

**GENERAL MEETING OF THE BOARD OF DIRECTORS  
OF THE NORTH EAST TEXAS  
REGIONAL MOBILITY AUTHORITY**

**RESOLUTION NO. 17-23**

WHEREAS, the North East Texas Regional Mobility Authority ("NET RMA") was created pursuant to the request of Gregg and Smith Counties and in accordance with provisions of the Transportation Code and the petition and approval process established in 43 Tex. Admin. Code § 26.1, *et seq.* (the "RMA Rules"); and

WHEREAS, the Board of Directors of the NET RMA has been constituted in accordance with the Transportation Code and the RMA Rules; and

WHEREAS, subsequent to the initial formation of the NET RMA the Counties of Cherokee, Rusk, Harrison, Upshur, Bowie, Panola, Titus, Van Zandt, Wood, and Kaufman joined the Authority and are represented on the Board of Directors; and

WHEREAS, the Board of Directors recognizes the importance of coordinating planning efforts with officials of the NET RMA member counties; and

WHEREAS, on February 9, 2016, in Resolution No. 16-05, the Board of Directors approved a Project Priority Submittal Form and Project Evaluation Matrix to solicit input from member county officials and to evaluate proposed projects submitted as part of the NET RMA Priority Project Program (the "Program"); and

WHEREAS, the NET RMA currently has \$500,000 available from the NET RMA Operating Account to assist in the funding of the development of priority transportation projects selected under the Program (the "2017 Program Grant Funds"); and

WHEREAS, the Long Range Planning Committee has evaluated the projects submitted by member county officials as part of the Program and recommends the selection of the projects shown in Attachment "A" as recipients of the 2017 Program Grant Funds (the "Projects") in the amounts indicated.

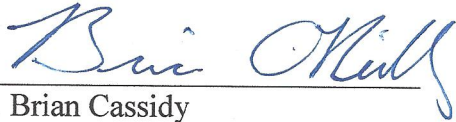
NOW THEREFORE, BE IT RESOLVED, that the Board of Directors of the NET RMA hereby approves the selection of the Projects shown in Attachment "A" as the recipients of 2017 Program Grant Funds in the amounts indicated; and

BE IT FURTHER RESOLVED, that the Board of Directors authorizes the Executive Director or his designee to execute all necessary documents to make the 2017 Program Grant Funds available to the selected recipients for the development of the Projects on a reimbursement basis.

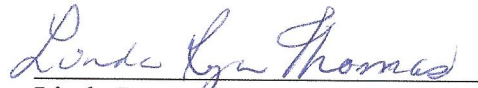
Adopted by the Board of Directors of the North East Texas Regional Mobility Authority on the 9th day of May, 2017.

Submitted and reviewed by:

Approved:



C. Brian Cassidy  
General Counsel for the North East  
Texas Regional Mobility Authority



Linda Ryan Thomas  
Chair, Board of Directors  
Date Passed 05/09/17

**Attachment "A"**  
**Resolution 17-23**

**2017 Program Grant Fund Recipients**

1. Upshur County - \$250,000
2. Wood County - \$172,183
3. Kaufman County - \$77,817

# Upshur County

## **NET RMA**

North East Texas Regional Mobility Authority

### **Priority Project Submittal Form**

*Please answer all questions.*

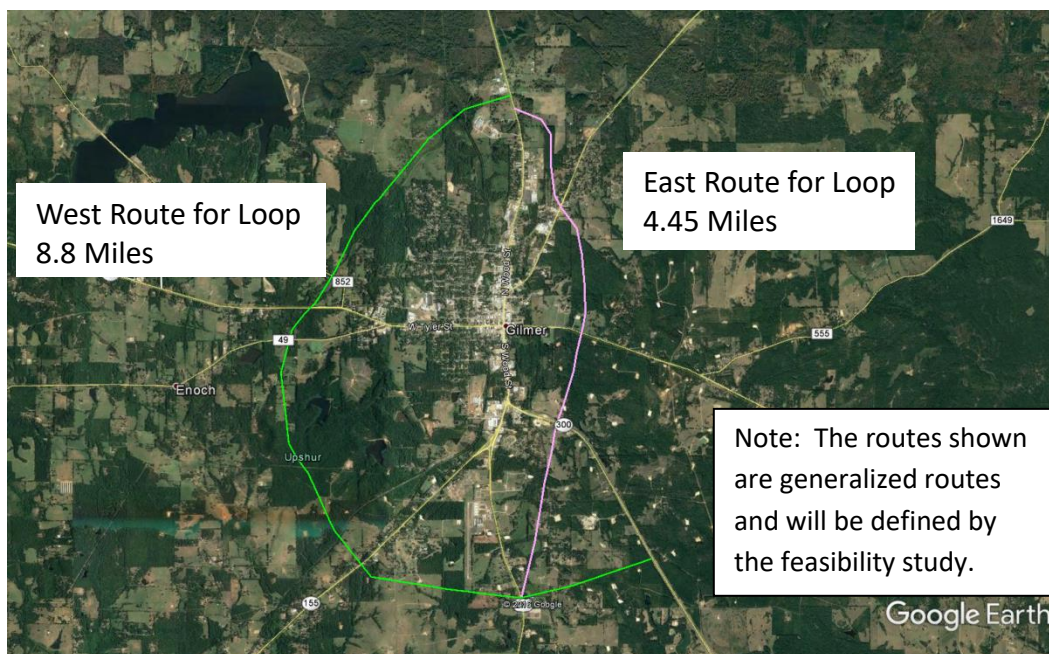
*If you need to attach additional pages to answer, please do so.*

1. **Name of Project:** Gilmer Loop
2. **County:** Upshur
3. **Description of Project:** Feasibility Study for Gilmer Loop

The Work Scope for the Feasibility Study would include the following:

- A. Initial collect traffic data on existing facilities to allow assessment of two basic bypass options (see the attached slide showing general routing location – this is not a definitive route location).
  - i. East route - 271 south to 271 north and make taking 271 “business” i.e. existing 271 through town exits off of 271 making the bypass the true primary route
  - ii. West route - 271 north to SH 300 on the southeast corner,

### **Gilmer Loop – West & East Options**





- B. Conduct traffic assessment to determine which route provides the desired traffic relief
  - C. Based on which meets local needs and traffic, provide
    - i. basic analysis to “route” to determine length,
    - ii. ROW needs,
    - iii. ENV potential issues,
    - iv. other major issues (railroads, gas wells, etc),
    - v. proposed roadway typical section and concept pavement structure,
    - vi. assessment of location of grade separations,
    - vii. cost estimate for development including Schematic design and ENV permitting, ROW acquisition, utility relocation, construction and construction oversight.
  - D. The cost of the feasibility study will be approximately \$500,000. The scope of the project can be scaled to the amount of the grant received from the NET RMA. The scope of the project will be written to define the project deliverables and set review dates at certain milestones. The contract will be written with a “not to exceed” monetary amount. Upshur County will work with TxDOT on the list of approved firms to conduct the feasibility study.
4. **Reason project is needed:** A loop around Gilmer (a) will improve the traffic safety, especially in the school zones and the major intersections with Texas 154 and Texas 155, and (b)will minimize congestion along US 271 as well as Texas 154, Texas 155, and Texas 300.



Looking north on US 271 at 2:45 pm. Note the number of trucks using US 271.



Looking south bound on US 271 at school zone for elementary and middle schools. Photo was taken about 3:20 pm as parents were turning into school to pick up their children.



Looking south bound on US 271 at approximately 2:45 pm.

5. **Describe the benefits the project will produce:** The feasibility study will identify the possible routes, benefits, and conceptual costs for a Gilmer Loop. Once the possible route options are defined, the benefits enumerated, and the conceptual costs developed, the project can be presented to the city and county governments, the business leaders, the civic leaders, and the community in general.
6. **Is the Project a transportation project?** Yes.

7. **Describe the regional significance of the project:** US 271 is a significant regional north-south highway serving the northeast Texas area from Tyler in the south to Paris near the Texas – Oklahoma border. In terms of its regional significance, US 271 is identified as an "emerging freight corridor" in the January, 2016 TxDOT Freight Transportation Plan. At the behest of TxDOT Commissioner Jeff Austin, NCTRMA has drawn together stakeholders from seven counties with a common interest in advancing development of US 271. The traffic flow through Gilmer on US 271 is impacted by 2 school zones as well as 7 traffic signals. A loop around Gilmer will improve the safety through the school by reducing the traffic and will also relieve the congestion on US 271 as well as Texas 154 through town. Please see the photos included in 3. above which show the congestion through Gilmer and in the school zones.
8. **Describe the local community and political support for the project.** Please attach any letters of support you might have. See attached resolutions from Upshur County and Gilmer Industrial Foundation and letter of support from Titus County. Awaiting receipt of resolution from Gilmer City Council.
9. **What local financial support is available for the project?** Local funds have not been appropriated for the feasibility study, so the NET RMA project grant is critical to the feasibility study.
10. **What State and/or Federal financial support likely will be available to develop the project?** TxDOT has currently budgeted approximately \$6 billion specifically for rural transportation work which would include projects such as the Gilmer Loop. It is expected that some Federal funds would also be available since the project directly impacts US 271.
11. **What economic development activities will the project promote?** TxDOT's criteria for prioritizing projects include economic development consideration with the advent of its new LENS system for determining project funding. The department has budgeted \$6 billion specifically for rural transportation work. In addition to increasing safety by diverting traffic from the highly developed congested route passing through Gilmer, the loop will provide access to miles of undeveloped land providing new opportunity for the Gilmer Industrial Development Corporation to work with private sector business.
12. **What is the current status of the project's development?** The project is in the conceptual stage.
13. **Will the project directly produce revenue and if so how?** This project is not a revenue producing project.
14. **What can be contacted if additional information is needed?**
  - a. **Name:** Judge Dean Fowler

- b. **Phone Number:** 903-843-4003
- c. **E-mail Address:** [dean.fowler@countyofupshur.com](mailto:dean.fowler@countyofupshur.com)
- Or
- a. **Name:** Larry Morse
- b. **Phone Number:** 903-720-2681
- c. **E-mail Address:** [lbmorse@msn.com](mailto:lbmorse@msn.com)



## Additional Traffic Photos



Looking south bound at intersection of Texas 155 North and US 271.



Looking north bound on US 271 north of Texas 155 North intersection with US 271.



April 15, 2017

**\$500,000.00**

**PRIORITY PROJECT SUBMITTAL FORM**

Submitted to



North East Texas Regional Mobility Authority

By

**Wood County, Texas**

The Honorable Bryan Jeanes, County Judge

PROJECT: Water, Sewer, and Natural Gas Infrastructure in support of Northeast Texas Poultry Complex proposed by



**SANDERSON FARMS, INC.**

(State or other jurisdiction of incorporation or organization) Mississippi

(IRS Employer Identification No.)

64-0615843

Address

127 Flynt Road

Laurel, Mississippi 39443

Telephone (601) 649-4030



**BRYAN JEANES  
COUNTY JUDGE  
WOOD COUNTY, TEXAS**

P.O. Box 938 • QUITMAN, TX 75783 • 903-763-2716 • Fax: 903-763-2902 • E-Mail: countyjudge@co.wood.tx.us

April 7, 2017

Ms. Colleen Colby  
Northeast Texas Regional Mobility Authority  
909 ESE Loop 323, Suite 520  
Tyler, Texas 75701

Dear Ms. Colby:

Attached please find our application for a NET RMA Priority Project in the amount of \$500,000 in support of necessary public infrastructure to serve a major \$200 Million economic development project impacting our County and region; the planned development, by SANDERSON FARMS, INC. (NASDAQ:SAFM), of a new Northeast Texas feed mill, hatchery, poultry processing plant, and wastewater treatment facility.

This project is the largest agricultural and food processing project currently pending in the entire State of Texas. The project is expected to generate significant additional rail and highway traffic in our Northeast Texas region. The new Sanderson Farms Northeast Texas Poultry Complex will directly result in the creation of 1,632 new jobs, and a projected 2,000 in additional new indirect jobs for our region.

Mineola is seeking \$500,000 in NET RMA Priority Project Funds to provide gap financing for water, sewer, and natural gas pipelines, whose construction is necessary to serve the feed mill site under consideration by Sanderson Farms in Mineola. The project is expected to increase auto and truck transportation traffic on US 80, Interstate Highway 20, US 69, TX-564 Loop, and TX-49 Toll – Segment 4 (Lindale Relief Route). The feed mill will serve a network of independent contract growers anticipated to invest an additional \$135 Million in poultry production facilities on private farms. The Mineola facility will involve private capital investment of \$36,300,000, employ 36 FTE employees and generate an annual payroll of \$1,200,000. The Company expects to begin construction of the facilities during summer 2017, with initial operations of the new complex to begin during the first fiscal quarter of 2019.

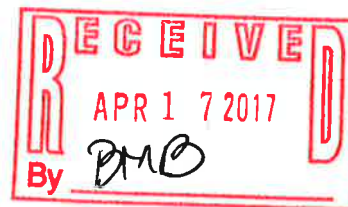
Commencement of construction of the new complex is subject to completion of tax abatement and incentive agreements with public subdivisions and the state of Texas and obtaining final required permits from appropriate agencies. In Wood County, the City and County will be providing Sanderson a 10-year tax abatement under which 80% will be abated in years 1-7; and 50% will be abated in years 8-10.

Your favorable consideration of our request would be greatly appreciated.

Sincerely,

A handwritten signature in blue ink, reading "Bryan Jeanes".

Bryan Jeanes  
Wood County Judge



## Priority Project Submittal Form

*Please answer all questions.*

*If you need to attach additional pages to answer, please do so.*

1. Name of Project:

WATER, SEWER, AND NATURAL GAS INFRASTRUCTURE IN SUPPORT OF SANDERSON FARMS, INC.— NORTHEAST TEXAS REGIONAL POULTRY COMPLEX – FEED MILL AT MINEOLA, TEXAS

2. County:

**WOOD (Feed Mill Site)**

Other Counties Impacted:

**SMITH, GREGG, HARRISON, PANOLA, RUSK, and UPSHUR**

3. Description of Project:

The Sanderson Farms Northeast Texas Poultry Complex project is the single largest agricultural and food processing project currently under consideration in the State of Texas. The Company has approached the City of Mineola and declared an interest in locating the Feed Mill portion of the complex there (on US Highway 80 with access to TX-564-Loop in eastern Mineola, Texas), subject to receiving 10-year tax abatement, and the extension of water, sewer, and natural gas infrastructure to the feed mill site. The City is requesting assistance from NET RMA in the amount of \$500,000, which will to be used in combination with local funds to construct the water, sewer, and natural gas extensions. The Sanderson Farms feed mill will require a tract of land large enough to accommodate unit trains bringing corn to the feed mill from the Midwest, grain storage silos, feed production facilities, and a truck maintenance facility. The feed mill is one of four primary components that make up the planned establishment of a new \$200 Million 1700-job Northeast Texas Poultry Complex by Sanderson Farms.

4. Reason project is needed:

The total estimated cost of the necessary utility extensions is \$1.694 Million. The extension of water, sewer, and natural gas service is necessary for the planned investment and job creation by Sanderson Farms to occur. The proposed feed mill location in eastern Mineola meets all Company requirements, but does not currently have municipal water, sanitary sewer, or natural gas service available to the site boundary. Extensions of 4,525LF (water), 2,175LF (sanitary sewer), and 8,450LF (natural gas), will be necessary to provide these essential services to Sanderson Farms.

5. Describe the benefits the project will produce?

The benefits of this project are many, including 1) Capital Investment by Sanderson Farms in a multi-jurisdiction poultry complex - \$200 Million; 2) Capital Investment by private East Texas farmers and ranchers who will construct/equip modern production facilities they will own - \$135 Million; 3) 1,700 new full-time jobs directly created by Sanderson Farms with a total annual payroll of \$41.6 Million; 4) 2,000 additional indirect jobs will result from this project; 5) Increased sales taxes; 6) Increases property taxes; 7) Increase utility revenues and franchise fees; and 8) Increase hotel occupancy taxes and other taxes and user fees.

6. Is the Project a transportation project?

The feed mill site is located on TX-564-Loop approximately 7 miles north of the intersection of US 69 and TX-49 Segment 4 (Lindale Relief Route). Using Segment 4, Interstate Highway 20 will be a short 15-minute drive from the proposed feed mill when the new segment opens in Spring of 2018 (this date generally coincides with the planned completion by Sanderson Farms of the feed mill and its other Northeast Texas Poultry Complex facilities).

This project is expected to have a variety of major impacts on transportation in Wood and Smith Counties, including 1) Rail transportation impacts – multiple (100+ car) unit trains/week delivering corn to the Mineola, Texas feed mill from the Midwestern U.S.; 2) Highway/road transportation impacts – increase in freight traffic counts to and from Mineola by feed trucks delivering the milled feed to contract growers that will be concentrated in Wood County but spread across a four to six-county area around the feed mill site along US 80 and Interstate Highway 20; and 3) increased employee and truck freight traffic to and between the feed mill, hatchery, and processing plant sites. This increased traffic will be experienced along Interstate Highway 20, US Hwy 80, US Hwy 69, TX-49 Toll Segment 4 (Lindale Relief Route), and TX-564 (Mineola Loop).

7. Describe the regional significance of the project?

The Sanderson Farms Feed Mill is just one of four major parts of the new regional poultry complex in Northeast Texas. The Northeast Texas Poultry Complex will consist of the

following vertically integrated sites/components:

- The Feed Mill Site (Mineola, Texas), consisting of:
  - Rail Spur to accommodate unit trains of 100 train cars or more that will bring corn from the Midwest for milling into chicken feed.
  - Storage Silos for holding unprocessed corn and processed feed.
  - Feed production facility
  - Feed Truck maintenance facility
  - \$30 Million CAPEX
  - 36 Jobs
  - \$1.2 Million Annual Payroll
- The Hatchery Site (Lindale, Texas), consisting of:
  - Hatchery
  - Complex Offices and Administration
  - Live Haul Operation
  - \$18 Million CAPEX
  - 106 Jobs
  - \$4.1 Million Annual Payroll
- The Processing Plant Site (in unincorporated Smith County near I-20), consisting of:
  - Processing Plant (1.25 million birds per week)
  - Wastewater Treatment Facility
  - \$110 Million CAPEX
  - \$2.5 Million incentive grant from Tyler Economic Development Council
  - 1,490 Jobs
  - \$36.3 Million Annual Payroll
- Production Farm Facilities (spread over 4-6 counties)
  - Approx. 80 individual growers
  - Spread over 4-6 counties centered along US 80 and I-20
  - \$135 Million CAPEX
  - 15-year grower contracts
  - 1.25 million birds per week

8. Describe the local community and political support for the project. Please attach any letters of support you might have.

Sanderson Farms has been meeting with local leaders and elected officials in northeast Texas during the last 15 months exploring whether the area has the



necessary sites, natural resources, transportation infrastructure, and workforce to support the development of the new regional poultry complex. Overwhelmingly positive meetings have been held with city and county officials, school superintendents, economic development entities, and utility companies to familiarize northeast Texas with Sanderson Farms. The company has a solid business foundation that is based on the following highly desirable characteristics and company values:

- Fortune 1000 Company
- Company is **debt-free**
- Only company building new poultry complexes since 1997
- 14,000 total employees
- Operations in five states
- 100% Natural Chicken; no additives, artificial ingredients or preservatives
- Requires growers to construct new production houses
- Provides growers with 15-years contracts; longest in the industry
- Provides a significant benefit package to employees, including above average wages, as well as **family** health benefits
- Has a good record of environmental responsibility
- Strong supporter of public education; does not request tax abatement from school districts

The response to Sanderson has been entirely positive from all sectors. Attached please find support letters from the following local community entities and political leaders:

- The Hon. Bryan Hughes, Member, Texas Senate, District 1
- The Hon. Cole Hefner, Member, Texas House, District 5
- The Hon. Rodney Watkins, Mayor, City of Mineola, Texas
- The Hon. Bryan Jeanes, County Judge, Wood County
- Ms. Kim Tunnell, Superintendent, Mineola ISD
- Mr. Gordon Tiner, President, Mineola Economic Development Corp.

9. What local financial support is available for the project?

The City of Mineola, Wood County, Wood County Industrial Commission, and Mineola Economic Development Corporation are providing local financial support for this project in the following ways:

- Tax Abatement – Under its proposed tax abatement for Sanderson Farms, the City and County have established a 10-year abatement period. During years 1-7, tax on 80% of the new value will be abated; in years 8-10 50% will be abated.
  - Assuming a \$30 million new feed mill value and that the current tax rate is held constant during the 10-year abatement period, the City of Mineola will abate \$1,397,588 in property taxes.
  - Assuming a \$30 million new feed mill value and that the current tax rate is

held constant during the 10-year abatement period, Wood County will abate \$1,357,0588 in property taxes.

- Sanderson will not request abatement of school property taxes
- Utility Extensions – The City of Mineola has committed to extend water, sewer, and natural gas service to the Sanderson feed mill site – estimated cost is \$1,629,000. Additional support will include:
  - **NET RMA - \$500,000 (THIS GRANT REQUEST)**
  - Local - \$1,129,000, including
    - Wood County Industrial Commission - \$50,000
    - Mineola Economic Development Corp. - \$100,000
    - City of Mineola - \$914,000
    - City of Mineola (environmental and prelim. Engineering) - \$65,000

10. What State and/or Federal financial support likely will be available to develop the project?

- The City of Mineola has reviewed all potentially achievable sources of State/and/or Federal support, and has identified one additional potential source of financial support. The City plans to request a grant from the Texas Department of Agriculture Texas Capital Fund Infrastructure Grant Program, an economic development program that encourages the creation of jobs, principally benefiting low and moderate income persons. Based on the project's capital investment and resulting job creation, the project can generate a highly competitive score. The primary concern about this funding is whether an allocation will be available. The Trump Administration has called for eliminating this funding in its recent Budget. If available, the grant amount cannot exceed \$900,000, and could be less.

11. What economic development activities will the project promote?

- DIRECT JOB CREATION – 1632 new jobs; 36 in Mineola
- INDIRECT JOB CREATION – 2000 new jobs
- CAPEX - \$200 Million
- ANNUAL PAYROLL - \$41.6 Million; \$1.2 Million in Million

12. What is the current status of the project's development?

Commencement of construction of the new complex by Sanderson Farms, Inc. remains subject to completion of tax abatement and incentive agreements with public subdivisions and the state of Texas and obtaining final required permits from appropriate agencies. The requested NET RMA Priority Project funding can have a great impact on this Project by providing essential gap financing for the necessary public water, sewer, and natural gas infrastructure, enabling the project to move forward.

13. Will the project directly produce revenue and if so how?

The project will produce revenue for the City of Mineola, Wood County, and the Mineola Independent School District in the form of increased property taxes, and user fees for water and sewer service. The Sanderson Farms Northeast Texas Regional Poultry Complex will also generate toll road use particularly along Segment 4 (Lindale Relief Route) which will connect the existing TX-49 Toll segments, and Interstate Highway 20 to U.S. 69 and Mineola.

**Schedule of Benefits for the City from  
the Facility and From New Workers**

	Benefits from:		
	The Facility	New Workers	Total Benefits
Additional revenues:			
Sales taxes	\$196,725	\$32,663	\$229,388
Property taxes	\$715,644	\$18,530	\$734,174
Utility revenues	\$144,536	\$89,875	\$234,412
Utility franchise fees	\$212,890	\$6,686	\$219,576
Hotel occupancy taxes	\$6,307		\$6,307
Other taxes and user fees		\$8,322	\$8,322
Building permits and fees	\$0		\$0
Total additional revenues	\$1,276,102	\$156,076	\$1,432,178
Additional costs:			
Costs of providing utilities	\$137,310	\$85,382	\$222,691
Costs of providing municipal services for new residents		\$37,448	\$37,448
Total additional costs	\$137,310	\$122,830	\$260,139
Net benefits	\$1,138,792	\$33,246	\$1,172,039
Percent of total net benefits for the City	97%	3%	

\*Property tax collections shown are after some taxes abated by the city.

Prepared by:

Impact DataSource

4709 Cap Rock Drive  
Austin, Texas 78735  
(512) 892-0205 Fax (512) 892-2569  
[www.impactdatasource.com](http://www.impactdatasource.com)

14. Who can be contacted if additional information is needed?

Name: Mercy Rushing, Mineola City Manager

Phone Number: 903-569-6183 (Main)

E-mail address: [mrushing@mineola.com](mailto:mrushing@mineola.com)

TEXAS HOUSE of REPRESENTATIVES



**Cole Hefner**

District 5

April 10, 2017

Ms. Colleen Colby  
Northeast Texas Regional Mobility Authority  
909 ESE Loop 323, Suite 520  
Tyler, Texas 75701

Re: Sanderson Farms Feed Mill Complex Public Infrastructure Project , Counties of Wood and Smith

Dear Ms. Colby:

The City of Mineola has submitted a priority project form to apply for a grant with NET RMA. The Sanderson Farms Northeast Texas Poultry Complex will be located at three sites: Mineola, Lindale, and Tyler. All three areas are located in District 5, which I represent.

The proposed use of the requested NET RMA Priority Project funding is for buried utilities that will support economic development, private capital investment, and job creation. This project is expected to have a major impact on transportation in Wood and Smith counties.

I am pleased to lend my support to this development, which will serve the constituents in District Five.

Sincerely,

A handwritten signature in black ink that reads "Cole Hefner".

Cole Hefner







1400 CONGRESS AVENUE  
ROOM GE.7  
AUSTIN, TEXAS 78701  
512.463.0101

**BRYAN HUGHES**  
SENATOR  
DISTRICT ONE

100 INDEPENDENCE PLACE  
SUITE 301  
TYLER, TEXAS 75703  
903.581.1776

April 7, 2017

Ms. Colleen Colby  
Northeast Texas Regional Mobility Authority  
909 ESE Loop 323, Suite 520  
Tyler, Texas 75701

Dear Ms. Colby:

I am writing in full support of the application by the City of Mineola for NET RMA Priority Project Funds. As you know, last month Sanderson Farms selected our area to expand its operations and add new complexes. This is exciting news for East Texas, as this will create jobs and bolster our economy.

With that, public infrastructure will be a major necessity to accommodate this new development. Water, sewer, and natural gas needs will require additional help from grants just like this. The city's request for \$500,000 is essential to meeting these needs and keeping this project moving forward.

Various local entities and leaders have endorsed this project and have pledged support to assist in this matter. Your help would help pave the way for others to do the same.

Thank you for your attention to this matter, and I hope you find the City of Mineola's application favorable. If I can be of any assistance to you, please let me know.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bryan Hughes", written over a horizontal line.

Bryan Hughes

DBH/sct

City Hall  
300 Greenville Hwy.  
Mineola, TX 75773  
www.mineola.com



Office: (903) 569-6183  
Fax: (903) 569-6551

**Rodney T. Watkins**  
Mayor

April 5, 2017

Ms. Colleen Colby  
Northeast Texas Regional Mobility Authority  
909 ESE Loop 323, Suite 520  
Tyler, Texas 75701

Dear Ms. Colby:

Attached please find our application for a NET RMA Priority Project in the amount of \$500,000 in support of necessary public infrastructure to serve a major \$200 Million economic development project impacting our County and region; the planned development, by SANDERSON FARMS, INC. (NASDAQ:SAFM), of a new Northeast Texas feed mill, hatchery, poultry processing plant, and wastewater treatment facility.

Mineola is seeking \$500,000 in NET RMA Priority Project Funds to provide gap financing for water, sewer, and natural gas pipelines, whose construction is necessary to serve the feed mill site under consideration by Sanderson Farms in Mineola. The project is expected to increase auto and truck transportation traffic on US 80, Interstate Highway 20, US 69, TX-564 Loop, and TX-49 Toll – Segment 4 (Lindale Relief Route). The feed mill will serve a network of independent contract growers anticipated to invest an additional \$135 Million in poultry production facilities on private farms. The Mineola facility will involve private capital investment of \$36,300,000, employ 36 FTE employees and generate an annual payroll of \$1,200,000. The Company expects to begin construction of the facilities during summer 2017, with initial operations of the new complex to begin during the first fiscal quarter of 2019.

Wood County, and the City of Mineola will be providing Sanderson a 10-year tax abatement under which 80% will be abated in years 1-7; and 50% will be abated in years 8-10 as part of our local incentive. Additional economic development incentive from the City of Mineola includes all development fees to be waived along with providing water, sewer and natural gas to Sanderson Farms site in our area.

We hope that you will give great consideration to our grant request to benefit all of Wood County and East Texas. This project will help so many communities provide jobs and opportunities to its citizens.

Sincerely,

Rodney T. Watkins, Mayor  
City of Mineola





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# City of Mineola

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## Mineola Development, Inc.

April 7, 2017

Ms. Colleen Colby  
Northeast Texas Regional Mobility Authority  
909 ESE Loop 323, Suite 520  
Tyler, Texas 75701

Dear Ms. Colby:

My name is Gordon E. Tiner and I am the Mineola Economic Development Corporation's current President. I am writing this letter in support of necessary public infrastructure to serve a major \$200 Million economic development project impacting our County and region; the planned development, by SANDERSON FARMS, INC. (NASDAQ:SAFM), of a new Northeast Texas feed mill, hatchery, poultry processing plant, and wastewater treatment facility.

This project is the largest agricultural and food processing project currently pending in the entire State of Texas. The project is expected to generate significant additional rail and highway traffic in our Northeast Texas region. The new Sanderson Farms Northeast Texas Poultry Complex will directly result in the creation of 1,632 new jobs, and a projected 2,000 in additional new indirect jobs for our region.

The City of Mineola, Wood and Smith County is seeking \$500,000 in NET RMA Priority Project Funds to provide gap financing for water, sewer, and natural gas pipelines, whose construction is necessary to serve the feed mill site under consideration by Sanderson Farms in Mineola. The project is expected to increase auto and truck transportation traffic on US 80, Interstate Highway 20, US 69, TX-564 Loop, and TX-49 Toll – Segment 4 (Lindale Relief Route). The feed mill will serve a network of independent contract growers anticipated to invest an additional \$135 Million in poultry production facilities on private farms. The Mineola facility will involve private capital investment of \$36,300,000, employ 36 FTE employees and generate an annual payroll of \$1,200,000. The Company expects to begin construction of the facilities during summer 2017, with initial operations of the new complex to begin during the first fiscal quarter of 2019.

We thank you for your consideration for our request of a \$500,000.00 grant that will be greatly appreciated by Wood and Smith County.

Sincerely,

Gordon E. Tiner, President  
Mineola Economic Development Corporation (MEDC)

# Mineola Independent School District

Ph. (903) 569-2448  
Fax (903) 569-5155

*Kim Tunnell*  
Superintendent

1000 W. Loop 564  
Mineola, Texas 75773

April 9, 2017

Ms. Colleen Colby  
Northeast Texas Regional Mobility Authority  
909 ESE Loop 323, Suite 520  
Tyler, Texas 75701

Dear Ms. Colby:

I am writing this letter of support as the Superintendent of Mineola Independent School District for this grant opportunity to support the necessary public infrastructure to service the planned development by Sanderson Farms, Inc. This major \$200 Million economic development project has a tremendous impact on our County and region.

This project is the largest agricultural and food processing project currently pending in the entire State of Texas. The project is expected to generate significant additional rail and highway traffic in our Northeast Texas region. The new Sanderson Farms Northeast Texas Poultry Complex will directly result in the creation of 1,632 new jobs, and a projected 2,000 in additional new indirect jobs for our region. This project will affect not only the educational system in Mineola ISD, but provide additional revenue for Wood and Smith County districts.

The City of Mineola, Wood and Smith County is seeking \$500,000 in NET RMA Priority Project Funds to provide gap financing for water, sewer, and natural gas pipelines, whose construction is necessary to serve the feed mill site under consideration by Sanderson Farms in Mineola. The project is expected to increase auto and truck transportation traffic on US 80, Interstate Highway 20, US 69, TX-564 Loop, and TX-49 Toll – Segment 4 (Lindale Relief Route). The feed mill will serve a network of independent contract growers anticipated to invest an additional \$135 Million in poultry production facilities on private farms. The Mineola facility will involve private capital investment of \$36,300,000, employ 36 FTE employees and generate an annual payroll of \$1,200,000. The Company expects to begin construction of the facilities during summer 2017, with initial operations of the new complex to begin during the first fiscal quarter of 2019.

We thank you for your consideration for our request of a \$500,000.00 grant that will be greatly appreciated by Wood and Smith County.

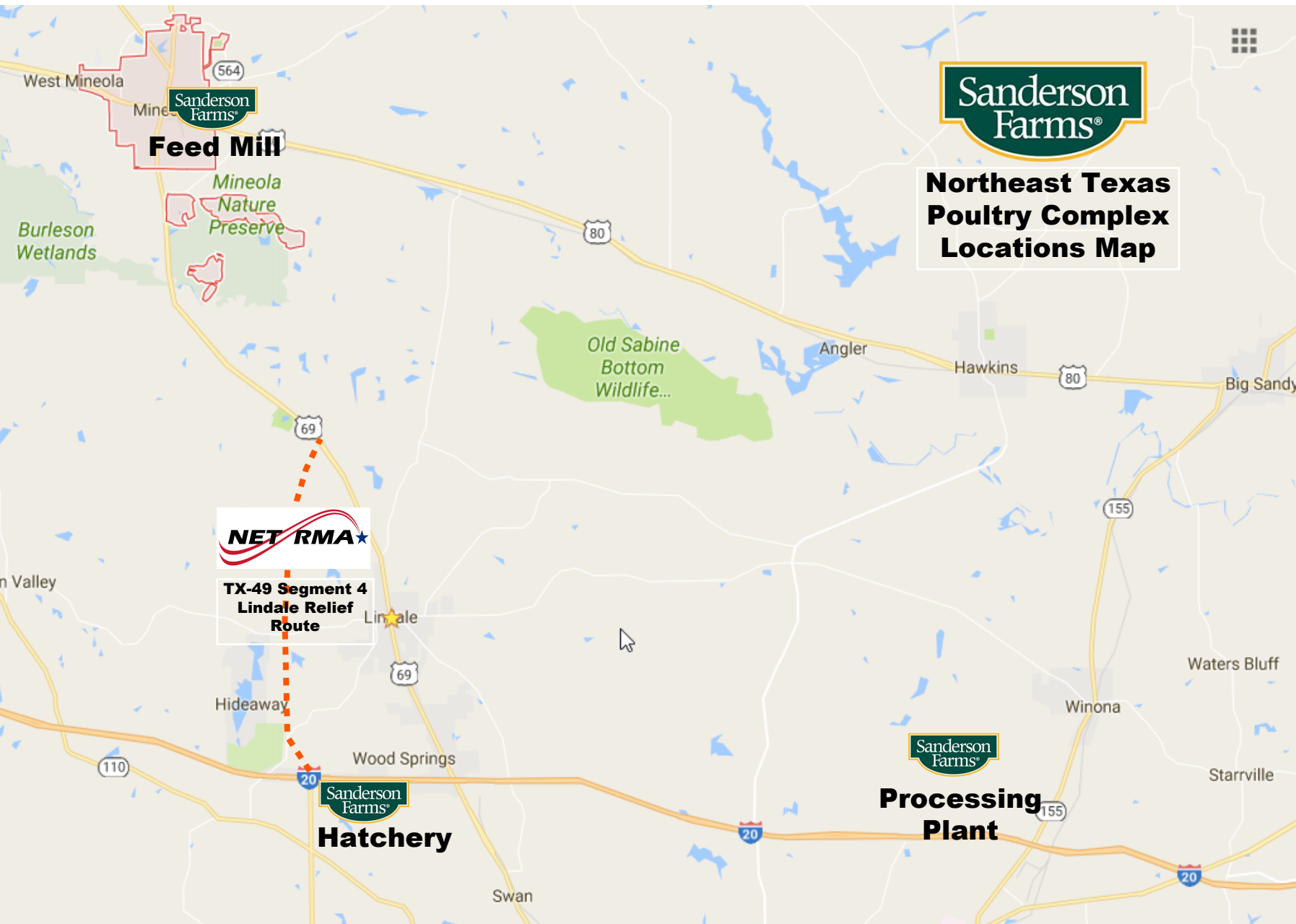
Sincerely,



Kim Tunnell,  
Superintendent, Mineola ISD







West Mineola

564

Sanderson Farms®

**Feed Mill**

Mineola  
Nature  
Preserve

Burleson  
Wetlands

80

Old Sabine  
Bottom  
Wildlife...

Angler

Hawkins

80

Big Sandy

69

**NET RMA**★

**TX-49 Segment 4  
Lindale Relief  
Route**

Lindale

69

Hideaway

Wood Springs

Sanderson  
Farms®

**Hatchery**

110

20

Swan

Sanderson  
Farms®

**Processing  
Plant**

155

Winona

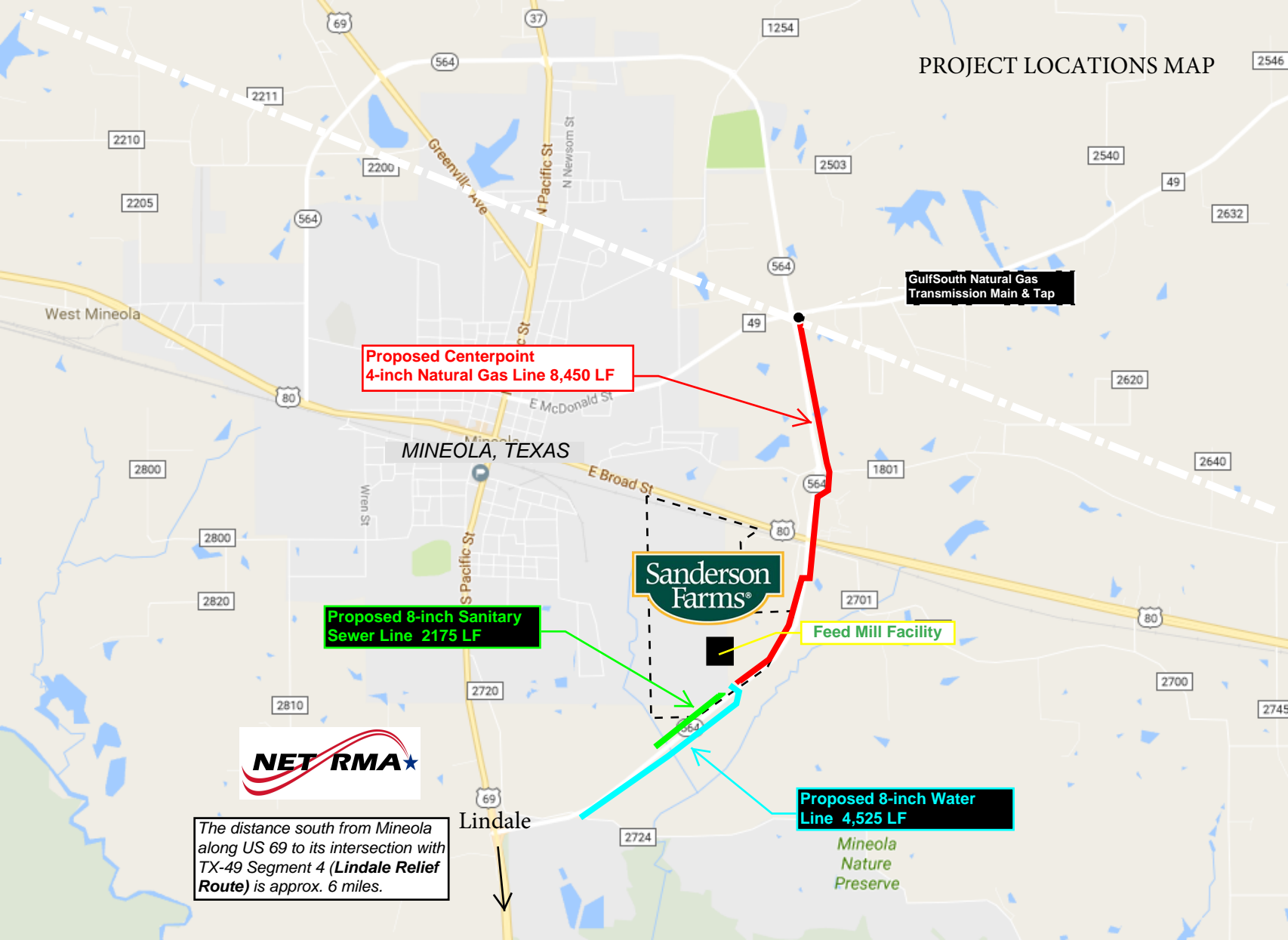
Waters Bluff

Starrville

20

20

# PROJECT LOCATIONS MAP



**Proposed Centerpoint  
4-inch Natural Gas Line 8,450 LF**

**Proposed 8-inch Sanitary  
Sewer Line 2175 LF**

**Sanderson  
Farms®**

**Feed Mill Facility**

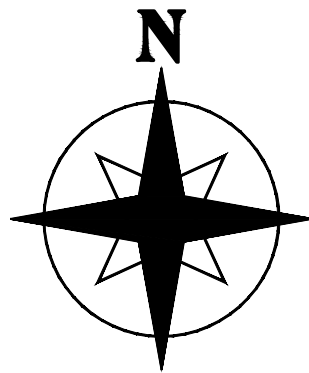
**Proposed 8-inch Water  
Line 4,525 LF**

**Mineola  
Nature  
Preserve**



The distance south from Mineola along US 69 to its intersection with TX-49 Segment 4 (Lindale Relief Route) is approx. 6 miles.



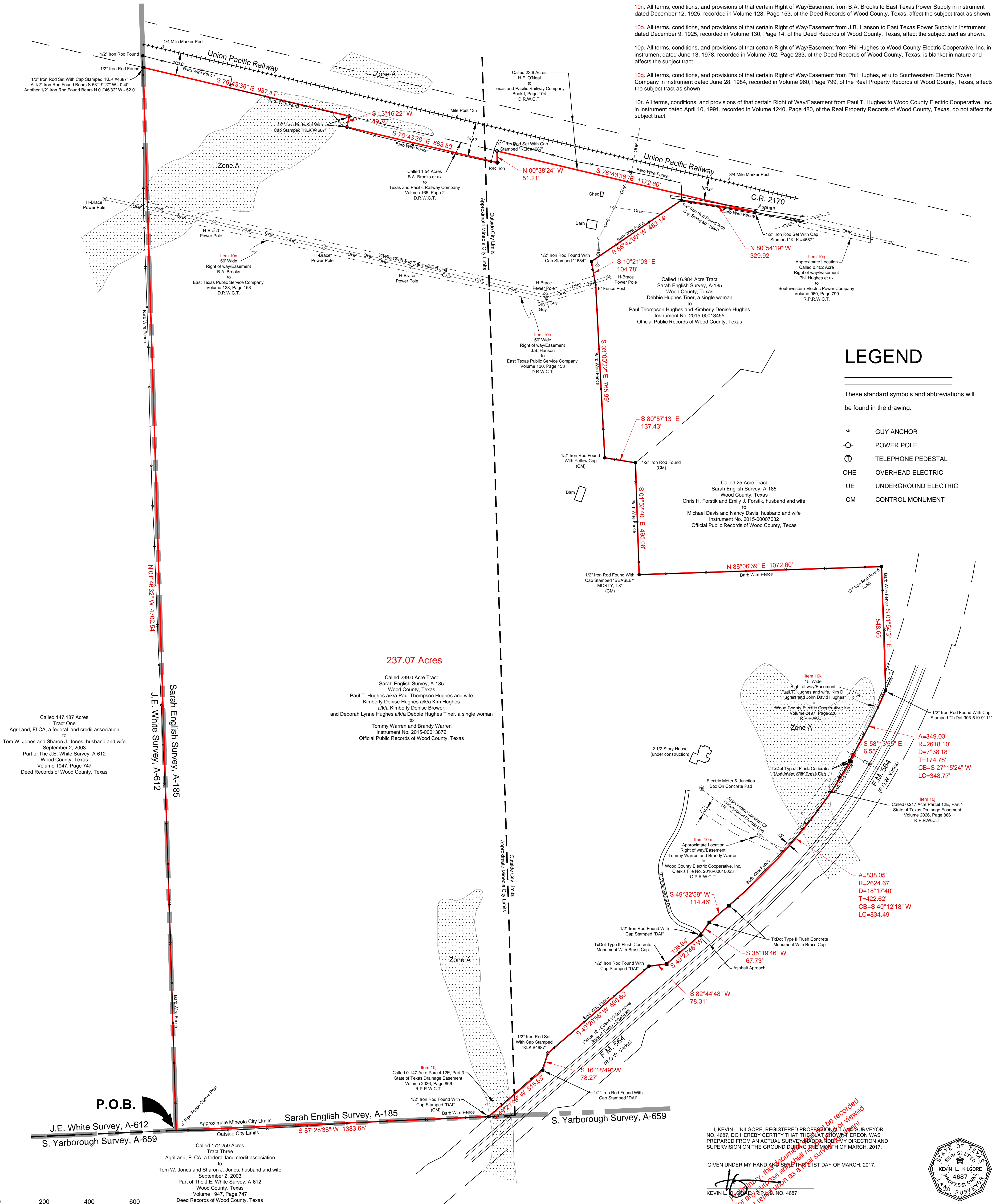


Title Company: Stewart Title Guaranty Company  
GF No.: 338734  
Effective Date: March 13, 2017  
Proposed Insured: Sanderson Farms, Inc.  
Seller: Tommy Warren and Brandy Warren

- 1.) Bearing basis is the Texas State Plane Coordinate System, Grid North Central Zone NAD 83, (Feet) based on the 1993 adjustment of NAD 83 System. The control monument is TJC1-Tyler, Leica Geosystems Smartnet of North America.
- 2.) A portion of this tract lies within Zone A (Special Flood Hazard Area Subject To Inundation By The 1% Annual Chance Flood. No Base Flood Elevations Determined); the remainder of this tract lies within Zone X (Areas Determined To Be Outside The 0.2% Annual Chance Floodplain) per Flood Insurance Rate Map No.'s 4849C0340D, effective date September 3, 2010.
- 3.) See field notes prepared even date.

SCHEDULE B:

- 10g. Easements, restrictions, reservations, covenants, zoning ordinances, set back lines, and/or dedication of roads, if any, as set out and/or defined by the City of Mineola, Wood County, Texas.
- 10h. All terms, conditions, and provisions of that certain Right of Way/Easement as shown in Warranty Deed from Wynelle Lybrand Hughes to Paul Thompson, et ux in instrument dated April 5, 1991, recorded in Volume 1236, Page 889, of the Real Property Records of Wood County, Texas, do not affect the subject tract.
- 10i. All terms, conditions, and provisions of that certain Right of Way/Easement as shown in Warranty Deed from Wanda Hughes Cook, et al to John David Hughes in instrument dated October 2, 1995, recorded in Volume 1459, Page 602, of the Real Property Records of Wood County, Texas, do not affect the subject tract.
- 10j. All terms, conditions, and provisions of that certain Right of Way/Easement from Paul T. Hughes, et al to State of Texas in instrument dated June 21, 2004, recorded in Volume 2026, Page 866, of the Real Property Records of Wood County, Texas, affect the subject tract as shown.
- 10k. All terms, conditions, and provisions of that certain Right of Way/Easement from Paul T. Hughes, et al to Wood County Electric Cooperative, Inc. in instrument dated April 23, 2005, recorded in Volume 2107, Page 226, of the Real Property Records of Wood County, Texas, affect the subject tract as shown.
- 10l. Affidavit to the Public from Kim Hughes for Surface Application On-Site Wastewater Treatment System dated January 20, 2006, and recorded in Volume 2136, Page 788 of the Real Property Records of Wood County, Texas, does not affect the subject tract.
- 10m. All terms, conditions, and provisions of that certain Right of Way/Easement from Tommy Warren and Brandy Warren to Wood County Electric Cooperative, Inc. in instrument dated August 16, 2016, recorded under Clerk's File No. 2016-00010023 of the Real Property Records of Wood County, Texas, affect the subject tract as shown.
- 10n. All terms, conditions, and provisions of that certain Right of Way/Easement from B.A. Brooks to East Texas Power Supply in instrument dated December 12, 1925, recorded in Volume 128, Page 153, of the Deed Records of Wood County, Texas, affect the subject tract as shown.
- 10o. All terms, conditions, and provisions of that certain Right of Way/Easement from J.B. Hanson to East Texas Power Supply in instrument dated December 9, 1925, recorded in Volume 130, Page 14, of the Deed Records of Wood County, Texas, affect the subject tract as shown.
- 10p. All terms, conditions, and provisions of that certain Right of Way/Easement from Phil Hughes to Wood County Electric Cooperative, Inc. in instrument dated June 13, 1978, recorded in Volume 762, Page 233, of the Deed Records of Wood County, Texas, is blanket in nature and affects the subject tract.
- 10q. All terms, conditions, and provisions of that certain Right of Way/Easement from Phil Hughes, et u to Southwestern Electric Power Company in instrument dated June 28, 1984, recorded in Volume 960, Page 799, of the Real Property Records of Wood County, Texas, affects the subject tract as shown.
- 10r. All terms, conditions, and provisions of that certain Right of Way/Easement from Paul T. Hughes to Wood County Electric Cooperative, Inc. in instrument dated April 10, 1991, recorded in Volume 1240, Page 480, of the Real Property Records of Wood County, Texas, do not affect the subject tract.



LEGEND

These standard symbols and abbreviations will be found in the drawing.

- GUY ANCHOR
- POWER POLE
- TELEPHONE PEDESTAL
- OVERHEAD ELECTRIC
- UNDERGROUND ELECTRIC
- CONTROL MONUMENT

201661 239 ac boundary.dwg

REVISIONS				Plat of Survey Showing 237.07 Acres Sarah English Survey, A-185 Wood County, Texas				DESIGNED BY:			
NO.	DATE	REMARKS						DRAWN BY: R.T.W.			
1	201661	CONTRACT NO. 201661						CHECKED BY: K.L.K.			
1								DATE: March 21, 2017			
1								SCALE: 1" = 200'			

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**SURVEYING**  
**PLANNING**  
**MAPPING**  
TBPLS FIRM NO. 10044500





DESCRIPTION OF WORK  
RAILROAD - INSTALL 471 T.F. OF 112# RAIL,  
INCLUDING 1 NO. 15 R.H.T.O., 1 NO. 15 L.H.T.O..

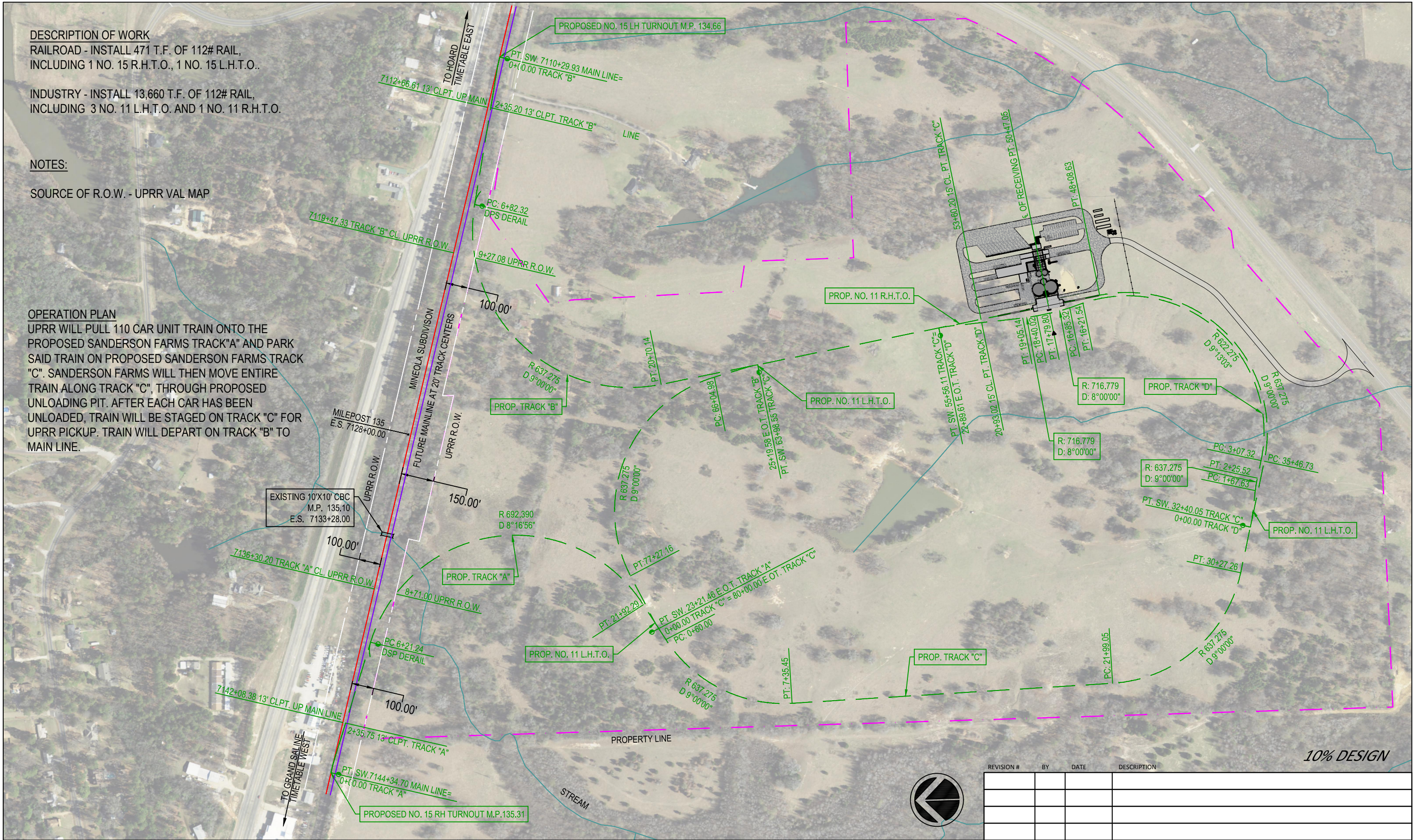
INDUSTRY - INSTALL 13,660 T.F. OF 112# RAIL,  
INCLUDING 3 NO. 11 L.H.T.O. AND 1 NO. 11 R.H.T.O.

NOTES:

SOURCE OF R.O.W. - UPRR VAL MAP

OPERATION PLAN

UPRR WILL PULL 110 CAR UNIT TRAIN ONTO THE  
PROPOSED SANDERSON FARMS TRACK "A" AND PARK  
SAID TRAIN ON PROPOSED SANDERSON FARMS TRACK  
"C". SANDERSON FARMS WILL THEN MOVE ENTIRE  
TRAIN ALONG TRACK "C", THROUGH PROPOSED  
UNLOADING PIT. AFTER EACH CAR HAS BEEN  
UNLOADED, TRAIN WILL BE STAGED ON TRACK "C" FOR  
UPRR PICKUP. TRAIN WILL DEPART ON TRACK "B" TO  
MAIN LINE.



10% DESIGN

**CNC**  
**CHAS. N. CLARK ASSOC., LTD.**  
Consulting Engineers  
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LEGEND  
Existing Mainline Trackage  
Existing Siding Trackage  
Proposed Railroad Owned Trackage  
Proposed Industry Owned Trackage  
UPRR Right Of Way  
Fiber Optic Cable  
Property Boundary (Others)

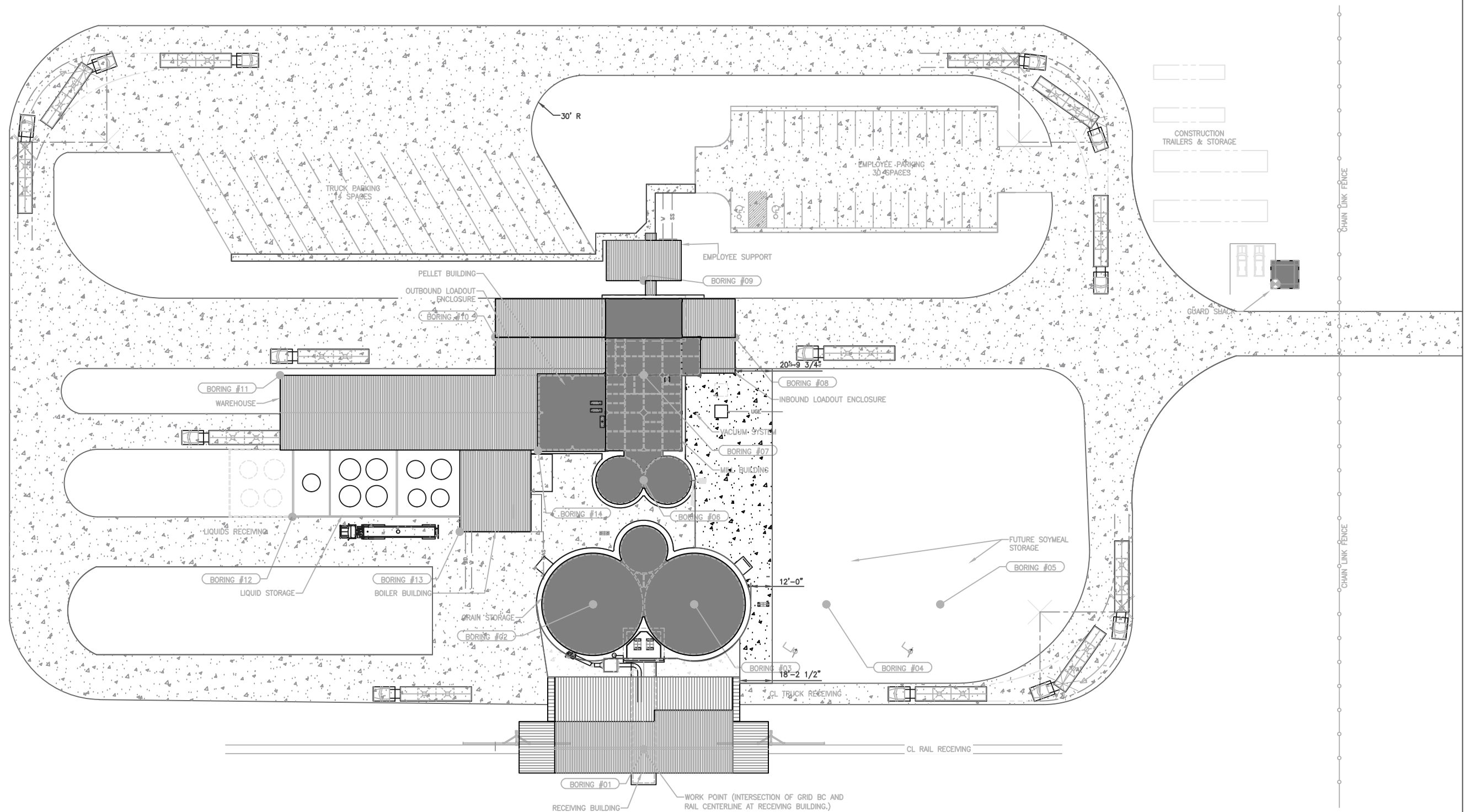


REVISION # BY DATE DESCRIPTION


DRAWN BY: LDW  
CHECKED BY: JWP  
DATE: 4/6/2017  
SHEET NUMBER 1 of 1

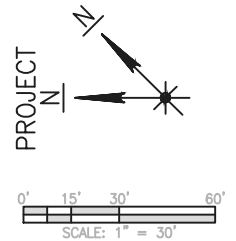
For Use In Agreement With: **UNION PACIFIC RAILROAD**  
And SANDERSON FARMS, INC.  
LOCATION & DESCRIPTION:  
MILEPOST 135, MINEOLA SUBDIVISION  
MINEOLA, WOOD COUNTY, TEXAS  
TRackage TO SERVE: SANDERSON FARMS, INC.





#### UTILITY LEGEND

W W W  
GAS GAS GAS  
BD BD BD  
UGE UGE UGE  
SS SS SS



No.	Revisions	Date	By	Designed By	Date Printed
B	PRELIMINARY ISSUE FOR REVIEW	3/21/17	CES	MRE	
				Drawn By	Date Drawn
				CES	3/18/17
				Checked By	Scale
					1" = 30'-0"

SCALED FOR SHEET SIZE  
ANSI D (22" X 34")

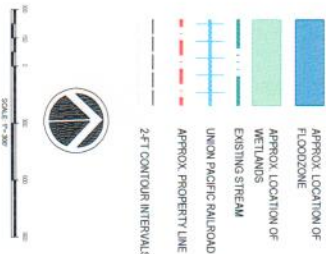
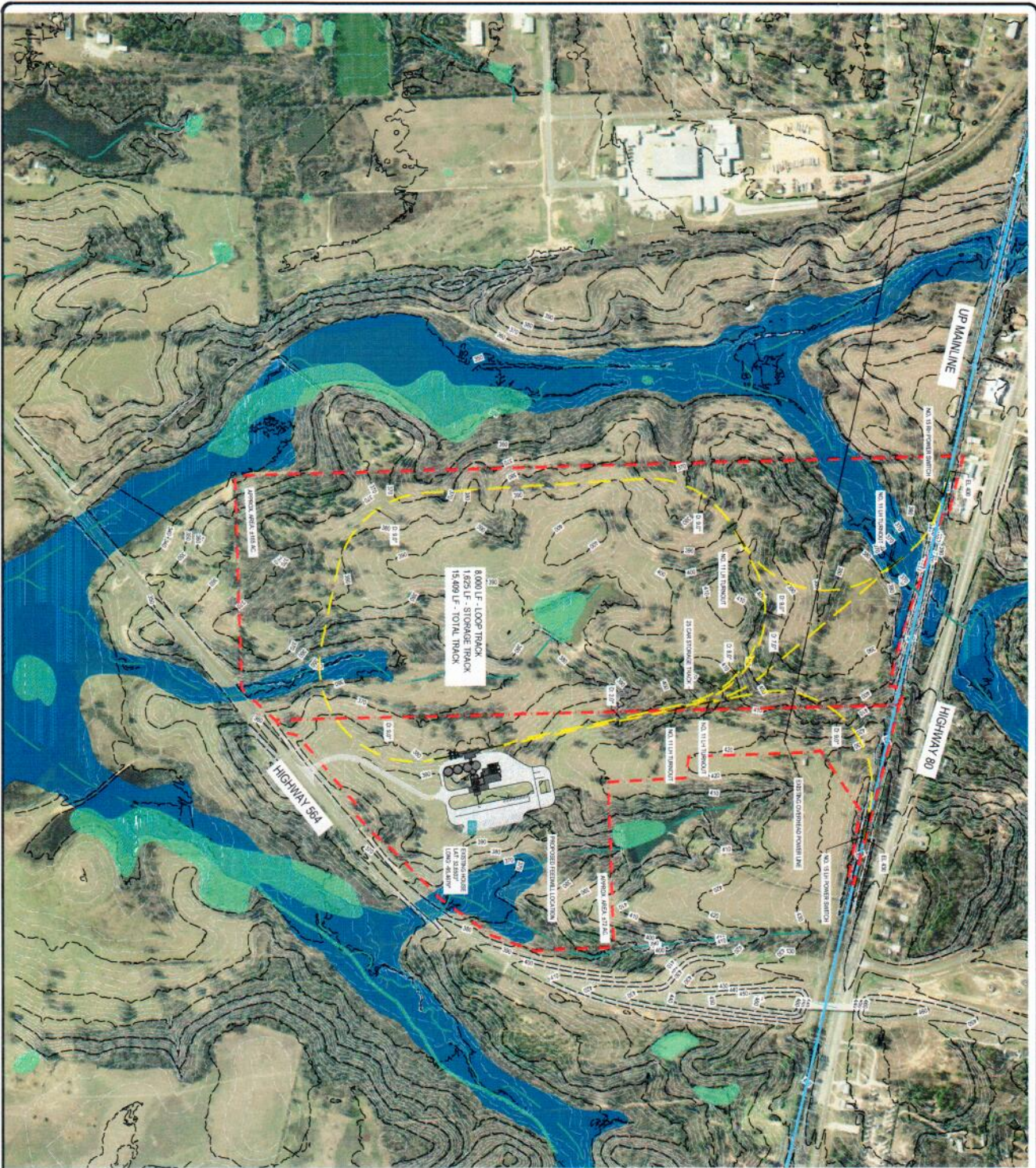


**TODD & SARGENT**  
620 Arrasmith Trail - Ames, Iowa 50010  
(515) 232-0442 - Fax: (515) 232-0682

NEW FEED MILL  
-FOR-  
SANDERSON FARMS, INC.  
MINEOLA, TEXAS

Drawing Title		
GENERAL PLAN		
Project No. E809	Drawing No. 05	Rev. No. B







# A Report of the Economic Impact of Sanderson Farms in Mineola, Texas

March 14, 2017

Prepared for:

Mineola Economic Development Corporation  
300 Greenville Highway  
Mineola, TX 75773

Prepared by:

Impact DataSource  
4709 Cap Rock Drive  
Austin, Texas 78735  
(512) 892-0205  
Fax (512) 892-2569  
[www.impactdatasource.com](http://www.impactdatasource.com)



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# **A Report of the Projected Economic Impact from Sanderson Farms**

## **Introduction**

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the impact that Sanderson Farms in Mineola, Texas, will have on the economy of the Mineola area and the costs and benefits for local taxing districts over the first ten years.

## **Description of the Facility**

Sanderson Farms plans a feed mill in Mineola for which it will invest \$30 million.

The firm will be purchasing 239 acre tract of land. Currently 165 acre of this land is inside the city limits and is zoned AG, the other 74.995 acres is outside, but will annexed once brought into the city and zoned Industrial.

The company plans to create 36 jobs -- 30 hourly workers and 6 salaried jobs with an estimated annual payroll of \$1.2 million.

How the facility will impact the economy of the area is discussed next.

## **The Estimated Economic Impact of the Facility over the First Ten Years**

The facility will have the following economic impact on the Mineola area over the first ten years:

<b>Economic Impact over the First Ten Years</b>	
Total number of permanent direct and indirect jobs to be created	80
Number of direct and indirect workers who will move to the City	8
Number of new residents in the City	24
Number of new residential properties to be built in the City	2
Number of new students expected in Mineola ISD	5
Salaries to be paid to direct and indirect workers	\$29,033,404
Taxable sales and purchases expected in the City	\$15,292,511
The value of new residential property to be built for direct and indirect workers who move to the City by Year 10	\$358,528
The facility's assets added to local tax rolls	\$32,000,000



How this economic activity translates into additional costs and benefits for local taxing districts is discussed next.

## Costs and Benefits for Local Taxing Districts over the First Ten Years

Local taxing districts can expect costs and benefits over the first ten years from the facility, as scheduled below, beginning with the additional revenues to be received.

### Additional Revenues for Local Taxing Districts

Local taxing districts can expect to receive the following revenues over the first 10 years from the facility, its employees and workers in indirect jobs created in the community.

Additional Revenues For Local Taxing Districts Over the First Ten Years of the Facility's Operation					
	Sales Taxes	Property Taxes*	Utilities	Utility Franchise Fees	Building Permits and Fees
City of Mineola	\$229,388	\$734,174	\$234,412	\$219,576	\$0
Wood County	\$76,463	\$780,768			
Mineola ISD		\$3,367,654			
Total	\$305,850	\$4,882,595	\$234,412	\$219,576	\$0

	Hotel Occupancy Taxes	Other Taxes and User Fees	Additional State and Federal School Funding	Total Additional Revenues
City of Mineola	\$6,307	\$8,322		\$1,432,178
Wood County		\$4,161		\$861,391
Mineola ISD			\$268,255	\$3,635,908
Total	\$6,307	\$12,483	\$268,255	\$5,929,477

\*Property tax collections shown are after some taxes abated by the city and county.

### Additional Costs for Local Taxing Districts

Local taxing districts will incur the following costs over the first 10 years, as a result of the facility and direct and indirect employees.

Costs for Local Taxing Districts Over the First 10 Years of the Facility's Operation					
	Costs of Services to New Residents	Costs of Providing Monthly Utility Services	Costs of Educating New Students	Reduction in State School Funding as a Result of Property being Added to Local Tax Rolls	Total
City of Mineola	\$37,448	\$222,691			\$260,139
Wood County	\$8,322				\$8,322
Mineola ISD			\$266,168	\$3,367,654	\$3,633,822
Total	\$45,770	\$222,691	\$266,168	\$3,367,654	\$3,902,283

### Additional Net Benefits

The additional public benefits less additional public costs will result in the following net benefits for the City, County and other local taxing districts over the first ten years of the facility's operation:

Net Benefits for Local Taxing Districts Over the First 10 Years of the Facility's Operation			
	Benefits	Costs	Net Benefits
City of Mineola	\$1,432,178	\$260,139	\$1,172,039
Wood County	\$861,391	\$8,322	\$853,069
Mineola ISD	\$3,635,908	\$3,633,822	\$2,086
Total	\$5,929,477	\$3,902,283	\$2,027,194

## Discounted Cash Flow for Local Taxing Districts

The discounted cash flow over the first ten years for each local taxing district from the new facility is as follows:

Discounted Cash Flow Over the First Ten Years	
City of Mineola	\$878,433
Wood County	\$630,190
Mineola ISD	\$1,552
Total	\$1,510,176

The above discounted cash flow or present value of net benefits is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid 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 6% to make the dollars comparable -- by expressing them in today's dollars or in present value.

## Net Benefits to be Received by the City from (1) the Facility and (2) New Workers

The City of Mineola will receive benefits from spending and investments by the facility and from spending by new workers. These benefits, over the first ten years, are shown below for these two categories.

Schedule of Benefits for the City from the Facility and From New Workers			
	Benefits from:		Total Benefits
	The Facility	New Workers	
Additional revenues:			
Sales taxes	\$196,725	\$32,663	\$229,388
Property taxes	\$715,644	\$18,530	\$734,174
Utility revenues	\$144,536	\$89,875	\$234,412
Utility franchise fees	\$212,890	\$6,686	\$219,576
Hotel occupancy taxes	\$6,307		\$6,307
Other taxes and user fees		\$8,322	\$8,322
Building permits and fees	\$0		\$0
Total additional revenues	\$1,276,102	\$156,076	\$1,432,178
Additional costs:			
Costs of providing utilities	\$137,310	\$85,382	\$222,691
Costs of providing municipal services for new residents		\$37,448	\$37,448
Total additional costs	\$137,310	\$122,830	\$260,139
Net benefits	\$1,138,792	\$33,246	\$1,172,039
Percent of total net benefits for the City	97%	3%	

\*Property tax collections shown are after some taxes abated by the city.

## Taxes to be Abated

The City of Mineola and Wood County are considering abating taxes on the firm's real and personal property at the following percentages:

Percentage of Taxes to be Abated	
Year 1	80%
Year 2	80%
Year 3	80%
Year 4	80%
Year 5	80%
Year 6	80%
Year 7	80%
Year 8	50%
Year 9	50%
Year 10	50%

If taxes are abated as proposed, the following property taxes will be abated for the facility:

Property Taxes to be Abated for the Facility			
	City	County	Total
Year 1	\$114,437	\$121,700	\$236,137
Year 2	\$107,285	\$114,094	\$221,379
Year 3	\$104,453	\$111,082	\$215,534
Year 4	\$101,650	\$108,101	\$209,750
Year 5	\$98,876	\$105,151	\$204,027
Year 6	\$96,133	\$102,234	\$198,367
Year 7	\$93,421	\$99,350	\$192,771
Year 8	\$56,713	\$60,312	\$117,025
Year 9	\$57,740	\$61,404	\$119,144
Year 10	\$58,787	\$62,518	\$121,306
Total	\$889,495	\$945,946	\$1,835,442

An analysis of possible incentives that the City may consider for the facility is next.



## Analysis of Possible Incentives for the Facility

The City/EDC is considering the following incentives for the project:

Cost of running new 8" water and sewer lines to the site	\$689,175
MEDC grant to assist in cost of natural gas line extension \$150,000 to \$200 000	\$200,000
Total	\$889,175

The city may get a Texas Capital Fund grant for this. If not, the city/EDC will borrow funds to extend the water line.

Also, the city will waive all permitting fees associated with this new project.

Financial incentives that may be offered the facility may be considered as investments that the City is making in the facility.

Four calculations analyzing possible investments were made -- net benefits, discounted cash flow, rate of return on investment and payback period. Net benefits and discounted cash flow for the City are scheduled above. Rate of return on investment and payback period are discussed and scheduled below.

Rate of return on investment is the City's average annual rate of return from additional revenues that the City will receive on the investment of incentives that the City may make in the facility. Payback period is the number of years that it will take the City to recover the costs of incentives from the additional revenues that it will receive from the facility.

Average annual rates of return on investment each year over the first ten years and payback periods for the possible levels of incentives are shown below.

Rates of Return and Payback Periods Possible City Incentives		
Incentives	Annual Rate of Return	Payback Period (In years)
\$889,175	13.2%	8.0

## Discussion of State Aid for the School District

This analysis seeks to calculate the impact on the school district's finances from the facility by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls and local taxes that this generates reduces state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

## Conduct of the Analysis

This analysis was conducted by Impact DataSource using data, rates and information supplied by the firm and the City of Mineola. In addition, Impact DataSource used certain estimates and assumptions.

Using this data, the economic impact from the facility and the costs and benefits for the City of Mineola, Wood County, and Mineola ISD were calculated for a ten year period.

In addition to the direct economic impact of the facility and its employees, spin-off or indirect and induced benefits were also calculated. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services to the facility. 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 new workers and their families.

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

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier.

An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Mineola area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The multipliers show the estimated number of indirect and induced jobs created for every one direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The multipliers used in this analysis are below:

Employment multiplier	1.2273
Earnings multiplier	\$1.2096

## **About Impact DataSource**

Impact DataSource is a 23-three year old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Data used in the analysis, along with schedules of the results of calculations, are on the following pages.

## **Data and Rates Used in this Analysis**

**Local Tax Rates:**

City of Mineola sales tax rate	1.5%
Wood County sales tax rate	0.5%

City of Mineola hotel occupancy tax rate	7%
--	----

Property tax rates, per \$100 of valuation:

City of Mineola	\$0.5641
Wood County	\$0.5999
Mineola ISD:	
M&O	\$1.1700
I&S	\$0.0000
Total	\$1.1700

**Some City Rates:**

Annual marginal cost of providing municipal services, excluding utilities, to each new household	\$450
--	-------

Estimated annual other taxes and user fees to be collected by the city from each new household -- those revenues that are in addition to sales and property taxes, utilities and utility franchise fees	\$100
---	-------

Annual increase expected in the city's other revenues and marginal costs	2%
--	----

The city's estimated annual water, wastewater and garbage collection billings per household	\$1,080
---	---------

Utility Service	Estimated Monthly Billing	Estimated Annual Billing (Monthly billing x 12)
Water	\$35	\$420
Wastewater	\$30	\$360
Solid waste	\$25	\$300

The city's cost of providing water, wastewater and solid waste services, as a percent of utility billings	95%
---	-----

Annual increase expected in city-owned utility billings	2%
---	----

The city's utility franchise fee percentages:

Electricity	4%
Natural gas	4%
Cable	4%
Telephone monthly line access charge:	
Residential	\$0.39
Non-residential	\$0.98

Annual utility franchise fees collected from utility providers for each household in the city as detailed below \$76.74

Utility Service	Estimated Monthly Billing	Utility Franchise Fee Percentage	Monthly Utility Franchise Fee Collections	Estimated Annual Utility Franchise Fee Collections (Monthly collections x 12)
Electricity	\$75	4%	\$3.00	\$36.00
Natural gas	\$40	4%	\$1.60	\$19.20
Cable	\$40	4%	\$1.60	\$19.20
Telephone	0.5 lines	\$0.39	\$0.20	\$2.34

#### Some County Rates:

Annual marginal cost of providing county services to each new household	\$100
Annual miscellaneous taxes and user fees to be collected from each new household, those county revenues other than property and sales taxes	\$50
Annual increase expected in other county revenues and marginal costs	2%

#### Some School District Rates:

Estimated annual state, federal and other funding received by the district for each child enrolled	\$4,500
Average annual cost of providing services to each child in the district	\$9,500
Average annual cost for each new child, as a percent of average annual cost	47%
Annual marginal cost of providing services to each new child	\$4,465



**Other Community Rates:**

Expected inflation rate over the first ten years	3.0%
Discount rate used in analysis to compute discounted cash flows	6%
Percent of a typical worker's salary that will be spent on taxable goods and services	30%
Average taxable value of a new single family residence in the community that will be built for some individuals moving to the city	\$150,000
Percent annual increase in the taxable value of residential property and commercial real property on local tax rolls over the first ten years	2%

**Depreciation rates:**

To estimate the annual taxable or depreciable value of furniture, fixtures and equipment at the facility being analyzed in this analysis, this analysis uses straight line depreciation, an ten year life and a 20% residual value. Therefore, property taxes on the facility's furniture, fixtures and equipment are calculated on the following percentages of the costs of such equipment purchased each year:

Year 1	90%
Year 2	80%
Year 3	70%
Year 4	60%
Year 5	50%
Year 6	40%
Year 7	30%
Year 8	20%
Year 9	20%
Year 10	20%

**The Facility's Investments, Assets and Construction:**

The investments at the facility each year at the facility:

	Buildings and Other Real Property Land improvements		Furniture, Fixtures, and Equipment	Total
Year 1	\$3,585,000	15,849,000	10,566,000	\$30,000,000
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Total	\$3,585,000	\$15,849,000	\$10,566,000	\$30,000,000

The facility's taxable inventories:

Year 1	\$2,000,000
Year 2	\$2,100,000
Year 3	\$2,205,000
Year 4	\$2,315,250
Year 5	\$2,431,013
Year 6	\$2,552,563
Year 7	\$2,680,191
Year 8	\$2,814,201
Year 9	\$2,954,911
Year 10	\$3,102,656

Estimated annual increase in the volume and value of inventories

5%

**Spending During Construction:**

Estimated spending for construction:

Year 1	\$15,849,000
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

Percent of construction costs for:

Materials	60%
Labor	40%

Estimated percent of construction materials that will be purchased in the city and be subject to sales tax	25%
--	-----

Percent of taxable spending by construction workers that will be in the city	25%
--	-----

Estimated percent of furniture, fixtures and equipment that will be purchased in the city and be subject to sales tax	20%
---	-----

Building permits and fees to be paid to the city:

Year 1	\$0
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

**Activities During the Facility's Operations:**

The facility's taxable sales subject to sales tax in the city:

Year 1	\$0
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

Expected annual increase in taxable sales after the first year 0%

Estimated annual utilities at the facility:

	Water	Wastewater	Solid Waste	Electricity	Natural Gas	Cable	Telephone
Year 1	\$3,600	\$3,600	\$6,000	\$480,000	\$3,600	\$0	\$36,000
Year 2	\$3,672	\$3,672	\$6,120	\$489,600	\$3,672	\$0	\$36,720
Year 3	\$3,745	\$3,745	\$6,242	\$499,392	\$3,745	\$0	\$37,454
Year 4	\$3,820	\$3,820	\$6,367	\$509,380	\$3,820	\$0	\$38,203
Year 5	\$3,897	\$3,897	\$6,495	\$519,567	\$3,897	\$0	\$38,968
Year 6	\$3,975	\$3,975	\$6,624	\$529,959	\$3,975	\$0	\$39,747
Year 7	\$4,054	\$4,054	\$6,757	\$540,558	\$4,054	\$0	\$40,542
Year 8	\$4,135	\$4,135	\$6,892	\$551,369	\$4,135	\$0	\$41,353
Year 9	\$4,218	\$4,218	\$7,030	\$562,397	\$4,218	\$0	\$42,180
Year 10	\$4,302	\$4,302	\$7,171	\$573,644	\$4,302	\$0	\$43,023
Annual increase	2%	2%	2%	2%	2%	2%	2%

Estimated number of telephone lines at the facility 8

Percent of utility usage for manufacturing and processing activities and not subject to sales tax 70%

The facility's estimated local taxable purchases of materials, supplies and services for its operations:

Year 1	\$500,000
Year 2	\$525,000
Year 3	\$551,250
Year 4	\$578,813
Year 5	\$607,753
Year 6	\$638,141
Year 7	\$670,048
Year 8	\$703,550
Year 9	\$738,728
Year 10	\$775,664

Expected annual increase in taxable purchases after the first year 5%

The facility's total taxable purchases and taxable utilities:

	Taxable Purchases of Supplies, Materials and Services	Utilities Subject to Sales Tax			Total
		Utilities Subject to Sales Tax	Percent Taxable	Taxable Utilities	
Year 1	\$500,000	\$519,600	30%	\$155,880	\$655,880
Year 2	\$525,000	\$529,992	30%	\$158,998	\$683,998
Year 3	\$551,250	\$540,592	30%	\$162,178	\$713,428
Year 4	\$578,813	\$551,404	30%	\$165,421	\$744,234
Year 5	\$607,753	\$562,432	30%	\$168,730	\$776,483
Year 6	\$638,141	\$573,680	30%	\$172,104	\$810,245
Year 7	\$670,048	\$585,154	30%	\$175,546	\$845,594
Year 8	\$703,550	\$596,857	30%	\$179,057	\$882,607
Year 9	\$738,728	\$608,794	30%	\$182,638	\$921,366
Year 10	\$775,664	\$620,970	30%	\$186,291	\$961,955

Number of new workers hired at the facility each year:

Year 1	36
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Total	36



Number of new workers who will move to the city to take job at the facility:

Estimated percent of total new workers moving to the city	10%
Year 1	4
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Total	4

Average annual salaries of workers at the facility \$33,333

Percent of expected increase in employee salaries after year 1 2.0%

Multipliers for calculating the number of indirect and induced jobs and earnings in the area:

Earnings	1.2096
Employment	1.2273

*This cost-benefit analysis uses the above multipliers to project the indirect and induced benefits in the community as a result of the direct economic activity. The employment multiplier shows the number of spin-off jobs what will be created from each direct job. Similarly, the earnings multiplier estimates the salaries and wages to be paid to workers in these spin-off jobs for each \$1 paid to direct workers.*

Percent employees to be hired in spin-off jobs created at the facility who will move to the city to take a job 8%

Percent of workers who move to the community that will buy a new home or require that new residential property be built for them 20%

The number of people in a typical worker's household 3

The number of school children in a typical worker's household 0.65

Percent of retail shopping by a typical worker in the city 25%

**Visitors to the Facility from Out-of-Town:**

Estimated number of annual out-of-town visitors to the facility	50
Average annual increase in the number of out-of-town visitors to the facility	5%
Average number of days that each of these visitors will stay in the city	2
Average number of nights that some of these visitors will stay in a motel in the city	1
Estimated average daily retail spending by each visitor in the city	\$60
Estimated daily motel room rate in the city	\$95

**Out-of-Town Truckers Loading and Unloading at the Facility:**

Estimated number of out-of-town truckers loading and unloading at the facility	300
Average annual increase in the number of out-of-town truckers	5%
Average taxable spending in the City by each out-of-town trucker	\$15.00
Estimated percent of out-of-town truckers who may stay overnight at a local motel	5%

## **Schedules Showing the Results of Economic Impact Calculations**

**Number of local jobs added each year and worker salaries to be paid:**

Year	Direct Jobs	Indirect Jobs	Total Jobs	Direct Salaries	Indirect Salaries	Total Salaries
1	36	44	80	\$1,200,000	\$1,451,520	\$2,651,520
2	0	0	0	\$1,224,000	\$1,480,550	\$2,704,550
3	0	0	0	\$1,248,480	\$1,510,161	\$2,758,641
4	0	0	0	\$1,273,450	\$1,540,365	\$2,813,814
5	0	0	0	\$1,298,919	\$1,571,172	\$2,870,091
6	0	0	0	\$1,324,897	\$1,602,595	\$2,927,492
7	0	0	0	\$1,351,395	\$1,634,647	\$2,986,042
8	0	0	0	\$1,378,423	\$1,667,340	\$3,045,763
9	0	0	0	\$1,405,991	\$1,700,687	\$3,106,678
10	0	0	0	\$1,434,111	\$1,734,701	\$3,168,812
Total	36	44	80	\$13,139,665	\$15,893,739	\$29,033,404

**Number of direct and indirect workers and their families who will move to the area and their children who will attend local public schools:**

Year	New Workers Moving to the Area	Total New Residents	Total New Students
1	8	24	5
2	0	0	0
3	0	0	0
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
Total	8	24	5

**Number of new residential properties that may be built in the city for direct and indirect workers who will move to the community:**

Year	New Residential Properties
1	2
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0
Total	2

**Local taxable spending on which sales taxes will be collected:**

Year	Local Construction Workers' Spending and Furniture, Fixtures and Equipment	Direct and Indirect Workers' Spending	Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$4,966,020	\$198,864	\$10,500	\$0	\$655,880	\$5,831,264
2	\$0	\$202,841	\$11,356	\$0	\$683,998	\$898,195
3	\$0	\$206,898	\$12,281	\$0	\$713,428	\$932,607
4	\$0	\$211,036	\$13,282	\$0	\$744,234	\$968,552
5	\$0	\$215,257	\$14,365	\$0	\$776,483	\$1,006,104
6	\$0	\$219,562	\$15,535	\$0	\$810,245	\$1,045,342
7	\$0	\$223,953	\$16,802	\$0	\$845,594	\$1,086,349
8	\$0	\$228,432	\$18,171	\$0	\$882,607	\$1,129,210
9	\$0	\$233,001	\$19,652	\$0	\$921,366	\$1,174,019
10	\$0	\$237,661	\$21,253	\$0	\$961,955	\$1,220,869
Total	\$4,966,020	\$2,177,505	\$153,197	\$0	\$7,995,789	\$15,292,511



**Local spending by visitors on lodging by out-of-town visitors and out-of-town truckers:**

Year	Spending on Lodging
1	\$6,175
2	\$6,678
3	\$7,223
4	\$7,811
5	\$8,448
6	\$9,136
7	\$9,881
8	\$10,686
9	\$11,557
10	\$12,499
Total	\$90,094

**Taxable value of new residential property built for direct and indirect workers who move to the community and the value of the facility's property on local tax rolls:**

Year	New Residential Property	Value of Property at the Facility on Local Tax Rolls	Total Taxable Property
1	\$300,000	\$30,943,400	\$31,243,400
2	\$306,000	\$29,530,200	\$29,836,200
3	\$312,120	\$29,080,714	\$29,392,834
4	\$318,362	\$28,644,406	\$28,962,769
5	\$324,730	\$28,221,699	\$28,546,429
6	\$331,224	\$27,813,029	\$28,144,254
7	\$337,849	\$27,418,852	\$27,756,700
8	\$344,606	\$27,039,638	\$27,384,244
9	\$351,498	\$27,626,819	\$27,978,317
10	\$358,528	\$28,229,965	\$28,588,493

## **Schedules Showing the Results of Costs and Benefits Calculations**

## Costs and Benefits for the City of Mineola:

### Benefits:

#### Sales tax collections:

Year	During Construction and Purchases of Furniture, Fixtures and Equipment	On Direct and Indirect Workers' Spending	On Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$74,490	\$2,983	\$158	\$0	\$9,838	\$87,469
2	\$0	\$3,043	\$170	\$0	\$10,260	\$13,473
3	\$0	\$3,103	\$184	\$0	\$10,701	\$13,989
4	\$0	\$3,166	\$199	\$0	\$11,164	\$14,528
5	\$0	\$3,229	\$215	\$0	\$11,647	\$15,092
6	\$0	\$3,293	\$233	\$0	\$12,154	\$15,680
7	\$0	\$3,359	\$252	\$0	\$12,684	\$16,295
8	\$0	\$3,426	\$273	\$0	\$13,239	\$16,938
9	\$0	\$3,495	\$295	\$0	\$13,820	\$17,610
10	\$0	\$3,565	\$319	\$0	\$14,429	\$18,313
Total	\$74,490	\$32,663	\$2,298	\$0	\$119,937	\$229,388

#### Property tax collections on:

Year	New Residential Property	Property at the Facility			Total
		Taxes Collected	Taxes Abated	Total Taxes After Abatement	
1	\$1,692	\$174,552	\$114,437	\$60,114	\$61,807
2	\$1,726	\$166,580	\$107,285	\$59,295	\$61,021
3	\$1,761	\$164,044	\$104,453	\$59,592	\$61,352
4	\$1,796	\$161,583	\$101,650	\$59,934	\$61,729
5	\$1,832	\$159,199	\$98,876	\$60,322	\$62,154
6	\$1,868	\$156,893	\$96,133	\$60,760	\$62,629
7	\$1,906	\$154,670	\$93,421	\$61,249	\$63,154
8	\$1,944	\$152,531	\$56,713	\$95,818	\$97,762
9	\$1,983	\$155,843	\$57,740	\$98,103	\$100,086
10	\$2,022	\$159,245	\$58,787	\$100,458	\$102,480
Total	\$18,530	\$1,605,139	\$889,495	\$715,644	\$734,174

Costs and benefits for the City of Mineola - Continued

**Utilities and utility franchise fees collected by the city from new residents and from the facility:**

Year	Utilities	Utility Franchise Fees	Total
1	\$21,408	\$20,021	\$41,429
2	\$21,836	\$20,429	\$42,265
3	\$22,273	\$20,844	\$43,117
4	\$22,718	\$21,268	\$43,986
5	\$23,173	\$21,701	\$44,874
6	\$23,636	\$22,143	\$45,779
7	\$24,109	\$22,593	\$46,702
8	\$24,591	\$23,053	\$47,644
9	\$25,083	\$23,523	\$48,605
10	\$25,585	\$24,002	\$49,586
Total	\$234,412	\$219,576	\$453,988

**Other city revenues, including hotel occupancy taxes, other taxes and user fees collected from new residents and building permits on construction at the facility:**

Year	Hotel Occupancy Taxes	Other Taxes and User Fees	Building Permits and Fees	Total Other Revenues
1	\$432	\$760	\$0	\$1,192
2	\$467	\$775	\$0	\$1,243
3	\$506	\$791	\$0	\$1,296
4	\$547	\$807	\$0	\$1,353
5	\$591	\$823	\$0	\$1,414
6	\$640	\$839	\$0	\$1,479
7	\$692	\$856	\$0	\$1,548
8	\$748	\$873	\$0	\$1,621
9	\$809	\$890	\$0	\$1,699
10	\$875	\$908	\$0	\$1,783
Total	\$6,307	\$8,322	\$0	\$14,628

Costs and benefits for the City of Mineola - Continued

**Costs:**

**The costs of providing municipal services and utility services to new residents:**

Year	Cost of Services to New Residents	Costs of Utilities	Total Costs
1	\$3,420	\$20,338	\$23,758
2	\$3,488	\$20,744	\$24,233
3	\$3,558	\$21,159	\$24,717
4	\$3,629	\$21,582	\$25,212
5	\$3,702	\$22,014	\$25,716
6	\$3,776	\$22,454	\$26,230
7	\$3,851	\$22,903	\$26,755
8	\$3,929	\$23,362	\$27,290
9	\$4,007	\$23,829	\$27,836
10	\$4,087	\$24,305	\$28,393
Total	\$37,448	\$222,691	\$260,139

**Net Benefits for the City of Mineola:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$191,897	\$23,758	\$168,140	\$168,140
2	\$118,001	\$24,233	\$93,768	\$261,908
3	\$119,755	\$24,717	\$95,037	\$356,945
4	\$121,597	\$25,212	\$96,386	\$453,331
5	\$123,533	\$25,716	\$97,817	\$551,148
6	\$125,566	\$26,230	\$99,336	\$650,484
7	\$127,699	\$26,755	\$100,944	\$751,428
8	\$163,965	\$27,290	\$136,675	\$888,103
9	\$168,001	\$27,836	\$140,165	\$1,028,268
10	\$172,163	\$28,393	\$143,770	\$1,172,039
Total	\$1,432,178	\$260,139	\$1,172,039	



**Benefits for Wood County:****Sales tax collections on spending:**

Year	During Construction and Purchases of Furniture, Fixtures and Equipment	On Direct and Indirect Workers' Spending	On Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$24,830	\$994	\$53	\$0	\$3,279	\$29,156
2	\$0	\$1,014	\$57	\$0	\$3,420	\$4,491
3	\$0	\$1,034	\$61	\$0	\$3,567	\$4,663
4	\$0	\$1,055	\$66	\$0	\$3,721	\$4,843
5	\$0	\$1,076	\$72	\$0	\$3,882	\$5,031
6	\$0	\$1,098	\$78	\$0	\$4,051	\$5,227
7	\$0	\$1,120	\$84	\$0	\$4,228	\$5,432
8	\$0	\$1,142	\$91	\$0	\$4,413	\$5,646
9	\$0	\$1,165	\$98	\$0	\$4,607	\$5,870
10	\$0	\$1,188	\$106	\$0	\$4,810	\$6,104
Total	\$24,830	\$10,888	\$766	\$0	\$39,979	\$76,463

**Miscellaneous taxes and user fees to be collected from new residents:**

Year	Misc. Taxes and User Fees
1	\$380
2	\$388
3	\$395
4	\$403
5	\$411
6	\$420
7	\$428
8	\$437
9	\$445
10	\$454
Total	\$4,161

Costs and benefits for Wood County, continued

**Property tax collections on:**

Year	New Residential Property	Property at the Facility		Total Taxes After Abatement	Total
		Taxes Collected	Taxes Abated		
1	\$1,800	\$185,629	\$121,700	\$63,929	\$65,729
2	\$1,836	\$177,152	\$114,094	\$63,058	\$64,894
3	\$1,872	\$174,455	\$111,082	\$63,373	\$65,246
4	\$1,910	\$171,838	\$108,101	\$63,737	\$65,647
5	\$1,948	\$169,302	\$105,151	\$64,151	\$66,099
6	\$1,987	\$166,850	\$102,234	\$64,616	\$66,603
7	\$2,027	\$164,486	\$99,350	\$65,136	\$67,162
8	\$2,067	\$162,211	\$60,312	\$101,899	\$103,966
9	\$2,109	\$165,733	\$61,404	\$104,329	\$106,438
10	\$2,151	\$169,352	\$62,518	\$106,833	\$108,984
Total	\$19,706	\$1,707,008	\$945,946	\$761,061	\$780,768

**Costs of providing county services to new residents:**

Year	Costs of County Services
1	\$760
2	\$775
3	\$791
4	\$807
5	\$823
6	\$839
7	\$856
8	\$873
9	\$890
10	\$908
Total	\$8,322

Costs and benefits for Wood County, continued

**Total Benefits for the County:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$95,265	\$760	\$94,505	\$94,505
2	\$69,772	\$775	\$68,997	\$163,502
3	\$70,304	\$791	\$69,514	\$233,016
4	\$70,893	\$807	\$70,086	\$303,102
5	\$71,541	\$823	\$70,718	\$373,820
6	\$72,249	\$839	\$71,410	\$445,231
7	\$73,022	\$856	\$72,166	\$517,397
8	\$110,048	\$873	\$109,175	\$626,573
9	\$112,753	\$890	\$111,862	\$738,435
10	\$115,543	\$908	\$114,634	\$853,069
Total	\$861,391	\$8,322	\$853,069	

**Costs and Benefits for the Mineola ISD:**

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**Benefits, including property taxes and additional state and federal school funding:**

Year	Property Tax Collections on:			Additional State School Funding	Total
	New Residential Property	The Facility's Property	Total Collections		
1	\$3,510	\$362,038	\$365,548	\$23,400	\$388,948
2	\$3,580	\$345,503	\$349,084	\$24,102	\$373,186
3	\$3,652	\$340,244	\$343,896	\$24,825	\$368,721
4	\$3,725	\$335,140	\$338,864	\$25,570	\$364,434
5	\$3,799	\$330,194	\$333,993	\$26,337	\$360,330
6	\$3,875	\$325,412	\$329,288	\$27,127	\$356,415
7	\$3,953	\$320,801	\$324,753	\$27,941	\$352,694
8	\$4,032	\$316,364	\$320,396	\$28,779	\$349,175
9	\$4,113	\$323,234	\$327,346	\$29,642	\$356,989
10	\$4,195	\$330,291	\$334,485	\$30,532	\$365,017
Total	\$38,434	\$3,329,220	\$3,367,654	\$268,255	\$3,635,908

**Costs of educating children of new workers who move to the district:**

Year	Cost of Educating New Students
1	\$23,218
2	\$23,915
3	\$24,632
4	\$25,371
5	\$26,132
6	\$26,916
7	\$27,724
8	\$28,555
9	\$29,412
10	\$30,294
Total	\$266,168

**Reduction in State aid to the school district as a result of new residential property for the facility's employees and the facility's property being added to the school district's tax rolls:**

Year	Reduction in State Aid for the School District
1	\$365,548
2	\$349,084
3	\$343,896
4	\$338,864
5	\$333,993
6	\$329,288
7	\$324,753
8	\$320,396
9	\$327,346
10	\$334,485
Total	\$3,367,654

**Net Benefits for the School District:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$388,948	\$388,766	\$182	\$182
2	\$373,186	\$372,998	\$187	\$369
3	\$368,721	\$368,528	\$193	\$563
4	\$364,434	\$364,235	\$199	\$761
5	\$360,330	\$360,125	\$205	\$966
6	\$356,415	\$356,204	\$211	\$1,177
7	\$352,694	\$352,477	\$217	\$1,395
8	\$349,175	\$348,951	\$224	\$1,618
9	\$356,989	\$356,758	\$231	\$1,849
10	\$365,017	\$364,780	\$237	\$2,086
Total	\$3,635,908	\$3,633,822	\$2,086	

# A Report of the Economic Impact of Sanderson Farms in Lindale, Texas

March 6, 2016

Prepared for:

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# **A Report of the Projected Economic Impact from Sanderson Farms**

## **Introduction**

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the impact that Sanderson Farms in Lindale, Texas, will have on the economy of the Lindale area and the costs and benefits for local taxing districts over the first ten years.

The project is located in the City of Lindale Reinvestment Zone # 2.

## **Description of the Facility**

Sanderson Farms plans a hatchery, administration building and live haul facility in Lindale

The company plans spend \$18 million on the facility and create 106 jobs with a total annual payroll of \$4.1 million.

How the facility will impact the economy of the area is discussed next.

## **The Estimated Economic Impact of the Facility over the First Ten Years**

The facility will have the following economic impact on the Lindale area over the first ten years:

<b>Economic Impact over the First Ten Years</b>	
Total number of permanent direct and indirect jobs to be created	236
Number of direct and indirect workers who will move to the City	18
Number of new residents in the City	54
Number of new residential properties to be built in the City	4
Number of new students expected in Lindale ISD	12
Salaries to be paid to direct and indirect workers	\$99,197,464
Taxable sales and purchases expected in the City	\$40,224,735
The value of new residential property to be built for direct and indirect workers who move to the City by Year 10	\$717,056
The facility's assets added to local tax rolls	\$18,850,000

How this economic activity translates into additional costs and benefits for local taxing districts is discussed next.

## Costs and Benefits for Local Taxing Districts over the First Ten Years

Local taxing districts can expect costs and benefits over the first ten years from the facility, as scheduled below, beginning with the additional revenues to be received.

### Additional Revenues for Local Taxing Districts

Local taxing districts can expect to receive the following revenues over the first 10 years from the facility, its employees and workers in indirect jobs created in the community.

Additional Revenues For Local Taxing Districts Over the First Ten Years of the Facility's Operation					
	Sales Taxes	Property Taxes*	Utilities	Utility Franchise Fees	Building Permits and Fees
City of Lindale	\$603,371	\$366,443	\$1,138,315	\$671,240	\$86,400
Smith County	\$201,124	\$256,081			
Lindale ISD		\$2,328,104			
Tyler Junior College		\$316,269			
Smith County EMS District # 1		\$52,508			
City of Lindale Reinvestment Zone #2		\$948,842			
<b>Total</b>	<b>\$804,495</b>	<b>\$4,268,247</b>	<b>\$1,138,315</b>	<b>\$671,240</b>	<b>\$86,400</b>
	Hotel Occupancy Taxes	Other Taxes and User Fees	Additional State and Federal School Funding	Total Additional Revenues	
City of Lindale	\$11,047	\$12,141		\$2,888,958	
Smith County		\$15,176		\$472,381	
Lindale ISD			\$617,658	\$2,945,762	
Tyler Junior College				\$316,269	
Smith County EMS District # 1				\$52,508	
City of Lindale Reinvestment Zone #2				\$948,842	
<b>Total</b>	<b>\$11,047</b>	<b>\$27,317</b>	<b>\$617,658</b>	<b>\$7,624,720</b>	

\*Property taxes shown are net collections after some taxing districts' contribution to the Reinvestment Zone.

### Additional Costs for Local Taxing Districts

Local taxing districts will incur the following costs over the first 10 years, as a result of the facility and direct and indirect employees.

Costs for Local Taxing Districts Over the First 10 Years of the Facility's Operation					
	Costs of Services to New Residents	Costs of Providing Monthly Utility Services	Costs of Educating New Students	Reduction in State School Funding as a Result of Property being Added to Local Tax Rolls	Total
City of Lindale	\$91,058	\$910,652			\$1,001,710
Smith County	\$30,353				\$30,353
Lindale ISD			\$612,854	\$1,729,449	\$2,342,302
Tyler Junior College					\$0
Smith County EMS District # 1					\$0
City of Lindale Reinvestment Zone #2					\$0
Total	\$121,411	\$910,652	\$612,854	\$1,729,449	\$3,374,365

### Additional Net Benefits

The additional public benefits less additional public costs will result in the following net benefits for the City, County and other local taxing districts over the first ten years of the facility's operation:

Net Benefits for Local Taxing Districts Over the First 10 Years of the Facility's Operation			
	Benefits	Costs	Net Benefits
City of Lindale	\$2,888,958	\$1,001,710	\$1,887,248
Smith County	\$472,381	\$30,353	\$442,029
Lindale ISD	\$2,945,762	\$2,342,302	\$603,459
Tyler Junior College	\$316,269	\$0	\$316,269
Smith County EMS District # 1	\$52,508	\$0	\$52,508
City of Lindale Reinvestment Zone #2	\$948,842	\$0	\$948,842
Total	\$7,624,720	\$3,374,365	\$4,250,354

## Discounted Cash Flow for Local Taxing Districts

The discounted cash flow over the first ten years for each local taxing district from the new facility is as follows:

Discounted Cash Flow Over the First Ten Years	
City of Lindale	\$1,445,121
Smith County	\$339,936
Lindale ISD	\$458,612
Tyler Junior College	\$237,360
Smith County EMS District # 1	\$40,686
City of Lindale Reinvestment Zone #2	\$948,842
Total	\$3,470,556

The above discounted cash flow or present value of net benefits is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid 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 6% to make the dollars comparable -- by expressing them in today's dollars or in present value.

## Net Benefits to be Received by the City from (1) the Facility and (2) New Workers

The City of Lindale will receive benefits from spending and investments by the facility and from spending by new workers. These benefits, over the first ten years, are shown below for these two categories.

Schedule of Benefits for the City from the Facility and From New Workers			
	Benefits from:		Total Benefits
	The Facility	New Workers	
Additional revenues:			
Sales taxes	\$491,774	\$111,597	\$603,371
Property taxes	\$335,419	\$31,024	\$366,443
Utility revenues	\$919,777	\$218,539	\$1,138,315
Utility franchise fees	\$657,842	\$13,398	\$671,240
Hotel occupancy taxes	\$11,047		\$11,047
Other taxes and user fees		\$12,141	\$12,141
Building permits and fees	\$86,400		\$86,400
Total additional revenues	\$2,502,259	\$386,699	\$2,888,958
Additional costs:			
Costs of providing utilities	\$735,821	\$174,831	\$910,652
Costs of providing municipal services for new residents		\$91,058	\$91,058
Total additional costs	\$735,821	\$265,889	\$1,001,710
Net benefits	\$1,766,438	\$120,810	\$1,887,248
Percent of total net benefits for the City	94%	6%	

\*Property taxes shown are net collections after the City's contribution to the Reinvestment Zone.

## Contributions to the Reinvestment Zone

The City of Lindale Reinvestment Zone # 2 will receive 75% of the property taxes that will be levied on the project's real property improvements by the City of Lindale, Smith County, Tyler Junior College, and Smith County EMS District # 1. Lindale ISD does not participate in the reinvestment zone.

Total property taxes collected on real property improvements after abatement and contributed to the reinvestment zone by each contributing taxing districts are shown below.

Contributions to the Reinvestment Zone						
	Estimated Taxable Value of Real Property Improvements	Contributions to the Reinvestment Zone by				
		City	County	College	EMS	Total
Year 1	\$10,800,000	\$38,250	\$26,730	\$16,194	\$5,481	\$86,654
Year 2	\$11,016,000	\$39,015	\$27,265	\$16,518	\$5,590	\$88,388
Year 3	\$11,236,320	\$39,795	\$27,810	\$16,848	\$5,702	\$90,155
Year 4	\$11,461,046	\$40,591	\$28,366	\$17,185	\$5,816	\$91,958
Year 5	\$11,690,267	\$41,403	\$28,933	\$17,529	\$5,933	\$93,798
Year 6	\$11,924,073	\$42,231	\$29,512	\$17,879	\$6,051	\$95,674
Year 7	\$12,162,554	\$43,075	\$30,102	\$18,237	\$6,172	\$97,587
Year 8	\$12,405,805	\$43,937	\$30,704	\$18,602	\$6,296	\$99,539
Year 9	\$12,653,921	\$44,816	\$31,318	\$18,974	\$6,422	\$101,529
Year 10	\$12,907,000	\$45,712	\$31,945	\$19,353	\$6,550	\$103,560
Total		\$418,823	\$292,686	\$177,320	\$60,013	\$948,842

## Freeport Exemption

The County, College, School District, and EMS district expect to grant freeport exemption on the firm's inventories. Of inventories valued at \$2 million, an estimated 75% will be subject to freeport and therefore property taxes will not be collected on this amount. The amount of tax savings for the company from freeport is shown below.

The Firm's Property Tax Savings on Inventories Due to Freeport							
	Value of Inventories Subject to Freeport	City	County	School District	College	EMS District	Total
Year 1	\$1,750,000	\$8,264	\$5,775	\$24,500	\$3,499	\$1,184	\$43,222
Year 2	\$1,737,500	\$8,205	\$5,734	\$24,325	\$3,474	\$1,176	\$42,913
Year 3	\$1,724,375	\$8,143	\$5,690	\$24,141	\$3,447	\$1,167	\$42,589
Year 4	\$1,710,594	\$8,078	\$5,645	\$23,948	\$3,420	\$1,157	\$42,248
Year 5	\$1,696,123	\$8,009	\$5,597	\$23,746	\$3,391	\$1,148	\$41,891
Year 6	\$1,680,930	\$7,938	\$5,547	\$23,533	\$3,361	\$1,137	\$41,516
Year 7	\$1,664,976	\$7,862	\$5,494	\$23,310	\$3,329	\$1,127	\$41,122
Year 8	\$1,648,225	\$7,783	\$5,439	\$23,075	\$3,295	\$1,115	\$40,708
Year 9	\$1,630,636	\$7,700	\$5,381	\$22,829	\$3,260	\$1,103	\$40,274
Year 10	\$1,612,168	\$7,613	\$5,320	\$22,570	\$3,223	\$1,091	\$39,817
Total		\$79,595	\$55,623	\$235,977	\$33,699	\$11,405	\$416,299

An analysis of possible incentives that the City may consider for the facility is next.

## Analysis of Possible Incentives for the Facility

The City/EDC is considering the following incentives for the project:

Free land, 15 acres at \$40,000 an acre	\$600,000
Funding the cost of road extension to the facility	\$89,715
Total city incentives	\$689,715

Financial incentives that may be offered the facility may be considered as investments that the City is making in the facility.

Four calculations analyzing possible investments were made -- net benefits, discounted cash flow, rate of return on investment and payback period. Net benefits and discounted cash flow for the City are scheduled



above. Rate of return on investment and payback period are discussed and scheduled below.

Rate of return on investment is the City's average annual rate of return from additional revenues that the City will receive on the investment of incentives that the City may make in the facility. Payback period is the number of years that it will take the City to recover the costs of incentives from the additional revenues that it will receive from the facility.

Average annual rates of return on investment each year over the first ten years and payback periods for the possible levels of incentives are shown below.

Rates of Return and Payback Periods Possible City Incentives		
Incentives	Annual Rate of Return	Payback Period (In years)
\$689,715	27%	3.2

## Discussion of State Aid for the School District

This analysis seeks to calculate the impact on the school district's finances from the facility by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls and local taxes that this generates reduces state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

## Conduct of the Analysis

This analysis was conducted by Impact DataSource using data, rates and information supplied by the firm and the City of Lindale. In addition, Impact DataSource used certain estimates and assumptions.

Using this data, the economic impact from the facility and the costs and benefits for the City of Lindale, Smith County, Lindale ISD, Tyler Junior College, Smith County EMS District # 1 and City of Lindale Reinvestment Zone #2 were calculated for a ten year period.

In addition to the direct economic impact of the facility and its employees, spin-off or indirect and induced benefits were also calculated. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services to the facility. 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 new workers and their families.

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

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier.

An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Lindale area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The multipliers show the estimated number of indirect and induced jobs created for every one direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The multipliers used in this analysis are below:

Employment multiplier	1.2273
Earnings multiplier	1.2096

## About Impact DataSource

Impact DataSource is a twenty-three year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Data used in the analysis, along with schedules of the results of calculations, are on the following pages.

## **Data and Rates Used in this Analysis**

**Local Tax Rates:**

City of Lindale sales tax rate	1.5%
Smith County sales tax rate	0.5%

City of Lindale hotel occupancy tax rate	7%
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Property tax rates, per \$100 of valuation:

City of Lindale	\$0.47222
Smith County	\$0.33000
Lindale ISD:	
M&O	\$1.04000
I&S	\$0.36000
Total	\$1.40000
Tyler Junior College	\$0.19993
Smith County EMS District # 1	\$0.06766
City of Lindale Reinvestment Zone #2	75% of taxes collected on real property improvements

**Some City Rates:**

Annual marginal cost of providing municipal services, excluding utilities, to each new household	\$450
--	-------

Estimated annual other taxes and user fees to be collected by the city from each new household -- those revenues that are in addition to sales and property taxes, utilities and utility franchise fees	\$60
---	------

Annual increase expected in the city's other revenues and marginal costs	2%
--	----

The city's estimated annual water, wastewater and garbage collection billings per household	\$1,080
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Utility Service	Estimated Monthly Billing	Estimated Annual Billing (Monthly billing x 12)
Water	\$35	\$420
Wastewater	\$30	\$360
Solid waste	\$25	\$300

The city's cost of providing water, wastewater and solid waste services, as a percent of utility billings	80%
---	-----

Annual increase expected in city-owned utility billings 2%

The city's estimated utility franchise fee percentages:

Electricity	4%
Natural gas	2%
Cable	2%
Telephone monthly line access charge:	
Residential	\$0.30
Non-residential	\$0.61

Annual utility franchise fees collected from utility providers for each household in the city as detailed below \$61.80

Utility Service	Estimated Monthly Billing	Utility Franchise Fee Percentage	Monthly Utility Franchise Fee Collections	Estimated Annual Utility Franchise Fee Collections (Monthly collections x 12)
Electricity	\$85	4%	\$3.40	\$40.80
Natural gas	\$40	2%	\$0.80	\$9.60
Cable	\$40	2%	\$0.80	\$9.60
Telephone lines	0.5	\$0.30	\$0.15	\$1.80

#### Some County Rates:

Annual marginal cost of providing county services to each new household	\$150
Annual miscellaneous taxes and user fees to be collected from each new household, those county revenues other than property and sales taxes	\$75
Annual increase expected in other county revenues and marginal costs	2%

#### Some School District Rates:

Estimated annual state, federal and other funding received by the district for for each child enrolled	\$4,500
Average annual cost of providing services to each child in the district	\$9,500
Average annual cost for each new child, as a percent of average annual cost	47%

Annual marginal cost of providing services to each new child	\$4,465
--	---------

**Other Community Rates:**

Expected inflation rate over the first ten years	3.5%
--	------

Discount rate used in analysis to compute discounted cash flows	6%
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Percent of a typical worker's salary that will be spent on taxable goods and services	30%
---	-----

Average taxable value of a new single family residence in the community that will be built for some individuals moving to the city	\$150,000
--	-----------

Percent annual increase in the taxable value of residential property and commercial real property on local tax rolls over the first ten years	2%
---	----

**Depreciation rates:**

To estimate the annual taxable or depreciable value of furniture, fixtures and equipment at the facility being analyzed in this analysis, this analysis uses straight line depreciation, an ten year life and a 20% residual value. Therefore, property taxes on the facility's furniture, fixtures and equipment are calculated on the following percentages of the costs of such equipment purchased each year:

Year 1	90%
Year 2	80%
Year 3	70%
Year 4	60%
Year 5	50%
Year 6	40%
Year 7	30%
Year 8	20%
Year 9	20%
Year 10	20%

### The Facility's Investments, Assets and Construction:

The investments at the facility each year at the facility:

	Land improvements	Buildings and Other Real Property	Furniture, Fixtures, and Equipment	Total
Year 1	\$600,000	10,800,000	7,200,000	\$18,600,000
Year 2	\$0	\$0	\$0	\$0
Year 3	\$0	\$0	\$0	\$0
Year 4	\$0	\$0	\$0	\$0
Year 5	\$0	\$0	\$0	\$0
Year 6	\$0	\$0	\$0	\$0
Year 7	\$0	\$0	\$0	\$0
Year 8	\$0	\$0	\$0	\$0
Year 9	\$0	\$0	\$0	\$0
Year 10	\$0	\$0	\$0	\$0
Total	\$600,000	\$10,800,000	\$7,200,000	\$18,600,000

The facility's taxable inventories:

	Estimated Total Inventories	Percent Subject to Freeport	Taxable Inventories
Year 1	\$2,000,000	75%	\$250,000
Year 2	\$2,000,000	75%	\$262,500
Year 3	\$2,000,000	75%	\$275,625
Year 4	\$2,000,000	75%	\$289,406
Year 5	\$2,000,000	75%	\$303,877
Year 6	\$2,000,000	75%	\$319,070
Year 7	\$2,000,000	75%	\$335,024
Year 8	\$2,000,000	75%	\$351,775
Year 9	\$2,000,000	75%	\$369,364
Year 10	\$2,000,000	75%	\$387,832

Estimated annual increase in the volume and value of inventories

5%



**Spending During Construction:**

Estimated spending for construction:

Year 1	\$10,800,000
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

Percent of construction costs for:

Materials	60%
Labor	40%

Estimated percent of construction materials that will be purchased in the city and be subject to sales tax	40%
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Percent of taxable spending by construction workers that will be in the city	40%
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Estimated percent of furniture, fixtures and equipment that will be purchased in the city and be subject to sales tax	5%
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Estimated building permits and fees to be paid to the city:

Year 1	\$86,400
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

**Activities During the Facility's Operations:**

The facility's taxable sales subject to sales tax in the city:

Year 1	\$0
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

Expected annual increase in taxable sales after the first year 0%

Estimated annual utilities at the facility:

	Water	Wastewater	Solid Waste	Electricity	Natural Gas	Cable	Telephone
Year 1	\$12,000	\$12,000	\$60,000	\$1,200,000	\$600,000	\$0	\$60,000
Year 2	\$12,240	\$12,240	\$61,200	\$1,224,000	\$612,000	\$0	\$61,200
Year 3	\$12,485	\$12,485	\$62,424	\$1,248,480	\$624,240	\$0	\$62,424
Year 4	\$12,734	\$12,734	\$63,672	\$1,273,450	\$636,725	\$0	\$63,672
Year 5	\$12,989	\$12,989	\$64,946	\$1,298,919	\$649,459	\$0	\$64,946
Year 6	\$13,249	\$13,249	\$66,245	\$1,324,897	\$662,448	\$0	\$66,245
Year 7	\$13,514	\$13,514	\$67,570	\$1,351,395	\$675,697	\$0	\$67,570
Year 8	\$13,784	\$13,784	\$68,921	\$1,378,423	\$689,211	\$0	\$68,921
Year 9	\$14,060	\$14,060	\$70,300	\$1,405,991	\$702,996	\$0	\$70,300
Year 10	\$14,341	\$14,341	\$71,706	\$1,434,111	\$717,056	\$0	\$71,706
Annual increase	2%	2%	2%	2%	2%	2%	2%

Estimated number of telephone lines at the facility 10

Percent of utility usage for manufacturing and processing activities and not subject to sales tax 50%

The facility's estimated local taxable purchases of materials, supplies and services for its operations:

Year 1	\$1,500,000
Year 2	\$1,575,000
Year 3	\$1,653,750
Year 4	\$1,736,438
Year 5	\$1,823,259
Year 6	\$1,914,422
Year 7	\$2,010,143
Year 8	\$2,110,651
Year 9	\$2,216,183
Year 10	\$2,326,992

Expected annual increase in taxable purchases after the first year 5%

The facility's total taxable purchases and taxable utilities:

	Taxable Purchases of Supplies, Materials and Services	Utilities Subject to Sales Tax			Total
		Utilities Subject to Sales Tax	Percent Taxable	Taxable Utilities	
Year 1	\$1,500,000	\$1,860,000	50%	\$930,000	\$2,430,000
Year 2	\$1,575,000	\$1,897,200	50%	\$948,600	\$2,523,600
Year 3	\$1,653,750	\$1,935,144	50%	\$967,572	\$2,621,322
Year 4	\$1,736,438	\$1,973,847	50%	\$986,923	\$2,723,361
Year 5	\$1,823,259	\$2,013,324	50%	\$1,006,662	\$2,829,921
Year 6	\$1,914,422	\$2,053,590	50%	\$1,026,795	\$2,941,217
Year 7	\$2,010,143	\$2,094,662	50%	\$1,047,331	\$3,057,475
Year 8	\$2,110,651	\$2,136,555	50%	\$1,068,278	\$3,178,928
Year 9	\$2,216,183	\$2,179,286	50%	\$1,089,643	\$3,305,826
Year 10	\$2,326,992	\$2,222,872	50%	\$1,111,436	\$3,438,428

Number of existing and new workers hired at the facility each year:

Year 1	106
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Total	106

Number of new workers who will move to the city to take job at the facility:

Estimated percent of total new workers moving to the city	8%
Year 1	8
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Total	8

Average annual salaries of workers at the facility \$38,679

Percent of expected increase in employee salaries after year 1 2.0%

Multipliers for calculating the number of indirect and induced jobs and earnings in the area:

Earnings	1.2096
Employment	1.2273

*This cost-benefit analysis uses the above multipliers to project the indirect and induced benefits in the community as a result of the direct economic activity. The employment multiplier shows the number of spin-off jobs what will be created from each direct job. Similarly, the earnings multiplier estimates the salaries and wages to be paid to workers in these spin-off jobs for each \$1 paid to direct workers.*

Percent employees to be hired in spin-off jobs created at the facility who will move to the city to take a job 8%

Percent of workers who move to the community that will buy a new home or require that new residential property be built for them 20%

The number of people in a typical worker's household 3

The number of school children in a typical worker's household 0.65

Percent of retail shopping by a typical worker in the city 25%

**Visitors to the Facility from Out-of-Town:**

Estimated number of annual out-of-town visitors to the facility	100
Average annual increase in the number of out-of-town visitors to the facility	3%
Average number of days that each of these visitors will stay in the city	2
Average number of nights that some of these visitors will stay in a motel in the city	1
Estimated average daily retail spending by each visitor in the city	\$60
Estimated daily motel room rate in the city	\$95

**Out-of-Town Truckers Loading and Unloading at the Facility:**

Estimated number of out-of-town truckers loading and unloading at the facility	150
Average annual increase in the number of out-of-town truckers	3%
Average taxable spending in the City by each out-of-town trucker	\$50.00
Estimated percent of out-of-town truckers who may stay overnight at a local motel	15%

## **Schedules Showing the Results of Economic Impact Calculations**

**Number of local jobs added each year and worker salaries to be paid:**

Year	Direct Jobs	Indirect Jobs	Total Jobs	Direct Salaries	Indirect Salaries	Total Salaries
1	106	130	236	\$4,100,000	\$4,959,360	\$9,059,360
2	0	0	0	\$4,182,000	\$5,058,547	\$9,240,547
3	0	0	0	\$4,265,640	\$5,159,718	\$9,425,358
4	0	0	0	\$4,350,953	\$5,262,913	\$9,613,865
5	0	0	0	\$4,437,972	\$5,368,171	\$9,806,143
6	0	0	0	\$4,526,731	\$5,475,534	\$10,002,265
7	0	0	0	\$4,617,266	\$5,585,045	\$10,202,311
8	0	0	0	\$4,709,611	\$5,696,746	\$10,406,357
9	0	0	0	\$4,803,803	\$5,810,681	\$10,614,484
10	0	0	0	\$4,899,880	\$5,926,894	\$10,826,774
Total	106	130	236	\$44,893,856	\$54,303,608	\$99,197,464

**Number of direct and indirect workers and their families who will move to the area and their children who will attend local public schools:**

Year	New Workers Moving to the Area	Total New Residents	Total New Students
1	18	54	12
2	0	0	0
3	0	0	0
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
Total	18	54	12

**Number of new residential properties that may be built in the city for direct and indirect workers who will move to the community:**

Year	New Residential Properties
1	4
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0
Total	4

**Local taxable spending on which sales taxes will be collected:**

Year	Local Construction Workers' Spending and Furniture, Fixtures and Equipment	Direct and Indirect Workers' Spending	Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$3,470,400	\$679,452	\$19,500	\$0	\$2,430,000	\$6,599,352
2	\$0	\$693,041	\$20,788	\$0	\$2,523,600	\$3,237,429
3	\$0	\$706,902	\$22,161	\$0	\$2,621,322	\$3,350,385
4	\$0	\$721,040	\$23,625	\$0	\$2,723,361	\$3,468,026
5	\$0	\$735,461	\$25,185	\$0	\$2,829,921	\$3,590,567
6	\$0	\$750,170	\$26,849	\$0	\$2,941,217	\$3,718,236
7	\$0	\$765,173	\$28,622	\$0	\$3,057,475	\$3,851,270
8	\$0	\$780,477	\$30,512	\$0	\$3,178,928	\$3,989,918
9	\$0	\$796,086	\$32,528	\$0	\$3,305,826	\$4,134,441
10	\$0	\$812,008	\$34,676	\$0	\$3,438,428	\$4,285,113
Total	\$3,470,400	\$7,439,810	\$264,446	\$0	\$29,050,079	\$40,224,735



**Local spending by visitors on lodging by out-of-town visitors and out-of-town truckers:**

Year	Spending on Lodging
1	\$11,638
2	\$12,406
3	\$13,226
4	\$14,099
5	\$15,030
6	\$16,023
7	\$17,081
8	\$18,210
9	\$19,412
10	\$20,695
Total	\$157,820

**Taxable value of new residential property built for direct and indirect workers who move to the community and the value of the facility's property on local tax rolls:**

Year	New Residential Property	Value of Property at the Facility on Local Tax Rolls	Total Taxable Property
1	\$600,000	\$18,130,000	\$18,730,000
2	\$612,000	\$17,074,500	\$17,686,500
3	\$624,240	\$16,672,185	\$17,296,425
4	\$636,725	\$16,275,177	\$16,911,902
5	\$649,459	\$15,883,603	\$16,533,062
6	\$662,448	\$15,497,592	\$16,160,040
7	\$675,697	\$15,117,275	\$15,792,973
8	\$689,211	\$14,742,792	\$15,432,003
9	\$702,996	\$15,022,281	\$15,725,276
10	\$717,056	\$15,307,887	\$16,024,943

## **Schedules Showing the Results of Costs and Benefits Calculations**

## Costs and Benefits for the City of Lindale:

### Benefits:

#### Sales tax collections:

Year	During Construction and Purchases of Furniture, Fixtures and Equipment	On Direct and Indirect Workers' Spending	On Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$52,056	\$10,192	\$293	\$0	\$36,450	\$98,990
2	\$0	\$10,396	\$312	\$0	\$37,854	\$48,561
3	\$0	\$10,604	\$332	\$0	\$39,320	\$50,256
4	\$0	\$10,816	\$354	\$0	\$40,850	\$52,020
5	\$0	\$11,032	\$378	\$0	\$42,449	\$53,859
6	\$0	\$11,253	\$403	\$0	\$44,118	\$55,774
7	\$0	\$11,478	\$429	\$0	\$45,862	\$57,769
8	\$0	\$11,707	\$458	\$0	\$47,684	\$59,849
9	\$0	\$11,941	\$488	\$0	\$49,587	\$62,017
10	\$0	\$12,180	\$520	\$0	\$51,576	\$64,277
Total	\$52,056	\$111,597	\$3,967	\$0	\$435,751	\$603,371

#### Property tax collections on:

Year	New Residential Property	Property at the Facility			Total Taxes After Abatement and TIRZ	Total
		Taxes Collected	Less Taxes Abated	Less Contributions to TIRZ		
1	\$2,833	\$85,613	\$0	\$38,250	\$47,363	\$50,197
2	\$2,890	\$80,629	\$0	\$39,015	\$41,614	\$44,504
3	\$2,948	\$78,729	\$0	\$39,795	\$38,934	\$41,882
4	\$3,007	\$76,854	\$0	\$40,591	\$36,263	\$39,270
5	\$3,067	\$75,005	\$0	\$41,403	\$33,603	\$36,669
6	\$3,128	\$73,182	\$0	\$42,231	\$30,952	\$34,080
7	\$3,191	\$71,386	\$0	\$43,075	\$28,311	\$31,502
8	\$3,255	\$69,618	\$0	\$43,937	\$25,681	\$28,936
9	\$3,320	\$70,938	\$0	\$44,816	\$26,122	\$29,442
10	\$3,386	\$72,287	\$0	\$45,712	\$26,575	\$29,961
Total	\$31,024	\$754,242	\$0	\$418,823	\$335,419	\$366,443

Costs and benefits for the City of Lindale - Continued

**Utilities and utility franchise fees collected by the city from new residents and from the facility:**

Year	Utilities	Utility Franchise Fees	Total
1	\$103,958	\$61,215	\$165,174
2	\$106,038	\$62,458	\$168,495
3	\$108,158	\$63,726	\$171,884
4	\$110,321	\$65,020	\$175,341
5	\$112,528	\$66,340	\$178,868
6	\$114,778	\$67,688	\$182,467
7	\$117,074	\$69,064	\$186,138
8	\$119,416	\$70,467	\$189,883
9	\$121,804	\$71,900	\$193,704
10	\$124,240	\$73,362	\$197,602
Total	\$1,138,315	\$671,240	\$1,809,555

**Other city revenues, including hotel occupancy taxes, other taxes and user fees collected from new residents and building permits on construction at the facility:**

Year	Hotel Occupancy Taxes	Other Taxes and User Fees	Building Permits and Fees	Total Other Revenues
1	\$815	\$1,109	\$86,400	\$88,323
2	\$868	\$1,131	\$0	\$1,999
3	\$926	\$1,154	\$0	\$2,079
4	\$987	\$1,177	\$0	\$2,164
5	\$1,052	\$1,200	\$0	\$2,252
6	\$1,122	\$1,224	\$0	\$2,346
7	\$1,196	\$1,249	\$0	\$2,444
8	\$1,275	\$1,274	\$0	\$2,548
9	\$1,359	\$1,299	\$0	\$2,658
10	\$1,449	\$1,325	\$0	\$2,774
Total	\$11,047	\$12,141	\$86,400	\$109,588

Costs and benefits for the City of Lindale - Continued

**Costs:**

**The costs of providing municipal services and utility services to new residents:**

Year	Cost of Services to New Residents	Costs of Utilities	Total Costs
1	\$8,316	\$83,167	\$91,483
2	\$8,482	\$84,830	\$93,312
3	\$8,652	\$86,527	\$95,179
4	\$8,825	\$88,257	\$97,082
5	\$9,002	\$90,022	\$99,024
6	\$9,182	\$91,823	\$101,004
7	\$9,365	\$93,659	\$103,024
8	\$9,552	\$95,532	\$105,085
9	\$9,744	\$97,443	\$107,187
10	\$9,938	\$99,392	\$109,330
Total	\$91,058	\$910,652	\$1,001,710

**Net Benefits for the City of Lindale:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$402,684	\$91,483	\$311,201	\$311,201
2	\$263,560	\$93,312	\$170,248	\$481,449
3	\$266,101	\$95,179	\$170,923	\$652,372
4	\$268,796	\$97,082	\$171,713	\$824,085
5	\$271,649	\$99,024	\$172,625	\$996,710
6	\$274,666	\$101,004	\$173,662	\$1,170,372
7	\$277,853	\$103,024	\$174,829	\$1,345,200
8	\$281,216	\$105,085	\$176,131	\$1,521,331
9	\$287,820	\$107,187	\$180,634	\$1,701,965
10	\$294,613	\$109,330	\$185,283	\$1,887,248
Total	\$2,888,958	\$1,001,710	\$1,887,248	

**Benefits for Smith County:****Sales tax collections on spending:**

Year	During Construction and Purchases of Furniture, Fixtures and Equipment	On Direct and Indirect Workers' Spending	On Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$17,352	\$3,397	\$98	\$0	\$12,150	\$32,997
2	\$0	\$3,465	\$104	\$0	\$12,618	\$16,187
3	\$0	\$3,535	\$111	\$0	\$13,107	\$16,752
4	\$0	\$3,605	\$118	\$0	\$13,617	\$17,340
5	\$0	\$3,677	\$126	\$0	\$14,150	\$17,953
6	\$0	\$3,751	\$134	\$0	\$14,706	\$18,591
7	\$0	\$3,826	\$143	\$0	\$15,287	\$19,256
8	\$0	\$3,902	\$153	\$0	\$15,895	\$19,950
9	\$0	\$3,980	\$163	\$0	\$16,529	\$20,672
10	\$0	\$4,060	\$173	\$0	\$17,192	\$21,426
Total	\$17,352	\$37,199	\$1,322	\$0	\$145,250	\$201,124

**Miscellaneous taxes and user fees to be collected from new residents:**

Year	Misc. Taxes and User Fees
1	\$1,386
2	\$1,414
3	\$1,442
4	\$1,471
5	\$1,500
6	\$1,530
7	\$1,561
8	\$1,592
9	\$1,624
10	\$1,656
Total	\$15,176

Costs and benefits for Smith County, continued

**Property tax collections on:**

Year	New Residential Property	Property at the Facility			Total Taxes After Abatement and TIRZ	Total
		Taxes Collected	Less Taxes Abated	Less Contributions to TIRZ		
1	\$1,980	\$59,829	\$0	\$26,730	\$33,099	\$35,079
2	\$2,020	\$56,346	\$0	\$27,265	\$29,081	\$31,101
3	\$2,060	\$55,018	\$0	\$27,810	\$27,208	\$29,268
4	\$2,101	\$53,708	\$0	\$28,366	\$25,342	\$27,443
5	\$2,143	\$52,416	\$0	\$28,933	\$23,482	\$25,626
6	\$2,186	\$51,142	\$0	\$29,512	\$21,630	\$23,816
7	\$2,230	\$49,887	\$0	\$30,102	\$19,785	\$22,014
8	\$2,274	\$48,651	\$0	\$30,704	\$17,947	\$20,221
9	\$2,320	\$49,574	\$0	\$31,318	\$18,255	\$20,575
10	\$2,366	\$50,516	\$0	\$31,945	\$18,571	\$20,937
Total	\$21,680	\$527,087	\$0	\$292,686	\$234,401	\$256,081

**Costs of providing county services to new residents:**

Year	Costs of County Services
1	\$2,772
2	\$2,827
3	\$2,884
4	\$2,942
5	\$3,001
6	\$3,061
7	\$3,122
8	\$3,184
9	\$3,248
10	\$3,313
Total	\$30,353

Costs and benefits for Smith County, continued

**Total Benefits for the County:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$69,462	\$2,772	\$66,690	\$66,690
2	\$48,702	\$2,827	\$45,874	\$112,564
3	\$47,462	\$2,884	\$44,578	\$157,142
4	\$46,254	\$2,942	\$43,312	\$200,455
5	\$45,079	\$3,001	\$42,078	\$242,533
6	\$43,937	\$3,061	\$40,877	\$283,410
7	\$42,832	\$3,122	\$39,710	\$323,120
8	\$41,763	\$3,184	\$38,579	\$361,699
9	\$42,871	\$3,248	\$39,623	\$401,322
10	\$44,019	\$3,313	\$40,707	\$442,029
Total	\$472,381	\$30,353	\$442,029	



**Costs and Benefits for the Lindale ISD:**

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**Benefits, including property taxes and additional state and federal school funding:**

Year	Property Tax Collections on:			Additional State School Funding	Total
	New Residential Property	The Facility's Property	Total Collections		
1	\$8,400	\$253,820	\$262,220	\$52,650	\$314,870
2	\$8,568	\$239,043	\$247,611	\$54,493	\$302,104
3	\$8,739	\$233,411	\$242,150	\$56,400	\$298,550
4	\$8,914	\$227,852	\$236,767	\$58,374	\$295,141
5	\$9,092	\$222,370	\$231,463	\$60,417	\$291,880
6	\$9,274	\$216,966	\$226,241	\$62,532	\$288,772
7	\$9,460	\$211,642	\$221,102	\$64,720	\$285,822
8	\$9,649	\$206,399	\$216,048	\$66,986	\$283,034
9	\$9,842	\$210,312	\$220,154	\$69,330	\$289,484
10	\$10,039	\$214,310	\$224,349	\$71,757	\$296,106
Total	\$91,978	\$2,236,126	\$2,328,104	\$617,658	\$2,945,762

**Costs of educating children of new workers who move to the district:**

Year	Cost of Educating New Students
1	\$52,241
2	\$54,069
3	\$55,961
4	\$57,920
5	\$59,947
6	\$62,045
7	\$64,217
8	\$66,465
9	\$68,791
10	\$71,198
Total	\$612,854

**Reduction in State aid to the school district as a result of new residential property for the facility's employees and the facility's property being added to the school district's tax rolls:**

Year	Reduction in State Aid for the School District
1	\$194,792
2	\$183,940
3	\$179,883
4	\$175,884
5	\$171,944
6	\$168,064
7	\$164,247
8	\$160,493
9	\$163,543
10	\$166,659
Total	\$1,729,449

**Net Benefits for the School District:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$314,870	\$247,033	\$67,838	\$67,838
2	\$302,104	\$238,009	\$64,095	\$131,933
3	\$298,550	\$235,844	\$62,706	\$194,639
4	\$295,141	\$233,804	\$61,337	\$255,975
5	\$291,880	\$231,891	\$59,989	\$315,964
6	\$288,772	\$230,110	\$58,663	\$374,627
7	\$285,822	\$228,464	\$57,358	\$431,985
8	\$283,034	\$226,957	\$56,076	\$488,061
9	\$289,484	\$232,334	\$57,150	\$545,211
10	\$296,106	\$237,858	\$58,248	\$603,459
Total	\$2,945,762	\$2,342,302	\$603,459	

## Benefits for Tyler Junior College

### Property tax collections:

Year	New Residential Property	Property at the Facility			Total Taxes	
		Taxes Collected	Less Taxes Abated	Less Contributions to TIRZ	After Abatement and TIRZ	Total
1	\$1,200	\$36,247	\$0	\$16,194	\$20,053	\$21,252
2	\$1,224	\$34,136	\$0	\$16,518	\$34,136	\$35,360
3	\$1,248	\$33,332	\$0	\$16,848	\$33,332	\$34,580
4	\$1,273	\$32,538	\$0	\$17,185	\$32,538	\$33,811
5	\$1,298	\$31,755	\$0	\$17,529	\$31,755	\$33,054
6	\$1,324	\$30,984	\$0	\$17,879	\$30,984	\$32,308
7	\$1,351	\$30,223	\$0	\$18,237	\$30,223	\$31,574
8	\$1,378	\$29,475	\$0	\$18,602	\$29,475	\$30,853
9	\$1,405	\$30,033	\$0	\$18,974	\$30,033	\$31,439
10	\$1,434	\$30,604	\$0	\$19,353	\$30,604	\$32,038
Total	\$13,135	\$319,328	\$0	\$177,320	\$303,134	\$316,269

## Benefits for Smith County EMS District # 1

### Property tax collections:

Year	New Residential Property	Property at the Facility			Total Taxes	
		Taxes Collected	Less Taxes Abated	Less Contributions to TIRZ	After Abatement and TIRZ	Total
1	\$406	\$12,267	\$0	\$5,481	\$6,787	\$7,193
2	\$414	\$11,553	\$0	\$5,590	\$5,963	\$6,377
3	\$422	\$11,281	\$0	\$5,702	\$5,579	\$6,001
4	\$431	\$11,012	\$0	\$5,816	\$5,196	\$5,627
5	\$439	\$10,747	\$0	\$5,933	\$4,815	\$5,254
6	\$448	\$10,486	\$0	\$6,051	\$4,435	\$4,883
7	\$457	\$10,229	\$0	\$6,172	\$4,057	\$4,514
8	\$466	\$9,976	\$0	\$6,296	\$3,680	\$4,146
9	\$476	\$10,165	\$0	\$6,422	\$3,743	\$4,219
10	\$485	\$10,358	\$0	\$6,550	\$3,808	\$4,293
Total	\$4,445	\$108,075	\$0	\$60,013	\$48,062	\$52,508

**Benefits for City of Lindale Reinvestment Zone #2**

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**Property tax collections:**

Year	On New Residential Property	Property at the Facility		Total
		Taxes Contributed to TIRZ	Total TIRZ Collections	
1	\$0	\$86,654	\$86,654	\$86,654
2	\$0	\$88,388	\$88,388	\$88,388
3	\$0	\$90,155	\$90,155	\$90,155
4	\$0	\$91,958	\$91,958	\$91,958
5	\$0	\$93,798	\$93,798	\$93,798
6	\$0	\$95,674	\$95,674	\$95,674
7	\$0	\$97,587	\$97,587	\$97,587
8	\$0	\$99,539	\$99,539	\$99,539
9	\$0	\$101,529	\$101,529	\$101,529
10	\$0	\$103,560	\$103,560	\$103,560
Total	\$0	\$948,842	\$948,842	\$948,842

# A Report of the Economic Impact of Sanderson Farms in Tyler, Texas

March 6, 2017

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# **A Report of the Projected Economic Impact from Sanderson Farms**

## **Introduction**

This report presents the results of an economic impact analysis performed by Impact DataSource, Austin, Texas. The analysis was to determine the impact that Sanderson Farms in Tyler, Texas will have on the economy of the Tyler area and the costs and benefits for local taxing districts over the first ten years.

Although the facility will not be located in Tyler's city limits, the impact on the city was included in this analysis, primarily from workers' spending and by some of the firm's spending in the city.

## **Summary of Economic and Fiscal Impact of Sanderson Farms over the First Ten Years**

As will be detailed later, Sanderson Farms will have a \$1.45 billion total economic impact on the Tyler area over the first ten years of its operations. This is the amount of economic output or gross area product that will be generated by the company -- equivalent on a local level to our nation's gross domestic product.

This economic impact translates into \$17.3 million in net tax revenues for local taxing districts.

## **Description of the Facility**

Sanderson Farms plans a processing plant, hatchery and feed mill in Tyler.

The company plans to invest the following amounts in these Tyler facilities:

<b>The Firm's Investment in Tyler Facilities</b>	
Processing plant	\$110,000,000
Administration, hatchery and live hall	\$18,000,000
Feed mill	\$35,000,000
Total	\$163,000,000

In addition contract producers will invest \$130 million in other counties in the area, although the impacts of these investment are not included in this analysis.

The Tyler facilities will create the following number of jobs and salaries:

The Firm's Jobs and Salaries at it Tyler Facilities		
	Jobs	Annual Salaries
Processing plant	1,490	\$36,300,000
Administration, hatchery and live hall	106	\$4,100,000
Feed mill	36	\$1,200,000
Total	1,632	\$41,600,000

How the facility will impact the economy of the area is discussed next.

## The Estimated Economic Impact of the Facility over the First Ten Years

The facility will have the following economic impact on the Tyler area over the first ten years, in particular the facility's operations will pump \$1.45 billion into the Tyler area's economy over the first ten years:

Economic Impact over the First Ten Years	
Estimated total economic output/impact -- amount of money that the firm will pump into the Tyler area's economy over the first ten years of operations:	
Direct economic output	\$759,180,656
Indirect and induced economic output	\$696,130,703
Total economic output/impact over the first ten years	\$1,455,311,358
Total number of permanent direct and indirect jobs to be created	3,635
Number of direct and indirect workers who will move to the City	405
Number of new residents in the City	1,215
Number of new residential properties to be built in the City	101
Estimated number of new students expected in Winona ISD	41
Salaries to be paid to direct and indirect workers	\$1,006,491,346
Taxable sales and purchases expected in the City	\$236,350,677
The value of new residential property to be built for direct and indirect workers who move to the City by Year 10	\$18,150,468
The facility's assets added to local tax rolls	\$168,000,000

How this economic activity translates into additional costs and benefits for local taxing districts is discussed next.



# Costs and Benefits for Local Taxing Districts over the First Ten Years

Local taxing districts can expect costs and benefits over the first ten years from the facility, as scheduled below, beginning with the additional revenues to be received.

## Additional Revenues for Local Taxing Districts

Local taxing districts can expect to receive the following revenues over the first 10 years from the facility, its employees and workers in indirect jobs created in the community.

Additional Revenues For Local Taxing Districts Over the First Ten Years of the Facility's Operation					
	Sales Taxes	Property Taxes*	Utilities	Utility Franchise Fees	Building Permits and Fees
City of Tyler	\$3,545,260	\$365,858	\$4,789,408	\$440,144	\$0
Smith County	\$1,181,753	\$2,008,790			
Winona ISD		\$23,771,745			
Tyler Junior College		\$1,216,998			
Smith County EMS District # 1		\$515,273			
Smith County MUD # 1		\$2,122,439			
Total	\$4,727,014	\$30,001,104	\$4,789,408	\$440,144	\$0

	Hotel Occupancy Taxes	Other Taxes and User Fees	Additional State and Federal School Funding	Total Additional Revenues
City of Tyler	\$11,037	\$665,196		\$9,816,902
Smith County		\$443,464		\$3,634,008
Winona ISD			\$2,089,292	\$25,861,037
Tyler Junior College				\$1,216,998
Smith County EMS District # 1				\$515,273
Smith County MUD # 1				\$2,122,439
Total	\$11,037	\$1,108,659	\$2,089,292	\$43,166,657

*\*Property tax collections shown above are after some taxes may be abated by local property taxing districts in which the facilities will be located, with the exception of the school district.*

## Additional Costs for Local Taxing Districts

Local taxing districts will incur the following costs over the first 10 years, as a result of the facility and direct and indirect employees.

Costs for Local Taxing Districts Over the First 10 Years of the Facility's Operation					
	Costs of Services to New Residents	Costs of Providing Monthly Utility Services	Costs of Educating New Students	Reduction in State School Funding as a Result of Property being Added to Local Tax Rolls	Total
City of Tyler	\$1,995,587	\$4,549,938			\$6,545,524
Smith County	\$665,196				\$665,196
Winona ISD			\$2,073,042	\$16,497,141	\$18,570,183
Tyler Junior College					\$0
Smith County EMS District # 1					\$0
Smith County MUD # 1					\$0
Total	\$2,660,782	\$4,549,938	\$2,073,042	\$16,497,141	\$25,780,902

## Additional Net Benefits

The additional public benefits less additional public costs will result in the following net benefits for the City, County and other local taxing districts over the first ten years of the facility's operation:

Net Benefits for Local Taxing Districts Over the First 10 Years of the Facility's Operation			
	Benefits	Costs	Net Benefits
City of Tyler	\$9,816,902	\$6,545,524	\$3,271,378
Smith County	\$3,634,008	\$665,196	\$2,968,812
Winona ISD	\$25,861,037	\$18,570,183	\$7,290,855
Tyler Junior College	\$1,216,998	\$0	\$1,216,998
Smith County EMS District # 1	\$515,273	\$0	\$515,273
Smith County MUD # 1	\$2,122,439	\$0	\$2,122,439
Total	\$43,166,657	\$25,780,902	\$17,385,755

## Discounted Cash Flow for Local Taxing Districts

The discounted cash flow over the first ten years for each local taxing district from the new facility is as follows:

Discounted Cash Flow Over the First Ten Years	
City of Tyler	\$2,504,206
Smith County	\$2,202,618
Winona ISD	\$5,536,654
Tyler Junior College	\$887,454
Smith County EMS District # 1	\$0
Smith County MUD # 1	\$0
Total	\$11,130,932

The above discounted cash flow or present value of net benefits is a way of expressing in today's dollars, dollars to be paid or received in the future. Today's dollar and a dollar to be received or paid 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 6% to make the dollars comparable -- by expressing them in today's dollars or in present value.

## Net Benefits to be Received by the City from (1) the Facility and (2) New Workers

The City of Tyler will receive benefits from spending and investments by the facility and from spending by new workers. These benefits, over the first ten years, are shown below for these two categories.

Schedule of Benefits for the City from the Facility and From New Workers			
	Benefits from:		Total
	The Facility	New Workers	Benefits
Additional revenues:			
Sales taxes	\$1,190,070	\$2,355,190	\$3,545,260
Property taxes	\$0	\$365,858	\$365,858
Utility revenues	\$0	\$4,789,408	\$4,789,408
Utility franchise fees	\$0	\$440,144	\$440,144
Hotel occupancy taxes	\$11,037		\$11,037
Other taxes and user fees		\$665,196	\$665,196
Building permits and fees	\$0		\$0
Total additional revenues	\$1,201,107	\$8,615,795	\$9,816,902
Additional costs:			
Costs of providing utilities	\$0	\$4,549,938	\$4,549,938
Costs of providing municipal services for new residents		\$1,995,587	\$1,995,587
Total additional costs	\$0	\$6,545,524	\$6,545,524
Net benefits	\$1,201,107	\$2,070,271	\$3,271,378
Percent of total net benefits for the City	37%	63%	

## Taxes to be Abated

The County, College, MUD and EMS district are considering abating taxes on the firm's buildings and equipment at the following percentages

Percentage of Taxes to be Abated	
1	80%
2	80%
3	80%
4	80%
5	80%
6	80%
7	80%
8	50%
9	50%
10	50%

If taxes are abated as proposed, the following property taxes will be abated for the facility:

Property Taxes to be Abated for the Facility							
	City	County	School District	College	EMS District	MUD	Total
Year 1	\$0	\$413,382	\$0	\$250,442	\$72,607	\$102,970	\$839,401
Year 2	\$0	\$388,112	\$0	\$235,132	\$68,979	\$99,950	\$792,173
Year 3	\$0	\$378,190	\$0	\$229,121	\$67,681	\$99,271	\$774,263
Year 4	\$0	\$368,376	\$0	\$223,175	\$66,402	\$98,624	\$756,577
Year 5	\$0	\$358,669	\$0	\$217,295	\$65,144	\$98,011	\$739,119
Year 6	\$0	\$349,074	\$0	\$211,482	\$63,907	\$97,431	\$721,894
Year 7	\$0	\$339,591	\$0	\$205,737	\$62,692	\$96,886	\$704,906
Year 8	\$0	\$206,390	\$0	\$125,039	\$136,521	\$171,400	\$639,350
Year 9	\$0	\$210,137	\$0	\$127,308	\$139,021	\$174,597	\$651,063
Year 10	\$0	\$213,958	\$0	\$129,624	\$141,570	\$177,858	\$663,010
Total	\$0	\$3,225,879	\$0	\$1,954,355	\$884,524	\$1,216,998	\$7,281,756

## Freeport Exemption

The County, College, School District, MUD and EMS district expect to grant freeport exemption on the firm's inventories. Of inventories valued at \$20 million, an estimated 75% will be subject to freeport and therefore property taxes will not be collected on this amount. The amount of tax savings for the company from freeport is shown below.

The Firm's Property Tax Savings on Inventories							
	Value of Inventories Subject to Freeport	County	School District	College	EMS District	MUD	Total
Year 1	\$15,000,000	\$49,500	\$224,790	\$29,989	\$12,697	\$52,301	\$369,277
Year 2	\$15,300,000	\$50,490	\$229,286	\$30,589	\$12,951	\$53,347	\$376,662
Year 3	\$15,606,000	\$51,500	\$233,872	\$31,200	\$13,210	\$54,413	\$384,195
Year 4	\$15,918,120	\$52,530	\$238,549	\$31,824	\$13,474	\$55,502	\$391,879
Year 5	\$16,236,482	\$53,580	\$243,320	\$32,461	\$13,744	\$56,612	\$399,717
Year 6	\$16,561,212	\$54,652	\$248,186	\$33,110	\$14,019	\$57,744	\$407,711
Year 7	\$16,892,436	\$55,745	\$253,150	\$33,772	\$14,299	\$58,899	\$415,865
Year 8	\$17,230,285	\$56,860	\$258,213	\$34,448	\$14,585	\$60,077	\$424,183
Year 9	\$17,574,891	\$57,997	\$263,377	\$35,137	\$14,877	\$61,278	\$432,666
Year 10	\$17,926,389	\$59,157	\$268,645	\$35,840	\$15,174	\$62,504	\$441,320
Total		\$542,011	\$2,461,388	\$328,370	\$139,031	\$572,676	\$4,043,476

An analysis of possible incentives that Tyler EDC may consider for the facility is next.

## Analysis of Other Possible Local Incentives for the Facility

In addition to federal and state incentives for the project, Tyler EDC is considering assisting with the cost of land for its Tyler facilities for a total cost of \$2,600,000 as shown below.

The processing plant requires 300 acres of land. Options include sites #1-#4. TEDC would commit up to \$5,000 per acre for acquisition of the property. (300 x \$5,000) \$1,500,000

The hatchery requires 10 - 20 acres. Options include sites #5-#8. TEDC would commit up to \$5,000 per acre for acquisition of the property. (20 x \$5,000) \$100,000

The feed mill requires 200 acres with access to rail. Options include sites #5-#8. TEDC would commit up to \$5,000 per acre for acquisition of the property ( 200 X \$5,000 ) \$1,000,000

Financial incentives that may be offered the facility may be considered as investments that the City is making in the facility.

Four calculations analyzing possible investments were made -- net benefits, discounted cash flow, rate of return on investment and payback period. Net benefits and discounted cash flow for the City are scheduled above. Rate of return on investment and payback period are discussed and scheduled below.

Rate of return on investment is the City's average annual rate of return from additional revenues that the City will receive on the investment of incentives that the City may make in the facility. Payback period is the number of years that it will take the City to recover the costs of incentives from the additional revenues that it will receive from the facility.

Average annual rates of return on investment each year over the first ten years and payback periods for the possible levels of incentives are shown below.

Rates of Return and Payback Periods Possible City Incentives		
Incentives	Annual Rate of Return	Payback Period (In years)
\$2,600,000	13%	7.9

## Discussion of State Aid for the School District

This analysis seeks to calculate the impact on the school district's finances from the facility by generally, and at a summary level, mimicking the district's school funding formula.

According to the Texas Education Agency, any property added to local tax rolls and local taxes that this generates reduces state funding equivalent to local taxes collected for maintenance and operations. The school district retains local taxes received for debt services and corresponding state funding is not reduced.

However, according to the Texas Education Agency, the school district will receive state aid for each new child that moves to the District. The additional revenues for the school district are calculated in this analysis.

## Conduct of the Analysis

This analysis was conducted by Impact DataSource using data, rates and information supplied by the firm

to the Tyler EDC. In addition, Impact DataSource used certain estimates and assumptions.

Using this data, the economic impact from the facility and the costs and benefits for the City of Tyler, Smith County, Winona ISD, Tyler Junior College, Smith County EMS District # 1, and Smith County MUD # 1 were calculated for a ten year period.

In addition to the direct economic impact of the facility and its employees, spin-off or indirect and induced benefits were also calculated. Indirect jobs and salaries are created in new or existing area firms, such as maintenance companies and service firms, that may supply goods and services to the facility. 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 new workers and their families.

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

Two types of regional economic multipliers were used in this analysis: an employment multiplier and an earnings multiplier.

An employment multiplier was used to estimate the number of indirect and induced jobs created and supported in the Tyler area. An earnings multiplier was used to estimate the amount of salaries to be paid to workers in these new indirect and induced jobs. The multipliers show the estimated number of indirect and induced jobs created for every one direct job at the facility and the amount of salaries paid to these workers for every dollar paid to a direct worker at the facility. The multipliers used in this analysis are below:

Employment multiplier	1.2273
Earnings multiplier	1.2096
Economic output	0.9170

## About Impact DataSource

Impact DataSource is a 23- year-old Austin economic consulting, research and analysis firm. The firm has conducted economic impact analyses of numerous projects in Texas and 39 other states. In addition, the firm has developed economic impact analysis computer programs for several clients, including the New Mexico Economic Development Department.

The firm's principal, Jerry Walker, performed this economic impact analysis. He is an economist and has Bachelor of Science and Master of Business Administration degrees in accounting and economics from Nicholls State University, Thibodaux, Louisiana.

Data used in the analysis, along with schedules of the results of calculations, are on the following pages.



## **Data and Rates Used in this Analysis**

**Local Tax Rates:**

Local sales tax rate:

City of Tyler	1.5%
Smith County	0.5%

City of Tyler hotel occupancy tax rate	7%
--	----

Property tax rates, per \$100 of valuation:

City of Tyler	\$0.220000
Smith County	\$0.330000
Winona ISD:	
M&O	\$1.040000
I&S	\$0.458600
Total	\$1.498600
Tyler Junior College	\$0.199926
Smith County EMS District # 1	\$0.084648
Smith County MUD # 1	\$0.348670

**Some City Rates:**

Estimated annual marginal cost of providing municipal services, excluding utilities, to each new household	\$450
--	-------

Estimated annual other taxes and user fees to be collected by the city from each new household -- those revenues that are in addition to sales and property taxes, utilities and utility franchise fees	\$150
---	-------

Annual increase expected in the city's other revenues and marginal costs	2%
--	----

The city's estimated annual water, wastewater and garbage collection billings per household	\$1,080
---	---------

Utility Service	Estimated Monthly Billing	Estimated Annual Billing (Monthly billing x 12)
Water	\$35	\$420
Wastewater	\$30	\$360
Solid waste	\$25	\$300

The city's estimated cost of providing water, wastewater and solid waste services, as a percent of utility billings	95%
---	-----

Annual increase expected in city-owned utility billings 2%

The city's estimated utility franchise fee percentages:

Electricity -- estimated as a percent of utility billings	4%
Natural gas	4%
Cable	5%
Telephone monthly line access charge:	
Residential	\$0.90
Non-residential	\$2.23

Annual utility franchise fees collected from utility providers for each household in the city as detailed below \$94.80

Utility Service	Estimated Monthly Billing	Utility Franchise Fee Percentage	Monthly Utility Franchise Fee Collections	Estimated Annual Utility Franchise Fee Collections (Monthly collections x 12)
Electricity	\$85	4%	\$3.40	\$40.80
Natural gas	\$40	4%	\$1.60	\$19.20
Cable	\$40	5%	\$2.00	\$24.00
Telephone	1 line	\$0.90	\$0.90	\$10.80

#### Some County Rates:

Annual marginal cost of providing county services to each new household	\$150
Annual miscellaneous taxes and user fees to be collected from each new household, those county revenues other than property and sales taxes	\$100
Annual increase expected in other county revenues and marginal costs	2%

#### Some School District Rates:

Estimated annual state, federal and other funding received by the district for each child enrolled	\$4,500
Average annual cost of providing services to each child in the district	\$9,500
Average annual cost for each new child, as a percent of average annual cost	47%

Annual marginal cost of providing services to each new child	\$4,465
--	---------

**Other Community Rates:**

Expected inflation rate over the first ten years	3.0%
--	------

Discount rate used in analysis to compute discounted cash flows	6%
---	----

Percent of a typical worker's salary that will be spent on taxable goods and services	26%
---	-----

Average taxable value of a new single family residence in the community that will be built for some individuals moving to the city	\$150,000
--	-----------

Percent annual increase in the taxable value of residential property and commercial real property on local tax rolls over the first ten years	2%
---	----

**Depreciation rates:**

To estimate the annual taxable or depreciable value of furniture, fixtures and equipment at the facility being analyzed in this analysis, this analysis uses straight line depreciation, an ten year life and a 20% residual value. Therefore, property taxes on the facility's furniture, fixtures and equipment are calculated on the following percentages of the costs of such equipment purchased each year:

Year 1	90%
Year 2	80%
Year 3	70%
Year 4	60%
Year 5	50%
Year 6	40%
Year 7	30%
Year 8	20%
Year 9	20%
Year 10	20%

### The Facility's Investments, Assets and Construction:

The investments at the facility each year at the facility:

	Buildings and Other Real Property Land improvements	Furniture, Fixtures, and Equipment	Total
Year 1	\$2,600,000	\$96,240,000	\$64,160,000
Year 2	\$0	\$0	\$0
Year 3	\$0	\$0	\$0
Year 4	\$0	\$0	\$0
Year 5	\$0	\$0	\$0
Year 6	\$0	\$0	\$0
Year 7	\$0	\$0	\$0
Year 8	\$0	\$0	\$0
Year 9	\$0	\$0	\$0
Year 10	\$0	\$0	\$0
Total	\$2,600,000	\$96,240,000	\$64,160,000

The facility's taxable inventories:

	Total Inventories	Percent Subject to Freeport	Taxable Inventories
Year 1	\$20,000,000	75%	\$5,000,000
Year 2	\$20,400,000	75%	\$5,100,000
Year 3	\$20,808,000	75%	\$5,202,000
Year 4	\$21,224,160	75%	\$5,306,040
Year 5	\$21,648,643	75%	\$5,412,161
Year 6	\$22,081,616	75%	\$5,520,404
Year 7	\$22,523,248	75%	\$5,630,812
Year 8	\$22,973,713	75%	\$5,743,428
Year 9	\$23,433,188	75%	\$5,858,297
Year 10	\$23,901,851	75%	\$5,975,463

Estimated annual increase in the volume and value of inventories

2%

**Spending During Construction:**

Estimated spending for construction:

Year 1	\$96,240,000
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

Percent of construction costs for:

Materials	60%
Labor	40%

Estimated percent of construction materials that will be purchased in the city and be subject to sales tax	30%
--	-----

Percent of taxable spending by construction workers that will be in the city	40%
--	-----

Estimated percent of furniture, fixtures and equipment that will be purchased in the city and be subject to sales tax	0%
---	----

Estimated building permits and fees to be paid to the city:

Year 1	\$0
Year 2	\$0
Year 3	\$0
Year 4	\$0
Year 5	\$0
Year 6	\$0
Year 7	\$0
Year 8	\$0
Year 9	\$0
Year 10	\$0

**Activities During the Facility's Operations:**

The facility's estimated local taxable purchases of materials, supplies and services for its operations in the City:

Year 1	\$5,000,000
Year 2	\$5,150,000
Year 3	\$5,304,500
Year 4	\$5,463,635
Year 5	\$5,627,544
Year 6	\$5,796,370
Year 7	\$5,970,261
Year 8	\$6,149,369
Year 9	\$6,333,850
Year 10	\$6,523,866

Expected annual increase in taxable purchases after the first year 3%

The facility's total taxable purchases and taxable utilities:

	Taxable Purchases of Supplies, Materials and Services	Utilities Subject to Sales Tax in the City			Total
		Utilities Subject to Sales Tax	Percent Taxable	Taxable Utilities	
Year 1	\$5,000,000	\$0	0%	\$0	\$5,000,000
Year 2	\$5,150,000	\$0	0%	\$0	\$5,150,000
Year 3	\$5,304,500	\$0	0%	\$0	\$5,304,500
Year 4	\$5,463,635	\$0	0%	\$0	\$5,463,635
Year 5	\$5,627,544	\$0	0%	\$0	\$5,627,544
Year 6	\$5,796,370	\$0	0%	\$0	\$5,796,370
Year 7	\$5,970,261	\$0	0%	\$0	\$5,970,261
Year 8	\$6,149,369	\$0	0%	\$0	\$6,149,369
Year 9	\$6,333,850	\$0	0%	\$0	\$6,333,850
Year 10	\$6,523,866	\$0	0%	\$0	\$6,523,866

Number of new workers hired at the facility each year:

Year 1	1632
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Total	1632

Number of new workers who will move to the city to take job at the facility:

Estimated percent of total new workers moving to the city	15%
Year 1	245
Year 2	0
Year 3	0
Year 4	0
Year 5	0
Year 6	0
Year 7	0
Year 8	0
Year 9	0
Year 10	0
Total	245

Average annual salaries of workers at the facility \$25,490

Percent of expected increase in employee salaries after year 1 2.0%

Multipliers for calculating the number of indirect and induced jobs and earnings in the area:

Earnings	1.2096
Employment	1.2273
Economic output	0.9170

*This cost-benefit analysis uses the above multipliers to project the indirect and induced benefits in the community as a result of the direct economic activity. The employment multiplier shows the number of spin-off jobs what will be created from each direct job. Similarly, the earnings multiplier estimates the salaries and wages to be paid to workers in these spin-off jobs for each \$1 paid to direct workers.*



Percent employees to be hired in spin-off jobs created at the facility who will move to the city to take a job	8%
--	----

Percent of workers who move to the community that will buy a new home or require that new residential property be built for them	25%
--	-----

The number of people in a typical worker's household	3
--	---

The number of school children in a typical worker's household in the school district in which the plant is located	0.1
--	-----

Percent of retail shopping by a typical worker in the city	60%
--	-----

**Visitors to the Facility from Out-of-Town:**

Estimated number of annual out-of-town visitors to the facility	200
---	-----

Average annual increase in the number of out-of-town visitors to the facility	5%
---	----

Average number of days that each of these visitors will stay in the city	2
--	---

Estimated average daily retail spending by each visitor in the city	\$50
---	------

Estimated daily motel room rate in the city	\$100
---	-------

**Out-of-Town Truckers Loading and Unloading at the Facility:**

Estimated number of out-of-town truckers loading and unloading at the facility	2,500
--	-------

Average annual increase in the number of out-of-town truckers	2%
---	----

Average taxable spending in the City by each out-of-town trucker	\$15.00
--	---------

Estimated percent of out-of-town truckers who may stay overnight at a local motel	5%
---	----

## **Schedules Showing the Results of Economic Impact Calculations**

**Number of local jobs added each year and worker salaries to be paid:**

Year	Direct Jobs	Indirect Jobs	Total Jobs	Direct Salaries	Indirect Salaries	Total Salaries
1	1,632	2,003	3,635	\$41,600,000	\$50,319,360	\$91,919,360
2	0	0	0	\$42,432,000	\$51,325,747	\$93,757,747
3	0	0	0	\$43,280,640	\$52,352,262	\$95,632,902
4	0	0	0	\$44,146,253	\$53,399,307	\$97,545,560
5	0	0	0	\$45,029,178	\$54,467,294	\$99,496,471
6	0	0	0	\$45,929,761	\$55,556,639	\$101,486,401
7	0	0	0	\$46,848,357	\$56,667,772	\$103,516,129
8	0	0	0	\$47,785,324	\$57,801,128	\$105,586,451
9	0	0	0	\$48,741,030	\$58,957,150	\$107,698,180
10	0	0	0	\$49,715,851	\$60,136,293	\$109,852,144
Total	1,632	2,003	3,635	\$455,508,394	\$550,982,953	\$1,006,491,346

**Number of direct and indirect workers and their families who will move to the area and their children who will attend local public schools:**

Year	New Workers Moving to the Area	Total New Residents	Total New Students
1	405	1,215	41
2	0	0	0
3	0	0	0
4	0	0	0
5	0	0	0
6	0	0	0
7	0	0	0
8	0	0	0
9	0	0	0
10	0	0	0
Total	405	1,215	41

**Number of new residential properties that may be built in the city for direct and indirect workers who will move to the community:**

Year	New Residential Properties
1	101
2	0
3	0
4	0
5	0
6	0
7	0
8	0
9	0
10	0
Total	101

**Local taxable spending on which sales taxes will be collected:**

Year	Local Construction Workers' Spending and Furniture, Fixtures and Equipment	Direct and Indirect Workers' Spending	Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$21,326,784	\$14,339,420	\$52,500	\$0	\$5,000,000	\$40,718,704
2	\$0	\$14,626,209	\$55,620	\$0	\$5,150,000	\$19,831,829
3	\$0	\$14,918,733	\$58,936	\$0	\$5,304,500	\$20,282,168
4	\$0	\$15,217,107	\$62,460	\$0	\$5,463,635	\$20,743,202
5	\$0	\$15,521,450	\$66,207	\$0	\$5,627,544	\$21,215,200
6	\$0	\$15,831,879	\$70,191	\$0	\$5,796,370	\$21,698,440
7	\$0	\$16,148,516	\$74,428	\$0	\$5,970,261	\$22,193,206
8	\$0	\$16,471,486	\$78,936	\$0	\$6,149,369	\$22,699,792
9	\$0	\$16,800,916	\$83,732	\$0	\$6,333,850	\$23,218,499
10	\$0	\$17,136,934	\$88,837	\$0	\$6,523,866	\$23,749,637
Total	\$21,326,784	\$157,012,650	\$691,846	\$0	\$57,319,397	\$236,350,677

**Local spending by visitors on lodging by out-of-town visitors and out-of-town truckers:**

Year	Spending on Lodging
1	\$12,500
2	\$13,133
3	\$13,797
4	\$14,495
5	\$15,229
6	\$15,999
7	\$16,809
8	\$17,659
9	\$18,553
10	\$19,492
Total	\$157,665

**Taxable value of new residential property built for direct and indirect workers who move to the community and the value of the facility's property on local tax rolls:**

Year	New Residential Property	Value of Property at the Facility on Local Tax Rolls	Total Taxable Property
1	\$15,187,500	\$161,584,000	\$176,771,500
2	\$15,491,250	\$152,112,000	\$167,603,250
3	\$15,801,075	\$148,455,936	\$164,257,011
4	\$16,117,097	\$144,842,239	\$160,959,335
5	\$16,439,438	\$141,271,755	\$157,711,194
6	\$16,768,227	\$137,745,351	\$154,513,578
7	\$17,103,592	\$134,263,906	\$151,367,497
8	\$17,445,664	\$130,828,320	\$148,273,983
9	\$17,794,577	\$133,213,910	\$151,008,487
10	\$18,150,468	\$135,647,212	\$153,797,681

## **Schedules Showing the Results of Costs and Benefits Calculations**

## Costs and Benefits for the City of Tyler:

### Benefits:

#### Sales tax collections:

Year	During Construction and Purchases of Furniture, Fixtures and Equipment	On Direct and Indirect Workers' Spending	On Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$319,902	\$215,091	\$788	\$0	\$75,000	\$610,781
2	\$0	\$219,393	\$834	\$0	\$77,250	\$297,477
3	\$0	\$223,781	\$884	\$0	\$79,568	\$304,233
4	\$0	\$228,257	\$937	\$0	\$81,955	\$311,148
5	\$0	\$232,822	\$993	\$0	\$84,413	\$318,228
6	\$0	\$237,478	\$1,053	\$0	\$86,946	\$325,477
7	\$0	\$242,228	\$1,116	\$0	\$89,554	\$332,898
8	\$0	\$247,072	\$1,184	\$0	\$92,241	\$340,497
9	\$0	\$252,014	\$1,256	\$0	\$95,008	\$348,277
10	\$0	\$257,054	\$1,333	\$0	\$97,858	\$356,245
Total	\$319,902	\$2,355,190	\$10,378	\$0	\$859,791	\$3,545,260

#### Property tax collections on:

Year	New Residential Property	Property at the Facility		Total Taxes After Abatement	Total
		Taxes Collected	Taxes Abated		
1	\$33,413	\$0	\$0	\$0	\$33,413
2	\$34,081	\$0	\$0	\$0	\$34,081
3	\$34,762	\$0	\$0	\$0	\$34,762
4	\$35,458	\$0	\$0	\$0	\$35,458
5	\$36,167	\$0	\$0	\$0	\$36,167
6	\$36,890	\$0	\$0	\$0	\$36,890
7	\$37,628	\$0	\$0	\$0	\$37,628
8	\$38,380	\$0	\$0	\$0	\$38,380
9	\$39,148	\$0	\$0	\$0	\$39,148
10	\$39,931	\$0	\$0	\$0	\$39,931
Total	\$365,858	\$0	\$0	\$0	\$365,858

Costs and benefits for the City of Tyler - Continued

**Utilities and utility franchise fees collected by the city from new residents and from the facility:**

Year	Utilities	Utility Franchise Fees	Total
1	\$437,400	\$38,394	\$475,794
2	\$446,148	\$39,546	\$485,694
3	\$455,071	\$40,732	\$495,803
4	\$464,172	\$41,954	\$506,127
5	\$473,456	\$43,213	\$516,669
6	\$482,925	\$44,509	\$527,434
7	\$492,583	\$45,844	\$538,428
8	\$502,435	\$47,220	\$549,655
9	\$512,484	\$48,636	\$561,120
10	\$522,733	\$50,095	\$572,829
Total	\$4,789,408	\$440,144	\$5,229,552

**Other city revenues, including hotel occupancy taxes, other taxes and user fees collected from new residents and building permits on construction at the facility:**

Year	Hotel Occupancy Taxes	Other Taxes and User Fees	Building Permits and Fees	Total Other Revenues
1	\$875	\$60,750	\$0	\$61,625
2	\$919	\$61,965	\$0	\$62,884
3	\$966	\$63,204	\$0	\$64,170
4	\$1,015	\$64,468	\$0	\$65,483
5	\$1,066	\$65,758	\$0	\$66,824
6	\$1,120	\$67,073	\$0	\$68,193
7	\$1,177	\$68,414	\$0	\$69,591
8	\$1,236	\$69,783	\$0	\$71,019
9	\$1,299	\$71,178	\$0	\$72,477
10	\$1,364	\$72,602	\$0	\$73,966
Total	\$11,037	\$665,196	\$0	\$676,232



Costs and benefits for the City of Tyler - Continued

**Costs:**

**The costs of providing municipal services and utility services to new residents:**

Year	Cost of Services to New Residents	Costs of Utilities	Total Costs
1	\$182,250	\$415,530	\$597,780
2	\$185,895	\$423,841	\$609,736
3	\$189,613	\$432,317	\$621,930
4	\$193,405	\$440,964	\$634,369
5	\$197,273	\$449,783	\$647,056
6	\$201,219	\$458,779	\$659,997
7	\$205,243	\$467,954	\$673,197
8	\$209,348	\$477,313	\$686,661
9	\$213,535	\$486,860	\$700,395
10	\$217,806	\$496,597	\$714,402
Total	\$1,995,587	\$4,549,938	\$6,545,524

**Net Benefits for the City of Tyler:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$1,181,612	\$597,780	\$583,832	\$583,832
2	\$880,136	\$609,736	\$270,401	\$854,233
3	\$898,968	\$621,930	\$277,038	\$1,131,271
4	\$918,215	\$634,369	\$283,846	\$1,415,117
5	\$937,887	\$647,056	\$290,831	\$1,705,948
6	\$957,994	\$659,997	\$297,996	\$2,003,944
7	\$978,545	\$673,197	\$305,347	\$2,309,291
8	\$999,551	\$686,661	\$312,890	\$2,622,181
9	\$1,021,023	\$700,395	\$320,628	\$2,942,809
10	\$1,042,971	\$714,402	\$328,568	\$3,271,378
Total	\$9,816,902	\$6,545,524	\$3,271,378	

**Benefits for Smith County:**

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**Sales tax collections on spending:**

Year	During Construction and Purchases of Furniture, Fixtures and Equipment	On Direct and Indirect Workers' Spending	On Visitors' Spending	Taxable Sales at the Facility	The Facility's Local Purchases and Taxable Utilities	Total
1	\$106,634	\$71,697	\$263	\$0	\$25,000	\$203,594
2	\$0	\$73,131	\$278	\$0	\$25,750	\$99,159
3	\$0	\$74,594	\$295	\$0	\$26,523	\$101,411
4	\$0	\$76,086	\$312	\$0	\$27,318	\$103,716
5	\$0	\$77,607	\$331	\$0	\$28,138	\$106,076
6	\$0	\$79,159	\$351	\$0	\$28,982	\$108,492
7	\$0	\$80,743	\$372	\$0	\$29,851	\$110,966
8	\$0	\$82,357	\$395	\$0	\$30,747	\$113,499
9	\$0	\$84,005	\$419	\$0	\$31,669	\$116,092
10	\$0	\$85,685	\$444	\$0	\$32,619	\$118,748
Total	\$106,634	\$785,063	\$3,459	\$0	\$286,597	\$1,181,753

**Miscellaneous taxes and user fees to be collected from new residents:**

Year	Misc. Taxes and User Fees
1	\$40,500
2	\$41,310
3	\$42,136
4	\$42,979
5	\$43,839
6	\$44,715
7	\$45,610
8	\$46,522
9	\$47,452
10	\$48,401
Total	\$443,464

Costs and benefits for Smith County, continued

**Property tax collections on:**

Year	New Residential Property	Property at the Facility			Total
		Taxes Collected	Taxes Abated	Total Taxes After Abatement	
1	\$50,119	\$533,227	\$413,382	\$119,845	\$169,964
2	\$51,121	\$501,970	\$388,112	\$113,858	\$164,979
3	\$52,144	\$489,905	\$378,190	\$111,714	\$163,858
4	\$53,186	\$477,979	\$368,376	\$109,604	\$162,790
5	\$54,250	\$466,197	\$358,669	\$107,527	\$161,778
6	\$55,335	\$454,560	\$349,074	\$105,486	\$160,821
7	\$56,442	\$443,071	\$339,591	\$103,480	\$159,921
8	\$57,571	\$431,733	\$206,390	\$225,343	\$282,914
9	\$58,722	\$439,606	\$210,137	\$229,469	\$288,191
10	\$59,897	\$447,636	\$213,958	\$233,677	\$293,574
Total	\$548,786	\$4,685,883	\$3,225,879	\$1,460,004	\$2,008,790

**Costs of providing county services to new residents:**

Year	Costs of County Services
1	\$60,750
2	\$61,965
3	\$63,204
4	\$64,468
5	\$65,758
6	\$67,073
7	\$68,414
8	\$69,783
9	\$71,178
10	\$72,602
Total	\$665,196

Costs and benefits for Smith County, continued

**Total Benefits for the County:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$414,058	\$60,750	\$353,308	\$353,308
2	\$305,448	\$61,965	\$243,483	\$596,791
3	\$307,405	\$63,204	\$244,200	\$840,991
4	\$309,485	\$64,468	\$245,017	\$1,086,008
5	\$311,692	\$65,758	\$245,934	\$1,331,943
6	\$314,028	\$67,073	\$246,956	\$1,578,898
7	\$316,497	\$68,414	\$248,083	\$1,826,981
8	\$442,935	\$69,783	\$373,152	\$2,200,133
9	\$451,736	\$71,178	\$380,558	\$2,580,690
10	\$460,723	\$72,602	\$388,122	\$2,968,812
Total	\$3,634,008	\$665,196	\$2,968,812	

**Costs and Benefits for the Winona ISD:**

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**Benefits, including property taxes and additional state and federal school funding:**

Year	Property Tax Collections on:			Additional State School Funding	Total
	New Residential Property	The Facility's Property	Total Collections		
1	\$227,600	\$2,421,498	\$2,649,098	\$182,250	\$2,831,348
2	\$232,152	\$2,279,550	\$2,511,702	\$187,718	\$2,699,420
3	\$236,795	\$2,224,761	\$2,461,556	\$193,349	\$2,654,905
4	\$241,531	\$2,170,606	\$2,412,137	\$199,149	\$2,611,286
5	\$246,361	\$2,117,099	\$2,363,460	\$205,124	\$2,568,584
6	\$251,289	\$2,064,252	\$2,315,540	\$211,278	\$2,526,818
7	\$256,314	\$2,012,079	\$2,268,393	\$217,616	\$2,486,009
8	\$261,441	\$1,960,593	\$2,222,034	\$224,145	\$2,446,178
9	\$266,670	\$1,996,344	\$2,263,013	\$230,869	\$2,493,882
10	\$272,003	\$2,032,809	\$2,304,812	\$237,795	\$2,542,607
Total	\$2,492,155	\$21,279,590	\$23,771,745	\$2,089,292	\$25,861,037

**Costs of educating children of new workers who move to the district:**

Year	Cost of Educating New Students
1	\$180,833
2	\$186,257
3	\$191,845
4	\$197,601
5	\$203,529
6	\$209,634
7	\$215,923
8	\$222,401
9	\$229,073
10	\$235,945
Total	\$2,073,042

**Reduction in State aid to the school district as a result of new residential property for the facility's employees and the facility's property being added to the school district's tax rolls:**

Year	Reduction in State Aid for the School District
1	\$1,838,424
2	\$1,743,074
3	\$1,708,273
4	\$1,673,977
5	\$1,640,196
6	\$1,606,941
7	\$1,574,222
8	\$1,542,049
9	\$1,570,488
10	\$1,599,496
Total	\$16,497,141

**Net Benefits for the School District:**

Year	Benefits	Costs	Net Benefits	Cumulative Net Benefits
1	\$2,831,348	\$2,019,256	\$812,092	\$812,092
2	\$2,699,420	\$1,929,331	\$770,089	\$1,582,180
3	\$2,654,905	\$1,900,118	\$754,786	\$2,336,967
4	\$2,611,286	\$1,871,578	\$739,708	\$3,076,675
5	\$2,568,584	\$1,843,725	\$724,859	\$3,801,534
6	\$2,526,818	\$1,816,576	\$710,243	\$4,511,777
7	\$2,486,009	\$1,790,145	\$695,864	\$5,207,640
8	\$2,446,178	\$1,764,451	\$681,728	\$5,889,368
9	\$2,493,882	\$1,799,561	\$694,321	\$6,583,689
10	\$2,542,607	\$1,835,441	\$707,166	\$7,290,855
Total	\$25,861,037	\$18,570,183	\$7,290,855	

**Benefits for Tyler Junior College**

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**Property tax collections:**

Year	New Residential Property	Property at the Facility		Total Taxes After Abatement	Total
		Taxes Collected	Taxes Abated		
1	\$30,364	\$323,048	\$250,442	\$72,607	\$102,970
2	\$30,971	\$304,111	\$235,132	\$68,979	\$99,950
3	\$31,590	\$296,802	\$229,121	\$67,681	\$99,271
4	\$32,222	\$289,577	\$223,175	\$66,402	\$98,624
5	\$32,867	\$282,439	\$217,295	\$65,144	\$98,011
6	\$33,524	\$275,389	\$211,482	\$63,907	\$97,431
7	\$34,195	\$268,428	\$205,737	\$62,692	\$96,886
8	\$34,878	\$261,560	\$125,039	\$136,521	\$171,400
9	\$35,576	\$266,329	\$127,308	\$139,021	\$174,597
10	\$36,288	\$271,194	\$129,624	\$141,570	\$177,858
Total	\$332,475	\$2,838,878	\$1,954,355	\$884,524	\$1,216,998

**Benefits for Smith County EMS District # 1**

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**Property tax collections:**

Year	New Residential Property	Property at the Facility		Total Taxes After Abatement	Total
		Taxes Collected	Taxes Abated		
1	\$12,856	\$136,778	\$106,036	\$30,741	\$43,597
2	\$13,113	\$128,760	\$99,554	\$29,206	\$42,319
3	\$13,375	\$125,665	\$97,009	\$28,656	\$42,031
4	\$13,643	\$122,606	\$94,492	\$28,114	\$41,757
5	\$13,916	\$119,584	\$92,002	\$27,582	\$41,497
6	\$14,194	\$116,599	\$89,541	\$27,058	\$41,252
7	\$14,478	\$113,652	\$87,108	\$26,543	\$41,021
8	\$14,767	\$110,744	\$52,941	\$57,803	\$72,570
9	\$15,063	\$112,763	\$53,902	\$58,861	\$73,924
10	\$15,364	\$114,823	\$54,882	\$59,940	\$75,304
Total	\$140,769	\$1,201,972	\$827,467	\$374,504	\$515,273

**Benefits for Smith County MUD # 1**

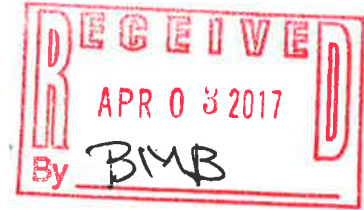
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**Property tax collections:**

Year	New Residential Property	Property at the Facility		Total Taxes	
		Taxes Collected	Taxes Abated	After Abatement	Total
1	\$52,954	\$563,395	\$436,769	\$126,626	\$179,580
2	\$54,013	\$530,369	\$410,069	\$120,300	\$174,313
3	\$55,094	\$517,621	\$399,587	\$118,035	\$173,128
4	\$56,195	\$505,021	\$389,217	\$115,805	\$172,000
5	\$57,319	\$492,572	\$378,961	\$113,611	\$170,930
6	\$58,466	\$480,277	\$368,823	\$111,454	\$169,920
7	\$59,635	\$468,138	\$358,804	\$109,334	\$168,969
8	\$60,828	\$456,159	\$218,067	\$238,092	\$298,920
9	\$62,044	\$464,477	\$222,025	\$242,452	\$304,496
10	\$63,285	\$472,961	\$226,063	\$246,898	\$310,183
Total	\$579,834	\$4,950,991	\$3,408,386	\$1,542,605	\$2,122,439



# Kaufman County



## Priority Project Submittal Form

*Please answer all questions.*

*If you need to attach additional pages to answer, please do so.*

**1. Name of Project:** SH 243/FM 2727 Intersection Improvements

**2. County:** Kaufman County

**3. Description of Project:** The project will widen the intersection and add turn lanes and roadside signs.

**4. Reason project is needed:** The project will improve safety and intersection efficiency.

**5. Describe the benefits the project will produce?** The project will produce a reduction of intersection-related accidents and improve safety.

**6. Is the Project a transportation project?** Yes, this project is a transportation project.

**7. Describe the regional significance of the project?** This project will improve safety in this section of the SH 243 corridor. Coupled with the other intersection project on SH 243, the two will improve corridor efficiency, safety, and mobility.

**8. Describe the local community and political support for the project. Please attach any letters of support you might have.** The public overwhelmingly voted in favor of the Kaufman County bond package, which included this project. The county and the voters would like to see the improvements made to these intersections as committed to in the county bond package.

**9. What local financial support is available for the project?** Kaufman County has \$200,000.00 allocated toward project needs in the county bond program.

**10. What State and/or Federal financial support likely will be available to develop the project?** TxDOT has agreed to provide design, bidding, and construction management for the project.

**11. What economic development activities will the project promote?** The project purpose is to provide safety rather than economic development opportunities.

**12. What is the current status of the project's development?** Kaufman County is currently working with TxDOT to begin design for the project. Survey information, as well as traffic data, has been received.

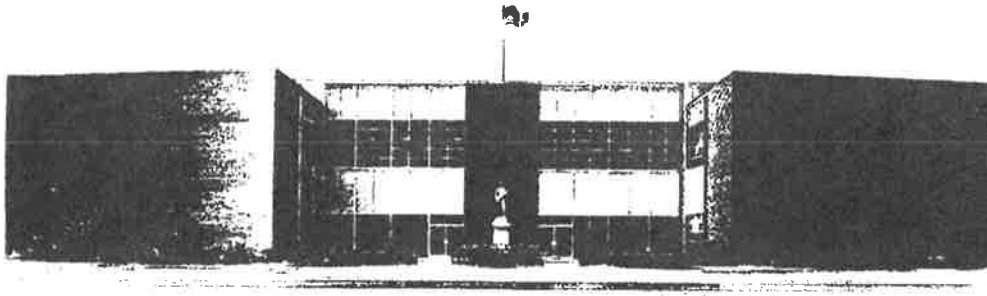
**13. Will the project directly produce revenue and if so how?** The project purpose is to provide safety rather than to produce revenue.

**14. Who can be contacted if additional information is needed?**

**Name:** Claud P. Elsom III, P.E.

**Phone Number:** 972 . 484 . 2525

**E-mail address:** celsom@itsinc-tx.com



March 29, 2017

**KAUFMAN COUNTY**  
KAUFMAN, TEXAS 75142

Ms. Colleen Colby  
North East Texas Regional Mobility Authority  
909 ESE Loop 323  
Suite 520  
Tyler, TX 75701

Dear Ms. Colby:

In November 2013, voters in Kaufman County supported the passage of the Road Forward Bond Program. The SH 243/FM 2727 Intersection Improvements Project was a project chosen for inclusion in the bond package because of its much needed safety improvements.

The bond package allocated \$200,000.00 to this project. I can certify that those funds have been issued for use on this project and are available.

Please contact me if I can be of further assistance to you in this matter.

Respectfully,

Karen MacLeod  
Kaufman County Auditor  
100 N. Washington  
Kaufman, TX 75142  
972-932-0240



## KAUFMAN COUNTY

KAUFMAN, TEXAS 75142

**BRUCE WOOD**  
**COUNTY JUDGE**  
**(972)932-0218**

March 29, 2017

Colleen Colby  
NET RMA  
909 ESE Loop 323, Suite 520  
Tyler, TX 75701

Ms. Colby:

This letter accompanies the submittal of the SH 243/FM 2727 Intersection Improvements Project for consideration by NET RMA for funding through its Priority Projects. I am pleased to request your consideration of this significant project.

SH 243/FM 2727 is an intersection that would benefit greatly from the planned safety improvements, as well as from the partnership in funding that the NET RMA Priority Projects opportunity would provide. The county demonstrated its commitment to the project through allocation of funding in the county bond program. The county has also secured TxDOT's commitment to design the project. If selected for NET RMA priority project funding, the county can move forward with project construction.

Thank you for your consideration of partnership on this project. It has been and continues to be our desire to develop projects that serve our residents and improve safety.

Cordially,

Bruce Wood

BW/at

## SH 243/FM 2727 Intersection Improvements Map and Funding:

NET RMA Submittal, April 2017



ESTIMATED CONSTRUCTION COST: \$277,817

TxDOT DESIGN CONTRIBUTION ESTIMATE: \$150,000

TOTAL COST: \$427,817

COUNTY ROAD BOND FUNDS: \$200,000

**DELTA: \$77,817**