



RISE OF THE REGION

2025

Organizational Assessment

Facilitated & Compiled by
Marketing Alliance and Shortlisted
DRAFT DOCUMENT





RISE OF THE REGION

An Organizational Assessment of Rio South Texas, including the counties of Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy and Zapata in the United States. Discovery and direction offered in this report also includes the municipios of Camargo, Guerrero, Gustavo Diaz Ordaz, Matamoros, Mier, Miguel Aleman, Nuevo Laredo, Reynosa, Rio Bravo, and Valle Hermoso in the State of Tamaulipas in Mexico.

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PHASE 1 – ECONOMIC DEVELOPMENT ASSESSMENT SUMMARY

The first document published in the Rise of the Region 2025 initiative, titled Economic Development Assessment Report, recognized the unique opportunity to amplify the collaboration between the United States and Mexico to create a bold new value proposition. It defined the needs, priorities, assets and organizations in the region, which if utilized appropriately, will enable exponential prosperity. The Report highlighted data related to the regional population, workforce talent, education/training offerings, business predominance and partner organizations, and presented a refined approach to regional economic development. The primary industries identified for growth in the 7-county region include Trade, Transportation and Utilities; Natural Resources and Mining; Education and Health Services; Leisure and Tourism; Professional and Business Services; and Manufacturing.

To allow this success to be possible, mutually-beneficial initiatives were discovered and documented with the intention to overcome challenges found across a vast geography, with partners traditionally operating in silos without significant collaboration. An enhanced regional approach to economic development will be successful if it is supported predominantly by the private business sector, with secondary partners in government, education/training, economic development, and Chambers of Commerce. Through discoveries in the Report, we believe a new organization, or the evolution of an existing organization, can deliver a value proposition that will resonate with leaders throughout the region, garnering financial and strategic support. A summary of Strengths, Weaknesses, Opportunities and Threats is highlighted from the Report:

SWOT ANALYSIS

Top Strengths

- Strategic geographic location between two countries, leveraging talent, customers and trade agreements
- Educational infrastructure including UTRGV/STC/TSTC/TSC/Texas A&M McAllen/Texas A&M International/Laredo College
- Available, low cost, unskilled workforce in the United States and unskilled to middle-skilled workforce in Mexican municipalities
- Land ports (including the busiest) and sea ports that enable commerce
- Available land and open spaces for development

Top Weaknesses

- Limited collaboration among economic development partners
- Industry and talent mix is not significantly diversified
- Inconsistent availability of skilled labor in parts of region
- No defined “brand” to promote nationally and internationally
- No clear lead on regional initiatives

Top Opportunities

- Increase collaboration between United States and Mexico
- National and international marketing campaign to promote region for opportunity
- There’s a renewed interest to align economic development efforts in the region
- Private business can be further engaged in economic development
- Further education/training program options to fill shortage of technical and trade skills

Top Threats

- Historic competition between jurisdictions and diversity of priorities will make a new regional initiative a challenge
- A more comprehensive regional initiative will have funding challenges
- Additional quality of life features are needed for young adults
- Challenged relationship between the United States government and the Mexico government
- Whether real or perceived, escalation of drug cartel violence and/or collateral damage from law enforcement activities in Tamaulipas



In addition to analyzing the region to determine Strengths, Weaknesses, Opportunities and Threats, the Report distilled a series of Select Research Discoveries which stood out from the consultant's perspective to be relevant in defining opportunity.

Select Research Discoveries from the Economic Development Assessment Report

In the previous Economic Development Assessment Report, six data/discovery points were revealed that have relevance to the success of the Rise of the Region 2025 initiative, including:

Collaboration isn't significant enough to be highly effective. Like many regions in the United States, communication between organizations in the economic development ecosystem isn't occurring significantly to advance individual/group success. The vast geography and number of individual jurisdictions in this region makes collaboration even more challenging.

A progressive, untraditional regional organization is needed, but will require financial support. It's clear that a regional economic development organization focused on leveraging the complementary strengths of Texas and Mexico is needed. Additional services such as support for rural areas, entrepreneurs, data, and domestic recruitment could be phased in with a deliberate time frame. Private business should lead an enhanced regional initiative and make up the majority of the Board of Directors, with additional partners in government, education/training, and the economic development ecosystem rounding out the organization's leadership.

This region is entirely unique and should be treated as such. Being a binational region, the strategic advantages here are unlike any other region in the United States. Untraditional, unique solutions must be pursued. With this strategic advantage also comes challenges, with the unpredictability of two governments, legislative priority changes, evolving trade agreements, and other such concerns that can arise between countries.

People are driven by passion and purpose. The leaders of this region are passionate about economic development and advancing the region through servant leadership. A certain grit, determination and "can-do" spirit is found on both sides of the border. This energy, call it innovation or work ethic or a "culture of yes" is a powerful force of transformation.

In the Rio South Texas region, 94% of the businesses and talent is in 3 of the counties. The predominance of business and talent resides in 3 of the 7 counties in the study area. The focus, and resulting solutions provided to these 3 counties, should be very different than the remaining 4 counties. Education, events, resources and specific support offerings should be created for rural communities to be successful in a regional effort.

Two countries, working together in complimentary efforts, could deliver exponential growth. There's an interplay happening between the United States and Mexico at the regional level, driven by state entities, local organizations and private business leaders. A synergy is occurring that leverages each country's talent base, business clusters, education/training offerings, promotional budgets, distribution networks, and quality of life features. This relationship can be strengthened.



The Concept of Framing

In the first report of the Rise of the Region 2025 initiative, two frameworks were presented to begin to shape a conversation on what a renewed regional economic development strategy could look like. These frameworks were created based on data, stakeholder interviews and analysis with the intention to garner support from leaders in the region to review, consider, and validate as they take additional ownership and responsibility of the deployment of economic development efforts.

These two frameworks to be considered vary in mission, investors, geography served and services/resources offered, and have relevance to this Organizational Assessment Report as they are the context which regional strategies and the implementation roadmap were created. These proposed frameworks define two possible organization types, and should be considered as the basis for a new/enhanced regional economic development effort.

Framework A

- Prioritize Business Development Services to the four counties of Webb, Starr, Hidalgo, and Cameron and strategically aligned municipios
- Provide Data, Administrative Support and Education to the three counties of Zapata, Jim Hogg, and Willacy
- Focus efforts/budget on International Recruitment and Investment
- Lead National Marketing Campaign
- Recruit investors consisting of private business leaders in Texas counties and 10 municipios

Framework B

- Prioritize Business Development Services to the three counties of Webb, Hidalgo, and Cameron and strategically aligned municipios
- Provide Data, Administrative Support and Education to the four counties of Starr, Zapata, Jim Hogg, and Willacy
- Focus efforts/budget on International Recruitment and Investment
- Lead National Marketing Campaign
- Recruit investors consisting of private business leaders in Texas counties and 10 municipios

Plus Facilitate the following:

- New communication pathways in region and between regions
 - Talent pipeline development through coordination with higher education partners and training facilities
 - Domestic recruitment hand-offs to economic development partners*
 - Placemaking efforts with local jurisdictions
 - Resource identification and promotion for innovation industry and entrepreneurs
- *Since the release of the original Economic Development Assessment Report, it has been determined that a regional entity or initiative should engage domestic recruitment efforts when appropriate with partners.



PHASE 2 – ORGANIZATIONAL ASSESSMENT – EXECUTIVE SUMMARY

With the completion of the Economic Development Assessment Report, the Rise of the Region 2025 initiative moves into the second phase of the initiative, which works to define the organizational landscape of the region to align efforts and deliver more intentional regional economic development. Discoveries reveal that the economic development ecosystem is incredibly fractured, preventing significant and beneficial collaboration from occurring. Significant variance in the sophistication of programs, lack of depth of services, and political priorities challenge collective, long-term regional success. Because of these challenges and the current disruption in the economy due to COVID-19, the centralization of economic development services and resources should be strongly considered.

Today, there is no stand out regional leader in economic development, though there are regional efforts taking place by a variety of organizations. An interest to work together for the greater good of the region is prevalent among partners, and historical examples of regionalism demonstrate that the region can act as one, when motivated through challenge or the promise of new opportunities.

Six areas of regional pursuit have been identified among the stakeholder groups, each of which would allow the region to work more efficiently and effectively, in both business development and the deployment of strategic initiatives that enable job creation and new capital investment. These areas for further consideration and adoption include 1) Aggregating all existing business intelligence and resources (as well as conducting new data projects), 2) Expanding business development activities (specifically domestic/international recruiting), 3) Developing the talent pipeline through coordination of partners, 4) Marketing both nationally and internationally, 5) Placemaking, and with more resources, more significantly delivering upon the capstone initiative of 6) Leveraging the symbiotic business relationship between United States and Mexico. Preliminary budgets have been offered in each of these areas, though there are many variables to consider. The long-term goal is to create a successful binational effort between the United States and Mexico. In the immediate term, the 7-county regional effort must be further aligned and strengthened.

To be successful in a new regional initiative, the organizations behind the initiative should have the right balance of expertise, capital, support, reputation, and organizational structure. Together, the Council for South Texas Economic Progress (COSTEP), the Rio South Texas Education & Community Development Foundation (the Foundation), and the Rio South Texas Economic Council (RSTEC) are ideally suited to align more significantly to execute upon a new collective brand. Sharing a similar mission, their work in education, advocacy and economic development creates the structure to gain support from five ally groups in the region, including private business, the faith community, elected officials, residents and education/training partners. To be successful, the need for immediate impact should be balanced with a long-term planning perspective of 30, 40 and perhaps even 50 years.

Operating under a new brand name, titled *The Rio South Texas Alliance*, private business leaders, supported by government and municipality partners, will work together for the common good of the region. *The Rio South Texas Alliance* is a collaborative identity and initiative, allowing each organization independent status while being aligned in a collaborative effort. This brand will be further defined and established through Internal Presentation and Dialogue between COSTEP, the Foundation and RSTEC, resulting in the formation of a Steering Committee. Representing COSTEP, the Foundation and RSTEC, this Steering Committee will consider strategic advantages, organizational positioning, governance structure, and priority initiatives.

There is a strong desire to act, today. The strengths and opportunities within this region are just too significant to not work together. And the weaknesses and threats deserve the collective attention of the region and unified effort to resolve. The time for the region to come together and rise is now.



PURPOSE OF THIS ORGANIZATIONAL ASSESSMENT

The purpose of this Organizational Assessment Report is to define the current organizational landscape and opportunities for further alignment with the intention that the region can perform with more effectiveness through better collaboration, sharing of resources, and deployment of regional economic initiatives. The assessment covers the Rio South Texas region, including the counties of Cameron, Hidalgo, Jim Hogg, Starr, Webb, Willacy and Zapata in the United States. This **Preliminary Report** has been drafted for review by the Board of Directors of COSTEP. After review and refinement, it will be presented to the Board of Directors of the Rio South Texas Economic Council. After Board input, a **Final Report** will be refined to garner support from regional leaders in private business, economic development, government and education/training.

As consultants with decades of experience working with communities across the United States, we used our collective experience to research, identify and interview key stakeholders in the study area to understand the current value proposition of organizations, service offerings, and industry focus. Equally important, but often challenging to capture, we worked towards understanding the interest and willingness for partners to come together with more intention for the betterment of the region. In addition to discovery calls, this Organizational Assessment Report includes best practices from other national economic development organizations with sources of information used to define ideal processes within economic development organizations.

Discovery calls to partners in the economic development ecosystem were made in the study area to determine roles, priorities, interest areas and environmental context. Through speaking with these professionals, as well as members of the COSTEP and RSTEC boards, we are able to present this assessment. Organizations within the municipios of Camargo, Guerrero, Gustavo Diaz Ordaz, Matamoros, Mier, Miguel Aleman, Nuevo Laredo, Reynosa, Rio Bravo, and Valle Hermoso in the State of Tamaulipas in Mexico were not formally interviewed in this process, though data collected in the Economic Development Assessment Report has been integrated into this report for added relevancy.

UNIQUE TIME IN OUR HISTORY

This Organizational Assessment Report has been created during the global COVID-19 pandemic and because of restrictions, did not allow for the research team to physically spend time in the region to directly interface with organization leaders. Phone calls to leaders were the primary outreach activity to define opportunities, and complimented data/discovery obtained during Phase 1 of the project, which included an Economic Development Assessment Report.

We feel we obtained significant quality and quantity of information in the respondents and confidently present this Report. Conversations related to pre-COVID activities were necessary to better understand baseline activities and to give this report the proper context. During this unique time, organizations are re-inventing many of their programs, including who and why they are prospecting and the services they are offering. This unique time offers an opportunity to purposefully advance a regional economic development concept.

FRAGMENTATION OF ECONOMIC DEVELOPMENT EFFORTS

It should be no surprise that the region is fractured when it comes to economic development. Though many regions throughout the United States suffer from this same challenge, the study area presents a more silo-ed ecosystem than others we have studied in the past. Fortunately, there is a healthy appetite to work more collaboratively. Three reasons that prevent more intentional collaboration within the economic development ecosystem are outlined below.



Maturity Of Organizations

Business development, marketing, entrepreneurial activities, and talent pipeline creation in the region is being performed through 40+ economic development organizations, not including regional organizations, talent partners, and many Chambers of Commerce. In addition to the challenge of coordinating the efforts of this number of partners, there is a significant range of sophistication from experienced to less experienced. This range of education, professional acumen, and operational savviness limits the adoption and implementation of effective strategies that could benefit individual communities and the region. Areas of significant concern include understanding/presenting data, creating a compelling marketing story for the region or individual community and non-responsiveness to quality leads.

Lack of Depth of Service Offerings

Within the ecosystem of partners, there is an incredible range of work being performed. Understandably, each community has a defined mission they are executing upon, and primary interest to deliver results in their jurisdictional boundaries. Local results affect future budgets and employment stability, and steer focus away from longer-term regional opportunities and success. The predominant business development service throughout the region is business retention and expansion, then domestic business recruitment. Little to no marketing is occurring, and entrepreneurial support is varied, inconsistent and not aligned. An economic impact study can be performed to determine the lost tax revenue occurring due to these missed opportunities, which is believed to be significant.

Elected Officials and Goals – Leadership, Setting and Impact

The role of elected officials on capitalizing or challenging economic development opportunity in the region is significant. Because most organizations are publicly-funded entities, the political influence on goal-setting and execution needs to be stated and understood. By the very nature of the terms of elected officials, interests and goals typically gravitate towards 2-, 3- or 4-year cycles. To be successful as a region, there needs to be a balance between short-term goals and long-term planning. In the economic development industry, long-term horizons are understood to be 10-, 20-, and 30-year time periods. Planning should be primarily led by private industry leaders whose perspective transcends jurisdictional limits and terms of office.

INDUSTRY MIX OF THE ECOSYSTEM

As you would expect from a region of this size and diversity, local economic development organizations are prospecting a variety of industries in their outreach efforts. Predominance of activities include primary focus in Advanced Manufacturing, Automotive Manufacturing, Logistics and Distribution, Aerospace, Healthcare, Retail and Hospitality & Tourism. In addition to these industries, the following were recognized as target areas: Business Services, Agriculture, Cold Storage and Food Processing, Data Centers, Energy, Food and Beverage, Heavy Industries, and Medical Research.

BUDGETS AND THE ECONOMIC DEVELOPMENT ECOSYSTEM

The overwhelming majority of budgets in the organizations of the target area are public-funded through a percentage of the sales tax or some form of state/federal grant. Very little economic development is being performed under the strategic direction of private funding. For the formation of a new regional effort, this is both a blessing and a curse. On the positive side, funds that are generated privately will be unrestricted to perform activities as needed to achieve goals. On the negative side, without a dedicated budget being allocated yearly, fundraising will have to be an activity of the new regional effort. Add to that the lower-than-average corporate philanthropy levels compared to Houston, Dallas and other national cities, and funding



a new regional initiative can be challenging. Likelihood of corporate giving should be further explored to understand its challenges and to determine areas of interest.

Later in this document, six strategy areas will be presented for a new regional initiative to embrace, and preliminary budgets will be recommended. In addition to the programmatic costs, budgets surrounding needed infrastructure will be recommended. In the Road Map for Implementation section of this assessment, we will recommend milestones to advance the regional initiative conversation and alignment of organizations.

CURRENT REGIONAL ORGANIZATIONS AND PERCEPTIONS

From a regional economic development organization perspective, there currently isn't one standout leader. In addition to there not being a clear regional leader, there are varying perspectives, opinions and attitudes held on the effectiveness and focus of regional organizations. There is a lack of awareness of counterparts in the ecosystem, including their service offerings. From sentiments shared, there is a mis-perception that the RGV Partnership, the Lower Rio Grande Valley Development Council and Rio South Texas Economic Council perform generally the same function. Outside of these mis-perceptions, there are duplication of services among the ecosystem, as well as gaps.

COLLABORATION IN THE PAST AND ITS SUCCESS

In general, efforts to work together as a region can be defined as “starts and stops” but there are five moments in history recognized where individual jurisdictions collaborated for the greater good of the region. These efforts were not easy to undertake, and still faced challenge. However, they resulted in regional benefit and demonstrate that aligning forces can result in overcoming challenges or committing to opportunities to benefit both the region and individual communities.

Formation of the Rio Grande Valley Metropolitan Planning Organization – Rather than three separate MPOs representing smaller sections of South Texas, elected officials, county judges, state legislative delegation members, regional organizations and other economic development partners came together to define, promote and facilitate a new entity to deliver hundreds of millions of dollars in additional funds that could be available to the region's transportation projects.

Business recruitment of SpaceX South Texas Launch Site – Between 2012 and 2014, SpaceX considered seven potential locations around the United States for the new commercial launch facility. Elected officials, economic development organizations, education partners and other facilitators aligned to present a compelling argument for an individual site within the region. Legislation was introduced in the Texas Legislature to enable temporary closings of State beaches during launches, limit liability for noise and some other specific commercial spaceflight risks, as well as offered a package of incentives to encourage SpaceX to locate at Boca Chica Beach near Brownsville, Texas.

Challenge to the Secure Fence Act of 2006 – At the time the Secure Fence Act was passed, George W. Bush's White House touted the fence as “an important step toward immigration reform.” The Act authorized the construction of hundreds of miles of additional fencing along the United States Southern border, as well as more vehicle barriers and checkpoints. The proposed path of the new barrier would negatively effect agriculture, commerce, educational institutions and an already-challenged levee system. A local plan to refine and resolve a Federal mandate was deployed by stakeholders throughout the region in short time, resulting in a more favorable solution for the region.

Establishment of UTRGV – The University of Texas Rio Grande Valley (UTRGV) was created by the Texas Legislature in 2013 as the first major public university of the 21st century in Texas after the consolidation of the University of Texas at Brownsville and the University of Texas–Pan American. The transformative initiative provided the opportunity to expand educational opportunities in the Rio Grande Valley, including a new School of Medicine. The University of Texas Rio Grande Valley (UTRGV)



is a public research university with multiple campuses throughout the Rio Grande Valley region of Texas and is a member of the University of Texas System. Stakeholders throughout the region recognized the opportunity to fund higher education more significantly, and expand the accessibility and depth of higher education offerings. Nearly all of the communities in the region placed UTRGV as a legislative priority, even if they didn't get a direct benefit from its creation. Some communities even guaranteed funding with the regional priority in mind. The aligned effort culminated in UTRGV Day at the Texas Capitol where the region was communicating with one voice.

Workforce Innovation in Regional Economic Development (WIRED) Initiative – As a project of the United States Department of Labor, WIRED provided a new approach to workforce and economic development. Through the WIRED model, the Rio Grande Valley, Mexico, and most intentionally, Webb County, integrated economic and workforce development activities to demonstrate that talent development can drive economic transformation in the regional economy. This marked the first significant economic development focused collaboration by the Rio Grande Valley and the Laredo area, and became the impetus for connecting economic developers with workforce developers to create stronger outcomes.

As a progressive concept, WIRED brought together manufacturers and other businesses in both countries, engaging them to rethink the boundaries of their economy. Together, it was recognized that the boundaries are better seen defined by a diverse group of industries, supported by factors such as infrastructure, investment and an availability of local talent. The WIRED project led regional partners between Rio South Texas and Mexico to come together to launch The North American Advanced Manufacturing Research & Education Initiative (NAAMREI).

As one of the few remaining WIRED projects in the nation, this initiative continues to bring together diverse education partners from across the Rio South Texas Region to develop and recruit the skilled talent needed to grow the advanced manufacturing infrastructure. The initiative also provides the information, education, advocacy and networking resources to help early-stage companies grow and succeed in the Rio South Texas Region. NAAMREI creates a climate of innovation and entrepreneurship that supports technological innovation in manufacturing, securing the Rio South Texas Region's position as the leader in advanced manufacturing solutions.

RISE OF THE REGION 2025 – MOVING FROM CONCEPT TO REALITY

A binational regional economic development organization holds significant promise in the long term. But, in order to capitalize on this promise, it's critical for the more siloed economic development efforts in the 7-county area to be aligned in a way that allows them to effectively and efficiently interface with the more centralized and better coordinated efforts in the 10 municipios. Therefore, while ongoing binational engagement is encouraged, efforts should focus on creating said alignment through the following approach.

THE ROLE, PURPOSE AND INTEGRITY OF COSTEP AND THE FOUNDATION

Because of the aligned mission, financial strength, and strong community reputation, COSTEP and the Foundation are well-suited to advance a new regional economic development initiative through its politically-agnostic and organizational structures. With savvy leadership at the executive and board level, the organization is ideal to champion long-term planning in the region, whether it is from the lens of education, advocacy or economic development. The staff and board have demonstrated significant interest in intelligence-gathering, strategic planning and partnership building for nearly two years to define new economic development opportunities and deliver new, more significant results. To create the Rio South Texas Alliance, COSTEP and the Foundation must align with an economic development organization to deliver the holistic set



of services needed. Alternatively, COSTEP can start its own economic development organization, though aligning with an existing entity is highly recommended.

COSTEP, THE FOUNDATION, RSTEC AND THE PURSUIT OF AN ALLIANCE MODEL

It is the perspective of the consultants that an enhanced regional economic development initiative can be led in concert by the three organizations of COSTEP, the Foundation and the Rio South Texas Economic Council. This initiative will require a balance of financial resources from each organization, and significant participation and capital contribution from private industry. Existing skills sets within each organization have been evaluated and are recognized to be capable to determine an organizational structure and staff growth plan to ensure long-term success.

The choice to align efforts and organizations allows each organization to leverage existing talents, financial resources, business networks, development pipelines and reputation. Guided conversations between the Boards of each organization will need to be performed to intentionally integrate mission, vision and executional goals. It needs to be stated that with a partnership between organizations, Board roles will change and evolve. This evolution of roles should be expected with a strategy to engage more of the private business community, where industry will take a stronger lead in the development and deployment of efforts. Rest assured, there is a significant role for all stakeholders.

It is the perspective of the consultants, validated by data collected from other successful economic development organizations with the same proposed concept, as well as from feedback from members of the private business community, that the membership composition and structure of RSTEC has matured and is not effectively meeting the region's expansive needs and expectations for regional economic development. In order for the new regional initiative to be impactful, RSTEC must embrace the opportunity to evolve to a new membership structure lead by private businesses to deliver more significant results in the regional economy. This structure will be part of the Internal Dialogue and Conversation, as well as the Steering Committee's focus.

THE NEW REGIONAL VALUE PROPOSITION

Introducing the **Rio South Texas Alliance**. Created by three organizations, fueled by private business, engaged by economic development professionals, and supported by government and municipality partners, a new regional strategy can be born and bolstered in ways not seen before in Rio South Texas. Through strategic use of the resources of each organization and their non-profit and private structures, all matters related to education, advocacy and economic development can be accomplished.

The Rio South Texas Alliance is a regional economic development alliance, established by COSTEP and the Foundation with support from the Rio South Texas Economic Council, to lead economic and talent development of the Rio South Texas regional economy. This progressive, regional effort has been created to more effectively drive the 7-county region's economic growth and diversification through strategic initiatives, business development, and the creation of new pathways between education and industry to build a future-ready workforce pipeline. The Rio South Texas Alliance is led by private sector investors and supported by its government and municipality-led partners.

The Alliance is intended to provide investors/members access to regional insights and data immediately and access to business contacts and leads in the coming months. The Alliance will shape the structure and direction of the region with a long-term agenda. For companies being recruited to Rio South Texas, the Alliance will offer a location in the heart of the North American supply chain immediately, provide a support structure for company success in the coming months, and has the pro-



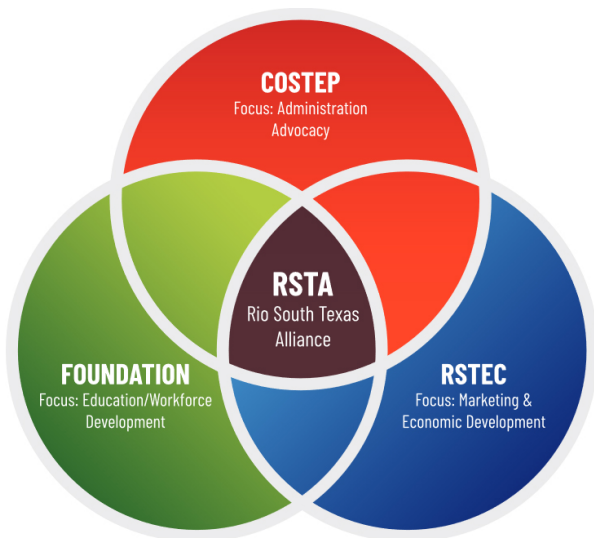
business demographics to deliver on the talent requirements for decades to come.

Through connecting with economic development partners and private businesses in the region, it's our belief that this new collective will be embraced, but would need to be validated further. In addition, the inclusive sentiment from those in the region is the same... the region rises together. No one is left behind. But... people want action. Gone are the days of casual meetings filled with pleasantries, and the same challenges that have been discussed for years. People want advancement in the region and for the region, today.

**Note: While researching potential brand names for the new regional initiative, the name "Rio South Texas Alliance" was determined to be the moniker for a 7-county economic development effort back in 2008-2009. The consultant recommends further validation of this name and the pursuit of alternates to not confuse the marketplace.*

SIX AREAS OF INTEREST TO PURSUE AS A REGIONAL ALLIANCE

The following initiatives should be considered and prioritized by the Steering Committee. Their presentation is a result of interviews with economic development leaders and private businesses in the region, but should be further validated for support.



- Aggregate all existing business intelligence and resources, conduct new data projects
- Expand business development activities, specifically domestic/international recruiting
- Talent pipeline development
- National and International Marketing
- Placemaking
- Leverage the symbiotic business relationship between United States and Mexico

1. Aggregate all existing business intelligence and resources, conduct new data projects

It's clear that the resources available to the region, including resources for business development, workforce development, talent pipeline creation, entrepreneurial growth, access to capital, and other significant information isn't easy to find and is not being used to advance the region. A central clearinghouse of information can be created, and one regional organization can be the steward of information to assist in the growth of the area. In addition to managing this information, new data projects can be performed that are un-biased to help regional economic partners be more effective in their work.

Estimated Costs to Implement: Year one costs include a portion of salary for a senior team leader and a project manager to research the current data holders and sources within the region, determine partnership/access opportunities and identify what will need to be purchased for in-house use. A mid-level researcher with economic development experience should be hired early in this discovery process, to steward the project and growing depository. Time costs are estimated to be \$80,000 – \$100,000 in the first year, and hard costs are conservatively estimated to be between \$25,000 – \$50,000 for data subscriptions and licenses.



2. Expand business development activities, specifically domestic/international recruiting

With the strategic work done by RSTEC over the past years, the Rio South Texas region has established awareness on the international stage through outbound business delegation trips and inbound visits from international countries and companies. This recruitment effort should continue, and be amplified through additional resources, both in staff and in marketing and data. The current Executive Director should focus efforts on international recruitment while support staff should be allocated and hired to facilitate data gathering, domestic recruitment, and in time, local business expansion when it is of benefit to local partners.

Estimated Costs to Implement: Year one costs include portion of salary for a senior team leader and a project manager to strategize, coordinate and build upon a plan to recruit companies internationally and domestically. This enhanced effort will require additional marketing, travel (as allowed by COVID challenges) and staff. Though there are many variables to consider, communicated desired outcomes from the economic development ecosystem dictate a budget between \$250,000 – \$400,000 in the first year for time and hard costs.

3. Talent pipeline development

Economic development has become talent development in recent years, and the ability to grow or recruit new business is dependent on the success of meeting the needs of current employers and forecasting what will be needed in the future, then delivering upon that need. Partners all agreed that talent development initiatives should be better coordinated within the region to create better communication pathways between businesses and education/training partners to ensure a growing workforce with relevant talents and skills.

Estimated Costs to Implement: Year one costs include a portion of salary for a senior team leader and a project manager to develop a strategy for increased engagement between private business and the education/training ecosystem. Time costs are estimated to be \$50,000 – \$75,000 in the first year.

4. National and international marketing

The region has an incredible story to tell, but unfortunately, it is not being shared significantly with the target markets that would benefit from knowing of the opportunities available. A national and international marketing campaign is needed to promote the region's advantages as defined in the Economic Development Assessment Report. This coordinated campaign should highlight the assets of the region as a collective of people and places, and should be funded by the region. In addition to an outward facing campaign, there should be an internal communications campaign that highlights the many assets of the region, including infrastructure, that are available to all jurisdictions for local and regional advantage.

Estimated Costs to Implement: Year one costs include a portion of salary for a senior team leader and a project manager to prepare an RFP and secure a marketing partner, then manage that marketing partner to develop and implement the marketing campaign. Time costs are estimated to be \$50,000 – \$70,000 for the first year for management and project coordination, with an additional \$200,000 to \$250,000 estimated to cover service fees, hard costs and media placements.

5. Placemaking

A consistent theme throughout conversations with economic development leaders and private businesses throughout the region included the need to facilitate the creation of places that are vibrant, walkable and exciting, in order to retain talent and recruit new talent to the region. Competition for talent is ever increasing, and quality of life features have become imperative in keeping and attracting the workforce needed to expand and relocate companies to any region. In addition to



improvement opportunities within each community, it was conveyed that the region would benefit from a new attraction of international stature and significance.

Estimated Costs to Implement: Year one costs include a portion of salary for a senior team leader and a project manager to develop a strategy for placemaking efforts/coordination across the region. Time costs are estimated to be \$20,000 – \$30,000 in the first year.

6. Leverage the symbiotic business relationship between United States and Mexico

As described in the Economic Development Assessment Report, increased collaboration between the United States and Mexico is the single most significant regional opportunity, resulting in this being identified as the capstone initiative. As the McAllen EDC pioneered 33 years ago, attracting companies to the region by promoting the high-value manufacturing opportunity in Mexico still delivers an incredible value proposition that should be leveraged, promoted and furthered. Working together for cross-border benefit is the most unique and most significant opportunity to pursue. Note that the complexity of business processes, current political environment and ongoing crime concerns in Mexico should result in additional diligence in this pursuit of new opportunities.

Estimated Costs to Implement: Year one costs include a portion of salary for a senior team leader and a project manager to strategize, coordinate and execute a plan to amplify the relationship between the United States and Mexico. This effort can take many shapes and forms to be successful, but can be estimated between \$100,000 – \$125,000 in the first year for time and any hard costs.

BUDGET OF A NEW REGIONAL INITIATIVE

The new regional effort is estimated to cost between \$775,000 and \$1,105,000 at full deployment of all strategies. This does not include administrative costs which we believe are imperative in this transition period and moving forward. Based on the timing of deployment aligned to the desires of the steering committee and investors, the six initiatives or some combination, would cost less and can be “ramped up” based on priority and investor recruitment.

ALLIES OF A NEW REGIONAL INITIATIVE

To be successful, we have recognized five stakeholder groups in addition to economic development partners that can work collectively from the top down and bottom up in an organized effort. It’s imperative that work done is in the best interest of the entire region, with a long-term planning perspective of 30, 40 and perhaps even 50 years.

Private Business – Of the five stakeholder groups, private business is most critical in the strategic validation and implementation of the regional economic development plan. This group lives the day-to-day opportunity and challenge of working as a region, and should be the most predominant ally in the effort.

Faith Community – Though an untraditional ally, the faith-based community is another group that should be significantly involved in the regional economic development effort. With the populations they serve, they painfully understand the economic challenges of the region and recognize the need for a stronger economic base to improve the lives of all. Faith-based organizations are often left to catch all the people who fall through the region’s safety nets, and should have a role. We have added this untraditional group based on our historical success with faith-based communities in other jurisdictions.

Elected Officials – Though their service timeframes affect their perspective for long-term results, elected officials are commonly the biggest champions of economic development efforts of a community and region. It’s imperative to balance



local goals/results with regional goals/results, and provide a place and path for elected officials to engage. Often, economic development can advance the goals of elected officials, creating a mutually-beneficial relationship.

Residents – From experience with economic development initiatives throughout the United States, buy-in and support from residents is important in creating “connective tissue” between places and organizations. Building a population of brand ambassadors that embrace the region’s assets and potential, and help to move it forward with a defined role, is powerful. Gaining support from residents will require a variety of opportunities for them to engage, from town hall meetings and surveys to social media campaigns and paid advertising.

Educational /Training Partners – Education partners, whether it’s a University, Community College, Public School System, Training Facility or other provider of instruction, are ideally suited to advance regional initiatives due to their function in the economic development ecosystem. Education and training partners are inherently committed to the success of regional business development efforts. With their apolitical nature, they are able to lead initiatives in ways that are unbiased and results-focused.

An Education Consortium, representing the six most significant education institutions should be formally created to advance the regional initiatives set forth by COSTEP, the Foundation and RSTEC. This strategy group would include UTRGV, Texas A&M McAllen, Texas A&M International, Texas Southmost College, Texas State Technical College, South Texas College and Laredo College. The pursuit of a binational council can also be an opportunity as well, leveraging expertise and strategic collaboration in manufacturing skills development.

A MODEL FOR REGIONAL ECONOMIC DEVELOPMENT - THE SAN ANTONIO ECONOMIC DEVELOPMENT FOUNDATION

Much like what is being proposed for Rio South Texas, the San Antonio Economic Development Foundation (SAEDF) is a private, non-profit organization that performs business development activities and develops/executes strategic initiatives. On the business development side, they recruit new business, and retain and expand local companies. As noted on their web site, they have a commitment to educational efforts, “bridging the gap between education and industry to build a sustainable workforce pipeline for the community” which is in the same spirit of COSTEP and the Foundation. The SAEDF is supported by its city and county partners and more than 165 private sector investors.

Their interest is to create an economically healthy and prosperous future for the region, and have private business leaders as members with a range of authority based on investment levels, which includes five tiers, from \$5,000 to \$100,000 annually. The staff includes professionals in administration, domestic business development, international business development, business retention & expansion, technology development, workforce development, investor management, and marketing. Their web site is rich in information related to the community, target industries, as well as a deep data portal which we recommend for the Rio South Texas Alliance.

MEMBERSHIP COMPOSITION

Private business must set the tone for the new regional initiative. The business-predominant counties of Webb, Cameron and Hidalgo county should first be pursued to find progressive professionals in multi-jurisdictional locations, including those in banking, utilities, development, healthcare and manufacturing support businesses. Once these areas have been explored for membership, the more rural counties should be pursued for leadership to round out the leadership collective. The balance of urban and rural in the mission of the organization, as well as its successful execution, is needed.



There is a shortlist of professionals in the communities of private business, education, and government that we have recognized and recorded as possible champions of this new regional initiative. They will be approached as we move toward the formation of the steering committee and membership campaign strategy development. There is confidence in the community that this initiative will be shepherded by inspiring individuals that can be a catalyst for change.

PROPOSED ROADMAP FOR IMPLEMENTATION

Though a scope of work has been established and goals have been defined between COSTEP and the consultants, it's imperative to engage additional stakeholders in the conversation to obtain adoption and additional relevance to the effort. If this is for the region, it needs to be by the region, with a balance of a clear path, defined roles and desired outcomes. We will make it clear what roles are needed and what is expected of those in the process.

Internal Presentation and Dialogue

The team at Marketing Alliance and Shortlisted will work with leadership at COSTEP to navigate the discussion regarding the refinement and implementation of a new regional economic development initiative. In this time, final revisions to the Economic Development Assessment Report will take place, as well as final revisions to the Organizational Assessment Report. Guidance on the recruitment and selection of the Steering Committee members will be offered as requested.

Establishment of a Steering Committee

A steering committee will be established to include no more than 7 individuals representing COSTEP, the Foundation, RSTEC and Private Business. Organizational development, governance alternatives and the prioritization of initiatives will be determined.

Rise of the Region 2025 – Internal Communications Campaign Launch

With the inability to hold a public Summit event due to COVID-19 restrictions, combined with the need to continue the momentum of the Rise of the Region 2025 initiative, the consultant suggests creating and deploying a public-facing communications campaign to inspire and educate the region. This campaign will highlight the strengths and opportunities discovered with the Economic Development Assessment Report in a human, dynamic way, and leverage the spirit of the Regional Positioning Statement to create curiosity and support for a new regional initiative.

Being a departure from the initial scope of work, this project would need to be further defined and estimated to align with the refined timeline of this restricted environment.

Membership Recruitment Campaign Development Start

The first tactic within the new regional strategy will be launched (recommended to be the data aggregation work), as well as the project kickoff of the membership recruitment campaign to garner leadership and financial support.

Regional Summit

Top-level discoveries of the Economic Development Assessment Report as well as the Organizational Assessment Report will be highlighted at a community forum that includes regional stakeholders. This forum will be part presentation and part conversation, soliciting support and leadership for the new regional initiative defined. Because of the Internal Communications Campaign effort, the format of the Regional Summit should be refined to best meet the needs of the new organization and its formal launch.



ECONOMIC DEVELOPMENT ECOSYSTEM

ECONOMIC DEVELOPMENT ORGANIZATIONS

Alamo EDC

www.alamotexas.org

Alton EDC

www.alton-tx.gov

Brownsville Community Improvement Corporation

www.bcac.us

Combes EDC

www.townofcombes.com

Cameron County Economic Development

www.co.cameron.tx.us

City of Sullivan EDC

www.sullivancity.org

Donna EDC

www.cityofdonna.org

Edinburg EDC

www.edinburgedc.com

Elsa EDC - IDC

www.cityofelsa.net

Greater Brownsville Incentives Corporation

www.greaterbrownsville.com

Harlingen Economic Development Corporation

www.harlingenedc.com

Hidalgo Economic Development Corporation

www.co.hidalgo.tx.us

Hidalgo EDC

www.cityofhidalgo.net

La Feria EDC

www.cityoflaferia.com

La Joya EDC

www.cityoflajoya.com

Los Fresnos CDC

www.citylf.us

Los Fresnos CDC

www.citylf.us

Lyford EDC

www.citylf.us

McAllen Economic Development Corporation

www.mcallenedc.org

Mercedes EDC

www.mercedesedc.com

Mission EDC

www.missionedc.com

Palmview MDD

www.cityofpalmview.us

Penitas EDC

www.cityofpenitas.com

Pharr EDC

www.pharr-tx.gov

Primera EDC

www.cityofprimera.com

Raymondville EDC

www.raymondville.us

Rio Grande City EDC

www.rgcedc.com

Roma EDC

www.cityofroma.net/roma-economic-development-corporation.html

San Benito Economic Development Corporation

www.sanbenitoedc.us

San Juan EDC

www.sanjuanedc.com

South Padre Island EDC

www.southpadreislandedc.com

Starr County Industrial Foundation

www.starrcounty.org

Weslaco EDC

www.weslacoedc.com



EDUCATION AND TALENT PARTNERS

RGV Lead

www.rgvlead.org

CHAMBERS OF COMMERCE

Alamo Chamber of Commerce

www.alamochamber.com

Alton Chamber of Commerce

www.alton-tx.gov/chamber-of-commerce

Brownsville Chamber of Commerce

www.brownsvillechamber.com

Edinburg Chamber Commerce

www.edinburg.com

Greater Mission Chamber of Commerce

www.missionchamber.com

Harlingen Chamber

www.harlingen.com

La Feria Chamber Of Commerce

www.laferiachamber.com

Los Fresnos Chamber of Commerce

www.losfresnoschamber.com

McAllen Chamber Of Commerce

www.mcallen.org

Mercedes Chamber Of Commerce

www.mercedeschamber.com

Palmview Chamber of Commerce

www.palmviewchamber.com

Port Isabel Chamber Of Commerce

www.portisabelchamber.com

Port Mansfield Chamber of Commerce

www.portmansfieldchamberofcommerce.com

Raymondville Chamber Of Commerce

www.raymondvillechamberofcommerce.weebly.com

RGV Hispanic Chamber of Commerce

www.rgvhcc.org

San Benito Chamber Of Commerce

www.chamberofsanbenito.com

South Padre Chamber Of Commerce

www.spichamber.com

Weslaco Chamber Of Commerce

www.weslaco.com

TOURISM PARTNERS

Experience Edinburg

www.experienceedinburg.com

Harlingen CVB

www.visitharlingentexas.com

Texas Birding

www.texasbirding.org

South Texas Tourism

www.southtexas tourism.com

REGIONAL PARTNERS

Lower Rio Grande Valley Development Council

www.lrgvdc.org/business.html

RGV Partnership

www.rgvpartnership.com

Rio South Texas Economic Council

www.riosouthtexas.com

South Texans' Property Rights Association

www.stpra.org

South Texas Manufacturers Association

www.stma-tx.org

INFRASTRUCTURE

Port of Brownsville

www.portofbrownsville.com