

City of McKinney Economic Development Strategy

April 25, 2011



Agenda

- **The Challenge**
- **The Process**
- **The Response**
- **The Outcomes**

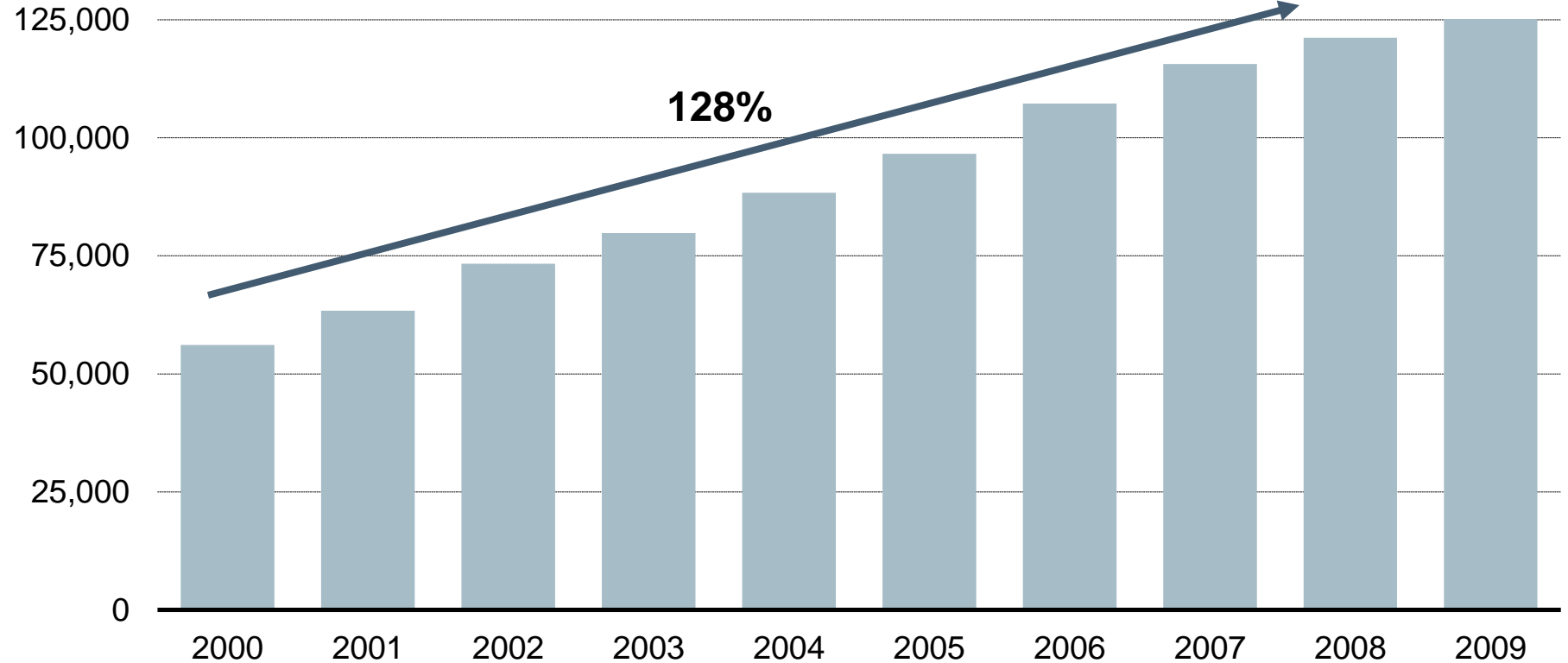
The Challenge



Rapid population growth

POPULATION

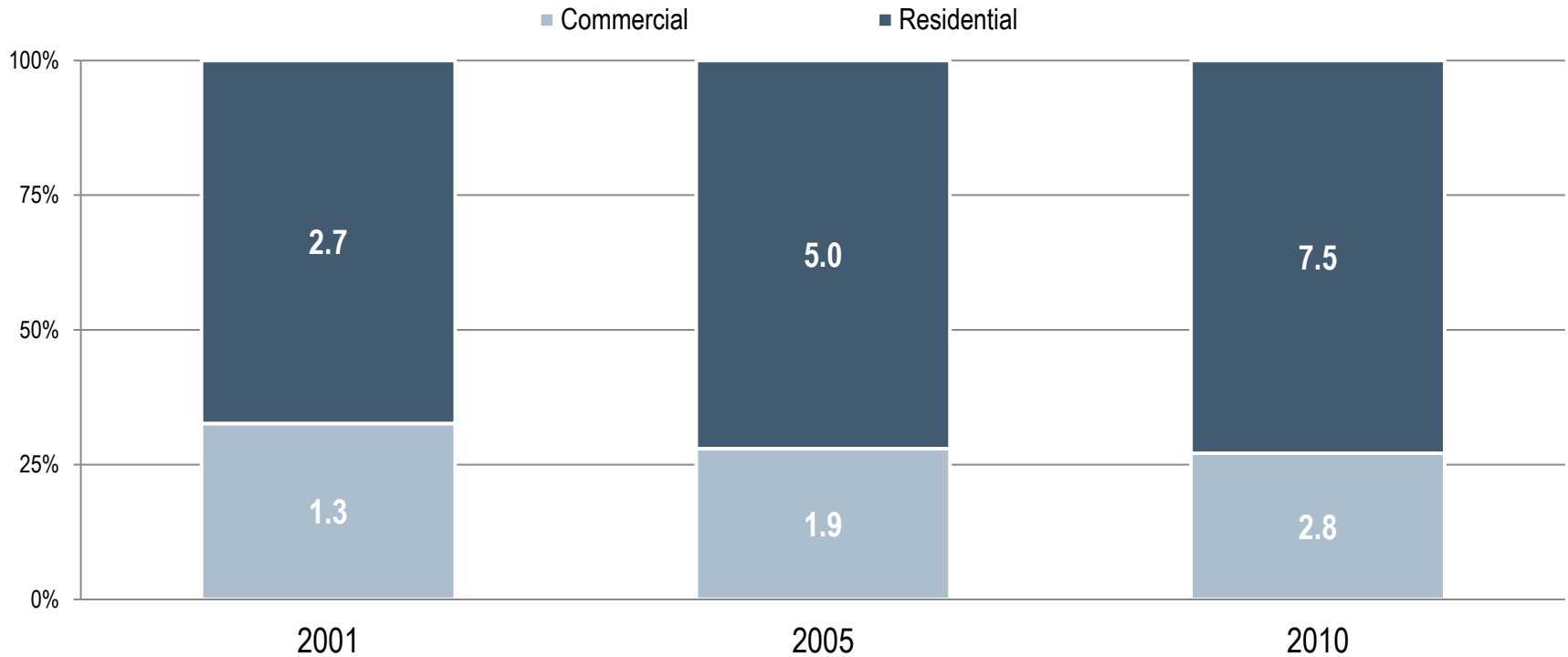
Recent trends in McKinney



SOURCE: U.S. Bureau of the Census

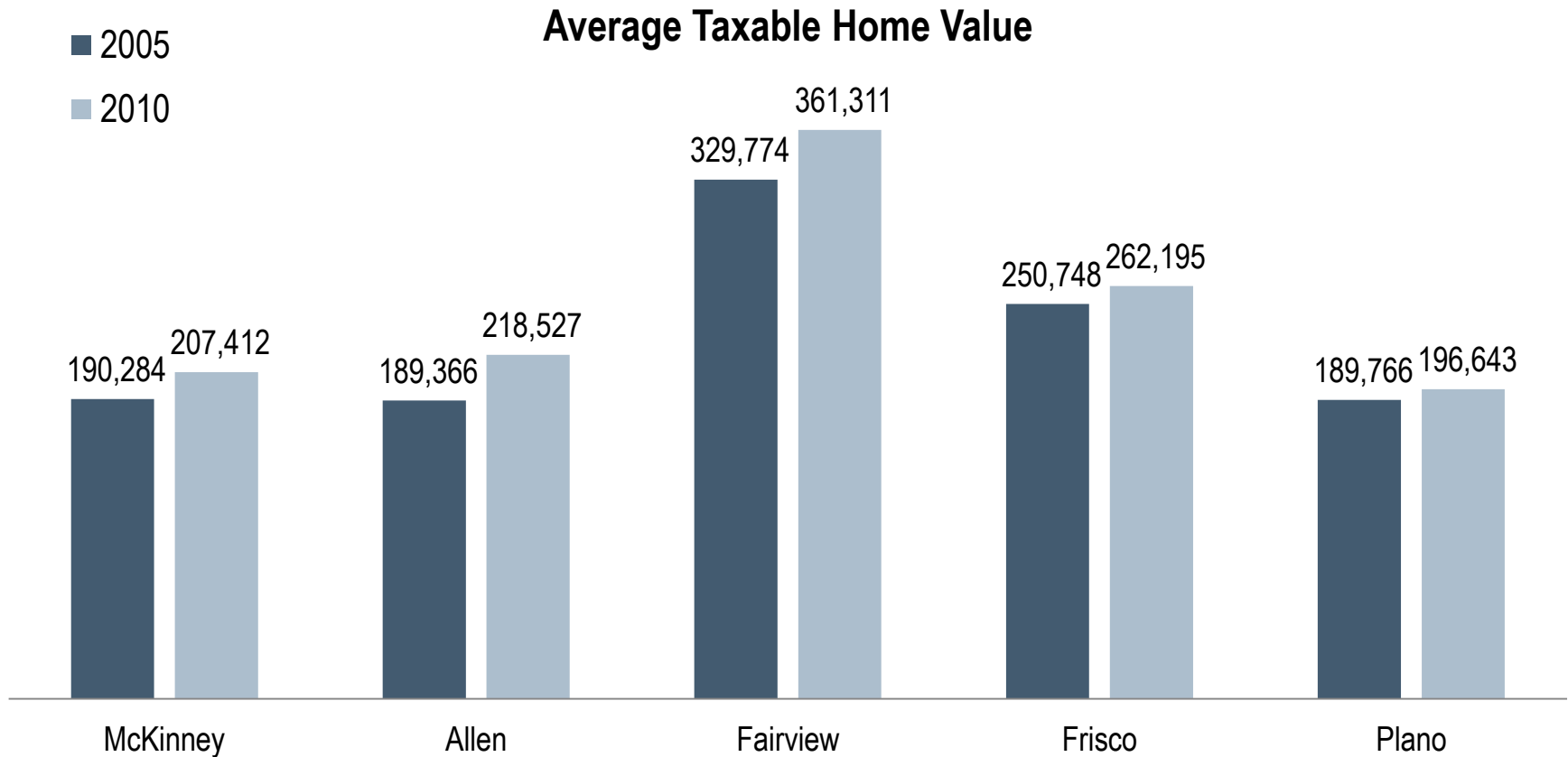
Unbalanced tax base

McKinney Tax Base
\$ Value in Billions, Existing Development



Source: City of McKinney, Insight Research.

Fiscal Imbalance



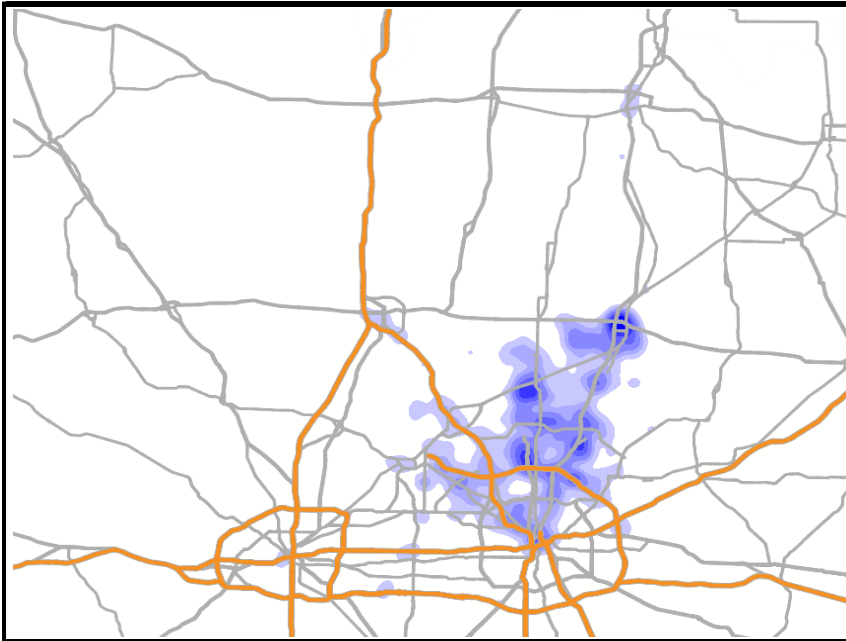
Source: Collin County Central Appraisal District.

Export of Labor

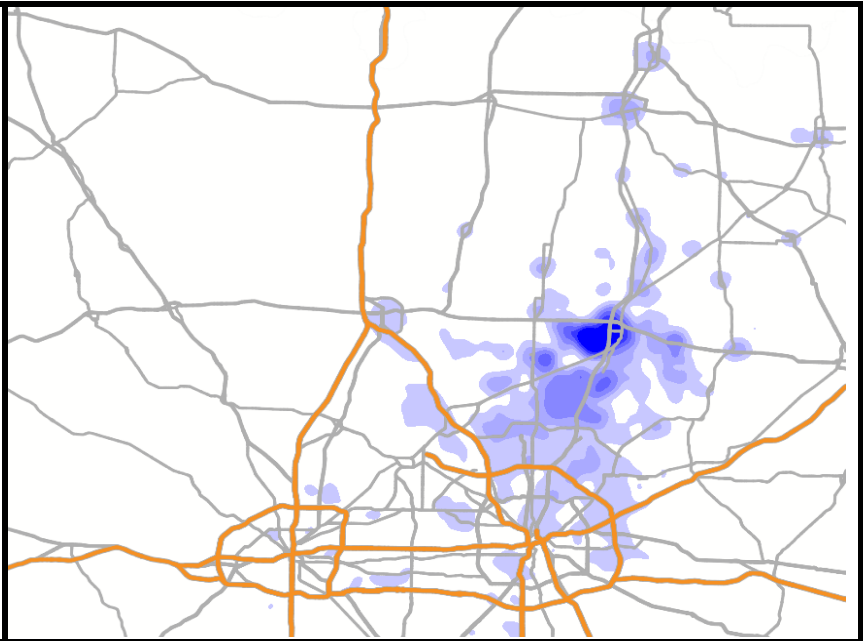
COMMUTING FLOWS

Daily job-related traffic to and from McKinney

Outbound



Inbound



SOURCE: U.S. Census Bureau, Local Employment Dynamics Origin-Destination Database, 2008

- 10,003 employees live and work in McKinney
- 45,065 outbound commuters
- 27,738 inbound commuters

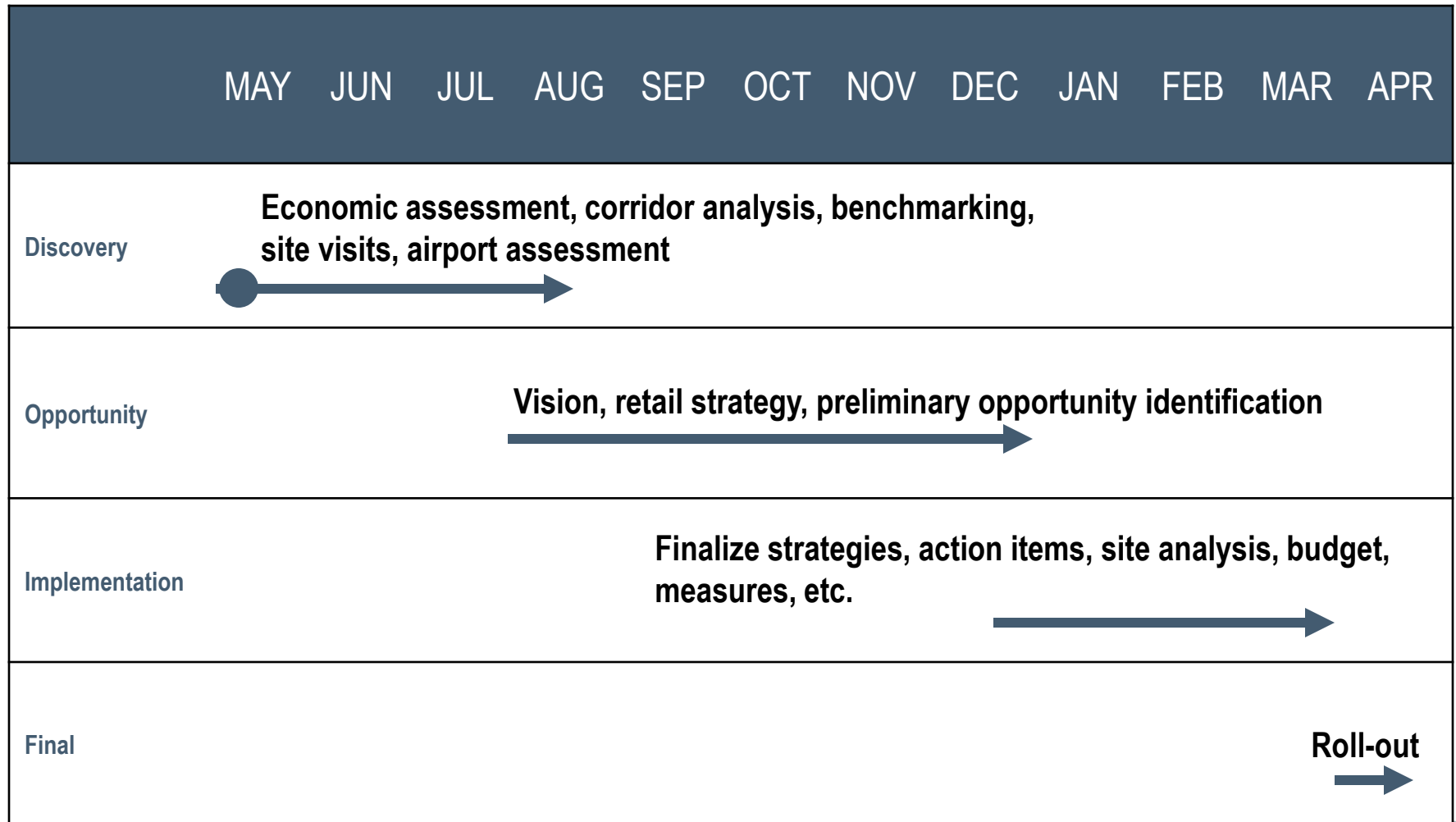
The Process



Our Approach



Timeline



The Response



Summary Framework

- **Growing the commercial tax base**
- **Diversifying the economy**
- **Providing residents with employment opportunities**
- **The desired outcome: more and better jobs**
- **How? Through a more focused and coordinated economic development effort**
 - **Better compete regionally & internationally**

Vision Statement

“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.”

What is a regional center?

Definition: “A central location that meets all the needs (including specific and highly specialized requirements) of its own population, as well as of a broad population in the surrounding area.”

What does it mean to be a leader?

- **Promote regional collaboration on projects that will benefit the entire county**
- **Set a positive example of what a civic-minded community can achieve in terms of economic and community development**

What makes a magnet for development?

- Available land
- A favorable business climate
- A predictable, clear, and expedient development process

Goals

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.**

Outcome

TIP
strategies

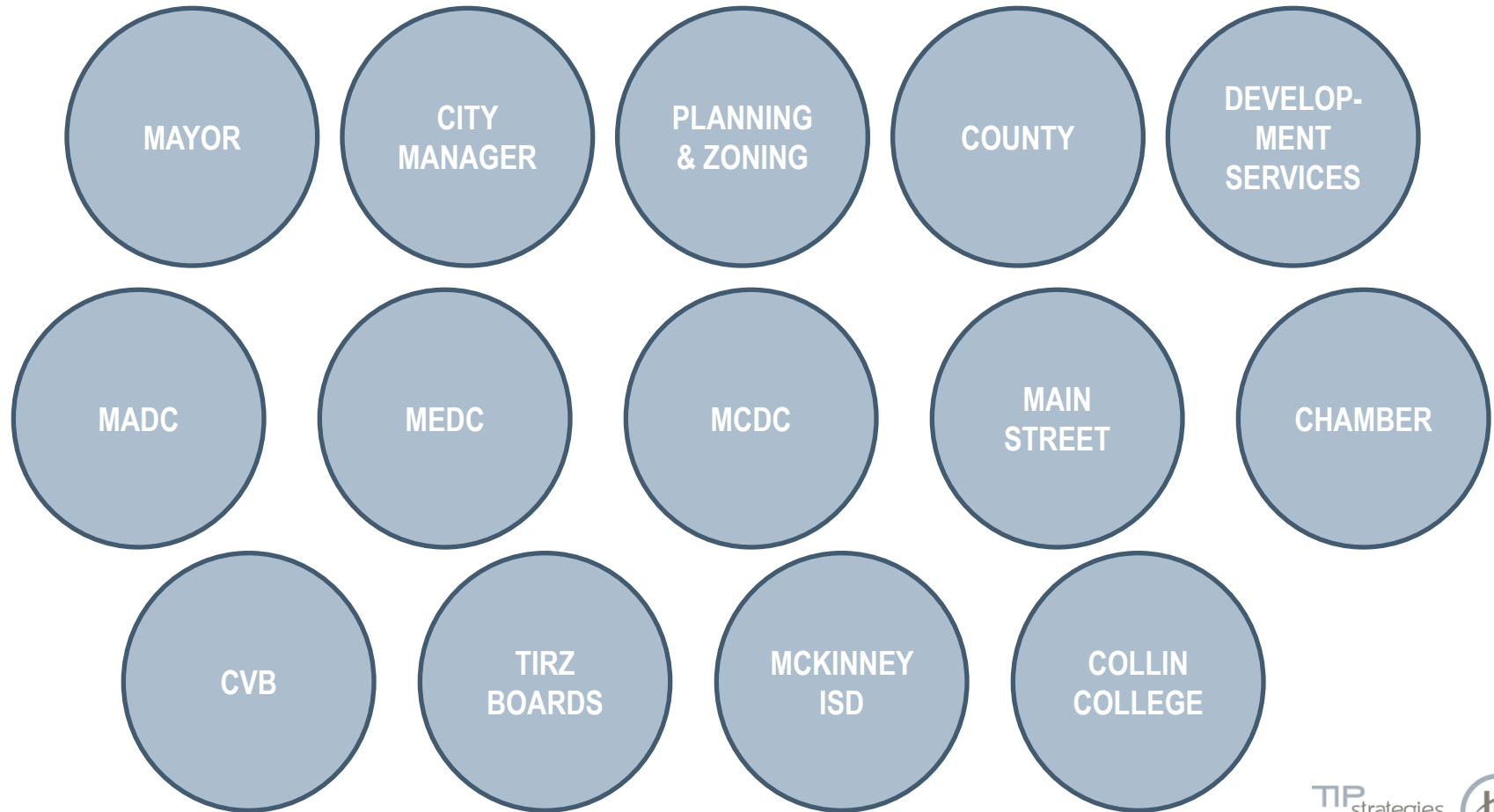


Goal One: Create a cohesive and collaborative system for managing economic development across the City

- **Establish a new model for economic development**
 - **Coordination**
 - **Communication**
 - **Reporting**
 - **Implementation**
 - **Prospect management**

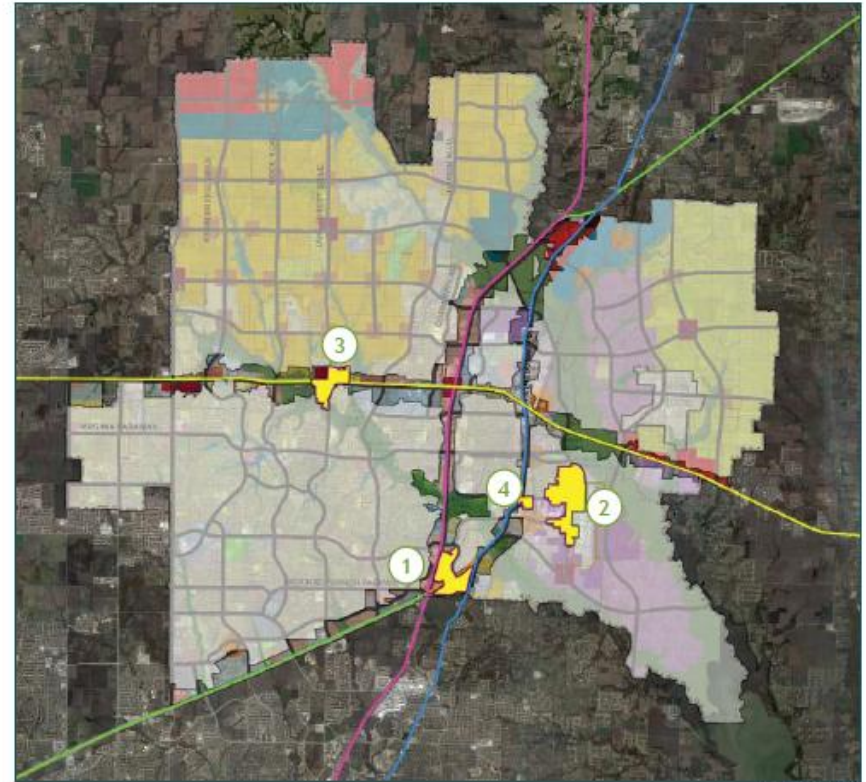
Proposed Model

ECONOMIC DEVELOPMENT OMBUDSMAN



Goal Two: Focus on promoting McKinney's primary development centers. >> Economic Development “Product”

- **Current Development Centers**
 - Regional Employment Center
 - Town Center
- **Short-Term Opportunities**
 - Hwy 75 & Hwy 121: **the Gateway**
 - Airport West: **Aviation Technology Corridor**
 - Hwy 380 & Lake Forest: **Community Lifestyle Destination**
 - Cotton Mill: **Entrepreneurial Village**
- **Long-Term**
 - **Commercial Nodes in Northwest Quadrant**



Opportunity Areas

Short-Term Opportunities

- **Establish vision**
- **Create a plan and identify anchors**
- **Secure funding sources**
- **Actively and strategically market**

Gateway: Medical Education, Technology & Services

■ Anchors:

- Medical Center of McKinney
- Collin College
- Hotel & Conference Center

■ Product for target employers:

- Medical office
- Class A & B office space
- Some light manufacturing / warehouse / flex

■ Retail:

- Limited somewhat by regional retail centers in close proximity
- Anchors and employers will generate traffic / visitors
- Retailers who have not yet located in the area



Community Lifestyle Destination: Work-Play-Shop

■ Anchors

- Baylor Medical
- High-end grocery store

■ Preserve sites for future highrise developments

■ Retail

- 200,000 sf grocery
- Convenience goods & personal services
- Restaurants



Entrepreneurial Village



■ Anchors

- Cotton Mill – incubator for emerging tech firms
- Higher education partner – interactive tech, gaming, eship
- Entrepreneurship programming

■ A mixed-use community to accommodate emerging technology companies

- A range of spaces to accommodate needs of entrepreneurs from conceptualization to maturity

Airport Assessment



Bob Wernersbach – Aviation Consultant

Scope of Work

- **Evaluation of land availability at the airport**
- **Determination of compatible land use**
- **Identify areas designated for commercial and industrial uses**
- **Viability of a second Fixed Base Operator (FBO)**

Collin County Regional Airport

- **FAA designated Reliever Airport**
- **Primary general aviation airport serving the region.**
- **Generates an estimated \$65 million in direct and indirect economic impact.**
- **Provides over \$3 million in certified tax revenues annually.**
- **“Green-field” currently not landlocked by existing development.**

Evaluation of Land Availability at the Airport



Evaluation of Land Availability at the Airport

■ Airside Areas

- Runways, Taxiways and Aircraft Parking Ramps.
- Runway Safety Areas, Object Free Areas, Runway Protection Zones.
- ***Do not lend themselves to economic development due to aeronautical restrictions.***

■ Landside Areas

- Property outside of areas reserved for runway, taxiway, ramp and safety clear zones.
- ***Have prospective development uses and opportunities.***



Evaluation of Land Availability at the Airport

Recommendation

West Side Development

- Determine future airport boundary lines and establish future development zone along Airport Road

- Provides needed road frontage to locate “Aviation Technology Corridor”.
- Allows expansion of airport foot print to support on-airport development.
- Valuable road frontage is available for private development.
- Possible lower land acquisition cost for the airport.
- Helps maintain security and operation buffer from Airport Road.
- Enhances tax revenue opportunities for the City.

Evaluation of Land Availability at the Airport

Recommendation

East Side & On-Airport Development

- Need to define a strategy that addresses acquiring land for future aeronautical and commercial development that will:

- Determine the airports ultimate footprint & intended use.
- Forestall paying higher land acquisition prices in future.
- Prevent encroachment of future non-airport development.
- Balance cost to acquire land against no immediate or short term ROI

Compatible Use Targets



On-Airport Compatible Use Targets

Hangar-type Structures for Aircraft

- T-hangars to house individual aircraft
- Conventional executive hangars
- Corporate hangars
- Large “mass storage” hangars

Revenue Potentials

- Airport Landing Fees
- Fuel Flowage Fees
- Real Estate Taxes
- Aviation Fuel Sales Taxes

Job Creation

- Initial development aides construction trades, inspection and permitting
- Ability to store corporate aircraft nearby is positive for business location decisions
- Potential of “halo” effect for growth of white collar professional employment
- Creates the “Aviation Ripple Effect” for services, components, and facilities

Benefits

- Generates revenue and interest in Airport
- Hangars add to airport community diversity
- Highest and best use of infrastructure

On-Airport Compatible Use Targets

Aeronautical Support Services

- Fixed Base Operation
- Aircraft sheet metal fabrication/installation
- Composite component fabrication/installation
- Aircraft conversions, modifications/overhauls
- Flight Training Centers
- Air Ambulance Services
- Aircraft inspection services
- Air Charter/Air Tour services
- Aircraft completion centers
- Aircraft dealers, used aircraft dealers
- Technical and Trade Schools (Aviation)
- Aircraft engine overhaul/rebuilding
- Avionics equipment installation
- Air Charter Services
- Flight Scheduling And Dispatching

Revenue Potential

- Airport Landing Fees
- Ground rent
- Fuel Flowage Fees
- Concession Fees
- Real Estate Taxes
- Aviation Fuel Sales Taxes

Job Creation

- Brings aviation related workforce and trades to airport.
- Has potential to create a large number of well paid, highly technical jobs
- Creates the “Aviation Ripple Effect” for services, components, and facilities

Benefits

- Generates revenue and interest in Airport
- Educational Partnership Opportunities
- Prestige of Airport

Airport Adjacent Compatible Use Targets

Retail/Office/Light Industrial

- Educational Campuses & Research Facilities
- Hotel/Motel/Lodging Facilities
- Restaurants & Fast Food Establishments
- Passenger Car Rental
- Convenience Stores
- Air Charter Services
- Flight Scheduling And Dispatching
- Aircraft Engines And Parts Brokerage
- Testing Laboratories
- Aircraft Insurance Agent & Brokers
- Aircraft Engines And Parts Wholesalers
- Time-Critical Warehousing
- Gasoline Stations With Convenience Stores
- General Warehousing And Storage

Revenue Potential

- Real estate taxes
- Hotel/Lodging Occupancy Fees
- Concession fees
- Sales Taxes

Job Creation

- Brings retail, customer service and blue collar workforce & trades to airport “neighborhood”.
- Potential to create a large “Ripple Effect” for goods, services and facilities

Benefits

- For every job created around the airport 5-9 more are created in the community.
- Creates revenue, diversity and interest in the community.

Airport Adjacent Compatible Use Targets

Aviation Light Mixed Use & Manufacturing

- Fluid, Hydraulic, Pneumatic Aircraft Sub-Assemblies Manufacturing
- Prototype Aircraft Engines
- Engine Parts Development And Production
- Aircraft Communication Equipment, Antennas, GPS Equipment Manufacturing
- Aircraft Engine Overhaul/Remanufacturing
- Aircraft Engine Parts Manufacturing
- Aircraft Assemblies, Subassemblies, Parts, Component Manufacturing

Revenue Potential

- Real Estate Taxes
- Sales Taxes

Job Creation

- Brings skilled and blue collar workforce and trades to airport “neighborhood”.
- Potential to create a large “Ripple Effect” for goods, services and facilities.

Benefits

- For every job created around the airport 5-9 more are created in the community.
- Creates revenue, promotes diversity and interest in community.

Airport Adjacent Compatible Use Targets

Aviation Light Mixed Use & Manufacturing

- Fluid, Hydraulic, Pneumatic Aircraft Sub-Assemblies Manufacturing
- Prototype Aircraft Engines
- Engine Parts Development And Production
- Aircraft Communication Equipment, Antennas, GPS Equipment Manufacturing
- Aircraft Engine Overhaul/Remanufacturing
- Aircraft Engine Parts Manufacturing
- Aircraft Assemblies, Subassemblies, Parts, Component Manufacturing

Revenue Potential

- Real Estate Taxes
- Sales Taxes

Job Creation

- Brings skilled and blue collar workforce and trades to airport “neighborhood”.
- Potential to create a large “Ripple Effect” for goods, services and facilities.

Benefits

- For every job created around the airport 5-9 more are created in the community.
- Creates revenue, promotes diversity and interest in community.

Airport Adjacent Compatible Use Targets

Commercial Business Services

- Child Care/Day Care
- Technical And Trade Schools (Non-Aviation)
- Appliance Repair And Maintenance
- Commercial Banking Institutions
- Electronics Repair And Maintenance
- Real Estate Offices
- Automotive Service, Tire & Lube Centers
- Lawyers Offices
- Engineering & Drafting Services
- Interior Design Services
- Automotive Repair, Body, Paint & Interior Repair

Revenue Potential

- Real Estate Taxes
- Sales Taxes

Job Creation

- Brings skilled, blue & white collar workforces and trades to airport “neighborhood”.
- Potential to create a large “Ripple Effect” for goods, services and facilities

Benefits

- For every job created around the airport 5-9 more are created in the community.
- Creates revenue, diversity and interest in community.
- Educational Partnership Opportunities

Determination of Compatible Land Use

Recommendation

- Gear On-Airport future development towards General Aviation.
- Focus positioning of the district as a Aviation Technology Corridor.
- Develop a long term strategy to aggressively prospect for aviation technology, educational and research partners.
- Step up marketing efforts towards development of land located both within and adjacent to the airport perimeter.
- Prospect for landside and adjacent corporate development partners, i.e.: corporate headquarters, regional corporate centers, etc.
- Current economic and traffic declines should not detract the airport from its future development plans.
- Meet the demand, have alternatives and concepts in place for the on airport & landside development.

Opportunities

Moving Forward



Opportunities

Development

- Establish “Airport Technology Corridor” and /or “Airport Development Zone”
- Work in conjunction with owners & brokers of adjacent lands to maintain available land database.
- Have utilities, infrastructure and building sites on the airport and adjacent ready for business attraction and development.
- Provide opportunities for airport support development such as hotels, catering, offices, retail and other commercial.
- Focus marketing efforts for adjacent lands on businesses that produce high value and/or low weight products requiring immediate transport.
- Determine the resource requirements of existing airport and adjacent employers. Assist in helping them “grow”.
- Support growth of local entrepreneurial businesses within the “Airport Development Zone”.
- Maintain ongoing communication with the community on airport economic development-related issues and opportunities.

Opportunities

Marketing

- Focus on attracting corporate flight departments such as JC Penney, Frito Lay, etc. to relocate their flight operations to the airport.
 - *Especially true with ADS temporary closures for runway renovations.*
- Market airport to business and private aircraft charter operators such as Spectrum Air, Net Jets, Flight Options, Flex Jet to use as an alternative to ADS & DAL when visiting the North Dallas area.
- Focus marketing efforts (especially vacant McKinney Aerospace facility) towards well known aircraft maintenance and repair corporations such as Duncan Aviation and MidCoast Aviation.
 - *National aircraft maintenance companies like these will usually bring a customer following.*

Opportunities

Education

- Explore development of an “Aviation Technology Corridor” focused on advanced aviation electronics, composite materials, aviation software development and general aviation flight simulator facilities, etc.
- Provide availability of workforce training that is free to businesses through reimbursement for locating jobs in the “Airport Technology Corridor” and /or “Airport Development Zone”
- Discuss with MISD an airport based education program that uses aviation to promote academic and vocational learning while encouraging career exploration in aviation technology related industries.
- Forge alliances with higher education entities such as the University Aviation Association members, UNT & Texas A&M related to locating learning & research centers within the “Airport Technology Corridor”

Opportunities

Tax & Business Incentives

- Review current tax and business incentives programs and better tailor them to fit the “Airport Technology Corridor” and /or “Airport Development Zone”.
- In addition to current incentives consider “Airport Technology Corridor” specific tax incentives. Some possibilities could include:
 - Tax Exemptions
 - *Example - Grand Junction, Colorado granted West Star Aviation an exemption from city sales tax on aircraft parts installed during maintenance.*
 - Foreign Trade Zone (FTZ)
 - A FTZ is an area technically outside of United State commerce, where goods are stored, assembled, manipulated and repackaged without being subject to tariffs, duties or inventory taxes until the goods leave the FTZ and officially enter U.S. commerce.

Opportunities

- “Airport Technology Corridor” and /or “Airport Development Zone”
 - Businesses locating in the zone receive tax credits to encourage development of the area - primarily for airport-related businesses. This is in addition to any use tax increment financing within the zone.
 - *Example - The Bradley Airport Development Zone established tax incentives for manufacturers and certain related businesses that build or substantially renovate facilities in the area and create new jobs. Available credits are:*
 - 5-year, 80 percent property tax exemption,
 - 10-year corporate business tax credit that can range from 25 percent to 50 percent.
 - Must demonstrate economic need and a benefit to the state, and that the incentives influenced their decision to locate within the zone.

Summary

For the communities that rely on CCRA, the airport's future economic development depends on more than one community or one industry.

Developing the airport into a center for energetic growth depends on involvement of stakeholders to:









- Share their vision
- Coordinate their efforts

So the airport can deliver economic benefits to the community both now and into the future.

Goal Three: Develop and expand initiatives and programs to diversify and grow McKinney's tax base.

- **Business retention & expansion**
- **Target industries**
 - **Domestic recruitment**
 - **International recruitment**
 - **Sustainable companies recruitment**
 - **Entrepreneurship**
- **Retail development**

Target Industries

NAICS	Industry	Assets	Aspirational	Local Cluster	Regional Cluster	Opportunity Area*
AVIATION-RELATED						
488119	Other Airport Operations		✓		✓	ATC
488190	Other Support Activities for Air Transportation	 <i>E.U.A. Air Support, Inc.</i>	✓		✓	ATC
336413	Other Aircraft Parts and Auxiliary Equipment Manufacturing		✓		✓	ATC
334511	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	Raytheon		✓		ATC
HEALTHCARE & MEDICAL						
339113	Surgical Appliance and Supplies Manufacturing	 	✓			GW, REC
339115	Ophthalmic Goods Manufacturing		✓		✓	GW, REC
334510	Electromedical and Electrotherapeutic Apparatus Manufacturing	 		✓		GW, REC
OFFICE TENANTS						
511210	Software Publishers			✓		EV
524113	Direct Life Insurance Carriers			✓		GW, REC, TC
524114	Direct Health and Medical Insurance Carriers		✓			GW, REC, TC
551114	Corporate, Subsidiary, and Regional Managing Offices			✓		GW, REC, TC
* ATC = Aviation Technology Corridor, GW = Gateway, REC = Regional Employment Center, EV = Entrepreneurial Village, TC = Town Center.						

Goal Four: Enhance McKinney's community assets and quality of place to strengthen ability to attract talent and employers.

- **Advocate for improved business climate**
- **Expand higher education presence**
- **Formalize initiatives for talent attraction, retention, and development**
- **Support community development projects**

Thank You

TIP Strategies, Inc.

106 East 6th Street, Suite 550

Austin, Texas 78701

512.343.9113

www.tipstrategies.com

Jon Roberts, Managing Director & CCO

jon@tipstrategies.com

Caroline Alexander, Consultant

caroline@tipstrategies.com