

D BUSINESS

Industrial evolution in Ennis

City started with investment in rail yard during early days.

With its location and economic incentives, Ennis is attracting big warehouses and manufacturers.

By **STEVE BROWN** / Real Estate Editor / The Dallas Morning News
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Steve Brown / DMN

Ennis has added 1,351 industrial jobs and \$343 million in investment in the last four years, the city says.

ENNIS – From Bubba's Barbeque on the interstate to Dottie's Variety Store downtown, Ennis is buzzing about the upcoming Autumn Days festival.

There will be a fish fry, an arts and crafts show and trout fishing for the kids.

So you can understand why this week's groundbreaking for a manufacturing plant may not be the talk of the town.

Construction starts are becoming commonplace in this Ellis County town 35 miles south of Dallas.

Koyo Steering Systems, the U.S. subsidiary of a Japanese conglomerate, is building the \$30 million factory to make auto parts just south of town. The company looked at more than a dozen locations in several states.

Last summer, the groundbreaking was for drugstore giant CVS Pharmacy, which now has a \$40 million distribution center just west of Interstate 45.

CVS is across the street from an even bigger warehouse for Sterilite Corp., which sells millions of products such as plastic trash cans and laundry baskets each year to retailers including Wal-Mart, Target and Walgreens. The Sterilite plant opened in 1999.

"In the last four years, we've attracted about \$343 million in industrial investment and generated about 1,351 new jobs," said city manager Steve Howerton. "Success begets success."

Like the railroads more than a century ago, national companies are attracted to Ennis because of its proximity to Dallas, Fort Worth, Austin and Houston.

Ennis also uses millions of dollars in economic incentives to lure big companies.

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Koyo Steering, for instance, will get benefits valued at more \$6.2 million. In return, the company promises an annual payroll of more than \$7 million.

"They will start with 200 workers, but ultimately that could be our largest employer," Mr. Howerton said. "Right now, we have 62 industrial businesses that employ about 5,300 industrial workers.

"We have one of the best incentive programs for an industry to locate in an area," he said. "That includes very generous tax abatements."

Those giveaways and a can-do attitude give Ennis an edge in attracting industrial employers.

"They've landed some big deals," said Terry Darrow, president of Dallas industrial builder Argent Properties. "It's a good location and close to Dallas, yet you can live in a community with affordable housing and a good lifestyle.

"The labor force in these communities is very reliable and doesn't migrate," he said. "And they can provide land at no or very little cost and abate taxes."

In its earliest days, Ennis residents gave \$25,000 and 90 acres of land and built a 43-acre lake to get the Texas & New Orleans Railroad to build a yard, roundhouse and industrial buildings just north of downtown.

That investment paid off for decades.

"At the peak [sometime in the late 1940s or early 1950s], a thousand people worked there," said Bill Martz, who gives tours at the Ennis Railroad Museum.

Now the city's biggest employers include Sterilite (900), CVS (225) and home improvement retailer Lowe's 51-person distribution center.

"We're trying to be as diverse as we can in our employment," Mr. Howerton said. "We've been very lucky."

Lean and mean

It's more work than luck, the companies say.

Michael Bowers, who scouted sites for Koyo Steering, said many small cities lack the resources and experience to effectively compete for deals.

The team that makes Ennis' presentations – Mr. Howerton, economic development coordinator Lee McCleary and Mayor Russell Thomas – is lean and mean.

"Ennis distinguished itself in their preparedness," said Mr. Bowers, president of Koyo's Tennessee plant and Texas operation, which will provide parts for the plant that Toyota Motor Co. is opening in San Antonio. "They knew they had a great product to sell, and they knew how to sell it.

"They had already anticipated our needs in terms of data we wanted."

Ennis had a site with streets and utilities in place.

"Going into a community with an established industrial base was important," Mr. Bowers said. "We didn't want the risk of being the first company going into a pastureland."

Ennis owns the 480-acre industrial park near I-45 and U.S. Highway 287, and is adding 80 acres to the project.

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"We've invested \$13 million in the park," Mr. Howerton said. "We have received in return about \$280 million in [corporate] investment, and we have seen the creation of about 1,300 new jobs."

On the upswing

While many small Texas cities are in decline, Ennis' historic downtown is bustling with shops and restaurants. A 250-unit apartment complex that opened about two years ago is almost fully leased.

There are plans for 160 more apartments, and about 700 single-family homes are in the construction pipeline.

The city has grown from 16,000 in 2000 to 18,300, Mr. Howerton said.

"We are averaging about 600 people a year," he said. "We are seeing a nice, stable growth rate and are able to stay ahead of it with services."

That's important to employers, said Ernest Veale, senior vice president of sales and marketing for Florida construction services firm Stellar Group, which represented CVS when it picked Ennis for its distribution center.

"How the community handles transportation, hospitals, education – things such as that – is important," Mr. Veale said.

Ennis' economic incentives were a factor but didn't clinch the deal.

"There was a purchase price that was very competitive and some incentives associated with the land," he said. "But all the other stuff the community offered was important, too."

Increasingly, big warehouse and manufacturers are snubbing major metro areas for locations nearby, said industrial broker Gary Lindsey of Grubb & Ellis Co.

"Some companies prefer to be a big fish in a little pond relative to labor," he said. "And they are usually welcomed with open arms."

Ennis and other Ellis County towns view their growth spurt as part of the expansion of the Dallas-Fort Worth area.

"Ellis County is experiencing the same kind of growth that Collin County and Denton County saw in the 1980s and 1990s," Mr. Howerton said. "We are the next tier of development.

"It's just this county's time."

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