

Wylie Economic Development Corporation

FY 2022 Annual Report

January 24, 2023

Financial Condition

The Wylie Economic Development Corporation (WEDC) places a priority on financial reporting each year. The WEDC Bylaws require that each year no later than January 31, a review of all expenditures, accomplishments, and expenditures other than direct economic development be presented to Council.

At the end of each fiscal year, the WEDC undergoes an annual audit of its financial practices and transactions by a third-party firm chosen by the Wylie City Council and facilitated by the City of Wylie Finance Department. While the FY 2021-2022 audit has not been made public, the WEDC has not been notified of any discrepancies or irregularities. To ensure a greater opportunity for a 'clean' audit, WEDC staff works closely with the City of Wylie Finance Department throughout the year so that there is a complete understanding of all WEDC activities by Finance staff and the same can be more accurately documented and communicated to the auditors.

The WEDC began the fiscal year with an anticipated fund balance of \$1,050,844, and the audited fund balance was later adjusted up to \$2,951,908. In FY 2022, sales tax receipts were up 9.28% over FY 2021 receipts with sales tax revenue totaling \$4,161,282 of available WEDC revenue. Other revenues included rental income of \$139,485, \$1,545 from Miscellaneous Income, a reduction of \$70,386 from the gain/loss sale of asset, and allocated interest of \$33,804. Also, in FY 2022, the WEDC had \$16,216,000 in Bank Note Proceeds. Total FY 2022 available operating funds totaled \$20,481,730.

Expenditures for WEDC operations were as follows: Personnel - \$388,468, Administrative costs - \$159,003, Marketing & Promotion activities - \$182,181, Debt Service - \$5,379,321, Land Acquisition - \$4,136,097, Infrastructure Improvements/Utility Relocation - \$1,716,509, Direct Business Incentives - \$399,122, Payment to Taxing Units - \$1,291, and \$672,623 in Other expenses which included: engineering, surveys, flood/drainage studies, tree removal, environmental remediation on WEDC-owned properties, maintenance of WEDC-owned properties, demolition of a commercial structure located at 103 S Ballard, and demolition of residential structures at 410 E Brown, 502 E Brown, and 401 N Keefer.

Included in the above Debt Service, the Hwy 78/Brown Loan and the Whirlpool Loan (544 Gateway) were both paid off following the finalization of the Series 2021 Note. The process of securing the funds was initiated in FY 2021, as the WEDC began to evaluate various options to refinance current debt and borrow additional funds for the acquisition of key properties. After reviewing proposals, the WEDC Board chose to engage the services of Government Capital Corporation for credit review, securing the compliance package, and beginning the generation of loan documents. WEDC Resolution 2021-02(R) was approved by the WEDC Board on September 15, 2021, and City Council ratification took place on September 28, 2021. On October 5, 2021, at the beginning of FY 22, the Series 2021 Note was funded, with loan terms of 240 months at 3.48% interest rate with a 5-year call restriction. With no additional principal reductions, the total expenditures for FY 2022 were \$13,034,616.

By year end 2021, the outstanding debt associated with land acquisition was \$4,883,290 and the FY 2022 Budget identified \$1,009,263 in debt service. However, that number was updated with a Budget Amendment. The amendment was needed to realize the loan proceeds from WEDC Resolution 2021-02(R) and the Series 2021 Note that was funded on October 5, 2021. Revenues and expenses were adjusted via the Budget Amendment to reflect the receipt of additional revenue within Bank Note Proceeds and subsequent expenses within Principal/Interest, Land, and Special Services. This Budget Amendment was approved by the WEDC Board on 11-17-21 and ratified by City Council on 12-14-21.

In June 2022, the WEDC staff began the process of evaluating options to borrow additional funds to finance the costs of construction for improvements to City infrastructure in order to promote economic development in the City of Wylie. WEDC Resolution 2022-01(R) was approved by the WEDC Board and ratified by City Council on July 12, 2022. On July 20, 2022, the Series 2022 Note was funded, with loan terms of 240 months at 4.8% interest rate with a 5-year call restriction.

The updated debt service in the amount of \$5,379,321 reflects the refinanced Series 2021 Note and principal and interest from the Series 2022 Note, with the total principal reductions of \$5,041,124 and interest in the amount of \$338,198. It is important to note that the WEDC Board may at its option prepay the principal amount of the Series 2021 Note in whole, or in part, on any payment date on or after November 5, 2026. Additionally, the WEDC Board may at its option prepay the principal amount of the Series 2022 Note in whole, or in part, on any payment date on or after August 20, 2027. With no additional principal reductions scheduled, the remaining principal balance at year end FY 2022 was \$16,058,167.

As shown above, in FY 2022 the WEDC had \$399,122 in direct incentive payments. Within that figure, \$154,549 was paid as part of ongoing sales tax reimbursement programs, \$81,500 for industrial projects, and \$163,073 for office/medical/general commercial. The WEDC also forgave a loan payment of \$20,000 pertaining to the LUV-ROS land purchase. Of the incentive payments made, \$126,140 represented either a one-time commitment or the final payment on a multi-year agreement.

The WEDC owns and manages 48.2406 acres of land with 63,861 square feet of improvements at a cost basis of \$16,620,961. In evaluating land which may be acquired, the WEDC Board of Directors assesses the sites' potential for business park development, the need for a site to be redeveloped based upon the current state of aging improvements, and/or a strategic intervention to protect the property from development which may not reflect the highest and best uses for an identified area. The remaining debt associated with real estate at year end FY 2022 was \$7,990,619.

The FY 2023 WEDC Budget projects \$8,180,146 in total revenues. Sales tax receipts, being the primary revenue source, are budgeted at \$4,124,241, sale of WEDC property at \$3,915,685, and rental income of \$134,220. Total Expenses are budgeted at \$16,143,686, with Land Purchases at \$2,090,000, Infrastructure Projects at \$8,375,000, Debt Service at \$1,231,998, Personnel

\$439,008, and Incentives \$3,209,183. Within the Incentives budget, there are 14 ongoing projects and \$300,000 set aside for Future Projects. Any additional incentive or infrastructure project not contemplated within the Budget and later approved by Council and the WEDC Board in FY 2023 will be funded from the end of year FY 2022 unallocated revenues equaling \$10,747,516. *A large portion of which will be allocated to the Brown & 78 Redevelopment Project and the 544 Gateway Redevelopment.*

As an ongoing performance indicator, staff tracks all commercial values as a percentage of the total assessed valuation (less value attributed to tax-exempt properties). In 2022, commercial and industrial properties were valued at \$979MM, or 15.79% of the total \$ 6.2B assessed valuation. Over the past five years, commercial and industrial values have increased by \$278.5MM (39.74%). Over the same period, total valuation has increased by \$3.2B, or a 68.73% increase.

High-Impact Initiatives

Woodbridge Parkway Corridor

In 2014, the WEDC partnered with the City of Wylie, the City of Sachse, and Collin County to extend Woodbridge Parkway from Hensley Lane and provide direct access to State Highway 78. The WEDC borrowed \$976,000 to fund Woodbridge Parkway and the final principal payment was made in FY 2021.

The WEDC continues to fund a Sales Tax Reimbursement Agreement with Clark Street Development (owner/developer of Woodbridge Centre). In FY 2022, \$154,548 was reimbursed to Clark Street. Including the infrastructure reimbursement of \$100,000, the total incentive paid from July 2013 to the end of FY 2022 was \$1,070,622. The remaining performance obligation at the end of FY 2022 was \$29,378 and the obligation will be paid in full in mid-2023. To date, the center is generating \$25MM in taxable sales on an annual basis.

544 Gateway Project

In 2016, the WEDC and City began the process of assembling approximately 12 acres for redevelopment. Fronting FM 544 just west of Highway 78, the City acquired a 4.79-acre tract through a tax foreclosure that previously had EPA Superfund status. The remaining 7.42 acres were acquired by the WEDC from 2 property owners with frontage on FM 544 and Commerce Street.

To date, the following tasks have been completed: receipt of a Ready for Reuse Certificate from EPA, removal of ±2 acres from the flood plain, creation of a Municipal Setting Designation, receipt of two Certificates of Completion via the Voluntary Cleanup Program from the TCEQ, demolition of dilapidated structures, relocation/expansion of previously existing tenant to Regency Business Park, and completion of significant fill and site work.

In early FY 2022, WEDC paid off the remaining balance associated with the acquisition of the WEDC-owned properties with the loan proceeds from the Series 2021 Note and purchased the 4.79-acre tract, formerly owned by the City Wylie for \$3,000,000. Since the project's inception, the WEDC has acquired 12.2 acres of land at \$5.7MM and paid for the remediation, demolition, dirt work, and maintenance of the property. Additionally, in June 2022, the WEDC completed the extension of the water line from the east along FM 544. This project not only enhances service to the 12-acre tract but also loops the water system to the east along Cooper Drive to Highway 78.

Jackson Street

The WEDC continues to market its 1-acre property at the northeast corner of Jackson & Oak for an office and/or mixed-use development. While there has been little interest in a mixed-use vision originally proposed and contemplated, the WEDC has recently made progress on the concept.

Back in 2017, the WEDC closed on a 0.26-acre tract near the northwest corner of Jackson & Oak after negotiating with the property owner for over 2 years. In February 2019, the WEDC sold the lot to Rocking M, LLC to develop a 3,200 square foot office building on the lot with the project receiving a Certificate of Occupancy in January 2020. The WEDC Board believed the office project will promote further investment in the downtown area and greatly complement the redevelopment of multiple residential structures into commercial uses.

To enhance future development in the downtown area, the WEDC invested in additional parking and alleyway improvements along North Ballard and Jackson Streets. These investments totaled \$280,000 for alleyways extending along Jackson between Oak & Marble and North Ballard between Jefferson & Brown. The FY 2023 Budget earmarks an additional \$125,000 for this use with the WEDC currently negotiating with a local property owner to convert six separate lots to commercial uses.

To complement the ever-growing need for parking, the WEDC has made it a priority to identify and facilitate the construction of additional parking in the downtown area within walking distance of the proposed mixed-use project and Ballard Street shopping district. The FY 2023 Budget earmarks \$250,000 for this use with the WEDC currently negotiating with Union Pacific for additional parking along the railroad tracks.

State Highway 78 & Brown

In December 2018, City Council authorized the WEDC to start acquiring property in the area for this major Redevelopment Project. In early 2021, the WEDC acquired the last remaining commercial tract from TxDOT, a small strip of right-of-way, close to the intersection of Hwy 78 & Brown St. In the fall of 2021, the WEDC used the loan proceeds from the Series 2021 Note to pay off the \$4,067,890 remaining balance associated with the acquisition of these WEDC properties.

In May 2020, the WEDC entered into a Development Agreement with the NTMWD for the relocation of the 42” water line. The \$1.7MM project is in the final phase and is anticipated to wrap up in early-2023.

In August 2020, the WEDC entered into an agreement with McClure Partners Construction Company for the 1.74-acre lot at the corner of Hwy 78 & Brown. The pending real estate agreement is tied to the completion of the water line relocation but will act as a catalyst project for the overall 11-acre redevelopment adjacent to Historic Downtown Wylie.

State Highway 78 – Wylie Logistics Park

Over the years, the WEDC has experienced great success in attracting investment and primary jobs via the development of business parks. Between the development of Premier Business Park, 544 Industrial Park, and Premier Business Park South, the WEDC facilitated the development of 862,000 square feet of new construction, over 800 new/retained jobs, and nearly \$100MM in taxable value - on only 70 acres.

Kansas City Southern’s \$64MM David L. Starling Wylie Intermodal Terminal opened in 2015 and expanded in 2018. The KCS-owned Intermodal Terminal services 12 gulf ports and one Pacific Ocean port, as well as more than 140 transload centers and 11 intermodal ramps. This terminal serves as the hub of connectivity for rail as far north as Canada and as far south as Central America. With more than 6,000 track miles, KCS is one interchange away from all major markets in North America.

In late 2021, Canadian Pacific Railway announced the completion of its acquisition of Kansas City Southern. The transaction was valued at approximately \$31 billion. Upon obtaining control approval from the U.S. Surface Transportation Board (STB), the two companies expect to achieve full integration over the ensuing three years, unlocking the benefits of the combination. If approved, the merger will create the first truly North American Railroad. The US-Mexico-Canada rail network will connect Wylie to 128 million consumers in Mexico as well as 38 million consumers in Canada.

FY 2022 Land Acquisitions

The WEDC acquired six properties in FY 2022 including 802 W Kirby, 401 N Keefer, 104 S Ballard, 305 S Ballard, 200 W Brown, and a lot formerly owned by Union Pacific at Keefer/Brown.

Performance Agreements & Infrastructure Reimbursement

Ballers Elite - The Lab, LLC. Ballers Elite opened their 6,776 SF newly constructed facility on Martinez Ln in December 2021. Ballers Elite invested over \$700,000 on the project over a 6-month period and the Agreement outlined a maximum qualified infrastructure reimbursement of \$20,000. The Economic Impact Analysis (EIA) projects that the facility will generate approximately

\$109,429 in overall tax revenue for the City of Wylie over a ten-year period. For every \$1 that the WEDC invests, this business is investing \$5.47 into our community.

DW Wylie, LLC. DW Wylie, LLC opened its facility in the Spring of 2022 with two tenants, Chipotle and Texas Health Breeze Urgent Care. DW remodeled an existing 5,218 SF commercial building creating approximately 3,900 square feet of medical office space and 2,456 SF of restaurant space. The Agreement outlined a maximum qualified infrastructure reimbursement of \$15,000, specifically for the construction of a \$13,000 gas line needed for the facility. The Economic Impact Analysis (EIA) indicates that the project will generate an estimated \$853,429 in overall tax revenue for the City of Wylie over a ten-year period. For every \$1 that the WEDC invests, this business is investing \$56.89 in our community.

New Projects for FY 2022

Fuel City. In January 2022, the WEDC entered into an Agreement with Fuel City to construct a travel center consisting of a convenience store with fuel pumps and dining containing approximately 9,340 square feet of space, a covered outdoor dining area covering 770 square feet of space, and a car wash containing approximately 6,214 square feet of space. The Agreement outlined a reimbursement incentive of \$500,000 for the installation of qualified infrastructure associated with the project. The Economic Impact Analysis (EIA) indicates that this project will generate an estimated \$1.9MM in overall tax revenue for the City of Wylie over the next 10 years. For every \$1 that the WEDC invests, this developer is investing \$3.80 in our community.

American Entitlements, LLC. In September 2022, the WEDC entered into a second Performance Agreement with American Entitlements to expand its downtown location by 1,300 SF at a construction cost of at least \$200,000 and adding up to 35 new employees over the 40 added in the last Performance Agreement. As with the last Performance Agreement for American Entitlements, the Agreement is tied to job creation over the base employment of forty employees and will outline an incentive of \$1,000 per new FTE position, with a maximum incentive of \$36,000, payable over a three-year period. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$272,490 in overall tax revenue for the City of Wylie over the next 10 years. For every \$1 that the WEDC invests, this business is investing \$7.78 in our community.

BRE, Entrepreneurship, and Community Development

The WEDC continued to focus its efforts on enhancing business growth and providing wide-ranging support for existing businesses in 2022. Special programs centered around nationally recognized initiatives such as Small Business Week, Manufacturing Day, Entrepreneurs Day, and National Apprenticeship Week. Educational and professional networking programs throughout the year included topic specific programs such as the HR Alliance program, Legislative Dinner, various educational programs like the monthly Lunch & Learn series, networking events, and the continuation of a holiday gift guide to encourage and support ‘shop local’ objectives.

As the City of Wylie grows closer to buildout, the Business Retention and Expansion program continues to expand its offerings to enhance business success and support existing businesses in our community. In 2022, as businesses more fully came out of COVID restrictions, employers were faced with the added challenge of attracting employees back into the workforce.

To assist employers trying to attract high-demand trades, the Wylie EDC led a cross functional team in developing Registered Apprenticeship Programs (RAP) through the Department of Labor (DOL) registration process. The goal with these programs is to develop a workforce talent pipeline of certified skilled labor to meet the growing demand. The RAP identifies curriculum, on-the-job training requirements, and certifications for participants as well as pairing them with employers for apprenticeship training. Three (3) programs were certified by DOL in November and 2 additional programs are expected to certify in the Spring of 2023. To facilitate the earliest possible available workforce, in 2023 we will work closely with Wylie ISD and Collin College to develop and certify Pre-Apprenticeship programs that will be available to High School students to attain certifications and begin their on-the-job apprenticeship training prior to graduation.

In the spring of 2022, the Wylie EDC expanded its newly launched Small Business Week program to focus citizen attention on Wylie's strong and growing small business sector. The #IshopWylie initiative included a full week of targeted activities designed to highlight and support small and entrepreneurial businesses in the Wylie area. The Taste of Wylie event served 1,000 citizens and raised more than \$22,000 for local food banks. Working with our community business associations like the Wylie Downtown Merchants and Chamber of Commerce, a variety of educational/networking events, and shopping experiences were implemented throughout the week-long program highlighting Wylie's small and non-profit businesses.

The challenges businesses faced during the Pandemic magnified businesses' recognition of the important role a strong online social media presence plays in business success. While businesses may recognize the importance of their online presence, many struggle with a lack of knowledge to properly implement and track the effectiveness of these ever-evolving technology platforms. To address these needs, the Wylie EDC sponsored a unique pilot program called Social Media Rescue that provided social media experts to consult with and guide three small businesses to expand and grow their social media presence and, ultimately, their business revenues. The companies selected for the Fall program were JuztJAZ Boutique, Panaderia La Esperanza, and Wylie Flower and Gift. The program was so well received by the business community, the Wylie EDC has decided to sponsor six additional businesses this next spring.

Since its launch in 2018, Manufacturing Day programs have expanded from a day long program to a month long program and, in 2022, the program expanded into November in order to accommodate the demand for student tours. This year, in addition to expanding the volume of student tours, we expanded to program to incorporate opportunities for the general public. Sanden International USA hosted citizen tours showcasing their high-tech operations within these facilities and demonstrating the inclusion of robotics, automation, and precision assembly workforce

employed in the advanced manufacturing industry. The event reached its tour capacity within days and seemed well received by the community.

In November, a program supporting start-ups and small business was launched with the Wylie EDC hosting its first Entrepreneurs Expo. This Expo focused on identifying and supporting entrepreneurs in all stages of business. Whether the entrepreneur was considering starting a business, needed to take their growing business to the next level, or just needed to connect with resources to enhance their current business operations, the Expo provided something for everyone. The Expo was a success attracting more than 50 area entrepreneurs and more than 90 inquiries for more information about future events. Small businesses are the heart and soul of a thriving business community and the Wylie EDC is dedicated to providing the support and resources they need to succeed.

Wrapping up the year strong, the Wylie EDC continued its Shop Local initiatives with the return of the Discover Wylie Gift Guide to support and promote local businesses. The Guide grew to include new retailers, non-profits and service businesses in 2022. Pairing this with the highly popular ‘Wylie Grinch’ social media campaign, Wylie citizens engaged with the entertaining video clips driving additional ‘Shop Local’ awareness this holiday season.

2023 Goals & Objectives

Downtown Revitalization and Expansion

- Brown & 78 Redevelopment - Infrastructure Installation - *Mid 2023*
- TxDOT - Median Improvements / Decel Lane Installation - *Mid 2023*
- UP - Plan/Install Additional Parking - *TBD*
- Birmingham & Jefferson – Road Extensions - *TBD*
- Assist with the Drainage and Thoroughfare Designs - *Mid 2023*
- Explore the Creation of a Long-term Planning Committee - *Mid 2023*

544 Gateway, Alanis and Regency Business Park Properties

- Market/Sell WEDC Properties
- Water/Sewer – Infrastructure Installation - *Mid 2023*
- Atmos Gas – Extension and Installation - *Mid 2023*
- Flood Study – Completion of RBP analysis - *Mid 2023*

Hwy 78 Developments (Eubanks to Wylie East)

- Partner with CP & KCS for Wylie Logistics Park
 - Update Engineering, Install Infrastructure, & Promotion
- TxDOT Improvements – Median Improvements / Decel Lanes Installation – *2023-2024*
- Atmos Gas - Main Line Extension and Installation - *Mid 2023*
- Anson Pkwy & Wylie East Blvd. – Infrastructure Installation - *Mid 2023*

Expand/Promote BRE and Workforce Programs

- Expand relationships with Community Resource Partners
 - Career Fair / Hiring Events / Seminars
 - HR Roundtable / CEO Roundtable / Community Roundtable
- Grow MFG Day/Month
 - Expand Tour Options, Locations, and Hours for the General Public
 - Expand the Workforce Luncheon, MFG Dinner, and Networking Event
- Expand/Promote Entrepreneurship and Small Business Assistance Programs
 - Expand Training & Enrichment Programs with the Chamber of Commerce
 - Grow Small Business Week Awareness and Promote EconDev Week
 - Grow the Entrepreneur Event