

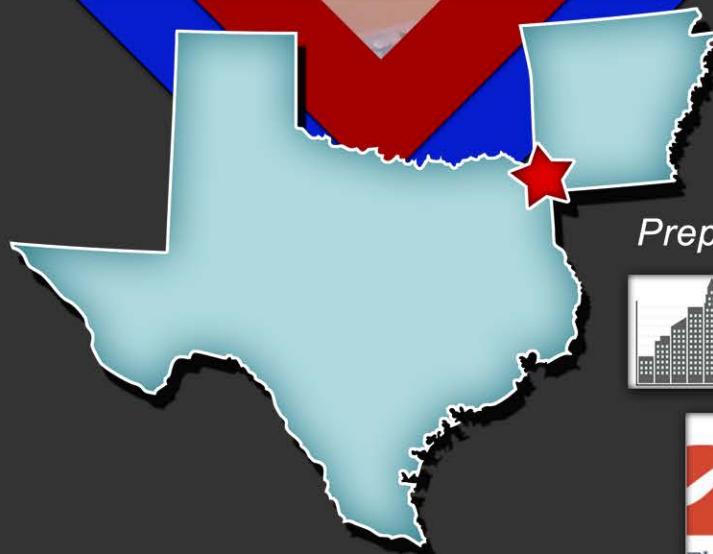
# Texarkana Region WORKFORCE TARGET ANALYSIS

*Final, July 2017*

*Prepared for*



*On behalf of*



*Prepared by*



**Workforce Needs and Alignment Study,  
Input/Output Analysis, and Recommendations  
&  
Vertical Market Integration Assessment Target  
Industry Analysis  
*for the*  
Texarkana Region**

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## TABLE OF CONTENTS

	<u>Page #</u>
Introduction	4
Preliminary Target Industry Analysis	5
Economic Development Assessment	8
“Best Fit” Targets	53
Recommendations	58
Appendix:	
Companies & Educators Interviewed	68
Employee Survey & Analysis	69

*This report was prepared under contract with Workforce Solutions Northeast Texas, with financial support from the Office of Economic Adjustment, Department of Defense. The content reflects the views of Workforce Solutions Northeast Texas and does not necessarily reflect the views of the Office of Economic Adjustment or the Department of Defense.*

## INTRODUCTION

TexAmericas Center (TAC) contracted with Foote Consulting Group, LLC (FCG), a global site selection and economic development firm, to complete this analysis for the Texarkana region. TexAmericas Center is acting through a contract on behalf of Workforce Solutions Northeast Texas to support the activities and programs identified and funded through the Department of Defense (DOD) Office of Economic Adjustment (OEA) Community Economic Adjustment Assistance (CEAA) grant.

The objective of this OEA grant is to position the Texarkana region to develop processes to create more, better quality jobs for its citizenry. This project is intended to ultimately facilitate the creation of implementable strategies and tactics to diversify the four-state, multi-county area's economy away from reliance on the presence of the Red River Army Depot.

The ultimate objective of this analysis is to determine the best target industry sector fits for the region, and to develop a strategy to help these targets locate and expand here. The analysis was carried out in a multi-phased approach, including:

- Preliminary Target Industry Analysis
- Economic Development Assessment, including the Workforce Needs & Alignment Study
- Texarkana Region's Strengths & Weaknesses for Each Target Sector
- "Best Fit" Targets
- Recommendations

The Texarkana region is made up of a multi-county area in Arkansas, Louisiana, Oklahoma, and Texas including:

- |   |  |
|---|--|
| <ul style="list-style-type: none"><li>• Hempstead County, AR</li><li>• Howard County, AR</li><li>• Lafayette County, AR</li><li>• Little River County, AR</li><li>• Miller County, AR</li><li>• Sevier County, AR</li><li>• Caddo Parish, LA</li><li>• McCurtain County, OK</li></ul> | <ul style="list-style-type: none"><li>• Bowie County, TX</li><li>• Camp County, TX</li><li>• Cass County, TX</li><li>• Franklin County, TX</li><li>• Morris County, TX</li><li>• Red River County, TX</li><li>• Titus County, TX</li></ul> |
|---|--|

**The Texarkana Region is ready to attract new companies into the region that will bring new jobs and capital investment.** This analysis will help to lead the way! You need a good "back to basics" approach designed to identify and approach the right targets, to sell to them the many positive aspects of the region and to land deals!

## PRELIMINARY TARGET INDUSTRY ANALYSIS

Targeting is well recognized as the best approach toward successful economic development marketing. Foote Consulting Group (FCG) utilizes a unique methodology designed to identify the best target industries (by NAICS Code) utilizing our database of actual, major, private sector site locations/expansions. The database identifies any location or expansion with: 1) 20 or more jobs; 2) 20,000 square feet of building space of more; and 3) \$1,000,000 or more of capital investment (construction cost, land, and building).

This database assists us in predicting growth trends and we utilize this data for selecting the best initial communities for our site location clients. The methodology is sound and proven for the following reasons:

- Locations/expansions are driven by recent market conditions and these conditions will generally continue into the near future.
- Companies (and site selection consultants) select regions first and then communities within these regions with the best business climates. This may mean, for example, a good labor climate, good market proximity, good transportation, and the availability of incentives; all positive business conditions. This will result in clustering, a concentration of like companies due to favorable business conditions.
- Clustering is a “green light” for other similar companies to take a look. But they will only locate if the good business conditions remain. For example, they may find that the labor market for select skills depleted due to too much location/expansion activity. This is why we conduct careful fieldwork interviews with local companies for our site location clients, in order to help them to thoroughly understand the local business conditions.

This methodology is sound for economic development targeting. We will review and analyze both regional growth cluster and sector projections in order to help you to understand which existing (and future) businesses will grow. It will also set the stage for the next portion of this assignment: understanding the needs of the most active, fastest growing company types. Cluster data is excellent for target planning because:

- It represents actual physical building activity (size and type of building).
- It represents actual economic development (both capital investment and jobs).

### Past Existing Clusters

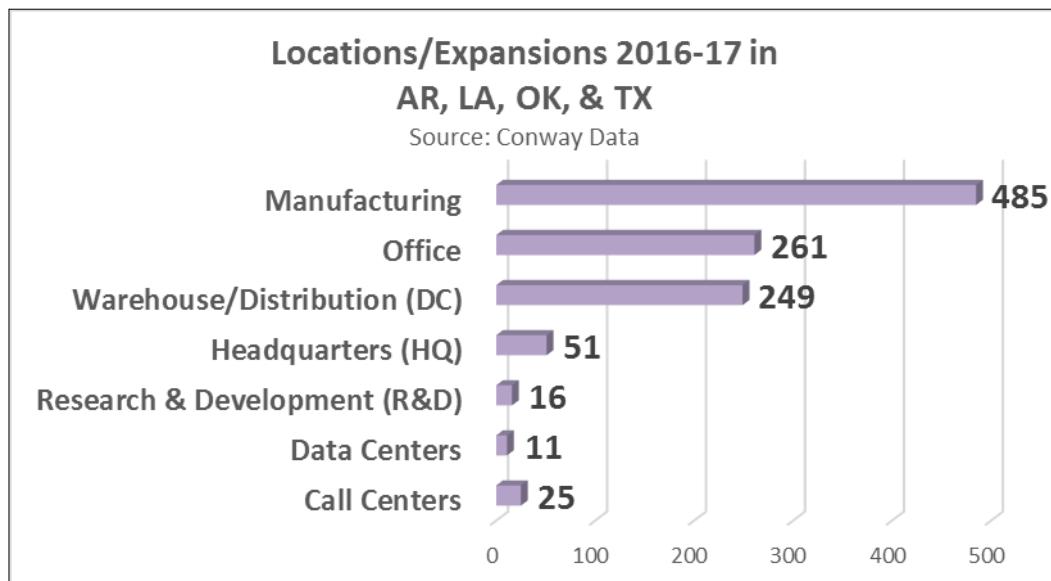
While there was no recent study completed—until now—to identify best fit targeted industries in recent memory, related studies, labor data, and anecdotal evidence do suggest certain clusters exist. Before this targeted industry study was conducted, these industries and related support companies would be the possible targets:

- Forestry, Paper, & Wood
- Transportation Manufacturing
- Defense
- Energetics, Arms, & Ammunition
- Food Production and inputs
- Chemicals – petroleum, coal, plastic, and rubber
- Wholesale, Logistics, W/D, & Trucking
- Metal fabricating/bending/making

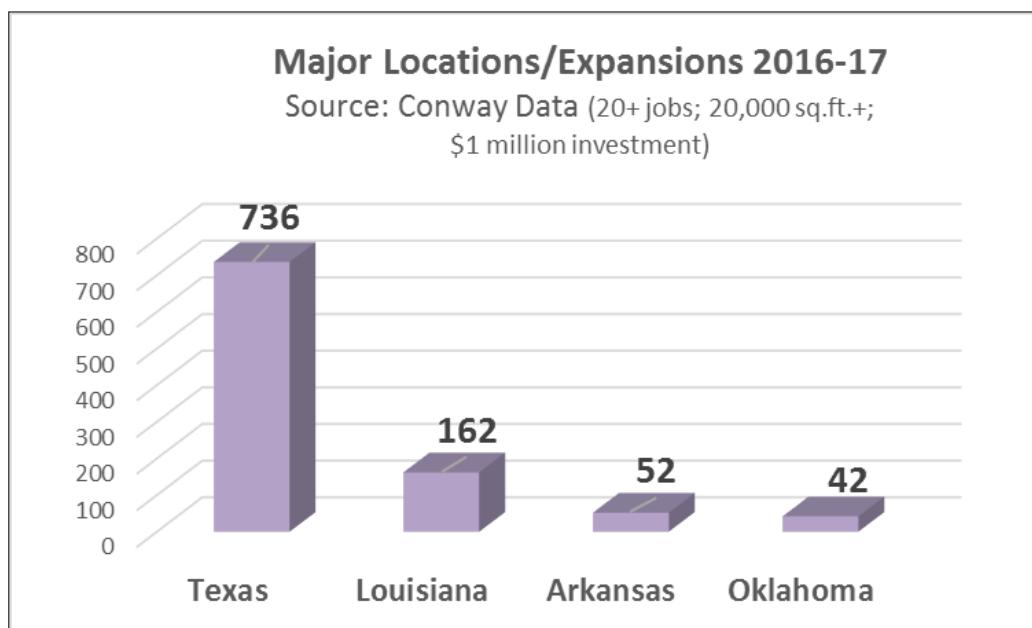
## **“Growth” Clusters”: Multi-State Regional Location/Expansion Activity**

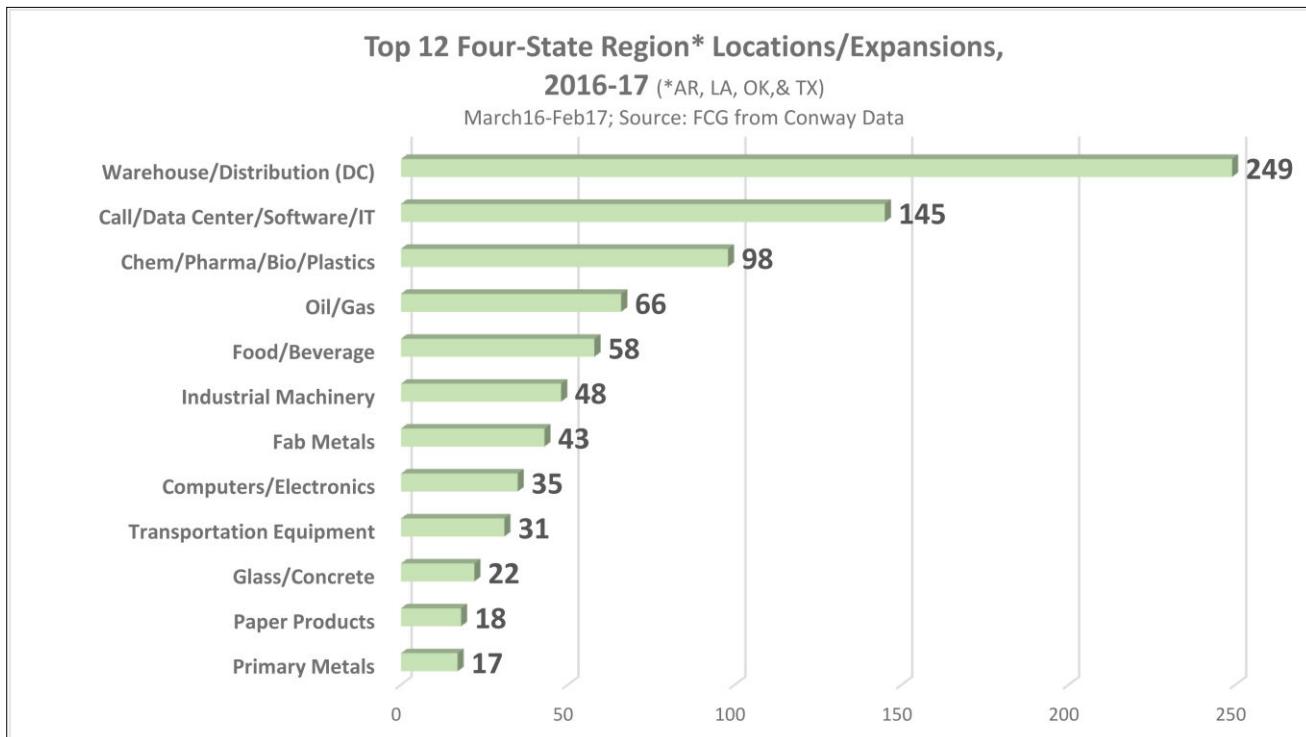
FCG explored location/expansions in the Texarkana four-state region (Arkansas; Louisiana; Oklahoma; and Texas) in 2016-2017 (March-February). We screened data in order to identify which industries (by NAICS Code) located/expanded the most facilities in a multi-state region during 2016-17. We define these sectors as “growth clusters.”

The following graphs depict this information.



- Manufacturing projects are dominate
- Office and warehouse/distribution projects are significant
- Texas dominates and was the number one state in the nation for new projects in 2016-17.





- Warehouse/distribution becomes the largest sector of growth, by far.
- Office type (call center/data center/software and information technology [IT]) projects are dominate.
- The largest manufacturing sector is chemicals/pharmaceuticals/biotechnology and plastics.

**We have determined that these “growth clusters” are the best preliminary target industries for the Texarkana region.** We have also added two specialized targets:

- Weapons Systems & Technology (NAICS 332992/3, 325920, 335998)
- Manufactured Homes (NAICS 321991)

## ECONOMIC DEVELOPMENT ASSESSMENT

### **Introduction**

In corporate site selection, we analyze communities in order to determine if they possess the attributes most important for our clients. Our objective in this phase of work is to:

- Understand the general location needs of potential targets (“growth clusters”)
- Understand the strengths and weaknesses of the Texarkana region
- Match these strengths/weaknesses with the needs of the potential target sectors
- Determine the “Best Fit” targets based on our assessment
- Help to develop recommendations, with an economic development marketing plan, designed to help attract/expand the potential targets.

### **The Location Needs of the Preliminary Targets**

Based on our site selection experience, we have listed some new trends and the top site selection criteria (by priority) for select projects of each of the twelve (12) preliminary targets. We also examined recent locations/expansions in the four-state region.

#### **Warehouse/Distribution (DC; fulfillment centers)**

Warehouse/distribution projects are rapidly changing since online retailer warehouse projects are heating up the markets. Retailers and logistics companies have been opening warehouses at a quick rate in order to ensure online orders reach customers as quickly as possible. Now they’re struggling to find workers to staff them. Changes include:

- Smaller centers in metro markets, including 10,000-20,000-square-foot projects (fulfillment centers)
- Big wage gains as competition for fewer workers in larger metro areas (up 6% nationally)
- E-commerce fulfillment center require 2 to 3 times as many workers as a traditional warehouse
- E-commerce officials are trying to find new locations and find new ways to attract talent, such as gift cards, employee barbecues and holiday breakfasts, and flexible shifts
- Attracting more part-timers
- More automated systems to avoid more hiring.

## Distribution Center (DC) Project

### Key Site Selection Needs (by priority)

- Access to market/transportation/freight costs
  - Access to intermodal freight terminals and ports growing in importance
- Adequate labor costs/availability (mostly unskilled)
  - Key positions: pickers/packers; material handlers; forklift drivers; and truck drivers
- Good electric power (costs/reliability)
- Access to Interstate highways (five minutes to 55 miles per hour (“5 to 55”))
- Large and smaller sites (5 to 100 acres) and/or buildings (10,000-40,000-square-foot plus)
- Rail service for select operations
- Incentives
  - Infrastructure
  - Training
  - Flexible hours
  - Employee gifts
- Good labor/management relations.

### Top DC Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Ennis	TX	Sterilite	326112		400,000
Baytown	TX	Ravago America	424610		1,500,000
Arlington	TX	Summit Racing	441310	330	
Baytown	TX	IKEA	442299		1,000,000
Hutchins	TX	Biagi Brothers	484121		450,000
Sugar Land	TX	FEDEX	492110	400	800,000
Flower Mound	TX	MI Windows	326199	500	401,000
Hutchins	TX	Shippers Warehouse	493110		600,000

## Call Centers

### **Call Center Project**

#### Key Site Selection Needs (by priority)

- Labor availability
  - Key positions: customer service representatives (CSR), help desk reps, telemarketers, and industry experts
- Labor quality (turnover, absenteeism, etc.)
- Labor costs
- Telecommunications
- Education/Training (and incentives)
- Existing leased Class A/B buildings with ample parking and/or improved commercial sites
- IT tech support
- Commercial air service
  - Good access to corporate headquarters/related
- Corporate income tax
- Electric power (reliability & cost).

#### Data Centers (and “Cloud” computing; could be defense related)

The cost of data centers is rising rapidly with capital investment of roughly \$500 billion industry wide in 2016. The top three cloud-computing firms (Amazon, Microsoft, and Alphabet’s Google) have spent \$31.5 billion in 2016 on capital expenses and leases—up 22% from 2015.

- Amazon – Plans several large data centers (“region”) in Stockholm and they could run several hundred million dollars. Also announced center in Paris and Ningxia, China.
- Microsoft has planned/added France; San Antonio, Texas; and Phoenix, Arizona.
- Google recently announced centers in Nevada (1,210 acres recently purchased east of Reno; could be for plants and for R&D also); California; Canada; and the Netherlands.
- The “cloud” is being developed by just a few large companies, including these three; but Oracle is also becoming an important player.

Another important data center player is Facebook, who just broke ground on its ninth data center, a 146-acre campus in Papillion, Nebraska, south of Omaha. The 520,000-square-foot center is expected to be online in 2020 and will use 100% wind-generated electricity. Facebook has a company goal of using 50% clean and renewable energy in its electricity supply mix for all data centers.

## Data Center Project

### Key Site Selection Needs (by priority)

- Geographic diversity & disaster avoidance
  - Spreading risk from a multiple location standpoint and voiding natural disasters
- Electric power cost (often seeking clean and renewable resources)
- State corporate income tax rates
- State and local sales taxes
  - Could be levied on millions of dollars' worth of servers purchased that are replaced every three to five years
  - Low rates and/or abatement or rebate on sales taxes are important
- Personal property taxes on equipment
- Utility infrastructure
  - Electric power grid
  - Transmission fed power
  - Onsite substation
  - Fiber availability & bandwidth
  - Water for cooling
- “Ready to go” sites
  - Acreage for secure and stable sites varies widely but 25 acre minimum could allow proper security buffer
  - Very large sites (100 acre plus) could accommodate mega centers
- Speed to occupancy and state/community readiness
- Some technical skills.

### Top Call/Data Center Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
San Antonio	TX	Charter Communications	515210	200	50,000
Austin	TX	Data Foundry	519190		325,000
Longview	TX	Nationstar	522390	300	
Conway	AR	Insight Enterprises	541512	388	
Yukon	OK	Xerox	333316	425	
Oklahoma City	OK	Southwest Airlines	481111	250	
Dallas	TX	TS Data Centers	518210		300,000
Plano	TX	Viawest	518210		101,000

Chemicals/Pharmaceuticals/Biotechnology/Plastics

**Plastics Manufacturing Project** (could be defense related)

Key Site Selection Needs (by priority)

- Labor costs and unskilled/semiskilled availability
  - Key positions: machine operators, maintenance mechanics, and warehouse workers
- Good electric power (reliability and costs)
- Natural gas service
- Fully improved sites and/or existing buildings (30,000-square-foot minimum)
- Access to market/transportation costs
  - Customers often require JIT delivery
- Rail service
  - Pellets are often brought in via hopper car
- Incentives (training and offsets for large capital equipment costs)
- Good labor/management relations.

## Pharmaceutical (Drug) Manufacturing

### Key Site Selection Needs for (by priority)

- Skilled/technical workers
  - 60% skilled operators
  - 25% professional/technical
- Labor costs
- Class A business park
- Good electric power costs/reliability
- Natural gas service
- Highway access
- Incentives
  - Equipment tax exemptions (large capital investment)
  - R&D tax credits (moderate R&D investment)
  - Training.

### Top Pharmaceutical/Plastics Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Sugar Land	TX	Quva Pharma	325412		170,000
Northlake	TX	Hempel	325510		206,000
Ennis	TX	Sterilite	326199		400,000
Pasadena	TX	Modern Polymers	325212		300,000
New Braunfels	TX	Canadian General	326113	275	240,000
Pasadena	TX	Plastic Express	326199		394,000
Saint James	LA	Formosa Petroche	325199	1200	
Pasadena	TX	Kuraray America	325211	107	

## Oil/Gas Supplier Operations

### **Oil/Gas Pipe Supplier Project**

#### Key Site Selection Needs (by priority)

- Available labor – machining skills & quality
  - Key positions: machinist, maintenance mechanic, machine operator (CNC), and warehouse workers
- Labor costs
- Access to Midwestern markets/transportation costs
- Interstate highway access
- Lower electric power costs (good reliability)
- Natural gas service
- Improved sites and/or existing buildings
- Rail access
- Available training (and incentives)
- Good access to suppliers
- Good labor/management relations.

#### Top Oil/Gas Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Irving	TX	Pioneer Natural	211111	125	
Sealy	TX	Valerus	213112	250	396,000
Navasota	TX	National Oilwell	333132		110,000
Stafford	TX	Kemtron	333132		111,000
Lake Charles	LA	NVI	213112	103	
Schriever	LA	Schlumberger	213112	319	
Houston	TX	Phillips 66	211111		1,100,000
Houston	TX	Cameron	333132		194,000
Brownsville	TX	Rio Grande LNG	211112	200	

## Food/Beverage Processing

### **Food Processing Plant**

#### Key Site Selection Needs (by priority)

- Available unskilled/skilled labor
  - Key positions: machine operators (cutting, blending, & PLC); food technicians; maintenance mechanics; and warehouse workers)
- Adequate labor costs
- Access to Midwestern markets & raw materials/transportation costs
- Excess water and sanitary sewer capacities
- Attractive electric power costs/good reliability
- Fully improved industrial sites/specialized buildings (may require rail service)
- Incentives
  - Equipment tax exemptions (large capital investment)
  - Infrastructure
  - Training
- Good highway access
- Rail service
- Good labor/management relations.

#### Top Food Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Bonham	TX	Duke Sandwich	311999	200	110,000
Dallas	TX	Niagara Bottling	312112		630,000
Hammond	LA	Southern Foods Group	311511	40	
Baton Rouge	LA	Manda Packing	311612	40	111,000
McAlester	OK	Krebs Brewing	312120		52,000
Round Rock	TX	Proportion Foods	311999	400	
Cleburne	TX	La Moderna Pasta	311824	80	
Fort Worth	TX	Mother Parker's Tea	311920	55	15,000
Sequin	TX	Niagara Bottling	312111	75	557,000
Austin	TX	Oskar Blues Brewery	312120	70	
Houston	TX	Niagara Bottling	312111		207,000
Houston	TX	Sunny Sky	312111		189,000

Industrial Machinery/ Fabricated Metals/ Primary Metals**Industrial Machinery Project** (could be defense related)Key Site Selection Needs (by priority)

- Available labor – machining skills & quality
  - Key positions: machinist, maintenance mechanic, machine operator (CNC), and warehouse workers
- Lower labor costs
- Access to Mid-South/Midwest markets/transportation costs
- Interstate highway access
- Electric power (reliability & costs)
- Natural gas service
- Improved sites and/or existing buildings
  - May require heavy industrial zoning
  - Existing buildings – minimum of 20,000 square feet
- Rail access
- Good water and sewer capacities (more so for primary metals)
- Available training (and incentives)
- Good access to suppliers
- Good labor/management relations,

Top Industrial Machinery Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Carrollton	TX	Lennox	333415	50	
Little Rock	AR	G.C. Evans	333993	40	
Burleson	TX	Hayes & Stolz	333111	100	150,000
Jonesboro	AR	Fmh Conveyors	333922	110	195,000
DeSoto	TX	Glasfloss Industries	333413	270	
Houston	TX	MEI Rigging	333242		80,000
Dallas	TX	Lennox	333415		80,000
Denton	TX	Victor Tech	333517		188,000
Pearland	TX	IMC International	333517	188	80,000
Pearland	TX	Tool-Flo	333517	188	78,000
Waller	TX	Premier Coil Solutions	333519	50	50,000
Houston	TX	Parker-Hannifin	333996		129,000

## Electronics Equipment

### **Electronics Assembly Operation**

#### Key Site Selection Needs (by priority)

- Labor skill availability and quality
  - Key positions: assemblers (mostly unskilled/semiskilled); electronic technicians; winders; testers; maintenance mechanics
  - High level security clearances are a plus
- Labor costs
- Education/training with incentives
- Competitive electric power costs & good reliability
- Supplier network
- Overnight carriers (FedEx; UPS)
- Proximity to markets/good highway access
- Fully improved industrial parks
- Building costs
- Corporate taxes.

#### Top New Electronics Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Austin	TX	Novati Tech	334413		150,000
Plano	TX	Creston Electronics	334111	250	85,000
Addison	TX	Maxim	334413		194,000
Houston	TX	Visual Comfort	335121		282,000
Oklahoma City	OK	Spiers	335911	116	
Houston	TX	Foxconn Tech	334118		400,000
Austin	TX	Apple	334220		215,000
Tomball	TX	Parkers Plus	334419	172	

## Transportation Equipment

### **Auto Parts Supplier Project**

- Access to main plant/transportation costs/Just In Time (JIT) service
- Available labor
  - Key positions: engine/machine assembler; machine operator; machinist; welder and maintenance mechanic
  - 43% skilled
- Reasonable labor costs
- Interstate highway access
- Electric power (reliability & costs)
- Natural gas service
- Improved sites and/or existing buildings (minimum of 20,000 square feet)
- Rail service
- Incentives
- Equipment tax exemptions (large capital investment)
- Infrastructure
- Training
- Good access to suppliers
- Good labor/management relations.

### Top New Transportation Equipment Locations/Expansions 2016-17 in the Four-State Region

<b><u>City</u></b>	<b><u>State</u></b>	<b><u>Company</u></b>	<b><u>NAICS</u></b>	<b><u>Jobs</u></b>	<b><u>Size (SqFt)</u></b>
El Paso	TX	Mahle Behr Troy	336390		153,000
Port Fourchon	LA	Bollinger Shipyards	336611	199	
Grove	OK	Orizon Aerostructures	336413	60	80,000
Batesville	AR	Intimidator	336999	400	
San Antonio	TX	Indo-US Mim Tec	336390	330	213,000
Fort Worth	TX	Lockheed Martin	336411	1000	
Shreveport	LA	Expressjet Airlines	336411	50	
New Orleans	LA	Textron	336992	50	

## Glass/Concrete Products

### **Auto Glass Plant**

- Adequate skilled/unskilled/semiskilled labor availability
  - Key positions: assemblers; machine operators; machinists; warehouse workers
- Reasonable labor costs
- Transportation costs and “Just In Time” (JIT) access to auto plants
- Interstate access
- Reasonable electric power costs & good reliability
- Natural gas service
- 100 + acre site with rail/250,000 + square foot modern facility
- Rail service
- Excess water/sewer capacities (wells may be needed)
- Incentives
- Good labor/management relations.

### Top New Glass/Concrete Locations/Expansions 2016-17 in the Four-State Region

<u>City</u>	<u>State</u>	<u>Company</u>	<u>NAICS</u>	<u>Jobs</u>	<u>Size (SqFt)</u>
Sapulpa	OK	Ardagh Glass	327213	70	
Houston	TX	Argos USA	327320		300,000
Bossier City	LA	Cellxion	327390	40	
San Antonio	TX	Interceramic	327120		53,000
West Memphis	AR	Sediver	327212	70	
Grand Prairie	TX	Oldcastle Buildings	327215	70	
Farmers Branch	TX	Silvercote	327993		52,000

## Paper Products/Timber Related

### **Paper Manufacturer**

- Adequate unskilled/semiskilled workers
- Need some skilled workers
  - Key positions: electrical engineers; engineers; welders; mechanics; maintenance mechanics
- Reasonable labor costs
- Access to good supplier and customer network, including raw timber
- Transportation costs and access to Midwestern markets
- Competitive electric power costs & good reliability
- Natural gas service
- 50 + -acre sites/100,000 + -square-foot modern facility
- Rail service
- Excess water/sewer capacities/raw water source
- Good technical college with flexibility in training (incentives)
- Good labor/management relations.

### Top New Paper Related Locations/Expansions 2016-17 in the Four-State Region

<b><u>City</u></b>	<b><u>State</u></b>	<b><u>Company</u></b>	<b><u>NAICS</u></b>	<b><u>Jobs</u></b>	<b><u>Size (SqFt)</u></b>
Irving	TX	Sonoco	322130		155,000
Rockwall	TX	Lollicup USA	322219		450,000
Fort Smith	AR	P.H. Glatfelter	322121	83	
Houston	TX	Texas Tissue	322121		143,000
Dallas	TX	Kimberly-Clark	322121	99	870,000
Temple	TX	Starcorr Sheets	322211		150,000

## **Texarkana Region's Key Economic Development Strengths & Weaknesses**

### **Introduction**

FCG examined key site selection criteria prevalent in all the potential targets as they relate to the Texarkana region. Each is rated a Strength, a Weakness (or both). Criteria include:

- Transportation/Logistics
- Labor Costs
- Labor Availability & Quality
- Electric Power
- Sites & Buildings
- Incentives/Taxes
- Quality of Life/Cost of Living
- Education/Training.

With the help of the TexAmericas Center staff setting them up, FCG interviewed over 50 companies/educators (see Appendix) in our effort to learn as much as possible about the Texarkana Region's economy. The analysis included extensive fieldwork interviews and focus group discussions with company, training/education, and development officials.

We also benchmarked the Texarkana region against four (4) competitor cities for select criteria:

- Little Rock, Arkansas
- Shreveport, Louisiana
- Dallas, Texas
- Longview/Tyler, Texas.

In addition, FCG analyzed select features from four defense communities that are similar to the Texarkana region since they all have large military installations. We compared current wages, site costs, electric power costs, and cost of living. These include:

- Albany, Georgia
- Anniston, Alabama
- Letterkenny (Chambersburg/Shippensburg), Pennsylvania
- Quad Cities, Illinois-Iowa.

## Transportation/Logistics Strength

The ability of a company to receive and deliver goods economically is often a determining site selection factor. The Texarkana region has strong transportation/logistics features, including:

- Excellent for serving Mid-South, Midwestern markets; particularly Dallas, Little Rock, and Shreveport
- Direct access to Interstate I-30 with service from Dallas to Little Rock
- Good north-south access via US 71 to Shreveport (and I-20 and I-49)
- Good Union Pacific (UP), Kansas City Southern, and other rail connections.

**Key Conclusions:** The Texarkana region is a good location from a transportation/logistics viewpoint with excellent access to Dallas and Little Rock via I-30 and good railroad services. Logistics cost modeling would help document these advantages.

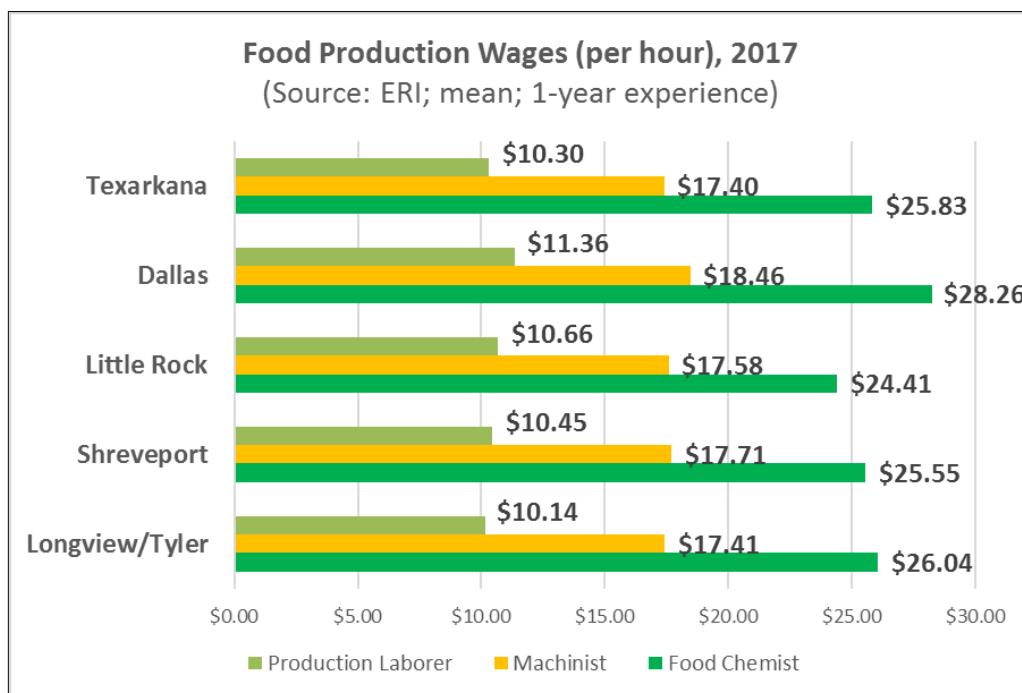
## Labor Costs Strength

Wage rates and salaries are the single most important labor factor both affecting the availability of good quality workers in a marketplace and affecting a company's competitive position. Up to 80% of the annual operating costs of a project can be labor. Select salary comparisons follow, recognizing that employers will be seeking the lowest wages in order to save costs.

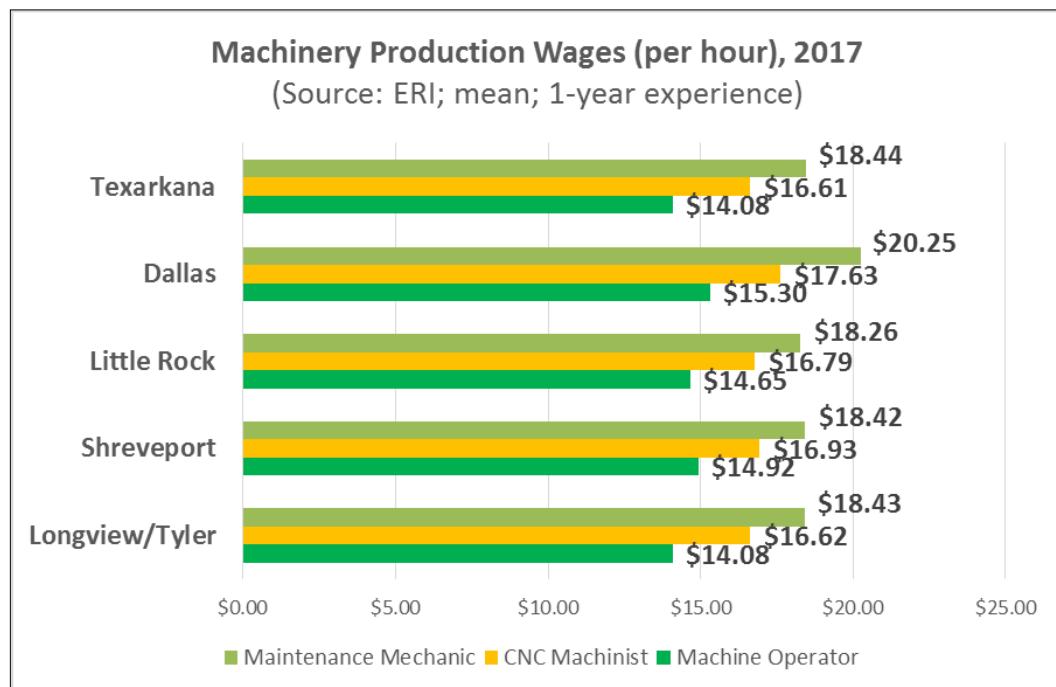
We utilized salary/wage data from our Economics Research Institute (ERI) database, 1<sup>st</sup> Quarter 2017 to compare wages in Texarkana versus the competitive and the defense communities. Wages are for workers with one-year experience, median without benefits.

- **Food Production wage comparisons:**

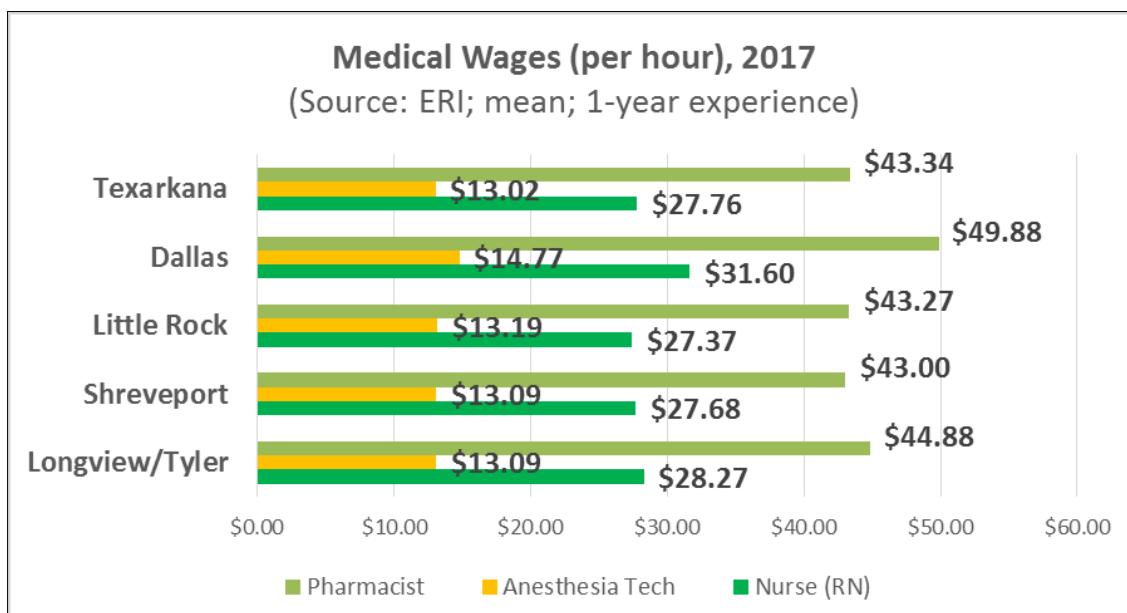
- 2<sup>nd</sup> lowest for Production Laborer
- Lowest for Machinist
- 3<sup>rd</sup> lowest/highest for Food Chemist



- **Machinery production wage comparisons – Texarkana is:**
  - 2<sup>nd</sup> highest for Maintenance Mechanic
  - Lowest for CNC Machinist
  - Lowest for Machine Operator

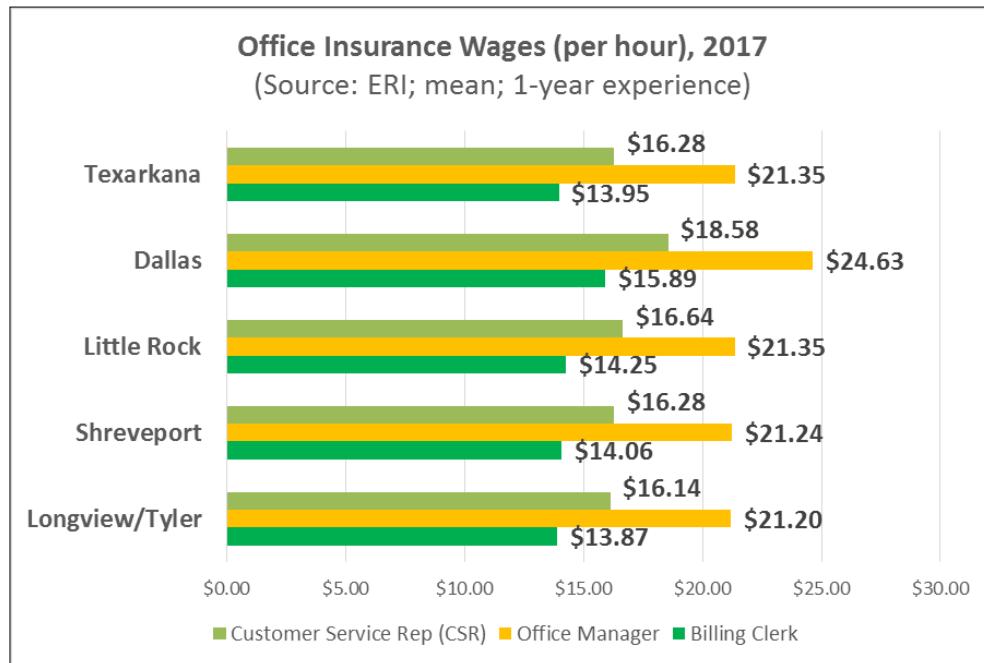


- **Medical wage comparisons – Texarkana is:**
  - 3<sup>rd</sup> lowest/highest for Pharmacist
  - Lowest for Anesthesia Technician
  - 3<sup>rd</sup> lowest/highest for RNs



- **Office wage comparisons – Texarkana is:**

- 3<sup>rd</sup> lowest/highest for Customer Service Representation (CSR)
- 2<sup>nd</sup> highest for Office Manager
- 2<sup>nd</sup> lowest for Billing Clerk



- **Defense community wage comparisons – Texarkana is:**

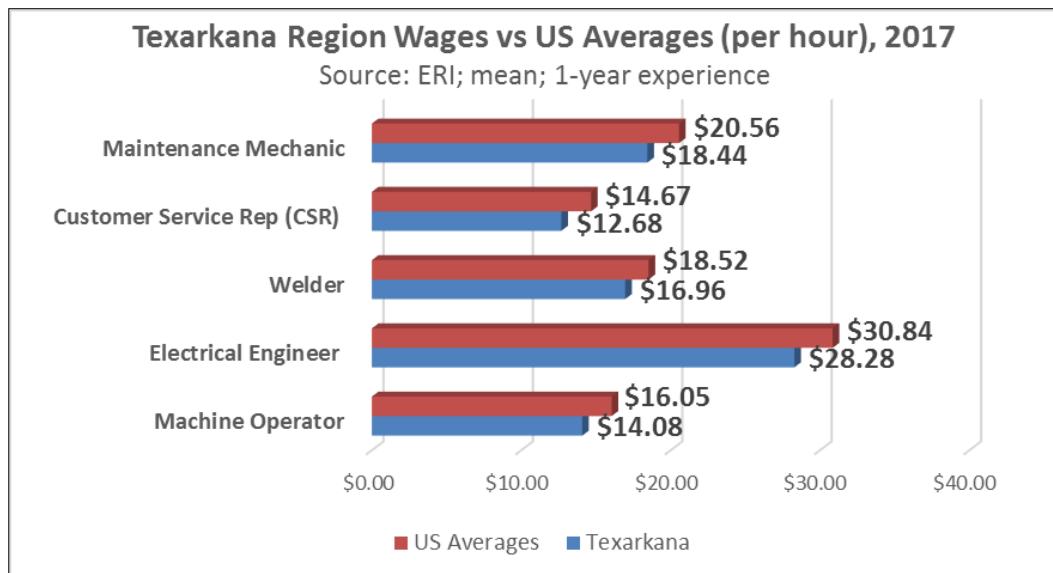
- 2<sup>nd</sup> lowest for Welder
- Lowest for Mechanic
- 3<sup>rd</sup> lowest/highest for Electrical Engineer
- Lowest for Customer Service Representative (CSR)



## Regional Wages Versus U.S. Averages for Key Occupations

FCG compared regional wages for key manufacturing occupations to national or industry to determine if wages are in alignment.

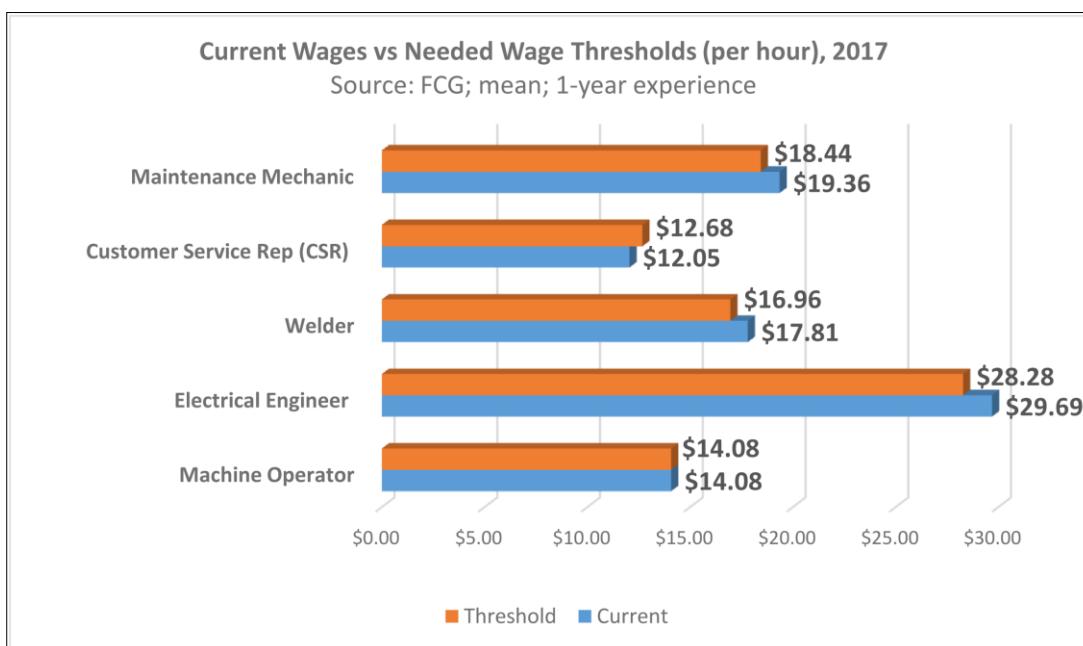
- Texarkana region wages are about 11% lower than the U.S. average.



## “Wage Threshold” – The Ideal Wage

FCG calculated the “Wage Threshold” or ideal wage for which a company should seek to enter the Texarkana region market based on current wages and availability:

“Wage Threshold” – The ideal wage. Offering below this wage will result in poorer recruiting (and loss of employment to better paying local companies); and offering above this wage will result in improved recruiting (including “pirating” from other local companies) and retention, but it will cost the company too much money.



- Occupations identified, except the customer service rep (lowered 5%) and machine operator (remains the same), need wages to be raised around 5% in order to improve availability.

**Key Conclusions:** Texarkana wages are lower than many competitive and defense community selected occupations and the U.S. averages.

- Eight (8) occupations surveyed are lowest
- Only one occupation surveyed was highest
- Five (5) occupations surveyed were in the middle of the pack.

Due to availability of talent (see next section), select wages need to be adjusted.

<u>Labor Availability</u>	<u>Some Weaknesses – Some Strengths</u>
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The ability to attract the right skills is critical to the success of a project. The major hurdle standing in the way of U.S. manufacturing is the shortage of workers with the skills to fill the advanced manufacturing jobs. This shortage for the skilled workforce pool is a global problem.

Human resources consultancy Randstad Sourceright recently surveyed 400-plus global HR executives and found that companies expect to hire extensively in the coming year to address anticipated growth (41 percent will add workers, compared to 32 percent who did so last year).

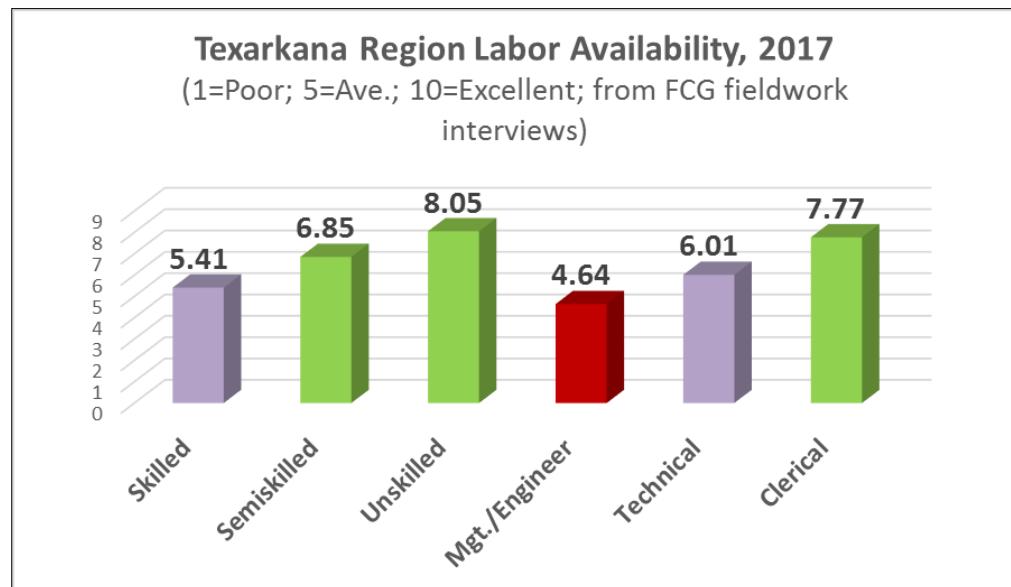
An even greater number see the skills gap impacting their businesses in the future. Four-fifths of executives surveyed said that a shortage of sufficiently skilled workers will affect their companies in the next 12 months.

Complaints of hard-to-fill manufacturing jobs in the U.S. are backed up by Bureau of Labor Statistics data: 324,000 manufacturing spots were open in November, up from 238,000 a year earlier.

We use the *FCG Availability Index*, which measures labor availability, right now, on a one to ten point scale (1=poor; 5=average; and 10=excellent). We use the same index in all of our labor market studies nation-wide and this gives a true “apples-to-apples” comparison of different communities. Generally, scores of 1 to 2 are “poor;” 3 to 4 are “below average;” 5 is “average;” 6 to 7 are “above average;” 7 to 8 are “good;” and 8 to 9 are “very good;” and 9 to 10 are “excellent.”

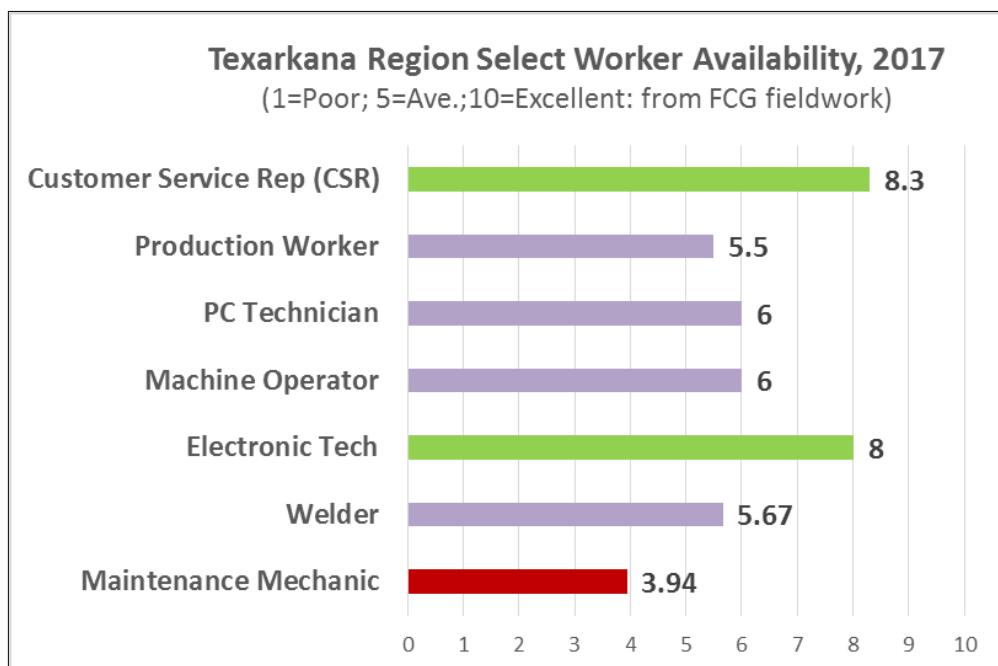
Based on company interviews, the following chart depicts current labor availability:

- **Skilled and technical availability is “average” (colored PURPLE)**
- **The availability of semi-skilled, unskilled and clerical workers is rated “good to very good” (colored GREEN)**
- **Management and engineering workers is rated “below average” (colored RED).**



We next identified select occupations and rated availability.

- **“Very good” availability of CSRs and electronic technicians (GREEN)**
- **PC technician and machine operators availability is “above average” (GREEN)**
- **Production worker and welder availability is “average” (PURPLE)**
- **“Below average” availability for maintenance mechanics (RED).**



## Red River Army Depot (RRAD) Employment

- **Red River Army Depot (RRAD) attracts good skills**

The Red River Army Depot (RRAD) plays an important role in the Texarkana Region's economy. Depot employment dropped to just under 3,200 workers by 2014.

Data on workforce capabilities of the majority of RRAD's civilian workforce are classified: General Schedule (GS) for salaried, white-collar workers and Federal Wage System (FWS) for hourly, craft and trade workers. These federal classifications were translated to the commonly used Standard Occupational Classification (SOC) system:

- 45% – Installation, Maintenance & Repair
- 11% – Production
- 11% – Business & Financial Operations
- 10% – Office & Administrative Support

Unfortunately, companies and site selection consultants looking for data regarding skills will find the above numbers listed. But details regarding further occupation skills will not be provided.

The key is to break down this data further in order to determine real skills. TIP Strategies, Inc. provided this break down in their Regional Talent Retention & Economic Growth Strategy. The following depicts the occupation skills of the listed workers (January 2013):

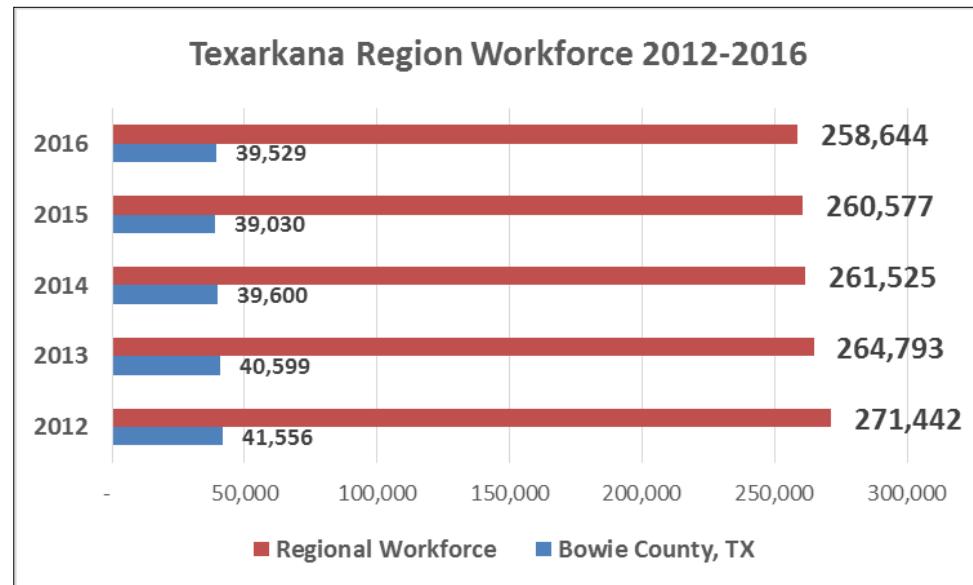
- Heavy Mobile Equipment Repairers/Mechanics – 832
- Production Controllers – 92
- Painters – 103
- Administrative Support – 77
- Rubber Workers – 42
- IT Specialists – 35
- Maintenance Manufacturing/Parts/Production Specialists – 31
- Welder – 23
- Machinist/Machine Tool Operator – 20
- Sandblaster – 20
- Materials Examiner & Identifier – 19
- Electroplater – 13
- Forklift/Tractor Operator – 13
- Pneudraulic Systems Mechanic – 10

This and updated information will help companies and site selection consultants understand the types of skills available at RRAD. Use this in your marketing.

## Workforce Growth/Projections

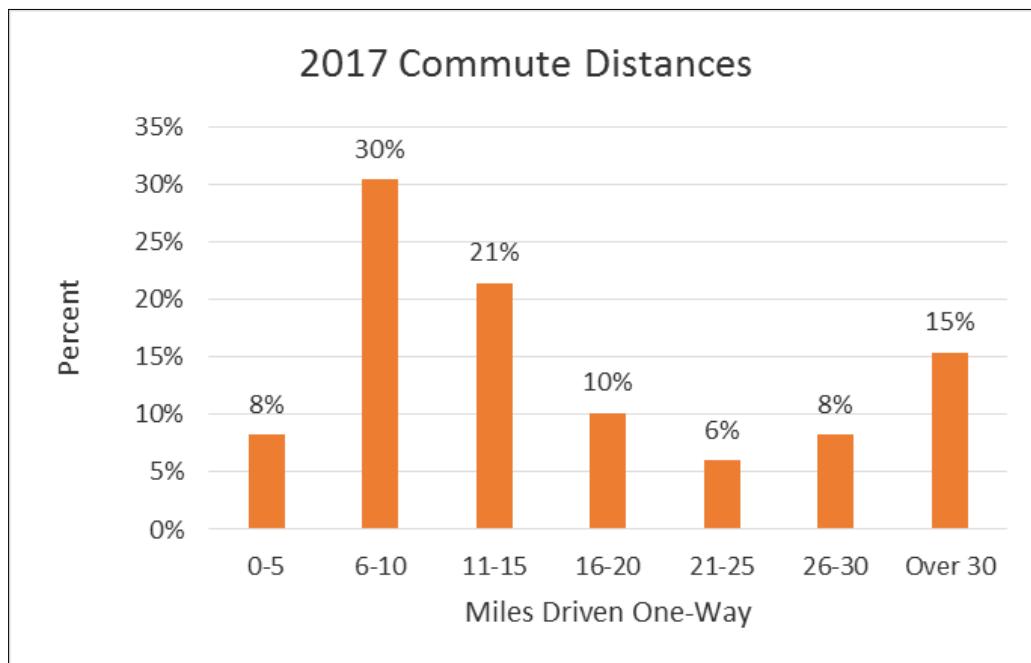
Site selectors and growing companies are always looking for areas that show good consistent growth and positive projections of their labor force.

- **The Texarkana region's (15 counties) workforce has declined around 5% over the last 5 years.**



Commuting patterns suggest that Texarkana region workers who live in the two counties of Bowie and Miller work primarily in those two counties (over 50%), yet, a smaller percentage live in the two counties than work there. An inflow-outflow analysis shows more commute into the two counties (2,227 workers in 2014) than commute outside.

**Texarkana region employees enjoyed a very short commute distance in 2017** (from the Employee Survey found in the Appendix). Close to 60% of employees in the region commute 15 miles or less.



- **Occupational projections are not very encouraging**, except for some welding occupations, some laborers, nurses and maybe customer service reps.

<b>Occupational Projections for NE Texas – 2014-2024 Source: TRACER</b>				
<b>Occupational Title</b>	<b>Annual Average Employment 2014</b>	<b>Annual Average Employment 2024</b>	<b>Number Change 2014-24</b>	<b>Percent Growth 2014-24</b>
Machinists	290	380	90	31.0%
Multiple Machine Tool Setters, Operators, & Tenders	150	180	30	20.0%
Tool & Die Makers	10	10	0	0.0%
Welders, Cutters, Solderers, & Brazers	1,490	1,830	340	22.8%
Heat Treating Equipment Setters, Operators, & Tenders	60	50	-10	-16.7%
Plating & Coating Machine Setters, Operators, & Tenders	60	50	-10	-16.7%
Metal Workers & Plastic Workers, All Other	80	70	-10	-12.5%
Laborers & Freight, Stock, & Material Movers, Hand	1,450	1,650	200	13.8%
Electrical & Electronics Engineering Technicians	40	50	10	25.0%
Industrial Machinery Mechanics	400	490	90	22.5%
Maintenance Workers, Machinery	200	220	20	10.0%
Millwrights	150	190	40	26.7%
Customer Service Representatives	980	1,130	150	15.3%
Registered Nurses	2,370	2,890	520	21.9%

### Employer Quotes

We asked companies their opinions on availability. Here are some of the responses (alphabetically):

- “All skilled workers are hard to find.”
- “Availability is good for welders...hire 10 of 20 interviewed; general manufacturing is very good; excellent for CSRs!”
- “Availability is slightly better than the national average; hard to find Electrical Technicians; excellent for unskilled; good for managers and clerical”
- “Better here than in other states!”
- “Can hire 10 CSRs today, no problem...we hire 1 in 6, but can’t hire 20 per week”
- “Chemist availability is poor...must be relocated”
- “Clerical is very good.”
- “CSRs are plentiful.”
- “Difficult to recruit professional young folks; there needs to be a family connection”
- “Drivers are ‘more difficult to find’”
- “Electrical engineers is tight; Engineers is very good; Production workers is excellent; IT and Managers very good”
- “Good pool of untapped workers for phone work”

- “Hard to hire skills, primarily due to our internal process; a company from the outside would have good luck, however”
- “It’s hard to recruit physicians; many younger ones prefer a larger metro area.”
- “Mechanic/millwright? Very good! Production and clerical? Excellent!”
- “Mechanics are hardest to find, but welders are most needed; many welders placed from Texarkana College”
- “Not easy to find LVNs, but we do fill the slots”
- “Plenty of unskilled.”
- “Poor unskilled availability”
- “Production (batchers) and packers are good.”
- “R&D may be an issue – must relocate talent”
- “There is a shortage of radiation techs.”
- “Toughest job to fill is Quality Control”
- “Welders are ‘hard to find.’”
- “Word of mouth is best; use Express Pros and Red Carpet; advertise on radio.”

**Key Conclusions:** Based on the recent fieldwork, the Texarkana region is a below average to good market for recruiting.

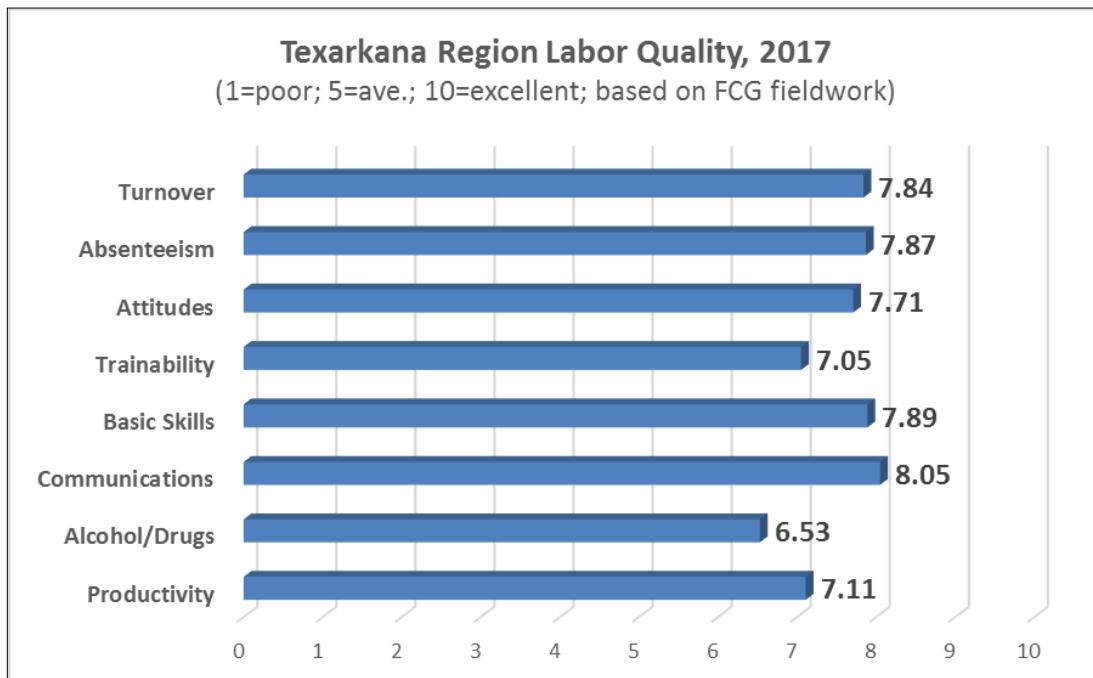
- ✓ Some skilled workers are hard to find.
- ✓ Many management and engineering worker positions are a challenge to fill.
- ✓ The availability of semi-skilled and unskilled workers is rated “good to very good.”
- ✓ Technical job availability is rated average to good.
- ✓ There is good availability of office workers, including customer service representatives (CSR).
- ✓ Many engineering, technical, and management workers will need to be relocated into the region. Relocation is not easy, as many times the spouse is seeking a professional job.
- ✓ Former Red River Army Depot (RRAD) skilled workers are potentially available.
- ✓ The regional labor force has shown a slow decline in numbers over the last five years.

<b><i>Labor Quality</i></b>	<b><i>Strength</i></b>
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The ability to find quality workers will be critical to the success of any target company project. Through interviews with the local employers we were able to determine current labor quality in the Texarkana region market.

We use the *FCG Quality Index*, which measures labor availability on a one to ten point scale (1=poor; 5=average; and 10=excellent). We use the same index in all of our labor market analysis nation-wide and this gives a true “apples-to-apples” comparison of different communities. Generally, scores of 1 to 2 are “poor;” 3 to 4 are “below average;” 5 is “average;” 6 to 7 are “above average;” 7 to 8 are “good;” and 8 to 9 are “very good;” and 9 to 10 are “excellent.”

The following are the current labor quality ratings:



- Overall labor quality is rated good (7.51), with no weak spots.
- All sectors, including basic skills which in many markets is below average, are rated above average to very good.

We asked companies their opinions on quality. Here are some of the responses (alphabetically):

- “*15-20% of applicants will fail our drug test and won’t get hired.*”
- “*A lot of people want to be paid, not many want to actually work.*”
- “*Absentees are an issue; we have a lenient policy.*”
- “*Attitudes are better than 2 years ago.*”
- “*Attitudes are off some due to uncertainty of a freeze.*”
- “*Attitudes are not good...what’s in it for us?*”
- “*Basic skills are worse in Arkansas.*”
- “*Communication is good and improving.*”
- “*Difficulty with attainment and absenteeism*”
- “*Drugs (marijuana) are an issue.*”
- “*Employees lacking in math/computer skills*”
- “*Excellent attitudes; ‘high trust level;’ friendly and respectful; part of our company culture*”
- “*Good attitudes*”
- “*Good attitudes and will show up!*”
- “*Good productivity; ‘we value hard work.’*”

- “Good work ethic here.”
- “Minimal turnover.”
- “Most try to do a good job.”
- “No problems with getting people to work overtime.”
- “Our productivity is ‘high.’”
- “Our turnover is the lowest of any in our entire system nation-wide.”
- “Plenty of new grads in RN.”
- “Productivity is improving.”
- “Productivity is still seeing the ‘old mind set.’”
- “Quality is good to excellent; only problems are with millennials”
- “They don’t show up for work.”
- “Very few are not passing our drug testing.”
- “We don’t have the numbers, but we keep people longer than Austin.”

**Key Conclusions:** Target prospects will be very satisfied with labor quality issues in the Texarkana region, particularly the low turnover rates; very low absenteeism; good work attitude; good trainability; good productivity; and very good communications.

- ✓ Basic skills of applicants were rated “very good,” which is much better than many areas across the country today. This may reflect better high school and related education.
- ✓ People are generally hard working and productive.
- ✓ Alcohol and drugs have entered in as a factor and availability of drugs can be (not always) an issue impacting abilities of workers.

#### Electric Power/Other Utilities

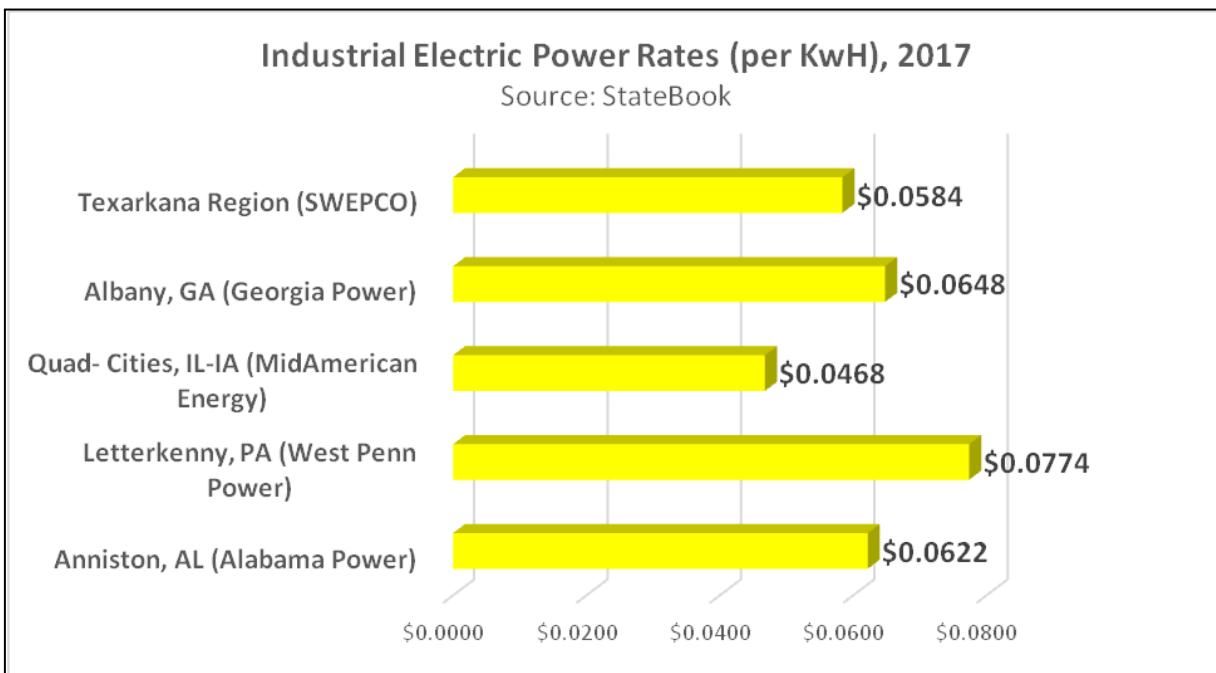
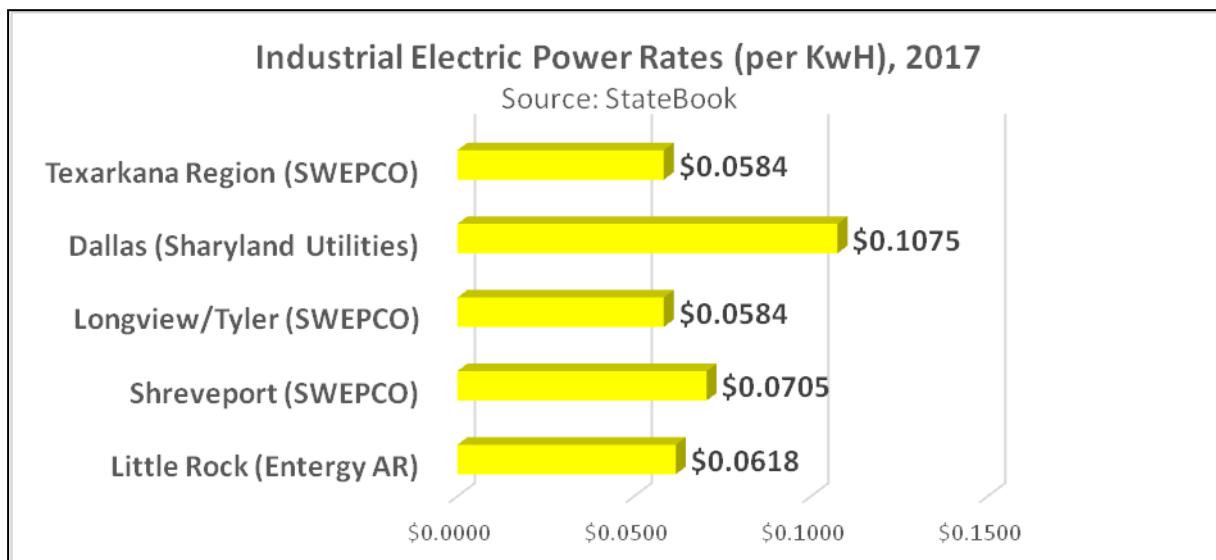
#### Strengths

Electric power costs/reliability and other utilities are critical site selection factors in all projects.

TexAmericas Center and vicinity are served by Southwestern Electric Power Company (SWEPCO). SWEPCO's Commercial Standard Offer Program provides incentives for facilities to reduce peak electric demand and annual energy consumption. Incentives are available for existing buildings and new construction and are based on the verified electric energy and demand savings.

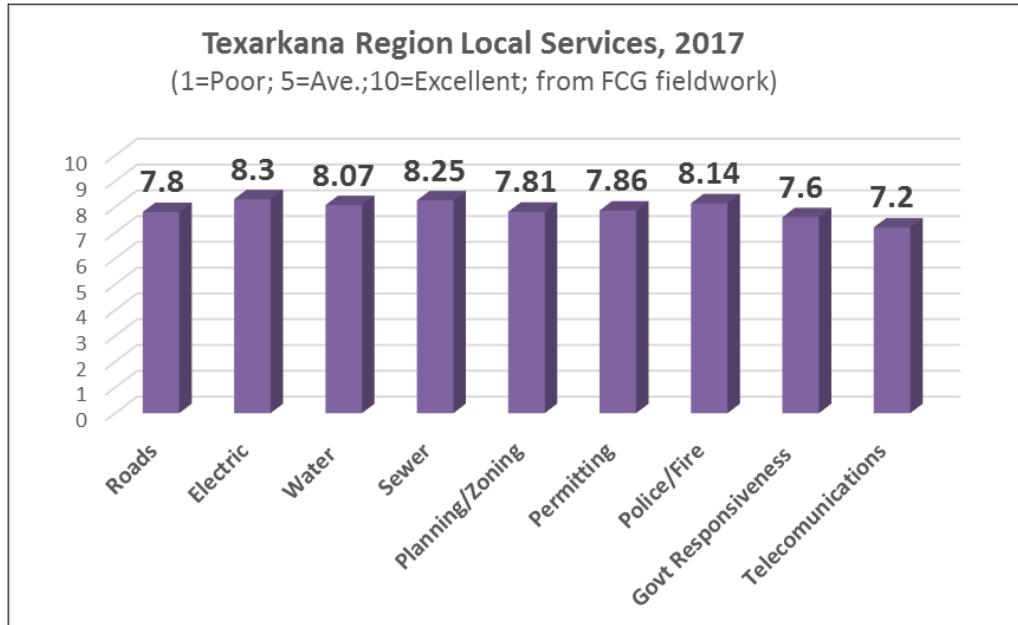
- **SWEPCO offers reliable electric power service with one of the lower industrial rates in the country by offering attractive incentives.**
  - Longview/Tyler’s rate is the same.
  - SWEPCO plans to rebuild approximately 11 miles of existing transmission line in the Texarkana area. The estimated \$23 million Texarkana Area Improvements project will ensure continued reliability to area customers and will provide vital support for local economic development.

- The Texarkana region has electric rates that run from \$0.054 per KwH (SWEPCO) to \$0.0618 per KwH (Entergy Arkansas, Inc.) to \$0.0964 per KwH (Bowie-Cass Electric Coop, Inc.).



- Texarkana's electric power rates are the 2<sup>nd</sup> lowest for the defense communities, behind the Quad Cities (Iowa side served by MidAmerican Power).
- Texarkana has excess water and sanitary sewer capacity and can handle most large volume projects such as food processing. However, raw water service is not yet available.
- CenterPoint Energy and Navitas Utility Corporation provide excellent natural gas services. They can serve many industries, including glass and chemical manufacturing; food processing; and CNG refueling stations.

- Local service ratings are strong (7.89 overall – “Very Good”).
  - Local employers are generally satisfied with the cost; supply; delivery; and reliability of the services when asked about local services during our interviews.
  - There were a few complaints (*Some duplication of services in Texas vs. Arkansas; Cities don't work well together: “us vs. them”*).



**Key Conclusions:** Texarkana region offers:

- ✓ Reliable, competitively priced industrial electric power, with some of the lowest prices in the country in some areas
- ✓ Good sanitary sewer, water, and natural gas services.
- ✓ Regional employers are generally pleased with the local services.

#### Sites/Buildings

#### Mostly Strengths, Some Weaknesses

Good products (sites and buildings) must be available in order to attract economic development. Two out of three site searches begin with a building search. However, the majority of lookers still end up constructing a building since it turns out that the existing spaces don't work.

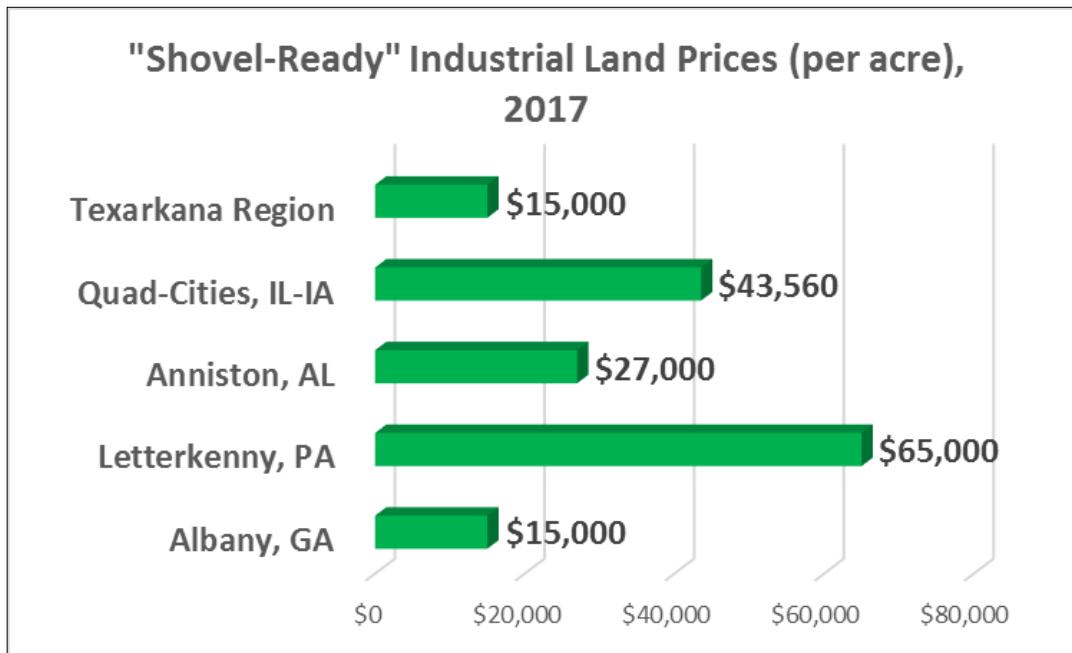
The Texarkana region has mostly strengths and some weaknesses here:

#### Strengths

- Nice improved industrial sites exist in: Atlanta, Nash, the Texarkana Airport (Chamber site near here), and the TexAmericas Center.



- Texarkana has:
  - Good potential industrial land near two I-30 interchanges with all utilities, some sites with rail potential and near the Red River Army Depot operations.
  - The first S.T.A.R. Certified site in Texas. Certified sites are “ready to go” and often sought after by site selection consultants in order to save time for their clients.
  - An excellent 100 +- acre site east of the main entrance of the park that would be excellent for high-end manufacturing/distribution and/or a regional headquarters
  - Several good 100 acre (+-) sites for heavier manufacturing or data centers (please talk to TexAmericas staff for details).
  - Twelve, 22,000 square foot older (WWII) buildings on site. Each has a dock and potential rail service. These could be good for some smaller plastics manufacturing or related operations. (please talk to TexAmericas staff for details).
  - “Shovel-Ready” industrial land prices that are lower than all competitors (except Albany, GA which is the same).



## Weaknesses

- **Very few modern, available industrial buildings** (none that we saw; with 24-32' ceiling heights; docks and overhead doors with rail potential)
- **The twelve, 22,000 square foot older (WWII) buildings only have ceiling heights of 15'6".** This is too low for most modern manufacturing and warehouse/distribution operations.
- **Chamber of Commerce industrial sites are almost out of land.**
- **Based on our recent activity, we know that many competitors have available industrial buildings for sale/lease.**

**Key Conclusions:** The Texarkana region has some excellent, attractively priced industrial site options, some with rail. Some prospects starting their search for existing buildings may be drawn to the 22,000 square foot building options, but many will look elsewhere for good modern facilities.

The best locations for industrial development are:

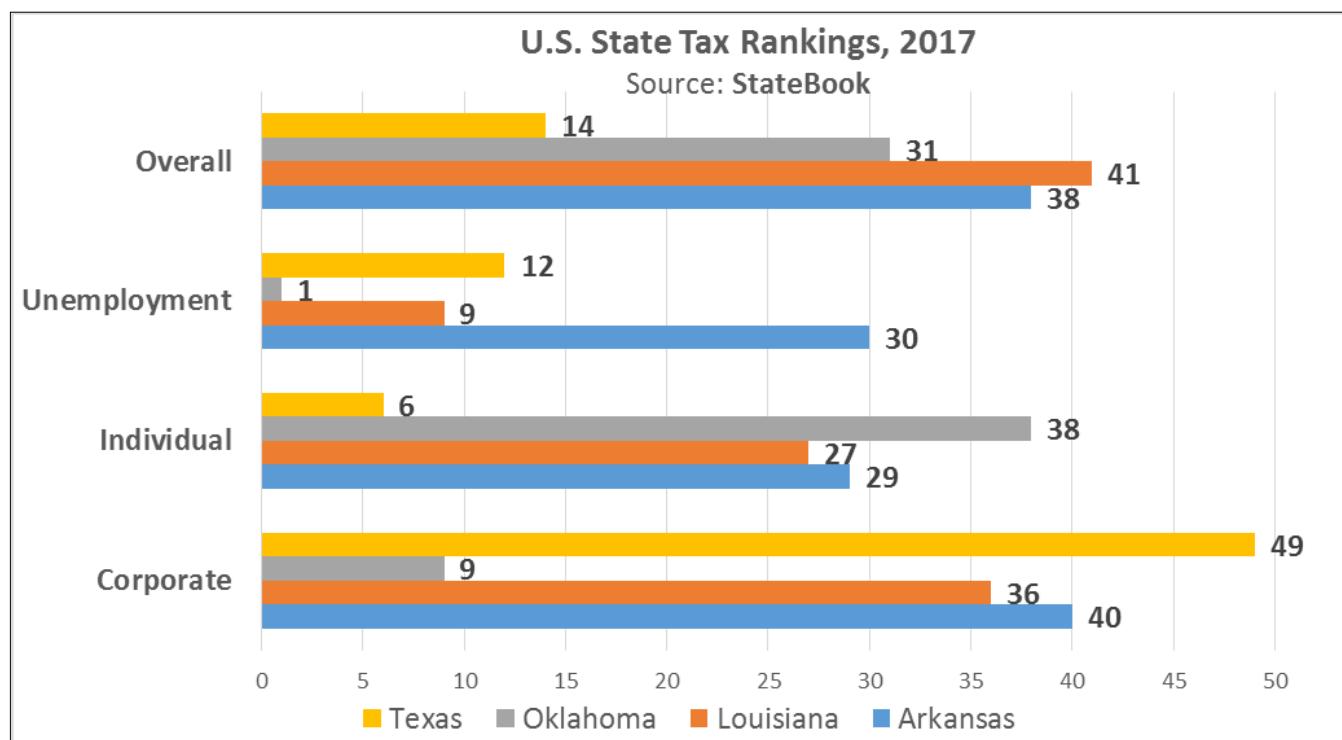
- TexAmericas Center, Texas
- Nash, Texas
- Texarkana Chamber of Commerce sites
- Texarkana Airport, Arkansas
- Atlanta, Texas.

**Incentives/Taxes****Mostly Strengths**

Incentives are the “icing on the cake” after all other factors are considered. They can make the difference when the search gets down to a small number of equal finalists.

Tax rates represent a good portion of potential incentives that could be offered. Texas has the lowest overall taxes, of the four states (14<sup>th</sup> nation-wide) and, therefore, incentives are often not needed.

Texas is a low tax state, but there is a higher corporate tax due to the additional gross receipts and franchise taxes. Arkansas taxes are higher. Following rankings graph: low number is best.



The local communities and Texas/Arkansas do offer some attractive incentives that can assist projects. They include:

State

**Texas**

- Texas Enterprise Fund – legislative changes are occurring; potential fund cut from \$100 million + to \$50 million + -; program has not been used as much in rural communities
- Asset-based loans and tax-exempt bond financing
- Workforce training

**Arkansas**

- Create Rebate – Up to 5% payroll rebate
- Targeted ArkPlus – Credits 2% on investments from \$250,000 to \$500,000
- Advantage Arkansas – State income tax credits
- Tax Back – Sales and use tax refunds
- Governor's Quick Action Closing Fund
- Workforce training.

Local

- HUBZone designation from DOD and SBA
- Industrial land price (sale/lease) write-downs are possible depending on the project size
- Electric utility price reductions
- Foreign Trade Zone (FTZ) #258
- Federal New Market Tax Credits (NMTC) may be possible
- City and County Tax Abatement
- Infrastructure Participation
- Fee Waivers
- Tax Exemptions (including sales tax)
- Tax Increment Financing District (TIF)/Tax Increment Reinvestment Zones

**Key Conclusions:** The Texarkana region has some good incentive programs available and Texas is a low tax state, so prospects should be impressed.

## Quality of Life

## Mostly Strengths

Quality of life aspects of a community (cost of living; schools; medical services; recreation; shopping; & culture) are all important in hiring, relocating, and retaining employees. If managers (or their spouse, looking for professional employment) refuse to take the move, the new project could be in jeopardy.

### Competitive Cities

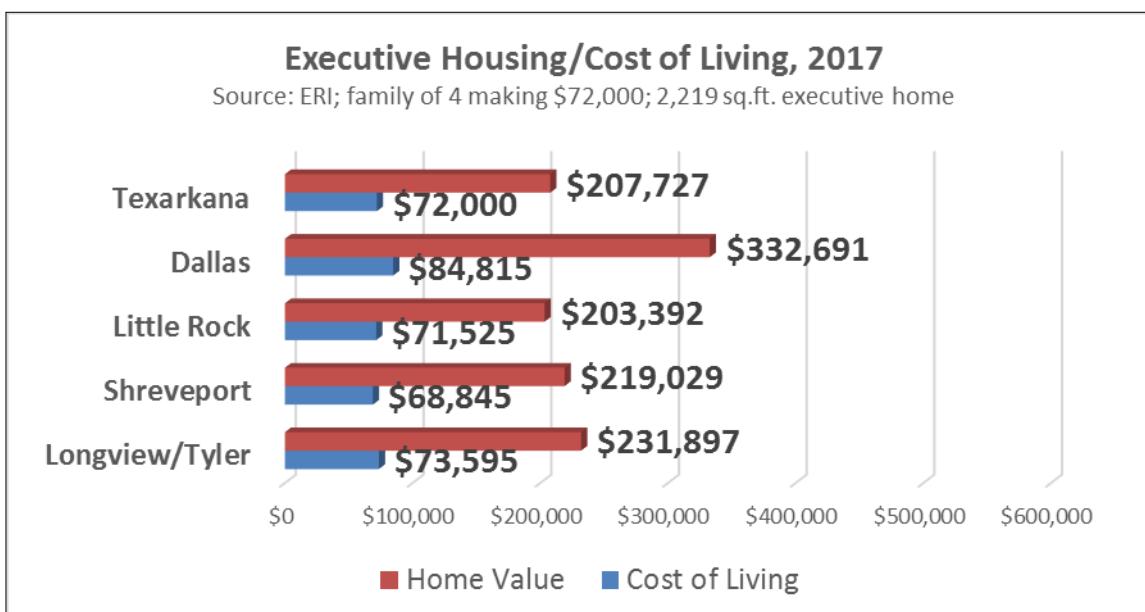
- The cost of living is lower in Little Rock and Shreveport than in Texarkana
- The cost of living is much higher in Dallas (+18%)

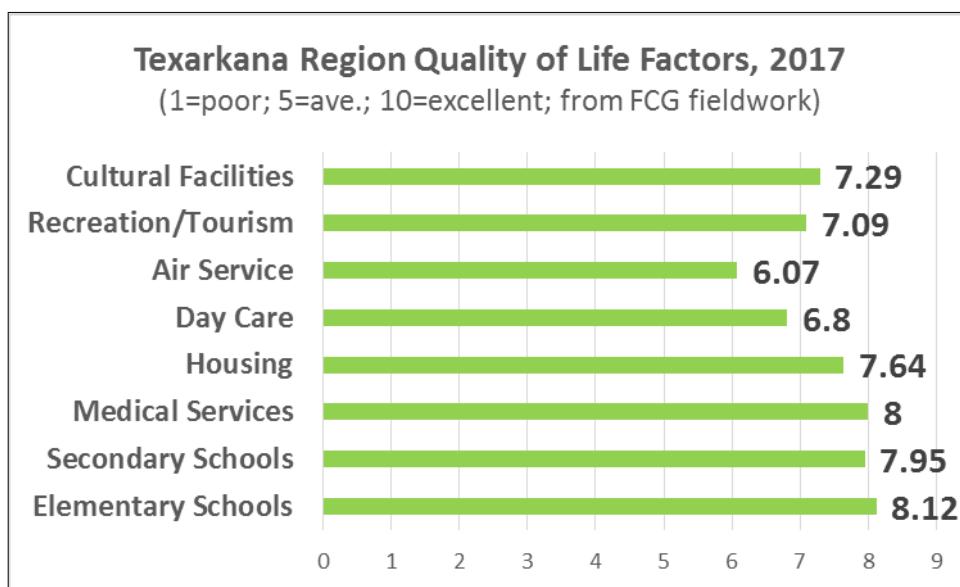
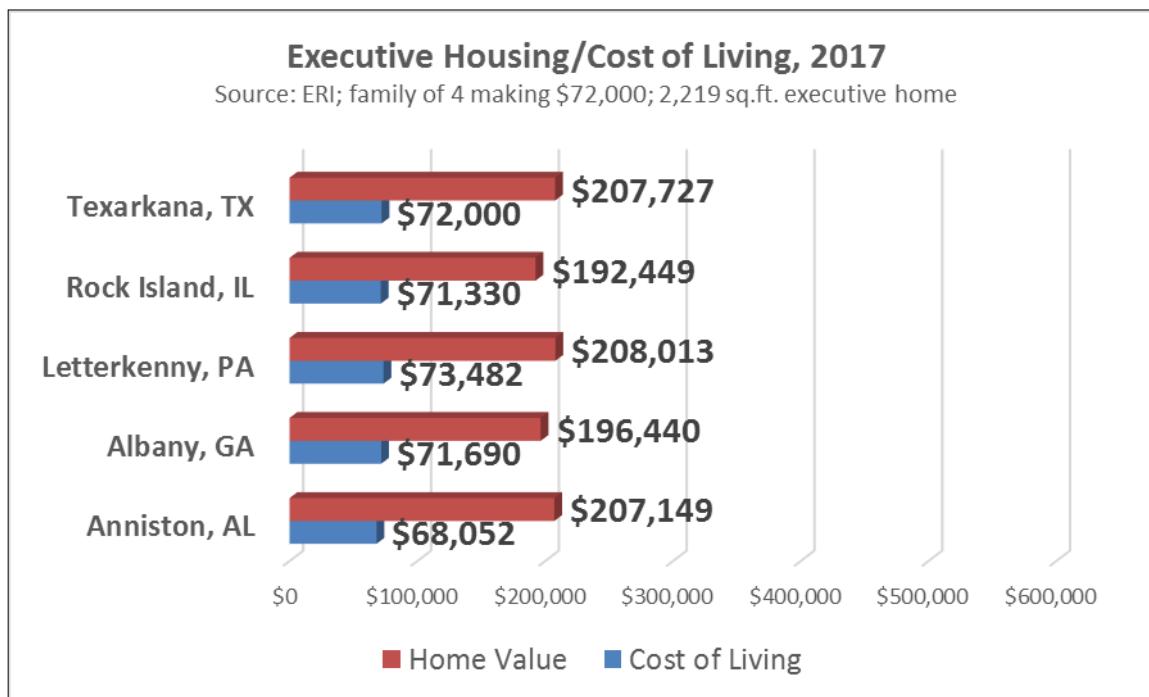
### Defense Cities

- Cost of living is slightly less in Rock Island, IL., Albany, GA, and Anniston, AL
- Slightly higher in Letterkenny, PA

FCG asked employers during our interviews about select quality of life factors.

- Quality of life ratings are “good” (7.37 overall).
  - Commercial air service flight cancellations have been a problem with only one carrier currently.
  - There are some concerns regarding availability and cost of day care.





**Key Conclusions:** Quality of life in the Texarkana region is generally good due to lower housing costs; lower cost of living; good medical care; and excellent schools. Relocation, particularly for families moving from a larger metro area, should not be a big problem once the trailing spouse employment, air service, and day care issues are addressed.

<u><b>Education/Training</b></u>	<u><b>Mostly Strengths</b></u>
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Today's students are tomorrow's workforce. Prospects are therefore most concerned about higher education and the flow of skills into the work place. Longer term they are concerned with the quality of the secondary schools.

We know from the availability analysis that there are some problems with select manufacturing skills. But how does the future look? FCG looked at strengths and weaknesses in region colleges and secondary schools to help to better determine the region's workforce future.

### **Texarkana College & Texas A&M University-Texarkana**

#### Strengths

- Texarkana College has a strong focus on diesel mechanics, welding, instrumentation, and HAZMAT training and have innovative training contracts with industry leaders Domtar, Cooper Tire, International Paper (IP), and Alcoa for training.
- Administration is attempting to change culture of education in NW Texas and use internships for skills development program. Through the work of Texarkana College, the two-year associates and certificates are getting much more visibility and appreciation.
- Texarkana College has a strong dual credit program only on the Texas side, and it is completely seamless with all Texas universities. They also have great cooperation and working relationship with Texas A&M University-Texarkana.
- According to administrators it is relatively easy to attract faculty to be instructors at Texarkana College. These are considered good opportunities to be instructors here.
- Texarkana College has a Career Coach program which is designed to help students find a good career by providing the most current local data on wages, employment, job postings, and associated education and training.
- "Texarkana College's said enrollment topped 8,500, a record number that College officials partially attribute to the College's expansion of its sites to Cass County, Texas through the establishment of the TC on Main training site in Fall 2010 and a second Bowie County site in Fall 2011, Texarkana College at TexAmericas Center."
- Texarkana College has a new standardized model for online courses, which rolled out in January 2017. Faculty worked collaboratively by department to standardize online courses according to Quality Matters standards, an international initiative ensuring quality curriculum and pedagogy in distance education.
- After upgrading facilities and improving outdoor lighting for added security, Texarkana College recently replaced core equipment in its academic buildings to ensure the highest level of technology is available to students. Another facility improvement is the Perot Leadership Classroom. Established in 2016, this space in the Palmer Memorial Library plays host to numerous leadership training courses for community businesses and organizations.
- Texas A&M University-Texarkana and the Texas A&M Engineering Extension Service (TEEX) OSHA Training Institute are now offering OSHA classes selected for the Texarkana region.
- Texas A&M and Texarkana College have partnered with the Red River Army Depot on managerial and leadership training.

## Weakness

- Arkansas high schools do not have dual credit classes with Texarkana College and instead form articulation agreements with University of Arkansas at Hope.
- It is difficult to attract faculty in information technology and nursing.

## **Texas High Schools**

### Strengths

#### *STEM Emphasis*

- Texas High school has a substantial STEM wing with 755 STEM students. STEM programs include robotics, computer science and code development, which include C++ and Java.
- Texas High (as well as Arkansas High) has students in the aircraft maintenance program in association with Southern Arkansas Technical University. Students are bussed to the SATU facility.
- Related to STEM are programs in CAD which is substantial with six classes and almost 100 students taking various CAD classes.
- The Graphic arts and media programs are sophisticated with students learning In Design, Adobe Illustrator (Vector Graphics) and Photoshop, as well as Apple Cut Pro, a professional video editing software and students can also take Business Information Management program.
- Texas Independent Schools has a strong working relationship (as do the other schools) with Texarkana High School. Dual Credit is offered in conjunction with Texarkana College and students take classes at the college and at the high school in order to earn dual credit.

#### *Alternative Education/Economically Disadvantaged/Careers*

- 68% economically disadvantaged in high school, which is significantly high, however, judging by the student observation and disposition, it does not appear these are disadvantaged kids.
- All students take aptitude tests as Freshman and get an idea on course work they are best suited for. Judging from discussions these tests work well. Also, incoming students are able to access Career Connections, which is a program designed to help students plan for high school studies and to earn endorsement upon graduation. The Career Connections program has been designed to help students make a successful transition for high school to post-secondary education, training, and/or a career.
- A program named Options (similar to alternative high school) has 80-90% graduation rate. The program is located on Texarkana College and therefore, students can get dual credit classes. This effort is significant in that it benefits kids that are normally disenfranchised and drop out of school and the system. Because of the program, they become productive workers in society.
- Currently, at Texas High there are 16 career clusters, 84 advance placement college semester hours, 369 dual credit college semester hours, and 507 courses.

### Ratings/Facilities

- The facilities at Texas High School are in excellent shape with state of the art technology and a warm campus environment with building improvements and additions made on a continuous basis.
- Texas High Schools score extremely well with the Texas Department of Assessment and Accountability with a score of 77 in student achievement with a target 60; 22 in student progress with a target of 17; 41 in closing performance gaps with a target of 30; and 82 in student readiness with a target of 60.
- The high school graduation rate for the Texas High campus was 94.7% in 2015, and 98.1% in 2014, with an attendance rate over 94% in both years.
- Average ACT composite scores are at the state average at 20.5, but since all Texas High students take the ACT College Entrance Exams, the scores are skewed downward. Therefore, the ACT average composite score is not a good indicator of student readiness for four-year institutions.
- Students are involved in many educational programs across the district and Texarkana ISD strives to provide a quality education for all students. 5.2% are served in the Bilingual program; 23.9% participate in Career and Technical Education courses; 6.1% in Gifted and Talented; and 10.2% in Special Education. With approximately 50% of the students being considered at-risk, Texarkana ISD places a huge priority on recruiting and retaining the highest quality classroom teachers to serve students at all campuses.
- The average years of experience for classroom teachers is 11.0 years compared to 11.2 at the state level. Approximately 60% of the teaching staff has 6 or more years of experience in the teaching field with 6% being zero year beginning teachers and 34% having 1-5 years of experience.
- The state turnover rate for 2014-15 was 16.2% while the district teacher turnover rate was at 15.9%.
- The average class size for the district in grades Kindergarten through 6th grade is 21 students while grades 7-12 is compiled by subject area. There is an average of 14.7 students in English Language Arts at the secondary level, 21.7 in Foreign Language classes, 17.8 in mathematics, 20.6 in science, and 20.3 in social studies courses.

### Weaknesses

- There is not significant parent participation or interest in any of the Texas Independent School District individual schools. This may be due, in part, to the large amount of economically disadvantaged in the district, who cannot afford the time commitment to become involved.
- Unlike Longview and Kilgore, there are not efforts to have students take Work Keys Assessments and any effort by the counties to have movement for an ACT Work Ready Initiative. According to Site Selection magazine, the number of individuals per capita that take Work Keys is now an important site selection criteria (January 2017).
- Even though there are some networking and relationship building beginning with the Chamber of Commerce, there is not significant partnerships (job shadowing, mentorships, internships, etc.) with the private sector, although Texarkana College has substantial relationships and partnerships.

- The facilities and courses at Texas High School are a “well-kept secret in the business community”. Employers in the region are not aware of the capacities at the high school.
- Employees of the school district are permitted to have their children attend the school in the district. Those without a job in the school district must pay a significant tuition for their children to attend in the Texarkana School District. This leads to a perception that several families in Arkansas send their children to Texas to attend school. It leaves a negative implication between the two major communities.

## Arkansas High School and Career & Technological Center

### Strengths

#### *STEM Emphasis*

- All courses are designed to provide students with skills to be career ready and concurrent credit is offered through Southern Arkansas University Tech, Texarkana College, and the University of Arkansas–Texarkana.
- Dual credit in Aviation Maintenance; Culinary Arts; Criminal Justice; Industrial Equipment Maintenance; Medical Professions; and Welding
- Arkansas High School has strong Computer Science classes and teaches Java. Pre-engineering classes are at CTC.
- The CTC has a strong graphic arts and media program. The graphic arts program includes a significant printing program which does jobs for the community.
- The district has 3 campuses with STEM girl groups registered through the national Million Women Mentors (MWM) organization. The STEM girl groups meet with mentor volunteers to foster engaging activities in STEM with these girls. For more information about MWM, follow this link: <https://www.millionwomentors.org/about>
- Fairview Elementary Aerospace and Pre-Engineering Discovery School sponsors 40 students each summer to attend NASA space camp. Union Elementary also works with community volunteers to mentor and tutor students both academically and in soft skill development.
- The Gifted and Talented program provides enrichment monthly in grades kindergarten through 2<sup>nd</sup> grade. Gifted and talented enrichment is provided weekly for students in grades 3<sup>rd</sup> through 6<sup>th</sup>. Pre-advanced placement classes are also offered to our students beginning in 5<sup>th</sup> grade. Additional enrichment is offered on each elementary campus based on student interests. Enrichment course offerings include robotics; dance; tumbling; sports; band; and photography, to name a few.
- Arkansas calculates a College Credit Accumulation Rate. According to this report, 81.6% of the Class of 2014 graduates have accumulated one year of college toward a degree.

### Strengths

#### *Alternative Education/Economically Disadvantaged/Careers*

- The Texarkana Arkansas School District offers a charter high school that focuses on credit recovery, character development, and accomplishing life goals. This is not quite as significant as Texas High–Texarkana College program but still important.

- Their career and technology center does have CAD equipment. The welding program has a torch mate, the engineering program has an autodesk inventor and autodesk revit, UACCH Texarkana has an autodesk in industrial equipment and maintenance.
- Several TASD Elementary campuses are magnet schools with an emphasis on STEM. They are Fairview Elementary Aerospace and Pre-Engineering Discovery School, Kilpatrick Elementary Bio-Medical Engineering School, and Union Elementary Da Vinci School. These magnet schools focus on a STEM-based and hands-on curriculum to foster interests in STEM careers. This school year the two TASD campuses, College Hill Middle School Academy of Design and North Heights Junior High Entrepreneurial Leadership Academy, were recognized as National Magnet Schools of Distinction by the Magnet Schools of America. Demarcus Green, principal of Kilpatrick Elementary Bio-Medical Engineering School, was recently honored as the National Magnet School Principal of the Year.

### Weaknesses

#### *Ratings/Facilities*

- The vocational building at Arkansas High School was built in 1950. That is only half of the school. The other half of the school was built or updated around 2010. This is entirely too old for modern day technology. Having said that, it would be entirely inappropriate for prospective industry seeking to potentially locate in the Southeast Arkansas region to visit the facility because of its age. Discussion is that there will be a new CTC and if plans are developed then it would appropriate to share with local industry.
- Arkansas High School Class of 2016 composite ACT test scores compared to the state and national average: Arkansas High School – 18.7, State of Arkansas – 20.2/, Nation – 20.8. much like Texas High School. Arkansas High requires its students to take the ACT College Entrance Exams. Therefore, the average scores are skewed downward.
- Graduation rates are calculated by 4 year cohorts in Arkansas. Here is the most recent data available. Class of 2015 Graduation Rate – 74%, Class of 2014 Graduation Rate – 76%, Class of 2013 Graduation Rate – 84%. This decrease in the graduation rate is a concern. However, in 2016, the state reported that the graduation rate was 89.02%, which is a significant jump. At Arkansas High there were 235 out of a goal of 264.

### **Colleges/Universities in the Texarkana Region**

There are 21 colleges and universities within the region with a total enrollment of 31,000. Together they award over 5,560 degrees and certificates each year.

Major universities/colleges include:

- Texas A & M University–Texarkana
- Louisiana State University–Shreveport
- Texarkana College
- Northeast Texas Community College
- Southern University at Shreveport
- Cossatot Community College of the University of Arkansas
- University of Arkansas Community College at Hope - Texarkana

## **“Input : Output Analysis” of the Local Workforce System**

### Introduction

This study examines the positions needed by local existing primary job employers and the training programs offered by training institutions at the K-12, Community College and University levels. It identifies alignment and attraction opportunities. It provides a “skills gap analysis” of the “skills desired/needed/required” by local businesses and industries to identify the divergence from what is currently available versus what is needed/required to fill available and upcoming known job position requirements.

### Skills Gap Analysis/Training Matrix

- **There are a number of skilled positions that need training assistance in the region.**

FCG visited with many companies and training providers regarding training needs and solutions. This is what companies and training officials told us:

<u>Needs</u>	<u>Skills Provided</u>	<u>Assistance Needed</u>
CAD training	High schools, but companies may not be aware of these	Yes
Chemists	Must be recruited	Yes
Diesel Mechanics	Texarkana College @ TexAmericas Center	No
Electrical Engineers	Texas A&M & Texarkana College, but must be recruited	Yes
Electronic Main Techs	Texarkana College	Yes
Electronic Techs	AR Hope, Texas A&M & Texarkana College/must recruit	Yes
Engineers	Texas A&M & Texarkana College/must recruit	Yes
HR training	Texas A&M & Texarkana College	Yes
Leadership/management	Texas A&M & Texarkana College/must recruit	Yes
Mechanics	Texarkana College/International Paper program planned	Yes
RN & LVN (nursing)	Texarkana College/just not enough graduated	Yes
Sales trainees	Texas A&M, but need more internships	Yes
Therapists	Texarkana College/must recruit from outside	Yes
Truck drivers	Texarkana College & others	Yes
Welders	Texarkana College, @ TexAmericas but never enough with experience	Yes
Work skills	Many education resources, but not enough provided	Yes

**Key Conclusions:** There is cooperation but not very much communication and certainly not a network between the business community human resource management groups and the training and education community. The exception may be Texarkana College which seems to have tentacles into industry.

The schools appear to be attempting to match the needs of the region and the jobs that are there. A network needs to be formed that will enhance communication and cooperation. The network also should give the business community a better understanding of the issues that the school districts are facing, including poverty; single-parent families; aging infrastructure and equipment; inadequate budgets; lack of technical education faculty; and others.

Some prospects may be concerned about select skilled occupation availability and the future of the skilled workforce.

## **Texarkana Region's Strengths & Weaknesses Versus Potential Target Needs**

We next assessed strengths and weaknesses against the potential target location needs.

<i>Texarkana Region Strengths</i>	<i>Texarkana Region Weaknesses</i>
<b>Warehouse/Distribution (DC; Fulfillment)</b> <ul style="list-style-type: none"> <li>• Transportation costs</li> <li>• I-30 access to Midwestern markets</li> <li>• Labor costs</li> <li>• Electric power costs &amp; reliability</li> <li>• Improved sites, some with rail</li> <li>• Unskilled labor availability/quality</li> <li>• Labor/management relations</li> <li>• Defense presence</li> <li>• Presence of other regional operations</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<b>Texarkana Region Weaknesses</b> <ul style="list-style-type: none"> <li>• Available, modern buildings</li> </ul>
<b>Call Centers</b> <ul style="list-style-type: none"> <li>• Clerical &amp; CSR availability</li> <li>• Labor quality &amp; costs</li> <li>• Telecommunications</li> <li>• Training</li> <li>• IT tech support</li> <li>• Corporate income tax</li> <li>• Electric power cost &amp; reliability</li> <li>• Presence of other regional operations</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Class A/B buildings available</li> <li>• Commercial air service</li> </ul>
<b>Data Centers</b> <ul style="list-style-type: none"> <li>• Geographic diversity &amp; disaster avoidance</li> <li>• Electric power costs/reliability</li> <li>• Overall state &amp; local taxes</li> <li>• Utility infrastructure</li> <li>• Secure “ready to go” sites</li> <li>• Speed to occupancy</li> <li>• Technical talent</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Personal property taxes on equipment</li> <li>• Corporate income tax</li> <li>• Low number of jobs</li> </ul>

<i>Texarkana Region Strengths</i>	<i>Texarkana Region Weaknesses</i>
<b>Plastics Manufacturing</b>	
<ul style="list-style-type: none"><li>• Unskilled/semiskilled availability</li><li>• Electric power costs &amp; reliability</li><li>• Transportation costs</li><li>• Improved sites with rail</li><li>• Some buildings</li><li>• I-30 access to Midwestern markets</li><li>• Rail service</li><li>• Labor/management relations</li><li>• Defense presence</li><li>• Presence of other regional operations</li><li>• Incentives (Texas Enterprise Fund)</li></ul>	<ul style="list-style-type: none"><li>• Available, modern buildings</li></ul>
<b>Drug Manufacturing</b>	
<ul style="list-style-type: none"><li>• Some tech talent</li><li>• Labor costs</li><li>• Electric power costs &amp; reliability</li><li>• I-30 access to Midwestern markets</li><li>• Transportation costs</li><li>• Incentives (Texas Enterprise Fund)</li></ul>	<ul style="list-style-type: none"><li>• Skilled labor availability</li><li>• Class A business park</li><li>• Markets/Trade policies</li><li>• Presence of other regional operations</li></ul>
<b>Oil/Gas Pipe Suppliers</b>	
<ul style="list-style-type: none"><li>• Machining skills availability</li><li>• Labor costs</li><li>• I-30 access to Midwestern markets</li><li>• Transportation costs</li><li>• Electric power costs &amp; reliability</li><li>• Improved sites with rail</li><li>• Rail access</li><li>• Training</li><li>• Good access to suppliers</li><li>• Labor/management relations</li><li>• Defense presence</li><li>• Presence of other regional operations</li><li>• Incentives (Texas Enterprise Fund)</li></ul>	<ul style="list-style-type: none"><li>• Some skilled labor availability</li><li>• Available, modern buildings</li></ul>

<i>Texarkana Region Strengths</i>	<i>Texarkana Region Weaknesses</i>
<p><b>Food/Beverage Processing</b></p> <ul style="list-style-type: none"> <li>• Unskilled labor availability</li> <li>• Labor costs</li> <li>• Raw materials/transportation costs</li> <li>• Excess water/sewer capacities</li> <li>• Electric power costs/reliability</li> <li>• Natural gas</li> <li>• Improved sites with rail</li> <li>• I-30 access to Midwestern markets</li> <li>• Rail service</li> <li>• Labor/management relations</li> <li>• Presence of other regional operations</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Some skilled labor availability</li> <li>• Raw water/more treated water</li> <li>• Available, modern buildings</li> </ul>
<p><b>Auto Parts Supplier</b></p> <ul style="list-style-type: none"> <li>• Available unskilled labor</li> <li>• Reasonable labor costs</li> <li>• I-30 Interstate highway access</li> <li>• Electric power (reliability &amp; costs)</li> <li>• Natural gas service</li> <li>• Improved sites/some existing buildings</li> <li>• Rail service</li> <li>• Some incentives/taxes</li> <li>• Defense presence</li> <li>• Labor/management relations</li> <li>• Some incentives – Equipment tax exemptions; Texas Enterprise Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation costs/Just In Time (JIT) service to auto plants</li> <li>• Skilled auto labor availability</li> <li>• Access to suppliers</li> <li>• Presence of other regional operations</li> </ul>

<i>Texarkana Region Strengths</i>	<i>Texarkana Region Weaknesses</i>
<p><b>Industrial Machinery</b></p> <ul style="list-style-type: none"> <li>• Available unskilled/semiskilled labor</li> <li>• Labor costs</li> <li>• Access to Mid-South/Midwest markets/transportation costs</li> <li>• I-30 Interstate highway access</li> <li>• Electric power (reliability &amp; costs)</li> <li>• Natural gas service</li> <li>• Improved sites/some existing buildings</li> <li>• Rail access</li> <li>• Good water and sewer capacities</li> <li>• Available training (and some incentives/taxes)</li> <li>• Good access to suppliers</li> <li>• Good labor/management relations</li> <li>• Defense presence</li> <li>• Presence of other regional operations</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Skilled machine related labor availability</li> <li>• Available, modern buildings</li> </ul>
<p><b>Electronics Assembly Operation</b></p> <ul style="list-style-type: none"> <li>• Unskilled labor availability and quality</li> <li>• High level security clearances possible</li> <li>• Labor costs</li> <li>• Education/training with incentives</li> <li>• Attractive electric power costs</li> <li>• Good supplier network</li> <li>• Overnight carriers (FedEx; UPS)</li> <li>• Proximity to markets/good highway access</li> <li>• Fully improved industrial parks</li> <li>• Attractive building costs</li> <li>• Defense presence</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Some skilled labor availability</li> <li>• Available, modern buildings</li> <li>• Corporate income taxes</li> <li>• Presence of other regional operations</li> </ul>

<i>Texarkana Region Strengths</i>	<i>Texarkana Region Weaknesses</i>
<p><b>Auto Glass Plant</b></p> <ul style="list-style-type: none"> <li>• Unskilled/semiskilled labor availability</li> <li>• Labor costs</li> <li>• I-30 access to Midwestern markets</li> <li>• Electric power costs &amp; reliability</li> <li>• Natural gas</li> <li>• 100+ -acre site with rail</li> <li>• Rail service</li> <li>• Excess water/sewer capacities</li> <li>• Labor/management relations</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Transportation costs/JIT access to auto plants</li> <li>• Skilled labor availability</li> <li>• 250,000 + square foot modern facility</li> <li>• Raw water</li> <li>• Presence of other regional operations</li> </ul>

## Specialized Target

<i>Texarkana Region Strengths</i>	<i>Texarkana Region Weaknesses</i>
<p><b>Weapons Systems</b> (NAICS 325920)</p> <ul style="list-style-type: none"> <li>• Unskilled labor availability and quality</li> <li>• High level security clearances possible</li> <li>• Labor costs</li> <li>• Education/training with incentives</li> <li>• Attractive electric power costs</li> <li>• Good supplier network</li> <li>• Proximity to markets/good highway access</li> <li>• Remote/isolated industrial sites</li> <li>• Incentives (Texas Enterprise Fund)</li> <li>• Defense presence</li> <li>• Location in TexAmericas Center</li> </ul>	<ul style="list-style-type: none"> <li>• Skilled machine related labor availability</li> <li>• Available, modern buildings</li> <li>• Very low location/expansion activity</li> </ul>
<p><b>Manufactured Homes</b> (NAICS 321991)</p> <ul style="list-style-type: none"> <li>• Unskilled/semiskilled availability</li> <li>• Electric power costs &amp; reliability</li> <li>• Transportation costs</li> <li>• I-30 access to regional markets</li> <li>• Improved sites</li> <li>• Some buildings</li> <li>• Regional suppliers</li> <li>• Labor/management relations</li> <li>• Market demands</li> <li>• Presence of other regional operations</li> <li>• Incentives (Texas Enterprise Fund)</li> </ul>	<ul style="list-style-type: none"> <li>• Available, modern buildings</li> <li>• Very low location/expansion activity</li> </ul>

### Linked Industry Assessment (Suppliers)

The access to suppliers is very important for the growth of a new location. Linked industry research can lead to new location activity.

During the interviews we asked employers about their supplier needs. They included:

- Anything beneficial to transportation costs
- Better access to Defense Logistics Agency (DLA) operations for warehousing
- Better bus services
- Better internet services
- Need to attract more “uncommitted” paper trucks to the International Paper (IP) plant
- Pharmacy distribution

Linked industry attraction potential includes several sectors. They include:

- Warehouse/distribution: defense oriented, machinery oriented, food/drug oriented; packaging
- Primary and fabricated metals: industrial machinery; oil/gas machinery; metal coatings; weapons systems; warehousing
- Food/beverage: agriculture raw products; machinery/equipment; packaging; warehousing

Based on current industry needs, we suggest that you specifically pursue:

- Defense Logistics Agency (DLA) projects ([www.dla.mil](http://www.dla.mil))
- Distribution center for pharmacy/drug store products
- In-bound trucking assistance for IP
- A freight model to determine freight cost advantages in the Texarkana Region.

### **“BEST FIT” TARGETS**

Here are the best fit target sectors (by priority) which best match the Texarkana region’s strengths. The following also lists the best NAICS sectors to pursue and important points regarding the “best fit” targets:

### Warehouse/Distribution (DC; Fulfillment)

- **Best Sectors:** NAICS – 423120 (motor vehicle parts); 423310 (lumber); 423610 & 423690 (electrical apparatus); 423830 (industrial machinery); 423480 (fruits/vegetables); 424610 & 424690 (plastics & chemicals); 424710 (petroleum); 423330 (medical/dental); 423730 (Heating/AC); 442299 (home furnishing); 424810 (beer); 445110 (supermarket goods); 493110 (general warehousing). Also Defense Logistics Agency (DLA) projects ([www.dla.mil](http://www.dla.mil)).
- **The most active sector regarding expansions/locations in 2016-17**
- **Good potential sites, some with rail and Interstate access.**
  - DCs often need “5 to 55” (55 miles per hour in 5 minutes) access
  - An excellent 100+ -acre site sits just east of the Center entrance, just off of the I-30 interchange.

- **There is a need for existing modern buildings**
- **Good availability of unskilled warehouse workers at competitive wages**
- **Strong defense sector**
- **There is presence of other regional operations**
- **Freeport inventory tax exemptions could be helpful.** A Freeport Exemption is an inventory-based property-tax exemption on inventory that is in Texas for a period of 175 days or less, which will be transported outside of the state of Texas. There are 179 cities in Texas granting the exemption. Of the 254 counties, 68 offer the exemption.
- **Wage potential (per hour): \$10.73-\$21.89 (median; 1-year experience)**
- **Workforce needs to impact decision<sup>1</sup> – 100-200 (122 average); mostly unskilled.**

### **Industrial Machinery**

- **Best Sectors:** NAICS 333132 (oil/gas machinery); 333413 (industrial equipment; 333415 (air conditioning); 333618 (engine equipment); 333120 (construction machinery); 333611 (turbines); 333911 (pumps); 333993 (packaging machinery); 333922 (conveyors); 333999 (other equipment)
- **Strong workforce emphasis**
- **Strong defense sector**
- **Some skilled labor availability concerns**
- **Good potential sites with rail and Interstate access**
- **There is a need for modern, existing buildings**
- **Good electric power costs/reliability**
- **Very good location/expansion activity**
- **There is presence of other regional operations**
- **Wage potential (per hour): \$14.08-\$18.44 (median; 1-year experience)**
- **Workforce needs to impact decision – 100; 30% skilled.**

### **Oil/Gas Supplier Operations**

- **Best Sectors:** NAICS – 213112 (oil support activities); 237120 (oil/gas pipeline); 324199 (petrochemical manufacturing); 332710 (machine shops); 333132 (oil/gas machinery); 331210 (steel pipe); 332812 (metal coatings); 486110/210 (pipeline transportation)
- **There is increased business in the sector.** Major oil companies are showing increased profit as the price of oil remains over \$50 a barrel. And oil companies have returned in droves to the shale fields in Texas and New Mexico. According to RigData, the number of rigs has more than doubled from a year ago and U.S. production has risen to about 9.3 million barrels a day, just 3% below the 2015 peak.
- **Some skills are lacking, but generally a solid labor market**

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<sup>1</sup> Based in part on four-state regional location/expansion activity 2016-17.

- Some older buildings could work, but there is a need for existing modern buildings
- Good rail sites
- Very good location/expansion activity
- There is presence of other regional operations
- Wage potential (per hour): \$10.73-\$17.62 (median; 1-year experience)
- Workforce needs to impact decision – 50-100 (74 average); 20% skilled.

### **Weapons Systems & Technology**

- **Best Sectors:** NAICS – 332992/3 (ammunition; small arms; percussion caps); 325920 (explosives); 335998 (pyrotechnics); 333 (industrial machinery; see that category
- **TexAmericas Center offers some very unique attributes for this industry:**
  - Explosives bunkers and related
  - Existing industry – Expal
  - Remote sites
  - Rail service
- A location occurred in the TexAmericas Center – Expal
- Strong defense sector
- There was very low location/expansion activity in 2016-17
- Wage potential (per hour): \$12.68-\$28.28 (median; 1-year experience)
- Workforce needs to impact decision – 20-50; 30% skilled.

### **Call Centers**

- **Best Sectors:** NAICS – 522390 (financial services); 561440 (collections); 481111 (airline travel); 517911 (telecommunications); 561320 (temporary help)
- “Good to very good” availability of CSRs and office workers
- Clerical wages are relatively low
- “Point of sale” may capture all of the state sales taxes
- There is a need for existing modern A & B Class buildings
- A relatively small number of locations/expansions in 2016-2017
- There is presence of other regional operations
- Wage potential (per hour): \$12.50-21.35 (median; 1-year experience)
- Workforce needs to impact decision – 250-300 (271 average); mostly unskilled CSRs.

## **Plastics Manufacturing**

- **Best Sectors:** NAICS – 326112 (packaging); 326140 (polystyrene foam); 326199 (other products); 326113 (film); 326150 (urethane); 326160 (bottles); 326220 & 326220 & 326299 (rubber products)
- **Some older existing buildings that could work**
- **Fairly active location/expansion activity in 2016-2017**
- **There is presence of other regional operations**
- **Wage potential (per hour): \$10.32-\$19.02**
- **Workforce needs to impact decision – 75-125 (105 average); mostly unskilled.**

## **Food/Beverage Processing**

- **Best Sectors:** NAICS – 311513 (cheese); 311919 (snack foods); 312111 (soft drinks); 312112 (bottled water); 312120 (brewery); 312130 (wineries); 312140 (distillery); 311212 (rice milling); 311412 (frozen foods); 311511 (milk); 311812 (bakery) 311612 (meat processing); 311615 (poultry processing); 311830 (tortillas); 311991 (perishable prepared)
- **Some skilled labor availability concerns**
- **Excess water & sewer capacity, but lack of raw water**
- **Good potential sites with rail and Interstate access**
- **There is a need for modern, existing buildings**
- **Good electric power costs/reliability**
- **Very good location/expansion activity**
- **There is presence of other regional operations**
- **Wage potential (per hour): \$10.30-\$25.83 (median; 1-year experience)**
- **Workforce needs to impact decision – 50-100 (62 average); 15% skilled.**

## **Data Centers**

- **Best Sectors:** NAICS 561110 (office administration); 541512 (computer systems design); 518210 (data processing)
- **Big rise in capital investments nation-wide**
- **Remote, large sites, but concern regarding ground vibrations in TexAmericas Center due to potential explosives activity**
- **Good electric power costs/reliability**
- **Some tax concerns**
- **There was low location/expansion activity in 2016-17**
- **Wage potential (per hour): \$23.87-\$32.65 (median; 1-year experience)**
- **Workforce needs to impact decision – 20-150; 70% skilled.**

## Location Quotient

Location quotient (LQ) is a valuable way of quantifying how concentrated a particular industry, cluster, occupation, or demographic group is in a region as compared to the nation. **It can reveal what makes a particular region “unique” in comparison to the national average.**

Here are the LQs for each of the “Best Fit” Targets:

<u>Industry</u>	<u>Texarkana Employment</u>	<u>% Total</u>	<u>US Employment</u>	<u>% Total</u>	<u>LQ</u>
Warehouse/Distribution (DC)	147	0.32%	809,359	0.65%	<b>0.48</b>
Industrial Machinery	60	0.13%	105,368	0.08%	<b>1.51</b>
Oil/Gas Supplier Operations	39	0.08%	314,589	0.25%	<b>0.33</b>
Weapons Systems & Technology	175	0.38%	12,327	0.01%	<b>37.76</b>
Call Centers	750	1.61%	448,984	0.36%	<b>4.44</b>
Plastics Manufacturing	60	0.13%	608,903	0.49%	<b>0.26</b>
Food/Beverage Processing	180	0.39%	1,485,656	1.20%	<b>0.32</b>
Data Centers	10	0.02%	539,171	0.43%	<b>0.05</b>

## RECOMMENDATIONS

### **TRAINING RELATED**

FCG is recommending a strong program whereby industrial leaders; human resource managers; school superintendents; high school counselors; technical education instructors; placement agencies; community college leadership; representatives of individuals with disabilities; and elected and appointed officials meet together to set goals, objectives, and strategies that benefit workforce development in the long run.

#### **Business Education Workforce Roundtable**

FCG is recommending the formation of a **Business Education Workforce Roundtable** to help to bridge the gap between industry; government; education; and training.

#### **Goals of Business Education Workforce Roundtable**

- Participation from local companies, educators, training providers, government
- Key leadership comes from industry leaders and college/university officials, school superintendents
- Understand local skills & filling skill voids
- Design cooperative recruiting/relocation, training efforts, and preparing very young people for “world of work”
- Prepare good labor environment for future
- Identify and assess local capabilities vs. tech needs

An organization (possibly the Chamber of Commerce with a consultant) will develop the formation of a Business Education Workforce Roundtable to develop a long-term workforce development strategic plan and actions for the Texarkana region which will involve *industry leaders and human resource managers; as well as Texarkana College, Texas A&M, University of Arkansas at Hope officials, Southern Arkansas University Tech officials; school district representatives; job training officials; economic developers; and local and state elected officials.*

#### **Objectives of the Roundtable**

- Hold three (3) workshop/focus group sessions
  - Session 1: Discuss FCG strengths, weaknesses, and recommendations from the FCG Analysis and add new issues
  - Session 2: Begin development of goals, objectives, and timelines
  - Session 3: Review draft strategic plan and make final modifications
- Prepare the Roundtable Final Plan
- Develop up to four Roundtable task forces and follow up.

## Potential Outcomes (Consensus on all programs)

- Certified Work Ready Community Program: across the board Work Keys implementation
- Enhance and improve funding for all vocational training
- Establish long term relationships between university/college and industry clusters
- Continued long term development of at risk program for early childhood
- Development of long term partnerships between schools and industry with job shadowing; mentorships; internships; summer teacher internships/externships, etc.
- Adopt a school programs
- And, many more programs and projects.

## ACT Work Ready Program

**In order to begin the relationships, FCG is immediately recommending** the following that can begin either before, during or after the formation of the Roundtable and can be included in the Roundtable plan:

- **A strong ACT Work Ready program** which will continuously enhance employability skills and close the skills gap.
- **A well-coordinated career pathways/skill development program** in which clusters can be highlighted
- **A viable talent attraction and retention program**

**Goal: Bring the entire region through the ACT / National Career Readiness Certificate Program and engage business, government, economic development, and education in the entire process to enhance the current workforce by ensuring that the civilian labor force is workforce ready and employable.**

**Objective A: The development and promotion of the ACT WorkReady System,** which offers a common language to identify skills gaps and provide training to improve scores and enhance employability by leveraging **the National Career Readiness Certificate (NCRC),** issued by ACT. The certificate is a portable, evidence-based credential that certifies essential skills needed for workplace success.

- **Strategy 1: Test substantial numbers of high school juniors on ACT Work Keys** so students can earn the NCRC by taking three Work Keys assessments: Applied Mathematics, Locating Information, and Reading for Information at each high school one time per year.
- **Strategy 2: Ensure that all students who earn NCRC are registered with ACT.**
- **Strategy 3: Continue to strive towards enhancing scores of all students with options in KeyTrain,** which provides a self-paced curriculum to help individuals fill their skills gap.

- **Strategy 4: Work with educators on KeyTrain and its applied workplace skills application defined by the Work Keys system.** KeyTrain helps people master the applied workplace skills measured by assessment systems such as Work Keys, including applied mathematics, reading for information, and writing skills, such as:
  - Applied Mathematics
  - Applied Technology – Electricity
  - Applied Technology – Mechanics
  - Applied technology – Thermodynamics
  - Applied Technology – Fluids
  - Business Writing
  - Listening for Understanding
  - Locating Information
  - Reading for Information
  - Teamwork
  - Workplace Observation

Each county in the Texarkana region should immediately apply to ACT Work Ready Academies and gather support from each county commission. The initial effort for each county should be budgeted at \$20,000 for attendance at the four academies. Arkansas counties should be able to fund their efforts through the state or workforce alliance groups which already has a multitude of counties in Eastern Arkansas participating. In Texas, the funding may need to be internal much like Gregg County, Lamar, and San Angelo.

Eventually, hundreds of employers must be engaged in the process and sign up as either recognizing or recommending the National Career Ready Certificate by having each applicant score a bronze, silver or gold in the three Work Keys assessments: Location Information, Reading for Information and Applied Mathematics. Meanwhile, the school and colleges should be requiring students to take Work Keys. Funding will be needed to have students take the assessment.

### **Career Pathways and Awareness**

**Goal: Enhance career cluster awareness, implement career pathways throughout the Texarkana region, and develop targeted clusters which coincide with the concentration of industry and the targets in this region.**

**Objective A:** Involve key stakeholders in industry to be active with the schools in educating our youth about career opportunities.

- **Strategy 1: Develop programs where businesses visit classrooms** and discuss their businesses.
- **Strategy 2: Encourage job shadowing** and develop a mechanism to encourage job shadowing through all the Chambers of Commerce, yet, understand laws about how much shadowing can be done legally.
- **Strategy 3: Keep the communication between Business Education Workforce and human resource managers** at a high level by sharing information monthly on career fairs, classroom visits, industry tours, as well as Work Keys achievements.
- **Strategy 4: Ensure human resource managers are gainfully engaged with school districts.**

- **Strategy 5: Have STEM students visit firms in the region on a regular basis.**

**Objective B: Continue promotion of dual credit throughout the Texarkana region** with state and technical colleges to improve the educational outcome of students.

- **Strategy 1: Promote dual credit and offer added weight for dual enrollment coursework in GPA calculations.**
- **Strategy 2: Encourage dual credit coursework in the information technology; health care; graphic arts; machinery; equipment manufacturing; construction industries; etc., as well as several others at Texarkana College, and other institutions.**
- **Strategy 3: Ensure adequate bandwidth is available so that students can take dual credit classes online or through distance learning / two-way video-conferencing** so that students and post-secondary instructors can interact in real time.
- **Strategy 4: Deliver hybrid approaches**, whereby a post-secondary faculty member is the online instructor of record while a high school instructor ensures that the student is making progress and provides additional instruction as needed.
- **Strategy 5: Strive to have all schools in the region work with Soft Skills Suite**, which is part of the Career Ready 101. The Soft Skills Suite is a set of five self-paced training courses focusing on behaviors and attitudes that affect job performance. Offered online for both desktop and mobile devices, courses help individuals gain knowledge and close the skills gaps hiring managers most frequently report, such as:
  - Interpersonal and business communication
  - Problem solving and critical thinking
  - Working productively in a team
  - Assisting customers effectively
  - Developing good work habits and workplace discipline.

### **Attracting and Retaining Talent**

**Goal: Develop a collaborative marketing effort to attract, recruit, and retain a prepared, diverse, and sustainable workforce in all counties** amongst business development organizations, chambers of commerce and educational institutions in the region. In addition, promote opportunities and capabilities for underrepresented and under-utilized members of the community so that the available workforce can be expanded in the Texarkana region.

**Objective A: Develop a coalition of resources that network with employers, share information of vacant positions, and provide referrals to key agencies.**

- **Strategy 1: Work closely with members of the SHRM Chapter**, to network with incoming talent.
- **Strategy 2: Work closely with Texas A&M, Texarkana College, University of Arkansas at Hope and others on the development of a spousal employment program**, ensuring that partners and/or spouses of new faculty and administration can find productive employment. This database can instantly communicate with others in the community to share opportunities and resume materials, or to ask questions.
- **Strategy 3: Market RRAD connections and potential skill support.**

**Objective B: Work on a regional basis to develop marketing materials and strong web site information for people contemplating a move to the region.**

- **Strategy 1: Develop a talent recruitment site (job board)** through the Chamber of Commerce). Track how applicants hear about the positions and what job specifics encouraged them to apply in an effort to identify strengths and opportunities for improvements.
- **Strategy 2: Compare all marketing materials and methodologies used to currently recruit talent** by each organization, and, recommend and develop creation of materials and strategies to work together to recruit prepared, diverse sustainable talent to the region.
- **Strategy 3: Research available evidence-based recruitment and retention strategies and potentially form a Talent Recruitment Consortium** of existing employers, educators, and key stakeholders. Include the Society of Human Resources chapter. Plan recruitment missions. Retain NSA jobs.
- **Strategy 4: Develop recruitment resources that are diverse, including advertising on diversity focused career websites**, using social media and networking with internal and external diversity groups.

**Objective C: Draw more attention to internships by setting up a program with educational partners, such as area colleges and high schools, where prospective employees can apply for internships in the Texarkana region (a one-stop shop).**

- **Strategy 1: Use the SHRM and other websites to list potential internships and job opportunities** with regional colleges and high schools to filter students that are interested in interning.
- **Strategy 2: Work with employers in the region to tap into the huge pool of post-secondary students in this region** and keep them in the area after degrees or certifications are earned.
- **Strategy 3: Encourage regional employers to offer post-secondary paid internships and high school student internships** when feasible (generally summer programs).
- **Strategy 4: Develop an internet based and/or social media outlet for young talent to gather information and network.**
- **Strategy 5: Collaborate with academic and technical institutions within all counties to implement a field experience practicum and/or internship.**

**Objective D: Expand the base of available workforce in the Texarkana region by examining methodologies to better serve the underrepresented and underutilized workforce.**

- **Strategy 1: Educate employers about working with individuals with disabilities.** Develop efforts to place members of underrepresented and/or underutilized groups in positions that serve as pipelines for employment opportunities.
- **Strategy 2: Form an Interagency Regional Task Force to develop programs that will benefit the disadvantaged as well as disenfranchised** and expose employers to benefits of hiring disadvantaged/ individuals with disabilities, ex-offenders, legal immigrants, etc. Begin non-formal coalition / consortia of entities.

**Objective E: Each county should establish a Day Care Task Force** to work on critical issues and identify weaknesses in day care. The task forces will include day care providers; county health department; clergy; elected officials; and key business development supporters.

- **Strategy 1: Seek additional methods of funding to enhance the number of certified / licensed day care workers.** Funding may include the Workforce Innovation Opportunity Act (WIOA).
- **Strategy 2: Develop a methodology to calculate the demand for day care services** in each county which should include parents that are not working due to inability to find day care services or prohibitive cost.

## **ECONOMIC DEVELOPMENT MARKETING RELATED**

### **Introduction**

It is important to take the results of this analysis and develop a marketing plan with recommendations that will attract and help expand businesses that will produce jobs and tax base for the region. Please consider:

- **Recognizing the future manufacturing workforce potential here, approach key manufacturing related growth companies regarding their interest in the Texarkana Region.**

Important recommendations include:

### **Target Industries**

- **Pursue the top five targets** first and as many of the others, as possible:
  - Warehouse/Distribution (DC; Fulfillment)
  - Industrial Machinery
  - Oil/Gas Suppliers
  - Weapons Systems & Technology, as a specialized target
  - Call Centers
- **Focus on marketing to your top targets to select prospects and site selection consultants.** Include, with the help of a consultant:
  - **Cost comparison reports for each target sector** comparing the Texarkana Region against its competitors (includes wages; freight costs; sites; electric power; incentives; quality of life/cost of living; etc.)
  - **A Freight Model** designed to track freight costs for select industries versus your competition.
- **Market to site selectors** (up to 30% of all deals are handled by them)
  - Meet with Site Selectors Guild (SSG) members ([www.siteselectorsguild.com](http://www.siteselectorsguild.com))
  - Attend the 2017 Fall conference in Seattle in October (September 25-27; Registration is set for June 6<sup>th</sup> and you must sign in first thing that day!) and the 2018 spring conference in Cincinnati
  - Plan an Advisory Forum which would bring SSG members to your region
  - Meet with site selectors on your marketing trips

- **Improve your website and include target industry tabs.**
- **Take the selected NAICS code sectors and develop lists of leads in select metropolitan areas:** Dallas; Houston; Los Angeles; and others, as needed.
- **Conduct three marketing missions with possibly two trade shows in the first year.**
  - Dallas/Fort Worth
  - Houston (potentially attend International Association of Drilling Contractors (IADC) Drilling Onshore, 2018 or other IADC show (<http://www.iadc.org/event/2017-iadc-drilling-onshore-conference-exhibition/>); or Offshore Technology Conference (OTC), May 2018 (<http://2017.otcnet.org>)
  - Los Angeles (see SCOPE show below)
  - Work cooperatively (with the State, other communities, railroad/utility, and/or business partners) when appropriate.

### Target Marketing Ideas

#### *Warehouse/Distribution*

- Attend SCOPE Fall Supply Chain Conference in Los Angeles, August 25-29, 2017 – (potentially as a guest of St. Onge Company; contact Norm Saenz in Dallas; (817) 919-1753; [nesaenz@stonge.com](mailto:nesaenz@stonge.com))
- Pursue Freeport inventory tax exemptions

#### *Industrial Machinery*

- Attend Value World Expo & Conference in Houston (June 20-21, 2017 or future event); <http://www.valveworldexpoamericas.com/>

### Sites/Buildings

- **Conduct a “site selector” feasibility study for a future “spec” building**
  - Conduct an assessment of available industrial buildings in the region
  - 75,000 – 100,000 square feet of warehouse space is needed now
  - Consider proceeding with the Weiland-Davco Corporation plans
- **A professional incubator analysis** should be done designed to attract entrepreneurial investors probably related to the target audience in the future.
- **Update your website to identify currently available sites/buildings.**

### Incentives

- **Explore Federal New Market Tax Credits (NMTC) potential**
- **Look at future 4A/4B possibilities.**

## **Measurements for Business Attraction**

There are a number of important factors that you need to know regarding the attraction of target industries. These include:

- Design a regional site selection host committee. Train the committee, using this report, regarding the marketing plan and how to best sell the region. Always remember the importance of confidentiality!
- Carefully research potential growth targets by NAICS codes to determine growth statistics, key decision makers, email/phone and address. Focus research on select geographical areas where a marketing mission might take place.
- Plan prospecting missions for one or two staff members; usually three days per week with travel on Monday and Friday. Try to schedule at least 4 to 6 appointments per day depending on traffic.
- Site selection consultants and company leads need to know more about the Texarkana Region. Plan Familiarization (FAM) Tours designed to invite site selectors and prospect companies to the region. Design plant tours, lunches/dinners and recreation (i.e. golf) so that the guests get to know more about the region.

## **EXISTING & SMALL BUSINESS IMPROVEMENT RECOMMENDATIONS**

Remember that 80% or so of all new jobs come from local companies that are expanding! It is important to continuously communicate with existing business. The Chambers of Commerce do a nice job of this, but you may want to do more.

- Research the development of a Business Retention Program. It is designed to meet with local companies (once a year at least) to determine business issues, growth (or reduction) plans, and other community issues.
- Update and refine small business assistance programs such as the Small Business Development Center and “business bootcamps” designed to help make a business a consumer destination that is preferred by customers.
- Develop a contract with the Small Business Development Center (SBDC) in order that the SBDC has a full program in the Texarkana Region.
- Make an effort to find companies that may qualify for “Economic Gardening” projects and seek grants to pay for the consulting. Economic Gardening is an economic development model that embraces the fundamental idea that entrepreneurs drive economies. The model seeks to create jobs by supporting existing companies in a community.

## **OTHER NEEDED REPORTS**

This report is just the start of a very exciting time where more economic development will occur. FCG is recommending some additional studies that should be considered.

### **Workforce Related**

- **Business-Education Roundtable** – FCG will assist in the formation of a Business Education Roundtable to develop a long-term workforce development strategic plan for the Texarkana Region. *This will involve regional industry leaders and human resource managers, as well as higher education officials, school district representatives, job training officials, economic developers, and local and state elected officials and representatives from those representing child care, individuals with disabilities, ex-offenders, and other groups.* We will hold three (3) workshop/focus group sessions.
- **Certified Work Ready Community Assistance** – step by step consulting toward the development and promotion of the ACT WorkReady System
- **Economic and Fiscal Impact Analysis** – job creation and capital investment as there is more and more required accountability needed for incentive awards.

### **GASB 77 Compliance**

Governmental Accounting Standard Board (GASB) Statement No. 77, Tax Abatement Disclosures, is effective for the state of Texas in fiscal 2017. GASB 77 establishes disclosure requirements for tax abatement agreements entered into by:

- Agencies
- Component units
- Universities
- Other governments — agreements entered into by other governments that reduce the tax revenues of the: — Agency — Component unit — University

In essence, GASB 77 addresses tax abatement agreements entered into by the reporting agency, as well as those initiated by other governments that reduce the reporting agency's tax revenue.

Under GASB 77, tax abatement is a reduction in tax revenues resulting from an agreement (written or implicit) between one or more governments an individual or entity in which: a) One or more governments promise to forgo tax revenues to which they are otherwise entitled –AND– b) The individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

Governments include cities; counties; school districts; municipalities; junior colleges; etc., as well as agencies, universities, and component units. Governmental programs employed to lower the taxes of broad classes of taxpayers (or the taxes of individuals or entities based on the performance of specific actions) are broadly referred to as tax expenditures. Tax expenditures include:

- Tax exemptions
- Tax deductions
- Tax abatements
- Other programs

## **Economic Development Related**

- **Underemployment Analysis** designed to determine employees that are looking to improve their career paths
  - The Employee Survey touches on this, but the new analysis will determine specific numbers in the region
- **Cost comparison reports for each target sector** (as mentioned earlier) comparing the Texarkana Region against its competitors (includes wages; freight costs; sites; electric power; incentives; quality of life/cost of living; etc.)
- **Freight Model** (as mentioned earlier) designed to track freight costs for select industries versus your competition
- **“Spec Building” feasibility study** (as mentioned earlier)
- **Incubator analysis** (as mentioned earlier)
- **Site selection analysis for new industrial sites:** the small number of sites is an issue and a professional site selector should assist in determining future development
- **Incentives analysis** to determine more specifically how you compare to your competition and how to reduce costs in order to attract more investment.

*FCG is available to assist with these recommendations.*

## Appendix

### **Companies & Educators Interviewed (alphabetically)**

- AECOM
- AEP/SWEPCO
- Arconic
- Arkansas Economic Development
- Arkansas High School and Career & Technological Center
- Atlanta Chamber of Commerce
- Bowie County
- BWI
- Cass County
- CenterPoint Energy
- Christus Health
- Collins & Carney Clinic
- Cooper Tire
- DataCast, Inc.
- Dave & Williamson
- Domtar
- Expal USA
- Genesee & Wyoming, Inc.
- Harte Hanks
- International Paper
- JCM Industries
- Jordan Law Firm, LLP
- Kiamichi Railroad CO.
- Legacy Group
- Lone Star Railroad
- M2 Services
- Main Street Texarkana
- Mayo Furniture
- MTG Engineers & Surveyors
- Nash, Texas
- Navitas Utility Corp.
- Network USA
- Offenhauser & Co.
- Red River Army Depot
- Red River Valley Association
- Regions Bank
- Riverbend Water Resources District
- SBDC North Texas
- Stanco
- TexAmericas Center staff
- Texarkana College
- Texarkana Regional Airport
- Texarkana Water Utilities
- Texas A&M University – Texarkana
- Texas High School
- TWU
- UTLX
- VSE Corporation
- Windstream
- Workforce Solutions Northeast Texas

## **Employee Analysis**

### **Introduction**

It is essential in this analysis that we also better understand your region's workers. Like we have many times in a workforce analysis, we surveyed and measured the workforce needs of a cross-section of the regions workers.

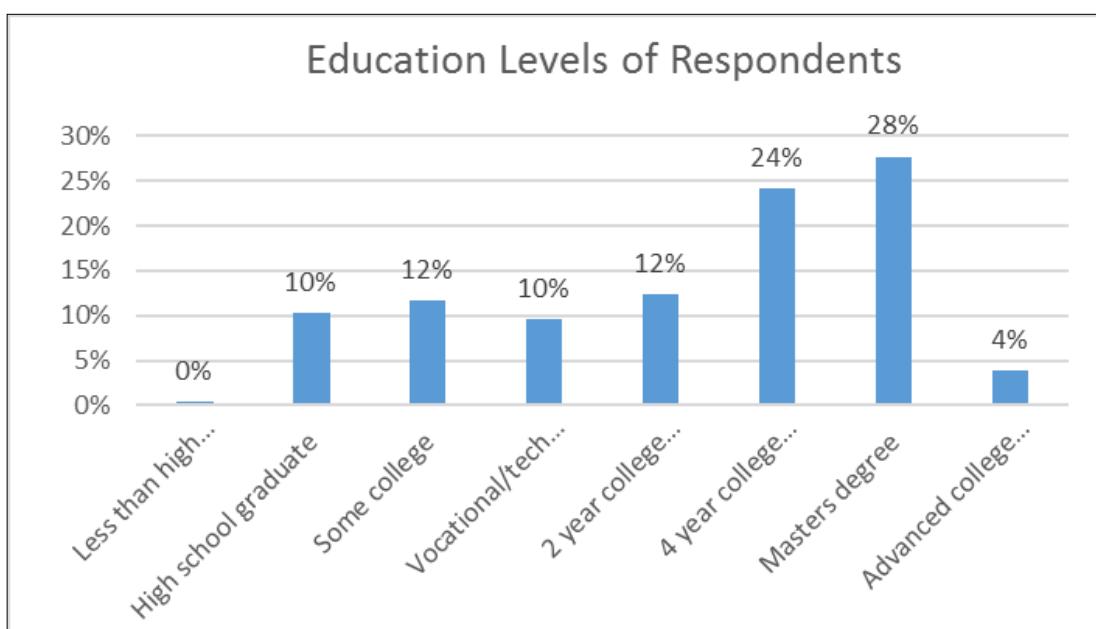
This data gives us a better understanding of existing skills, existing education and real desires of what these workers want to become in the future. Combined with the employer opinions, we gained a good understanding of the needed skills and what training is needed for your area.

### **The Survey**

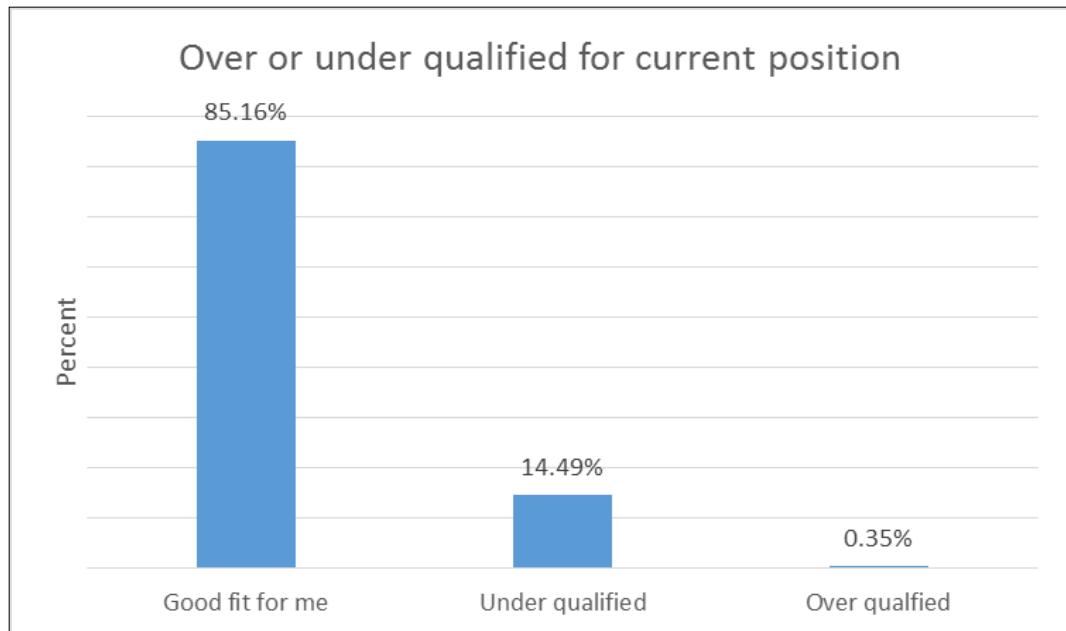
FCG surveyed a cross section of employees from the Texarkana region. This was done by a cross-section of regional employers emailing the survey to their employees. Of the 285 respondents (17% of all surveys sent):

- 56% came from Bowie County, 30% from Miller County, and the remaining 20% were from the surrounding counties
- 55% had occupations from education, 26% from health care, and 13% from manufacturing
- 59% commute less than 15 miles
- 80% have work experience of less than 5 years
- 57% earn between \$30,000 and \$60,000
- 43% were between the ages 50 and 64, and 32% are between 35 and 50
- 66% were female and 32% were male

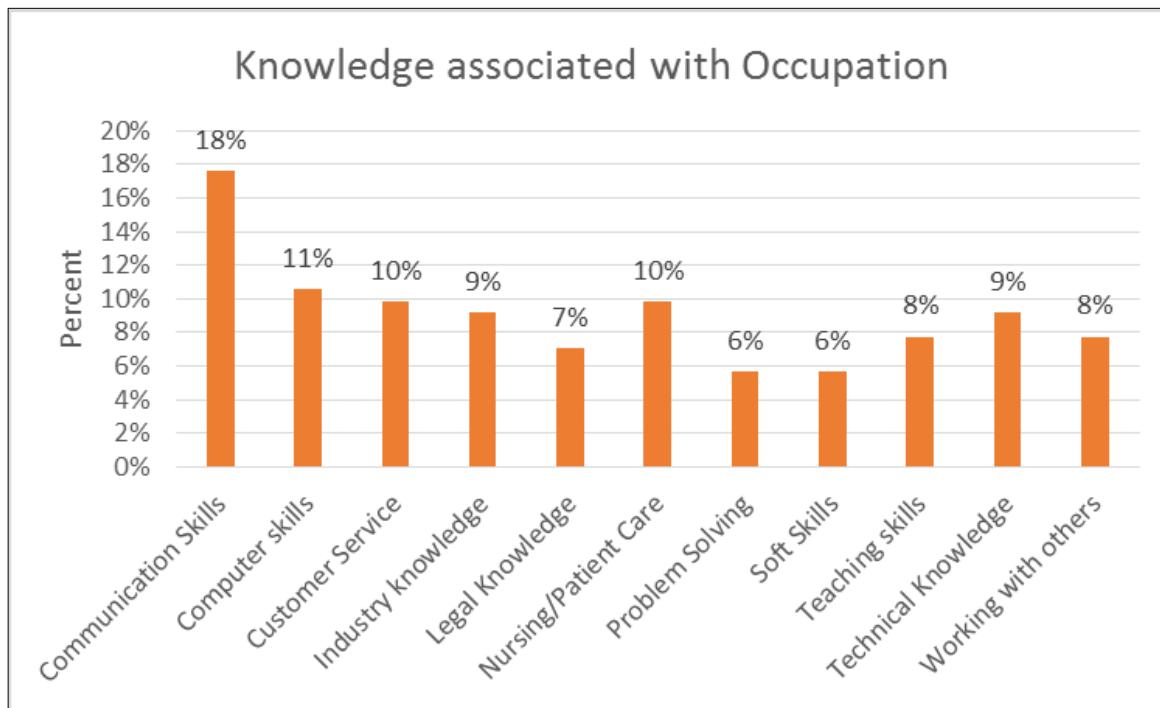
Over 52% of the survey respondents indicated that had a 4 year or master's level degrees.



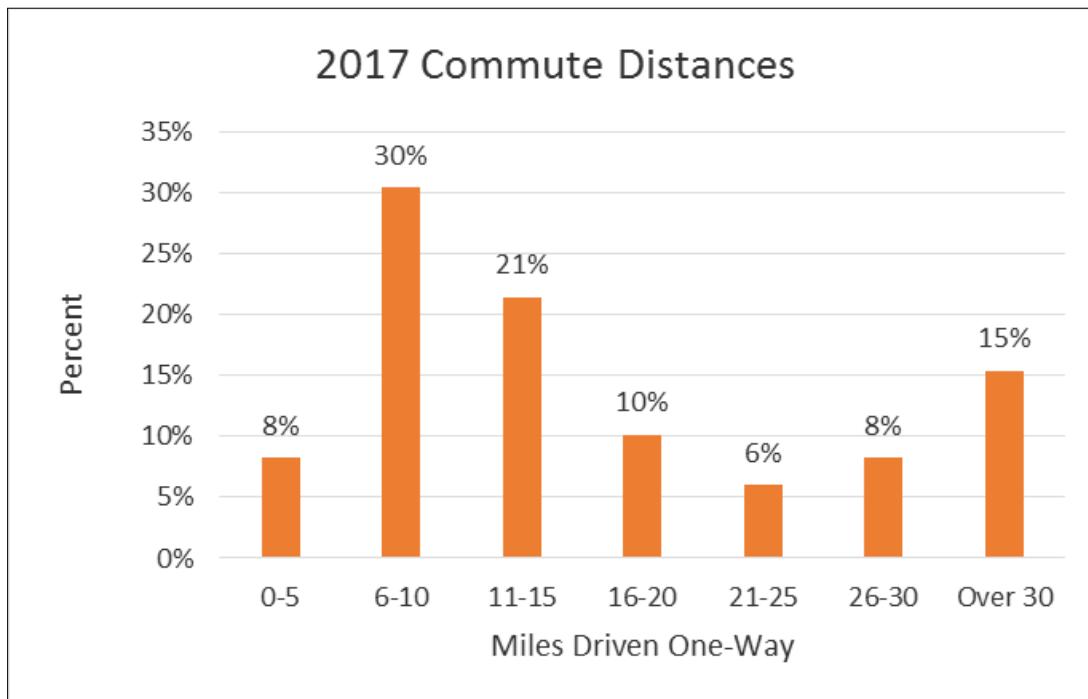
Additionally, approximately 15% say they are underqualified for their position. This indicates that there may be an opportunity to target companies that require better skills, specifically in the medical field.



The occupation knowledge most needed included: communications, computer skills and customer service. These skill sets will likely be needed in the near future, as well.



As noted earlier in the report, TexAmerica region employees enjoy a very short commute distance. Close to 60% of employees in the region commute 15 miles or less.



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