

**A Regional Approach to Economic Development
Prepared for
The Southeast Texas
Economic Development Foundation**

By

Mike Barnes Group, Inc.

Regional Economic Development Initiative (REDI)

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Mike Barnes Group, Inc.
1011 Bear Creek Crossing
McGregor, Texas 76657
mbarnes@mikebarnesgroup.com
www.mikebarnesgroup.com
Office: (254) 848-4888
Cell: (254) 214-5969
Fax: (254) 848-9839

The Regional Economic Development Strategy

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Overview

The **Southeast Texas Economic Development Foundation**, an economic development group comprised of the Texas counties of Jefferson, Orange, and Hardin, recognized the need to showcase the attributes of this region in a comprehensive, united fashion. Economic development professionals and stakeholders joined forces to identify this region as a significant contributor to the economy of not only the State of Texas, but to the United States and the world. This Economic Development Strategy is the result of reviews of recent Economic Development Plans conducted by Beaumont and Orange County and an older plan for Nederland. Numerous familiarization tours, field reviews, meetings with stakeholders and regional/local leadership, research, and a **Strengths, Weaknesses, Opportunities, Threats** analysis performed on site among the economic development professionals within the region occurred in conjunction with the development of this Strategy.

This Strategy will serve as a baseline for the development of the overall marketing plan and ongoing regional economic development effort. The Southeast Texas Economic Development Foundation retained the Mike Barnes Group to provide the economic development services associated with this regional effort in October 2008. The firm acknowledges the following reports mentioned above associated with the formation of this regional Strategy:

Beaumont Target Marketing Plan prepared by TIP Strategies

A Strategic Plan for Economic Development for Nederland, Texas

prepared by Kenneth Balk and Associates

Orange County Economic Development Strategy prepared by Angelou Economics and the Mike Barnes Group.

Development Strategy for Port Neches, Texas prepared by Diamond Consulting, Beach/Ramirez

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Demographics of the Region

Southeast Texas Economic Development Foundation Regional Population

General Demographic Characteristics: 2004 Jefferson, Orange and Hardin Counties		Estimate
Total population		366,244
SEX AND AGE		
Male		176,507
Female		189,737
Under 5 years		25,763
5 to 9 years		25,870
10 to 14 years		28,294
15 to 19 years		28,445
20 to 24 years		27,176
25 to 34 years		38,515
35 to 44 years		50,814
45 to 54 years		56,117
55 to 59 years		25,737
60 to 64 years		12,374
65 to 74 years		25,544
75 to 84 years		16,835
85 years and over		4,760

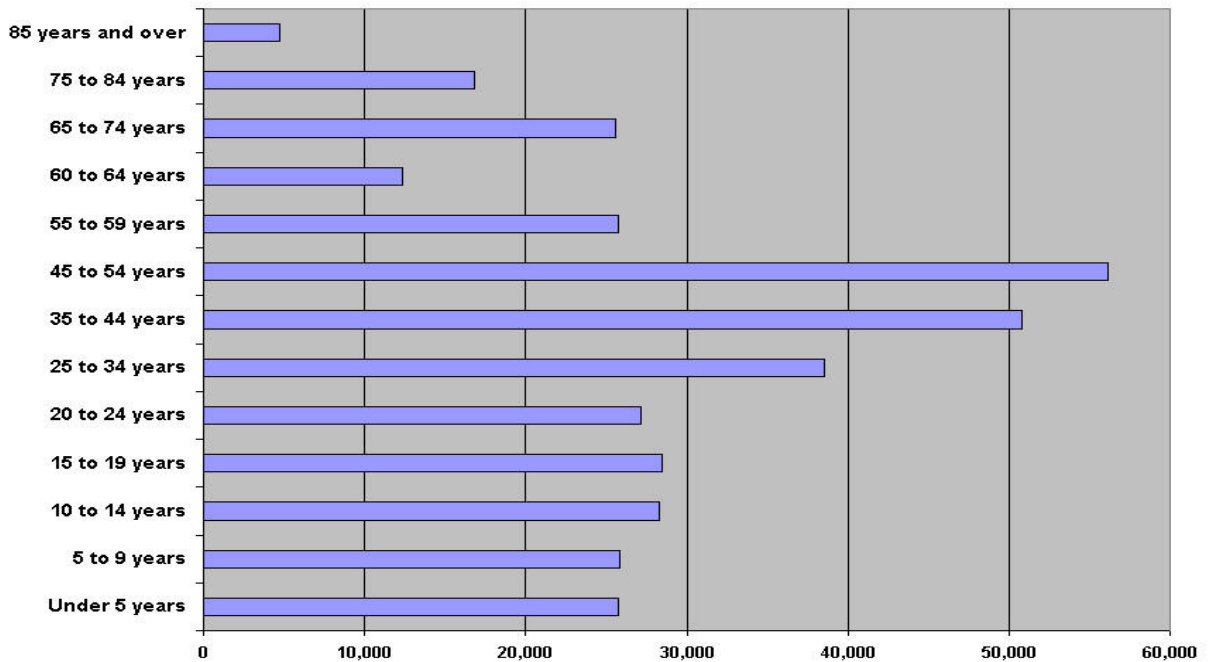
Source: US Census Bureau Estimates, 2004

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Demographics of the Region (continued)

**Southeast Texas Economic Development Foundation
Regional Population**

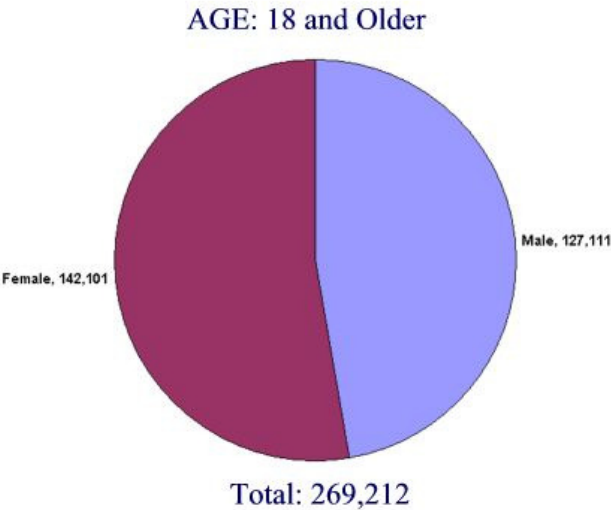
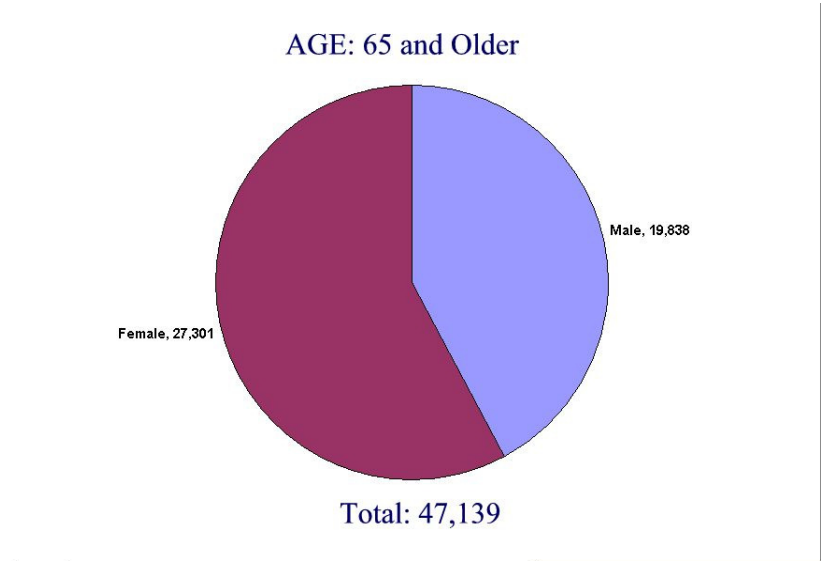


Source: US Census Bureau Estimates 2004

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Demographics of the Region (continued)

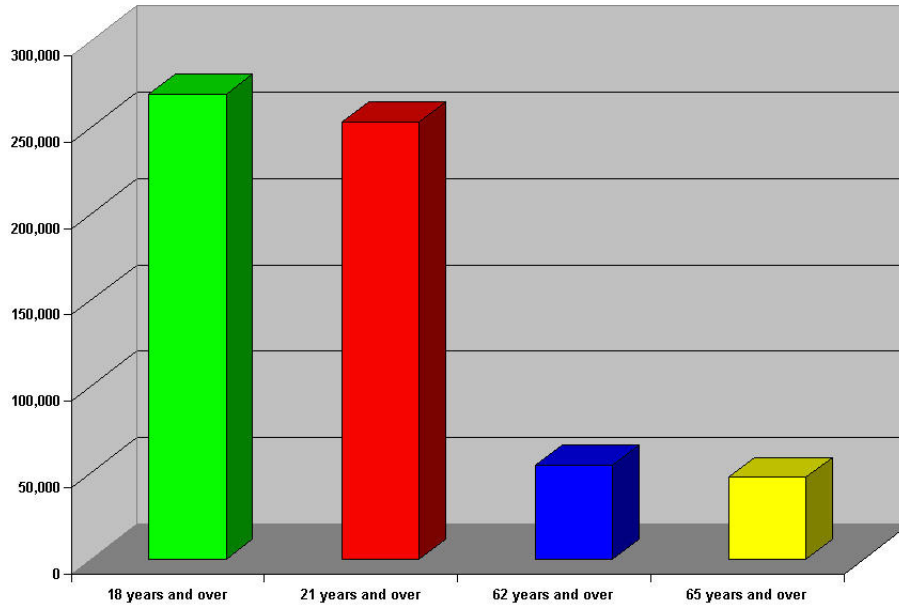


Source: US Census Bureau 2004 Estimate

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Demographics of the Region (continued)



HISPANIC ORIGIN AND RACE	
Total population	366,244
Hispanic or Latino (of any race)	31,704
Mexican	27,633
Puerto Rican	206
Cuban	0
Other Hispanic or Latino	3,865
Not Hispanic or Latino	334,540
White alone	232,445
Black or African American alone	88,936
American Indian or Alaska Native alone	1,287
Asian alone	8,646
Native Hawaiian and Other Pacific Islander alone	425
Some other race alone	282
Two or more races:	2,519
Two races including Some other race	0
Two races excluding Some other race, and Three or more races	2,519

RACE	
One race	363,490
Two or more races	2,754
Total population	366,244
One race	363,490
White	255,318
Black or African American	89,383
American Indian and Alaska Native	1,287
Asian	8,811
Some other race	8,266
Two or more races	2,754
White and Black or African American	0
White and American Indian and Alaska Native	2,159
White and Asian	0
Black or African American and American Indian and Alaska Native	360

Source: US Census Bureau 2004 Estimate

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Demographics of the Region (continued)

This region, Southeast Texas, enjoys a cumulative population of approximately 385,000 persons (according to the 2006 U.S. Census Estimates). In order to compete more effectively with areas globally, the Southeast Texas Region must realistically identify and take advantage of those attributes that distinguish the region in a positive way from the rest of the world.

Four Year Sales Tax Summary

County/City	2008*	2007	2006	2005
Hardin Co. Cities				
Kountze	383,710.10	414,467.53	427,634.07	379,191.79
Lumberton	2,081,517.05	2,340,077.04	2,318,134.99	2,229,086.69
Silsbee	2,900,760.61	2,687,181.22	2,695,658.78	2,229,086.69
Sour Lake	579,841.93	540,942.26	424,695.05	335,210.67
County Total	5,945,829.69	5,982,668.05	5,866,122.89	5,172,575.84

Jefferson Co. Cities				
Beaumont	34,788,328.88	35,690,310.50	36,214,055.34	28,086,178.84
Bevil Oaks	14,542.68	10,954.82	10,969.15	11,123.86
China	70,556.10	73,992.66	54,327.41	41,150.13
Groves	1,745,932.44	1,676,559.32	1,584,706.11	1,330,394.68
Nederland	3,477,513.87	3,779,211.27	3,633,340.22	2,678,678.90
Nome	48,490.41	49,240.40	45,327.16	33,183.78
Port Arthur	11,855,924.10	10,819,579.53	11,033,427.51	8,460,903.62
Port Neches	1,014,335.27	1,133,417.87	1,218,131.52	992,592.14
Jefferson Co.	22,058,780.96	22,345,366.13	20,733,197.96	14,725,480.27
County Total	75,074,404.71	75,578,632.50	74,527,482.38	56,359,686.22

Orange County Cities				
Bridge City	1,075,403.17	1,077,234.20	1,091,115.42	890,709.34
Orange	3,173,266.40	3,220,690.79	3,687,913.01	2,796,154.99
Pine Forest	22,476.84	20,365.31	21,858.42	12,938.52
Pinehurst	717,455.38	800,958.31	844,275.04	669,834.12
Rose City	178,107.88	139,373.01	129,464.71	116,233.39
Vidor	1,832,140.10	1,969,661.47	2,359,972.64	1,770,452.63
West Orange	933,128.61	999,180.76	1,058,985.78	872,744.56
Orange Co.	3,986,405.37	3,725,849.14	4,013,818.82	3,187,226.09
County Total	11,918,383.75	11,953,312.99	13,207,403.84	10,316,293.64

*2008 figures through Nov. 2008

Source: Texas Window on State Government Website.

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Demographics of the Region (continued)

Southeast Texas Economic Development Foundation Regional Education Data

EDUCATIONAL ATTAINMENT	Orange Co.		Jefferson Co.		Hardin Co.		TOTAL
	2006 Estimate	Margin of Error	2006 Estimate	Margin of Error	2000 Actual	Percent	
Population 25 years and over	55,947	+/-624	158,403	+/-204	30,747	100	245,097
Less than 9th grade	2,720	+/-860	11,727	+/-1,930	2,008	6.5	16,455
9th to 12th grade, no diploma	6,254	+/-1,147	20,125	+/-2,206	4,310	14.0	30,689
High school graduate (includes equivalency)	22,551	+/-1,897	55,669	+/-3,016	12,380	40.3	90,600
Some college, no degree	12,934	+/-1,633	33,239	+/-2,402	6,451	21.0	52,624
Associate's degree	3,663	+/-901	10,562	+/-1,424	1,599	5.2	15,824
Bachelor's degree	5,554	+/-1,090	17,433	+/-1,945	2,972	9.7	25,959
Graduate or professional degree	2,271	+/-785	9,648	+/-1,564	1,027	3.3	12,946
Percent high school graduate or higher	84.0%	+/-2.4	79.9%	+/-1.6	79.5%	(X)	
Percent bachelor's degree or higher	14.0%	+/-1.9	17.1%	+/-1.6	13.0%	(X)	

Source: US Census Bureau 2006 Estimate

Selected Social Characteristics: 2004 Jefferson, Orange and Hardin Counties		Estimate
LANGUAGE SPOKEN AT HOME		
Population 5 years and over		340,481
English only		308,114
Language other than English		32,367
Speak English less than "very well"		11,605
Spanish		20,201
Speak English less than "very well"		7,718
Other Indo-European languages		4,214
Speak English less than "very well"		960
Asian and Pacific Islander languages		7,952
Speak English less than "very well"		2,927
Other languages		0
Speak English less than "very well"		0

Source: US Census Bureau 2004 Estimate

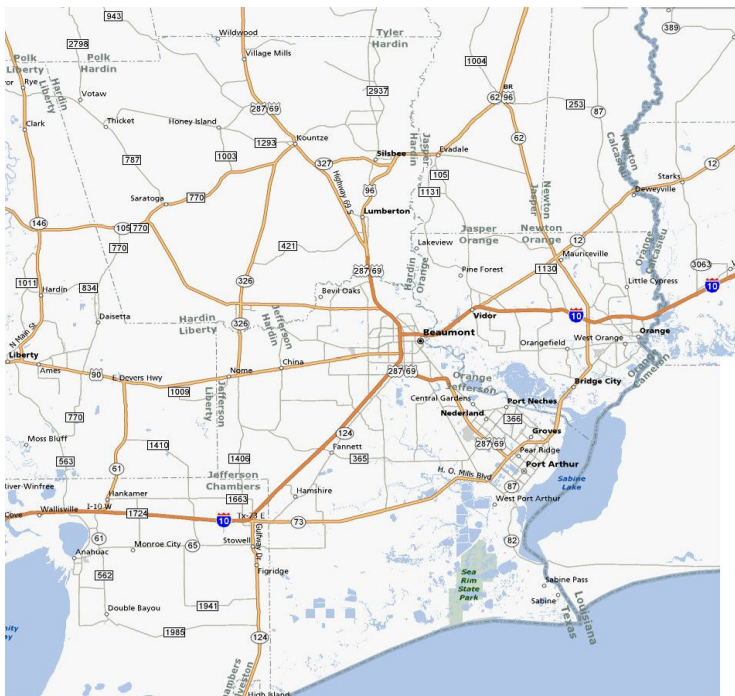
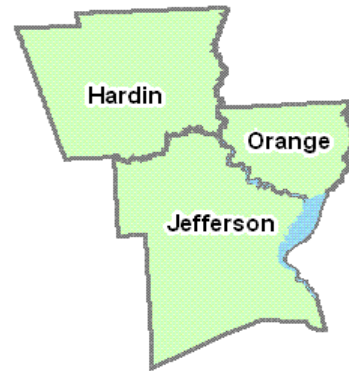
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Strengths, Weaknesses, Opportunities, Threats

In reviewing those location criteria that impact decisions to either expand or relocate business and industry, we have identified the following as significant to the process:

- ❖ *Business Climate*
- ❖ *Workforce and Education*
- ❖ *Sites and Infrastructure*
- ❖ *Quality of Life*
- ❖ *Economic Development and Marketing*



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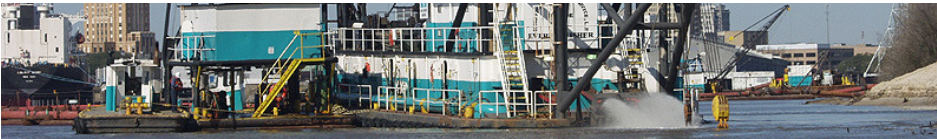
Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Business Climate*

Southeast Texas enjoys the benefits of the Texas business climate. The State of Texas is consistently ranked among the most business-friendly states in the United States by any number of ranking organizations. Its lack of personal income tax and minimal or no corporate income tax places Texas in the “plus column” for many companies seeking a location to expand. In addition, many companies consider the regulatory process in Texas reasonably easy to navigate in comparison to other states. Southeast Texas is likewise perceived in such a fashion. Employment levels in the region have increased modestly in recent years. This is most significant in light of the recent hurricanes the region has experienced.



Many of the industrial companies, particularly petrochemical, refining, and shipbuilding have seen resurgences in their operations. Expansions of these types of industries are occurring throughout the region. Numerous firms engaged in manufacturing activities are reviewing Southeast Texas as a potential site for their current/future operations. The Southeast Texas “traditional industries” are doing quite well in the global economy.



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Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Business Climate*

Top Businesses							
Company Name	Address	City	State	NAICS Code	NAICS Code Description	Sales Volume (1,000)	Output Sales Volume
Conn's Inc	3295 College St	Beaumont	TX	44311104	Household Appliance Stores	-	
Criminal Justice Dept	3060 Fm 3514	Beaumont	TX	92213004	Legal Counsel & Prosecution	-	
Deli Management Inc	2400 Broadway St	Beaumont	TX	72231009	Food Svc Contrs	-	
Entergy Gulf States Inc	350 Pine St	Beaumont	TX	22112202	Electric Power Distribution	-	
Jefferson County Court House	1149 Pearl St	Beaumont	TX	92211002	Courts	-	
Jefferson County Courthouse	1001 Pearl St # 202	Beaumont	TX	92112007	Legislative Bodies	-	
Lamar University	4400 Mik Blvd	Beaumont	TX	61131009	Colleges & Universities	-	
Market Basket	2420 Nederland Ave	Nederland	TX	44511003	Supermarkets & Other Grocery Stores	-	
En Global Engineering Inc	3105 Executive Blvd	Beaumont	TX	54133052	Engineering Svcs	-	
Spindletop	655 S 8th St	Beaumont	TX	92112008	Legislative Bodies	-	
West Orange-Cove School Dist	505 15th St	Orange	TX	61111007	Elementary & Secondary Schools	-	
West Telemarketing	4645 Concord Rd	Beaumont	TX	56142202	Telemarketing Bureaus	36,750	\$20-50 Million
Addiction Treatment & Recovery	2750 S 8th St	Beaumont	TX	62221001	Psychiatric & Substance Abuse Hospitals	46,737	\$20-50 Million
Christus Hospital St Mary	3600 Gates Blvd	Port Arthur	TX	62211002	General Medical & Surgical Hospitals	95,400	\$50-100 Million
Walmart Supercenter	4145 Dowlen Rd	Beaumont	TX	45211101	Department Stores, Except Discount	97,200	\$50-100 Million
Matrix Engineering	1725 W Cardinal Dr	Beaumont	TX	54133052	Engineering Svcs	103,500	\$100-500 Million
West Corp	4645 Concord Rd	Beaumont	TX	51791903	All Other Telecommunications	105,000	\$100-500 Million
Spindletop Mhmr Svc Daybreak	2895 S 8th St	Beaumont	TX	54199009	All Other Professional & Technical Svcs	133,500	\$100-500 Million
Memorial Hermann Bap Beaumont	3090 College St	Beaumont	TX	62211002	General Medical & Surgical Hospitals	159,000	\$100-500 Million
Goodyear Tire & Rubber Co	11357 Ih 10	Beaumont	TX	32629923	All Other Rubber Prod Mfg	163,800	\$100-500 Million
Christus St Elizabeth Hospital	2830 Calder St	Beaumont	TX	62211002	General Medical & Surgical Hospitals	169,600	\$100-500 Million
Baptist Hospital	3090 College St	Beaumont	TX	62211002	General Medical & Surgical Hospitals	180,200	\$100-500 Million
Xerox Corp	4345 Phelan Blvd	Beaumont	TX	42342015	Office Equip Merchant Whols	203,500	\$100-500 Million
Huntsman Corp	2701 Spur 136	Port Neches	TX	32599805	Other Misc Chemical Prod Mfg	274,500	\$100-500 Million
Signal International	91 W Front St	Orange	TX	33661102	Ship Building & Repairing	355,200	\$100-500 Million
Ameripol-Synpol	1615 Main St	Port Neches	TX	32521201	Synthetic Rubber Mfg	793,040	\$500m - \$1 Billion
Wholesale Electric Supply Co	401 Highway 365	Port Arthur	TX	42361021	Electric Equip & Wiring Merchant Whols	1,144,500	Over \$1 Billion
Motiva Enterprises	2525 Savina Ave	Port Arthur	TX	21111102	Crude Petroleum & Natural Gas Extraction	1,349,460	Over \$1 Billion
Valero Port Arthur Refinery	1801 Gulfway Dr	Port Arthur	TX	32411006	Petroleum Refineries	2,666,450	Over \$1 Billion

The chart above reflects the larger employers by NAICS Code and sales. Numerous of these employers are institutional, governmental, and health care-related. The balance of these employers is reflective of the traditional industrial base with the exception of retailers present in the region.



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Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Business Climate*

The Southeast Texas Region has experienced higher unemployment rates than the Texas average. This has historically been a problem as area employers maintain their difficulty in securing qualified employees. This phenomenon existed particularly in the aftermath of Hurricane Rita and is somewhat predicted to occur similar in the aftermath of Hurricane Ike. Many researchers suggest that this problem is not an employment problem, rather an education/workforce issue that will be discussed in the subsequent section.

Population has decreased slightly in the region over the past few years, however, not as significantly as the unemployment rate would suggest. Sales tax revenue, as exhibited in the charts on pp.11-12 has been somewhat inconsistent by county. The last four years has shown both increases and decreases, however, all counties are showing increases from 2005-2008. There have been years in that period that sales tax revenue has exceeded the 2008 numbers significantly for parts of the region.

Local property taxes and payments in lieu of taxes are a frequent topic of conversation among the region’s business and industry leaders. The prevailing thought among those offering input is that these taxes and fees represent a distinct disadvantage to them versus those of the competition located elsewhere. ***However, when analyzing the impact of property taxes or the payment (fee) in lieu of taxes, one must recognize the willingness of the Southeast Texas Region to accept and accommodate traditional industry. Many areas of the country are not amenable to that type of industry nor are those regions capable of providing the much-needed infrastructure to serve it.***



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Strengths, Weaknesses, Opportunities, Threats (continued)



Business Climate SWOT

Strengths

- Traditional Industrial Base
- Region is receptive to industry and can serve it
- Central location between Houston and Louisiana
- Favorable state tax and regulatory climate (unlike Louisiana)

Weaknesses

- Heavy property tax burden on industry
- High property or fee rates
- Economy has been cyclical
- Retail sales have been cyclical
- Impacts of hurricane(s)

Opportunities

- Economic diversification will provide tremendous opportunities for Southeast Texas
- Regional economic development effort can provide stable economy
- New technology can enhance region's viability
- Post hurricane investments can add 21st Century jobs
- Utilization of raw materials into value added manufacturing products within the region

Threats

- Industries are evaluating post hurricane(s) strategies in terms of future investment
- Budget strains on local/regional government could cause tax increases or fewer services
- Traditional industry has been cyclical to region's economy and might be in future

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Strengths, Weaknesses, Opportunities, Threats (continued)

❖ **Workforce and Education**

Historically, economic development reflected the cliché of real estate-- Location, Location, Location. Today, economic

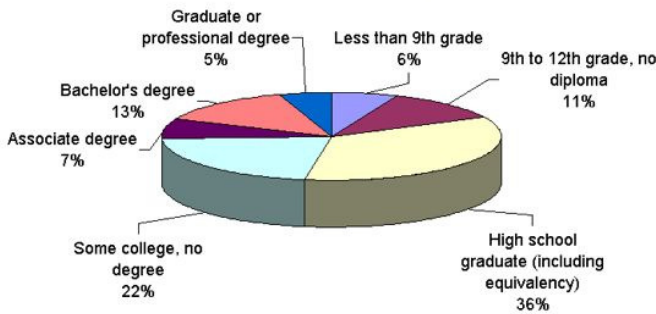
development reflects the contemporary view of Education, Education, Education!

This is true not only for community-based economic development efforts, but for regional efforts, also. The globally competitive nature of economic development with outsourcing for costs, quality, and convenience places more stress upon the regional economy. The adjacent graph demonstrates the level of educational attainment from components of the region in contrast with neighboring Lake Charles, Louisiana. Similarly, using the same comparisons, we can see the respective incidences of persons without a high school diploma.

The region has improved slightly over the last decade in its educational factors. The Texas Education Association rates a number of the region’s local schools well above average. There are any number of opportunities for area residents to further their

education through community colleges, universities, and private technical schools. These opportunities enhance the future of the region’s workforce.

Educational Attainment: Ages 25 and Over



Selected Social Characteristics: 2004 Jefferson, Orange and Hardin Counties		Estimate
SCHOOL ENROLLMENT		
Population 3 years and over enrolled in school		101,572
Nursery school, preschool		10,089
Kindergarten		6,917
Elementary school (grades 1-8)		41,159
High school grade (grades 9-12)		22,106
College or graduate school		21,301

Source: US Census Bureau 2004 Estimate

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Strengths, Weaknesses, Opportunities, Threats (continued)

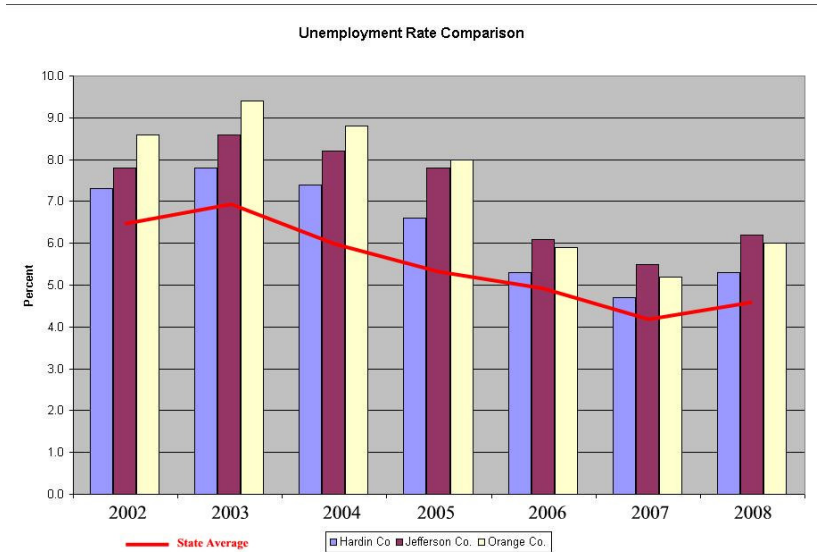


❖ *Workforce and Education*

Workforce recruitment has been an issue raised by firms currently located in Southeast Texas. This issue has been identified in the Orange County Economic Development Strategic Plan and the Beaumont Economic Development Strategy. Many local school districts within the region have

expressed not only a willingness to work with business and industry but have dedicated time, space, and staff to this cause.

There are significant shifts within the region in relation to the growth of certain sectors within the economy. In some parts of the region, financial, business services, and governmental employment have seen significant gains. Simultaneously, other parts of the region have experienced an outgrowth of those types of employment opportunities. This is not particularly cause for alarm in that the employment trends suggest an overall growth within the three counties in terms of actual employment. This data should be monitored closely in the aftermath of Hurricane Ike.



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Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Workforce and Education*

Workforce and Education SWOT

Strengths

On balance, the region's K-12 is improving
Good technology skills in some of the region's graduates
Outstanding institutions in region—Lamar University, Lamar State, Lamar Institute of Technology and private vocational/technical offerings

Weaknesses

Lack of available trained workers to meet the need of current/future industry
Hurricane Ike (and Rita) have negatively impacted workforce
Brain Drain of educated professionals
Industry forced to “bid” for qualified workers driving higher wage costs
Traditionally high unemployment rates
Numerous school districts in the region with somewhat varying standards/criteria
Perception of a heavily unionized area

Opportunities

Expand the role of community colleges and universities within region to meet changing demands
Enhance role of high schools in “prep for work” programs
Work closely with State of Texas in enhancing training programs for industry
Stronger “adult education” programs to enhance retrained workforce

Threats

Hurricane(s) may cause workers and companies not to return
Current economic conditions may have long-term negative impact

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Strengths, Weaknesses, Opportunities, Threats (continued)

❖
Sites and Infrastructure

Infrastructure is essential to any economic development effort. The ability to “site” projects within an area or region is critical to the most elementary aspects of consideration by business and industry. Southeast Texas is fortunate to be ideally located along U.S. Interstate 10 between Houston and Louisiana. It enjoys numerous federal, state, and outstanding connections throughout the region. In addition, the region is home to numerous public and private docking facilities including government-managed ports.

The **Sabine-Neches Waterway** is vital to the nation. It is the number 1 US crude oil import port. It is the nation’s fourth largest waterway, providing support to oil, refinery, military, and commercial applications.

In addition to the outstanding highway and waterway infrastructure, Southeast Texas enjoys a regional airport with those attributes identified in the chart below. Commercial and private carriers provide air service to the nation’s destinations. *According to the Southeast Texas Regional Airport, 85 acres are available for development adjacent to the terminal.*

- Flight Instruction, Aircraft Rental
- Foreign Trade Zone
- Fueling: 100LL, Jet-A
- Hangars, T-Hangars, and Tiedowns
- Navigational Aids and Facilities
 - FAA Approved
- Quick Turnaround
- Runways: 6750' X 150'; 5070' X 150'



Numerous rail providers serve Southeast Texas offering a variety of services. Included among these rail providers to the region are Union Pacific, BNSF, and the Sabine River and Northern Railroad.

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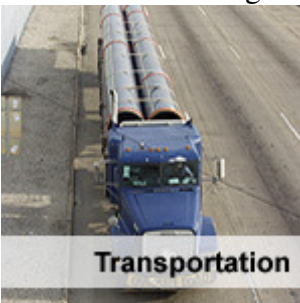
Strengths, Weaknesses, Opportunities, Threats (continued)

Numerous sites and buildings exist within Southeast Texas. Identified industrial parks exist particularly within Beaumont, Orange, Port Arthur, Nederland, and the balance of the region. Many of these identified industrial parks enjoy interstate frontage or similar frontage along state and/or local thoroughfares within easy proximity of interstates. Prices within the region for land and buildings favor comparably with other locations in Texas and the U.S.

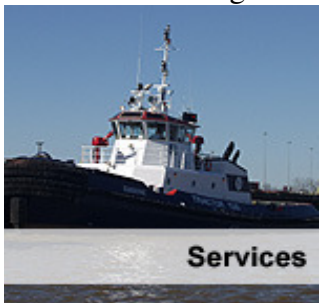
❖ *Sites and Infrastructure*

Southeast Texas enjoys quality infrastructure in locations accessible to serve business and industry. Through Entergy, electrical capacity exists and rates are somewhat lower than the national average. Their engaged economic development staff provide valuable resources to the region’s economic development effort. Most of the urbanized areas enjoy excess capacities in the water/sewage systems and are familiar with the treatment of heavy industry. The State of Texas provides assistance to rural areas in need of infrastructure to accommodate industry. Available natural gas and raw water in the region has served the region’s industry well. Rates for industrial utilities compete quite well with those in the balance of the country.

Numerous retail sites exist in the region. Many of the Hardin County communities, along with the “Mid-County” area of Jefferson County provide outstanding locations for local, regional, and national retail outlets. Orange and the balance of Jefferson County likewise serve as outstanding retail sites for future growth.



Transportation



Services

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Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Sites and Infrastructure*

Sites and Infrastructure SWOT

Strengths

Interstate 10 and other surface transportation
Reasonable land and building costs
The location of waterways and accompanying port facilities—private and public, including Sabine-Neches Waterway, Port of Orange, Port of Beaumont, and Port Arthur
Numerous rail providers provide competitive pricing
Capacities among utility systems and experience in providing utilities to heavy industry at competitive pricing
Airport enjoys commercial and private service and has available land

Weaknesses

Lack of frequency and numbers of air carriers
Lack of “comprehensive” listing available to prospects of buildings and sites in region
Some of the region’s utility systems need upgrades
Lack of housing and national developers in marketplace to accommodate industry and aftermath of hurricane(s)
Limited new development in region

Opportunities

Enhancing I-10 interchanges to be more retail/business friendly
Broader utilization of regional airport
Redevelopment and or demolition of older/unused properties in various parts of the region
Improved highway access through major construction projects along I-10 and other surfaces
Enhancement of the Sabine-Neches Waterway

Threats

Survive blows to infrastructure/sites/buildings from hurricane(s)
Lack of “regional” message detracts from growth
Visual appearance of entryways into region need enhanced

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Strengths, Weaknesses, Opportunities, Threats (continued)

Businesses make location decisions not solely based on the low cost environment, incentives offered, or regulatory environment.

Quality of life plays a critical role in whether or not a business moves into a region. Companies prefer locations where their employees will want to both work and live, and where new employees can be recruited with ease.

❖ *Quality of Life*

Affordability factors for employers and employees play a critical role in the site selection/business location process. Southeast Texas has enjoyed housing prices consistently lower than that of the balance of Texas and the United States according to the United States Census. *Unfortunately, the lack of available housing within the region subsequent to the hurricanes over the last few years has caused housing burdens.* It is somewhat difficult to obtain either executive or employee housing within the region currently. This places a stress on existing and relocating companies.

Entertainment options within the region appear to be below those of other regions.

This was identified in focus groups in Orange County in a 2006 study. This provides added problems for preventing the “Brain Drain” from its continuation. Many young



professionals are lost to neighboring Houston or the other larger metropolitan areas such as Dallas-Ft. Worth and/or San Antonio and Austin. *On the other hand, numerous cultural and recreational amenities occur throughout the region.* Well known museums, parks, college sports, outdoor recreation such as hunting and fishing are widely enjoyed by visitors and residents alike.

Southeast Texas is an easy commute to Houston for the amenities of the state’s largest city in terms of professional/collegiate sports, additional museums, greater shopping, dining, etc. A regional mall exists within Southeast Texas with numerous power centers and smaller retail centers dotted along either Highway 69 and or I-10. Most of the national chains are present in Southeast Texas along with very unique regional/local shopping and dining opportunities.

The Regional Economic Development Strategy

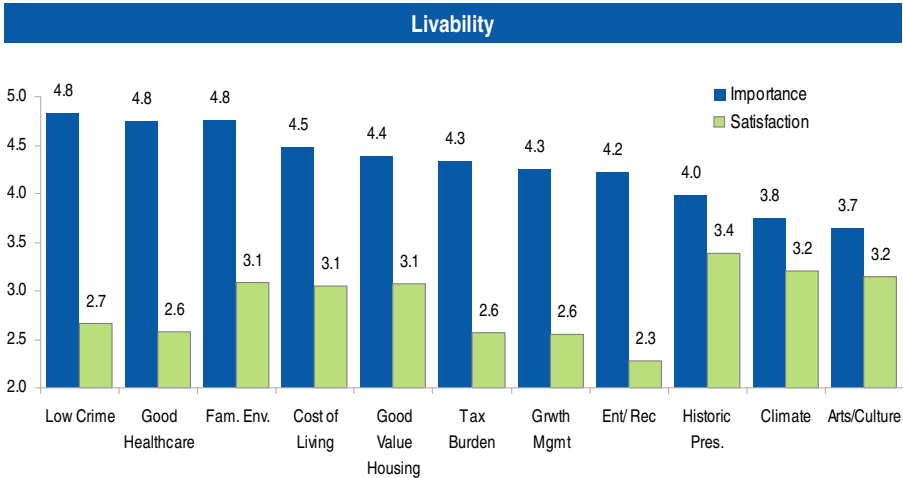
Regional Economic Development Initiative (REDI)

Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Quality of Life*

In a recent survey of Orange County residents, factors were grouped by “importance” and “satisfaction” in terms of overall quality of life issues. The survey has regional application and is

offered below to illustrate the residents’ desires and perspectives of the region’s amenities.



Source: AE Survey, Average response on scale of 1 to 5

It is seen by the above graph that resident’s expectations sometimes exceed the satisfaction of the quality of life they enjoy. High priority issues are illustrated as the following:

- ✚ Low Crime
- ✚ Good Healthcare
- ✚ Family Environment
- ✚ Cost of Living
- ✚ Good Value Housing
- ✚ Tax Burden
- ✚ Recreation

The data suggest that in terms of resident satisfaction, improvements in those categories should be made.

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Strengths, Weaknesses, Opportunities, Threats (continued)

Companies that are seeking a relocation or expansions into new markets are very sensitive to the recruitment issue. A survey conducted within Orange County’s major employers that recruit from outside the region found that **71% of those firms found it very difficult to recruit employees to the region.** Reasons given by the respondents include the following:

❖ *Quality of Life*

- ✓ Lack of region’s amenities
- ✓ Lack of executive housing
- ✓ General perception of the Gulf Coast subsequent to the hurricane(s)

Source: Survey and focus groups conducted as part of the Orange County EDC Strategic Plan

As part of our past research, the consultant team found that once employees were relocated to the region, they found the quality of life and overall lifestyle enjoyable.



Employers indicated the real issues were the perception. Outstanding amenities exist throughout Southeast Texas. The challenge is to make the prospective relocating firms aware of them. This issue is not unique to Southeast Texas; rather it is an issue that must be addressed by regions and communities globally. The abundance of attractions, lifestyle amenities, and overall quality of life is an issue that is relatively easy to address in comparison to many other location factors.

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Quality of Life*

Quality of Life SWOT

Strengths

Family-oriented region
Climate that allows for numerous outdoor recreational amenities
Healthcare
Relatively low cost of living
Access to regional collegiate sports and short distance to Houston for its amenities
Numerous museums of renown in region

Weaknesses

Hurricane damage to housing stock
Overall appearance in parts of region and odor
Southeast Texas “perception” associated with Gulf Coast
Insufficient entertainment venues
Lack of housing worsened by hurricane(s)

Opportunities

Redevelopment of industrial areas to provide appearance that is more attractive
Better utilization of region’s waterways to attract “water-oriented” restaurants, retail, etc.
Engage the universities, community colleges, and technical colleges more in quality of life issues
Attract more retail/shopping
Utilize quality of life opportunities to offset “Brain Drain”

Threats

Continued growth in Louisiana casinos may further drain entertainment dollars from the region
Recognition and preparation for potential hurricane(s)
Lack of recognition of the importance of a Southeast Texas Regional economic development approach

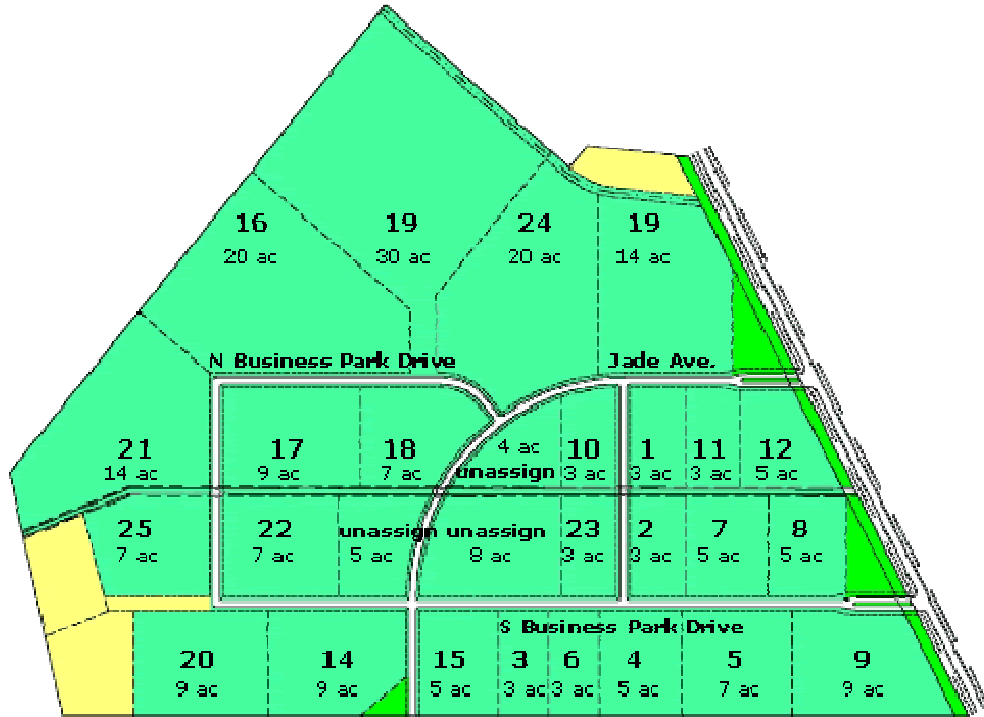
The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Economic Development and Marketing*

Port Arthur Business Park Available Lots



Effective economic development efforts incorporate marketing and communication strategies to transform the image of a region and increase awareness and appeal from targeted industries. Marketing efforts must be sophisticated and tailored to targeted companies. Regional cooperation, too, is increasingly necessary as uncoordinated efforts are likely to waste resources and under perform. Economic development organizations must become more adept at prioritizing leads. This is necessary to move from a reactive stance of merely responding to information requests to a proactive stance of contacting targeted companies.

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Economic Development and Marketing*

Regional Branding is an activity the Southeast Texas

Economic Development Foundation must undertake. For example, Austin, Texas is known as the “Music Capital.” Dallas-Fort Worth is known as the Metroplex with many sub brands contained therein. This theme or brand must be incorporated into the region’s marketing materials, website design, and collateral materials. The region is well equipped to make very quick progress in this effort utilizing its political strength, educational resources, engaged regional participants, and capitalizing upon a new industrial or business location project.

One of the recommendations of the *Beaumont Targeted Marketing Plan* was to utilize *Advancing Business* as its primary theme. A similar “brand” must be identified and incorporated for the region. This serves two goals of any economic development strategy. These goals follow:

- *Internal Marketing—Marketing to stakeholders, businesses, residents and allies located within Southeast Texas*
- *External Marketing—Marketing to prospective companies directly or through site selection professionals from outside Southeast Texas*

This is completed through aligned efforts with the State of Texas and its cadre of communities desirous of locating new companies in the state. In addition, the marketing effort must contain independent regional marketing efforts aimed solely at bringing firms into the Southeast Texas Region and communicating effectively with regional stakeholders as to the progress of the newly formed Southeast Texas Economic Development Foundation’s Regional Economic Development Initiative.

Any regional economic development campaign must contain a strong Business Retention/Expansion Program (BREP). Given the strength of the petrochemical industry and other traditional industries in this region, weekly visits and discussions with these firms must be given a high priority. This BRE Program is a component of the Internal Marketing activity.

The REDI Steering Committee must identify those strengths of previous regional efforts and incorporate them into this revised project. Likewise, weaknesses of the earlier programs should be avoided.

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Strengths, Weaknesses, Opportunities, Threats (continued)

❖ *Economic Development and Marketing*

Economic Development and Marketing SWOT

Strengths

Recently formed SETEDF provides a solid platform for regional economic development
Enhanced desire for regional economic development effort with a recognition that all the elements of the region make the region more competitive
Strong economic development professional group within the region that have experience working together on projects

Weaknesses

Southeast Texas lacks a current brand or image in the economic development marketplace
Regional budget is limited as are many of the local budgets
Hurricane(s) have negatively impacted the region's marketability
Historical perception as non-cooperative region
Population of the region is significantly smaller than much of the competition

Opportunities

Hurricane(s) present opportunity for better access to state federal officials and respective funds
Enhanced cooperation among and between region's educational institutions
Enhanced cooperation among and between cities/counties/regional entities
Stronger retail recruitment strategy with enhanced regional numbers
Promote housing as an economic development opportunity

Threats

Workforce needs must be addressed as part of REDI marketing effort
Continuation of "Brain Drain" must be addressed
Strong competition from balance of Texas and Louisiana
Hurricane(s) impact unknown for future economic development

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Conclusions/Recommendations

The Southeast Texas Economic Development Foundation must incorporate the following action items into its Program of Work:

- *Establish a regional identity*
- *Create an awareness of the efforts of the SETEDF (REDI) among the region's businesses and industries through both communication (newsletter and website) and through an engaged Business Retention/Expansion Program*
- *Create an awareness generally of Southeast Texas among corporations seeking sites to locate*
- *Create an awareness of Southeast Texas generally among the site selection firms*
- *Identify targeted businesses and industries to market directly the benefits of a Southeast Texas location*

Establishment of a regional identity is an exercise that could be undertaken by the REDI group in a focus group format. It might be helpful to utilize the talents of an area public relations/marketing firm, assuming they would do this on a pro bono basis to hone the ideas brought by forward by REDI. The key is to incorporate this identity consistently into all the marketing activities undertaken by SETEDF. A logo should be created or identified from within an existing one that could be readily available for use.

Create and maintain a SETEDF website. Utilizing data contained in this strategy and elsewhere, particularly Building and Site data, a website touting the benefits of Southeast Texas with appropriate contacts should be initiated immediately. Given the budgetary constraints, perhaps the utilization of one of the institutions of higher education would be a viable alternative to the design and maintenance of such a site. *Create and distribute quarterly newsletters identifying the activities of SETEDF.* These should be sent electronically to stakeholders within the region and to those on the regional contact list comprised of companies and site selection professionals. Communication is key!

Establish a Regional Business Retention/Expansion Program. This can be done through the utilization of existing economic development staff and having these staff make weekly BRE calls on companies located within their jurisdictions. Records of these BRE visits should then be tabulated regionally to demonstrate the comprehensive nature of this effort.

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Conclusions/Recommendations (continued)

The SETEDF should consider joining Team Texas, the statewide marketing effort whose goal is to highlight the benefits of a Texas location to companies and site selection officials. In addition, this group attends various corporate real estate functions and serves as host to executives from around the state and country at events frequently. This establishes SETEDF as an economic development entity and further enhances the region's presence.

SETEDF should also consider becoming a member of various groups such as the International Council of Shopping Centers, CORENET Global, Industrial Asset Management Council and other national/international organizations wherein industrial decision-makers congregate.

Participants of SETEDF should jointly establish appointments with corporate real estate executives and site selection professionals and visit them in their respective offices. This again showcases the region and demonstrates the collaborative efforts of the respective entities comprising the organization. *A great source of leads might be derived from the BRE calls made by the REDI team in the respective communities.*

The Southeast Texas Region must diversify its economy! This does not imply that further recruitment of the region's traditional industries should not occur; rather



recruitment of additional non-aligned or aligned industries should also occur. This will prevent cyclical damage to the region's economy. A healthy combination of traditional industry, newer technology, and enhanced retail will provide a solid foundation for the region's economy in years to come.



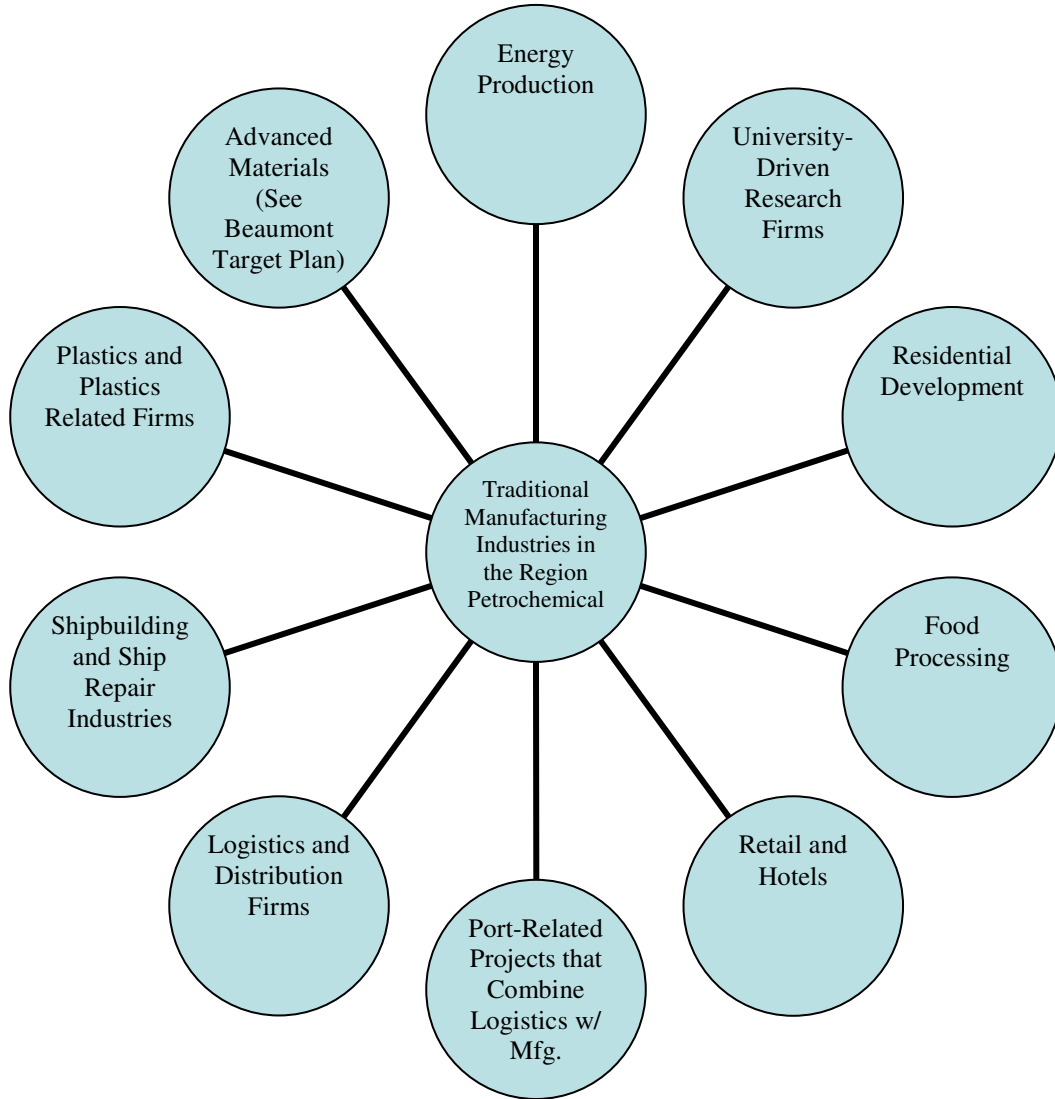
Consider a strategy to upgrade the hotel/motel selections for the region. The hurricane(s) caused considerable damage to the hotel properties; however, there is not an upper end hotel/motel property available for the business or recreational traveler in the region.

The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Conclusions/Recommendations (continued)

Potential Regional Targeted Industries



The Regional Economic Development Strategy

Regional Economic Development Initiative (REDI)

Conclusions/Recommendations (continued)

Southeast Texas is pivotal to the State of Texas and the United States in terms of its economic viability. There are few places in the United States where such concentrations of petrochemical firms exist. The firms have benefited from this clustering of industries, as has the region. It is now time to move into an economic development phase aimed at solidifying this base and diversifying the economy for the future.

Available land exists for a collaborative effort between the research components of Lamar University and the region. The community colleges and the technical schools could participate in this collaborative research effort. In addition, the Southeast Texas public school districts could likewise play a role in this effort.

A regional economic development effort provides sufficient work for all the components of the region to participate—political, governmental, educational, civic, volunteer, and residential. The Southeast Texas Economic Development Foundation has the unprecedented opportunity to move in a direction of complimenting its existing industrial base, while simultaneously taking a giant leap forward in partnership with the academic institutions to provide a research facility that will provide a platform for new technologies that will enhance the tax base generation and new employment for the future.