



P.O. Box 1466 100 East Elm Street Breckenridge, Texas 76424
Phone 254-559-6228 Fax 254-559-7104 Email: david@breckenridgetexas.com

Board of Directors
Lee Olson, President
Ty Bartoskewitz
David Duggan
Mike Griffith
Ky Kennedy
Sid Curry
Wade Smith

CEO, Executive Director
David Miller

May 7, 2024

TO: Hon. Bob Sims, Mayor, City of Breckenridge
Hon. Blake Hamilton, Commissioner, City of Breckenridge
Hon. Vince Moore, Commissioner, City of Breckenridge
Hon. Rob Durham, Commissioner, City of Breckenridge
Hon. Gary Mercer, Commissioner, City of Breckenridge

Dear Mayor and City Commission:

As required per the by-laws of the Breckenridge Economic Development Corporation (BEDC) and the Administrative Contract with the City of Breckenridge, this activity report has been prepared for the members of the City Commission – City of Breckenridge. The report is submitted to fulfill those provisions as well as to keep the City Commission and the City Administration informed regarding the activities of the Breckenridge Economic Development Corporation.

This report is for the period of October 1, 2023, through March 31, 2024.

As with previous reports, you will notice the programs and activities of BEDC are of a continuing nature. They remain on the active list until they are completed, or a determination is made that the project is no longer feasible. This activity report is divided into three sections as follows:

- A. Administrative
- B. Economic Development
- C. Quality of Life Improvements

A. Administrative:

History – The City of Breckenridge held an election on May 12, 2007, as required to convert the BEDC from a 4A entity to a 4B entity. With approximately 91% affirmative votes, the election resulted in the conversion of the Development Corporation of Breckenridge (DCOB) from a 4A

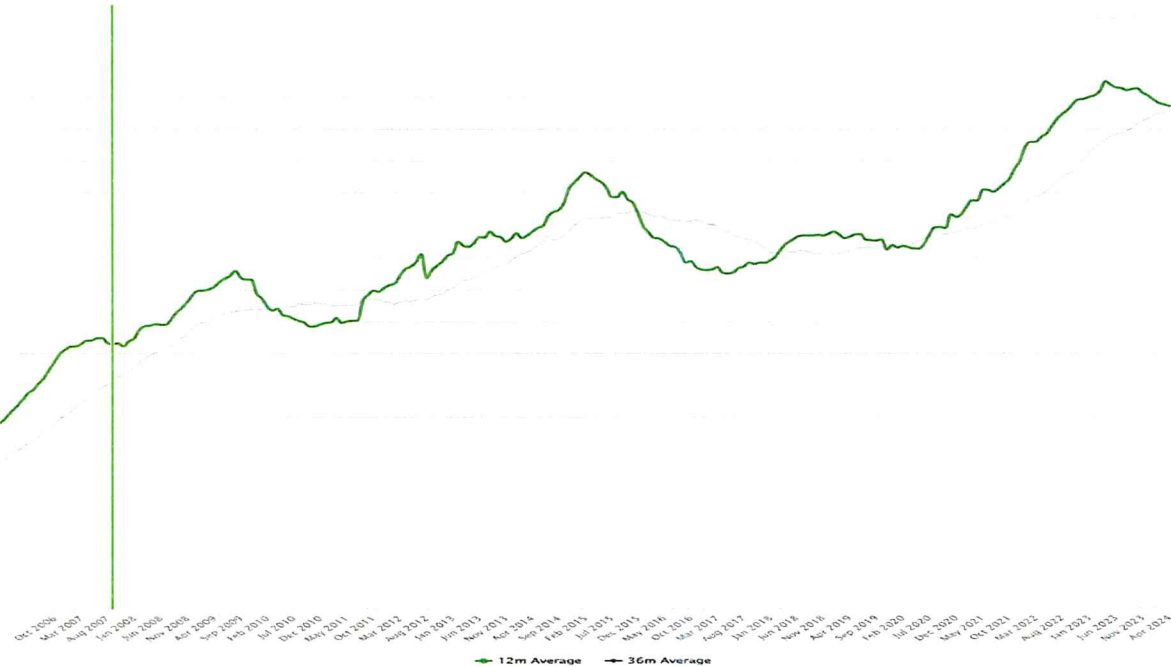
entity to a 4B (now called Type B) entity, leaving the City sales tax rate at 1/2%. BEDC was incorporated on July 6, 2007 and the previous DCOB was dissolved.

Current - Officers of BEDC as of March 31, 2024 were Lee Olson, President; Ky Kennedy, Vice-President; Wade Smith, Secretary; and David Duggan, Treasurer. Other board members include Mike Griffith, Ty Bartoskewitz, and Sid Curry.

Executive Director David Miller has joined numerous councils and networks for access to resources and trainings. These include Texas Economic Development Council where Miller was accepted into their Future Leaders Training program and serves on committees for Rural Strategies, Workforce, Communications, and Conference planning. Miller finished a year mentorship with Fred Welch, Director for Copperas Cove EDC, who has been in economic development for more than 30 years. Miller has also joined International Council of Shopping Centers, Texas Midwest Community Network, and enrolled in the OU Economic Development Institute for coursework in pursuing his Certified Economic Developer designation from International Economic Development Council. Miller is active with several local service organizations including, Lions Club, Breckenridge Ex-Officio Board Member of the Chamber of Commerce, Secretary of the Breckenridge Industrial Foundation, and is continuing to develop connections and relationships within the community.

B. Economic Development

Spending in Breckenridge has showed a significant stall over the last 6 months. Sales tax receipts have shown a consistent dip in year-over-year growth. By averaging the last 12 months of sales tax collections in comparison with the 36-month average, we can see our current growth trend by the gap between the two. According to the chart below, the gap between the 36-month and 12-month averages has now virtually disappeared, indicating our growth has stalled. The horizontal green line indicates when the BEDC was created.



The YoY change the last six months could be attributed to several factors:

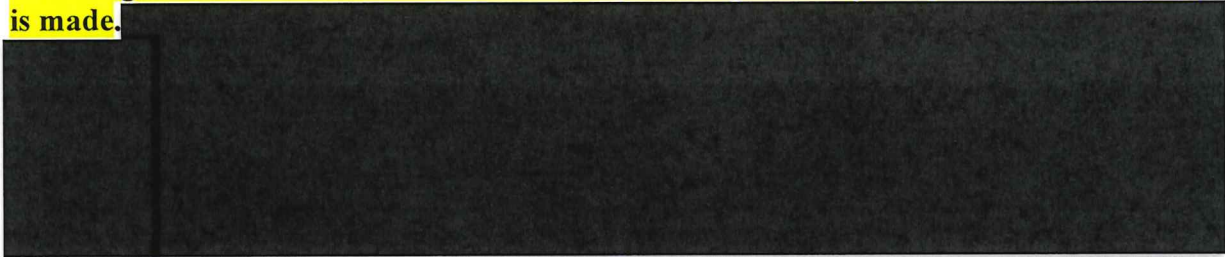
Visitors

Lake Level and Bridge Closure

Breckenridge has a net loss of visitors, likely due to decreased water levels at Hubbard Creek Lake followed by closure of the bridge. Visitors traveling to Breckenridge from at least 60 miles away have decreased by 15-20% since last summer with the peak happening in January. Decreased water levels and thru-traffic have a direct impact on our economy and we have begun looking into possibilities to keep the lake levels less volatile and to encourage developments at the lake. We still receive calls asking if the bridge is open which means an unknown number are likely still not passing through Breckenridge under the assumption the bridge is closed. Through conversations with businesses connected with the lake, fishing tournament traffic could be near non-existent this year due to water levels. Texas Department of Transportation has plans to add another 2-lane bridge next to the current bridge to lessen issues with wide loads and possible burden if there was ever another closure. TxDOT is in the process of applying for funding for the project.

Accommodations

Visitors spend on average up to \$200/night each night they stay away from home. Local motel rates have risen to \$110/night to \$140/night on weekends and paired with 30% lower occupancy, we are seeing fewer overnight stays. The lack of hotels or affordable accommodations sends our visitors to other communities to spend their dollars. **The following is confidential and should be redacted if requested by the public before a deal is made.**



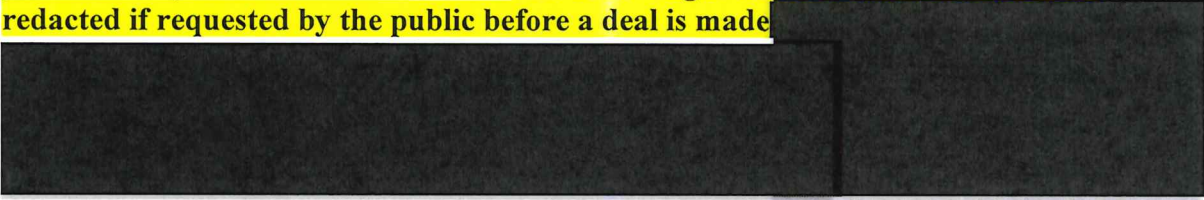
Inflation and Interest Rates

Inflation has slowed significantly but has been stubborn. The Federal Reserve has hinted at rates cuts this year, but due to inflation still lingering in the higher ranges it could still be a while before we see true relief in interest rates. Higher rates and cost of goods deplete discretionary spending and profit margins for small businesses. In a community with lower discretionary spending, these factors are exacerbated and will show their effects when other communities are still seeing small growth.

Leakage

Breckenridge's trade area continues to see elevated spending outside of our city limits. Leakage is typically due to a lack of service or goods. We are working to identify brands and services that we may bring back to Breckenridge. The hope is not only to prevent leakage, but to create a surplus by offering goods or services that other neighboring communities will then leave to purchase here. One way we have put this into action is by recruiting Neri's restaurant. Our trade area spends millions each year eating out outside of Breckenridge and

predominantly in Graham and Abilene. **The following is confidential and should be redacted if requested by the public before a deal is made**



One-time Taxpayers, Construction, and Audits

Evaluating sales tax collections is a meticulous task that has proven fruitful and frustrating. In previous collections, taxpayers will sometimes pay ahead or not at all resulting in an eventual audit. These payments can throw off analysis from what is really happening. These audit payments can result in ten thousand dollars arriving a year after it was truly due and in one lump sum. The same result can happen when an oil field company makes an extremely large purchase that will not be repeated for years. These collections do not adequately relay the health of our community. One trend we were able to identify is a significant decrease in spending on construction materials.

Inversely, inflation continues to contribute to an exodus from metropolitan areas to rural towns. Without an increased supply of housing, our economic growth will be slow and harder on our existing businesses. While Breckenridge has been able to maintain a stable to slightly growing economy, the availability of workforce continues to be one of our chief obstacles.

As our Mission Statement implies, BEDC actively works closely with existing business and industry in continuing efforts to retain jobs and help with the expansion of existing operations. We also continually pursue outside industry and commercial enterprises in an attempt to create “primary” jobs in Breckenridge and are also actively trying to recruit additional quick serve restaurants and clothing retail.

EZ-Pack Bridgeport

Supply chain issues finally ended last month for EZ-Pack in regard to the availability of chassis for production. We have a current project in place with EZ-Pack Bridgeport to maintain and increase their employment numbers. The first period of that incentive agreement ended on July 31st. They were able to maintain all their current positions through the chassis crisis and even added a few positions. The parent company recently purchased a tow-truck manufacturer in Virginia, and it is our hope that we may be able to incentivize the relocation of that product to Breckenridge. The similarity in build makes the integration of the product into the current facility relatively easy. The workforce is their largest concern.

Elite Submersible Pumps

BEDC built an 11,940 square foot facility on the property located at 1250 Brown Road (on the Industrial loop south of EZ-Pack Bridgeport) which we lease to ESP as of February 2021 and is a 5-year agreement. ESP is investing in the property to increase their inventory yard and production capabilities. The BEDC signed a performance agreement recently to incentivize the creation of new jobs.

Ox Manufacturing, Inc.

Ox Manufacturing diversified its manufacturing to include several CNC products to lower the effects of occasional volatility in the gun market. The BEDC sold two buildings to OX recently

and as part of the agreement we are repairing parts of the building to suit their manufacturing needs and the weatherization and aesthetics of one of the buildings.

RGN Manufacturing Services

RGN has had a steady production level over the last year but has not returned to previous production levels before interest rates began to rise over a year ago. RGN has seen an evolution in their business model toward dealerships and in regard to their products. They offer small cottages, workforce housing, and HUD manufactured homes. As a commitment to RGN and one of our community's greatest industrial resources, the BEDC included a \$40,000/year allowance for capital improvements to the building as part of the 5-year lease we signed last year.

BEDC Loans to local businesses

The BEDC continues to offer loans from our Revolving Loan Account established several years ago. The BEDC currently has three businesses with loans in repayment after having multiple loans paid off recently. We do still have one loan in default which is being pursued with the help of the city attorney.

Welding program with BHS

BISD, TSTC and BEDC were instrumental in the creation of a dual-credit welding class for Breckenridge High School. The classes are taught at the TSTC Welding Facility. Partial funding (scholarship of tuition) all students in the program was provided by BEDC. The class started with ten students in the fall of 2019.

LVN program with BHS

BISD, TSTC and BEDC also started a LVN program in Breckenridge High School in 2019. Students in this program will receive much of the training required to take their Licensed Vocational Nurse exam. The remaining training needed can be taken at TSTC or other programs like Texas Tech's program in Abilene.

TSTC Facility

The BEDC conveyed 415 N. Breckenridge Ave to TSTC for continued higher education within our community. This reduced BEDC's financial responsibility and liability and promotes a more permanent presence by TSTC here in Breckenridge. The property reverts back to the BEDC in the event TSTC ceases operations in the building.

CDL certifications with TSTC

One of the newest programs coming to TSTC is the ability to get a CDL license. Students will be able to do everything locally except for the final test, which would still be done by TSTC but at their Abilene campus. We have tried to find a suitable location for this training, but as of yet, we have not been able to. It is likely that we will pay to create a road on one of our current properties for this course to finally be implemented locally.

TSTC Continuing Education

The Chamber took point on coordinating with TSTC on aligning events with continuing education coursework as a means to increase tourism. The first CE class was held during the Golf Tournament week. The course was not well attended and was likely due to poor marketing.

Hotel and Convention and Visitors Bureau

The Convention and Visitors Bureau is in full swing with Rhonda Crawford as the part time Director of the organization which will be housed within the umbrella of the Chamber of Commerce. The CVB is holding the Breckenridge Airshow later this month and will hold the first Basil Clemons Festival of Arts later this year on September 21.

Bealls Building

The Bealls building was recently used as an incentive to Neri's restaurant after having remodeled the exterior of the building. I believe it will increase downtown walking traffic after hours and contribute to a more vibrant downtown while providing a dining experience we still lack in Breckenridge.

C. Quality of Life Improvements

BEDC has been working on several different facets of improving the quality of life in Breckenridge to make the city more appealing to residents, business, and industry. For purposes of this report, they are represented under the topics of (1) Housing, (2) Community Improvements, and (3) Other projects

(1) Housing

BEDC has continued to use established programs for housing and demolition incentives which have been utilized numerous times each year. The bulk of these incentives will be discontinued and we will be contracting with the Breckenridge Industrial Foundation to work in conjunction with us on address needs such as these.

Apartments

We identified Ridgecrest Apartments as a housing growth potential a few months ago when it came up for sale. The property went for foreclosure due to the lack of cash flow. It became apparent that the property had an extensive number of vacancies due to deferred maintenance. We were able to assist a developer in purchasing the property with hopes of remodeling and possibly building new rental units on vacant grounds. There are 26 vacant units in the existing structure that we are hoping will come online this year.

Demolition

We have entered into an agreement with the City of Breckenridge and Stephens County to help pay for the costs of demolition of condemned structures that are conveyed to the city. The presence of substandard and distressed housing remains one of the key factors of marketing Breckenridge as a place to set down roots. Aesthetics, like with the façade grants below, are tales to prospects that a community is worth investing in. If we can continue to beautify our housing, we will see newer and nicer housing come in.

Construction

The Breckenridge Industrial Foundation cleared roughly 16 acres on Dairy Street and should close on a development deal on May 10th. This construction is essential for growth and for the incremental increase it will ignite in our housing market values. This one

development could contribute more than \$20 million dollars in housing within the next 5 years.

On top of lowering taxes, it could increase new home sales prices from around \$115/sf (\$172,500 for a 1,500 square foot home) to \$160/sf (\$240,000 for a 1,500 square foot home). A new home in neighboring cities are currently at a base of about \$180/sf. This disparity in price is part of what inhibits big developments from choosing Breckenridge to build. Increasing our sales prices for new homes will more easily draw new developments for their profitability.

(2) Community Improvements

Downtown Development Council

The BEDC created the Downtown Development Council in 2021 to help in developing a strategic plan for the downtown area. The BDDC spearheaded efforts to pass mixed-beverage sales within the city limits which passed in May. The board is currently working with the TMCN leadership students to renovate a vacant lot at 117 W. Walker. One area the BDDC has been most visibly effective in has been façade grants downtown. Facades approved include:

125 W. Walker - Abecca Grace
103 W. Walker - Blackhorse Mercantile and Café
117 E. Walker - Copperleaf Properties
135 E. Walker - White Orchid
101 W. Walker - Katherine Parker Designs
105 W. Walker – Déjà Vu
201 W. Walker – Dude Ezell (unfinished)
127 W. Walker – William Smith (unfinished).
132 E. Walker – Melinda Fore Insurance Agency (unfinished)
216 & 218 W. Walker – Greg Akers – Now David Stowe (unfinished)
114 E. Elm – Greg Akers (unfinished)
116 E. Elm – Friends of Historic Breckenridge
113 W. Walker – 40 Something Cowgirls
122 W. Walker – Thurmon Furniture

The BEDC has paid Johnny Trigg to care for the upkeep of the downtown and at the March '23 meeting, the BEDC voted to extend Trigg's service through the end of the '24 fiscal year and gave him a raise.

Façade Grants within the City Limits

The BEDC extended the program to all businesses within the city limits. Façade grants outside of the downtown include:

1318 E. Walker - Boomtown Burgers
1203 W. Walker - Ladybug Pest Control
3114 W Walker – Caddo Creek Investments/ American Discount Liquor
1117 W Walker St - Ray's Wild Game

Murals

In line with facades, the board of directors approved an expense of up to \$34,500 for the full restoration of the current murals downtown. Muralist Lauren Fails gave the best proposal for the project and has begun restoring the murals. Lauren has been a great asset to our efforts in planning the Basil Clemons Festival of Arts.

Broadband Internet

The BDO recently released their newest map which shows that Breckenridge and the majority of Stephens County is not eligible for funds to incentivize fiber internet builds due to the presence of satisfactory internet already in place. While the stigma of cable internet in relation to fiber is enough to create a negative feel, practically speaking, we are blessed to have high speed internet.

Breckenridge Improvement Council

BEDC provided funds needed for ongoing expenses of the Breckenridge Improvement Council, Inc, a local nonprofit 501(c)(3) corporation that accepts and forwards tax-deductible contributions to other local nonprofits and government entities.

(3) Other Cooperative Efforts

The Breckenridge Economic Development Corporation board members and staff continue to communicate with representatives of these and other beneficial organizations:

Stephens Memorial Hospital District
Breckenridge Independent School District
Stephens County Commissioners Court
Texas Economic Development Council (TEDC)
Association of Rural Cities in Texas (ARCIT)
Texas Midwest Community Network (TMCN)
Texas Midwest Economic Development Alliance (TMEDA)
Big Country Manufacturing Alliance
Leon-Bosque Resource Conservation and Development Council (RC&D)
TSTC and the TSTC Foundation
Texas Department of Agriculture (TDA)
U. S. Department of Agriculture Rural Development (USDA)
Texas Workforce Commission
Workforce Solutions of West Central Texas
Texas Rural Development Corporation
TXU Economic Development Assistance
Texas Department of Criminal Justice
Texas Association of Business and Chambers of Commerce
West Central Texas Council of Governments
West Central Texas COG Business Development Loan Program
West Central Texas Economic Development District
State Representative Glenn Rogers
State Senator Charles Perry
U.S. Congressmen Roger Williams

U.S. Senators Ted Cruz and John Cornyn

The Board of Directors has asked that I remind the members of the City Commission and City Administration that they are always welcome and invited to attend any board meeting of the corporation. Our meetings are normally held on the third Tuesday of each month at 5:00 pm.

Respectfully submitted,

David Miller

David Miller
Executive Director