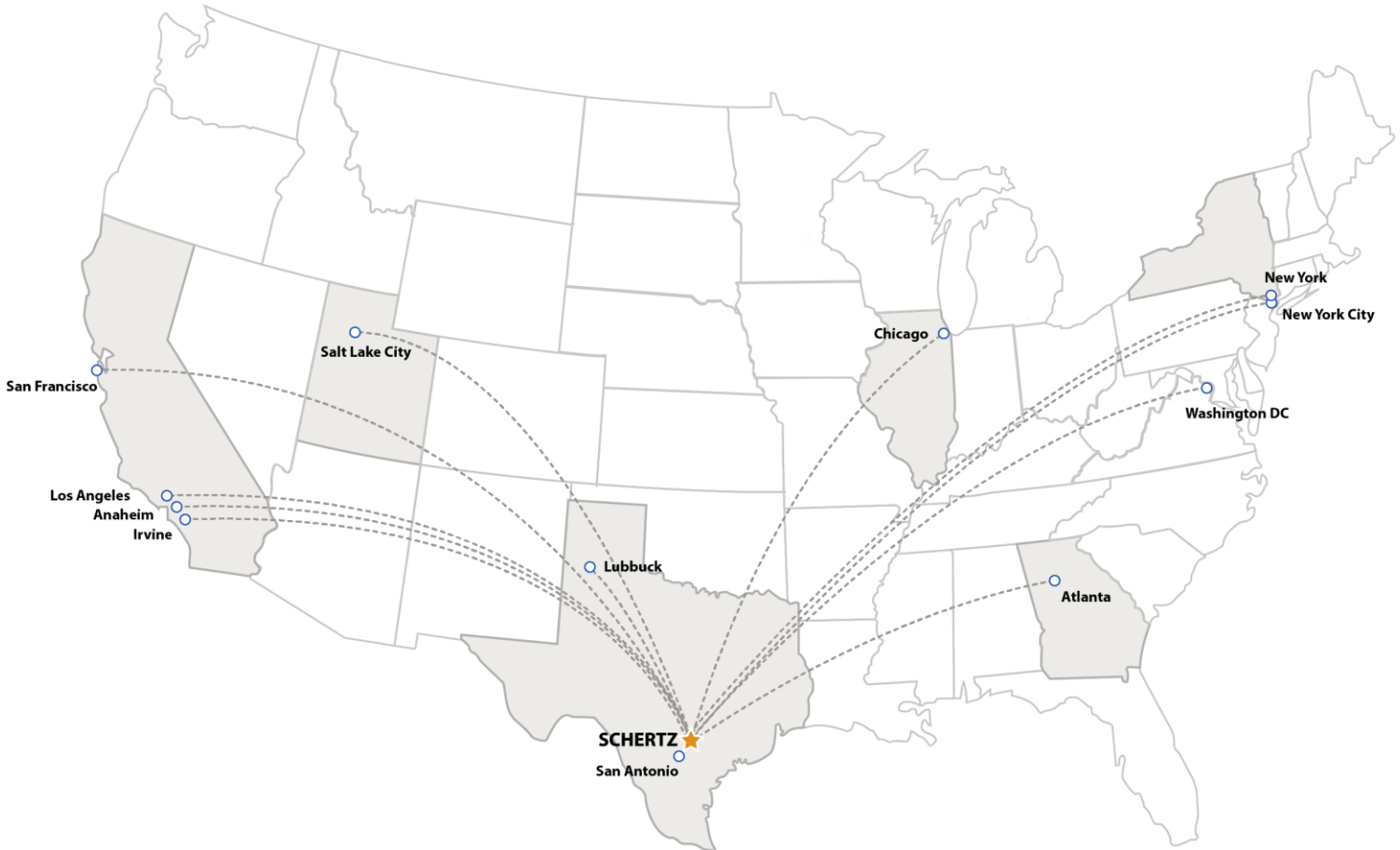
**Partnerships | Working Together**

The SEDC relies heavily upon our recruitment partners in effort to amplify our recruitment activities. The SEDC has partnerships with Team Texas, the Texas Economic Development Corporation, and the Site Location Partnership. Each of these organizations help promote the City of Schertz and the objectives of the SEDC. Through these partnerships the SEDC can extend our reach and connect with more companies and site selection consultants.



## RECRUITMENT EVENTS

Recruitment events serve as key tools in the generation of Leads and Inquiries. During each event, staff meets with companies and site consultants to promote the advantages of locating in Schertz.



### Direct Company Contact | Personal Connection

In-person company visits, though difficult to come by, are the most effective way of engaging with companies as they are making site selection decisions. Direct company visits involve meeting with the key decision maker for the site selection decision.

### Trade Shows | Engage Growing Companies

Trade shows are a way to engage large numbers of companies within the SEDC's target industries over a short amount of time. Most companies that attend trade shows are there because they are growing or because they are an industry leader.

### Site Selector Meetings | Leverage Key Players

Site selection consultants make a living helping companies move and expand operations. Though not all companies use a consultant, they are a major player in most economic development projects. The SEDC uses meetings with consultants to build personal relationships and familiarity with the City of Schertz.

# 12

**RECRUITMENT EVENTS**  
Completed in FY 2018-19

WEBSITE

Shown are analytics from [SchertzEDC.com](https://www.schertzEDC.com) with arrows/percentages demonstrating change from the previous year. Analytics have been adjusted to remove internal traffic/web crawlers.

**8,262**

**USERS**

An individual browsing the SEDC website

↑ 24.5%

**9,823**

**SESSIONS**

A single visit to the SEDC website

↑ 21.9%

**20,546**

**PAGEVIEWS**

When a User views a website page

↑ 55.0%

**74.5%**

**BOUNCE RATE**

% of Sessions with no interaction with the page

↓ -1.42%

WEBPAGES

The SEDC strives to develop content on our website that engages Primary Job Employers, site selection consultants, and developers. Shown are examples of some of the more heavily trafficked SEDC webpages.



HOME PAGE



JOB BOARD



ABOUT US



PROPERTIES

TWITTER

The SEDC uses twitter to promote its website, events, and relevant community information. Through our handle, [@SchertzEDC](https://twitter.com/SchertzEDC), we use Twitter to engage with stakeholders and communicate information.

	Tweets	Impressions	Engagements
	Individual Tweets released by quarter	Total # of times Tweets have been seen	# of times users interacted with a Tweet
Quarter 1 (Oct-Dec)	22	24,596	656
Quarter 2 (Jan-Mar)	25	25,722	755
Quarter 3 (Apr-Jun)	19	19,266	447
Quarter 4 (Jul-Sept)	18	10,851	351
<b>TOTAL</b>	<b>84</b>	<b>80,435</b>	<b>2,209</b>

# BLOG POSTS

SEDC blog posts are intended to: (1) market economic development opportunities in the City of Schertz to Primary Job Employers & site selectors and (2) educate & inform area residents about the purpose of the SEDC.

- **From Dock to Doorstep, A Focus on Schertz Distribution** | October 24 | Introduces SEDC distribution focus profile
- **Q4 2018 Economic and Project Update Released** | November 16 | Announces the release of the latest update
- **SEDC Year In Review: Annual Report** | December 11 | Details the SEDC's efforts throughout the fiscal year
- **Santa's Workshop Announced as New Schertz Manufacturer** | December 20 | Highlights Schertz businesses
- **SEDC Q1 FY 2018-19 Report** | January 28 | Announces the release of the latest update
- **Satellites & Schertz** | March 8 | Uses Google Earth to show recent developments in Schertz
- **Job Shadow Day** | March 18 | Provides an overview of Job Shadow Day 2019
- **Made In Schertz** | April 17 | Introduces SEDC manufacturing focus profile
- **SEDC Quarterly Report Q2** | April 26 | Announces the release of the latest update
- **EconDev Week** | May 6 | Highlights the role of economic development in Schertz
- **Point of Sale** | July 26 | Introduces SEDC retail focus profile
- **SEDC Quarterly Report Q3** | July 29 | Announces the release of the latest update
- **What To Expect With Agreements** | September 29 | Discusses basics of SEDC Performance Agreements



## Satellites & Schertz: Development from Above

Mar 8, 2019

Google Earth released their latest imagery for Schertz. Check out the development activity that satellites captured as they zoom over the community.

1 2 3

**'MADE IN SCHERTZ'**  
Post Ranked #1 In User Engagement

**BLOG GOALS**  
Market Schertz & Educate Readers

**FOCUS PROFILES**  
Announced Through Blog Posts This Year



# BUSINESS RETENTION & EXPANSION

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**RETENTION**

Once a Primary Job Employer begins operations in Schertz, they have access to our Business Retention and Expansion (BRE) program. Through this program companies receive continuous outreach, problem-solving assistance, and forums to voice their needs. Guiding these efforts is the BRE Plan, which has three main sections:

**ASSESSMENT**

Determine if companies are ready for expansion or at-risk of closing/leaving

**RESOURCES**

Identify retention/expansion events, programs, and financial resources

**STRATEGIC ACTIONS**

Create steps to address community-wide and isolated issues

	<b>Roundtables</b>	<b>Business Visits</b>	<b>Retention Events</b>
Goal	6	48	9
Quarter 1 (Oct-Dec)	1	12	3
Quarter 2 (Jan-Mar)	2	12	4
Quarter 3 (Apr-Jun)	1	8	1
Quarter 4 (Jul-Sept)	3	16	1
<b>Total</b>	<b>7</b>	<b>48</b>	<b>9</b>

**ROUNDTABLES**

Roundtables foster open dialogue, identify challenges, and allow Primary Job Employers to share best practices.

- **Manufacturers** – Quarterly Roundtables have proven to be the best way to engage with industry. Attendance increased over last year and this year’s Roundtables provided Schertz Primary Job Employers the chance to connect with the school district, workforce development allies, and CPS Energy.
- **Logistics** – This cohort was less engaged and had less overall participation than the manufacturing group. After hosting several Logistics Roundtables in previous years, it was determined that many of their concerns overlap with those of our manufacturing community. Based on this data, these two groups were combined.
- **Human Resources** - This cohort was created in response to other Roundtables that identified workforce to be the main challenge facing our Primary Job Employers. Through this Roundtable, human resource professionals met with workforce allies to address recruitment, retention, wages, and benefits topics.

**TOP 5 BUSINESS CHALLENGES**

Identified through Roundtables and additional BRE efforts throughout the year.

1. **Workforce** – job awareness, diversity, high school career pathways, incumbent worker training, wages
2. **Roads/Transportation** – signaling, potholes, construction
3. **Garbage** – recycling, provider choice, more detailed and user-friendly bills
4. **Electricity** – power quality and reliability
5. **Drainage** – flooding, public and private property concerns

## HIGHLIGHTS

Additional highlights of BRE efforts throughout the fiscal year.

### **Schertz Job Board | [SchertzEDC.com/job-board](https://www.schertz.com/job-board)**

Schertz' Primary Job Employers, like others across the country, face a thriving job market and low unemployment. They must be creative in attracting qualified candidates to fill open positions. After hearing this concern at our industry Roundtables, the SEDC developed the Schertz Job Board to help our Primary Job Employers advertise job opportunities. Since the Job Board launched it has seen an average of 265 visits per month. This year, the Job Board expanded to include two new sections: (1) Hiring & Career Fairs and (2) Jobs With Jen - highlighting available high wage occupations.

### **Schertz Hiring Fairs | November 7, April 15, May 28, & September 11**

Hiring Fairs continue to serve as an important resource for our local businesses looking for quality talent. Born from Schertz' industry Roundtable discussions, the SEDC doubled the number of Hiring Fairs from 2 from the previous year to 4. Of these 4 events, the first focused on Primary Job Employers, the second opened to all Schertz employers, the third targeted job seekers over the age of 50, and the fourth served as combination workshop/job fair for our veterans. The SEDC estimates that more than 450 job seekers visited these events and connected with more than 50 employers.

### **Commercial Place Cluster Box | Ongoing Project**

Removing barriers that impact our business community is one of the major goals of the SEDC's business retention and expansion program. Often, these efforts are minor in scale but have direct impacts on Schertz companies. A recent example involved a United States Postal Service (USPS) cluster mailbox. In December 2018, a group of businesses located on Commercial Place asked the SEDC to help find a solution regarding their mail. An existing cluster box used by 18 companies needed to be replaced as it had been repeatedly broken into largely due to its age. USPS, when contacted about the issue, stated that users are responsible for replacing cluster boxes including the underlying slab. While the business owners were willing to pay for a new cluster box, the cost of pouring a new slab for the project proved cost prohibitive. After several months of communication with USPS, the SEDC worked out an arrangement whereby USPS will keep the existing slab and pay for the new cluster box at no cost to the businesses. This is one example of how, working on behalf of our business community, the SEDC works with other agencies to remove barriers.





## HIGHLIGHTS

Additional highlights of BRE efforts throughout the fiscal year.

### **Job Shadow Day | Schertz Businesses | February 2**

Job Shadow Day connects students with local employers. Students gain a new perspective into a variety of industries and the careers they offer. Industry partners get to interact with young bright minds and gauge student's interest and career expectations. Rather than learning in the classroom or at a career fair, students visit the businesses and spend a day exploring the expectations of potential professions. This year 272 students visited 18 different employers. Schertz' employers included Amazon.com, Caterpillar, CCMA, FedEx, GVEC, HEB, Lowe's, City of Schertz, Schertz Animal Hospital, Schertz Bank & Trust, Mortellaro's Nursery, Setien & Associates and the YMCA. Companies outside of Schertz were Victory Packaging, the 12th Flying Training Wing and the City of Cibolo. Job Shadow Day is a partnership with the Schertz-Cibolo Universal City ISD, City of Schertz Economic Development Corporation and the Cibolo Economic Development Corporation.

### **Manufacturing Day | Caterpillar | October 11**

Manufacturing Day (MFG DAY) is an annual event that provides an inside look at the opportunities available within the manufacturing industry. For a second year, Caterpillar Inc, opened its doors to two groups of eighth grade girls from J. Frank Dobie and Ray D. Corbett Junior High Schools (SCUCISD). This year's focus is part of MFG DAY, this event encourages girls to choose classes in science, technology, engineering and math (STEM) to prepare them for future high wage paying careers. Students heard presentations from key female engineers and human resources professionals. They also learned more about the importance of working for a company that desires to seek out and build up their employees.



# BUSINESS RETENTION VISITS

## FIRSTHAND INSIGHT

Business visits are crucial for developing a long-term relationship between the City and existing Primary Job Employers. Held with a company's senior leadership, visits help the SEDC gain a better understanding of the inner workings and challenges our industries face.

## LISTENING


The SEDC gains a deeper understanding of a company's products and markets in which it operates during a visit. We also listen for possible barriers or challenges that the City and/or SEDC could mitigate or remove.

## SHARING

One-on-one visits allow the SEDC to share updates on City projects, corporation incentives, and offer resolutions to challenges impacting the business community in a way that is more personal than a retention event.

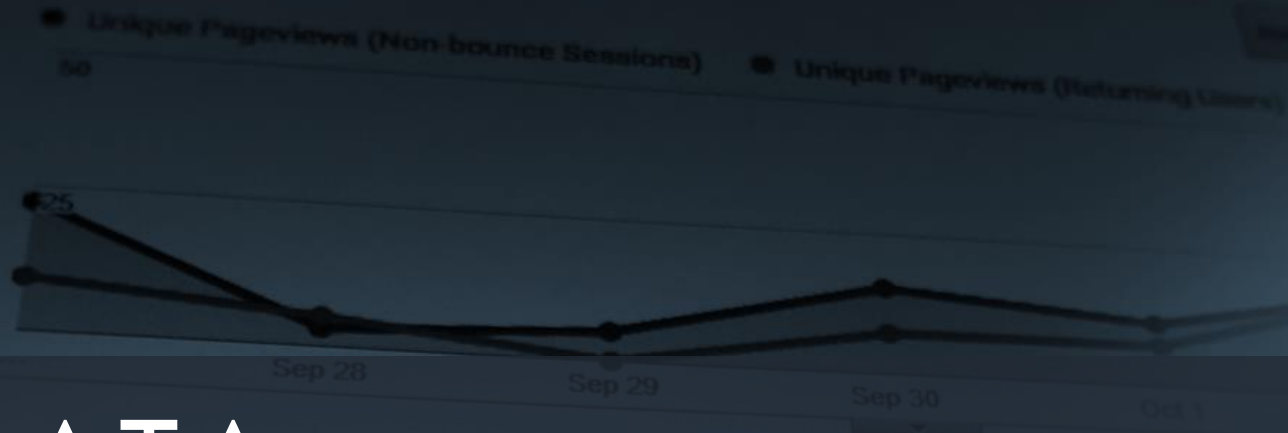
# 48

**COMPANY VISITS**  
Throughout FY 2018-19

 The SEDC enamel Investment Pin



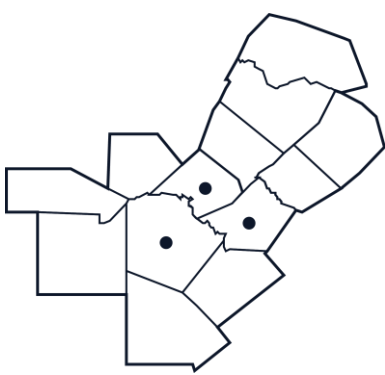
# DATA SNAPSHOTS



A grid of data snapshots for two different periods. Each snapshot includes a title, a numerical value, a small line chart, and a percentage. The first column shows metrics for a period ending on Sep 28, and the second column shows metrics for a period ending on Sep 29.

Metric	Sep 28 Snapshot	Sep 29 Snapshot
Unique Pageviews	87	68
Non-bounce Sessions	0.00%	20.77%
Returning Users	69.81%	60.92%





-  BEXAR
-  COMAL
-  GUADALUPE

**LOCATED IN  
3 COUNTIES**

**BETWEEN**



SAN ANTONIO



AUSTIN

**INTERSTATES**

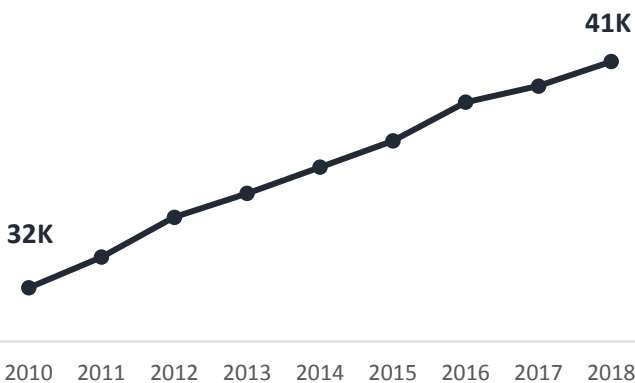


# SCHERTZ INFORMATION

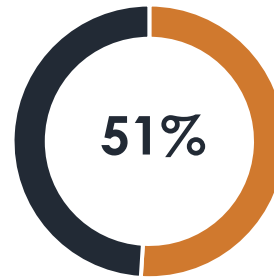
## CITY POPULATION



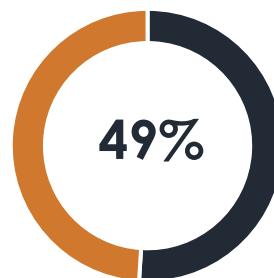
## POPULATION GROWTH



**ANNUAL GROWTH RATE | 2.41%**



Females as a percent of the population



Males as a percent of the population

## CITY SIZE

**32**  
SQUARE MILES

**\$78,846**  
MEDIAN HOUSEHOLD INCOME



## TOP 10 LARGEST SCHERTZ EMPLOYERS (100+ Employees)

- |                 |                                |
|-----------------|--------------------------------|
| 1. SCUC ISD     | 6. HEB                         |
| 2. Amazon       | 7. Brandt Engineering          |
| 3. Sysco        | 8. Republic National Dist. Co. |
| 4. FedEx Ground | 9. City of Schertz             |
| 5. Visionworks  | 10. Walmart                    |

ORANGE = Primary Job Creator



# 127

PRIMARY JOB CREATORS  
IN SCHERTZ



# 415K

LABORFORCE  
WITHIN 15 MILES OF SCHERTZ



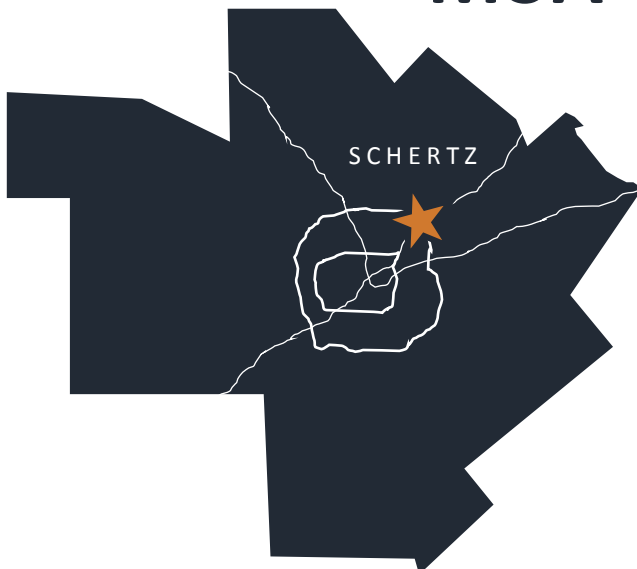
Schertz Residents With  
College Degrees: **46.7%**



Schertz Daytime Worker  
Population: **14,623**

# LABOR & BUSINESSES

2.5 Million People Live in The  
**MSA**



# 1.2M

MSA LABORFORCE



# 2.0%

MSA POPULATION  
GROWTH (2018-19)



# 3.3%

UNEMPLOYMENT  
(October 2019)



# ACTIVE PROJECTS

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OVERVIEW

The Schertz Incentive Policy outlines the SEDC and City of Schertz' approach for using economic development incentives. The policy formalizes guidelines and helps ensure consistency between the Schertz City Council and the SEDC Board of Directors as we work together to grow and support our local economy.

The three strategic incentive programs that make up the policy include:



**Assistance Center** – Information is critical to making business decisions. The Assistance Center is a collection of resources that provides information on the Schertz market, lists available properties & development-ready sites, summarizes important information related to starting or expanding a business in Schertz, and highlights area partners. The Assistance Center is a free resource available to new and expanding businesses seeking to pursue projects within the City of Schertz or our extraterritorial jurisdiction.



**SEDC Incentive Program**- The SEDC is the primary provider of incentives within Schertz. The SEDC offers specialized incentives for existing, small, and large impact businesses that create Primary Jobs. The SEDC also provides certain infrastructure improvement grants for streets and roads in retail, office, or industrial developments that promote new or expanded business activities.



**Chapter 380 Program** – Often in combination with the SEDC, the City of Schertz provides incentives through the Chapter 380 program. To qualify, projects must be large capital investment and sales tax producing projects. These projects must also be found to promote economic development and to stimulate business and commercial activity in Schertz.

ASSISTANCE CENTER

The Assistance Center is at the heart of the Schertz Incentive Policy. Located on our website, this information source serves as a one-stop online resource for companies interested in expanding or relocating to Schertz.



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**ACTIVE PROJECTS**

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The SEDC and the City of Schertz leverage economic development incentives as a way to grow our target industries and local economy. Each incentive is managed through an agreement that outlines performance criteria that must be maintained throughout the agreement term. The following are examples of companies with active incentive agreements in Schertz and details on how each strengthens our local economy.

**SYSCO | 2010**

Sysco Central Texas Inc., distributor of food product, kitchen equipment, and cleaning supplies to a range of end users including restaurants, schools, and health care institutions, opened their 640,348 square foot facility in Schertz in 2010. Key to the company's operations in Texas is their Schertz facility which serves the Central Texas region.

**CAPITAL GROUP | 2010**

The Capital Group Companies, Inc. operates the largest of three data centers located in Schertz and agreed to build their 58,480 square foot facility in August 2010. The Capital Group facility focuses on processing credit card transactions and operates 24 hour a day, 7 days a week.

**CATERPILLAR | 2010**

Caterpillar Inc., manufacturer of construction equipment and engines, began operations in Schertz in 2010. Their 550,182 square foot facility produces a variety of engines for installation in their line of heavy equipment. Caterpillar exports this product outside the region and employs a high number of technical jobs. Aside from being a well-established company and strong corporate partner, Caterpillar regularly opens their doors to student groups for events such as Manufacturing Day.

**AMAZON | 2012**

Amazon.com, one of the world's largest e-commerce and cloud computing companies, occupied a 1.26 million square foot facility in Schertz in 2012. The Schertz facility is the largest Amazon fulfillment center ever built. The location of this center is strategic, allowing Amazon to service much of Texas as well as potential access to Mexico. Amazon's move to Schertz created a catalyst for other companies to locate to Schertz, such as FedEx Ground's 215,000 square foot facility on Doerr Lane.

**MAJOR WIRE | 2016**

Major Wire Texas Inc., manufacturer of rock-sorting screens used in industrial and mining operations, located to their 53,011 square foot facility Schertz in 2016. Major Wire joined the growing cluster of manufacturing operations in Schertz' industrial park and serves as a diversifier of our local economy.

**EVESTRA | 2017**

Evestra Inc., a biopharmaceutical research and development company with a therapeutic focus on women's healthcare, moved to Schertz in 2017. Evestra is one of many Schertz companies with international operations, with offices in Texas, Poland, and Germany. Their Schertz location, a 12,800 square foot facility, houses their corporate headquarters and pharma manufacturing operations. Evestra is a modern manufacturer with high paying jobs, ISO-rated clean rooms, and the latest medical machinery.

**TEXAS PLUMBING SUPPLY | 2017**

Texas Plumbing Supply Company Inc., a veteran-owned and family-operated small business, completed its 35,100 square foot warehouse & distribution facility in 2017 and was the SEDC's first small business-focused incentive. Texas Plumbing Supply chose Schertz for their newest distribution facility as it strategically serves both the areas south of Austin including San Antonio and South Texas.

ACTIVE PROJECTS

**ACE MART | 2018**

Ace Mart Restaurant Supply Co. (Ace Mart), distributor to operators, caterers, concessionaires, home chefs, and more, opened their new 215,765 square foot distribution center in Schertz in 2018. Established in 1975, Ace Mart is an innovative leader in the industry with 17 warehouse showroom stores throughout Texas. Ace Mart can serve the entire state of Texas from its Schertz facility.

**SCHERTZ 312 | 2018**

Schertz 312 LLC partnered with the SEDC in April 2018 to provide infrastructure improvements that will open 312 acres for new industrial development. This project is significant for the City of Schertz because it helps create a development ready site for a single million square foot user. Adjacent properties will also benefit from the roadway, water, and wastewater improvements being made as part of this project.

**WIEDERSTEIN RANCH 1 | 2018**

Wiederstein Ranch 1 entered into an agreement with the SEDC in April 2018 to provide water and wastewater infrastructure improvements to their development. The 17-acre site will attract anchor tenants that will be used to leverage development of adjacent property and add retail & entertainment opportunities within the City. Under their agreement, Wiederstein Ranch 1 will receive a reimbursement for the infrastructure as the development generates new taxable revenue.

**KELLUM | 2018**

Kellum Family Medicine Inc. partnered with the SEDC in July 2018 for infrastructure improvements to their new medical center. The SEDC chose to participate with this project because the addition of Kellum Schertz Medical Center helps add much needed office space within the City. The proposed development will include three office buildings that will create 39,000 square feet of new office space.

**SCHERTZ-125-LOOKOUT ROAD INTERSECTION | 2018**

Titan Lookout LLC entered into an SEDC agreement in September 2018 to provide roadway infrastructure improvements at the intersection of Schertz Parkway and Lookout Road. The roadway improvements will provide immediate benefit to the Titan Industrial Park and adjacent properties while also helping to alleviate issues that affect the entire region.

**NEXUS ENTERPRISES | 2019**

Nexus Medical Group, a health care and insurance clinical review company, will add new medical office space to the community while enjoying closer access to their specialized workforce. In addition to their normal operations, Nexus will be using their new location for their corporate headquarters. Nexus has broken ground on their site and will occupy a new 36,450 square foot office located on Schertz Parkway.

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ACTIVE AGREEMENTS  
AS OF SEPT 30, 2019



# RESERVES STRATEGY

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## OVERVIEW

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The **Reserves Strategy** is part of ongoing effort by the SEDC Board to strategically plan the use of SEDC reserves. It focuses on how to use the community's existing and future economic development funds in both the short and long term. The Strategy is a working document that will be regularly reviewed to ensure that SEDC funds are being applied in ways that are most impactful in growing the Schertz economy.

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## BACKGROUND

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### Process

Over the course of the year, the SEDC Board engaged in regular visioning and planning exercises to better understand Schertz' economic development position. To develop the Reserves Strategy, the SEDC Board:

- Evaluated current development conditions
- Evaluated future development opportunities
- Reviewed Authorized Projects & identified opportunities for Schertz
- Formulated a short-term (within next fiscal year)
- Created a long-term strategy/policy

### Evaluation of Current and Future Development Conditions

To better understand the inherent and current characteristics of the Schertz community, and begin to understand if future Projects may or may not be able to influence these community traits, the Board used existing research, requested targeted presentations, and completed several assessments. These included the items shown below. [For additional details on each item, reference the Reserves Strategy Appendix pages.](#)

- Project Ideas and Examples
- Labor Report
- Workforce Needs Assessment
- Strengths, Weaknesses, Opportunities, and Threats (SWOT) Assessments

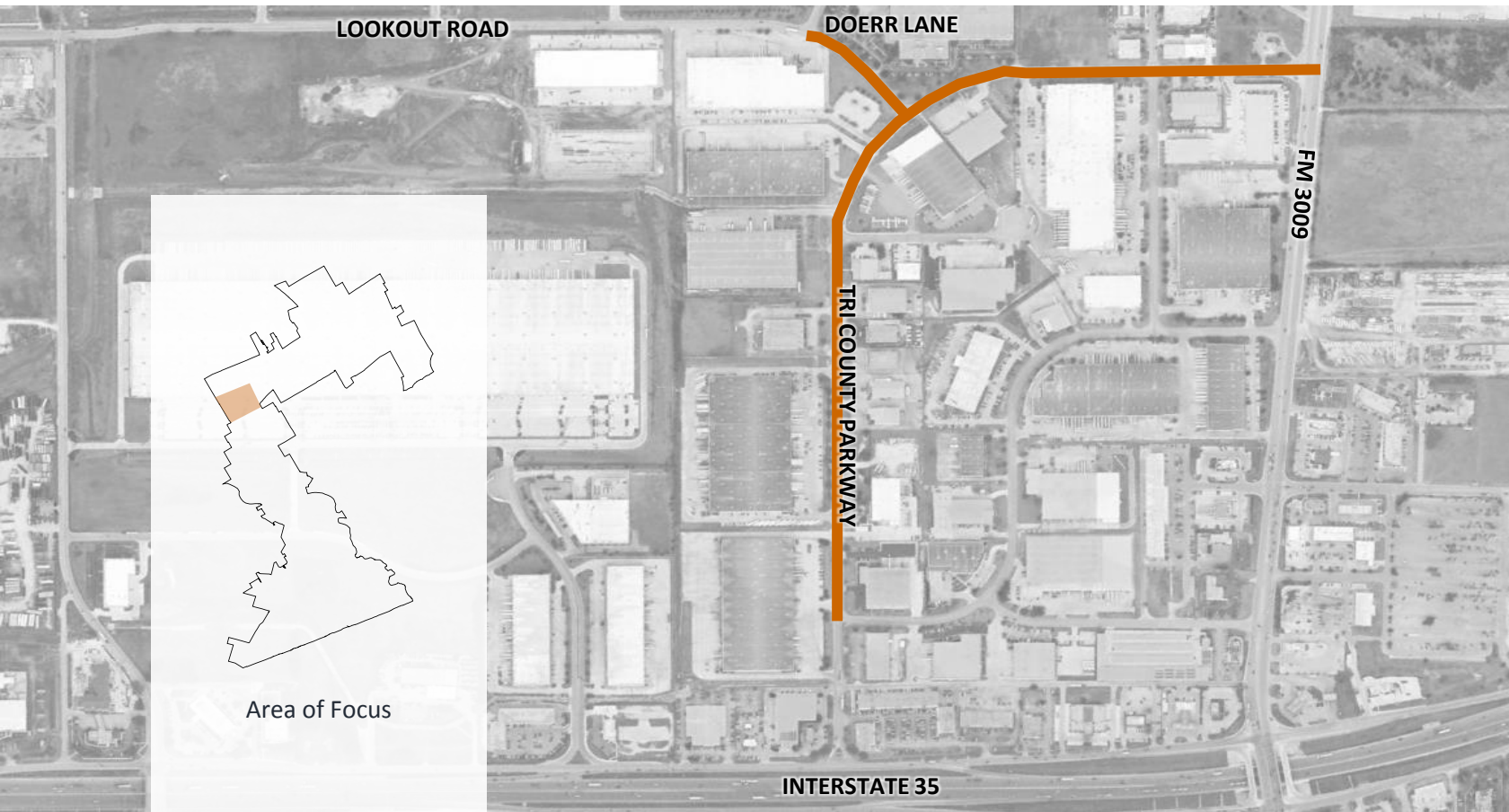
### Understanding Authorized Projects and Developing 'Funding Buckets'

The Texas Local Government Code, Sections 501 and 505, governs what projects the SEDC can and cannot pursue. Using the Code as a guide, the SEDC grouped authorized projects, or what Schertz reserve funds may be used for, into 9 major 'funding buckets'. The SEDC may use their reserve funding for:

1. Create or retain Primary Jobs (Section 501.101 & 505.155)
2. Infrastructure improvements that promote new or expanded business enterprises (Section 501.103)
3. Job training for companies that pay a prevailing wage (Section 501.102)
4. Recreational or Community Facilities (Section 505.152)
5. Capital improvements for a career center (Section 501.105)
6. Affordable housing (Section 505.153)
7. Capital improvements for recycling facilities (Section 505.151)
8. Water supply or conservation programs (Section 505.154)
9. Sports venues (Section 505.201-505.206)

OUTCOME

Based on the assessments & research of SEDC staff, as well as an evaluation of potential project opportunities, the SEDC Board developed action steps for the future, broken out into the short- and long-term.



**Short Term Strategy | Tri County Parkway & Intersection Project**

Looking to what could be accomplished with reserve funds in the immediate future - the next fiscal year - the Board identified the renovation of Tri County Parkway as a significant Project. Improving Tri County offers the potential to positively impact multiple existing Schertz businesses. Tri County Parkway is a major corridor within Schertz’ industrial park and the home of multiple Primary Job employers. The Parkway is heavily used, providing access from Interstate 35 and FM 3009. Over time, the road has degraded and requires significant improvements. Aside from improving the area’s existing infrastructure, investing in this Project now is more cost effective as compared to waiting for city-scheduled roadway improvements. This Project will involve:

- Heavy mill & overlay of pavement on Tri County Parkway between Corridor Parkway and FM 3009
- Heavy mill & overlay of pavement on Lookout Road between Tri County Parkway and Doerr Lane
- Intersection improvements at Tri County Parkway and FM 3009

**Long Term Strategy | Priority Ranking**

During their August meeting, the Board discussed each of the Authorized Project types and began prioritizing which to focus on as part of their long-term approach. Their final focuses, ranked based on priority, are:

- High Priority: Primary Jobs & Infrastructure Improvements
- Medium Priority: Job Training & Recreational/Community Facilities
- Low Priority: Career Center & Affordable Housing



## RESERVES APPENDIX



The Labor Report provides details on Schertz, the region, and our area's workforce capabilities

### **Labor Report - October 2018 | December 6, 2018**

This report was presented to help the Board better understand the Schertz market and plan for the strategic use of SEDC reserves. The report included an analysis of demographic & labor information, a labor shed comparison looking at 11 key industrial areas throughout the region, and the wages offered within the manufacturing/warehousing sectors. Each of these focus areas impacts the SEDC's recruitment and retention efforts.

A major takeaway from the report has to do with the San Antonio Metropolitan Statistical Area ("MSA"), the region where Schertz is located. The MSA includes eight counties area, consists of 2.5 million people, and grew at an annual rate of 2% in 2018, meaning 135+ people joined the region each day. A subset of the MSA population is the workforce, which is made up of one million individuals. As of November 2018, the MSA had an unemployment rate of 3.5%, meaning ~35,000 people were seeking jobs. The MSA had a job growth rate of approximately 0.8%, meaning 25+ jobs are created each day. Despite experiencing rapid population growth, our region struggles with an adequate labor force.



A Human Resources Roundtable, one of several ways the SEDC assesses the health of the local workforce

### **Workforce Needs and Assessments | February 29, 2019**

In preparation for a Strengths, Weakness, Opportunities, & Threats (SWOT) exercise, the SEDC presented this summary of Schertz' workforce to the Board. This information - gathered from Schertz companies through several Industry Roundtable meetings - provides an overview of positions companies struggle to fill, skill sets that would benefit from additional training opportunities, and insights available through a 2018 Northeast Lakeview College Employer Survey.

- Skilled labor positions that Schertz companies struggle to fill include welders, electricians, CAD programmers, machinists, programmers, machine technicians, and Solid Works programmers.
- Training needs spanned a wide range of skillsets, from technical to soft. Technical skills included: analytics, AutoCAD, automation, basic electricity AC/DC (how to follow a wire diagram, trace power), basic machining, basic math, blueprint reading, first line supervisor skills, forklift operation, inventory management, organizational awareness (leadership, project management, problem solving, time management), OSHA (English and Spanish), Siemens TIA training, technology (basic computer skills/lingo, customized for certain platforms, Microsoft office suite, intranet – forms/internal guidelines), and welding certifications.
- Soft skills, personal attributes that enable someone interact effectively, included leadership, teamwork, communication, problem solving, work ethic, flexibility/adaptability and interpersonal skills.

## RESERVES APPENDIX

**Project Ideas and Examples** | *Presented at February 28, 2019 Board Meeting*

Board Members identified broad Projects they felt would help grow the Schertz economy. This visioning exercise spurred participants to think about potential Schertz Projects. After a suggestions was made, it was placed within one of the 9 pre-defined 'funding buckets' that the SEDC is authorized to pursue. 'Board Direction' indicates areas of focus verbalized by Board Members during meetings. SEDC staff then researched and compiled related example project opportunities drawn from other communities.

**(1) Create Or Retain Primary Jobs** | *Local Government Code Section 501.101 & 505.155*

- Board Direction: Diversity within our community's primary jobs – consider incentives aimed at increasing office jobs
- San Antonio | LGS Innovations for cybersecurity ([Source](#)); Pentagon Federal Credit Union, PenFed, given \$3M incentive to open regional center in the city ([Source](#))
- Frisco | Incentive given to Keurig Dr Pepper to locate their co-headquarters in the city ([Source](#))

**(2) Infrastructure Improvements** | *Section 501.103*

- Board Direction: (1) Upgrade Tri County Industrial Park roads; (2) Begin infrastructure on north side of I-35 to make land more attractive; (3) Retail
- Bastrop | \$1.6M for secondary access point to business park and regional detention pond ([Source](#))
- Belton | \$7M for roadway & water line extension, and new water/wastewater service ([Source](#))
- Boerne | City partnered with 2 businesses to use a Texas Department of Agriculture Texas Capital Fund Grant to extend sewer to industrial park businesses ([Source](#)); GigaRegion ([Source](#)); Project 500 ([Source](#)); Roadway & mobility projects ([Source](#)); Public utility projects funded under Chapter 380 agreements ([Source](#))
- Helotes | Shops At Old Town Helotes details ([Source](#))
- Kilgore | Asset development includes \$114K for roadway clearing and \$20K for Advanced Technology Center cleanup; Infrastructure Improvement includes \$151K for City Trail System, \$1.4M for Alliance Way, \$14K for fiber along TX 135, and \$64K for bridge repair ([Source](#))
- Mexia | \$1.2M grant for roadway improvements ([Source](#))
- Pearland | State Highway 35 Corridor Redevelopment Strategy ([Source](#))
- Sugar Land | \$100K for public art in connection with streets & related improvements ([Source](#)); Money for Wi-Fi, sound, & electronic signage in the plaza ([Source](#))
- San Angelo | \$1.2M grant for roadway and water improvements ([Source](#))

**(3) Sports Venues** | *Section 505.201-505.206*

- Amarillo | ([Source](#))
- Frisco | ([Source1](#) & [Source2](#))

**(4) Affordable Housing** | *Section 505.153*

- Cibolo | ([Source](#))

**(5) Water Supply/Conservation Programs** | *Section 505.154*

- Board Direction: Secondary water source
- Boerne | Water reuse initiative for landscape irrigation ([Source](#)); Incentive program for installation of rainwater harvesting systems, irrigation system upgrades & adjustments, and use of low flow, water conservation devices ([Source](#)); Water 2035 Plan, study exploring potential sources of new water supply ([Source](#))

## RESERVES APPENDIX

**Project Ideas and Examples | Presented at February 28, 2019 Board Meeting**

Board Members identified broad Projects they felt would help grow the Schertz economy. This visioning exercise spurred participants to think about potential Schertz Projects. After a suggestions was made, it was placed within one of the 9 pre-defined 'funding buckets' that the SEDC is authorized to pursue. 'Board Direction' indicates areas of focus verbalized by Board Members during meetings. SEDC staff then researched and compiled related example project opportunities drawn from other communities.

**(6) Parks, Sporting Fields, & Attractions | Section 505.152**

- Board Direction: (1) State-of-the art multiuse, softball, and/or baseball sports complex; (2) Expand Schertz Ball Park – more fields, turf infields to reduce maintenance. Open complex to tournaments to increase hotel & restaurant use; (3) Hotel & convention center; (4) Build multi-use gym for local youth league use instead of school facilities. Open facility to outside parties to bring revenue & increase city visitors; (5) Offer a competitive tourist/resident attraction (i.e. San Marcos/New Braunfels); (6) Professional soccer complex; (7) Event center with resort (i.e. San Marcos); (8) Running paths
- Cleburne | Youth Sports Complex, pavilion, playground, skateboard park ([Source](#))
- Franklin | 84-acre sports complex, splash pad, & amphitheater, walking trails ([Source](#))
- Kerrville | River trail/youth athletic complex ([Source](#))
- Live Oak | 14K square foot conference center & hotel ([Source1](#)) ([Source2](#))
- Mesquite | Monument signs ([Source](#))
- New Braunfels | \$10.4M for quality of life improvements ([Source](#))
- Sachse | Food truck court ([Source](#))
- Wichita Falls | \$350K for waterpark ([Source](#)); \$2.3M for circle trail construction ([Source](#))

**(7) Capital Improvements For A Career Center | Section 501.105**

- Board Direction:(1) Attracting a reputable school (technical) to educate on STEM to bring more advance tech jobs; (2) Jobs center linked to high school students for available positions; (3) Career center/job training – higher education center to include entrepreneurs
- Sugar Land | \$4.5M from EDC for Texas Industrial Technology Center ([Source](#))

**(8) Capital Improvements For Recycling Facilities | Section 505.151**

- Austin | Recycling Economic Development Program ([Source](#))
- Statewide | Economic Impacts of Recycling ([Source](#)); Materials Recovery Facilities in Texas ([Source](#))
- General | Recycling centers need accessibility, expansion space, must be environmentally appropriate ([Source](#))

**(9) Job Training | Section 501.102**

- Board Direction: Trade specific education
- Gonzales ([Source](#)); Lubbock ([Source](#)); McAllen ([Source](#)); New Braunfels/Seguin ([Source](#) & [Source](#)); Pharr ([Source](#))

**(+) Other | Allowable non-project expenditures under promotion/advertising**

- Sugar Land | Money for wayfinding signs ([Source](#))



RESERVES APPENDIX

**SWOT Assessment** | Presented at April 25, 2019 Board Meeting

A Strengths, Weakness, Opportunities, & Threats (SWOT) assessment is a way to evaluate a community or project from a variety of perspectives. **Strengths** are factors that give a community its competitive advantage and make it an attractive place to be. **Weaknesses** are factors or trends that are obstacles or constraints to economic development. **Opportunities** are chances to advance the economy; often show areas that, if improved, could result in new investment within the community. **Threats** represent the potential for unfavorable trends, developments, or events that could lead to a decline in Schertz’ competitive advantage or general economy. Completing these SWOT assessments helped the SEDC better understand the characteristics of the Schertz community and provide a basis to help determine which future Projects may influence these community traits. Both the Board as a whole and SEDC staff completed a SWOT.

Board SWOT			
Current		Future	
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>• Location</li> <li>• Education (high quality)</li> <li>• Higher educational attainment rates</li> <li>• Diversity</li> <li>• Resources: water, GVEC (well-run utility)</li> <li>• Lower taxes</li> <li>• Available land (IH-35)</li> <li>• Economic model (differs from NB &amp; San Marcos’ – traditional run by the chamber)</li> <li>• Sales tax revenues (consistent)</li> <li>• EDC strong reserves</li> <li>• Military connection (RAFB &amp; Ft. Sam Houston)</li> </ul>	<ul style="list-style-type: none"> <li>• Traffic - IH-35, FM 3009</li> <li>• Transportation from IH-35 to IH-10</li> <li>• Commute out negates quality of life</li> <li>• Lack of sewer/water along IH-35</li> <li>• Water pressure in certain areas</li> <li>• Lack of public transportation/ride share local and regional</li> <li>• Specific area choke points:                             <ul style="list-style-type: none"> <li>○ Wiederstein-Cibolo Valley</li> <li>○ FM 78 – FM 3009</li> <li>○ IH 35 – FM 3009</li> <li>○ FM 1518 – FM 78</li> <li>○ Lack of rail – development sites</li> <li>○ Lack of walkable developments</li> <li>○ SA proximity</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Development ready sites</li> <li>• Master thoroughfare plan</li> <li>• Increase entertainment venues</li> <li>• Convention facility/destinations</li> <li>• Sports complex</li> <li>• Market what we have</li> <li>• Develop interstate corridors</li> <li>• New Product -Mixed use developments</li> <li>• Main Street</li> <li>• Carve our own niche</li> <li>• What would keep residents here on the weekend</li> <li>• Career center for employers</li> <li>• Ride wave of cyber security</li> </ul>	<ul style="list-style-type: none"> <li>• Cibolo &amp; New Braunfels (specific lack of Main Street districts)</li> <li>• Flood Plain</li> <li>• Rising home prices</li> </ul>

RESERVES APPENDIX

**SWOT Assessment** | Presented at April 25, 2019 Board Meeting

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Staff SWOT			
Current		Future	
Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> <li>Proximity to San Antonio and Austin</li> <li>Strong industrial sector</li> <li>Private sector investment</li> <li>Class A industrial space (Up to 300,000 sf)</li> <li>Large workforce pool</li> <li>Low wages/cost of living</li> <li>Industrial grade utilities</li> <li>SEDC Fund balance</li> <li>SEDC Partners (City of Schertz, Counties, SCUC ISD, The Chamber TeamTexas, TEDC, CCMA, CPS, GVEC, NBU)</li> <li>Overall business climate</li> </ul>	<ul style="list-style-type: none"> <li>Small workforce pool with skilled trades</li> <li>Existing industrial roads (Tri County, Corridor Parkway, Lookout Road, Doerr Lane)</li> <li>Limited product offering (real estate, shovel ready)</li> <li>Wastewater capacity and availability</li> <li>Regional recruitment and recruitment partners</li> <li>Adaptable training programs</li> <li>Alignment with resident workforce</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure projects to open new commercial areas (Tri County II, Hubertus to Schwab Road, Wiederstein Road, Schwab Road area, south Schertz)</li> <li>Partnership with existing companies</li> <li>Diversify real estate portfolio and economic opportunities</li> <li>Local education &amp; training opportunity (certification programs, apprentices, pathways)</li> <li>Increase awareness of the City of Schertz and SEDC</li> <li>Leverage City’s long-term planning initiatives (parks, public works, engineering, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Raising operation costs for our target industries</li> <li>Affordable housing</li> <li>Not addressing minor issues (trash, parking, potholes, etc.)</li> <li>Regional transportation network</li> <li>Schertz perception of lower quality of life</li> </ul>

17750-2

# DEVELOPMENT OVERVIEW

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REAL ESTATE

Annual comparison data for the Industrial, Office, & Retail sectors for both the Schertz and San Antonio market.

Schertz	Q4 (2018)	Q1 (2019)	Q2 (2019)	Q3 (2019)	Q4 (2019)
Average Asking Price (NNN)	\$5.93	\$5.38	\$5.49	\$5.48	\$5.57
Inventory (sf)	8,797,578	8,984,866	8,991,366	8,794,887	8,901,311
Vacancy Rate	10.2%	15.7%	13.5%	11.0%	9.4%
Net Absorption (sf)	3,776	(362,371)	198,301	-	60,700

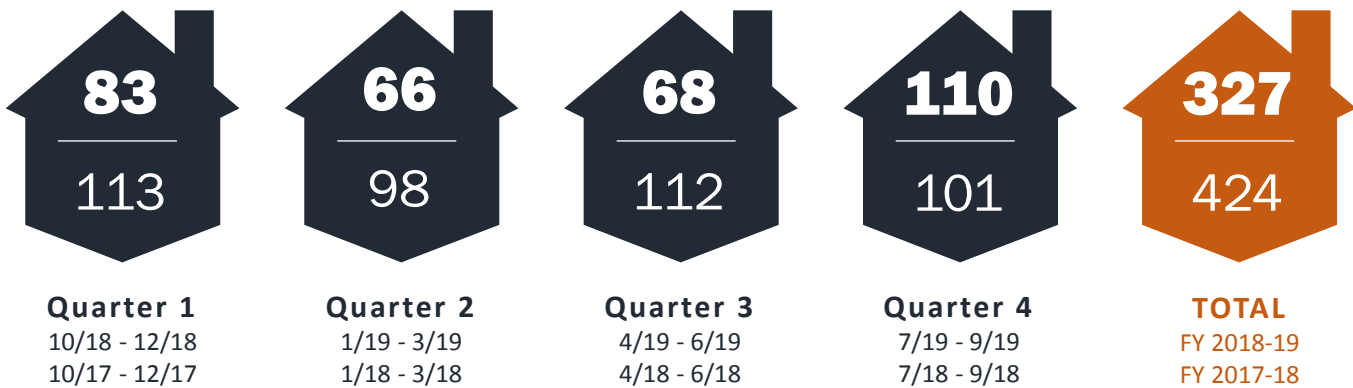
San Antonio

Average Asking Price (NNN)	\$5.85	\$5.95	\$5.77	\$5.48	\$5.44
Inventory (sf)	45,002,141	45,578,597	46,333,038	46,594,339	47,182,927
Vacancy Rate	14.9%	9.9%	10.4%	10.6%	12.0%
Net Absorption (sf)	71,950	649,342	412,309	120,007	195,825

HOUSING

Number of new residential building permits issued by the City of Schertz' Building Inspections Division. Top numbers show permits from FY 2018-19. Bottom numbers show permits issued during the same time period for FY 2017-18.

The number of permits is **77%** lower than those issued during the same period last year.





DEVELOPMENT

Development across the City is not limited to projects with SEDC active incentive agreements. This year, Schertz experienced consistent delivery of new commercial and civic development. Thanks to a variety of City departments, from Planning and Engineering to Inspections and Fire, development continues to strengthen our community.

**10**  
COMPLETIONS  
Of Major Developments

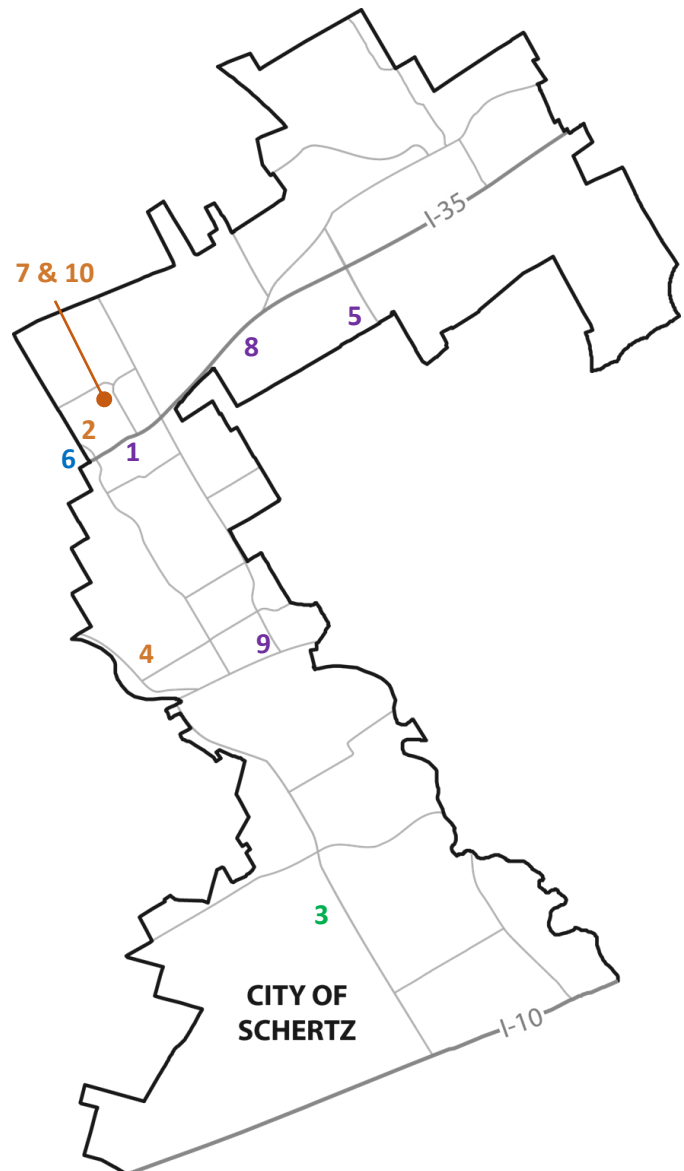


DETAILS

**536K**

Square Feet of New Space  
Added to Schertz By These Developments

1. Brake Check – 17160 IH 35 N (Q1)
2. Enterprise Building Plaza - 5700 Schertz Pkwy (Q1)
3. Founders Academy - 8453 E. FM 1518 (Q1)
4. Unnamed - 105 Windy Meadows Dr (Q1)
5. CVS Pharmacy - 5334 FM 1103 (Q3)
6. Staybridge Hotel - 5601 Schertz Pwky (Q3)
7. Tri County Crossing 1 - 17750 Lookout Rd (Q3)
8. EVO Entertainment - 18658 IH 35N (Q4)
9. Stone Valley Plaza - 233 FM 3009 (Q4)
10. Tri County Crossing 2 - 17750 Lookout Rd (Q4)



# FINANCIAL SUMMARY

FY 2018-19 ending unrestricted fund balance\* \$17,816,887

## REVENUES

Sales Tax Revenue	\$4,227,669
State/Federal Grants and Matching Contributions	\$0
Rental/Lease/User Fees Income	\$0
Bond Proceeds/Loans Obtained	\$0
Other Revenues	\$264,990
<b>TOTAL FISCAL YEAR REVENUES</b>	<b>\$4,492,659</b>

## EXPENDITURES

Personnel	\$361,395
Administration	\$146,425
Marketing and Promotion	\$74,103
Direct Business Incentives	\$537,500
Job Training	\$0
Debt Service	\$360,769
Capital Costs	\$0
Affordable Housing	\$0
Payments to Taxing Units	\$0
Other Expenditures	\$265,000
<b>TOTAL FISCAL YEAR EXPENDITURES</b>	<b>\$1,745,192</b>

\*As of October 30, 2019

\*\*Information presented is unaudited and may be adjusted prior to submittal to the Texas Comptroller of Public Accounts

# SOURCES

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## RECRUITMENT

Google Analytics  
Twitter Analytics

## DATA SNAPSHOTS

ESRI, Community Analyst  
United States Census Bureau  
Census Reporter  
Bureau of Labor Statistics

## REAL ESTATE DEVELOPMENT

JLL San Antonio Industrial Insight reports  
City of Schertz Planning & Zoning Division  
City of Schertz Building Inspections Division

## FINANCIAL SUMMARY

Texas Comptroller of Public Accounts, *EDC Report for the City of Schertz*  
City of Schertz Finance Department



# BOARD

Paul Macaluso | Roy Richard | Sammi Morrill | Jesse Hamilton | Benjamin McDaniel\* | Bryan Snowden\* | Jesse Carrasco\* | Tim Brown\*\* | Daniel Ortega\*\* | Mark Tew\*\*

\*Term Began June 2019 \*\*Term Ended During Fiscal Year

# STAFF

Kyle Kinateder | Jennifer Kolbe | Patty Horan | Drew Vincent

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# LEARN MORE ABOUT SCHERTZ

The SEDC is here to provide you with more information, answer any questions you may have, and work with you in locating/expanding your business within the City of Schertz.



[SchertzEDC.com](http://SchertzEDC.com)



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[@SchertzEDC](https://twitter.com/SchertzEDC)



The City of Schertz Economic Development Corporation



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