

SWOT Analysis

Strengths

The following list represents the current distinctive economic strong points of the region.

Economic Diversity:

- **Diverse industries:** A diverse group of employers spanning a wide variety of industries ranging from agriculture to manufacturing and production facilities, warehousing, distribution, logistics and supply chain, renewable energy, hospitality, office and retail already have a presence, or are planning to enter the region in the near future, creating jobs and tax revenue.
- **Retail and Entertainment Centers** are being built, which will attract visitors and create jobs:
 - Magnolia Market at the Silos¹²⁰ will be a large entertainment and dining center that will attract visitors and tourists from all over the United States. Currently Magnolia employs more than 600 people.
 - 143-acre Cottonwood Creek Market is being built, featuring Cinemark Theatre, Top Golf, and a bowling center¹²¹
 - Will provide employment in the construction, manufacturing, healthcare, hospitality and logistics sectors.
 - Brazos Riverfront,¹²² an active mixed-use waterfront district along the Brazos River in downtown Waco, Texas and adjacent to Baylor University will combine residential, retail, restaurant, small office and hotel uses along walkable streetscapes and open space.
- **Warehousing/Distribution:**
 - The introduction of Amazon Fulfillment Center¹²³ will create 1,000 jobs paying \$15 an hour, and is a good step toward economic recovery.
 - It will also put Heart of Texas on the map as a distribution and logistics hub.
 - Holt Cat¹²⁴ is the largest distributor of Caterpillar equipment and will provide 100 jobs.
 - Ryonet Corporation,¹²⁵ a screen printing supply distributor, will employ 10 people with plans for growth.
- **Manufacturing and Production** companies are flocking to the region.
 - There are more than 30 aviation and aviation-related companies that manufacture aircraft, components and materials in the greater Waco region.¹²⁶
 - Hello Bello's¹²⁷ Diaper manufacturing and distribution company will create 110 jobs.
 - Merrick Engineering,¹²⁸ a leading manufacturer of plastic and injection molded consumer product, will create 20 jobs.
 - Envases Group,¹²⁹ a Mexico-based global leader in the production of packaging solutions, will create 120 jobs.
 - ZinkPower,¹³⁰ leader in hot-dip galvanizing and powder-coating services, will create 100 jobs.
 - Aspen Custom Trailers,¹³¹ a high-end custom commercial trailer manufacturer, will add 70 new highly skilled jobs.
 - Laminate Technologies,¹³² a laminate panel and fabrication manufacturer, will create 40 jobs.
 - Advanced Rail Systems, leaders in railway automation, will create 69 new high-skilled jobs.¹³³
 - The Coca-Cola Company,¹³⁴ a national manufacturing company, will expand their facility, retaining 350 jobs and creating 20 new jobs.

- Healthcare
 - New Era Partners,¹³⁵ a Behavioral Health Hospital network, will create 90 jobs.
- **Renewable Energy**
 - Introduction of wind and solar farms to the region, providing tax revenue.

Business Attraction

- **Central Location:** Heart of Texas is centrally located and well situated to market itself as a transportation and logistics hub:
 - The region is strategically placed between some of the fastest growing cities in the country. Lower land costs make it affordable and convenient for a company to serve the Austin, Dallas, Houston, and San Antonio markets.
 - A central geography provides logistical efficiencies and significant reduction in freight.
 - Access to both I-35 and I-45, and US Highway 84, which makes the region within easy driving distance of four of the fastest growing metropolitan areas in the country.
 - Old Mexia-Fairfield road was expanded for **increased commercial and industrial traffic**. The project will help retain and encourage existing business to expand and draw manufacturing and industrial users to the newly completed Industrial Park by providing a roadway facility that can support truck traffic, and improve access to and from Interstate 45, which a vital infrastructure route between Houston and Dallas.
 - TxDOT is adding four lanes to each side of I-35, with complete reconstruction to frontage roads, in order to keep up with Waco's growing popularity. The I-35 project is on track to be completed in the next 3 years (2023).¹³⁶
 - Seven industrial parks
 - Texas Central Park¹³⁷
 - Robinson Business Park¹³⁸
 - Waco International Aviation Park¹³⁹
 - Waco Regional Airport Industrial Park¹⁴⁰
 - Fairfield Industrial Park North¹⁴¹
 - Fairfield Industrial Park South¹⁴²
 - Mexia Industrial Park¹⁴³
 - Proximity to
 - Port of Houston
 - Union Pacific Railway,¹⁴⁴ which operates a line-haul route through Bellmead Yard in McLennan County
 - South of the UP Dallas Intermodal Terminal in Wilmer, TX.
 - Access to the BNSF Teague Terminal

- **Low Costs**

- The region has a low cost of talent versus the national average.
- Property costs are lower within the region as compared to major metropolitan markets.
- There are no personal income taxes in the State of Texas.
- There are no Corporate Taxes in the State of Texas.
- The Texas franchise tax is a privilege tax imposed on each taxable entity chartered/organized in Texas or doing business in Texas.
- Reasonable regulations

Talent Supply

- **Skilled Workforce:** The ability to attract manufacturing facilities and production operations due to the region's location, land, and skilled workforce is a strength. Additionally, access to educational resources and partnerships to build a talent pipeline are being used to train talent in aerospace engineering, aircraft maintenance and management, electric vehicle maintenance and industrial systems, which can be marketed to attract more companies to the region.

Environmental Resources:

- **Favorable Climate**

- Abundant water and natural resources
- Solar and Wind Energy
 - Land, solar and wind resources for renewable energy brings in tax revenue, helps air quality, reduces solar footprint and overall energy costs to consumers.
- Farms are currently being built, including:
 - **Wind**
 - Engie, in Limestone and McLennan¹⁴⁵
 - Prairie Hill Wind Farm project¹⁴⁶ in McLennan and Limestone
 - **Solar**
 - Cypress Creek Renewables in Robinson¹⁴⁷
 - Hecate Energy LLC in Falls¹⁴⁸
 - Eddy II in Bruceville-Eddy¹⁴⁹
 - OCI Solar Power in Falls¹⁵⁰
 - Glory Leasing in McLennan and Bosque¹⁵¹

- **Usable Land**

- There is space to build, including in the region's business parks.

Quality of Life

- Relatively low cost of living, no personal income taxes and low housing costs
- Diverse and abundant outdoor recreation opportunities and an extreme sports hub
- Access to hospitals and high quality medical care (the center of the region is the medical epicenter of the area)
- Access to local transit
 - **Heart of Texas Rural Transit District** offers demand response transportation to the general public. Clients call to schedule rides to their specific destination with service based on availability.¹⁵²
 - **Waco Transit**,¹⁵³ or WTS, offers single rides for \$1.50 and unlimited fixed route rides for the duration of the calendar day during normal operating hours, for only \$3.
 - **FREE Shuttle Service in Downtown**, running every 15-20 minutes, Monday through Saturday, from 9 a.m. to 6:30 p.m.¹⁵⁴
- Six higher education institutions and Baylor Research & Innovation Collaborative (BRIC) Research Campus
- Magnolia Market at the Silos will be a large entertainment and dining center that will attract visitors and tourists from all over the United States.
- 143-acre Cottonwood Creek Market is being built, featuring Cinemark Theatre, Top Golf, and a bowling center.¹⁵⁵
- Brazos Riverfront,¹⁵⁶ an active mixed-use waterfront district along the Brazos River in downtown Waco, Texas and adjacent to Baylor University
- Agricultural assets; and strong regional commitment to local foods and Farmers Markets
- Tourism opportunities
- Sense of community in small towns
- Community and regional planning and cooperation:
 - HOTEDD CEDS and Heart of Texas Efficient Towns & Counties Co-op (HOTETC),
- Strong regional disaster preparedness and coordination

Weaknesses

Economic Diversity

- Heavy economic reliance on coal, oil, and gas, during a time when the nation and the State of Texas are focusing on renewable energy and becoming less dependent on coal, oil, and gas means that jobs and wealth are leaving the region.

Business Attraction

- Decaying infrastructure

Talent Supply

- Low educational attainment of workforce, lack of skills training
- Many of the graduates of the area's university and colleges, including 2-year, 4-year and advanced study programs, seek employment elsewhere because of better opportunities and wages.¹⁵⁷
- Aging population in rural areas

Environmental Resources

- Wind and solar farms provide inexpensive access to renewable energy and tax revenue, but do not provide a high number of new jobs.

Quality of Life

- Economically depressed region:¹⁵⁸
 - For the region as a whole, unemployment is one percentage point below the U.S. rate, however,
 - 2019 Per Capita Money Income was \$25,229, or 74% of the U.S. amount of \$34,103.
 - 2019 Per Capita Personal Income was \$41,272, or 73% of the U.S. amount of \$56,490.
 - Poverty rate is higher than national and state averages.
 - Generational poverty; high rates of poverty throughout the region (a condition that stifles economic growth in the entire region)
- A post-agricultural economy with relatively low-skilled workforce and low median wage
- Little entertainment in the region (Magnolia at the Silos, and Cottonwood Creek are adding additional entertainment centers, but only in Waco and is not being addressed other counties)
- Perception that the pay is higher and there are more job opportunities in the more urban centers
- Public transportation challenges of a mainly rural region, while service is available, distances to employment and healthcare are long, and service needs to be expanded to meet that need.
 - **Heart of Texas Rural Transit District** offers demand response transportation to the general public from Monday through Friday. Clients call to schedule rides to their specific destination with service based on availability.¹⁵⁹
 - **Waco Transit**,¹⁶⁰ or WTS, offers single rides for \$1.50 and unlimited fixed route rides for the duration of the calendar day during normal operating hours, for only \$3.
 - WTS is looking to expand service as Holt, Amazon, and other companies enter the region.¹⁶¹
 - **FREE Shuttle Service in Downtown**, running every 15-20 minutes, Mon. through Sat., from 9 a.m. to 6:30 p.m.¹⁶²

Opportunities

Economic Diversity

- The Economy is already beginning to diversify in the region with many new entries.
- **Retail and Entertainment Centers** are being built, which will attract visitors and create jobs:
 - Magnolia Market at the Silos¹⁶³ will be a large entertainment and dining center that will attract visitors and tourists from all over the United States.
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 - Will provide employment in the construction, manufacturing, healthcare, hospitality and logistics sectors.
 - Brazos Riverfront, an active mixed-use waterfront district along the Brazos River in downtown Waco, Texas and adjacent to Baylor University will combine residential, retail, restaurant, small office and hotel uses along walkable streetscapes and open space
- **Warehousing/Distribution:**
 - The introduction of Amazon Fulfillment Center¹⁶⁵ creates jobs and is a good step toward economic recovery.
 - It will also put Heart of Texas on the map as a distribution and logistics hub.
 - Holt Cat¹⁶⁶ is the largest distributor of Caterpillar equipment.
 - Ryonet Corporation,¹⁶⁷ a leading screen printing supply distributor
- **Manufacturing and Production** companies are flocking to the region:
 - Hello Bello's¹⁶⁸ Diaper manufacturing and distribution
 - Merrick Engineering¹⁶⁹
 - Leading manufacturer of plastic and injection molded consumer product
 - Envases Group,¹⁷⁰ a Mexico-based global leader in the production of packaging solutions
 - ZinkPower,¹⁷¹ leader in hot-dip galvanizing and powder-coating services
 - Aspen Custom Trailers,¹⁷² a high-end custom commercial trailer manufacturer
 - Laminate Technologies,¹⁷³ a custom laminate panel and fabrication manufacturer
 - Advanced Rail Systems,¹⁷⁴ leaders in railway automation
 - SpaceX¹⁷⁵
 - The Coca-Cola Company¹⁷⁶ expansion
- **Corporate Headquarters**
 - Texas Meter & Device¹⁷⁷ will construct new corporate headquarters.
- **Healthcare**
 - New Era Partners,¹⁷⁸ Oceans Behavioral Health Hospital network
- **Renewable Energy**
 - Introduction of wind and solar farms to the region, providing tax revenue

Business Attraction

- The region is strategically placed between some of the fastest growing cities in the country (Austin, Dallas, Houston, San Antonio) and attracting investment like never before.
 - Seven industrial parks with land to build on and access to highways leading to Houston and Dallas:
 - Built out Old Mexia-Fairfield road for increased commercial and industrial traffic, providing a roadway facility that can support truck traffic, and improve access to and from Interstate 45, which is a vital infrastructure route between Houston and Dallas.
 - Blacklidge will set up a production site in the Fairfield park, hiring 12 full-time positions.
 - Mustang Oilfield Services, LLC and oil field swabbing services and diesel repair company with 20 employees.
 - Energy Transfer Company will utilize the reconstruction portion of the road and is engaged in transportation and storage of natural gas at the Reed Compressor Station located at the end of the Old Mexia-Fairfield road with 12 employees.
 - Morrison Lawn Service M & W Waste Management, LLC has been operating for over 20 years at the end of the Old Mexia-Fairfield road with 10 employees.
- Proximity to:
 - Port of Houston
 - Union Pacific Railway,¹⁷⁹ which operates a line-haul route through Bellmead Yard in McLennan County
 - South of the UP Dallas Intermodal Terminal in Wilmer, TX.
 - Access to the BNSF Teague Terminal
- McLennan County and the surrounding region attracts manufacturing facilities and will put the region on the map as a distribution and logistics hub.
- Can offer incentivized land pricing, rail infrastructure improvements.
- Robust incentives to attract new businesses:
 - Land cost reductions or grants
 - Cash grants for Equipment & Infrastructure
 - Assistance with costs of infrastructure and utilities necessary to develop a property or establish the business
 - Assistance with workforce training and development through our Navarro College Career & Technical Center
 - Ad-Valorem Taxes
 - Sales Tax Grants
 - Construction Sales Tax
 - Building and Utility Connection Fees
 - Expedited and hassle free development review
 - Freeport Tax Exemption
 - Workforce Assistance
 - Small Business Focus
 - Texas Enterprise Zone Program

Talent Supply

- **A workforce education and training network:** Partnering with local institutions to train local workforce and create attractive talent pipeline. With the trend toward greater skill requirements for employees, the region has partners in place that could help provide needed skill sets.
 - Texas State Technical College is now offering an Industrial Systems training program, designed to provide our students with a wide range of valuable skills, from basic machining to boiler maintenance and even programmable logic controllers, which are the prevalent control systems in the industry today. With a labor force education in Industrial Systems, Heart of Texas will become an attractive area to bring industrial systems, welding, and other heavy equipment and manufacturing fields.¹⁸⁰
 - Tesla¹⁸¹ to create talent pipeline through partnership with Texas State Technical College- partner with this institution to attract articulation agreements to provide curriculum and study to create talent pipeline in region.
 - University Center at McLennan Community College in Waco¹⁸²
 - This opportunity local students to pursue undergraduate and graduate degrees from Texas Tech University, Tarleton State University, Midwestern State University, The University of Texas Medical Branch. The program allows student to remain in their jobs and at home, and the average cost of tuition and fees less than \$25,000.
 - Baylor Research and Innovation Collaborative:¹⁸³
 - City of Waco, City of Bellmead, Greater Waco Chamber, Cooper Foundation, McLennan County, Texas State Technical College, and Waco Foundation partnered with Baylor University, created a high technology research, workforce development/training and industry solutions center. The BRIC allocates 45,000 square feet for an advanced workforce technology training and workforce development center to be used by its partner, Texas State Technical College Waco, on behalf of BRIC clients.

Environmental Resources

- Wind and Solar Farms are being built, powering homes and providing tax revenue and helping air quality. These include:
 - **Wind**
 - Engie, in Limestone and McLennan¹⁸⁴
 - Prairie Hill Wind Farm project¹⁸⁵ in McLennan and Limestone
 - **Solar**
 - Cypress Creek Renewables in Robinson¹⁸⁶
 - Hecate Energy LLC in Falls¹⁸⁷
 - Eddy II in Bruceville-Eddy¹⁸⁸
 - OCI Solar Power in Falls¹⁸⁹
 - Glory Leasing in McLennan and Bosque¹⁹⁰
- Can join the movement toward replacing coal, oil, and gas with renewable energy, operating solar and wind farms and earning tax revenue and improving air quality.

- **Partner with Starbucks or other large companies to provide power**¹⁹¹
 - Starbucks has teamed with Cypress Creek Renewables and U.S. Bank to generate enough juice to power 360 Starbucks outlets, including locations in Houston, Dallas, Fort Worth, Plano and Arlington.
 - Starbucks is separately investing in six Cypress Creek-owned solar farms in Texas, representing 50 megawatts of solar energy.

Quality of Life

- Increase public transit access to McLennan County so people living in the remaining counties can work at the new businesses being established there.
- Mixed-use development continues to be built, while family-friendly activities lure crowds downtown after hours.
 - Magnolia Market at the Silos will be a large entertainment and dining center that will attract visitors and tourists from all over the United States.
 - 143-acre Cottonwood Creek Market is being built, featuring Cinemark Theatre, Top Golf, and a bowling center.
 - Brazos Riverfront,¹⁹² an active mixed-use waterfront district along the Brazos River in downtown Waco, Texas and adjacent to Baylor University will combine residential, retail, restaurant, small office and hotel uses along walkable streetscapes and open space.
- Affordable tax rates and cost of living
 - There are no personal income taxes in the State of Texas.
- Overall moderate population growth in McLennan County
- Available and growing health care network. In a region already well-served by high-quality medical care, recent expansions and mergers have ensured the rapid growth in available facilities, jobs, and care providers to citizens of the region.
- Tourism destinations. Attractions include Richland-Chambers Reservoir and Fairfield Lake State Park, Lake Whitney, Lakes Limestone and Mexia, Falls on the Brazos, Lake Waco, and numerous other parks, museums, and historic attractions.
- Good corporate and community relationships. A large number of locally-owned businesses in the MSA combined with the close ties that bind longtime neighbors in Waco as well as the rural communities have contributed to a sense of civic involvement and commitment on behalf of the region's business community. With few exceptions, local governments also enjoy and reciprocate positive relationships.
 - This is evident in how the community came together during the onset of the COVID-19 pandemic, providing 75 tons of food for families in need.
- Existing economic development organizations. The local educational institutions, Workforce Solutions of the Heart of Texas, Small Business Development Center, local communities and EDC's/IDC's, Chambers of Commerce, and other partners provide a wide variety of resources and a wealth of expertise.
- Popular TV show, *Fixer Upper with Chip & Joanna Gaines* showcases Waco and the Heart of Texas region; Baylor University and stadium complex growth, down-town Waco and Brazos River corridor redevelopment. Additionally, smaller communities are attracting investment and tourism with restorations of historic downtowns, adding farmers markets and other family friendly amenities.

Threats

Economic Diversity

- Much of the growth and attraction of new businesses is consolidated in McLennan county, which leaves the remaining counties in need of investments.
- Lack of economic diversity means small communities are hit hard when one business goes down due to economic, man-made or natural disasters.
- Coal, oil, and gas are leaving the region, resulting in loss of jobs and tax revenue which need to be replaced by a promising industry.
 - Oil and gas pipeline construction appears in the top five unemployment claims in four of the six counties.¹⁹³

Business Attraction

- The exodus of Big Brown Plant and Manitou Group and thus the coal, oil, and gas industry in a region may not appear to be outwardly attractive to companies considering coming to the region.
- Lack of access to capital for small businesses. While within the Waco MSA a large number of locally-owned banks compete for business, it is difficult for would-be entrepreneurs and existing business owners to find financing both in Waco and throughout the region. Additionally, there is a very low usage of USDA and SBA loan products in the region.

Talent Supply

- The Heart of Texas region as a whole has a lower educational attainment level, which translates to a lower skilled workforce.
- Tesla¹⁹⁴ offers a 12-week electric vehicle service training program, culminating in a 2-year employment contract at a Tesla Service Center, however, completing this program will likely require relocation out of the Heart of Texas area.

Environmental Resources

- Drought is always possible in an arid climate
- Renewable energy, while has to potential to bring in tax revenue and help air quality, doesn't bring in a lot of jobs to create wealth in the region. Should focus on Manufacturing, Production, and Distribution instead, which bring many more jobs.
 - Solar Power company OCI only plans on hiring one person at an annual wage of \$48,000 once the project is operational in 2022, compared to the Amazon Fulfillment Center, which will bring 1,000 jobs to the region.

Quality of Life

- Overall moderate population growth, but concentrated only in McLennan County
 - A decline in population in the rural counties coupled with outmigration of citizens under 35 years of age has numerous negative impacts including limited workforce and declining tax rolls.
- Wages in the Heart of Texas region continue to lag behind the state and national averages. This can cause working aged individuals to exit the region in pursuit of better pay elsewhere.
- Rising costs of transportation increase barriers to gainful employment for rural and sub-urban populations.
- Declines in property value and in population have rendered a portion of the built environment unsalvageable.
- Well-paved streets, water and sewer capacity are on the decline, causing a need for infrastructure investment.
- Water quantity and quality are low due to both the inadequacy of existing physical infrastructure, such as lakes, and the drop in aquifers, municipalities and rural water supply. At the same time, deteriorations in treatment and distribution systems have made it harder to deliver clean water even when raw supplies are sufficient.
- Poverty, unchecked, demoralizes, dispirits and disheartens individuals and families; disembowels communities; severely weakens counties, and operates as the ultimate impairer of the economic potential of regions.