

INTRODUCTION

Economic development is a complex process vital to a community's pursuit of greater prosperity. Additionally, economic development is the primary means available to a community for maximizing its quality of life. Successful community development is a significant result of a well executed economic development process that is given high priority by local leadership, and supported by residents. Moreover, economic development generates the local revenues that pay for public improvements and facilities. The economic success of Lucas should be of concern and interest to all residents.

The minimum purpose of economic development planning for Lucas should be to increase the local labor force and population by providing increased employment opportunities in amounts which are equal to the rate of increased employment in the whole of the United States. Only when the City realizes this goal will it be assured of participating in the increased general well being of the nation.

Many aspects of local development and demographic trends have a significant influence on Lucas's economic potential. State, national, and international economics also influence the regional and local economic potential and contribute to the underlying assumptions for conducting regional and local economic analysis.

Additional Resources

The Texas State Comptroller's Office has published a regional outlook for the North Central Texas area titled "North Central Texas Regional Forecast". This report reflects current economic and employment data for all counties in this region. The publication states that the area should experience an annual growth rate of 1.7 percent which is higher than that expected for the rest of the state (see Appendix 5.1).

DEVELOPMENT CHARACTERISTICS AND POLICIES

Regional Context

Lucas, with a current population of 4,270 persons, contains a total land area of approximately

7,505.84 acres. An additional 4,098.13 acres is located within the extra-territorial jurisdiction. The city's location in Collin County places it on the northeastern edge of the Dallas/Fort Worth Metroplex, convenient to most major employment centers.

An important location factor from a regional context is Lucas' proximity to US Highway 75 which extends north/south through the central portion of Collin County and is approximately five miles west of Lucas. This highway serves as a major trade corridor, accommodating traffic volumes of over 80,000 vehicles per day while also serving as a major attraction for business location. There are also state highways and a network of farm-to-market (F.M.) and county roads in the area which serve to connect adjacent cities and outlying service areas to residents and businesses in the Lucas area.

Travel patterns indicate that Lucas' residents maintain a strong relationship with regional employment centers. The 2000 U.S. Census indicated that 41.6 percent of the 1,424 workers who reside in Lucas travel to employment centers outside of the county. This represents a significant segment of the local population who choose to live in a quality rural-type environment while commuting to work. In fact, the average travel time for all workers in Lucas is 32.9 minutes which indicates that a sizeable portion of the working population commute to locations outside the immediate area for locations in the greater Dallas/Fort Worth Metroplex. Clearly, Lucas' location outside the pressures and restrictions of intense urban life, combined with its convenient location relative to local and regional economic centers, makes the City a stable community capable of providing a good, small town quality of life and a healthy environment for raising a family. Lucas' friendly, small town attributes should be an important factor in maintaining the city's desirability as a premiere residential location.

Physical Growth Patterns

Lucas' initial impetus for growth was to accommodate agricultural activities. As the regional economy expanded, along with a system of good highways, the development of the community became less dependent upon local influences. Housing became the primary land use and Lucas began to develop as an upscale, low-density "bedroom community". The absence of a community

sanitary sewer system will keep residential densities very low, generally above one acre to meet county requirements. An indirect benefit of this situation is that, because of the decreasing availability of large building lots in scenic areas which are close-in to major employment centers, property values in Lucas should continue to increase.

The Future Land Use Plan depicts future land development characteristics for Lucas. It is anticipated that, in response to current and future anticipated market demand, most land within Lucas which is presently identified as vacant and agriculture will develop into primarily lower density single-family uses. The resultant service economy's response will be to see limited commercial growth on peripheral areas of the city.

The majority of existing commercial establishments in Lucas consist of small retail centers catering generally to local trade. Larger, regional retail developments have tended to locate in adjacent, larger communities such as Allen, Plano and McKinney. Because Lucas foresees itself in the future as a community of primarily low density, residential uses, there is minimal concern regarding major expansion of the local economic base. Rather, the city will focus on appropriate, smaller-scale commercial development which will generate a desirable level of sales tax revenues while effectively serving the local population base.

Local Regulations and Development Policies

The local regulations which could have the greatest potential to impact economic development are reflected in the City's subdivision and zoning ordinances. Both ordinances must effectively direct development activities in a manner which both reflects local goals and objectives while recognizing realistic development standards. These regulations are not intended to discourage growth but rather to ensure that any new development provides for quality facilities and services. The controlling effect of the subdivision and zoning ordinances may appear to have a tendency to discourage growth since many developers may not desire to spend the necessary funds to construct a development to higher standards. However, this should not be viewed as a policy that inhibits economic development but, rather, ensures quality development.

ECONOMIC BASE STUDY

Existing Business Activity

As detailed on Table 5.1, there were a total of 26 businesses in Lucas in 1997. Most business activities in Lucas are concentrated in the administrative and retail trade sectors.

TABLE 5.1
CITY OF LUCAS
BUSINESS ACTIVITY

SECTOR	NUMBER OF ESTABLISHMENTS
Professional	3
Real Estate	2
Wholesale Trade	3
Administrative, Education	6
Retail Trade	6
Other	5
TOTAL	26

Source: 1997 Special Economic US Census Report

Tax Allocations

As shown in Table 5.3, total annual sales tax revenues for most cities in Collin County have increased over the past two years. For Lucas, however, there was a decrease in receipts. Although the probability for large-scale retail sales activity is low, Lucas should focus instead on attracting a few businesses which can serve the local population while generating tax revenues. With a population increase of almost 30 percent since 2000, Lucas should attempt to pace sales tax revenues with its population growth.

TABLE 5.3
TOTAL SALES TAX RECEIPTS
2002 through 2003

TAXING ENTITY	2002	2003	PERCENT CHANGE
City of Allen	13,091,021	13,553,927	3.5%
City of Fairview	113,192	113,872	0.6%
City of Frisco	19,156,053	22,388,246	16.9%
City of Lucas	98,647	91,888	- 7.4%
City of Lavon	19,314	27,595	42.9%
City of McKinney	14,365,247	15,484,999	7.8%
City of Murphy	389,838	387,580	- 0.58%
City of Plano	45,309,249	46,876,866	3.46%
City of Princeton	280,729	323,961	15.4%
City of Wylie	1,948,714	2,056,946	5.6%

Source: Texas Comptroller of Public Accounts

Utility & Communication Services

Water services are provided to the residents and businesses by the City of Lucas and are generally available to most areas. Details regarding the water system are contained in the Water Plan which is a part of this planning project. Of interest here, are the rates for water services. Residential rates for water start at \$35.38 for 5,000 gallons.

Solid waste disposal in the City of Lucas is offered by Barnes Waste Disposal. A range of services for commercial and industrial trash disposal are offered with prices starting at \$15 per month. The telephone service for Lucas is provided by Verizon/SWB. Phone service is available to all areas. Electrical distribution is provided by TXU and Grayson/Collin Electric. Natural gas, supplied by CoServe, is available throughout the city.

Labor Force Characteristics

The skill level associated with a particular occupation relates primarily to the required practical experience or training/education which is attained. Training usually involves extensive on-the-job

training and a high level of applied technical expertise. Occupations with **high skill levels** often require much expertise, more than a year of work experience and have high requirements for entry. **Moderate skill level** occupations have entry level requirements that might include on-the-job training and at least several months work experience before skills are mastered. **Lower skill occupations** include those that require little or no prior experience before the employee masters the job requirements. The second criteria pertains to educational requirements for the particular occupation. This may include college, technical school or apprenticeships. Occupations with high educational entry requirements usually require at least one college degree. Moderate educational requirements usually require a high school diploma and might require an Associate Degree from a two-year college, technical college training , or other specialized course work. Finally, those occupations with low educational requirements generally do not require completion of high school.

Based upon data contained in the 2000 Census, Lucas’s workforce was 1,443 persons. The unemployment rate for Collin County stood at 7.4 percent, as of June 2003. This is slightly lower compared to 7.6 percent for the North Central Texas area but its higher than the entire State which stood at 6.4 percent during the same period.

TABLE 5.4
CITY OF LUCAS
EMPLOYMENT BY OCCUPATION

ACTIVITY	SKILL LEVEL	NUMBER	PERCENT
Managerial & Professional	Higher	892	61.8%
Sales, & Admin. Support	Higher/Moderate	382	26.5%
Services	Higher/Moderate	118	8.2%
Transportation and production	Moderate/Lower	51	3.5%

Source: 2000 Census

As can be seen for Lucas, the majority of all workers living in Lucas tend to be employed in occupations which require a higher or higher/moderate skill level.

Industrial Sites

There is presently only one industrial related development in Lucas - a rock quarry along Blondy

Jhune Road. The high land costs in the area, compared to the Dallas/Fort Worth Metroplex, the absence of a community sanitary sewer system and the emphasis on Lucas remaining primarily a low density residential community, are factors which make future industrial development in Lucas very unlikely. The proximity of Lucas to major employment centers makes the issue of local job creation less important. Residential development is and will continue to be the most dominant land use, along with some minor ancillary development.

Commercial Sites

Lucas presently has a total of 95.13 acres of commercial development, most of which is commercially oriented rather than retail oriented. Commercial development is scattered throughout the community. Most future commercial sites will be located on the periphery of the city to minimize intrusive traffic volumes on interior neighborhoods. Details are provided in the Land Use Section of the Community Development Plan.

Transportation and Accessibility

The City of Lucas is served by a roadway system including Farm to Market Roads, local streets, and county roads. For an analysis of the street conditions refer to the Street Chapter of this plan. Major roadways in Lucas serve as an important thoroughfare linkage for residents departing to and from work destinations outside the City. With some point enhancements at certain intersections, the transportation system generally appears to be capable of accommodating anticipated population growth for the foreseeable future.

BARRIER ANALYSIS

A "barrier analysis" is an analytical method used to identify the specific economic development factors that can hinder or restrict growth, as well as to identify economic development potential. The factors used examined cost and operating conditions. The information used for each factor was obtained from various statistical data sources, consultation with City officials and site visits. Factors for Lucas were compared to comparable factors for the North Central Texas region and for the state. A rating of BETTER, SIMILAR or NOT AS GOOD was then assigned for each of the factors examined to determine how Lucas compared to the region and state. A description of the scoring factors used in the barrier analysis is detailed below:

BARRIER ANALYSIS EVALUATION FACTORS

<i>COST FACTORS</i>	<i>DESCRIPTION</i>
Wages	Average weekly income
Electricity Rates	Industrial electric rates per 1000 kwh
Natural Gas Rates	Cost for natural gas per six thousand (M) cubic feet
Water and Sewer Rates	Municipal water and sewer rates for commercial use
Land	Average cost of undeveloped land per acre
Property Taxes	Local property tax per \$100 valuation
<i>OPERATING CONDITION FACTORS</i>	<i>DESCRIPTION</i>
Unskilled Labor	Percentage of total workforce
Skilled Labor	Percentage of total workforce
Local Development Regulations	Ordinances and codes which inhibit development
Electric Power	Accessibility of electric power
Water and Sewer Availability	Availability of potable water and sewer services
Gas Availability	Availability of natural gas
Quality Housing Supply	Adequate supply of decent housing to meet demand
College and Vocational Education	Proximity to higher education or vo-tech training within 50 miles
School Facilities	Quality of local educational facilities

Tables 5.6 and 5.7 utilize these evaluation factors to determine how Lucas compares with the North Central Texas region and Texas.

BARRIER ANALYSIS - COST FACTORS

RATES FOR LUCAS	<i>COMPARED TO</i> NORTH CENTRAL TEXAS AVERAGE RATE	<i>COMPARED TO</i> TEXAS AVERAGE RATE
Wages: \$782 weekly (lower wages means reduced business costs)	Better - \$809	Not as Good - \$686
Electricity Rates: \$95 /1000 kwh	Similar - \$100	Better - \$130
Natural Gas Rates: \$95 /6 MCF	Similar - \$100	Better - \$85
Water Rates: \$52 for 10,000 gallons	Not as Good - \$28	Not as Good - \$29
Land Cost: \$25,000/acre	Similar - \$24,000	Not as Good - \$10,000
Property Taxes for \$250,000 residence: \$5,788	Better - \$6,250	Better - \$6,250

Source: Texas Workforce Commission; Texas Comptroller; Texas Municipal League; Texas Public Utility Commission

TABLE 5.7

BARRIER ANALYSIS - OPERATING CONDITION FACTORS

RATES FOR LUCAS	COMPARED TO NORTH CENTRAL TEXAS AVERAGE RATE	COMPARED TO TEXAS AVERAGE RATE
Unskilled Labor Supply: - 5% under skilled	Better - - 20% under skilled	Better - 38% under skilled
Skilled Labor Supply: 90% skilled	Better - 80% skilled	Better - 62% skilled
Local Development Regulations: Both zoning and subdivision regulations in place	Similar - Zoning and Subdivision	Similar - Zoning and Subdivision
Electric Power: 100% coverage	Similar - Near 100% coverage	Similar - Near 100% coverage
Water and Sewer Availability: 100% water availability; no sewer	Not as Good - Near 100% availability for both water and sewer	Not as Good - Near 90% availability for both water and sewer
Gas Availability: 100% availability	Better - Near 90% availability	Better - Near 80% availability
Quality Housing Supply: Shortage of adequate housing	Not as Good - Higher inventory of housing	Not as Good - Higher inventory of housing
College/Vocational Schools: Nearby	Similar - Nearby	Not as Good - Some areas without convenient access
School Facilities: Good schools available	Similar - Good schools available	Better - Adequate schools available

SOURCE: TFGA, INC.

Community Assessment

It is important to note that not all factors included in the barrier analysis are easily quantifiable. Rather, they are relative measures based upon a general perception and generalized assumptions. However, several conclusions, observations and related policy issues become apparent after reviewing the findings contained in the barrier analysis:

- 1) *The local property tax rate is lower than the regional or state averages.*

- 2) *Water rates are higher than the region or state.*
- 3) *Skilled labor represents a high percentage of the Lucas work force.*
- 4) *There is good commercial land availability along FM 2551.*
- 5) *Lucas has vacant land for additional housing.*
- 6) *Sewer service is not available except for peripheral areas.*
- 7) *Land prices are higher than region or state average.*
- 8) *There appears to be a shortage of housing.*

There are some obvious policy issues associated with the conclusion and observations listed above. However, it is important for Lucas to realize its potentials and liabilities in terms of future economic development. Because of its location, Lucas has more potential for developing out as a quality residential area than it does in becoming a significant economic center. While it is important for Lucas to develop some commercial areas to meet the needs of residents, it is equally important to avoid those economic activities which may extract more from the community than they contribute.

It is important that Lucas not become dependent solely upon ad valorem taxes as the only revenue source for local government operations. While it is possible to operate primarily upon property taxes, doing so may require undesirable constraints on future spending. A healthy mix of ad valorem and sales tax revenue is where Lucas should be headed. As a means of determining what specific types of commercial activities might generate the most tax revenues, a review of recent Texas State Comptroller records by business type for various communities was completed. The results are show in Table 5.8.

TABLE 5.8

**AVERAGE SALES TAX REVENUES GENERATED
BY BUSINESS TYPE**

BUSINESS TYPE	AVERAGE TAX REVENUES
General Automotive Repair	\$2,725
Hardware Store	\$2,780
Plant Nursery	\$6,180
Grocery Store	\$23,240
Convenience Store	\$6,360
Beauty Shop	\$600
Service Station	\$4,980
Laundry/Dry Cleaners	\$1,456
Furniture Store	\$17,680
Miscellaneous Home Furnishings	\$9,520
Restaurant	\$6,640
Restaurant serving beer/wine	\$10,600
Drug Store	\$6,580
Liquor Store	\$12,800
Sporting Goods Store	\$8,180
Book Store	\$8,440
Jewelry Store	\$3,400
Florist	\$2,040

Source: Texas Comptroller's Office; 3rd Quarter 2003

Although the above table reflects a variety of sizes for each business category, the data can help in determining generally what type of businesses might generate the most tax revenues with the least probable impact on the community and city services. For example, a convenience store which is located in a peripheral location of the city on a major thoroughfare would provide a substantial source of sales tax revenues while having a minimal traffic impact on neighborhoods. There are other uses also shown which generate substantial tax revenues but may or may not be suitable for locations in Lucas. Obviously, any decision regarding business location will come from

the business owner and his or her willingness to invest in a particular site. However, the city's development environment as conveyed through its development codes will also have a major impact on where and what type of business activity takes place.

ECONOMIC DEVELOPMENT PLAN

Economic development in Lucas should have two major thrusts: (1) maintaining an appropriate housing stock and (2) attracting new and appropriate businesses. Successful implementation of this economic development plan will require building the local interest needed to provide the political support. The City, with County and State resources which might be available, should work to implement the economic development goals and strategies suggested. Consensus-building is a difficult process, because the goals of the individual local interest groups may vary. However, the key participants must work out a program which all or most of them can support.

Housing Supply

The demand for safe and decent housing will continue to grow in Lucas. As the population grows and the city's economic base gradually expands, there will be a corresponding increase in the demand for housing. According to findings contained in the Housing Plan, a total of 2,315 housing units will be needed by 2025, or 891 more units than currently exists. The present supply of housing must also be maintained to prevent a rise in the number of dilapidated housing units. For the housing supply to increase, there needs to be a joint effort by all those involved in the housing industry. This includes lenders, real estate brokers and builders/developers. If a clearly defined goal is set of increasing the future housing supply to meet demand, efforts can be combined. Lucas should focus on quality housing to ensure that values are maintained and the city continues as a very desirable place to live.

Attracting New Businesses

Attracting appropriate new businesses to Lucas will increase tax revenues and relieve the tax burden, somewhat, from home owners. Smaller businesses with generally less than 20 employees, would be ideal because this size of business would not overwhelm the local infrastructure. These smaller business establishments typically are not as heavily recruited by the larger cities where the lobbying efforts would far exceed those available locally. A restaurant on Lake Lavon, taking

advantage of the special location, might be a good choice. There is land available in Lucas, good accessibility and these types of retail establishments typically generate a substantial amount of sales tax revenues. The city of Lucas is in a good location to “intercept” highway traffic along Lucas Road as it crosses the lake and before it reaches Allen.

The following economic development goals and implementation strategies, for implementation over the next five years of the planning period, are recommended based on an analysis of local economic history and regional influences, other study efforts, an inventory of the economic base, barrier analysis, community assessment, the regulatory environment, the directions given by the City and the other sections of the Community Development Plan.

GOAL: Organize the community to begin work in implementing the various elements of this economic development plan.

Objectives:

1. Adopt this Economic Development Plan and use it as the basis for directing the economic development effort of Lucas.
2. Determine the specific roles of key community organizations and clearly establish who will take the lead in promoting the city.
3. Establish a citizen committee to consider possible festival events to attract people to the city such as antiques and crafts and promote various events.

GOAL 2: Improve the infrastructure and quality of life to support growth in the tax base.

Objectives:

1. Make improvements identified in the Water Plan.
2. Adopt and implement the capital improvement program.
3. As deemed necessary, sell revenue bonds for infrastructure construction.

GOAL 3: Attract desirable businesses into Lucas.

Objectives:

1. Design incentive packages aimed at attracting the targeted businesses.
2. Market the city to fast food outlets and convenience stores through a regional economic

development organization.

Financing Economic Development

Establishing a local economic development corporation using a portion of sales tax revenue to finance economic development is an option. Many cities initiate the 3A and/or 3B sales tax, the proceeds of which are used exclusively for economic development related projects. Although this adds another one percent to sales taxes, the funds realized could be used for various infrastructure improvements (roads, water services, etc.).

In addition to the use of economic development sales tax revenue, there is also the Texas Capital Fund administered through the Texas Department of Agriculture. This economic development program is designed to provide financial resources to communities for real estate development 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 located in non-entitlement communities. Funds can also be used for public infrastructure to assist a business which commits to create and/or retain permanent jobs.