

The East Texas Economic Development District

2005 CEDS 5-Year Update

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"The role of government is to create conditions in which jobs are created, in which people can find work."

George W. Bush
--President of the United States

Forward

As required in the three year grant award, number 08-83-03792, to the East Texas Economic Development District, the Comprehensive Economic Development Strategy (CEDS) Report update has been completed. This document contains this update which is required every 5 years with annual updates as needed.

The Economic Development Administration (EDA)

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.

Areas of Funding

The EDA assists regions and communities with a variety of forms of technical and financial assistance.

- **Public Works** - The Public Works Program empowers distressed communities to revitalize, expand, and upgrade their physical infrastructure to attract new industry, encourage business expansion, diversify local economies, and generate or retain long-term, private sector jobs and investment.
- **Economic Adjustment Assistance Program** - The Economic Adjustment Program assists state and local interests to design and implement strategies to adjust or bring about change to an economy. The program focuses on areas that have experienced or are under threat of serious structural damage to the underlying economic base.
- **Research and National Technical Assistance** - The Research and Technical Assistance Program supports research of leading edge, world class economic development practices as well as funds information dissemination efforts.
- **Local Technical Assistance** - The Technical Assistance Program helps fill the knowledge and information gaps that may prevent leaders in the public and

nonprofit sectors in distressed areas from making optimal decisions on local economic development issues.

- **Partnership Planning** - EDA's Partnership Planning programs help support local organizations (Economic Development Districts, Indian Tribes, and other eligible areas) with their long-term planning efforts and their outreach to the economic development community on EDA's programs and policies.
- **University Center** - The University Center Program is a partnership of federal government and academia that makes the varied and vast resources of universities available to the economic development community.
- **Trade Adjustment Assistance** - EDA uses a national network of twelve Trade Adjustment Assistance Centers to help manufacturers and producers affected by increased imports prepare and implement strategies to guide their economic recovery.

Investment Policy Guidelines

Investment applications will be competitively evaluated on their ability to meet or exceed the following investment policy guidelines.

- **Be market-based and results-driven.** An investment will capitalize on a region's competitive strengths and will positively move a regional economic indicator measured on EDA's Balanced Scorecard, such as: an increased number of higher-skill, higher-wage jobs; increased tax revenue; or increased private-sector investment.
- **Have strong organizational leadership.** An investment will have strong leadership, relevant project management experience, and a significant commitment of human-resources talent to ensure a project's successful execution.
- **Advance productivity, innovation, and entrepreneurship.** An investment will embrace the principles of entrepreneurship; enhance regional clusters, and leverage and link technology innovators and local universities to the private sector to create the conditions for greater productivity, innovation, and job creation.
- **Look beyond the immediate economic horizon, anticipate economic changes, and diversify the local and regional economy.** An investment will be part of an overarching, long-term comprehensive economic development strategy that enhances a region's success in achieving a rising standard of living by supporting existing industry clusters, developing emerging new clusters, or attracting new regional economic drivers.
- **Demonstrate a high degree of commitment by exhibiting:**
 - High levels of local-government or nonprofit matching funds and private-sector leverage.
 - Clear and unified leadership and support by local elected officials.
 - Strong cooperation between the business sector, relevant regional partners, and local, state, and federal governments.

The Comprehensive Economic Development Strategy (CEDS)

In order to receive funding from the EDA a district or other planning group must complete a Comprehensive Economic Development Strategy or CEDS. The CEDS is more than just a report. It is a process of analysis, planning and action designed to promote new economic development activity and improve the existing infrastructure in an area.

The CEDS Planning Process – The CEDS planning process falls under the authority of the East Texas Economic Development District Board of Directors. It was the decision of the Board not to create a separate committee in order to reduce the number of additional Boards and Committees. The Board is representative of the entire district in racial makeup as well as business, government, service, non-profit, and educational entities.

The CEDS Document – There are two types of CEDS Reports: The five-year update and the interim annual reports. The detailed five-year CEDS report includes the following:

- **The Planning Process** – A description of the CEDS Regional Planning Process
- **The Analysis** – A comprehensive review of the region's economic development status
- **The Vision** – An outline of the region's economic development vision, goals & objectives
- **The Action Plan** – A description of the major economic development initiatives throughout the region
- **The Evaluation** – A plan for measuring the quality of economic development activities in the region and the region's progress in meeting specific priorities and the overall CEDS vision and goals

During the interim years, the annual reports track progress toward the economic development goals of the region and document any changes in regional conditions or priorities. Annual reports include the following:

- **Adjustment to the CEDS** – Description of any changes in the CEDS planning process, structure, or strategy
- **Activities Evaluation** – Description of the year's activities, including quantitative and qualitative measures of their success, and an outcome evaluation of each activity
- **Goals Evaluation** – Analysis of overall progress toward meeting regional goals using quantitative and qualitative measures
- **Implementation Schedule** – Timeline identifying priority activities for the upcoming year and when they will be implemented.

Also included in the CEDS is a list of "Priority Projects" that have been identified by the region as projects that could qualify for funding by EDA.

The CEDS Planning Process

The East Texas Economic Development District consists of 8 counties which include:

- Anderson
- Cherokee
- Henderson
- Rains
- Rusk
- Smith
- Van Zandt
- Wood

The District completed the original Overall Economic Development Plan in 1994 which was converted to the original CEDS in 1997. In order to put the process on a better schedule, the ETEDD completed its last full update in 2000. Yearly updates were completed each year, as well as annual progress reports.

The CEDS Planning Structure

Board of Directors - The East Texas Economic Development District Board of Directors serves as the CEDS Committee for the District. The Board consists of 24 members. Each county is represented by 3 members; one appointed by the East Texas Council of Governments and two appointed by the County Judge of each county.

The ETEDD was established to be an impartial facilitator of economic development efforts throughout the region, acting as a central point of contact for the participating economic development organizations, cities, and counties. The mission of the ETEDD is to improve the quality of life for the residents of the district through the support of economic development activities such as job creation, infrastructure improvement, creation of industrial clusters, and small business development.

Staff Support – The Board is supported by the District and East Texas Council of Governments Staff. The Staff consists of three full time employees and one part time employee. These positions include the Executive Director, Director of Regional Development and Services, Economic Development Manager and the part time Economic Services Assistant. These individuals maintain day to day operations as well as oversight of the District's Planning Grant.

CEDS Committee – Rather than create additional committees and bureaucracy, the Board of Directors voted not to create a separate CEDS Committee. Instead the entire Board of Directors acts as the CEDS Committee.

Funding – Funding for the District and the Board comes in the form of a Planning Grant from the U.S. Department of Commerce, Economic Development Administration. The matching funds for this grant come from each county which provides an equal share (with the exception of Rains County which contributes at a discounted rate). The District is a 501C3 non profit entity.

CEDS Contributors – Each county has cities and EDCs which contributed information in the form of questionnaires. Some of these Economic Development Corporations which are funded through a 4a or 4b ½ cent sales tax, are represented on the Board of Directors.

Legal and Philosophical Basis for the CEDS

The ETEDD was created in part due to the Public Works and Economic Development Act of 1965 which provided grants for infrastructure to counties and cities which created and OEDP or Overall Economic Development Plan. In 1992 the East Texas Council of Governments (ETCOG) received funding to assist seven counties with the development or revision of the OEDP reports (Wood County was added in 2004). At the same time these seven counties began efforts to organize into a recognized District. In 1993 the ETCOG took action to file Articles of Incorporation with the State of Texas to create the ETEDD.

Analysis: The East Texas Economy

The East Texas Economic Development District has experienced significant population growth from 1990 to 2004. An improving economy as well as the physical beauty of the region has lead many to see East Texas as an attractive place to live, work and retire. Table 1 shows that over the past 14 years the population has grown by over 100,000 people. From 1990 to 2000 the growth was over 17%.

Area	Population			Percent Change	
	1990	2000	2004	1990 to 2000	2000 to 2004
ETEDD	416,702	491,154	518,084	17.87%	5.48%
Texas	16,986,524	20,851,820	22,508,240	22.76%	7.94%
U.S.	248,710,012	281,421,906	293,686,994	13.15%	4.36%

Table 1: Population and Percent Change 1990 to 2004

According to Forbes Magazine, Tyler, Texas was ranked 52nd in the Best Small Places for Business. Only five years earlier, Tyler was not even ranked among these cities. As a result East Texas is becoming known not only for being a wonderful place to live but as an area in which businesses can thrive.

As with most of the country, the age of the population is quickly increasing. East Texas has seen the population aged 65 and older grow by over 21%. While this is less than the increase seen in the state of Texas as a whole it is well above the increase seen on the national level.

Area	Population			Percent Change	
	1990*	2000	2004	1990 to 2000	2000 to 2004
ETEDD	62,569	76,180	81,680	21.75%	7.22%
Texas	1,600,926	2,072,532	2,279,989	29.46%	10.01%
U.S.	30,389,419	34,991,753	36,876,640	15.14%	5.39%

*Estimated totals.

Table 2: Population Aged 65 and Older

The aging of the population has a definite impact on the economy. Older citizens tend to place more need on the region in the areas of health care and other services. This means in increase in employment in these areas, however planning should start now in order to increase the number of students being educated to fill these positions, construction of facilities, and improvement of infrastructure in order to better serve this demographic group.

Area	Percentage of total population within selected age groups					
	0 to 4	5 to 14	15 to 24	25 to 44	45 to 64	65 +
ETEDD	6.61%	13.33%	14.00%	26.04%	24.26%	15.77%
Texas	7.97%	15.26%	14.93%	29.35%	22.37%	10.13%
U.S.	6.78%	13.89%	14.01%	28.66%	24.10%	12.56%

Table 3: Population and Age Structure 2004

Table 3 shows that when compared to the State and Nationwide percentages, East Texas has a higher percentage of its population in the “Baby Boomer” generation of 45 to 64 and older. However, the region also compares well to its population age 25 to 44 and younger. From an economic standpoint, businesses can see that a workforce is available if they locate their facility in the region.

The pool of potential employees also is established. Household trends show that East Texas has a slightly higher percentage of households with married couples. The region also shows a slightly higher percentage of ownership. Lower rates would indicate a young and active population with the potential of migrating to other areas where wages and other benefits may be better. These figures indicate that the population of East Texas is established and that employers can count on their employees staying in the area.

Area	Total Households	Average Household Size	Percent of Family Households with Married Couples	Percent of Housing Units Occupied by Owner
ETEDD	194,003	2.53	70.80%	65.80%
Texas	8,216,915	2.67	70.70%	60.40%
U.S.	112,708,665	2.54	69.00%	61.00%

Table 4: Household and Housing Characteristics 2004

Area	Educational percentage for total population						
	PreK - 8th	9th - 12th No Diploma	High School Graduate	Some College No Degree	Associates	Bachelor's	Graduate
ETEDD	7.00%	16.90%	29.70%	23.30%	5.70%	10.40%	5.30%
Texas	8.80%	12.90%	24.80%	22.40%	5.20%	15.60%	7.60%
U.S.	6.10%	12.10%	28.60%	21.10%	6.30%	15.50%	8.90%

Table 6: Educational Level of Total Population 2000

Unfortunately, education is an area where East Texas is lacking. East Texas outranks both the state and national trends in the number of High School graduates. However, it falls far below both benchmarks in the areas of degrees and specialized training. Efforts need to be made to encourage students to continue their education after High School. This trend also indicates that many students may go on to a large school and get their undergraduate degree or even graduate degrees but choose not to return to East Texas to work. Several reasons for this may exist. Larger cities are viewed as more interesting with more entertainment and cultural activities available. There is little to attract this demographic group back to East Texas unless it can offer them career opportunities which will offset the desire for this lifestyle. A “catch 22” emerges when trying to stop this trend. Companies seeking degreed employees do not want to locate in an area unless it can find those individuals. On the other hand degreed employees do not want to come back or migrate to an area unless they can find employment.

Employment trends while on the rise are still below the benchmark averages. Percentages, however do not always present an accurate picture of what is actually occurring. It would appear that East Texas is experiencing a large amount of unemployment. However, recall that earlier it was stated that East Texas is experiencing a large number of retirees migrating to the area and has percentages that exceed the state and national averages in the 65+ population. Since this group is not employed it tends to drive the percentages lower than the benchmarks.

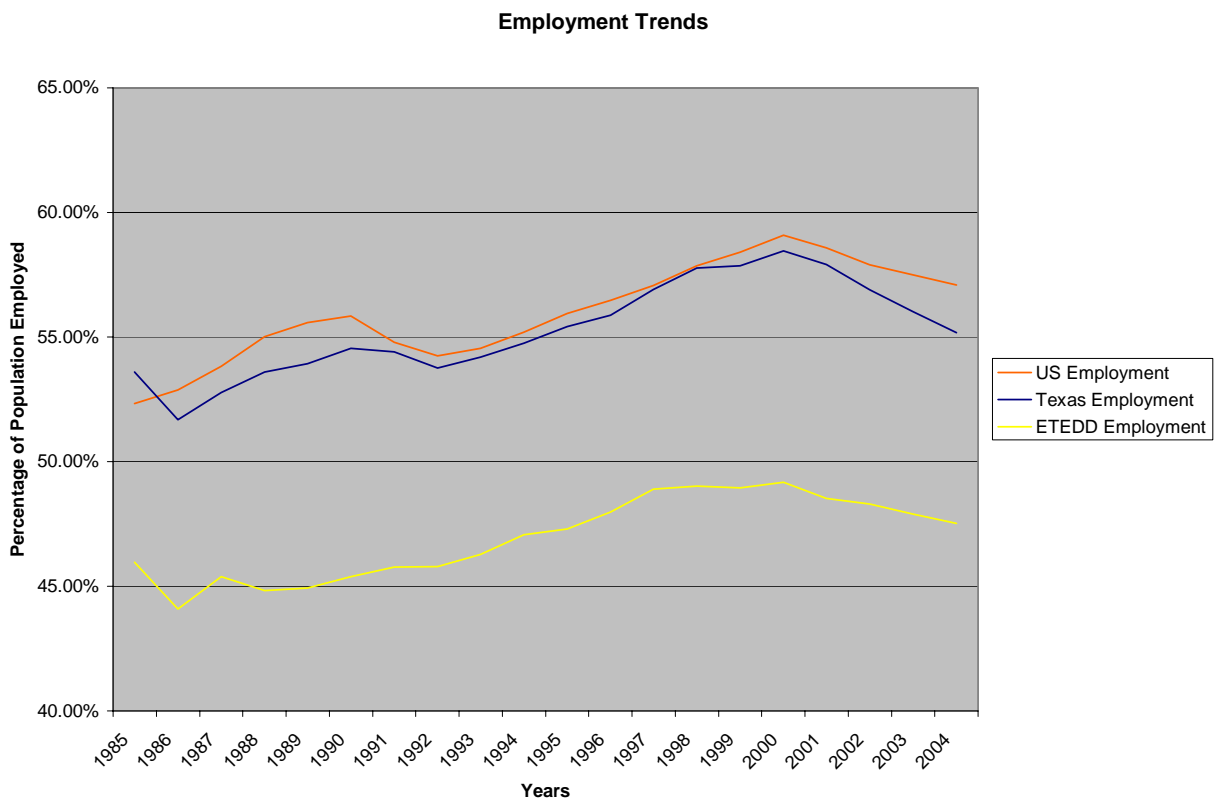


Chart 1: Employment Trends in East Texas Compared to the State and US.

In addition, East Texas has fared somewhat better than the state due to the increase in production in the oil industry in recent years. This has helped East Texas to maintain much of its employment while the State and U.S. employment numbers have declined over the past few years. It appears that while East Texas is enjoying this increase in production it has learned its lesson from the oil crash in the 1980s and is making an effort to diversify the economy.

Income in East Texas has kept up similar rates of growth as the benchmark levels, however it remains lower than these levels. The low cost of living as well as other features which make East Texas attractive, also lead to lower income levels.

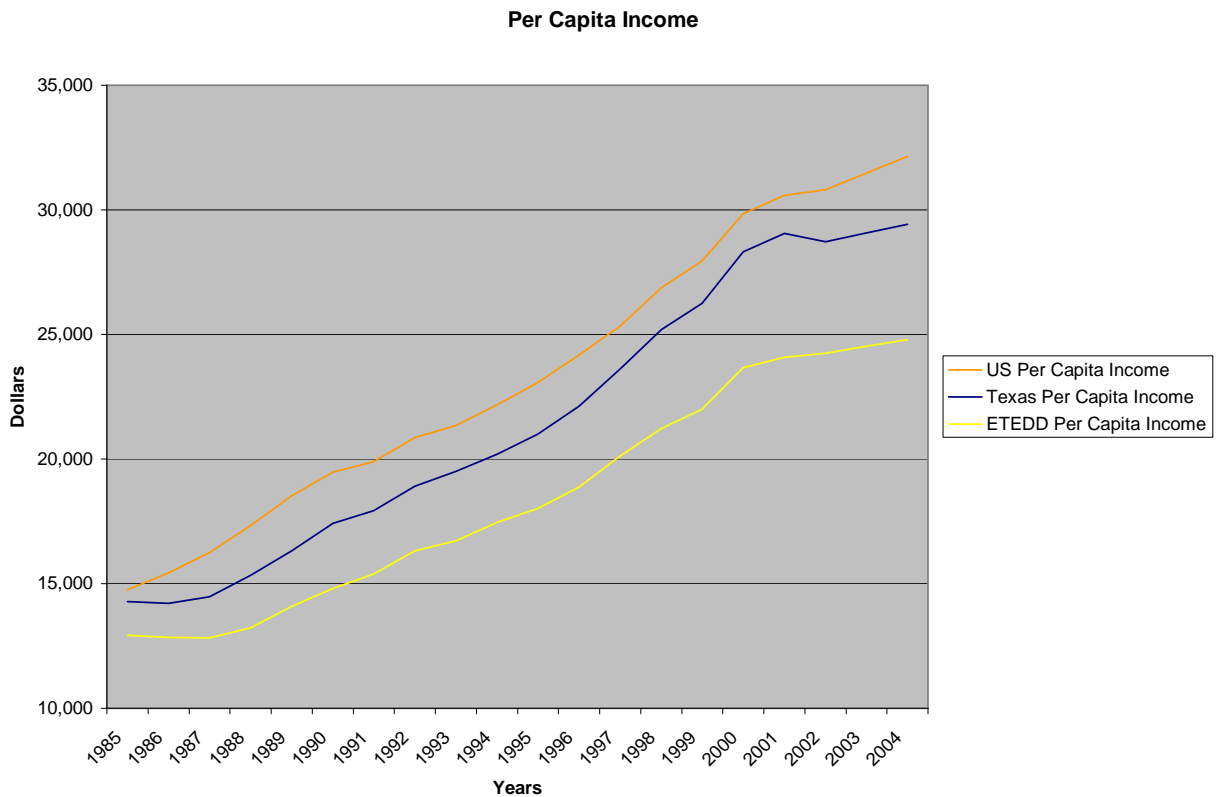


Chart 2: Per Capita Income Levels for the ETEDD, Texas and the US.

Vision

The CEDS vision for economic development in East Texas is derived from the shared aspirations of East Texans for the future. It is also a commitment by the elected officials, economic developers, and private citizens who have dedicated themselves to making East Texas a better place in which to raise their families and to spend their lives.

East Texas, specifically the eight counties which make up the district, is home to over 500,000 people and is a destination for thousands of visitors each year. It is necessary to plan for the future in order to create good jobs while preserving the natural beauty that is an integral part of East Texas. Problems which arise from any type of growth, whether it be traffic, solid waste, water, or other basic necessities, must be examined and planned for in order to maintain the quality of life to which we have become accustomed.

Vision Statement
To implement a balanced, sustainable economic development strategy capable of absorbing the effects of fluctuations in economic activity, which integrates economic and environmental concerns, through the creation of opportunities for the unemployed and underemployed, while enhancing the quality of life that all East Texans enjoy.

Goals and Objectives

Goal	Objective
Goal 1: A strong CEDS Planning Process	Increase awareness of economic development issues in the region
	Increase participation in CEDS Planning Process
	Strengthen coordination among economic development organizations
	Increase distribution of CEDS report including electronic distribution
	Analyze the ETEDD regional economy regularly to update the CEDS process
	Better understand the economic impact of the retirement community on the region

Goal 2: A skilled workforce and outstanding training and educational opportunities	Increase the technical competence of the workforce
	Promote educational partnerships and new approaches to learning that benefit K-12 students
	Support strategic planning efforts in workforce training and education
	Continue to expand opportunities for higher education and life-long learning
Goal 3: A vibrant economy built on strong traditional and emerging economic clusters	Support tourism
	Support the traditional manufacturing cluster
	Support the emerging biotechnology industry in the region.
	Support the existing medical cluster
Goal 4: An economy that benefits all residents and preserves a healthy natural environment	Direct development to regional growth centers
	Improve communication and transportation infrastructure
	Support efforts to make housing affordable.
Goal 5: An integrated transportation and communications infrastructure	Identify infrastructure gaps
	Encourage use of alternative fuels and transportation
Goal 6: A state of the art health care system	Encourage training and educational programs for health services workers
	Support the development of higher quality services and facilities
	Support efforts to make health care affordable

The CEDS Action Plan

In the past the CEDS Action Plan has included a few specific tasks and broad categories of activities that were part of the on going CEDS process. This Action Plan is focused instead on actual activities, events, or projects that will take precedence in the years to come.

Purpose

The purpose of the CEDS Action Plan is to identify which projects and activities should be undertaken over the next few years. The action plan should reflect the Goals and Objectives of the CEDS outlined previously.

Updating

Each CEDS Contributor reported their plans for next five years as part of the CEDS Activities evaluation process. The following CEDS Action Plan reflects the work priorities of the CEDS Contributors Group but focuses primarily on new activities and activities of the ETEDD Board of Directors.

CITY	COUNTY	PROJECT NAME	PROJECT DESCRIPTION	PROJECT COST
Palestine, TX	Anderson	Willow Creek Business Park	Roads, water, sewer, gas	\$2,000,000
Frankston, TX	Anderson	Park Improvements	Upgrade children's playground	\$10,000
Rusk, TX	Cherokee	Industrial Park	Purchase of land	\$100,000
Jacksonville, TX	Cherokee	AST Electrofin	Manufacturing Company	\$2,200,000
Athens, TX	Henderson	Athens Park Homes	Manufacturer of homes	\$6,000,000
Athens, TX	Henderson	Biotech Manufacturing Center	Medical manufacturing incubator	\$4,000,000
Athens, TX	Henderson	Project Clean Air	Manufacturer of clean air	\$4,783,000
Athens, TX	Henderson	Manufacturing Entity	Novelty manufacturer	\$462,000
Malakoff, TX	Henderson	Star Habor Spas	Drainage & sewage	\$10,000,000
Arp, TX	Smith	No projects at this time	N/A	\$0.00

University of Texas Health Center	Smith	Biosciences Research Park	Bioscience/Incubator Facility	Not Available
Lindale, TX	Smith	Lowe's	Infrastructure for retail development. Gas lines, waterlines and other infrastructure	\$2,594,000
Grand Saline, TX	Van Zandt	Warehouse Building.	Construction of 15,000 sq. ft. metal facility	Not Available
Canton, TX	Van Zandt	MFH Medical Clinic	Construction of 25,000 sq. ft. medical clinic	\$5,000,000
Canton, TX	Van Zandt	Industrial Park	Purchase of land; construction of road	\$845,000
Canton, TX	Van Zandt	Splash Kingdom Water Park	Construction of recreational water park	\$4,700,000
Canton, TX	Van Zandt	8-Screen Movie Theater	Construction of movie theater	\$4,000,000
Hawkins, TX	Wood	Nestle Waters	Expansion of current facility	\$30,000,000
Minneola, TX	Wood	Texas Bio Diesel	Production of bio-diesel	\$40,000,000
Yantis, TX	Wood	Yantis Park Development	Construction of city park	\$20,000
Hawkins, TX	Wood	Hawkins Park Project	Construction of city park	\$350,000

Winnsboro, TX	Wood	Sidewalk Enhancement	Replace sidewalks in downtown area. Install lighting, drainage & water lines. Place new asphalt surface on Hwys. 11 & 37.	\$1,400,000
Winnsboro, TX	Wood	Wastewater Plant	Expand wastewater plant	\$3,600,000
Winnsboro, TX	Wood	Airport Improvements	New runway lights, control tower, and new directional turn lights.	\$250,000

Evaluation

The purpose of the CEDS Evaluation component, as envisioned by the ETEDD Board of Directors, is to cement the link between planning and implementation. The evaluation process serves as an incentive for groups to implement the activities listed in the CEDS and stimulates changes and refinements to the plan on an ongoing basis. Most importantly, the evaluation component is meant to encourage coordination and partnerships between stakeholders in both the short range and long range terms.

Evaluation Approach

Given the structure of the ETEDD CEDS report, we plan to employ a three-tiered evaluation approach that will help economic development stakeholders gauge:

1. The status of ongoing economic development activities,
2. The status of priority projects identified during the CEDS planning process, and
3. The region's progress toward realizing the vision of a "balanced and sustainable economy" over time.

Thus, the first tier will focus on CEDS activities, showing progress in the short term on a project by project basis. The second tier will be the evaluation of the region's priority projects as these are designated. The third tier will focus on the CEDS goals, attempting to track progress over the long term based on a set of standard benchmarks.

Evaluation Methodology

Activities Evaluation: Activities should be evaluated in both quantitative and qualitative measures for each item. The quantitative measures are meant to document levels of participation and effort in an activity and, where possible, the outcome or impact of the activity.

In evaluating activities qualitatively, project coordinators will be asked to consider how those intended to benefit from them received the activities or services and how well they are integrated into the larger economic development effort. Thus, quantitative measures are expected to help answer questions such as: Are we reaching enough people? Are we getting the word out? Are we dedicating enough staff time and funding? Did we meet our goals? Qualitative measures, on the other hand, are expected to elaborate on the numeric measures by focusing attention on the usefulness of the activity relative to its intended purpose and CEDS goals and objectives to which it relates.

The final step in evaluating the region's on-going economic development activities is to determine the overall status of each activity using the following hierarchy:

Status Category
On Course
Making Substantial Progress
Re-evaluated and Revised; New Initiative
Increased Focus Needed
On Hold; Will be Re-evaluated

The status of each activity will be initially determined by the responsible agency and then reviewed by the ETEDD Board of Directors. To facilitate the annual evaluation of activities for inclusion in the CEDS report the staff has developed an Activity Update & Evaluation Form, which each of the CEDS Contributors will be asked to complete for the CEDS annual report.