

Brief Summary of Economic Development Efforts and Accomplishments:

Pflugerville is a thriving, diverse community located in Central Texas just 20 minutes northeast of downtown Austin in Travis County, one of the fastest growth regions in the United States. The Pflugerville Community Development Corporation (PCDC) was formed by the Pflugerville City Council following a city-wide election in August 2001 establishing the Type B economic development organization. After nearly 20 years of operation, the PCDC received the status of Accredited Economic Development Organization (AEDO) from the International Economic Development Council (IEDC) in 2019.

During the past seven years, the PCDC developed the One Thirty Business Park, a 167-acre property and the first industrial and commercial elevations on SH130 in the Austin region. Today, the park has a \$123MM tax base, is home to 20 companies and employs over 1000 people. Collectively, this PCDC project has contributed the largest capital investment and job creation for our community prior to 2020.

**Project Charm (Amazon) brings
twice as much tax base as One Thirty Business Park,
and over 1000 jobs in ONE year during a pandemic.**

CEDA Award Submittal - Project Charm (Amazon)

During the world's first pandemic, the City of Pflugerville and Pflugerville Community Development Corporation finalized a recruitment project dubbed - Project Charm (aka Amazon) – bringing \$250MM in capital investment, 1,000 jobs with a minimum wage of \$15 plus benefits, on 94 acres previously located in the City of Pflugerville extra territorial jurisdiction (ETJ) and providing zero tax base. With the annexation of this property and the capital investment from Project Charm, we are going from no tax contributions to nearly \$1.5MM in annual tax base. It is certainly a great achievement and has brought additional funding at a time when the community needs it most. Additionally, the sales tax and permitting fees during construction have supported sagging sales tax due to COVID-19 and remarkably, the City is experiencing year-over-year sales tax *increases* in spite of local retail and service industry declines and closures. *However, the increased tax base for the City is only one of many benefits this project creates for our community.*

Following a two-year recruitment process, **Amazon broke ground on February 14, 2020** on their largest facility in the United States in Pflugerville, Texas to construct a 3.8MM square foot bulk fulfillment facility in 4.5 stories. To secure this project, we had to overcome several obstacles including an 18-month search for a suitable location, annexation, zoning and further entitlements in less than five months to meet company deadlines, and a construction start and buildout under constant threat of shutdown due to rapid-fire orders issued by Travis County that were defining and redefining essential businesses that could remain open due to COVID-19.

Incentive negotiations with Amazon hinged on an infrastructure sharing grant of \$3.8 MM for Amazon's required *onsite* improvements. Based on a traffic impact study, PCDC would pay for construction of Pfennig Lane on the western border of Amazon's facility and Amazon would fund the remainder of the \$10MM in required improvements.

By March 2020, with the pandemic in full swing, we began discussions with the City of Pflugerville on critical unfunded improvements at the intersection of Pecan and FM685, just 1.3 miles from the Amazon site. The intersection was failing and needed upgrades to support commerce and trade in the Pecan Street Corridor. While these offsite improvements would enhance vehicular and truck traffic to and from the Amazon facility, the traffic impact study conducted did not require Amazon to make any improvements.

With the \$3.8MM pledged to Amazon in the recruitment process and the City request for \$3.5MM to fund the Pecan/FM685 improvements, the PCDC was struggling with how to underwrite \$7.3MM in grants over a two-year period in a very uncertain time. With only sales tax as revenue, drawing down cash reserves during a pandemic when retail and hospitality industries were closing and retracting was a serious concern, and we knew we needed to be innovative in responding to these needs.

As a result of the partnership formed over nearly two years working with Amazon, we were able to convince them to redirect the proposed \$3.8MM PCDC grant originally intended to reimburse their costs for construction of Pfennig Lane, and instead allow us to use those funds to pay for City offsite improvements at Pecan Street and FM685 as part of the incentive agreement. Further, prior to the incentive approval and announcement regarding Amazon, the EDA announced funding for projects in Texas based on Special Need as related to the COVID-19 pandemic and covered under the FEMA Federal Disaster Declaration 4485. We approached Amazon and requested assistance in providing a letter of support and additional signed forms to secure EDA funding to *further offset* the *redirected* infrastructure incentive obligation for Pecan/FM685 improvements. Following our submittal in early July, we were notified by the EDA on August 4 that the submittal from the City of Pflugerville was determined as “Merits Further Consideration (FMC)” through EDA’s competitive process with a potential grant award of \$2,300,000.

Original Requests: Amazon & City of Pflugerville

Amazon Incentive (Pfennig Lane)	\$3.8MM
City Request (Pecan/FM685)	<u>\$3.5MM</u>
Total PCDC Funding Requests	\$7.3MM

Final Deal

Pfennig Lane	Funded by Amazon
Amazon Incentive (Pecan/FM685)	\$3.5MM (redirect actual)
Less EDA Grant if approved	<u>\$2.3MM</u>
Total PCDC Funding	\$1.2MM

Innovativeness:

PCDC, in collaboration with our partners, delivered innovative solutions for recruitment, site location, entitlements, complex construction issues and incentive negotiations. Following an 18-month recruitment process and extensive consideration of three potential site locations, we dubbed

this Project Charm, meaning “third time’s a Charm.” The City of Pflugerville worked with the company to execute the shortest turnaround in city history on annexation, zoning and entitlements during holidays (Nov – Jan) and through a pandemic in Feb – May that still continues today.

The incentive agreement maintained a constant ebb and flow, reflecting the many issues brought on by COVID-19, other unfunded infrastructure needs, and one-time opportunities for EDA funding. It was through innovation of the partnerships that we were able to provide an all-win situation with the City of Pflugerville, Amazon, TxDOT and PCDC.

Transferability: Our efforts in this project are easily transferred to other communities. Because of the pandemic, we were forced to consider “pivoting” strategies and to creatively seek new ways to achieve goals. Our approach was to look at various funding mechanisms to offset costs, and to achieve benefits for all by sharing costs and seeking grants. Working with partnerships – to include the company being recruited – results in all-win situations that far surpass traditional methods of incentive negotiation and evaluation. In this project, we demonstrated “continued negotiations” to arrive at a final place that provided gains for all parties.

Community Commitment: As part of the Economic Development Performance Agreement, Amazon has committed to a \$250MM investment and 1,000 jobs with a minimum wage of \$15 plus benefits during a pandemic when the community needed it the most. Amazon agreed to redirect the PCDC incentive grant to assist with an unfunded City infrastructure project to enhance a transportation interchange (Pecan/FM685) that is benefitting all businesses and residents, and they assisted the City of Pflugerville and PCDC in achieving a potential EDA grant of \$2.3MM to help offset even *those* costs.

Measured Objectives: First, we added nearly \$1.5MM in annual revenue to the City tax base. Second, we reduced the total impact of an Amazon incentive grant and City requested funding from \$7.3MM to \$1.5MM with an additional funding stack from EDA. Third, we were able to use the incentive grant to pay for offsite improvements and Amazon agreed to pay for ALL of their onsite improvements while still committing to bring 1000 jobs and \$250MM investment in the incentive agreement. Fourth, the sales tax in 2020 has continued to increase, not decrease, due to that additional point of sale tax collected from concrete sales and other purchases made by the construction company. Finally, we are adding 1,000 jobs during a pandemic when we need them most.

Secondary Benefits: Recruiting new jobs for the unemployed and retaining existing jobs is co-dependent on the ability to provide adequate infrastructure to move people, goods and services to major thoroughfares that provide interstate and intrastate access for import and export activities. The City of Pflugerville is centrally located between Interstate 35 to the West and SH130 to the East. Internal access to both highways is primarily through Pecan Street, an east-west thoroughfare that only 15 years ago saw more tractor traffic than cars and was the primary route to the small downtown area. The Pecan Street Corridor is intersected by FM685, a north-south route that parallels SH130 between Pecan and Kelly and provides access to the commercial, restaurant and retail business in the region to include Stone Hill Town Center. The congestion and wait times at the intersection impact current and future commercial business and emergency service due to congestion.

Adding the infrastructure improvements at FM685 and Pecan Street promote economic resilience in the near-term to retain 1,000 existing jobs in the One Thirty Business Park, and support an

additional 1,300 new jobs in two projects in the Pecan Street Corridor: Republic National Distribution Company a \$27MM capital investment and 300 jobs slated for July 2021 construction, and Amazon (Project Charm), a distribution-logistics company investing \$250MM in the community bringing 1,000 new jobs slated to open August 2021. We also anticipate the transportation improvements to accelerate the annexation and zoning by the owners of approximately 290 acres in the Opportunity Zone Census Tract 18.42 that is contiguous to Pecan Street. The development of this property for industrial and commercial use provides additional opportunities for recruitment exceeding values of over \$400MM when complete.