

ECONOMIC DEVELOPMENT STRATEGIC PLAN

CITY OF WACO, TEXAS



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CITY OF WACO, TEXAS

- ▶ Dillon Meek, Mayor
- ▶ Bradley Ford, City Manager
- ▶ Deidra Emerson, Deputy City Manager
- ▶ Andrea J. Barefield, Council Member, District One
- ▶ Alice Rodriguez, Council Member, District Two
- ▶ Josh Borderud, Council Member, District Three
- ▶ Kelly Palmer, former Council Member, District Four
- ▶ David Horner, Council Member, District Four
- ▶ Jim Holmes, Council Member, District Five
- ▶ Kent George, Economic Development Director
- ▶ Jennifer Branch, Economic Development Manager
- ▶ Matt Moore, Economic Development Coordinator
- ▶ Jeremy Pesina, Economic Development Analyst

STEERING COMMITTEE

- ▶ Mark Arias, City Center Waco
- ▶ Gloria Barrera, Waco Independent School District
- ▶ John Bible, Cen-Tex African American Chamber
- ▶ Fiona Bond, Creative Waco
- ▶ George Chase, Greater Waco Chamber Executive Committee
- ▶ Bill Clifton, Waco McLennan County Economic Development Corporation
- ▶ Kris Collins, Greater Waco Chamber
- ▶ Brett Dalton, Baylor University
- ▶ Scott Felton, McLennan County Judge
- ▶ Gregg Glime, Coldwell Banker
- ▶ Frank Graves, McLennan Community College
- ▶ George Kazanas, Midway Independent School District
- ▶ Jeff Kilgore, Texas State Technical College
- ▶ David Lacy, Waco Industrial Foundation
- ▶ Jennifer Manning, Pattilo, Brown & Hill, L.L.P.
- ▶ Jonathan Olvera, Cen-Tex Hispanic Chamber
- ▶ Jon Passavant, Startup Waco
- ▶ Hermann Pereira, Prosper Waco
- ▶ Sarah Roberts, KSR Capital LLC
- ▶ Rick Tullis, Capstone Mechanical

CONSULTING TEAM



TIP Strategies, Inc., is a privately held Austin-based firm providing consulting and advisory services to public and private sector clients. Established in 1995, the firm's core competencies are strategic planning for economic development, talent strategies, organizational development, resiliency planning, and equity initiatives.

Contact

TIP Strategies
13492 N Hwy 183, Suite 120-254
Austin, TX 78750

PH: +1 512 3439113
www.tipstrategies.com

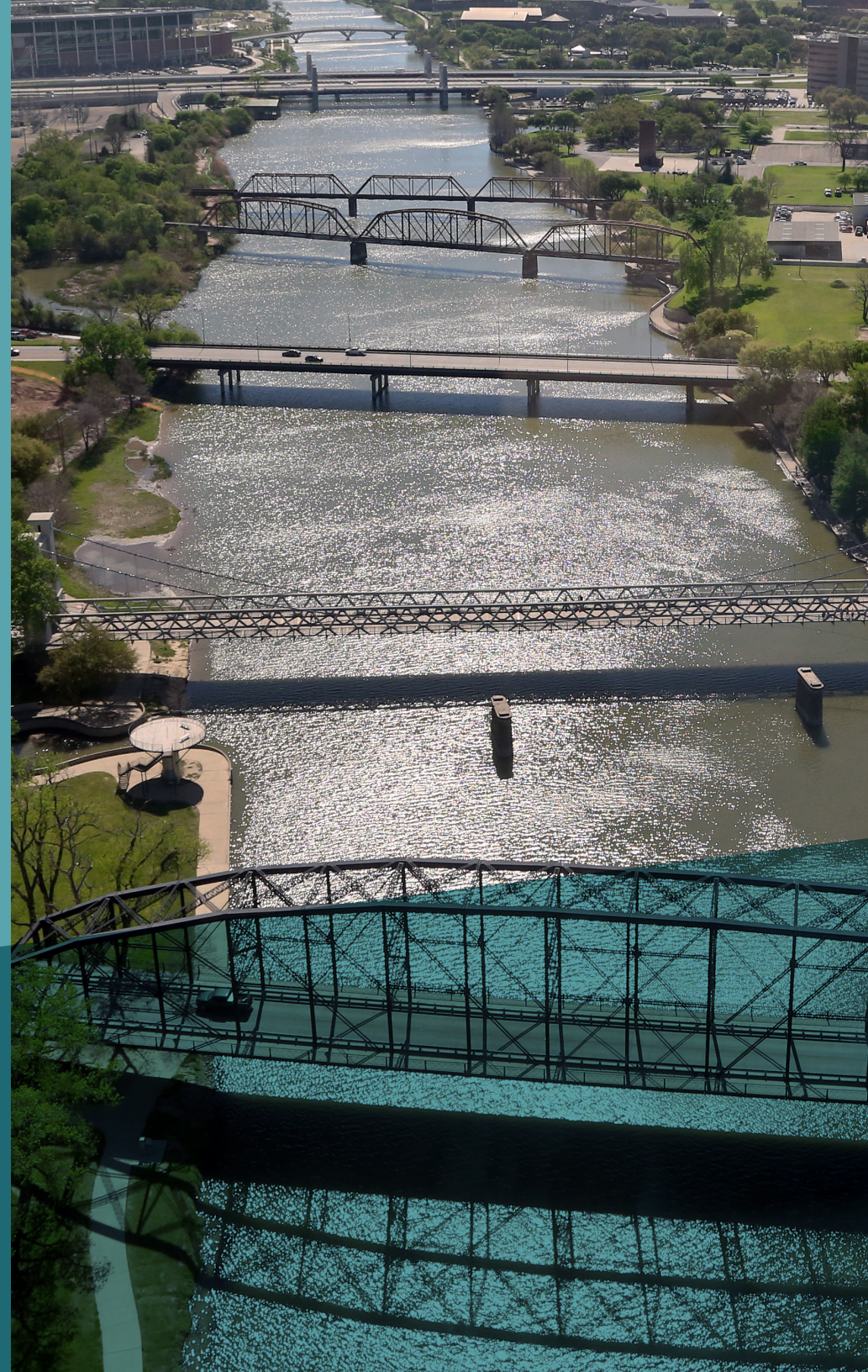
Project Contributors

Tracye McDaniel, President
Jennifer Todd-Goynes, Senior Consultant
Mishka Parkins, Consultant

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INTRODUCTION



3. Real estate development and redevelopment projects are changing the community.

Planned investments along the Brazos Riverfront, including the Baylor University basketball arena and pavilion, the City Hall area/Heritage Square master plan, and plans for a new municipal building will impact how that area looks and feels. Through this development, there are opportunities to create new connections between downtown and the Baylor campus and to activate the waterfront with active and passive recreation options. In addition, current and planned development downtown and along major corridors, such as La Salle Avenue, Elm Avenue, and 25th Street, can strengthen the position of existing businesses while welcoming new development to established areas. While these needed investments have the potential to provide residents with increased access to amenities and opportunity, the potential to exacerbate displacement and create exclusive spaces emphasizes the importance of consulting residents and community groups throughout the planning and development process.

4. Economic tools and strategies are somewhat fragmented.

Local economic development organizations in Waco have established relationships and a history of cooperation, but the current speed of change means that local leaders are not always able to coordinate efforts to maximize efficiency and efficacy. By better defining priorities, roles, and responsibilities, the organizations involved in economic development, industry, small business support, startup ecosystems, education, and development will be further empowered to pursue their individual missions while also aligning their efforts to create better outcomes for Waco.



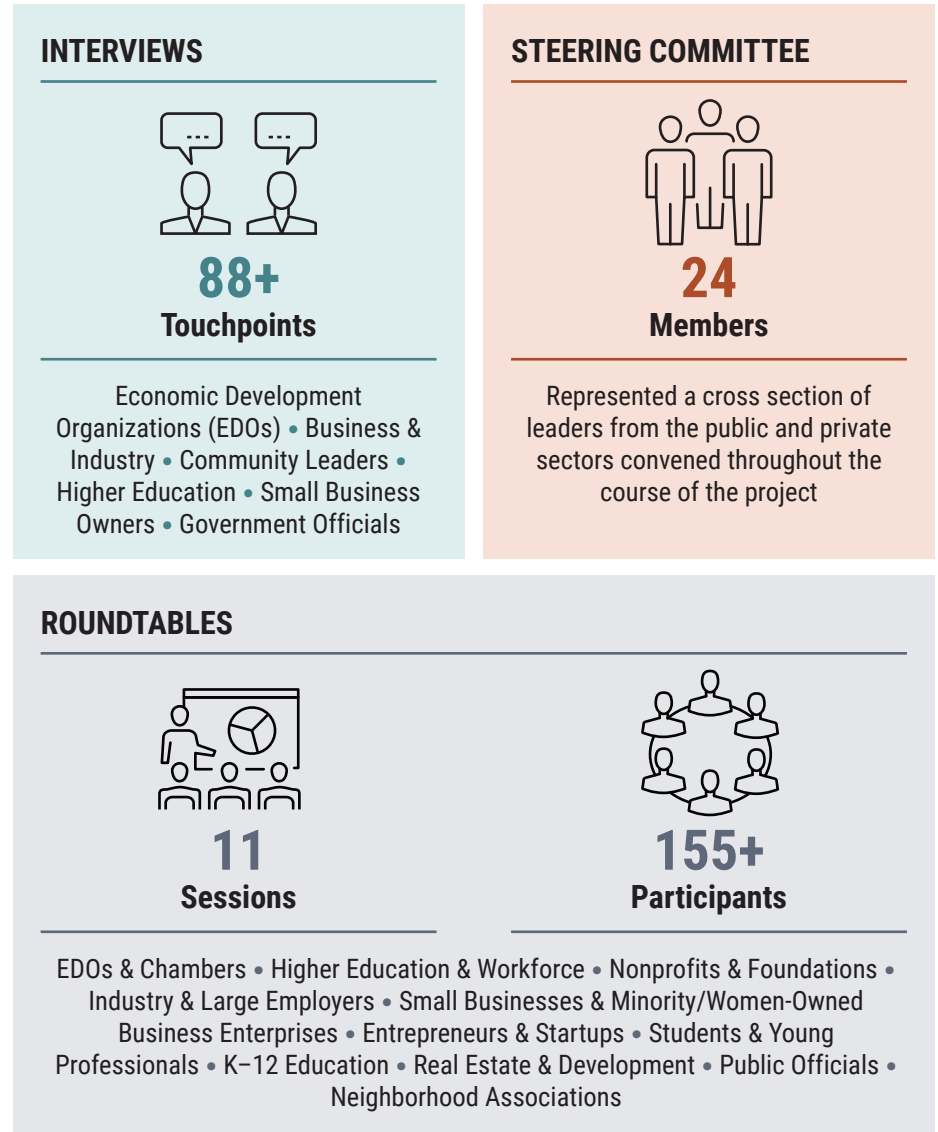
THE APPROACH

TIP engaged with City of Waco staff, the Greater Waco Chamber, and stakeholders from January 2022 through February 2023, culminating with the release of this *Economic Strategic Development Plan*. The planning process began with a review of existing plans and a detailed data analysis. The results were shared with City staff through a data visualization tool. Selected findings from the data analysis are included in the Economic Context section. In addition to relying on data to gain insight about the local economy, TIP led a stakeholder engagement process to gain a better understanding of trends, opportunities, and challenges from the perspective of Waco’s leaders, residents, and workers.

As illustrated in Figure 2, TIP’s robust stakeholder engagement process included individual interviews and roundtable discussions that reached more than two hundred community members. Through these discussions, many of Waco’s leaders and community members were able to share their priorities, concerns, and observations about economic growth and opportunity in the City. TIP combined this information with data analysis and best practices to develop the plan framework shown in Figure 3 (page 5).



FIGURE 2. STAKEHOLDER ENGAGEMENT OVERVIEW



Source(s): TIP Strategies, Inc.

FIGURE 3. PLAN FRAMEWORK

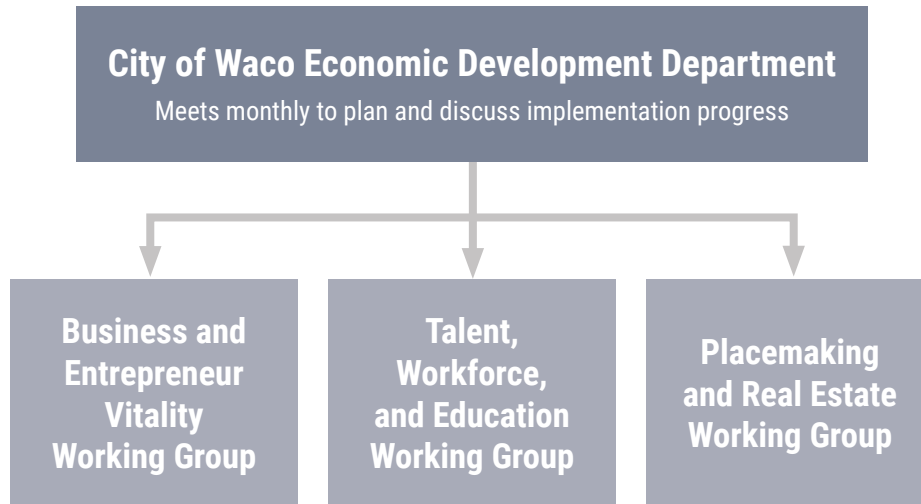


Source(s): TIP Strategies, Inc.

THE WAY FORWARD

The City's Economic Development department is charged with leading the implementation of this *Economic Development Strategic Plan*, supported by interorganizational working groups focused on each of the three goal areas, as illustrated in Figure 4. Within each of the goal areas, a catalyst project is highlighted. These high-impact initiatives have the potential to have a transformative effect on Waco's growth and development. These initiatives are indicated with the following tag: **Catalyst Project**.

FIGURE 4. IMPLEMENTATION DIAGRAM



Source(s): TIP Strategies, Inc.

In the short term, City staff will meet regularly to discuss implementation progress and establish next steps. Their decisions will be informed by the working groups comprised of representatives from economic development organizations, local chambers of commerce, businesses, nonprofits, educational institutions, workforce development providers, community groups, and others as needed. These groups will be tasked with recommending short-term (30- to 90-day) actions, identifying pathways for implementation that leverage the coordinated impact of organizations throughout Waco, and updating the implementation matrix that was provided separately.

Over the midterm, the City's Economic Development staff should conduct quarterly progress checks with working groups to verify that information in the implementation matrix is up to date and to ensure the working groups are still actively engaged in the plan's implementation. Economic Development staff should provide an annual progress report to the City Council and meet with working groups as needed to revise priorities and timelines in the implementation matrix.

Waco has the building blocks required for long-term success. The organizational alignment created in this plan, in coordination with other efforts by local government, community organizations, and residents, will help to ensure a vibrant, inclusive economy where everyone thrives.



ACTION PLAN



GOAL 1. BUSINESS AND ENTREPRENEUR VITALITY





Attract, retain, and grow industries and businesses while cultivating an inclusive, supportive ecosystem for entrepreneurship and small businesses.

Waco has had its share of economic development wins in recent years. The City boasts a central location in the heart of Texas, availability of relatively inexpensive land along I-35, and space within its industrial parks. Its rapid growth over the past few years confirms that the City is fast becoming a more desirable location for businesses. Homegrown enterprises are also on the rise, given the presence of support services offered through Startup Waco and local chambers. Expanding support and resources available to local small business owners and entrepreneurs will have direct, lasting impacts on the local economy and the unique character of Waco. Stakeholders have expressed excitement about the growing business community but have also voiced concerns about the need to develop a strategic and proactive approach to business attraction and growth opportunities.

The business and entrepreneurship vitality goal outlines strategies and actions that allow the City to build on current momentum while assuming a more targeted approach to future development. Moving together toward a shared vision will require intentional alignment and collaboration among the local economic development organizations and partners. It will also require clear understanding of the City's future priorities and each organization's role in driving these priorities forward.



FIGURE 5. STRATEGIC GROWTH AREA OVERVIEW

	<p>ADVANCED MANUFACTURING</p> <p>Advanced manufacturers do not just deliver advanced products. They also incorporate new technologies, new production processes, and research and development into their operations.</p>
	<p>AEROSPACE AND DEFENSE</p> <p>A specialized subset of advanced manufacturing, aerospace/defense, includes aviation, engineering, R&D, precision components, and advanced materials.</p>
	<p>HEALTHCARE</p> <p>Waco's healthcare sector is broadly defined to include medical equipment as well as medical and clinical services.</p>
	<p>PROFESSIONAL AND FINANCIAL SERVICES</p> <p>Office-using employment includes a range of businesses in finance and insurance, accounting, legal, business support, computer, engineering, architecture, design, consulting services, regional headquarters, and shared service operations.</p>
	<p>SUPPLY CHAIN MANAGEMENT</p> <p>Effective management of the supply chain encompasses logistics, distribution, warehousing, and the physical movement of goods from sellers to buyers, makers to users.</p>

Source(s): TIP Strategies, Inc.

STRATEGIES AND ACTIONS

1.1. BUSINESS ATTRACTION

Enhance domestic and international business attraction efforts for the five target industries: advanced manufacturing, aerospace and defense, healthcare, professional and financial services, and supply chain management.

- 1.1.1. Continue to target business recruitment efforts in the following sectors. See Appendix B for additional information.
- 1.1.2. Engage with partners in a multiyear, Citywide unified strategic economic development marketing and communications plan to attract businesses and supporting talent to the City. This initiative can build on existing video, print, and virtual communication materials.
 - Catalyst Project**
 - ▶ Detail a clear messaging strategy, logo, tagline, color scheme, and brand standards that can be used by all partners to create a united economic development brand for Waco.
 - ▶ Build on and complement the Waco & the Heart of Texas destination brand and the inWACO talent initiative, incorporating a remote worker campaign element.
 - ▶ Highlight the City's unique competitive advantages and position Waco as a place to live and do business.
 - ▶ Include enhancements to the Waco Economic Development section of the City's website, such as a series that highlights local business success stories.
 - ▶ Outline a social media strategy that highlights economic development successes, strengths, and opportunities. This strategy will be used to ensure multiple agencies have an opportunity to share successes using a unified set of talking points and to create a continuous engagement strategy with stakeholders on social media platforms.

LIVE IN LOU

Live in Lou is an initiative of the Greater Louisville Metro Chamber of Commerce focused on marketing and promoting Louisville, Kentucky. Louisville is touted as a great city to move to “while it’s still affordable,” and the Live in Lou website communicates the city’s strengths to potential newcomers. The initiative’s online presence includes information about living, working, and enjoying life in Louisville, with an emphasis on providing resources for new residents. Potential residents and newcomers can use the website to connect with locals known as City Champs, who provide resources, guidance, and social connection; view job listings; and get connected with the community through featured networking, education, and volunteer opportunities.

For more information, visit: <https://www.liveinlou.com/>

- 1.1.3. Work with the Greater Waco Chamber to develop a watchlist of emerging companies currently located in national and international incubators and accelerators within the key industry sectors. Actively recruit these young, promising firms to promote innovation and growth within the target sectors.
- 1.1.4. Evaluate feasibility of updating the Waco Convention Center to attract larger events as well as high-profile conferences and expos within each of the target industries. Use Convention Center events as an opportunity to increase awareness of Waco as an ideal location for businesses within target industries.
- 1.1.5. Prioritize the development of downtown office space to attract professional services companies.
 - ▶ Lower the barriers for new commercial office construction and the renovation of existing office space. Potential pathways include tax abatements, grants, and expedited permitting for certain types of projects.
 - ▶ Explore the potential of aligning future City of Waco office expansions with new downtown developments.

- 1.1.6. Expand and update the current process for including community benefits into development and incentive agreements.
 - ▶ Revise incentive applications to include an opportunity for applicants to describe community benefits of proposed projects.
 - ▶ Incorporate important goals, priorities, and outcomes of the *Economic Development Strategic Plan* and other guiding documents into an evaluation matrix for deals.
 - ▶ Develop standard operating procedures for inter-organizational efforts to promote and highlight success stories to the community and prospects.

1.2. BUSINESS RETENTION AND EXPANSION

Continue to enhance business retention and expansion (BRE) efforts by increasing capacity and coordination.

- 1.2.1. Expand current BRE efforts by increasing the capacity of the chambers’ staff to conduct and consistently follow up on visits as well as creating valuable touchpoints with the business community. Establish annual goals for the number of visits to be conducted.
- 1.2.2. Ensure City staff are included in visits with large employers based in Waco and have access to a list of top employers in Waco.
- 1.2.3. Establish relationships between City staff and top employers in the City of Waco to support business retention.
- 1.2.4. Ensure that a shared data tracking system and standard tracking process are consistently used to document outreach, monitor business issues, track top business concerns, and facilitate follow-up. Provide quarterly updates on the findings from and results of BRE visits.
- 1.2.5. Form a working group that coordinates BRE efforts, upcoming project opportunities, and responds to the needs of businesses in Waco. The working group could include representation from the City, chambers, business associations, higher education, and training providers. To ensure confidentiality, this group will utilize nondisclosure agreements as needed.

- ▶ Work to standardize the business visitation process , to include defining what constitutes a business visit. A BRE 101 meeting can be used to establish a baseline methodology for visits and follow-ups. Each organization that conducts visits should collect information on a predetermined set of questions, then document and provide that information in a shared platform that is accessible by the City.
- ▶ Work together to publicize success stories that result from the expansion of these efforts, such as new job creation, increased capital investment, or opening of new facilities. Stories can be highlighted on social media, in local media, and in print.
- ▶ Develop a rapid-response strategy to identify at-risk companies early on and develop aggressive intervention strategies.



1.3. COLLABORATION AND COORDINATION

Increase collaboration and coordination among economic development partners to advance strategic efforts Citywide and create stronger, more sustainable organizations.

- 1.3.1. Organize quarterly cross-organizational meetings among economic development partners to discuss action plan development and progress as well as to coordinate activities and reduce the duplication of efforts.
- 1.3.2. Expand board sharing to encourage the free flow of information and facilitate information sharing among the key partners.
- 1.3.3. Advocate for the reinstatement of the McLennan County Chamber Alliance. Engage the Asian Leaders Network as it continues to develop.
- 1.3.4. Establish a parallel forum or roundtable of economic development stakeholders in conjunction with the annual economic development forum to ensure that stakeholders in industry, education, workforce, and other related fields are informed and their initiatives are aligned when feasible.

1.4. SMALL BUSINESS

Provide technical assistance, pathways to capital, and expand resources for second-stage companies to promote the continued growth and success of young firms in Waco. Prioritize support to small businesses that employ 25 or fewer employees.

- 1.4.1. Create a Waco second-stage growth academy to accelerate business growth beyond the startup phase by providing group training and one-on-one support.
 - ▶ *Offer Group Training.* Design a business growth intensive training program, which covers topics such as strategy development, exploration of growth opportunities, and talent management.
 - ▶ *Provide One-on-One Support.* Conduct individual needs assessments to determine the business challenges and obstacles to growth. Offer

periodic mentoring services delivered by subject matter experts on a one-on-one basis.

- 1.4.2. Deliver technical assistance services across a wide range of platforms and methods (in-person and online as well as live and on-demand content) to increase accessibility to training for all small business owners.
- 1.4.3. Continue to develop and expand multilingual programming and instruction to increase participation of underserved groups.
- 1.4.4. Work with small business service providers to update the startup handbook.
 - ▶ Describe a Waco-focused small business development pathway that associates service providers and locally available resources with stages of business development.
 - ▶ Create an up-to-date list of available sources of capital and technical assistance.
- 1.4.5. Convene partners, including Prosper Waco, to discuss establishing an equity fund for minority businesses.

- 1.4.6. Promote an inclusive approach to procurement that allows minority-owned businesses to successfully apply for and win City and anchor institution contracts.
 - ▶ Utilize the City of Waco Disparity Study, currently in progress, to drive programmatic and policy changes.
 - ▶ Provide information about training and opportunities related to procurement, including obtaining a Historically Underutilized Business certification and/or a Minority and Women-Owned Business Enterprise certification at business solutions centers.
 - ▶ Collaborate with business and anchor institutions to offer education about participating in the procurement process.

1.5. ENTREPRENEURSHIP

Continue to expand and strengthen the ecosystem for Waco entrepreneurs who contribute to the establishment of high-value, high-growth companies in the community. By creating new companies, entrepreneurs generate jobs and opportunities; help to drive innovation; and develop new markets, products, and services. A stronger ecosystem will help facilitate the flow of information and resources that better support entrepreneurs.

- 1.5.1. Form a local angel investment network or equity fund focused on providing startup capital to Waco-based entrepreneurs and small businesses. Venture capital (VC) for Waco entrepreneurs is limited (see Figure 10 for more information) with the City capturing approximately one-third of the VC funding secured by some of its peers. Forming a locally focused fund or network of funders will allow local investors to pool their resources, increase access to capital, and streamline the business funding process.
- 1.5.2. Build on Startup Waco's current efforts to cultivate entrepreneur networks by creating spaces dedicated to entrepreneurs of color, women, and under 40 CEOs.
- 1.5.3. Map local entrepreneurial assets and resources to identify gaps and publicize services currently available to entrepreneurs. Use this map as a guide for strengthening the local ecosystem, creating new connections where they are needed, and scaling up successful initiatives.

NEW COMMUNITY TRANSFORMATION FUND

The New Community Transformation Fund (NCTF) is a \$25 million venture capital fund established to close the funding gap faced by many business owners of color. Championed by leaders at Bank of America, the Consumers Energy Foundation, and The Right Place, Inc., NCTF targets current and prospective entrepreneurs of color in West Michigan. In 2020, Bank of America and the Consumers Energy Foundation provided \$200,000 each in initial startup capital to the fund and within its first year secured approximately \$8.5 million in commitments from investors. Investments ranging from \$200,000 to \$500,000 have been made to support early-stage and midstage high-growth companies, transition for legacy businesses, and business development in the region. Given its success, the fund has been replicated in Denver and expansion to other cities is planned.

For more information: <https://newcommunityfund.com>

GOAL 2. TALENT, WORKFORCE, AND EDUCATION

Ensure accessible pathways to quality education, training, and jobs, creating a robust talent pipeline reflective of employer needs.

One of Waco's most significant advantages is its access to multiple higher education institutions that can be leveraged to develop its talent pipeline. The technical training programs offered through McLennan Community College, University Center, and Texas State Technical College provide residents with opportunities to obtain the skills needed to fill in-demand roles. Baylor University attracts talent from outside the region, some of which stays in the City and adds to its labor force. Several independent school districts (ISDs) are also key partners in bolstering the City's workforce. Stakeholder engagement, however, uncovered some of the challenges to maximizing the potential of the workforce. Aligning training with current and future employer needs and retaining university graduates rose to the top as primary pain points.

Both challenges are addressed in the talent, workforce, and education goal. The strategies and actions in this section are designed to align educational offerings with employer needs and to equip residents with the skills required to secure higher wage employment. The following tactics also offer some opportunities to attract talent and better engage underserved groups to make up for shortcomings in the existing workforce.

STRATEGIES AND ACTIONS

2.1. AWARENESS AND ALIGNMENT

Enhance education efforts, training opportunities, and industry partnerships that strengthen the local talent pipeline and align candidate qualifications with the requirements of current and prospective employers.

- 2.1.1.** Elevate the profile and increase awareness of career and technical education (CTE) pathways by officially designating February as CTE Month for the City, joining the nationally designated month. Waco and Midway ISDs, for example, already celebrate CTE Month but this recognition should be expanded to all school districts in Waco and include special events and opportunities for students to meet with and learn about industries.
- 2.1.2.** Raise awareness of credentialed programs directly linked to in-demand occupations in each targeted industry sector through increased marketing.
- 2.1.3.** Work with ISDs within City limits to continually fund, align, and expand CTE academy programming with skills required by the target industry sectors. Examples of current successes include the Greater Waco Advanced Manufacturing Academy and the Greater Waco Advanced Health Care Academy.
- 2.1.4.** Strengthen relationships among higher education institutions through regular convenings that provide a platform to discuss issues and develop solutions.
- 2.1.5.** Expand feeder partnerships between two-year and four-year programs and from high schools to postsecondary programs.
- 2.1.6.** Support the development of the Star Bridge summer program to ensure that the youth program connects underserved students to leadership, professional, and internship opportunities.

2.2. INDUSTRY PARTNERSHIPS

Strengthen the existing labor pool by partnering with schools and employers to retain graduates of local higher education institutions.

- 2.2.1.** Establish industry-led sector partnerships aligned with target industries to help identify training opportunities, workforce needs, and strengthen the talent pipeline.
- 2.2.2.** Create a center of excellence focused on a target or other priority sector, such as aerospace or healthcare, that aligns local assets in education, training, and industry to enhance industry connections, build educational programming, attract, and retain top talent. **Catalyst Project**

MINNESOTA STATE ENGINEERING CENTER OF EXCELLENCE

The Minnesota State Engineering Center of Excellence (Engineering Center) was created in 2005 to promote connections between industry and state colleges and universities and inspire interest in science, technology, engineering, and math (STEM) fields. The Engineering Center takes a three-pronged approach to meeting its goals through a focus on K-12 students, post-secondary students, and industry. K-12 students benefit from Explore Engineering kits and curriculum as well as an Engineering Machine Design Contest, which are designed to generate interest in STEM careers. Programming targeted at post-secondary partners includes a Engineering and Technology Consortium for faculty, connections with career information and site visits for students, and professional development. Industry partners have the opportunity to participate in the STEM professionals database as well as workforce partnership seminars.

For more information: <https://engineering.mnsu.edu/>

- 2.2.3. Continue to support the industrial training center, ensuring that certification and training offerings are aligned with the current and projected needs of employers.
- 2.2.4. Connect students with employers to provide real-time experience and increase exposure to opportunities by hosting regular campus events, industry days, and employer site visits focused on target sectors.
- 2.2.5. Expand the mentorship and internship recruitment programs with a priority on reaching underserved populations. One way to achieve this is by establishing a recruitment portal that allows organizations to post mentoring opportunities or for employers to post opportunities for students seeking internships or occupational opportunities with Waco businesses.

2.3. TALENT ATTRACTION AND RETENTION

Strengthen the labor pool by improving access to current job opportunities and recruiting outside talent to fill gaps.

- 2.3.1. Work in collaboration with community-based organizations and other economic development partners to deliver wraparound services (such as access to childcare, accessible transit, and financial assistance) that help to increase labor force participation and access to employment opportunities.
 - ▶ Leverage the research conducted by the United Way of Waco-McLennan County to educate the business community about the importance of affordable childcare and encourage employers to provide on-site childcare or provide subsidies for their employees. The *McLennan County Child Well-Being Community Action Plan* outlines strategies that can be implemented to improve access to high-quality childcare.
 - ▶ Prioritize transit development that connects residential and commercial areas to improve access to education, training, and employment. In the interim, ensure that training is held in transit accessible locations. Establish a workforce equity grant program that provides financial assistance to low-income individuals to complete training in high-demand fields.

- 2.3.2. Increase the participation of people of color in training and skill development programs, like UpSkill Waco, through additional marketing and outreach.
- 2.3.3. Build on the inWACO talent attraction initiative that targets highly skilled workers with in-demand qualifications and re-attracts former residents/boomerangs to the City and merge those efforts with the workforce training efforts of UpSkill Waco.
 - ▶ Develop a graduate retention incentive program. Consider a tuition reimbursement program for graduates who remain for a designated period. The City can also encourage employers to provide a bonus for local graduates who remain employed with them for up to five years.
 - ▶ Strengthen the marketing and communications strategy to raise the profile of the inWaco initiative and target talent that left the city.
- 2.3.4. Partner with the Cen-Tex Hispanic and African American Chambers as well as the Asian Leaders Network to increase opportunities for collaboration between chamber-based young professional groups.
- 2.3.5. Tailor workforce development programs, resources, and outreach for underserved populations and nontraditional students. Encourage the talent, workforce, and education taskforce to develop programs, track performance, advocate for initiatives, and report progress.

GOAL 3. PLACEMAKING AND REAL ESTATE

Prioritize place-based projects that enhance the City of Waco by spurring investment and creating a preferred location for businesses and people.

A strong sense of place and community is central to why many people choose Waco. Stakeholders reported being attracted to the big city amenities and small town feel of Waco, easy access to the surrounding natural environment, and unique sense of place that the City offers. The current pace of real estate development has brought great opportunity and change to the community. However, the change from a “big, small city to a small, big city” is not without growing pains. Community members reported concerns about losing Waco’s sense of place as the pace of growth accelerates. Many shared examples of residential and business displacement due to a higher cost of living brought about by development.

The strategies and actions developed to support the placemaking and real estate goal are centered on the City’s desire to attract residents and businesses to Waco while also continuing to cultivate the City’s unique character. While Waco’s economic development organizations will be able to take a leading role on many of the strategies and actions, realizing full implementation of items that impact economic growth but are not traditionally part of an economic developer’s purview, such as housing, will require close coordination with partners in the community.



STRATEGIES AND ACTIONS

3.1. LEADERSHIP FORUM

Create a leadership forum of formal and informal community leaders that is focused on identifying, supporting, advancing, and advocating for Citywide strategic initiatives related to real estate development and placemaking.

- 3.1.1. Center leadership forum agendas on opportunities for transformational change and development in Waco with the goal of utilizing the skills, knowledge, and experience of forum participants to encourage future-forward planning.
- 3.1.2. Create inter-organizational working teams aligned with the strategic plan goal areas and with leadership forum initiatives. These groups should meet regularly to discuss progress related to implementing the plan, obstacles, and future action.
- 3.1.3. Utilize marketing and communication teams within the City and partner organizations to share success stories when elements of the plan have been achieved.

3.2. REAL ESTATE DEVELOPMENT

Target strategic real estate projects downtown and along commercial corridors.

- 3.2.1. Support plans for new riverfront development.
 - ▶ Ensure that physical and infrastructure connections between Baylor, downtown, and tourist attractions via the Waco Riverwalk are accessible and welcoming.
 - ▶ Encourage culturally relevant art installations and event programming throughout the project site.
- 3.2.2. Prioritize nodes and corridors for investment.
 - ▶ Develop a database of buildings and sites that are underutilized or poised for redevelopment due to use, age, or state of repair.

- ▶ Work proactively with businesses to ensure long-term stability, especially in areas that are experiencing (or expect to experience) redevelopment.
- ▶ Identify opportunities for neighborhood-scale commercial sites that provide goods and services closer to where people live.
- ▶ Align the work of economic development organizations with ongoing corridor initiatives, such as on Elm Avenue and La Salle Avenue.

- 3.2.3. Invest in mixed-use projects and smaller-scale projects in downtown and along key corridors that bring new housing, retail, restaurant, and entertainment opportunities.
 - ▶ Prioritize projects that enhance business growth, to include adaptive reuse, redevelopment, and storefront/façade improvements.
 - ▶ Calibrate incentive programs to create desired investment and community benefits downtown.
 - ▶ Encourage place-based development that reflects the architectural history and character of downtown Waco.

THE AUSTIN AREA RESEARCH ORGANIZATION (AARO)

Founded in 1980 by a group of chief executive officers looking to establish a forum for discussing issues related to growth in Central Texas, AARO has grown into a nonpartisan, nonprofit organization comprised of more than one hundred business and civic leaders from six counties. AARO's members are focused on finding solutions to long-term challenges that will enhance the economic and social well-being of Central Texans through roundtable discussions, data analysis, research, and education. The organization is known for being on the leading edge of major regional initiatives, such as creating the Travis County Healthcare District, creating the E3 Alliance that works to create a strong educational pipeline, developing research that led to changes in the city of Austin's approach to affordable housing, and researching the need for a four-year medical school in the region. At this time, AARO has established five priority areas: health, education, social equity, transportation, and water.

For more information: <https://aaroregion.com/>

3.2.4. Empower City Center Waco to lead downtown development under the direction of the City of Waco's Economic Development department.

- ▶ Work with City Center Waco to better define the organization's mission, vision, and activities.
- ▶ Define and support City Center Waco's role in downtown development as the champion for the area's real estate development and placemaking.

3.2.5. Create place-based small business support programs to invigorate downtown and priority corridors, such as Elm Avenue, La Salle Avenue, 25th Street, and ensure stability as redevelopment occurs.

- ▶ Support the establishment of Main Street district programs on 25th Street and Elm Avenue, coordinating these efforts with the Cen-Tex African American and Hispanic Chambers.
- ▶ Establish geographic-specific merchant association incubators to promote retention, place-based marketing and branding, beautification, and economic development.
- ▶ Encourage small- and medium-sized businesses to locate downtown.
- ▶ Use data from BRE visits and webforms to set goals for merchant association incubators and to offer small business support with a focus on corridors undergoing redevelopment.
- ▶ Work with small business owners and support providers to develop succession plans, including transitioning to employee ownership. These can be offered in coordination with the business solutions center.

3.3. HOUSING

Increase Waco's housing supply, diversity, and stability in coordination with the [2022 Waco Strategic Housing Plan](#).

3.3.1. Explore zoning policy and permitting process changes to identify and mitigate barriers to developing a variety of housing types.

3.3.2. Include affordable housing development as a community benefit option in the City's development or incentive agreements.

3.3.3. Support the creation of a Citywide vacant property plan to better understand what properties may be available for acquisition, rehabilitation, redevelopment, or resale.

3.3.4. Evaluate the use of community land trusts and land banking to support affordable housing.

- ▶ Focus on acquiring land for future housing development that has adequate infrastructure as well as accessibility to jobs and services.
- ▶ Utilize creative financing mechanisms to include tax increment financing (TIF) funding, public benefit agreements, and public-private partnerships to sustain the effort long term.

3.3.5. Establish a housing strike fund to provide flexible, low-cost financing to preserve existing affordable housing or to purchase new sites for this type of development.

- ▶ Identify private investors and entities to participate in the fund.
- ▶ Establish a managing organization for the strike fund.
- ▶ Identify potential properties for purchase.





3.4. PLACEMAKING

Reinforce Waco's quality of place, creating a preferred place for people and businesses.

3.4.1. Invest in art and cultural infrastructure.

- ▶ Collaborate with Creative Waco and other partners to establish a performing arts facility.
- ▶ Expand place-based projects, such as the 7th Street pedestrian plaza and 6th Street walkway hosted by Downtown Waco to activate public spaces through art and events.
- ▶ Add murals, wayfinding/signage, and other placemaking initiatives downtown and along priority corridors, such as La Salle Avenue, 25th Street, and Elm Avenue.
- ▶ Create connections between tourist attractions, such as the Silos and downtown retail, restaurant, and entertainment options with art, signage, and marketing.

- ▶ Pilot floating First Fridays and other pop-up retail events beyond downtown to other commercial corridors or public spaces.

3.4.2. Work with internal and external organizations to expand tourism from hot-spot areas, such as the Silos and Baylor University to other corridors and key recreational assets, to include evaluating the use of programs such as CityPASS.

3.4.3. Build on the Public Art Strategic Plan and launch a cultural asset inventory to highlight places, buildings, and art that are of cultural significance to Waco's Black and Latinx or Hispanic populations.

3.4.4. Cultivate Waco's outdoor economy as a job-creation and talent-attraction tool. **Catalyst Project**

- ▶ Conduct an outdoor asset inventory.
- ▶ Establish a new City staff position, outdoor economy liaison, to lead the outdoor economy initiative along with partners in the City's Economic Development department, the City's Parks and Recreation department, Creative Waco, the Greater Waco Sports Commission, and local chambers.
- ▶ Market Waco's outdoor amenities, such as the Brazos River, Lake Waco, and Cameron Park, to create a magnet for talent attraction and recruitment and establish a catalyst for community development.
- ▶ Develop a remote worker campaign to target those pursuing a high quality of life and outdoor lifestyle.
- ▶ Examine opportunities to increase use of the Brazos and Bosque Rivers through expanded activities, including boat rentals, special events, and food/beverage sales.
- ▶ Evaluate opportunities to increase outdoor recreation through organized sports on land and water.
- ▶ Ensure connections between the Brazos Riverfront development and Waco Riverwalk activities that are accessible to people of all ages and abilities.
- ▶ Work with small business and entrepreneurship service providers to identify and support outdoor economy-focused businesses, such as those focused on biking, kayaking, boating, fishing, and hiking.

- 3.4.5.** Partner with neighborhood associations by offering a cost-share model to implement small-scale projects that improve quality of life and sense of place. Potential projects include traffic safety initiatives, painting crosswalks or bike lanes, installing bike racks in key locations, establishing or improving a community garden, public art installation, and median beautification.



3.5. INFRASTRUCTURE

Invest in infrastructure as Waco grows.

- 3.5.1.** Reimagine Waco's transportation network to create a multi-modal connected system and emphasize the importance of creating change that connects more people with jobs. The [2019 Waco Metropolitan Area Active Transportation Plan](#) is a starting point for this effort.
- ▶ Work with employers to create new transportation connections between where people live and job opportunities.
 - ▶ Increase service times and reach. Decrease route length and headways.
 - ▶ Introduce bikeshare in strategic locations to facilitate last-mile connections.
- 3.5.2.** Coordinate with City departments to connect green spaces, trails, bike paths, and sidewalks that link the places where people live, work, play, and learn.
- ▶ Support related action items in the 2023 *Waco City-Wide Trails Master Plan* and the 2017 Parks, Recreation, and Open Space Plan.
 - ▶ Develop a sidewalk master plan to identify areas in need of improvement and potential connections.
- 3.5.3.** Remove barriers in access to broadband/high-speed internet infrastructure to connect current residents to job and educational opportunities.
- 3.5.4.** Enhance flight and business opportunities at the Waco Regional Airport.
- ▶ Pursue business recruitment targets that would benefit from an airport-adjacent location.
 - ▶ Expand air travel options through the attraction of new flight destinations and carriers.

ECONOMIC CONTEXT



KEY FINDINGS

As part of the strategic planning process, TIP conducted an analysis of Waco's economic health with comparisons to state and national benchmarks. The analysis was completed as part of TIP's initial Discovery phase. Data collection began in the first quarter of 2022. An in-depth analysis, the *Waco Texas Economic Explorer*, was delivered to the City as an interactive data visualization using Tableau Reader. The key findings of this analysis, summarized in this section, informed and guided the direction of the *Economic Development Strategic Plan*.

Waco is growing, but often loses workers to other big cities in Texas.

The Waco metro area's population has grown by approximately 35 percent in the past 30 years, which is less than many other Texas metros, such as San Antonio (84 percent increase) and College Station-Bryan (nearly 80 percent increase). This slower pace of growth means that Waco is well-positioned to plan for future growth, ensuring that infrastructure, housing, and economic opportunity evolve to accommodate a growing population.

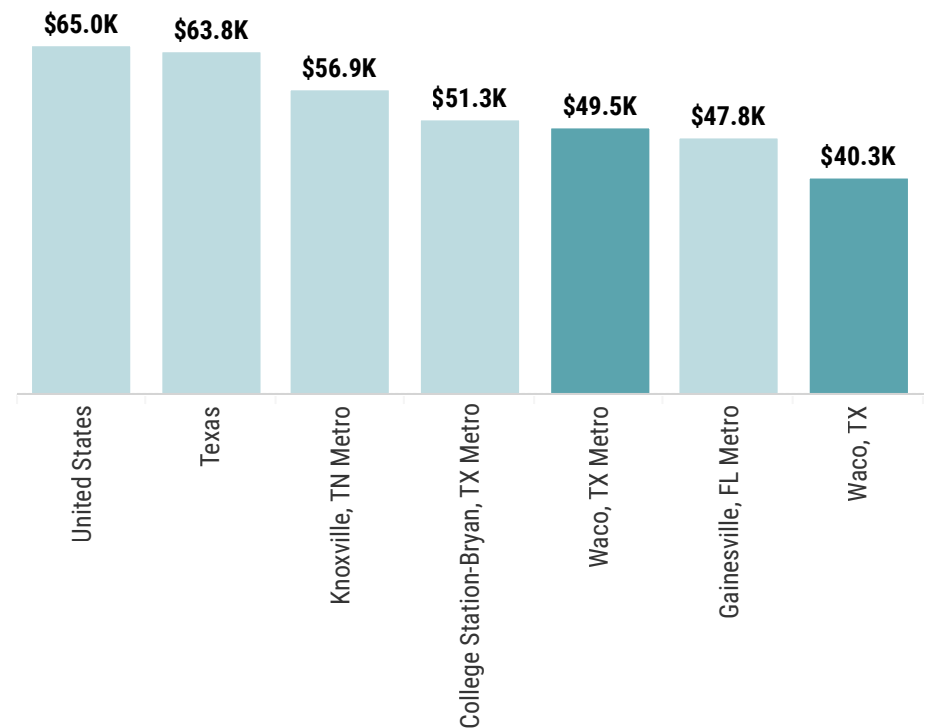
From 2010 to 2020, most of the worker population growth in Waco came from domestic in-migration. Workers were most likely to move from outside of metropolitan statistical areas (MSAs) in Texas; the Los Angeles-Long Beach-Anaheim, California, MSA, or the Killeen-Temple, Texas, MSA. Workers who left Waco tended to choose other big cities in Texas, with most choosing the Dallas-Fort Worth-Arlington, Texas, MSA; the Austin-Round Rock-Georgetown, Texas, MSA; and the Houston-The Woodlands-Sugar Land, Texas, MSA.

Disparities in income persist but are improving.

Median incomes in the Waco metro area are \$49,500. Within the City of Waco, the median income is just \$40,300. These values are lower than the nation and other peer metro areas, such as College Station-Bryan, Texas; Gainesville, Florida; and Knoxville, Tennessee. Despite lower median incomes, the percentage of the population with poverty status in the Waco metro area is just under 20 percent, which is higher than the share in Knoxville but lower than the College Station-Bryan or Gainesville metros.

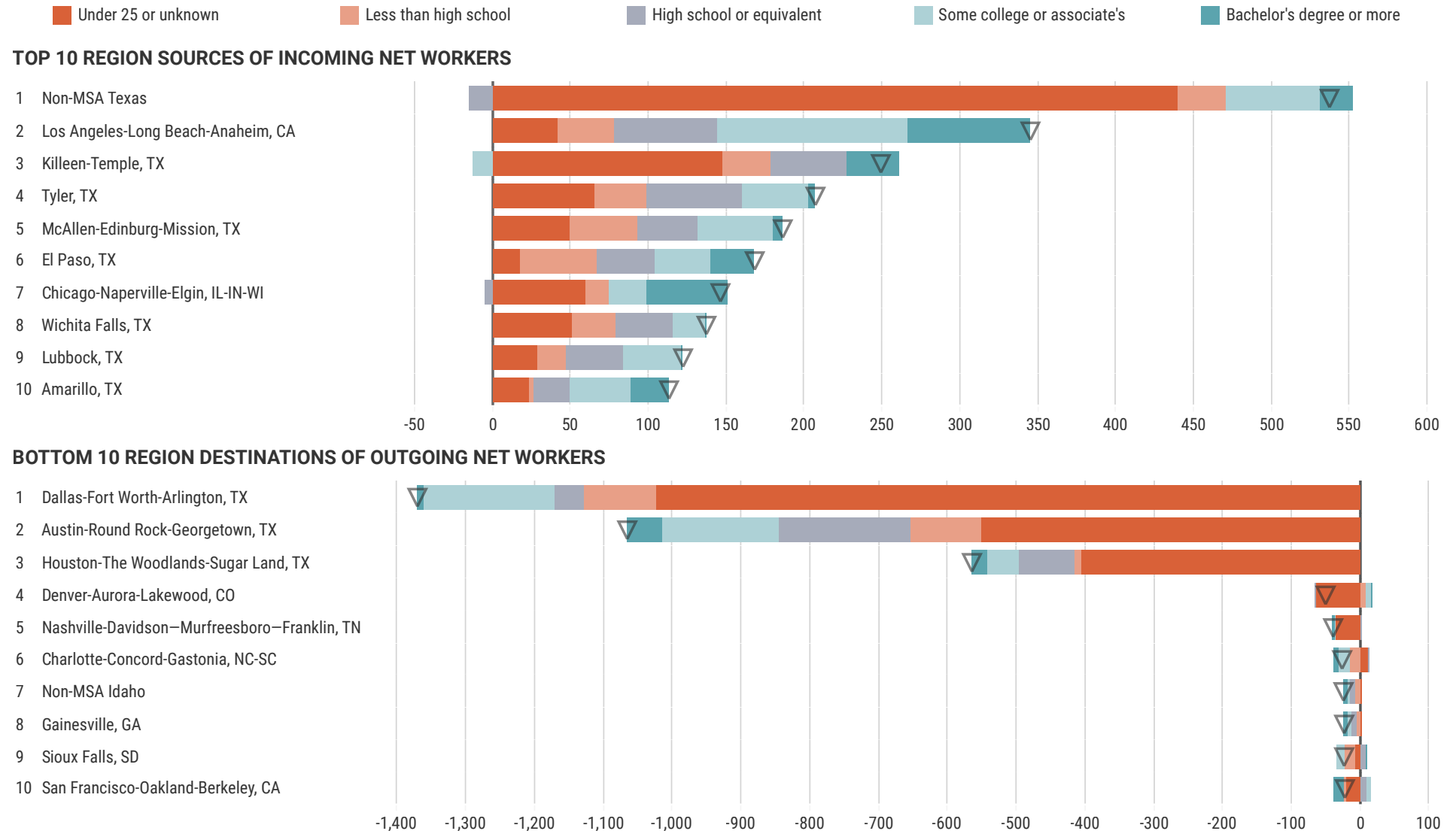
There are signs of improvement as median incomes rose and poverty rates fell between 2015 and 2020, but persistent gaps remain between racial and ethnic groups. On balance, White and Asian or Pacific Islander households earn the highest incomes and have the lowest percentage of residents below the federal poverty line. White and Asian or Pacific Islander households earn the highest median incomes in Waco with \$50,099, followed by Latinx or Hispanic (\$37,507), mixed race (\$33,413), and Black or of African Descent households (\$26,306). Poverty rates are similarly dispersed, with 19 percent of White residents falling below the poverty line, 20 percent of Asian or Pacific Islander residents, nearly 26 percent of Latinx or Hispanic residents, and nearly 38 percent of residents who are Black or of African Descent.

FIGURE 6. MEDIAN HOUSEHOLD INCOME, 2020



Source(s): American Community Survey, 2020 5-year sample; TIP Strategies, Inc.

FIGURE 7. WORKER MIGRATION, 2010–2020
INTO AND OUT OF WACO, TEXAS, BY EDUCATIONAL ATTAINMENT



Source(s): US Census Bureau's Longitudinal Employer-Household Dynamics (LEHD), Job-to-Job Flows (J2J); TIP Strategies, Inc.
 Note(s): Data include hires and separations of workers between establishments who experienced brief unemployment (one quarter or less). Only establishments with unemployment insurance covered employees are included. Educational attainment only available for workers aged 25 or older. Non-MSA regions include all counties in a state not part of a metropolitan statistical area (MSA); this includes counties in micropolitan areas and rural counties. Some states are missing data for the most recent period and are limited to previous quarters (Alaska-2016.1; Arkansas-2018.1; Mississippi-2018.1; Tennessee-2018.1; Colorado-2020.2; Kansas, Louisiana, Missouri, Oklahoma-2020.3).

Housing in Waco is becoming less affordable.

When compared with peer cities, Waco’s housing stock is older and more likely to be multifamily, and the median home values and rents for owner-occupied and renter-occupied units are lower. The median home value in Waco is \$133,500, slightly lower than the metro area. By contrast, the median home price in Gainesville is \$181,700 and College Station-Bryan is \$201,900. The comparatively low housing costs are counter-balanced by lower incomes in Waco, as more than 55 percent of households who are renting spend more than the recommended 30 percent of their income on housing, as do nearly 32 percent of households who own their homes.

During June 2022, housing in the Waco metro area was considered affordable according to the Texas A&M Housing Affordability Index, while housing in the City of Waco was slightly unaffordable. Recent increases in mortgage rates have had a dramatic impact on the housing market in Waco, making the median home in both the City and the metro area unaffordable to someone earning the median income. Figure 8 illustrates relative affordability when comparing the median household income to a typical mortgage payment on a median-priced home in a particular geography. A value of one indicates the median income is exactly enough to purchase a median-priced home. Values less than one indicate unaffordability, and values greater than one indicate sufficient affordability.

FIGURE 8. HOUSING AFFORDABILITY, 2020
TEXAS A&M HOUSING AFFORDABILITY INDEX (THAI)

INPUT PARAMETERS

DOWN PAYMENT

5.0%

MORTGAGE TERM (years)

30

INCOME ADJUSTMENT

100.0%

MORTGAGE INTEREST RATE (APR)

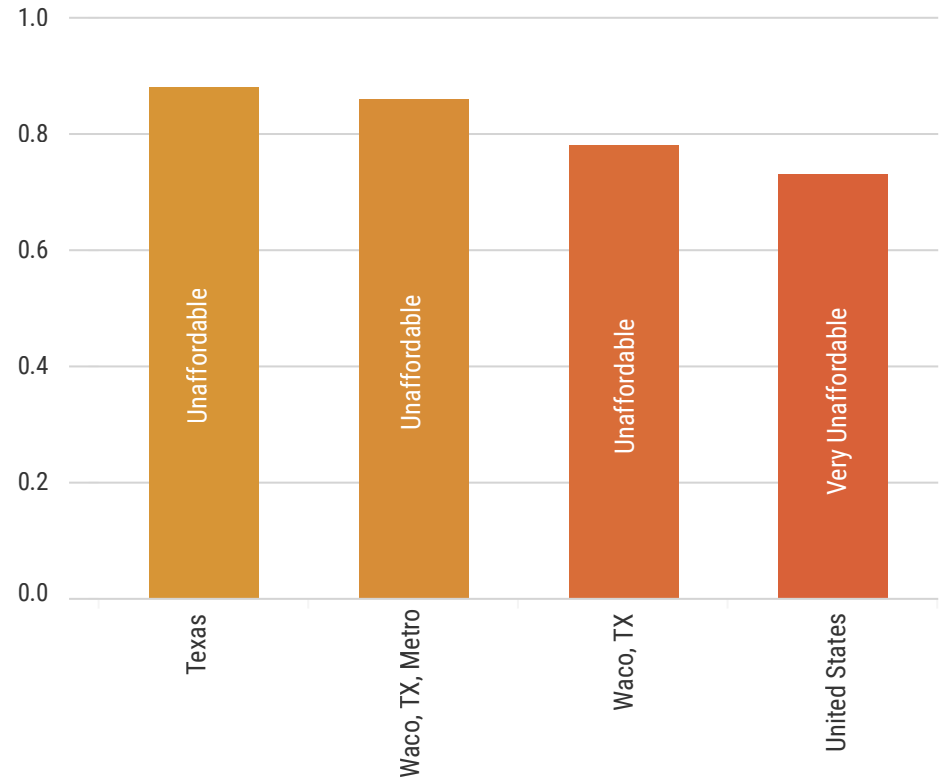
7.2%

QUALIFYING RATIO (debt:income)

0.2

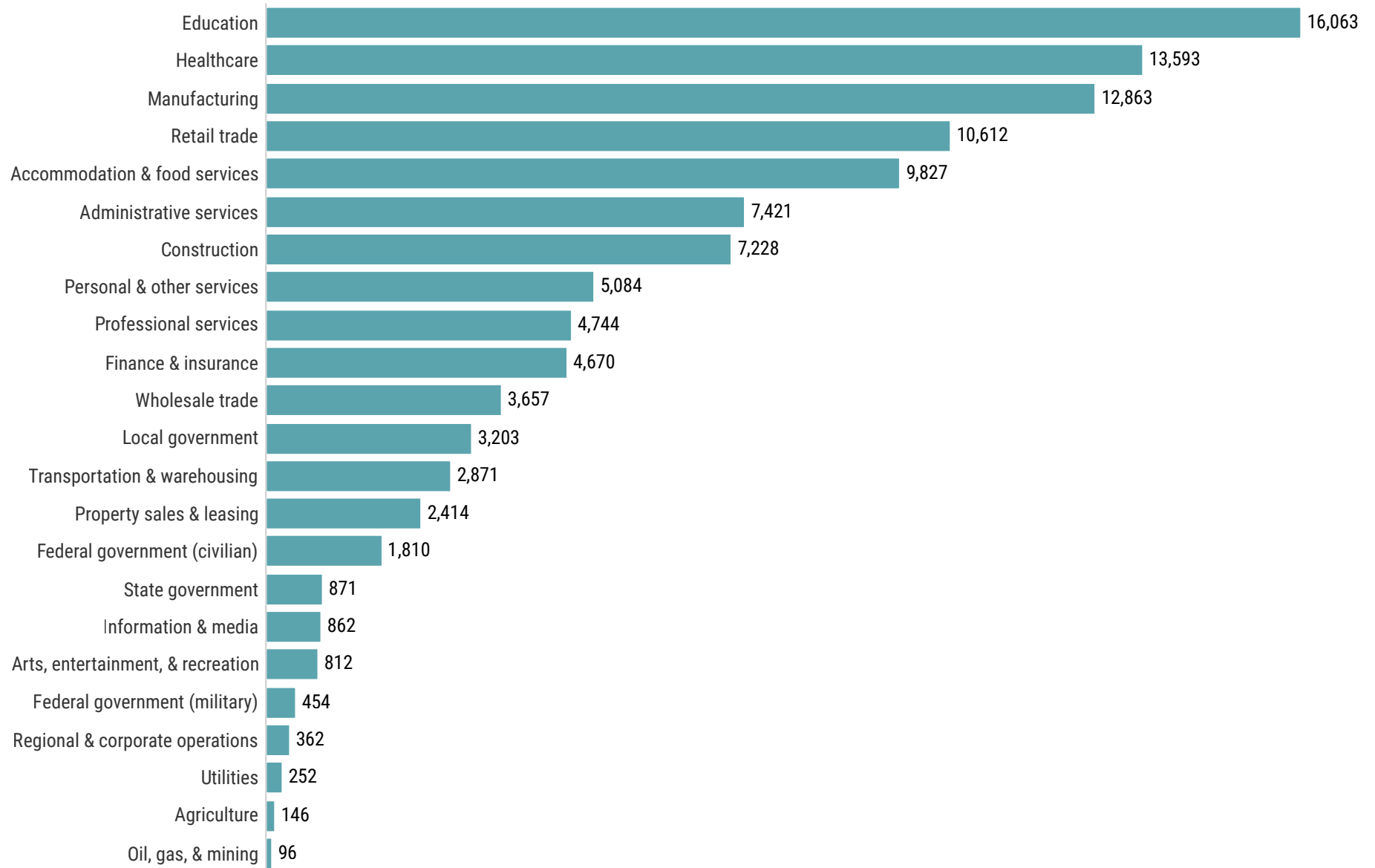
THAI LEGEND

0.7500  1.2500



Source(s): American Community Survey, 2020 5-year sample; TIP Strategies, Inc.
 Note(s): The THAI was adapted from Texas A&M University’s Real Estate Center by TIP Strategies, Inc. Mortgage payments only include the monthly payments on the loan (does *not* include insurance or tax payments). *Down Payment* is the percentage of the home value paid before the mortgage; *Mortgage Interest Rate* is the APR; *Mortgage Length* is the length of the loan in years; *Qualifying Ratio* is the maximum debt-to-income ratio that still qualifies for a mortgage; *Adjustment* shifts the income used in the calculation where 100 percent is the median household income.

FIGURE 9. WACO EMPLOYMENT BY INDUSTRY SECTOR, 2020
 NUMBER OF JOBS



Source(s): US Bureau of Labor Statistics (BLS); Emsi Burning Glass 2022.1 – Quarterly Census of Employment and Wages (QCEW) Employees, Non-QCEW Employees, and Self-Employed; TIP Strategies, Inc.
 Note(s): City jobs are estimated by ZIP Codes approximating the geography of the City. Waco is approximated by ZIP Codes 76701, 76702, 76703, 76704, 76705, 76706, 76707, 76708, 76710, 76711, 76712, 76714, 76715, 76716, 76797, 76798, and 76799.

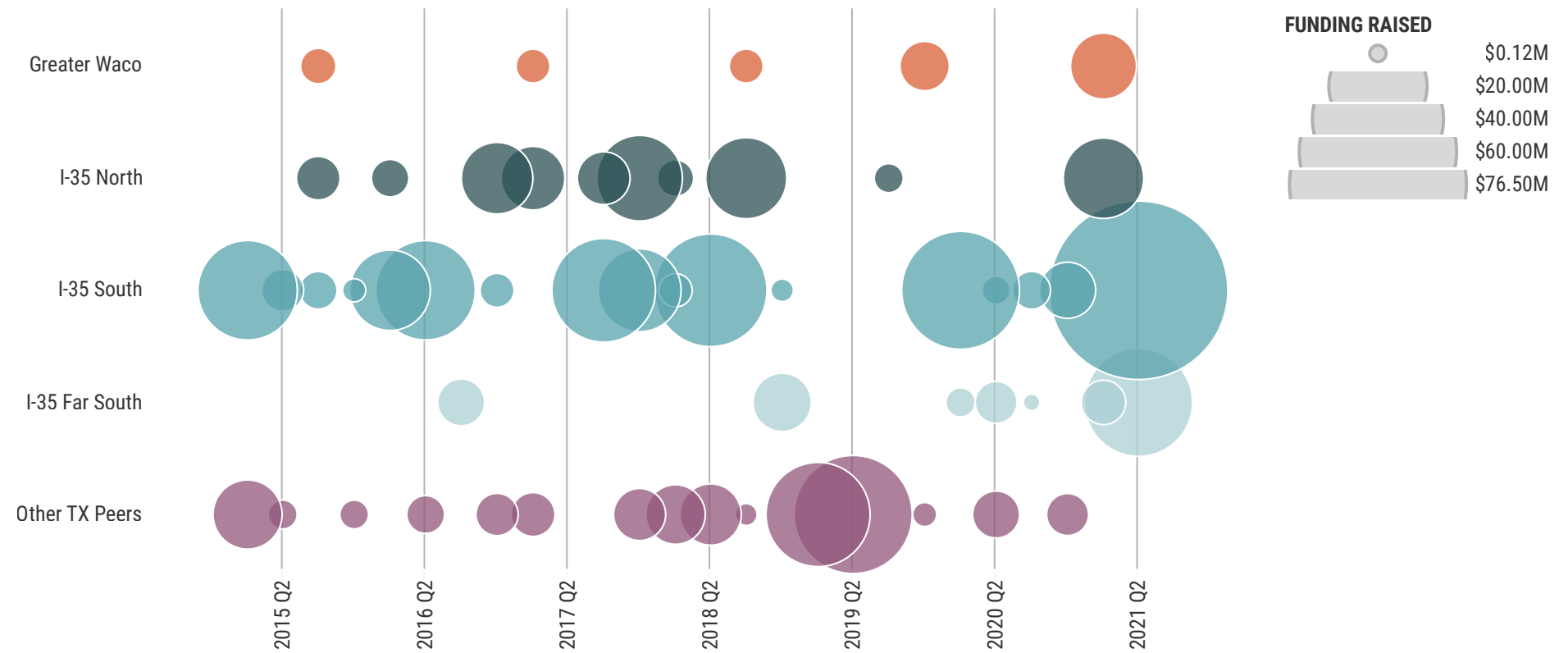
Waco has a diverse industry base.

Waco’s top three sectors by employment are education, healthcare, and manufacturing. Healthcare and manufacturing jobs have grown modestly since 2000 with 15 percent and 7 percent increases, respectively. Education sector employment, however, has risen by 70 percent over the same period, which is more than twice the growth experienced by the state and more than four times the increase observed at the national level. Employment in professional services has also realized an upsurge of 102 percent more jobs in the same timeframe. (See Figure 9, page 25.)

Venture capital for Waco entrepreneurs is limited.

The Greater Waco area received \$13.6 million in venture capital from 2015 through 2021. Of that total, three companies headquartered in the City were recipients of approximately \$7.5 million: Hobbs Bonded Fibers (\$4.3 million), 6P Color (\$2.3 million) and Time Manufacturing Company (\$1 million). Of its peers that have secured venture capital, Waco is most comparable to Bryan, which had \$10 million of incoming investment, but far underperformed when compared to College Station (\$39 million) and Tyler (\$30 million) during the same period.

FIGURE 10. TEXAS VENTURE CAPITAL DESTINATIONS
VENTURE FUNDING BY LOCATION OF TEXAS RECIPIENT COMPANY



Source(s): Crunchbase; TIP Strategies, Inc.

Note(s): Circle sizes represent amount of funding announced in a given quarter. Circle color represents the regional group where the recipient company is headquartered. Only active funded companies as of September 2021 are included. Crunchbase is a crowdsourced dataset. All analysis should be interpreted with these limitations in mind.

APPENDICES



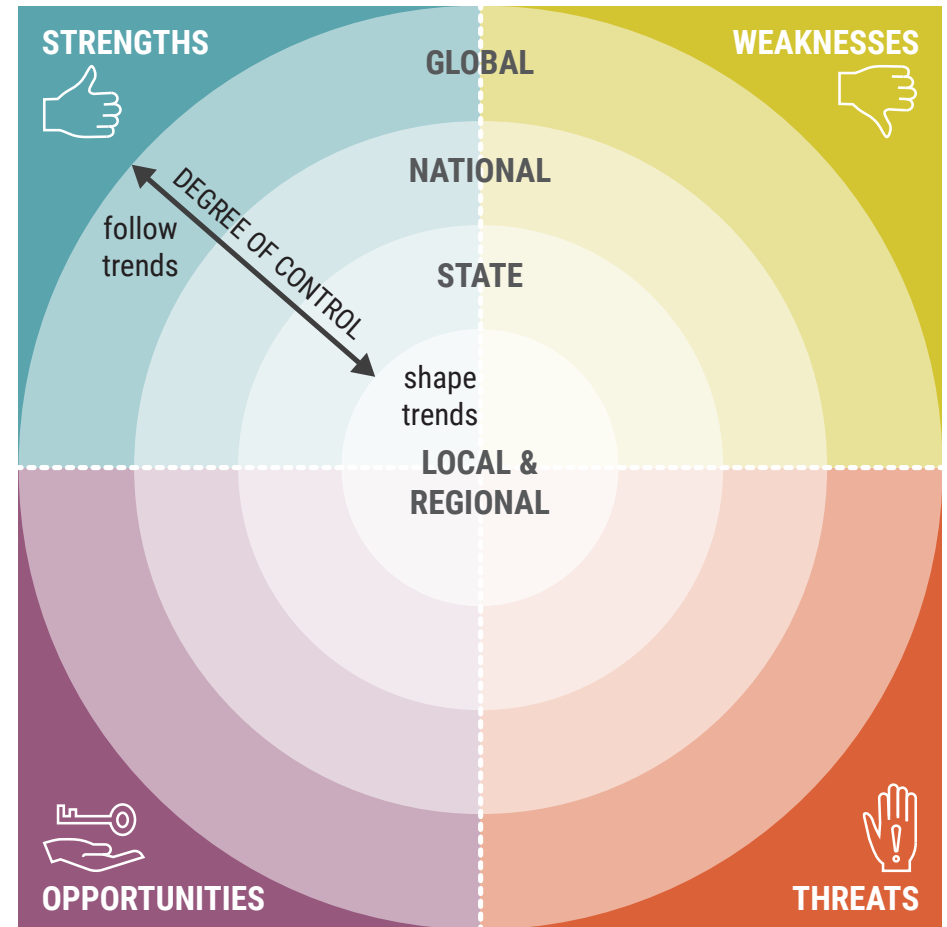
APPENDIX A. SWOT ANALYSIS

During the Discovery phase of the project, the consulting team gathered qualitative input from stakeholders in Waco concerning local economic development issues. In addition, TIP conducted quantitative data analyses to understand Waco's competitive position in the region. The results of these efforts informed the following strengths, weaknesses, opportunities, and threats (SWOT) analysis.

The four components of a SWOT analysis can be defined as follows.

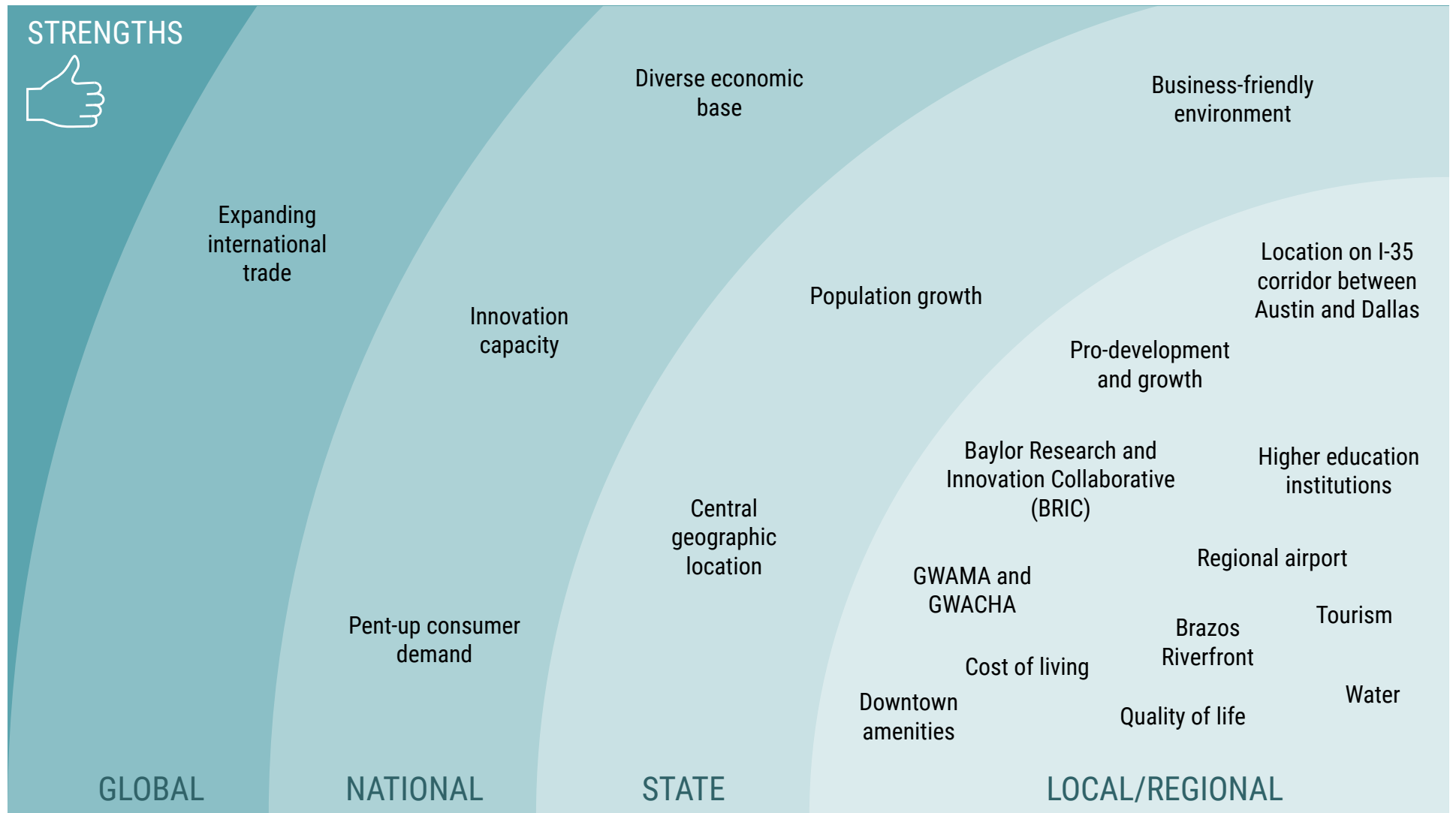
- ▶ **Strengths:** Assets and resources that can be built on to grow, strengthen, and diversify the local/regional economy.
- ▶ **Weaknesses:** Liabilities and barriers to economic development that could limit economic growth potential.
- ▶ **Opportunities:** Competitive advantages and positive trends that hold significant potential for the attraction of new businesses, investments, and skilled workers.
- ▶ **Threats:** Unfavorable factors and trends (often external) that could negatively affect the local/regional economy.

FIGURE 11. SWOT OVERVIEW



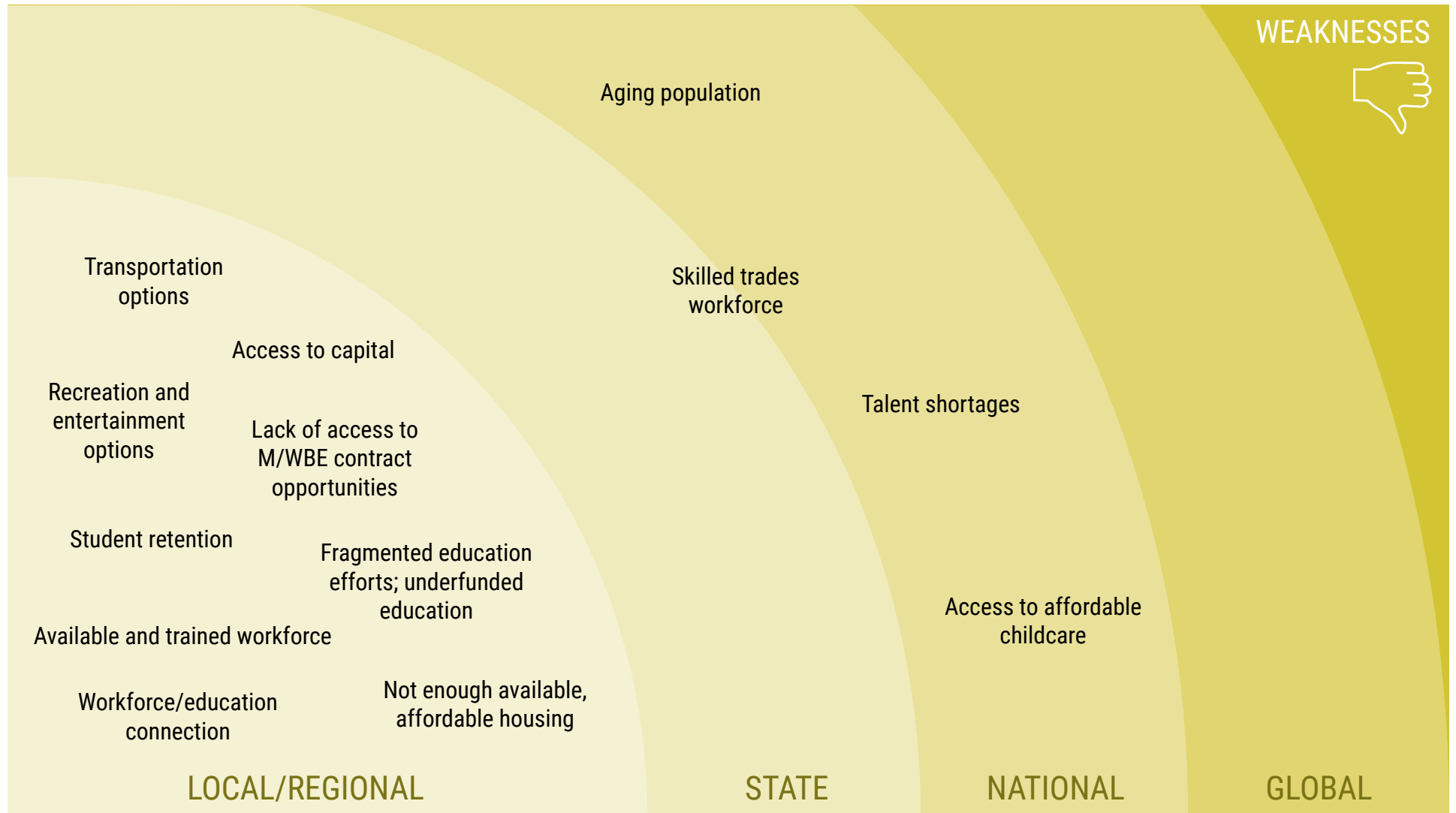
Source(s): TIP Strategies, Inc.

FIGURE 12. CITY OF WACO STRENGTHS



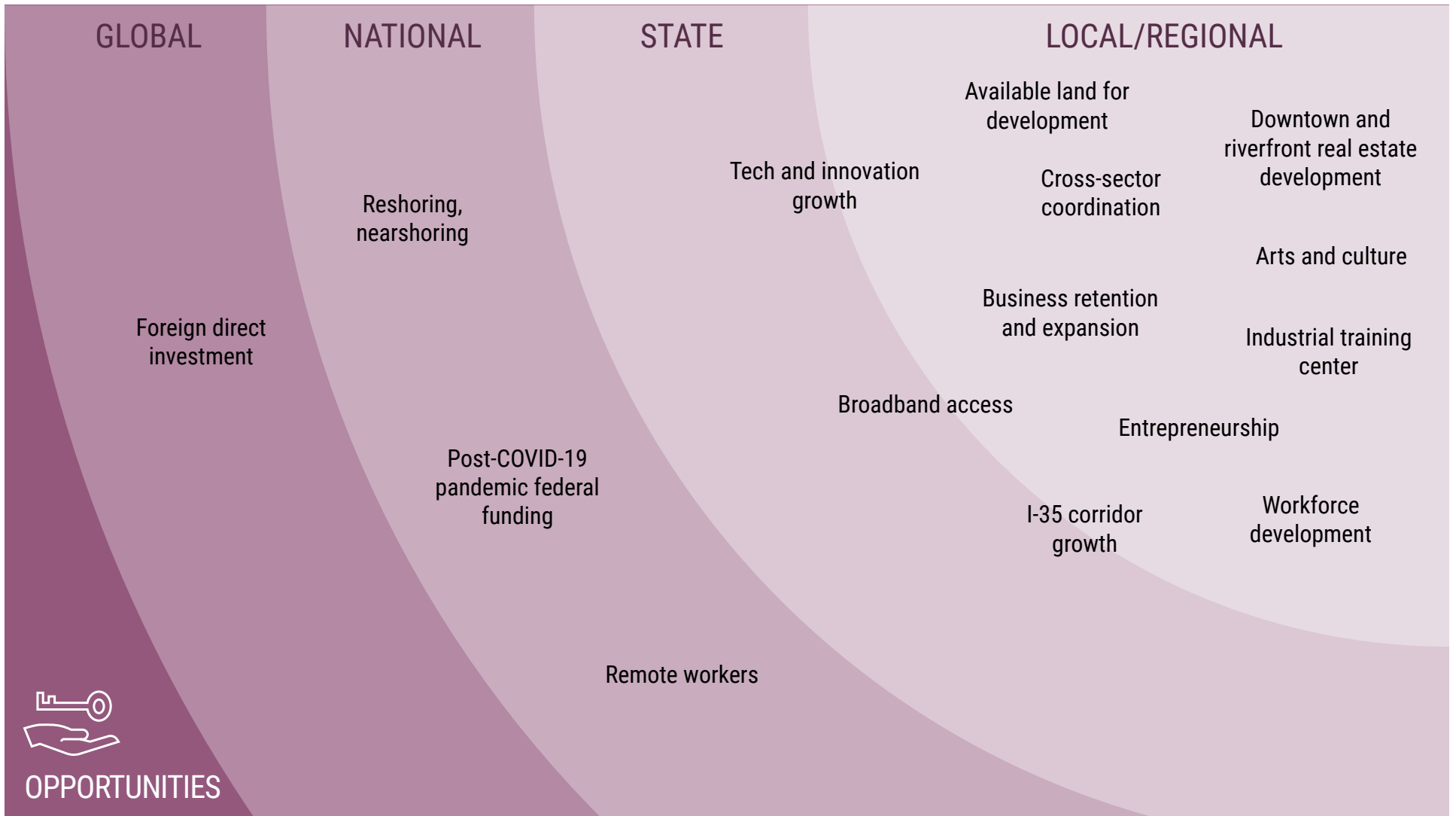
Source(s): TIP Strategies, Inc.

FIGURE 13. CITY OF WACO WEAKNESSES



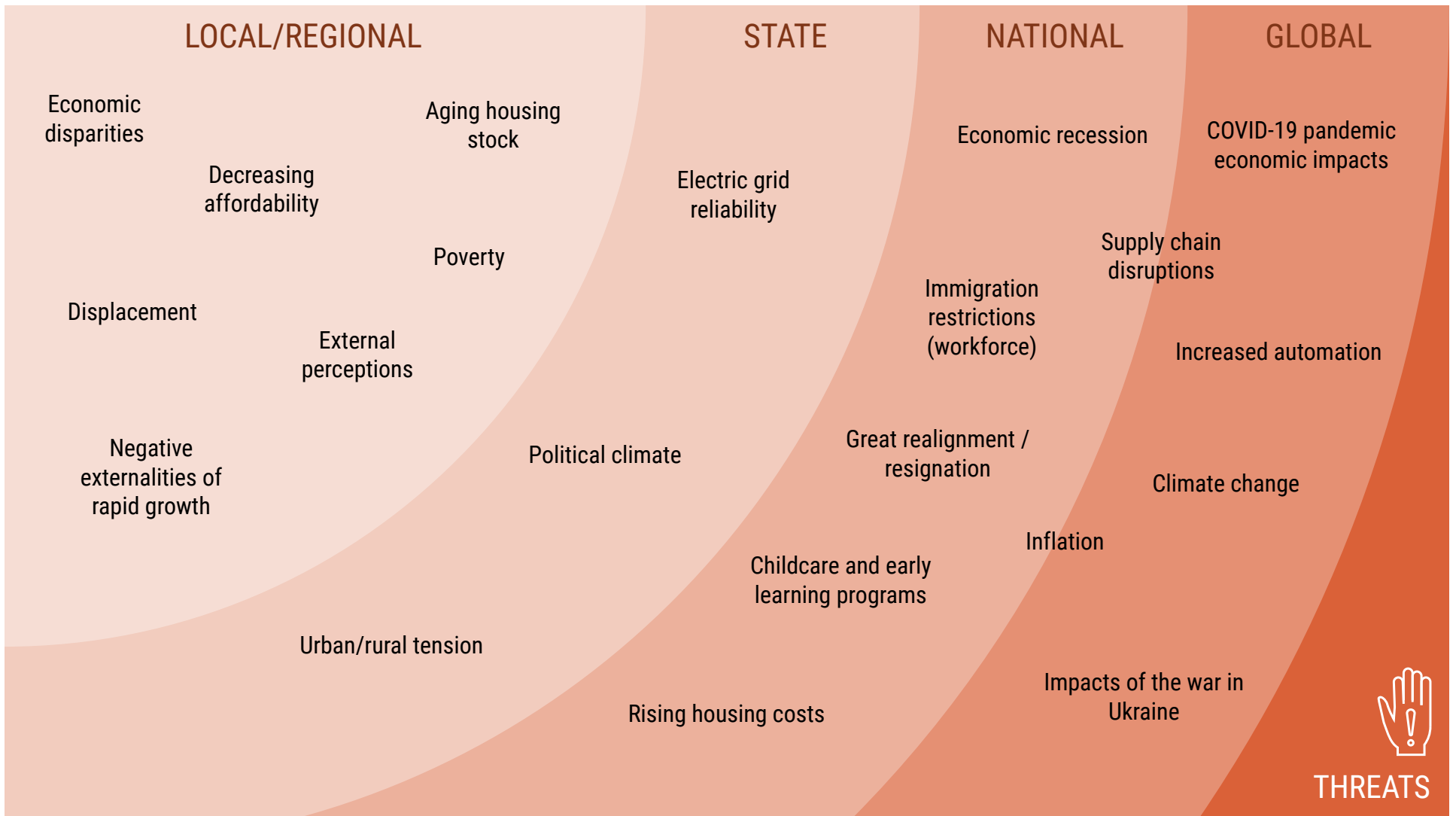
Source(s): TIP Strategies, Inc.

FIGURE 14. CITY OF WACO OPPORTUNITIES



Source(s): TIP Strategies, Inc.

FIGURE 15. CITY OF WACO THREATS



Source(s): TIP Strategies, Inc.

APPENDIX B. STRATEGIC GROWTH AREAS

FRAMEWORK



METHODOLOGY

The accepted framework for target industry analysis has traditionally relied on historical patterns of industry growth and concentration. But such methods tell us little about local workforce capacity and general preparedness for prospective investors, especially in the modern era when technology and industry definitions are fluid and rapidly evolving.

TIP's methodology is more responsive to today's workforce environment. We use job postings to reframe our understanding of target industries from the employer's perspective rather than simply through the lens of historical government statistics. We begin with a short list of aspirational or representative employers in the desired sector. Next, we analyze their collective US job postings from the most recent 12-month period. This is different from using an industry-occupation staffing matrix, which can be dated and somewhat opaque as to where hiring demands are tightest. Carefully selected samples of recent job postings allow us to identify an aspirational target's most sought-after occupations and specialized skills in (near) real-time. Using interactive "what if" tools, we then analyze the local region's workforce readiness for targeted investments. This approach is devised to prompt strategic questions about the alignment of the region's talent pipeline with the current needs of employers.

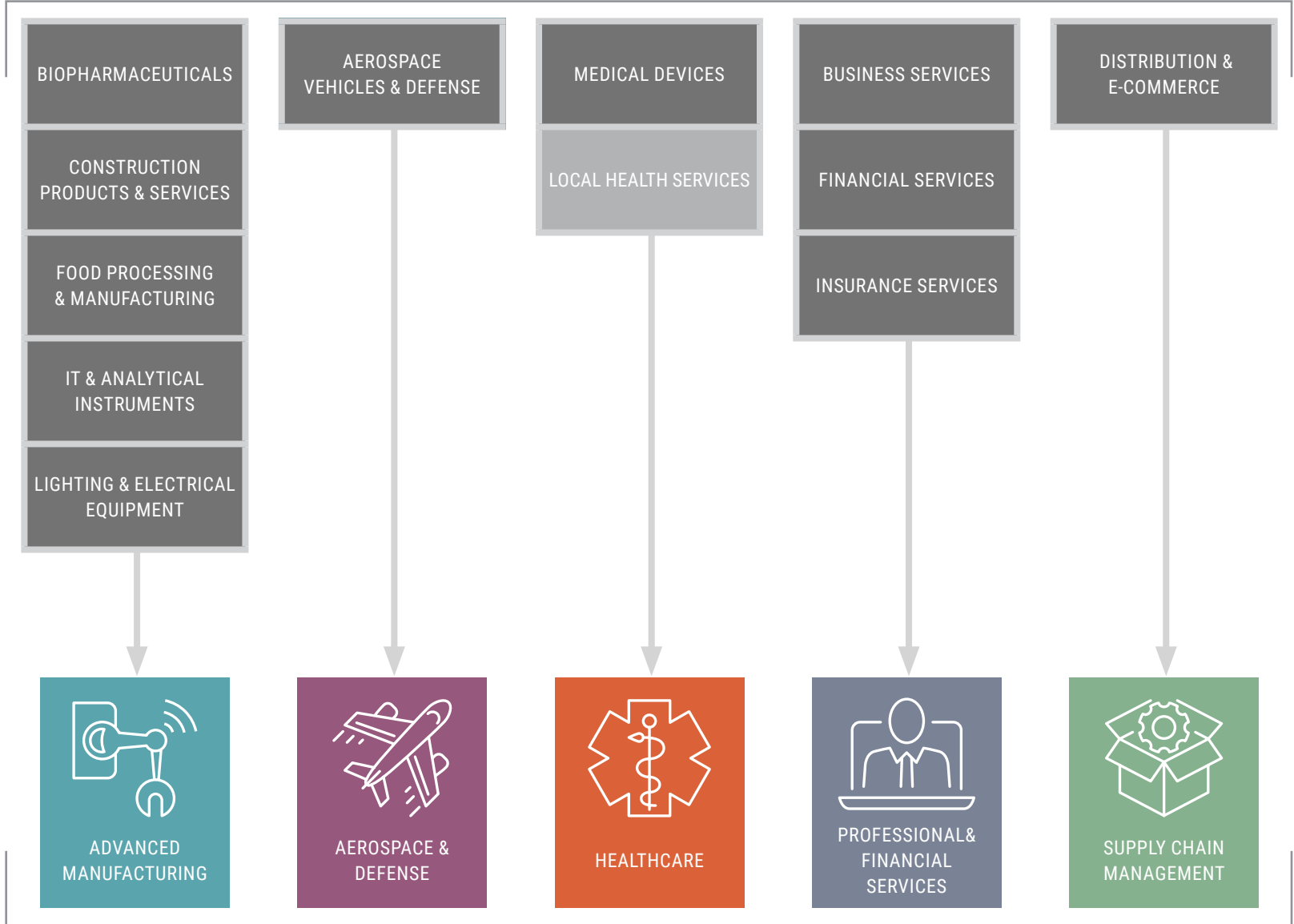
Using an equity lens, TIP's analysis also documents patterns of occupational participation by race, ethnicity, gender, and age. Living wage thresholds are also considered for a mix of family household situations. This approach equips the local region with the information they need to plan for an inclusive, target-ready workforce.

Source(s): US Economic Development Administration; Institute for Strategy and Competitiveness at Harvard Business School; TIP Strategies, Inc.

Note(s): The cluster methodology developed at Harvard Business School has been adjusted by TIP to align with the six-digit North American Industrial Classification System (NAICS) classifications used by Emsi Burning Glass.

THE TARGETS

TRADED and LOCAL clusters and subclusters emerge from the analysis...



...to provide a foundation for **TARGET SECTORS**

Source(s): US Economic Development Administration; Institute for Strategy and Competitiveness at Harvard Business School; TIP Strategies, Inc.
 Note(s): The cluster methodology developed at Harvard Business School has been adjusted by TIP to align with the six-digit North American Industrial Classification System (NAICS) classifications used by Emsi Burning Glass.



TIP Strategies, Inc.
13492 N Hwy 183, Suite 120-254
Austin, TX 78750

www.tipstrategies.com

+1 512 3439113

contact@tipstrategies.com

