

Wylie Economic Development Corporation

2020 Annual Report

January 20, 2021

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 2019-2020 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 a fund balance of \$769,596. In FY 2019-2020, sales tax receipts were up 12% over 2019 receipts with sales tax revenue totaling \$3,283,492 of available WEDC revenue. Other revenues included rental income of \$164,402, proceeds from the sale of a WEDC-owned property for \$1,467,211, and loan proceeds of \$996,500. Total FY 2019-20 available operating funds (including loan proceeds) totaled \$5,915,533.

Expenditures for WEDC operations were as follows: Personnel - \$502,852, Administrative costs - \$158,768, Marketing & Promotion activities - \$108,156, Debt Service - \$2,045,625, Land Acquisition - \$1,315,858, Direct Business Incentives - \$499,401, Payment to Taxing Units - \$5,415, and \$199,187 in Other expenses which included: surveys, environmental remediation on WEDC-owned properties and demolition of residential structures located at 503 S Ballard, 504 E Brown, 204 N 2nd and 208 N 2nd.

Included in the above Debt Service were two principal reduction payments. A one-time payment of \$1,005,522 was applied to the Woodbridge Parkway Loan and a one-time payment of \$347,040 was applied to the loan associated with the Hwy 78/Brown Street redevelopment. Total expenditures for FY 2019-20 were \$4,836,275.

As shown above, in FY 2019-20 the WEDC had \$499,400 in direct incentive payments. Within the figure, \$99,010 was paid as part of ongoing sales tax reimbursement programs, \$191,390 for industrial projects, and \$209,000 for office/medical/general commercial. The WEDC also forgave a loan payment of \$70,000 pertaining to the Exco land purchase. Of the incentive payments made, \$214,489 represented either a one-time commitment or the final payment on a multi-year agreement.

The WEDC owns and manages 38.88 acres of land with 72,479 square feet of improvements at a cost basis of \$12,088,145. 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. Total outstanding loans for land acquisition are \$5,248,752. While encouraged by our lender, but more of a debt management principal of the Board, as land is sold a majority of the proceeds are used to reduce outstanding principal. Reflective of that practice, principal reduction payments totaling \$1,352,562 were made in FY 2019-2020. The current FY 2020-2021 Budget identifies \$541,878 in debt service with no additional principal reduction scheduled at this time.

The FY 2020-2021 WEDC Budget projects \$4,699,685 in total revenues, including an unreserved beginning fund balance of \$1,407,509. Sales tax receipts, being the primary revenue source, are budgeted at \$2,968,437, sale of WEDC property at \$164,500, and rental income of \$153,240. Total Expenses are budgeted at \$3,533,155, with Infrastructure Projects at over \$1MM, Debt Service at \$541,878, Personnel \$336,515, and Incentives \$1,130,310. Within the Incentives budget, there are 10 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 FY21 will be funded from unallocated revenues equaling \$1,407,509.

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 2020, commercial and industrial properties were valued at \$859MM, or 17.4% of the total \$4.93B assessed valuation. Over the past five years, commercial and industrial values have increased by \$244MM (39.73%) with new construction accounting for \$82MM of the total. Over the same period, total valuation has increased by \$2.3B, or a 65% increase. With an active housing market combined with higher valued new homes, it will continue to be a challenge for commercial value to reach more than 20% of the total, with the highest ratio over the past 10 years being 20.4% in 2013. However, there was a slight gain in commercial values as a percent of the total valuation in 2020, being the first such gain since 2015.

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. Of the \$976,000 borrowed for the WEDC commitment, there remains a principal balance of \$96,900. The balance will be paid off by March 15th of 2021.

The WEDC continues to fund a Sales Tax Reimbursement Agreement with Clark Street Development (owner/developer of Woodbridge Centre). In FY 2019-2020, \$129,438 was reimbursed to Clark Street with a total of \$758,742 paid since July 2013. The center is currently generating \$26.2MM in taxable sales on an annual basis.

State Highway 78 at Cooper Drive

In the spring of 2020, Whataburger purchased the third and final pad site within this WEDC Redevelopment Site on Hwy 78 at Cooper Dr. This completes the redevelopment of this area. In review, the WEDC redeveloped this property over a twelve-year period as part of a strategic plan to repurpose an industrial park developed in the early 1970s. The WEDC completed \$525,000 in site work to support the 5-acre development consisting of two deceleration lanes, median improvements, a mutual access drive, and utility improvements. In 2017, a Certificate of Completion was received from the TCEQ through the Voluntary Cleanup Program for impacted soils identified in the development process. Total expenses to date for the project are \$5.5MM with revenue anticipated at \$4.6MM including the Whataburger pad sale.

544 Gateway Project

In 2016, the WEDC and City began the process of assembling approximately 13 acres for redevelopment. Fronting FM 544 just west of Highway 78, the City has a 5-acre tract acquired through a tax foreclosure that previously had Superfund status. The remaining 8 acres were acquired by the WEDC from 2 property owners with frontage on FM 544 and Commerce Street.

A brief history of the 13-acre site provides the following tasks: 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 development of grading plan and completion of significant fill and site work.

In partnership with the City of Wylie, the WEDC has expended \$1.3MM on land acquisition, interest, remediation, demolition, dirt work, maintenance, etc. with the WEDC carrying a current principal balance of \$853,096 in debt associated with the acquisition of the WEDC-owned 8 acres. Additionally, the WEDC has budgeted \$250,000 to extend water from the east along FM 544 which not only enhances service to the 13-acre tract but loops the water system to the east along Cooper Drive to Highway 78. The water extension should be complete in mid-2021.

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 believes 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 2020-2021 Budget earmarks an additional \$125,000 for this use with the WEDC currently negotiating with a local property owner.

To complement the ever-growing need for parking, the WEDC has made it a priority to identify and construct additional parking in the downtown area within walking distance of the proposed mixed-use project and Ballard Street shopping district. The FY 2020-2021 Budget earmarks \$80,000 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 enter into a loan agreement in the amount of \$4.5MM for the acquisition of property in this area. The WEDC has continued to acquire property in this area but will complete all purchases in early 2021. In May 2020, the WEDC entered into a Development Agreement with the NTMWD for the relocation of the 42” water line. The new line location is currently in the design phase with construction planned in mid-2020. The WEDC will budget nearly \$1.3MM over FY 2020–2021 and FY 2021- 2022 to complete the task.

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 & Westgate

For nearly 20 years the 12-acre site at Hwy 78 and Westgate sat empty across from Home Depot. The property was a distressed site impacted by polypropylene and plastic shavings generated from a copper recycling business operating nearby in Wylie. To facilitate the project, the City and WEDC entered into a public-private partnership with the developer outlining fee waivers and financial assistance for remediation of the site. The first phase of leasing began under a temporary CO issued by the City of Wylie and residents began moving in on January 1, 2020. Phase I of the project is now complete, with 286 multi-family units, 2,300 sf of general retail, and 3,200 sf of restaurant space. Phase II is planned over the next 12-24 months. The partial valuation of \$39MM lands this project at number two on the list, behind only Woodbridge Crossing (the Target anchored shopping center) with a valuation of \$41.5MM.

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.

The Kansas City Southern owned, [Wylie Logistics Park](#) will continue to be a focus for many years. The \$64MM David L. Starling Wylie Intermodal Terminal has a ±220-acre greenfield site well suited for light industrial/assembly and distribution build-to-suit projects with a cumulative capacity of approximately 2 million square feet.

Performance Agreements & Infrastructure Reimbursement

Cardinal Strategies completed the relocation of its corporate headquarters to Regency Business Park in Wylie. Cardinal plans to invest nearly \$1.8MM and create up to 66 high-quality full-time jobs between their construction, engineering, and environmental divisions.

Orthopedic Specialists of Dallas requested assistance from the WEDC specifically related to fee waivers, infrastructure assistance, and construction of a new 8,000 SF medical office building located at Woodbridge Centre. OSD will invest over \$2.3MM and plans to open by September of 2021.

CBC Property Holdings requested assistance from the WEDC specifically related to fee waivers and the construction of a new 7,920 SF commercial building located at Woodbridge Centre. CBC will invest nearly \$3MM and plans to open in April of 2021.

Savannah Woodbridge Development requested assistance from the WEDC specifically related to fee waivers, infrastructure assistance, and construction of a new 9,000 medical office building at Woodbridge Centre. SWD will invest over \$4MM and plans to open in mid-2021.

Avanti Windows & Doors announced the expansion of their facility located on Hensley Lane and requested assistance from the WEDC specifically related to equipment expansion, new job creation, and infrastructure assistance. Avanti plans to invest over \$5MM and create nearly 100 full-time positions at the state-of-the-art facility.

Wylie Insurance requested assistance from the WEDC specifically related to infrastructure reimbursement and the construction of a new 4,029 SF office building just off Hwy 78 on South Jackson Avenue, adjacent to the South Ballard Overlay. Wylie Insurance will invest nearly \$500,000 and plans to offer three new office suites for new or expanding businesses.

LUV-ROS Holdings requested assistance from the WEDC specifically related to infrastructure reimbursement and the expansion of their existing facility on Cooper Drive. The \$1.4MM

expansion will include the addition of 10,000 SF to the existing manufacturing facility, a new fire suppression system, four new full-time employees, and a \$400,000 investment in a new manufacturing line.

Business Retention and Expansion

As the City of Wylie continues to grow and attract new businesses, the focus on serving the needs of existing businesses to enhance their success in our community has become a key focus. Back in 2018, Manufacturing Day was first launched in Wylie with the first #MFGDay event in the City's history. In 2019, the WEDC expanded the program from a one-day event to a month-long schedule of activities for WISD Career and Technical Education (CTE) students. The program featured the first City of Wylie Manufacturing Day Proclamation supported by a State of Texas Proclamation. Community participation grew from 2 tours of 5 businesses to 14 facility visits for more than 200 students. Business sectors were expanded to include automotive, culinary arts, woodworking, technology applications, and engineering sectors. The program culminated with the first Manufacturing/Workforce Luncheon which was hosted at Savage Precision Fabrication – a home-grown business that grew into a major defense contractor and primary employer in Wylie.

In 2019, the WEDC worked with SAF Holland to address a workforce skills shortage. Working with the WISD and Collin College, a Customized Welding Program was developed and within weeks new and existing employees participated in the program and became certified welders, which allowed SAF Holland to staff a third shift to fill their product demand. The program was a tremendous success and a good example of cross-functional cooperation for the benefit of the community. So much so that the WEDC received the **Workforce Partner of the Year** award by Workforce Solutions of North Central Texas.

In 2020, despite the challenges presented by COVID-19, the WEDC, in cooperation with the WISD, local businesses, and community partners, compiled a month-long series of activities and programs beginning with Proclamations from both State and City governments proclaiming October 2, 2020, as [Manufacturing Day](#). The virtual tour and [#MFGDay2020 Program](#) were produced in close cooperation with the Wylie ISD's Career & Technical Education (CTE) program allowing students to learn about the career opportunities and requirements for 7 local manufacturers in varying manufacturing sectors. This virtual format allowed the program to expand its reach within the WISD CTE program to classes not normally included in Manufacturing Day tours which resulted in a greater number of students exposed to the lucrative careers available right here in Wylie, Texas.

The Wylie Chamber of Commerce and Wylie EDC hosted its 2nd Annual Manufacturers Luncheon as a lunchtime webinar and honored Raymond Cooper as the recipient of the [2020 Legacy Manufacturer Award](#). The recipient of this award exemplifies entrepreneurship and leadership within the Wylie Business Community. Raymond Cooper operated one of the first industrial businesses in Wylie and built the first industrial park in Wylie. Beyond his own business, he was

instrumental in establishing the Wylie EDC and Chamber of Commerce to ensure healthy, robust growth in Wylie's business community.

Team Up to Fight Hunger

The sudden and unanticipated disruption in the business community resulting from State and Federal government-imposed COVID-19 shutdowns became a primary focus for the WEDC. Our business retention efforts initially surrounded providing prompt and targeted information to our businesses regarding available assistance programs. As the duration of the shutdowns continued, the WEDC worked with community resource partners to develop programs such as TEAM-UP to FIGHT HUNGER, targeted at driving business to our restaurants while addressing an ever-growing need for meal assistance in the community.

2021 Goals & Objectives

Downtown Revitalization and Expansion

- Brown & 78 Redevelopment - Infrastructure / Engineering
- NTMWD – Water Line Relocation
- TxDOT Median Improvements / Decel Lanes
- Plan/Install Additional Parking

544 Gateway Property

- Utility Build-Out
- Market/Sale of City and WEDC Pad Sites

Industrial Development on Alanis

- Field Work / Engineering

Partner with KCS for Wylie Logistics Park

- Infrastructure / Engineering
- Marketing Plan / Promotion

Expand/Promote BRE and Workforce Programs

- Expand relationships with Community Resource Partners
 - Career Fair/ Hiring Events / Seminars / HR Roundtable
- Grow MFG Day/Month
 - Increased Participation
 - Expanded Hours for General Public
 - Workforce Luncheon
- Expand/Promote Entrepreneurship and Small Business Assistance Programs
 - Establish a new Small Business/EconDev Week