

# City of Copperas Cove Information Item

August 16, 2012

## Business Retention and Expansion Program Survey Final Report

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**SUBJECT:** Business Retention and Expansion Program (BREP) Final Report.

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### 1. PROJECT DESCRIPTION

Staff of the Copperas Cove Economic Development Corporation (CCEDC) has conducted a survey of businesses to assess strengths and weaknesses and to identify needs businesses might have to help them continue to operate and grow. This information item is a final report containing the findings and assessments of that survey, which included face-to-face interviews with owners and/or managers of 45 businesses.

### 2. BACKGROUND/HISTORY

CCEDC Board of Directors, at their Strategic Planning session in March, 2011, established existing business retention and expansion as a high priority. In response, the Executive Director implemented a comprehensive Business Retention and Expansion Program (BREP). A key component was the conduct of confidential interviews with business owners and/or managers to establish a realistic profile of the Copperas Cove business community and to identify programs and services to assist businesses operate and grow.

### 3. FINDINGS/CURRENT ACTIVITY

This report is now published and after its presentation to Council will be released publicly. Staff is responding to issues identified and will continue to focus on needed programs and services on an ongoing basis in FY 2013 and beyond.

### 4. FINANCIAL IMPACT:

No financial impact is associated with the presentation of this report.



**2012**  
**State of the Business Community**

**Findings and Analysis of a  
Business Retention and Expansion Survey  
of the Copperas Cove Business Community**

Prepared By:

Copperas Cove Economic Development Corporation

July 2012

## 1.0 Introduction

At their historic Strategic Planning workshop in March of 2011, the Board of Directors of the Copperas Cove Economic Development Corporation (CCEDC) established as its priority “business retention and assistance activities”. A high emphasis was placed on helping existing businesses continue to operate and grow here.

The core principle behind the CCEDC Board of Directors placing such high priority on helping **existing** businesses grow is that what is good for **each** business, is good for the **entire** business community as well as the overall economy of Copperas Cove.

From the Board’s formulation of that high priority, executive staff of the CCEDC planned a comprehensive Business Retention and Expansion Program (BREP), designed to assist all existing businesses in Copperas Cove. A major component of the BREP program was the conduct of a formal business retention and expansion survey to include face to face interviews with business owners or managers of sample businesses covering a wide spectrum of types and sizes, and from throughout all geographic parts of the city.

For the CCEDC, the BREP survey had four objectives:

1. To establish an accurate profile of the Copperas Cove business community based on actual facts learned from the survey. This profile will provide important baseline information about the city’s economy for future comparisons as the city enters a major new era of growth.
2. To identify issues or operational problems businesses may be experiencing which are impeding their ability to grow.
3. To design and implement programs and services that will help eliminate or mitigate the business related issues or operational problems.
4. To form an ongoing personal working relationship with each business owner or manager surveyed and ensure they know the CCEDC is always available to be an advocate for them on any future issues or operational problems which may arise.

## 2.0 Executive Summary

The “State of the Business Community” in Copperas Cove, Texas is good. Surprisingly good. During the past six months face-to-face confidential interviews were conducted with owners and/or managers of 45 businesses located in the city. The results of these interviews have provided the CCEDC with both a realistic composite of the city’s business community, and an objective perspective of how those businesses, individually and collectively, are faring in today’s challenging recessionary economic climate.

This survey would not have been possible without those 45 business owners and/or managers agreeing to give up an hour (on average) of their valuable time. CCEDC gratefully acknowledges and thanks those 45 individuals for their valuable time and input. CCEDC hopes programs and services we implement as a result of your cooperation will have value to you. We also hope that we have established ongoing working relations with you, and that you and all Copperas Cove business owners and managers know the CCEDC will always be your advocate.

CCEDC staff conducted all of the earlier business interviews during Phase I, of the BREP project. In Phase II, during their spring semester, selected students from Central Texas College (CTC) Business Department and the Students in Free Enterprise (SIFE) program volunteered to be trained to conduct a substantial number of the interviews. This was through an innovative partnership between CCEDC and CTC. CCEDC gratefully acknowledges the college and the students' help in conducting this program. In addition to helping us conduct the survey, their participation constituted a "hands on" learning experience in the business world to supplement their formal education in the Business Department on campus.

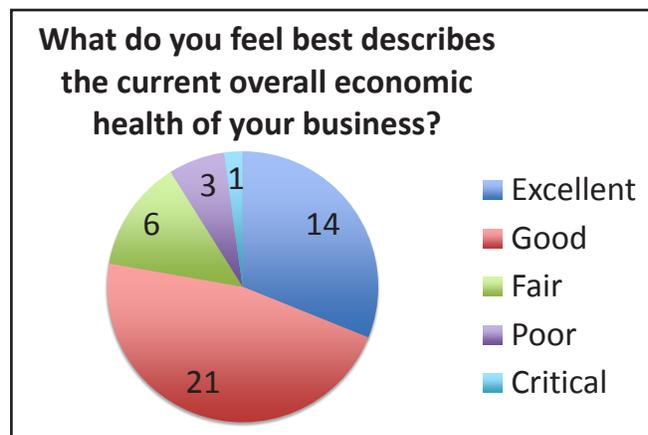
Focusing on the immediate past, the present and the future, the BREP survey acquired actual sales performance estimates for 2010 and 2011, as well as projections for how well businesses think they will perform in 2012 as a comparison to the two previous calendar years.

During the past three years, the nation has been mired in arguably tough recessionary times. It is widely known that Texas has "outperformed" the rest of the nation as a whole by far. Within the state, most of the increased business activity and job growth has been concentrated along the I-35 corridor. This report will show that the businesses in Copperas Cove are performing much better than those in some other cities and regions of the state. The comparisons paint an encouraging picture of Copperas Cove's economic climate in comparison to other cities and regions which are usually considered to be the fastest growing markets in Texas!

The Texas Office of the Comptroller provided valuable assistance to the CCEDC in verifying gross sales data used to show how businesses in Copperas Cove are performing compared to businesses in other cities and regions. We thank them for that assistance.

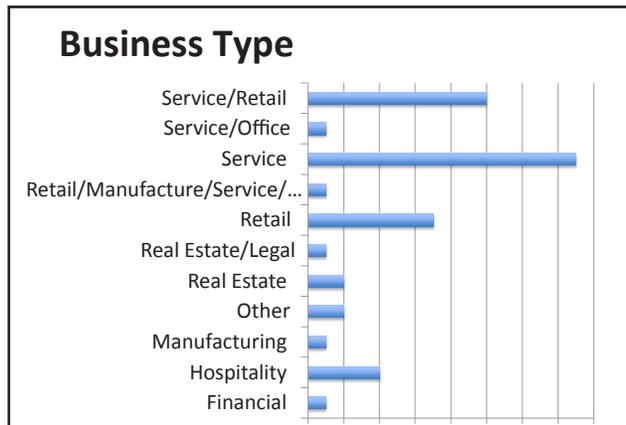
### 3.0 Findings and Analysis

#### Business Health



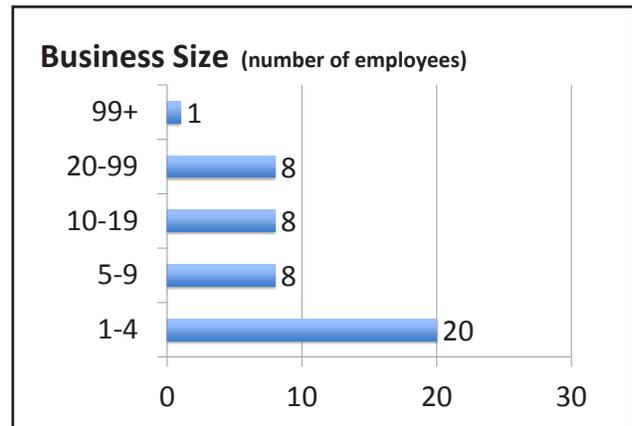
Businesses were asked which of five options would best describe their current overall health: excellent, good, fair, poor or critical. The responses indicate a relatively strong, vibrant local economy. Seventy-eight percent of businesses rate their current economic condition either excellent or good. Only twenty-two percent of the businesses, less than one-fourth, rate their current condition as fair or poor. This, in our opinion, reflects overall a very healthy and robust business climate in Copperas Cove.

## Business Type and Size



It was assumed prior to the conduct of the survey that the majority of businesses in Copperas Cove are retail or service and are relatively small. The survey bore both of these assumptions out. Almost three-fourths (73%) of the businesses surveyed are either retail or service, or a combination of the two. Sixty-two percent of the businesses have fewer than 10 employees, with the largest component having one to four employees (44%). This somewhat follows the national profile, as 78.6% of businesses in the United States have fewer than 10 employees (source: Statistics of U. S. Businesses, U. S. Census Bureau).

Of particular note is the lack of manufacturing companies in Copperas Cove, other than one. On the business attraction side, the CCEDC will be strongly pursuing desirable businesses in the light industry sector. CCEDC has purchased 73 acres of prime land and is now fully developing it as The Narrows Business and Technology Park. The business park will have excellent access along the south U.S. 190 bypass and adjacent to the new 5 Hills Retail Center commercial development.



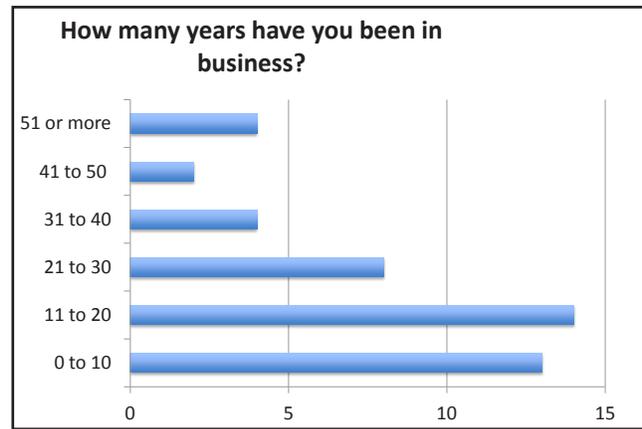
Attracting light or clean manufacturers to Copperas Cove is important to existing businesses because of the new dollars and purchasing power they bring to the city. More people and businesses are going to be demanding more goods and services, which will be supplied by existing businesses many of which will be finding themselves in a growth mode. Typically, light manufacturing jobs are relatively high skilled and pay higher wages compared to jobs in other sectors. The targeted light industries the CCEDC is pursuing include renewable energy products, construction materials, medical devices, light manufacturing (manufacturers which produce relatively small products), information technology and distribution and logistics.

## Business Maturity

A reliable measure of the maturity of any business community is how many years of continuous operation each business has. The survey showed that the Copperas Cove business community is in very sound shape. Almost two-thirds (64%) of businesses have been successfully operating here for more than 10 years, with the oldest continuously operating business having 125 years. The numbers reveal a very high level of sophistication and sound business principles. They also bear out the high number of businesses (73%) which feel their overall economic health is either good or excellent.

If there is a “down side” to these figures it is that there have been relatively few new businesses opening in the city recently. This is consistent with a frequent comment made by business owners and managers that there has been very little growth in the business community. One comment made was that “Copperas Cove has the types of businesses that you would expect to see in a town with half of our population”. Some of the businesses local people say they would like to see locate here include Lowes, Home Depot, Barnes and Nobles, Target, IHOP, Whole Foods, and a variety of “sit down” restaurants.

As the north and south bypass routes are completed and the 5 Hills Retail Center development matures, there will be a natural desire for larger types of retail firms such as those mentioned above to consider Copperas Cove for a location. Existing businesses are, on the one hand, concerned about the competition this new development will bring. On the other hand they seem to realize that such growth would be very positive for the overall economic climate of the city.



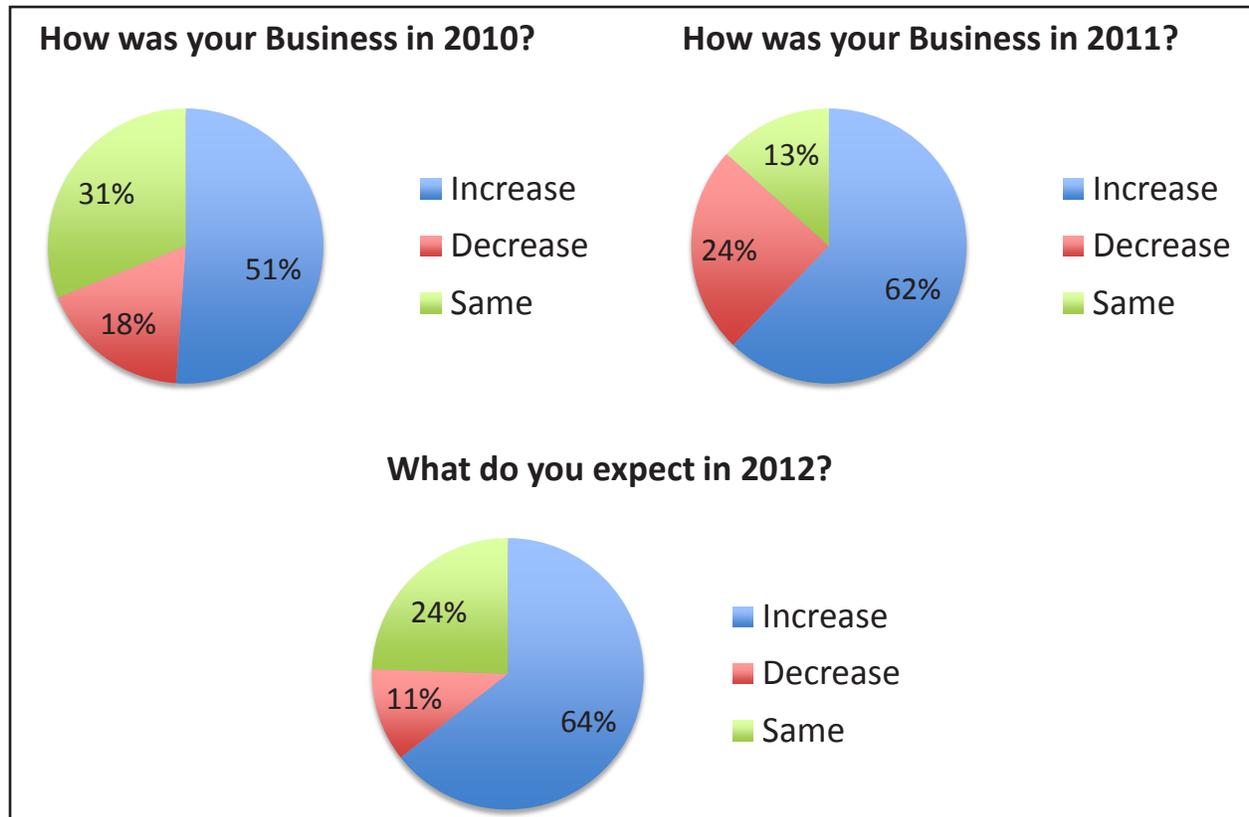
## Current/Future Sales Trends

Another reliable measure of how well the business community is performing is actual assessments from the business owners themselves on sales trends. The survey focused on a three-year performance period, asking businesses for their estimated sales changes in 2010 and 2011, as well as their anticipated sales changes for end of the year 2012. This again establishes a baseline of how Copperas Cove businesses are performing, even before major new changes on the horizon beckon an increasingly robust economic climate for the city.

Some business owners and/or managers provided CCEDC with percentages of estimated increased sales. The average estimated increase in sales for 2010 (over 2009) was 25%, which is very healthy growth for small businesses. The sales picture for 2011 (over 2010) was even brighter, with an average of **43% sales increase**. In the interest of complete objectivity, much of that impressive single year increase was attributable to one business which anticipated their sales to increase 500% for the year. Factoring that one business out, Copperas Cove businesses still estimated increased sales of 21% in 2011 over 2010, reflecting a continued positive trend.

That trend is expected by Copperas Cove business owners to increase for 2012 and beyond. Again almost two-thirds of businesses anticipate increased sales in 2012 over 2011, with only 11% anticipating same level of sales and 11% anticipating decreased sales. A primary declared general reason for the positive sales outlook of Copperas Cove businesses is the return of troops to Fort Hood because of the drawdowns in Iraq and Afghanistan. Another reason existing businesses anticipate increased sales in 2012 and beyond is the completion of the two bypasses and the 5 Hills Retail Center commercial development.

The following chart reflects that in general businesses in the city feel they are doing very well, and they expect that trend to continue.



CCEDC’s military liaison, the Heart of Texas Defense Alliance (HOTDA), advises us there are currently more “boots on the ground” at Fort Hood than ever before in the history of the base, at more than 45,000 troops estimated. The economic climate of Copperas Cove is intrinsically tied to the Army, and that fact bodes well for near-term economic growth.

### A Heisman Kind of Business Climate

Since the survey only asked business owners for their estimates of sales changes during the three-year “snapshot”, CCEDC staff sought other more exact and official data to validate the estimates. We collected and analyzed actual and official data from the Office of the Comptroller to use as a basis of comparison between what the State of Texas showed as actual gross sales activity, versus the estimates of business owners in the City. Data collected serves not only as a tool for measuring how accurate local sales estimates were, but also enables an actual comparison of how the Copperas Cove business community is performing relative to those in other cities and regions in the state, as well as to the state as a whole.

During 2010 and 2011, the first two years of the three-year “snapshot” of how the business community is performing, Copperas Cove product Robert Griffin III was continuing to hone his remarkable football skills as Baylor’s quarterback, which he first developed as a “Bulldawg” at Copperas Cove High School. That increased performance led him to be awarded the coveted Heisman Trophy at the end of the 2011 season, bestowed by the NCAA to the best overall football athlete of the year. Only 77 individual athletes have ever won this prestigious and coveted prize since its creation in 1935 by the New York Downtown Athletic Club.

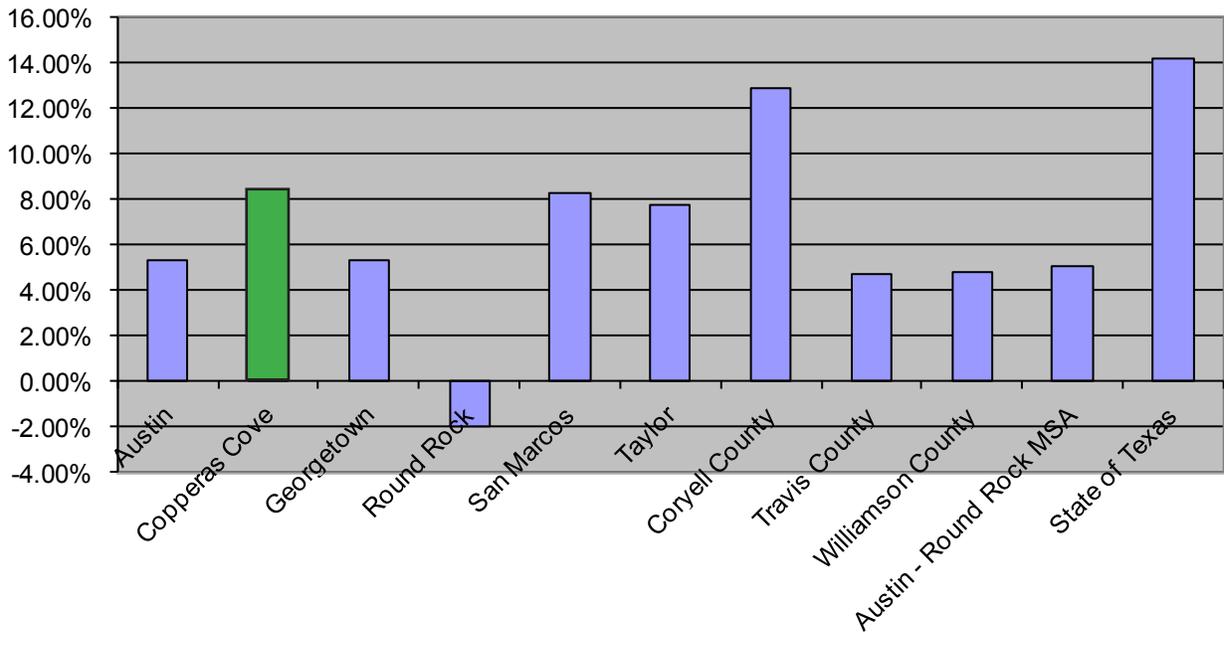
Another star performer in Copperas Cove during the same two-year period was the collective business community! CCEDC staff thought it would be interesting to compare how Copperas Cove businesses are doing compared with businesses in and around the Austin area. Obviously because of sheer numbers of businesses and population gross sales of products and services are going to be much larger by volume in Austin and nearby towns. But CCEDC compared the changes in gross sales from 2010 to 2011 between Copperas Cove businesses and businesses in Austin and surrounding cities on a percentage basis.

The comparison shows that Copperas Cove businesses, in terms of relative sales growth, are actually “outperforming” Austin and some nearby cities — cities widely known to be among the fastest growing cities in Texas and the United States. A further indicator of the relatively strong local economy is that Coryell County significantly outperformed both Travis and Williamson Counties during that same time period. The following table and chart include some interesting comparisons between increased sales in Copperas Cove and other cities and counties, as well as between Copperas Cove and the Austin-Round Rock Metropolitan Statistical Area (MSA) and the State as a whole.

### City, County, State Gross Sales Changes Comparison, 2010 to 2011

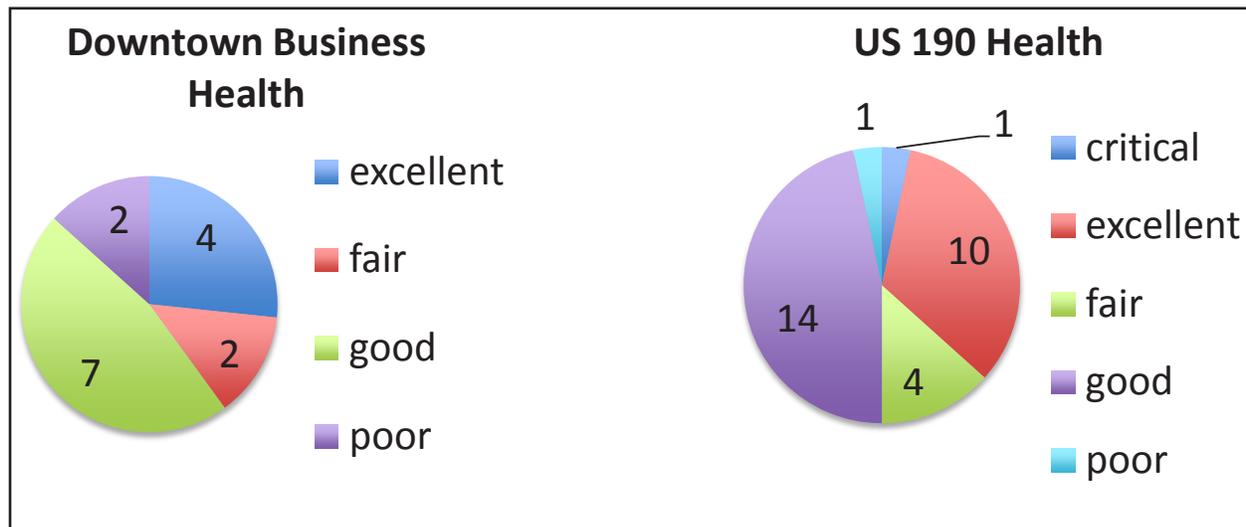
| Location  | 2010 Gross Sales           | 2011 Gross Sales           | Difference               | Percent Change |
|---|----------------------------|----------------------------|--------------------------|----------------|
| <b>City</b>   |                            |                            |                          |                |
| Austin  | \$43,868,902,612           | \$46,228,891,799           | \$2,359,989,187          | 5.38%          |
| Copperas Cove   | \$361,833,580              | \$392,368,179              | \$30,534,599             | 8.44%          |
| Georgetown  | \$2,262,023,460            | \$2,451,028,573            | \$189,005,113            | 8.36%          |
| Round Rock  | \$7,862,236,057            | \$7,712,191,286            | (\$150,044,771)          | -1.91%         |
| San Marcos  | \$2,262,023,460            | \$2,451,028,573            | \$189,005,113            | 8.36%          |
| Taylor  | \$492,706,213              | \$531,335,625              | \$38,629,412             | 7.84%          |
| <b>County</b>   |                            |                            |                          |                |
| Coryell   | \$682,036,854              | \$769,949,847              | \$87,912,993             | 12.89%         |
| Travis  | \$50,022,758,047           | \$52,390,530,589           | \$2,367,772,542          | 4.73%          |
| Williamson  | \$15,563,058,340           | \$16,315,420,401           | \$752,362,061            | 4.83%          |
| <b>Austin - Round Rock MSA</b>  | <b>\$71,916,487,639</b>    | <b>\$75,570,093,426</b>    | <b>\$3,653,605,787</b>   | <b>5.08%</b>   |
| <b>State of Texas</b>   | <b>\$1,320,469,096,415</b> | <b>\$1,508,493,970,720</b> | <b>\$188,024,874,305</b> | <b>14.24%</b>  |
| NOTE: Gross Sales are Total Sales Reported. They are not the amount subject to state and local sales tax.<br>Source: Comptroller of the Public Accounts |                            |                            |                          |                |

### City, County, State Gross Sales Changes Comparison, 2010 to 2011



### Location, Location, Location

CCEDC wanted to learn if businesses operating in the downtown area were at any disadvantage compared to businesses operating on U.S. 190 with better visibility and much higher traffic counts. The survey showed businesses located in the downtown area are operating basically just as well as those on U.S. 190. Seventy-four percent of businesses located downtown describe their economic condition as either “good” or “excellent”. That is slightly higher than the 70% of businesses located on U. S. 190 that rate their economic health as “good” or “excellent”.



## 4.0 Operating Problems and Issues Identified

The BREP survey captured much statistical information about businesses in Copperas Cove. Interviews conducted were confidential, and only general aggregate information is being reported. For the most part, the economic health of our businesses is good, and for many reasons owners and/or managers enjoy doing business in Copperas Cove. However, some business owners and/or managers indicated concerns in the following areas:

- Neglect of the downtown area
- Lack of access to capital
- Confusing city ordinances (primarily sign ordinances)
- Slow or no growth in the city
- Congestion on U. S. Highway 190
- Competition from new businesses that will locate in the 5 Hills Retail Center and along the bypass growth corridor
- No signage on Highway 190 advising motorists of where the downtown area is
- Unawareness of how to become certified as a Disadvantaged Business Enterprise
- Perception that little is being done to help existing, long-established businesses yet incentives are offered to new businesses
- Lack of amenities for youth to enjoy, particularly after dark
- Lack of awareness of how to do business with Fort Hood
- Inability to sell products or services to the City

Some business owners and/or managers in the downtown area feel downtown Copperas Cove is unsightly and unsafe, particularly at night. They feel “the City” should be more concerned about the downtown area and allocate resources for revitalizing and beautifying the area to make it more appealing for people to visit. Sample improvements cited as needed include sidewalk improvements or expansions, planting of shrubs and trees, additional lighting and ADA compliant ramps and railings. Businesses also cited a need to improve the facades of several buildings or demolition of unsightly and/or unsafe buildings.

## 5.0 Services Provided and to be Provided

The BREP survey indicated a need for specific programs and services to be provided to assist businesses grow. While the main focus in FY 2012 was to conduct the survey and gather information, CCEDC is already aggressively offering services to the business community. Services currently being provided include:

- Employee recruitment -- CCEDC has helped businesses find qualified employees for hard to fill positions. Types of positions are varied, ranging from architects and engineers to dog groomers and custodians. CCEDC coordinates with the Texas Workforce Commission, Workforce Solutions of Central Texas and major universities in Texas to link qualified applicants with locally available jobs. Professional jobs already filled with CCEDC’s recruitment assistance account for approximately \$100,000 in new salaries and benefits. This brings new wealth and purchasing power to Copperas Cove, which benefits every other business in the city.

- Access to capital – Several businesses indicated lack of access to capital as a limiting factor to their growth. CCEDC is working with those businesses to link them with banks and other resources which can provide capital to help them expand in Copperas Cove. Our success with this assistance program will bring both new employees and additional capital investment to the city.
- Access to website – Several businesses indicated they have either no website address, or a very limited one. In many cases businesses lack the basic knowledge required to create and maintain their own website. CCEDC anticipated this would be a need many businesses would have in common even before the survey was conducted. We have launched “Find it in Cove, Buy it in Cove”, which offers every local business a free website where they can advertise their products or services. Technical assistance is also provided where needed so that local businesses subscribing to the free internet service can interactively update their own business information through time. More about this free website service can be found at [www.finditincove.com](http://www.finditincove.com)
- Access to government procurement information – CCEDC has arranged to automatically be notified whenever any state agency or several select units of local government have posted solicitations for any product or services. This information is delivered to appropriate businesses which could supply the needed products or services.

CCEDC is also planning to conduct educational programs or seminars which will benefit Copperas Cove businesses. Some topics of programs to be offered starting in the fall include:

- Becoming a DBE -- There are several official state and federal designations which help minority and women-owned businesses sell their products or services to governmental agencies. Several designations are available, such as Disadvantaged Business Enterprise, Historically Underutilized Business, Minority Owned Business Enterprise and Women Owned Business Enterprise. In every case these designations will give the qualifying business preferential treatment whenever any government agency needs to purchase goods or services. Many businesses in Copperas Cove meet the qualifications for certification (at least 51% woman or minority-owned). However they are unfamiliar with the benefits of acquiring the designations, or the process of how to become legally designated. CCEDC will conduct a seminar or seminars on these designations, working with the appropriate state agencies and officials who administer those programs in Texas. Seminars will be offered free of charge, and will include one-on-one counseling if needed to help business owners apply for the designations.
- How to do business with the Army – CCEDC has contacted the Small Business Advocate at Fort Hood to plan a presentation in Copperas Cove for local businesses educating them about the types of goods and services the Army is purchasing, and how they can become a certified vendor to the Army. This seminar will be conducted in the fall and will be free to the public.
- Business to Business Networking – With the Copperas Cove Chamber of Commerce, CCEDC will implement a series of luncheon meetings for local business owners to meet with each other to learn about each other’s business and what products or services are needed. Knowing about what products and services are offered locally will potentially help every business. Business owners/managers may be buying products or services from out of town suppliers, not knowing that they could make their purchases locally.

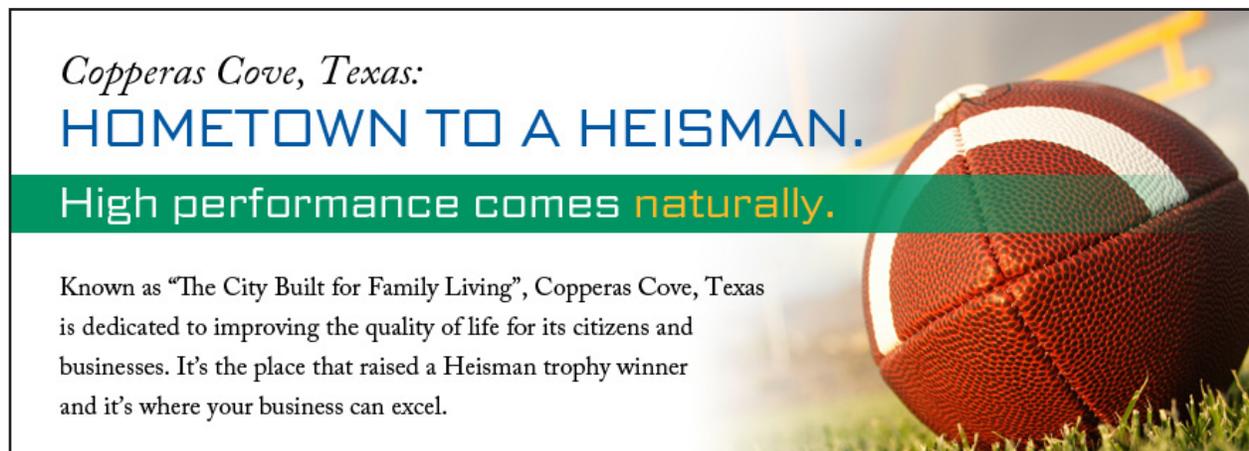
## 6.0 Conclusions

The business community in Copperas Cove is in good health relative to business communities in some other high-growth cities and regions of Texas. And the outlook on the horizon is very positive, indicating substantial growth to come in the near future. Copperas Cove as a community is at a very dynamic point in time because of major new developments which can only benefit existing businesses. The completion of the north and south bypasses along U. S. 190, the addition of the 5 Hills Retail Center with a projected 1,100,000 square feet of new commercial venues, and the completion of the Narrows Business Park which will ultimately bring relatively high-paying jobs and new purchasing power, all will help existing businesses.

The findings from this BREP survey provide a baseline of economic information. This will be useful to accurately assess the actual positive impacts all of the new developments will bring in the next five to 20 years. CCEDC is already preparing for the next land swap with the Army, which will continue the upward spiral of positive growth opportunities for businesses here.

With growth opportunities come growth challenges. CCEDC in conducting the BREP survey and program have assured business owners and managers that we will always be their advocate. We will be available to help existing businesses address any future operating issues or challenges which may arise as the city experiences phenomenal growth in the near future. Copperas Cove is not “land-locked,” unlike others cities in the region, and can potentially grow in every direction, even on land currently owned by the U. S. Army.

Businesses in other parts of Texas or the United States who are looking to expand will undoubtedly be considering Copperas Cove. The fact that existing businesses are serviced through an ongoing BREP program will be one of many positive factors that will influence new businesses to locate in Copperas Cove.



*Copperas Cove, Texas:*  
**HOMETOWN TO A HEISMAN.**  
High performance comes naturally.

Known as “The City Built for Family Living”, Copperas Cove, Texas is dedicated to improving the quality of life for its citizens and businesses. It’s the place that raised a Heisman trophy winner and it’s where your business can excel.

## 7.0 Acknowledgments

The Board of Directors and Staff of the CCEDC gratefully acknowledge and thank the following organizations and individuals whose valuable time and input made this report possible:

### **Copperas Cove Businesses**

Owners and/or managers of 45 businesses who generously gave of their time to participate in the interviews

### **Central Texas College/Students In Free Enterprise (SIFE) Program**

#### **Faculty and Staff:**

Dr. John Frith, D.B.A, Chair, Business Administration and Paralegal Department, Sam Walton Free Enterprise Fellow

Professor Les Ledger, Professor of Business Administration, Sam Walton Free Enterprise Fellow

Chastity Clements, SIFE Coordinator, Sam Walton Free Enterprise Fellow

#### **Select Business Students and BREP Interviewers:**

Brian Miles  
David Netherwood  
Rodrick Levi  
Heidi Rogers  
Corey Wilson  
Steban Ramos

Darnell Hughes  
Nathan Weaver  
Alvin (A.J.) Perry  
Philip Kerzee  
Jacqueline Jones  
Robert Garner

### **Heart Of Texas Defense Alliance**

Colonel William (Bill) Parry, former Garrison Commander, Fort Hood

### **Comptroller Of Public Accounts**

Mr. Bob Bearden, Special Advisor, Tax Policy Division



# Copperas Cove

## Economic Development Corporation

The Copperas Cove Economic Development Corporation, established by the voters of Copperas Cove in 1990, is a Type 4A entity directed by five board members appointed by the City Council. The CCEDC, located at 210 South First Street in Copperas Cove, is operated by a professional staff.

The Mission of the CCEDC is “To establish a comprehensive economic development program for Copperas Cove through new industry recruitment, business expansion and retention activity and small business development”.

Regular meetings of the Board of Directors are generally held on the fourth Thursday of each month at CCEDC’s business office and are open to the public. Agendas are posted at the front door of the Copperas Cove EDC building and on the corporation’s website at least 72 hours in advance.

### Board of Directors

|               |               |
|---------------|---------------|
| Dan Yancey    | Chairman      |
| Danny Palmer  | Vice-Chairman |
| Fred Chavez   | Treasurer     |
| Bradi D. Diaz | Secretary     |
| Jimmy Clark   | Director      |

### Staff

|               |  |
|---------------|--|
| Polo Enriquez | Executive Director                       |
| Monica Hull   | Director of Business Development         |
| Linda Hight   | Office Administrator                     |
| Pat Spangler  | Office Coordinator (part-time)           |
| Jim Aanstoos  | Business Retention Specialist (contract) |

The CCEDC is focusing its programs and services on retaining the community’s existing businesses as well as helping them expand while at the same time recruiting those that will substantially add to our economic base.

### Targeted Industries

The CCEDC has identified and selected the following industries as our Business Attraction “targets”.

- Renewable energy products
- Construction materials
- Medical devices
- Light manufacturing
- Distribution and logistics





# Copperas Cove

Economic Development Corporation

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