

# Existing City

## ECONOMIC OPPORTUNITY

By many measures, Victoria has long been an economically successful community. Another recent validation was when Victoria jumped from the 16th to third highest ranked city on the Milken Institute’s annual assessment of the best-performing small cities in the nation. Victoria placed ahead of Midland (sixth) and Bryan-College Station (eighth) among the three Texas entries in the Top 10 for 2014. As the Institute’s 2014 report states:

### MAJOR COMMUNITY ACCOMPLISHMENTS IN RECENT YEARS

Victoria leaders and residents mentioned these items relevant to economic opportunity:

- ▶ VEDC’s Victoria Partnership (weekly morning “coffee” meetings)
- ▶ Industrial park development (and securing Caterpillar)
- ▶ Growth of UH-V, hotels, retail, Port of Victoria

*[Continued on next page]*

#### RANK ACCORDING TO 2014 INDEX

Metropolitan statistical area (MSA)	2014 rank	2013 rank
Fargo, ND-MN	1	3
Columbus, IN	2	2
Victoria, TX	3	16
Bismarck, ND	4	4
Iowa City, IA	5	15
Midland, TX	6	5
Morgantown, WV	7	9
College Station-Bryan, TX	8	38
Greenville, NC	9	13
Auburn-Opelika, AL	10	37

Source: Milken Institute

## EXISTING CITY

The Best-Performing Cities index was designed to measure objectively which U.S. metropolitan areas are promoting economic vitality based on job creation and retention, the quality of new jobs, and other criteria. The index shows where employment is stable and expanding, wages and salaries are increasing, and economies and businesses are thriving.

Relative concentration of technology-related businesses and investment in “knowledge-based” aspects of the economy were other key rating factors. The Milken Institute emphasizes the critical importance of employment growth to community vitality, along with growth in wages and salaries as an indicator of quality jobs. The Index also focuses on outcomes versus local “inputs” such as business costs, cost of living, and “quality of life” measures (e.g., crime, commute time, etc.).

According to the 2014 report, the context for Victoria’s rating included:

### Assets

- Its location on the Eagle Ford Shale and proximity to the Gulf Coast provide ample opportunities for investment.
- Manufacturing of petrochemicals is a key driver of growth.

### Liabilities

- Decrease in oil prices would hurt energy-related industries in the region.

Additionally, the following specifics were cited as reasons for Victoria’s impressive ratings jump in 2014:

- Strong five-year job growth and associated wage growth, especially in industries related to mining and extraction (500+ jobs generated during 2008-13, with additional activity stimulated in heavy and civil engineering construction and among specialty trade contractors).
- Mining activity stemming from the Eagle Ford Shale and stable manufacturing of petrochemicals have been key drivers.

## MAJOR COMMUNITY ACCOMPLISHMENTS IN RECENT YEARS

- Victoria College Emerging Technology Complex
  - Vibrant downtown
  - Extent of small business ownership
  - More young professionals living/working here
- Activity stemming from the Port of Victoria is estimated to have created a \$10 billion economic impact including the construction of new docks and rail expansion.
  - Manufacturing related to petrochemicals, especially plastics and fabric, has also been a key contributor to regional growth, which has spurred further significant capital investments that create near-term construction jobs and long-term operations jobs.



## KEY INDICATOR DATA

### EMPLOYMENT AND INCOME

As of late summer 2015, Victoria County had a total labor force of 46,671 individuals. Of these, nearly 96 percent (44,784 persons) were employed, resulting in a county-wide unemployment rate of approximately four percent (i.e., 1,887 individuals actively seeking

work, whether in a short-term transition between jobs or unable to secure a job).

Displayed in **Figure 9, Household Income Comparison**, is the median household income level in Victoria relative to four other southeast Texas cities. Victoria’s median in the mid \$50,000s range is in the middle of the comparison, ahead of Beaumont and Rosenberg but lower than Lake Jackson with its strong economic position amid the Brazosport industrial/port region, and well below the affluent Houston suburb of Sugar Land. Through the public discussions for the 2015 update of this Comprehensive Plan, many Victoria residents noted that Sugar Land and/or Rosenberg are periodic destinations for out-of-town shopping given their proximity northeast of Victoria along US 59.

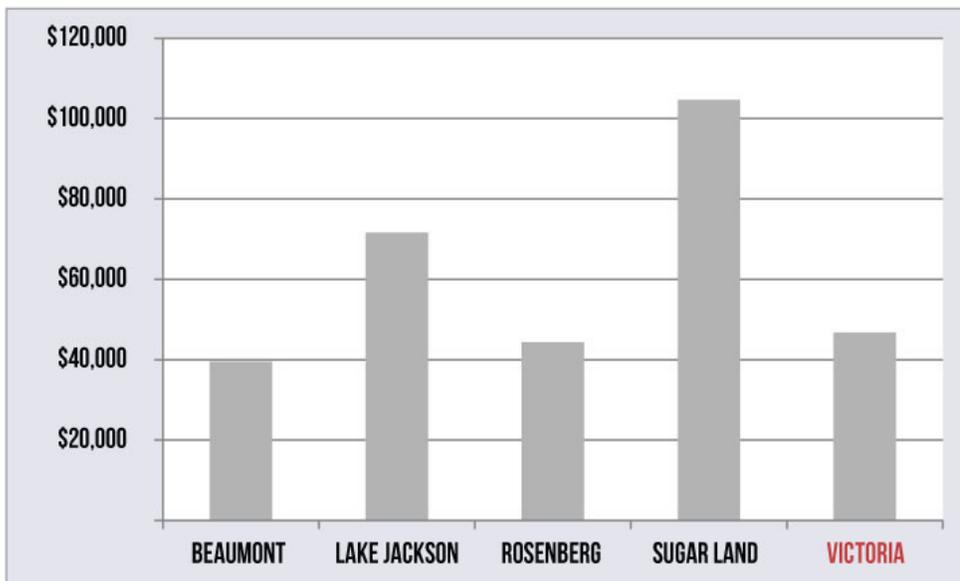
**RETAIL SALES**

Victoria serves as a shopping destination for residents of many smaller area communities and rural and unincorporated areas beyond Victoria County given the level of retail and services a city of Victoria’s size has to offer. Annual data compiled by the Texas Comptroller of Public Accounts showed that total sales tax receipts in the City of Victoria had increased by 45 percent in 2015 (\$27.4 million) relative to 2009 (\$18.8 million).

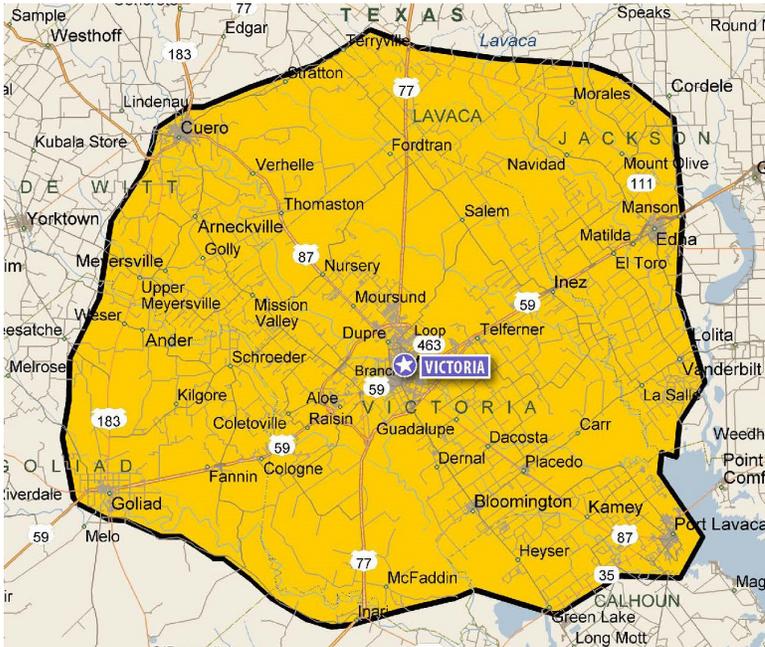
Through a recent Retail Market Analysis effort, consultant Retail Coach delineated a primary retail trade area for Victoria spanning from Goliad to Edna and from Cuero to Port Lavaca. It was estimated that this area had nearly 132,700 residents in 2015 and would reach almost 140,000 by 2020. Victoria also draws additional retail patronage from an even broader “secondary” area that stretches to El Campo, Refugio, and Hallettsville. This larger boundary encompassed an estimated 207,000+ persons in 2015 and is projected to surpass 217,500 by 2020.

Retail Coach also assesses to what extent Victoria’s retail trade areas – and specific retail sectors in Victoria – are attracting more sales than expected (“surplus”) or losing some amount of projected sales due to area residents taking some of their spending to other market areas (“leakage” to larger and easily accessible Texas metropolitan areas including Houston, San Antonio, and Corpus Christi). Retail Coach published updated numbers in March 2015 indicating that Victoria’s primary retail trade area could have potential annual sales of \$2.05 billion dollars. However, the actual sales total was estimated at approximately \$1.7 billion, meaning that the Victoria area would experience leakage of \$354.1 million in retail spending to other market areas.

**FIGURE 9, HOUSEHOLD INCOME COMPARISON**



SOURCE: Marsh Darcy Partners



subsector is limited. It was projected that in Victoria, as elsewhere, some sectors would perform better than estimated while other sectors would not be able to generate even half of their potential sales due to significant leakage. Compiled in **Table 4, Retail Sectors with Greatest Sales Surplus or Leakage**, are particular sectors that factor into the overall retail leakage scenario for Victoria. The analysis highlights both strengths and weaknesses of the area's retail market, in which weaknesses could either be business opportunities or a specific subsector that has limited local viability.

The overall surplus or leakage within broader retail sectors is determined by the performance of their associated subsectors. Some subsectors may not have a strong (or any) local presence, especially if there have been recent store closures or local demand for a particular

## MAJOR EMPLOYERS

Compiled in **Table 5, Major Employers in Victoria Area**, are businesses, public agencies, and local institutions that are key sources of jobs (250 or more each), along with numerous other small- and medium-size employers across the area. The Victoria Economic Development Corporation (VEDC) tracks the top employers in the seven-county Golden Crescent region, comprised of Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, and Victoria counties. Reflected in VEDC's data is the diversity of economic sectors that generate local jobs and investment, from base sectors involved in manufacturing and other industrial activity to important service sectors such as healthcare and education.

**TABLE 4, RETAIL SECTORS WITH GREATEST SALES SURPLUS OR LEAKAGE**

GREATEST SALES SURPLUS	% SURPLUS (\$)
<b>SPORTING GOODS, HOBBY, BOOK, MUSIC</b>	48% (\$18,395,368)
<b>MISCELLANEOUS STORES</b>	26% (\$14,602,985)
<b>GASOLINE STATIONS</b>	10% (\$19,651,585)
<b>MOTOR VEHICLE AND PARTS DEALERS</b>	7% (\$16,333,058)
<b>BUILDING MATERIALS / GARDEN EQUIPMENT</b>	7% (\$25,273,886)
<b>ELECTRONICS AND APPLIANCES</b>	5% (\$1,824,027)
GREATEST SALES LEAKAGE	% Leakage (\$)
<b>NON-STORE RETAILERS</b>	-83% (\$149,716,046)
<b>CLOTHING AND CLOTHING ACCESSORIES</b>	-52% (\$49,384,592)
<b>FOODSERVICE AND DRINKING PLACES</b>	-46% (\$92,030,235)
<b>FURNITURE AND HOME FURNISHINGS</b>	-45% (\$18,029,266)
<b>FOOD AND BEVERAGE</b>	-36% (\$91,448,122)
<b>HEALTH AND PERSONAL CARE</b>	-24% (\$30,237,788)
<b>GENERAL MERCHANDISE</b>	-8% (\$19,300,350)

SOURCE: TheRetailCoach®

## GEOGRAPHY OF VICTORIA'S ECONOMIC ACTIVITY

Displayed on **Map 11, Existing Commercial and Industrial Development**, is the pattern and distribution of commercial and

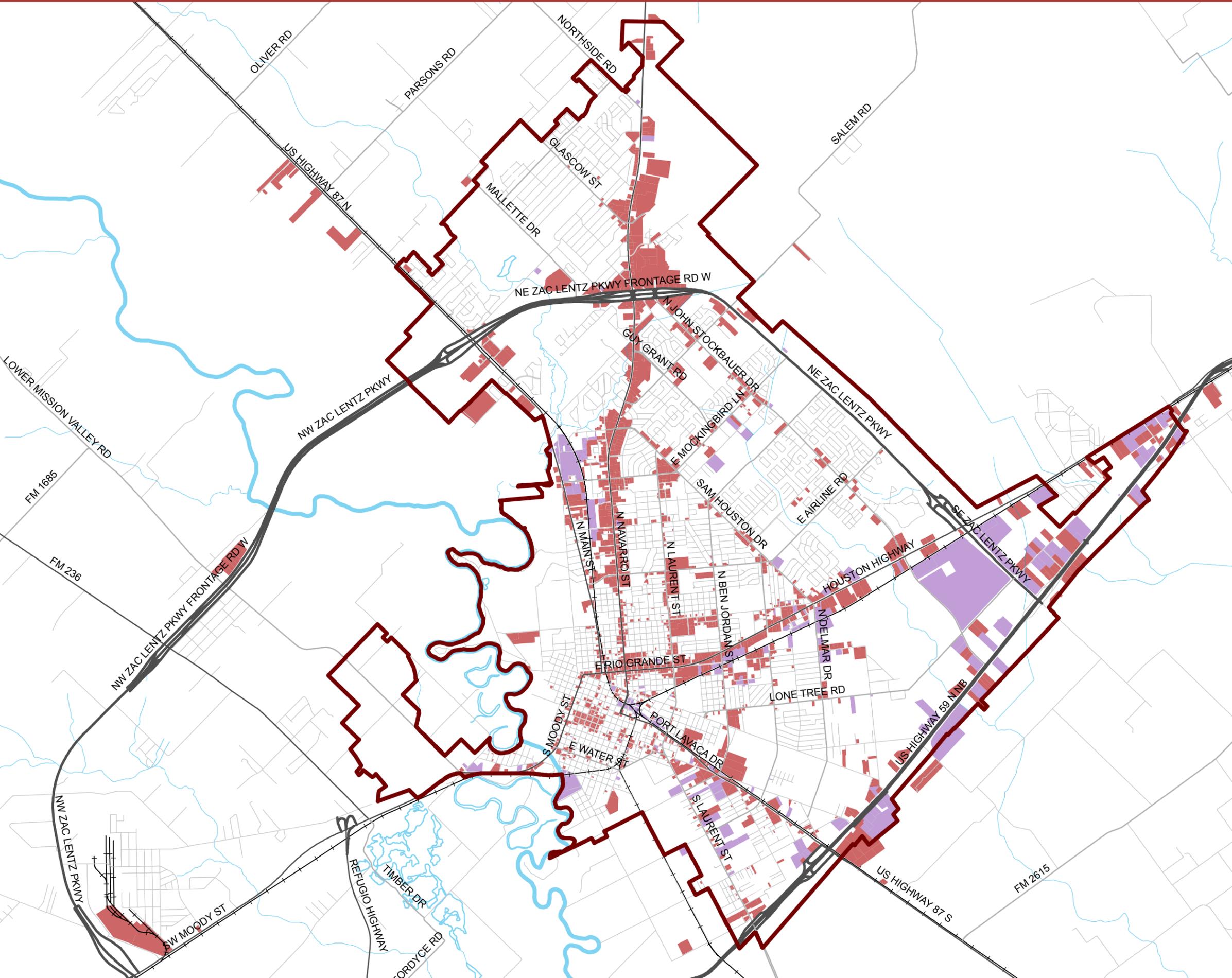
### MAP 11 EXISTING COMMERCIAL AND INDUSTRIAL DEVELOPMENT

**LEGEND**

-  City Limits
-  Commercial
-  Industrial
-  Freeway
-  Primary Arterials
-  Secondary Arterials
-  Railroad
-  Creek/River/Lake



*Disclaimer: This map is intended for general informational purposes only and does not represent a legal record. No warranty is made by the City of Victoria regarding specific accuracy or completeness, and the data may be subject to revision at any time without notification.*



**TABLE 5, MAJOR EMPLOYERS IN VICTORIA**

EMPLOYER	SECTOR	EMPLOYEES
FORMOSA PLASTICS GROUP	Petrochemical / Plastics	2,595
THE INTEPLAST GROUP	Plastics	2,300
VICTORIA ISD	Public Education	2,163
CITIZENS MEDICAL CENTER	Health Care	986
DETAR HEALTHCARE SYSTEM	Health Care	897
ALCOA	Aluminum / Alumina	706
INVISTA	Petrochemical	700+
CITY OF VICTORIA	Local Government	622
DOW - SEADRIFT OPERATIONS	Petrochemical	579
PIONEER NATURAL RESOURCES	Oil and Gas Production	560
VICTORIA COUNTY	Local Government	550
CATERPILLAR - NAHEX VICTORIA	Heavy Excavators	529
ORION MARINE GROUP	Construction / Dredging	409
KASPAR WIREWORKS	Metalworks / Plating	405
UNIVERSITY OF HOUSTON - VICTORIA	Higher Education	401
VICTORIA COLLEGE	Higher Education	295
MOUNT VERNON TEXTILES	Textiles	266

SOURCE: Victoria Economic Development Corporation and City of Victoria

industrial development within the Victoria City limits. This pattern reflects typical drivers of investment decisions:

- (1) highway/corridor proximity for accessibility and/or visibility (i.e., retail);
- (2) rail proximity for certain industrial types;
- (3) locations where large tracts are available, including in planned industrial parks;
- (4) residential neighborhood proximity for certain retail and service businesses; and,
- (5) traditional downtown locations for certain retail, service and professional services businesses.

As in many cities, a legacy of older industrial properties and commercial establishments, some on relatively small sites, is visible in and around downtown Victoria and in areas and along corridors north, east and south of downtown. Comparing Map 11 against Map 2, Existing Land Use (in the Land Use and

Development section of this report) shows that residential development occupies many of the “interior” areas amid the city’s network of highways and primary arterial roadways, where much of the commercial and industrial activity is focused.

## ECONOMIC DEVELOPMENT ENTITIES

Victoria has a core group of entities that work hand-in-hand with the City to lead or support economic development efforts. In addition to those highlighted in this section, others include the University of Houston-Victoria, the Victoria Convention and Visitors Bureau, the Victoria Main Street Program, and the Victoria Chamber of Commerce, which supports the local business community through its Building Better Business and Leadership Victoria programs, its networking and special events, and its advocacy efforts.

## **VICTORIA ECONOMIC DEVELOPMENT CORPORATION**

The Victoria Economic Development Corporation (VEDC) was formed in 1982 and is a private organization which serves the City of Victoria, Victoria County, and the surrounding region. Through contractual agreements, VEDC is designated by the City and County to administer the Texas Enterprise Zone Program, an economic development tool to promote job creation and capital investment in economically distressed areas. The City and County have also assigned VEDC to administer a tax abatement program.

VEDC also has contractual agreements with the City of Victoria's Sales Tax Development Corporation, Victoria County, and the Victoria County Navigation District to provide economic development services. All of these partnerships

strengthen Victoria's competitive position, as does private sector funding that VEDC receives from businesses and individuals committed to supporting Victoria's growth.

VEDC's key objectives are to:

- Recruit new businesses, both international and domestic, to create primary jobs and increase the tax base.
- Retain and expand existing business by assisting them to increase profitability through exports, strategic alliances, new project development, and workforce development improvements.

Services provided by the VEDC to companies moving within or relocating to Victoria include:

- Identifying client needs and coordinating development efforts (i.e., sites, buildings, infrastructure, skilled workforce, utilities).

## **VICTORIA COLLEGE EMERGING TECHNOLOGY COMPLEX**

Victoria College's state-of-the-art Emerging Technology Complex officially opened to the public in June 2015. The complex is comprised of a three-story conference and education center and a two-story industrial training center. Through a 2012 bond election, area voters overwhelmingly approved a \$22 million general obligation bond to support master planning for and construction of the complex. Along with the bond, public and private donations played a large role in equipping the facility with the most up-to-date technology and amenities. The new complex will support Victoria College's Industrial Maintenance Mechanic Program, Commercial Truck Driving Program, and many other workforce and continuing education programs. The facility includes classrooms, meeting spaces, and a meeting hall and can accommodate banquet, conference, and auditorium-style seating for audiences of varying sizes.

SOURCE: [www.victoriacollege.edu](http://www.victoriacollege.edu)



- Working with clients as a liaison to the State of Texas, City of Victoria, Victoria County, and the Victoria Navigation District to obtain fast-track permitting, and ensuring projects are completed on time and successfully.

### VICTORIA COLLEGE

Victoria College has been a part of the region since 1925, offering early college education, job-specific training, and classes for personal enrichment at an affordable rate. Working closely with area industries and businesses, Victoria College provides vital programs for employers to train their employees for specific job skills. Among the education options the College offers, with scholarships available in many cases:

- Degrees and certificates;
- Transfer programs;
- Workforce training; and
- Continuing professional education.

Victoria College is an important economic development entity through its support for employer needs and by enabling workers to gain and reinforce needed skills without traveling far from work or home.

### GOLDEN CRESCENT REGIONAL PLANNING COMMISSION

The Golden Crescent Regional Planning Commission (GCRPC) was designated as an Economic Development District in 1995, which affords Commission members an edge in utilizing Federal and State programs. The Commission’s focus is to assist its seven designated counties (Calhoun, DeWitt, Goliad, Gonzales, Jackson, Lavaca, and Victoria) and their respective cities and communities in reaching and exceeding their economic goals through planning, development, and tourism. Commission efforts are coordinated with numerous area organizations, businesses, and professionals.

The GCRPC applies annually for funding through a grant offered by the U.S. Department of Commerce Economic Development Administration. The grant is matched with Commission funds to cover the budget of the GCRPC Economic Development Department

and contribute to the budgets of other supporting departments. The Economic Development District began through the Commission’s participation in an Overall Economic Development Program which produced a resource currently referred to as a Comprehensive Economic Development Strategy. This is a detailed document that provides economic information, statistics, and growth plans for the region. The District also supports the Regional Tourism and Economic Development Advisory Committee, a group appointed by the GCRPC Board of Directors that is dedicated to raising awareness and increasing the vitality of tourism for the Golden Crescent Region.

## BENEFITS OF GROWTH IN HOSPITALITY SECTOR

The Hotel Occupancy Tax (HOT) benefits Victoria by contributing to tourism-oriented economic development efforts for the area. State law governs local administration of HOT funds, including a two-part test in Chapter 351 of the Tax Code that must be met: (1) the funds must directly enhance and promote tourism and the convention and hotel industry; and (2) the use of HOT funds is limited to:

- Convention centers and visitor information centers;
- Registration of convention delegates;
- Advertising, solicitations, and promotions;
- Promotion of the arts;
- Historic restoration and preservation;
- Sporting event expenses;



## EXISTING CITY

- Directional signs; and
- Transportation of tourists.

Currently, the State of Texas imposes a six percent tax on hotels and motels while the City of Victoria applies a seven percent tax for those operating within the City limits, resulting in a total room occupancy tax rate of 13 percent within the city. On the expenditure side, state law requires that at least one-seventh of HOT funds must go toward advertising and marketing, and HOT funds allocated to promotion of the arts

may not exceed 15 percent of the total annual revenue.

The City budgets annually for projected HOT revenue and planned expenditures, making adjustments during the year as the actual revenue picture becomes clearer. The proposed budget for Fiscal Year 2015-2016 surpassed the \$2 million mark at approximately \$2.36 million. The proposed allocation of funds to local programs and other beneficiaries for the fiscal year is compiled in **Table 6, HOT Funds Allocation for 2015-2016**.

**TABLE 6, HOT FUNDS ALLOCATION FOR 2015-2016**

PROGRAM OR OTHER RECIPIENT	FY15-16 ADOPTED BUDGET
CONVENTION AND VISITORS BUREAU BUDGET	\$905,000
VICTORIA REGIONAL MUSEUM ASSOCIATION	\$40,000
VICTORIA PERFORMING ARTS CENTER – FILM FESTIVAL	\$35,000
THEATRE VICTORIA	\$50,000
VICTORIA SYMPHONY	\$50,000
VICTORIA BACH FESTIVAL	\$50,000
QUILT GUILD OF VICTORIA	\$3,900
VICTORIA BALLET THEATRE	\$50,000
VICTORIA ART LEAGUE, INC.	\$15,000
VICTORIA FINE ARTS ASSOCIATION	\$10,000
VICTORIA PRESERVATION, INC.	\$8,000
CHILDREN'S DISCOVERY MUSEUM	\$20,000
MAIN STREET PROGRAM	\$80,000
MUSEUM OF THE COASTAL BEND	\$10,000
LEO J. WELDER CENTER	\$25,000
MINORITY BUSINESS COUNCIL	\$15,000
COMICCON	\$18,100
PRESERVATION PROGRAM	\$30,000
TOURNAMENTS	\$75,000
PROFESSIONAL SERVICES	\$22,000
PERSONNEL SERVICES	\$34,422
COMMUNITY CENTER – OPERATIONS	\$330,000
COMMUNITY CENTER – BUILDING	\$150,000
CAPITAL OUTLAY OTHER STRUCTURE	\$330,000
<b>TOTAL</b>	<b>\$2,356,422</b>

SOURCE: City of Victoria Annual Budget Fiscal Year 2015-2016

## KEY OPPORTUNITIES AND CHALLENGES FOR ECONOMIC OPPORTUNITY

Input and discussions for this Comprehensive Plan update, through workshops with City Council and Planning Commission, informal small group sessions, a community-wide public event, interaction with the Comprehensive Plan Advisory Committee, and background discussions with City staff, yielded the following items related to the Economic Opportunity focus area of the plan:

- Risk of over-dependence on energy-related sectors of the economy in the local business and employer mix.
- The importance of maintaining Victoria's regional trade center role, especially pertaining to the City's sales tax and hotel occupancy tax revenue streams.
- Workforce concerns involving the quantity of available labor and quality in terms of education, training, and skills.
- Preparedness to employ available economic development and financing tools where appropriate.
- The need for a holistic view of economic development that emphasizes "quality of place" along with employment and investment opportunities (e.g., infrastructure and public services, mobility, housing, recreation and amenities, etc.).

### OTHER INFORMATION SOURCES

Other relevant documents related to Economic Opportunity include:

- Retail Market Analysis Report (2014) and ongoing reports/profiles by The RetailCoach
- A Detailed Analysis of Future Economic Activity in Victoria, Texas and the Surrounding Area:
- An Analysis with Considerations of the Implications for Future Fiscal Policy (The Perryman Group)
- 2014 Best-Performing Cities (Milken Institute)
- Victoria Community Center Market Analysis and Feasibility Study

Pertinent websites include:

- Victoria Economic Development Corporation
- Victoria Chamber of Commerce
- City of Victoria Development Services Department
- City of Victoria Sales Tax Development Corporation
- Retail:360 | Victoria, TX (Community Retail Dashboard maintained by The RetailCoach)
- Victoria Convention and Visitors Bureau
- Victoria Main Street Program
- Golden Crescent Regional Planning Commission (Regional Tourism and Economic Development)
- Victoria College (workforce/continuing professional education, Emerging Technology Complex)
- University of Houston-Victoria
- Victoria ISD
- Port of Victoria
- Alliance for I-69 Texas

**EXISTING  
CITY**