

# ECONOMIC SECTOR

## **INTRODUCTION**

### **CONCEPTS FOR LOCAL ECONOMIC DEVELOPMENT**

Economic growth of a community is best achieved by structuring adequate community policies and organizational bodies to assist in improving the community's economic assets. A number of concepts are:

- **Strengthen the community's physical, social, and government policies** to improve the local climate and encourage industrial, business, land developers and retirees to see the community as a desirable place to locate.
  1. Promote La Feria as a retirement community.
- **Accelerate community employment, household income, and municipal revenues** by improving the community's economic base. Growth in one or more of the sectors (community employment, household income and municipal revenues) represents *economic community development*.
- **Economic Development in a community occurs by private sector investment efforts**, which lead to local business expansions, increased jobs, improved personal income and increased local revenues for all residents.
- **Economic Development in a community occurs by the public sector efforts** in accumulating seed funds to assist industries, businesses and infrastructure projects with financial needs to continue local operations and/or expansions.
- **Economic Development in a community occurs by increasing the level of education** of citizens by one or more of the hereafter suggestions, which can improve household income and attract high-tech industries and businesses to locate in the community by having a capable highly educated young work force.
  1. Assist the local school system in reducing the drop-out rate.
  2. Expand the local school system's curriculum to include college courses.
  3. The creation of a community college and/or attracting a university or college to expand their campus to La Feria.

### **STRUCTURING THE LOCAL ECONOMY**

Activities to community economic development are an ongoing cycle involving a series of major interrelated activities as listed hereafter.

- **Organizing for Community Economic Development** - Encourage a political environment that is conducive to economic growth and utilize the Industrial Development Corporation, Tax Increment Finance Program and available grant programs to assist local economic interest.
- **Identify the Community's Local Resources** – Prepare a list of community assets and resources and research their potentials to further economic development in the community.
- **Identify Potential Projects that will Improve the Local Economy** – Identify national and state economic changes in our society and investigate means to increase the level of education in the community beyond the high school level for a more educated workforce, which can take advantage of a more technology oriented society and improve employment income.
- **Develop Local Economic Strategies** – Prepare a list of local strategies and/or objectives of needed facilities and identify local funds and means to implement such economic needs.
- **Research Funding Alternatives** - Alternatives to local funding sources are to be investigated to see if and how the city can participate in receiving available funding needs.
- **Joint Public/Private Ventures** - Joint public/private ventures are processes where the local government provides certain resource assistance to a private concern in developing or expanding a business or industry.
- **Leveraging Strategies** - Many times, leveraging of project funds is best achieved with the cooperation between government and private sectors.
- **Conducting a Financial Feasibility Analysis** – The feasibility of a project is best reviewed from a profit and loss statement based as used by private business.
- **Project Implementation** – Sources of available public funds, including state and federal grants and commitments of private parties should be researched when local infrastructure needs are to be implemented.
- **Evaluating Projects** – seek assistance from both public and private parties.

Active private sector participation is essential for an effective community economic development program. Joint public/private ventures usually include leveraging, an approach through which financial incentives are provided to private developers to encourage participation in community economic development projects. Without adequate public leveraging the private sector may not participate. Small investments (leveraging) by the city and/or county or appointed organizations increases the financial opportunities to develop larger projects. Leveraging by the City of La Feria may include one or more of the following; land assembly, tax abatements, lease arrangements, utility concessions and loans.

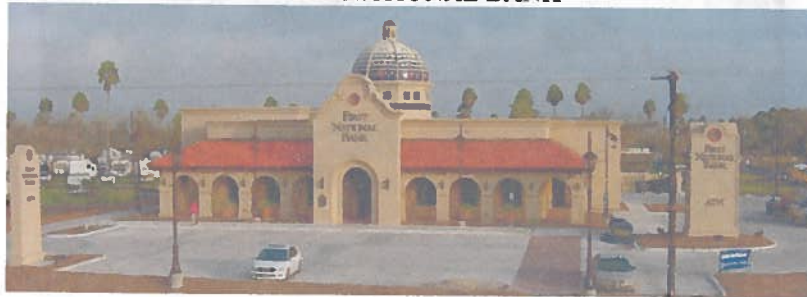
## **ADDITIONS TO THE LOCAL ECONOMIC SINCE 2000**

Before embarking on an *Economic Development Program*, a community should be aware of the economic trends shaping the local economy, especially those trends that are causing local industries and businesses to grow. Additions to the local economy since 2000 are shown below.

### **EXHIBIT 2-1**

#### **BUSINESSES AND/OR INFRASTRUCTURE FACILITIES DEVELOPED OR IN THE PROCESS OF BEING DEVELOPED BETWEEN 2000 & 2007**

**FIRST NATIONAL BANK**



**GREEN VALLEY SPRINKLERS**



**MUELLER, INC.**



**EXHIBIT 2-1 CONTINUED**

EXHIBIT 2-1 CONTINUED

FAMILY DOLLAR



CONSTRUCTION ON U.S. HIGHWAY 83



AUTO ZONE



"IB" INNOVATIVE BLOCK



CHURCH'S





EXHIBIT 2-1 CONTINUED

STAR DRIVE-IN



MOVIE GALLERY



WOODY'S SPORTING GOODS



NEW ELEMENTARY SCHOOL UNDER CONSTRUCTION ON F.M. 506



NOEMI DOMINQUEZ ELEMENTARY SCHOOL



## EXHIBIT 2-1 CONTINUED

NEW WATER STORAGE FACILITY



LIFT STATION UNDER CONSTRUCTION



## **COMMUNITY ECONOMIC INDICATORS**

A small community is not likely to alter state and national trends, but they can adapt to them by examining the internal factors and then designing an *Economic Development Program* that will build on the strengths of the community as it relates to the region, state and beyond. Service and high-tech industries have changed the states economy during the last few decades.

In order to understand the local economy and to identify the strengths, the community should periodically conduct a community assessment to determine what types of businesses and industries make up the economic base, and what are some local factors that can be implemented to help promote economic development or which factors act as a barrier to *economic development*. It is also important to know the plans and concerns of local businesses, industries and leaders, and how the public and private bodies can work together for the benefit of each.

Information that should be sought by the city and other organizations that promote and advertise the community as a place to invest funds for business, industry or residents, should make individuals aware of the following:

- Discern what strengths and weaknesses that the city offers.
- What policies should the local government implement to create and maintain healthy local businesses?
- What type of *economic development* do city residents want to see established?
- What type of community does the city residents want to become?

- What and how much emphasis should be given to *economic development planning*?
- Should the city implement land use controls to protect residential developments from undesirable development projects?

### LOCAL PROBLEMS AFFECTING THE ECONOMIC GROWTH

1. Lack of residential lots for home construction.
2. Lack of east-west thoroughfares
3. Lack of a large retail shopping area.
4. Lack of an organized industrial park.
5. Lack of entertainment activities and restaurants in the Central Business District.
6. Large irrigation canals that hinders land development by excessive cost in constructing thoroughfares
7. A large drainage canal on the west side of the city that hinders land development by excessive cost in constructing thoroughfares.

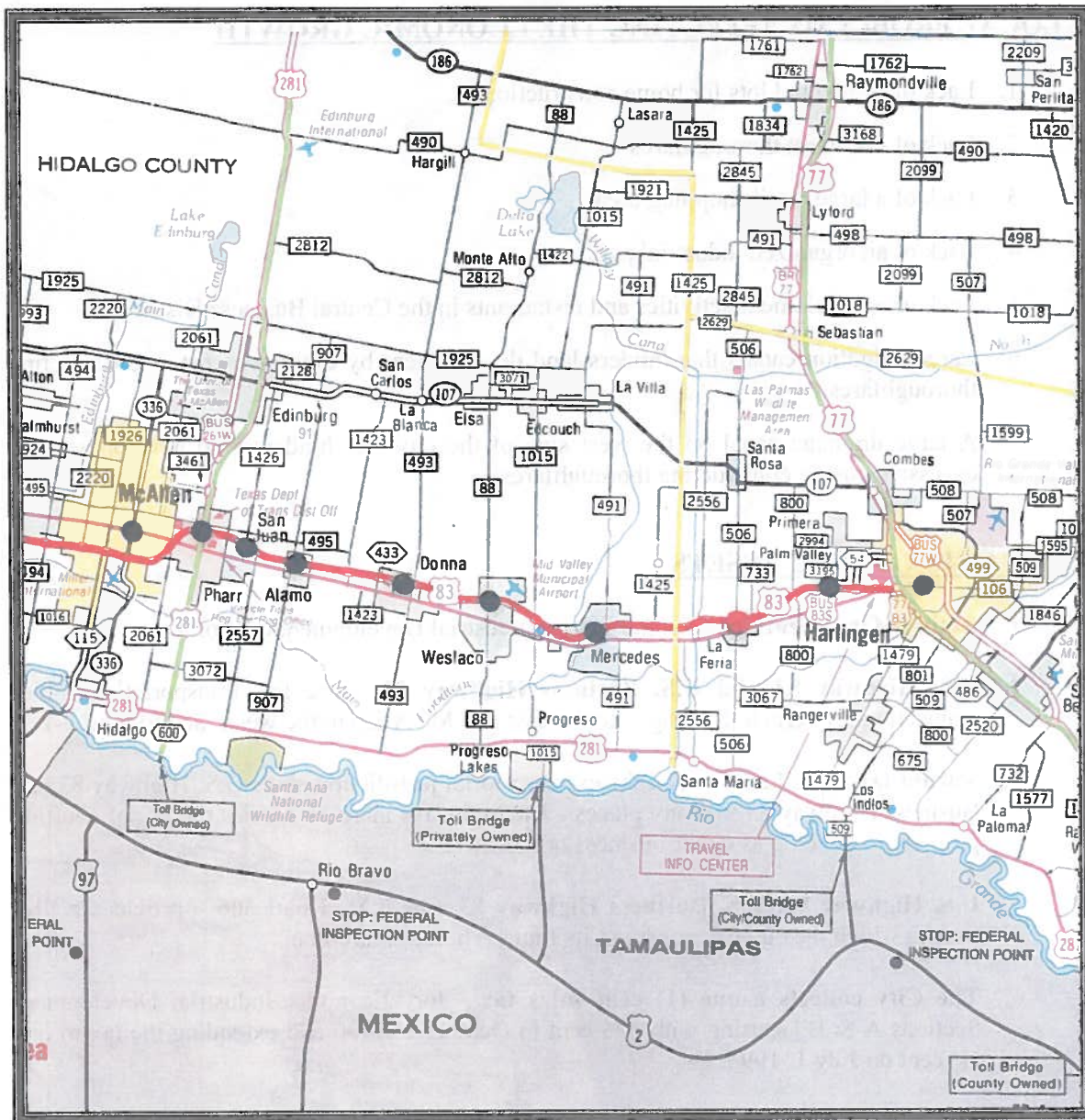
### LOCAL ECONOMIC ASSETS

1. **Activity Organizations** - Economic and Industrial Development Corporations.
2. **U.S. Highway 83 and U.S. Business Highway 83** – are fast transportation routes connecting La Feria to Harlingen to the east and Mc Allen to the west. See Exhibit 2-1.
3. **Vacant land** – in La Feria and the extraterritorial jurisdiction abuts U.S. Highway 83 and Business Highway 83 in many places. The highways increase the desirability of abutting property to develop as either business or industrial.
5. **U.S. Highway 83, U.S. Business Highway 83 and F.M. Road 506** – provides a firm base in which the city can construct its future Thoroughfare Plan.
6. **The City collects a one (1) cent sales tax** - for “Economic/Industrial Development Sections A & B” starting with a ½ cent in October 1, 1990 and extending the tax to one (1) cent on July 1, 1995.
7. **The City has four RV Parks of 650 plus spaces and additional RV Parks surrounding the city** - indicating the **desirability of the area to attract tourism and retirees**. This asset should be expanded with the development of a community retirement area with amenities desired by retirees.

VIP  
Kenswood  
Yellow Rose  
Palmera



**EXHIBIT 2-2**  
**LA FERIA'S CONNECTION TO HARLINGEN AND MCALLEN BY**  
**U.S. HIGHWAY 83 AND BUSINESS HIGHWAY 83**



Source: Texas Department of Transportation and Design Service, Inc.



## **ECONOMIC STRATEGIES**

General strategies for increasing economic activity in La Feria may include:

1. **Retention and expansion of businesses** - Ways in which La Feria can retain and expand local businesses are:
  - (a) Through the provision of information about state and federal programs that facilitate expansions and retention.
  - (b) Informing citizens on financial assistance provided to the city in the form of sales tax revenue.
  - (c) Inviting local businesses to meet with the City Commission to discuss public and private issues to obtain a better understanding on how the city might assist local business needs.
2. **Encourage "home grown" industries/local entrepreneurs** - Generally, every community has a local entrepreneur who has always wanted to start up his/her own business but lacked the start-up capital. The city can assist entrepreneurs in the following ways:
  - Evaluate the potential of a new venture. While the purpose of the economic development strategies is to generate new employment, not every venture is a good one; therefore, a local *economic development team* with assistance from state agencies could work with individuals with a new business idea to determine if the proposed activity is economically feasible.
  - Requests assistance of local banks to provide financial counseling to local entrepreneurs.
  - Identify private and public financial resources, which can support new proposed ventures.
  - Identify potential technical assistance programs, which can be used to assist local development.
  - Keep in touch with entrepreneurs. Do not assume that once a business operation begins, that the role of a local *economic development team* is over. Periodically check on the status of the venture and offer assistance in areas that might still require attention.
3. **Attract new industries** - Research in the 1980's showed that it was important for local communities to seek new industries to create new jobs in a community or by the expansion of existing firms. During this period, studies showed that only five percent (5%) of all new jobs were a direct result of a major industry locating in a locality. Although, attracting new industry into a community can be a difficult economic undertaking, it can significantly impact a community in many ways.

Listed below is an example of some areas where a new industry with 100 employees economically impacted a community in the 1980's.

- Aggregate personal income..... + \$ 1,948,353\*
- New retail establishments ..... + 7
- Non-manufacturing jobs ..... + 64
- Population increase ..... + 202
- New homes ..... + 102
- School enrollment ..... + 61
- Retail sales..... + \$ 1,477,453\*

\* Dollar amounts have not been corrected to reflect 2007 dollars.

A community must also be aware of the potential demands placed on a community by 100 employees. For example, there would be an increase of approximately 100 new students in the public school system (50 in grade school, 25 in middle school, and 25 in high school). This creates the need for two new grade school rooms and one new room in both the middle school and the high school. Additionally, four new teachers would be needed and the annual school budget would need to be increased.

There would also be an increase in demands for municipal services. The water department would have to provide about 60,000 more gallons of water every day; the present streets would have to absorb 97 more automobiles, and there would be a need for an additional 500 books to the local library.

Attracting new industries should not be the main focal point of a community economic development efforts, but the approach is good if a community is seeking to diversify the local economy. With this in mind, a good "attraction" program should include:

- Development of a concise, clear-cut presentation on community assets.
- Development of a one-page quick reference data sheet on the community.
- Frankly discussing community problems with industrial representatives and having a plan to address those problems.
- Making sure "industrial sites" are readily available and that there is a firm reasonable price that will not be increased when an industrial prospect expresses interest.

4. Promotional activities or tourism and/or retirees - Tourism and/or retirees should be viewed as a cost-effective economic development tool because it typically does not require investment in new schools, new roads, or new water or sewer lines. In 2000, an "Economic Impact of Retirement Migration of the Texas Hill Country" study was prepared suggesting that counties with greater elderly in-migration rates between 1965 to 1990 significantly increased the per capita income between 1970 to 1990. It was expected that counties having in-migration of retirees gained much more disposable income and had a greater potential for economic growth due to a greater amount of funds for goods and services.

A study in 1995 of the national average spending habits of a retiree with a budget of \$38,500 revealed:

- 22.6 percent was spent on housing,
- 17.3 percent was spent on transportation,

- 13 percent was spent on food,
- 7 percent was spent on utilities,
- 5.8 percent was spent on health care,
- 5.4 percent was spent on recreation,
- 30 percent was spent on taxes, apparel, gifts and investments.

(a) The Texas Department of Agriculture (TDA) is promoting a “Certified Retirement Community Program” through an application process. Statements made by TDA to directed small communities in marketing retirees are:

- Retirees are looking for smaller rural communities with access to urban services;
- Thirty-one (31) percent of population will be 55 or older in 25 years;
- Texas is the sixth most popular retirement state and Native Texans account for 1/5 of retirees returning to Texas;
- Moving to be closer to family or care providers;
- Retirees spend an average of \$36,000 per year and pay \$3,000 in state and local taxes;
- Affluent retired couple’s locating in a community has an economic impact of 3.7 Factory Jobs as reported by a “Retirement Development” study by the Center for Economic Development of Jacksonville State University.
- Retirees income or “Mailbox Money” comes from Social Security, pensions, savings, etc.

(b) Findings of State Retirement Community studies.

- Arizona has the distinction of having the first planned retirement community. A dozen or more retirement communities in Arizona from which to choose, includes those that feature golf, and those that are geared toward the RV lifestyle.
- Golf retirement communities continue to be popular in Florida, Carolinas and Arizona due to the increased demand for recreational opportunities and the longer time adults spend in retirement.
- Golf has long been a favorite retirement activity. With an increase in the number of years spent in retirement due to earlier retirement, better health, longer lives and in general better financed retirement programs, the demand for retirement golf communities continues to grow.



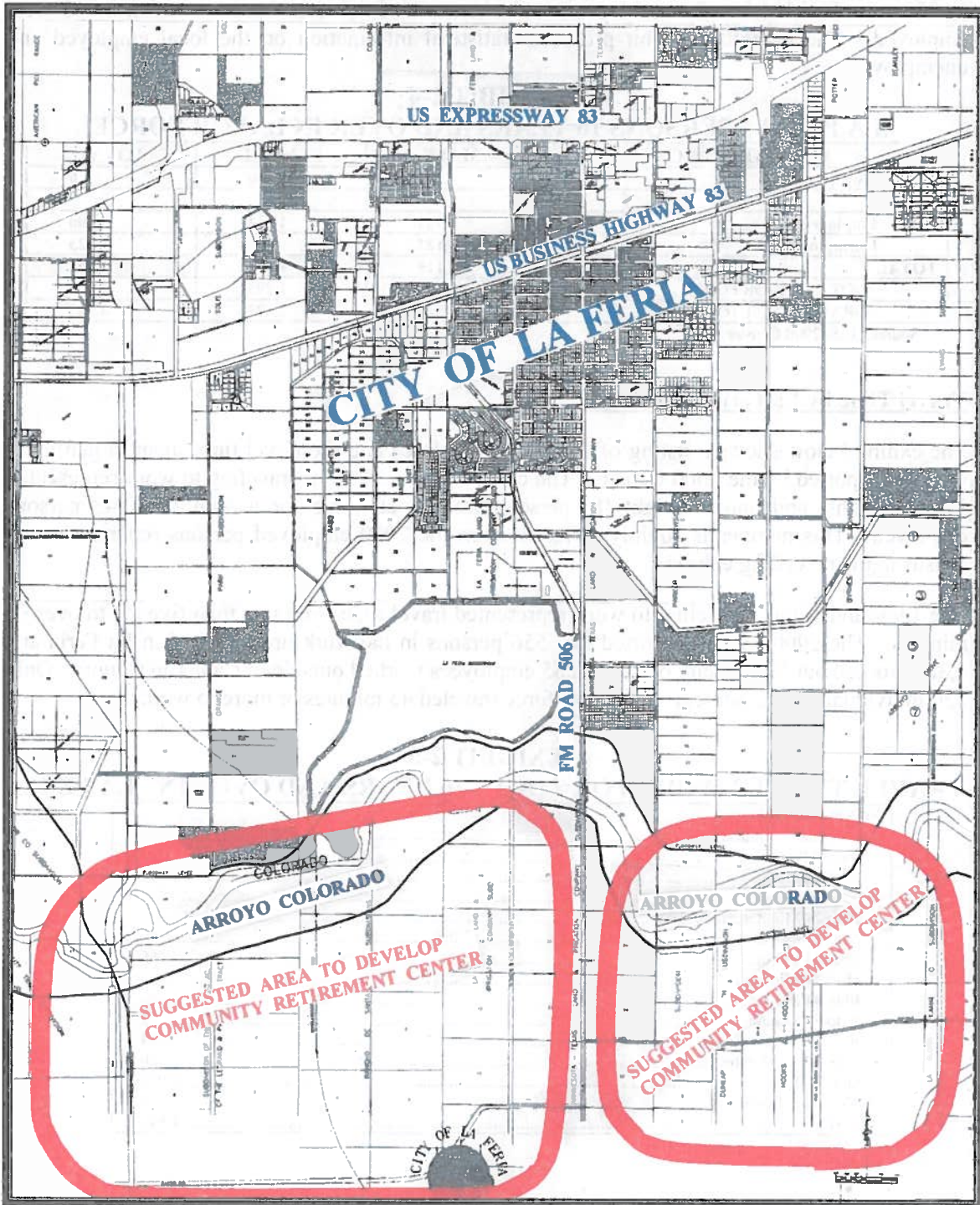
- When considering a golf community by a retiree, one of the first choices is where to live. It is hard to beat having a manicured golf course in your back yard or for the golfer to walk directly onto the course from his home.
- A program in Alabama planned the development of eight public golf courses at a cost of \$150-200 million to attract tourists, attract retirees and to attract industry.
- A study of four counties in the Hill Country west of Austin revealed that areas with greater elderly in-migration had a greater potential for economic growth due to more expenditures for goods and services.
- Del Webb Corporation who has built retirement communities in Texas and other states conducted a survey of retirement age persons and reported that 20 percent of the participants favored golf facilities. Del Webb's retirement community near Georgetown has a golf course.
- By 2020 about one-third of the population will be of retirement age and may be looking for to areas with a warmer climate than where they are presently living.
- A study conducted in West Virginia of 1,000 retirees with an annual income of \$23,258 compared with an annual income of \$31,000 per factory job concluded that the 1,000 retirees had the same impact as 1,116 factor jobs.
- Whether a retiree has the same impact of 3.7 or 1.1 factor jobs, the retiree is an important economy factor that should be investigated by small communities.

(c) **Recreational Vehicle (RV) living.**

- Hundreds of thousands of snowbirds travel to warmer climate of Texas, Arizona, California, Nevada and Florida during the winter months. Retirees who made RV's the winter home on the road spend four to six months away from their primary home.
- Snowbirds have a positive impact on the local economy where they live in their RV.
- Experiences at sites visited with an recreation vehicle (RV) can become a predisposing factor for determining permanent residence.

To develop a retirement community, the city should prepare and submit a "Certified Retirement Community Program" application to the Texas Department of Agriculture. Retirement communities can be developed most anywhere in the city where adequate land is available. If the development of a golf course were to be considered as an attraction in promoting a retirement community and for use by local citizens, the farmland south of the Arroyo Colorado would be a suitable location. A project area of 500 or more acres would allow about 200 acres for a golf course with the remaining acres for residential and commercial development. The hereafter exhibit shows the area for the potential development of a retirement community with a golf course.

**EXHIBIT 2-3**  
**POTENTIAL AREAS FOR THE DEVELOPMENT OF A RETIREMENT COMMUNITY**  
**INCLUDING AN 18 HOLE GOLF COURSE**



Source: Design Services, Inc.

## LOCAL ECONOMIC STATISTICS

### Local Labor Force

In 2000, La Feria's labor force, 16 years and over, totaled 4,343 persons, of which 2,000 were employed. The hereafter exhibit provides statistical information on the local employed and unemployed

#### EXHIBIT 2-4

#### LA FERIA - PERSONS 16 YEARS AND OVER IN LABOR FORCE

IN LABOR FORCE	MALE	FEMALE	TOTAL
In Armed Forces	0	0	0
Civilian			
Employed	988	1,012	2,000
Unemployed	127	96	223
<b>TOTAL</b>	<b>1,115</b>	<b>1,108</b>	<b>2,223</b>
NOT IN LABOR FORCE	825	1,295	2,120
<b>GRAND TOTAL (OVER 16)</b>	<b>1,940</b>	<b>2,403</b>	<b>4,343</b>

Source: U.S. 2000 Census

### Travel Time by La Feria's Workforce

The exhibit below shows a listing of the city's workforce and the travel time spent in getting to work, as reported by the 2000 Census. The census data on persons traveling to work represented 1,935 persons, and another eight (8) persons worked at home for a total of 1,943 persons employed. This number is slightly different from the 2000 employed persons reported by the census in the preceding exhibit.

The 1,934 individuals traveling to work represented travel time from less than five (5) to over 90 minutes. The 2000 Census reported that 556 persons in the workforce worked in La Feria and 1,387 worked outside the city of which 285 employees worked outside of Cameron County. Only 120 individuals or 6.2 percent of the workforce traveled 45 minutes or more to work.

#### EXHIBIT 2-5

#### TRAVEL TIME TO WORK FOR THOSE 16 YEARS AND OVER IN - LA FERIA

Did Not Work at Home	
Less than 5 minutes	124
5 to 9 Minutes	295
10 to 14 Minutes	263
15 to 19 Minutes	385
20 to 24 Minutes	345
25 to 29 Minutes	69
30 to 34 Minutes	266
35 to 39 Minutes	31
40 to 44 Minutes	52
45 to 59 Minutes	71
60 to 89 Minutes	14
90 or More Minutes	20
<b>SUBTOTAL</b>	<b>1,935</b>
Worked at Home	8
<b>TOTAL</b>	<b>1,943</b>

Source: 2000 U.S. Census

### Household Income

The 2000 Census reported a median family income of \$45,861 for the State. In 2000, La Feria had 1,613 families with a median family income of \$28,832. The median family income is 62.9



percent of the state median family income. The hereafter exhibit provides a breakdown of income by households, family and non-family households. Twenty-nine and five tenths (29.5) percent of the households had annual incomes less than \$15,000.

**EXHIBIT 2-6  
CITY OF LA FERIA INCOME GROUPS**

INCOME CATEGORIES IN 2000			
EARNINGS	HOUSEHOLDS	FAMILIES	NONFAMILY HOUSEHOLDS
Less Than \$10,000	341	188	161
\$10,000 - \$14,999	245	183	70
\$15,000 - \$19,999	201	152	49
\$20,000 - \$24,999	218	188	30
\$25,000 - \$29,999	141	131	10
\$30,000 - \$34,999	181	160	13
\$35,000 - \$39,999	104	91	5
\$40,000 - \$44,999	93	91	9
\$45,000 - \$49,999	130	130	0
\$50,000 - \$59,999	102	83	19
\$60,000 - \$74,999	64	64	0
\$75,000 - \$99,999	130	117	6
\$100,000 - \$124,999	18	18	0
\$125,000 - \$149,999	8	8	0
\$150,000 - \$199,999	0	0	0
\$200,000 or more	9	9	0
<b>TOTAL</b>	<b>1,985</b>	<b>1,613</b>	<b>372</b>
<b>MEDIAN</b>	<b>\$24,660</b>	<b>\$28,832</b>	<b>\$13,060</b>

Source: 2000 U. S. Census

### Areas of Low and Moderate Income Concentration

An effort was made to determine the concentration of areas in the city that were of low and moderate income. Low and moderate income persons are defined as those persons in families and unrelated individuals having less than 80 percent of the median income of Cameron County. Since an income survey was not conducted for the city, only those families located in deteriorating housing as classified in the 2007 housing survey and persons living in the Public Housing Projects can be reasonably considered as "low" to "moderate" income families. Deteriorating structures have been graphically depicted in Chapter 4 by the "Condition of Structures Map".

### Local Employment Occupations

An analysis of occupations and employment categories are informative when describing the basic social and economic features of the community. The 2000 U. S. Census recorded employed persons 16 years old and over by six large occupation categories as illustrated in the hereafter exhibit. Three occupation categories representing the highest percentage of the 2000 workforce were:

- (1.) Managerial and Professional specially,
- (2.) Technical, Sales and Administrative Support, and
- (3.) Services,

**EXHIBIT 2-7  
CITY OF LA FERIA**

<b>2000 EMPLOYMENT BY OCCUPATION</b>		
<b>OCCUPATION</b>	<b>EMPLOYED</b>	<b>PERCENT</b>
Managerial and Professional Specialty	542	27.1 %
Technical, Sales and Administrative Support	441	22.1 %
Services	463	23.2 %
Farming, Forestry and Fishing	34	1.7 %
Precision Production, Craft and Repair	218	10.9 %
Operators, Fabricators, and Laborers	302	15.1 %
<b>TOTAL</b>	<b>2,000</b>	<b>100 PERCENT</b>

Source: 2000 U. S. Census

### Industries

A breakdown of the employed persons 16 years and over by type of industry is shown in the hereafter exhibit. Industrial categories keep changing each decade by the census making it difficult to compare a series of census data on employment by industry. The five dominate industrial employment categories in 2000 are as follows:

- (1) Education, health and social services.
- (2) Retail trade.
- (3) Manufacturing
- (4) Construction.
- (5) Arts, entertainment, recreation, accommodation and food services.

**EXHIBIT 2-8**

**CITY OF LA FERIA 2000 EMPLOYMENT BY INDUSTRY**

<b>INDUSTRY</b>	<b>NUMBER OF EMPLOYEES</b>
Agriculture, forestry and fisheries	56
Mining	15
Construction	148
Manufacturing	160
Wholesale	37
Retail trade	187
Transportation, warehousing and utilities	118
Information	47
Finance, Insurance and Real Estate	75
Professional, scientific, management	106
Educational, health and social services	677
Arts, entertainment, recreation, food services	146
Other Services	123
Public Administration	105
<b>TOTAL</b>	<b>2,000</b>

Source: 2000 U. S. Census

### Income Analysis

Inflation consumed most of the income increases for households, families and non-family individuals between 1980 and 1990. The city's median household income in 1980 was \$8,899,

which increased to \$12,283 in 1990 and \$24,660 in 2000. Future incomes are estimated to increase as the demand for skill labor increases and as inflation increases.

### **Transportation**

Industrial transportation is available through 19 motor freight companies, charter airline services and railroads. Air service is available from the American, Continental and Southwest Airlines. Parcel delivery is available by the United Parcel Service, Federal Express, Emery, Purolator, Greyhound and Pronto Delivery Service. The area is served by east to west highways, US Expressway 83 and US Business Highway 83, that connects with north to south highways, US Highway 77 and US Highway 281.

The Harlingen International Airport is located 10 miles east of La Feria. This airport was a military airport that has been renovated for civilian use. Two other commercial airports are located in the region. One of the facilities is located at McAllen and the other at Brownsville.

### **Property Tax**

Property tax rates for La Feria and regional communities indicate that the 2006 established tax rates are comparable. A listing of major taxing authorities affecting the identified cities, the taxable property valuation for each city and tax rates approved for each of the taxing authorities are provided by Exhibit 2-7. The 2006 tax rates listed in Exhibit 2-9 shows that Harlingen had the lowest Total Tax Rate followed by Weslaco and then La Feria.

#### **EXHIBIT 2-9**

#### **LA FERIA AND REGIONAL CITIES COMPARATIVE 2006 TAX RATES**

NAMES OF CITIES	TAXABLE PROPERTY VALUATION	CITY	COUNTY	I.S.D.	TOTAL TAX RATE
La Feria	137,581,480.	0.7000	0.3582	1.6090	2.661
Harlingen	2,328,478,990.	0.5908	0.3582	1.5500	2.499
Mercedes	240,096,043.	0.8700	0.5900	1.5700	3.030
Weslaco	998,152,093	0.6995	0.5900	1.3418	2.6313
Donna	276,586,190	0.98999	0.5900	1.5300	3.1099

Source: Design Service, Inc.

### **Sales Tax**

Sales taxes received by a city is a reflection of the business climate. It is an indication of how a city is competing with surrounding communities in attracting customers to shop locally and a method to measure the city's adequacy in commercial/retail development.

Undeveloped and/or unused commercial property not only limits the amount of sales tax collected by a community, it usually reflects a small commercial property tax base. Sales tax, like property tax, is a vital source of revenue for a city. The City of La Feria collects a one (1) cent sales tax for economic development and the general one (1) cent sales tax allowed by approving sales tax collection by a city. Therefore, La Feria collects a two (2) cent sales tax.

The following exhibit shows the state's allocated sales taxes for regional rural cities. It is apparent from the following information that only Harlingen, San Benito and Weslaco exceeded La Feria in the per capita sales tax calculated by the 2000 per capita sales tax. This is a strong



indication that the city's business climate is good but needs to improve to capture its share of sales taxes from local residents.

### EXHIBIT 2-10

#### SALES TAX ALLOCATION, POPULATION AND PER CAPITA SALES TAX

CITY	2000 POPULATION	TAX RATE 2000 2006	2000 SALES TAX ALLOCATION	2000 SALES TAX ALLOCATION AT \$0.02	PER CAPITA SALES TAX ALLOCATION AT A \$0.02 TAX RATE
La Feria	6,115	\$.02 \$.02	\$606,847	\$606,847	\$99.24
Alamo	14,760	.02 .02	979,102	979,102	66.33
Combes	2,553	.01 .01	30,545	61,090 *	23.93
Donna	14,768	.02 .02	885,983	885,983	59.99
Edcouch	3,342	.02 .02	86,563	86,563	25.90
Elsa	5,549	.02 .02	413,489	413,489	74.52
Harlingen	57,564	.02 .02	14,780,090	14,780,090	256.76
Mercedes	13,049	.02 .02	865,539	865,539	63.41
Primera	2,723	.01 .02	38,426	76,852	28.22
San Benito	23,444	.02 .02	2,510,488	2,510,488	107.08
Santa Rosa	2,833	.01 .01	24,677	49,354 *	17.42
Weslaco	26,935	.02 .02	5,555,131	5,555,131	206.24

Source: U.S. Census and Texas Comptroller of Public Accounts

\* Sales tax for cities collecting a one (1) cent tax was increased to \$0.02 to show the per capita sales tax for all cities by the same tax rate of two (2) cents.

The major portion of the city's sales tax collection is generated by business and industrial sale operations. Ample land suitable for the city's future growth of retail businesses, commercial businesses, office facilities, agribusiness operations, industrial plants, warehousing and distribution facilities is illustrated on the "2007 Land Use Map" in Chapter 5. Available land for business and industrial expansion usually includes vacant land fronting major highways.

#### Semipublic Recreation Activities

Semipublic recreational facilities are located at La Feria Independent School District campuses at Canal Street and US Expressway 83, Fourth Street and Canal Street, Main Street and Jessamine Street and Cypress Street and West Street. The school facilities contain separate buildings for elementary, junior high and senior high students. Recreational facilities located at the school campus include tennis courts, basketball courts, playground equipment, gymnasium and a football stadium with an all-weather track.

#### Public Recreation Activities

Three park sites are located in the city. One site with 3.86 acres is located at Main Street and Verbena Avenue. The section bordering Main Street is Scott Sloan Park and the back half of the park is A J Wilson Baseball Park. Recreation facilities located at this park site include; swimming pool, covered concrete area for group meetings, two horseshoe pitching courts, six benches, six picnic tables, a modular playground facility, two shuffleboard courts, one basketball court, one lighted baseball field, a sand volleyball court and a walking and jogging trail.

La Feria Veterans Memorial Park Sports Complex of 18.18 acres is located on the west side of the city and on the north side of Hampton Court Street. This park site contains three lighted baseball fields, one unlighted baseball field, a walking and jogging trail, two basketball courts, one swing, one modular playground facility, one practice football field and a sand volleyball court.

Tiny Town Park, an area of 40,000 square feet at Main Street and Central Avenue is under construction. When the construction of the facility is completed it will offer recreation facilities for small children.

La Feria Wildlife and Nature Park, is a park plan on the south side of the city of approximately 110 acres. The Texas Parks and Wildlife Department approved a park plan application from the city to develop a Wildlife and Nature Park. One-half of the parks construction cost, up to \$500,000 will be funded by TPWD. When developed, the park will be a big attraction for the city.

### **Community Location for Business Development**

Traditional industrial location studies have stressed both the importance of the access to raw materials and markets as a key location factor. In recent years, however, due to the rise of technology-based industries and the decline of traditional manufacturing industries, access to raw materials is no longer such a crucial location factor.

The main objective of any business is to sell and deliver its product or service, at a competitive rate, to customers and clients. When looking for accessibility to the market, the geographic proximity must be considered. It is much cheaper to deliver a product or service to a customer or client who is located in the same community or relatively close by. Theoretically, a rural community can expect to pull from a market within a thirty (30) mile radius, while a metropolitan city may pull from a market in excess of 100 miles.

Local and surrounding rural area residents primarily support a majority of retail businesses in La Feria or service operation enterprises. There is a need to encourage industrial establishments to locate in La Feria for increased job opportunities and to improve the local tax base. As transportation and communication, facilities improve, the distance between rural communities and metropolitan centers appear closer. As major highways are improved to handle more traffic, safely and at faster speeds, the chances of industries to locate in rural communities improve. Examples of highway improvements are the redevelopment of U.S. Expressway 83 and Business Highway 83.

## **BARRIER ANALYSIS CHARTS**

A "barrier analysis" is an analytical method used to identify the specific economic development potential and factors that can hinder or restrict growth. Twenty-three factors were examined through statistical data and site visits. Seven of the factors examined were "major cost factors" and the remaining seventeen factors were "operating condition factors". Based on the data collected and analyzed, each factor was identified as an asset, neutral, or liability. These ratings or categories were further broken down as either "major" or "minor". The purpose of this breakdown was to obtain a clear idea of the "barriers" to growth and to determine the seriousness if these "barriers" to local growth.

1. Water - The cost of 10,000 gallons of water for a residential customer in La Feria is \$32.95. The following graph compares water rates of surrounding communities using 10,000 gallons per month.
2. Wastewater Service is provided to local residents at a rate of \$26.50 per month with the consumption of 10,000 gallons of water.

3. Garbage Service cost is \$10.75 per month for residents. Fees for commercial establishments vary.
5. Electrical Service is provided by Central Power and Light to all of the listed regional cities. There is a summer rate, a winter rate, standard rate and all electrical rate. Using the summer and standard rate for a residential facility, 1,000 kwh would cost \$135.00 per month.
6. Texas Gas Service to residents and businesses in the Rio Grande Valley area is provided by the Southern Union Gas Company. The cost for customers using 10 Mcf in May 2007 was \$174.37. Cost varies with the market and an individual or firm cannot depend on a constant price for natural gas.
7. Telephone Service is provided by Verizon for La Feria and Weslaco with unlimited calls of \$32.00 per month for a residential phone.
8. Cable Service is available by Time Warner Cable Company at \$39.99 for the basic package.
9. Newspaper - Daily newspapers are published by the "Valley Morning Star" in Harlingen and the "McAllen Monitor" in Mc Allen. A weekly newspaper is published in La Feria by "La Feria News".

For the city, the typical monthly utility bill for a residential customer using 1,000 kwh of electricity, 10,000 gallons of water, 10,000 gallons of wastewater, 10 Mcf of gas, telephone service, garbage services and miscellaneous charges are estimated to be \$411.57 per month. A breakdown of most of these utility costs per residential unit are as follows:

**EXHIBIT 2-11**  
**2007 COST OF WATER, WASTEWATER, GARBAGE, GAS,**  
**ELECTRICITY AND OTHER LOCAL CHARGES**

NAME OF CITY	WATER RATES(1)	WASTEWATER RATES(1)	GARBAGE RATES	GAS RATES (2)	ELECTRICITY RATES(3)
La Feria	\$32.95	\$26.50	\$10.75	\$174.37	\$135.00
Harlingen	18.00	32.00	14.00	174.37	135.00
Mercedes	29.63	25.88	11.50	174.37	135.00
Weslaco	27.00	27.35	13.27	174.37	135.00
Donna	68.00	36.62	9.00	174.37	135.37

Source: Design Service, Inc.

(1) Water and Wastewater cost is based on the use of 10,000 gallons of water.

(2) Southern Union Gas costs of 10 Mcf's for the month of May 2007.

(3) Central Power & Light at \$34 for 1,000 kwh's use during winter months (November to June).

*public employment*

La Feria's economy is derived from four basic economy sectors, (1) agriculture, (2) manufacturing, (3) close proximity to Harlingen San Benito Metropolitan Area and (4) retirees. Other economy functions increase or decrease according to the strength of these four major economic sectors. The agriculture sector will fluctuate year to year based on weather conditions. The manufacturing industry continues to increase in the Lower Rio Grande Valley area. The Brownsville-Harlingen-San Benito and McAllen-Edinburg-Mission Metropolitan Areas continue to increase in population with La Feria located about half way between the two areas. Cameron and Hidalgo Counties increased by over 40 percent between 1990 and 2000. The Valley with it's warm winter months continues to be a very popular area for people from northern states to spend their winter months.



**EXHIBIT 2-12**  
**BARRIER ANALYSIS - COST FACTORS**

Subject	La Feria	Regional*	State **	Asset Major	Asset Minor	Neutral	Liability Minor	Liability Major
Electricity (1,000 kwh)	\$135.00	\$135.00	\$140.00		X			
Gas (10 Mcf)	\$174.37	\$174.37	\$180.00		X			
Water/sewer (10,000 gal.)	\$59.45	\$60.00	N/A			X		
Building (square foot)	\$25.00	\$25.00	\$30.00		X			
Land (5 acre industrial area)	\$21,500	\$23,000	\$60,000	X				
Taxes (\$75,000 home)	\$1,996	\$2,100	N/A		X			
Wages levels (weekly)	\$400	\$400.	\$580	X				
Fuel cost (gal. gasoline)	\$2.95	\$2.96	\$2.95			X		
Financing costs	2-3 pts. over N.Y. Prime	2-3 pts. over N.Y. Prime	2-3 pts. over N.Y. Prime			X		

Source: Design Service, Inc. \*Selected cities and businesses. \*\*Various state agencies and utility companies.

In analyzing the quantitative data available, none of the cost factors is considered significant "barriers" to La Feria's economic growth and development. La Feria offers a relatively favorable business climate in terms of building, labor, utility costs and good schools.

**Public Policies and Codes**

There are no local policies identified that would discourage economic growth. Utility regulations, water rates, sewer rates, connection charges, service deposits, electrical rates, building standards, and many others factors reviewed would not appear to discourage business development.

**EXHIBIT 2-13**  
**BARRIER ANALYSIS - OPERATING CONDITION FACTORS**

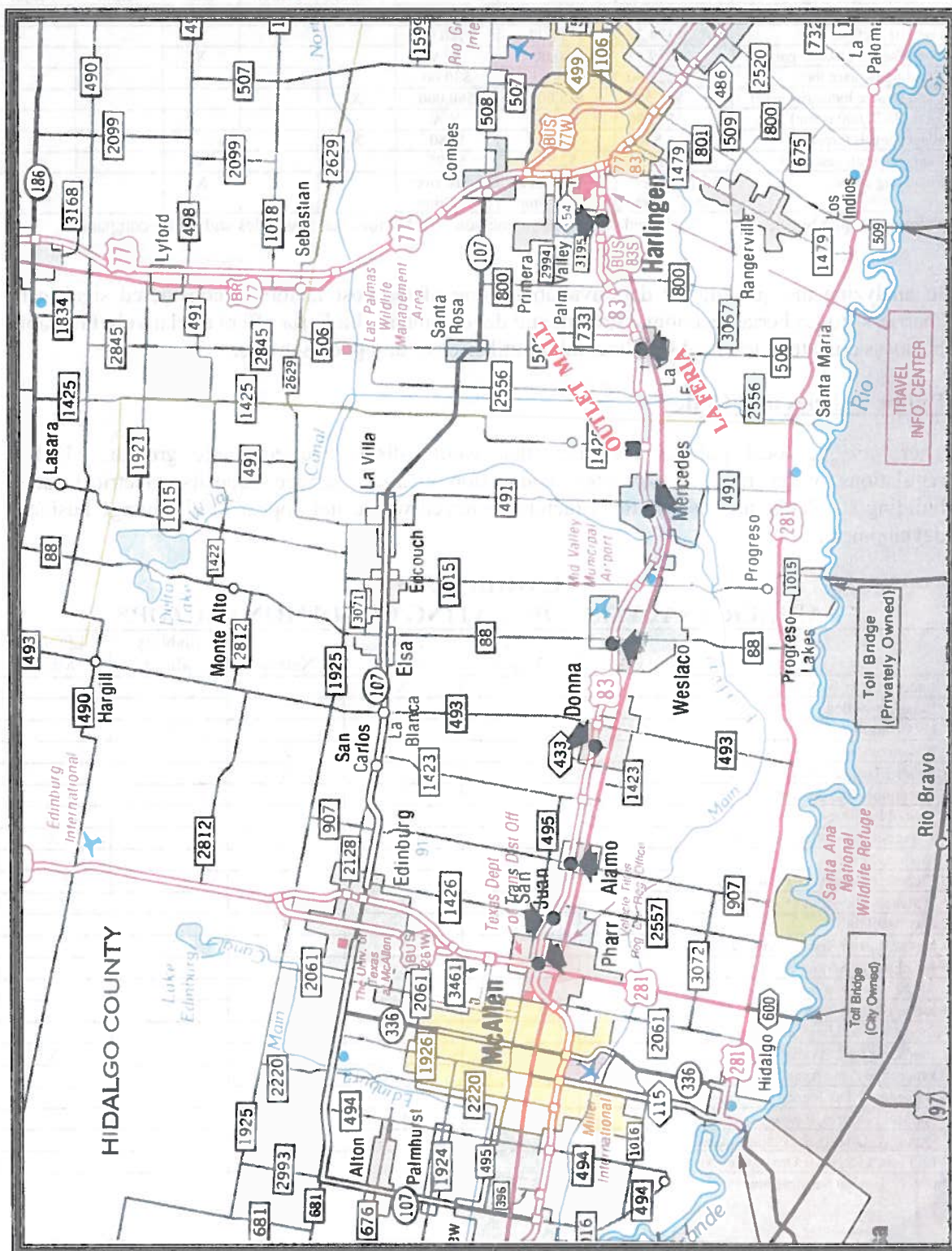
	Asset Major	Asset Minor	Neutral	Liability Minor	Liability Major
1 Labor Supply by Sex		X			
2 Labor-unskilled			X		
3 Labor Skilled				X	
4 Unionization		X	X		
5 Labor/Management Relations			X		
6 Vocational Education Facilities		X			
7 School Facilities	X	X			
8 University or College Facilities				X	X
9 Medical Services			X		
10 Electric Power Availability		X			
11 Water and Sewer Availability		X			
12 Gas Availability			X		
13 Motor Carrier Service Availability				X	
14 Rail/Freight Service Availability				X	
15 Air Service Availability			X		
16 Industrial Site Availability	X				
17 Industrial Buildings Availability	X				
18 Industrial Park Availability					X
19 Enterprise Zone Availability		X			
20 Designated Tax Increment Finance Areas	X				
21 Natural Features, Resources and Geography		X			
22 Quantity, Quality & Availability of Raw Materials			X		
23 La Feria's Corridor Ordinance (Aesthetics)	X		X		

Source: Design Service, Inc.

*very affordable distance*

La Feria has a very competitive business and industrial climate along US Expressway 83 and U.S. Business Highway 83 as shown on the hereafter exhibit.

**EXHIBIT 2-14**  
**REGIONAL COMMUNITIES ALONG U S EXPRESSWAY 83 THAT ARE IN**  
**COMPETITION WITH LA FERIA FOR ECONOMIC DEVELOPMENT**



Source: Texas Transportation Department and Governmental Service Agency, Inc.



## **CONCLUSIONS AND RECOMMENDATIONS**

A large amount of information about the city's economic climate was analyzed. It is apparent that commission members recognized local economic problems and address local needs as quick as possible to create positive growth for the city. In order to obtain funds for promoting economic development, the city passed a one (1) cent sales tax, which aids in economic development of the community.

Like most communities in Texas, La Feria is faced with several economic development problems. First, La Feria must compete with Harlingen and other surrounding communities for retail dollars. Second, there is not a developed industrial park area to promote or attract new industry.

In order to have a highly successful economic development program, La Feria should develop economic development goals with Cameron County. Knowledge of economic development plans allows the city the means to package applications to benefit the city and provides the city the ability to take advantage of local assets, and to stay on top of any problems that may arise.

### **1. PROPOSED PROJECTS**

Based on local economic development data, several feasible activities for the city to undertake are:

#### **PHASE**

#### **PROJECT ACTIVITIES**

- |      |  |
|------|--|
| 2007 | <u>Increase the Corporate Limits</u> – Continue to increase the city's corporate limits. ✓<br><br><u>Tax Increment Finance Program</u> – Develop and approve a Tax Increment Finance Program and site area. ✓  |
| 2008 | <u>Historic Sites</u> – Make a list of the cities historic sites and improve the facilities to attract tourist to visit and shop.<br><br><u>Tree Planting Program</u> - Prepare plans to beautify areas along major highways with trees. Also, request the Texas Transportation Department to improve the community's highway appearance with landscape material. Estimated cost in constructing a downtown tree-well is \$600.<br><br><u>Annual Festival</u> - Continue to promote special events, and create a mechanism to market the events. Such activities could include a chili cook-off, increased musical productions, carnival, etc. An appointed economic development team could assist developing and marketing plan events. ✓<br><br><u>Certified Retirement Community</u> – Develop a Certified Retirement Community Application and submit to the Texas Department of Agriculture for approval. |
| 2009 | <u>Increase the Corporate Limits</u> – Continue to increase the city's corporate limits. ✓<br><br><u>Industrial Park</u> – Promote the development of an industrial area.  |



- 2010      Employ an industrial coordinator - Salary range of \$20,000 to \$35,000.
- Improve Major Streets – Work with Cameron County and the Texas Transportation Department to assist in developing local thoroughfares.
- Investigate the Possibility of Developing a Branch University Campus or starting a Community College in La Feria – Appoint a committee to promote the development of a higher education campus in the City. ✓
- 2011      Develop a Local Golf Course - Appoint a committee to promote the selection and financing of a golf course.
- Develop a Retirement Community – Prepare plans to construct a retirement community.
- 2012      Develop a Shopping Center – Work with land owners along U.S. Highway 83, developers and finance firms to develop a shopping center with a major retail firm.
- 2013      Hotel/Motel Development. Lodging is an essential local facility in attracting tourism for over night visits. Many communities want to encourage the development of lodging. Yet the hotel/motel industry is so complex, they often do not know where to begin.

## **2. GOALS AND OBJECTIVES**

**Goal**              *Increase local industrial development.*

### **Objectives**

- 2008      Review available sites for an industrial park to include the support of local organizations to work toward the promotion and development of a site. Then select a site of adequate size that can be served with utilities. Areas for industrial development are located on the "Future Land Use Map."
- 2009      Purchase the selected industrial park site and request City annexation of the land.
- 2009      Prepare a plan to develop the site and market the land.
- 2010      Acquire information on resource funding.

**Goal**              *Increase the development of local businesses.*

### **Objectives**

- 2008      The Industrial Development Corporation should make plans and promote the development of more medical offices activity in the Central Business District.

Following the adoption of the 2025 Land Use Plan in Chapter 5 by elected officials, a survey should be made of local historic buildings to provide protection for the buildings in the Central Business District and along FM Road 506.

- 2009 Promote the development of appropriate businesses along US Expressway 83 with special attention of White Ranch Road at the Expressway. Contract large retail firms to locate in this area.

- 2010 Research the possibility of starting a University branch campus or a community or junior college.

Work with Cameron County and the Texas Transportation Department to develop Beddoes Road into a major street from F.M. Road 506 to US Expressway 83.

- 2012 Promote transition of some residential structures facing FM Road 506 to light commercial. Areas acceptable to light commercial must be redeveloped in accordance with Zoning Ordinance requirements.

**Goal** *Increase festival events and other activities to attract people to La Feria.*

**Objectives**

- 2008 Work with local organizations to improve festival events in the City's commercial area.

Develop the Wildlife and Nature Park and the development and realignment of Dodd Road as a "major" street from FM Road 506 to Orange Grove Road.

- 2009 Encourage the development of a Certified Retirement Community in La Feria.

- 2011 Develop a golf course on the south side of the Arroyo Colorado between FM Road 506 and FM Road 2556.

### **3 PUBLIC/PRIVATE SECTOR PROJECTS**

The City's Industrial Development Corporation could act as an organization to purchase and subdivide land into residential lots for housing when the need exists. If the private sector is not supplying sufficient residential lots to meet the future housing needs, then it may be necessary for a public organization or a public/private group to subdivide a tract of land to supply adequate residential lots for the City.

Property ownership, construction cost, available funding and market demand are controlling factors in developing subdivisions. Available utilities to a project site must also be considered prior to making a decision to develop a residential subdivision.

### **4 LOCAL POLICIES**

Aggressively enforce the City's zoning, subdivision, building, nuisance codes and establish a Tax Implement Finance Area with appropriate procedures for implementation results.

## **5 FINANCING SOURCES AND INCENTIVES**

For any project to be realized, an adequate amount of financial resources must be available. In private development, the private interests usually provide the finances. Relying totally upon private financing usually does not encourage economic development as much as may be desired because of a lack of incentive. In order to encourage economic growth, it is sometimes advantageous to provide economic incentives and forms of public financing to assist in development. The Industrial Corporation along with State and Federal programs available for economic development can assist in providing an economic incentive in improving local business and industry development.

### **Business Incubators**

A new business has to be efficient and productive to survive. They must overcome competitors possessing the advantages of established business habits, facilities, and brand names. Statistics have shown that 80 to 90 percent of new firms usually fail within the first five years.

During these initial years that a company is most fragile and prone to failure, the company needs business and financial advice that, however essential, is often not affordable. As a rule, an entrepreneur will have exhausted all personal resources as well as those of family and friends during the start-up years. Conventional sources of financing are unlikely to risk loans to a small, unproven firm with no track record. A creative solution to this difficulty is the business incubator.

These "hatcheries" support a new business through its early stages of development. The incubator concept has been introduced as a tool to attract, nurture, and help entrepreneurs turn a good business idea into a new local company. Business incubators have been fairly successful. It is estimated that 85 percent of the tenants in incubators survive, compared to the national new small business survival rate average of only 15 percent.

Although owned and operated by diverse interest, business incubators generally share such features as a multi-tenant facility offering rents below or at market rates, flexible space arrangements and leases, centralized services and equipment (i.e., copy machines, fax machines) at low or no cost, business assistance, and a relatively secure environment.

Intended to be a temporary environment, the incubator reduces a new venture's vulnerability to high overhead costs and initial lack of business skills. As these businesses expand and move on to their own quarters, a continuous revitalization process is initiated, spreading strong business throughout the community.

Incubators can be designed for a number of purposes. Some incubators are started to save or reactivate an abandoned facility, putting it back on the tax rolls. Others have evolved to promote specific types of businesses, to halt the loss of businesses, to nurture a pool of potential growth companies through equity investments, or to meet particular local employment needs. Before starting an incubator facility, a community should consider the following:

- What type of incubator are you developing? What is its main purpose?
- What types of businesses do you want to attract? What are their space requirements?
- Where should the facility be located (e.g., downtown, edge of town, near interstate highway)?



- What type of building is most appropriate (e.g., new warehouse space, historic building)?
- How will you ensure that the work spaces stay flexible to allow for the incubation of new businesses once you hatch a stabilized business?

### **Tax Abatement**

During the 1981 special session, state lawmakers authorized tax increment financing and tax abatement. This gave cities the authority to issue tax increment bonds or to abate taxes for projects, which encourage redevelopment of blighted, and deteriorating areas. During the 1987 legislative session, the Property Redevelopment and Tax Abatement Act was amended to allow for the establishment of tax abatement reinvestment zones (or districts) for an area that is likely to contribute to the retention or expansion of employment or attract major investment. Tax abatement is becoming one of the best economic tools for cities in luring business and industry.

Tax abatement may be offered to both existing and prospective businesses. The act, as amended, eliminated the provision requiring schools and counties to participate should the city do so. This old requirement was a major stumbling block to tax abatement in many areas of the state. Now school districts and counties have the option to participate but are not required to do so. However, should they participate, the terms of the tax abatement must all be the same.

When developing the criteria for offering economic development incentives, the city will need to determine three things. They are:

- (1) the minimum number of jobs that have to be created before any project will be considered for tax abatement,
- (2) the minimum amount of investment the project must have before it can be considered for tax abatement incentives, and
- (3) the percentage of tax to be abated for the property improvements along with the length of time the abatement will be allowed.

### **Tax Increment Financing (TIF)**

Tax Increment Financing, commonly referred to as TIF, provides a method to municipalities in which deteriorated business areas may be renovated. Under TIF, bonds may be issued to finance renovation efforts. The bonds are paid back with the ad valorem tax received on the renovated properties. The "TIF" tax would be the amount of ad valorem tax that is applicable to the increased value of the property after renovation. For example, property X was valued at \$1,000,000 before renovation. The property would be reappraised after renovation, for example, to \$1,500,000. The ad valorem taxes received on the difference between the old value and the new value (\$500,000) would be earmarked or placed in escrow to pay for the TIF bonds.

### **Texas Capital Fund – Texas Department of Agriculture**

The **Texas Capital Fund (TCF)** program is administered by the **Texas Department of Agriculture** through an interagency agreement with the **Office of Rural Community Affairs (ORCA)**. The TCF program encourages business development, retention, or expansion by providing funds to eligible applicants. Funds will be awarded for the express purpose of assisting in the creation of new permanent jobs or retention of existing permanent jobs, primarily for low and moderate income (LMI) persons. In order to comply with the national goal of expanding

economic opportunities for LMI persons, a minimum of 51 percent or more of all the jobs created or retained by the business must benefit persons who qualify as LMI.

These funds are a part of the **U. S. Department of Housing and Urban Development** (HUD) Community Development Block Grant (CDBG) program and is known as the **Texas Community Development Program** (TCDP) in our state. The program is only available to non-entitlement city or county governments. Non-entitlement cities/counties do not receive direct funding from HUD and typically include cities with a population of less than 50,000 and counties of less than 200,000. There are over 1,200 eligible cities and counties in the state. Awarded cities and counties receive funds to make public infrastructure and/or real estate improvements to support a specific business that is expanding or beginning operations in the applicant's jurisdiction and are contingent upon the business making a capital investment and creating/retaining jobs for Texans.

**Currently, Texas Capital Fund has four program areas as follows:**

**1. Main Street Improvements Program**

The **Texas Capital Fund Main Street Improvements Program** is designed to foster and stimulate the development of small businesses by providing financial assistance to non-entitlement cities (designated by the Texas Historical Commission as a Main Street City) for public improvements. This program encourages the elimination of slum or blighted areas.

**2. Real Estate Development Program**

The **Texas Capital Fund Real Estate Development Program** is an economic development tool designed to provide financial resources to non-entitlement communities. Funds must be used for real estate development to assist a business that commits to create and/or retain permanent jobs, primarily for low and moderate-income persons. This program encourages new business development and expansions.

**3. Infrastructure Development Program**

The **Texas Capital Fund Infrastructure Development Program** is an economic development tool designed to provide financial resources to non-entitlement communities. Funds from this program can be utilized for public infrastructure needed to assist a business which commits to create and/or retain permanent jobs, primarily for low and moderate income persons. This program encourages new business development and expansions.

**4. Texas Capital Fund Downtown Revitalization Improvements Program**

This program is designed to foster and stimulate economic development in the downtown area by providing financial assistance to non-entitlement cities for public infrastructure improvements. This program aids in the elimination of slum or blighted areas in non-entitlement communities.

**Farmers Home Administration - Business and Industry Guarantee Program**

The Farmers Home Administration (FmHA), through its Business and Industrial Loan Program, guarantees quality loans to businesses and industries to benefit rural areas. The program is administered under the Consolidated Farm and Rural Development Act.

A primary purpose of the program is to create and maintain employment and improve the economic and environmental climate in rural communities. It is different from other FmHA Loan Programs in that there is no requirement that applicants be unable to obtain credit from other sources. The purpose is achieved through bolstering the existing credit structure of lenders who

play a key role in the program by making and servicing quality loans. FmHA may guarantee up to 80 percent of loss of principal and interest on a loan. Local lenders serving rural areas can often make loans greater than their lending limits by use of the FmHA guarantee.

Business and industry guaranteed loans are limited to a maximum of \$10 million and loans for alcohol and fuel production facilities are limited to a maximum of \$20 million.

FmHA requires a local lender to be the lead lender, the one who initiates the loan application and is responsible for servicing the loan. A local lender is one in or near the community where the project is or will be located and who routinely provides credit to the community. Loan funds may be used for the following:

- Business and industrial acquisitions.
- Construction, conversion, enlargement, repair, modernization.
- Purchase of land, machinery and equipment, furniture.
- Certain housing development sites.
- Processing and marketing facilities.
- Start-up and working capital.
- Pollution control.

Maximum maturities for business and industrial loans may be up to 30 years on land, buildings, and permanent fixtures; up to 15 years on machinery and equipment (depending on useful life of equipment); and up to 7 years for working capital. The interest rates are determined between lender and borrower. FmHA does not set a maximum rate. Rates can be either fixed or variable. A variable rate can be changed no more than quarterly, with no floor or ceiling permitted.

A minimum of 10 percent tangible balance sheet equity is required. Balance sheet equity of at least 20-25 percent will be required for new businesses, businesses without full personal or corporate guarantees, and energy related businesses.

#### **Small Business Administration 504 Loan Program**

The Small Business Administration (SBA) 504 Loan is a fixed asset financing program which offers small businesses fixed interest loans at a below market rate. The purpose of the program is to stimulate local investment and create new or save existing jobs. Loan proceeds may be used for building, machinery, acquisition, or rehabilitation, leasehold improvements and machinery and equipment. Generally, projects estimated to cost between \$200,000 and \$1.7 million are suitable for the SBA 504 Program. A private financing source, usually a bank, provides 50 percent of the eligible project costs. Forty percent of the total project costs may be financed by the SBA, the maximum participation being \$750,000. The business must provide a minimum 10 percent equity contribution.

The program is available to successful small businesses planning an expansion or relocation. The SBA'S size criteria for a small business is broad: any business whose net worth is less than \$6 million and whose profits after tax were under \$2 million for the previous two years, may qualify. Businesses with a three-year track record are desirable, but not mandatory. There are no limitations on the personal net worth of the business owners. The 504 Program is limited to owner-users; developers do not qualify for loans under this program.



**Ten Principles for Texas in the 21<sup>st</sup> Century by the State Comptroller Office**

1. Develop a better-educated workforce
2. Direct more of every education dollar into the classroom
3. Raise the bar on student performance
4. Cut taxes in Texas
5. Introduce competition into Texas government
6. Improve government performance and accountability
7. Reduce the size of government
8. Bring common sense to regulations
9. Use technology to cut costs and increase quality
10. Return control to communities and individuals.

**APPENDIX A****TEXAS ECONOMIC OUTLOOK**

In July 1999, the seasonally adjusted unemployment rate in Texas was at 4.5 percent. Then the unemployment increased to over 5.0 percent by the end of 2001 and remained over 5.0 percent until the third quarter of 2006 when the unemployment decreased to 4.8 percent. The decreasing unemployment rate reflected improvements in the state's energy industry, a recharging Mexican economy, slower growth in new entrants to the labor force, large job gains in business services and additional job creation resulting from higher business and consumer optimism about the future economy. In January 2007 the unemployment rate was at 4.5 percent.

One of the strengths of the Texas economy in the late 1990's is the high level of consumer confidence, like a steadily burning fire, unlike both the fireworks of the early and mid-1980's and the economic ashes of the latter-1980's when an energy and real estate related recession doused the economy. In 1995, the Texas housing starts were 121,700, which more than doubled the starts in 1990. Housing starts increased to 164,500 in 1998 before decreasing to 152,600 in 2000. The increase in housing starts between 1995 and 1998 amounted to 35 percent. Nonresidential building construction has revived since 1992, helping to sustain job growth in the state's construction industry. The Texas Comptroller of Public Accounts Office projected that 523,500 of the 9,158,900 non-farm employment was in the construction industry and expects sound rates of economic growth through the twentieth century.

In 1996, Texas' real gross state product growth supported employment gains and real per capital earnings moved upward along with migration, all helping to improve the state's economy. In 1996, the Texas economy was healthy, but it appeared that the overall economic growth moderated slightly. Personal income grew by 5.8 percent in 1996 and by 4.2 percent in per capita terms, while inflation remained low. This is encouraging to the Texas economy, now generating a higher standard of living in addition to generating more jobs.

Between the years of 1992 to 1998, Texas' population has grown by one million from net migration alone, with the annual increase over the past four years, each being very close to a net 165,000 a year. Net migration rates are projected at an annual increase of over 200,000 per year through 2010, even if Texas employment growth slows. This is because the nation's economy is expected to slow as well, and Texas should continue to out-perform the United States. This pattern is anticipated to be the same over the long term. Texas employment is expected to grow at 2.2 percent annually, compared to 1.1 percent nationwide.

**STATE JOB GROWTH**

Texas has led the nation in the number of new jobs added since 1991, almost continuously. Employment numbers in Texas increased by 1,791,800 from 2000 to 2007 or an average of 255,971 employees per year as shown below.

**EXHIBIT 2-A 1  
TEXAS EMPLOYMENT NUMBERS FROM JANUARY 1998 TO 2007**

YEAR	SEASONALLY ADJUSTED EMPLOYMENT
1998	8,751,500
1999	9,083,100
2000	9,271,600
2001	9,568,000
2002	10,048,500
2003	10,193,900
2004	10,275,400
2005	10,491,300
2006	10,778,500
2007	11,063,400

Source: Texas Workforce Commission

The three growth sectors experiencing the largest employment increases by rank during the past nine years: Services, Retail Trade followed by Government. The state/local government section of the Government Sector received most of the growth.

In 1998, the Lower Rio Grande Valley Development Council had an unemployment rate of 12.6 percent for Cameron County, 17.7 percent for Hidalgo County and 21.0 percent for Willacy County.

Seasonally adjusted unemployment rates between 2002 and 2006 for the State and the Lower Rio Grande Valley Development Council, which includes the counties of Cameron, Hidalgo and Willacy, are illustrated hereafter.

### EXHIBIT 2-A2

#### STATE, CAMERON CO., HIDALGO CO. AND WILLACY CO. SEASONALLY ADJUSTED UNEMPLOYMENT RATES BY QUARTERS

DATE	TEXAS	CAMERON COUNTY	HIDALGO COUNTY	WILLACY COUNTY
<b>2002</b>				
March	5.8%	9.8%	12.0%	17.0%
June	5.8%	10.2%	13.5%	19.3%
September	6.1%	10.4%	12.6%	16.1%
December	6.2%	10.2%	13.3%	15.4%
<b>2003</b>				
March	6.2%	10.0%	11.9%	17.0%
June	6.5%	11.1%	14.0%	17.6%
September	6.5%	10.3%	13.1%	15.4%
December	6.4%	10.6%	13.4%	16.0%
<b>2004</b>				
March	6.2%	10.1%	12.3%	16.7%
June	5.7%	10.4%	12.3%	16.7%
September	5.5%	8.6%	10.6%	13.2%
December	5.8%	9.3%	11.6%	13.4%
<b>2005</b>				
March	5.6%	8.0%	8.5%	11.7%
June	5.1%	7.7%	8.0%	10.8%
September	5.7%	7.5%	7.8%	10.4%
December	5.1%	6.2%	6.9%	9.9%
<b>2006</b>				
March	5.0%	6.7%	7.2%	10.3%
June	5.1%	7.5%	7.8%	10.5%
September	4.8%	6.2%	6.6%	8.6%
December	4.5%	5.7%	6.6%	7.8%

Source: Texas Workforce Commission - Labor Market Information Department.

### AGRICULTURE SECTOR

The drought in 1998 covered nearly the entire state and hit Texas agriculture harder than the 1996 drought. The direct impact of the 1998 drought on the Texas economy was estimated to be \$2.1 billion, according to the Texas Agricultural Extension Service (TAES). The unirrigated cotton crops were mostly destroyed, and empty stock tanks forced ranchers to haul water or sell cattle at less than break-even prices. The dryland grain harvests were poor, at best. The total economic drain of the drought was estimated at \$5.8 billion statewide, plus an additional \$1.1 billion loss in the state's timber industry. The drought loss was projected to reduce the state's real GSP growth rate in 1998 and 1999 from an annual average of 4.7 percent to perhaps 4.0 percent. Cash receipts of agriculture commodities in Texas between 2000 and 2005 are provided by the hereafter exhibit.



### EXHIBIT 2-A3 CASH RECEIPTS OF TEXAS AGRICULTURE COMMODITIES 2000 - 2005

COMMODITIES	2000	2001	2002	2003	2004	2005
RECEIPTS IN THOUSAND DOLLARS						
All Commodities	\$12,968,996	\$13,508,535	\$12,567,541	\$15,349,424	\$16,545,022	\$16,355,268
Livestock and product	9,159,600	9,345,177	8,088,537	10,313,219	11,204,549	10,661,653
Crops	3,809,396	4,163,358	4,479,004	5,036,205	5,340,473	5,693,615
Onions	96,342	106,386	122,871	158,712	112,543	149,327
Grapefruit	29,633	21,258	20,567	17,396	34,755	83,403
Oranges	6,054	7,867	6,525	5,224	7,227	5,320

Source: Texas Agricultural Statistics

### NON-FARM INDUSTRIAL SECTORS

Employment by eight major employment sectors, used to assemble and project the economic condition of the state, are illustrated by Exhibits 2-A4, 2-A5, 2-A6 and 2-A7. Exhibit 2A-4 provides sector totals for the month of May.

Exhibit 2-A5 is a breakdown of the construction industry into three sub-sectors for the month of April. Nonagricultural employment in construction increased by 28,600 employees or a 4.8 percent increase between April 2006 and April 2007.

Exhibit 2-A6 is a listing of all industrial sectors with employment numbers by sub-sectors by five year increments from 2000 to 2025 and Exhibit 2-A7 provides retail sales for many of the industrial sectors by five year increments.

### EXHIBIT 2-A4

#### NON-FARM EMPLOYMENT, BY INDUSTRY BETWEEN 2002 AND 2006 FOR THE MONTH OF MAY (Employees or in thousands)

YEAR	Mining (1)	Construct- ion	Manufact- uring	Trade (2)	Infor- mation	Financial Activities	Profess- ional (3)	Educ- ation (4)	Leisure (5)	Other Services	Govern- ment
2002	146.1	572.7	954.7	1,970.7	N/A	580.7	1,060.2	1,080.1	849.1	N/A	1,622.2
2003	143.9	574.7	921.6	1,946.0	N/A	586.0	1,054.7	1,124.6	852.8	N/A	1,652.5
2004	152.5	540.8	889.9	1,944.2	N/A	592.6	1,085.6	1,142.8	880.6	N/A	1,651.8
2005	156.4	548.5	887.7	1,962.2	N/A	601.0	1,102.8	1,171.2	895.1	N/A	1,666.0
2006	162.5	594.1	902.7	2,034.2	218.8	628.0	1,207.1	1,216.5	922.7	349.0	1,702.0

Source: Texas Workforce Commission

(1) Nature Resources & Mining.

(2) Trade, Transportation, & Utilities.

(3) Professional & Business Services

(4) Education & Health Services

(5) Leisure & Hospitality

### EXHIBIT 2-A5

#### NONAGRICULTURAL EMPLOYMENT ON CONSTRUCTION IN APRIL 1999 – 2006

CONSTRUCTION	2002	2003	2004	2005	2006	2007
Construction of Buildings	147,300	146,100	132,000	139,600	145,400	152,400
Heavy & Civil Eng. Construction	99,100	97,800	\$98,400	100,900	111,400	119,600
Specialty Construction	323,600	331,300	\$313,400	313,600	339,000	351,299
<b>TOTAL</b>	<b>570,000</b>	<b>575,200</b>	<b>543,800</b>	<b>546,400</b>	<b>595,800</b>	<b>623,200</b>

Source: Texas Workforce Commission

**EXHIBIT 2-A6**  
**TEXAS NONFARM EMPLOYMENT IN THOUSANDS BY**  
**FIVE-YEAR INCREMENTS**

INDUSTRY	PERCENT CHANGE FROM PERVIOUS YEAR					
	2000	2005	2010	2015	2020	2025
<b>GOODS PROVIDING</b>	1,778.6	1,631.1	1,717.7	1,780.9	1,855.9	1,903.1
MINING	143.3	165.9	161.2	148.6	143.4	138.3
CONSTRUCTION	567.2	566.5	656.9	735.4	820.5	890.1
MANUFACTURING	1,068.0	898.7	899.6	897.0	892.0	874.7
DURABLE GOODS	672.1	572.0	567.9	564.6	556.7	539.0
Wood Products	34.1	27.2	25.3	28.1	29.8	30.4
Nonmetallic Minerals	44.8	43.5	46.1	46.9	47.8	45.5
Primary Metals	28.5	24.4	22.8	22.1	21.0	19.3
Fabricated Metals	125.2	113.7	125.4	136.0	137.3	128.2
Machinery	85.0	80.1	80.5	79.4	80.9	80.4
Computers and Electronics	168.7	113.0	94.9	83.5	78.9	77.4
Electrical Equipment and Appliances	23.7	17.8	18.0	17.6	17.2	17.6
Transportation Equipment (Incl. Aerospace)	89.6	88.1	91.9	84.6	77.7	75.8
Furniture	34.3	31.2	28.4	30.0	30.1	29.5
Miscellaneous Mfg. (Includes Toys, etc.)	38.0	33.0	34.6	36.3	36.1	34.9
NON DURABLES	395.9	326.7	331.6	332.4	335.2	335.7
Food and Beverages	105.4	101.8	109.6	115.2	121.6	127.5
Apparel, Leather, and Textiles	32.1	14.3	11.7	10.3	9.3	8.7
Paper	28.0	21.7	20.9	21.8	21.8	21.3
Printing and Publishing	46.0	36.1	35.3	33.7	32.6	31.5
Petroleum (Includes Refining)	24.7	23.0	25.1	23.8	22.1	19.8
Chemicals (Includes Petrochemicals)	85.9	73.5	70.3	67.3	65.4	63.5
Plastics and Rubber	54.3	46.0	45.8	45.7	46.0	45.2
Other Non-durables	19.5	10.3	13.0	14.6	16.5	18.2
<b>SERVICES PROVIDING</b>	7,648.3	8,103.8	9,042.4	9,855.9	10,695.7	11,509.2
TRADE, TRANSPORTATION AND UTILITIES	1,978.0	1,992.6	2,178.4	2,195.2	2,221.3	2,257.9
Wholesale Trade	468.3	476.0	528.7	516.3	510.2	511.3
Retail Trade	1,104.8	1,110.1	1,203.1	1,190.6	1,183.5	1,189.8
Transportation and Warehousing	356.4	360.7	405.1	451.2	495.1	529.1
Utilities	48.5	45.9	41.6	37.1	32.5	27.7
INFORMATION	272.3	223.5	233.0	256.6	271.5	295.5
FINANCIAL ACTIVITIES	567.9	609.6	669.8	684.2	707.2	716.8
Finance and Insurance	398.7	435.9	481.3	482.8	490.5	488.2
Real Estate and Rental and Leasing	169.2	173.7	188.5	201.4	216.7	228.7
PROFESSIONAL AND BUSINESS SERVICES	1,098.2	1,154.1	1,391.2	1,629.6	1,879.8	2,157.4
Professional, Scientific and Technical	461.4	492.2	597.6	700.4	821.0	962.6
Management, Administrative and Support	636.8	661.8	793.6	929.2	1,058.8	1,194.8
EDUCATIONAL AND HEALTH SERVICES	1,003.4	1,184.2	1,362.3	1,557.7	1,751.8	1,928.4
Educational Services, Private	122.1	140.1	152.4	155.0	166.7	183.7
Health Care and Social Assistance	881.3	1,044.2	1,209.9	1,402.7	1,585.2	1,744.7
LEISURE AND HOSPITALITY	819.1	908.2	1,024.7	1,153.1	1,276.6	1,379.2
OTHER SERVICES	347.5	349.4	379.6	417.4	453.8	484.0
GOVERNMENT	1,562.0	1,682.2	1,803.4	1,962.1	2,133.8	2,289.9
Federal	186.1	181.7	186.9	184.0	187.9	184.4
State	327.5	347.9	358.2	382.2	409.8	440.3
Local	1,048.3	1,152.6	1,258.2	1,395.9	1,536.0	1,665.2

Source: Texas Comptroller of Public Accounts (Fall 2006 Forecast).

**EXHIBIT 2-A7****AGRICULTURE, ENERGY, MINING, CONSTRUCTION, RETAIL SALES AND  
AUTOMOBILE SALES BY FIVE YEAR INCREMENTS FROM 2000 TO 2025**

INDUSTRY	2000	2005	2010	2015	2020	2025
<b>Total Agricultural Cash Receipts (Million)</b>	13,370	19,179	22,225	24,387	27,190	30,315
Cash Receipts from Crops	4,211	7,677	8,945	10,671	12,773	15,091
Cash Receipts from Livestock	9,159	11,503	13,280	13,717	14,418	15,223
<b>Energy and Mining</b>						
Oil Production (million barrels)	400.4	346.8	297.8	255.7	219.6	188.6
Natural Gas Production (million MCF)	3,028.7	3,456.8	3,717.7	3,275.6	2,886.1	2,542.9
Average Taxable Oil Price (\$/barrel)	28.72	52.69	53.45	58.61	64.44	70.93
Average Taxable Natural Gas Price (\$/MCF)	3.49	6.87	6.32	6.25	6.89	7.64
Rig Count	341	614	598	572	630	697
<b>Construction</b>						
Residential Housing Starts (thousands)	144.5	201.1	162.8	180.4	162.6	153.8
Single-Family Starts	112.1	167.4	133.2	141.4	132.8	127.2
Multifamily Starts	32.4	33.7	29.6	39.0	29.7	26.6
Nonresidential (area, million sq. ft.)	163.1	127.1	142.9	165.5	184.0	203.4
Non building (value, million \$)	8,057	9,742	14,741	18,240	23,417	30,277
<b>Retail Sales, Excluding Automobiles (millions \$)</b>	122,877	144,236	201,077	254,803	324,019	413,063
<b>Automobile Sales (thousands)</b>	1,414.9	1,277.4	1,504.0	1,547.9	1,593.9	1,658.6
Cars	603.7	516.1	562.7	565.7	573.8	587.7
Trucks	811.2	761.3	941.2	982.2	1,020.2	1,070.9
<b>Texas Exports (million \$)</b>	103.84	128.99	209.21	302.90	444.16	632.03

Source: Texas Comptroller of Public Accounts (Fall 2006 Economic Forecast).

**REGIONAL GEOGRAPHIC AREA**

Lower Rio Grande Valley Development Council (LRGVDC) is an area that includes Cameron, Hidalgo and Willacy Counties and a 2000 population of 924,772. A graphic presentation of the three county area is shown in Exhibit 2-A8.

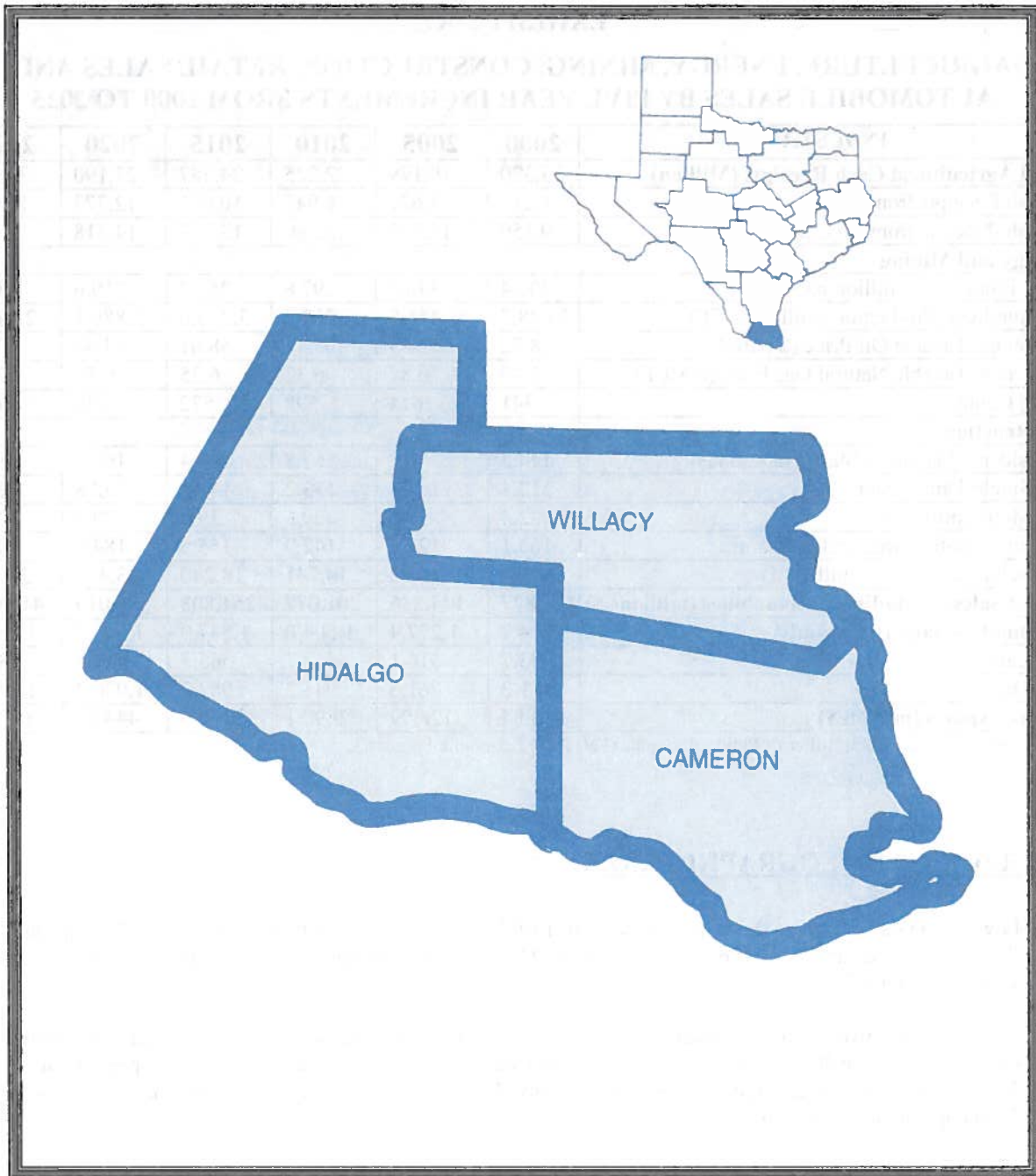
The region has two metropolitan statistical areas. One metropolitan statistical area is located in Cameron County which is called Brownsville-Harlingen-San Benito. Cameron county had a 2000 population of 335,227, while the three largest Cities in the County, Brownsville-Harlingen-San Benito had a combined 2000 population of 220,730.

The other metropolitan statistical area is in Hidalgo County and is called McAllen-Edinburg-Mission Metropolitan Statistical Area. Hidalgo County had a 2000 population of 569,463 and the Cities of McAllen-Edinburg-Mission had a combined 2000 population of 200,287.

Willacy County is a rural county that had a 2000 population of 17,705, of which 9,733 persons lived in the City of Raymondville.



**EXHIBIT 2-A8  
LOWER RIO GRANDE VALLEY DEVELOPMENT COUNCIL AREA**



Source: Design Service, Inc.

### **COUNTY ECONOMIC STATISTICS**

The Counties of Cameron and Hidalgo contained over 97 percent of the LRGVDC's 2000 population, and with La Feria located close to the Hidalgo County Line and US Expressway 83, extending through the two counties. Most of the county statistical data, listed hereafter, relates only to Cameron and Hidalgo Counties.

### **County Labor Force**

The 2000 Census revealed that the total labor force in Cameron County was composed of 66,401 males and 56,508 females for a total workforce of 122,909. Employed individuals represented 108,904 of which 54.4 percent were males and 45.6 percent were females.

The total labor force in Hidalgo County was composed of 115,379 males and 89,404 females for a total workforce of 204,783. Employed individuals represented 180,121 of which 56.5 percent were males and 43.5 percent were females.

#### **EXHIBIT 2-A9**

#### **CAMERON COUNTY**

#### **PERSONS 16 YEARS AND OVER IN 2000 LABOR FORCE**

<b>IN LABOR FORCE</b>	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>
<b>In Armed Forces</b>	182	21	203
<b>Civilian</b>			
Employed	59,200	49,704	108,904
Unemployed	7,201	6,804	14,005
<b>TOTAL</b>	<b>66,401</b>	<b>56,508</b>	<b>122,909</b>
<b>NOT IN LABOR FORCE</b>	41,772	69,327	111,099
<b>GRAND TOTAL (Over 16)</b>	<b>108,355</b>	<b>125,856</b>	<b>234,211</b>

Source: U.S. 2000 Census

#### **HIDALGO COUNTY**

#### **PERSONS 16 YEARS AND OVER IN 2000 LABOR FORCE**

<b>IN LABOR FORCE</b>	<b>MALE</b>	<b>FEMALE</b>	<b>TOTAL</b>
<b>In Armed Forces</b>	123	0	123
<b>Civilian</b>			
Employed	101,688	78,433	180,121
Unemployed	13,691	10,971	24,662
<b>TOTAL</b>	<b>115,379</b>	<b>89,404</b>	<b>204,783</b>
<b>NOT IN LABOR FORCE</b>	69,754	115,208	184,962
<b>GRAND TOTAL (Over 16)</b>	<b>185,256</b>	<b>204,612</b>	<b>389,868</b>

Source: U.S. 2000 Census

### **Workforce Travel Time**

A listing of the workforce by travel time to work, as reported by the 2000 Census, are shown in the following exhibit. The exhibit shows that over 35 percent of Cameron County workforce spent less than 15 minutes traveling to work, while 77.54 percent of the workforce spent less than 30 minutes traveling to work. This is in comparison to over 32 percent of Hidalgo County workforce spending less than 15 minutes traveling to work, while 75 percent of the workforce spent less than 30 minutes traveling to work.

Persons in the labor force commuting outside of the county in which they lived for work, included 7,254 from Cameron County, while 2,134 of these individuals worked outside of the state. In Hidalgo County, 10,402 of the 176,308 labor force employees worked outside of the county, and 3,309 of these worked outside of the state.

**EXHIBIT 2-A10****CAMERON AND HIDALGO COUNTIES  
EMPLOYEES 16 YEARS AND OVER TRAVEL TIME TO WORK**

TRAVEL TIME	CAMERON COUNTY	HIDALGO COUNTY
Less Than 5 Minutes	3,381	4,915
5 to 9 Minutes	12,954	19,921
10 to 14 Minutes	20,914	30,684
15 to 19 Minutes	23,348	38,245
20 to 24 Minutes	15,858	28,774
25 to 29 Minutes	4,244	7,907
30 to 34 Minutes	12,862	26,773
35 to 39 Minutes	1,266	1,763
40 to 44 Minutes	1,834	2,124
45 to 59 Minutes	3,495	5,043
60 to 89 Minutes	2,092	3,395
90 or More Minutes	1,824	2,894
Worked at Home (No Travel)	2,697	3,870
<b>Total</b>	<b>106,769</b>	<b>176,308</b>

Source: 2000 U.S. Census

**County Employment by Industry**

The 2000 Census of Population recorded 904,690 persons in Cameron and Hidalgo Counties, which is an increase of 40.55 percent from 1990. Population of these two counties represented 4.34 percent of the state's population and the employment of the two counties presented 16.25 percent of the State's industry employment.

Another source of industrial employment numbers for counties are prepared by the Texas Workforce Commission. The 2006 first quarter industry employment was calculated at 325,314 and the fourth quarter of 2006 was calculated at 334,388. This is an increase of 9,074 industry employees during the past three quarters of 2006 for Cameron and Hidalgo Counties. The 2000 employment and wages by industry is illustrated in the following exhibit.

**EXHIBIT 2-A11****CAMERON AND HIDALGO COUNTIES FOURTH QUARTER  
EMPLOYMENT AND WAGES BY INDUSTRY - 2000**

INDUSTRY	CAMERON CO.	HIDALGO CO.
Total Employment	108,904	180,121
Agriculture	2,104	6,139
Mining	213	1,336
Construction	7,923	17,008
Manufacturing	11,298	13,349
Transportation, Communication, Public Utilities	6,023	9,001
Wholesale and Retail Trade	17,500	33,178
Information	1,659	2,984
Finance, Insurance & Real Estate	5,321	6,708
Professional, scientific, management, administrative & waste	6,511	10,946
Educational, health and social services	29,176	47,346
Arts, entertainment, recreation, and food services	9,128	13,559
Other services	6,299	10,315
Public administration	2,249	8,252

Source: U.S. Census



### **County Income by Households, Families and Non-family**

Income categories for households, families and non-family households in Cameron and Hidalgo Counties, as reported by the 2000 Census of Population, are shown in the following exhibit.

Cameron County's 1990 median household income of \$17,336 increased to \$26,155 in 2000, and Hidalgo County's 1990 medium household income of \$16,703 increased to \$24,863 in 2000.

#### **EXHIBIT 2-A12**

#### **CAMERON AND HIDALGO COUNTIES INCOME CATEGORIES IN 2000**

CAMERON COUNTY				HIDALGO COUNTY		
EARNINGS	HOUSEHOLDS	FAMILIES	NONFAMILY HOUSEHOLDS	HOUSEHOLDS	FAMILIES	NONFAMILY HOUSEHOLDS
Less Than \$10,000	18,395	12,175	6,611	29,886	21,664	9,017
\$10,000 - \$14,999	10,419	8,754	2,026	18,711	16,000	2,998
\$15,000 - \$19,999	9,048	7,606	1,489	16,010	14,068	2,078
\$20,000 - \$24,999	8,790	7,419	1,225	14,114	12,392	1,581
\$25,000 - \$29,999	7,400	6,455	949	12,130	10,867	1,233
\$30,000 - \$34,999	6,453	5,554	836	10,590	9,395	1,028
\$35,000 - \$39,999	5,715	4,871	755	8,449	7,333	1,079
\$40,000 - \$44,999	4,668	4,152	498	7,671	6,571	986
\$45,000 - \$49,999	3,884	3,363	428	5,982	5,300	613
\$50,000 - \$59,999	6,696	5,821	735	9,207	8,153	928
\$60,000 - \$74,999	5,900	5,394	470	9,298	8,251	824
\$75,000 - \$99,999	5,147	4,517	497	7,230	6,577	512
\$100,000 - \$124,999	2,119	1,879	198	3,611	3,229	335
\$125,000 - \$149,999	986	878	97	1,282	1,128	79
\$150,000 - \$199,999	597	546	35	1,084	999	62
\$200,000 or more	276	829	131	1,453	1,259	169
<b>TOTALS</b>	<b>97,193</b>	<b>80,213</b>	<b>16,980</b>	<b>156,708</b>	<b>133,186</b>	<b>23,522</b>
<b>MEDIAN</b>	<b>\$26,155</b>	<b>\$27,853</b>	<b>\$14,551</b>	<b>\$24,863</b>	<b>\$26,009</b>	<b>14,445</b>

Source: 2000 U. S. Census

### **AGRICULTURE**

There are 579,584 acres of land in Cameron County and 1,004,224 acres of land in Hidalgo County. In 1997, land utilized for farms in Cameron County amounted to 368,528 acres or 63.6 percent of the total land area. In Hidalgo County, the utilization of land for farms amounted to 655,884 acres or 65.53 percent of the total land area.

In 2005, harvested acres of land in Cameron and Hidalgo Counties for growing corn, cotton, sorghum, sugarcane and sunflowers was 445.9 acres, while there were 10,600 harvested acres of cabbage, onions and potatoes and 4,100 acres of cantaloupes and watermelons. Other larger agriculture commodities that the valley is famous for is the production of grapefruit, and oranges, which had a production value in 2005 of \$88,684,000. Other uses of county land included categories such as woodlands, pasture and rangeland, ponds, wastelands and urban uses.

Land in Cameron and Hidalgo Counties is very level with a slight slope toward the south and east. The major soil type is sandy clay loam which is suitable for farming. Good soil and a mild climate provides an excellent opportunity for growing crops especially when irrigation is available.

Two major agriculture crops in the State that have relatively high production figures are cotton and sorghum. The production of these two crops in the state rank very high nationally as depicted in Exhibit 2-A13. The production of these two major crops are shown for the years 2003, 2004 and 2005 by Texas and Cameron and Hidalgo Counties, and a 2005 national production ranking by state and a production ranking by the 252 Texas counties.

The third major crop shown in the exhibit is grapefruit production. Texas ranked number two (2) nationally in grapefruit production and number three (3) in orange production in 2005.

**EXHIBIT 2-A13**  
**2003-2004-2005 PRODUCTION OF SELECTED AGRICULTURAL**  
**CROPS BY STATE AND COUNTY AND RANKING**

				<b>PRODUCTION RANKING</b>
<b>STATE</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2005</b>
Cotton Bales	4,330,000	7,740,000	8,440,000	<b>1</b>
Sorghum Grain Cwt	86,184,000	127,100,000	111,000,000	<b>2</b>
Grapefruit Boxes	5,650,000	5,700,000	6,600,000	<b>2</b>
<b>CAMERON COUNTY</b>				<b>RANKING</b>
Cotton Bales	65,800,000	70,800,000	48,000,000	<b>42</b>
Sorghum Grain Cwt	4,250,000	4,063,000	2,884,000	<b>4</b>
Grapefruit Boxes	N/A	N/A	N/A	<b>N/A</b>
<b>HIDALGO COUNTY</b>				<b>RANKING</b>
Cotton Bales	67,500,000	113,100,000	69,000,000	<b>30</b>
Sorghum Grain Cwt.	4,501,000	2,909,000	3,878,000	<b>2</b>
Grapefruit Boxes	N/A	N/A	N/A	<b>N/A</b>

Source: Texas Agriculture Statistics

## MINING

High oil prices have increased the search for oil, but the production of oil and natural gas in Cameron and Hidalgo Counties are minimal. The Texas Workforce Commission Employment fourth quarter of 2006 reported 950 employees in natural resources and mining, while a total of 6,634 employees were reported for Hidalgo County.

## **APPENDIX B**

Studies and plans used in the preparation of the Economic Study and other planning elements of this Comprehensive Planning Document include the following. "Past Comprehensive Planning Efforts for La Feria", the Texas Agriculture Department "Retirement Community Program", Office of Rural Community Affairs "Texas Community Development Program", Texas Comptroller of Public Accounts "Quarterly Reports and Sales Tax data", Texas Department of Transportation "highway development in the area of La Feria and past counts of vehicle travel on local roads".

### **PAST COMPREHENSIVE PLANNING EFFORTS FOR LA FERIA**

In 1986, a comprehensive planning study was prepared for the City of La Feria that included the following activities:

- Economic and Industrial Development Study
- Community Facilities and Utilities
- Implementation Guide for Performance Activities

In 1991-92, the Texas Department of Housing and Community Affairs provided a planning grant to update the City's Comprehensive Plan. Planning activities included in the 1992 Plan update were:

- |                             |                             |
|-----------------------------|-----------------------------|
| • Housing                   | • Water System              |
| • Population                | • Wastewater System         |
| • Land Use                  | • Storm Drainage            |
| • Central Business District | • Zoning Ordinance Revision |
| • Streets                   |                             |

In 1997-1998, the Texas Department of Housing and Community Affairs provided funds to update the City's Comprehensive Plan. Planning elements in this project include:

- |                          |                                |
|--------------------------|--------------------------------|
| • Mapping                | • Thoroughfares                |
| • Population             | • Recreation and Open Space    |
| • Housing                | • Water System                 |
| • Land Use               | • Wastewater System            |
| • Economic Development   | • Storm Drainage               |
| • Development Guidelines | • Capital Improvements Program |
| • Streets                | • Zoning Ordinance             |

### **EXISTING PLANNING EFFORTS**

In 2005-2007 the Texas Office of Rural Community Affairs provided funds to update the City's Comprehensive Plan. Planning elements in this project included:

- |                        |                                |
|------------------------|--------------------------------|
| • Mapping              | • Recreation and Open Space    |
| • Population           | • Water System                 |
| • Housing              | • Wastewater System            |
| • Land Use             | • Storm Drainage               |
| • Economic Development | • Capital Improvements Program |
| • Streets              | • Zoning Ordinance             |
| • Thoroughfares        | • Subdivision Regulations      |

Past planning studies were used in the preparation of this document as appropriate.



## **APPENDIX C**

### **ENTERPRISE ZONE DESIGNATION**

The City's Enterprise Zone was approved by the Texas Department of Economic Development expired on September 1, 1998. An Enterprise Zone designation is for seven years and provides incentives for those businesses requesting an Enterprise Project designation. Since the Enterprise Zone designation expired in 2005, the city needs to update and resubmitted again an application for a new designation.

#### **Business Incentives in Enterprise Zones**

Businesses located in Enterprise Zones may be eligible for local and/or state benefits. To be eligible for state benefits, a business must be nominated to the Texas Department of Economic Development by the jurisdiction that created the Enterprise Zone. To obtain state benefits, a business must be a qualified business in the zone. Upon designation by the Texas Department of Economic Development, an Enterprise Zone is effective for seven years. Each city and/or county may have up to three Enterprise Zones.

#### **State Incentives Available to Enterprise Projects in an Enterprise Zone**

Enterprise projects are eligible for a refund of state sales or use taxes paid on machinery and equipment, building materials, labor for the rehabilitation of existing buildings, and electricity and natural gas purchased for use in the Enterprise Zone. The refund is \$2,000 for each permanent job the project creates or retains during the five-year designation period. The number of jobs for which a refund may be received is based upon commitments made in the project application. Each project is limited to a maximum refund of \$1.25 million or \$250,000 per year over the five-year period.

Enterprise projects are eligible for a franchise tax reduction on its annual report filing for each year of their five-year designation. State franchise tax liability is based upon the project's taxable capital or earned surplus income. The reduction is based on the amount of capital investment made by the project in the Enterprise Zone. The project's apportioned earned surplus income may be reduced by 5 percent of the capital investment made in the Enterprise Zone.

#### **State Incentives for a Qualified Business Located in an Enterprise Zone**

- A one-time state sales tax refund of up to \$5,000 paid on machinery and equipment for retaining at least 10 jobs in the Enterprise Zone. Up to three businesses may be nominated per year by an Enterprise Zone governing body.
- A one-time franchise tax refund of up to \$5,000 for creating at least 10 jobs in the Enterprise Zone. Up to three businesses may be nominated per year by an Enterprise Zone governing body.
- Priority or preference for all programs administered by the state.

#### **Local Incentives for a Qualified Business Located in an Enterprise Zone**

- A five percent utility rate reduction off the lowest rate available in the Enterprise Zone.
- Tax abatement benefits as specified by the city for the Enterprise Zone area.

#### **Characteristics of an Enterprise Zone**

La Feria's Enterprise Zone Designation covers the area that was in the City as of January 2002. The Enterprise Zone is in force until January 2009. Local businesses that could possibly take advantage of the Enterprise Zone are as follows:

## EXHIBIT 2-C1 2007 BUSINESSES LOCATED IN THE CITY

A-1 Housekeeping	Ignite	Perez Tortilleria
Aaron's Brake & Alignment	Innovative Block of South Texas	Performance Express Car Wash
Alaskan Apartments	Isabel's Beauty Salon	Pico's Garage
Allen's Equipment Sales	JC Beauty Salon	Pico's Place
All Valley Communications	J & D Auto Insurance	Pleasant Acres RV Park
All Valley scale	J & N Concrete	Pleasant Park Restaurant
Altas Palmas Animal Clinic	Jule's Beverage Castle	Precision Mold & Tool (South)
American Legion Post 439	K. B. Lynn Investments	R.I.C.A. Real Estate
A & S Investments	Ken-La Mobile Villa Gardens	Rio Farm Market
Auto Zone	Kenwood RV Park	Rising Star Daycare
Avita's Auto Service	K-M Turf Farm	Robles Corner Store/Shamrock
Avita's Drive Thru	La Esperanza Adult Day Care	R & R Taven
Avon	La Feria Bakery	Ruben Maldonado Trucking
Aztec Fine Homes	La Feria Car Wash	Rudy Garza Funeral, Inc.
Basic Storage	La Feria Coffee Shop	Saenz Equipment
Beads Plus	La Feria Contractors Mechanic Shop	Santos Snow Cones
Beauty Shop, Flower's & Gifts	La Feria Co-Op Gin & Supply	Small World Academy
Bell Fence Manufacturing Co.	La Feria Curriculum Office	Smiley's Plumbing
Best Tires	La Feria Family Dentistry	South Texas Realty & Auction
Bettie's Arts & Needles	La Feria Glass Co.	Stan's Place
Betts Hardware	La Feria Housing LTD	Stars Drive-in
Birdhouse Haven Bed & Breakfast	La Feria Irrigation District	State Farm Insurance
Brewer Office Systems	La Feria Laundromat	Stripes/Valero Gas
B & R Vending Company	La Feria Learning Center	Subway
B & V Welding	La Feria Lions Club	Super 8 Motel
Burger King	La Feria Medical Clinic	Super Wash #4
Buyers inc Show Room	La Feria Motel & Mobile Home Park	Taqueria La Unica
Camarillo Apartments	La Feria News	Texas Rose
Candy's Flower, Basket & Gifts	La Feria RV & Auto Sales	Texas State Bank
Canter's	La Feria RV Park	Texas Trader
Carolyn's Hair Fashion	La Feria Used Furniture	The Corner Bakery
Carson Map Company	La Mexicana Bakery #2	The Corner Store & Meat Market Texaco
Casa De Fiestas	Law Office of C. David Vogel	The Hair Center Salon
Church's Chicken	Lloyd Betts Interiors, Inc.	The Hair Shoppe I
City Market Restaurant	L M Repair Shop	The Hearing Aid Factory
Coastal Window MFG	Longhorn Bus Company of S. TX	The Little Kid's Palace Daycare
Dairy Queen	Longoria & Sons Welding, Inc.	The Neighborhood Doctor
Della Ochoa Beauty Salon	LuLu's Flower & Party Shop	Tiny Toon Day Care
DJ's Bar-B-Que	LUV Homes	Top Cut Lawn Care
Dollar General	Maco's Taco's	TSI Laboratories
Domino's Pizza	Maria De La Luz Rangel	Tuff Shed
Dr. Kenneth D. Chatham, DDS	Marod Engineering	Valley Liftman
Dunlap-Young & Co	Martinez Snow Cones	Video Depot
El Centro Foods	Mary Ann Munoz	Village Bottle Shop
Exxon/Mini-mart	Mary Kay	VIP Mobile Home Park
Faithful Treasures Christian Shop	Mc Donald's	VIP Realty
Family Dollar	Megamorphosis	Washing Equipment of Texas
Fiesta del Taco	Mesquite Park	Water Mill Express
Firehouse Gym	Mi Destino Adult Daycare	Whataburger
First Cash Pawn	Mid Valley Golf Cars	Windmill Watermill
First National Bank	Miguel D. Wise, P.C.	Woody's Sporting Goods, Inc.
Flores Cleaners	Movie Galley	Yellow Rose Mobile Home Park
Gator Freightways	Movieland Video	
Gaviota San Pit & Materials	Mueller, Inc.	
Green Valley Sprinklers	MVP Construction	
Hertz Equipment Rental Corp.	Neese Pharmacy	
Highland Trailer Park	Pegasus	
Home & Garden Party	Pemelton Land Leveling & Paving	

## **APPENDIX D**

### **Motel**

There are many factors about why, where and how a lodging development might choose to locate in a specific community. Naturally, the potential of making a healthy profit is the primary reason hotel/motel investors go into business. Before setting out to attract a lodging business to your community, it is helpful to have some knowledge about how the hospitality business operates.

#### **Who owns hotel and motel establishments?**

Chain operations are the fastest growing segment in the hotel/motel industry. Hotel chain operations are owned by a company that has direct control of its properties. La Quinta Inns, Drury Inns and Red Roof Inns are all examples of chain-operated companies. A chain operation may own, lease, or rent the building and/or the land for individual hotels/motels. In any case, the chain reaps the full benefits of profits and bears the full consequences of operating losses.

Franchise operations are hotel companies that franchise their names to entrepreneurs or other firms. While a hotel or motel may be part of a chain, it may or may not be part of a chain operation. A franchised operation is not under direct control of chain management. The franchise owner reaps the benefits of profits and is responsible for losses. An independent firm can also own franchises in several different hospitality chains. For example, a firm may own and manage a number of Holiday Inn, Days Inn or Howard Johnson franchises.

Referral associations are a third type of classification in the hotel/motel business. Referral associations are made up of independent operators who maintain their own operating procedures. Services, appearance and prices will vary widely from one property to another. Best Western and Friendship Inns are two of the best known referral firms in the country. In a referral association, an independent owner pays a membership fee, that provides him/her with services such as a nationwide reservations system, common logo, national advertising, membership directories and, in some cases, a toll-free number.

#### **Who Operates Hotels and Motels?**

Hotels and motels can be operated by the owners or by contracted management. A management contract is an agreement between hotel owners and a company that specializes in hotel management. The agreement contains specifications about the duration of the contract, financial arrangements and property responsibilities. Unlike chain operations, firms under management contracts usually have no legal claim to the actual physical property or any financial responsibility for profits and losses.

#### **How Are Hospitality Properties Bought and Sold?**

Large chain operations such as La Quinta have their own real estate offices that handle acquisitions for their companies. Also, the Hotel/Motel Brokers Association has 42 member offices that provide cooperative listings and sell properties across the country. These hotel/motel brokers have lists of investors who want to purchase a hotel or motel property. A good professional hotel broker can be one of the most valuable ways to get hotel ownership firms interested in your community. A broker can give you assistance in accessing your community's needs and will know the types of individuals or companies interested in investment in a community like yours.

Hotel developers make location decisions based on a variety of factors, the most important of which is the ability to make a profit. So, before trying to recruit a hotel or motel to your community, you need to ask the following questions:

- Do you already have lodging properties in your community?
- If so, what are their current occupancy rates? How is their business?
- Is there excess demand that ends up going to surrounding communities?



- How many visitors come to your community annually?
- Is there an abandoned or non-operational property presently in your community?
- Is there available land in your community for a new development?

**The Four Basic Steps in Marketing a Community to Attract a Hotel or Motel are:**

1. Prepare a prospectus package - A prospectus package will promote your community to potential investors. It also forecasts the probability of business success. Information in a prospectus package should include:
  - (a) Traffic Volumes - These can be obtained from the Texas Department of Transportation District Engineer in your area.
  - (b) Hotel Operating History - A five year history of existing operating hotel/motel cash flow, from the current owner, is helpful if you can get it. A five year history of local hotel/motel tax records can demonstrate growth in the area. The Texas Local Hotel Tax--Survey Report contains this information and is available from the Texas Department of Economic Development Tourism Division, or you can get hotel/motel tax information from the Office of the Comptroller of Public Accounts. Another Texas Department of Economic Development Tourism Division publication, that could prove valuable in displaying an area's hotel operating history, is the quarterly Texas Hotel Performance Report.
  - (c) Community Information - This should contain information on: travel spending, transportation, educational facilities, demographics and major festival and events. It should also describe major trends indicating a need for additional accommodation. A market profile of the region describing travel trends, attractions, service facilities and existing and planned overnight accommodations can further demonstrate demand for hotel facilities.
  - (d) Incentive Information - A list of available assistance that the community is willing to provide, such as tax abatement or low interest financing, can give a company extra incentive to locate in your area.
  - (e) Site Information - A summary of property available for hotel development can help the investor make initial decisions to take a closer look at locating in your community.
2. Identify potential investors.
3. Market your community to your targets. Send prospectus packet to each of the targets identified.
4. Follow-up, Follow-up, Follow-up.

Provide a prompt reply to every request for a prospectus package or for specific additional information. Be sure to keep a record of all prospectus packages and specific information requests. Regularly contact each prospect to find out what else you can do to assist them and to show your community's interest in them.

**Incentives and Financing Sources**

For any project to be realized, an adequate amount of financial resources must be available. In private development, the finances are usually provided by the private interests. Relying totally upon private financing usually does not encourage economic development as much as may be desired because of a lack of incentive. In order to encourage economic growth, it is sometimes advantageous to provide economic incentives and forms of public financing to assist in developing projects.

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