

# THE ECONOMIC IMPACT OF THE PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION FROM 2019–2023

January 9, 2024

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## PURPOSE & LIMITATIONS

This report presents the results of an analysis prepared by Impact DataSource using data from the Pflugerville Community Development Corporation.

The analysis relies on a combination of historical and prospective estimates of business activity, some of which may not be realized. The Pflugerville Community Development Corporation made reasonable efforts to ensure that the project-specific data used in this analysis reflects realistic estimates of future activity.

No warranty or representation is made by Pflugerville Community Development Corporation or Impact DataSource that any of the estimates or results contained in this study will be achieved.

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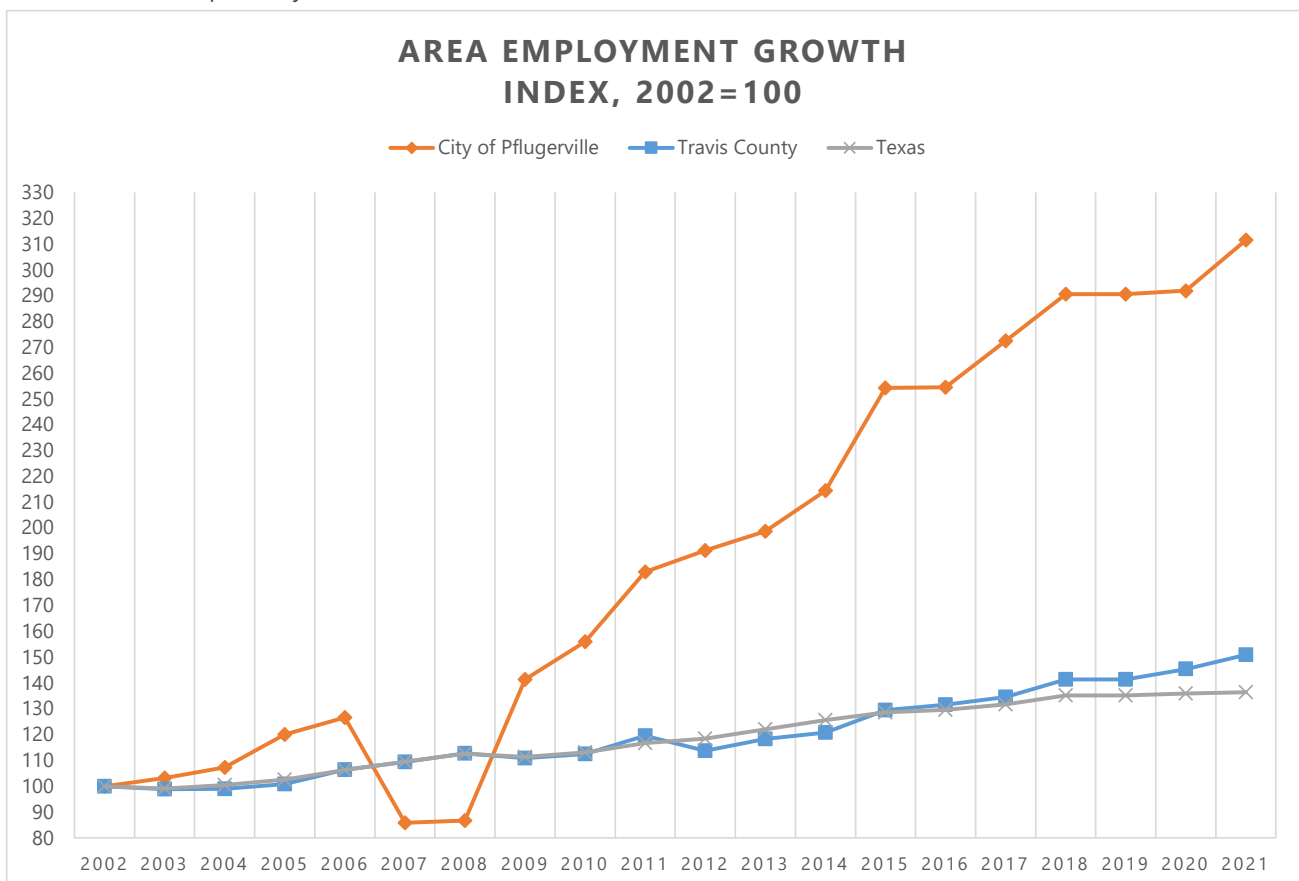
## Introduction

This report presents the results of an economic impact analysis performed by Impact DataSource, an Austin, Texas economic consulting, research and analysis firm. This report estimates the annual and cumulative economic and fiscal impacts that resulted from projects supported by the Pflugerville Community Development Corporation from 2019 through 2023.

The Pflugerville Community Development Corporation’s mission is to make the City of Pflugerville a regional employment center by actively pursuing opportunities in the areas of business retention, expansion and attraction through the promotion of economic and community development.

## Employment Growth in the City of Pflugerville

From 2002 to 2021, the period from which data are available, employment growth in Pflugerville has far exceeded the employment growth rate in Travis County and the state of Texas. According to employment data from the U.S. Census Bureau's OnTheMap program, employment in Pflugerville grew from 5,639 in 2002 to 17,570 in 2021 - an increase of more than 211.6% over the period. Employment growth over the same period in Travis County and the state of Texas was 50.9% and 36.4%, respectively.



Source: U.S. Census Bureau, OnTheMap 2002-2021 Primary Jobs

## Pflugerville CDC Activity

The Pflugerville CDC contributes to the economic growth and community enhancement in several ways which are analyzed in this study. The Pflugerville CDC provided Impact DataSource data on economic development projects in the city from 2019 through 2023.

The Pflugerville CDC supported a total of 37 business projects over the period of analysis from 2019 through 2023. The projects are still operating at or above initially anticipated levels.

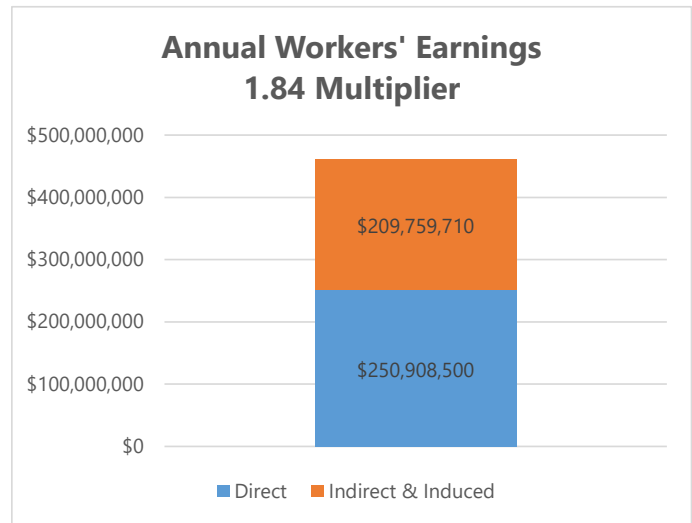
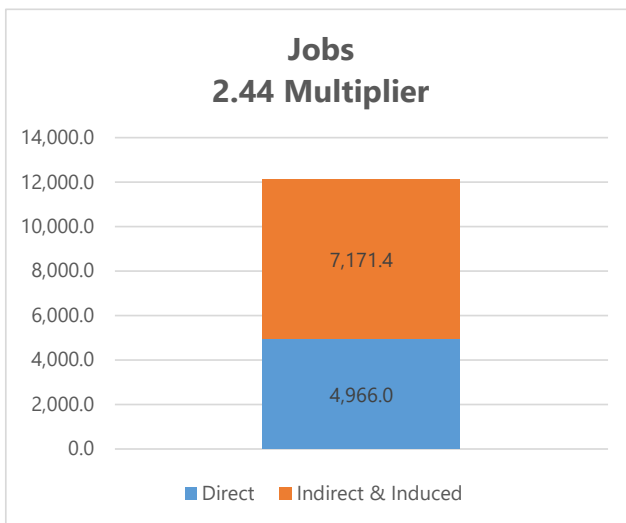
The table below shows a summary of the project attributes analyzed in this study. The projects from 2019 through 2023 are expected to create 4,966 direct jobs and involve \$1.1 billion in capital investment. It should be noted that the total jobs are "announced jobs". Announced jobs represent the jobs associated with a project in a given year. The individual project may have a phased hiring schedule where the jobs are added over a 5-year time period.

Table 1. Jobs and Capital Investment Commitments

|               | Number of Projects | Announced Jobs | Square Feet Occupied | Building & Other Real Property Improvements | Furniture, Fixtures, and Equipment | Total Capital Investment Commitment |
|---------------|--------------------|----------------|----------------------|---|------------------------------------|-------------------------------------|
| 2019 Projects | 8                  | 509.0          | 267,880              | \$15,840,000                                | \$23,760,000                       | \$39,600,000                        |
| 2020 Projects | 8                  | 1,478.0        | 4,245,063            | \$126,730,084                               | \$190,095,127                      | \$316,825,211                       |
| 2021 Projects | 10                 | 867.0          | 634,516              | \$31,932,000                                | \$47,898,000                       | \$79,830,000                        |
| 2022 Projects | 6                  | 440.0          | 705,100              | \$262,702,800                               | \$394,054,200                      | \$656,757,000                       |
| 2023 Projects | 5                  | 1,672.0        | 525,235              | \$12,760,000                                | \$19,140,000                       | \$31,900,000                        |
| <b>Total</b>  | <b>37</b>          | <b>4,966.0</b> | <b>6,377,794</b>     | <b>\$449,964,884</b>                        | <b>\$674,947,327</b>               | <b>\$1,124,912,211</b>              |

The projects supported by the CDC create permanent employment opportunities and other economic impacts. Ultimately these projects generate additional tax revenues to the city and other local taxing jurisdictions.

In total, the projects created or supported 12,137.4 jobs and \$460.7 million in workers' earnings in Travis County. The direct employment and salaries serve as the basis for the economic impact calculations and rely on industry-specific economic impact multipliers to estimate the total, taking in to account the spin-off impact of indirect and induced activity.



The table below shows the impact associated with the job commitments for projects in the identified year.

Table 2. Summary of Economic Impact on Employment & Workers' Earnings Commitments Each Year

|               | Direct<br>Employment | Indirect &<br>Induced<br>Employment | Total<br>Employment | Direct<br>Workers'<br>Earnings | Indirect &<br>Induced<br>Workers'<br>Earnings | Total<br>Workers'<br>Earnings |
|---------------|----------------------|-------------------------------------|---------------------|--------------------------------|---|-------------------------------|
| 2019 Projects | 509.0                | 800.7                               | 1,309.7             | \$30,724,500                   | \$26,184,212                                  | \$56,908,712                  |
| 2020 Projects | 1,478.0              | 2,154.7                             | 3,632.7             | \$57,699,000                   | \$45,663,180                                  | \$103,362,180                 |
| 2021 Projects | 867.0                | 725.8                               | 1,592.8             | \$47,460,000                   | \$28,013,316                                  | \$75,473,316                  |
| 2022 Projects | 440.0                | 727.8                               | 1,167.8             | \$29,145,000                   | \$32,686,230                                  | \$61,831,230                  |
| 2023 Projects | 1,672.0              | 2,762.4                             | 4,434.4             | \$85,880,000                   | \$77,212,773                                  | \$163,092,773                 |
| Total         | 4,966.0              | 7,171.4                             | 12,137.4            | \$250,908,500                  | \$209,759,710                                 | \$460,668,210                 |

The economic and community benefits created by the Pflugerville CDC also result in new tax revenue for the city.

### Tax Revenue

This analysis seeks to not only identify the employment and economic growth in the City of Pflugerville that results from activity supported by the CDC but also quantify how this new activity affects local government revenues, specifically property and sales tax. Each new business supported by the CDC was evaluated for a 10-year period in order to project the additional tax revenues to be generated for the county and other jurisdictions. Using the information provided by the CDC, Impact DataSource estimates that the city is expected to receive approximately \$53.1 million in new taxes over the 10-year periods evaluated. The businesses and visitors will generate \$199.1 million in total for all local taxing districts.

The revenues below do not account for tax abatement or other incentives provided by the City of Pflugerville or Travis County, if any.

Table 3. Property Tax Revenues Over the Next 10 Years for Local Taxing Districts

|                            | Sales Tax<br>Revenues | Property<br>Tax Revenues | Total Tax<br>Revenues | Present<br>Value of<br>Revenues* |
|----------------------------|-----------------------|--------------------------|-----------------------|----------------------------------|
| City of Pflugerville & CDC | \$7,395,605           | \$45,709,424             | \$53,105,029          | \$37,087,885                     |
| Travis County              | \$0                   | \$27,159,690             | \$27,159,690          | \$19,354,811                     |
| Pflugerville ISD           | \$0                   | \$100,609,415            | \$100,609,415         | \$71,925,205                     |
| Other Local Districts      | \$2,465,202           | \$15,712,970             | \$18,178,172          | \$12,784,272                     |
| Total                      | \$9,860,807           | \$189,191,498            | \$199,052,305         | \$141,152,173                    |

\* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

Return on Investment

From 2019 to 2023, Pflugerville CDC committed \$6.0 million in grants or incentives. This investment in economic development generates significant economic and fiscal impacts for Pflugerville. The table below looks at the 10-year return on the investments made in economic development from 2019 through 2023.

Table 4. Summary of Return on Investment in Economic Development 2019–2023

|   |                  |             |
|---|------------------|-------------|
| Investment in Economic Development                                  |                  | \$6,030,000 |
| Total permanent jobs created over 10 years                          | 12,137.4         |             |
| Total economic output generated over 10 years                       | \$36,375,526,635 |             |
| Total workers' earnings over 10 years                               | \$4,930,403,634  |             |
| Total additional tax revenues for the city over 10 years            | \$53,105,029     |             |
| Total additional tax revenues for all local districts over 10 years | \$199,052,305    |             |

For every \$1 of investment, the Pflugerville CDC generates:

- \$6,032 in economic output.
- \$818 in additional worker earnings.
- \$8.81 in additional tax revenue for the city.
- \$33.01 in tax revenue for all local taxing districts.

In addition, over this period from 2019 to 2023, a permanent direct job was created with every \$1,214. Considering direct, indirect, and induced jobs, a permanent job was created with every \$497.

Average Annual Return on Investment by Year

The CDC incentives can represent an investment in economic development and the city tax revenues generated by each cohort of projects can be thought of that return on investment. The table below shows the incentives committed, estimated tax revenue over the next 10 years, and the resulting average annual rate of return.

Table 5. Average Annual Return on Investment

|               | Incentives Committed | City Tax Revenues Over Next 10 Years | Average Annual Return On Investment |
|---------------|----------------------|--------------------------------------|-------------------------------------|
| 2019 Projects | \$1,365,000          | \$2,486,982                          | 18.2%                               |
| 2020 Projects | \$1,100,000          | \$14,344,191                         | 130.4%                              |
| 2021 Projects | \$540,000            | \$4,443,319                          | 82.3%                               |
| 2022 Projects | \$3,025,000          | \$27,888,341                         | 92.2%                               |
| 2023 Projects | \$0                  | \$3,942,196                          | n/a                                 |
| Total         | \$6,030,000          | \$53,105,029                         | 88.1%                               |

## Conclusions and Perspective

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Some conclusions can be drawn by Impact DataSource from this and other studies that it conducts for economic development organizations. These conclusions or observations include the following:

The creation of new taxes generated by CDC-assisted projects are examples of what a focused economic development effort can accomplish for the benefit of a community and such new taxes and other public revenues are significant.

The job growth and increased tax revenues can be accomplished with a relative inexpensive investment in economic development activities.

Impact DataSource does not suggest that the Pflugerville CDC caused all of the investments and growth presented in this report. The Pflugerville CDC provided support to these businesses, some more than others, and in some cases offered

However, Impact DataSource believes that such one-stop center for economic development services is critical to a community's economic growth and many of these investments may not have occurred without the efforts of the Pflugerville CDC.

A full, detailed analysis of the economic and fiscal impact of the Pflugerville CDC is provided below.



## Introduction

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The Pflugerville Community Development Corporation’s mission is to make the City of Pflugerville a regional employment center by actively pursuing opportunities in the areas of business retention, expansion and attraction through the promotion of economic and community development.

The annual operating budget for the Pflugerville CDC for FY 2019 through FY 2023 is shown below. In total, the community made an investment of \$6.3 million in economic development over the period.

Table 6. Pflugerville CDC Operating Budget

|       | Expenses    | Marketing   | BRE Program | Total Operating Expenses |
|-------|-------------|-------------|-------------|--------------------------|
| 2019  | \$882,106   | \$338,000   | \$13,000    | \$1,233,106              |
| 2020  | \$908,806   | \$326,500   | \$15,500    | \$1,250,806              |
| 2021  | \$906,959   | \$347,000   | \$15,500    | \$1,269,459              |
| 2022  | \$912,182   | \$357,722   | \$15,817    | \$1,285,721              |
| 2023  | \$940,287   | \$283,169   | \$11,752    | \$1,235,208              |
| Total | \$4,550,340 | \$1,652,391 | \$71,569    | \$6,274,300              |

## Economic Development Projects

The Pflugerville CDC provided the following information on projects and jobs created from 2019 through 2023. In total, the CDC provided data on 37 projects that created 4,966 jobs and occupied 6.4 million square feet of space.

Table 7. Projects and Direct Jobs Created 2019-2023

| Year          | Number of Projects | Direct Jobs Created | Square Feet Occupied |
|---------------|--------------------|---------------------|----------------------|
| 2019 Projects | 8                  | 509.0               | 267,880              |
| 2020 Projects | 8                  | 1,478.0             | 4,245,063            |
| 2021 Projects | 10                 | 867.0               | 634,516              |
| 2022 Projects | 6                  | 440.0               | 705,100              |
| 2023 Projects | 5                  | 1,672.0             | 525,235              |
| Total         | 37                 | 4,966.0             | 6,377,794            |

The projects supported by the CDC included commitments for millions of capital investment. The table below shows the new capital investment by year of project commitment.

Table 8. Capital Investment Commitments

|               | Building &<br>Other Real<br>Property<br>Improvements | Furniture,<br>Fixtures, and<br>Equipment | Total Capital<br>Investment<br>Commitment |
|---------------|--|--|---|
| 2019 Projects | \$15,840,000   | \$23,760,000                             | \$39,600,000                              |
| 2020 Projects | \$126,730,084  | \$190,095,127                            | \$316,825,211                             |
| 2021 Projects | \$31,932,000   | \$47,898,000                             | \$79,830,000                              |
| 2022 Projects | \$262,702,800  | \$394,054,200                            | \$656,757,000                             |
| 2023 Projects | \$12,760,000   | \$19,140,000                             | \$31,900,000                              |
| Total         | \$449,964,884  | \$674,947,327                            | \$1,124,912,211                           |

The impact on the tax base by 2023 is estimated to be \$1.0 billion annually. This means the businesses are projected to have added \$1.0 billion in taxable value of property.

### Additional Development In Pflugerville

The 6.4 million square feet of space occupied by the identified economic development projects is only a portion of the total square feet of development facilitated by the CDC. The table below shows other developments in Pflugerville which the CDC has supported.

Table 9. Other Development in Pflugerville

|                              | Total Square<br>Feet Planned | Total Square<br>Feet Completed<br>by 2023 |
|------------------------------|------------------------------|---|
| Springbrook/IDI              | 946,216                      | 946,216                                   |
| 130 Crossing/Ironwood        | 1,155,900                    | 670,384                                   |
| 130 Logistics/Lincoln/Stream | 248,112                      | 248,112                                   |
| Heatherwilde 45              | 358,560                      | 358,560                                   |
| Endeavor                     | 1,600,000                    | 0   |
| Springbrooke 2 - TSFP        | 301,510                      | 0   |
| Total                        | 4,610,298                    | 2,223,272                                 |

The CDC provided various types of assistance to the economic development projects. The table below shows the incentives committed each year.

Table 10. Incentives Committed

|               | Amount      |
|---------------|-------------|
| 2019 Projects | \$1,365,000 |
| 2020 Projects | \$1,100,000 |
| 2021 Projects | \$540,000   |
| 2022 Projects | \$3,025,000 |
| 2023 Projects | \$0         |
| Total         | \$6,030,000 |

**NOTE REGARDING 2020 INCENTIVES:**

The PCDC Economic Development Performance Agreement (EDPA) with Amazon committed up to \$3.8 MM in incentive grants that were redirected to the City of Pflugerville for offsite improvements at FM685/Pecan. They did not reimburse Amazon for required onsite or offsite improvements, and they were not required for Amazon to make as a condition of the development. Working with PCDC, the City received an EDA grant award of \$2.3 MM thereby reducing PCDC’s total commitment for City offsite improvements to \$2.2 MM from the \$3.8MM pledged in the EDPA. The PCDC incentive project provided needed infrastructure for the Pecan Street Corridor that did not impact the City’s budget and the intersection provided better access for all businesses and residents in the Pecan Street Corridor.

**Analysis of Projects**

Using the information provided by the Pflugerville CDC, Impact DataSource estimated the impact of each project over a 10-year period. For the projects that began in 2019, this included 2019 through 2028 and for the projects in 2023, this included 2023 through 2032.

The CDC provided as much up-to-date information on projects as possible. In one instance, the CDC reports company went out of business. Impact DataSource chose to include impact of this business for the time period it operated.

The new businesses supported by the CDC create employment opportunities in the area and make expenditures for supplies, services and other inputs. The direct economic activity generated by these firms ripples through the local economy spurring spin-off impacts. The direct activity will generate indirect and induced economic impacts as described below.

The direct economic impacts are the expenditures of the firms as well as the employment and workers' earnings paid to workers. Indirect and induced benefits or spin-off benefits will be created from the spending during the operations of the firms and the direct workers. Indirect sales, jobs and workers' earnings will be created or supported in other businesses and organizations that supply goods and services to the direct firms supported by the CDC. In addition, induced sales, jobs and workers' earnings will be created or supported in area businesses, such as restaurants, gas stations, banks, book stores, grocery stores, apartment complexes, convenience stores, and service companies that supply goods and services to the direct and indirect workers and their families.

This report estimates the impact of the firms using impact multipliers from the US Department of Commerce’s Regional Input-Output Modeling System (RIMS II) for Travis County and various industries in which the firm's operate. The new employment and industry of activity serve as the basis for the other economic calculations in this report.

These economic impacts translate into additional revenues or fiscal impacts for local taxing districts including the city, county and school district. Local taxing districts collect various revenues as a result of the economic activity generated by the supported projects. This study estimates the sales and property taxes generated for local taxing districts.

## Construction Impacts

Many of the business projects supported by the CDC involved capital investment that supported construction activity in the area. Although detailed information on the construction activity was not available, Impact DataSource estimates economic impacts related to this construction. In addition, the infrastructure projects represent construction activity in the city as well. The table below summarizes the temporary construction spending supported by the Pflugerville CDC.

Table 11. Construction Spending

|               | Estimated<br>Construction from<br>Business Project<br>Capital Investment* |
|---------------|---|
| 2019 Projects | \$15,840,000  |
| 2020 Projects | \$126,730,084   |
| 2021 Projects | \$31,932,000  |
| 2022 Projects | \$262,702,800   |
| 2023 Projects | \$12,760,000  |
| <b>Total</b>  | <b>\$449,964,884</b>  |

\* Assumes 40% of the capital investment for projects including construction represent the cost to construct the building.

Using the total amount of construction spending each year, Impact DataSource estimated the total construction impact in terms of temporary jobs, workers' earnings, and economic output. The construction activity supported by the CDC over the last 5 years resulted in 4,100.3 temporary construction job years of employment. A job year is defined as full employment for one person for 2080 hours in a 12-month span. These construction workers earned approximately \$223.9 million in workers' earnings and \$745.6 million in economic output or sales for construction businesses and related suppliers.

Table 12. Construction Impacts

|               | Total<br>Temporary<br>Job Years* | Total<br>Temporary<br>Workers'<br>Earnings | Total<br>Temporary<br>Economic<br>Output |
|---------------|----------------------------------|--|--|
| 2019 Projects | 149.3                            | \$8,152,848                                | \$27,154,512                             |
| 2020 Projects | 1,177.1                          | \$64,264,014                               | \$214,042,743                            |
| 2021 Projects | 292.2                            | \$15,953,214                               | \$53,135,022                             |
| 2022 Projects | 2,368.4                          | \$129,306,615                              | \$430,678,707                            |
| 2023 Projects | 113.3                            | \$6,187,863                                | \$20,609,779                             |
| <b>Total</b>  | <b>4,100.3</b>                   | <b>\$223,864,555</b>                       | <b>\$745,620,761</b>                     |

\* A job year is defined as full employment for one person for 2080 hours in a 12-month span.

The total economic impacts include the direct, indirect, and induced construction-related activity.

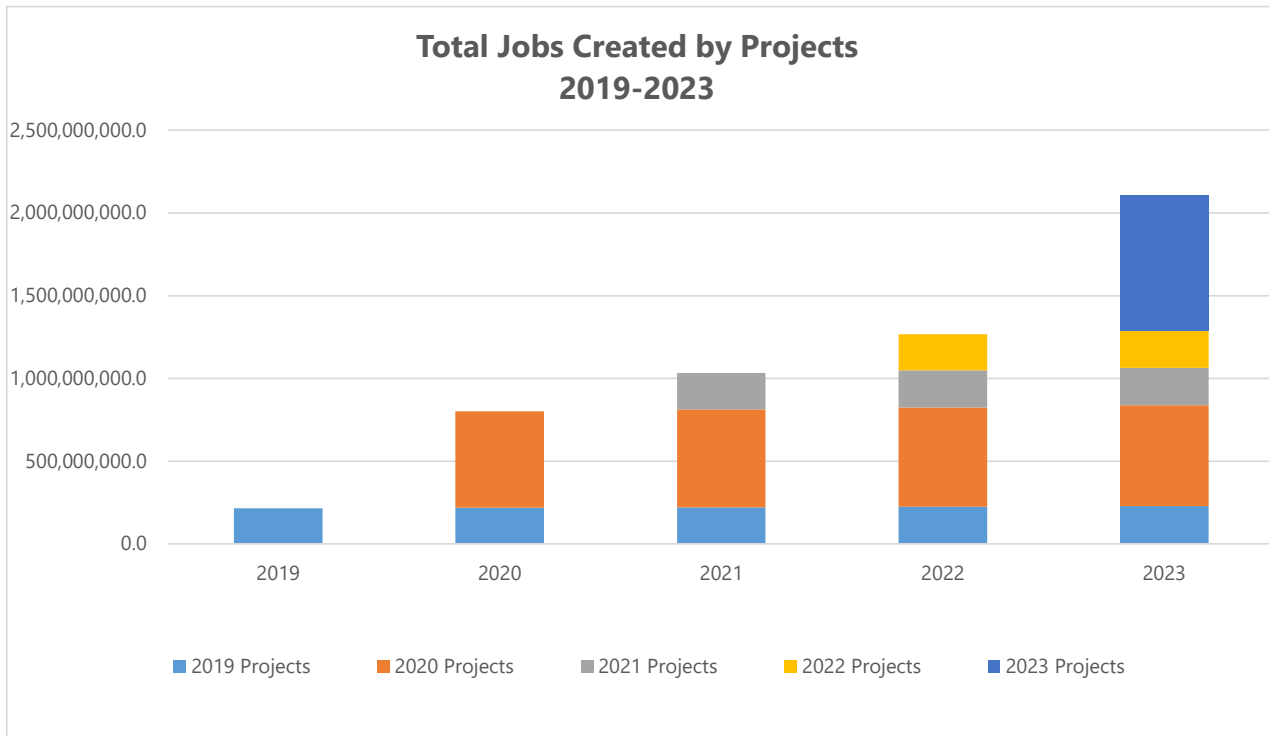
## Business Impacts

The businesses supported by the CDC created employment opportunities in the area and made expenditures for supplies, services and other inputs. The direct economic activity generated by these firms ripples through the local economy spurring spin-off impacts. A summary of the direct and spin-off economic activity is shown below.

The table below summarizes the estimated annual additional economic impact on employment and workers' earnings in the community from 2019 through 2023. The CDC reported the estimated number of direct jobs created by each business and the average wages paid. The spin-off jobs and earnings were estimated using industry-specific RIMS II multipliers. The table summarizes the total jobs added each year and the total workers' earnings added each year.

Table 13. Summary of Economic Impact on Employment & Workers' Earnings Added Each Year

|              | Direct Employment | Indirect & Induced Employment | Total Employment | Direct Workers' Earnings | Indirect & Induced Workers' Earnings | Total Workers' Earnings |
|--------------|-------------------|-------------------------------|------------------|--------------------------|--------------------------------------|-------------------------|
| 2019         | 509.0             | 800.7                         | 1,309.7          | \$30,724,500             | \$26,184,212                         | \$56,908,712            |
| 2020         | 1,478.0           | 2,154.7                       | 3,632.7          | \$57,699,000             | \$45,663,180                         | \$103,362,180           |
| 2021         | 867.0             | 725.8                         | 1,592.8          | \$47,460,000             | \$28,013,316                         | \$75,473,316            |
| 2022         | 440.0             | 727.8                         | 1,167.8          | \$29,145,000             | \$32,686,230                         | \$61,831,230            |
| 2023         | 1,672.0           | 2,762.4                       | 4,434.4          | \$85,880,000             | \$77,212,773                         | \$163,092,773           |
| <b>Total</b> | <b>4,966.0</b>    | <b>7,171.4</b>                | <b>12,137.4</b>  | <b>\$250,908,500</b>     | <b>\$209,759,710</b>                 | <b>\$460,668,210</b>    |

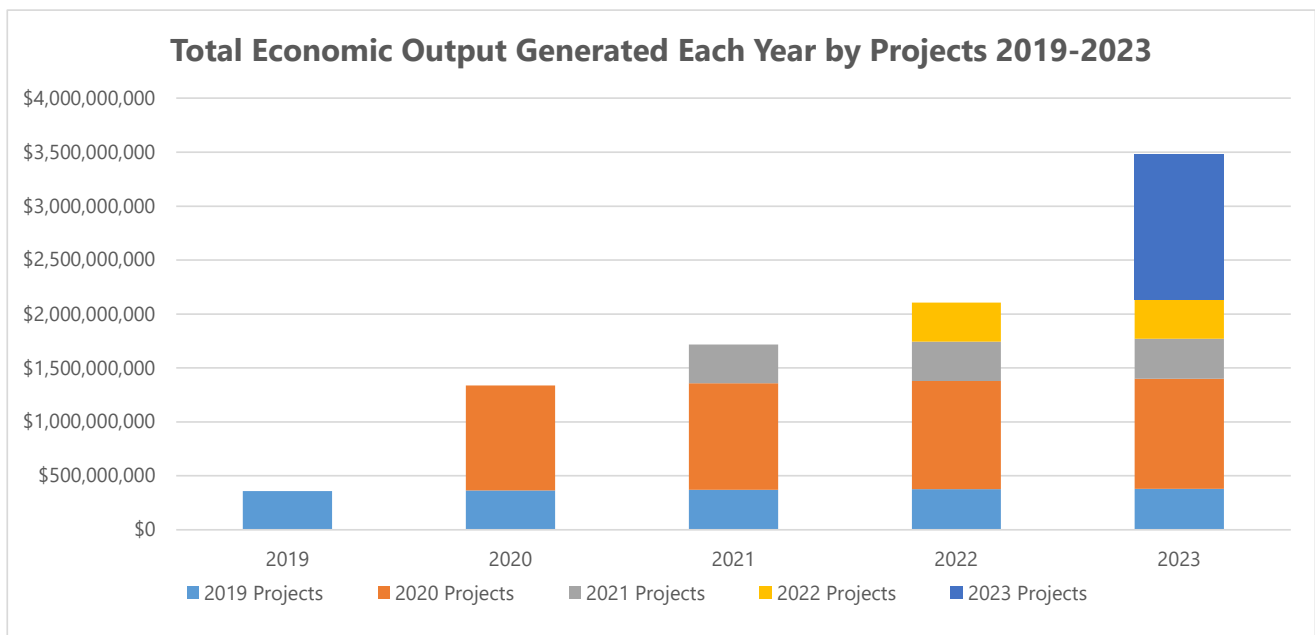


The table below shows the annual incremental revenues for businesses, or economic output, added each year by new firms supported by the CDC. These values represent the inter-industry purchases from businesses within the area and the purchases by new workers in the area.

Table 14. Estimated Increase in Economic Output Each Year by New Businesses

|       | Direct Economic Output | Indirect & Induced Economic Output | Total Economic Output |
|-------|------------------------|------------------------------------|-----------------------|
| 2019  | \$215,721,169          | \$143,048,649                      | \$358,769,818         |
| 2020  | \$582,163,623          | \$391,131,107                      | \$973,294,730         |
| 2021  | \$219,593,329          | \$140,885,169                      | \$360,478,498         |
| 2022  | \$219,688,477          | \$141,081,255                      | \$360,769,732         |
| 2023  | \$820,631,285          | \$524,773,362                      | \$1,345,404,648       |
| Total | \$2,057,797,882        | \$1,340,919,543                    | \$3,398,717,426       |

The previous table showed the estimated additional economic output generated by the projects year-by-year. The following chart shows the cumulative increase in economic output generated by businesses supported by the CDC over the period. This chart reflects the fact that businesses added in early years continue to operate going forward.



Tax Revenue

This analysis seeks to not only identify the employment and economic growth in the City of Pflugerville that results from activity supported by the CDC but also quantify how this new activity affects local government revenues, specifically property and sales tax. Each new business supported by the CDC was evaluated for a 10-year period in order to project the additional tax revenues to be generated for the county and other jurisdictions. Using the information provided by the CDC, Impact DataSource estimates that the city is expected to receive approximately \$53.1 million in new taxes over the 10-year periods evaluated. The businesses and visitors will generate \$199.1 million in total for all local taxing districts.

The revenues below do not account for tax abatement or other incentives provided by the City of Pflugerville or Travis County, if any.

Table 16. Property Tax Revenues Over the Next 10 Years for Local Taxing Districts

|                            | Sales Tax Revenues | Property Tax Revenues | Total Tax Revenues   | Present Value of Revenues* |
|----------------------------|--------------------|-----------------------|----------------------|----------------------------|
| City of Pflugerville & CDC | \$7,395,605        | \$45,709,424          | \$53,105,029         | \$37,087,885               |
| Travis County              | \$0                | \$27,159,690          | \$27,159,690         | \$19,354,811               |
| Pflugerville ISD           | \$0                | \$100,609,415         | \$100,609,415        | \$71,925,205               |
| Other Local Districts      | \$2,465,202        | \$15,712,970          | \$18,178,172         | \$12,784,272               |
| <b>Total</b>               | <b>\$9,860,807</b> | <b>\$189,191,498</b>  | <b>\$199,052,305</b> | <b>\$141,152,173</b>       |

\* The Present Value of Net Benefits expresses the future stream of net benefits received over several years as a single value in today's dollars. Today's dollar and a dollar to be received at differing times in the future are not comparable because of the time value of money. The time value of money is the interest rate or each taxing entity's discount rate. This analysis uses a discount rate of 5% to make the dollars comparable.

The taxable value of property by project-year cohort and calendar year is shown in the Appendix. In order to be consistent and to understand the long-term value of the projects, each project was evaluated for a 10-year period. The table shows the total taxable property included in the calculations. The property tax revenue is the gross amount prior to possible abatements.

The analysis assumes real property may appreciate slightly over time - increase 2% per year - and business personal property will depreciate - lose value - over time. Local property tax rates were applied to the taxable value of property to estimate the taxes collected.

Sales taxes were calculated based on the city and ESD sales tax rate and taxable sales and spending supported by businesses, new workers, and visitors. Again, each project was evaluated for a 10-year period and a table of taxable spending is provided in the Appendix.

Return on Investment

From 2019 to 2023, Pflugerville CDC committed \$6.0 million in grants or incentives. This investment in economic development generates significant economic and fiscal impacts for Pflugerville. The table below looks at the 10-year return on the investments made in economic development from 2019 through 2023.

Table 17. Summary of Return on Investment in Economic Development 2019–2023

|   |                  |             |
|---|------------------|-------------|
| Investment in Economic Development                                  |                  | \$6,030,000 |
| Total permanent jobs created over 10 years                          | 12,137.4         |             |
| Total economic output generated over 10 years                       | \$36,375,526,635 |             |
| Total workers' earnings over 10 years                               | \$4,930,403,634  |             |
| Total additional tax revenues for the city over 10 years            | \$53,105,029     |             |
| Total additional tax revenues for all local districts over 10 years | \$199,052,305    |             |

For every \$1 of investment, the Pflugerville CDC generates:

- \$6,032 in economic output.
- \$818 in additional worker earnings.
- \$8.81 in additional tax revenue for the city.
- \$33.01 in tax revenue for all local taxing districts.

In addition, over this period from 2019 to 2023, a permanent direct job was created with every \$1,214. Considering direct, indirect, and induced jobs, a permanent job was created with every \$497.

Average Annual Return on Investment by Year

The CDC incentives can represent an investment in economic development and the city tax revenues generated by each cohort of projects can be thought of that return on investment. The table below shows the incentives committed, estimated tax revenue over the next 10 years, and the resulting average annual rate of return.

Table 18. Average Annual Return on Investment

|               | Incentives Committed | City Tax Revenues Over Next 10 Years | Average Annual Return On Investment |
|---------------|----------------------|--------------------------------------|-------------------------------------|
| 2019 Projects | \$1,365,000          | \$2,486,982                          | 18.2%                               |
| 2020 Projects | \$1,100,000          | \$14,344,191                         | 130.4%                              |
| 2021 Projects | \$540,000            | \$4,443,319                          | 82.3%                               |
| 2022 Projects | \$3,025,000          | \$27,888,341                         | 92.2%                               |
| 2023 Projects | \$0                  | \$3,942,196                          | n/a                                 |
| Total         | \$6,030,000          | \$53,105,029                         | 88.1%                               |



## Conclusions and Perspective

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Some conclusions can be drawn by Impact DataSource from this and other studies that it conducts for economic development organizations. These conclusions or observations include the following:

The creation of new taxes generated by CDC-assisted projects are examples of what a focused economic development effort can accomplish for the benefit of a community and such new taxes and other public revenues are significant.

The job growth and increased tax revenues can be accomplished with a relative inexpensive investment in economic development activities.

Impact DataSource does not suggest that the Pflugerville CDC caused all of the investments and growth presented in this report. The Pflugerville CDC provided support to these businesses, some more than others, and in some cases offered incentives.

However, Impact DataSource believes that such one-stop center for economic development services is critical to a community's economic growth and many of these investments may not have occurred without the efforts of the Pflugerville CDC.

## Overview of Methodology

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This analysis was conducted by Impact DataSource and completed using firm data, rates and information gathered by the Pflugerville CDC. In addition, the model uses certain estimates and assumptions. Using this information, Impact DataSource estimated the annual economic impact from the economic development projects supported by the CDC.

The economic impact as calculated in this report can be categorized into two main types of impacts. First, the direct economic impacts are defined as those that result directly from a project. These impacts are the direct expenditures by the firm. Second, this economic impact analysis calculates the indirect and induced impacts that result from the project. Indirect jobs and salaries are supported in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services to the firm. In addition, induced jobs and salaries are created in new or existing local businesses, such as retail stores, gas stations, banks, restaurants, and service companies that may supply goods and services to workers and their families.

To estimate the indirect and induced economic impact of these projects and the employees on the area, regional economic multipliers were used. Regional economic multipliers are included in the US Department of Commerce's Regional Input-Output Modeling System (RIMS II).

Three types of regional economic multipliers were used in this analysis: earnings multipliers, employment multipliers and output multipliers. Employment multipliers were used to estimate the number of indirect and induced jobs supported in the area for each project. Earnings multipliers were used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. These multipliers show the estimated number of indirect and induced jobs supported for every one direct job at the firm and the amount of salaries paid to these workers for every dollar paid to a direct worker at the firm. Output multipliers were used to estimate the increase in revenue or economic output generated by each of these businesses based on the increase in workers. For projects that included capital investment only and did not include the hiring of additional workers, a conservative assets-to-sales ratio was used to estimate the increase in output due to the addition of new capital. The multipliers used in the analysis were specific to each firm and industry, and each firm and industry.

## About Impact DataSource

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Impact DataSource is an Austin economic consulting, research, and analysis firm founded in 1993. The firm has conducted over 3,500 economic impact analyses of firms, projects, and activities in most industry groups in Texas and more than 40 other states.

In addition, Impact DataSource has prepared and customized more than 150 economic impact models for its clients to perform their own analyses of economic development projects. These clients include the New Mexico Economic Development Department and the Tennessee Department of Economic and Community Development.

# Appendix

**Taxable Property**

|      | 2019         | 2020          | 2021         | 2022          | 2023         | Total           |
|------|--------------|---------------|--------------|---------------|--------------|-----------------|
| 2019 | \$39,600,000 | \$0           | \$0          | \$0           | \$0          | \$39,600,000    |
| 2020 | \$37,540,800 | \$316,825,211 | \$0          | \$0           | \$0          | \$354,366,011   |
| 2021 | \$35,487,936 | \$300,350,300 | \$79,830,000 | \$0           | \$0          | \$415,668,236   |
| 2022 | \$33,441,535 | \$283,926,081 | \$75,678,840 | \$656,757,000 | \$0          | \$1,049,803,456 |
| 2023 | \$31,401,725 | \$267,553,568 | \$71,540,453 | \$622,605,636 | \$31,900,000 | \$1,025,001,382 |
| 2024 | \$29,368,640 | \$251,233,795 | \$67,415,094 | \$588,559,353 | \$30,241,200 | \$966,818,082   |
| 2025 | \$27,342,413 | \$234,967,817 | \$63,303,024 | \$554,620,253 | \$28,587,504 | \$908,821,010   |
| 2026 | \$25,323,181 | \$218,756,709 | \$59,204,508 | \$520,790,479 | \$26,939,014 | \$851,013,892   |
| 2027 | \$23,311,085 | \$202,601,570 | \$55,119,818 | \$487,072,218 | \$25,295,834 | \$793,400,525   |
| 2028 | \$23,682,266 | \$186,503,518 | \$51,049,231 | \$453,467,701 | \$23,658,071 | \$738,360,786   |
| 2029 | \$0          | \$189,473,207 | \$46,993,027 | \$419,979,201 | \$22,025,832 | \$678,471,268   |
| 2030 | \$0          | \$0           | \$47,741,296 | \$386,609,040 | \$20,399,229 | \$454,749,565   |
| 2031 | \$0          | \$0           | \$0          | \$392,765,004 | \$18,778,374 | \$411,543,378   |
| 2032 | \$0          | \$0           | \$0          | \$0           | \$19,077,381 | \$19,077,381    |
| 2033 | \$0          | \$0           | \$0          | \$0           | \$0          | \$0             |
| 2034 | \$0          | \$0           | \$0          | \$0           | \$0          | \$0             |

**Taxable Spending**

|      | Business &<br>Workers Taxable<br>Spending | Vistor Spending | Total Taxable<br>Spending |
|------|---|-----------------|---------------------------|
| 2019 | \$5,690,871                               |                 | \$5,690,871               |
| 2020 | \$16,112,452                              |                 | \$16,112,452              |
| 2021 | \$23,901,471                              |                 | \$23,901,471              |
| 2022 | \$30,443,116                              |                 | \$30,443,116              |
| 2023 | \$47,209,040                              |                 | \$47,209,040              |
| 2024 | \$47,917,175                              |                 | \$47,917,175              |
| 2025 | \$48,635,933                              |                 | \$48,635,933              |
| 2026 | \$49,365,472                              |                 | \$49,365,472              |
| 2027 | \$50,105,954                              |                 | \$50,105,954              |
| 2028 | \$50,857,543                              |                 | \$50,857,543              |
| 2029 | \$45,015,918                              |                 | \$45,015,918              |
| 2030 | \$33,695,554                              |                 | \$33,695,554              |
| 2031 | \$25,442,001                              |                 | \$25,442,001              |
| 2032 | \$18,647,864                              |                 | \$18,647,864              |