



AGENDA
WATAUGA ECONOMIC DEVELOPMENT CORPORATION
REGULAR MEETING
7105 WHITLEY ROAD, WATAUGA, TEXAS 76148
TUESDAY, OCTOBER 20, 2020
6:00 PM

COVID-19 PRECAUTIONS

The operation of a municipality is an Essential Service. The Texas Governor's Order, with the guidance of DSHS Commissioner Dr. Hellerstedt, allows all persons in Texas to obtain essential services, but directs the public to do so by minimizing in-person contact with people who are not in the same household and direct the implementation of social distancing, good hygiene, environmental cleanliness and sanitation. Therefore, the following social distancing rules apply to the public attending this meeting:

- 1) Any member of the public attending the meeting shall maintain a six-foot distance from others (except for those you live in the same household). City Staff and City Officials shall practice social distancing to the extent able without interfering in the ability to carry out the essential governmental functions to be conducted at this meeting.
- 2) To enter City Hall to attend this meeting all persons must wear a face covering (i.e. a cloth mask that effectively covers the mouth and nose with more than one layer of fabric) or equivalent device.
- 3) Attendance in the Council Chamber will be limited to allow for the public in attendance to practice social distancing. Seating may be assigned.
- 4) Coughs and sneezes must be covered with a cloth or tissue, which should then be properly disposed of or washed, and shall not be exposed to others.
- 5) Public courtesies such as handshakes or other greetings shall be respectfully avoided.
- 6) Any member of the public approaching city representatives, whether they be city staff or elected or appointed officials must maintain six-foot social distancing.

Any person who fails to comply with the COVID-19 Precautions may be removed from the meeting.

EXPANDED OPPORTUNITY FOR PUBLIC COMMENT OR PUBLIC TESTIMONY:

The City shall continue to allow expanded opportunities for members of the public who do not attend to participate in Public Comment and Public Testimony. Such participation will be allowed when recognized upon the Mayor's announcement.

ANYONE WHO DOES NOT ATTEND BUT DESIRES TO COMMENT ON A MATTER NOT ON THE AGENDA OR TESTIFY ON A MATTER ON THE AGENDA AT THIS MEETING MUST SEND THEIR COMMENT IN WRITING USING THE FORM AT <https://www.cowtx.org/WEDCcomments> NO LATER THAN ONE (1) HOUR PRIOR TO THE MEETING.

All written comments must comply with applicable decorum rules for comments made during a public meeting of the Watauga City Council to be read into the record. Up to three minutes shall be allotted for each written or oral comment to be read/spoken into the record of the meeting. All timely written comments will be read into the record of the meeting at the appropriate time during the meeting. While reasonable efforts will be taken to gather comments received within the hour prior to the meeting or received during the meeting, all such comments are considered untimely and may not be recognized and read during the meeting.

CALL TO ORDER

ROLL CALL

PUBLIC TESTIMONY Members of the public are invited and encouraged to attend all public meetings of the Watauga Economic Development Corporation that are not closed to the public in accordance with the Texas Open Meetings Act. It is the desire of the Board that citizens actively participate in the City's governance system and processes. Public input to the Board is encouraged during the Public Testimony, Public Hearings, or Action Item sections of a meeting agenda. Individuals desiring to speak during Public Testimony shall be called upon to speak only after completing a Request to Speak form provided. The Request to Speak form for Public Testimony shall be submitted to the administrative staff prior to speaking. Individuals desiring to speak on an agenda item or during a public hearing shall submit the Request to Speak form prior to the introduction of that respective item by the Chair. Once the form is received by administrative staff, the individual shall be recognized and called upon by the Chair prior to speaking. Any public testimony must occur prior to formal action being taken by the Body. The Chair shall have the power to suspend citizen comments at any time during the meeting to preserve the order and efficiency of the meeting. Reasonable time limitations may be placed on public testimony by the presiding officer in order to conduct an efficient and effective public meeting.

REPORTS FROM STAFF

1. Report on the Watauga Restaurant Incubator Project Feasibility Study
2. Monthly Financial Report for the period ending August 31, 2020
Sandra Gibson, CGFO, CGFM, Director of Finance

APPROVAL OF MINUTES

1. Discuss and consider action to approve the meeting minutes for the WEDC Regular Meeting held on September 15, 2020

NEW BUSINESS

1. Discuss and provide direction on the WEDC trademark application
2. Discuss and consider action to recommend a business registration ordinance to the Watauga City Council
3. Discuss and consider action to recommend approval of an extension to the Professional Services Agreement with Retail Coach, LLC for completion of a Comprehensive Retail

Recruitment and Development Plan and authorize the Executive Director to execute the extension upon action by the Watauga City Council

EXECUTIVE SESSION The Board will recess its open meeting and reconvene in executive session to discuss the following items pursuant to the below referenced section(s) of the Texas Government Code:

1. Section 551.087 to deliberate regarding economic development negotiations and deliberate regarding an offer of an incentive to a business prospect the WEDC seeks to have locate, stay or expand in or near Watauga
2. Section 551.074 to deliberate upon and provide direction on the duties of the Executive Director

ADJOURNMENT

Meeting Notices and Reservation of Rights

The Watauga Economic Development Corporation Board of Directors may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code if the requisite information is otherwise posted; deliberation regarding real property pursuant to Chapter 551.072 of the Texas Government Code; deliberation regarding economic development negotiations pursuant to Chapter 551.087 of the Texas Government Code; and/or deliberation regarding the deployment, or specific occasions for implementation of security personnel or devices pursuant to Chapter 551.076 of the Texas Government Code (as applicable) when determined necessary by the to address a subject matter on the agenda. Action, if any, will be taken in open session.

This agenda has been reviewed and approved by the City's legal counsel and the presence of any subject in any Executive Session portion of the agenda constitutes a written interpretation of Texas Government Code Chapter 551 by legal counsel for the governmental body and constitutes an opinion by the attorney that the items discussed therein may be legally discussed in the closed portion of the meeting considering available opinions of a court of record and opinions of the Texas Attorney General known to the attorney. This provision has been added to this agenda with the intent to meet all elements necessary to satisfy Texas Government Code Chapter 551.144(c) and the meeting is conducted by all participants in reliance on this opinion.

Attendance by Other Elected or Appointed Officials: It is anticipated that members of other governmental bodies, and/or city council, boards, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the body, board, commission and/or committee. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a possible meeting of the other body, board, commission and/or committee, whose members may be in attendance, if such numbers constitute a quorum. The members of the city council, boards, commissions and/or committees may be permitted to participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for that city council, body, board, commission or committee subject to the Texas Open Meetings Act.

NOTICE

THIS FACILITY IS WHEELCHAIR ACCESSIBLE AND ACCESSIBLE PARKING SPACES ARE AVAILABLE. REQUESTS FOR ACCOMMODATIONS OR INTERPRETIVE SERVICES MUST BE MADE 48 HOURS PRIOR TO THIS MEETING. PLEASE CONTACT THE CITY SECRETARY'S OFFICE AT (817) 514-5825, OR FAX (817) 514-3625.

I, Andrea Gardner, City Secretary for the City of Watauga, hereby certify that this agenda was posted on the bulletin boards at City Hall, 7105 Whitley Road, Watauga, Texas, on Friday, October 16, 2020, before 5:00 p.m., in accordance with Chapter 551 of the Texas Government Code.



Andrea Gardner, City Secretary





AGENDA MEMORANDUM

DATE: October 2, 2020

TO: Watauga Economic Development Corporation Directors

FROM:

SUBJECT: Report on the Watauga Restaurant Incubator Project Feasibility Study

BACKGROUND/INFORMATION:

The Economic Development Corporation is a Type B sales tax corporation and is authorized to expend funds related to community or recreational facilities.

The incubator project was discussed during the budget process for the Board's consideration. A public hearing was held for citizen input on the incubator project in accordance with Local Government Code 505.159.

On July 21, 2020 the WEDC Board conducted the required public hearing and approved a resolution and agreement requiring the Corporation to reimburse the City for the associated debt service requirements.

In June 2020, the WEDC Board authorized staff to pursue an EDA Grant Opportunity under the CARES Act for this project. On July 28, 2020 the WEDC Board approved an agreement with MRB 2020 Group to complete a feasibility study as required for grant consideration.

In September 2020, the WEDC Board approved a professional services agreement submitted by Burgess & Niple for the project design.

The MRB Group has completed the Feasibility Study for the proposed project and is attached for Board review.

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the Board review the attached Feasibility Study



AGENDA MEMORANDUM

completed by the MRB Group.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. WEDC - Food Incubator Feasibility Study
2. Watauga Road IncubatorCenter

REVIEWED BY:

Approved as to form for inclusion on Agenda



City of Watauga, TX Feasibility Study: Watauga Food Business Incubator

Prepared by:



Prepared for:

Watauga Economic
Development Corporation

Date:

September 30, 2020

Contents

Introduction and Executive Summary	3
Population Trends	4
Industry Trends	5
Indicators of Local Interest	6
Site Considerations.....	7
Comparable Sites and Programs in the Region.....	8
Financial Feasibility.....	10
Appendix: Other Industry Considerations	12
Mobile Food Services.....	12
Independent Restaurants	12
Coffee and Snack Shops	14

Introduction and Executive Summary

The City of Watauga, Texas and the Watauga Economic Development Corporation (WEDC) intend to develop the Watauga Food Business Incubator consisting of 1) an outdoor site for culinary entrepreneurs to start up their businesses in a mobile food vendor format; and 2) an education and training program to prepare entrepreneurs to successfully run food service businesses.

The site will be located at 6200 Watauga Road in the City of Watauga and consist of six pad sites, a shared indoor kitchen / food prep area, parking space, restrooms, electrical service, water and sewer service, promotional signage, and a stage area. Tenants will be required to participate in tailored training programs provided by the City of Watauga, the Northeast Tarrant Chamber, and other partners, covering such topics as local government and regulations, business development, and business financials, and tenants will also benefit from City-provided assistance with obtaining loans and addressing legal and other technical matters.

MRB Group was engaged to study the feasibility of the proposed Watauga Food Business Incubator. Our key findings are as follows:

- MRB Group projects that the six spaces at the Incubator site will be readily absorbed by the demand associated with strong forecasted growth in food services industries in Tarrant County and the surrounding region.
- The subsidized (below-market-rate) spaces, shared kitchen, and proposed training address demonstrated hurdles in successful restaurant entrepreneurship.
- The site's strategic location would contribute to the tenants' successful growth of their businesses and customer bases, due to its proximity to roads with high traffic counts; to storefront businesses; to residential areas; to office uses and their employees; and to culinary-related workforce development facilities.
- The concept capitalizes on Watauga's emergent reputation as a destination for dining.
- There are no sites in the surrounding area that offer directly comparable facilities combined with the services and programming of the proposed Watauga Food Business Incubator.
- After the WEDC undertakes the site improvements using U.S. Economic Development Administration grant funds and its committed cost share, the cost of maintaining the site and conducting the Incubator's training programs will be low and sustainable.

Population Trends

MRB Group considered population growth as an indicator of future demand for food services, since individual consumers are the direct buyers of most services analyzed in this study.

Tarrant County, the Dallas-Fort Worth-Arlington Metropolitan Statistical Area, the North Central Texas Council of Government region, and Texas are all projected to experience much more rapid population growth as compared to the country as a whole. This population expansion and the associated increases in consumer spending can be expected to support sustained growth in food services industries in Watauga.

Population Growth Projections					
	2020	2030	2040	2050	Growth (2020-2050)
Tarrant County	2,143,755	2,507,170	2,862,672	3,196,603	49%
MSA	7,688,739	9,263,558	11,094,305	13,186,434	72%
COG	7,874,046	9,459,868	11,297,784	13,396,235	70%
Texas	29,677,668	34,894,452	40,686,496	47,342,105	60%
United States	332,600,000	355,100,000	373,500,000	388,900,000	17%

Source: Texas Demographic Center, U.S. Census Bureau, MRB Group

MSA: Dallas-Fort Worth-Arlington Metropolitan Statistical Area

COG: North Central Texas Council of Governments

Industry Trends

To facilitate this analysis, MRB Group studied historical and projected growth trends for industries that the Watauga Food Business Incubator tenants will fall under, both in terms of their “Mobile Food Services” status at the Incubator, and in terms of the types of businesses they may later establish themselves as. The industries studied at the six-digit NAICS code level were:¹

- Mobile Food Services
- Full-Service Restaurants
- Limited-Service Restaurants
- Cafeterias, Grill Buffets, and Buffets
- Snack and Nonalcoholic Beverage Bars
- Caterers
- Food Service Contractors

Together, these industries have grown at a healthy pace in Texas over the past ten years, with job growth of 41%—far exceeding national growth of 28%. Texas’s addition of over 300,000 industry jobs during this period is attributable to unique competitive advantages of the state: If Texas had instead mirrored nationwide growth trends for these industries, it would have been expected to add about 100,000 fewer jobs. Mobile Food Services grew most rapidly, followed by Snack and Nonalcoholic Beverage Bars, Caterers, and Limited-Service Restaurants. Only the Cafeterias, Grill Buffets, and Buffets industry lost jobs over this period.

In Tarrant County, job growth in these industries was even stronger, at 43% over the ten-year period. This reflects the addition of nearly 25,000 jobs in these food services industries.

Food Service Industry Trends: Historical					
	2009 Jobs	2019 Jobs	Job Growth 2009-2019	% Change	Competitive Effect
Tarrant County	58,001	82,768	24,767	43%	8,780
Texas	766,098	1,079,184	313,086	41%	100,141
United States	9,178,195	11,757,404	2,579,209	28%	N/A

Source: Ensi, MRB Group

Industries included: 722310, 722320, 722330, 722511, 722513, 722514, 722515

¹Some tenants are expected to be specialty food product manufacturers, which are not easily categorized in NAICS codes. Such manufacturers may independently sell their products directly to consumers via independent storefronts or e-commerce, or sell into broader retail and distribution channels.

Statewide and in Tarrant County, these food service industries are collectively expected to add jobs over the next ten years, growing by a more moderate 22%, which significantly outpaces projections for the country as a whole (14%).

Food Service Industry Trends: Projected					
	2019 Jobs	2029 Jobs	Job Growth 2019-2029	% Change	Competitive Effect
Tarrant County	82,768	101,244	18,476	22%	6,516
Texas	1,079,184	1,317,617	238,433	22%	84,057
United States	11,757,404	13,456,113	1,698,709	14%	N/A

Source: Emsi, MRB Group

Industries included: 722310, 722320, 722330, 722511, 722513, 722514, 722515

In Tarrant County, the highest numbers of new jobs will be in the Limited-Service Restaurants industry (9,035 new jobs) and Full-Service Restaurants industry (7,679 new jobs). Mobile Food Services and Snack and Nonalcoholic Beverage Bars are projected to grow most rapidly (by 65% and 48%, respectively), though at lower overall job counts.

Food Service Industry Projections for Tarrant County						
NAICS	Description	2019 Jobs	2029 Jobs	Job Growth 2019-2029	% Change	Competitive Effect
722513	Limited-Service Restaurants	37,115	46,150	9,035	24%	3,517
722511	Full-Service Restaurants	36,789	44,468	7,679	21%	3,074
722515	Snack and Nonalcoholic Beverage Bars	4,344	6,427	2,083	48%	687
722330	Mobile Food Services	282	465	183	65%	48
722320	Caterers	320	252	(68)	(21%)	(83)
722514	Cafeterias, Grill Buffets, and Buffets	1,269	1,060	(209)	(16%)	(131)
722310	Food Service Contractors	2,648	2,422	(226)	(9%)	(595)
Totals		82,768	101,244	18,476	22%	6,516

Source: Emsi, MRB Group

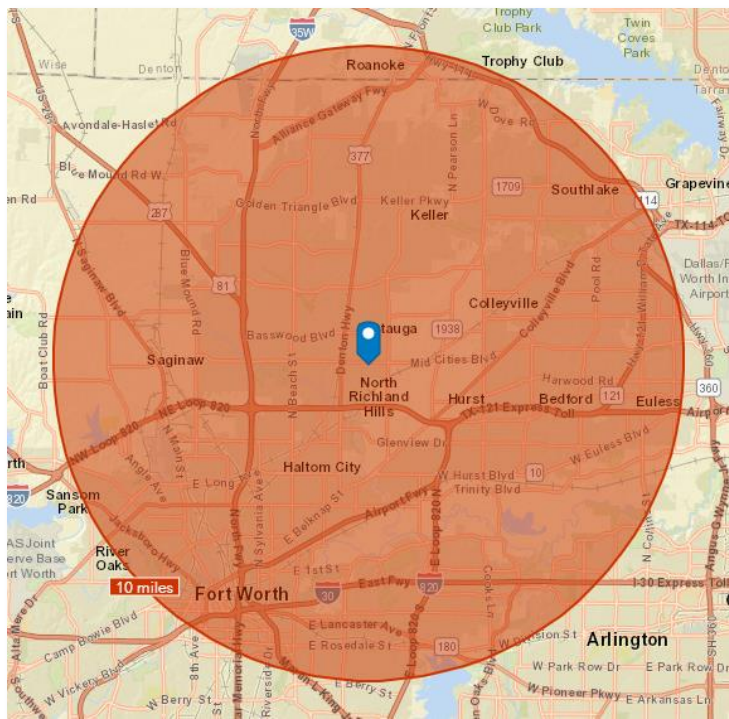
Indicators of Local Interest

Since 2018, six would-be restaurant entrepreneurs have approached City of Watauga staff expressing intentions to open a food service business. In each case, the entrepreneur's plans faltered due to lack of capital to invest in a traditional storefront business and/or lack of knowledge of the fundamentals and available resources relevant to running a food service business—challenges that the Watauga Food Business Incubator's site and programming will address. More recently, established restauranteurs impacted by the COVID-19 pandemic have indicated to the City that a mobile food service platform would either temporarily replace their struggling storefront business or provide an additional pathway to growing their customer base. Letters from restaurant

entrepreneurs expressing interest in utilizing the proposed Watauga Food Business Incubator are attached to the EDA grant application.

Site Considerations

Research examining the area around the Watauga Food Business Incubator site reveals a relatively balanced existing market in the Food Services & Drinking Places industry. In 2017, within a 10-mile drive radius from the site, there were a total of 1,774 businesses in this category that generated nearly \$1.48 billion in retail sales, while the demand (or “retail potential”) of this area was \$1.34 billion. The resulting negative “retail gap” of about \$136 million represents spending by people coming from outside the trade area to spend at those establishments; this is considered a relatively low surplus factor. We can conclude that on net, the food and drinking places in Watauga are meeting local demand and attracting a modest level of spending from visitors.



Leakage Analysis for 10-Mile Radius of Site: Food Services & Drinking Places				
Demand (Retail Potential)	Supply (Retail Sales)	Retail Gap	Leakage / Surplus Factor	Number of Businesses
\$1,339,788,387	\$1,475,847,911	(\$136,059,524)	(4.8)	1,774

Source: Esri Business Analyst, MRB Group

The Leakage/Surplus Factor presents a snapshot of retail opportunity. This is a measure of the relationship between supply and demand that ranges from +100 (total leakage) to -100 (total surplus). A negative value represents a surplus of retail sales, a market where customers are drawn in from outside the trade area.

Although this data taken alone does not indicate great unmet immediate demand for new restaurants in Watauga, the small “surplus factor” may reflect the City’s emergent reputation as a destination for dining, anchored by the famous Chef Point Bar & Restaurant. Chef Point became a sensation beginning in 2011 following its appearance on *Diners, Drive-ins, and Dives*, its status as one of Guy Fieri’s favorite restaurants, attention from the *New York Times*, and winning multiple awards. Serving gourmet southern cuisine in a former gas station, the business attracts visitors from all over the country to Watauga in an era of food-driven tourism.

The proposed Watauga Food Business Incubator site is on Watauga Road near several major thoroughfares, on a stretch that is developing rapidly as a professional corridor complemented by the growth of restaurants and other dining options. This section of Watauga Road is zoned for general business and is walkable from surrounding residential areas, professional offices, and commercial buildings.

A key advantage of the site chosen for the proposed Watauga Food Business Incubator is its proximity to relevant training programs and ecosystem partners. The site is within three miles of two culinary workforce development facilities and programs, and the Incubator plans to leverage them to facilitate internships and job shadowing that supports both the workforce pipeline and the success of the Incubator tenants.

- 3 miles away: Culinary arts facility at the Keller Center for Advanced Learning, part of the Keller Independent School District. This culinary arts program is providing critical workforce development programming for a field with high labor demand, and its curriculum includes nutrition, food preparation, industry certifications, and entrepreneurship-oriented courses. It also features work-based learning activities including job shadowing and internships.
- 2 miles away: Culinary arts facility at the Birdville Center of Technology and Advanced Learning, which features a large commercial kitchen, student-operated restaurant, and culinary curriculum.

Another consideration for this site is its proximity to many full-service restaurants within one mile. B2B relationships between the Incubator tenants and these restaurants may include use of those restaurants' kitchens as prep space and flex space during days or hours when they are not open for dining.

Comparable Sites and Programs in the Region

Many communities across the country have sought ways to encourage food and restaurant entrepreneurship in order to promote business growth and economic vitality, and these often complement broader strategies for placemaking, downtown revitalization, or agriculture-led economic development.

Stimulating growth in a local food service industry often requires intervention and assistance, as culinary start-ups are unlikely to receive venture capital or bank financing because profit margins are too slim and volatile for such a highly competitive market. Food products must be tested and tweaked over time before they are economically viable. Even once proven viable, the entrepreneur must navigate a complex network of regulation, food safety standards, packaging, and distribution before running a profitable enterprise. Food entrepreneurs often lack a business background and

an understanding of what is involved in the start-up process. Start-up costs in the food space are high and can range, as of 2013, from \$15,000 to \$100,000.²

As a result, there has been a proliferation of models and strategies for helping such businesses avoid the high overhead of investing in an independent brick-and-mortar storefront while establishing their products, markets, and business models, and simultaneously meeting community demand for greater culinary diversity and quality of life. These include the following, all of which MRB Group has found to be distinct from the unique model proposed by the WEDC.

- Food truck parks: These typically offer a stable location for mobile food vendors and may feature amenities like parking, restrooms, and entertainment, but do not provide restauranteurs with subsidized space, a shared kitchen, or business assistance programming, and are not focused on graduating tenants into established brick-and-mortar restaurants or food businesses. (Example: The former Fort Worth Food Park featuring six trucks and an entertainment stage.)
- Food truck rodeos: Also known as food truck corrals or similar monikers, these are typically organized by municipalities as monthly or periodic community events to draw visitors to an area and promote its culinary scene, but do not provide a stable dedicated site or business assistance programming, and may heavily feature established restaurants that also operate food trucks. (Example: The Comanche County, TX Food Truck Rodeo hosted by the local chamber of commerce.)
- Food hubs: These offer a combination of production, distribution, and marketing services to help facilitate connections in local and regional food systems. As demand for locally-sourced foods continues to rise, communities typically establish food hubs to help smaller farmers and producers access larger markets, such as institutional and wholesale buyers. Food hubs, however, are not retail-oriented or consumer-facing, and are generally limited to agricultural produce and food products that have been minimally processed, rather than prepared foods.
- Farmers markets: These are physical retail marketplaces intended to sell foods directly from farmers to consumers, but are not focused on retailers serving prepared foods and do not offer business assistance programming.
- Culinary incubators and shared commercial kitchens: These target start-up food service businesses, renting food preparation space (often at a below-market rate) to entrepreneurs so that they can benefit from the shared kitchen instead of spending capital to build or lease their own facility. They may also provide additional services like business development training and access to ecosystem services such as legal aid, packaging, and distribution. (Example: The Brewery Incubator in Houston, TX featuring commercial kitchens, workshops, tastings, competitions, and other activities.)

² "Estimated Cost for a Commercial Kitchen in a Small Business," *Houston Chronicle*, April 5, 2019, <https://smallbusiness.chron.com/estimated-cost-commercial-kitchen-small-business-74630.html>.

- General business incubators and accelerators: Some non-sector-specific business incubators and accelerators serve food-related start-ups, but these generally do not offer programming and services tailored to the needs of food businesses, and are not well-positioned to help facilitate beneficial B2B industry relationships for food-focused clients. (Examples: RevTech Ventures in Dallas, TX, a seed fund and venture accelerator with a focus on technologies for the retail industry, but that serves several food-related startups, leveraging the founders' connections to some of the nation's largest restaurant operators; and SKU in Austin, TX, a consumer products startup accelerator program with a portfolio that includes some food companies.)

The proposed Watauga Food Business Incubator represents a unique hybrid model that combines 1) a focus on prepared foods and processed food products, 2) a focus on start-up businesses, 3) subsidized semi-permanent space to enable development of a customer base, and 4) business assistance services tailed to helping food entrepreneurs graduate to established businesses. It provides a shared kitchen space, so tenants will be able to delay the significant entrepreneurial hurdle of establishing their own compliant food preparation areas.

In summary, although other communities in Texas are home to programs or facilities that are meant to foster the growth of the food and restaurant industries by reducing initial overhead, there are none like the one proposed by the WEDC. In light of the strong population and industry growth projections covered earlier in this analysis, this Food Business Incubator will increase appeal to industry operators attempting to enter the food service sector for the first time; to existing restaurateurs piloting a new food service business; and to operators that have not been able to sustain a storefront restaurant during the pandemic-induced recession and restrictions. We therefore project that the six spaces at the Food Business Incubator at this location will be readily absorbed by the demand associated with food service industry growth.

Moreover, WEDC analyzed the City of Watauga and surrounding area, and its board found no other "property which is both available and affordable for use as a small business incubator."

Financial Feasibility

The Watauga Economic Development Corporation owns and will continue to maintain ownership of the site, providing below-market-rate space ("license agreements") to the Incubator tenants. After the WEDC undertakes the site improvements using U.S. Economic Development Administration grant funds and its committed cost share, the cost of maintaining the site and conducting the Incubator's training programs will be low and sustainable.

- Site maintenance will be performed by the City of Watauga's Department of Parks & Community Services.
- The training programs will be conducted using existing City of Watauga staff time, the time of advisors such as the City's attorney that are already under contract, and already-

dedicated staff time at partner organizations such as the Northeast Tarrant Chamber, which will provide a tailored business development course.

License agreement fees from the tenants will help the City of Watauga cover costs associated with site maintenance, garbage service, insurance, and debt service on the improvements. These costs are estimated to amount to \$81,987 per year (without the grant), and six license agreements of \$1,200/month each will generate \$86,400/year in fees, as shown below. Therefore, per guidance of our U.S. Economic Development Administration regional representative, a pro forma is not included in this analysis.

INCUBATOR SITE FINANCIAL FEASIBILITY	
Item	Amount (Annual)
Insurance (TML Quote)	
Commissary (\$130)	\$130.00
State/Tables (\$100)	\$100.00
Restroom (\$100)	\$100.00
Liability - Covered by WEDC	
Parks Maintenance	
Mowing Contract	\$4,375.00
Janitorial - 300 Hours	\$2,558.40
Landscape & General Repairs	\$4,528.16
Landscape Supplies & Gen Supplies	\$5,000.00
Debt Service (at \$500,000)*	\$57,000.00
Garbage Service	
12 Toters 2x/Week = \$593.16/month	\$7,117.92
4 yrd 1x week \$89.79/month	\$1,077.48
TOTAL ANNUAL COST TO WEDC	\$81,986.96
Per Lease (6 Leases)	\$13,664.49
Per Lease Per Month	\$1,138.71
Recommended Monthly Lease Amount	\$1,200.00

*Note: If grant is approved, debt service will be lower.

Appendix: Other Industry Considerations

MRB Group examined market research reports from IBISWorld to understand broader nationwide industry trends and predictions that may affect the prospects of the Watauga Food Business Incubator tenants, both in their “mobile food services” format while at the Incubator, and later as established restaurants, snack shops, or caterers. All such industries are expected to experience growth over the next five years.

Mobile Food Services³

Mobile Food Services have grown substantially nationwide over the five years to 2019 due to renewed consumer demand for unique products. It is “a particularly bright spot within the larger food service sector [that] has managed to surge ahead of other food service sectors.” Many new industry entrants have sought to fill growing demand for healthy products, gourmet items, or specialty food items.

Moreover, while the larger food service sector relies heavily on consumers with moderate levels of disposable income to drive revenue, the Mobile Food Services industry is not as susceptible to volatility in consumer spending and confidence due to the relatively inexpensive nature of its products—making such ventures a more feasible start-up format for restaurant entrepreneurs in the wake of the pandemic-induced recession.

The Mobile Food Services industry is still in the growth stage of the industry life cycle, despite evidence that the “food truck craze” is beginning to subside. Nationwide, industry revenue is projected to grow at a slower pace of 1.6% per year from 2019-2024, reaching \$3.9 billion. However, IBISWorld notes, there are still opportunities for sustained growth in areas that are experiencing population expansion and increased consumer spending. As noted earlier, Tarrant County and the surrounding area are projected to experience much more rapid population growth as compared to the country as a whole, and the associated increases in consumer spending can be expected to support sustained growth in food services industries.

A key barrier to entry and success for mobile food vendors are local and state regulatory environments, including health permit conditions, safety standards, and constraints on where they can set up shop. MRB Group believes that the proposed Watauga Food Business Incubator therefore represents a significant “leg up” to such businesses because of the designated site and the technical assistance and advisement tenants will receive on these topics.

Independent Restaurants⁴

The Single Location Full-Service Restaurants industry is notoriously competitive, characterized by a high level of turnover, and subject to continuously changing consumer preferences. Due to the

³ “Street Vendors in the US,” IBISWorld Industry Report 72233, March 2020.

⁴ “Single Location Full-Service Restaurants in the US,” IBISWorld Industry Report 72211b, August 2020.

nature of being a single-location establishment, the majority of operators are small, family-run businesses, which causes the industry to be highly fragmented.

To the detriment of the industry, the coronavirus outbreak and the associated closures and restrictions on non-essential businesses is expected to hurt industry revenue in 2020. However, the industry is expected to recover over the five years to 2025 as consumer spending strengthens and households increase spending on discretionary purchases, such as meals outside the home. Over the five years to 2025, consumer spending is expected to increase at an annualized rate of 3.8%, representing a higher growth rate compared with the prior period. Moreover, the Consumer Confidence Index, a leading indicator of spending patterns, is expected to recover strongly, which will boost industry growth over the next five years. Additionally, an increase in the number of households earning more than \$100,000 annually further contributes to the industry growth, supporting industry operators that offer more niche, higher-end products. As a result of these trends, industry revenue is projected to increase at an annualized rate of 8.6% to \$223.9 billion over the five years to 2025. The industry will also likely benefit from population and immigration growth.

There will also be an increased emphasis on product innovation and service quality to compete with more nimble competitors, such as fast-casual chains. Many restaurants will introduce new product lines, emphasizing healthy and gourmet meals. Major operators will seek to expand revenue and profit by offering alternatives to red meat, such as chicken and tofu, and providing a variety of other meal options, including fresh salads.

The industry is constantly going through creative disruption, whereby new restaurant concepts open to cater to evolving consumer preferences at the expense of outdated restaurant concepts. Over the 10 years to 2025, industry value added (IVA), which measures an industry's contribution to the overall economy, is expected to grow at an annualized rate of 3.4%. This is a higher rate than that of the US GDP, which is expected to grow at an annualized rate of 1.9% during the same 10-year period.

Despite growing competition, demand has been increasing for independent operators amid changing consumer preferences. Over the past five years, consumers have increasingly preferred to patronize local establishments oriented around a single chef or singular concept rather than large, homogenous chains with stale menu and decor concepts. Areas of particular opportunity for restaurant entrepreneurs such as the Incubator tenants will be niche concepts and products that respond to rising health consciousness and ethical consumerism. Such concepts may involve premium products that allow for greater profitability and revenue.

Coffee and Snack Shops⁵

This industry comprises operators that prepare or serve specialty snacks and nonalcoholic beverages including ice cream, frozen yogurt, cookies, doughnuts, bagels, coffee, juices, smoothies and sodas. Purchases may be consumed on-site, taken to go or delivered.

Demand for coffee and snack shops has increased at a faster rate than most segments of the food service sector over the past five years, prior to the onset of the coronavirus. The change in the industry landscape involves the closure of many businesses that may or may not be able to successfully re-open, but the industry itself is expected to recover and grow at a faster pace from 2020-2025 (2.4% annualized) than the prior period, suggesting an opportunity for new operators and offerings. Additionally, many existing operators are expanding into markets that have not become oversaturated or that experienced significant losses in 2020. As with the Full-Service Restaurants industry, consumers are anticipated to return to spending on discretionary items such as coffee and snacks.

The industry's high level of competition is expected to intensify over the next five years, with significant price-based competition and an increased emphasis on the regular introduction of new products. Operators will likely continue to stimulate renewed interest in their products by expanding their menu options to any changes in consumer preference.

⁵ "Coffee & Snack Shops in the US," IBISWorld Industry Report 72221b, April 2020.

Caterers⁶

This industry includes companies that provide individual event-based food services. These companies generally have equipment and vehicles to prepare food off-site and transport it to events.

Increased corporate profit over the past five years has led to larger marketing budgets that have supported a larger number of events requiring catering services. Post-pandemic, a rebound in corporate profit and household spending levels is expected boost demand for catering services over the next five years. In particular, increased corporate marketing budgets will bolster demand from holiday parties, product launches and investor celebrations. Caterers will also benefit from robust private demand as rising consumer spending and disposable incomes encourage consumers to splurge on weddings, private parties and other catered events. Overall, IBISWorld expects industry revenue will continue to rise at an annualized rate of 1.4% to \$14.4 billion over the five years to 2025.

Catering has traditionally been more profitable than other food service operations, but industry operators must continually seek to distinguish themselves in this highly competitive industry. Going forward, it is anticipated that customers will expect operators to amend practices to reduce food waste and eliminate items such as plastic straws, and to respond to a culinary environment that has become increasingly innovative.

⁶ "Caterers in the US," IBISWorld Industry Report 72232, February 2020.



Watauga Road Food Business Incubator

www.cowtx.org/1071/economicdevelopment

The Concept

An Idea Was Born



When It Began

- January 2019

A local business entrepreneur and landowner in Watauga reached out to **WEDC** through contact with City staff.

The **entrepreneur** had purchased land on Hightower and developed a business plan, but was having trouble finding a contractor to construct an affordable operating facility. The **entrepreneur** inquired about a temporary mobile building to be placed on the site. However, City codes prevent mobile vehicles from being placed on a vacant lot.





The Idea...

City Administration met with the **entrepreneur** and presented ideas, with one being the use of the land on Watauga Road for a **food business incubator** that would allow start up entrepreneurs an opportunity to locate and **grow a business** on the WEDC owned property with the goal of opening a brick and mortar location within a specified time.

City Administration also mentioned the opportunity to work with other developers in hopes that the smaller construction project proposed for the property purchased could be included with another development to receive improved construction pricing.

The Idea Was Presented

5

February 18, 2020



- The **business plan** was presented to the WEDC Board in closed session to discuss incentives and receive legal advice from the Board Attorney.
- City staff began working on the project based on the direction received from the Board.
- An initial **concept plan** was created for discussion purposes and ordinance review and rewrites were considered.



Disaster Declaration

March 17, 2020

Incubator

Mayor Miner executed a Disaster Declaration for the pandemic known as COVID-19.

A Special City Council Meeting was held on March 23, 2020 to authorize extending the March 17, 2020 Disaster Declaration. The Disaster continues to current day.

Staff continue to work on the concept to assist the local entrepreneur and landowner.

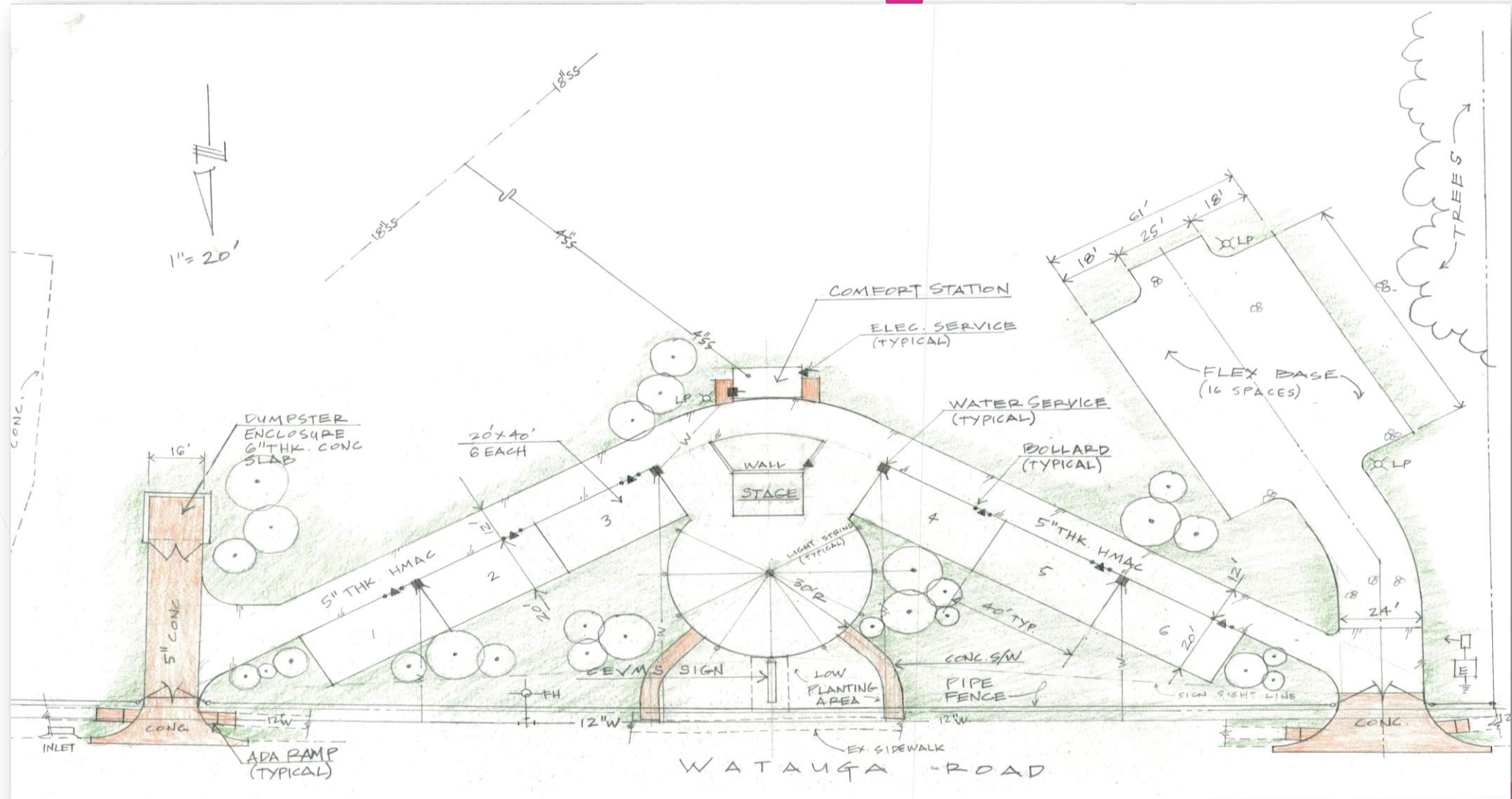


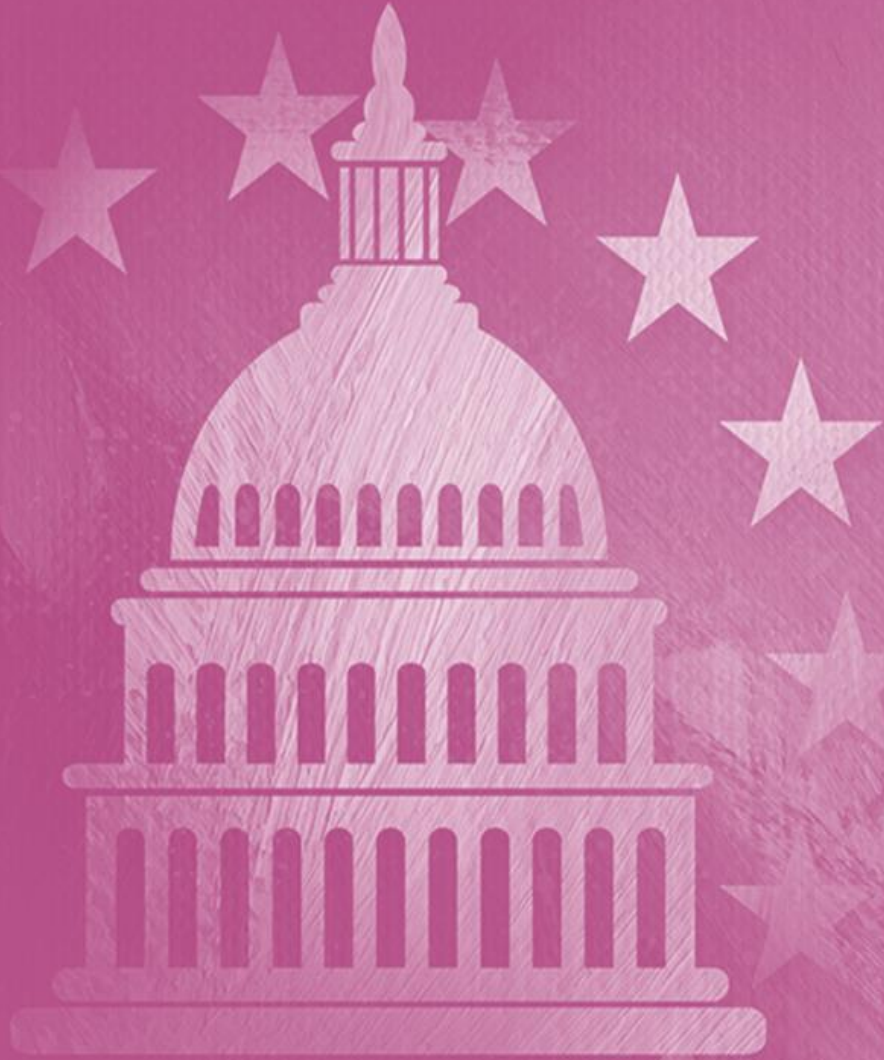
COVID-19

Site Plan Debated

- A site plan for the incubator project was presented to the WEDC Board on March 31

Incubator





CARES Act

**Coronavirus Aid,
Relief, and Economic
Security Act**

EDA Grant

Incubator

- **May 7, 2020**

- The Economic Development Administration (EDA) released an addendum to its PWEAA2020 funding opportunity for coronavirus recovery assistance.
- The EDA received \$1.467 billion for eligible communities impacted by the coronavirus pandemic.

- **On May 19, 2020**

- City Administration requested Finance and Development Services staff research the possibility of the incubator project qualifying for grant funds.

- **On June 23, 2020**

- The WEDC Board authorized the City Manager to submit a CARES Act grant application to the EDA for the incubator project.

Incubator Project Moves Forward ¹⁰

- **On July 21, 2020**, the WEDC Board held a public hearing, approved a resolution authorizing improvements to the Watauga Road property, approved a resolution authorizing a grant agreement with the City of Watauga for project funding.
 - August Certificates of Obligation issued by the City of Watauga included \$500,000 for Economic Development projects
- **On July 28, 2020**, the WEDC Board approved an agreement with the MRB Group for completion of a Feasibility Study, as required by the EDA.
- **On September 15, 2020**, the WEDC Board approved an agreement with Burgess & Niple for project engineering.

Feasibility Study: Key Findings

11

Incubator

- **MRB Group** studied population trends, industry trends, site considerations, food services “leakage” (retail potential) from the area, indicators of local interest, and comparable models in the region.
- It is projected that the **six spaces** will be readily absorbed.
- The below-market-rate spaces, shared kitchen, and training address demonstrated hurdles in successful restaurant entrepreneurship.

Feasibility Study: Key Findings

12

Incubator

- The **location is strategic**: proximity to high-traffic roads; storefront businesses; residential areas; office uses and their employees; and culinary workforce development facilities.
- The concept **capitalizes** on Watauga's emergent reputation as a destination for dining.
- There are **no sites in the surrounding area** that offer directly comparable facilities combined with the services and programming of the proposed Watauga Food Business Incubator.

Feasibility Study: Key Trends

Strong regional population growth is projected, compared to national trends. This can be expected to support sustained growth in food services industries in Watauga.

Incubator

Population Growth Projections					
	2020	2030	2040	2050	Growth (2020-2050)
Tarrant County	2,143,755	2,507,170	2,862,672	3,196,603	49%
MSA	7,688,739	9,263,558	11,094,305	13,186,434	72%
COG	7,874,046	9,459,868	11,297,784	13,396,235	70%
Texas	29,677,668	34,894,452	40,686,496	47,342,105	60%
United States	332,600,000	355,100,000	373,500,000	388,900,000	17%

Feasibility Study: Key Trends

Food services industries have grown rapidly in Tarrant County and Texas. Growth will be **moderate in the next decade** but still significantly **outpace national trends**.

Incubator

Food Service Industry Trends: Historical					
	2009 Jobs	2019 Jobs	Job Growth 2009-2019	% Change	Competitive Effect
Tarrant County	58,001	82,768	24,767	43%	8,780
Texas	766,098	1,079,184	313,086	41%	100,141
United States	9,178,195	11,757,404	2,579,209	28%	N/A

Food Service Industry Trends: Projected					
	2019 Jobs	2029 Jobs	Job Growth 2019-2029	% Change	Competitive Effect
Tarrant County	82,768	101,244	18,476	22%	6,516
Texas	1,079,184	1,317,617	238,433	22%	84,057
United States	11,757,404	13,456,113	1,698,709	14%	N/A



AGENDA MEMORANDUM

DATE: October 12, 2020

TO: Watauga Economic Development Corporation Directors

FROM: Sandra Gibson, CGFO, CGFM, Director of Finance

SUBJECT: Monthly Financial Report for the period ending August 31, 2020

BACKGROUND/INFORMATION:

The monthly financial report for the period ending August 31, 2020 is attached for the Board's review.

FINANCIAL IMPLICATIONS:

N/A

RECOMMENDATION/ACTION DESIRED:

This item does not require a recommendation as it is a presentation/report.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. EDC August Report 2020

REVIEWED BY:

Sandra Gibson, CGFO, CGFM, Director of Finance

Andrea Gardner, City Manager

Approved as to form for inclusion on Agenda

Approved - 10/15/2020

Final Approval - 10/15/2020



AGENDA MEMORANDUM

DATE: October 7, 2020

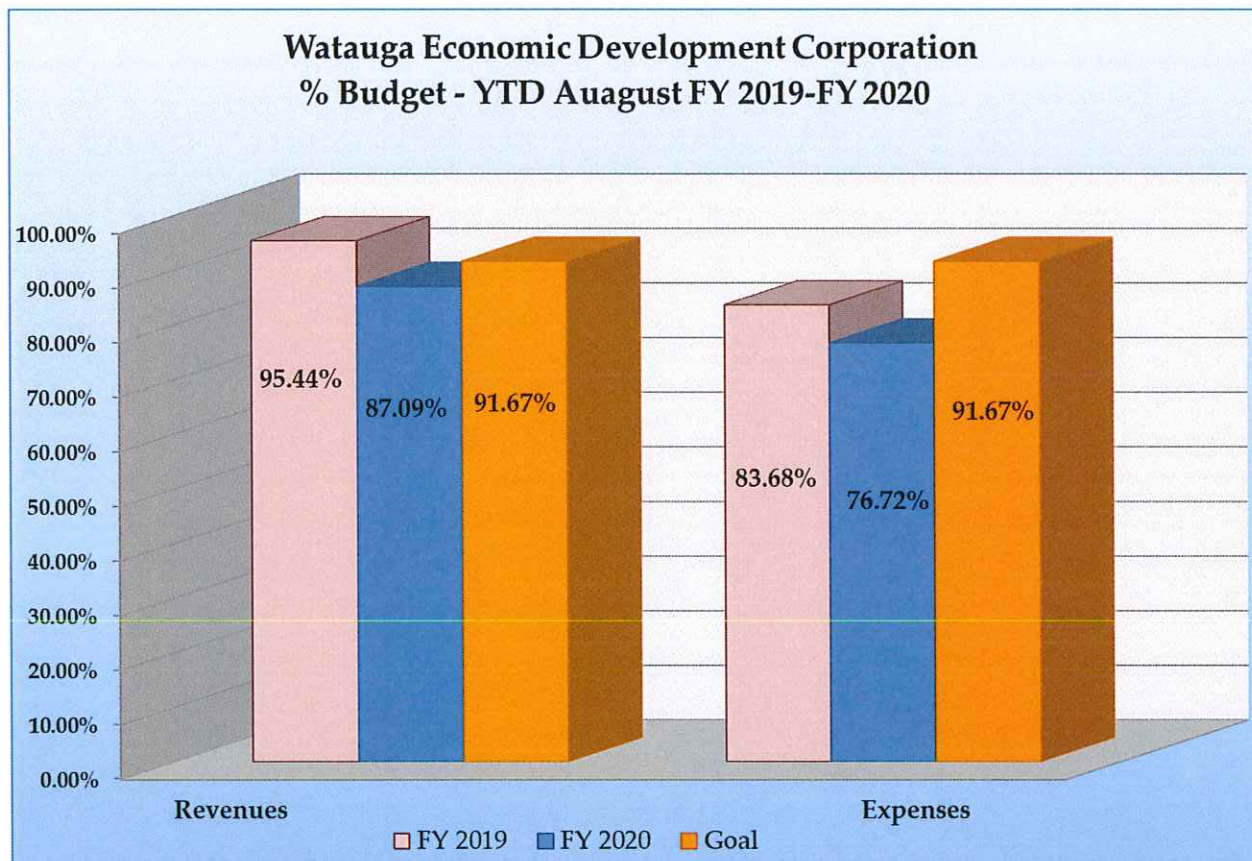
TO: Watauga Economic Development Board

FROM: Sandra Gibson, Director of Finance

SUBJECT: Financial Report for the Month of August, 2020

The attached report and below graph represent the results of transactions through August, 2020 which is the 92% through the FY2019-20 budget.

July sales tax receipts (received in September) decreased 0.89% from the same time last year. Year-to-date sales tax reflect a 1.6% decrease from the same time last year and are 88% of budgeted sales tax revenues. Total year-to-date expenditures are \$350,315 which is 77% of the budget expended for the year.



CITY OF WATAUGA
BUDGET TO ACTUAL COMPARISON
FISCAL YEAR 2020
For the period ending August 31, 2020 (4th FY Qtr.)

WATAUGA ECONOMIC DEVELOPMENT CORP - 04

REVENUE:	CURRENT BUDGET	8/31/2020 YTD ACTUAL	% USED	% REMAINING	8/31/2019 YTD ACTUAL	\$ CHG 20 vs 19	% CHG 20 vs 19
SALES TAX	764,000	670,575	87.77%	12.23%	681,633	(11,058)	-1.62%
INTEREST EARNINGS	10,000	3,500	35.00%	65.00%	20,774	(17,273)	-83.15%
INTEREST/ESCROW	-	-	-	-	-	-	-
CONTRIBUTIONS/OTHER	-	-	-	-	-	-	-
TOTAL REVENUE	\$774,000	\$674,075	87.09%	12.91%	\$702,406	(28,332)	-4.03%
PERSONNEL SERVICES	-	(0)	0.00%	100.00%	365,091	(365,091)	-100.00%
NON-DEPARTMENTAL	-	-	0.00%	100.00%	18,697	(18,697)	-100.00%
SUPPLIES	2,200	434	19.74%	80.26%	35,131	(34,697)	-98.76%
MAINTENANCE	4,000	-	0.00%	100.00%	46,904	(46,904)	-100.00%
CONTRACTUAL & SUNDRY	148,450	80,051	53.92%	46.08%	115,416	(35,365)	-30.64%
TRANSFERS	294,470	269,830	91.63%	8.37%	47,392	222,438	469.36%
CAPITAL OUTLAY	7,500	-	0.00%	100.00%	5,500	(5,500)	0.00%
TOTAL EXPENDITURES	456,620	350,315	76.72%	23.28%	\$ 634,131	(283,816)	-44.76%
EXCESS REVENUE OVER (UNDER) EXPENDITURES	\$317,380	\$323,760			\$68,275	\$255,485	



AGENDA MEMORANDUM

DATE: October 16, 2020

TO: Watauga Economic Development Corporation Directors

FROM: Raquel Guajardo, Deputy City Secretary

SUBJECT: Discuss and consider action to approve the meeting minutes for the WEDC Regular Meeting held on September 15, 2020

BACKGROUND/INFORMATION:

Meeting minutes are attached for consideration.

FINANCIAL IMPLICATIONS:

None.

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the WEDC Board approve the September 15, 2020 meeting minutes.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. 9.15.2020 WEDC Meeting Edited Draft

REVIEWED BY:

Andrea Gardner, City Manager

Final Approval - 10/16/2020

Approved as to form for inclusion on Agenda

**MINUTES
WATAUGA ECONOMIC DEVELOPMENT CORPORATION
VIDEOCONFERENCE MEETING
TUESDAY, SEPTEMBER 15, 2020
6:00 PM**

CALL TO ORDER:

President Miner called the meeting to order by videoconference at 6:07 PM.

DIRECTORS PRESENT:

Art Miner, President, Place 1	Attended by Videoconference
Jan Hill, Place 3	Attended by Videoconference
Damon Solko, Place 4	Attended by Videoconference
Mike Alexander, Place 5	Attended by Videoconference
VACANT, Place 7	

DIRECTORS ABSENT:

Amirali Fazalbhair, Place 2	Absent with Notice/ Oath not completed
Cheneya Cruze, Place 6	Absent with Notice/ Oath not completed

CITY STAFF PRESENT:

Andrea Gardner, City Manager	Attended by Videoconference
Sandra Gibson, Finance Director	Attended by Videoconference
Lovie Downey, Primary Council Liaison	Attended by Videoconference

and

Aaron Farmer, Retail Coach

PUBLIC TESTIMONY

Request to Speak Forms were not received.

REPORTS FROM STAFF

1. Monthly Financial Report for the period ending July 31, 2020

Ms. Gibson presented the item to the Board that included a fluctuation in sales tax receipts for the following months:

- March decreased 14%
- April decreased 24%
- May decreased 6%
- August increased 13.18%

Ms. Gibson also reported that there has been an uptick of online retail sales for August as receipts from prior years were flat. The July report indicates 83% of budget used with a sales tax of 79% and expenditures at 71%, which is better than expected due to the pandemic.

There were no questions or comments from the Board.

APPROVAL OF MINUTES

Director Solko made a motion to approve the minutes as presented. Motion seconded by Director Hill.

Motion carried 3-0.

Ayes: Hill, Solko, Alexander

Nays: None

PRESENTATIONS

1. Presentation and update to the WEDC Board from Retail Coach on consultant activities from April 2020 to July 2020 to include new business recruitment and the impacts of the COVID-19 Pandemic on economic development activity

Mr. Aaron Farmer provided a presentation to the Board that included the following:

- Retail shopping center visits dropped as low as 23,000 in March and is back up to 90,000 in August
- Restaurants visits increasing although not as well as retail
- Watauga represented at Retail LIVE Conference held September 3
- New Business Recruitment
 - Smoothie King (Second Location)
 - Blaze Pizza
 - National Brand Furniture Store
 - Ollie's Bargain Outlet
 - Ulta (Delayed but now re-engaged)
 - HTeaO
- Local Option Election
 - Group of local citizens are working directly with a potential developer/tenant to have item on May 2021 ballot

Mr. Farmer stated that retail recruitment is expected to rebound in the fourth quarter of 2020 and first quarter in 2021; an update will be provided at October meeting. He also stated that he plans to attend tradeshows hosted by ICSC Red River State in January/February 2021 and ICSC RECON in May 2021.

President Miner inquired regarding the developer and the citizens group involved with the petition. Mr. Farmer responded that he has spoken with the citizen's group multiple times and they see a need and opportunity and are working to meet the state requirements to get item on the May ballot.

Ms. Gardner stated that she executed petition pages to petitioners today, September 15, 2020, to begin collecting signatures.

Mr. Farmer commented that this has been an interesting time and good news is a lot of small business will survive.

The Mayor commended Ms. Gardner's efforts in reaching out to a number of businesses that were struggling early on in the pandemic.

NEW BUSINESS

- 1. Discuss and consider action to approve a professional services agreement with Burgess & Niple to provide professional engineering services for the completion of the EDA grant application and design of the Business Incubator project and authorize the Executive Director to execute said agreement**

President Miner pointed out a \$265,000 increase in project estimates with the addition of a commissary building and entertainment area that also include engineering, survey, construction and contingency fund. He also stated that the outcome hinges on the 80/20 grant approval and Burgess & Niple has agreed work to reduce fees if the grant does not come through.

Director Hill made a motion to consider approval. Motion seconded by Director Solko.

President Miner read comments submitted by Ms. Sharon Gehle, 7725 Partridge Dr., Watauga; Mr. Chuck Hubbard, 5948 Hillglen Dr. Watauga; and Ms. Andra Dunn, 6516 Alta Vista Dr. Watauga. *(Comments will be archived with approved minutes)*

Ms. Gardner provided additional comments for the board's consideration with feedback from other cities that have developed a similar park project.

Director Hill asked for clarification on cost of the feasibility study in which Ms. Gardner addressed.

Director Hill also asked about the contingency fund and if the increased amount for electrical was due to the commissary building and also stated concern regarding parking. President Miner stated that the contingency fund increased due to the electrical in the commissary building. Ms. Gardner stated that there are no changes in parking; however, the city has the ability to enter into a shared parking agreement with the adjacent property owners. Ms. Gardner also commented that after visiting other city sights that had less parking and visiting with the vendors, they advised that parking and congestion was not an issue for them.

As there was no additional discussion, President Miner called for the Board to vote.

The motion carried 3-0.

Ayes: Hill, Solko, Alexander

Nays: None

ADJOURNMENT

With no additional business to discuss, President Miner adjourned the videoconference meeting at 6:52 p.m.

APPROVED: this the ____ day of _____ 2020.

SIGNED: this the ____ day of _____ 2020.

Arthur L. Miner, President

Amirali (A.J.) Fazalbhai, Secretary



AGENDA MEMORANDUM

DATE: October 13, 2020

TO: Watauga Economic Development Corporation Directors

FROM: Andrea Gardner, City Manager

SUBJECT: Discuss and provide direction on the WEDC trademark application

BACKGROUND/INFORMATION:

During the July 13, 2020 Regular Meeting of the City Council, the City Attorney was directed to seek legal protections for the City and WEDC logos.

Since that date, the City Attorney has been working with the City staff and the Texas Secretary of State's office to secure the protection.

A question was presented to staff regarding the WEDC logo that staff feels require Board feedback. Legal stated that the EDC doesn't have to claim color and could seek only a standard application, in which case the WEDC could use any color (such as how the Retail Coach changed the WEDC logo). If the Board finds that color is important, Legal recommends pursuing both a color application and a standard application.

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the WEDC Board provide direction to the City Manager and Board Attorney regarding the preference of logo to be submitted for trademark.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. WEDC Logo Use Pictures

REVIEWED BY:

Approved as to form for inclusion on Agenda



AGENDA MEMORANDUM

DATE: October 13, 2020

TO: Watauga Economic Development Corporation Directors

FROM: Andrea Gardner, City Manager

SUBJECT: Discuss and consider action to recommend a business registration ordinance to the Watauga City Council

BACKGROUND/INFORMATION:

City staff have worked to develop a business retention program and in that process discovered the need for a more reliable and professional method for tracking the number, type and business details information. A business registration program will allow the WEDC to create better retention programs for local business.

While trying to assist local businesses with funding program applications and other pandemic related matters, the need for such a program, to include software purchase, became evident.

On July 21, 2020, City staff presented the concept of a Business Registration Program to the Board and received approval to proceed with such program. City staff also created a template application in Civic Plus that was provided to the Board at the July meeting.

The software implementation is nearing completion and staff completed a draft of an ordinance for Board review and input prior to submitting to the Board Attorney for review. Should the Board be satisfied with the ordinance language, staff will present for Council consideration in November 2020.

FINANCIAL IMPLICATIONS:

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the WEDC Board review the draft ordinance and provide any necessary edits prior to recommending approval to the Watauga City Council.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:



AGENDA MEMORANDUM

1. Ordinance establishing a Business Registration Program
2. Chapter 22
3. Application

REVIEWED BY:

Approved as to form for inclusion on Agenda



AGENDA MEMORANDUM

DATE: October 16, 2020

TO: Watauga Economic Development Corporation Directors

FROM: Andrea Gardner, City Manager

SUBJECT: Discuss and consider action to recommend approval of an extension to the Professional Services Agreement with Retail Coach, LLC for completion of a Comprehensive Retail Recruitment and Development Plan and authorize the Executive Director to execute the extension upon action by the Watauga City Council

BACKGROUND/INFORMATION:

On October 15, 2019, the WEDC Board authorized the City Manager to execute a Professional Services Agreement with Retail Coach. The agreement was not to exceed a specified amount that was for services continuing through September 30, 2020. On November 12, 2019, the Watauga City Council approved the agreement between the WEDC and Retail Coach, LLC.

In the FY 2021 WEDC Adopted Budget, the extension amount for year 2 of the agreement was included. As such, City staff is requesting the Board authorize the City Manager to execute an extension.

FINANCIAL IMPLICATIONS:

Year 2 Agreement Extension totals \$25,000 and has been included in the FY 2021 Adopted Budget for the WEDC.

RECOMMENDATION/ACTION DESIRED:

City staff respectfully recommends the WEDC Board recommend the Watauga City Council approve an extension of the professional services agreement with Retail Coach, LLC. and authorize the Executive Director to execute the extension of the agreement.

ATTACHMENTS/ SUPPORTING DOCUMENTATION:

1. WataugaContractYear2

REVIEWED BY:

Sandra Gibson, CGFO, CGFM, Director of Finance
Andrea Gardner, City Manager

Approved - 10/16/2020
Final Approval - 10/16/2020



AGENDA MEMORANDUM

Approved as to form for inclusion on Agenda

PROFESSIONAL SERVICES AGREEMENT

This Agreement for Professional Services (“Agreement”) is made by and between the Watauga Economic Development Corporation (“Client”) and The Retail Coach, LLC, a Mississippi limited liability company (“Professional”) (each a “Party” and collectively the “Parties”), acting by and through their authorized representatives.

RECITALS:

WHEREAS, Client desires to engage the services of the Professional as an independent contractor, and not as an employee, to provide the services described in Exhibit “A” (the “Scope of Services”) to assist Client in completing a Comprehensive Retail Recruitment and Development Plan - Year 2 (the “Project”); and

WHEREAS, the Professional desires to render professional services for Client on the terms and conditions set forth in this Agreement;

NOW THEREFORE, in exchange for the mutual covenants set forth herein, and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

Article I Term

1.1 This Agreement shall commence on the last date of execution hereof (“Effective Date”) and continue until completion of the services, unless sooner terminated as provided herein.

1.2 Either Party may terminate this Agreement by giving thirty (30) days prior written notice to the other Party. In the event of such termination the Professional shall deliver to Client all finished and unfinished documents, data, studies, surveys, drawings, maps, reports, photographs or other items prepared by the Professional in connection with this Agreement. Professional shall be entitled to compensation for any services completed to the reasonable satisfaction of the Client in accordance with this Agreement prior to such termination.

Article II Scope of Service

2.1 The Professional shall perform the services in connection with the Project as set forth in the Scope of Services.

2.2 The Parties acknowledge and agree that any and all opinions provided by the Professional in connection with the Scope of Services represent the professional judgment of the

Professional, in accordance with the professional standard of care applicable by law to the services performed hereunder.

Article III Schedule of Work

The Professional agrees to complete the required services in accordance with the Scope of Services outlined in Exhibit “A”.

Article IV Compensation and Method of Payment

4.1 Professional will be compensated in accordance with the payment schedule and amounts set forth in the Scope of Services, not to exceed a total amount of forty one thousand dollars (\$25,000).

Article V Devotion of Time; Personnel; and Equipment

5.1 The Professional shall devote such time as reasonably necessary for the satisfactory performance of the services under this Agreement. Should Client require additional services not included under this Agreement, the Professional shall make reasonable effort to provide such additional services within the time schedule without decreasing the effectiveness of the performance of services required under this Agreement, and shall be compensated for such additional services as agreed between the Parties.

5.2 The Professional shall furnish the facilities, equipment and personnel necessary to perform the services required under this Agreement unless otherwise provided herein.

Article VI Miscellaneous

6.1 Entire Agreement. This Agreement constitutes the sole and only agreement between the Parties and supersedes any prior understandings written or oral agreements between the Parties with respect to this subject matter.

6.2 Assignment. The Professional may not assign this Agreement without the prior written consent of Client. In the event of an assignment by the Professional to which the Client has consented, the assignee shall agree in writing with Client to personally assume, perform, and be bound by all the covenants, and obligations contained in this Agreement.

6.3 Successors and Assigns. Subject to the provisions regarding assignment, this Agreement shall be binding on and inure to the benefit of the Parties to it and their respective heirs, executors, administrators, legal representatives, successors and assigns.

6.4 Governing Law. The laws of the State of Texas shall govern this Agreement.

6.5 Amendments. This Agreement may be amended by the mutual written agreement of the Parties.

6.6 Severability. In the event any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions, and the Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained in it.

6.7 Independent Contractor. It is understood and agreed by and between the Parties that the Professional, in satisfying the conditions of this Agreement, is acting independently, and that Client assumes no responsibility or liabilities to any third party in connection with these actions. All services to be performed by Professional pursuant to this Agreement shall be in the capacity of an independent contractor, and not as an agent or employee of Client. Professional shall supervise the performance of its services and shall be entitled to control the manner and means by which its services are to be performed, subject to the terms of this Agreement.

6.8 Notice. Any notice required or permitted to be delivered hereunder may be sent by first class mail, overnight courier or by confirmed telefax or facsimile to the address specified below, or to such other Party or address as either Party may designate in writing, and shall be deemed received three (3) days after delivery set forth herein:

If intended for Client:

Attn: Andrea Gardner
City of Watauga
7105 Whitley Rd.
Watauga, Texas 76148

If intended for Professional:

Attn: Aaron Farmer
The Retail Coach, LLC
PO Box 7272
Tupelo, MS 38802

6.9 Insurance.

- (a) Professional shall during the term hereof maintain in full force and effect the following insurance: (i) a comprehensive general liability policy of insurance for bodily injury, death and property damage insuring against all claims, demands or actions relating to the Professional's performance of services pursuant to this Agreement with a minimum combined single limit of not less than \$1,000,000.00 per occurrence for injury to persons (including death), and for property damage; (ii) statutory Worker's Compensation Insurance at the statutory limits and Employers Liability covering all of Professional's employees involved in the provision of services under this Agreement with policy limit of not less than \$500,000.00; and (iii) Professional Liability covering negligent acts, errors and omissions in the performance of professional services with policy limit of not less than \$1,000,000.00 per claim and \$1,000,000.00 in the aggregate.
- (b) A certificate of insurance evidencing the required insurance shall be submitted prior to commencement of services and upon request by Client.

6.10 Indemnification. CLIENT SHALL NOT BE LIABLE FOR ANY LOSS, DAMAGE, OR INJURY OF ANY KIND OR CHARACTER TO ANY PERSON OR PROPERTY ARISING FROM THE SERVICES OF THE PROFESSIONAL PURSUANT TO THIS AGREEMENT. PROFESSIONAL HEREBY WAIVES ALL CLAIMS AGAINST CLIENT, ITS OFFICERS, AGENTS AND EMPLOYEES (COLLECTIVELY REFERRED TO IN THIS SECTION AS "CLIENT") FOR DAMAGE TO ANY PROPERTY OR INJURY TO, OR DEATH OF, ANY PERSON ARISING AT ANY TIME AND FROM ANY CAUSE OTHER THAN THE NEGLIGENCE OR WILLFUL MISCONDUCT OF CLIENT OR BREACH OF CLIENT'S OBLIGATIONS HEREUNDER. PROFESSIONAL AGREES TO INDEMNIFY AND SAVE HARMLESS CLIENT FROM AND AGAINST ANY AND ALL LIABILITIES, DAMAGES, CLAIMS, SUITS, COSTS (INCLUDING COURT COSTS, ATTORNEYS' FEES AND COSTS OF INVESTIGATION) AND ACTIONS OF ANY KIND BY REASON OF INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO OR LOSS OF PROPERTY TO THE EXTENT CAUSED BY THE PROFESSIONAL'S NEGLIGENT PERFORMANCE OF SERVICES UNDER THIS AGREEMENT OR BY REASON OF ANY NEGLIGENT ACT OR OMISSION ON THE PART OF PROFESSIONAL, ITS OFFICERS, DIRECTORS, SERVANTS, EMPLOYEES, REPRESENTATIVES, CONSULTANTS, LICENSEES, SUCCESSORS OR PERMITTED ASSIGNS (EXCEPT WHEN SUCH LIABILITY, CLAIMS, SUITS, COSTS, INJURIES, DEATHS OR DAMAGES ARISE FROM OR ARE ATTRIBUTED TO NEGLIGENCE OF THE CLIENT, IN WHOLE OR IN PART, IN WHICH CASE PROFESSIONAL SHALL INDEMNIFY CLIENT ONLY TO THE EXTENT OR PROPORTION OF NEGLIGENCE ATTRIBUTED TO PROFESSIONAL AS DETERMINED BY A COURT OR OTHER FORUM OF COMPETENT JURISDICTION). THE PROFESSIONAL'S OBLIGATIONS UNDER THIS SECTION SHALL NOT BE LIMITED TO THE LIMITS OF COVERAGE OF INSURANCE MAINTAINED OR

REQUIRED TO BE MAINTAINED BY PROFESSIONAL UNDER THIS AGREEMENT.
THIS PROVISION SHALL SURVIVE THE TERMINATION OF THIS AGREEMENT.

6.11 Counterparts. This Agreement may be executed by the Parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of any number of copies hereof each signed by less than all, but together signed by all of the Parties hereto.

6.12 Exhibits. The exhibits attached hereto are incorporated herein and made a part hereof for all purposes.

[Signature Page to Follow]

EXECUTED this _____ day of _____, 2020.

Watauga Economic Development Corporation

By: _____

Name: _____

Title: _____

EXECUTED this _____ day of _____, 2020.

The Retail Coach, LLC

By:  _____

Name: Aaron Farmer

Title: President

EXHIBIT “A”
Scope of Services

October 2020



Comprehensive Retail Recruitment & Development Plan - Year 2

PROPOSAL FOR: Watauga EDC

PREPARED BY: Aaron Farmer
President

The Retail Coach, LLC

Ph. 662.844.2155

Fx. 662.844.2738

Analyzing The Market (2021 Update)

Custom Retail Trade Areas

The Retail Trade Area (RTA) is the foundation of the retail recruitment strategy, and its accuracy is critical. The Retail Trade Area is the geographical area from which a community's retailers derive a majority of their business.

To best confirm a community's Retail Trade Area, we will execute the following strategic steps:

Mobile Data for Location Decisions

The Retail Coach will utilize mobile location technology that analyzes location and behavioral data collected from mobile devices to determine consumer visits to **Watauga**. This high-confidence data is used to verify Retail Trade Areas and validate retail site selection decisions.

Retail Trade Area Mapping

The Retail Coach will delineate a boundary map of the Retail Trade Area using mobile data collected.

Demographic Profiling

A community must be able to instantaneously provide information and data sets sought by retailers during the site selection and site evaluation process. The data must be accurate, current, and readily available.

The Retail Coach will create comprehensive **2010** Census, **2020**, **2021** and **2025** demographic profiles for the Retail Trade Area and **each** community. The profile includes population and projected population growth, ethnicities, average and median household incomes, median age, households and household growth, and educational attainment.

Psychographic Profiling

As retail site selection has evolved from an art to a science, psychographic lifestyle segmentation has become an essential element of retailers' preferred location criteria. Understanding a consumer's propensity to purchase certain retail goods and services—as well as specific retail brands—is valuable to national, regional, and independent retailers.

Based on the market segmentation system developed by ESRI, The Retail Coach will develop a Tapestry Segmentation profile of the households in the Retail Trade Area. This is done by using the most advanced socioeconomic and demographic data to measure consumer attitudes, values, lifestyles, and purchasing behaviors to understand the categories and brands of retailers that may be of interest.

Daytime Population

The workplace population, or daytime labor market area, is important to quick-serve and casual dining restaurants that rely heavily on lunch business.

The Retail Coach will provide an employment summary report detailing the total number of establishments, by industry, and employee counts within the designated labor market area. This report will provide insight into the "work here" population versus the "live here" population.

PHASE 2

Determining Retail Opportunities (2021 Update)

Retail Gap Analysis

A Retail Gap Analysis (RGA) will determine the level of retail demand for the designated Retail Trade Area. The analysis computes the retail potential of the Retail Trade Area and then compares it to estimated actual sales in the community. The difference is either a leakage, where consumers are traveling outside the **Watuaga** to purchase certain retail goods and services, or a surplus, where consumers are traveling from outside to **Watauga** to purchase certain retail goods and services.

The Retail Coach will perform a Retail Gap Analysis to calculate the approximate flow of retail dollars in and out of **Watauga**.

The Retail Gap Analysis will:

- Identify retail sales surpluses and leakages for more than 70 retail categories.
- Distinguish retail categories with the highest prospect for success and quantify their retail potential.

PHASE 3

Identifying Development & Redevelopment Opportunities

Identifying & Marketing Vacancies & Development/Redevelopment Sites

Retailers are interested not only in the market data on your community, but also in evaluating all available sites that fit their location preferences. A community must create and maintain a database of prime available properties along with accurate and current marketing information.

The Retail Coach will identify priority retail vacancies and development/redevelopment sites to market. Factors influencing site selection for priority sites will include:

- Existing market conditions
- Retail Trade Area population
- Traffic counts and traffic patterns
- Site-line visibility from primary & secondary traffic arteries
- Ingress/regress
- Adequate parking
- Site characteristics
- Topography
- Proximity to retail clusters

Retail Site Profiles

The Retail Coach will create a retail site profile for five identified vacancies and sites with current site-specific information, including:

- Location
- Aerial photographs
- Site plan
- Demographic profile
- Property size and dimensions
- Traffic count
- Appropriate contact information

Identifying Retailers & Developers for Recruitment

The Retail Coach has been successful in recruiting leading retail brands to our client communities for more than 17 years. Our process is driven by providing accurate and current data sets as well as site-specific information to retailers, developers, and brokers.

Identification of Retail Prospects (2021 Update)

The Retail Coach will target national and regional retail brands that are a good “fit” for **Watauga**. This means the Retail Trade Area population, disposable incomes, consumer spending habits, and education levels meet the retailers’ ideal location criteria.

The Retail Coach will review a master list with staff and work together to prepare a final target list of retailers for recruitment.

Identification of Developer Prospects (2021 Update)

Much of our recruitment success comes from establishing a network of national retail developers over the past 17 years.

Developer networking and recruitment have become key components in a community’s retail recruitment and development success. Retailers have specific property requirements based on their site location criteria. A mid-to high-tier retailer might show interest in a community; however, there may not be sufficient ready-to-lease properties matching their needs and brand requirements.

In this case it is important to illustrate the need for new development / redevelopment to developers in your market.

The Retail Coach will use its network to identify retail real estate developers active in the region for recruitment.

Marketing & Branding

To attract targeted retailers, the most critical step is providing accurate, current, and site-specific information on the community Retail Trade Area, and available sites. It is important that this marketing information positively reflects your community's attributes and brand to corporate site selectors, real estate brokers, and developers.

Retail Market Profile (2021 Update)

The Retail Coach will develop a retail market profile tailored to the specific needs of targeted retailers' essential site selection and location criteria. The profile serves as a community introduction and includes:

- Retail Trade Area Map
- Location Map
- Traffic Count Map
- Demographic Profile Summary
- Appropriate logo and contact information

Retailer Feasibility Packages (2021 Update)

The Retail Coach will create a retailer-specific feasibility package to address essential location criteria. The feasibility package includes:

- Community Overview
- Retail Site Profiles
- Location Map
- Retail Trade Area Map
- Existing Retailer Aerial Map
- Retailer Location Map
- Retail Trade Area Demographic Profile Summary
- Retail Gap Analysis Summary Table
- Retail Trade Area Psychographic Profile
- Retail Trade Area Demographic Profile
- Community Demographic Profile
- Area Traffic Generators
- Appropriate logo and contact information

Marketing & Branding (Cont.)

Real Estate Developer Opportunity Package

The Retail Coach will create a Developer Opportunity Package to highlight the need for development / redevelopment. This will include:

- Community Overview
- Location Map
- Retail Trade Area
- Demographic Trends
- Aerial Imagery
- Traffic Counts
- Site-line visibility from major and secondary traffic arteries
- Ingress/egress for primary and secondary traffic arteries
- Median cuts or possibilities
- Traffic signal existence or possibilities
- Site characteristics and topography
- Appropriate Zoning
- Area Retail
- Residential clustering and support
- Proximity to “anchor” retailers
- Top Employers
- Workplace Population
- Potential retail tenants

Online Retail Dashboard & Interactive Map (New look for 2021!)

The Retail Coach will create an online community dashboard, which can be embedded for visual presentation and easy downloading of marketing information and data sets.

Site Mapping

As an accredited ESRI Partner, The Retail Coach is able to create a Retail360® Community Retail Dashboard for **Watauga**. The dashboard provides easy access to the data reports and Retail Site Profiles on specific vacancies, development/ redevelopment sites identified. Considering retail site selectors do much of their research while in hotel rooms and in airports, a GIS platform that streamlines sites and data into one interactive and centralized location is a powerful tool.

Data can be presented by demographic, socioeconomic, psychographic, and retail spending layers that are detailed down to the block level to meet the needs of each individual user - whether that be a real estate broker, site selector, developer, or even a local entrepreneur. Additionally, this platform can be hosted as a stand-alone application on your iPad or embedded within your community’s website for “touch of a button” access to important economic indicators such as: median household income, population density, population growth, psychographic lifestyle segmentation, ethnicity, median home value, and median age.

Recruiting Retailers & Developers

Recruitment of Retailers

Founded in 2000, The Retail Coach was the first national retail recruitment firm to introduce retailer and developer recruitment specifically for communities. The recruitment of retailers remains one of the primary metrics of success. Today, our experience has proved a community must move beyond data and proactively recruit retail.

The retailer recruitment process includes the following steps:

- Introductory emails and retail market profiles are sent to each targeted retailer.
- Personal telephone calls are placed to measure interest level.
- Personal emails and retailer feasibility packages are sent to each targeted retailer.
- Personal emails and retail site profiles for prime sites are sent to the appropriate targeted retailer.
- Personal emails are sent to inform targeted retailers of significant market changes.
- A retailer status report is provided with each retailer's complete contact information and comments resulting from recruitment activities.
- Personal emails are sent to decision makers once per quarter to continue to seek responses regarding their interest level.

Recruitment of Developers

Much of our recruitment success comes from establishing a network of national retail developers over the past 17 years.

Developer networking and developer recruitment have become key components in a community's retail recruitment and development success. Retailers have specific property requirements based on their site location criteria. A mid to high-tier retailer might show interest in a community; however, there may not be sufficient ready-to-lease properties matching their needs and brand requirements. Relationships with developers are important in these situations to capitalize on retailer interest and opportunity.

Our developer recruitment process includes the following steps:

- Introductory emails and opportunity packages are sent to developers.
- Personal telephone calls are placed to measure interest level.
- Personal emails are sent to inform developers of the status of interested retailers and any significant market changes.

A developer status report is provided with each developer's complete contact information and comments resulting from recruitment activities.

Retail Conference Representation

The Retail Coach will assist in marketing **Watauga** and its retail vacancies and real estate sites to retailers and real estate sites to retailers, developers, and brokers at retail industry conferences, including:

- ICSC Ft. Worth
- ICSC RECON
- And other regional conferences

Coaching & Ongoing Support

Coaching

The Retail Coach will partner with **Watauga** on a long-term basis and be available when you have questions, new ideas, or need access to GIS mapping and current data and statistics. We are also available if **Watauga** needs to brainstorm opportunities as the community grows and develops.

Timeline & Pricing



REPORTING

The Retail Coach will provide written or electronic project updates on a monthly basis.



PROJECT TIMELINE

The Retail Coach is available to begin work immediately upon agreement of terms with a project duration of 12 months.



Project Pricing

Work Fees

The total fee for completion of this work is **\$25,000**, payable in three installments:

- a) **\$12,500** upon execution of the agreement;
- b) **\$12,500** at 90 business days following execution of contract.

Reimbursable Project Expenses

It is estimated that reimbursable expenses will be approximately **\$500** Reimbursable expenses include:

- a) All travel costs;
- b) Cost of special renderings and maps, if any;
- c) Cost of copies for reports and maps/drawings; and
- d) Cost of shipping expenses, if any.

Project expenses are payable within 30 days after receipt of the expense invoice. The Retail Coach will provide a digital copy of the deliverables.

Optional Contract Extensions

Because we believe retail recruitment is an ongoing process, and not an event, we offer the ability to extend the project agreement for up to two additional years. Your agreement can be extended at any time to ensure you have the tools, resources, and support you need to successfully recruit retailers.

Year 3

Contract Extension

\$25,000

Extends your agreement by an additional 12 months. During that 12 month period, you will continue to receive the following:

- Ongoing Recruitment of Retailers and Developers
- Coaching and Support from the The Retail Coach Team
- Designated Point of Contact for Recruitment and Data Needs
- Access to GIS Mapping and Data Resources



PLEASE CONTACT:

Aaron Farmer
Senior Vice President
662-231-0608

**BETTER RETAIL.
BETTER COMMUNITIES.**

