



Report 2:
STRATEGIC RECOMMENDATIONS FOR ORANGE COUNTY, TEXAS

Presented to:



 **Angelou Economics**
technology-based economic development

MIKE BARNES GROUP, INC.

June, 2006

REPORT 2: Strategic Recommendations

TABLE OF CONTENTS

INTRODUCTION 1

TARGET INDUSTRY RECOMMENDATIONS 3

STRATEGIC RECOMMENDATIONS 16

CONCLUSION 26

June, 2006

Delivered to:

**Orange County
Economic Development Corporation**

Prepared by:

 **Angelou Economics**
technology-based economic development

MIKE BARNES GROUP, INC.

In January 2006, the **Orange County Economic Development Corporation** hired AngelouEconomics and Mike Barnes Group to carry the community through a planning effort that will result in an Economic Development Strategic Plan for the county. The consultants organized a process based on extensive input from local residents, businesses, and leaders. Our research and experience has guided the interpretation of opportunities for Orange County as it recovers from the aftermath of Hurricane Rita. The result of this process is to put a “strategy of action” in place that is oriented toward the creation of sustained quality employment opportunities and sustained increased prosperity.



This report is the second of two reports that comprise the **Economic Development Strategic Plan for Orange County, Texas**. In this *Report 2, Strategic Recommendations*, we recommend specific industries that should be supported by Orange County, as well as actions that will support the creation of jobs in those sectors. We recommend strategies to drive job recruitment as well as business expansion, retention, and start-up. We emphasize the need for new marketing initiatives that will enhance Orange County’s image and brand, while driving new prospects for relocation to the county. Overall, an economic development plan aims to improve the entire livelihood of the local economy and its citizens and businesses.

To review, in Report 1, *Baseline Analysis for Orange County*, we focused on factors that are highly important to both prospective and existing businesses: Business Climate, Workforce and Education, Sites and Infrastructure, Quality of Life, and Economic Development and Marketing. We described each of these factors’ strengths and weaknesses, how they will drive the target businesses, and recommendations for the plan.

Throughout the process, input at the local level has been emphasized. The consulting team gathered qualitative data through many focus groups, interviews, and community tours. Consultants met with individuals representing local economic development officials, local elected officials and staff, major employers, developers, tourism professionals, workforce development officials, and other interested parties. In addition, an online survey was posted for 6 weeks on the project website (www.OrangeCountyTomorrow.com) to allow all residents to submit their opinions.

The online survey collected over 500 responses from local residents and 40 responses from local employers.

Led by the Orange County Economic Development Corporation, the consulting team of AngelouEconomics and Mike Barnes Group will be creating a strategic plan for Orange County. Together with you, we will identify the strengths of Orange County that will support future growth, and identify weaknesses that should be addressed through an economic development program.

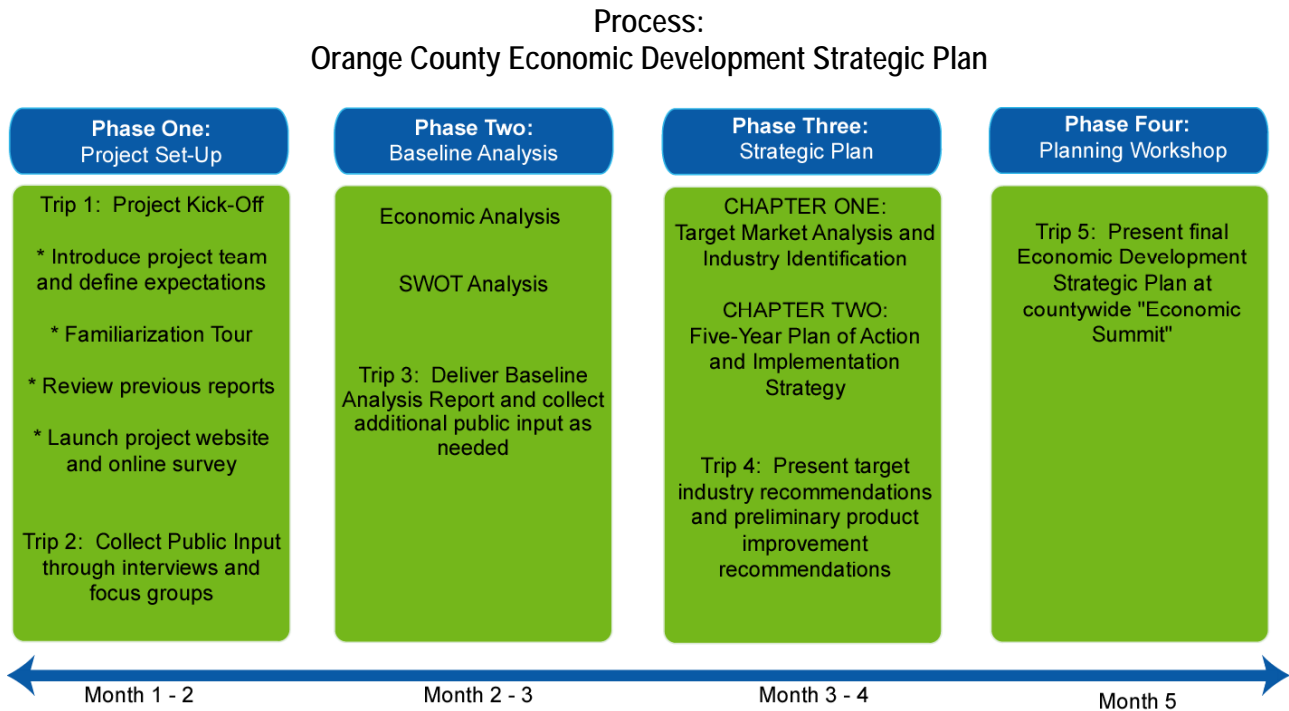
This project website will serve as the central location for all project related information and as a forum for you to share your public input in the process.

Recognition of the business, cultural, educational, transportation, and quality of life amenities will serve as a solid foundation for new business formation and business expansion in Orange County. The OCEDC is desirous of taking the utmost advantage of its strengths, particularly in the aftermath of Hurricane Rita, to form the vision for its economic development future.

Your input is essential to the success of this project! How can you get involved?

- [Click here](#) to access the survey.
- [Click here](#) to read our reports
- [Click here](#) to contact us.

The process began in February and ended in June 2006:



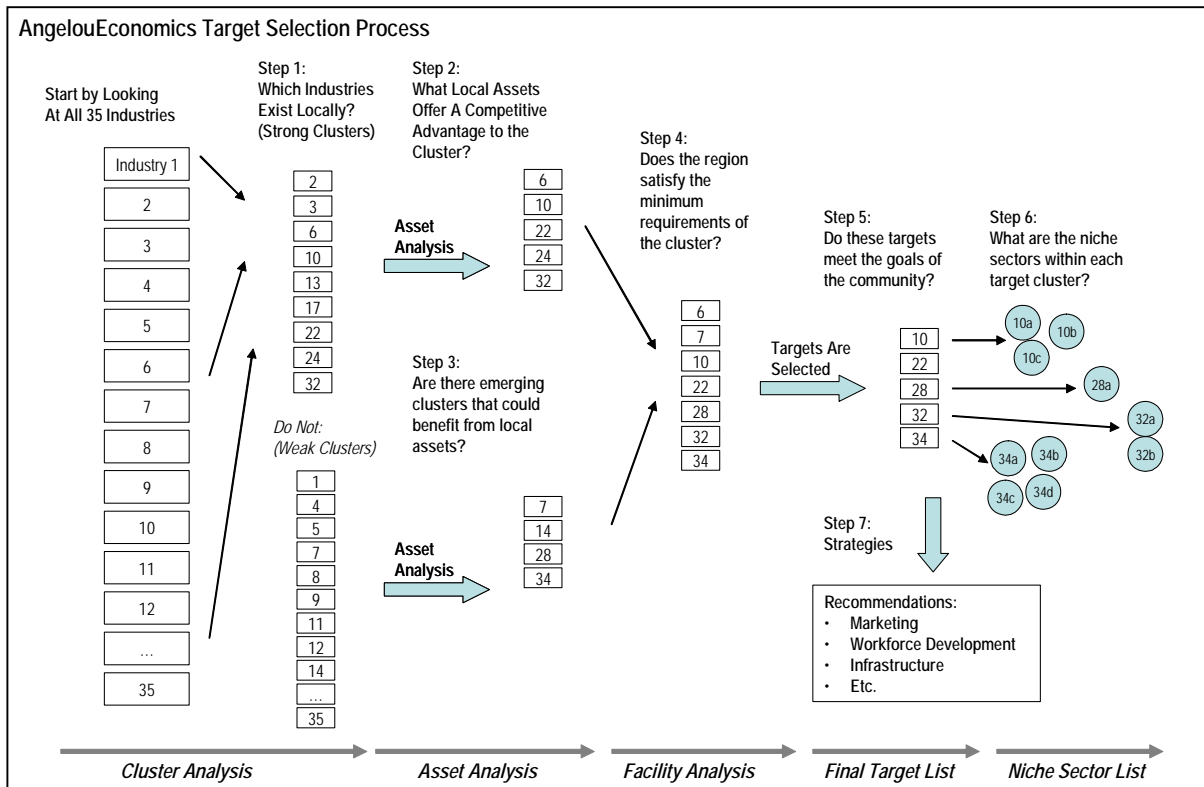
TARGET INDUSTRY RECOMMENDATIONS

Selecting target industries for Orange County is a multi-step process. In *Report 1, Baseline Analysis of Orange County*, we identified the county's strengths and weaknesses as a location for business growth. From this, we employ a "site selection" methodology that seeks to answer the following four questions:

1. **What clusters currently exist locally, and are they growing?** Immediate and obvious candidates for targets are those that are experiencing growth within the community or surrounding communities. Industries that have a large presence but lack growth suggest that the county is losing its competitiveness in this industry. While the industry may be a candidate to target for a retention effort, a long-term decline calls for a close look at transitional opportunities into new industries that create jobs (e.g. textile workers transitioning into food processing).
2. **Are existing or emerging local clusters in industries that are growing nationally or undergoing geographic dislocation?** For those local clusters that have potential, are they growing nationally as well? While some industries are experiencing high growth rates, most U.S. industries are modest or stagnant in their growth. However, the dislocation of industries from one part of the country to another has been a long-standing opportunity for recruitment. Many industries undergo restructuring in order to be more competitive or simply suffer a high rate of startup and failure.
3. **Are there local assets that give specific industries a competitive edge?** Communities are as unique as people. Each one has strengths that companies can leverage to create competitive advantages. These strengths can include such things as workforce skills, tax structure, infrastructure, and market proximity. Likewise, many companies have specific infrastructure and workforce minimum requirements, and understanding whether the region can meet those requirements is crucial. For example, if the region lacks water and wastewater capacity or has overly stringent environmental regulations, then the community could be ruled out for food processing and semiconductor manufacturing. Understanding the needs of target companies is essential to recruiting them.
4. **Does the industry match community goals?** The most important criterion is often whether or not the industry matches the stated goals of the community. Some communities may want to avoid manufacturing businesses or businesses that don't pay high enough wages. Sometimes lack of available land requires a more precise list of targets. Communities wanting to maintain a small-town appeal, for example, may target homegrown "soft" industries. Others wanting to transition into a more urban, metropolitan setting may focus more on larger office users. Industries that can survive locally will struggle to succeed without the backing of the populace and its elected officials. An aggressive marketing campaign and solid commitment by government to support a target can often overcome specific deficiencies or cost disadvantages.

"Site selection" is a broad term that describes a company's process of selecting a city for a new office or the relocation of existing divisions. This process involves executives from several divisions within the company (such as Executive, Human Resources, Facilities Planning, and sometimes Marketing) and often involves a consultant or real estate broker. Site selection is not a scientific process, but does involve a system of measurements and calculations.

In many ways, target industry selection is better described as **target industry "elimination"**. The following chart shows AngelouEconomics' systematic process by which an industry is selected as a target:



Finally, once targets are identified, we must ask what's to be done:

1. What are best strategies to promote these targets?
 - ✓ *Expansion, recruitment, startup promotion*
2. What marketing efforts will be most effective?
 - ✓ *Collateral, web, conferences, etc.*
3. How should the economic development community organize to support these targets?
 - ✓ *Chambers, cities, ports, educational institutions, state government*
4. What improvements to the community "product" will be required?
 - ✓ *Infrastructure, roadways, ports, incentives, workforce development programs*

Background on Industry Location Analysis

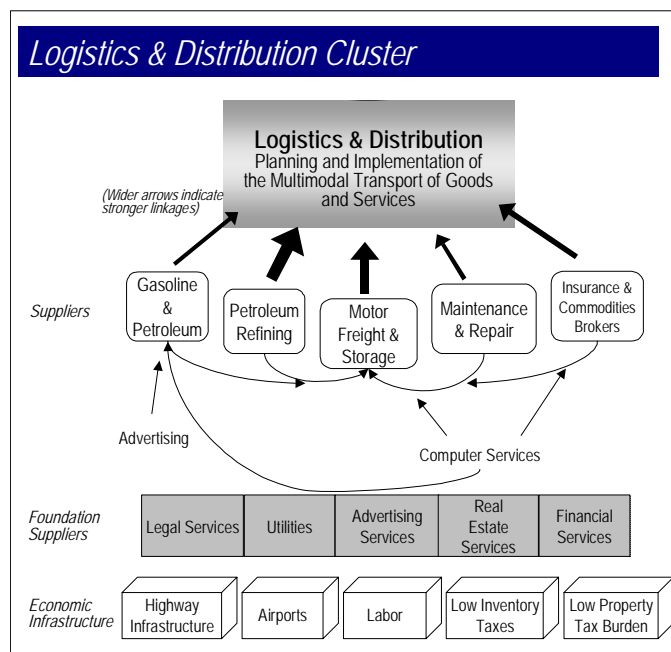
Traditionally, the growth of economies has been described in terms of a region's "basic" or "primary" industries. These industries typically export their goods or services outside the region, thereby supporting local industries such as retail, housing construction, and personal services through its payroll and local purchases. Primary industries reflect an injection of outside money into the community and have a high economic impact; a typical primary business may create two additional jobs in the local economy for every one job at its facility.

For this reason, communities across the country compete to recruit or retain these high-impact, primary businesses. Manufacturing is a good example of a primary industry, as most customers would be found throughout the U.S. or even internationally. With the manufacturing industry in decline and the increasingly global nature of business today, many more industries are increasingly "primary" in their make-up: distribution centers may serve a multi-state region; back office operations can serve a company's global network of employees; and custom software companies can build Internet applications that serve businesses anywhere in the world. Federal installations such as army bases or federal research labs are clear examples of how government can be classified as a primary industry. High wage jobs are usually found at national or global companies that are enjoying growth.

While businesses are more global in nature today, rapid gains in technology, telecommunications, and markets continue to alter the location requirements of many companies. Often the speed of business drives corporate location decisions. The competition for top talent is now viewed to be the most important component of a successful company. Today's business environment requires that businesses continue to upgrade their technological capabilities while expanding the skills of the available workforce. Innovation and change are now basic requirements for success.

Overview of Orange County Clusters

Clusters are highly integrated groups of businesses with strong vertical and horizontal linkages. "Vertical" linkages include the suppliers and customers in a region that combine to create a competitive business model. The tight relationship between auto manufacturers and their suppliers is a good example of this vertical relationship. "Horizontal" linkages include the relationships that competing companies have and the public sector institutions that support them. Workforce is the primary asset that passes through these horizontal linkages, as competing firms often hire away each other's workers (and learn from them) and also hire out of the same training programs or universities. The diagram to the right shows how these relationships exist within a cluster.

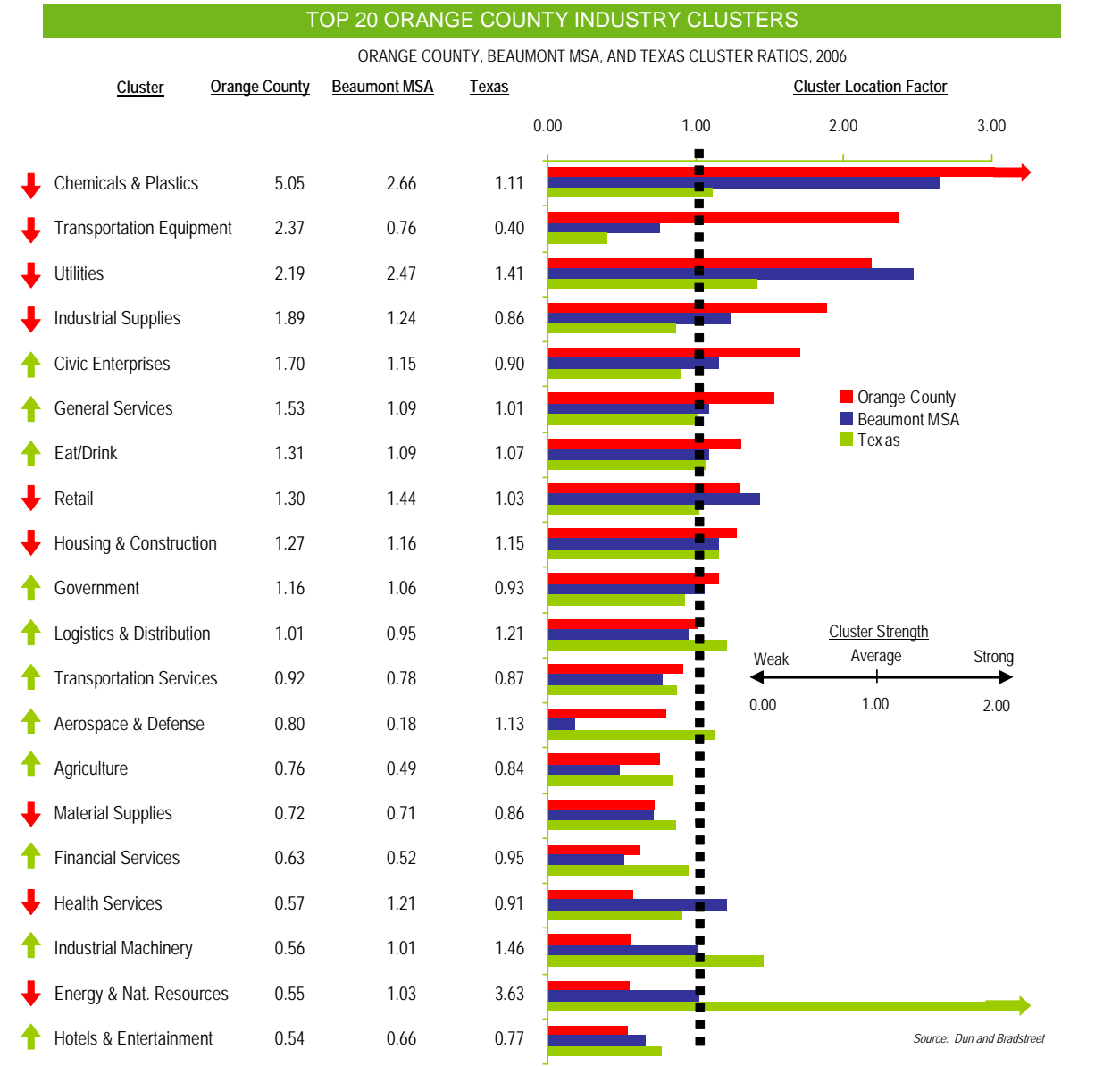


Historically, clusters gathered in specific regions of the U.S. due to natural advantages (e.g., natural resources and climate), cost factors (e.g., distance to market, labor costs), and existing transportation infrastructure. Today, companies are increasingly drawn to regions that can supply the unique workforce that they need. Universities and public sector institutions such as education and training facilities are now major drivers of regional economies. Clusters often mature when businesses expand their relationships with existing supplier firms in a region. As the clusters grow, additional supplier firms are attracted to the region, eventually creating a well-diversified “critical mass” of production, labor, and information.

AngelouEconomics has created 35 cluster definitions that achieve a much higher level of detail than the standard classification of the 10 major industries (manufacturing, services, etc.). This methodology categorizes businesses according to their final product and how these products are related to each other and integrated along the vertical supply chain. The results are a more accurate and detailed examination of industries than the broad method currently used by the Census. The new NAICS system is an improvement on how businesses are classified, but clusters will still be found across various NAICS codes and major industries.

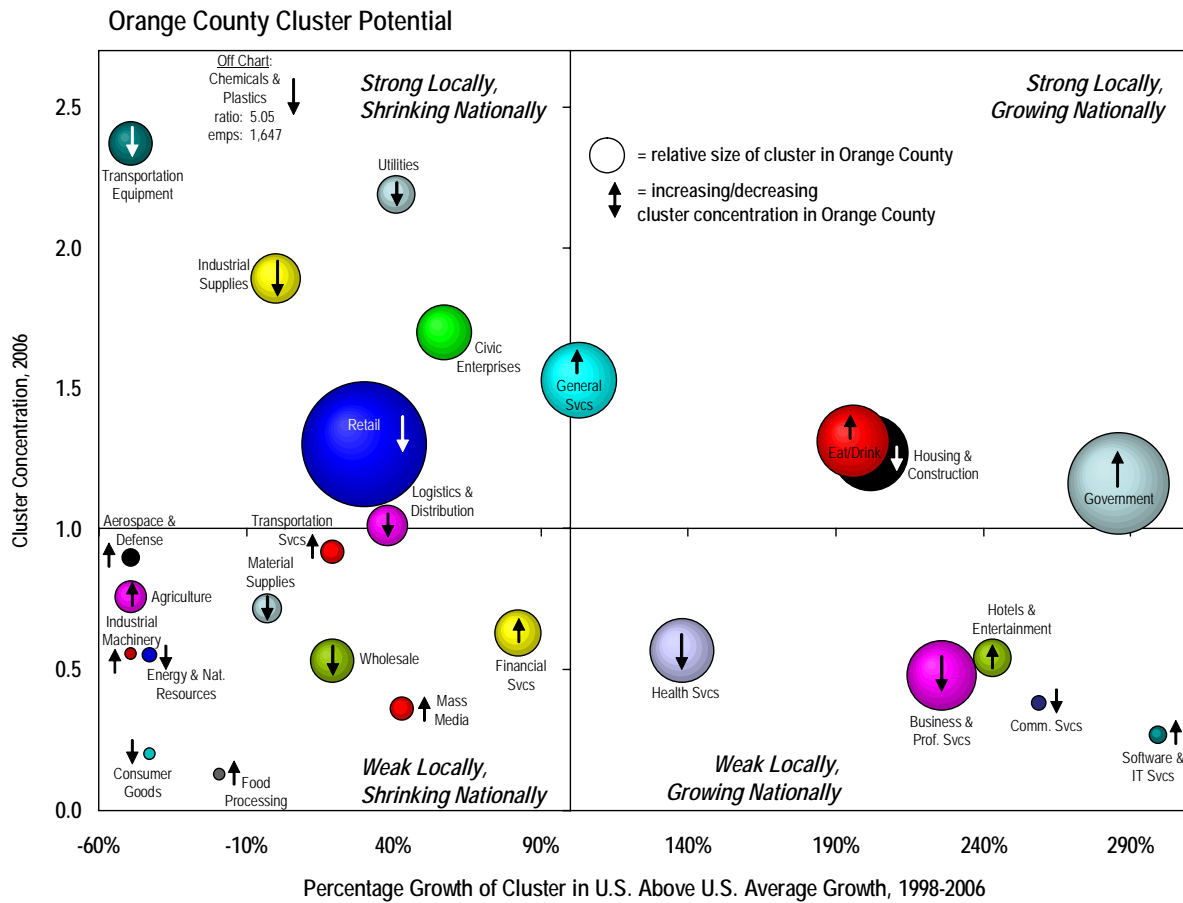
To assess the strength of a cluster in a regional economy, AngelouEconomics has calculated location factors (or quotients) for each cluster. These factors are calculated by comparing the cluster’s share of total local employment to the cluster’s national share. This location quotient will yield a value generally between 0 and 2, where a result of “1” demonstrates that the cluster commands an average (expected) share of the local economy. Cluster location factors greater than 2 indicate a strong cluster agglomeration, while those less than .5 indicate extremely weak clusters.

The following table shows the cluster location factors for Orange County, neighboring Beaumont, and Texas:



Orange County enjoys cluster strength in Chemicals and Plastics, Transportation Equipment, Utilities, and Industrial Supplies, but these clusters are declining. Service industries are less strong but are growing: civic services, general services, financial services. The important sectors of retail and restaurants are strong (a cluster ratio above 1), but they are experiencing mixed growth (marginally up or down). Hotels and Entertainment is a very weak cluster but is growing slowly. Transportation-oriented clusters such as Logistics and Distribution and Transportation Services are modest clusters (a ratio of about 1), but they are experiencing strong growth.

Examining the relative growth rate of Orange County's clusters compared to the U.S. shows that only 3-4 clusters are in the top right box, which indicate that they are growing locally and growing nationally.

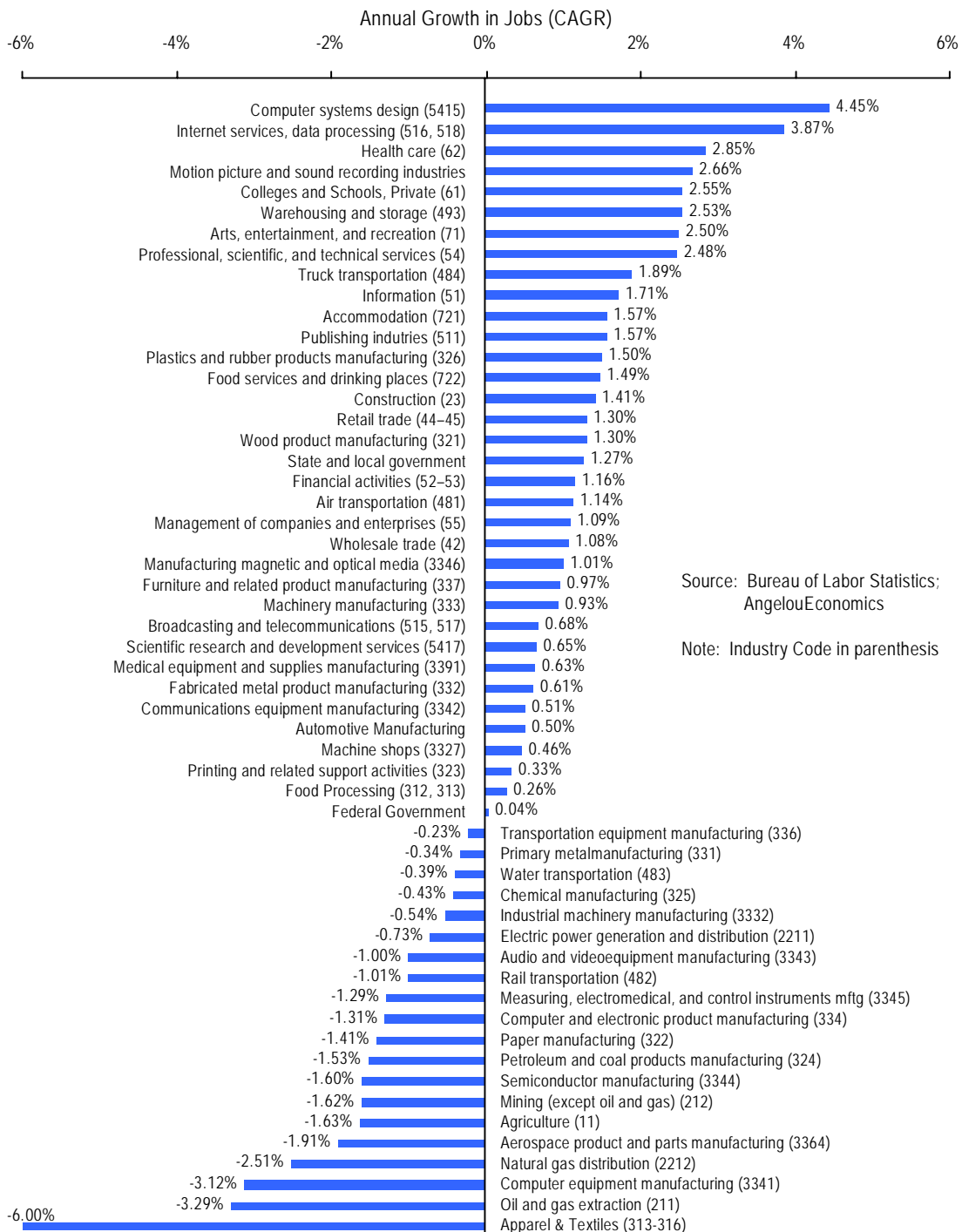


Orange County's lack of strong, growing clusters suggests that **the local economy needs greater diversification into industries that are growing nationally**: professional services, health services, technology, and retail/entertainment.

By diversifying into new areas, Orange County will enjoy a more stable economy that can capture the benefits of the national transition to more service-oriented sectors.

In general, communities should target industries that are growing, although targets can still include low growth or negative growth targets as well. The following chart shows the anticipated growth trends for specific industries and clusters:

U.S. Industry Employment Forecast 2002 – 2012



Technology sectors such as those relating to the use of computers and networks promise a high level of growth over the next 10 years. Productivity improvements continue to be felt in traditional companies that adopt new computer technologies. The highest rates of growth will be found in design and service sectors such as **Computer Systems Design** (4.5% per year), **Internet Services and Data Processing** (3.9%), and **Packaged Software Publishers, not custom** (5.3%). **Electronics, Semiconductor, and Computer Manufacturers** will shed jobs as more and more production is moved to low cost facilities overseas.

Health Care will be a high growth industry, as the aging U.S. population becomes the dominant demographic story over the next 20 years. By 2010, nearly 15% of the population will be seniors 65+, a period in one's life where nearly half of health care expenditures occur. The senior population will be growing four times faster than the overall U.S. population by 2015. In 1950, there were 16 workers per retiree; today, the ratio is less than four to one, and by 2030, it will be two to one. With this massive demographic shift occurring, an estimated 4.4 million jobs will be created in the health care industry in the next 10 years, with residential and elderly care receiving the highest rates of growth. **Medical Instruments and Scientific R&D** will experience modest growth. **Biotechnology** and **Pharmaceuticals** are expected to see strong employment in the near and long term.

The steady growth of the overall U.S. population will drive the growth of industries that supply, feed, house, and entertain us. Distribution of consumer goods will experience high growth: **Warehousing and Storage** (2.5% per year), **Truck Transportation** (1.9%), **Couriers and Messengers, including overnight freight** (3.5%), and **Wholesalers** (1.8%). **Entertainment and tourism** industries will see high growth, and end-sales industries such as **Retail Trade** and **Restaurants** will see moderate growth. The **Construction** industry tracks well with overall economic growth and is expected to experience modest growth.

Local and State Government will see job growth of 1.3%, slightly higher than total population growth (1%), as urbanization continues and federal jobs are kept flat. Increasing wealth in the U.S. will require a larger **Financial Services** sector, which will also grow slightly faster than the population.

Manufacturing industries overall can expect continued job losses in the future due to continued technological improvements in the manufacturing process, large scale operations moving overseas, and, for some, overall declines in final demand. Smaller, niche-manufacturing sectors will see modest growth: **Machinery, Wood Products, Fabricated Metal, Machine Shops, Printing, and Food Processing**. Other sectors that will see falling job levels are **Agriculture, Oil and Gas Extraction and Refining, Chemicals, Mining, Apparel Manufacturing, Aerospace, and Rail Transportation**.

Orange County's Competitive Assets

As analyzed in *Report 1: Baseline Analysis*, Orange County has several core assets that will entice the relocation and expansion of companies in the county.

Major strengths include:

- Central location between Houston and Louisiana on Interstate 10
- No corporate or personal income taxes
- Lamar State College graduates and training programs
- Low cost of land
- Port of Orange and adjacent waterways
- Low cost of living
- Strong cultural assets and the Stark Foundation
- Growing tourism sector with good outdoor recreational assets
- Growing desire to collaborate within the county on economic development issues

Major weaknesses, or barriers to corporate expansion, are:

- Low levels of post-secondary education in workforce
- Underperforming K-12
- Lack of young professional workforce
- High property taxes on manufacturers compared to Louisiana
- Lack of available housing
- Lack of retail, restaurants, and hotels
- Rising wages due to low availability of workers
- Lack of commercial air service, with poor service into Beaumont
- Lack of image or poor curbside appeal of cities in the county
- Perception of hurricane damage by companies or workers considering relocation to Orange County

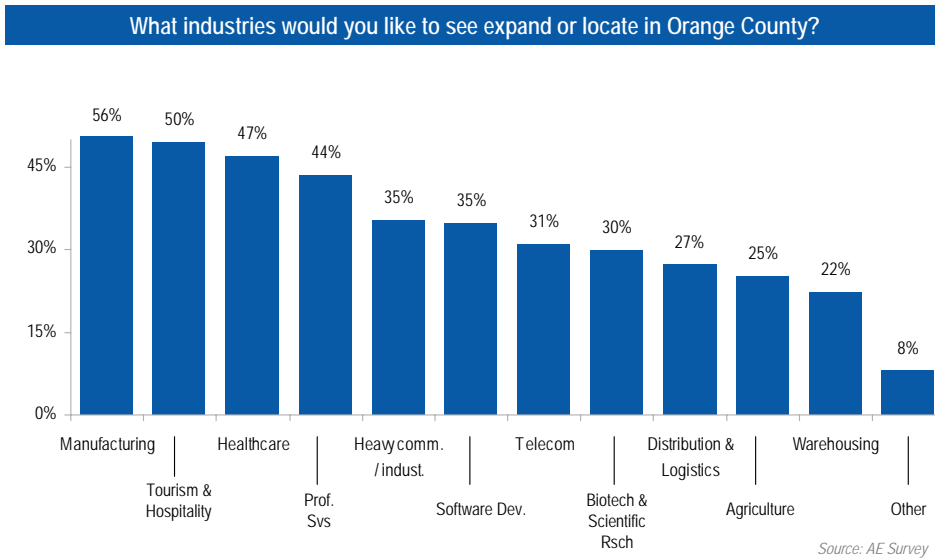
Orange County's Marketing Messages

Orange County will need to craft a clear and positive marketing message to guide its economic development efforts. Key messaging will drive the communication concepts behind all future collateral materials, public relations, advertising, and prospect proposals – any and all communication vehicles. The following are the key messages recommended for Orange County.

- Orange County's history as a center of commerce and industry dates back more than 150 years, and that tradition continues today in the 21st century.
- Orange County's central location provides tremendous transportation benefits. Serviced by highway, rail and river, the region's pro-business attitude and low cost of doing business can help businesses succeed in the global marketplace.
- Orange County provides short commutes, good schools, and safe communities in order to meet career objectives as well as personal and family goals.
- Orange County government leaders will work with you to find success and create a balanced life with a vibrant environment where people and businesses thrive.

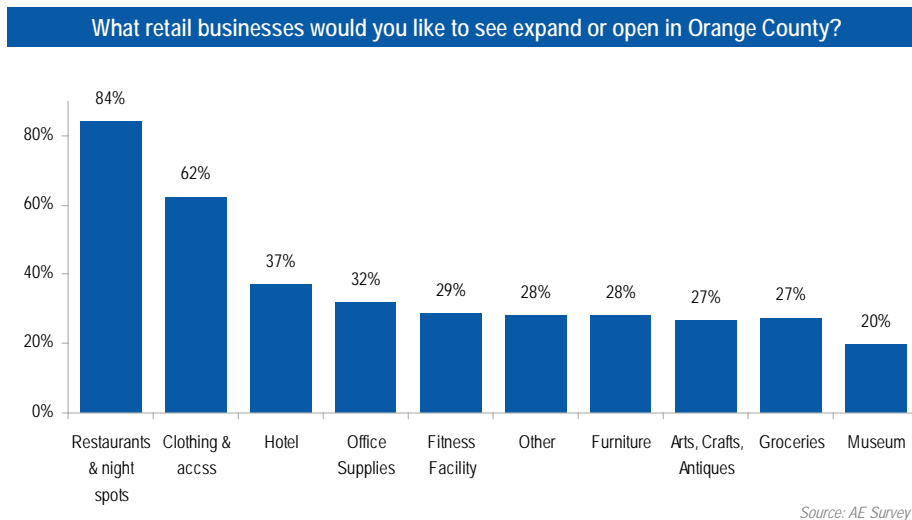
Orange County's Vision for Target Industries

Orange County residents were asked in the online survey which businesses and industries should be targeted for growth in the county:



Clearly, residents believe that manufacturing should remain a focus of the county. Tourism and Hospitality (including retail) was the second-most identified target, followed by health care. Professional Services and technology sectors such as Software, Telecom, and Biotech received high marks considering that few of these jobs exist today in Orange County. Distribution and Warehousing industries finished out toward the bottom of the list.

When asked what type of retailers should be recruited to the county, residents expressed strong preference for restaurants and clothing stores:



When asked what Orange County's greatest strengths and weaknesses are, residents responded:

What is Orange County's biggest asset? (Top Mentions)

- Friendly family-oriented people
- Water
- Highway
- Lamar State College
- Chemical Row
- Museum and theater
- Cost of living
- Location

What is Orange County's biggest challenge? (Top Mentions)

- Attracting well-paying jobs and companies
- Unemployment
- Resistant to change, negative attitudes
- Litter, debris, blight
- Lack of retail / restaurants
- Keeping young people here
- Lack of good health care
- Lack of new housing and home repair

When asked what Orange County's future reconstruction and economic development focus should be, residents responded:

How should the Orange County Economic Development Corporation respond to problems brought on by the hurricanes? (Top Mentions)

- Concentrate on bringing more businesses and jobs to the area
- Encourage economic growth
- A strong marketing effort to provide jobs for people who moved away but want to return
- Help retrain the workforce
- Push for more cleanup and do it faster; pressure to homeowners to clean up
- Need more apartments
- Use it as an opportunity to build the community back even better than before
- Consider incentives to entice businesses to grow and return
- Improve county image
- Attract hotels, restaurants, and retail to improve Quality of Life

Target Industry Recommendations

The consulting team recommends the following industries be targeted for growth in Orange County:

1. **Manufacturing**
Focus on: chemicals, construction materials, plastics, and industrial equipment
2. **Food processing and packaging**
3. **Shipbuilding/repair**
4. **Port-Related Distribution**
5. **Retail and Restaurants**
6. **Tourism and Hotels**
7. **Residential development**

The targeting of industries by communities and their economic development agencies accomplishes several goals. First, it provides clarification as to which industries and companies should be recruited to the county, which drives how marketing campaigns and incentives are designed. By targeting, EDCs can more effectively use their limited marketing funds for productive efforts. Targeting also helps to diversify an economy into new areas that may be emerging. Targeting also signals to existing employers that they are strongly valued and that the communities seeks to support them, often through stronger collaboration on workforce training initiatives or recruiting workers to the area. Finally, targeting helps create a new image and brand for a community that will guide the entire economic development effort.

We provide a brief description of each target industry here, and will provide the OCEDC with more detailed profiles in the *Appendix* for internal use by staff.

Manufacturing: Orange County has a long history as a manufacturing hub. Shipbuilding during WWII brought the town's population to 60,000 nearly overnight. Lumber mills were also a big part of the economy. More recently, Orange County's manufacturing base is primarily in petrochemicals, with Dupont and Chevron leading the pack. Several metal and packaging companies employ hundreds of workers, and some ship repair remains.

Food processing and packaging: Today, Orange County has no food processing but finds itself in a part of the U.S. where distribution-based food processing is growing. Orange County has all the assets to compete for food processors: rail, ports, interstate, and a traditional manufacturing workforce. While food processors generally do not pay high wages, they can keep workers employed from manufacturing or construction industries that lose their jobs. After reconstruction in Orange County slows, these jobs can keep people employed in the county.

Shipbuilding/Repair: With the devastation in the Gulf of Mexico due to the hurricanes, new facilities for shipbuilding and repair are needed. Orange County has seen some corporate expansion in this industry and is poised to win more. Finding workers for these companies will require a regional and national search.

Port-Related Distribution: The Port of Orange remains an important asset for the local economy, with quasi-deep water shipping capability and connections to multiple rail lines. The Port has an industrial park with water frontage and utility service including natural gas, water and wastewater, and electricity. Existing, available industrial warehouse space is also available for new companies to consider. Orange County's location along I-10 provides an opportunity for distribution centers to receive goods and supplies through the port for distribution to Gulf Coast states.

Retail and Restaurants: Orange County still relies on neighboring counties to serve the retail consumption of its residents. Retail sales per capita in Orange County are significantly less than neighboring Beaumont and Houston and only partially attributed to lower incomes in the county. A more directed effort to bring retailers and restaurants to Orange County along major corridors will improve the quality of life of local residents and improve tax revenue for local governments.

Tourism and Hotels: Orange County has many unique cultural venues such as the art museum, community playhouse, and regional theater. The Stark Foundation continues to contribute to the arts and culture of Orange County. The lack of hotels in Orange County has resulted in a loss of spending by tourists and business travelers. Water amenities may prove to be the greatest tourism draw for the county, and more can be done to enhance these amenities.

Residential development: There is currently a lack of housing, both single-family and apartments, in Orange County as shown by low vacancies and rising costs. Many employers are concerned that a lack of housing limits their ability to recruit workers from outside the state. Some workers in the county choose to live in neighboring Beaumont. Furthermore, the hurricane season made matters worse by damaging existing housing. The economic development potential of Orange County will be limited without new stock of housing for existing and future workers.

Orange County finds itself in a unique position to expand its economic development effort into new industries, new areas of focus, and through new partners. This effort will require a new vision and mission statement:

Orange County's Mission Statement for Economic Development:

Orange County will expand its industry clusters in manufacturing, services, and retail by building on its quality of life and business climate, while creating the supportive environment for existing businesses and the workforce that they require.

This mission emphasizes the need for Orange County to capitalize on its quality of life amenities and low cost of business to attract and retain a diverse set of industries. It also acknowledges the community's need to build stronger support systems for existing businesses as well as the need to attract a workforce (particularly young professional) to allow businesses to the county to grow and remain competitive.

For Orange County to attain this mission, the community must achieve the following goals:

Orange County's Goals for Economic Development:

Goal One: Expand the marketing efforts by Orange County to companies and workers that will consider relocating to the county.

Goal Two: Expand internal communication to Orange County residents and businesses on economic development issues and the successes of Orange County.

Goal Three: Improve the readiness of Orange County's workforce for current and future industries.

Goal Four: Expand tourism and retail assets in Orange County.

Goal Five: Promote more residential development in Orange County.

The consulting provides specific strategies and recommendations to the Orange County Economic Development Corporation that will result in new action in support of these goals.

The goals represent a significant expansion of the priorities for economic development in Orange County, recognizing that long-term economic success will come from a combination of industrial expansion, tourism and retail expansion, and workforce preparedness.

Goal One: External Marketing

Expand the marketing efforts by Orange County to companies and workers that will consider relocating to the county.

Strategy 1.1: Improve and expand the OCEDC website.

The Internet is a significant marketing tool for economic developers. Approximately **80% of the site selection process is completed online**. Communities may be eliminated before they ever know they are in the running as a potential location. Because of this, a good website is a critical marketing vehicle, and significant resources should be allocated to it. The website should be the region's primary source of information for economic development purposes. All communication efforts will drive traffic to the website. It is the most cost effective vehicle for communicating a region's assets as it can be updated immediately.

At a minimum, the OCEDC website needs to maintain current information on the local economy, a list of major employers, site information, and news on the county. Keep the website updated at least on a quarterly basis.

Strategy 1.2: Develop modest professional collateral materials, primarily post card mailers and a presentation folder.

Simple collateral pieces need to be developed for inquiry fulfillment and distribution at events. At a minimum, the following materials should be developed:

1. Presentation folders for prospect visits, press kits, inquiry responses.
2. An 8 x 10 color postcard that can be modified for regular mailings. Create a generic postcard that highlights the county's assets and encourages companies to consider a location in Orange County.

These materials should be professionally designed and produced and utilize the same look and feel of the website.

Postcards should be mailed only when some follow up event can occur. We recommend that mailings be sent prior to industry conferences suggesting that the companies' executives meet Orange County if they are attending the conference.

Strategy 1.3: Consider conducting an external public relations campaign to generate positive articles on Orange County in state and national media.

Public relations is a very effective method to communicate with an external audience. Staff dedicated to that task can do some of it in-house, but for maximum impact you will need additional support from a contractor. Studies have shown that site selectors are aided in their decision-making by articles more so than ads or other marketing tools. Articles provide third party validation for a region or organization. For a maximum return on investment, PR efforts should focus on the publications in the identified target industries and not general market publications.

Hire a public relations consultant to manage a campaign, or hire an additional full- or part-time staff person to manage public relations. A successful PR campaign will identify stories of likely interest for the media, develop a press kit on Orange County, distribute press releases on these stories to writer and editors, and initiate follow-up telephone calls.

Strategy 1.4: Conduct outbound marketing missions to cities in the U.S.

Locations should be identified through the target industries and where those targets are currently clustered. Also identify cities where several national site selectors and real estate brokers can be found. The OCEDC should have discretion to take trips to visit site selectors and brokers in major cities as necessary.

Meetings should be set far ahead of time. Establish a “marketing team” of local volunteers and CEOs who will attend these missions, and train them on expectations and key messages that should be the focus. Attendees should pay for their own travel and lodging expenses.

Take no more than two marketing missions per year. Include a dinner or some type of event where a group of prospects and mission delegates can mingle.

Strategy 1.5: Attend more industry events and trade shows.

Another form of direct selling is trade show attendance. Attending trade shows can be valuable if time is utilized wisely, and the specific trade shows are strategically targeted. Tradeshows can be an effective means of getting noticed and developing long-term relationships within a specific industry.

Focus your time and investment on four associations: CORENET, IAMC, TEDC, and ICSC. A staff member of OCEDC or a board member should attend at least one conference for each of these organizations per year.

CORENET

Most site selectors are members of CoreNet Global. CoreNet Global is a huge show with over 3,000 members and an estimated 2,000 attendees at each summit (Fall and Spring). A significant number of economic developers attend this summit, and most state entities host some type of event or activity as part of the summit. It is a good opportunity to meet with a significant number of site selectors as well as company executives.

IAMC (Industrial Asset Management Council)

Twice a year the members of IAMC meet to discuss issues in the industry. Designed to cater to the needs of the industrial asset management and corporate real estate executives, this event features topics concerning 21st century corporate real estate management in the industrial and manufacturing areas. With only 300 members and a limit to the number of economic developers that can join, it is a good opportunity to spend quality time with site selectors.

TEDC (Texas Economic Development Council)

The Texas Economic Development Council is the statewide association for economic developers. While few companies attend these conferences, they provide excellent opportunities for economic developers to network and share leads and information. Recruiting companies often requires having good contacts within Texas.

ICSC (International Council of Shopping Centers)

ICSC's 57,000 members in the U.S., Canada and more than 80 other countries include shopping center owners, developers, managers, marketing specialists, investors, lenders, retailers, and other professionals as well as academics and public officials. At its 2006 Spring conference, more than 45,000 retail real estate professionals attended.

Strategy 1.6: Expand the OCEDC marketing budget.

The marketing of communities has become an integral part of economic development across the U.S. In the consulting team's opinion, external marketing activities should be 50% of all that an EDC does.

The Orange County EDC is severely under-funded today. By all measurements, Orange County is spending a fraction of what its competitors are spending on a per capita basis. Today, OCEDC has about \$40,000 available to spend on marketing expenses (website, sales missions, printing, etc. – but not including overhead). This equates to about 50 cents per person living in Orange County. **By comparison, cities in Texas spend between \$1 and \$5 per person just on economic development marketing expenses.** These figures do not include tourism spending which is usually much higher and funded by a different taxing mechanism.

The consulting team recommends that the OCEDC begin a fundraising campaign to raise its available marketing budget to \$200,000 per year. This increase will occur over several years. As a goal, the OCEDC should attempt to raise an additional \$75,000 in Year 1, growing to \$150,000 by Year 3. Including its existing \$40,000 budget, this will take the OCEDC to \$200,000 in total discretionary marketing funds.

Commitments should be made by both the public and private sector over at least a 5 year period. Corporations should fund about half of this increase in funds, as **local major employers will gain significantly from a marketing campaign that improves Orange County's image and makes it easier to recruit workers to the area.**

Goal Two: Internal Communication

Expand internal communication to Orange County residents and businesses on economic development issues and the successes of Orange County.

Strategy 2.1: Generate internal stakeholder support for economic development, primarily through a quarterly newsletter distributed to local residents and businesses.

Successful marketing efforts begin at home. Residents and local businesses play a vital role in successful economic development, and they, in addition to community and county leaders, must understand the importance behind their support of these marketing initiatives. The county's branding efforts must reflect the unique and authentic nature of the county, or else it will ring false. To stem any dangers from inertia or conflicting marketing activities, the county will need to launch an internal public relations campaign to inform the community about this plan and how they can become a part of its implementation. Use a quarterly e-newsletter as the primary communication tool. In addition, maintain regular contact with local media to get articles written about economic development issues.

Primary actions:

- Create a quarterly e-newsletter to send to local residents and businesses to update them on economic development issues.
- Maintain regular contact with local media to get articles written about economic development issues.

Strategy 2.2: Formalize a Business Retention program for Orange County.

The Team should be comprised of a member of the Economic Development staff and board, the city council/county commissioner member representing the business in his/her district, and the mayor of the city, if applicable. Clearly, all of these persons are not always able to meet with the businesses, but representatives of these should be a part of the Team. An appointed or elected public official could represent the elected official if schedules conflict. It is important to have a public-private partnership on these visits.

For example, the city manager or the county judge could be a part of the Visitation team representing the specific council person or commissioner. It is acceptable to take a number of participants into the larger employers in Orange. Try to arrange tours of the facility to gain a broader understanding of the company's activities. This is demonstrative of Orange County's ongoing interest in the company.

Visitations should occur at least once per week. Twice weekly is ideal. This would give Orange County in excess of 100 visits with existing business/industry per year. In the start up phase, it is acceptable to conduct a minimum of one per week which will total approximately 50 in the first year. Visitations should occur with all types of firms—i.e. manufacturing, retail, service providers, etc. Likewise, these visits should be held with a broad variety of sized businesses.

The Orange County EDC should use retention software such as Synchronist to obtain, at a minimum, the following information: size of firm in square footage and employment, whether the firm is in a lease or ownership position of their building, product or service made/provided, sales if possible, expansion plans, impediments to expansion,

issues that are impacting the firm that need the assistance of local or other government officials, and potential vendors that might be good targets for Orange County. The Team will conduct interviews via visitations and should use a standard survey as a method of quantifying the visitations.

Compile the data obtained from each visit into a catalog of confidential information on Orange County companies. The software recently obtained by the OCEDC will enhance this process immeasurably. In addition, these relationships that are developed can be ideal in having local “hosts” available during prospect visits.

The result of this effort will be a working knowledge of the community’s businesses, their products, their people, and the relationships they have with potential vendors. This also provides for an internal marketing effort with the local business community. Jobs and investment are created from within existing companies at a higher rate than through attraction. These companies need to understand that Orange County is appreciative of their presence. This effort will forge a partnership with existing businesses and assist in their retention and expansion.

Strategy 2.3: Re-initiate the Chamber’s “Proud Crowd” effort to boost pride in Orange County and communication on the county’s positive features.

Community pride is an important component to the success of any external marketing campaign. In any community, residents, businesses, and organizations should understand the key marketing messages of the external campaign, so that visitors to Orange County experience community pride first hand when they visit.

The new “Proud Crowd” should meet monthly in different locations in the county to discuss events and positive news in Orange County. Consider having the Proud Crowd send out monthly press releases to local media, schools, non-profits, and businesses on the positive news about Orange County. Start an “Orange County Pride Day” to profile local restaurants, retailers, and tourism in a weekend fair. Consider enlisting support for the Proud Crowd by getting members to donate \$100 to the Proud Crowd campaign, listing Proud Crowd members on the Chamber website, and giving businesses a “Orange County Proud Crowd” sticker to put on their door fronts.

The Proud Crowd should be a leading advocacy group for the beautification of Orange County and the expansion of tourism and retail opportunities.

Goal Three: Improve the readiness of Orange County's workforce for current and future industries.

Strategy 3.1: Form an Orange County Education Collaborative to better match workforce training to the needs of existing employers.

Workforce and economic development are strongly linked. A strong workforce leads to business recruitment. A strong industry base generates a workforce that leads to entrepreneurship and long-term economic growth. A strong pool of workers is critical to business expansion and recruitment, industrial diversification, and growing the population of young professionals.

Form Target Industry Teams made up of company representatives, each of whom represents an industry or cluster of industries and serves as the connection between employers and workforce development services. These company representatives will provide the Collaborative with the evolving workforce needs of each industry and will be able to identify the gaps in the available workforce training services.

Strategy 3.2: Improve the readiness of high school graduates for today's job opportunities.

As is reported in a recent report prepared in collaboration by the Aspen Institute Education and Society Program and Jobs for the Future, "high schools have become a central focus of education reform." The President has announced specific initiatives. The nation's governors and business leaders held a summit in February 2005 on high school improvement. Bill Gates kicked off the summit with a critique of the contemporary high school experience.

The report further describes a "consensus (that) high school career and technical education has reached a critical juncture -- high school career and technical education has reached a 'change or die' moment when it must confront its capability and commitment to upgrade both academic rigor and technical relevance."

Not all students want to go to college, and it is also important for high schools to better prepare young people for careers. High school and technical education must make better links to local employers that are demanding new and more complex skills.

Actions that will help to make high school graduates ready for the workforce include:

- Expanding the STARS program (Stepping Toward Achieving Real Success) at public schools.
- Expanding Junior Achievement and corporate sponsorship/volunteers of the program
- Expanding mentoring in public schools by business professionals
- Creating a youth entrepreneurship program to teach young people about becoming a successful entrepreneur.

Strategy 3.3: Expand programs at Lamar State College to serve Orange County's target industries

The flexibility of Lamar State College in terms of its ability to assist in the training of “today’s workforce for tomorrow’s jobs” is impressive. Lamar State should be called upon to serve as the head of a local “Economic Development/Education” Task Force. The leadership of Lamar State and the area school districts should form an alliance in meeting the training needs of existing/future employers.

In addition, Lamar State College should be invited to **attend the Business Retention/Expansion** visits with area industry—particularly ones in which Lamar State has provided training assistance.

Lamar can also serve as a **catalyst for downtown development**, entrepreneurial skill development, and the training ground for existing and future businesses/industries. It is suggested their administration be invited into the Economic Development Corporation, at a minimum, as an ex officio member of the body. Lamar State College is a critical component to the ongoing success of the Orange County Economic Development Corporation.

Strategy 3.4: Expand efforts to attract and retain young professionals by creating a Young Professional Network for Orange County.

The establishment of a young professionals’ network is the first vital step a community can take to begin the process of reversing the loss of young professionals. Other communities have used young professionals’ networks to reverse the loss of young professionals and actually begin to attract more young professionals. For example, Broome County in upstate New York was losing its younger population to big cities such as New York due to a lagging economy and a lack of economic prospects. After establishing a young professionals’ organization that now has a membership of 450, the organization has actually started contacting former residents in places such as New York and convincing them to return. In addition, the local private university supported this effort and encouraged their students to be more involved in the community and consider it for future employment. An improving local economy also bolstered a better perception among the county’s young professionals. Having an organized effort to make the area more appealing to young professionals was critical in attracting them to the area and retaining the ones already there. Orange County can benefit from the same type of organizational effort.

The Young Professionals Network of Orange County will have 2 primary vehicles for its success: regular networking events and an online portal. A regular schedule of networking events will give young professionals opportunities to meet and get to know one another, as well as other events of interest to young professionals (such as professional development opportunities).

The Network should also establish a young professionals website to allow them to share information on professional, civic, and social opportunities. The website should include information on after-hours entertainment and recreational activities of interest to young professionals in the Tri-Cities. See www.styp.org for a good example.

The Network should also assist young professionals in fostering opportunities to become involved in leadership and civic organizations to give them a path to develop their leadership skills.

Goal Four: Expand tourism and retail assets in Orange County.

Strategy 4.1: Support new development in and around downtown Orange.

Downtown redevelopment, when done well, not only helps create an overall positive image for the community, but also creates business spaces of the type desired in moving toward a higher quality of job and worker. Downtown development also creates additional revenue through capturing additional dollars from citizens and capturing dollars from surrounding areas' visitors, tourism, and shoppers.

Downtown Orange enjoys several cultural venues as well as Lamar State College – Orange. Numerous parcels for downtown development are available, and redevelopment along the waterfront is an obvious opportunity. Redeveloping the train depot as retail would do much for the area.

The City of Orange should encourage new development by private sector retail investors as well as residential developers. Both single-family and multi-family development in and around downtown would be supported by the market and improve the vitality of downtown Orange.

The Orange County Economic Development Corporation recognizes the quality work done previously relative to Downtown Orange by the Mesa Group. The OCEDC is supportive of the waterfront development in tandem with the work and recommendations of the Mesa Study. The Mesa Study, in conjunction with the Stark Foundation's numerous and generous investments provide a sound backdrop for this effort. The utilization and expansion of the local theater, coupled with the additional tourism activities spawned by Shangri-La, will increase downtown activities and opportunities.

In addition to downtown Orange, the OCEDC should act in a supportive and facilitative role with all its community partners in the development of their respective downtowns and waterfront areas. The planning and development of all downtowns will be important to the entire county's future.

Strategy 4.2: Expand Tourism promotion efforts

Downtown redevelopment, new waterfront recreation resources such as the boat dock, and potential expansion of hotels in the county will all enhance the ability to attract daytime and overnight tourists to Orange County. Cities should explore getting Main Street designation for cities within Orange County to boost tourism and awareness of the cities to travelers. Create new festivals in Orange County to celebrate local history and culture, while inviting local retailers and restaurants to set up booths to sell their marquis goods.

Tourism promotion should include marketing to retail and commercial ventures which support both local and tourist needs. While the OCEDC is primarily conducts marketing to businesses, cross-marketing should be explored with the local CVB. This is easily done by marketing the tourism assets of the county in business brochures, advertisements, and the website, and the CVB should consider also marketing the county's businesses assets.

Goal Five: Promote more residential development in Orange County.

Strategy 5.1: Identify areas within the county that can support large scale residential development, and market them to state and national homebuilders.

Given the scope and size of Orange County, coupled with the need for residential development, the OCEDC should seek input from the respective cities and balance of unincorporated county for information relative to tracts in excess of 20 acres suitable for residential development. This can be obtained from the respective Planning/Zoning Departments, Appraisal District, and sources within the respective communities/county. Minimum thresholds should be in place including utilities, existing roads, and the ability for the education systems to absorb new students upon the completion of new residences.

Once a number of these larger tracts have been identified, the OCEDC can put forth a concentrated marketing effort oriented toward luring the larger institutional builders into Orange County. The effort to accomplish this is much easier if the larger tracts have been identified.

Likewise, there should be a similar effort aimed at the provision of “affordable” housing opportunities that may include multi-family development. Having these tracts identified and approved prior to the solicitation of the developers will enhance the attractiveness of Orange County overall to these developments.

Strategy 5.2: Encourage local homeowners to make improvements to their homes and follow local ordinances through a “Beautify Orange County” campaign.

The Orange County Economic Development Corporation appreciates the work done by the existing “Keep Orange County Beautiful” organization. Given this appreciation, the OCEDC encourages this organization’s expansion and higher profile. Perhaps, alignment with Keep Texas Beautiful, coupled with the provision of meeting space and connectivity with the Chamber of Commerce in terms of supporting this effort would net more pronounced and immediate results. Given the development of Shangri-La, the Stark Foundation could provide additional linkages for this organization in an effort to garner county-wide support.

The OCEDC recognizes the effort of local communities in their respective code enforcement activities. The unification and coordination of code enforcement among the respective cities, with leadership provided by the city managers, would offer tremendous aid in the enhanced appearance of Orange County. The OCEDC endorses this effort and lends its facilitation to this effort as needed. This collaborative effort could also include a “Yard of the Month” award. This effort could be a foundation to an ongoing partnership of the cities, Keep Orange Beautiful, the Stark Foundation, the Chamber of Commerce(s), and the OCEDC.

CONCLUSION

Orange County enjoys a solid foundation to expand its economic development effort. In fact, its location, interstate access, navigable and recreational waterways, variety and diversity of communities, educational opportunities, and affordable quality of life make it the envy of similarly populated regions.

Orange County has laid the framework through the Orange County Economic Development Corporation. This county-wide economic development organization will serve to unite the county and its cities around a single vision of economic development for the county. Economic development is always stronger and more effective through the collaboration of partners at the local level.



This *Economic Development Strategic Plan* will serve as the formalized vision or “master plan of economic development” in the years to come. The plan provides for a comprehensive, integrated economic development effort consisting of business retention/expansion coupled with business attraction. It provides the “game plan” for marketing both internally and externally. Partnerships with existing communities, Lamar State College, the Stark Foundation, and local civic/business groups will benefit this area tremendously in the future.



Capitalizing on the State of Texas’ well known positive business climate and business attributes, Orange County is now able to carve its niche in the economic development arena. Its story of outstanding assets coupled with the consensus of county leadership serves Orange County well in its future economic development effort. The Orange County Economic Development Corporation is well equipped to move forward as a competitive force in economic development.