



II HARLINGEN
Economic Development Corporation



Come home to
HARLINGEN

2013 ANNUAL REPORT



LETTER FROM THE CHAIRMAN

The ongoing teamwork between the Harlingen Economic Development Corporation, Mayor Chris Boswell and the Harlingen City Commission pays dividends for the community and 2013 produced more successes. The strength and professionalism of the HEDC staff continually expands the promotion of business opportunities in Harlingen. Combining resources with the city when possible adds to that efficiency. I am grateful to the HEDC Board of Directors for their guidance and support because together the HEDC and Harlingen City Commission – including the past and present commissioners – have built a strong foundation for Harlingen’s future. As expected, Bass Pro Shops is anchoring more retail growth at Cameron Crossing with the new additions of Sam’s Club, the Residence Inn by Marriott hotel, Longhorn Steakhouse, the Cracker Barrel restaurant, and more announcements are expected this year. I am committed to seeking business expansion for companies that have made a home in Harlingen and making connections to work with more companies that choose to join our community. It’s a privilege for me to be a small part of our community’s progress.

DR. J. GILBERT LEAL

Board President



BOARD OF DIRECTORS



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Dr. Gilbert J Leal



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GUIDING PRINCIPLES 2012-2013



HARLINGEN EDC STAFF

MaryAnn Villareal, *Office Mgr.*

Raudel Garza, *CEO*

Ramiro Aleman Jr., *Industrial Dev. Mgr*

Lyle Garza, *Commercial Dev. Mgr.*

A group of people in a meeting room looking at a large map on a table. The image is overlaid with a red tint.

THE HEDC SERVES AS THE PRIMARY SPARK PLUG FOR ECONOMIC DEVELOPMENT ENGINE IN HARLINGEN.

AS A GENERAL RULE, THE RECRUITMENT AND retention of “primary jobs” in our community remains critical in our effort to facilitate the creation of wealth. Primary jobs are usually defined as those jobs created by employers that sell their goods or services outside the community. This results in new money brought into the local economy. New money is then circulated within the community; and as a result, additional jobs, tax revenue and economic activity are generated.

Employers in this sector are normally made up of manufacturing, distribution, administrative offices, and research and development. They typically pay higher wages than most companies in the tertiary sector of the local economy.

A second process by which the HEDC seeks to create wealth in Harlingen is through its support of business growth, innovation, and entrepreneurship. As an organization that is dedicated to Harlingen and its people, we leverage partnerships between the public and private sectors in order to drive growth, create jobs, and improve the quality of life. Over the last

few years, Harlingen invested heavily in large scale retail developments across town.

New retailers generate property and sales tax revenue for the city and add to the general fund. In addition, new retailers help retain money or “leakage” that would generally leave our community, and be spent outside our city limits. Retailers such as Burlington Coat Factory and Sam’s Club, in addition to new residential apartments, hotels, and restaurants all chose to make Harlingen their home in 2013. Real estate developments like these created jobs, and helped build and revitalize our community in 2013.

RAUDEL GARZA

Chief Executive Officer

TOP STORY

THE BIGGEST STORY OF THE YEAR, OR PERHAPS EVEN THE DECADE, IS THE CREATION OF A NEW UNIVERSITY WHICH WILL ALSO BE HOME TO A NEW MEDICAL SCHOOL. THE UNIVERSITY OF TEXAS – RIO GRANDE VALLEY WILL SOON BECOME A REALITY.

THIS STORY ACTUALLY BEGAN MANY YEARS AGO WHEN communities in the Rio Grande Valley urged the University of Texas system to create a new medical school in our region. Through numerous efforts, and huge investment by the UT System and Harlingen, the UT System built the Regional Academic Health Center (RAHC) in Harlingen as part of the UT Health Science Center in San Antonio. The RAHC allowed for third and fourth-year med students to study in the Valley and also helped in the creation of new residency programs locally.

On December 4, 2012, then-University of Texas System Chancellor Francisco G. Cigarroa unveiled a plan to consolidate The University of Texas – Brownsville and The University of Texas – Pan American into one new regional university, which would be eligible for PUF (Permanent University Fund) monies for new buildings and other needs. In February 2013, legislation was filed by the Valley delegation, and by the end of the Legislative session the bill was passed to create the new university. Governor Rick Perry signed the bill into law in June 2013.

The school of medicine is expected to have most first and second year med students housed in facilities in Hidalgo County, while third and fourth year med students will continue their education primarily in Harlingen. The first graduating class is expected by 2018.

Citing an economic development study conducted for the UT System, Chancellor Cigarroa said that the new university would create 10,000 new jobs in our region by 2022. Those jobs are expected to have average annual salaries of \$65,000. Indeed, this will impact Harlingen over the next decade!

THE NEW UNIVERSITY WILL CREATE

10,000
NEW JOBS

=

\$65,000
AVG ANNUAL SALARIES



HARLINGEN RANKING





HARLINGEN CONTINUES TO RANK HIGHLY ON SEVERAL FACTORS THAT IMPACT GROWTH AND DEVELOPMENT.

★ **HARLINGEN HAD THE LOWEST COST OF LIVING IN THE US** during the 2013 year, according to the ACCRA Cost of Living Index. Harlingen's cost of living is 20% below the national average according to the survey compiled by the Council for Community and Economic Research released in January of 2014. The cost for new management level housing in Harlingen is 25% below the national average.

★ **HARLINGEN TOPPED ALL RIO GRANDE VALLEY CITIES** in commercial and residential building permit valuations for the 2013 calendar year. The city had more than \$150 million in building permit applications, almost double from the previous year, according to data from the Rio Grande Valley Partnership. Harlingen's share of building permits last year represented more than 16% of the \$926.8 million in total permits for all Valley cities.

★ **CORONADO VENTURES SELECTED HARLINGEN AS HOME** to their new La Paloma Power Plant, a 690 megawatt natural gas-fired plant. Bechtel Corporation, expected to be retained as general contractor, has opened up a regional office in Harlingen to begin recruiting for this project and other oil & gas industry related projects.

★ **MCCALLUM SWEENEY, ONE OF THE COUNTRY'S PREMIER** site selection consulting firms, has invited Harlingen to Phase III of their site certification process for the Harlingen Industrial Air Park. The 430 acres available

east of the Valley International Airport has all the necessary infrastructure to accommodate large industrial projects, in other words, it is "Shovel-Ready"!

★ **THE CITY OF HARLINGEN COLLECTED OVER \$21 MILLION** in Sales Tax for the 2012/2013 Fiscal Year according to the State of Texas Comptroller's Office. Figures were released in November of 2013 and were made available through their website – www.window.state.tx.us. This represented an increase of 3.93% from the previous year's figures of \$20.2 million. Harlingen remains one of three Rio Grande Valley cities with over \$1 Billion in total retail sales overall for the fiscal year.

★ **HARLINGEN CRIME REPORT**
The number of Violent and Property Crimes reported in 2013 by the Harlingen Police Department was a new record low in crime in the city since at least 1985 according to FBI and HPD statistics. In 2013 the department reduced crime in the city by 19.5 percent, reporting a reduction of 693 major crimes. Major violent and property crimes last year totaled 2,850, compared to 3,543 committed in 2012, the previous low.

BUILDING OUR FUTURE **WORKFORCE TODAY**

THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION HAS A HISTORY OF SUPPORTING THE WORKFORCE DEVELOPMENT OF THE RIO GRANDE VALLEY, THROUGH PARTNERSHIPS WITH NON-PROFIT ORGANIZATIONS...

SUCH AS VIDA, VALLEY INITIATIVE FOR DEVELOPMENT

and Advancement; RGV LEAD, Linking Economic & Academic Development, Gulf Coast Trades Center, Kauffman Foundation and South Texas Medical Foundation.

“The Board of Directors believes that Economic Development begins with the availability of a highly-skilled, highly-trained workforce,” said Dr. J. Gilbert Leal, President of the HEDC and former head of Texas State Technical College-Harlingen. “Without a talented workforce, it is very difficult to attract the quality companies that create the high-skilled, high wage jobs we all desire for our citizens.” added Dr. Leal. “Even in times when budgets are tight across the board, we feel it is imperative that we continue to support the workforce development activities,” Dr. Leal concluded.

Since beginning its partnership 2004, The Harlingen Economic Development Corporation has provided VIDA with \$1,925,000 for job training for the underserved. Since 2007, the HEDC has provided RGV LEAD, formerly Tech Prep, over \$309,000 for dual enrollment programs. More recently, Gulf Coast Trades Center, serving disadvantaged youth, has received \$90,000 in HEDC funding over two years.

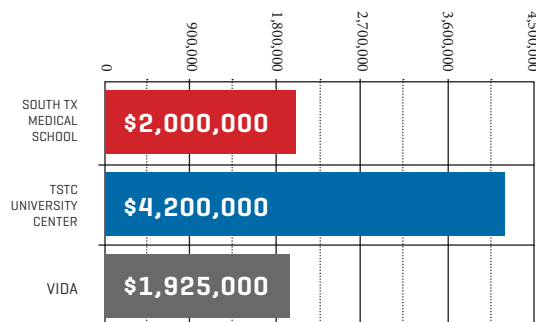
The HEDC also provided over \$4 million to help construct the University Center, a joint venture with TSTC to provide a place where students can obtain Bachelor's, Master's and even Doctoral degrees.

In anticipation of a stand-alone Medical School, the HEDC purchased 35 acres of land for over \$2 million to secure a place for future teaching facilities. The recent passage of legislation will see the first graduating class of the South Texas Medical School in 2018.

An educated workforce has other advantages as well. Studies have shown that educational attainment has an inverse relationship to crime. In other words, areas with higher education levels tend to have lower crime rates.

Collectively, the Harlingen Economic Development Corporation has provided over \$8.5 Million to support Workforce Development in the area in the last ten years.

DONATIONS BY THE HARLINGEN ECONOMIC DEVELOPMENT CORPORATION



NEW BUSINESS RECRUITMENT



SAM'S

Sam's Club anchors Harlingen Heights a 51-acre development located at the northwest corner of I-69E & close to I-2. The membership warehouse club gives residents and small business owners the opportunity to access incredible savings on quality products, including products made in Texas.

PAN AMERICAN HYDROGEN

Pan American Hydrogen has relocated to the Harlingen Industrial Park to manufacture hydrogen generation energy plants. The company effectively supports those companies who rely heavily on hydrogen energy, including manufacturers in the steel and glass industries, pharmaceutical and chemical industries, electronics, refineries and power generation industries.

LA PALOMA POWER PLANT

La Paloma will break ground in 2014. The \$650 million project should have more than 600 workers on site at the peak of its development. Bechtel, one of the largest construction companies in the world, is expected to be the general contractor for the 690 mega watt power plant project. It will be located east of the Air Park just off FM 509. The project is expected to have a huge impact on Harlingen. The groundbreaking is slated for July 2014.

GROCERS SUPPLY

Grocers Supply Company will be hiring new employees for their new facility in Harlingen. Grocers Supply generates approximately \$3 billion in sales annually, and remains a privately held business with nearly 10,000 employees.

BROTHERS PRODUCE

Brothers Produce has established themselves as one of the largest produce distributors in the state of Texas. The company covers the greater Houston, Dallas/Ft Worth, Austin, San Antonio, Corpus Christi, and Rio Grande Valley areas. Brothers distributes a full line of fresh fruits and vegetables,

specialty items, and processed items to meet the customers needs with a fleet of over 125 refrigerated trucks. In 2012, Brothers Produce shipped over 11 million packages and hopes to surpass the 12 million package mark in 2014.

WALGREENS

Walgreens is now a part of Harrison Crossing, an \$8.5 million retail development that also includes T-Mobile and Starbucks.

HEB

HEB remodeled several stores in order to expand its footprint in the community. Among the larger commercial projects was the remodeling of the H-E-B supermarket at I-69E, where the grocer spent \$3.1 million to expand departments. Remodeling concluded last year.

CANDLEWOOD SUITES

The \$4.3 million Candlewood Suites hotel also continues to take shape at New Hampshire Street and South I-69E, and should be open by mid 2014.

LONGHORN STEAKHOUSE

Popular eatery, Longhorn Steakhouse has been ranked no. 3 in their chain in the state of Texas since they opened in Harlingen, located at the intersection of I-2 and I-69E.

BURLINGTON COAT FACTORY

The 72,000 sq ft. soft goods retailer opened its doors in Fall 2013 to some very receptive consumers. Harlingen shoppers and our neighbors have continued to flock to BCF since its opening.

MARKETING ACTIVITIES



THE HARLINGEN EDC ADVERTISED IN LOCAL, NATIONAL, AND INTERNATIONAL MEDIA OUTLETS IN 2013.

- » VIVA Texas magazine was distributed in the Rio Grande Valley, Northern Mexico and Monterrey, Mexico last year. The publication has a circulation of over 10,000.
- » *Valley Business Report*
- » Radio advertising on 710 AM KURV
- » ValleyCentral.com website
- » *Business Expansion Journal*
- » *Expansion Solutions Magazine*
- » *Shopping Center Texas Magazine*
- » *Kings Queens and Scholars Magazine*
- » *Valley Interfaith Magazine*
- » Corenet website
- » *RGV Partnership Relocation Guide*
- » Trade Shows
- » International Council of Shopping Center Conference in Las Vegas, NV
- » Medical Device & Manufacturing West Trade Show (with Site Location Partnership)
- » Medical Device & Manufacturing East Trade Show
- » Industrial Asset Management Council Trade Show
- » ICSC – Texas Show
- » MD&M
- » IAMC
- » TEDC
- » AWIA
- » Rio South Texas Economic Council
- » Developer's Forum
- » Real Estate Broker's Tour
- » RGV Partnership Legislative Tour
- » "Birds of South Texas" Documentary
- » Raudel's Newsletters
- » LinkedIn
- » Facebook
- » Twitter
- » HEDC Website
- » Constant Contact Press Releases

BALANCE SHEET

City Of Harlingen
Development Corporation Of Harlingen, Inc.
As Of September 30, 2013

ASSETS	CURRENT YR		PRIOR YR	
	September 30, 2013		September 30, 2012	
Cash		\$3, 211,955		\$3, 711,829
Reserve Cash		97, 652		97, 551
Investments- BPS Escrow Trust		9,508		9,504
Receivables, accounts- State Comptroller/Other		312,382		318,717
Receivables, accounts- Other		155,468		60,029
Receivables - Interfund TIFRZ No. 3 (Page 8)		786,416		1,208,323
Prepaid Expense		126,398		2,100
Loans Receivable (Page 8)		500,421		498,896
Land - BPS				
- Parking Lot (UHC)	4,187,758	4,187,758	3,490,998	3,880,507
Buildings & Improvements	0		389,509	
Bass Pro Shops				
United Health Care (UHC)	36,606,348		36,116,522	
North Commerce Building	0	36, 606,348	3,192,522	39,798,399
Work in Progress - Reyna Family Development	0	0	489,437	421,907
TOTAL ASSETS		<u>\$45,994,306</u>		<u>\$50,007,763</u>

LIABILITIES & FUND BALANCE

Liabilities

Accounts Payable - Other	\$134,272	\$150,492
Accrued Salaries Payable	5,670	0
Due - General Fund - City Services Reimb.	0	4,758
- Professional Services	0	0
- Other	7,321	(8)
Due - In Current Year		
- BPS Loan	0	0
- Bonds Payable - BPS	0	0

Deferred Revenues

Loans	500,421	498,896
Other - TIFRZ No. 3	786,416	1,208,323
Long Term Payable - BPS Land	4,431,205	3,737,065
BPS Loan	3,350,000	3,695,000
Bonds Payable - BPS	<u>31,215,000</u>	<u>32,225,000</u>
Total Liabilities	40,430,306	41,519,526

Fund Balance

Designated Reserve	2,000,000	0
Unencumbered Fund Balance	1,309,607	3,809,380
Non Cash Fund Balance	<u>2,254,393</u>	<u>4,678,858</u>
Total Fund Balance	5,564,000	8,488,238

TOTAL LIABILITIES AND FUND BALANCE

\$45,994,306

\$50,007,763



HARLINGEN EDC

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