ECONOMIC DEVELOPMENT WORKPLAN

FISCAL YEAR 2018

"Without the sense of caring, there can be no sense of community..."

- Anthony J. D'Angelo

DOUBLE TREE BY HILTON

Phoenix Hospitality Group

Inside:

- Guiding Principles
- Key Partners
- Introduction
- Roadways and Mobility
- Planning and Strategy
- CVB and Special Projects
- BKCEDC Partnership
- Appendices

[1] - According to the Salmon Valley Business & Innovation Center

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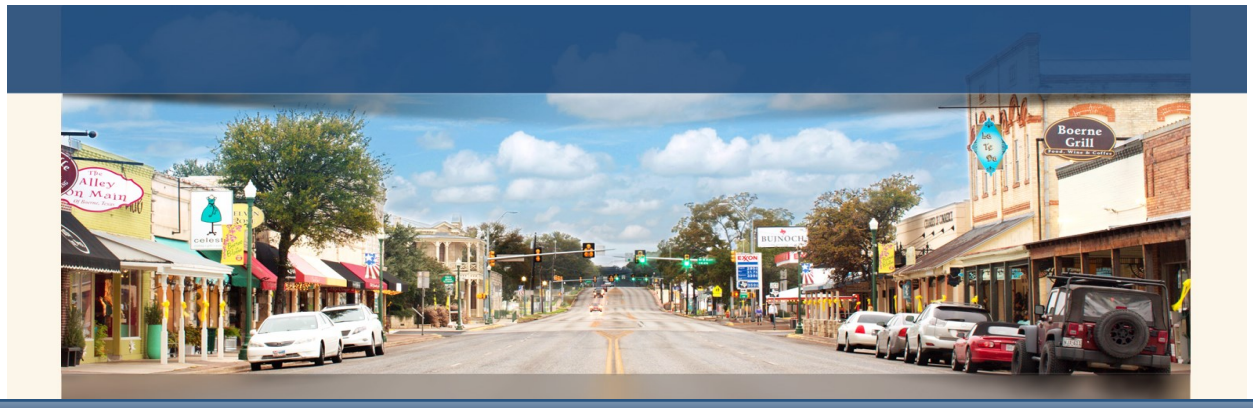
"When nothing seems to help, I go look at a stonecutter hammering away at his rock, perhaps a hundred times without as much as a crack showing in it. Yet at the hundred and first blow it will split in two, and I know it was not that blow that did it, but all that had gone before."

~ Jacob Riis' Stonecutter Credo ~



Main Street ~ Boerne, Texas

Guiding Principles

When setting our goals each year we seek to maintain the character and overall unique feel of Boerne. Growth is a concern for our citizens, including the types and locations of the developments that are coming to our area. Goals that will continue to be top priority include the following:

⇒ Seek and encourage quality economic development to include financial growth and quality of life balanced projects which preserve or enhance the character, natural resources, destination drivers, and identity of Boerne

⇒ Increase sales tax, hotel/motel tax, and ad valorem tax revenues with a focus on the balance of commercial versus residential tax base

⇒ Increase utility revenues and margins with a focus on adding wastewater treatment customers, growing gas system customer base and sales, utilizing the reclaimed water utility to achieve water system efficiencies to expand and maximize the city's water resources, and focus on in-fill development for overall efficiency and financial stability of the electric system

⇒ Use return on investment (ROI) based analysis on implementation of the City's Economic Development Guidelines and 380 Agreement proposals

⇒ Seek business development, retention, and expansion that meets the needs of the community, decreases sales tax leakage, and compliments current businesses with a special focus on the Downtown/Hill Country Mile area

⇒ Seek development opportunities in the City's north side

⇒ Seek home inventory diversity which covers an array of community needs with a focus on addressing affordable/workforce housing

⇒ Seek development in identified target group and seek projects which include high quality jobs

⇒ Coordinate economic development efforts with the Boerne-Kendall County Economic Development Corporation (BKCEDC) to best leverage the knowledge, skills and abilities of the economic development staff at each organization

⇒ Utilize Boerne assets for leveraging targeted development - Quality of life, highly rated school system, proximity to San Antonio, and access to high speed, fiber internet services

⇒ Retain and/or improve quality of life and unique community identity during periods of rapid growth

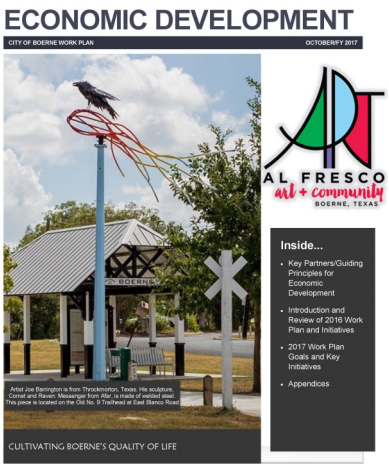
Key Partners

The City works closely with numerous entities to strategically plan for the growth in our area. These partners include the Boerne Kendall County Economic Development Corporation, Kendall County, Boerne Independent School District, Greater Boerne Chamber of Commerce, Texas Department of Transportation, Alamo Area Metropolitan Planning Organization, CPS Energy, GVTC Communications, Guadalupe Blanco River Authority, San Antonio River Authority and San Antonio Water Systems. Our relationships with the organizations are vital in planning for a successful future.

INTRODUCTION

The Fiscal Year 2018 City of Boerne Economic Development Workplan is the sixth plan created to provide a guide for the economic development efforts of the city for the coming 12-month period. Significant progress was made on all the goals and initiatives set forth in the 2017 Workplan and from prior plans as well. Most of the major activities and projects undertaken in any given year toward quality economic development outcomes are relative to initiatives that span far more than any one fiscal year, except for achieving specific measurable targets such as making ten BRE site visits over the course of the year, or increasing the gas utility system customer count. With the announcements of a new Medical Office Building and Ambulatory Surgical Center, a $25m Doubletree Hotel- Conference Center, completion of and acceptance by the city of the new Herff Road extension through SoBo, the start of the Scenic Loop Road/IH 10 expansion project and the acquisition of property to build the Herff Road extension and bridge through SoBo, 2017 clearly ranks as the best year ever for progress in achieving the city's and BKCEDC's economic development goals.

Economic Development and Growth


ECONOMIC DEVELOPMENT

CITY OF BOERNE WORK PLAN OCTOBER/FY 2017

AL FRESCO art + community BOERNE, TEXAS

Inside...
- Key Partners/Guiding Principles for Economic Development
- Introduction and Review of 2016 Work Plan and Initiatives
- 2017 Work Plan Goals and Key Initiatives
- Appendices

Artist Joe Barrington is from Throckmorton, Texas. His sculpture, Corvel and Raven: Messenger from Afar, is made of welded steel. This piece is located on the Old No. 9 Trailhead at East Blanco Road.

CULTIVATING BOERNE'S QUALITY OF LIFE

Economic development is defined as "efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base." 1 With the growth Boerne is experiencing currently and is expected to continue to experience, it is an ongoing challenge to achieve a balance between the competing needs and desires of the community and also maintain our historic charm. Achieving this balance is something the City maintains as a high priority. As we create our sixth economic development work plan our focus remains on managing the growth that is destined to come while retaining, or improving the quality of life we all enjoy and have come to expect. In this work plan we will review the accomplishments over the last fiscal year and lay out the goals and initiatives for the upcoming year.

SoBo Development Area – Dubbed "Project 500" by the EDC in 2009 following the Buxton study that pointed out the magnitude of sales tax leakage to the San Antonio/Rim area, the "500" referred to the estimation that the area we now call SoBo could accommodate as much as 500,000 sf of retail space.

The Catalyst and Gateway study and initiative in 2015-16 created the template for us to work with four distinct property owners to persuade them to think of the area as one development. The ultimate goal was and still is to encourage complementary projects and have the developers recognize that there is positive synergy between the properties to accommodate retail, living spaces, restaurants and entertainment in the city's first attempt at a true mixed use development.

The first property to develop in the area was Franklin Park in 2015-16 on the former Calder site providing a high-end spectrum of senior living options. In 2018 we look for additional complimentary housing options next to this location and restaurant additions in the same development. In 2017, the HB Subdivision owned by LFP Ventures, LP has seen extensive development following completion of the utility and roadway infrastructure which included the developer building the middle section of what will be an extension of the new Herff Road from Main Street to Christus Parkway.

In addition to being an important roadway connector providing options for accessing Main Street or Hwy 46 via the new Herff Road from IH 10, the roadway will also act as a catalyst for economic development opportunities. This is also the case for the Herff Road improvements made by Kendall County and several developments have recently been proposed. In the last 12 months, the LFP Ventures property has seen several pad sites sold and construction begin, including two of the primary targets from many of our prior workplans: a 50,000 sf Medical Office Building with

an ambulatory surgical center and a $25M Hotel Conference Center with 7,000 sf of flexible meeting space. The SoBo area is poised for significant additional projects starting up in 2018.

Major Roadway Improvements – Throughout the prior 5-year economic development planning period the importance of roadway improvements in key areas has been a consistent theme. In 2017 Herff Road was accepted by the city and the developer built a significant part of the Herff Road connection between Main Street and Christus Parkway within the HB Subdivision. In order to complete the Herff extension, the city acquired property from Christus Santa Rosa following over a year of negotiations and construction of the bridge segment there has begun. An agreement in principal has been reached with Larry Lester and two other entities to purchase the property needed to make the southerly connection and extension of Herff Road to Christus Parkway and the City Council approved funding for both projects from tax notes totaling $1.9M.

In 2016 TxDOT awarded the bid and began construction of the $11M Scenic Loop/IH 10 overpass expansion project and construction continued in 2017. The project is on schedule for completion in 2018 and will help alleviate traffic issues in the most congested roadways in Boerne: Scenic Loop, IH 10 Frontage, Cascade Caverns, and Old San Antonio. 380 Agreements from prior years with Southglen, Regent Park and Vantage will provide some funding for additional improvements in the area which will be determined once the TxDOT project is complete and new traffic patterns are established. After years of delays, the IH 10 Frontage Road Project was restarted in 2017 and a new exit ramp has been completed. The project is expected to conclude sometime in 2018.

Gas/Sewer/Reclaimed Water Customer Growth – In order to minimize rate increases due to the need to build a state of the art Wastewater Treatment and Recycling Center, the city made it a priority to encourage growth that would both add to customer base and contribute to the production of Type I reclaimed water which could then be sold to customers in Esperanza and Regent Park, thus increasing the customer count for the new Reclaimed Water utility. Similarly, following years of maintaining a level customer count of about 1,000 in the Gas Utility, the city made it a priority to grow that system to ensure that it could be self-sustaining in the near term (5-10 years) and grow to be a significant contributor to both the utility systems operations as well as to the general fund through franchise fee payments. The graphs and information on page 16 show the results of that focus with the Gas utility growing by 52% in the last 7 years, the Reclaimed Water customer count going from 0 to 167, and sewer customer count growing by 26 %.

Collaboration with Business Retention and Expansion (BRE) Site Visits – Following a few years of inconsistent attempts to create our own Key Accounts program, the city partnered with the BKCEDC in 2015 for a more formalized BRE program. The result was to combine visits for the city's key utility customers and tax payers with targeted meetings with large employers and companies with opportunity for expansion or who might be considering leaving our community. This true effort at business retention and expansion is coordinated by the BKCEDC and can involve other community entities such as the Boerne Chamber of Commerce, the BISD and Kendall County as well as involving BKCEDC board members. 2018 will mark the third year of having a consistent, measured and effective BRE Program between the city's economic development team and the BKCEDC staff.

Sales Tax Growth – Like the focus on growth of specific utilities, the city has also attempted to emphasize growth in both sales tax and ad valorem taxes from commercial and retail development. With the large number of housing starts each year, it is not possible for Boerne to significantly shift the balance of

residential and nonresidential total overall values on the tax rolls. It is possible, however, to work toward increasing the nonresidential tax base and the city's intake from sales tax and hotel-motel taxes to alleviate, to the degree it is possible to do so, the need for ad valorem tax increases.

The graphs and statistics on page 16 indicate our success in growing sales tax in particular over the 5-year period. Beginning in fiscal year 2010-11 the city received $4.4M in sales tax. In the 5-year period ending in FY 2016, the total sales tax received by the city went up by $2.2M to a total of $6.6M; a 50% increase in that period of time. The total sales tax for 2017 will be about the same as 2016 due to the extraordinary increase in collections as a result of major storm events in 2016. It is a tribute to our growth in other sales tax collections that the result from 2016 to 2017 was not negative. Adding 2017 to the 5-year calculation still shows a 50% increase in annual sales tax collected of $2.2M per year for an average year over year increase of more than 8%.

Medical Facilities – Prior workplans mentioned the desire of the Boerne community for additional medical facilities up to and including a hospital. Staff research and site visits to Peterson Regional Medical and Hill Country Memorial (HCM) hospitals indicated that the city would not likely warrant a full hospital in the near future due to its proximity to their hospitals in Kerrville and Fredericksburg as well as being just 25 miles from the Medical Center in San Antonio.

In the last few years, however, both Peterson and HCM have brought medical offices to Boerne and in 2017, a 380 Agreement was approved by the City Council that will facilitate development of a 50,000 sf Medical Office Building (MOB) and Ambulatory Surgical Center in SoBo. The facility is being developed by Palomar Development Group and will break ground in the near future, with forecasted completion in late 2018 or early 2019. This facility will change the medical community landscape in Boerne and staff anticipates another MOB could soon be developed nearby.

Hotel/Conference Center – Following ten years of discussion with various potential developers, in 2017 the city entered into a 380 Agreement with the Phoenix Hospitality Group to bring a Hotel/Conference Center to Boerne, once again, in the SoBo area on the HB Subdivision site owned by Ross Partlow. The 127 room facility will include 7,500 sf of flexible meeting space and will be designed specifically to reflect the unique qualities of Boerne and the Hill Country.

Providing for conference facilities, a full-service restaurant and hotel amenities that do not exist in Boerne today, it is anticipated that the addition will be additive to existing hotel-motel taxes and will in fact provide for additional occupancy at other hotels in the city as overflow from the conference uses including higher occupancies during off peak times. Like the MOB with ambulatory surgical center, this "4 Star" facility will be a game changer for the Boerne hospitality market. It is anticipated that it will set the stage for other similar facilities to follow suit in the coming years and for complimentary services such as restaurants and entertainment venues to be developed nearby meeting the mixed-use goals for the SoBo area.

Staff looks forward to another exciting and challenging year of evolution and thoughtful growth for the Boerne community balancing our goals for needed economic development with being good stewards of our natural resources and improving quality of life.

Jeff Thompson

Deputy City Manager and Director of Economic Development

Roadways and Mobility

As the City grows, community development projects related to construction and improvement of roadways continue to be a priority for long term economic development. Several projects saw important gains over the prior year. The IH 10 Frontage Road and SoBo connector road remain top priorities moving forward as development in the SoBo area is primed to take off.

Scenic Loop/IH10 Expansion and Improvements

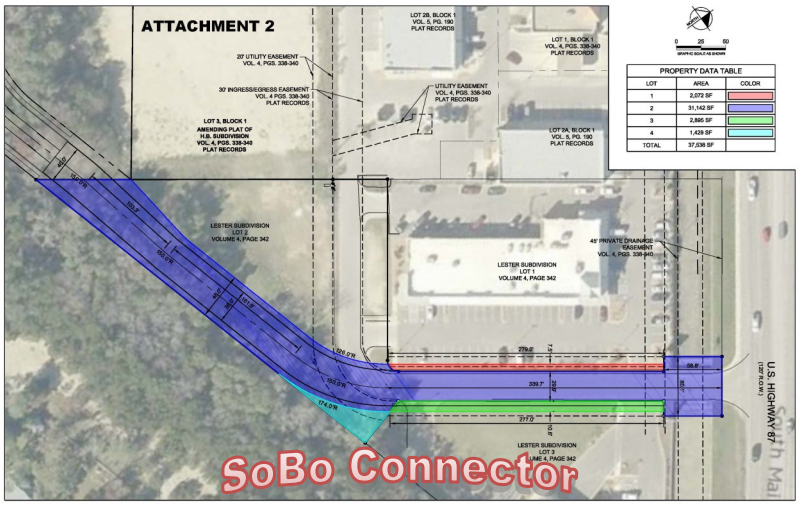
Thanks to coordination of City and County funding with the Texas Department of Transportation (TxDOT) in 2016, this project continues to move forward and still maintains a scheduled completion timeframe of mid to late 2018. The mobility aspects of the project and its importance are clear, but the project also will open several developable lots in the immediate vicinity on Old San Antonio, Scenic Loop, and Cascade Caverns Roads.

IH10 Frontage Road

Late July 2017 saw the partial completion of the Frontage Road and a new IH 10 exit opened. This project is expected to continue toward completion in 2018. TxDOT continues moving forward with other projects on IH10 tied to this area.

SoBo Connector Road

The City continues to work on land and right-of-way acquisition in order to construct the extension of Herff Road from Main Street to Christus Parkway. The bridge segment has been bid out and City Council awarded a construction contract for $949,585.00 in July of 2017. The City has been negotiating a land purchase and right-of-way agreement with land owners near the intersection of Herff Road and Main Street. The City has also moved forward funding, via a tax note, of approximately $2M in August of 2017 to fund both segments of this project.



Old San Antonio Road/Cascade Caverns Road

This area continues to see traffic increases and remains the top priority for the City moving forward. The mobility studies completed in 2016 that indicated potential alternatives, project phasing, drainage issues and costs estimates remain as important reference material as the City studies different approaches to foster improvements in the area. There has been City Council discussion relating to ways to appropriate funding and timeline for improvements in the area, though staff has advised that it would be prudent to wait for the Scenic Loop Road project to be completed and determine the effects of the new Herff Road project before moving forward.

Highway 46 Improvements - Esser to Ammann Road

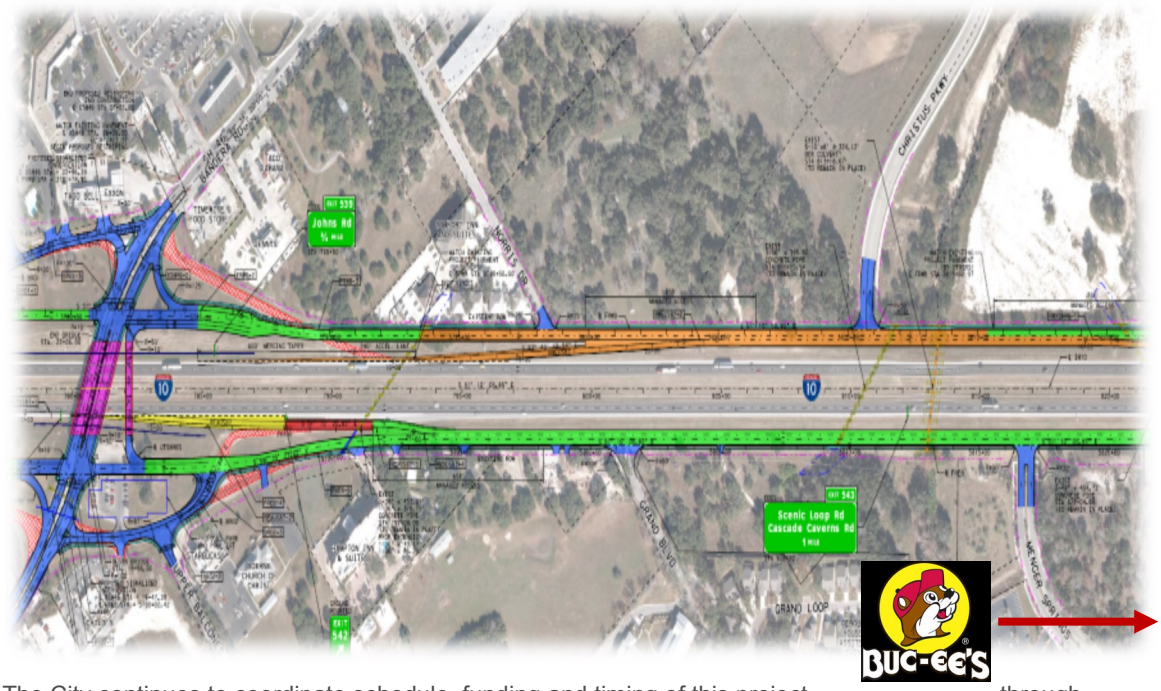
This $11M project, which has been approved by TxDOT, has faced significant delays as the City tries to determine how to fund $1.75M worth of utility relocations so that this project can move forward. TxDOT has agreed to alter the Advanced Funding Agreement to allow use of the City and County funding ($980,000) toward the utility relocations.

Kendall Parkway

In 2016 the City and Kendall County requested TxDOT re-initiate the Highway 46 East to IH 10 mobility connector road. This project, which had been dormant for 10 years, was to study and propose alternate routes for the roadway which would alleviate truck and transit traffic from using Herff Road or Highway 46 through downtown. Brown & Gay Engineers have been hired by TxDOT to coordinate the project, and it continues to move forward this year. Both the Planning and Public Works directors for the City of Boerne have been actively involved in attending meetings and providing valuable input for the project.

IH10/Highway 46 Overpass and Frontage Road and North Main/Highway 87 Overpass

TxDOT has combined what was once two separate projects into one very large ($60M) project that will see a major expansion and change in the access roads, the interstate and bridges at the aforementioned locations.

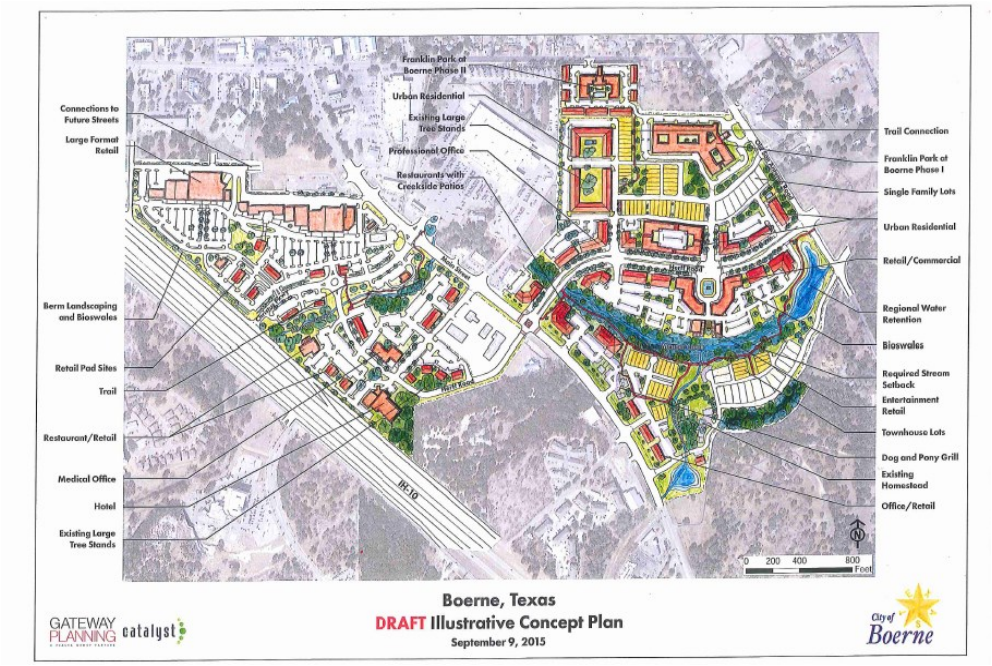


The City continues to coordinate schedule, funding and timing of this project through TxDOT. The Highway 87 overpass project will include realignment of the Frontage Road in the area that the Boerne Buc-ee's will be built. It is possible these projects would be completed in 2019-20.

South Boerne (SoBo)

As development moves forward all across the City, South Boerne (SoBo) has begun to truly take shape. The City was able to work with Gateway Planning to formulate and implement design standards specific to SoBo through the use of an Overlay District in March of 2017. Shortly after the Overlay District was implemented, LFP Ventures, L.P., acting as the catalyst for the development on the western side, worked with the city to bring in a new medical office building as well as a hotel/conference center in 2017. These developments will serve as anchors tenants for economic development in the area.

The City worked extensively and came to an agreement with Boerne Palomar, LLC to bring to SoBo a three story, 50,000 square foot medical office building and ambulatory surgical center and emergency room. This facility, along with the OBGYN clinic under construction and potential medical office building on the Christus site, will effectively address the need Boerne currently has for medical facilities.



The City of Boerne also worked with LFP Ventures, L.P. to bring to the western SoBo site a new full service DoubleTree by Hilton hotel product. This four floor, 127 room facility will be approximately 94,000 square feet and contain about 7,500 square feet of much needed conference center space as well as a full service restaurant. This facility is expected to be a major anchor in the area and help drive future development of pad sites located in western SoBo. This facility will help to attract larger conferences and opens up the city to new revenue streams that were limited in the past due in large part to lack of conference center meeting space.

The Christus site has publicly presented plans for a medical office facility as well that, along with the completion of the IH 10 frontage road, should drive development of the northern section of SoBo. It is anticipated that this facility will help to anchor future retail and restaurant pad sites in the area and bring a diverse selection of shopping venues totaling about 300,000 sf at full build out. It is expected that the Catalyst/Gateway Planning Concept Plan for a thoughtful and cohesive approach to development in SoBo will be further utilized by developers and future prospects in the area.

To this point, the developers of the Calder site, located in eastern SoBo have been working toward making the vision put forth by the Catalyst/Gateway Planning Concept Plan a reality. Although still in the planning stages, the Calder site presents itself as an exciting addition into the quickly developing SoBo area. Along with the Franklin Assisted Living Facility which opened in 2017, these projects should set the stage for the mixed use of retail, housing, dining, and entertainment in the area and further development along Herff Road and South Main Street.

North Main and Highway 87 Development

The City continues to strive to encourage development on Boerne's north side. As part of this initiative, the City has been exploring the plausibility and costs of continuing sidewalks, street lighting, banners and a possible extension of the Old No. 9 trail. With the proposed construction of a new 45,000 square foot City Hall facility and renovations occurring all along various North Main Street sites, these community development initiatives help attract new businesses and possible redevelopment along North Main Street. There are renovations currently underway for the existing strip center located on North Main

Sewer/Gas Extension - North Business Park

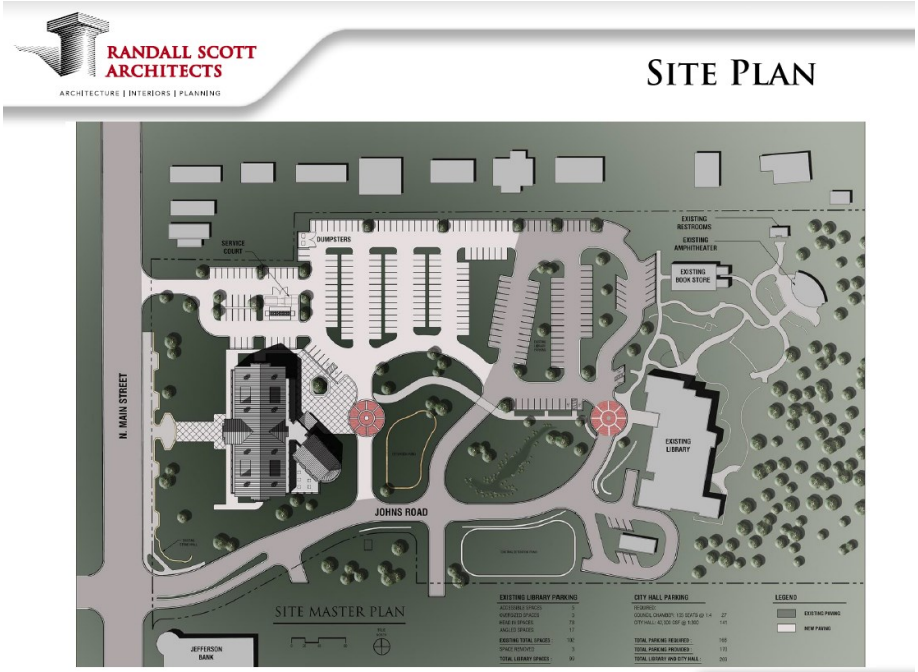
The existing industrial park continues to be a particular area of emphasis. As addressed in the 2017 Economic Development Work Plan, bringing wastewater treatment and other utility services to the area is challenging as the costs to do so far outweigh any return on investment based return to the City. The City has moved to address this issue however, and utilized grant funding to install sewer mains in 2016-17. Negotiations with Bandera Electric Cooperative and Kendall West Utilities took place in 2017 to explore different utility service options for the upper northwest area of Boerne. These negotiations have already produced beneficial development results and have provided water and electric services for the new Durango Subdivision and The Overlook at Boerne townhome development. The City will still benefit from utility franchise fees from sales and electricity and water and will meet the goal of growing customer base for both gas and wastewater utilities for which the City will be the provider. The second phase of the TDA project that took the sewer main from Commerce Avenue to Trade Avenue and down Market Avenue to the site of the Texas Star Nut and Food Company was completed with final acceptance in January of 2017. This project has helped to allow adjacent lots and other existing businesses to tie in to new services and will accommodate future additions and expansions. Texas Star Nut and Food Company looks to take advantage of these new utilities and has purchased property for expansion and future development of possible new pad sites for retail and light manufacturing opportunities. There are also other large tracts for sale that have great potential for future development that the City can now provide services to.

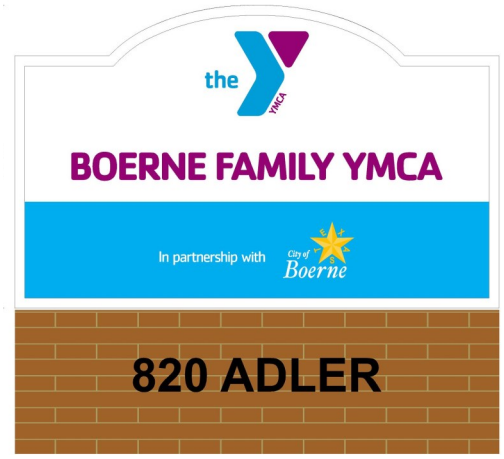
The approximate 170 unit apartment project located off North Main Street and Shooting Club Road is now under consideration the coming year. The project may also be the first to utilize the City's new Public Facility Corporation to access TDHCA 4% bond funding and help provide for additional housing inventory on the north side. This project is targeted at residents aged 55+ and would use funding from the Texas Department of Housing and Community Affairs to provide apartment rents as much as 40% below market rates. The addition of another high quality apartment project along with the other residential developments proposed on the City's north side should help to garner new retail development in the area as well as bolster the areas identity as a new and distinctive

With time comes growth...

district within Boerne. The City has provided a resolution of support for this project and continues to try to help facilitate this valuable project in the hopes of such an outcome.

The City's Civic Campus continues to be made ready for the construction of a new City Hall. This proposed 45,000 square foot facility has been planned for this site since the City acquired the property in 2006 with a number of feasibility studies along the way culminating in the hiring of Randall Scott Architects from Dallas to perform an updated space needs assessment. Following a series of public input forums, the City Council retained Randall Scott Architects and the project began moving forward. In September of 2016, City Council approved a resolution authorizing the City Manager to negotiate a contract for project management services. Michael Dean, LLC was awarded this contract and Lee Lewis Contractors was awarded the contract for construction manager at risk services.





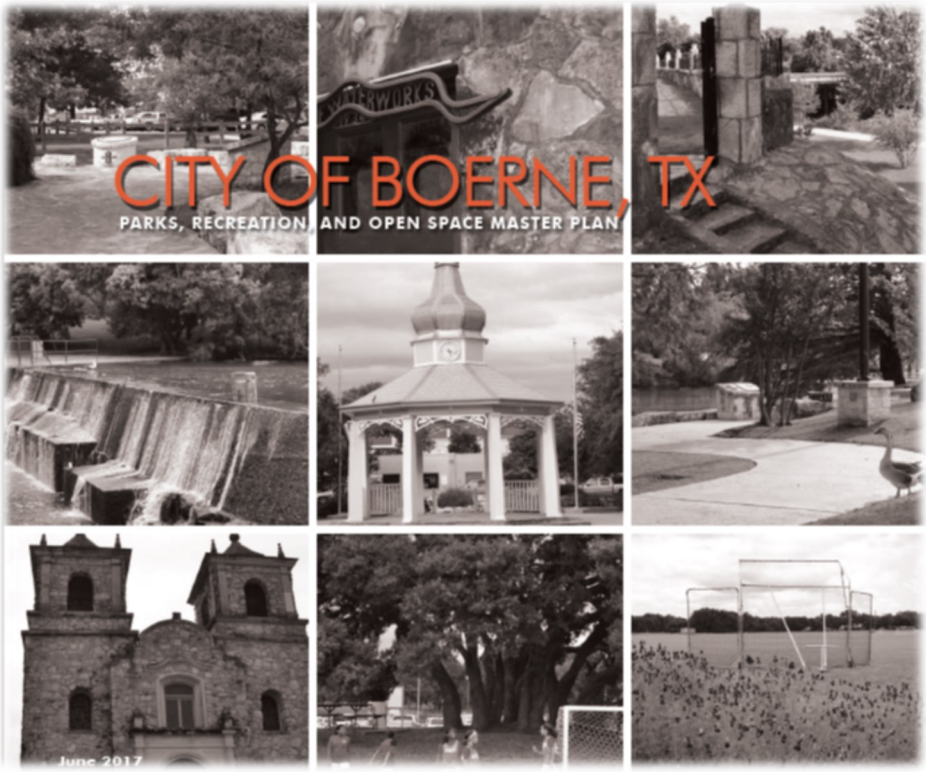
In August, tax notes were issued providing $20.1M in funding for the project which is expected to break ground in early 2018 for completion in late summer of 2019.

Other initiatives and developments have occurred which will improve the development viability on the north side of Boerne.

Planning and Strategy

Parks Master Plan

The Parks Department initiated the process of updating the 2012 Parks Master Plan in 2017. The focus of the plan was to evaluate existing parks and recreation facilities to determine opportunities for improvements and additions, such as identifying new park and facility opportunities to support the recreation needs of Boerne residents. Burditt Consultants, LLC was engaged by the City of Boerne to update the Parks and Recreation Master Plan to address current and future recreation needs. Through this process, the consultant points out the need to enhance and support overall community development goals, emphasizing specifically the relationship between economic development and the need to "preserve and enhance the character, natural resources, destination drivers, and identity of Boerne." Priority areas such as Downtown and the Hill Country Mile, as well as programs such as City Trail Improvements and the Public Art, Dickens on Main, and the Weihnachts Parade, each serve a purpose in supporting the overall goal of economic development and quality of life.



Specific plan goals include:

Strategic Goal 1:

Provide the highest quality parks and recreational facilities and services while also maintaining high quality maintenance standards.

Strategic Goal 2:

Continue to enhance the system of parks, recreation facilities, recreation services, and open space while ensuring that there is sufficient park and recreation facilities to meet the needs of citizens who reside within the City of Boerne service area and continue to offer recreational programs and special events to meet the community needs and desires.

Strategic Goal 3:

Continue to develop pedestrian/bikeway trails and greenbelts to connect park and residential areas. This will include acquiring adequate funding for greenway development from various sources.

City of Boerne Master Plan

In 2017, the City engaged in efforts to update the 2006 City of Boerne Master Plan. Burditt consultants, LLC was selected initially as the consultant to guide the City through this effort. The consultant began the process, engaging the community with focus groups, steering committee meetings and even a community forum. Unfortunately, due to extenuating circumstances, the City had to temporarily halt the master plan process and after careful deliberation, select a new consultant. Halff Associates, Inc. was selected to continue the Master Plan process, which began again in August of 2017. This process is expected to continue through to completion of the plan in April of 2018. The City will use this process to address updates to the Thoroughfare and Land Use Plans, both of which need updating due to the rapid rate of growth and development seen not only in Boerne, but throughout the region. The Master Plan serves as a template for guiding City growth patterns and therefore economic development projects by identifying areas where commercial and retail development are desired and fit the desires of the community and facilitate planning for roadway improvements and home development. The City looks to facilitate growth in the most expedient and efficient way possible, while still maintaining the charm and uniqueness that has set Boerne apart from other hill country communities. The updated Master Plan will become a key component in this endeavor.

Implementation of Identified Development Process Improvements

In keeping with last years' economic development work plan, the City still looks to identify and improve upon elements of the development process that are unusual and may cause unnecessary delay and errors in a typical development process. After several individual and a few joint meetings with developers, architects, engineers, and other consultants who have worked on projects in Boerne, the City has established some area for improvement and modification:

Infrastructure Construction Inspections- frequency of inspections and third party inspections

Development Plat & Building Permit Timing- developers were seeking the ability to submit infrastructure and building plans for review at the same time as well as being able to construct the two concurrently.

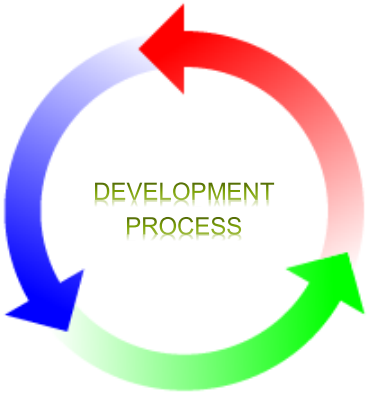
Planning and Strategy Continued

Acceptance- looking at the process of accepting "All bills paid" affidavits from the builder/developer rather than going through the longer process of the builder/developer having to submit lien releases.

Partial Performance Guarantees- the City has an "all or nothing" policy on performance guarantees. Suggestions to allow partial or reductions to guarantees were considered.

Waivers / Variances- the ability for City Staff to waive or grant variances to certain ordinance provisions was suggested.

Costs- Boerne impact fees were reported as higher than in surrounding areas and policies the City has for infrastructure create extra costs for developers.



After evaluation of current practices, the City has endeavored to make improvements to its process and as a result has been able to implement several measures to alleviate some of the above listed issues. These measures include:

- Limited acceptance of third party inspections as laid out in development agreements between the City and developer.
- A rewrite of the development plat ordinance (expected for late 2017) to address the ability to concurrently submit infrastructure and building plans for review as well as the ability to construct building and infrastructure concurrently.
- "All Bills Paid" Affidavit are now allowed as of March 2017, per a chance in the ordinance.

The City will continue to strive to improve its process and, while recognizing the desire to preserve our identity and quality of life, does not intend to create unnecessary cost and delay for the development community when it can be avoided. As such, the City will continue to analyze and evaluate its processes both internal and external. A survey is planned for 2018 to seek additional candid and hopefully actionable feedback from the development community.

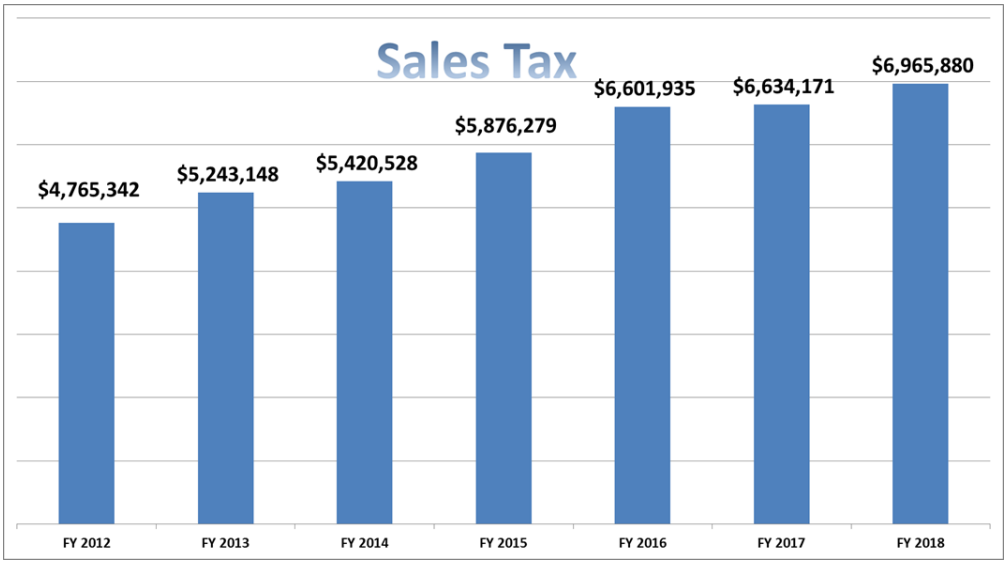
Roadway Funding

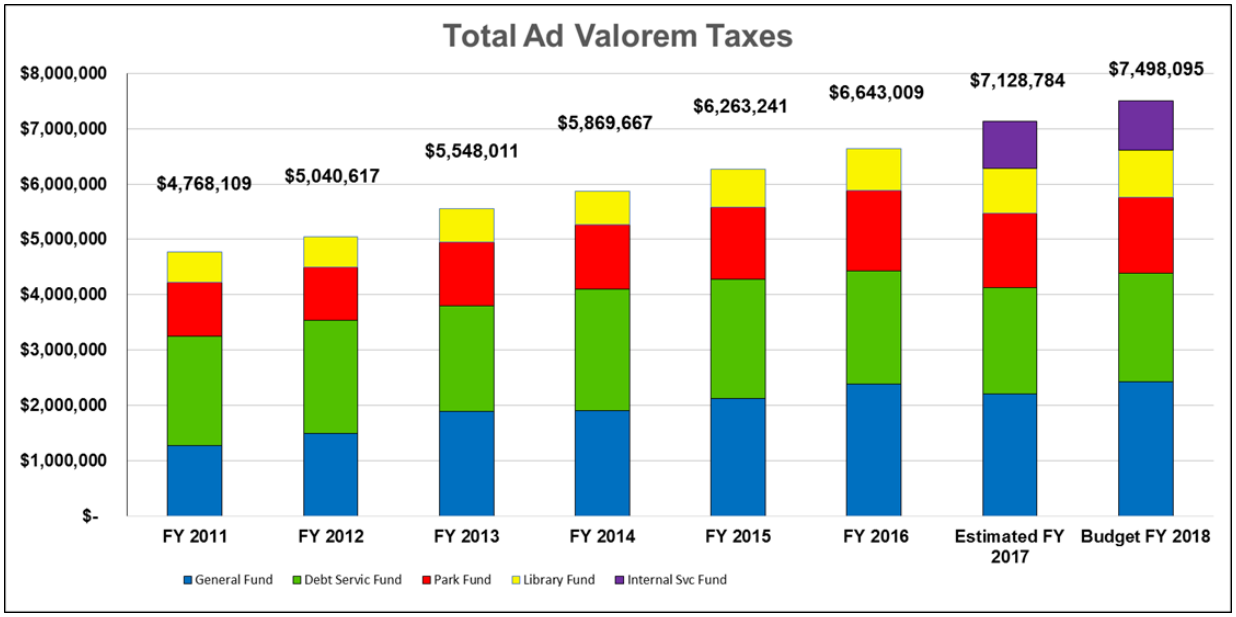
Many cities in Texas currently faced with rapid growth as Boerne is, have begun implementing Transportation Impact Fees. These fees are similar in nature to those already in place for water and sewer utilities and are designed to have new development pay for their proportional impact on the City's roadways. The State of Texas defined this process in 2005 and specifies how such fees are to be calculated and applied. The City, in its efforts to understand how to implement these fees, has hired Kimley-Horn as a consultant to engage in a proportionality study that will better allow the City to make an informed and

Revenue Enhancement/Diversity

2017 saw continued increases in customer count in water and sewer utilities, with growth in the range of 4-5%. Gas services saw a significant increase in customer count, with an increase of over 12% from the prior year. The City's new reclaimed water utility in Esperanza and Ranches at Creekside has also increased significantly. Both subdivisions have grown. There will be continued focus on sewer, reclaimed water and gas services as these three utilities are key to the economic growth of Boerne. Although each have faced funding challenger in recent years, the City is committed to a plan to grow and extend these services as the City grows.

Retail development continues to drive increases in the City's sales tax revenue, which grew by 5% last year and topped $6.5M in total collections. 2018 is expected to continue this trend, as the City will continue to focus on garnering growth in sales tax by fostering growth in retail development. This continues to be an important focus as growth in sales tax provides the City with new funds without raising Ad Valorem taxes and without incurring significant new costs.





The tourism and hospitality business in Boerne continues to be strong. Despite declines in this industry in San Antonio, Boerne continues to perform well against its competitive set in the Hill Country. While the beginning of the 3rd quarter was not as strong as anticipated, we see it rebounding and finishing well as compared to previous years. Tourism continues to play a major role in the economic health of the Boerne community.

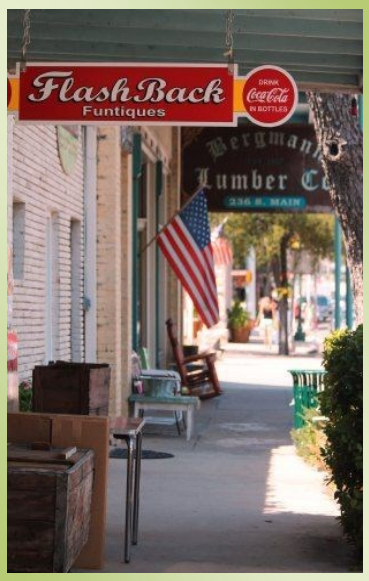
Boerne Convention and Visitors Bureau (CVB)

The big news for the CVB is the announcement of a new 127 room, Doubletree Hotel which will also have approximately 7,000 square feet of flexible meeting space. The anticipated ground breaking for the hotel will be October 2017 and a projected completion in the spring of 2019.

This new property will allow Boerne to enter into the meetings and conference market, which we have not had the opportunity to participate in due to the lack of meeting and conference space. In addition, this should allow the overall hotel average daily rate to increase due to the new market segment.

Strategies

The CVB will continue to provide services assisting hoteliers, retailers and other organizations with strategic planning, revenue and occupancy forecasting, and advertising and marketing campaigns as needed throughout the year.



The CVB will continue to market Boerne as a tourism destination and economic generator through the following:

- Advertising - Individual/Transient advertising; Group advertising; Internet advertising; Social media presence; Selective print; E-Newsletters

- Public Relations - Seek opportunities to partner with SACVB to market Boerne as a tourism destination in all market segments; Be a resource for Boerne businesses for community events/festivals by advertising and marketing those events; Build relationships with downtown merchants, hoteliers, and restaurants

- Metrics - Continue to gather and report visitor information from hotels, restaurants and businesses to the CVB Board of Directors; Provide quarterly updates and reports to City Manager and City Council

- Community Support - The CVB will continue to assist the Special Projects Department by providing support for community events, such as Dickens on Main, the Hill Country Mile, and public arts

Special Projects

Boerne's Special Projects Department plays a key role in economic development for the City. Programs along with the Hill Country Mile and art and cultural improvements also add to the City's outstanding quality of life that plays a big role in both business and retention efforts and attracting new, desirable development.

Highlights from Fiscal Year 2016/17

The second annual Art Al Fresco installation included 10 new sculptures, ribbon cutting, artist demonstrations, kids crafts and a Texas Public Radio member event. The 17th Annual Dickens on Main was another big success with plenty of new entertainment and an expanded children's craft area for this premier community event. Good weather both days assisted with larger than ever attendance. The renamed Historic District Improvement Program has been expanded to include reimbursement for additional improvements and an increase in project funding based on total project budget. This amendment to the City's economic development tool box was approved by City Council in 2017, and the first project to likely access the expanded funding is underway downtown. The Hill Country Mile has received exceptional coverage from the San Antonio Express News and recently was highlighted in 7 segments on News4 San Antonio Living highlighting the HCM. Through the efforts of the HCM's marketing consultant, the nationally recognized magazine, Country Living, listed Boerne as number 7 of 23 of the 2017 "Best Small Towns in America."

Public Art - Art Al Fresco and Municipal Public Art Collection

The City will continue to look for unique and high quality public art for the Spring 2018 debut of the third year of Art al Fresco. Additional promotional effort is underway and will continue to remind residents and guests of this annual program and the opportunity to vote for favorite selections. The annual Art al Fresco ribbon cutting will continue to be done at the Patrick Heath Public Library and Amphitheater followed by several hours of art demonstrations and activities for all ages.

Hill Country Mile (HCM) Marketing and Promotion

The successful rebranding and marketing initiative for the HCM will continue to be supported with marketing and advertising funding to promote local tourism and to entice day trippers to visit this downtown destination. The Convention and Visitors Bureau will continue to collaborate with HCM staff and PR consultant for the

selection of cost effective and appropriate media outlets including social media, Boerne's Visitors Guide, and numerous other media opportunities in target Texas metro areas.

Downtown Development - Roadways, Parking, Infill and Redevelopment

The entire length of US 87/Main Street will receive much needed attention with pavement repair, milling and asphalt overlay. The project, almost 5 miles in length at a cost of $8M, is scheduled for 2018. City staff has been identifying and pursuing possible opportunities for downtown public parking. Several surface and structured parking options will continue to be reviewed to address future demand for parking as commercial infill and redevelopment projects continue to occur or are being considered for future growth. Planning and design for the future City Hall slated for the Boerne City Campus are continuing and will dramatically bring more attention and visitors to the HCM and this civic anchor property. Staff continues to investigate options to better utilize the Lohmann St. parking lot and investigate the feasibility of utilizing the property to relocate the CVB downtown and also leveraging this property to be included in a larger downtown development project. The largest potential redevelopment tract in downtown is the three acres of BISD property fronting on Main Street is adjacent to the Lohmann Street parking lot which staff will continue to monitor should it go on the market.

Dickens on Main and Weihnachts Parade

The City will again host *Dickens on Main 2017,* the City's premier community downtown event. This year's Thanksgiving weekend event will have some new attractions and greater selection of both food and merchandise vendors. The HCM app will support the Dickens on Main event and allow for greater accessibility to program schedules and activities. Staff is planning to utilize additional marketing and social media outlets to promote tourism, shopping, and dining as we continue to improve event quality and public safety of this annual family-friendly event run by the City. The Weihnachts parade, held on the Saturday following Dickens, is a treasured community event which will have a backup date this for inclement weather conditions.

Downtown Retailers and Restauranteurs

The City will continue to work with downtown retailers and restauranteurs on special events to promote Boerne as a hill country downtown destination. HCM staff continues to collaborate with the Greater Boerne Chamber of Commerce which has revised its approach to downtown by focusing on downtown private property owners to identify and promote private/ public partnerships for downtown development and infrastructure needs. HCM and CVB staff will continue to look for opportunities to assist business owners with special event cooperative advertising and promotional opportunities.

City Trail System Improvements

BOERNE KENDALL COUNTY
ECONOMIC DEVELOPMENT CORPORATION

Boerne Kendall County Economic Development Corporation ~ City of Boerne 2017-18 Work Plan Coordination

The Boerne Kendall County Economic Development Corporation (BKCEDC) exists to strengthen our community's competitive position, facilitate investments that grow quality jobs and cultivate growth for a dynamic, resilient and livable community with a Mission: "To promote desirable economic development that will support a thriving, diverse and sustainable quality of life in Kendall County."

The BKCEDC continues to work diligently to grow additional quality economic development opportunities for our community as we recruit and attract commercial growth opportunities to Boerne/Kendall County and assist existing businesses as they grow and prosper. These efforts are closely coordinated with the City of Boerne and our partners to maximize effectiveness.

For the last decade the BKCEDC has been working to make the City of Boerne and Kendall County stronger. The BKCEDC celebrated its 10th Anniversary in 2016 and recorded a year of remarkable collaborative growth between the City of Boerne, Kendall County and the private business Investors. Recognizing that population increase and economic growth is in our future, the BKCEDC will continue to partner with the City of Boerne, Kendall County and private business Investors to create new possibilities and diversify our tax base for the benefit of the residents of Boerne and Kendall County.

The BKCEDC concentrates on growing additional quality economic development opportunities for our community as we recruit and attract commercial growth opportunities to Boerne/Kendall County and assist existing businesses to grow and prosper. We consider both commercial (non-retail) and commercial retail individual efforts which both require unique approaches and goals.

Economic development and the growth of our community is extremely complex and competitive. The BKCEDC is evaluates what is happening in the local, state, US and global markets; and marrying these considerations with what the community is interested in and what is needed to continue to build upon our diverse, thriving and vibrant community. The CEO and the Board Members are active participants in the City of Boerne's Master Planning process.

Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.

BKCEDC continued

With competitiveness as a primary consideration, the City of Boerne and BKCEDC will continue to address critical site selection factors on which companies focus: Available Land; Available Buildings; Availability of Skilled Labor; Labor Costs; Highway Access; Occupancy & Construction Costs; Right-To-Work State; Proximity to Major Markets *(Provides Access to Customers & Workforce Talent)*; Energy Availability & Costs; and Ad-Valorem and Corporate Tax Rates.

Our community economic development team has leveraged and built-upon many successes for a dynamic and successful year in 2016-2017. The accomplishments for this year are many, yet a highlight of our effectiveness of aligning success with targets is illustrated by our projects & locations. We can attribute success in both attraction of new capital investment with key-targets recruited, as well as the expansion of Business Retention and Expansion (BRE) efforts. The recruitment of the Medical Office Building with ambulatory surgery center, the corporate headquarters of ADS Media Group, the Hotel Conference Center, and James Avery, as well as several smaller commercial and retail projects, illustrate the wide-range of projects we have successfully attracted to the community. The BKCEDC also activated an award-winning marketing plan; enhanced their organizational structure and Investor leadership initiatives.

James Avery
JEWELRY

The BKCEDC was the recipient of several state, national and international awards and recognitions this year, highlighting the effectiveness of our local initiatives. For the first time, the EDC received the Texas Economic Development Council's Economic Excellence Recognition for 2016. This recognition is based on organizational effectiveness, certifications, professional activities & memberships, and the effectiveness of the economic development staff. and "*…honors the outstanding commitment to excellence of our communities and regions, their leaders, and their economic development professionals…"* states Carlton Schwab, President/CEO of the TEDC.

The BKCEDC was also honored to receive several Excellence in Economic Development awards from the International Economic Development Council (IEDC) which IEDC describes as an awards program that distinguishes the world's best economic development marketing efforts. The BKCEDC is the recipient of two Silver-level awards for both the all-new website and Annual Snapshot, as well as a Bronze-level award for our first-ever Business Attraction Brochure.

Also bestowed on the BKCEDC by the Southern Economic Development Council (SEDC) was a Special Judge's Award for our Overall Branding Campaign and the recognition of Merit for our new website.

These awards are a recognition of the BKCEDC's successful new branding campaign, which included a brand-new website, as well as a first-ever comprehensive marketing collateral package.

The BKCEDC's staff team has also increased their professional certifications with Basic Economic Development Certification held by all staff, as well as economic development Sales Tax (including ethics, certificates received).

Understanding that all projects are stimulated by both indirect and direct marketing efforts, the BKCEDC will continue to implement strategies to elevate our community brand. This includes local coordination, regional public relations and marketing efforts, as well as specific marketing endeavors targeted to site selectors and companies.

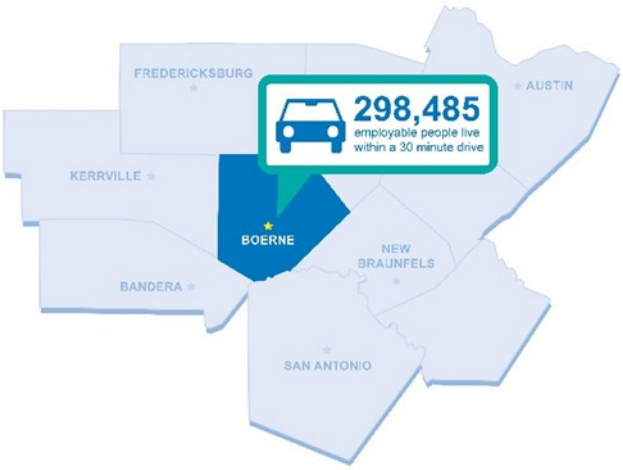
BKCEDC renewed focus on regional marketing and public relations efforts by participating in the Highway 46 Corridor Council; relationship enhancement activities with communities in the GVTC GigaRegion (Bulverde/Spring Branch & Gonzales); and communications with New Braunfels, Kerrville, San Antonio and Fredericksburg economic development

Institute for Economic Development
The University of Texas at San Antonio

organizations.

With increased marketing efforts, including the implementation of specific strategies to appeal to quality developers, the BKCEDC has attracted a record number of new projects, with the clear majority of them being on the City and County's list of target markets which reflects a shared vision for the community involving the City, County and EDC.

UTSA's Institute for Economic Development was hired by the BKCEDC to prove a key site selection factor regarding Boerne and Kendall County's labor force. With over 295,000 employable workers within a thirty-minute drive of Boerne, the research proved our ability to compete in an area (available labor force) considered a key-site selection factor. The BKCEDC will continue to seek-out creative avenues in which to market our community's viability.



The BKCEDC's 2017-2018 strategic goals and initiatives are based upon the premise that for economic growth we concentrate our efforts in: 1) Business Recruitment & Attraction of new capital growth opportunities (New Companies); 2) Business Retention & Expansion – BRE (Local Companies); and 3) Entrepreneurial (conduit to resources to grow economic base); with 4) Branding and Marketing required to successfully carry out all economic development efforts.

Business Recruitment and Attraction and Entrepreneurial

The results of the Master Plan will be a valuable resource to drive initiatives to conduct a site analysis which answers where potential companies can locate. Considerations include available land and identification of community assets related to real estate. The utilization of this site analysis, as well as updated data will be illustrated in marketing collateral and website attraction efforts. This will include consideration of hindrances, such as lack of existing pad sites, for subsequent conversations to take place regarding ways to overcome any hindrance.

Retail Readiness and Site Preparedness are critical for retail (commercial) attraction. The BKCEDC plans to engage a Retail Consulting firm to assist with Retail Trade Area analysis. Because retail develops and bolsters the tax base, a plan and implementation of action items from an updated retail study will enable us to not only reveal key-targets, but align action items for results.

BKCEDC continued

There are a growing number of entrepreneurs and small businesses who receive assistance from the BKCEDC through the network of Investors, community partners, and primary small business connections. The BKCEDC will increase and enhance the assistance provided to entrepreneurs and small business so they can better understand their market through data, analytics, and real estate comprehension.

Business Retention and Expansion (BRE)

Our community benefits when established businesses grow or expand locally. The BKCEDC works in tandem with the City of Boerne to identify local companies that will benefit from the Business Retention and Expansion (BRE) Program. The Program value to the community is immense with opportunities to express appreciation to local companies for choosing to do business in Boerne/Kendall County; connect with existing business owners to educate companies about resources available to them (i.e., programs and incentives); mitigate potential risks – by identifying problems local employers are experiencing and serve as a conduit for brokering solutions; identify companies seeking to expand; and searching for opportunities to connect with current companies to target their suppliers for recruitment efforts. The Program included a total of nine company BRE visits with the identification of new BRE expansion projects established.

The compilation of a comprehensive list of local companies with important company information is a time consuming, yet critical information source for all BRE Program efforts. The BKCEDC has uncovered seven sources, as well as engaged The University of Texas at San Antonio's (UTSA) Institute for Economic Development to assist with this project.

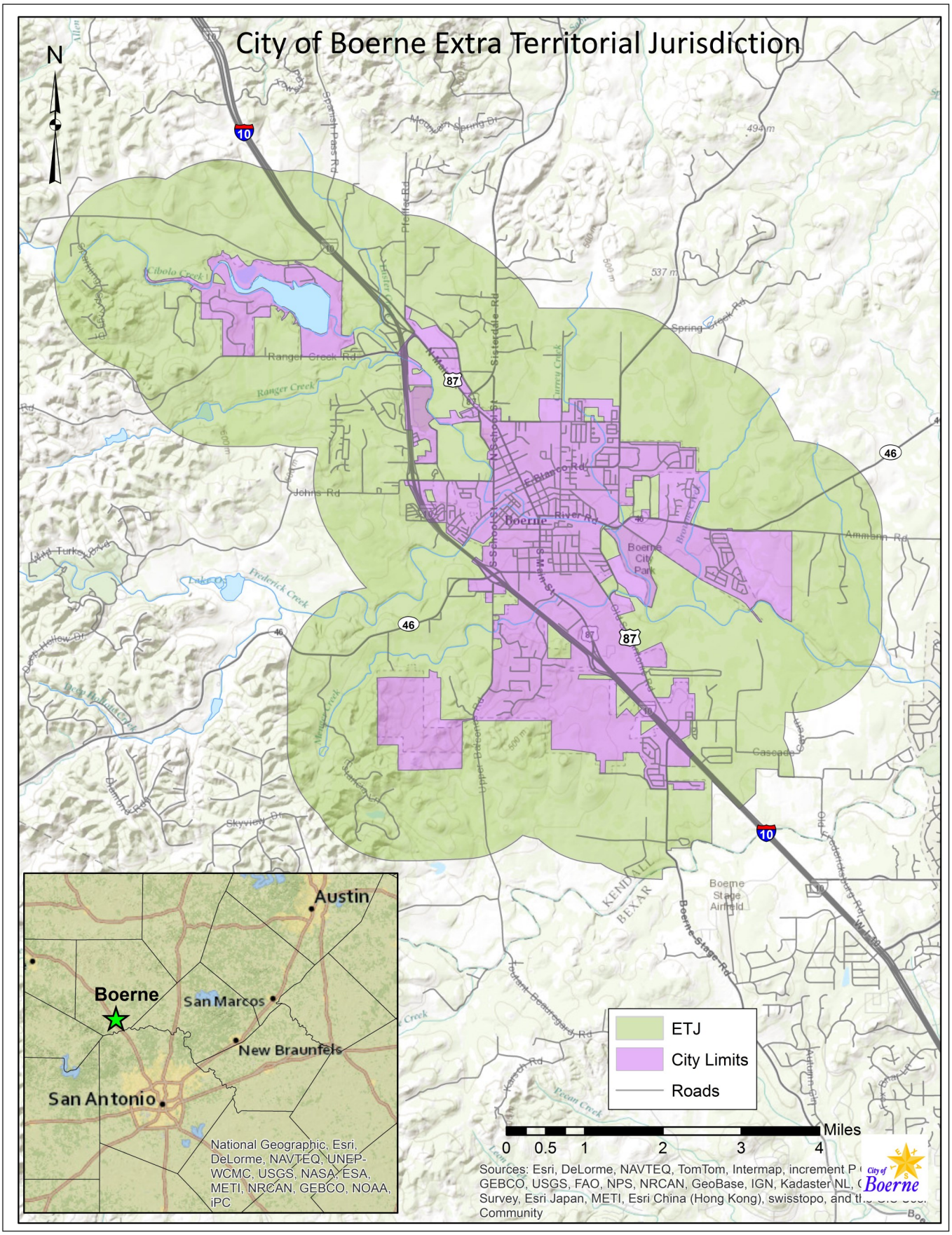
Marketing

The BKCEDC aligns all organizational components to creatively present recruitment packages that are progressive and innovative from a community that is aggressively pursuing business development opportunities. Advertising, social media, regional public relations, as well as local coordination all contribute significantly to our goals for marketing.

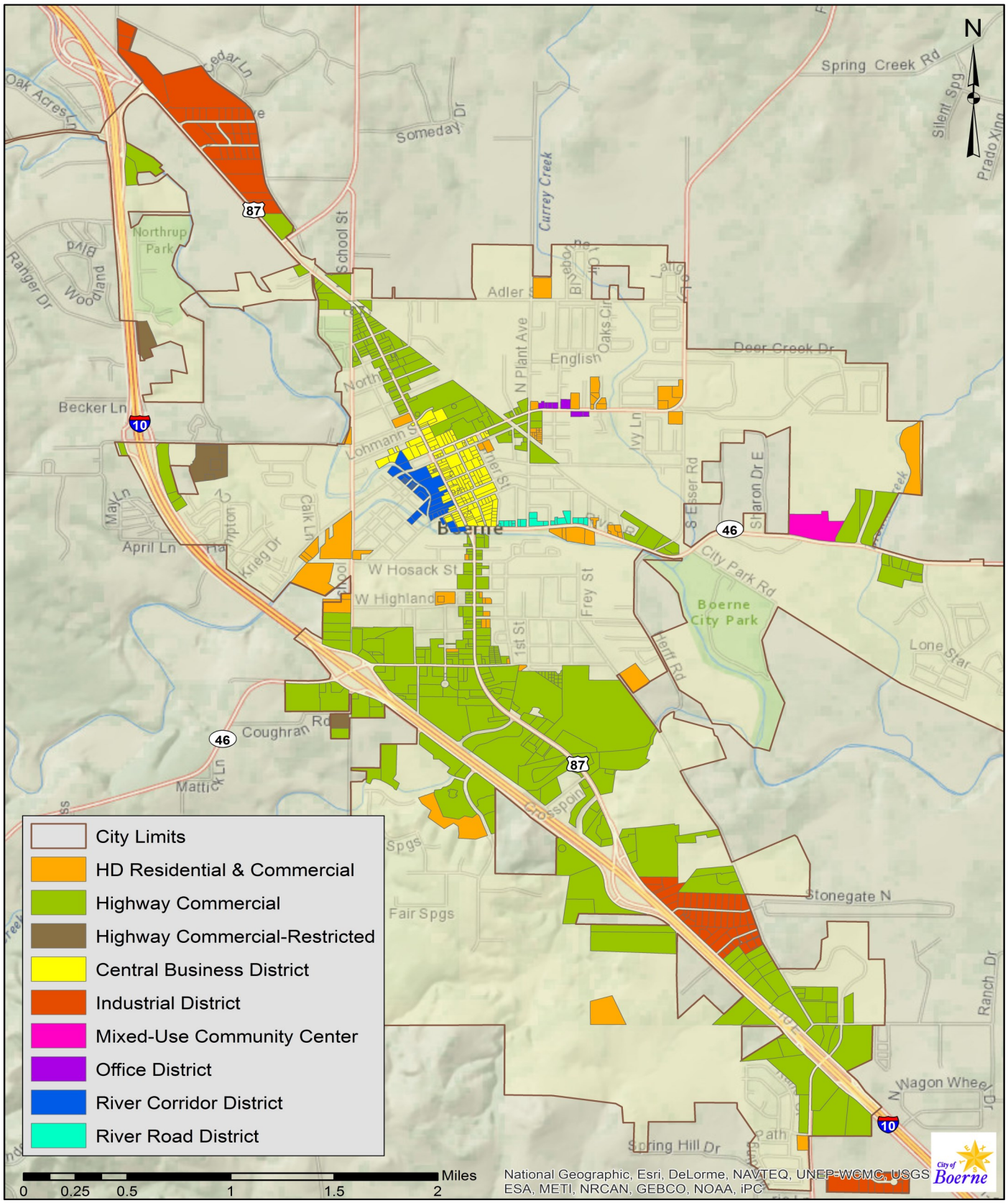
The BKCEDC will continue to participate in economic development organizations, as well as significant real estate organizations, such as: Team Texas; Texas Economic Development Council (Board Member and Communications Committee Chair); CCIM – Commercial Real Estate; NREDA - National Rural Economic Developers Association. The BKCEDC will continue to represent the organization and our community in a variety of leadership roles within these organizations, including a member of the Texas Economic Development Council's Board of Directors. Involvement in additional regional activities and organizations will continue, as well.

BOERNE KENDALL COUNTY
ECONOMIC DEVELOPMENT CORPORATION

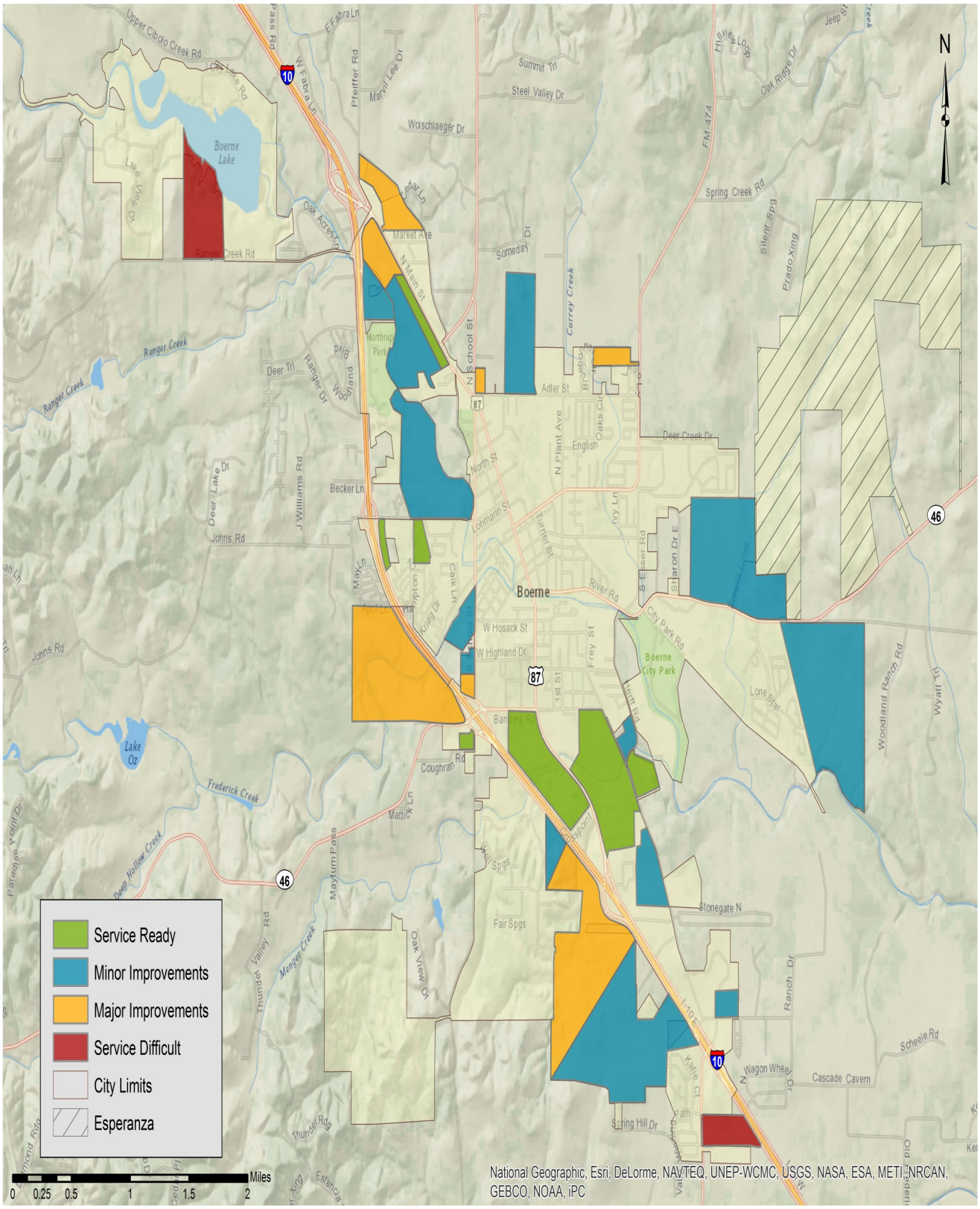
Appendix A - City ETJ Map



Appendix B - Commercial Zoning Map



Appendix C - Utility Service Availability Map



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