

**Frisco Economic Development Corporation
Twenty-Five Year Economic Development Overview
1991 through 2015**

EXECUTIVE SUMMARY

July 2017

Prepared for:

Frisco Economic Development Corporation
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**INSIGHT RESEARCH
CORPORATION**

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In preparation for the twenty-fifth anniversary of the Frisco Economic Development Corporation (FEDC), the FEDC Board of Directors commissioned a retrospective of the corporation's activities over its first 25 years from 1991 through 2015 to be prepared by Insight Research Corporation. Findings quantified several consistent measurements of performance, including economic, employment and tax revenue impact, program cost/benefit, and program return-on-investment.

In 1991, along with several other cities in Texas, the City of Frisco's citizens voted for early adoption of the 4A sales tax allocation enacted by the State of Texas, allowing for ½ cent of sales tax funds to be targeted for economic development purposes. Over the succeeding 25 years, the FEDC participated in 345 separate transactions intended to leverage the growth of the tax base of the City of Frisco as well as the City's corporate city limits that include portions of the independent school districts of Frisco, Lewisville, Prosper and Little Elm, and Collin and Denton Counties.

Source data included original performance agreement information prepared by FEDC, budget information provided by the FEDC and the City of Frisco, field research, personal interviews and historic tax records for real and personal property valuation of completed construction as provided by Collin and Denton Counties.

Economic Impact - Key Finding:

Between 1991 and year-end 2015, the Frisco Economic Development Corporation has been one of the most successful and productive economic development programs in the United States.

ECONOMIC, EMPLOYMENT AND TAX REVENUE IMPACT

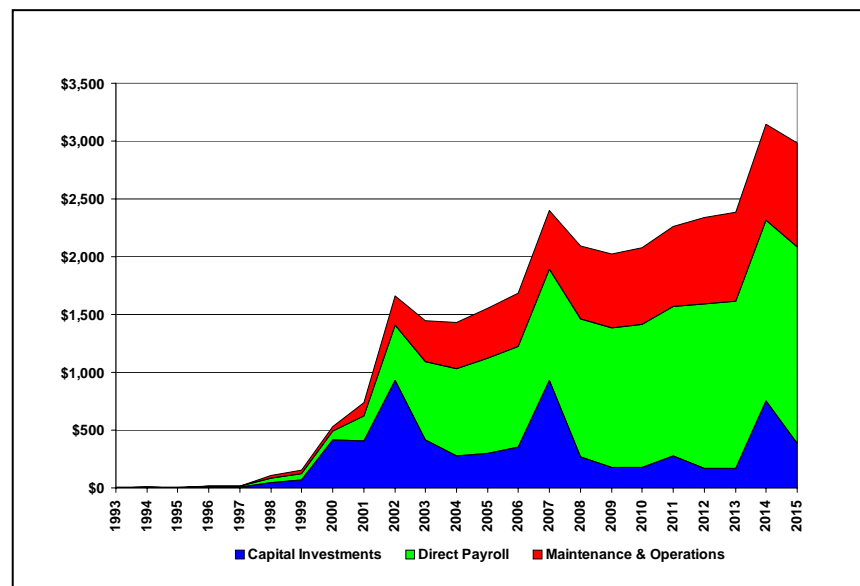
A wide spectrum of investments are represented in the FEDC projects, including infrastructure supporting manufacturing, assembly and distribution facilities; medical and administrative uses; businesses of many kinds; and restaurant, retail and consumer services. For the resulting facilities, Insight Research Corporation quantified the economic, employment and tax revenue impact over the defined study period, as follows:

FEDC's Project-Related Performance Statistics:

- ◆ ***Economic Impact: 25-Year Cumulative, 1991 through 2015: \$31.1 Billion***
- ◆ ***Employment Impact: 27,213 Direct, On-Site Full Time Equivalent (FTE) Jobs in Frisco in 2015***
- ◆ ***New Tax Base Value Generated: 25 Year Cumulative: \$2.028 Billion***

Economic impact is the benefit to the general economy of the entire twelve-county Dallas-Fort Worth Metropolitan Statistical Area (DFW MSA), generated from capital and operating expenditures made within the City of Frisco by the identified projects as part of the FEDC's body of work during the period of study. These calculations use multipliers specific to the DFW MSA as generated by the U.S. Bureau of Economic Analysis Regional Input-Output Modeling System Series II (US BEA RIMS II).

***FEDC's
Economic Impact
1991 through 2015***

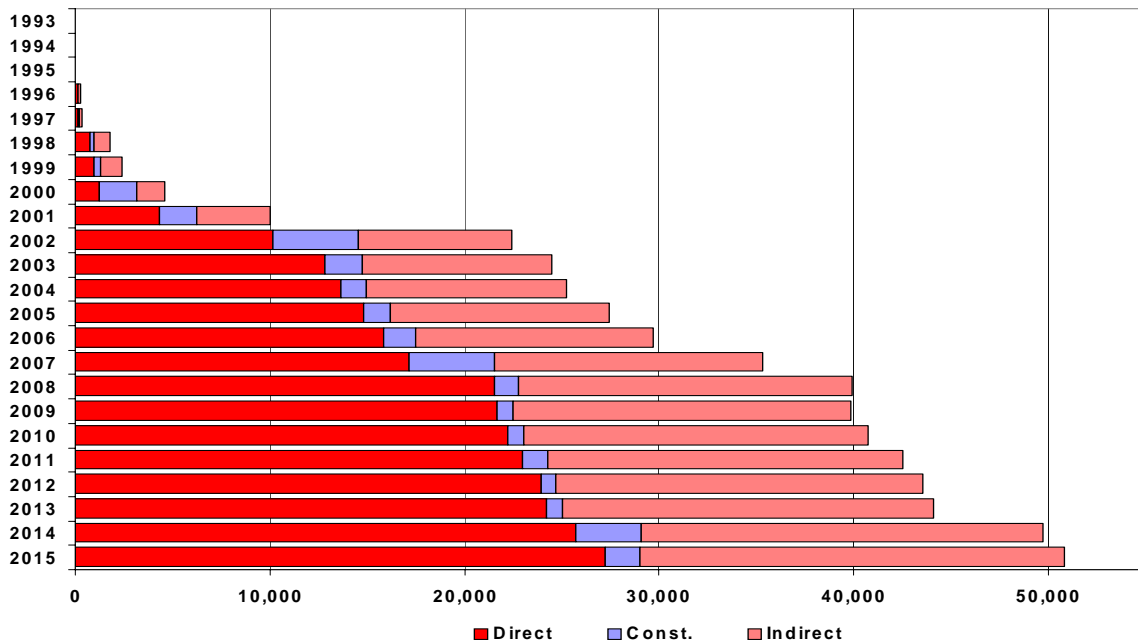
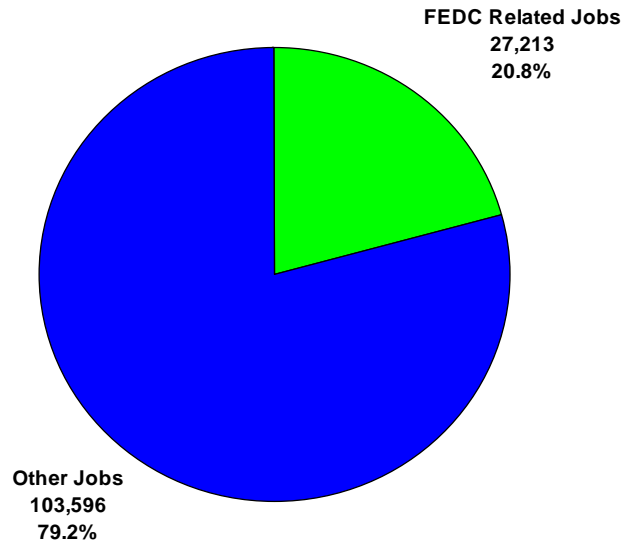


Employment Impact - Key Finding:

FEDC-Project Related employers added **27,213 direct, on-site jobs** in the City, some **20.8%** of Frisco's total employment base, or **one in five jobs**. Despite a major national and statewide economic downturn, these projects continued to add employment each year from 1993 thru 2015.

Employment impact includes direct (on-site), temporary construction, and regional indirect employment for FEDC project-related sites and businesses, cited as full time equivalent employment (FTEs).

2015 FEDC Project-Related Employment within the Frisco Employment Base

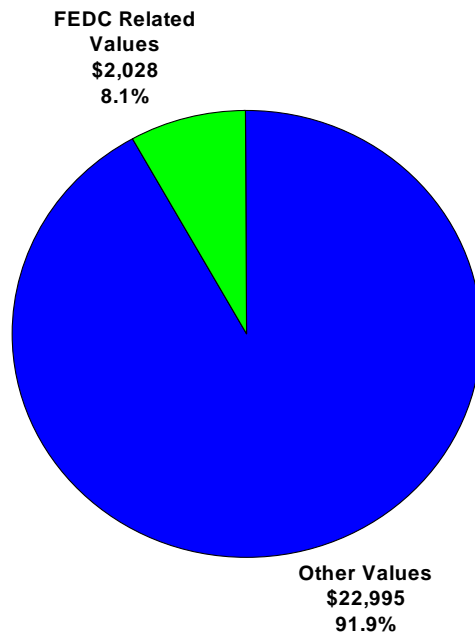


Direct, On Site Jobs, Construction Employment and Indirect Jobs in the DFW MSA

Tax Revenue Impact - Key Finding:

The City of Frisco's total tax base has increased by more than thirty-eight (38) times its size during the period of study, from **\$654.7 million** in 1991 assessments to the current **\$25.028 billion** in 2015. The assessed value of the FEDC related projects as of January 1, 2015 is **\$2.028 Billion** in real and personal property, or **8.1%** of the City's total property tax base.

**Percent of FEDC-Related Projects
within Frisco's Total Tax Base (In Millions of \$)**
Source: Collin and Denton County Appraisal Districts



Direct tax revenue refers to the taxes paid by the FEDC-related projects and businesses to locally applicable jurisdictions, including real property and personal property plus the FEDC percentage of sales tax revenue. Uncommitted direct tax revenue streams are generally rated as investment-grade and available for the applicable jurisdiction's financing commitments.

Indirect taxes accrue to the applicable jurisdictions from first tier taxable spending related to employment and other purchases. Indirect revenue streams are not investment-grade, but reflect the ripple effect of potential taxes which can flow to each jurisdiction where such expenditures are made.

The 345 projects for which the FEDC has been an active recruiting or investment partner since its authorization have generated sales taxes, direct and indirect property taxes of **\$889.51 Million** in cumulative tax values to all applicable taxing jurisdictions over the period of study.

**Cumulative FEDC-Related Tax Revenue Property and Sales Tax Receipts
By Jurisdiction, 1991 through 2015**

	Direct	Indirect	Sales Tax	Total
City of Frisco	\$85,600,900	\$29,960,300	\$317,205,900	\$432,767,100
Collin County	\$45,034,300	\$15,762,000	N/A	\$60,796,300
Collin College	\$16,137,000	\$5,647,900	N/A	\$21,784,900
Frisco ISD	\$272,302,600	\$95,305,900	N/A	\$367,608,500
Lewisville ISD	\$4,172,000	\$1,460,200	N/A	\$5,632,200
Denton County	\$688,400	\$240,900	N/A	\$929,300
Total	\$423,935,200	\$148,377,200	\$317,205,900	\$889,518,300

NET FEDC COST/BENEFIT AND ROI TO THE CITY OF FRISCO

Net Cost/Benefit, Twenty-Five Year Cumulative: \$342 Million

Cost/Benefit Analysis: Total tax revenue benefits were determined the 345 transactions of the FEDC. From this total, two types of FEDC cost were subtracted, resulting in the net cost/benefit, including (1) The FEDC’s annual operating expenses and (2) Incentives including infrastructure grants, job creation and retention performance agreements, or forgivable loans.

Results produced almost four times the total tax benefit from FEDC activities as compared to the program’s cost to the City of Frisco over 25 years.

Total FEDC Property & Sales Tax Revenue	\$433	Million
Minus FEDC Administrative & Incentive Costs	(\$91)	Million
Net Uncommitted Tax Revenue to the City of Frisco	\$342	Million

RETURN-ON-INVESTMENT ANALYSIS, 1991 through 2015

Return-on-Investment Analysis (ROI) calculations include dollar-on-dollar comparisons of return of FEDC investments to several performance measurements, as follows:

A. FEDC INVESTMENT TO FRISCO'S TAX BASE	
Cumulative FEDC Investment 1991 – 2015	\$90,644,724
New Taxable Value of FEDC Projects to 2015 City Certified Values	\$2,027,714,277
Each dollar of FEDC Investment returned	\$22.37
B. CUMULATIVE INVESTMENT TO TOTAL CITY OF FRISCO TAXES RECEIVED	
Cumulative FEDC Investment 1991 - 2015	\$90,644,724
Total Taxes to City of Frisco Only 1991 - 2015	\$432,767,110
Each dollar of FEDC Investment returned	\$4.77
C. FEDC INVESTMENT TO TOTAL OF ALL JURISDICTION TAXES	
Cumulative FEDC Investment 1991 - 2016	\$90,644,724
Total Taxes to All Jurisdictions 1991 – 2015	\$889,518,441
Each dollar of FEDC Investment returned	\$9.81
D. FEDC INVESTMENT TO BONDABLE VALUES (DIRECT TAXES ONLY)	
Cumulative FEDC Investment 1991 - 2015	\$90,644,724
Total Direct Taxes Only to City of Frisco 1991 - 2015 (Bondable Values)	\$402,806,801
Each dollar of FEDC Investment returned	\$4.44

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“Insight Research Corporation clearly defines the economic costs and benefits of project alternatives so that decision makers have fully informed choices.”

Insight Research Corporation is one of the nation’s most respected and recognized economic analysis firms. Founded in 1981, the firm’s custom approaches and leading edge methodologies have received wide industry acclaim. Completing assignments in the United States, Canada and Mexico -- in three languages and three currencies -- Insight Research Corporation has a long-standing reputation for confidentiality, clarity, accuracy and added value. As of March 2016, Insight had completed more than 9,000 engagements for public and private clients during its 37 years of practice.

Insight Research Corporation is noted for translating complex issues into clear communications for public audiences, agency staff, elected officials, financiers and regulators. It brings experience in investment-grade documentation, state and federal standards, and industry-specific tax laws to fully supported economic impact results. To assure its complete objectivity, Insight does no incentive negotiations and makes no recommendations; instead, providing its clients with a reliable, independent, third-party statistical research laboratory.

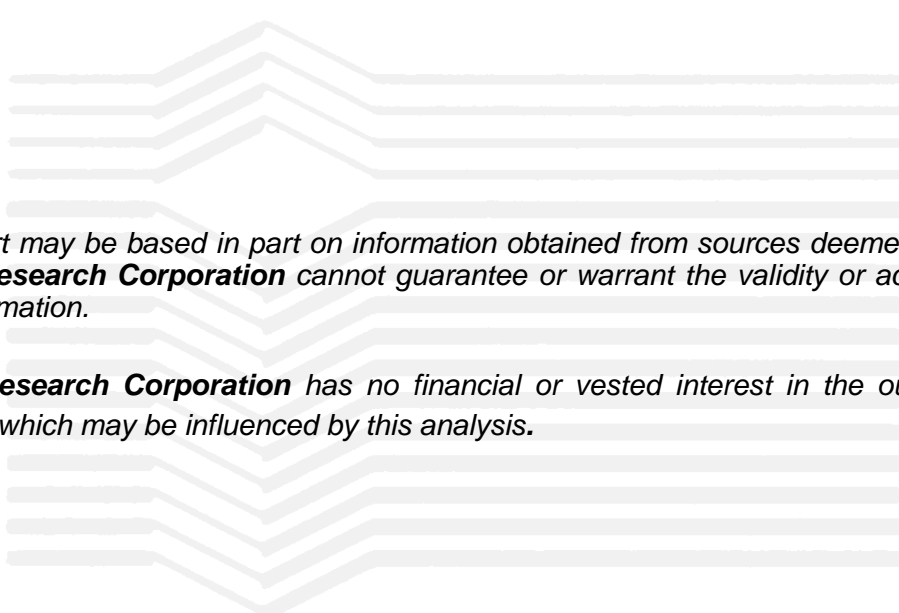
Our Practice Areas

A proven provider of professional analytical services, Insight’s experience includes virtually all variations of land use and all modes of transportation, including:

- Economic, Employment, and Investment-Grade Tax Revenue Impact Analysis
- Land Development Simulation Forecasting and Public Finance Impact
- Third Party, Independent Socioeconomic Analysis for Transportation Improvements
- Transportation Investment Impact: Highways, Tolled Facilities, Ports, Airports, Freight and Passenger Rail
- Public Cost-Benefit Analysis; Return-on-Investment Analysis
- Statistical Analysis of for Group Decisions, Including Business Site Location

All analytical services provided by Insight Research Corporation are confidential and custom-designed to address the specific needs of each client.

*“Every day in North America,
an Insight Research project is front page news.”*



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