



Comprehensive Economic Development Strategy (CEDS)

2010
2013 Annual Update

This document was prepared by the South East Texas Economic Development District, Inc. in cooperation with the South East Texas Regional Planning Commission and the South East Texas Economic Development Foundation to meet requirements set forth by the United States Economic Development Administration.

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I. Introduction

THE COMPREHENSIVE ECONOMIC DEVELOPMENT STRATEGY

This Comprehensive Economic Development Strategy (CEDS) is the result of a local planning process designed to guide the growth of the southeast Texas region. The purpose of CEDS development is to establish a process that will help create jobs, foster a more stable and diverse economy, and improve living conditions.

It is important to recognize that this document, while developed with broad input from South East Texas Economic Development District members and others, carries no direct authority and is a tool to be referenced and utilized in coordinating economic development efforts in the region. The CEDS examines the southeast Texas area as a region that competes globally for employers and workers, and thus focuses on the interdependence of entities in the area.

THE ECONOMIC DEVELOPMENT ADMINISTRATION

The Economic Development Administration (EDA) was established under the Public Works and Economic Development Act of 1965 (42 U.S.C. § 3121), as amended, to generate jobs, help retain existing jobs, and stimulate industrial and commercial growth in economically distressed areas of the United States. EDA assistance is available to rural and urban areas of the nation experiencing high unemployment, low income, or other severe economic distress.

In fulfilling its mission, EDA is guided by the basic principle that distressed communities must be empowered to develop and implement their own economic development and revitalization strategies. Based on these locally- and regionally-developed priorities, EDA works in partnership with state and local governments, regional economic development districts, public and private nonprofit organizations, and Indian tribes. EDA helps distressed communities address problems associated with long-term economic distress, as well as sudden and severe



economic dislocations, including recovering from the economic impacts of natural disasters, the closure of military installations and other federal facilities, changing trade patterns, and the depletion of natural resources.

THE SOUTH EAST TEXAS ECONOMIC DEVELOPMENT DISTRICT, INC.

The South East Texas Economic Development District, Inc. (SETEDD) was created in 1993 to facilitate the flow of Economic Development Administration grant and loan funds into the southeast Texas region, which is comprised of Hardin, Jefferson, and Orange Counties. The SETEDD is a non-profit corporation that is governed by a Board of Directors composed of twenty-five persons from throughout Hardin, Jefferson, and Orange Counties. Board members are appointed by each County Commissioners' Court and represent a cross section of the region's population and economic interests. The mission of the Board is to promote the diversification of the economic base and the growth, development, and retention of business and industry within the three-county region.



Due to the presence of locally based economic development organizations and initiatives throughout the service area of the SETEDD, the District's economic development program places an emphasis on providing a supportive role to entities focused on economic development within the region, such as chambers of commerce, business associations, local government, and economic development departments. The SETEDD also promotes coordination of economic development planning activities among these various entities. A key focus of the SETEDD's work includes assisting local governments and organizations in project and grant development and submission through technical assistance. While the SETEDD strives to be aware of economic development needs and potential projects in the area that will enhance the local economic base, the District's role in the implementation of such projects is limited.

ADMINISTRATIVE ORGANIZATION

The SETEDD is a non-profit corporation with no employees and contracts for administrative support services with the South East Texas Regional Planning Commission (SETRPC) and the South East Texas Economic Development Foundation, Inc. (SETEDF). Staff at SETRPC and

SETEDF conduct day-to-day operations, as well implementation of activities associated with the District's planning grant from the EDA.

The SETRPC is a voluntary association of local governments that serves the three-county region of Hardin, Jefferson, and Orange Counties. The Planning Commission was established in June 1970 under authority provided by the Texas Legislature in 1965. The SETRPC is one of 24 regional planning councils that serve all of Texas. Each of these regional councils was founded for the purpose of solving area-wide problems by promoting intergovernmental cooperation and coordination, conducting comprehensive regional planning, and providing a forum for the discussion and study of area issues.



The SETEDF is an economic development organization that covers the three Texas counties of Hardin, Jefferson, and Orange. SETEDF is a non-profit development corporation that was formed in 1984 to assist small businesses in the region with long-term financing for real estate acquisitions, construction, and equipment purchases. It is licensed by the Small Business Administration to offer the SBA 504 loan program. SETEDF is governed by a Board

of Directors composed of local business and community leaders from Hardin, Jefferson, and Orange Counties. The SETEDF has a steering committee, the Regional Economic Development Initiative (REDI), that oversees the objectives of the Foundation.



CEDS UPDATE PROCESS

The SETEDD Board of Directors served as the steering committee for the development of the 2010 Comprehensive Economic Development Strategy and provided the necessary technical and advisory input. Committee members were relied upon to disseminate information about the CEDS process within their individual communities and to ensure their communities' needs and concerns were brought to the committee for attention. In addition, SETEDD worked closely with other economic development entities in the region during the update of the CEDS to gather input.

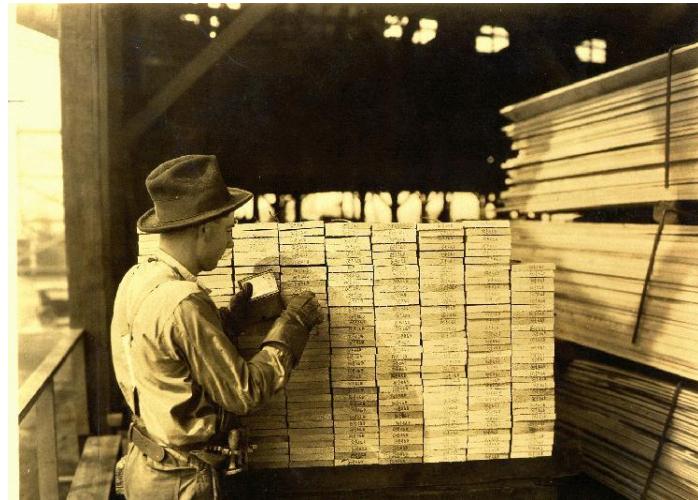
Three focus group sessions were held in the fall of 2010 to solicit input for the CEDS update. Mike Barnes of Mike Barnes, Inc., whose services were provided by the SETEDF, facilitated each of these sessions. The first focus group was held at the offices of the Sabine River Authority in Orange County, Texas. This session gathered input for the CEDS update from the Regional Economic Development Initiative, the steering committee for the SETEDF, which consists of area economic development stakeholders and professionals. Two additional focus group sessions were held at the offices of the SETRPC in Beaumont, Texas to receive input from the SETEDD Board of Directors and other interested individuals and organizations. A Strengths, Weaknesses, Opportunities, and Threats (SWOT) analysis was conducted during each of these sessions. The results of this analysis can be found in Appendix A of this document.

For annual updates to the CEDS, the SETEDD Board of Directors provides input and guidance on changes to the document. A thorough review of the CEDS is conducted to ensure consistency with the vision, goals, and current activities of the District. Additionally, demographics and information on the region are updated throughout the document where more current data is available.

II. The Area & its Economy

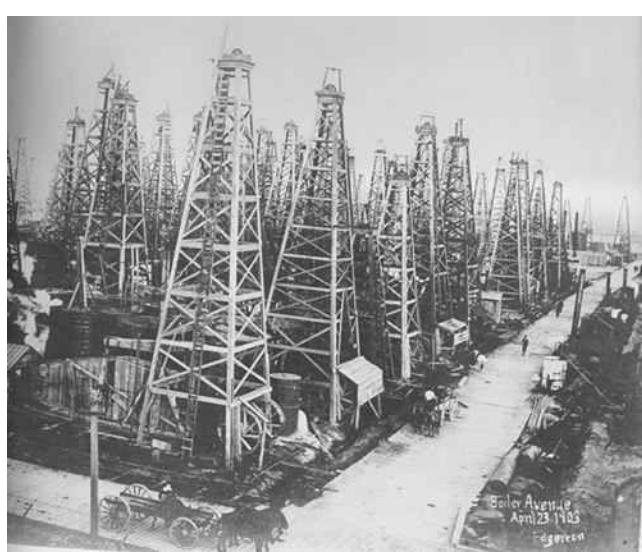
HISTORICAL OVERVIEW

In the early 1800s, southeast Texas was dominated by cattle raisers, farmers, and the timber industry. The area's economy continued as such, focused on livestock and timber as its principal products, until after the Civil War. By the 1870s, the region was a lumber and shipping center, as loggers used the Neches and Sabine Rivers to float logs from heavily forested areas to mills in Orange and Beaumont. The lumber boom reached its peak in the late 1800s, mostly due to rebuilding and expansion of railroads, housing, and bridges during Civil War reconstruction. By the early 1900s, southeast Texas was served by a number of railroads, which opened up the densely forested land in the northern portions of the area.



Southeast Texas was transformed by the discovery of oil at Spindletop on January 10, 1901. The area surrounding Spindletop became the first major oil field and one of the largest in American history, and the region boomed, more than doubling in population between 1900

and 1910. The discovery of oil turned southeast Texas into a major industrial center, and refineries were built throughout the area. The oil boom stimulated the existing lumber and agricultural industries in the area, as well.



During the Great Depression, southeast Texas lost business and industry but managed to maintain the exporting of materials from the region with continued production of crude petroleum, livestock, and crops. Although the Depression had

some lingering effects, especially on more remote, rural areas in the region, southeast Texas once again prospered during the World War II era. The growth of shipbuilding in the region attracted numerous firms, and oil production and refining continued with new industry arriving as plants were established for the production of chemicals and petrochemicals. By the late 1940s, parts of southeast Texas were highly industrialized and urbanized, and the region earned the nickname of the “Golden Triangle,” which symbolized the close relationship that existed between the three urban centers of Beaumont, Orange, and Port Arthur. Agricultural production also continued, and by the 1970s rice and cattle were the main farm goods.

The 1980s brought trying economic times to the southeast Texas region. The decade’s early promise of an economic boom changed to an economic bust by 1985 with the national and state downturn in the oil industry. Major plant closings and lay-offs occurred in all three counties in the petrochemical, lumber, and shipbuilding industries. By the 1990s, the regional economy had begun to show solid improvement, with industry recovery and the addition of several thousand jobs due to the construction of federal and state correctional institutions and treatment facilities in the area.



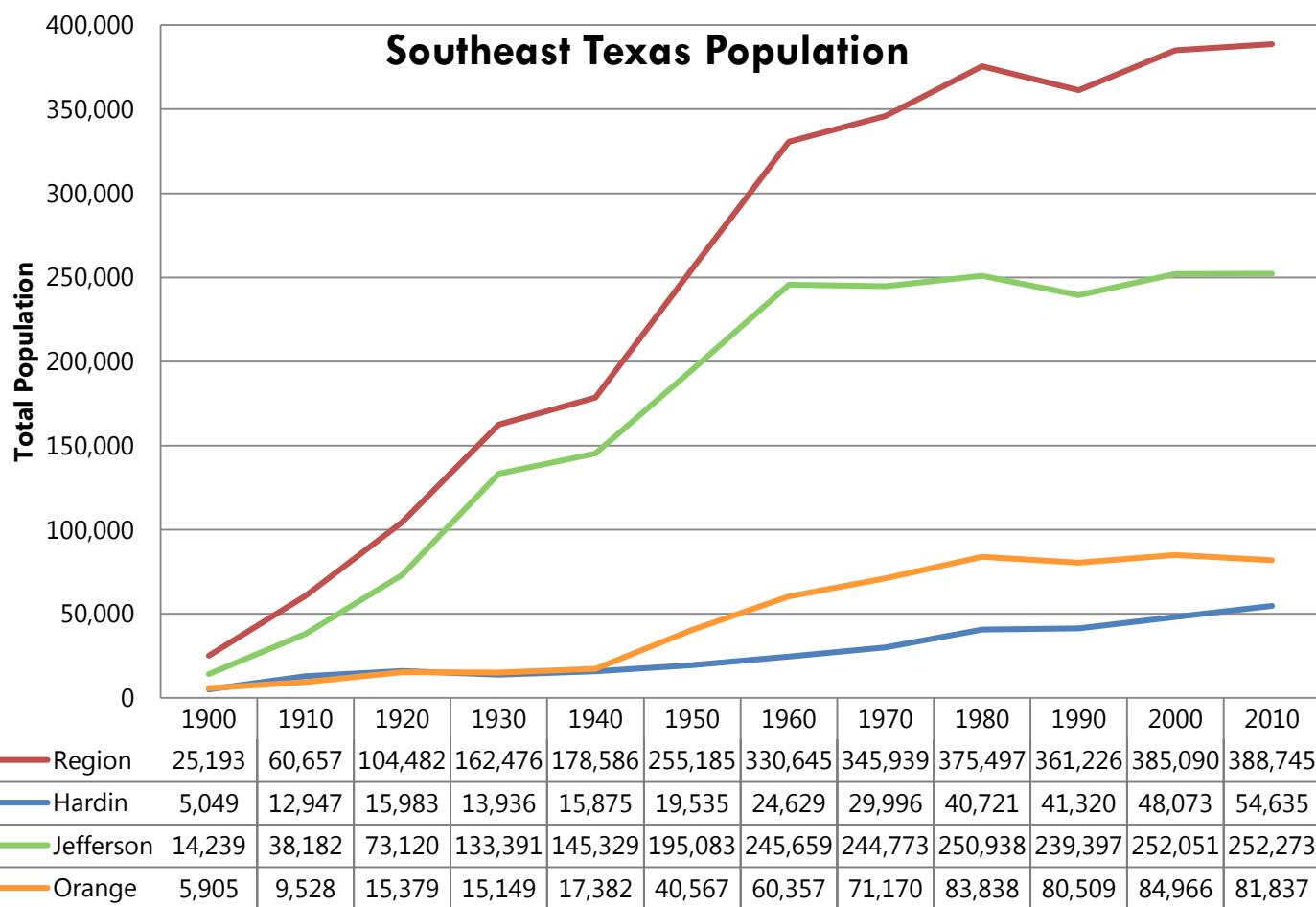
The southeast Texas region experienced a significant blow in the form of two natural disasters in the 2000s: Hurricanes Rita and Ike. Hurricane Rita made landfall in October 2005 and Hurricane Ike made landfall three years later in September 2008, before southeast Texas had been able to fully recover from Rita. The impacts of Rita, including the creation of a workforce shortage, destruction of habitable housing for area residents and out of town workers, a depletion of commercial inventory, and significant damages to local businesses, were further exacerbated by Hurricane Ike. The damage to homes, personal property, the environment, and local businesses in the midst of the national economic downturn made the road to economic recovery difficult, but southeast Texas has persevered after launching an extensive disaster recovery effort. Today, many small businesses are thriving and showing signs of full recovery from the storm. Homes have been repaired, and the area has shown a population gain, albeit minor, between 2000 and 2010.

The petro-chemical industry continues to be a major source of jobs, with several expansions recently completed or underway, although other trades, such as health care and education, also employ a number of citizens of the region.

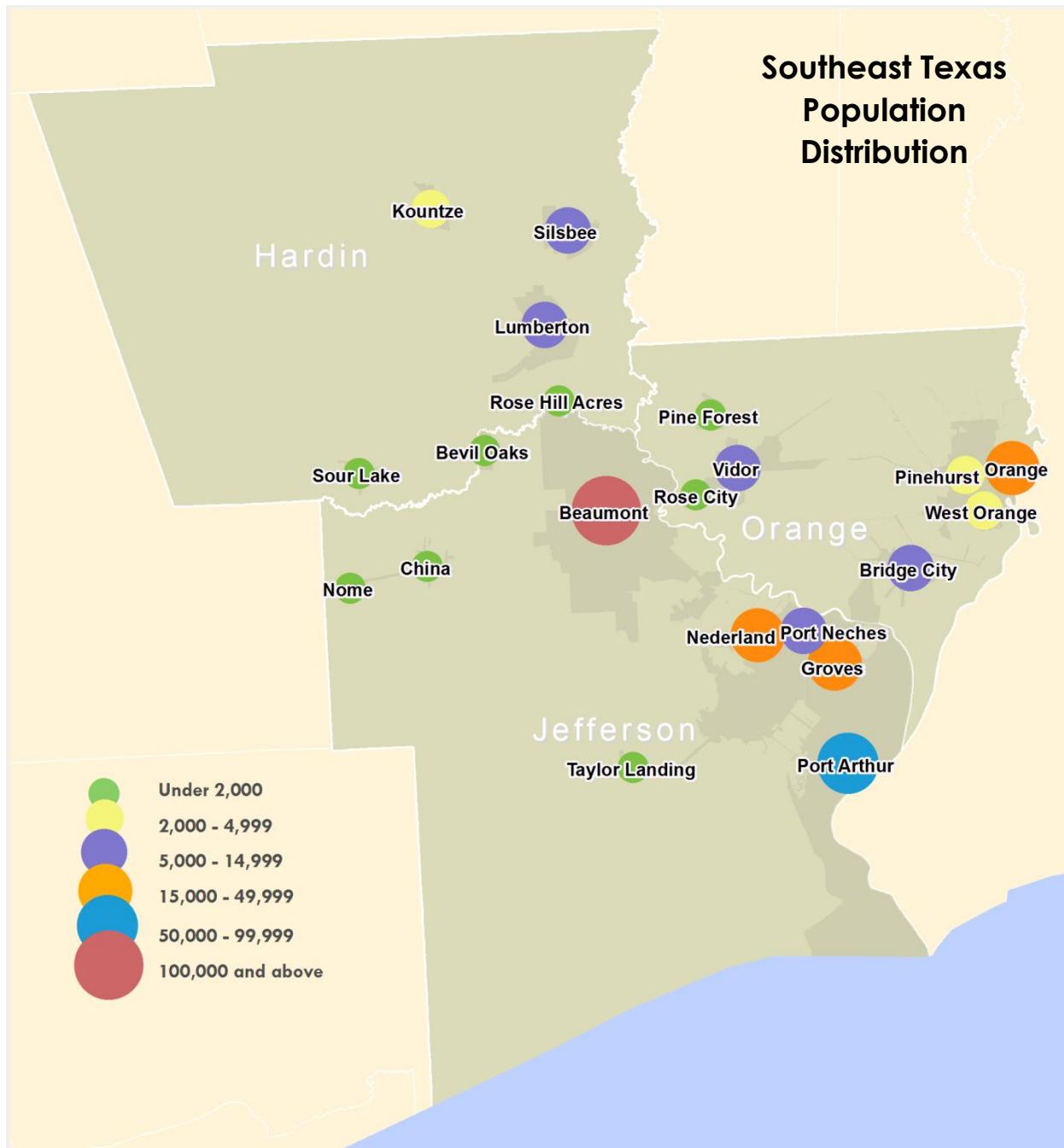
POPULATION & LABOR FORCE

At the time of the 2010 Census, southeast Texas had a population of 388,745, an increase of 3,655 persons from the previous decade and the highest population ever recorded for the three-county region. Although the area showed an overall gain from the previous decennial Census, some portions of the population shifted from the larger cities in the area to suburban and rural areas.

Population change in the southeast Texas region has closely paralleled the growth and decline of the petrochemical industry. Until the early 1980s, the region's population and employment grew rapidly with the petrochemical industry, showing a 13.5% increase between 1960 and 1980. From 1980 to 1990, Hardin, Jefferson, and Orange Counties experienced a decline in population and employment growth due to a downturn in the petrochemical industry, which resulted in a 3.8% decrease in population. However, the region experienced a 6.6% population increase between 1990 and 2000 and a 1% increase from 2000 to 2010, despite two significant natural disasters during the decade.



Source: US Census Bureau

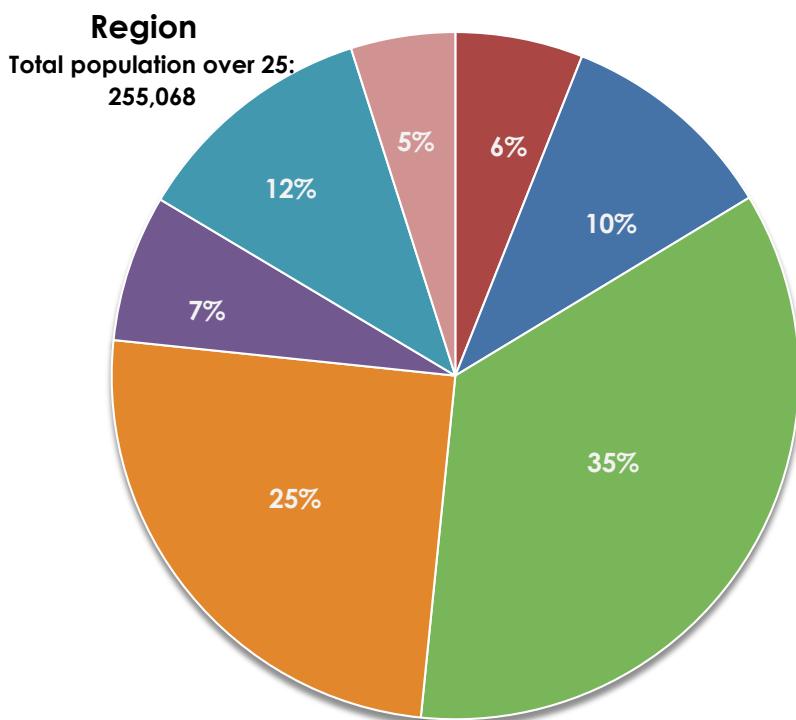


Source: US Census Bureau - 2010 Census

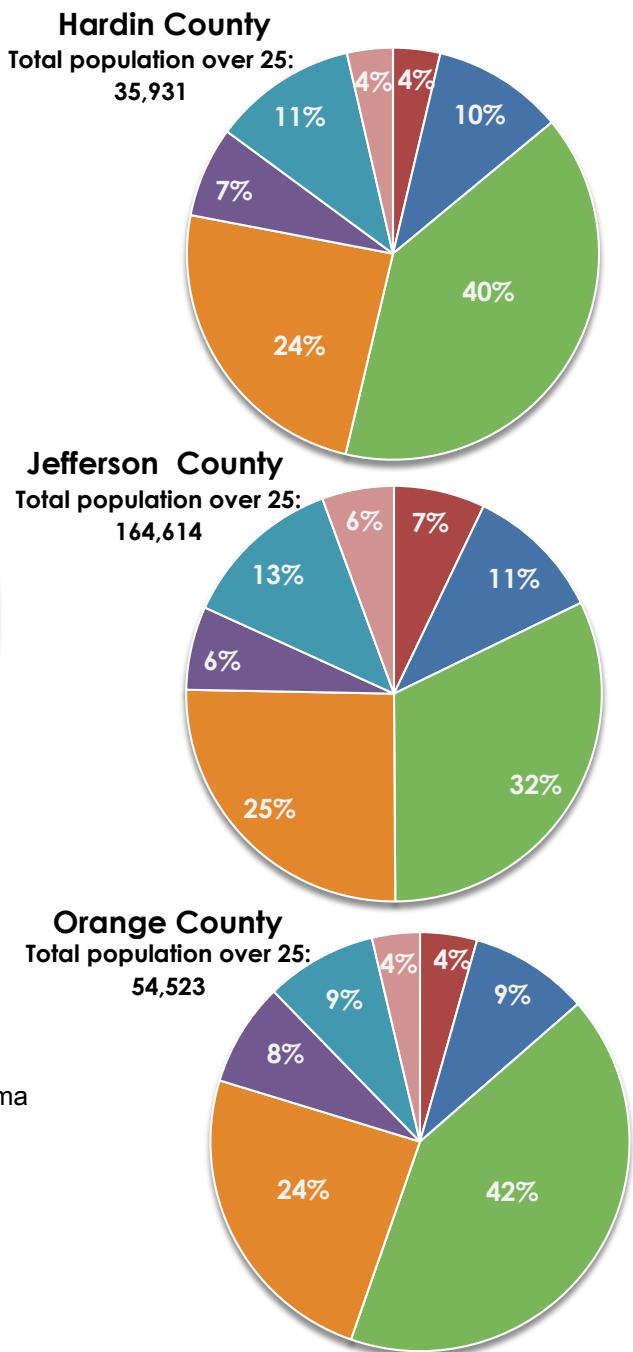
Most of the population of the southeast Texas area is contained within the three largest cities of Beaumont, Port Arthur, and Orange. The smaller communities that surround the larger cities act as suburbs, with many of their residents commuting to larger cities for employment. The remaining portions of the population reside in unincorporated areas of southeast Texas.

In southeast Texas, 84% of residents over 25 have a high school diploma or above, with 24% holding an associate's degree or higher. The following chart shows the breakdown of educational attainment for southeast Texas' population aged 25 and older.

Southeast Texas Educational Attainment Age 25 and over

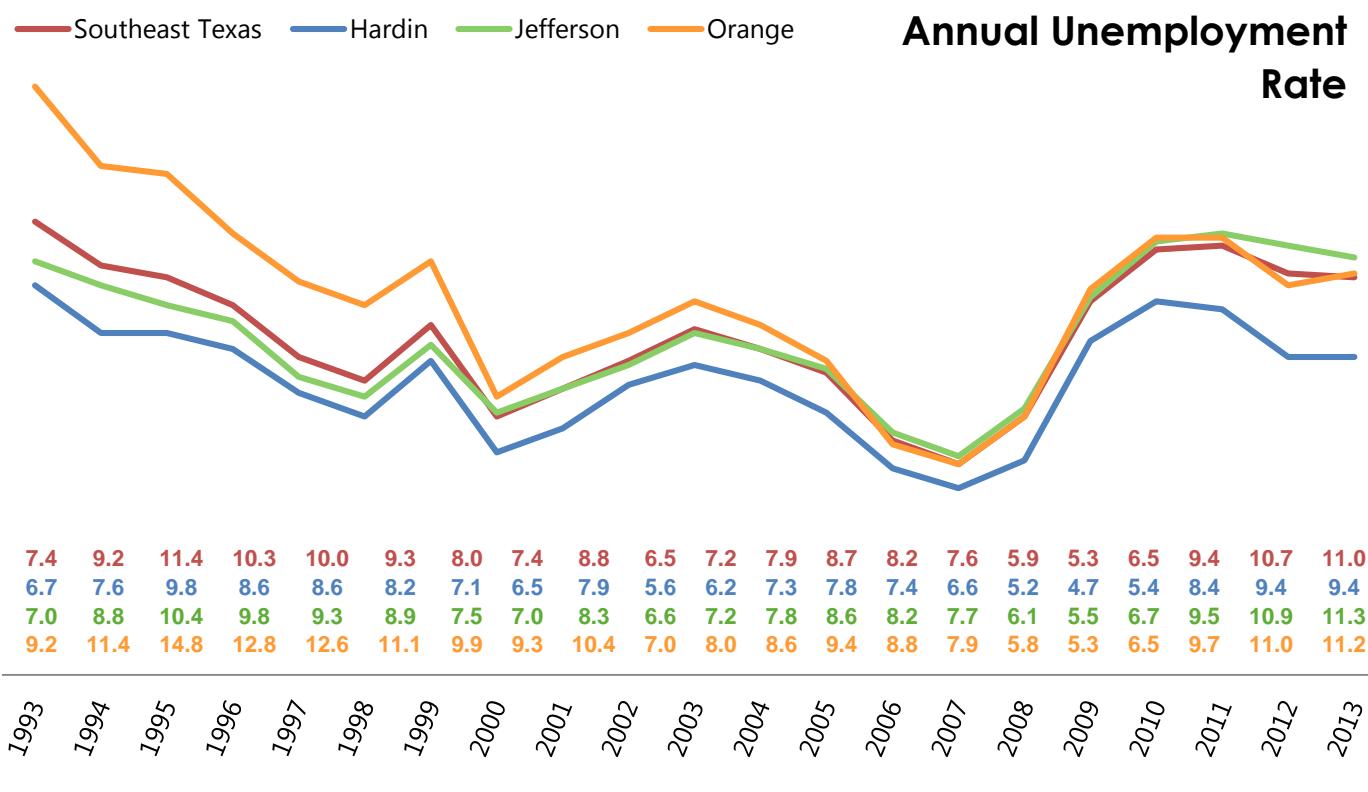


- Less than high school
- High school graduate
- Some college
- Bachelor's
- Associate's
- Graduate or professional



Source: US Census Bureau: American Community Survey 2008-2012 Estimates

The three counties that form the southeast Texas area have historically had a higher unemployment rate than the Texas and national averages. While unemployment rates began to show improvement in the late 2000s, the economic downturn once again lead to high unemployment rates in the region.



Source: Texas Workforce Commission

AREA ECONOMY

Industry Cluster Analysis

Industry clusters are geographic concentrations of competing, complementary, or interdependent firms and industries that do business with each other and/or have common needs for talent, technology, and infrastructure.

An analysis of southeast Texas' industry clusters shows a competitive advantage in a number of areas. The following table shows the Location Quotients (LQ) for industry clusters in the southeast Texas region, as well as the total number of employees in each of these clusters. LQ is a measure of an industry's concentration in an area relative to the nation. If the LQ is equal to 1, it indicates that the industry share of local employment is equal to the national share of employment for that industry. A LQ of greater than one shows competitive advantage in that industry locally.

Industry	Employment	Location Quotient
Total-All Industries	158,374	1.00
Advanced Materials	9,201	1.79
Agribusiness, Food Processing and Technology	1,200	0.33
Apparel and Textiles	135	0.17
Arts, Entertainment, Recreation and Visitor Industries	2,741	0.44
Biomedical/Biotechnical (Life Sciences)	17,112	0.99
Business and Financial Services	7,765	0.55
Chemicals and Chemical-Based Products	6,224	2.73
Defense and Security	8,164	0.94
Education and Knowledge Creation	2,987	0.5
Energy (Fossil and Renewable)	20,747	2.9
Forest and Wood Products	1,147	0.78
Glass and Ceramics	564	2.08
Information Technology and Telecommunications	1,293	0.21
Manufacturing Supercluster	8,036	1.35
Primary Metals	373	1.74
Fabricated Metal Products	3,845	2.55
Machinery	1,605	1.6
Computer and Electronic Products	799	0.71
Electrical Equipment, Appliance and Components	123	0.36
Transportation Equipment	1,291	0.94
Mining	296	1.31
Printing and Publishing	771	0.31
Transportation and Logistics	4,187	0.87

Source: Stats America - Innovation in American Regions (<http://www.statsamerica.org/innovation/>)

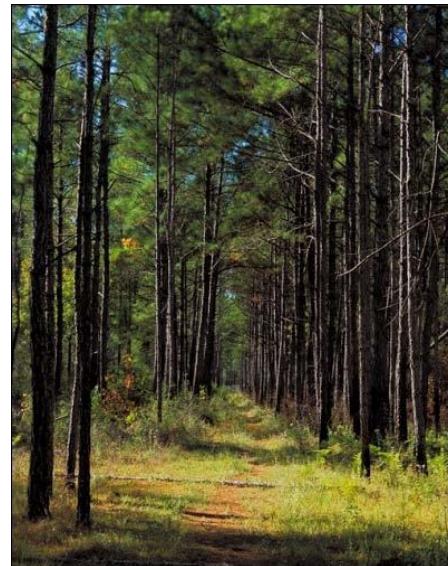
Southeast Texas shows the highest competitive advantage in Energy (Fossil and Renewable), Chemicals and Chemical-Based products, Fabricated Metal Product Manufacturing, and Glass and Ceramics. Other industries that show a competitive advantage in the region include Advanced Materials, Primary Metal Manufacturing, Machinery Manufacturing, and Mining. A breakdown of business activities and services associated with each cluster can be found in Appendix B of this document.

ENVIRONMENT

Geography & Climate

The southeast Texas region lies within the Gulf Coastal Plain, stretching from the shores of the Gulf of Mexico north to the heavily forested portions of Hardin County. To the west lies the Houston metropolitan area, and to the east the Sabine River forms a natural border with Louisiana. Elevations range from sea level at the beaches and marshes along the Gulf to more than 50 feet above sea level in the gently rolling hills in the northern part of the region.

The region features a subtropical, humid climate with an average rainfall of 55 inches well distributed throughout the year. Southeast Texas has hot and humid summers tempered by Gulf breezes, with average daytime temperatures between 85 and 95 degrees Fahrenheit. Moderate temperatures in the mid-50s are normal for winter, and the area averages 30 days or less of below freezing temperatures with snow being extremely rare. Due to its location, southeast Texas is susceptible to natural disasters in the form of hurricanes.



The area is crisscrossed by numerous rivers, streams, and bayous, including the Sabine and Neches Rivers. Before reaching the Gulf of Mexico, the Sabine and Neches River combine to form Sabine Lake. Forested areas in the northern part of the region, also known as the Piney Woods, are characterized by pine and hardwood forests with some grassland concentrations. The Gulf prairies and marshes in the southern portion of southeast Texas have grassland concentrations with areas of bald cypress forests and water tupelo swamplands.

Natural Resources

Southeast Texas has long relied on its natural resources as economic generators. The area enjoys rich mineral and lumber supplies and an abundance of water resources that enhance the local economy.

It was southeast Texas' plentiful supply of lumber that encouraged the region's growth of early industries involved with ship building, paper manufacturing, and wooden products. Before the discovery of oil in the area, timber was the most important natural resource, and significant pine and hardwood timber still exists in portions of the region today. Timber

production and wood products processing are especially important in Hardin County, where they are a major source of employment.

Mineral resources, specifically oil and gas deposits, helped put the region in the forefront of the petrochemical industry at the turn of the twentieth century. Oil and gas production and refining have become the major source of economic growth and development in southeast Texas. At one time, the majority of raw materials for oil and gas refining were produced and supplied locally, and although production still takes place in the region's oil and gas fields, the last half of the twentieth century has seen a steady increase in imports via ship, barge, and pipeline to support the area's petrochemical industry.



The area's surface water resources and abundant rainfall provides southeast Texas with an almost inexhaustible supply of fresh water that is readily available to water intensive industries in the region, such as agriculture. At a time when many parts of the nation are faced with future water shortages, southeast Texas can rely on its plentiful water supply well into the future.

Additional natural resources include ceramic clays, sand, gravel, and shell, which have allowed for the development of a number of construction oriented businesses. Mineral deposits other than oil and gas are also found in the region, including sulfur and salt domes, which have been utilized not only for salt production, but petroleum and natural gas storage.

Environmental Issues

Air Quality. The Clean Air Act, which was last amended in 1990, requires the U.S. Environmental Protection Agency (EPA) to set National Ambient Air Quality Standards (NAAQS) for pollutants considered harmful to public health and the environment. Pollutants covered by the NAAQS include carbon monoxide, lead, nitrogen dioxide, particulate matter, ozone, and sulfur dioxide. While the southeast Texas area currently attains the standards for all pollutants, it has struggled with the attainment of the ozone standards set by the EPA. In the past, the Beaumont-Port Arthur area was considered non-attainment for ozone standards. However, 20 years of



cooperation and coordination by local industry, elected officials, and transportation leaders with the Texas Council on Environmental Quality (TCEQ) and the EPA has lead to the official designation of the Beaumont-Port Arthur area as attainment for the 1997 Ozone Standard and the 2008 Ozone Standard.

Southeast Texas has an extensive air quality monitoring network made up of air quality monitoring stations throughout Hardin, Jefferson, and Orange Counties. Real-time data from these sites form a comprehensive database that provides information on the air quality of the region. Industrial operations comprise the majority of emissions in the southeast Texas area, followed by car and truck emissions, and other sources such as trains, ships, solvents, planes, dry cleaning facilities, paint and body shops, and construction equipment.

Wetlands. Due to its high rainfall amounts and minimal topographical relief, southeast Texas has an abundance of wetlands, with much of the region exhibiting wetland characteristics. In fact, it is difficult to find a natural area in the region that does not have some kind of wetland characteristic.



The Clean Water Act established protection for wetlands, and it is illegal to drain or fill a wetland without a permit from the U.S. Army Corps of Engineers. Southeast Texas, and the entire Texas coast, is under the jurisdiction of the Corps' Galveston District Office. Before a permit can be granted for development of a designated wetland, the requestor must

show the project has considered all viable alternatives and minimized impact as much as possible. Any wetland loss must be compensated by constructing new wetlands or by restoring or enhancing existing wetlands. All types of development, both public and private, are impacted by wetland regulations, including road and highway projects, drainage projects, parks, and residential and commercial developments.

Wastewater. The Clean Water Act requires municipal and industrial facilities that discharge wastewater to meet certain standards before they can release that wastewater into the area's waterways. Every facility that discharges wastewater must be permitted by the TCEQ. Many types of discharge are regulated, such as effluent from industries, domestic

wastewater from city treatment facilities, discharge from certain agricultural operations, and the storm water from runoff in urban areas. The owners and operators of these facilities that discharge wastewater are responsible for using the best technologies that are both available and practical to reduce pollutants in the effluent from their facilities.

Since the implementation of standards for wastewater discharge, the water quality in southeast Texas has improved dramatically, resulting in increased oxygen content and the return of aquatic life to many of the area's waterways. Certain waterways in southeast Texas are still considered impaired by the TCEQ, including some area bayous that show bacteria content, depressed oxygen levels, and toxicity in their water. Total maximum daily loads have been established for some of these waterways, limiting the amount of discharge that they can receive.

INFRASTRUCTURE & LAND USE

Transportation

Southeast Texas is truly intermodal when it comes to transportation, with a major interstate highway running through the center of the region, several significant rail lines serving the area, and three ports sending and receiving shipments from around the world. The efficient movement of people and goods in the southeast Texas area is a key economic asset that allows the region to compete in the global marketplace.

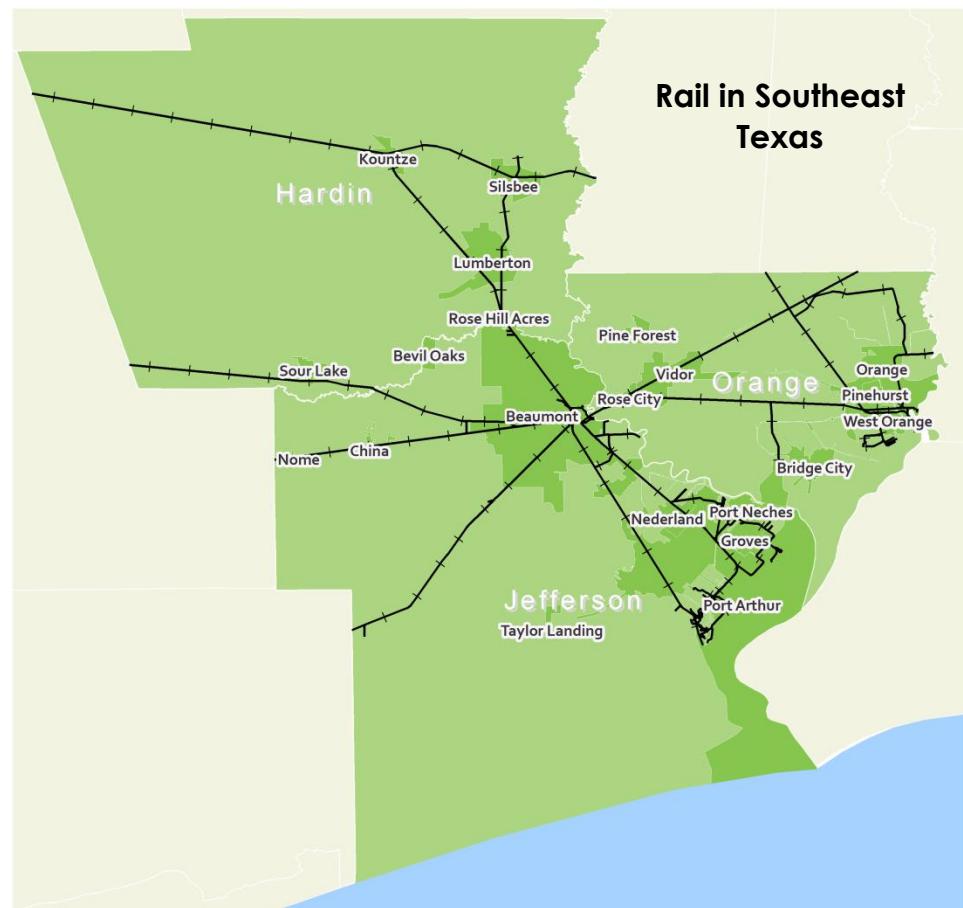
Roadways. The southeast Texas area has excellent access to important federal and state highways. These roadways play a dominant role in linking local communities to major cities within and outside of the southeast Texas area. Interstate Highway 10, traversing east and west through the region, is of great importance for state and national transportation movements and provides the region excellent access to the rest of the country. The Federal Highway Administration and the States of Texas and Louisiana have identified the IH-10 corridor from San Antonio to New Orleans as a strategic intermodal corridor for freight movement.



Other freeways in the area include US 69/287 and US 96. US 69/287 extends in a north-south direction through Hardin and Jefferson Counties and connects the ports and intermodal facilities in the area with the I-69/NAFTA Corridor. US 96, another north-south facility, acts as a vital transportation link between Silsbee, Lumberton, and Port Arthur.

Rail. Southeast Texas is served by a number of railways, including the Burlington Northern Santa Fe (BNSF), the Kansas City Southern (KCS), and Union Pacific (UP), which provide the region with access to major markets in the United States, Canada, and Mexico. These railways play an important role in the economy of southeast Texas, especially in some of the smaller communities where they are major employers, and in the transport of goods to and from the ports in the area. The BNSF travels through the region in both north-south and east-west directions and has rail yards located in Silsbee and Beaumont. The KCS railroad travels from the northeast portion of Orange County along SH 12 to Beaumont where it turns southeast to Port Arthur, providing rail access to the communities between Beaumont and Port Arthur. The KCS also runs the TexMex Railway, which offers southeast Texas rail access to Mexico.

The UP, which merged with the Southern Pacific in 1996 to create one of the largest railroads in the country, travels in an east-west direction from the Louisiana border, through Orange County, to Beaumont, and through western Jefferson County. UP also has rail that provides access from Beaumont to the refineries and port



facilities in the Port Arthur area and rail lines that extend from Orange northward through Orange county. UP owns three major rail yards in the southeast Texas area: one near Sour

Lake, the Beaumont yard, and the Guffie yard between Beaumont and Port Arthur.

Ports and Waterways. The southeast Texas area has a comprehensive system of ports and waterways. The ports in southeast Texas are excellently connected to the nation and the world with their easy access to the Intracoastal Waterway, which provides links to cities throughout the United States and the Gulf of Mexico. Port facilities include the Port of Beaumont, the Port of Port Arthur, Port of Orange, and the Sabine Pass Port Authority. The Sabine River, Neches River, Sabine Lake, and Gulf Intracoastal Waterway provide efficient vessel access to these port facilities.

Port of Beaumont. The Port of Beaumont is located on the Neches River near downtown Beaumont and is the largest port in the southeast Texas region and one of the busiest ports in the world. The Port of Beaumont handles millions of tons of cargo, including petroleum and forest products, bulk and bagged grains, roadway materials, metals, and military equipment. Vessel access is provided via the Sabine-Neches Waterway, a 40-foot deep federally maintained ship channel, and the port is served by BNSF, KCS, and the UP railroads.

Port of Port Arthur. The Port of Port Arthur is located next to the Sabine-Neches Waterway, also known as the Gulf Intracoastal Waterway, 19 miles inland from the Gulf of Mexico. The Port of Port Arthur also has total cargo volumes in the millions, with a focus in breakbulk and bulk commodities, such as forest products, iron and steel, petroleum, and chemicals. Road access to the Port of Port Arthur is provided via 69/96/287, and the Port is directly connected to the KCS.



Port of Orange. The Port of Orange is located on the western shore of the Sabine River in the southern portion of the City of Orange on the 30-foot deep Sabine River Channel, which provides access to the Gulf of Mexico. The UP and BNSF railroads provide rail service to the port. The Port of Orange provides layberth services and recent completed construction of a

transmodal marine yard that will allow commodities to be transported via a variety of methods, including rail, truck, barge, and ship.

Sabine Pass Port Authority. The Sabine Pass Port Authority is located near the community of Sabine Pass and has direct access to the Gulf of Mexico. The Port Authority primarily serves the needs of recreational boats and commercial fishing. The port is accessed through SH 87, which connects the port with US 69/96/287 and has no rail access.

Air. The southeast Texas area is served by one regional commercial airport, the Jack Brooks Regional Airport, which is located off of US 69 midway between Beaumont and Port Arthur. There are three general aviation airports in the region, including the Beaumont Municipal Airport, the Orange County Airport, and Hawthorne Field.

Public Transportation. Southeast Texas is currently served by three public transportation systems. The two largest cities in the area, Beaumont and Port Arthur, operate Beaumont Municipal Transit and Port Arthur Transit within their respective metropolitan areas. The South East Texas Regional Planning Commission operates South East Texas Transit, a demand response transit service, throughout the rural portions of the southeast Texas area. Additionally, South East Texas Transit services Mid-County through a subscription service for the elderly and disabled residents of those cities.



Other Transportation. The transportation system in southeast Texas is further augmented by passenger bus and rail service provided by Greyhound and Amtrak, respectively. Greyhound has its regional terminal located in Vidor with two additional satellite terminals in Orange and Port Arthur and provides service to Houston, Lake Charles, and New Orleans. Amtrak offers limited passenger service, with about 310 trains annually heading eastbound to Orlando and west bound to Los Angeles.

Utilities

Electricity & Gas. Electricity is provided throughout most of the region by Entergy Corporation, except for some rural portions of Hardin County, which are served by the Sam Houston Electric Co-op. Gas service in southeast Texas includes butane individual storage facilities in more rural areas and natural gas service in urban portions of the region.



Water & Wastewater. Large volumes of water are available to agriculture, other water intensive industries, municipal, and domestic users by either drawing from a body of water or contracting with one of the local River Authorities to buy water via an extensive canal system that transports surface water within the region. More isolated users in the area have the option of accessing underground water supplies by drilling water wells.

Some cities in the region supply water and wastewater treatment systems to their citizens. In other cities and some unincorporated areas, services are provided by a separate special purpose district, known as either a Municipal Utility District (MUD) or a Water Control and Improvement District (WCID). In those areas not served by water or sewer systems, individual ground wells and septic tanks are utilized.

Drainage is a key element of the infrastructure in southeast Texas, where the land is low with minimal topographical relief. Since natural drainage in the area is slow due to lack of elevation, the majority of the system must be manmade. Drainage is provided by cities, counties, special purpose drainage districts, and by the federal government through the Army Corps of Engineers.

Solid Waste. There are currently four solid waste landfills in the region and their disposal capacity is expected to continue to meet the needs of the area. The three-county region enjoys ample access to solid waste collection services. Even though there are still some municipally-operated solid waste services, most the region's waste is collected, transported, and disposed of by private collection services. Although curbside recycling is not prominent in the region, recycling is offered through private providers for recyclables that have a strong commercial market. Green waste is often diverted and chipped, mulched, composted, or incinerated.

Land Use

Jefferson County. Beaumont, Port Arthur, Port Neches, Nederland, and Groves are the major cities in Jefferson County. Smaller communities in the county include Bevil Oaks, Nome, Taylor Landing, Hamshire, and China. The larger cities generate most of the economic activity within the county and house the majority of residents while the smaller

communities act as suburbs for the larger cities and are primarily residential in nature.

Land uses in the central areas of these cities are predominately industrial and commercial. The smaller towns have a few small shops that serve local demand for goods and services. Commercial land uses in the city center are mostly service oriented businesses and small retail shops. Areas on the periphery of these cities consist of residential and commercial districts as well as some agricultural areas. Residential areas are primarily low-density, single-family units, and commercial districts consist of large shopping or strip malls and an assortment of "big box" stores, restaurants, and smaller strip centers.

Waterways are prevalent throughout Jefferson County with numerous bayous, rivers, and lakes. Extensive tracts of land adjacent to the Gulf of Mexico and Neches River have been set aside for use as parks, wetlands, or wildlife refuges. Large tracts are also set aside for use as drainage or irrigation canals. Industrial activities include oil refining, oil and gas drilling, and other types of petrochemical operations; port facilities and maritime shipping operations; marine construction and repair; and sulfur, salt, sand, and gravel mining. Agricultural activities at the periphery of the cities and in the rural areas of the county consists of rice farms, cow pastures, ranches, and crawfish farms.

Orange County. Cities in Orange County include Orange, West Orange, Rose City, Pinehurst, Pine Forest, Bridge City, and Vidor. The predominant land uses in these cities are a mix of industrial and commercial uses in the central areas.

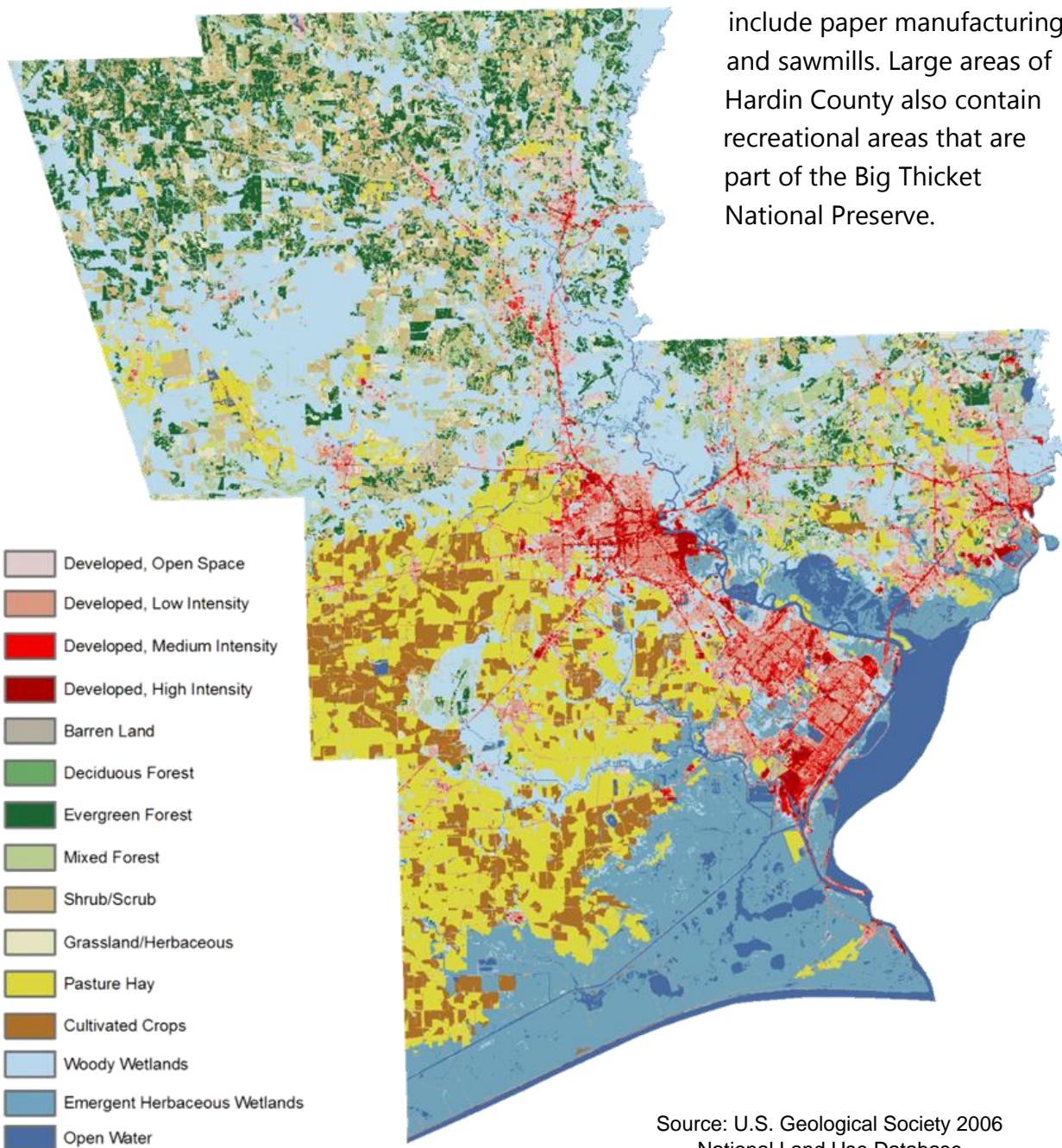
Industrial activities in these cities include: petrochemical facilities, oil wells, and gas drilling; port facilities and other associated industrial maritime operations; clay, sand, and gravel mining; and sawmills and other forestry production operations. Commercial districts in Orange County consist of a few "big box" stores and various retail and service businesses in small strip malls. The larger cities in Orange County have large residential areas along their outer edges.

Rural areas in Orange County include the communities of Orangefield and Mauriceville. Like Jefferson County, these small communities act as suburbs to the larger cities in the southeast Texas area. Land use within these towns is almost exclusively residential, with a few small businesses concentrated in their centers or next to major roadways. Areas outside of these communities are dedicated to rice farming, farming, forestry, or petrochemical operations. Areas in rural Orange County also contain many waterways and canals that are utilized to support local irrigation and drainage needs.

Hardin County. This county is mostly rural, and includes the incorporated communities of Kountze, Sour Lake, Silsbee, and Lumberton, as well as a number of unincorporated communities such as Saratoga and Batson. Land use within these cities is predominantly residential, with a few small businesses. While these cities act as suburbs to the larger cities in the region, they still have strong local economies supported by industries related to rail and forest products manufacturing, along with retail districts.

In the rural areas of Hardin County, lands are dedicated for agricultural uses such as forestry and cow pastures. Industrial land uses are also located in the rural areas and

include paper manufacturing and sawmills. Large areas of Hardin County also contain recreational areas that are part of the Big Thicket National Preserve.



QUALITY OF LIFE

Economic development is more than attracting business and industry, it is about attracting and retaining quality people. Southeast Texas offers its residents much in the way of quality of life, therefore helping business and industry to obtain and retain quality employees.

Education

Southeast Texas' public school system is comprised of 16 public school districts, with numerous schools that have been rated as "recognized" and "exemplary" by the Texas Education Association. In addition to the public schools in the area, southeast Texas is also served by a number of private and parochial schools.

Lamar University, a member of the Texas State University System, offers 63 undergraduate, 47 master's, and nine doctoral programs and has an enrollment of over 14,000. Lamar's average class sizes are among the smallest in Texas and students have ample access to scholarships, undergraduate research, and study-abroad programs.

In addition to the traditional four-year college, the southeast Texas area also offers two-year associate degrees and vocational certificates through Lamar Institute of Technology (LIT), Lamar State College-Port Arthur, and Lamar State College-Orange, all members of the Texas State University System. LIT provides a curriculum consisting of more than 50 degrees and certificate programs in fields such as allied health, business, industry, and public service and safety. Lamar State College-Port Arthur is an open-access, comprehensive public two-year college offering instruction leading to associate degrees and a variety of certificates. Lamar State College-Orange offers associate degrees in business, communication, computer science, criminal justice, horticulture, liberal arts, natural science, sociology, and theater and associate of applied science degrees in business management, industrial technology, and medical office training. These local colleges work hand-in-hand with local industries, businesses, and school districts to provide programs of study aimed at creating a workforce ready for gainful employment. They reach out to local school districts to provide college-credit programs for students that count not only toward their high school diploma and college career, but additionally provide college-level preparatory education.



Healthcare

Access to healthcare is readily available in Southeast Texas, with a number of major hospitals in the area supplying a variety of services.

Christus has two hospital campuses in the area, Christus-St. Elizabeth and Christus-St. Mary, located in Beaumont and Port Arthur, respectively. Services include outpatient medical facilities, wellness centers, specialty health centers, and medical office buildings. Christus-St. Elizabeth is the largest hospital between Houston and Baton Rouge and provides services in bariatrics, cardiology, emergency/trauma, imaging/diagnostics, neurology, oncology, outpatient services, rehabilitation, spine/joint, surgery, women's and children's services, and wound care/hyperbarics. Christus-St. Mary offers a comprehensive range of services, including orthopedics, cardiology, oncology, bariatrics, women's health, imaging, general surgery, and emergency services. These hospitals are part of Christus Health, a Catholic, faith-based, not-for-profit health system comprised of almost 350 services and facilities.

The Medical Center of Southeast Texas is a 224-bed, state of the art hospital located in Port Arthur, Texas. The Medical Center offers comprehensive healthcare services, including emergency care, heart care, advanced surgical procedures, diagnostic imaging, maternity care, orthopedic services, and help for a broad range of medical conditions.

Baptist Hospitals of Southeast Texas has locations in both Beaumont and Orange. The Beaumont location offers pediatrics and emergency, surgical, intensive care, diagnostics, outpatient, physical therapy, cancer, and comprehensive psychiatric services. Baptist Orange Hospital is the primary provider of healthcare services in Orange County, and offers a full range of medical services and state-of-the-art diagnostic procedures. Medical and surgical services are offered in general and specialized care in cardiology, endoscopy, gynecology, internal medicine, pediatrics, ophthalmology, orthopedics, urology, ENT and general surgery. The Orange location also offers an emergency department for critical care services.

Leisure & Culture

Southeast Texans have ample indoor and outdoor recreational activities available to them. Located in northern Hardin County, the Big Thicket National Preserve encompasses 97,000 acres, protecting a portion of the Big Thicket that once encompassed a large portion of the region and highlighting the area's biological resources. The preserve boasts a varied ecology of southwestern desert, piney woods, swamps, and coastal prairies all found in the southeast Texas region. Activities include backpacking, biking, bird watching, boating, camping, fishing, and hiking. The Big Thicket draws nature lovers, scientists, bird watchers, photographers, canoeists, and hikers from around the world.

The region also has a host of other outdoor attractions including national wildlife refuges, state wildlife management areas, historical sites, botanical gardens in both Orange and Beaumont, and state parks. Area communities also offer a variety of parks, from local neighborhood parks to large parks equipped with extensive bicycle and pedestrian facilities. The ample water resources of southeast Texas, combined with the region's warm climate, provide a desirable

setting for outdoor activities.

Outdoor recreation activities include water sports, boat racing, sailing, swimming, water skiing, bicycling, hunting, and both fresh and saltwater fishing. Southeast Texas also has a number of recreational sports facilities, with championship caliber baseball/softball fields at Ford Park



capable of hosting baseball tournaments, indoor soccer fields, athletic complexes containing facilities for tennis, basketball, and other sports, and more than a dozen golf courses.

The urban areas of the region offer more than a dozen museums and a number of historical attractions worth exploring. There is an active art community in southeast Texas and three art

museums in the area, which include the Stark Museum of Art in Orange, the Art Museum of Southeast Texas in Beaumont, and the Texas Artists Museum in Port Arthur. Other museums in the region include the Museum of the Gulf Coast, the Texas Energy Museum and the Fire Museum of Texas, to name a few.

Theaters in the southeast Texas include the Jefferson and Julie Rogers Theaters in Beaumont, the Lutcher Theater for Performing Arts in Orange, and the Port Arthur Little Theater. These venues feature a host of plays, seminars, dance, and musical events featuring the creative works of internationally-known, regional, and local artists, providing entertainment opportunities for area residents and venues for the presentation and promotion of community activities and culture.

Lamar University also offers a myriad of entertainment opportunities, from sporting events to annual showcases from their Department of Music, Theatre, and Dance. Sports played include Cardinal football, men and women's basketball, baseball and softball, and a host of others. At on campus theaters, Lamar presents ensemble concerts, voice and instrument recitals by students and faculty, plays, and children's theater productions.

Southeast Texas is home to the world class entertainment complex of Ford Park, which features an outdoor amphitheater with a 9,500-seat arena. Ford Park is home to the annual South Texas State Fair, which features a livestock show, commercial exhibition, and a carnival.

AREA ECONOMIC DEVELOPMENT ACTIVITY & RESOURCES

In recent years, economic development has shifted to the forefront in Southeast Texas, with an ever increasing focus on regionalism. The region boasts a number of chambers of commerce well distributed throughout the area. Additionally, there are numerous economic development corporations at the city and county levels. The South East Texas Economic Development Foundation brings all of these various entities together to promote a regional effort when it comes to economic development. In addition, southeast Texas enjoys the benefits of the Texas business climate, with its lack of personal income tax, minimal corporate taxes, and business-friendly attitude.

Economic Development Corporations. The State of Texas' Development Corporation Act authorizes cities to adopt a sales tax and establish a Type A or B economic development corporation, or both, to administer the tax funds. Several jurisdictions within the Southeast Texas region have adopted this mechanism through imposing a ½ cent sales tax to fund local development projects and initiatives. Those entities with Type A sales tax can fund a variety of facilities and infrastructure, as well as job training classes and career centers. Type B sales tax funds can be used for the same purposes as Type A, and additionally for other types of tourist and entertainment facilities. Businesses and organizations can apply directly to the various economic development corporations for funds, which are charged with administering the sales tax revenues.

Orange County also has an economic development corporation formed by Orange County, the Port of Orange, and cities within the county that does not fall under the 4a and 4b classification.

Chambers of Commerce. Southeast Texas boasts numerous chambers of commerce throughout the region:

- Kountze Chamber of Commerce
- Lumberton Chamber of Commerce
- Silsbee Chamber of Commerce
- Groves Chamber of Commerce
- Port Neches Chamber of Commerce
- Sour Lake Chamber of Commerce

Area Economic Development Corporations

Entity	Type
Nederland	4B
Port Arthur	4A
Port Neches	4B
Orange	4B
Groves	4B
Lumberton	4A
Kountze	4A
Sour Lake	4A
Silsbee	4A

- Greater Beaumont Chamber of Commerce
- Nederland Chamber of Commerce
- Greater Port Arthur Chamber of Commerce
- Bridge City Chamber of Commerce
- Greater Orange Chamber of Commerce
- Vidor Chamber of Commerce

Lamar University. Lamar University strives to maintain a strong relationship and synergy with local and regional industries and needs. They attempt to align regional needs with their programs in engineering, nursing and health care occupations, and educational fields, thereby strengthening university studies that complement the needs of the regional industrial base and populace.

As part of its economic development efforts, Lamar University pursued designation as an EDA University Center and received this designation in 2010. With this designation and the associated funding, Lamar will operate its Innovation and Commercialization Center, offering expertise in patenting, technology transfer, and marketing. The Lamar College of Engineering is partnering with the Lamar College of Business to tie together technical expertise with economic research, business training, and business counseling. The result will be a comprehensive program offering comprehensive technical, business, and networking assistance to produce high-tech, environmental and energy-related entrepreneurs, small businesses, and industry. The Center aims to bring together technology, human capital, workforce, and the community and support the emergence of an innovation hub of new and growing technology-based business, thereby helping to build a diversified and revitalized economy.

Lamar University also houses the Southeast Texas p-16 Council, a 501(c)(3) organization whose mission is to foster a career-ready, college-going culture in southeast Texas. The Council works in Hardin, Jefferson, and Orange Counties to achieve locally the goals of the Texas "Closing the Gaps" plan, which aims to make Texas competitive with other states by 2015. Activities include raising awareness of the need for post-secondary studies to be career ready, including 4- and 2-year college degrees, college certificates, union apprenticeships, industry schools, the military, and other specialized training.

Workforce Solutions Southeast Texas. Workforce Solutions Southeast Texas evaluates and oversees the delivery of all workforce training and employment services in Hardin, Jefferson, and Orange Counties. For employers, Workforce Solutions offers recruiting, retention, training and retraining, and outplacement services as well as valuable information on



labor law and labor market statistics. For job seekers, Workforce Solutions offers career development information, job search resources, training programs, and, as appropriate, unemployment benefits. Economic development and business expansion and retention shape training strategies at Workforce Solutions. Workforce Solutions Southeast Texas is part of a state network dedicated to developing the workforce of Texas.

Other entities involved in economic development.

Entergy Texas. Entergy Texas is active in economic development in the southeast Texas region and offers confidential and free business development services to firms seeking buildings or sites in their service area. Entergy maintains a comprehensive database of buildings and sites available in their service area, which includes southeast Texas, and provides community profiles and demographic data for the region.

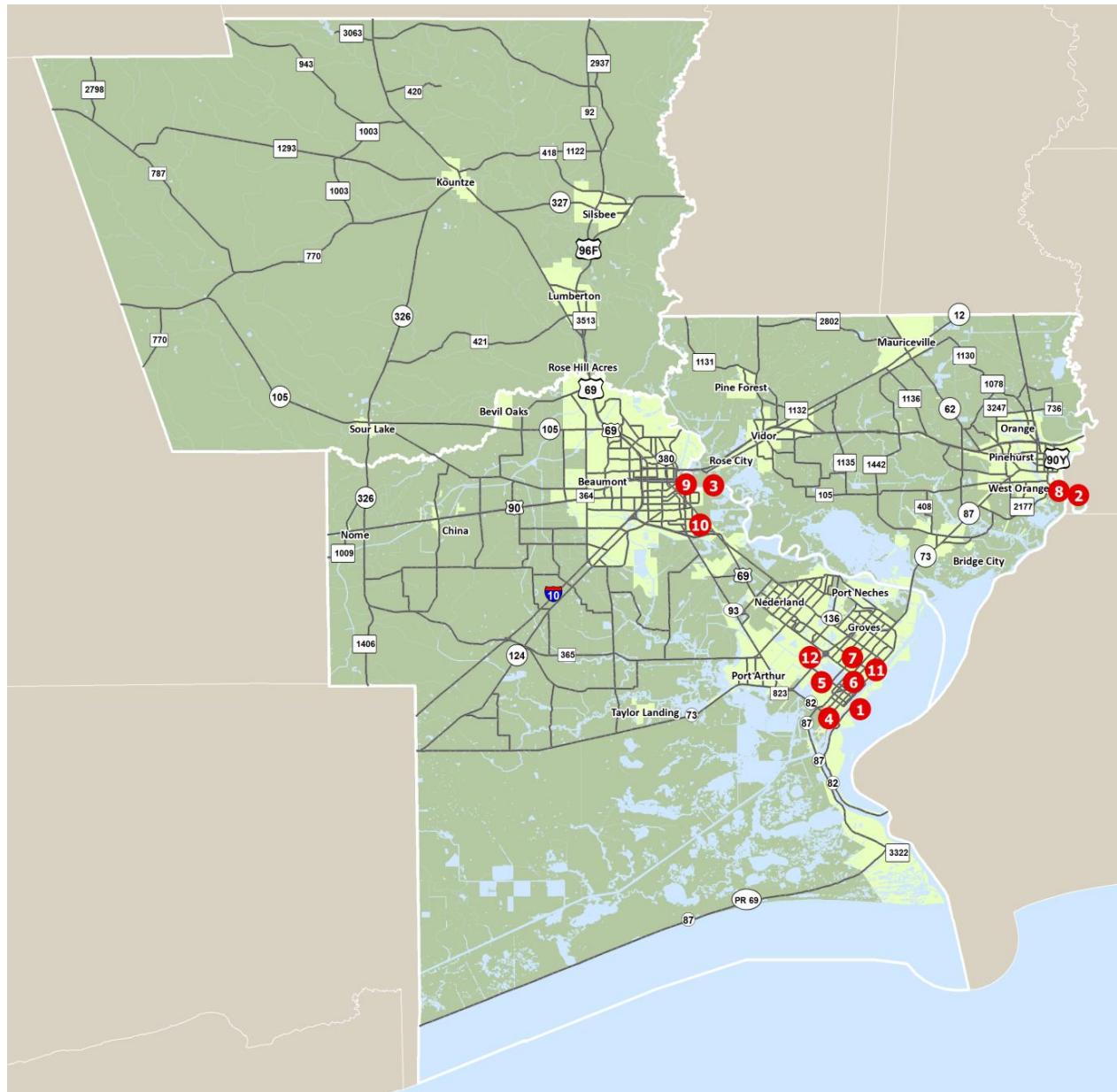
Lower Neches Valley Authority (LNVA). The LNVA is responsible for maintaining an economic development program to enhance economic growth in the Neches River Basin and the Neches-Trinity Coastal Basin. Funds to cover the activities of the economic development program are generated from a 1-cent rate per 1,000 gallons on raw water sales to industrial and municipal customers. The LNVA program consists of low-interest loans and/or grants for water/wastewater infrastructure improvements and for projects that improve water availability, water quality, water management, or enhance economic growth within the Authority's jurisdiction.

Sabine River Authority (SRA). The SRA is active in efforts to enhance the economic vitality of the Sabine River Basin and increase awareness of the Sabine River and its tributaries. Economic development programs vary throughout the Basin based on community needs and attributes. The SRA is committed to working with organizations and communities throughout the Basin to complement existing economic development efforts.

Recent Economic Development Administration Investment. Following Hurricane Ike, one of the most destructive storms in the history of the United States, southeast Texas was faced with substantial community and economic recovery challenges. The Governor's "Texas Rebounds" report states that Texas suffered billions of dollars in damage and loss to infrastructure, housing, and social services. A significant portion of that damage occurred in the southeast Texas region, and FEMA declared disaster in Hardin, Jefferson, and Orange Counties.

The EDA has provided funding for a number of projects in southeast Texas over the last decade, and those projects and their description are shown in the map and table below. A portion of

these projects came in the form of Economic Adjustment Assistance to address the economic impacts of natural disasters in southeast Texas.



Number	Recipient	Amount	Description
1	Port of Port Arthur	\$1,250,000	Rail yard rehabilitation and construction of a railroad spur for intermodal connection
2	Port of Orange	\$400,000	Childers Road rail spur extension to serve warehouses in the Port's Industrial Park
3	Port of Beaumont	\$1,000,000	Supply City water service, build a roadway and railroad track bed, and construct a bulkhead along the Orange County side of the Neches River
4	Jefferson County/ City of Port Arthur	\$450,000	Extension of City Water service on Pleasure Island to serve the Walter Umphrey State Park and various commercial/residential sites on the southern half of the Island
5	Digital Workforce Academy	\$1,000,000	Remediation of a building at 617 Procter St, Port Arthur to establish a workforce training facility
6	City of Port Arthur	\$1,000,000	Expansion of the City's water distribution system in order to meet additional demand from LNG facilities
7	Digital Workforce Academy	\$1,400,000	Completion of Phase II renovations at 617 Procter and the establishment of a business incubator in Port Arthur
8	Port of Orange	\$4,000,000	Construction of a new barge terminal to increase available transportation options to industry
9	Port of Beaumont	\$4,000,000	Rail infrastructure improvements, including the installation of new rail access from existing lines to serve the Orange County wharf and a spur track to serve open storage lots
10	Lamar University	\$4,000,000	An 18,980 square foot addition to Lamar University's Cherry Engineering Building to house eight state-of-the-art laboratories
11	Mardi Gras of Southeast Texas	\$750,000	A project to initiate and complete commercial and retail projects in downtown Port Arthur and to foster relationships between various entities in Port Arthur
12	City of Port Arthur & Port Arthur Economic Development Corporation	\$1,000,000	Development of a controlled containers manufacturing center.

III. Vision

VISION FOR SOUTHEAST TEXAS

With the South East Texas Economic Development District (SETEDD) Board of Directors as the lead, and input from economic development professionals and interested persons from throughout the region, southeast Texas underwent an analysis of the strengths, weaknesses, opportunities, and threats of the region in order to develop a vision for the future of southeast Texas.

The SETEDD envisions a southeast Texas that:

- has a highly-trained, skilled, and educated workforce that enhances the competitiveness of the region within the state, the nation, and the world.
- enjoys a high quality of life, where access to education, health care, and quality housing is readily available and recreation and cultural opportunities abound.
- has a diversified, sustainable economy and a defined niche that recognizes existing assets and builds on them.
- is recognized as a gateway to energy of all kinds.
- preserves and enhances the area's existing industry today, while researching and developing for tomorrow's industry.
- is prepared for natural disasters by being proactive before disaster strikes through the development of good policies and economic development prior to and after disasters.
- provides adequate protection to the environment without shackling business and industry with the burden of excessive regulation.
- is known throughout the state, nation, and world for its tourist attractions and ecological treasures.
- has a transportation system where goods can move seamlessly from one mode to another.
- fosters a cooperative and collaborative regional economic development effort.

GOALS & OBJECTIVES

In support of the above vision, the district has adopted the following goals and objectives:

- **Create new jobs and retain existing meaningful, well paying jobs**
 - Foster entrepreneurship
 - Increase business and industry retention efforts
 - Develop projects within the region
- **Improve quality of life in the region**
 - Improve aesthetic appeal of southeast Texas
 - Increase affordable, quality housing stock
 - Improve race relations in the region
- **Improve perception of southeast Texas from within and outside**
 - Market improved labor relations to national business community
 - Publish and disseminate data promoting the region
 - Market internally to residents of southeast Texas
- **Enhance and expand tourism in southeast Texas**
 - Develop a united effort to promote attractions in the region
 - Take advantage of "eco-tourism" trend
- **Balance protection of natural resources and environmental quality with business, industry, and economic development**
 - Increase awareness at national & state level of "common sense" approaches to environmental regulations that do not stifle industry operations
 - Develop partnerships between government and industry to develop programs designed to meet regulations and improve environmental quality
- **Further promote intermodal connections & transportation in the area**
 - Enhance the capacity of major truck routes
 - Improve local access to ports
 - Make sure citizens have access to public transit
- **Be poised for disaster recovery**
 - Develop ways to get businesses up and running after disasters
- **Raise awareness locally of the importance of economic development**
 - Share economic development benefits and successes with those outside of the economic development community
 - Increase interaction with those who could fund economic development efforts

- **Increase regionalism in southeast Texas' economic development efforts**
 - Better connect various economic development efforts in the area
 - Share resources and ideas for economic development
 - Foster cooperation, not competition in the economic development effort
 - Coordinate economic development planning among various economic development entities
- **Improve workforce training**
 - Realign the relationship that exists between business and industry and education and training
 - Go beyond simple training for a job, teach soft skills
 - Provide early training
- **Embrace changing and emerging innovative technologies**
 - Capitalize on existing knowledge base and infrastructure

IV: Action Plan

PROJECT LISTING

The following project listing identifies projects and activities that should be undertaken in the next few years. These projects reflect the vision, goals, and objectives that have been outlined in the CEDS.

Project	Goal	Possible Funding Source or Sponsor
Improve signage of truck routes to ports	Further promote intermodal connections and transportation in the area	TxDOT
Improve turning radii at intersections along designated truck routes	Further promote intermodal connections and transportation in the area	TxDOT
Widen & deepen local ship channels	Further promote intermodal connections and transportation in the area	United States Army Corps of Engineers
Beautify & enhance waterfront areas	Improve quality of life in the region	Local governments; Economic Development Corporations
Market southeast Texas' ecological treasures	Enhance and expand tourism in southeast Texas	SETEDF; Visitor Bureaus; Chambers of Commerce
Develop Village Creek attractions-lodging, food, etc	Enhance and expand tourism in southeast Texas	TPWD
Develop a regional bulletin board for the posting of economic development activities, incentives, and success stories	Increase regionalism in southeast Texas' economic development efforts	SETEDF; SETRPC

Develop a “buy local” campaign	Improve perception of southeast Texas	SETEDF; SETRPC; Chambers of Commerce
Provide workshops on importance of economic development to local organizations & governments	Raise awareness of the importance of economic development	SETEDF; SETRPC
Establish outreach program to stay informed of project ideas in the region	Create new jobs and retain existing meaningful, well paying jobs	SETEDF; SETRPC
Develop a database of site selectors to market southeast Texas to	Improve perception of southeast Texas	Chambers of Commerce; SETEDF
Increase awareness of foreign trade zone	Further promote intermodal connections and transportation in the area	SETRPC; SETEDF; Ports
Incorporate career academies in schools/apprenticeships	Improve workforce training	Local School Districts; Workforce Southeast Texas; Lamar University, Lamar Institute of Technology & Lamar State College Port Arthur & Orange
Develop financing mechanisms for site development	Create new jobs and retain existing meaningful, well paying jobs	Economic Development Corporations; SETEDF; Chambers of Commerce
Assemble parcels of land into desirable business & industrial sites	Create new jobs and retain existing meaningful, well paying jobs	Economic Development Corporations; Downtown Associations
Start a coalition that can stand for the interests of southeast Texas on a national level	Improve perception of southeast Texas	SETEDF; SETRPC
Improve Spur 93 to improve access to the Jack Brooks Regional Airport	Further promote intermodal connections and transportation in the area	TxDOT; Local Governments

Develop programs and policies that provide access to technology, capital, and incubator services	Create new jobs and retain existing meaningful, well paying jobs	SETEDF; Lamar University; Economic Development Corporations
Increase awareness of local business needs	Create new jobs and retain existing meaningful, well paying jobs	Chambers of Commerce; SETEDF
Aid local business and industry in getting what they need for success/growth	Create new jobs and retain existing meaningful, well paying jobs	Economic Development Corporations; SETEDF
Work with local entities to develop quality, high profile projects	Create new jobs and retain existing meaningful, well paying jobs	SETRPC; SETEDF; Economic Development Corporations
Maintain awareness of EDA investment priorities to inform local efforts	Create new jobs and retain existing meaningful, well paying jobs	SETRPC; SETEDF
Develop new and existing area levees for storm surge protection	Be poised for disaster recovery	Army Corps of Engineers, Local Governments, Economic Development Corporations

V: Evaluation

As the South East Texas Economic Development District works to improve the economy of southeast Texas, there will be a need for periodic self evaluation to track progress and determine future courses of action. As such, SETEDD will use the following performance measures to evaluate the impact of its efforts:

- Number of jobs created or retained
- Amount of private investment
- Number of persons receiving job training
- Number of business formations and expansions
- Unemployment rates
- Attendance of SETEDD Board Meetings

The status of each of these measures will be monitored by the SETEDD Board of Directors. The District's activities will be considered to be successful if positive trends can be identified on an annual basis. Once the status of these measures has been established each year, a course of action will become apparent.

Appendix A

Summary of SWOT Analysis and Input from Focus Group Sessions

Opportunities

- Texas
 - Business climate
- Education
 - Increased access to education through online learning
 - Recognition by educators that workforce training needs to start early
 - The opening up of school districts to students outside of the district
 - Industry is seeing benefit of training workforce
 - Increase in availability of dual credit college courses in high schools
- Tourism
 - Funds available through state and federal sources
 - Growth in popularity of ecotourism
- Transportation
 - High speed rail funding
 - Funds for intermodal projects
 - Widening and deepening of the Gulf Intracoastal Waterway
 - Current expansion and changes to the Panama canal
- The “green” energy movement
 - Continuing investments by “green” companies that produce items for or have ties with southeast Texas industry
 - Research and development required for the “green” movement
 - Emerging technologies
- Houston’s continuing expansion
 - Port of Houston nearly built out
 - Houston’s major airports will need service
 - Possible overflow to southeast Texas
- Economic Development Administration
 - SETEDD’s relationship with regional EDA office is on good terms
 - Designation of University Center at Lamar
 - Funding opportunities
- Industry expansions
 - Expansion of oil and petrochemical industry

- Expansion of agribusiness
- Funding
 - For the arts
 - Workforce training funds
 - Oil spill funding for training in clean up or for businesses that support offshore drilling

Threats

- Natural disasters
 - Susceptibility to hurricanes
 - Lack of availability of insurance due to past natural disasters
 - Lack of immediately available funds for business recover after a disaster
- Environmental regulation and legislation
 - Increasing regulation on air quality and the environment
 - National policy shift away from petrochemical to "green"
- Timber market
 - National instability of the timber market
 - Changes in the operation of the timber industry, specifically ownership of land
- Immigration
 - Both internal and external
 - Outsiders can take advantage of opportunities that our residents cannot
- Perception of southeast Texas
 - Southeast Texas has a negative reputation
 - Outsiders include southeast Texas as part of the Houston metropolitan area
- National economic downturn
 - Unemployment rates have increased everywhere
 - Sales taxes are down
 - Poverty rates have increased throughout the nation
- Work force
 - Shifts in worth ethic
 - Younger generations not as eager to start careers right away
 - Graying of the workforce
- Globalization

- Outsourcing of jobs
 - Increasing scarcity of water resources in other regions
 - Shift in the nature of banking and the decrease in local banking institutions
 - Acrimony between Texas and Washington, D.C.
 - Lack of recognition of non-academic careers
-

Strengths

- Labor force
 - Trained with work experience
 - Technologically skilled
 - Population has a good work ethic
 - Workers are available
- Existing industrial base
 - Sophisticated engineering firms located in the area
 - Existing intellectual capital when it comes to engineering and energy
 - Existing energy infrastructure, such as pipelines and technically skilled workers
 - Concentration of by-products from oil production
- Location
 - Central location in the nation
 - Proximity to other cities and markets, including Houston, Baton Rouge, and New Orleans
 - Access to the Gulf Intracoastal Waterway and other navigable waterways
 - Nearness to major international airports
- Climate
 - No snow days
 - Longer growing season for crops
- Lamar University
 - Strong research background in the energy field and other cutting edge technology
 - First patents in the history of the institution recently occurred
 - Developing a PhD program in energy
 - Recently rated in the top 300 business schools
 - Active expansion and growth
- Education

- Variety of educational options in the area, from traditional academic degrees to technical and vocational degrees and certifications
 - Lamar State College-Orange, Lamar State College-Port Arthur, Lamar Institute of Technology
 - High schools have begun to incorporate vocational programs
- Transportation
 - Unimpeded multimodal system with ready access to airports, ports, waterways rail, and highways
 - Rail access at Jack Brooks Regional Airport
 - Along a major interstate corridor
 - Airport w/ room for expansion
- Natural resources
 - Timber
 - Natural gas
 - Natural storage facilities in the form of salt domes
 - Abundant water supply
 - Appealing natural settings, such as the Big Thicket, that offer ample tourism possibilities
- Affordability
 - Housing
 - Cost of living
 - Education
- Quality of life
 - Southeast Texas exceeds expectations when it comes to quality of life
 - Recreation options, such as the Big Thicket, Village Creek, and local parks, hunting & fishing, sporting events, Ford Park
 - Area is actively developing bicycle and pedestrian facilities
 - Affordability
 - Access to health care
 - Variety of shopping options
- Culture
 - Active art community, including theaters
 - Relatively high number of museums in the area
 - Local cuisine
- Relatively condensed area
 - Reasonable commute times

- Leadership
 - Leadership SETX
 - Regional leadership makes a great impression-both public and private
- Labor Force
 - Available workers
 - Hard working employees
 - Entrepreneurial population base (a number of businesses have started here and expanded)
- Business climate
 - Utility process
 - Industry, nature, and area residents coexist
 - Southeast Texas residents accept industry-no NIMBY
 - Incentives
 - Stability
 - Utility pricing
 - Strong credit union system
- Project readiness
 - Large vacant sites
 - Land availability
 - Shovel ready projects in the region
 - Awareness of potential projects
- Economic Development
 - High quality professionals in the region
 - Good relationship with Economic Development Administration
 - Southeast Texas is thinking more “regionally,” everyone is coming to the table
 - Large amount of open land
- Environmental efforts
 - Air quality monitoring network
- Active philanthropic groups
 - Stark Foundation
 - Art Foundation
- School districts
- Foreign trade zones
- Ability to recover from natural disasters
- Room to develop in ports

Weaknesses

- Lack of Diversification
 - Reliance on boom/bust industries that are cyclical in nature (energy & timber)
- Perception
 - Self-perception of the region by area residents
 - Outside perception of southeast Texas; outsiders do not see what the area has to offer
 - Perceived as a litigious area
 - Not enough advertising about area opportunities or about events in the area
- Workforce
 - Low educational attainment
 - Unemployment rate
 - Aging
 - Generations of unemployed without soft skills to get and keep a job
 - Need better connection between workforce training and what business needs
 - Many work in fields with cyclical employment
 - Area high school graduates are not ready for the workforce
- Economic development
 - Lack of funding
 - Need better prioritization
 - Need more focus on ED
 - Lack of ED incentives
 - Narrow focus at times by local organizations & entities when it comes to ED
 - Lack already developed sites and square footage
 - Not enough support for local businesses
- Potential lack of stewardship of region's natural resources
 - Timber
 - Some neglect by industry
 - Lack of recognition in the area of alternative/renewable energy
- Building site availability
 - Lack of available square footage for industrial use
 - Not enough "mega-sites" with buildings in place
 - Have sites, no buildings
- Poverty levels
 - Low per capita income/high poverty

- Large disparity between the upper and lower classes
 - Unemployable class of citizens that cannot meet the requirements of many of the industries in the area
 - Quality of Life
 - Don't have culture and infrastructure for wellness and exercise
 - Lack of affordable housing
 - Automobile culture with few other transportation options
 - High levels of illness
 - Brain drain due to low quality of life
 - Pollution
 - Air Quality
 - Natural Disasters
 - Disaster recovery infrastructure is not completely in place
 - Lack of funds for businesses to get up and going immediately after disasters
 - Businesses are scared to borrow/expand right now
 - There are a lack of good/credit worthy projects to lend money to
 - Small business lack of access to capital
 - Proximity to & association with Houston (want to shift this to a strength)
 - Crime
 - Aging infrastructure and oil/gas equipment
 - Area residents don't support local business
 - Lack of consistent air service
 - Housing damages from hurricanes
 - White flight
 - Covert racism
 - Broken families
 - Socioeconomics of regional population
 - Not enough focus on area downtowns
-

Vision

- "Gateway to Energy"
 - Dominated by energy-but incorporate all of it-(green, renewable, bio, etc)
 - Use the set of cards we have been dealt and expand on them
 - Preserve and expand existing energy cluster

- Becoming an “enviable choice” for living and working
 - Healthy/well citizens
 - High quality of life
 - Live, work, play
 - More entertainment
- Sustainable economy with growth industry
- Lower unemployment
- Diversification
- Integration globally
- Better socioeconomics
- Career academies
- Enviable choice for living and working
- Desirable destination location
- Find our niche & use set of cards that we have been dealt

Goals/Objectives

- Secure funding to aid business development/expansion
- Connect more with Houston
 - Embrace proximity to Houston and explore service industries aimed toward “catching overflow” from Houston
- Take advantage of foreign trade centers/zones
- Link surface, air, port, rail, pipeline
- Realign the relationship that exists between business, education, industry and workforce training
- Increase skills training in lower-level education
- Increase tourism
- Increase money for economic development effort
 - Emphasize that ED needs to be a priority
- Further enhance existing agricultural foundation
- Integrate Lamar into the area
- Preserve the high paying jobs that we already have
- Develop buy-in and cooperation throughout the region
 - Cooperation, not competition
- Recognize those things that are working against southeast Texas

- National policies
 - Develop strategies to respond to these and other changes at state and national level
- Expand and capitalize on our existing knowledge base
- Educate about energy
 - Many people don't understand how the things they use everyday are made
- Change image internally and externally
- Be more aware of the region's human resources
- Further enhance and sustain Lamar University Center
- Provide early workforce training
- Enhance transportation
- Increase funding
- Diversify beyond oil and gas
- Develop rail connection with Houston
- Improve visual appearance of the region
- Promote entrepreneurship
- Good economic development pre/post disaster
- Increase population
- Further improve upon workforce training
- More concentrated and better business and industry retention efforts
- Remove duplication of ED efforts
- Encourage alternative career paths
- Educators, business, economic developers, and workforce trainers work more closely together

Projects

- Waterfront developments in Port Arthur/Port Neches
- Marketing for "prioritizing ED" in the area
- Awareness campaign/information campaign about what SETX is/what we have/what we need to keep
- Start a coalition of people who can stand for the interests of SETX on a national level
 - "Brain trust" to inform policy makers
 - Present the real facts to people making decisions
- Tourism Promotion

- Develop Village Creek & other Big Thicket amenities
 - Promote foreign trade zones
 - “Regional bulletin board” of Economic Development efforts, activities & successes
 - Social networking
 - Connect medical with Lamar
 - Develop connection with MD Anderson
 - Develop a career academy
 - Apprenticeship programs
 - Industrial park at Jack Brooks Regional Airport
 - Improvement of Spur 93 to better serve airport
 - Develop projects that utilized wood and lumber by-products
 - Levy improvements for storm surge protection
-

Main Goals

Number 1: Job creation, job retention of meaningful, well paying jobs.

Number 2: Enhance the quality of life.

Number 3: Communicate with the rest of the world.

Appendix B

The following table contains each industry cluster, its associated industries, and each industry's North American Industry Classification System (NAICS) code.

NAICS Code	Industry
ADVANCED MATERIALS	
212325	Clay and ceramic and refractory minerals mining
316211	Rubber and plastics footwear manufacturing
322221	Coated and laminated packaging paper and plastics film manufacturing
322299	All other converted paper product manufacturing
324191	Petroleum lubricating oil and grease manufacturing
3251	Basic chemical manufacturing
3252	Resin, synthetic rubber, and artificial synthetic fibers and filaments manufacturing
32532	Pesticide and other agricultural chemical manufacturing
3254	Pharmaceutical and medicine manufacturing (except 325411)
3255	Paint, coating, and adhesive manufacturing
3256	Soap, cleaning compound, and toilet preparation manufacturing
326112	Plastics packaging film and sheet (including laminated) manufacturing
326113	Unlaminated plastics film and sheet (except packaging) manufacturing
326121	Unlaminated plastics profile shape manufacturing
32614	Polystyrene foam product manufacturing
326199	All other plastics product manufacturing
32629	Other rubber product manufacturing
327112	Vitreous china, fine earthenware, and other pottery product manufacturing
327113	Porcelain electrical supply manufacturing
327124	Clay refractory manufacturing
327125	Nonclay refractory manufacturing
32742	Gypsum product manufacturing
327910	Abrasive product manufacturing
327992	Ground or treated mineral and earth manufacturing
327993	Mineral wool manufacturing
3311	Iron and steel mills and ferroalloy manufacturing
3312	Steel product manufacturing from purchased steel
3313	Alumina and aluminum production and processing (except 331311)
3314	Nonferrous metal (except aluminum) production and processing
3315	Foundries
332111	Iron and steel forging
332116	Metal stamping
332117	Powder metallurgy part manufacturing
332313	Plate work manufacturing
332322	Sheet metal work manufacturing
332618	Other fabricated wire product manufacturing

33271	Machine shops
332812	Metal coating, engraving (except jewelry and silverware), and allied services to manufacturers
332813	Electroplating, plating, polishing, anodizing, and coloring
332911	Industrial valve manufacturing
332991	Ball and roller bearing manufacturing
332995	Other ordnance and accessories manufacturing
332997	Industrial pattern manufacturing
332999	All other miscellaneous fabricated metal product manufacturing
333298	All other industrial machinery manufacturing
333313	Office machinery manufacturing
333319	Other commercial and service industry machinery manufacturing
3335	Metalworking machinery manufacturing (except 333512, 6)
333912	Air and gas compressor manufacturing
334119	Other computer peripheral equipment manufacturing
334220	Radio and television broadcasting and wireless communications equipment manufacturing
334290	Other communications equipment manufacturing
3344	Semiconductor and other electronic component manufacturing
3345	Navigational, measuring, electromedical, and control instruments manufacturing (except 334516, 8)
33511	Electric lamp bulb and part manufacturing
335314	Relay and industrial control manufacturing
335921	Fiber optic cable manufacturing
335931	Current-carrying wiring device manufacturing
336322	Other motor vehicle electrical and electronic equipment manufacturing
336399	All other motor vehicle parts manufacturing
336419	Other guided missile and space vehicle parts and auxiliary equipment manufacturing
339111	Laboratory apparatus and furniture manufacturing
339112	Surgical and medical instrument manufacturing
339113	Surgical appliance and supplies manufacturing
339991	Gasket, packing, and sealing device manufacturing
54138	Testing laboratories
5417	Scientific research and development services

AGRIBUSINESS, FOOD PROCESSING AND TECHNOLOGY

111	Crop production
112	Animal production
1141	Fishing
1151	Support activities for crop production
1152	Support activities for animal production
311	Food manufacturing
312	Beverage and tobacco product manufacturing
3253	Pesticide, fertilizer, and other agricultural chemical manufacturing

33311	Agricultural implement manufacturing
333294	Food product machinery manufacturing
42382	Farm and garden machinery and equipment merchant wholesalers
4245	Farm product raw material merchant wholesalers
42491	Farm supplies merchant wholesalers

APPAREL AND TEXTILES

313	Textile mills
314	Textile product mills
315	Apparel manufacturing
323113	Commercial screen printing
32513	Synthetic dye and pigment manufacturing
32522	Artificial and synthetic fibers and filaments manufacturing
32791	Abrasive product manufacturing
33791	Mattress manufacturing
337121	Upholstered household furniture manufacturing
339993	Fastener, button, needle, and pin manufacturing
4243	Apparel, piece goods, and notions merchant wholesalers (except 42434)
54143	Graphic design services
54149	Other specialized design services
54184	Media representatives
54185	Display advertising
54186	Direct mail advertising
54187	Advertising material distribution services
54189	Other services related to advertising

ARTS, ENTERTAINMENT, RECREATION AND VISITOR INDUSTRIES

33992	Sporting and athletic goods manufacturing
33993	Doll, toy, and game manufacturing
42391	Sporting and recreational goods and supplies merchant wholesalers
487	Scenic and sightseeing transportation
512	Motion picture and sound recording industries
515	Broadcasting (except internet)
5615	Travel arrangement and reservation services
711	Performing arts, spectator sports, and related industries
712	Museums, historical sites, and similar institutions
713	Amusement, gambling, and recreation industries
7211	Traveler accommodation
7212	Rv (recreational vehicle) parks and recreational camps

BIOMEDICAL/BIOTECHNICAL (LIFE SCIENCES)

3254	Pharmaceutical and medicine manufacturing
333314	Optical instrument and lens manufacturing

334510	Electromedical and electrotherapeutic apparatus manufacturing
334516	Analytical laboratory instrument manufacturing
334517	Irradiation apparatus manufacturing
3391	Medical equipment and supplies manufacturing
42345	Medical, dental, and hospital equipment and supplies merchant wholesalers
446	Health and personal care stores
5417	Scientific research and development services
562112	Hazardous waste collection
562211	Hazardous waste treatment and disposal
621	Ambulatory health care services (except 6211, 6212, 6213)

BUSINESS AND FINANCIAL SERVICES

323115	Digital printing
323116	Manifold business forms printing
518	Internet service providers, web search portals, and data processing services
5222	Nondepository credit intermediation
5223	Activities related to credit intermediation
523	Securities, commodity contracts, and other financial investments and related activities
524	Insurance carriers and related activities
525	Funds, trusts, and other financial vehicles
5313	Activities related to real estate (except 531320)
533	Lessors of nonfinancial intangible assets (except copyrighted works)
5411	Legal services
5412	Accounting, tax preparation, bookkeeping, and payroll services
5413	Architectural, engineering, and related services
5414	Specialized design services
5415	Computer systems design and related services
5416	Management, scientific, and technical consulting services
5418	Advertising and related services
54191	Marketing research
541922	Commercial photography

CHEMICALS AND CHEMICAL-BASED PRODUCTS

325	Chemical manufacturing
326	Plastics and rubber products manufacturing
327	Nonmetallic mineral product manufacturing
4246	Chemical and allied products merchant wholesalers
4247	Petroleum and petroleum products merchant wholesalers

DEFENSE AND SECURITY

212291	Uranium-radium-vanadium ore mining
23713	Power and communication line and related structures construction
32592	Explosives manufacturing

332912	Fluid power valve and hose fitting manufacturing
332992	Small arms ammunition manufacturing
332993	Ammunition (except small arms) manufacturing
332994	Small arms manufacturing
332995	Other ordnance and accessories manufacturing
33429	Other communications equipment manufacturing
334511	Search, detection, navigation, guidance, aeronautical, and nautical system and instrument manufacturing
3364	Aerospace product and parts manufacturing
3366	Ship and boat building
336992	Military armored vehicle, tank, and tank component manufacturing
339113	Surgical appliance and supplies manufacturing
4231	Motor vehicle and motor vehicle parts and supplies merchant wholesalers
423860	Transportation equipment and supplies (except motor vehicle) merchant wholesalers
5415	Computer systems design and related services
541710	Research and development in the physical, engineering, and life sciences
5616	Investigation and security services
81149	Other personal and household goods repair and maintenance
922	Justice, public order, and safety activities
92612	Regulation and administration of transportation programs
927	Space research and technology
928	National security and international affairs

EDUCATION AND KNOWLEDGE CREATION

611	Educational services
51111	Newspaper publishers
51112	Periodical publishers
51113	Book publishers
516	Internet publishing and broadcasting
519	Other information services

ENERGY (FOSSIL AND RENEWABLE)

211	Oil and gas extraction
2121	Coal mining
213	Support activities for mining (except 213115)
212291	Uranium-radium-vanadium ore mining
2211	Electric power generation, transmission and distribution
2212	Natural gas distribution
22133	Steam and air-conditioning supply
2371	Utility system construction
2379	Other heavy and civil engineering construction (includes dams and hydroelectric facilities)
23821	Electrical contractors

23822	Plumbing, heating, and air-conditioning contractors
32411	Petroleum refineries
324199	All other petroleum and coal products manufacturing
32511	Petrochemical manufacturing
32512	Industrial gas manufacturing
325191	Gum and wood chemical manufacturing (include coke and charcoal)
325192	Cyclic crude and intermediate manufacturing
325193	Ethyl alcohol manufacturing (includes ethanol manuf.)
33241	Power boiler and heat exchanger manufacturing
33242	Metal tank (heavy gauge) manufacturing
33313	Mining and oil and gas field machinery manufacturing
333414	Heating equipment (except warm air furnaces) manufacturing (includes solar and hydronic heating equipment manufacturing)
333611	Turbine and turbine generator set units manufacturing
334413	Semiconductor and related device manufacturing
334519	Other measuring and controlling device manufacturing
3353	Electrical equipment manufacturing
3359	Other electrical equipment and component manufacturing
42352	Coal and other mineral and ore merchant wholesalers
42361	Electrical apparatus and equipment, wiring supplies, and related equipment merchant wholesalers
42369	Other electronic parts and equipment merchant wholesalers
42372	Plumbing and heating equipment and supplies (hydronics) merchant wholesalers
4247	Petroleum and petroleum products merchant wholesalers
447	Gasoline stations
45431	Fuel dealers
486	Pipeline transportation
52391	Miscellaneous intermediation (includes mineral and oil royalties dealing)
523999	Miscellaneous financial investment activities (includes oil and gas lease brokers)
532412	Construction, mining, and forestry machinery and equipment rental and leasing
533	Lessors of nonfinancial intangible assets (except copyrighted works)
54133	Engineering services
54136	Geophysical surveying and mapping services
54138	Testing laboratories
54162	Environmental consulting services
54169	Other scientific and technical consulting services
54171	Research and development in the physical, engineering, and life sciences
92613	Regulation and administration of communications, electric, gas, and other utilities

FOREST AND WOOD PRODUCTS

113	Forestry and logging
1153	Support activities for forestry
23813	Framing contractors

23817	Siding contractors
23833	Flooring contractors
23835	Finish carpentry contractors
23816	Roofing contractors
321	Wood product manufacturing
322	Paper manufacturing
323117	Books printing
325191	Gum and wood chemical manufacturing
3255	Paint, coating, and adhesive manufacturing
32791	Abrasive product manufacturing
332213	Saw blade and handsaw manufacturing
33321	Sawmill and woodworking machinery manufacturing
333291	Paper industry machinery manufacturing
333991	Power-driven handtool manufacturing
337	Furniture and related product manufacturing (except 337124, 337125, 337214)
339992	Musical instrument manufacturing
339995	Burial casket manufacturing
4232	Furniture and home furnishing merchant wholesalers
4233	Lumber and other construction materials merchant wholesalers

GLASS AND CERAMICS

3271	Clay product and refractory manufacturing
3272	Glass and glass product manufacturing
3273	Cement and concrete product manufacturing
327992	Ground or treated mineral and earth manufacturing
327999	All other miscellaneous nonmetallic mineral product manufacturing
3328	Coating, engraving, heat treating, and allied activities

INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS

23821	Electrical contractors
333613	Mechanical power transmission equipment manufacturing
333295	Semiconductor machinery manufacturing
3341	Computer and peripheral equipment manufacturing
3342	Communications equipment manufacturing
3343	Audio and video equipment manufacturing
3344	Semiconductor and other electronic component manufacturing
334512	Automatic environmental control manufacturing for residential, commercial, and appliance use
334513	Instruments and related products manufacturing for measuring, displaying, and controlling industrial process variables
334515	Instrument manufacturing for measuring and testing electricity and electrical signals
334516	Analytical laboratory instrument manufacturing
334518	Watch, clock, and part manufacturing

3346	Manufacturing and reproducing magnetic and optical media
3353	Electrical equipment manufacturing
3359	Other electrical equipment and component manufacturing
42343	Computer and computer peripheral equipment and software merchant wholesalers
42369	Other electronic parts and equipment merchant wholesalers
5112	Software publishers
517	Telecommunications (except 5175)
518	Internet service providers, web search portals, and data processing services
5415	Computer systems design and related services
541618	Other management consulting services
5417	Scientific research and development services
92613	Regulation and administration of communications, electric, gas, and other utilities

MANUFACTURING SUPERCLUSTER

331	Primary metal manufacturing
332	Fabricated metal product manufacturing (except 332992, 3, 4, 5)
333	Machinery manufacturing
334	Computer and electronic product manufacturing
335	Electrical equip, appliance and component manufacturing
336	Transportation equipment manufacturing

MINING

2122	Metal ore mining
2123	Nonmetallic mineral mining and quarrying
213114	Support activities for metal mining
213115	Support activities for nonmetallic minerals
482	Rail transportation
532412	Construction, mining, and forestry machinery and equipment rental and leasing

PRINTING AND PUBLISHING

323	Printing and related support activities
325910	Printing ink manufacturing
339950	Sign manufacturing
511	Publishing industries (except Internet)
51511	Radio broadcasting
51521	Cable and other subscription programming
516	Internet publishing and broadcasting
51911	News syndicates
51919	All other information services
54143	Graphic design services
541613	Marketing consulting services
5418	Advertising and related services

54191	Marketing research
541922	Commercial photography

TRANSPORTATION AND LOGISTICS

481	Air transportation
482	Rail transportation
483	Water transportation
484	Truck transportation
485112	Commuter rail systems
4855	Charter bus industry
485999	All other ground passenger transportation
486	Pipeline transportation
488	Support activities for transportation
492	Couriers and messengers
493	Warehousing and storage

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