



RICHMOND

DEVELOPMENT CORPORATION OF RICHMOND

December 2018

Annual Report

DEVELOPMENT CORPORATION OF
RICHMOND



Cameron Goodman
402 Morton Street
Richmond, TX 77469

(832) 535-4983
cgoodman@richmondtx.gov
www.richmonddecodev.com

Letter from the Executive Director

Greetings friends, colleagues, and community partners,

Richmond is a community with a charming past and a soaring future. The fast paced economic growth that has transformed the eastern region of Fort Bend County has reached Richmond's doorstep. The Development Corporation of Richmond (DCR) works diligently to attract businesses and investment that will fit into Richmond's strategic vision and be a complementary fit to the vibrant mix of existing businesses.

2018 has been a year of accomplishment for the DCR. The year has seen new businesses join our community, a successful business environment with higher than projected sales taxes collected, and several new DCR programs and projects created. The progress made in 2018 has placed the DCR in position make a large beneficial impact on Richmond in 2019 and in the years to follow.



Board of Directors

Evalyn W. Moore

President

Robert Haas

Director

Joe Bonham

Vice-President

William Morefield III

Director

Verge Greenwood

Secretary

Nancie Rain

Director

Barry Beard

Treasurer



2018 Accomplishments

Accomplishments

- DCR Website Project
- Incentive Policy Update
- Downtown Improvement Grant
- Target Industry Study
- Digital Marketing Strategy
- Downtown Video Project
- Opportunity Zone Program
- Second Chance Job Fair
- Wayside Horns & Quiet Zones
- Wayfinding Signs
- Bridge Lighting Project
- Hotel & Convention Center Legislation
- Hotel & Convention Center Feasibility Study
- Pecan Harvest Festival & Miracle on Morton Street
- Business Attraction & Retention



DCR Website Project

The Development Corporation of Richmond launched its new website on March 1st, 2018. The website development project was conducted in-house which allowed for the DCR to create a website that closely matched the organization's needs.

The website was designed with both existing and new businesses in mind. Sections for new businesses, such as Site Location, provide information on available properties, demographic data, available workforce, and other important site location considerations. Existing businesses are able to find information under the Business Resources tab, which includes information on items such as the Downtown Improvement Grant program, Opportunity Zones, PACE Financing, job fairs, and other resources.

Tourism has also been emphasized on the website. Information on Richmond shops, restaurants, coffee shops, and art galleries have been listed under the tourism tab. New content and video is planned to be added to this section in order to help highlight Richmond as a destination to the greater Houston area.



Incentive Policy Update

Major changes were made to the Development Corporation of Richmond's Incentive Policy. In March, 2018 the policy was strengthened by establishing minimum levels of investment, jobs created, and sales tax generated in order to qualify for incentives.

The DCR strives to use incentives as an investment designed way to attract high paying jobs, increase the quality of life for Richmond's residents, and create new revenue for the City of Richmond that fund important city services and infrastructure. The incentive policy update requires an economic impact analysis to be conducted for each proposed incentive offer. This step clearly defines the net benefit that the City of Richmond and Development Corporation of Richmond will expect to receive as a result of an investment of public funds. This step allows for a more educated decision making process and builds the public trust by demonstrating a clear return on investment.



Downtown Improvement Grant

Richmond's charm and history is on full display in the downtown area. This historic section of the city is a unique asset that makes Richmond distinct from its surrounding area. The DCR created the Downtown Improvement Program in part to capitalize on this distinctive advantage.

The Downtown Improvement Grant was approved by the DCR Board of Directors in March 2018. The Downtown Improvement Grant provides 50% matching funds up to a total of \$25,000 for eligible improvements in a downtown business. The grant funds are intended to beautify the downtown by helping business owners to make significant improvements on their property that would otherwise have been infeasible.

Mercy Goods Co. was awarded the first Downtown Improvement Grant in August 2018 for an amount of \$22,500. Mercy Goods has made substantial progress in its renovations on the building at 501 Morton Street and expects to finish the renovation project in early 2019. The DCR is in conversations with two other downtown businesses who have expressed interest in applying for the Downtown Improvement Grant Program.



Target Industry Study

The Development Corporation of Richmond's strategic plan created in March 2017 identified the importance of conducting a Target Industry Study. The Target Industry Study was identified as a key goal because it allows the DCR to focus its resources on attracting businesses who would be most likely to locate and thrive in Richmond.

The DCR contracted with Economic Modeling Specialists International (EMSI) in February 2018 and worked with the team over a 5 month period to collect important qualitative and quantitative data. This process involved several site visits to Richmond by the EMSI team and included multiple focus groups and stakeholder meetings. The focus groups helped to provide important context and detail to the numerical data gathered by EMSI. A full report was finalized and provided to the DCR in July 2018.

The DCR has used the findings of the Target Industry Study to focus its business attraction and marketing efforts on five key industries. The study also provided the DCR with key information that could be presented to businesses within these industries that demonstrates the clear benefits of locating in Richmond. Richmond's five target industries include:

- Oil & Gas
- Business Services
- Professional, Scientific, and Technical Services
- Healthcare and Social Services
- Real Estate, Finance, and Insurance

Digital Marketing Strategy

Digital marketing was added to the DCR's marketing strategy in March 2018. The DCR identified digital marketing as a strategic tool for marketing Richmond as a key location for business investment and tourism.

Digital marketing has allowed for the DCR to target key employees of businesses within its 5 targeted industries. This strategy also allows the DCR to track success rates of its marketing campaigns, identify which businesses visit the DCR website enabling staff to generate new business leads, and provides flexibility not found in print marketing.

The digital marketing campaign has led to a large increase in traffic to the DCR's website and allows for metrics to be captured including the IP address and geographic location of visitors, the length of time spent on the website, and which pages were interacted with. This information can be used to help identify businesses who have expressed interest in Richmond.

The DCR has recently used digital marketing to target affluent neighborhoods in Fort Bend County to promote the historic downtown as a destination. Other digital marketing efforts have included the promotion of Richmond's Opportunity Zones, and marketing Richmond as a location for business to Richmond's five target industries. While digital marketing is an important tool, the DCR remains committed to a balanced approach that includes print and outdoor advertising efforts.

Downtown Video Project

Richmond's Historic Downtown is an asset that the DCR plans to promote as a destination that offers an experience that can not be found elsewhere in the Greater Houston area. To achieve this goal, the DCR initiated the Downtown Filming Project in May 2018.

Filming for the project began on May 6th and concluded on May 26th. The filming project captured more than 18 hours of footage that included downtown events, interviews with local merchants, drone footage of the historic district and its buildings, and footage from inside local businesses.

The Downtown Video Project created a valuable marketing tool that has been used effectively to generate new interest in Richmond's historic downtown and to promote the existing businesses in the area. The video was featured prominently on the Houston Business Journal's website in September 2018 and is planned to be used in additional digital marketing efforts.

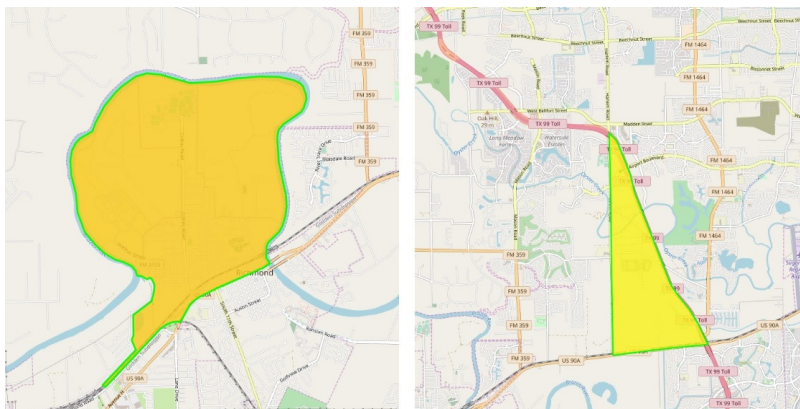
The video project was a beneficial business retention project that helped to demonstrate the DCR's commitment to growing existing businesses. Business owners were provided with the unedited footage filmed at their locations and drone footage of the surrounding area. The footage allowed businesses to create their own individualized marketing materials and helped to spread awareness of Richmond as a prime destination for tourism and business investment.

Opportunity Zone Program

The Development Corporation of Richmond succeeded in receiving designation of two qualifying census tracts as Opportunity Zones under a newly created federal program. The DCR collaboratively worked with the City of Richmond and local state representatives to achieve this designation from Governor Greg Abbott on March 22nd, 2018.

The City of Richmond received 2 of the 5 total designations in Fort Bend County and was the only municipality to meet the application deadline of March 5th. The Opportunity Zone program was created by the 2017 Tax Cuts and Jobs Act and is intended to provide developers with an incentive to invest long term in qualified zones.

The DCR is actively working to promote development within Richmond's Opportunity Zones and has highlighted the potential for development in these areas in its marketing efforts including articles with the Houston Business Journal and BisNow and in digital marketing efforts targeted at real estate and development professionals in the Houston region. The DCR has provided multiple tours of the Opportunity Zones to prospective businesses and investors. As the program and its benefits become more widely understood, the DCR expects that these zones will become an even more powerful benefit for Richmond.



Second Chance Job Fair

The DCR initiated a partnership with the Friends of North Richmond, Attack Poverty, and the Texas Workforce Commission to host a Second Chance Job Fair on June 14th at the Mamie George Community Center. Through conversations with community partners, it became evident that a Second Chance Job Fair was needed to remove roadblocks to employment and economic opportunities for some members of the community.

The DCR was involved in every step of organizing the event. DCR staff contacted local employers for participation, created a partnership with the Fort Bend County Supervision and Corrections Department to increase participation at the event, and marketed the event by creating a press release and conducting an interview with the Houston Chronicle. The DCR also paid for advertisements in the Fort Bend Herald and secured the location for the event.

The event helped to increase economic opportunities for residents of Richmond, built partnerships with local community organizations, and helped local employers to find motivated and skilled new employees.



Wayside Horns & Quiet Zones Project

The Wayside Horns and Quiet Zones Project will provide a significant quality of life improvement for the business owners and residents of Richmond.

The first major hurdle to achieving this goal was cleared in April 2018 when the TranSystems CTC consulting team provided its initial findings to the City of Richmond, City of Rosenberg, and Fort Bend County. The study provided recommendations for preferred option at each railroad crossing in Richmond as well as identifying the costs associated with the recommendations.

The Wayside Horns & Quiet Zone project is estimated to begin implementation by July 2019. This is a conservative estimate and the DCR and City of Richmond will push to move this important project forward as quickly as possible. An important step will be the conclusion of the design phase which is scheduled for late December 2018.



Wayfinding Signs

The Wayfinding Signs project was successfully completed in November 2018. The need for Wayfinding Signs was identified in the City of Richmond's Comprehensive Master Plan as an important tool for creating a sense of place and in directing visitors and residents to areas of interest.

The signs are featured in 13 key areas of the city that serve as prominent entryways to the city or specific districts within it. The Historic Downtown, Wharton County Junior College, Morton Cemetery, Fort Bend Museum, Long Acres Ranch, Justice Center, Wessendorff Park, Freeman Park, George Park, the Courthouse, and OakBend Hospital are all featured on the wayfinding signage.

This project was funded by the DCR and serves an important economic development role. The signs are an important placemaking tool that help to create a more vibrant environment for residents and visitors. The signs signify that Richmond is an exciting and dynamic community with multiple locations to visit. Identifying commercial areas, such as the Downtown District, help to drive new customers to the area and brand it as an authentic historic downtown.



Bridge Lighting Project

The Union Pacific Railroad bridge is an iconic asset that many residents and visitors to Richmond closely associate with the city itself. The DCR has partnered with the Houston-based lighting architecture firm Gandy Squared Design to help turn the iconic structure and the Brazos River it spans across into an amenity for the historic downtown area.

Lance Gandy, whose experience includes designing the light fixtures for the Montrose Bridge project, will be leading the effort to create a unique and cost effective design for the Union Pacific bridge in Richmond. Lance will work with the DCR to create a proposal that meets the strict requirements of Union Pacific Railroad. These requirements include keeping light fixtures a minimum of 25 feet from the railroad line and insuring that the light does not interfere with the vision of train conductors passing over the bridge.

The design firm will work with the DCR, City of Richmond, and Union Pacific to create a schematic design. Once approved by all parties, Gandy will create a live demonstration of the design using temporary light fixtures. This provides the DCR with an opportunity to view the lighting concept before purchasing lighting equipment. The completion of the design process is targeted for early 2019.



Hotel & Convention Center Legislation

The DCR and City of Richmond have worked in partnership with local legislators on a proposed hotel & convention center bill. The bill is modeled after legislation passed in the 2017 legislative session that provided several cities with the ability to capture the State of Texas' portion of sales and hotel taxes for qualified hotel and convention center projects within a 1,000 foot radius of the convention center.

The proposed legislation would provide Richmond with these same benefits and unlock a powerful economic development tool for the city. The powerful state incentives created by this legislation would provide a large portion of the funds needed to pay for the infrastructure and drainage associated with a large mixed-use development. These funds would also be an important tool for speeding up the timeline for construction of a large mixed-use project in Richmond that would generate considerable tax revenues and new employment opportunities for Richmond residents.

Representatives Phil Stephenson & Rick Miller have agreed to joint-author the legislation and Senator Lois Kolkhorst will pick up the bill when it reaches the Senate. DCR and City Staff will be highly involved in the effort to pass the bill through May 2019. These efforts will include visits to Austin to lobby for support, providing testimony at committee meetings, and meeting with individual legislators at the capital.

Hotel & Convention Center Feasibility Study

The DCR and City of Richmond have been engaged in discussions with developers who have expressed a high level of interest in creating a hotel & convention center project in Richmond. The DCR and City of Richmond agreed on the necessity of conducting a feasibility study, which is an important part of the due diligence process.

A hotel & convention center feasibility project is currently underway. The DCR has contracted with an industry leader in large hotel & convention center feasibility studies. The selected firm, Hotel & Leisure Advisors, has completed over 2,000 hotel studies and was recently ranked among the top 10 hotel consulting firms in America. The feasibility study is anticipated to be completed by early February and will provide the DCR and City of Richmond with key data relating to the feasibility of a hotel & convention center project in Richmond.

The feasibility study is designed to provide flexibility to the DCR and City of Richmond by including an analysis of the optimal size of a convention center based on the proposed project as well as compared to different types of business or leisure hotels. This important step in the due diligence process will help to insure that any hotel & convention center project that occurs will be successful over the long term and serve as an economic engine for the area.

Pecan Harvest Festival & Miracle on Morton Street

The Development Corporation of Richmond served as a primary sponsor for the Pecan Harvest Festival and Miracle on Morton Street. The two events are the largest annual festivals held in Richmond and are a valuable marketing tool that typically draw thousands of visitors to Richmond each year.

The 2018 Pecan Harvest Festival was a well organized event that brought an estimated 600 visitors to the downtown Richmond area on a day that featured heavy rain and cold weather. Despite the unfortunate weather, visitors still found a large array of vendors and enjoyed events that included baking contests, car shows, a flash mob, and other family friendly activities. Vendors and local merchants reported healthy profits from the event despite the weather and lower than expected turnout. The projected turnout for the event was 5,000 visitors. This higher number of visitors will remain the target for 2019.

Miracle on Morton Street enjoyed beautiful weather and saw the largest turnout the event has experienced in several years. The event brought hundreds of visitors to the downtown area and its local businesses. This exposure helps to brand Richmond and the historic downtown area as a destination and brought many first-time visitors to the area. The DCR will continue to work with the Historic Richmond Association to grow this event in 2019.

Business Attraction & Retention

The Development Corporation of Richmond is actively involved in the recruitment of quality development, high paying jobs, and investment into the community. The DCR will continue its work to convert leads into successes in 2019.

The DCR has a healthy pipeline of projects as it moves into 2019. The pipeline includes a large hotel & conference center project, a medium-sized healthcare project, and multiple projects located in Richmond's historic downtown. The DCR is actively involved in recruiting each of these projects and will continue these recruitment efforts in the new year.

The George Foundation site on FM 762 and U.S. 69 remains a high priority for the DCR. The 336-acre property will require a large amount of infrastructure and drainage improvements in order to be developed commercially. The DCR has identified grant funding opportunities for infrastructure funding that it will continue to pursue in 2019. The DCR will continue to partner with the George Foundation to attract high quality development to this location.

The DCR also works to help existing businesses expand and thrive. Workshops and events, such as marketing luncheons, the Property Assessed Clean Energy Program (PACE) breakfast, and second chance job fair help to provide existing business owners with new tools to succeed. New programs, such as the Downtown Improvement Grant & Opportunity Zones, have also provided direct financial assistance to businesses seeking to expand.

Short Term Challenges

Richmond has numerous advantages. It's strategic location and status of as the seat of Fort Bend County, strong relationship with local foundations, and previous planning steps taken by the City of Richmond and Development Corporation of Richmond have set Richmond on the path to success. Despite these numerous advantages, several short-term challenges exist.

A lack of existing vacant buildings suitable for commercial use is a short-term challenge towards recruiting new business to Richmond. This shortage is in part due to Richmond's success of utilizing available commercial space, but steps will need to be taken to make space for the types of business that Richmond wishes to attract. An important first step towards addressing this challenge was achieved with the completion of the Target Industry Study in July 2018. The Target Industry Study defined 5 targeted industries that are most likely to locate and succeed in Richmond. An important next step will be to attract developers of office space to create or redevelop properties for use by businesses within the targeted industries.

Increasing awareness of Richmond in the greater Houston area is another important short-term challenge that must be addressed. The recently completed Wayfinding Signs project and upcoming renaming of Williams Way Boulevard to Richmond Parkway are both important accomplishments in branding and increasing awareness of Richmond's assets.

Short Term Challenges

The digital marketing strategy adopted in March 2018 is another major tool for increasing awareness of Richmond within the region. The strategy allows the DCR to target key individuals using special criteria including specific job titles, the industry of the business being targeted, and geographic location. For tourism purposes, the DCR is also able to target individuals living within a determined drive-time radius, households above specific income levels, and individuals who have used search terms indicating that they may be interested in visiting Richmond or a historic downtown area.

The DCR and City of Richmond have agreed to create a Communications & Graphic Design internship position. The DCR has received several strong applications from students of the University of Houston at Sugar Land and will select an intern by mid-January. This internship position will provide the DCR with important marketing skills such as graphic design, video editing, website content creation abilities, and help to produce high quality brochures and print marketing materials. These materials are important tools for increasing the awareness of our community and the business opportunities available in Richmond.

Creating a major mixed-use activity center is another goal that the DCR is working towards accomplishing. As part of this effort, the DCR has identified specific legislation that would make this goal more feasible and is working with local legislators to see it passed. The DCR has also identified grant funding for infrastructure projects that could be utilized towards accomplishing this goal. The DCR will work with the City of Richmond to pursue these funds in 2019.

Long-Term Challenges

Strong leadership and planning over the past years have placed Richmond in a position to succeed long-term. Despite this upward trajectory, some challenges will have to be addressed. These challenges include annexing property suitable for commercial development, increasing transportation options and connections, and rehabilitating existing community assets.

The City of Richmond's strategic plan calls for using annexation as a strategic tool to expand Richmond's population and tax base. The DCR fully supports this strategy as the main tool to expand Richmond's city limits and increase available stock of property available for commercial development.

The advent and implementation of new technology, such as ride sharing services, has changed the face of transportation in the 21st century. In the short-term, the DCR will strive to make existing public transportation options more accessible to residents of Richmond. In the long-term, the DCR will explore all options to help connect residents to educational and employment opportunities. Possible solutions may include creating partnerships with ride-sharing applications, creating bike-sharing opportunities, and creating new transportation related infrastructure where needed.

Richmond's unique historic charm must not be lost in the coming wave of development and growth. A key strategy to retaining Richmond's culture and charm is the rehabilitation and preservation of existing assets. The DCR will work with property owners of existing buildings to facilitate the

Long-Term Challenges

preservation and improvement of commercial properties and community assets. Steps towards this goal have already been undertaken. The Property Assessed Clean Energy (PACE) program is a unique tool that enables commercial property owners to finance energy and water improvements on existing buildings. These improvements are particularly important for historic buildings where new energy and water efficient equipment can result in large cost savings that pay off the cost of the original improvements. The DCR is currently working to promote this program in Richmond and has hosted community events to educate property owners on this tool.

Other strategies to preserve Richmond's historic properties and assets include the creation of Downtown Improvement Grant program, which provides matching funds for improving commercial buildings in Richmond's historic downtown, and the successful inclusion of Richmond in the newly created Opportunity Zone program which will bring new investment into Richmond to preserve existing businesses and historical assets.



FY 2018 DCR Expenditures

DCR Financials

Revenues	FY 2017 - 2018 Budget	FY 2018 Actual
Sales Tax	\$1,550,000	\$1,618,115
Interest	\$2,000	\$2,483
Intergovernmental	\$0	\$72,437
Other	\$5,000	\$6,000
Total	\$1,557,000	\$1,699,035

Expenditures	FY 2017 - 2018 Budget	FY 2018 Actual
Operating*	\$355,600	\$289,136
Bond Redemption	\$252,788	\$189,591
City Reimbursement	\$590,078	\$386,863
Historic District	\$55,000	\$35,882
Gateway/Wayfinding	\$50,000	\$19,137
Public Transit	\$75,000	\$75,000
Wayside Horns	\$700,000	\$0
TSTC Commitment	\$100,000	\$100,000
Lamar St. Expansion	\$66,480	\$0
Total	\$2,244,946	\$1,095,609

*Operations includes travel and training, office supplies, postage, periodicals and memberships, contracted services, advertising, and miscellaneous.