



SEGUIN
TEXAS

ECONOMIC
DEVELOPMENT
CORPORATION

**TEDC 2020 Community Economic
Development Award Application**



**ECONOMIC
DEVELOPMENT
CORPORATION**

**TEXAS ECONOMIC DEVELOPMENT COUNCIL
2020 COMMUNITY ECONOMIC DEVELOPMENT AWARDS**

Population Category: 20,001 to 50,000

Submitted For: Business Attraction

Entity: Seguin Economic Development Corporation

On behalf of the Seguin Economic Development Corporation (SEDC), it is with sincere appreciation and deep respect that this nomination package is submitted for consideration for the 2020 Community Economic Development Award (CEDA) for two manufacturing projects that were announced in 2019 and are currently under construction within the Rio Nogales Industrial Park: **Continental Structural Plastics (CSP) and United Alloy, Inc.**

Seguin, Texas is a rapidly growing community with a population of about 31,000 residents. Seguin, Texas is located along Interstate 10, just thirty-five minutes east of Downtown San Antonio, one hour south of Austin and about two and a half hours west of Houston. Seguin's competitive advantage is our existing industry, our people and our location. Manufacturing is the heart of the Seguin economy. Big name corporations such as Caterpillar, Continental Automotive, Tyson Foods, Georgia Pacific, Niagara Bottling, Hexcel and CMC Steel all have major manufacturing operations within our City. The Seguin area has over 4,000 manufacturing jobs just within our city limits; this is more than three times the national average.

Our proximity to San Antonio and Austin enables our businesses to tap into a large, diverse and skilled labor pool. Seguin is located three hours away from the U.S. - Mexico Border via Interstate 35, and two and a half hours away from the Port of Houston. Seguin's strategic location provides businesses with great access to get materials and finished products in and out to their customers around the world. In addition to our strategic location, the City of Seguin is a pro-growth community that prides itself in our business-friendly regulatory environment which allows businesses to invest in the things that matter—growing their workforce, improving facilities and boosting their bottom line.

Seguin's Economic Development team worked aggressively on the negotiation and finalization of the two separate incentive packages for Continental Structural Plastics and United Alloy. Combined, the projects will result in the creation of over 300 new jobs and \$100 million in new capital investments. The creation of jobs and capital from both projects will have far-reaching economic impacts on the city, region, state and position the companies to be more competitive on a global level.

We truly appreciate your consideration of our nomination package for the 2020 CEDA Award.

Best,

A handwritten signature in black ink that reads "Joshua Schneuker". The signature is written in a cursive, flowing style.

Joshua Schneuker
Executive Director
Seguin Economic Development Corporation

INNOVATIVENESS

In June 2014, the SEDC announced a Foreign Direct Investment (FDI) project with a European Food Manufacturing Company. That Company was going to build a state-of-the-art manufacturing facility on a 50-acre tract of land owned by the SEDC, within the Rio Nogales Industrial Park. Located along Interstate 10, the 280+ acre Rio Nogales Industrial Park was created through the assemblage of land purchased by the SEDC and the City of Seguin over several years. The first business to call the Rio Nogales Industrial Park home was the Rio Nogales Power Plant, an 800 Mega Watt Natural Gas plant built in 2002 that is currently owned and operated by CPS Energy. To meet the infrastructure needs of the European Food Manufacturing Company and future prospects, from 2014 to 2016, the City of Seguin and the SEDC made significant infrastructure investments at the Rio Nogales Industrial Park. New roadways, industrial grade utilities, and a regional detention facility were built to provide better service to existing and future businesses. These investments were crucial to the recruitment of the 2nd manufacturer to call the Rio Nogales Industrial Park home, Niagara Bottling.

After years of unforeseen delays in the European Food Manufacturing Company project that was announced in June 2014, the SEDC and the Company mutually agreed to part ways and terminate all agreements associated with the project. This mutual termination of the project announced in June 2018, resulted in the SEDC reobtaining ownership of the 50-acre property that was conveyed to the Company as a part of the incentive package.

The SEDC immediately began marketing the 50-acre shovel-ready, greenfield property within Rio Nogales Industrial Park. In November 2018, just 4 months after regaining ownership of the property, the SEDC was actively engaged with a site selector and a prospect, Continental Structural Plastics (CSP), who had shortlisted the site for a new automotive component manufacturing facility. Site selection consultants working on the project were evaluating communities and sites not only within the State of Texas, but across the Southeastern United States. On September 27, 2019, Governor Greg Abbott announced that Continental Structural Plastics had selected the site in Seguin, Texas to build their new 200,000 square foot automotive component manufacturing facility. The project would create over 200 new jobs in the community and represent a \$65 Million investment. A groundbreaking was held on October 1, 2019, and today, construction of the facility is more than halfway completed. CSP's Seguin, Texas manufacturing plant is the first Texas facility for the company which operates facilities across the globe. Continental Structural Plastics, a Teijin Group company, has provided leading-edge technologies in lightweight composite solutions for the automotive, heavy truck, HVAC and construction industries for 50 years.

During the same period that the SEDC staff was diligently working on the CSP project, another site selector and manufacturing prospect was pushing forward with a project that had significant interest in Seguin. In working this project, the SEDC aggressively pursued the purchase of a 60-acre property located within the Rio Nogales Industrial Park. At the time, the property was owned

by a local farmer that was actively marketing the property for purchase. The SEDC knew that in order to put together a competitive incentive package we would need to obtain ownership of the 60-acre site. The SEDC was successful in purchasing the 60-acre property, closing on the real estate transaction in June 2019. Unfortunately, Seguin was not successful in our pursuit of this manufacturing prospect. Though we lost the project, we were excited to have ownership of this property, giving us an additional shovel ready asset to market.

It did not take long for the SEDC to find a suitor for the newly acquired 60-acre property within the Rio Nogales Industrial Park. The SEDC had developed a very strong relationship with a Wisconsin based company, United Alloy. United Alloy, a serial production metal fabrication and powder coating company, that is a major supplier to Seguin's largest manufacturer, Caterpillar, was very interested in expansion opportunities that would put them closer to their customers. The SEDC began working directly with United Alloy and their site selection consultant to put together a deal that would make this dream of expansion a reality. On December 4, 2020, just a few months after the CSP announcement came, the SEDC announced that United Alloy would be building their new 200,000 square foot manufacturing facility in Seguin, Texas, on a portion of the 60-acre property that the SEDC had purchased earlier that year. The United Alloy project will create 100 new jobs and represents a capital investment of \$35 Million. United Alloy broke ground on their new facility in February 2020 and are on schedule to begin operations before the end of the year.

TRANSFERABILITY

Economic Development Corporations within the State of Texas can leverage their funding to invest in real estate and infrastructure to promote the creation of primary jobs. Seguin has been highly successful at recruiting manufacturing companies to the region because of investments like this. The CSP and United Alloy projects under construction within the Rio Nogales Industrial Park demonstrate the benefit of being forward thinking, proactive, and investing in real estate and infrastructure. The SEDC was able to leverage our real estate as a component of the two incentive packages as a way for these companies to strongly consider our community. The real estate had industrial grade infrastructure in place with immediate access to Interstate 10. It was these factors, in addition to our team's responsiveness and ability to deliver what we promised that helped land these investments in Seguin. Economic Development Corporation's around the State can follow the same road map that Seguin used, and find themselves in a position to bring in companies that will help create new jobs and investments within their respective communities.

COMMUNITY COMMITMENT AND LEVERAGE

For Continental Structural Plastics (CSP), known internally as 'Project Desert Wind', the SEDC, in partnership with our economic development partners assembled an incentive package that leverage components from the City, County, State, and Federal Governments. The incentive package included an SEDC land grant of 50-acres from within the Rio Nogales Industrial Park, a 10-year partial tax abatement from the City of Seguin, a partial 5-year tax abatement from

Guadalupe County, and a \$783,750 Texas Enterprise Fund (TEF) grant from the State of Texas. In exchange, CSP entered into performance agreements with each of these entities, committing to a capital investment of at least \$65 million and creating at least 200 new jobs at an average wage of at least \$50,000 over a 5-year ramp up period. In addition, the property that CSP is currently building their facility on is located within a New Market Tax Credit (NMTC) eligible census tract. The SEDC included information on NMTC eligibility within our incentive RFP response, and highlighted the benefits of leveraging this as a component of their incentive package.

For United Alloy, known internally as 'Project Rock', the SEDC utilized its existing relationships with the company to help plant the seed about expanding their operations in Seguin. In 2016, United Alloy leased a 20,000 square foot warehouse in Seguin for storage and staging purposes in order to provide expedited service to their largest customer, Caterpillar. The SEDC worked closely with United Alloy and helped them locate and secure the warehouse facility. In fact, the SEDC even cost participated with the addition of a truck pit to the warehouse, making the facility more functional for the United Alloy storage and staging operation. The relationship established between the SEDC and United Alloy continued to grow, and in August 2019, preliminary discussions about expanding their operations in Texas began to grow more serious. From August to December 2019, the SEDC, United Alloy and their site selection consultant worked together to identify real estate and assemble an incentive package for the project. The SEDC, in partnership with our economic development partners assembled an incentive package that leverage components from the City and Federal Governments. The incentive package included an SEDC land grant of 27-acres from within the Rio Nogales Industrial Park, and a 5-year partial tax abatement agreement from the City of Seguin. In exchange, United Alloy entered into performance agreements with each of these entities committing to a capital investment of at least \$35 million and creating at least 100 new jobs at an average wage of \$55,000 over a 5-year ramp up period. United Alloy will also be leveraging New Market Tax Credits, as this site is also located within a NMTC eligible census tract.

MEASURED OBJECTIVES

With a tremendous asset in the Rio Nogales Industrial Park, the SEDC had a goal of recruiting manufacturers that would add to the City's tax base, bring new customers and revenue to the City of Seguin Utilities, and most importantly, create new jobs with wages that exceed the County Average Annual Wage. In order to achieve these goals, the SEDC and the City of Seguin made the decision to be proactive rather than reactive. We partnered to invest in, and extend industrial grade utilities to the properties that CSP and United Alloy are currently building on. We also made the decision to build a regional detention facility to serve the entire industrial park. Knowing that with economic development project, speed of service is everything, we wanted to ensure that prospects had all of the appropriate infrastructure in place, so no additional time would need to be added to their construction timelines. The SEDC also invested in aggressively marketing the sites on a regional and national level to prospective businesses, commercial real estate brokers and site selectors. Through the investments in infrastructure and marketing, the SEDC was able to secure two projects (CSP and United Alloy) within a targeted industry for the community.

The incentive packages assembled for the two projects, allow us to measure the performance and direct impacts that both CSP and United Alloy will have on the City of Seguin through their capital investments and the creation of primary jobs with wages that exceed the County's Average Annual Wage. Based on an economic impact analysis conducted through Impact Data Source, combined, the CSP and United Alloy projects will have a direct economic impact of more than \$40 Million over 10 years in the City of Seguin. In addition, the City anticipates to see over \$2 Million in new net property tax collections over the next 10 years as a result of the investments being made by CSP and United Alloy.

SECONDARY BENEFITS

Manufacturing is the heart of the Seguin economy. Big-name corporations such as Caterpillar, Vitesco Technologies, Tyson Foods, Georgia Pacific, Niagara Bottling, Hexcel, and CMC Steel all have major manufacturing operations within our City. The Seguin area has an estimated 4,000 manufacturing jobs just within our city limits; this is more than three times the national average. The addition of CSP and United Alloy, and the 300 to 400 jobs they will create in Seguin will have numerous secondary benefits. Combined, the projects are anticipated to create over 200 spin-off jobs at an average wage of \$54,000. These projects will also generate new sales and property tax revenue within the city, which will be invested into other projects to enhance the quality of life for our citizens. The SEDC also anticipates that some of the future workforce for both CSP and United Alloy will relocate to the City of Seguin, thus increasing our already growing population and improving key demographic data points such as median household income. The SEDC hopes to use this as leverage in recruiting new retail to our community.

One of the most important secondary benefits as a result of these projects is that it will help strengthen our manufacturing workforce capabilities and efforts that the SEDC is currently pursuing. The growth of manufacturing in our region has placed a high demand on our existing labor force. It has become a top priority to create a skilled and plentiful labor pool that can meet the needs of manufacturers not only today, but into the future. The SEDC, in partnership with many of our regional workforce development partners are working towards establishing new workforce development initiatives that will help address these needs. One such initiative that is gaining traction in Seguin and the surrounding area is the establishment of a new regional chapter of the Federation of Advanced Manufacturing (FAME). FAME is an industry-led collaborative of employers who work collectively to participate in and support the Advanced Manufacturing Career Pathways, including the Advanced Manufacturing Technician (AMT) Program. FAME companies collaborate on developing a skilled workforce and also benchmark successful strategies off of one another. By working with local training providers, FAME companies are able to grow their own talent through short, mid, and long-term pipeline development strategies. CSP and United Alloy have strengthened the Seguin manufacturing cluster and with their help, and the help of our existing manufacturers, we hope to take giant strides towards cultivating a workforce development environment that will foster additional growth.