

Wylie Economic Development Corporation

FY 2021 Annual Report

January 25, 2022

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 2020-2021 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 \$1,407,509, and the audited fund balance was later adjusted up to \$1,735,327. In FY 2021, sales tax receipts were up 17.84% over FY 2020 receipts with sales tax revenue totaling \$3,875,471 of available WEDC revenue. Other revenues included rental income of \$135,505, a reduction of \$31,208 from the gain/loss sale of asset, and allocated interest of \$1,136. Total FY 2021 available operating funds totaled \$3,980,904.

Expenditures for WEDC operations were as follows: Personnel - \$338,873, Administrative costs - \$126,904, Marketing & Promotion activities - \$98,549, Debt Service - \$571,601, Land Acquisition - \$407,332, Direct Business Incentives - \$808,259, Payment to Taxing Units - \$5,245, and \$116,744 in Other expenses which included: engineering, surveys, environmental remediation on WEDC-owned properties and demolition of a commercial structure located at 201 Industrial Court.

Included in the above Debt Service, the Woodbridge Parkway Loan was fully repaid in March 2021. Additionally, the WEDC began the process of evaluating 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. This resolution was ratified by City Council on September 28, 2021. The Loan Terms are: 240 months at 3.48% interest rate with a 5-year call restriction and a funding date just after the end of FY 21 on October 5, 2021. With no additional principal reductions, the total expenditures for FY 2021 were \$2,672,859.

As shown above, in FY 2021 the WEDC had \$808,259 in direct incentive payments. Within that figure, \$125,066 was paid as part of ongoing sales tax reimbursement programs, \$163,244 for industrial projects, and \$519,949 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, \$475,760 represented either a one-time commitment or the final payment on a multi-year agreement.

The WEDC owns and manages 44.0466 acres of land with 66,330 square feet of improvements at a cost basis of \$15,673,220. 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.

Since the WEDC did not sell any land in FY 2021, there were no principal reduction payments this previous year. By year end 2021, the outstanding debt associated with land acquisition was \$4,882,835 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.

The updated debt service in the amount of \$5,729,701 reflects the refinanced Series 2021 Note with no additional principal reduction scheduled this year. 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.

The FY 2022 WEDC Budget projects \$14,637,322 in total revenues, reflecting the \$8,108,000 in bank note proceeds from the Series 2021 Note and an unreserved beginning fund balance of \$1,050,844. Sales tax receipts, being the primary revenue source, are budgeted at \$3,789,966, sale of WEDC property at \$2,601,116, and rental income of \$132,240. Total Expenses are budgeted at \$14,099,050, with Land Purchases at \$3,718,393, Infrastructure Projects at \$2,425,000, Debt Service at \$5,729,701, Personnel \$407,264, and Incentives \$1,043,973. Within the Incentives budget, there are 11 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 2022 will be funded from unallocated revenues equaling \$3,636,938.53. *A large portion of this remaining unallocated revenue will be allocated to the NTMWD Water Line Relocation.*

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 2021, commercial and

industrial properties were valued at \$865MM, or 16.35% of the total \$5.289B assessed valuation. Over the past five years, commercial and industrial values have increased by \$201MM (30.45%). Over the same period, total valuation has increased by \$2.2B, or a 53.6% 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 5 years being 16.6% in 2017.

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 2021, \$125,066 was reimbursed to Clark Street with a total of \$816,074 paid since July 2013. Including the infrastructure reimbursement of \$100,000, the total incentive paid as of the end of FY 2021 is \$916,074. The remaining performance obligation is \$183,926 and it will be paid in full during FY 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 5-acre tract through a tax foreclosure that previously had EPA Superfund status. The remaining 8 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 \$624,807 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 12.25 acres of land at \$5.7MM and paid for the remediation, demolition, dirt work, and maintenance of the property. Additionally, the WEDC has budgeted \$250,000 to extend water from the east along FM 544 which not only enhances service to the 12-

acre tract but loops the water system to the east along Cooper Drive to Highway 78. The water extension should be complete in mid-2022.

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 2022 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 2022 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 project is in the final design phase and will go out to bid in early-2022. Once the bid has been accepted, the construction will start in mid-2022. The WEDC anticipates the funding of this project in early-2022 with the completion scheduled for this fall.

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. In early 2021, Kansas City Southern announced a joint-venture with NorthPoint Development to plan and develop the 220-acre Wylie Logistics Park. 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.

Performance Agreements & Infrastructure Reimbursement

Wylie Insurance completed a speculative office development in late-2020. 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. The development added three new office suites for new or expanding businesses. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$130,000 in tax revenue over a ten-year period. For every \$1 that the WEDC invests, this developer is investing \$4.72 in our community.

Texas Health Family Care and Envision both opened in early-2021. Savannah Woodbridge Development requested assistance from the WEDC specifically related to fee waivers, infrastructure assistance, and the construction of a new 9,000 SF medical office building at Woodbridge Centre. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$648,000 in tax revenue over a ten-year period. For every \$1 that the WEDC invests, this developer is investing \$7.20 in our community.

ATI Physical Therapy, Crumbl Cookies, Jamba Juice/Auntie Anne's, Roosters Men's Grooming, and The UPS Store all opened in early 2021. CBC Property Holdings originally 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. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$1,009,298 in tax revenue over a ten-year period. For every \$1 that the WEDC invests, this developer is investing \$20.18 in our community.

Orthopaedic Specialists of Dallas opened in mid-2021. North Dallas Wylie Land Investors originally requested assistance from the WEDC specifically related to fee waivers, infrastructure assistance, and the construction of a new 8,000 SF medical office building located at Woodbridge Centre. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$320,202 in tax revenue over a ten-year period. For every \$1 that the WEDC invests, this developer is investing \$2.67 in our community.

LUV-ROS Holdings completed the \$1.4MM expansion and addition of 10,000 SF to the existing manufacturing facility. The project included a new fire suppression system, four new full-time employees, and a \$400,000 investment in a new manufacturing line. LUV-ROS Holdings requested assistance from the WEDC specifically related to infrastructure reimbursement and the expansion of their existing facility. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$218,301 in tax revenue over a ten-year period. For every \$1 that the WEDC invests, this developer is investing \$3.12 in our community.

New Projects for FY 2021

GDA Investments, LLC. – Series 53. The Agreement outlines a \$30,500 infrastructure reimbursement, payable over a two-year period related to the construction of a new single-story office building containing approximately 10,800 square feet of space. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$195,000 in tax revenue over a ten-year period. For every \$1 that the WEDC invests, this developer is investing \$6.40 in our community.

American Entitlements, LLC. This project will add nearly 40 full-time employees and invest over \$100,000 in the downtown district. The Agreement is tied to job creation over the base employment of seven employees and will outline an incentive of \$1,000 per new FTE position, with a maximum incentive of \$33,000, payable over a three-year period. The Economic Impact Analysis (EIA) indicates that the project will generate approximately \$258,274 in overall tax revenue over a ten-year period. For every \$1 that the WEDC invests, this business is investing \$7.82 in our community.

Ballers Elite- The Lab, LLC. Ballers Elite requested assistance with the reimbursement of development fees related to the construction of a new 6,776 square foot building at 1400 Martinez Lane. Ballers Elite plans to invest over \$700,000 on the project over a 6-month period and the Agreement outlines a maximum qualified infrastructure reimbursement of \$20,000. The Economic Impact Analysis (EIA) indicates that the project 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 in our community.

DW Wylie, LLC. DW Wylie, LLC requested assistance with the reimbursement of development fees and the remodel of an existing 5,218 SF commercial building containing approximately 3,900 square feet of medical office space and 2,456 SF of restaurant space. The Agreement outlines 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.

Business Retention and Expansion

The WEDC continued to focus its efforts on enhancing business growth and providing wide-ranging support for existing businesses in 2021. Special programs centered around nationally recognized initiatives such as Small Business Week and Manufacturing Day. Educational and professional networking programs launched this year included the HR Alliance program, educational conferences, networking events, and the creation of a holiday gift guide to encourage and support ‘shop local’ objectives.

As our nation began to emerge from the pandemic in the first few months of 2021, businesses struggled to navigate and understand regulations surrounding COVID-specific state and federal relief programs. In cooperation with the Wylie Chamber of Commerce, SBA, and Workforce Solutions for North Central Texas, the WEDC developed multiple educational seminars to provide needed resources, information, and professional advice. These seminars explained the variety of programs available as well as issues surrounding compliance requirements and reporting obligations.

In the spring of 2021, the WEDC launched a new initiative for Wylie, [Small Business Week](#). The #IshopWylie initiative included a full week of targeted activities designed to highlight and support small and entrepreneurial businesses in the Wylie area. Taste of Wylie, canceled in 2020 due to COVID concerns, was relocated to Olde City Park and incorporated into the #SmallBusinessWeek schedule. Throughout the week, a plethora of networking, educational and targeted shopping experiences were implemented to highlight and support Wylie’s small and non-profit businesses.

In its 4th year of rollout, the [Manufacturing Day](#) program launched with state and local Proclamations providing recognition by the City Council, emphasizing the important role that manufacturing plays in our local economy. 2021 saw the return of in-person student tours of local manufacturers, albeit with smaller groups observing COVID protocols. Students saw first-hand the real-world implementation of in-demand skills, and employers were reminded of the recruitment opportunities available to them through the Wylie ISD’s Career and Technical Education (CTE) program. High-demand jobs in welding, robotics, architecture, HVAC,

construction sciences, engineering, graphic design, animation, pharmaceutical, marketing, and general business administration provide lucrative career paths for students, support the hiring needs of our local businesses and have, therefore, become a primary focus of the CTE program. The 2021 Manufacturing Day program featured the addition of 3 new manufacturing sectors - pharmaceutical, graphic design, and audio-visual animation. In total, this year's program included in-person tours for nearly 200 Wylie ISD students spanning 15 manufacturers representing nearly a dozen manufacturing disciplines. In addition, virtual facility tours were produced to augment classroom lessons and to generate additional interest among future Manufacturing Day tour participants.

Concluding the month-long series of activities, the Wylie Chamber of Commerce held the 3rd Annual Workforce Luncheon featuring Collin College skills training programs. Greg Lutz, President of Lutz Woodworks, was honored at the luncheon as the [2021 Legacy Manufacturer](#) for his active involvement with educating students, developing and participating in internship programs, and supporting the Chamber of Commerce as a pioneer in Wylie's manufacturing sector.

During the holiday season, the Wylie EDC launched the first [Discover Wylie Gift Guide](#). This guide featured online listings for any local business interested in participating. The guide was designed to encourage a 'shop local' approach to holiday shopping and provide a quick and easy tool for citizens to support local businesses. In its debut year, the guide achieved 900 downloads and 479 page views.

2022 Goals & Objectives

Downtown Revitalization and Expansion

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

544 Gateway Property

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

Industrial Development on Alanis

- Flood Study
- Complete 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 / CEO Roundtable / Community Roundtable
- Grow MFG Day/Month
 - Increased Participation
 - Expanded Hours for General Public
 - Workforce Luncheon
 - VIP Dinner/Networking Event
- Expand/Promote Entrepreneurship and Small Business Assistance Programs
 - Expand Training Opportunities / Lunch N' Learns
 - Grow Small Business Week
 - Establish an Entrepreneur Event
 - Build awareness about EconDev Week