

Economic Development

Pflugerville has been one of the fastest growing communities in the U.S. In 2007, Forbes rated Pflugerville as the 23rd fastest growing suburban community in the U.S., with a 70.5 percent increase in population from 2000 to 2006. Since 2006, population and household growth has continued to be strong in the northern part of the Austin region.

The Austin – Round Rock Metropolitan region is one of the strongest regional economies in the country. Between 2000 and 2008, the region added over 100,000 jobs – resulting in a total non-farm employment of nearly 800,000. The “services” sector has an increasingly dominant share of employment, followed by “government.” While the Austin region has long been known as a high-tech center, the manufacturing of computers and electronic products has not escaped the general decline in manufacturing employment. Overall job losses have occurred in both the manufacturing sector and in the information sector. These losses have been more than made up by gains in other industries, relatively evenly spread across various categories of services and government.

Pflugerville did not directly participate in the explosive employment growth of the manufacturing and information sectors in the 1980’s and 90s; instead, growing as a desirable suburban residential community. Today, Pflugerville is becoming a complete community – encouraging the creation of jobs in addition to expanding residential development.

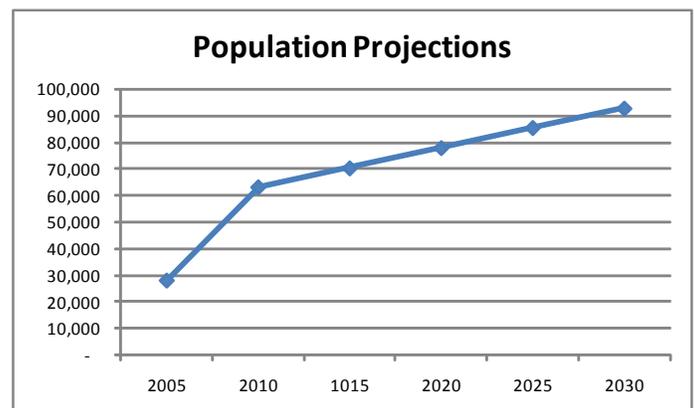
Population and Housing Trends

The geographic positioning of Pflugerville within the growing Austin-Round Rock MSA will continue to make it attractive for new development of single family residential units, provided that Pflugerville Independent School District’s (PISD) reputation stays strong. Pflugerville has become more accessible and has gained easier access to transportation networks within Austin and other areas in the region where job centers are located.

The population of Pflugerville and its ETJ is expected to continue to grow over the next ten years. Based on these forecasts, Pflugerville is forecast to add an average of 4,250 new residents per year.

Over the eight years from 2000 to 2008, Pflugerville approved 5,168 single-family permits and 2,523 multi-family units within the City limits, an average of approximately 960 annually.

The graph on the right illustrates the projected population for Pflugerville which will reach 62,047 by 2030 (92,675 including the ETJ). Using a generally accepted household size of 3.15 persons per household, the expected population growth will create demand for more than 14,000 new housing units in Pflugerville between 2010 and 2030. While housing in Pflugerville has traditionally been priced in the middle-range (\$100,000s and \$200,000s), indications are that the community may have opportunities for housing in higher price ranges as new areas develop.



Current trends in Pflugerville and Austin suggest that demand will increase for housing products for “empty nesters”, such as townhomes and patio homes. Multistory condominiums are likely not feasible in the near term, as they are generally suited to high-value, upscale communities, where home buyers are willing to make significant trade-offs in home size and private space and pay relatively high prices per square foot in return for owning in a specific location. The potential for substantial growth in apartment demand will be strongly related to nearby employment growth.

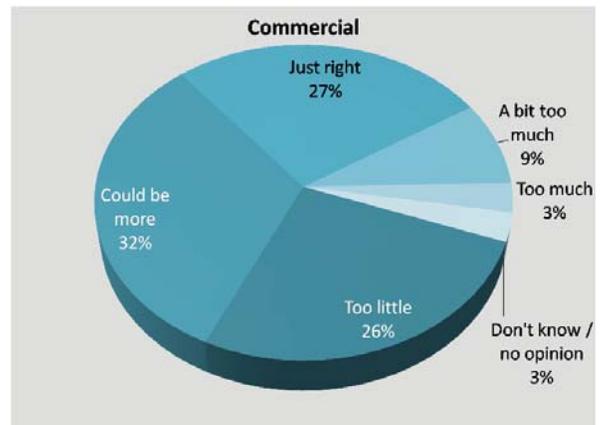
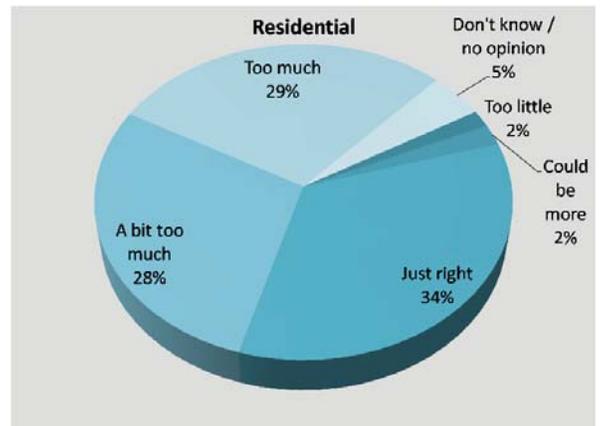
Employment and Commercial Development Conditions and Trends

As Pflugerville has traditionally been a residentially-focused community, it has not had a large primary employment base. Industry sectors that could bring employment growth to Pflugerville include service sector industries, which will keep growing as the Austin area’s population base grows. Another category is goods distribution; while it has not traditionally been a strength for Austin, this component of the trade and transportation sector may increase due to anticipated connection of SH 130 to IH-10 near Seguin. More generally, Pflugerville is perfectly positioned at the key intersection of SH 130 and SH 45 to take advantage of future employment growth across numerous industry sectors.

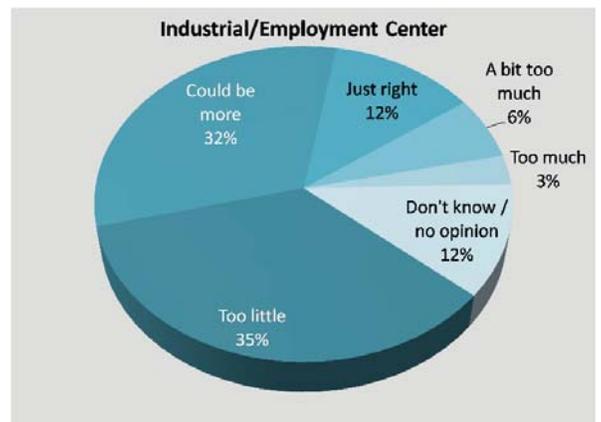
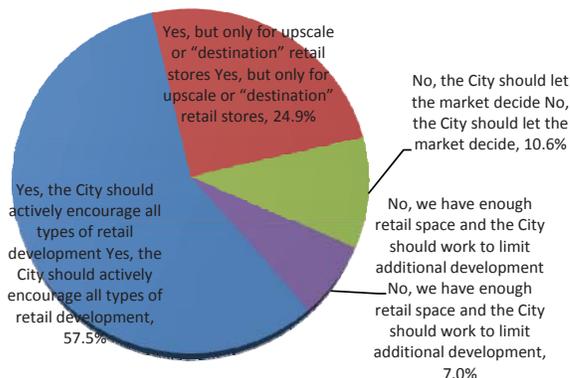
R&D/Industrial/Flex/Warehouse

Current estimates have Pflugerville containing approximately 700,000 square feet of buildings in the industrial categories above. Pflugerville’s first large-scale industrial park, Verde Springbrook Corporate Center, is under development on the City’s north side, just south of SH 45. The Wells Point Industrial Park will offer office / warehouse buildings near the south

Over the last few years, do you feel the rate of growth and development in Pflugerville has been too little, just right, or too much?



Should the City be proactive to specifically attract office or industrial development?



end of Heatherwilde Boulevard. As SH 130 is connected to I-10 near Seguin, it will likely become a major commercial trucking route, which may increase the attractiveness of Pflugerville for logistics, warehousing, and distribution. The segments of SH 45 and SH 130 that are accompanied by frontage roads will be the preferred locations. A key challenge to Pflugerville’s competitive position to capture this growth will be the provision of utilities, connecting roadways, continuation of the tax exemption of goods in public transportation (Freeport) and other incentives.

Office/Medical

For a community of its size, Pflugerville has a modest amount of office space. According to Grubb and Ellis, there are approximately 26 office buildings greater than 1,000 square feet in size, totaling 195,585 square feet. Most of the existing buildings were constructed in the pre-1990 period. There appears to be a strong potential for additional office growth in Pflugerville to provide services for the steadily growing population.

Residents of Pflugerville are travelling outside of the community for most medical services, but there is strong resident demand for such services. The Pflugerville Hospital Feasibility Study (2009) for the PCDC concluded that there is a demand for 257 medical professionals to serve the population compared with the current 26. In addition, most of Pflugerville’s residents are covered by health insurance. The study recommended a phased approach of medical services beginning with what would be small office uses including physicians’ offices, urgent care, rehabilitation services and imaging among others.

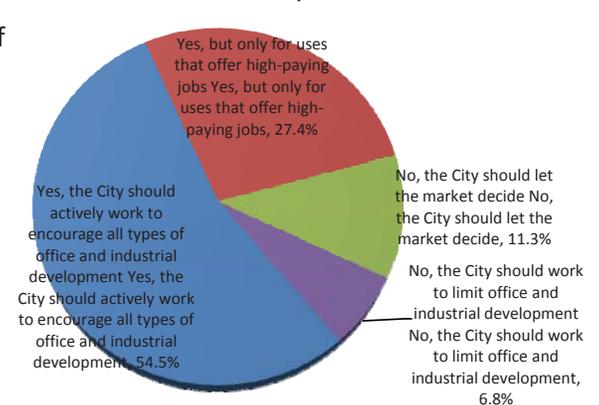
If marketed and constructed correctly, the corridor from Pecan Street / FM 1825 to Pflugerville Parkway along SH 130 could easily become an area for prime development for office complexes. In addition, it is highly likely that a large site in the SH 130 corridor could also attract a corporate owner-user. Demand will continue for small scale local professional office development in other centers within the City concurrent with the growth of local population.

Retail

Pflugerville has traditionally lagged surrounding cities in terms of retail activity largely due to lack of property along I-35. However, with the completion of SH 130 retail opportunities will grow in Pflugerville.

Numerous older strip centers are found on the West Pecan Street / FM 1825 corridor. The FM 685 corridor in the last two years has emerged as Pflugerville’s dominant corridor for general merchandise and comparison goods including an H.E.B. supermarket, a Walmart SuperCenter and a SuperTarget. Some neighborhood-oriented centers are planned for southern Pflugerville and along the FM 685 and Pecan Street / FM 1825 corridors. As the western half of Pflugerville builds out its residential land, the increased population will provide opportunities for small neighborhood and convenience retail.

Should the City be proactive in attracting additional retail development?



Pflugerville's increasing population will certainly increase retail demand. Dense, urban-styled town center retail, which developers initially located in communities considerably more upscale than Pflugerville, is now beginning to appear in more comparable middle class suburban areas.

As residential development continues in the area surrounding SH 130 and traffic on the toll road increases, properties along the frontage roads will have appeal for both convenience and large-scale community or regional retailers. As residential development continues east of SH 130, residents will seek neighborhood level shopping opportunities that do not entail require crossing the highway.

Hotel

There are no hotels currently within the Pflugerville City limits. This is due to the lack of frontage on I-35 and the lack of large employers within the City. Continued population and employment growth, as well as continued growth in youth recreational pursuits, will make the SH 130 corridor an attractive location for lodging development. The toll road will give hotels a chance to differentiate their offerings from the crowded I-35 corridor, providing access to the region and nearby employment centers. Hotels also produce additional tax base for promoting Pflugerville to visitors from which the City does not currently benefit.

Austin Executive Airport

A new owner is expanding the Bird's Nest airport, just south of the Pflugerville ETJ, to include longer runways to accommodate corporate jets (more than 6,000 feet). The airport is called the Austin Executive Airport and the runway construction will be completed in 2010. The City of Pflugerville should track the use of the airport and devise a strategy to use the airport to support economic development.

Existing Policy Direction

The setting of economic development policies are the responsibility of the Pflugerville City Council. In August of 2001, Pflugerville passed the 4B Economic Development sales tax and created the Pflugerville Community Development Corporation (PCDC). The PCDC is governed by a board of directors appointed by City Council, who oversee the activities and makes policy recommendations to the City Council. The PCDC is the organization charged with promoting the economic development of the City by marketing Pflugerville as a desirable place for new businesses to operate, and by assisting existing businesses and addressing their needs.

The PCDC collects a one-half cent sales tax off taxable goods purchased in the City of Pflugerville for the purpose of promoting economic development in Pflugerville. The PCDC may provide funding for use as incentives to businesses to begin doing business in Pflugerville and also to construct needed infrastructure such as roads, utilities, and drainage projects. The PCDC also provides funding for parks and recreation projects in the City. This organization, with income of approximately \$1.5 million annually is the key implementation body for Pflugerville's economic development strategies, policies and incentives.

2002 Economic Development Strategic Plan

In 2002, the City commissioned a consultant to develop a strategic plan for the community's economic development activities. The resultant document, Economic Development Strategic Plan, was completed in August of 2002 and while never formally adopted, provided 21 strategy recommendations in four categories:

1. Diversify the City's tax base and ease the tax burden on residential homeowners
2. Encourage new business investment in underutilized areas of Pflugerville and its ETJ through land use planning and planning tools
3. Develop the City's infrastructure in order to take advantage of emerging economic development opportunities; and
4. Present an image of Pflugerville as a great place to live and to do business.

The City and the PCDC have implemented many of the strategic recommendations of this plan.

SH 130/SH 45 Corridor Development Strategy

In 2006, the City commissioned another strategic planning project. The purpose of this plan was to "provide a means for the City of Pflugerville to proactively address the extensive growth that is expected to occur along SH 130 and SH 45. Specifically, it is designed to allow City leaders to establish the tools necessary to balance the needs and desires of the market with those of the City's residents and businesses." A key element of this project was to recommend changes to the City's land use code. The final code and draft plan were presented to the City in April of 2007. Through a series of public meetings, a set of guiding principles were developed:

1. A series of unique places to shop and work, as well as live
2. A diversified and leak-free tax base;
3. Enhanced, long term market capture;
4. Smart, healthy and sensible design.

A set of "critical realities" were identified in this process:

1. City leaders have a vision for the SH 130 and SH 45 Corridor that promotes high- intensity development with a focus on quality commercial uses
2. The vision for the SH 130 and SH 45 Corridor is meant to be unique to this particular area;
3. Increased densities and the unique character of this area are not meant to come at the expenses of adjacent neighborhoods and subdivisions;
4. The market is not currently ready to fully accommodate the densities and development patterns desired for the Corridor;
5. The City of Pflugerville sees the need to build upon the opportunities offered by the Corridor in the near term while planning for long-term sustainability; and
6. No single tool will encourage the types of development patterns and densities within the Corridor.

This program produced recommended changes in the City's land use codes which were designed to accommodate the expected and desired development in the toll road corridors. Many of the code recommendations were adopted by City Council.

Pflugerville Community Development Corporation Target Industries

The Board of Directors of the PCDC has adopted a set of five target industries for the focus of their efforts:

1. Headquarters and regional offices
2. Biomedical/healthcare & life sciences facilities

3. Semi-conductor manufacturing operations
4. Transportation and distribution operations
5. Clean energy research, development and manufacturing

Economic Development Vision

The charts on this and the following pages are the summary from the Pflugerville 2030 Survey, a series of citizen surveys conducted during the comprehensive planning process. These surveys include on-line responses, mail-in response and surveys completed in public meetings. Overall, 750 Pflugerville residents completed surveys.

When asked about growth of various categories of development:

- Residential
- Commercial (retail and services)
- Industrial/Employment Center (warehouse, distribution, and office)

The residents demonstrate a strong preference for additional commercial and employment center development. The charts on the right illustrate the responses to this question. While 57 percent of the respondents felt that residential development had been “too much” or “a bit too much,” that sentiment was reversed with respect to the other categories. 58 percent of the respondents clearly favored additional commercial (retail and services) in Pflugerville. 67 percent of the respondents felt that there was a need for more industrial and employment center development in the community.

When the respondents were asked if the City should be proactive in attracting additional retail development, almost 58 percent said “Yes, the City should actively encourage all types of retail development”. Only 7 percent felt that the City has enough retail and that the City should limit additional development.

When the respondents were asked if the City should be proactive in attracting additional office and industrial development, almost 55 percent said, “Yes, the City should actively encourage all types of office and industrial development”. Again only 7 percent felt that the City has enough retail and that the City should limit additional development.

When asked about the need for additional residential products, the strongest desire was for “mid-priced single family homes from \$180,000 to \$300,000”. However a substantial number of respondents mentioned the need for more “upscale single family homes above \$300,000”.

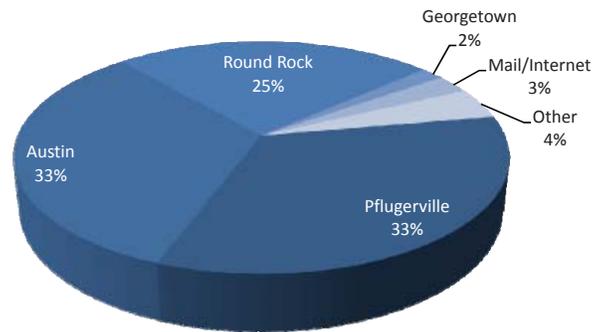
When asked about their shopping habits, Pflugerville residents displayed a propensity to do most of their shopping outside of the community.

Overall it appears that Pflugerville residents surveyed shop for about one-third of their needs within the City. The chart below illustrates how those preferences are arrayed by the type of good or service.

The highest capture rates for Pflugerville are:
 General merchandise – 76%
 Groceries – 75%
 Medical prescriptions – 73%
 Hardware, home improvement – 65%

The lowest capture rates are:
 Department stores – 8%
 Home furnishings – 13%
 Professional services – 13%
 Clothing – 15%
 Medical care – 20%

Where do you normally shop for the goods and services?
 Overall Tendency by Pflugerville and Other Communities

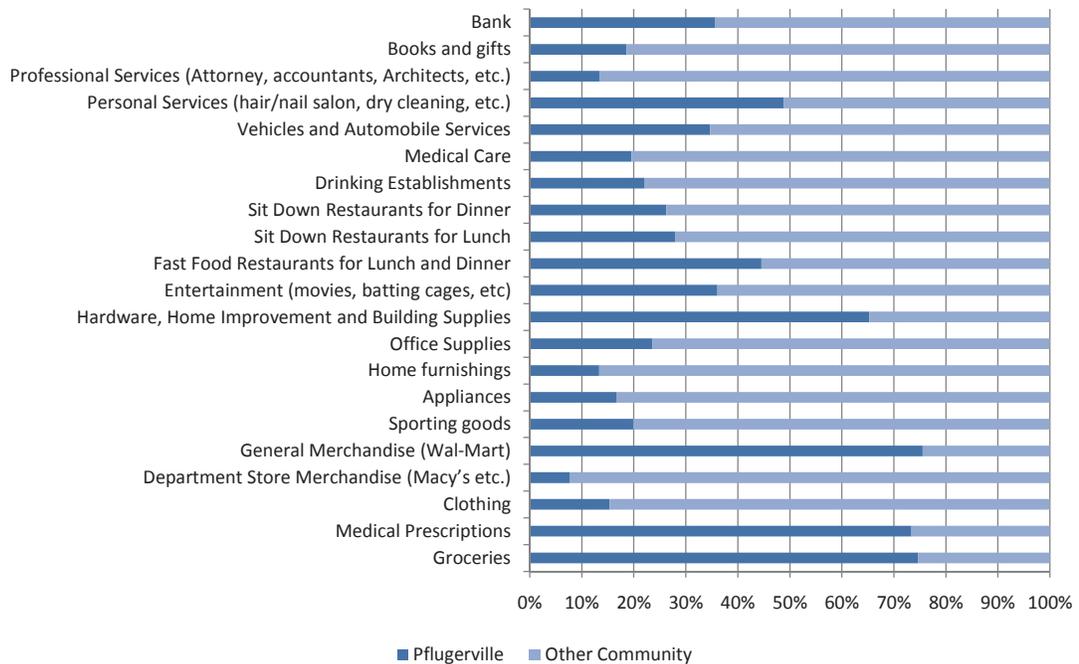


When asked to rate various potential City initiatives, the survey respondents felt strongly about both managing new development and also encouraging development. Attracting a “major employer”, “shopping opportunities”, and a “medical facility” were rated as important or very important by almost three-fourths of the residents.

When residents were asked about the biggest opportunity for Pflugerville over the next ten years, “provide economic development” was the highest rated opportunity. “Encouraging a mix of land uses” was the second highest rated opportunity. Overall, the results of the survey demonstrate very strong support within the Pflugerville community for additional economic development and job creation efforts.

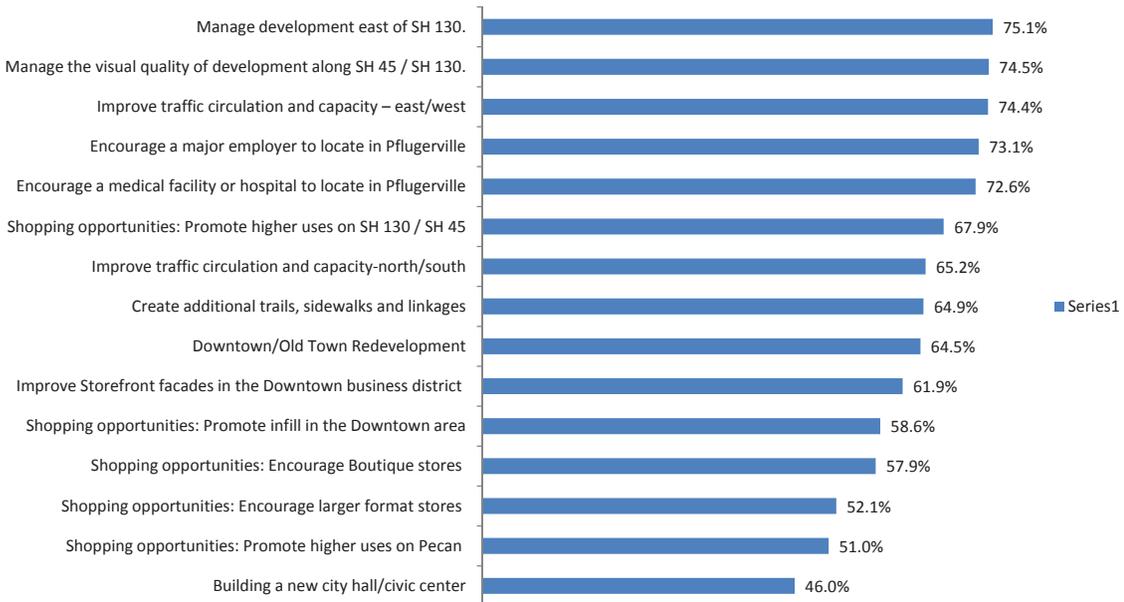
Where do you normally shop for the following goods and services?

Shopping by Category, Inside Pflugerville vs. Outside the City

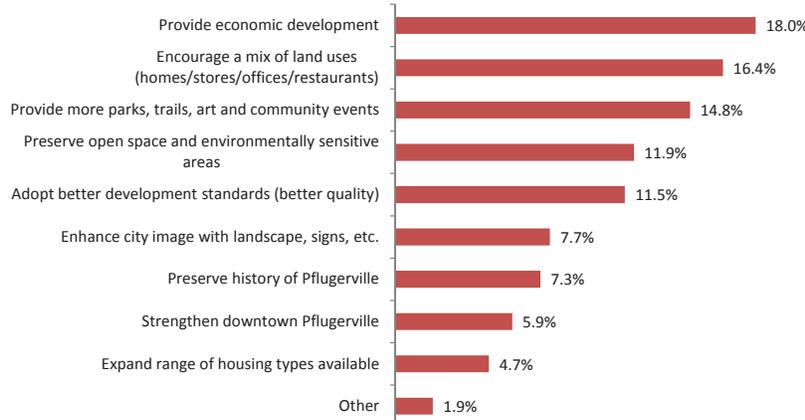


The purpose of business incubators is to provide support services in the form of office and laboratory space, administrative support, entrepreneur networking, and access to financial advice and markets – all with the purpose of accelerating the successful development of entrepreneurial companies. Research has shown that most new job creation in U.S. communities has come from the expansion of existing businesses and the creation of new “home-grown” businesses. As such, these incubators have been successful in creating new jobs in many communities. Many research and technology parks in the U.S. now house incubation programs funded by local economic development agencies with support from state and federal grants.

Percentage Rating each Initiative Important or Very Important



What do you see as the biggest opportunity for Pflugerville over the next ten years?



Economic Development Goals

Goal 1: Pflugerville will continue to work with PCDC to increase the number of jobs within the city in an effort to reach a balance of one job for every household.

Policy 1.1: Plan for and encourage an adequate supply of land for base employment development in clearly defined target locations.

Action 1.1.1: Maintain continual coordination between Pflugerville land use policies and economic development plans and policies to assure an inventory of parcels suitable for primary employment uses that are in Comprehensive Plan-designated centers and employment areas; include distribution/warehouse uses in the SH 45 corridor; office and retail employment centers in “gateway” areas along SH 130; and industrial locations areas along arterials.

Action 1.1.2: Work with PCDC to create a clear and consistent policy to accommodate incentives for primary employment uses.

Action 1.1.3: Continue incentives for desired land uses such as employment center, retail, medical facilities, hotel, etc.

Policy 1.2: Continue to participate in redevelopment projects in specific targeted areas.

Action 1.2.1: Support the efforts of property owners and local business organizations in revitalization efforts in Downtown consistent with the Downtown Vision.

Action 1.2.2: Create an incubator to assist Pflugerville residents in forming independent businesses that could be retained in Pflugerville upon expansion.

Action 1.2.3: Evaluate other targeted areas within the City for redevelopment potential.

Goal 2: Pflugerville will have enhanced access to medical facilities, services and specialties as City continues to grow.

Policy 2.1: Pursue a phased approach to the development of medical facilities.

Action 2.1.1: Encourage the development of small medical offices with uses such as physicians' offices, urgent care, rehabilitation services, and imaging among others.

Action 2.1.2: Concentrate these medical facilities into a 'medical mall' within an employment center.

Action 2.1.3: Continue to explore the feasibility of attracting a major hospital or medical center to the city with PCDC.

Action 2.1.4: Continue support for a medical facilities task force of the PCDC with the express charge of communicating Pflugerville's attributes (high rate of health insurance) and needs (shortage of physicians and other medical professionals base on population and income) to medical facilities providers.

Action 2.1.5: Visit with area hospital systems on a regular basis to present preferred locations for hospitals or ancillary facilities.

Action 2.1.6: Consider special incentives to encourage institutional medical facilities.

Action 2.1.7: Continue to participate with the regional EMS Committee to enhance emergency transport Level of Service.