



PORTS-TO-PLAINS ECONOMIC DEVELOPMENT RESEARCH PROJECT

EXECUTIVE SUMMARY

The Ports-to-Plains Corridor Coalition has asked the Commonwealth Consulting Corporation (Commonwealth) and Business Development Advisors team to conduct an economic development research project. The purposes of the project are to:

- Analyze economic activity along the corridor
- Identify catalyst projects that can enhance economic development along the corridor

The Commonwealth team's approach to this project has been to start at the community level and build up the analysis and recommendations from the local perspective. We analyzed 20 individual cities, counties and towns along the Corridor to create a relevant and useful economic picture to support decision-making.

Commonwealth was also asked to identify action items, not create a general strategy document. We strongly believe that this guidance should come from communities, not a consultant. Our role, then, was to obtain input on priorities and goals from community leaders, which we then put in the context of the overall economic picture for the corridor.

Finally, we have used our knowledge of the federal government and economic development practices to supplement community inputs with a review of appropriate federal-level transportation and economic development programs that could serve as catalysts for development. We have also preliminarily identified a set of potential business development opportunities that relate to increased trade traffic along the Corridor.

This report includes the following sections:

- Corridor Economic Data
- Catalyst Projects: Federal Programs
- Business Development Opportunities
- Conclusions and Proposed Action Items



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CORRIDOR ECONOMIC DATA

This section collects, for the first time, basic economic information about the Corridor communities and puts it into the context of the Corridor. By understanding the factors described below, we will be better able to draw conclusions about the type of catalyst projects, federal programs, and business development opportunities that are appropriate.

- Economic Base
 - Communities along the corridor, including the metropolitan areas, are relatively small, and economic development strategies need to be scaled accordingly. However, several communities are growing rapidly, which suggests a different set of economic development issues than for the communities that are not growing or are shrinking.
 - Income and wages are both well below the US average in most communities.
 - Employment in the corridor is more heavily farm- and transportation-oriented, and less manufacturing- and services-oriented than the US as a whole.
- Work Force
 - Work force issues are critical. Most communities would be perceived to have limited labor pools, with small populations and low unemployment. Unemployment is often low because of declines in population, rather than as a sign of economic vitality.
 - Most locations seek to increase jobs in order to keep people in their communities. The problem is especially acute with college educated citizens who leave the area because there are not sufficient local opportunities.
- The chart below summarizes several economic base and work force factors for the corridor communities examined here. The list begins with the smallest county (Cimarron) and progresses by population to the largest (Denver). The Farm, Manufacturing, Services, and Transportation and Utilities columns refer to employment in each sector as a percent of total employment.
- Dark blue indicates the county is among the top 3 by that measure within the corridor. Aqua indicates it is above the corridor average.



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SUMMARY OF STATISTICS

	Population	Wages	Income	Farm	Manuf.	Services	Trans. & Util.
Cimarron, OK							
Sherman, TX							
Sutton, TX							
Lincoln, CO							
Lynn, TX							
Swisher, TX							
Prowers, CO							
Dawson, TX							
Moore, TX							
Howard, TX							
Hale, TX							
Val Verde, TX							
Maverick, TX							
Tom Green, TX							
Randall, TX							
Potter, TX							
Midland, TX							
Webb, TX							



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Lubbock, TX							
Denver, CO							

- The smallest communities tend to have farm-based economies, with wages on the low end of the scale, but income on the higher end.
- Manufacturing tends to be more concentrated in the small- to mid-size communities. High wages are not necessarily linked to strength of manufacturing employment.
- The larger, urban areas tend to have higher wages and income and high concentrations of services and transportation employment.
- The implication of this analysis is that economic development strategies should be segmented to serve each of these three groupings and that the Corridor will have different effects in each segment.
- An exception will likely be the three border counties, which have a unique position and special assets that will drive their economic development strategies.
- Services and transportation-related employment will be important in generating well-paying professional opportunities along the Corridor that will keep and attract people.
- Infrastructure
 - *Highway* transportation, especially north-south, has been a relative weakness of the region. This is one of the reasons the Ports-to-Plains corridor is so important. It will help link the region internally and externally.
 - East-west access through many communities is strong, and this asset will become more valuable when combined with improved north-south transit.
 - Most communities are served by *rail*. Many have spurs, switching facilities, or other facilities that make the rail service an active asset. The corridor north of Lubbock tends to be served by BNSF, while the southern section tends to have Union Pacific rail service. Amarillo has a BNSF Intermodal facility, the only one along the corridor. Both Eagle Pass and Laredo have rail crossings into Mexico.
 - *Air service* is a relative weakness for the corridor. Strong air hubs can support and attract professional services firms, but the small hubs along the corridor may



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not be sufficient to generate this type of benefit. The limited air cargo operations, except in Laredo, also suggest limited cargo benefits at the airports.

➤ Institutions and Facilities

- The corridor has several *colleges and universities*. Texas Tech is the biggest institution by far and is an extremely valuable asset for both Lubbock and the region. West Texas A&M, Angelo State, and Texas A&M International are the other public universities along the corridor. In general, communities with established higher education facilities are better positioned to attract high-value, high-salary, and high-growth professional services operations and employees.
- We also examined *trade-related assets*. The three border counties have the strongest position in this category. Overall, six corridor communities have Customs Ports of Entry, and four have Free Trade Zones. Mexico has consular offices in Midland, Del Rio, Eagle Pass and Laredo.
- Beyond the border communities, trade-related assets and supporting services appear to be limited. The Northwest Texas International Trade Center at Texas Tech is one notable exception. To encourage or take advantage of increased trade opportunities in the region, it seems likely that more trade-based resources will be needed to support local businesses.
- Federal *Empowerment Zones and state Enterprise Zones* can be useful for community and business development. There may be opportunities for these programs to be directly applied to Ports-to-Plains related projects to support growth along specific areas of the corridor.
- We examined the presence of *federal offices and facilities* in corridor communities primarily to determine if any are sufficient to serve as a catalyst to economic development. In general, the federal presence in most locations is limited and not likely to serve such a role.

CATALYST PROJECTS: FEDERAL PROGRAMS

A major goal of this study is to help corridor communities access federal funding. While transportation is the priority, this section will also address relevant federal economic development programs that may be of interest to corridor communities.

Highway Construction

To date the Ports-to Plains coalition's primary focus has been to secure corridor designation. The next step is to secure funding for recommended highway improvements. This report lists community-identified highway projects related to the Ports-to-Plains Corridor and organizes them by congressional district.



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The key to obtaining funding for projects is to *unite as corridor* behind a limited set of priorities. Ports-to-Plains funding is not as likely to succeed if each community approaches congressional leaders seeking funding for individual projects.

Ports-to-Plains also needs to provide the rationale for supporting priority projects and establish a strategy to position itself for the near-term appropriations process and 2003 reauthorization of TEA-21.

Intelligent Transportation Systems (ITS)

In addition to highway construction, the Ports-to-Plains Corridor coalition also requested us to examine ITS projects that would support the corridor.

Commonwealth recommends beginning by pursuing ITS initiatives related to safety under the Emergency Medical Services (EMS) development track in the Rural ITS program. Safety issues that ITS can help address are haz mat, communications (especially to facilitate emergency response), incident management, and corridor-wide coordination and communication.

There may also be opportunities within the Commercial Vehicle Operation (CVO) program. One concept would be to develop an inland customs facility that pulls certain functions relating to truck traffic away from the border areas. For example, a truck sealed at an approved facility in Mexico could travel through the border to a customs destination along the Corridor, avoiding congestion at the border crossings. With ITS it may be possible to track and then inspect the truck to ensure it meets regulatory standards. This type of operation could provide significant trade-related benefits along the Corridor.

Many ITS projects are funded through congressional earmarks. The strategy for obtaining earmark funding for ITS projects is similar to that for highway construction projects. First, it is helpful to establish proof of need. Second, coalitions are helpful. The Ports-to-Plains Corridor Coalition is well-positioned to lead this type of effort. It is also generally useful to work with an organization that has an established ITS funding flow. The Texas Transportation Institute (TTI), or its regional division focused on rural transportation issues at West Texas A&M University, may be likely partners.

Rural Economic Area Partnership (REAP) Zones

REAP Zones are a pilot concept within the US Department of Agriculture's Office of Community Development. The concept is to encourage collaborative and community-led economic development. We believe this program can serve as a catalyst because it provides priority funding for strategic economic development projects in Zone communities.

Zones are formally established through Memoranda of Agreement signed by Zone communities, the USDA, and Congressional representatives. Strong political support is critical. Developing a strategic plan is an important part of the process, since it identifies and builds institutional support for economic development projects.



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REAP Zone designation could provide:

- Assistance in corridor-wide strategic planning to realize the full economic development benefits of corridor designation;
- Opportunities to obtain significant public and private sector funds to support development efforts; and
- Enhanced ability for individual communities (even the smallest jurisdictions) to access funds through the Ports-to-Plains Corridor Coalition.

Commonwealth recommends pursuing the concept with congressional representatives and USDA officials. With initial feedback, the Corridor coalition can then take the lead on developing the concept to serve corridor communities in whole or in part.

USDA Rural Development and US Department of Commerce Economic Development Administration

This report provides an overview of key economic development programs within the US Department of Agriculture and US Department of Commerce. While these programs may not be considered catalysts, they can be extremely useful for community planning, development, and business support projects. The Ports-to-Plains Corridor coalition can play a useful role in helping corridor communities, especially those with limited grant-writing experience, access funds for which they are eligible.

BUSINESS DEVELOPMENT OPPORTUNITIES

The purpose of this section is to analyze expected trade traffic within the corridor and address possible industries and services that can develop as a result of corridor completion. We have divided this task into two sections: trade-oriented opportunities and transit-oriented opportunities.

There are no resources that provide detailed *trade* data for corridor jurisdictions, so we do not have sufficient information to determine the spin-off industries related to trade traffic along the Ports-to-Plains corridor. However, based on data from various local and federal sources on truck shipments and exports through the Corridor's three border crossings, we have pieced together a picture that suggests the following types of industries appear most likely to benefit from an improved Corridor:

- Agricultural machinery and equipment and related products
- Oil and gas machinery and equipment and related products
- Electrical machinery and appliances
- Leather and textiles
- Agricultural shipments

While we might expect the effects of highway investments on economic development to be well-defined, they are not. Existing studies provide neither clear nor consistent



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guidance on the spin-off industries that are likely to come from Corridor development, or highway investment in general. Economic development studies on transportation effects suggest manufacturing and retail sectors are likely to expand in terms of employment. Transportation feasibility studies suggest transportation and services sectors are most likely to expand. Neither type of study provides any useful information on the specific industries within these broad categories that will benefit.

Given the paucity of direct guidance from existing studies on the spin-off industries that can be expected from highway investment in the Ports-to-Plains Corridor, we provide the following general conclusions about business development effects.

- Transportation-intensive *manufacturing* companies are likely to gain from the travel efficiency benefits described in the Ports-to-Plains feasibility study. These include the set of manufacturing industries listed above.
- There are several categories of *retail* businesses that are likely to benefit from improved transportation along the Ports-to-Plains corridor, from local shops to restaurants to truck stops.
- The *transportation* sector includes various modes of transportation, warehousing and distribution, logistics, and transportation support services. Because the sector is so diverse, it is likely that all communities along the corridor have the potential to benefit from at least one industry in this category.
- The *services* sector covers a wide range of administrative, professional and personal service categories. The type of services employment likely to expand in a community depends more on the assets of that community than the development of the Corridor itself. In general, high-paying, professional services are more likely to locate in metropolitan areas.
- Improved transportation will also benefit agricultural transport in many communities through the same efficiency gains seen for the manufacturing and trucking sectors.

To leverage transportation investments fully, communities need to continue to address the variety of issues, such as work force, education, quality of life, business climate, and other factors, that affect business growth and economic development.

CONCLUSIONS AND ACTION ITEMS

- Organize economic development strategies by segments along the Corridor, focusing first on the rural and mid-size communities that both want and need assistance and for whom Ports-to-Plains is a priority project.
- Establish a focused set of Corridor-wide priority highway projects to pursue with Congress for near-term appropriations. This study preliminarily identifies a set of such projects reported to us by Corridor communities. Pursue these projects as a



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unified corridor striving to obtain clear economic development objectives – not as individual communities striving to obtain more money.

- Define a Corridor strategy to position the region for TEA-21 reauthorization, following the same guidelines as for near-term appropriations. Unified community support and a clear rationale will be necessary to focus attention on Corridor needs.
- If the Corridor chooses to pursue Intelligent Transportation Systems projects, focus first on safety issues under the Emergency Medical Services (EMS) development track in the Rural ITS program. Whether seeking earmarks or grant funding, act as a unified corridor, establish proof of need, and identify regional partners with ITS experience.
- Pursue with congressional representatives and USDA officials the concept of establishing a REAP Zone in parts or all of the Corridor. With initial feedback, the Corridor coalition can then take the lead on developing the concept to serve corridor communities in whole or in part. Political support is the key to making this work.
- Create a Corridor-wide strategic plan for economic development. This report is the first step in gathering relevant data and establishing a common framework for examining economic development issues. A full strategic plan to which a broad range of stakeholders from Corridor communities commit is still necessary to define and ultimately achieve economic development goals. This plan should also incorporate non-transportation issues that are critical to economic development.
- As described above, preliminary target markets cover a broad range of opportunities to match the varied location and character of the towns and cities along the Ports-to-Plains Corridor. There are potential benefits in most sectors, including manufacturing, transportation and warehousing, retail, services, and agriculture. The specific types of activities within these sectors that can expand in a given portion of the Corridor depend on the characteristics of each location.

