

a consultant report on strategic economic development



APRIL 2011

Prepared for:

The McKinney Economic Development Alliance

Prepared by:



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Introduction

In March 2010, the City of McKinney organized its economic development stakeholders to create the McKinney Economic Development Alliance (MEDA). The purpose of this effort was to craft an economic development vision and strategy that would unite McKinney’s economic development stakeholders.

To assist in this effort – and to create a strategy that would serve as a foundational framework – the MEDA hired TIP Strategies, Inc., an Austin-based economic strategy firm. TIP Strategies assembled a team of experts that included Broaddus Planning, the Retail Coach, and Robert Wernersbach, Aviation Consultant.

The consulting team conducted numerous interviews, focus groups, workshops, and surveys to develop an understanding of McKinney, its challenges, and its opportunities. This qualitative data contextualized a separate economic assessment, airport assessment, retail study, and corridor analysis. The resulting economic development strategy aims to create an economic development model that will assist McKinney in growing and balancing its tax base, attracting high wage employers, and ensuring the highest quality development.

The Challenge

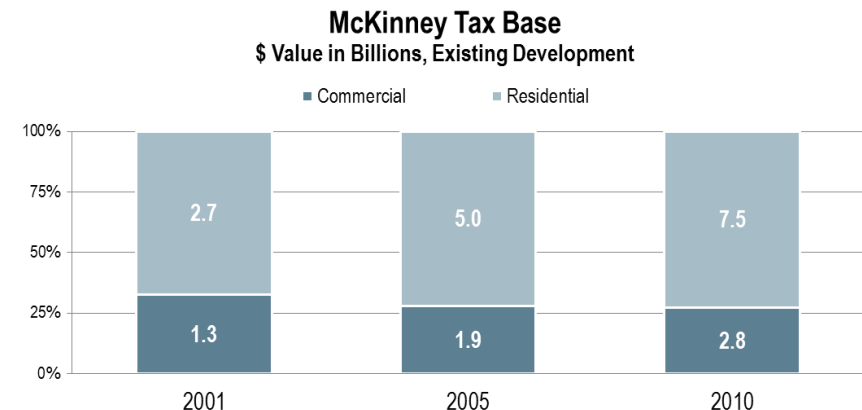
Over the past 20 years, McKinney has transformed from a small town to a major community in the greater Dallas area. It experienced tremendous growth between 1990 and 2010, from 21,283 residents in 1990 to 131,117 residents in 2010.

In spite of this growth, McKinney has managed to maintain an authentic small-town feel and has successfully revitalized its downtown to become a destination for both residents and visitors. In addition, the city has attracted a number of outstanding master-planned communities and offers a wide-

range of housing options. McKinney is also home to major employers such as Raytheon, Encore Wire, and Torchmark. The city’s proximity to the Metroplex combined with the quality and selection of amenities has made McKinney an attractive option for both employers and talented workers.

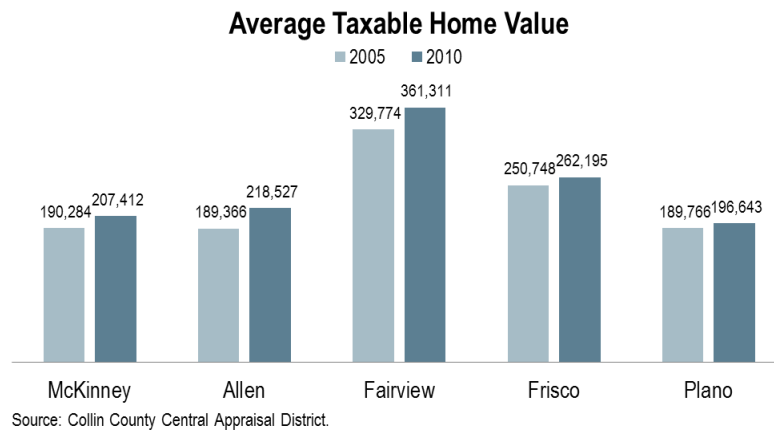
However, this rapid growth is not without its challenges. Three of the primary challenges are discussed below:

Unbalanced Tax Base >> As growth from the Metroplex has spilled over to McKinney, residential development has dominated the development mix. Between 2001 and 2010, McKinney’s commercial tax base grew at a compound annual growth rate of 9%. At the same time, the residential tax base grew at a compound annual rate of 12%. As a result, commercial land as a share of the value of developed land has declined from 33% in 2001 to 27% in 2010. McKinney, however, is only one third of the way built-out and has over 15,000 acres of land that are undeveloped in the city limits. *The use of this undeveloped land could counterbalance the explosive residential growth experienced over the last two decades if careful attention is placed on promoting commercial development.*



Source: City of McKinney, Insight Research.

Fiscal Imbalance >> According to the Collin County Central Appraisal District, the City of McKinney’s average taxable home value was \$207,412 in 2010. For McKinney ISD, the average taxable home value was \$198,460. The other school districts in the City of McKinney have average taxable home values ranging from \$90,000 in Princeton ISD to \$347,000 in Lovejoy ISD. Low taxable home values are problematic for both the City and its school districts from a fiscal sustainability perspective. A recent study conducted for the City of McKinney showed that for the city to break even on providing services to a single family home, the home must be valued at \$376,000. Furthermore, McKinney ISD reports that for school districts to break even on the cost of educating the children in an average home, the home must be valued at \$364,000.

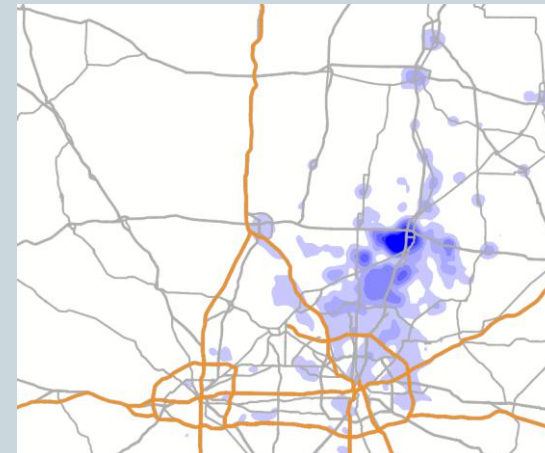


Export of Labor >> McKinney is a net exporter of labor. Many more of its residents commute out of the city to work than work in the city. As of 2008, the most recent data available, 45,065 of McKinney’s residents commuted out of the city to work. This represents over 80% of McKinney’s working population.

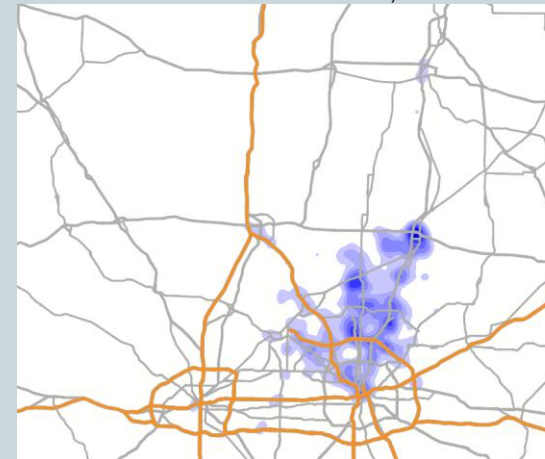
Commuter Flows

Daily job-related traffic to and from McKinney

LIVE / WORK IN MCKINNEY: 10,003



+ INBOUND COMMUTERS: 27,728



OUTBOUND COMMUTERS: 45,065

Source: US Census Bureau, Local Employment Dynamics, 2008.

The Response

Growing the commercial tax base, diversifying the economy, and providing residents with employment opportunities are the basis of this strategy. Promoting quality commercial development through a well-coordinated economic development program is one of the central ideas. The desired outcome is simple: more and better jobs. The benefits of this are many.

First, decreasing the city’s reliance on its residential tax base will promote fiscal sustainability of both the city and its ISDs. Because the high quality school districts in McKinney are one of the primary assets that attract families as well as employers to the city, the school districts’ fiscal health and general quality are of utmost importance. In addition, diversifying the city’s revenue sources reduces the tax burden on McKinney residents as well as on employers.

Secondly, providing jobs for McKinney’s residents represents a significant opportunity for McKinney. Reducing commuter traffic will reduce congestion and improve air quality. More importantly, reducing McKinney’s net export of labor by reducing outbound commuters and increasing inbound commuters will increase the city’s daytime population. A larger daytime population can support a more vibrant retail sector by capturing employees’ daytime expenditures. This can significantly offset the fiscal imbalances noted above and diversify the city’s revenue sources.

SWOT Analysis: Strengths, Weaknesses, Opportunities, Threats

To create a context for the strategy, TIP conducted a SWOT analysis. This analysis outlines McKinney’s primary strengths, weaknesses, opportunities, and threats. In turn, the strategy seeks to build upon McKinney’s strengths, capitalize upon its

opportunities, and address its weaknesses and threats. The table below summarizes the results of this analysis. The more detailed **Economic Assessment** is contained in **Appendix A**.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ▪ Strong population growth ▪ Young, highly educated residents ▪ Diversified industrial base ▪ Excellent land inventory ▪ Natural and physical amenities ▪ Historic downtown ▪ Availability of incentives ▪ CCRA ▪ Reverse commute for north Dallas workers ▪ Strong school district ▪ Higher education opportunities ▪ Growing healthcare sector ▪ County seat 	<ul style="list-style-type: none"> ▪ Job migration ▪ Tax base skewed towards residential property ▪ Distance from DFW a perceived disadvantage ▪ Development process inconsistent and unpredictable ▪ City planning initiatives not coordinated with economic development goals ▪ Lack of clarity in city zoning practices and overuse of PDs ▪ Demographics east of 75 not favorable to attracting high-end retailers ▪ Retail development in neighboring communities limiting feasibility of new retail development in McKinney
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ▪ Increase self-sufficiency / decrease dependency on Dallas ▪ Differentiate McKinney from other Collin County communities ▪ Be more selective of economic development opportunities ▪ Create employment opportunities for residents and outlying communities ▪ Leverage the expansion of CCRA to increase tax base and create jobs ▪ Promote downtown 	<ul style="list-style-type: none"> ▪ Talent mobility throughout Metroplex ▪ Traffic deterring talent & obstructing business recruitment ▪ Business climate in surrounding communities more favorable ▪ Becoming a bedroom community ▪ Growth pressures on McKinney’s ISDs

Vision and Goals

To develop the framework for the strategy, we first had to establish a common vision. To do this, we gathered input through interviews, focus groups and a survey distributed to the MEDA. Through this process, the following vision emerged as a common theme:

McKinney will secure and strengthen its position as a regional center, emerging as the leader in Collin County and a magnet for high quality development in the Metroplex.

Historically, McKinney functioned as the regional center of Collin County and surrounding counties. Dallas' growth subsequently reduced McKinney's significance in the region. McKinney transformed into a suburb with a deep dependency on Dallas, and one that has on-going implications. Despite that pattern, McKinney retains the elements that made it a regional center – a vibrant downtown, regional healthcare facilities, higher education opportunities, major employers, and retail and entertainment venues. These assets cannot be allowed to atrophy. They must be strengthened and expanded in order to preserve McKinney's regional draw.

This plan calls on McKinney to recapture its regional leadership role. We believe it can do this by transforming its vision of itself from a suburb to that of a regional center, with influence that extends beyond county boundaries. McKinney is one of the fastest growing communities in the nation and represents the

outer edge of the Dallas-Fort Worth Metroplex. The city spans the transition from urban to rural, offering its rural neighbors to the north urban amenities while providing its urban neighbors an authentic small town atmosphere. From this position, McKinney can be much more than the county seat of a suburban county.

McKinney has attracted the attention of many real estate developers. It could easily become an example of best practices for suburban growth by promoting a new vision. McKinney, however, must ensure that its development process encourages investment in the community. With other viable alternatives in close proximity, developers can choose where they invest based on the predictability of the development process, cost of development, and time to market. McKinney cannot afford to lag its neighboring communities in these areas.

Being a magnet for high quality development requires a broad-based commitment. It means that the city's various boards and organizations must come together on behalf of McKinney as a whole. This demands greater transparency, greater cooperation, and a different operating structure that will allow this to happen.



The economic development vision must be supported by focused goals that reinforce the concepts emphasized in the vision. The goals provide the structure for evaluating opportunities and prioritizing the investment of McKinney's economic development resources.

We believe that the following four goals will support the proposed vision and provide a strong framework for strategies and actions:

1. **Create a cohesive and collaborative system for managing economic development across the city.**
2. **Focus on promoting McKinney's primary development centers.**
3. **Develop and expand initiatives and programs to diversify and grow McKinney's tax base.**
4. **Enhance McKinney's community assets and quality of place to strengthen McKinney's ability to attract talent and employers.**

We have placed the goal of creating an economic development system first because we feel strongly that a well-organized, city-wide system must be in place to successfully implement the other three goals. With a system in place and better tools for managing communication available, McKinney will be in a more favorable position to implement the other goals.

The intent of these goals is to elevate McKinney above its regional and national peers. McKinney with its "Unique by Nature" brand evokes a favorable image. This image can be leveraged through more effective communication and more efficient processes to attract world-class developers, companies, and talent to the city. To do this, McKinney must strengthen its existing economic development programs and expand its initiatives to include such non-traditional areas as talent recruitment, workforce development, and quality of place.

How to Use This Report

The **Economic Development Strategy** that follows fleshes out each goal and proposes strategies and actions to achieve these goals. For each goal, we list performance metrics that should be tracked to record McKinney's progress towards achieving its vision. An **Implementation Matrix** assigns responsibility and sets out a time frame for implementing the strategies.

The appendices of this document contain a wealth of information to support the strategic recommendations of this plan. **Appendix A** is the economic assessment which focuses on understanding McKinney's demographics, workforce, and economy in both a regional and national context. **Appendix B** contains the target industry profiles. These profiles provide an overview of industry trends and a guide to assist in launching a recruitment program targeted to these specific industries. **Appendix C** provides a detailed assessment of the Collin County Regional Airport and an evaluation of economic development opportunities related to the airport. **Appendix D** contains the data analysis and documentation to support the retail strategy. **Appendix E** is the site analysis and development center profiles that analyze McKinney's primary corridors and provides detailed descriptions and examples of plans for each of the opportunity areas.

This strategy can help McKinney reach its economic development vision. But this vision can only be reached if the principles help define development – not the other way around.

GOAL ONE: CREATE A COHESIVE AND COLLABORATIVE SYSTEM FOR MANAGING ECONOMIC DEVELOPMENT ACROSS THE CITY.

PRIORITY STRATEGIES

- **Create an Economic Development Ombudsman.**
- **Implement a city-wide prospect management system.**
- **Develop an economic development marketing tool-kit for McKinney's ED stakeholders.**

McKinney has well-funded and well-staffed economic development infrastructure. This infrastructure includes over 16 economic development stakeholders, some of which have funding streams dedicated specifically to economic development projects. In addition, the staff of these organizations has many years of economic development experience in McKinney, in the Metroplex, and beyond. The pieces are present to have a high caliber economic development program that is competitive not just regionally but internationally.

Without a city-wide economic development vision, these stakeholders have been acting independently – sometimes in sync but other times not. Currently, there are no formal mechanisms for communication and collaboration among the stakeholders. This undermines McKinney's responsiveness to prospects, increases the time it takes McKinney to submit proposals for projects, creates uncertainty in McKinney's business recruitment efforts, and projects an image of non-cohesion to prospects and existing employers. More importantly, prospects and projects could fall through the cracks and opportunities could be missed.

RELATED METRICS

- Prospect management
 - Referral source
 - Industry, Investment, Employees
 - Wins / Losses
 - If lost, where prospect located & why
- Marketing
 - Dollars spent
 - Leads generated (company, individual, visitor)
 - Basic web analytics

In spite of this, McKinney has successfully recruited companies to McKinney and has been supportive of its major employers. If McKinney wants to raise the caliber of its economic development program and the quality of the employers it attracts, McKinney must create a seamless system for prospect referrals, project management, and incentives negotiation. There will need to be regular communication among all economic development stakeholders. In the competitive context of the Metroplex, McKinney cannot afford to have an uncoordinated economic development effort if it wants to have its pick of companies locating in the Metroplex.

ECONOMIC DEVELOPMENT STAKEHOLDERS

- City Manager's Office
- Mayor's Office
- City Council
- Planning & Zoning
- Development Services
- McKinney ISD
- Collin County
- Collin College
- McKinney EDC (funded by 0.5% of taxable sales)
- McKinney CDC (funded by 0.5% of taxable sales)
- McKinney Chamber of Commerce
- McKinney Convention & Visitor's Bureau (funded by 7% of hotel room revenues)
- TIRZ Boards (funded by tax increment)
- Main Street
- Town Center Redevelopment Authority
- McKinney Airport Development Corporation

1. Establish a new model for economic development to coordinate McKinney's programs and initiatives.

- a. Create an Economic Development Ombudsman's Office charged with coordinating and facilitating McKinney's economic development activities in consultation with the appropriate stakeholders (See List to the Left).
- b. Manage the implementation of the city-wide economic development strategy.
 - i. Lead stakeholders through a process for prioritizing strategic projects and initiatives to guide the allocation of resources to support strategy implementation.
 - ii. Assign responsibility for implementing each of the strategies to appropriate economic development stakeholders.
 - iii. Provide guidance, trouble-shooting, and assistance to stakeholders as needed to ensure continued implementation progress.
- c. Coordinate the boards related to economic development, including the MEDC, MCDC, MADC, TIRZ I and TIRZ II, and McKinney's economic development stakeholders to ensure that McKinney speaks with a unified voice, prioritizes projects uniformly across the city, and allocates resources correspondingly.
 - i. Clearly define roles and objectives of boards in the context of the McKinney's new economic development model.

- ii. Ensure that boards are aware of and understand the City Council's Policy Direction on Economic Development and specific projects as they may arise.
- iii. Assign programs and areas of focus to boards and other economic development stakeholders. Programs and areas of focus include:
 - 1. Business retention and expansion
 - 2. Business recruitment
 - 3. Entrepreneur and small business development
 - 4. Talent attraction and workforce development
 - 5. Quality of place and community development
 - 6. Business advocacy and governmental relations
- d. **Report.** Distribute regular reports that record the group's activities and achievements.
 - i. Establish that Chairpersons of Boards relating to Economic Development will provide monthly reports to the City Council regarding Economic Development activity.
 - ii. Collect and consolidate regular progress reports from stakeholders to monitor activities related to plan implementation.
 - iii. Monitor performance metrics to track McKinney's progress towards achieving its goals.
 - iv. Publish and distribute regular reports to update stakeholders and public on the implementation of the economic development strategy and key performance metrics.

2. Create a mechanism that ensures communication among McKinney's economic development players.

- a. **Schedule.** Meet regularly to allow executive leadership of McKinney's economic development stakeholders to share information, discuss projects and prospects, and report on progress toward implementing strategies.
 - i. Hold meetings at least bi-weekly.
 - ii. As needed, organize additional meetings to keep participants informed of salient information regarding projects and prospects.
- b. **Inform.** Keep participants up-to-date on projects, programs, and initiatives in between meetings.
 - i. Send out a monthly e-newsletter to participants highlighting upcoming events and summarizing progress on major projects, prospects, and marketing activities.

3. Develop and implement a city-wide prospect and project management system.

- a. **Refer.** Each prospect should be referred to the Economic Development Ombudsman's Office and entered into the prospect management system.
 - i. Establish a protocol to follow upon contact by a prospect. The protocol should include an intake interview, a method for disseminating the information to the rest of the economic development stakeholders, an information packet to send the prospect, and talking points.
 - ii. Create an advisory taskforce to build a strong referral network to generate leads. The taskforce should be composed of public and private sector representatives that can help the new Ombudsman identify prospects

and make initial contact with companies that may be interested in relocating to McKinney.

b. Understand. Develop a deep understanding of the scope of the project and the prospect's needs.

- i. Administer an intake interview to prospects upon first contact to assess the scope of the project and the prospect's needs.
- ii. Perform an initial assessment to determine if McKinney has available sites to meet the needs of the prospect and if the type of project promotes McKinney's strategic vision and goals.
- iii. Evaluate development projects based on the cost of providing services to the project and potential tax revenues from the project.

c. Respond. Assemble the necessary experts and decision makers to be able to put together a comprehensive proposal that reflects what McKinney as a whole can offer.

- i. Organize prospect-specific teams with the expertise and authority to address the prospect's primary needs (as assessed in the intake interview).

4. Design city-wide economic development marketing messages and tools.

a. Collaborate. All economic development stakeholders across the city should cooperate to enhance the effectiveness of McKinney's external economic development marketing efforts.

i. Create a marketing plan that considers the reach, audiences, and goals of all of McKinney's economic development stakeholders.

ii. Identify co-marketing opportunities that will allow stakeholders to share expenses while expanding their reach and communicating with their key audiences.

b. Develop. A tool-kit for economic development stakeholders to use when "selling" McKinney is vital.

i. Craft messages to sell McKinney in a consistent manner to targeted audiences.

ii. Compose talking points to assist stakeholders when talking to members of target audiences. Topics could include the following:

- 1. Available sites
- 2. Incentives and funding
- 3. Workforce and education
- 4. Why McKinney? (for Employers)
- 5. Why McKinney? (for Residents)
- 6. Why McKinney? (for Visitors)

iii. Design information packets to be made available online and in hardcopy to share with anyone looking for information on McKinney. Different packets should be made for each of the following target audiences:

- 1. Residents looking to relocate to McKinney
- 2. Site selectors and prospects
- 3. Entrepreneurs
- 4. International residents
- 5. International companies

GOAL TWO: FOCUS ON PROMOTING MCKINNEY'S PRIMARY DEVELOPMENT CENTERS.

PRIORITY STRATEGIES

- Identify and secure anchors that support established visions for opportunity areas.
- Aggressively market sites at opportunity areas to attract desired uses.

RELATED METRICS

- Dollars invested (public and private)
- Mix of retail, office, industrial, and residential (by sq. ft.)
- Tax dollars generated
- Companies located
 - Industry
 - Employment and average wages
 - Where locating from
- Traffic counts at key intersections

One of McKinney's primary advantages over its regional peer communities is the availability of land. This allows McKinney to be highly selective towards projects that cannot find space in surrounding communities. To do this, however, McKinney must have sites available to accommodate desirable projects. Preserving and dedicating areas of the city for such desirable projects is essential. Doing so positions McKinney to capitalize on a major regional advantage.

McKinney has identified two development centers that can serve this purpose. These two areas represent immediate economic development opportunities:

- **The Regional Employment Center (REC)** east of the intersection of Hwy 121 and Custer Rd. The REC includes the Craig Ranch Corporate Centre, which is positioned to be McKinney's first nationally significant office park.
- **The Town Center**, the historic core of McKinney that includes downtown and the Hwy 5 Corridor. While greenfield sites still remain in this area, many of the opportunities involve redevelopment and reuse.

Four other opportunity areas can become important development centers in McKinney in the next five years. These four opportunity areas are:

- **The Gateway** –140 acres at the corner of Hwy 75 and Hwy 121 around the Collin College Higher Education Center and the Medical Center of McKinney.
- **The Aviation Technology Corridor** –300 acres west of the Collin County Regional Airport.
- **The Community Lifestyle Destinations** – 135 acres at the intersection of Hwy 380 and Lake Forest Dr.
- **The Entrepreneurial Village** – 16 acres adjacent to the historic cotton mill.

The **Northwest Quadrant** of the city, the area north of Hwy 380 and west of Hwy 75, is a future development center that represents long-term economic development

opportunities. **Appendix E** presents profiles of the development centers.

As development centers, these areas can significantly enhance the commercial tax base of the city, promote the development of industry clusters, and attract higher wage jobs to the region. They are key locations in the city that should be prioritized for investment and preserved for uses that will specifically further McKinney's economic development goals.

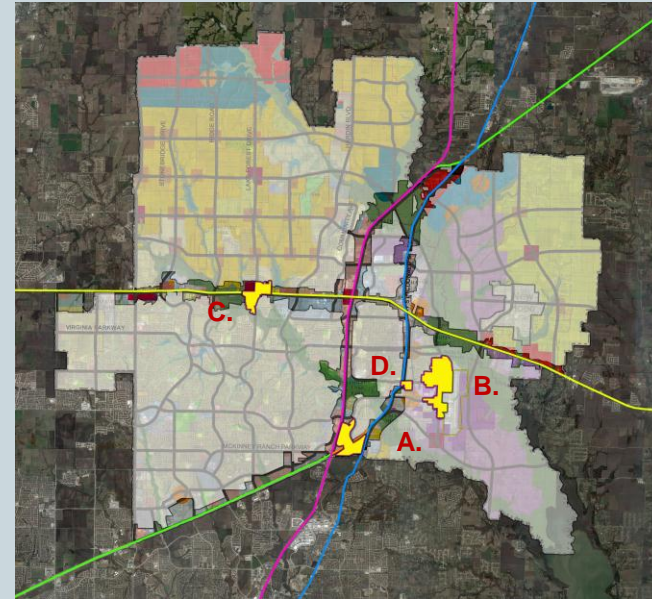
1. Continue to promote McKinney's current development centers (the REC and Town Center).

- a. Collaborate. Work closely with Craig Ranch to build-out the Craig Ranch Corporate Center.
 - i. Adopt the Craig Ranch Corporate Centre as McKinney's first office park to accommodate corporate relocations.
 - ii. Provide assistance for infrastructure enhancement to make the park more competitive.
 - iii. Actively market the sites to prospects.
- b. Prepare. Continue to prepare the Town Center for revitalization.
 - i. Continue to evaluate funding sources to support projects in the area.
 - ii. Continue to assess the city's regulatory framework to ensure it is supportive of desired development.

2. Ensure tools are in place to facilitate development at each opportunity area.

- a. Vision. Adopt visions for each opportunity area.
 - i. Hold workshops with land owners in each opportunity area to craft a common vision for the area.

OPPORTUNITY AREAS



- A. Gateway
- B. Aviation Technology Corridor
- C. Community Lifestyle Destination
- D. Entrepreneurial Village

- b. Plan. Translate the vision into a viable blueprint that establishes a business plan for achieving the vision.
 - i. Strategically identify anchors for each opportunity area that can bring in the type of traffic and uses needed to catalyze development in the rest of the opportunity area.
 - ii. Evaluate the level of public involvement needed to realize the vision in partnership with land owners.

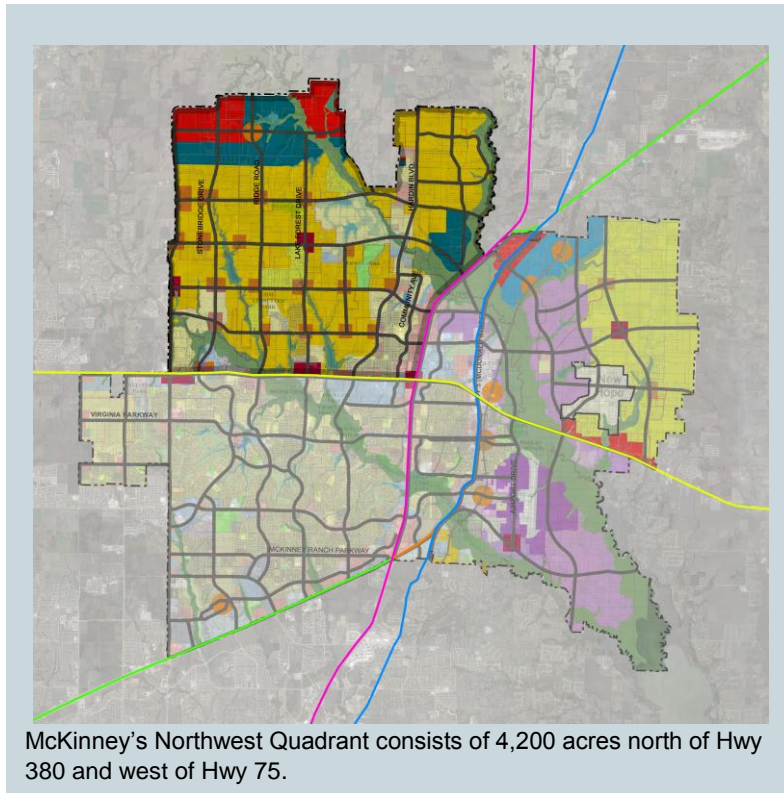
- iii. Analyze zoning ordinances, development code and other city policies to ensure they allow for desired uses.
 - iv. Use overlay districts as potential tools to encourage the implementation of the opportunity area visions.
 - v. Assess the infrastructure needs of each of the areas once a more concrete vision is in place.
- c. Funding. Secure sources of funds to finance improvements and development in opportunity areas.
- i. Identify state and federal programs that could be leveraged to induce greater private investment.
 - ii. Put in place any special purpose financing districts that could be used to fund improvements in the opportunity area.
 - iii. Set aside funds to use as incentives to attract key anchor tenants.
 - iv. Prioritize development centers and opportunity areas in the city and county's capital improvement plans.

3. Launch well-targeted marketing campaigns to promote the development centers and opportunity areas.

- a. Audiences. Identify target audiences for each of the centers.
- i. Prioritize a list of desired anchors for each development center and opportunity area.
 - ii. Create a database of developers, site selectors, and brokers that work in the region.

- iii. Pinpoint potential users, including industrial, commercial, and retail users.
- b. Materials. Design marketing materials to deliver a powerful message.
- i. Craft a concise message for each development center and opportunity area that captures the main selling points of the area.
 - ii. Create talking points to deliver the message and primary selling points tailored to specific audiences. Distribute these talking points to economic development stakeholders.
 - iii. Design general information packets and marketing collateral for each development center and opportunity area with inserts that speak directly to different audiences.
 - iv. Feature development centers and opportunity areas on the MEDC, MCDC, and McKinney Chamber web sites.
- c. Reach. Reach out to target audiences through traditional and non-traditional marketing avenues.
- i. Contact potential anchors directly to gauge interest in locating in one of the opportunity areas. Aggressively pursue any anchors that show interest.
 - ii. Identify and attend conferences that target audiences would be likely to attend.
 - iii. Organize a “Developers Day” to showcase the opportunity areas to site selectors, developers, and brokers.

- iv. Send out a letter to potential users to inform them of the advantages of locating in McKinney and follow-up with phone calls.



4. Plan for future development opportunities in the Northwest Quadrant.

- a. Prepare. Begin to put in place the tools necessary to implement the Comprehensive Plan.
 - i. Finalize the alignment of the Outer Loop and the FM 543 Connector.
 - ii. Create an aggressive annexation plan that incorporates the areas envisioned as the regional retail center and the office parks (identifying these as primary commercial centers).
 - iii. Craft visions, identify potential anchors and catalysts, and develop a conceptual framework for each of the primary commercial centers in the Northwest Quadrant (See Appendix B, p B-20).
 - iv. Evaluate the range of development mechanisms, including public-led, public / private partnerships, and private-led to determine what is the most desirable option for the primary commercial centers.
 - v. Commit to protecting the primary commercial centers and reflect this commitment in the applicable planning and zoning policies and practices.
 - vi. Evaluate the range of funding options to support infrastructure development at the primary commercial centers.

GOAL THREE: DEVELOP AND EXPAND INITIATIVES AND PROGRAMS TO DIVERSIFY AND GROW MCKINNEY'S TAX BASE.

PRIORITY STRATEGIES

- **Link business recruitment program to target industries.**
- **Develop comprehensive program to assist entrepreneurs.**
- **Initiate formal talent and workforce development program.**

RELATED METRICS

- Tax base by commercial and residential (\$ value)
- BREP
 - Company visits
 - Surveys completed
 - # of expansions (Industry, Investment, Jobs, Square Feet, Incentives rec'd)
- Business Recruitment
 - Companies recruited (Industry, Investment, Jobs, Square Feet, Incentives rec'd)
 - Dollars invested in infrastructure, transportation and other site readiness projects
 - Prospects (See Goal One)
- Entrepreneurs
 - Entrepreneurs assisted
 - Businesses started
 - Businesses funded
 - Jobs created

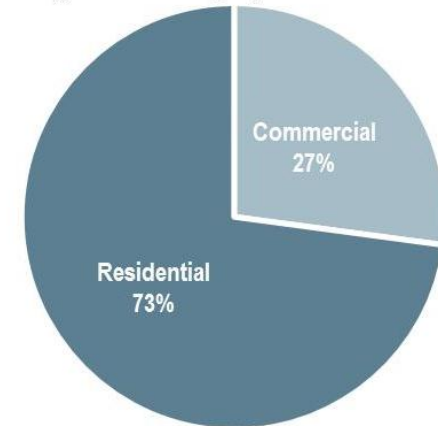
As McKinney has grown in the past decade, residential development has accounted for much of the new property coming on the tax rolls. By year end 2010, residential property accounted for 73% of the developed property on McKinney's tax rolls, up from 67% in 2001. At the same time, the public service cost (PSC) has been increasing steadily since 2006 from \$691.58 per consumer to \$785.25 per consumer in 2010.

With over 15,000 acres of undeveloped land, McKinney has the opportunity to improve the sustainability of its tax base. Augmenting the city's tax base with high value, high impact commercial development can greatly reduce the per consumer cost of providing public services. This, in turn, would significantly enhance the city's fiscal health.

The strategies under this goal focus on expanding McKinney's employment base. Doing so not only boosts McKinney's commercial tax roll but also creates jobs and fortifies McKinney's position as an employment center.

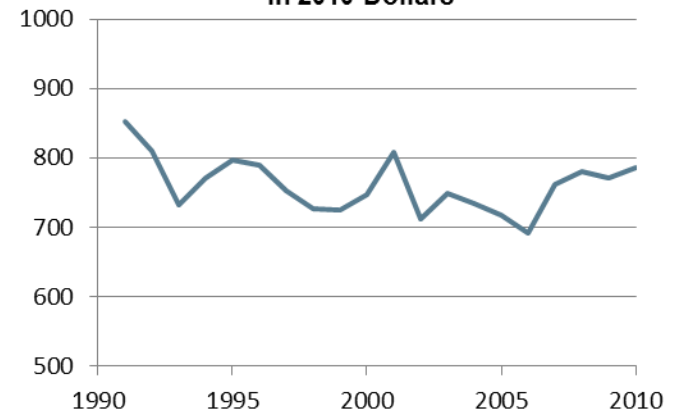
Through its business retention and expansion program and well-targeted

McKinney Tax Base
Existing Acres Developed, \$ Value Year End 2010



Source: City of McKinney, Insight Research.

Public Service Cost per Consumer
in 2010 Dollars



Source: Insight Research Corporation.

industry recruitment and entrepreneurship programs, McKinney can grow its economy by adding jobs that are likely to employ its residents. This can reduce the number of commuters out of the city each day, which, in turn, can increase the city’s capture rate of its residents’ consumer expenditures. While reducing the workers that it exports, such strategies may also increase the number of workers McKinney imports. This, too, will likely increase the city’s capture rate of imported workers’ consumer expenditures. Among its many benefits, capturing more consumer expenditures generates sales tax revenues, supports and strengthens local businesses, and generates demand for more amenities.

TIP identified target industries that are fits for McKinney. These niches were chosen because they leverage McKinney’s assets and build upon existing local or regional industry clusters. **Appendix B** provides detailed profiles of each industry and additional information on industry selection.

2011 Proposed Target Industries

Sector	Niche	NAICS
Aviation-Related	▪ Other airport operations	488119
	▪ Other support activities for air transportation	488190
	▪ Other aircraft parts and auxiliary equipment mfg	336413
	▪ Search, detection, navigation, & guidance instrument mfg	334511
Healthcare & Medical	▪ Surgical appliance and supplies mfg	339113
	▪ Ophthalmic goods mfg	339115
	▪ Electromedical and electrotherapeutic apparatus mfg	334510
Office Tenants	▪ Software publishing	511210
	▪ Direct life insurance	524113
	▪ Direct health and medical insurance	524114
	▪ Corporate, subsidiary, and regional managing offices	551114

1. Continue to strengthen McKinney's business retention and expansion program.

- a. Relationships. Continue to build strong relationships with major employers through the visitation program.
 - i. Continue to visit top 20 employers at least twice a year, and expand the visitation program to include 4 additional visits a month with employers outside of the top 20.
 - ii. Maintain open lines of communication with employers to ensure that employers receive any needed support.
 - iii. Act as liaison between major employers and development services to assist expanding and relocating businesses in navigating the development process.
- b. Incentives. Continue to make incentives available to expanding businesses.
 - i. Open the program to small businesses who are expanding in McKinney.
 - ii. Use a stringent cost/benefit model to evaluate "deals" and ensure a reasonable return-on-investment.
- c. Survey. Create an annual or biennial employer survey for all of McKinney's major employers.
 - i. Design survey to minimize open-ended responses to enable the aggregation and easy reporting of data.

- ii. Collect information on business performance and employment, major suppliers and customers, workforce satisfaction and needs, and attitudes towards McKinney's business climate.
- iii. Analyze responses, aggregate data, and publish a report card to inform stakeholders of business issues and employers' needs.
- iv. Monitor individual company responses to identify at-risk companies, or those in need of support; link them with resources needed to address needs.

2. Formalize a business recruitment program based on specific target industries.

- a. Sites. Identify, develop, and market appropriate sites for companies in target sectors.
 - i. Create an inventory of available sites, including privately held sites. Pay special attention to identifying sites that would meet the basic requirements of companies in the target industry categories (*See Appendix B, p B-20*).
 - ii. List the available sites on the MEDC and Chamber websites.
 - iii. Market available sites among site selection consultants and in trade publications and association websites of the target industries.
 - iv. Continue planning for future business and industrial parks in the Northwest Quadrant (*See Appendix B, p B-20*).

- b. Infrastructure. Identify and implement plans for long range water, wastewater, telecommunications, electrical, and road improvements needed to serve new and existing business growth.
- i. Evaluate infrastructure availability and quality for key industrial and business sites (*See Appendix B, p B-20*).
 - ii. Prioritize infrastructure projects based on which development areas and sites are most suitable for expanding businesses and prospective businesses from the target industries.
- c. Incentives. Continue to use incentives to direct development to opportunity areas and attract desirable businesses to the city.
- i. Coordinate among McKinney's economic development stakeholders to create a comprehensive incentives package that reflects all that McKinney as a whole is willing to offer a prospect.
 - ii. Offer additional and special incentives to attract businesses that fall into target industry categories or that are vital to realizing the strategic visions for opportunity areas.
 - iii. Monitor other communities' incentives policies to ensure the competitiveness McKinney's offerings.

Incentives Guidelines

Formal incentives policies should be carefully crafted in a transparent manner to ensure that they yield a net benefit to area taxpayers. The following principals should be considered when establishing a policy:

1. the targeted investment would not occur without the incentive
2. the investment should generate new economic activity in the area instead of displacing existing businesses

When creating an incentives deal for a particular prospect, we recommend that the Ombudsman's Office include the following:

- a statement demonstrating how the proposed incentive relates to the broader economic development strategies,
- a formal cost/benefit estimate weighing the estimated direct/indirect benefits (e.g., tax base enhancement, increase in retail sales, increase in wage rates, etc.) to the incentive costs (e.g., tax abatements, training subsidies, infrastructure improvements, etc.) associated with a particular deal, and
- a "recapture" agreement that protects the community's by requiring some expectation of performance from the recipient.

- d. Market. Continue to market McKinney as a top location for companies looking to relocate in the DFW region.
 - i. Continue to participate in Texas One and the Dallas Regional Chamber to raise the visibility of McKinney as a premier destination in Texas and DFW for businesses.
 - ii. Attend key conferences and join primary industry associations in target industries to make direct contact with decision makers in those industries and establish a presence in the target industries' networks.
 - iii. Continue to meet with site selectors and developers to educate them about what McKinney has to offer and what McKinney is looking for.
- e. Conventions. Attract conventions in target industries to bring industry decision makers to McKinney and showcase what McKinney has to offer.
 - i. Contact professional associations and publications related to target industries to tell them about McKinney's availability as a conference destination.
 - ii. Recruit conventions and conferences in target industries to be held in McKinney.
- f. Collaborate. Promote regional collaboration through the Dallas Regional Chamber and other active regional organizations.
 - i. Identify projects such as the expansion of Collin County Regional Airport and expansion of Collin

College to mobilize the region behind a common goal.

- ii. Cultivate relationships with regional partners to stay informed of economic development opportunities in the region and to keep partners up-to-date on McKinney's initiatives that could have a regional impact.
- iii. Actively advocate for Collin County on key legislative issues at the state and federal level.

3. Continue to develop an international recruitment program.

- a. Welcome. Position McKinney as an international community that welcomes international residents and visitors.
 - i. Inventory cultural institutions and assistance programs available to international residents and visitors in the region and make this resource available to employers and international families through the McKinney Chamber.
 - ii. Identify leaders from the international community McKinney that could assist in recruitment efforts.
 - iii. Create a newcomers group to accommodate international residents' special needs. Train volunteers to assist these new residents in obtaining a drivers' license, opening bank accounts, obtaining a social security number or ITIN as appropriate.

- iv. Encourage the McKinney's ISDs to adopt elements into the curriculum and implement special programs to assist international students.

Case Study:

The International Center of the Upstate

In response to the influx of international residents associated with the BMW plant in Greer, SC, this non-profit organization was established to assist international newcomers and promote cross-cultural understanding.

The center offers a wide range of programs and services including a relocation program, a global professionals group, a women's club, and a book club. The programs have made great strides in helping newcomers connect with the community, resulting in greater personal satisfaction and more successful relocations of employees in the region's international businesses.

For more information, visit www.internationalupstate.org

- b. Relationships. Cultivate relationships with foreign-owned companies in McKinney.
 - i. Create an inventory of foreign-owned companies in the region to identify what countries have a presence in McKinney.
 - ii. Maintain regular contact with them through the Business Retention & Expansion Program and the Mayor's Council for International Economic Development Partnerships.
 - iii. Place a special emphasis on understanding cultural practices that may affect business

recruitment strategies, location decisions, and workforce requirements.

- c. Prioritize. Identify and rank countries for business recruitment purposes based on a strong presence in the target industries, and incorporate these countries into target industry business attraction activities.
 - i. Leverage relationships with local employers and their global networks to identify and make contact with potential prospects in the priority countries.
 - ii. Contact the corresponding consulates and trade commissions to begin networking, find contacts of potential prospects, and gather information on economic and other pertinent news.
 - iii. Identify other organizations, including international chambers of commerce and export promotion organizations that may have contact with companies looking to expand.
 - iv. Identify and participate in professional organizations and trade shows in the target industries in the priority countries.
 - v. Participate in or support periodic trips to the trade offices of the target countries, and visit with potential prospects.

Case Study: Northwest Arkansas' Transition to "Green Valley"

Lead by Wal-Mart's initiative to transform itself into an eco-friendly business, Fayetteville, AR has become a hot-bed for green technology companies. Numerous start-ups have popped up the area to help Wal-Mart suppliers improve their green credentials, and Wal-Mart suppliers themselves, many of them with offices in Northwest Arkansas, have adopted green business practices.

In addition, the University of Arkansas has established the Applied Sustainability Center and has partnered with the local economic development organization to develop the Arkansas Research & Technology Park, which has a sustainability focus.

To further its image, the City of Fayetteville has adopted numerous policies geared towards sustainability, including the appointment of a sustainability director, whose salary is paid with the energy savings from the programs he implements.

These initiatives have resulted in the area's winning national recognition, including a 2009 Innovators Award from Southern Growth Policies Board and a 2007 feature story in the Washington Post.

For more information, visit:

<http://www.greenvalleydevelopment.com/>

4. Pursue a recruitment strategy aimed at attracting sustainable companies.

- a. Promote. The adoption of sustainable living practices among employers and residents of McKinney can act as

a business incentive. Partner with McKinney's Office of Environmental Stewardship to initiate programs that promote sustainable living practices.

- i. Implement the Energy Efficiency and Conservation Strategy created as part of the Energy Efficiency Conservation Block Grant.
 - ii. Encourage the City of McKinney and McKinney ISD to implement policies that promote energy conservation and reduce waste.
 - iii. Support a public education campaign to educate McKinney residents on the merits of sustainable living practices.
- b. Pursue "green" companies and clean technology companies within the target industry sectors.
 - i. Subscribe to a database of companies such as the CleanTech Group's database to mine for "green" companies that have successfully raised capital to fund their expansion.
 - ii. Identify the companies that fall within McKinney's target sectors and that have labor requirements that could be met by McKinney's workforce.
 - iii. Gather intelligence on these companies to investigate which ones may be the most promising targets for McKinney.
 - iv. Contact these companies directly to inform them of McKinney's assets and economic development programs that could be of benefit to these companies.

Case Study: *EntrePaducah*

EntrePaducah is a non-profit organization located in the Purchase Region of Western Kentucky. The organization was established as an economic development strategy to support entrepreneurs in the region. The mission of the organization is to attract, retain, and develop entrepreneurs and entrepreneurial ventures in the region.

Rather than create a comprehensive array of programs and services, EntrePaducah staffs a “Concierge.” The concierge connects entrepreneurs with the people, agencies and networks needed to launch their endeavors. After assessing the entrepreneurs’ needs, the Concierge goes to work finding the right resources to help drive the entrepreneurs’ concepts from idea to reality.

For more information, visit:

<http://www.entrepaducah.com/about.htm>

5. Develop a comprehensive program to assist entrepreneurs.

- a. Support. Continue the Virtual Business Incubator program.
 - i. Continue the current rent subsidization program.
 - ii. Train an entrepreneurial “coach” or “concierge” that can help connect entrepreneurs with peers, mentors, and needed resources.
- b. Share. Create opportunities for local entrepreneurs to learn from and support each other.
 - i. Organize peer networking groups or invite a chapter of Entrepreneurs Organization to McKinney (there is currently a chapter in [Dallas](#)).
 - ii. Develop a mentoring program that matches seasoned business professionals with new entrepreneurs ([TiE Dallas](#) offers mentoring as one of its programs).
- c. Events. Continue to plan events such as Solutions 2010 to raise awareness of resources available to entrepreneurs and provide educational opportunities for area small businesses.
 - i. Incorporate a business plan competition to generate buzz about the event and more interest from entrepreneurs.
 - ii. Feature a high profile keynote speaker to attract entrepreneurs from around the Metroplex.
 - iii. Include an investors’ corner where pre-screened, well-qualified entrepreneurs can make pitches to an audience of investors.
 - iv. Hold workshops on topics of interest to entrepreneurs.
 - v. Schedule entrepreneurial bootcamps such as [NxLevel](#) or [FastTrac](#)

- d. Hub. Create a hub at the Cotton Mill to provide a center for entrepreneurial activities in McKinney.
- i. Recruit a higher education partner that would support innovation and entrepreneurship through a Cotton Mill campus.
 - ii. Center activities related to the strategies at the Cotton Mill complex – hold classes, networking opportunities, and events at the Cotton Mill when possible.
 - iii. Brand and market the Cotton Mill as North Texas' Entrepreneurial Village.
 - iv. Support the creation of executive suite type space that could provide affordable offices to house nascent companies.
 - v. Leverage companies such as Zynga with Friends (New Toy) to attract other innovative, entrepreneurial companies to the Cotton Mill.
 - vi. Be prepared to offer incentives to innovative / entrepreneurial companies to encourage them to locate at the Cotton Mill complex.

Case Study:
Clipper Mill, Baltimore



On the 17.7 acre site of a historic foundry, Struever Bros. Eccles & Rouse is developing a “new urban corporate campus and upscale residential community.” The mixed-use project includes office space, art lofts & studios, retail and entertainment, multi-family and single family residential units. The \$53 million dollar project includes 500,000 square feet and 200 residential units.

The city of Baltimore and Baltimore Development Corporation supported the project through the creation of the Clipper Mill Development District and TIF District. The city then issued bonds used to pay for infrastructure costs. The bond was secured with proceeds generated from the TIF District.

For more information, visit:

http://www.sber.com/baltimore/clipper_mill.php

<http://clippermillbaltimore.com/>

6. Implement a strategy to accelerate growth in the retail sector.

a. Gateways. Focus on McKinney's gateways.

- i. Continue to prioritize the Gateway at Hwy 75 and Hwy 121 and seek opportunities to develop a unique project that leverages the higher education and medical presence of the existing tenants. Retail uses will most likely cater to the other uses unless the project includes additional assets that attract greater traffic.
- ii. Encourage the redevelopment of McKinney's downtown gateway at Hwy 75 and Virginia /Louisiana away from discount retailers toward higher-end uses by opening dialog with property owners of Virginia Square and Westgate Shopping Center, communicating the community's goal of revitalizing the gateway, and creating a public/private partnership arrangement as an inducement for property owner participation.
- iii. Support the development of a regional retail destination at Custer Rd and Hwy 380 and facilitate the assembly of land in the northeast quadrant of the intersection to maximize the development potential of the area.

b. Emerging Markets. Preserve emerging markets for higher and better future uses.

- i. Support the development of a community lifestyle center at Hwy 380 and Lake Forest by opening dialog with the owner of the 46 acre parcel and real estate broker to ensure that they are aware of the community's desires and goals for the property and

participating in the marketing of the site to ensure the attraction of tenants that reinforce the vision for the site.

- ii. Support retail development along the Highway 121 Corridor by opening dialog with property owners of key development properties and offering assistance. The development of these properties, in the short term, will be dependent on the identification of a large, destination retailer and/or retailers.
- iii. Position an area of the Northwest Quadrant for a regional retail center. Be prepared to aggressively market the most suitable parcels once the Outer Loop alignment is set.

GOAL FOUR: ENHANCE MCKINNEY’S ASSETS AND QUALITY OF PLACE TO STRENGTHEN MCKINNEY’S ABILITY TO ATTRACT TALENT AND EMPLOYERS.

PRIORITY STRATEGIES

- **Advocate for improved business climate.**
- **Attract additional higher education partners to McKinney.**
- **Support community development projects to enhance McKinney’s quality of place.**

RELATED METRICS

- Length of development approval process
- # of students enrolled in McKinney’s higher education institutions
- Investment in community development projects

In 2010, McKinney was chosen as one of *Money Magazine’s* top 5 best places to live in America. This is a testament to the quality of the community’s assets and the attractiveness of the city to prospective talent and employers. The historic downtown and its robust employment opportunities were among the characteristics that made McKinney stand out. Low crime and affordable housing were also cited. McKinney should be proud of this achievement. However, McKinney should not rest on its laurels but rather continue to work on differentiating itself from other suburban communities in the Metroplex.



As noted earlier, McKinney’s historic downtown is one of its most unique assets. It is a draw to citizens and an attraction that brings tourists to the city. McKinney has long recognized the importance of its downtown and has devoted a great deal of resources to revitalizing both the downtown and McKinney’s urban core as part of the Town Center planning initiative. *We strongly support the continued investment in McKinney’s Town Center because that is the primary asset that differentiates McKinney from the rest of the Metroplex.*

Over the course of the project, three additional assets categories were identified as essential to McKinney’s success in attracting talent and employers: business climate, education, and place-making. Strengthening McKinney’s standing in these three categories will greatly increase McKinney’s attractiveness to talent and employers and developers as well. As McKinney becomes more of a magnet to these groups, it will have the opportunity to cherry pick development projects and employers. This, in turn, gives McKinney the ability to choose projects that directly reinforce its economic development vision. *Such calculated decisions require discipline and a strong commitment to realizing the city’s economic development vision – from all economic development players in McKinney.*

1. Continue to advocate for an improved business climate in the city, county, and state.

- a. Understand. Create a development process task force to ensure that McKinney’s development process is consistent, predictable, and competitive.
 - i. Survey local developers to understand how McKinney is positioned among its local peers in terms of its development process.
 - ii. Identify primary issues (no more than 5) that hinder McKinney’s development process.
 - iii. Assign task force members to work on specific solutions to address the primary issues.
 - iv. Continually monitor how McKinney’s business and development climate compares with its local peers.
- b. Advocate. Continue to promote a pro-business climate in McKinney through the Chamber’s Government and Legislative Issues Committee.
 - i. Continue to meet monthly to define priorities and track governmental initiatives, regulations, and legislation that will impact McKinney’s businesses.
 - ii. Continue to educate Chamber members and employers on the key governmental issues that could affect their businesses.
 - iii. Call regularly upon McKinney’s elected officials and key public entities to keep them informed of the city’s current economic development initiatives and legislative agenda and learn about any of the entity’s

current or planned initiatives that the economic development stakeholders could help further.

- c. Support. Continue to support McKinney’s business through the McKinney First campaign.
 - i. Continue to reach out to residents and businesses to encourage them to purchase goods and services from local firms.
 - ii. Profile local businesses’ success stories to feature in *McKinney Magazine* and in local / regional news stories.
 - iii. Recognize individuals and businesses who have made significant commitments to support local business at the annual awards banquet.
 - iv. Organize a “Buy Local” day to raise awareness of the importance of supporting local businesses.

2. Continue to pursue an expanded higher education presence in McKinney.

- a. Expand. Support the expansion of Collin College in McKinney.
 - i. Advocate for a greater emphasis on health science education to foster support of the healthcare sector in McKinney.
 - ii. Support Collin College in its pursuit of designation as a Center for Excellence in Nursing and other allied health occupations.

- iii. Pursue a hotel and conference center at Gateway to support Collin College in its role as a primary convener in the region.
 - iv. Help raise awareness of Collin College’s programs and initiatives by educating economic development players about Collin College and selling Collin College as a primary economic development asset in McKinney.
- b. Attract. Continue efforts to attract a four-year institution to McKinney.
- i. Support the expansion of Collin College’s higher education campus (see Strategy 2.a).
 - ii. Continue discussions with UNT regarding the sustainability program.
 - iii. Recruit programs to support opportunity area concept development. This could include a gaming or entrepreneurship program at the Cotton Mill site and an aviation technology, aviation electronics, or aviation maintenance program to the Airport West site.
 - iv. Continue to pursue other opportunities to partner with higher education institutions in McKinney.

3. Support excellence in K-12 education.

- a. Partnerships. Tie K-12 education to target industries and to local employers.

- i. Include careers related to target industries in McKinney ISD’s Career and Technology Education program.
 - ii. Continue to organize days for major employers to talk to students about what they do and what kind of skills the students would need to work in that business.
 - iii. Work with districts to create an apprenticeship program for high school students in high demand occupations that do not require a post-secondary degree.
- b. McKinney Promise. Support the McKinney Education Foundation in creating a tuition guarantee program for qualified graduates of McKinney high schools who wish to pursue post-secondary education.
- i. Due to the already high educational attainment of the community, consider focusing the program on those students who demonstrate financial need.

4. Initiate a formal talent attraction and workforce development program.

- a. Workforce. Serve as a liaison between local employers and workforce training organizations to ensure that training programs reflect the needs of local employers.
- i. Congregate human resource professionals from area employers to discuss talent retention and recruitment challenges, identify labor shortages and skills gaps, and propose solutions to fill those gaps.

- ii. Administer a community-wide survey of residents to obtain current information on the jobs held by McKinney's residents who commute to DFW
- iii. Compile a labor market report that is updated annually.
- iv. Communicate the outcome of the above exercises with workforce training organizations, employers, and prospects.

Case Study: *Wichita Falls, Texas*

In April of 2007, the Wichita Falls Board of Commerce and Industry (BCI) created a 26 member task force composed of representatives of major employers, workforce resources, training programs, K-12 education, higher education institutions, and economic development organizations in the region. The task force came together to identify issues, evaluate existing Workforce Development programs, seek peer city input and prioritize recommendations on ways to improve local workforce issues.

The result has been a closer matching of employer needs and target industries with regional training resources. In addition, several new initiatives have been launched to improve high school graduate work readiness and to educate students about technical careers.

For more information visit:

<http://www.wichitafallscommerce.com/WD/>

- b. Talent. Continue and expand McKinney's efforts to attract, retain, and development local talent.
 - i. Continue to support McKinney's young professionals as a strategy to attract and retain younger talent.
 - ii. Continue to foster the development of leaders committed to McKinney's future through Leadership McKinney.
 - iii. Encourage local businesses to create internship positions for McKinney high school students and McKinney young alumni (*See Strategy 3.a.iii*).
- c. Alumni. Reach out to the McKinney's ISDs' alumni associations to create a stronger connection between McKinney alumni and their hometown.
 - i. Recruit alumni into McKinney Young Professional.
 - ii. Create a job bank for alumni who are looking for internships or permanent positions in McKinney and Chamber members searching for young talent.
 - iii. Include articles in *McKinney Magazine* targeted toward young professionals and distribute an electronic copy to alumni association members.
 - iv. Partner with the Rotary Youth Leadership Program as part of Leadership McKinney to encourage civic participation and volunteerism among high school students.

5. Continue to enhance McKinney’s “quality of place” through key community development projects.

- a. Identify deficiencies and needs in McKinney’s quality of place.
 - i. Conduct an annual community survey to identify needs and prioritize projects. This can be conducted in conjunction with the City of McKinney’s citizen survey or as part of another citizen outreach initiative.
 - ii. Create a preliminary project list with the information from the community survey and cross reference it with the MDCDC’s and the city’s strategic objectives to derive a list of priority projects.
 - iii. Use the project list to guide the MDCDC’s investments with a focus on tangible assets that generate jobs and contribute significantly to McKinney’s quality of place.
- b. Continue to support McKinney’s on-going large community development projects, including the following projects:
 - i. Town Center catalyst projects
 - ii. The development of the Gateway project
 - iii. The design and construction of a natatorium