

A Roadmap to the Innovation Hub of the Texas Hill Country



**A 5-Year Economic Development Strategy Plan
Boerne/Kendall County
2020 - 2025**

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Economic Development Corporation

Executive Summary

Mission

To promote and foster business opportunities that strengthen, diversify, and grow Kendall County's economy, ensuring a future that is vibrant, prosperous, inclusive, and resilient.



About This Strategy

To further its pursuit of economic resiliency, Boerne/Kendall County requires a deliberate, collaborative strategy for business expansion, startup and enterprise development, talent attraction/retention, and destination development.

Guided by Steven Pedigo, faculty director of the LBJ Urban Lab at the Lyndon B. Johnson School of Public Affairs at UT-Austin, and with the financial support of the IC2 Institute, the Boerne Kendall County Economic Development Corporation (BKCEDC) has spent the past year engaging with residents, business executives, community leaders, and elected officials on how to build Kendall County into a creative and innovation hub for the Texas Hill Country. The result is this five-year strategy.



Vision

An environmentally responsible community with an appreciation for its singular quality of life, Boerne/Kendall County is the creative and innovation hub for the Texas Hill Country.

Values

The strategy is built on five key values:

- Embrace prosperity and “graceful” growth
- Honor the county’s rural legacy while encouraging innovation
- Engage a broader group of community and economic development players
- Focus on family-supporting jobs
- Maintain Kendall County’s unique Hill Country quality of place



Principles

Four guiding principles have shaped the vision and strategy, serving as a framework to guide future decisions on priorities, investments, and collaboration:

- Develop a data-informed cluster strategy to build a more resilient, export-driven economy
- Embrace entrepreneurship as a means for job and wealth creation
- Build skill pipelines and match potential workers with jobs to drive upward mobility
- Create a vibrant community for all residents while protecting its environment

Strategy Goals

1. Foster a startup ecosystem that is a model for the Texas Hill Country

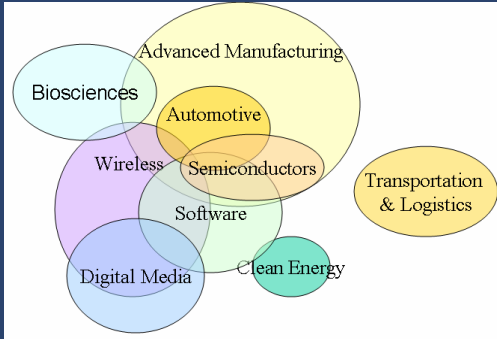
How?

- Explore the creation of “Startup Boerne/Kendall County,” an initiative to support saleable startups
- Launch the Boerne Kendall County Angel Network
- Explore the creation of a co-working space
- Celebrate Boerne/Kendall County's entrepreneurial success stories



2. Expand and support the expansion of Boerne/Kendall County's target export clusters

How?



- Become industry cluster experts and advocates
- Refine business expansion programs to be cluster-driven
- Ensure the creation of infrastructure, space, and programs/tools to promote cluster development
- Create and launch a "Made in Kendall County" initiative in collaboration with community partners

3. Attract and retain young professional and "boomerang" talent

How?

- Build a more robust Boerne/Kendall County talent initiative
- Address the county's housing affordability challenges and transportation gaps

4. Support skill development for Boerne/Kendall County's export and innovation sectors

How?

- Foster ongoing skill development for Boerne/Kendall County's clusters
- Prepare Boerne/Kendall County students for career pathways through industry-aligned CTE programs and apprenticeships

5. Embrace and promote a "Hill Country" quality of life

How?



- Support placemaking efforts to improve public, community, and recreational spaces
- Partner with Visit Boerne to advance product development and visitor experiences
- Develop a competitive brand identity for Boerne/Kendall County and tell that story

Introduction

For Kendall County to attain high-quality economic growth, it must strengthen and diversify its economic base, shifting it as much as possible to export industries (those that sell projects and services outside their immediate region).

In an effort to position Boerne/Kendall County as the creative and innovation hub for the Texas Hill Country, the Boerne Kendall County Economic Development Corporation has prepared this five-year economic development strategy.

It is built upon five key goals:

GOAL 1

Foster a startup ecosystem for Boerne and Kendall County that is a model for the Texas Hill Country

Boerne/Kendall County can become a magnet for young talent and, even more importantly, job-creating entrepreneurs. It has all of the assets that they seek and that innovation ecosystems require, including an educated talent base, proximity to a major metropolitan economy, a host of built and natural amenities, and even a nascent startup ecosystem that can be built upon. Promoting Boerne and Kendall County as such, while ensuring that the entrepreneurs who respond have all the support they need, is a necessary first step toward jump-starting its growth.

GOAL 2

Support the expansion of Boerne/Kendall County's target export clusters

Boerne's export cluster is 28 percent smaller than the U.S. average for a city of its size, which gives it less margin for failure and less resiliency in times of economic shocks. Not only do export sectors provide better economic opportunities for residents, they allow cities to move to the next level, becoming not just good places to live, but sustainable economies—places where it's possible to build scalable businesses in key sectors.

GOAL 3

Attract and retain young professional and “boomerang” talent

The presence of a substantial base of young talent is a key attractor for companies. The result is a feedback loop in which talent attracts employers, who attract still more talent, growing and enriching the ecosystem. Demographically speaking, Boerne/Kendall County skews older. But its quality of place can be leveraged to attract younger talent. Perhaps the easiest to attract is so-called “boomerang talent”—people who grew up in the area but left to pursue opportunities in bigger hubs. The county’s more affordable quality of life may induce them to return as they settle down and start families. There is also an opportunity to attract remote workers of every age who may be willing to exchange their smaller, more expensive houses in large Texas metros for the opportunity to live more expansively and affordably in the Hill Country.

GOAL 4

Support skill development for Boerne/Kendall County’s export and innovation sectors

Economic development today is all about skills, whether the aim is to attract highly educated and/or experienced workers or upskill workers in legacy industries so they can pursue better opportunities. Smaller, more rural locations like Boerne/Kendall County must be intentional and highly proactive when it comes to talent and skill development.

GOAL 5

Embrace and promote the “Hill Country” quality of life

Kendall County exemplifies all the best features of the Texas Hill country: scenic beauty, a relaxed pace of life, lively local arts and music scenes, and an abundance of outdoor recreational opportunities. It is the goose that lays the golden egg—it cannot be sacrificed for the sake of growth. It must be protected at all costs.

Engagement

To develop a three-dimensional understanding of Boerne/Kendall County, BKCEDC, in partnership with Steven Pedigo and graduate student researchers from the University of Texas at Austin, hosted a series of roundtables with local experts, community stakeholders, business leaders, and members of the regional steering committee to provide input on the following topics:

- Talent
- Industry
- Quality of Place
- Environment/Resource Management



While a data assessment helps determine a place's competitive advantages, opportunities, and challenges, an economic development strategy must be co-authored by the community it intends to serve. The convenings we have facilitated with local stakeholders over the past year anticipate our ultimate goal, which is to build long-lasting, mutually beneficial relationships between industry players, service providers, residents, non-profit organizations, city and county officials, and economic development partners.



Talent

The talent roundtable addressed the area's workforce assets and needs, including the talent gaps faced by local businesses, workforce development efforts undertaken by businesses and school districts, and concerns about talent retention. Participants included representatives from area businesses, schools, and economic development officials. Key takeaways included:

- **Boerne and Kendall County need to attract talent**

While San Antonio's growth is bound to eventually spill over and provide a talent pool for Boerne, that is not currently happening. "... there's a tipping point based off talent pouring over to neighboring communities, but right now we're watching in sadness because the talent is not flowing in our direction." The development plan must address the reasons workers are not choosing Boerne over San Antonio and other neighboring communities.

- **Boerne and Kendall County have high costs of living**

The entry-level and service-sector workers Boerne has the most trouble recruiting cannot afford the area's high housing costs. "The housing cost in Boerne right now is close to \$400,000, median. You cannot buy a \$400,000 house making \$20 an hour. You can't do it. If \$400,000 sounds like a lot of money, it isn't." Until housing affordability is addressed, Boerne's talent gap will persist and grow.

- **Alternatives to wage increases should be explored**

Wage increases alone cannot fill the affordability gap, and businesses can only afford to raise them so much. Businesses should be encouraged to provide innovative benefits as well. Some are trying alternative hiring practices, including group hiring. “In terms of someone having the potential to stick around for longer than a year, having two or more friends on the job has a huge impact on whether they stay.” Businesses can also offer alternative benefits and perks. “Some of the smaller benefits that you can provide—like free meals, organizing carpools—those type of things are typically tactics that we use.”

- **The need to preserve Boerne and Kendall County’s rural lifestyle**

San Antonio offers workers a lower cost of living, so Boerne’s draw for new workers has depended on its quality of place factors. Increasing urbanization diminishes this advantage. “Having been a rural community, people....were willing to forgo pay to have a really great working environment and experience, and we're losing that.” Maintaining Boerne and Kendall County’s rural lifestyle as an alternative to San Antonio’s sprawl is vital.

- **Tap into the older generation**

Boerne and Kendall County have a unique set of assets in their prosperous retirees. The mentoring and investments they can provide are potentially valuable resources for younger entrepreneurs. “Somebody retired, they made a great living, they got a lot of experience, they really don't know how to plug it in. They're like, ‘Well, I'd like to do something in the community, I'm 65, 70 years old, what can I do?’ We need to give them that opportunity.”



- **Transportation for lower-wage workers**

Car ownership is a serious burden for lower-wage workers in an expensive environment like Kendall County’s. Boerne’s lack of public transit and increasingly long commutes further deters entry-level and service workers from moving in. “It's just gridlock down there....We’re having to pay people higher wages to keep them coming here or staying here.” Boerne needs a plan that advances its transportation infrastructure.

- **Single people are important too**

Boerne is a welcoming place for families raising kids, but singles are less inclined to come or stay. “What are they going to do? You hear this over and over again, and I hear it from singles that are in their 40s and 50s. They go, ‘There's nothing to do around here.’” Talent attraction for Boerne should not focus solely on young families, but should be tailored to workers of all ages and statuses.

Industry/Business Climate

In this discussion, business leaders, economic development and chamber of commerce representatives, and local city/county officials assessed Boerne and Kendall County's overall business environment. Key takeaways included:



- **San Antonio employment base**

Many Boerne and Kendall County employers are dependent upon the San Antonio metro for their employees and would face severe talent shortages without it. “75 percent of our employees come from SA, and they’re driving here every day. If they find a job in San Antonio, they’ll take that position and leave us.”

- **Improving connection between school pathways and manufacturing**

Boerne Independent School District (Boerne ISD) is starting to see a positive connection between its industry programs at high schools (and their graduates) and its manufacturing sector. “We’re starting to see a heavier influx of manufacturing companies coming in that are needing welders. They’re starting to come in.”

- **Industry pathways**

There’s a growing interest in industry pathways across the country, and Boerne and Kendall County are no exception. “If you go into plumbing, for instance, you put in four years, five years, you pass your journeyman test, and you’re making \$75,000 a year, potentially. Get your masters, and you can start your own company. I think all of those things are on the table for Boerne right now, as growth increases.”

- **Entry-level and service talent gap**

Boerne and Kendall County face a talent gap for entry-level and service-based work, an issue that was echoed repeatedly in several other roundtable discussions as well. “It’s a difficult challenge; we have to address it with compensation. We have to provide more of a pathway and really develop the talent.”

- **Affording Boerne’s quality of life**

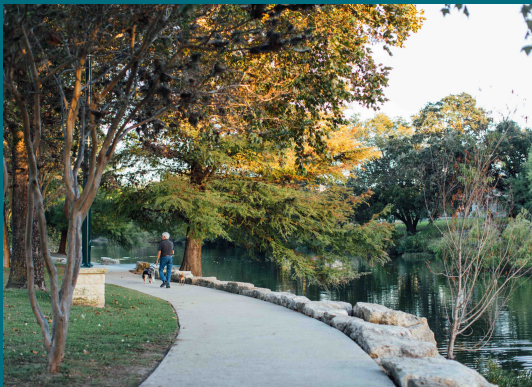
While roundtable participants agreed that Boerne offers a high quality of life, it’s not an attraction for workers who can’t afford to live in the community or buy a house. Boerne and Kendall County must address its housing supply/affordability challenges. “Quality of life doesn’t sell to people when they’re going to commute and can’t afford it.”

- **Available but unviable real estate along the I-10 corridor**

Much of the land along the I-10 corridor is unusable. “Some of the most potentially valuable real estate in this town [Boerne] can't be used because there are no utilities. There's no infrastructure to get to it, to use it.”

- **An opportunity for smart growth**

Boerne and Kendall County are part of the rapidly growing San Antonio metro. Now is the time to build a foundation for their own future growth. “The idea of being anti-growth within a growth boom is a recipe for a disaster of all sorts.” Boerne and its environs must evolve into a full live-work community: a great place to live, work, and build businesses.



Quality of Place

This roundtable convened business owners, developers, and steering committee members to discuss quality of place in the region, specifically which assets currently contribute to Boerne/Kendall County's quality of place, how those assets may change as the region grows, and what gaps exist in the Boerne/Kendall County experience (e.g., a lack of programming/opportunities for young adults).

Key takeaways included:

- **Natural setting**

The Hill Country itself should be seen as a powerful asset. As a key factor in the area's quality of place, its environment must be preserved and maintained. “We're on the cusp of the beautiful plains-meets-the Hill Country; there's a lot of plant diversity, wildlife diversity, a lot of clear streams, rivers, and creeks. That's why people moved here and that's why they stay here.”

- **Boerne/Kendall County businesses are good citizens**

Boerne and Kendall County businesses benefit from their proximity to larger cities (San Antonio and Austin), but most are actively engaged in the local Boerne/Kendall County community as well. “It's a very good central location for a place to be. The businesses here are really trying—trying but not always succeeding—to be high quality and make the community a better place.”

- **Quaintness is a mixed blessing**

Small-town charm can be an amenity for residents, but it is a double-edged sword. “There may not be money in knowing a customer by name, but golly it feels so good. It makes a difference. At the same time, it makes it difficult for somebody to come from Houston and break in, or for a franchise store to move in because they maybe feel more like outsiders.” The community must be careful to strike the right balance between cozy and clannish.

- **Small-town structure is a plus**

Alternatively, the small-town structure can be easier to meld into. “I think the culture here makes it easy to get engaged. If you want to become involved in this community, there are opportunities, just as you invited me to participate in this meeting.” Such opportunities are vital for bridging the gap between old and new residents, maintaining established networks, and bringing in new networks.

- **Urban sprawl is the enemy**

San Antonio’s encroaching sprawl poses an imminent threat to Boerne/Kendall County's rural charm. “The community doesn't want to be blandsville; it doesn't want to be Plano, sprawling all over the place. We don't want to let urban sprawl in, so to speak. How do you create a better outcome than what we see as a norm for typical economic growth?” Boerne and Kendall County must identify desired limits on growth and then enforce them if they are to maintain their unique characters.

- **Utility access is essential**

Strains on resources, particularly power, could make life in Boerne more difficult. The region’s geographic location poses a challenge in this regard. “I foresee that it's going to be a considerable constraint for the whole state, and we are part of that, obviously. We are at the end of the line for many utilities.”

- **School staffing**

Boerne/Kendall County's schools are very good, but the district foresees difficulties recruiting teachers to accommodate its growing student population. “We do have a large number of teachers that live inside the district, but that's because of marriage. We worry that will change as we grow.” Talent recruitment/retention will be critical.



- **Boerne and Kendall County need amenities for the young and restless**

Young adults and even teenagers have little to do. “For the most part, downtown sort of shuts down at 8:00 pm. It's very different from even Fredericksburg, which has a busy nightlife. If they are single, young professionals will gravitate toward an area like San Antonio. Then, when they begin to settle down and want to raise a family, they sort of gravitate back.” If the needs of young residents aren’t addressed, the already high median age of the region will only get higher.

Representatives from environmental organizations, steering committee members, and others met to identify the threats to Boerne and Kendall County's natural environment.

Takeaways included:

- **The need to balance growth initiatives with care for the natural environment**

New residents are attracted to Boerne for its natural beauty. "How do we embrace some growth while at the same time maintaining the identity that is the Boerne environment?" Growth plans must be sensitive to the need to conserve and maintain natural resources. The Hill Country is a key asset; it cannot be sacrificed on the altar of growth.



- **Build on existing preservation efforts**

The nature center and other organizations and residents have long advocated for Boerne/Kendall County's environment. "All the while, you had Cibolo Nature Center and people who live here that enjoyed the quality of life and the historical context. Caring about it, wanting it, and advocating for it as best they could without knowing how to do it. It's just of late that the powers that be really want to dig in and get it right."

Environmental concern is a kind of asset in its own right. "There are many people I've run into who said that they moved to Boerne because it had a nature center and therefore shares their values....I run into a lot of people who say that was a deciding factor." Experienced advocates should be called upon to guide future decision-making about Boerne/Kendall County's natural environment.

- **Lock up green space while it's still available**

There is already a widespread perception that Kendall County is running out of green space for residents to enjoy. This will become even more of an issue as the city and county grow. "So, the county is supposed to double its population in 10 years. I think if we asked right now whether we have enough open space and parks and stuff for the people who live here, I think a lot of people would say probably not." The region needs to plan ahead for parks and other green spaces before the competition for the land ramps up.

- **Maintain Boerne/Kendall County's leadership in resource management**

Boerne has been at the forefront of other resource protection/management efforts. "Kendall County spearheaded a project that ended up being the groundwater model for the entire state of Texas. Kendall County has been in the forefront of a lot of protection of resources, growing gracefully if possible, and also maintaining the historic lifestyle of the small-town community." Boerne/Kendall County cannot afford to rest on its laurels; when it comes to the protection of its natural assets, it must continue to lead the way.

For this discussion, we convened local entrepreneurs and heads of smaller enterprises, members of business organizations, potential capital providers, and experts from economic development entities. In addition to identifying gaps in the entrepreneurship ecosystem and action steps that can be taken, the conversation zeroed in on the interactions between Kendall County's and San Antonio's startup ecosystems.

Key takeaways included:

- **Untapped brain trust**

With a large number of retirees in Boerne/Kendall County, the startup and small business community has a largely untapped resource of mentorship, coaching, and technical advice.

"We're ripe in terms of the potential brain talent that's here. We have a large segment of people who are highly successful, retired people who live here and are looking for an opportunity to get involved. We have to tap into this invisible network here."

- **"We have fiber"**

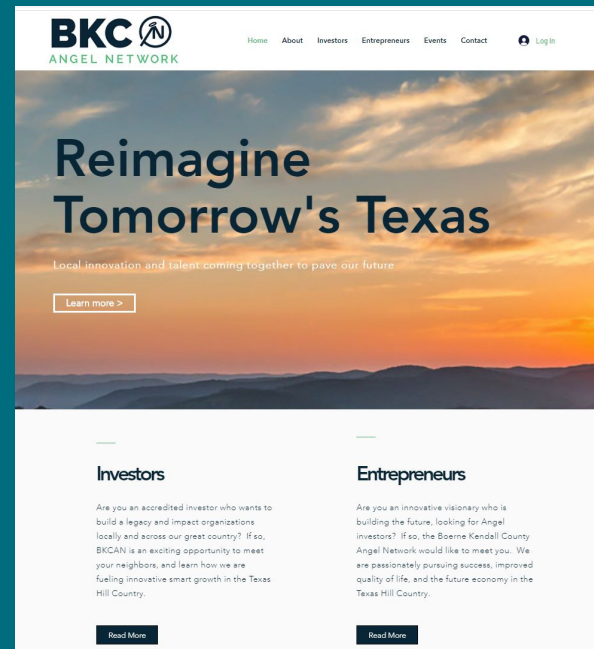
Unlike a lot of communities its size, Boerne has fiber, the critical infrastructure that is necessary for building a startup ecosystem outside a major metro. "Although we do have infrastructure issues, we have fiber (and not every city in the county does). We're in good shape in that regard, but we have other infrastructure needs that we've talked about many times to support this kind of growth."

- **Space and capital challenges**

Like entrepreneurs in most communities, Boerne's face challenges relating to capital and space. The city should explore public-private partnerships for addressing these gaps. "The common problem is money. And it doesn't take that much. We need to make available here very low-cost space. If you don't have that, it's not going to work. It is not that hard to do, but it takes an investment by the city or county or a private partnership."

- **Access to mentorship**

In addition to capital, aspiring entrepreneurs and startups in Boerne need mentorship. "A lot of companies get money, but they don't know how to run a business. They're so focused on the idea, the concept of software, the device, whatever it is they're doing. They get the money, but they don't have any direction on how to actually implement what they're trying to do with that money. We have to try to provide some counsel."



- **Building off of San Antonio**

Some participants argued that Boerne and Kendall County's startup efforts should build off those in San Antonio. "We ought to piggyback on San Antonio. There's already a focus in the area on a few things: regenerative medicine, med tech, information, cancer. It's very likely that someone from one of those areas will migrate here if they are plugged into the network and support. We're not going to reinvent it; we need to participate in it. We are a satellite community."

- **The need for a champion**

Building a network has to be the central key objective of one person, organization, or enterprise. Boerne and Kendall County's startup and entrepreneurial ecosystem needs a champion, someone who can guide its development. "You need somebody who can step up. I could never get a champion because everybody has something else going. We need a catalyst and you need a champ. There are so many people that want to give back the time, and they're willing to invest money in this thing. It's just a matter of coordination."



- **Make startups and entrepreneurship more visible in Boerne and Kendall County**

Several roundtable participants made the point that startups in Boerne are not sufficiently visible to the public. "We need a place where entrepreneurship is on display. Let's take Old City Hall and turn it into an incubator. But the political capital has to be there."

- **Now is the time to build a better ecosystem**

All the ingredients are there, and the time could not be riper. "You have a perfect storm of capital, talent, and energy (even though some of us are old energy). This community also has the other resources, the quality of life things that make it perfect for that kind of a business ecosystem. That's why I think it can work here."

Community Benchmarking

The following is a snapshot community profile for Boerne/Kendall County. The data provides a point of reference to gauge the region's competitive advantages and disadvantages. For context and comparisons, the analysis compares Boerne and Kendall County to an array of peer benchmark communities (six in Texas and eight outside the state), whose sizes, demographics, or economies are broadly similar to Boerne/Kendall County's, or that support policies that Boerne/Kendall County can look to for best practices. Peer communities were selected in collaboration with the project's Steering Committee and BKCEDC staff.

In alphabetical order, they are:

- Bend, Oregon
- Brenham, Texas
- Buda, Texas
- Dripping Springs, Texas
- Farmington, New Mexico
- Florence, Arizona
- Franklin, Tennessee
- Fredericksburg, Texas
- Georgetown, Texas
- Golden City, Colorado
- Logan, Utah
- Seguin, Texas
- Shelby, North Carolina
- Whitefish, Montana



The methodology for the benchmarking analysis revolves around the use of three main fundamental tools: the calculation of shares, growth rates, and location quotients. The calculation of shares/ratios helps us view the figures as part of the whole and creates a common basis for comparison between benchmark communities. Growth rates allow us to assess the change in certain values over time. By definition, they express the expansion or contraction of a particular variable. In most cases, a five-year time span is chosen.

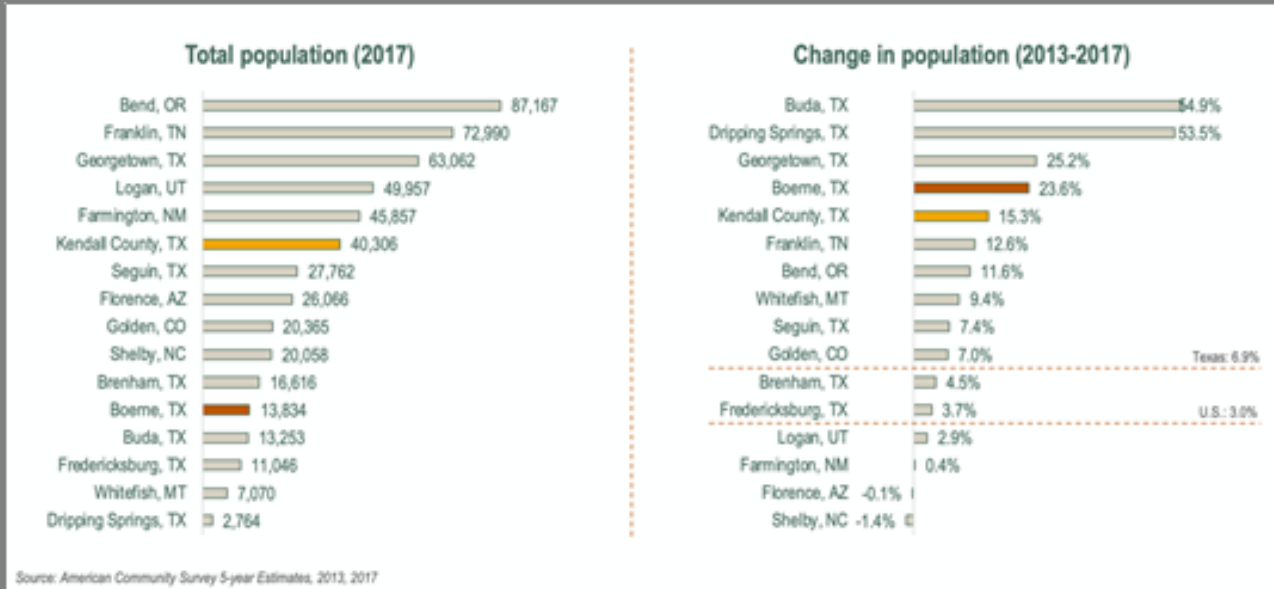
Location quotients are calculated to assess the concentration or dominance of a certain community characteristic (e.g., share of millennial population, share of immigrants, etc.) or industry competitiveness. The location quotients use the U.S. national value as a benchmark. A value higher than one demonstrates a concentration/specialization that is above the U.S. norm, while a value lower than one indicates that a characteristic is under-represented in Boerne/Kendall County.

A full-data appendix supporting the takeaways below has been provided to the BKCEDC staff.

Demographics

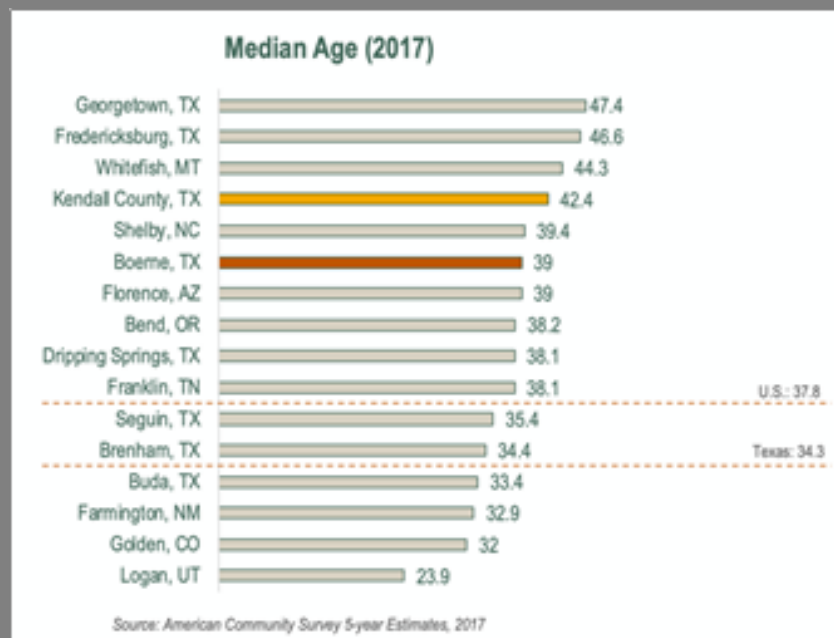
- Boerne and Kendall County are fast-growing communities—significantly faster than Texas as a whole**

Kendall County is home to 40,300 residents, nearly 14,000 of them in the city of Boerne. Since 2013, Boerne's population has grown by 23.6 percent and Kendall County's by 15.3 percent, growth rates that rank among the top five peer communities.



- Boerne and Kendall County are older communities—similar to Georgetown, Texas and Fredericksburg, Texas**

With median ages of 39 and 42.4 respectively, both Boerne and Kendall County are well above the state and national averages.



- Retirees are flocking to Boerne**

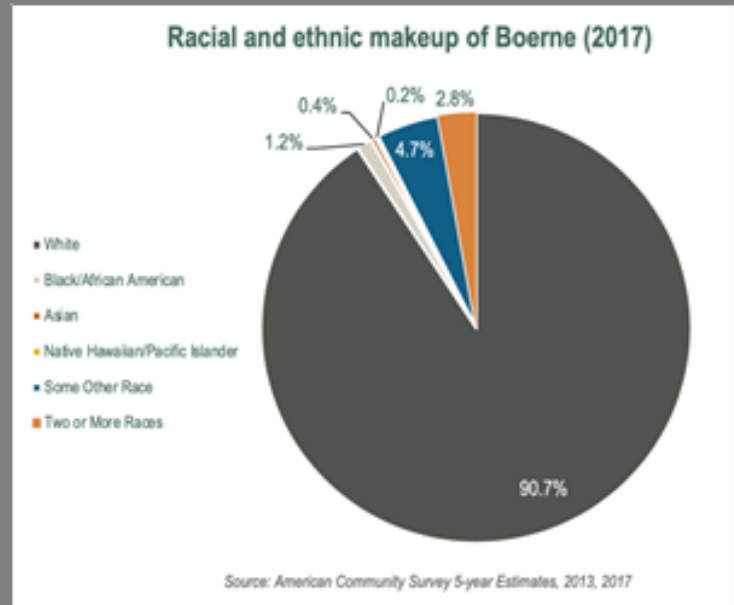
Boerne has experienced a 32.2 percent increase in its share of residents 65 and older, similar to that of Bend and Georgetown. It ranks fourth among its benchmark peers on this metric.

- Young adults are moving to Kendall County but not to the city of Boerne**

Kendall County's young adult population (20 to 34) increased by 31.7 percent between 2013 and 2017. Even so, the shares of young adults for Kendall County and Boerne (less than 15 percent) are one-third lower than the U.S. and Texas averages.

- Nine in ten residents in Boerne and Kendall County are white**

As un-diverse as they are, Boerne and Kendall County are roughly similar to their peer cities.



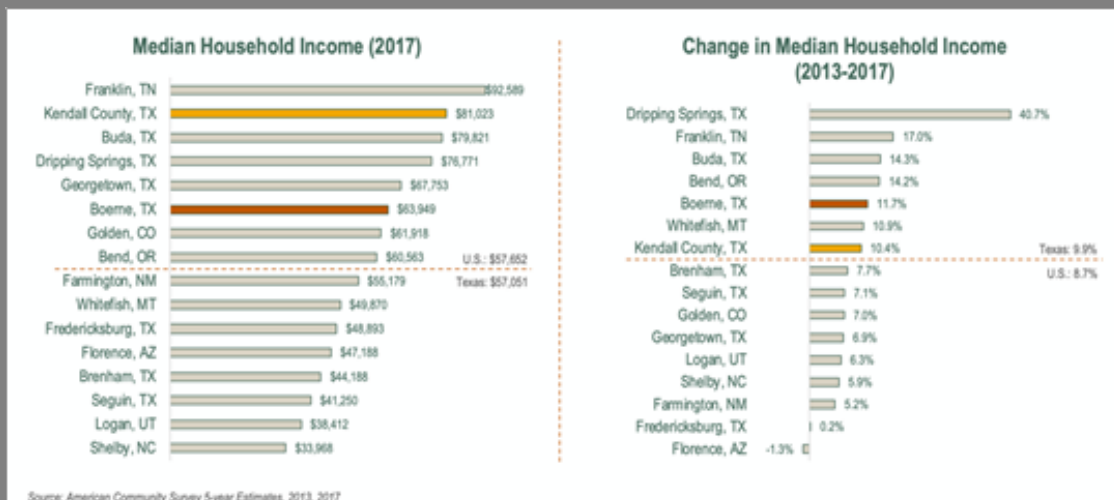
Income

- Boerne and Kendall County have high median household incomes**

Kendall County's household income (\$81,023) is 30 percent higher than the average for Texas, and Boerne's (\$63,949) is 12 percent higher. Both rank among the top tier of their benchmark communities.

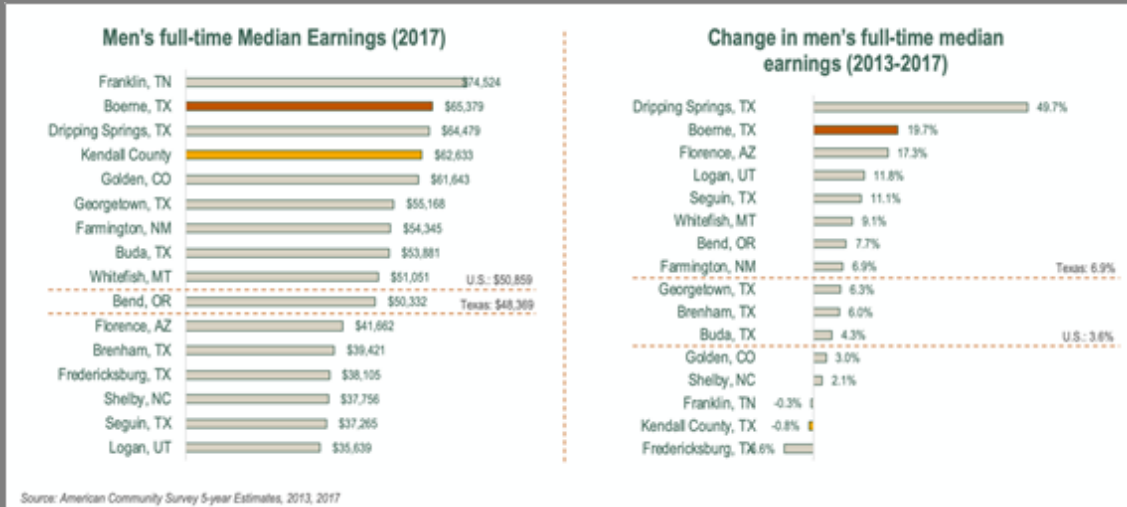
- Median household income growth for Kendall County (10.4 percent) and Boerne (11.7 percent) is slightly faster than the averages for Texas and the U.S.**

Kendall County and Boerne rank among the top half of their peer communities on this metric, similar to Bend, Oregon and Whitefish, Montana.



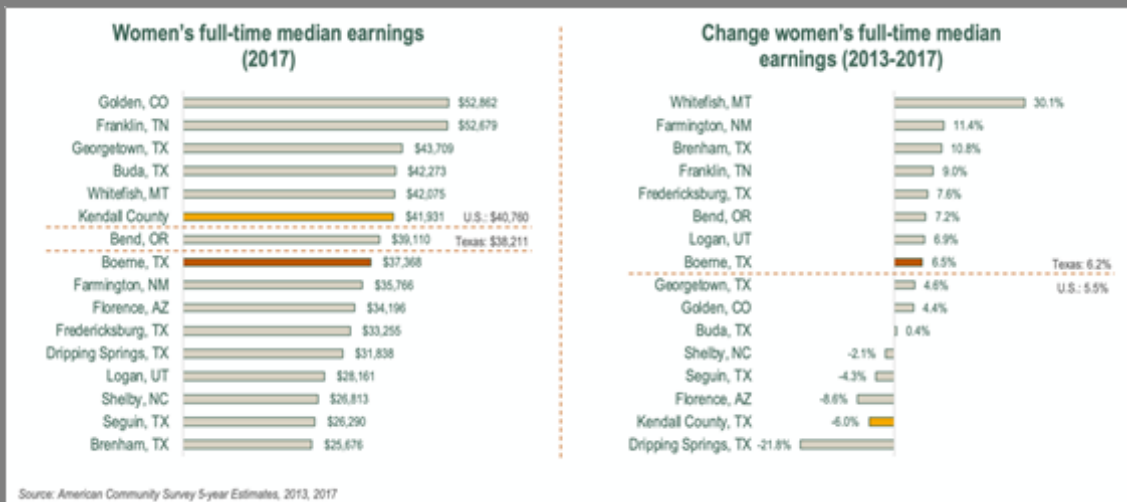
- Men in Boerne and Kendall County are high earners—more than \$62,000 annually**

Men in Boerne have experienced income growth (19.7 percent), while those in Kendall County have experienced a slight decrease (less than 1 percent).



- Women in Boerne earn \$37,368—only 57 percent of what men do**

This is one of the largest gender discrepancies among the peer communities and is substantially larger than the average for the U.S.



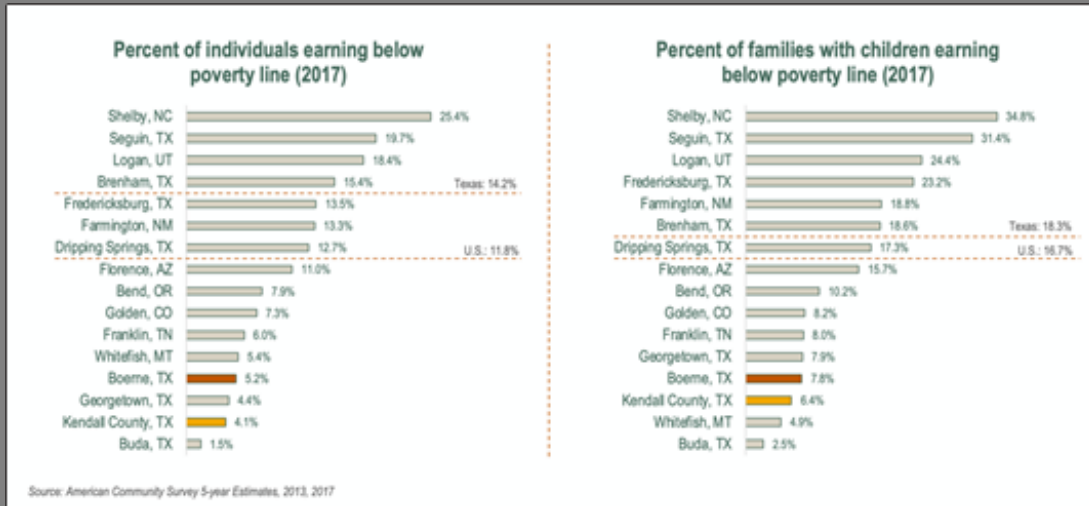
Equity

- Boerne and Kendall County have low income inequality**

Boerne's Gini index (0.43) is exceptionally low, while Kendall County's (40.46) is middling among its peer communities. Both are lower than average for Texas and the U.S.

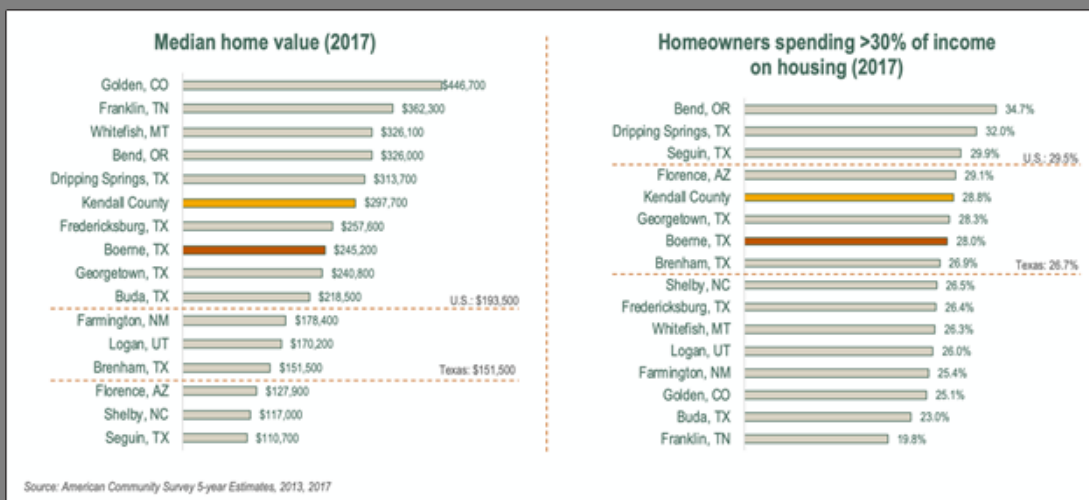
- Boerne and Kendall County have extremely low poverty rates, either for families with children or individuals.**

Both communities are well below the state, national, and benchmark averages.



- The region's housing prices are high, well above the average for Texas and the U.S.**

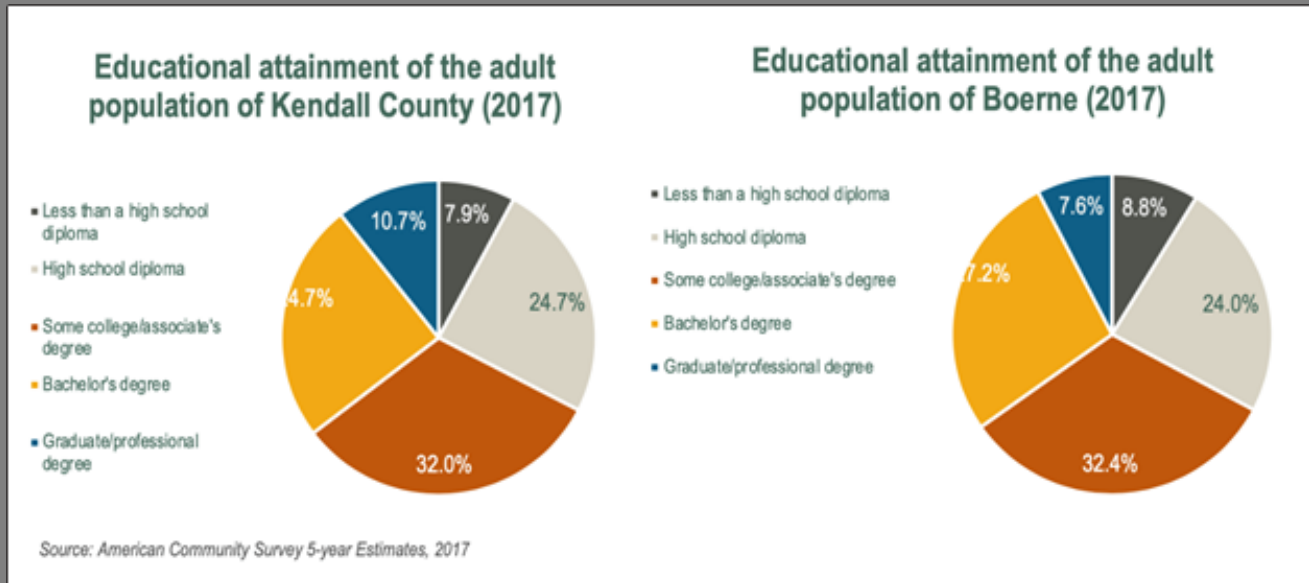
That said, the share of residents spending more than 30 percent of their income on housing tracks with Texas and the U.S.



Educational Attainment

- Boerne/Kendall County is an educated community**

The area continues to attract residents with high levels of educational attainment. Its share of college residents increased 25 percent since 2013, and it ranks among the top five benchmark cities.



- Less than 9 percent of working adults in Boerne and Kendall County have no high school diploma**

This is an extremely low share, ranking among the middle of the peer communities and well below the U.S. average, and it is shrinking.

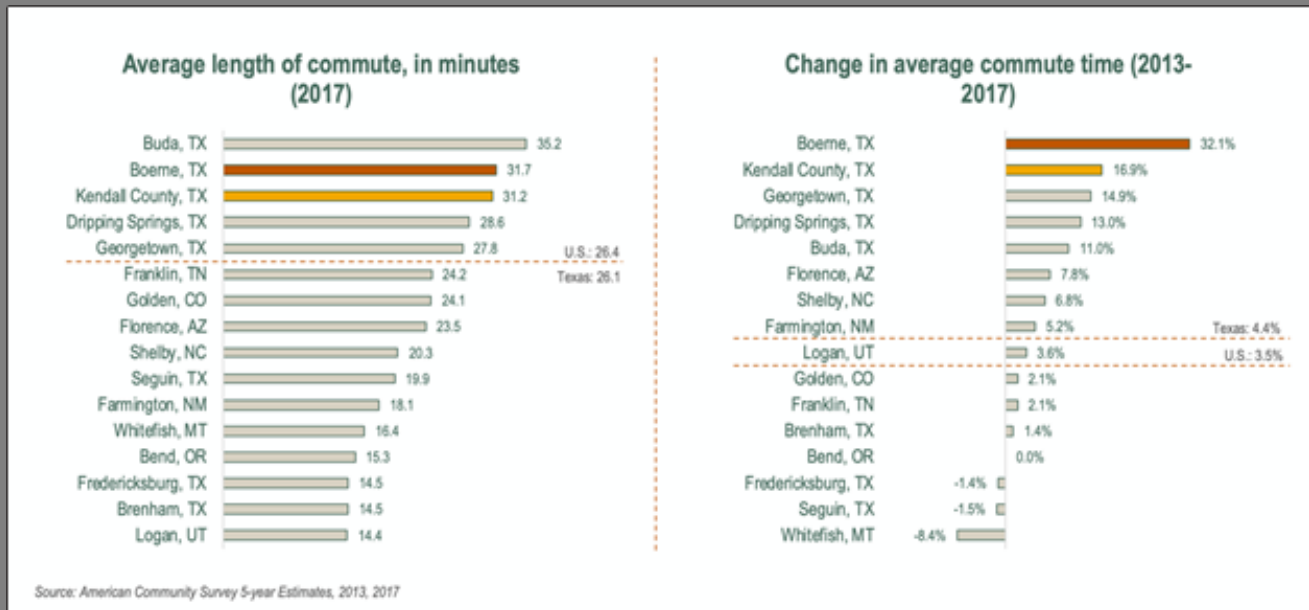
- Four in ten residents have a bachelor's degree or higher**

While the shares of Boerne and Kendall County's populations with bachelors' degrees is rising, the percentage of adults with graduate degrees is shrinking.

Commuting

- The area's commutes are long and getting longer**

Boerne and Kendall County have some of the highest average commuting times among their peers, ranking in the top three. Worse, these times are growing at a faster rate than their peers: 32 percent faster for Boerne and 17 percent faster for Kendall County.



- Eight in ten of the area's commuters drive to work alone**

Carpooling throughout the community is declining, and very few workers use public transportation or other modes of commuting.

Cluster Assessment

In developing an economic development strategy, it is critical to build on a foundation of existing industry strengths. It is easier to attract investments to sectors with proven viability and economic momentum. Plus, industries that offer career mobility and growth opportunities are more likely to attract talent.

Industry clusters—geographic concentrations of related industries—are foundational elements for vibrant economic growth in a region. A typical cluster comprises companies, suppliers, and service providers, as well as government agencies and other institutions that provide specialized training and education, information, research, and technical support. Such clusters are classified as either traded/export clusters or local clusters.

Traded sectors (also referred to as export or basic sector industries) include businesses that produce goods and services that are consumed outside the region where they are produced and therefore bring new income into an area (e.g., advanced manufacturing, life sciences). Workers in traded sectors tend to have higher educational attainments and earn higher average wages than those in local sector businesses.



As traded sectors increase employment and wages, they also allow would-be entrepreneurs to develop on-the-job skills and resources that encourage and enable them to start new businesses, increasing employment opportunities within the community. Furthermore, certain traded sector companies create a need for additional companies to supply components of the products they manufacture (supply chain effects).

Local sector clusters, in contrast, produce goods and services that are consumed locally (e.g., breweries, physician offices, banks); as such, they circulate existing income in an area. These businesses are important, however, as they provide vital needs, services, and amenities. Some of the amenities they provide may draw young professionals and families to an area, further driving the growth of its export sectors.

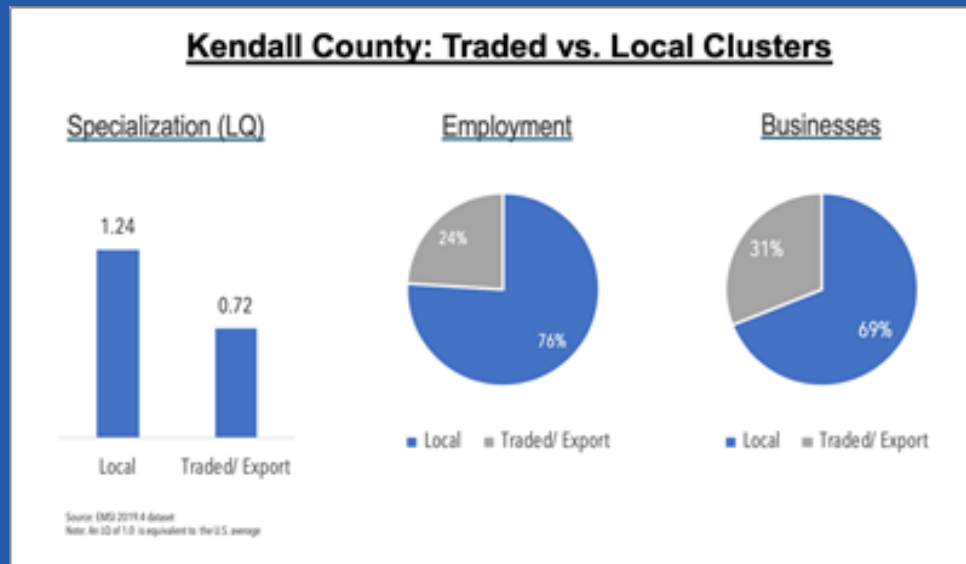
A traded sector-driven cluster strategy will allow Boerne/Kendall County to develop a more vigorous and resilient economic portfolio as it grows into the next decade. To that end, a detailed cluster analysis was prepared and provided to the BKCEDC. A brief summary of its key findings follows:

- **Boerne/Kendall County's economy is highly reliant on local clusters**

75 percent of Kendall County's employment and 69 percent of its establishments are tied to local clusters. This is about 25 percent more than the U.S. average.

- **Boerne's traded sector economy is 28 percent smaller than the U.S average**

This makes the county especially susceptible to shocks, such as the COVID-19 pandemic and its associated economic crisis.



To build a more resilient, export-sector economy, the BKCEDC should focus its business expansion efforts on these five key existing clusters (explicit NAIC code definitions and supporting analysis have been provided to BKCEDC):

1. Lifesciences and pharmaceutical manufacturing

This cluster is 14 times more concentrated in Kendall County than the U.S. average, employing more than 500 in the community. It also builds off the regional advantage of the growing life sciences cluster in the San Antonio metro area and is an asset for the area's startup ecosystem.

2. Advanced manufacturing and construction products

Employing nearly 1,000 workers, these sectors are three and five times more concentrated in Kendall County than the U.S. average. Given its proximity to two of the fastest-growing metro regions in the U.S. (Austin and San Antonio) and the shift to domestic sources for supply chains in the wake of the pandemic, this is a sector that offers major opportunities for expansion.

3. Agriculture-tech

Agriculture is a legacy industry that continues to have a competitive advantage. A collection of ag-tech companies is already growing in the Boerne/Kendall County community, presenting it with an opportunity to invigorate a sector that is also important to its historical identity.

4. Design and building professional services

Boerne and Kendall County's knowledge-cluster advantages are in graphics, architecture, engineering services, and construction management.

5. Wineries and distilleries

Kendall County's concentration in this sector is more than four times the U.S. average. The continuing development of this cluster is also critical to Boerne/Kendall County's destination development and diversification efforts.

Economic Development Strategy

Over the last year, the BKCEDC, guided by Steven Pedigo, faculty director of the LBJ Urban Lab at the Lyndon B. Johnson School of Public Affairs at UT-Austin, and with the financial support of the IC2 Institute, has engaged residents, business executives, community leaders, and elected officials to create a five-year strategy to build Kendall County into a creative and innovation hub—and a model for the further economic development of the Texas Hill Country.

Looking to the Future

Many Kendall County businesses are legacies from Texas’s rural past. The BKCEDC’s goal is to ignite the region’s entrepreneurial and innovation ecosystem by growing its share of export sector companies and jobs. To do this, it will focus on the development of the five key industry clusters (life sciences and pharmaceutical manufacturing, advanced manufacturing, agriculture-tech, design and building professional services, wineries and distilleries) that are its greatest strengths. The BKCEDC and its partners will also help the county develop the skills of young people and its existing workers, while attracting and retaining the new talent to the region that will be needed to support and sustain its growth.

The challenge is to do all this while maintaining and enhancing Kendall County’s distinctive “Hill Country” quality of place, which is critical to both destination development and resident attraction and retention. To meet these goals, the City of Boerne must form active partnerships across all of Kendall County, with its business community, schools and community colleges, and non-profit organizations.

Strategies evolve as economic situations change, objectives are accomplished, and new opportunities arise. But certain values and principles remain constant and will guide the BKCEDC’s decision-making over at least the next five years.

These are:

Vision

An environmentally responsible community with an appreciation for its unique quality of life, Boerne/Kendall County will be the creative and innovation hub of the Texas Hill Country.



Values

- **An unconditional embrace of “graceful” growth**

The BKCEDC will focus equally on traded sector development and responsible growth.

- **Honor the county’s rural legacy but encourage future innovation**

The BKCEDC’s efforts will build on Kendall County’s entrepreneurial strengths, creating a startup hub in the heart of the Texas Hill Country.

- **Engage a broader group of community and economic development players**

Effective economic and community development in the county requires a cohesive, collaborative approach.

- **Focus on family-supporting jobs**

The jobs we create today will impact the prosperity of residents for generations to come.

- **Maintain a “Hill Country” quality of place**

This requires responsible stewardship of resources, the environment, and culture.



Guiding Principles

Informed by data analysis and extensive community engagement, the BKCEDC’s vision and strategy is shaped around four guiding principles that will also serve as a framework to guide its future decision-making about priorities, investments, and partnerships. They are:

1. Data-informed cluster development

Staffing, strategy goals, and collaborations with economic development partners will be guided by a data-driven cluster approach that prioritizes:

- Life sciences and pharmaceutical manufacturing, advanced manufacturing, agriculture-tech, design and building professional services, wineries and distilleries
- Export sectors that offer specializations and competitive advantages, both traditional clusters and ones that are emerging because of tech enhancements
- Sectors that offer jobs with family-supporting wages

2. Entrepreneurship as a means for job and wealth creation

The BKCEDC will develop and foster a startup ecosystem that will be a model for other Hill Country communities. How?

- By providing resources and support for Boerne/Kendall County entrepreneurs
- By understanding the needs of scalable export tech-enhanced startups and how they differ from traditional small businesses

3. Matching and building skill pipelines with upward mobility



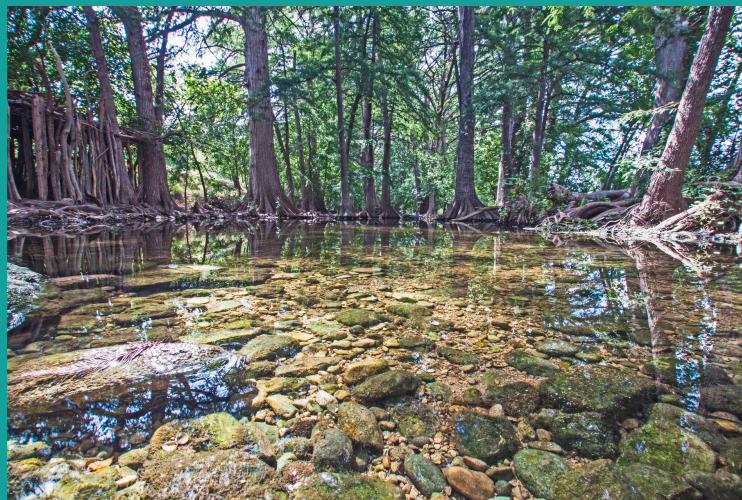
The BKCEDC will align Boerne/Kendall County's economic and workforce development efforts toward filling and creating family-supporting jobs within export sectors. How?

- By ensuring that Boerne/Kendall County's export sectors have a presence in high school and CTE programs
- By developing workforce pipelines in partnership with Alamo College and private-sector employers
- By helping to foster mutually beneficial relationships between education partners and major employers, ensuring that entry-level and "younger" talent are trained and hired

4. Developing the quality of place for all residents while maintaining environmental responsibility

The BKCEDC will promote and develop an array of recreational and social network assets that appeal to a broader group of residents, enhancing Boerne/Kendall County's reputation as a desirable location for young talent. How?

- By promoting Boerne/Kendall County as a gateway to the recreational assets of the Texas Hill Country
- By recognizing Boerne/Kendall County as a collection of communities, providing diverse offerings that resonate with younger and older residents alike
- By ensuring that the community maintains its reputation and commitment to environmental and natural resource conservation



Strategy Goals, Objectives and Actions

Goal 1: Foster a startup ecosystem that is a model for the Texas Hill Country

With its rich endowments of place, Boerne/Kendall County can become a magnet for young talent and, even more importantly, job-creating entrepreneurs. It has all of the assets that they seek and that innovation ecosystems require, including an educated talent base, proximity to a major metropolitan economy, a host of built and natural amenities, and a nascent startup ecosystem that can be built upon. Promoting Boerne and Kendall County while ensuring that its entrepreneurs have all the support they need is a necessary first step toward jump-starting its growth.

- **Objective 1.1: Explore the creation of “Startup Boerne/Kendall County,” an initiative to support scalable startups**

Building and scaling an entrepreneurial ecosystem requires a comprehensive approach that encompasses external promotion, the provision of resources (both informational and financial), and a concerted effort to clear the ground of bureaucratic/regulatory/financial stumbling blocks that make it harder for young firms to take root and grow. The BKCECD can help build the networks that allow startups to connect to investors and customers, and it can help make it easier for new businesses to find affordable space.

- Action 1.1.1: Identify and convene an advisory working group to support the creation and launch of “Startup Boerne/Kendall County” [Years 1-2]
- Action 1.1.2: Explore best practices for startup initiatives in rural communities, using them to provide the foundation for Boerne/Kendall County Program [Year 1]
- Action 1.1.3: Begin to develop a strategic plan for “Startup Boerne/Kendall County” [Year 2]

- **Objective 1.2: Launch the Boerne/Kendall County Angel Network**

Boerne and Kendall County are endowed with a resource that has not been tapped in a focused and disciplined way: the significant numbers of investors and entrepreneurs who built their enterprises in Austin and other places but now live in Boerne or other parts of the county. The BKCEDC can help mobilize them by building a network that connects them to local startups, providing them with opportunities to offer mentorship and make angel investments.

- Action 1.2.1: Finalize organizational and governance structure for the Network, including key goals and strategies [Year 1]
- Action 1.2.2: Promote and market the Network to grow its membership and participation. [Year 1]
- Action 1.2.3: Partner with organizations such as Alamo Angels to offer educational offerings and wrap-around services for participants [Year 1]

- **Objective 1.3: Explore the creation of a co-working space**

Real estate is a fixed cost that can bring incredible benefits to a startup—and the lack of it can make it that much harder to get off the ground. A site that offers access to a dense community of potential partners, collaborators, and employees is a huge plus. The existence of a functioning co-working space could dramatically lower Boerne/Kendall’s barriers to entry for new businesses.

- Action 1.3.1: Assemble a working group to assess and prioritize space and convening needs for growing a startup and innovation cluster in Boerne/Kendall County [Years 1-2]

- **Objective 1.4: Celebrate entrepreneurial success stories in Boerne/Kendall County**

To build buzz around a potential innovation hub, it's not enough to simply sing its praises in the abstract. You must be able to point to specific successes—better still, to successes that were actively enabled by the community and its stakeholders.

- Action 1.4.1: In collaboration with community partners, such as the Greater Boerne Chamber of Commerce, develop a systematic approach to identify entrepreneurial and startup successes [Years 1-2]
- Action 1.4.2: Promote Boerne/Kendall County startup successes across multiple communication channels and platforms [Years 1-5]

Goal 2: Expand and support the expansion of Boerne/Kendall County's target export clusters

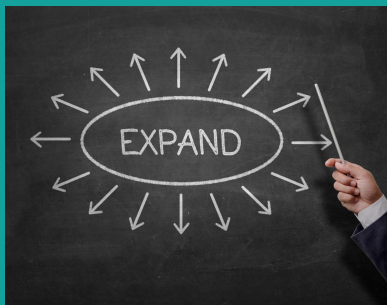
Boerne's export cluster is 28 percent smaller than the U.S. average for a city of its size, which gives it less margin for failure and less resiliency in times of economic shocks. Not only do export sectors provide better economic opportunities for residents, they allow cities to move to the next level, becoming not just good places to live but sustainable economies—places where it's possible to build scalable businesses in key sectors.

- **Objective 2.1: Become industry cluster experts and advocates**

To grow a cluster, it's not enough just to tout it. Before you can induce existing companies to relocate and entrepreneurs to move to your location, you have to really understand what makes the cluster work as a cluster—what its synergies are, who fits in and who doesn't, and what its constituents need that you can supply them with. A cluster portfolio should tell a story. Boerne/Kendall County's should clearly communicate its economic competitiveness.

- Action 2.1.1: Engage partners to understand cluster needs and create competitiveness assessments [Years 1-2]
- Action 2.1.2: Update the EDC website to reflect its new cluster focus [Year 1]

- **Objective 2.2: Refine business retention and expansion program to be cluster-driven**



Most business growth, especially in smaller and more rural communities, comes from the expansion of existing businesses rather than the attraction of new ones and the development of startups. From an economic development standpoint, you get far less bang for the buck when you are working on a piecemeal basis—and when an economic shock like Covid-19 occurs, the entire local sector may grind to a halt. When there are industrial clusters, systematic efforts can be made to expand and create new markets across a number of companies.

- Action 2.2.1: Engage industry cluster working groups twice a year to identify cluster-oriented growth opportunities and challenges [Year 2]
- Action 2.2.2: Organize and execute a business visitation plan for Kendall County's export clusters [Year 2]

- **Objective 2.3: Ensure the creation of infrastructure, space, and programs/tools to promote cluster development**

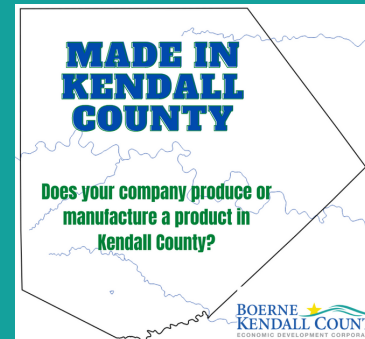
Cluster development requires more than business promotion/attraction efforts. Appropriate tools must be developed to drive expansion, and physical sites improved and made available. There are a lot of underutilized sites throughout Kendall County that can be repurposed for the use of export businesses. A systematic effort should be undertaken to evaluate them.

- Action 2.3.1: Partner and collaborate across city, county, and state agencies to maintain and enhance real estate and infrastructure assets (i.e., I-10 corridor) [Years 1-5]

- **Objective 2.4: Create and launch a “Made in Boerne/Kendall County” initiative in collaboration with community partners**

Kendall County is well-known as a tourist destination. Efforts must be made to raise its profile as a business location and innovation and startup hub as well. Products made in the county can help spread the message if they are prominently labeled as such.

- Action 2.4.1: Develop an inventory of “Made in Kendall County” products/services in partnership with the Greater Boerne Chamber of Commerce [Year 1]
- Action 2.4.2: Explore best practices and develop an execution plan for a “Made in Boerne/Kendall County” initiative in collaboration with community partners [Years 1-2]



Goal 3: Attract and retain young professional "boomerang" talent

The presence of a substantial base of young talent is a key attractor for companies and, paradoxically, other talented people. The result is a feedback loop in which talent attracts employers, who attract still more talent in turn, growing and enriching the ecosystem. The city of Boerne and Kendall County as a whole skew older. The area's ample quality of place can be leveraged to attract younger “boomerang talent”—people who grew up in the area but left to pursue opportunities in bigger hubs. The county's enviable quality of life may induce them to return. There is also an opportunity to attract newly remote workers of every age.

- **Objective 3.1: Build a more robust Boerne/Kendall County talent initiative**

The boomerang phenomenon and remote work both provide opportunities to leverage Boerne/Kendall County's quality of place. But mechanisms must be created to tell the area's story and spread it far and wide.

- Action 3.1.1: Utilize the Leadership Boerne program to showcase potential opportunities in Boerne/Kendall County [Years 3-4]
- Action 3.1.2: Develop a systematic means for connecting Boerne/Kendall County to area colleges and universities [Years 3-4]



- **Objective 3.2: Address the housing affordability challenges and transportation gaps in Boerne/Kendall County**

Though Boerne and Kendall County are on the exurban fringe, they are a part of the explosively growing San Antonio metro and may in time fall prey to the highway gridlock, lack of public transportation options, and inequality and affordable housing crises that San Antonio is wrestling with. The time to address these problems is now. The region can either manage growth or let itself be managed by it.

- Action 3.2.1: Participate in the county's efforts to address long-term transportation and housing gaps in the community [Years 1-5]

Goal 4: Support skill development for Boerne/Kendall County's export and innovation sectors

Economic development today is all about skilled talent, whether the goal is to attract highly educated and/or experienced workers or to upskill workers in legacy industries so they can pursue better opportunities. That is the case with all of the sectors we've targeted for Boerne/Kendall County. As a smaller, more rural location, it needs to be intentional and highly proactive when it comes to talent and skill development.

- **Objective 4.1: Foster ongoing skill development for Boerne/Kendall County's clusters**

Economic development and workforce development go together; any efforts to drive them must be carefully coordinated and cluster-driven. The role of the BKCEDC is to build bridges between private employers and workforce providers (schools, training programs).

- Action 4.1.1: Engage a working group twice a year to discuss how to best align training programs with industry needs [Years 2-3]
- Action 4.1.2: Administer an annual survey of workforce needs in coordination with the Greater Boerne Chamber of Commerce [Years 1-5]

- **Objective 4.2: Prepare Boerne/Kendall County students for career paths through industry-aligned CTE programs and apprenticeships**



Advanced export industries like pharmaceuticals and software are skill-driven, but they do offer opportunities for people who didn't go to college. Such workers need to be made aware of the skillsets they need and where they can acquire them. Since many are acquired on the job, it's important that high school vocational programs form partnerships with employers.

- Action 4.2.1: In partnership with officials from Boerne ISD, Comfort ISD, and private schools, identify opportunities for CTE programs [Years 3-5]

Goal 5: Embrace and promote a "Hill Country" quality of life

Boerne represents what is best about the Texas Hill country—scenic beauty, a relaxed pace, lively local arts and music scenes, and an abundance of outdoor recreational amenities. It's key that it be protected lest its growth kills the goose that laid the golden egg.

- **Objective 5.1: Support placemaking efforts to improve public, community, and recreational space**

To sustain and improve quality of place, build community spirit, and foster a sense of attachment, placemaking initiatives should be pursued wherever and whenever possible, whether it is the development of new recreational facilities, encouraging and enabling arts and food festivals, or organizing community groups to pick up litter and turn vacant lots into public gardens.

- Action 5.1.1: Collaborate with community partners to support and promote placemaking efforts throughout the county [Years 1-5]



- **Objective 5.2: Partner with Visit Boerne to continue product development and visitor experiences**

Tourism is an economic driver in its own right, and it's a highly effective way to raise Boerne's and Kendall County's profiles. The more participatory and experiential its tourist attractions are, the more widely they will be shared in our Instagram world. Premier destinations around the U.S. now see themselves as experience curators; Boerne and Kendall County must do the same.

- Action 5.2.1: Support Visit Boerne in curating destination experiences for residents and visitors [Years 1-5]



- **Objective 5.3: Develop a competitive identity for Boerne/Kendall County and tell that story**

A huge part of economic development is promotion: telling a story that creates an attractive brand identity with the public, whether they are tourists, newly remote workers in search of a better place to live, college graduates in search of a place to build a career, or entrepreneurs and investors who are looking to build companies.

- Action 5.3.1: In collaboration with community partners, explore the development of a competitive brand identity for Boerne/Kendall County [Years 1-5]
- Action 5.3.2: Utilize business success stories, engaging entrepreneurs and community leaders to tell the story of Boerne/Kendall County [Years 1-5]
- Action 5.3.3: Ensure that the BKCEDC and its community partners are telling the same story and utilizing the same key brand messages [Years 1-5]

Participants

Steering Committee

Kim Blohm

Boerne Chamber of Commerce

Don Durden

Kendall County Commissioner

Ben Eldredge

Cibolo Nature Center

Kathy Estes

BKCEDC Board Chair (formerly with Frost Bank)

Bill Hetherington

Bandera Electric Co-op

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DH Investments/Cordillera Ranch

Phil Hunke

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Judge Darrel Lux

Kendall County Judge

Dr. Joseph Macaluso

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Dorman Vick

Boerne ISD



The BKCEDC and its Stakeholders greatly appreciate the time and effort put into this plan by Professor Steven Pedigo and his team from the IC2 Institute and the LBJ School of Public Affairs at the University of Texas at Austin





**A 5-Year Economic Development Strategy Plan
Boerne/Kendall County
2020 - 2025**

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