

**CITY OF EL PASO, TEXAS  
AGENDA ITEM DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Office of Economic Development  
**AGENDA DATE:** October 20 2009 – Regular Agenda  
**CONTACT PERSON/PHONE:** Kathryn Dodson, PhD, Director 541-4670  
**DISTRICT(S) AFFECTED:** ALL

**SUBJECT:**

Presentation and update regarding performance by Bob Cook, President & CEO of the El Paso Regional Economic Development Corporation (REDCO).

**BACKGROUND/DISCUSSION:**

The City maintains a contract for services with the El Paso Regional Economic Development Corporation (REDCO) with respect to the recruitment of business and industry to El Paso. Periodic updates to Council are required during the contract year.

**PRIOR COUNCIL ACTION:**

**Has the Council previously considered this item or a closely related one?**

Second Amendment to Contract and new exhibit A (09 Scope of Work & 09 Performance Metrics) - March 3 2009

**AMOUNT AND SOURCE OF FUNDING:**

**How will this item be funded? Has the item been budgeted? If so, identify funding source by account numbers and description of account. Does it require a budget transfer?**

n/a

**BOARD/COMMISSION ACTION:**

**Enter appropriate comments or N/A.**

n/a

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**LEGAL:** (if required) \_\_\_\_\_ **FINANCE:** (if required) \_\_\_\_\_

**DEPARTMENT HEAD:**  \_\_\_\_\_

(Example: If RCA is initiated by Purchasing, client department should sign also). Information copy to appropriate Deputy City Manager

**APPROVED FOR AGENDA:**

**CITY MANAGER:** \_\_\_\_\_ **DATE:** \_\_\_\_\_



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# ***El Paso REDCo Biosciences Study***

Presented to:  
City Council  
El Paso, Texas  
October 20, 2009



# REDCO Performance Overview

## (June 2004- March 13, 2009)

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	Min FTE	Max FTE	New Sq. Ft.	Max Total Payroll	Cap X Low	Cap X High
2004	200	475	275,000	\$12,312,500	\$7,506,000	\$7,506,000
2005	510	510	40,000	\$9,810,000	\$2,550,000	\$2,600,000
2006	2,247	2,732	748,000	\$83,318,283	\$62,615,320	\$70,115,320
2007	1,417	1,429	245,000	\$39,901,577	\$21,590,320	\$28,115,320
2008	1,238	1,937	390,000	\$37,755,835	\$24,050,000	\$33,230,000
<b>Announced Totals</b>	<b>5,612</b>	<b>7,083</b>	<b>1,698,000</b>	<b>\$183,098,195</b>	<b>\$118,311,640</b>	<b>\$141,566,640</b>
<b>TBA Totals</b>	<b>298</b>	<b>372</b>	<b>82,500</b>	<b>\$9,393,500</b>	<b>\$12,600,000</b>	<b>\$17,100,000</b>
<b>Totals</b>	<b>5,910</b>	<b>7,455</b>	<b>1,780,500</b>	<b>\$192,491,695</b>	<b>\$130,911,640</b>	<b>\$158,666,640</b>

Companies Assisted (selected)



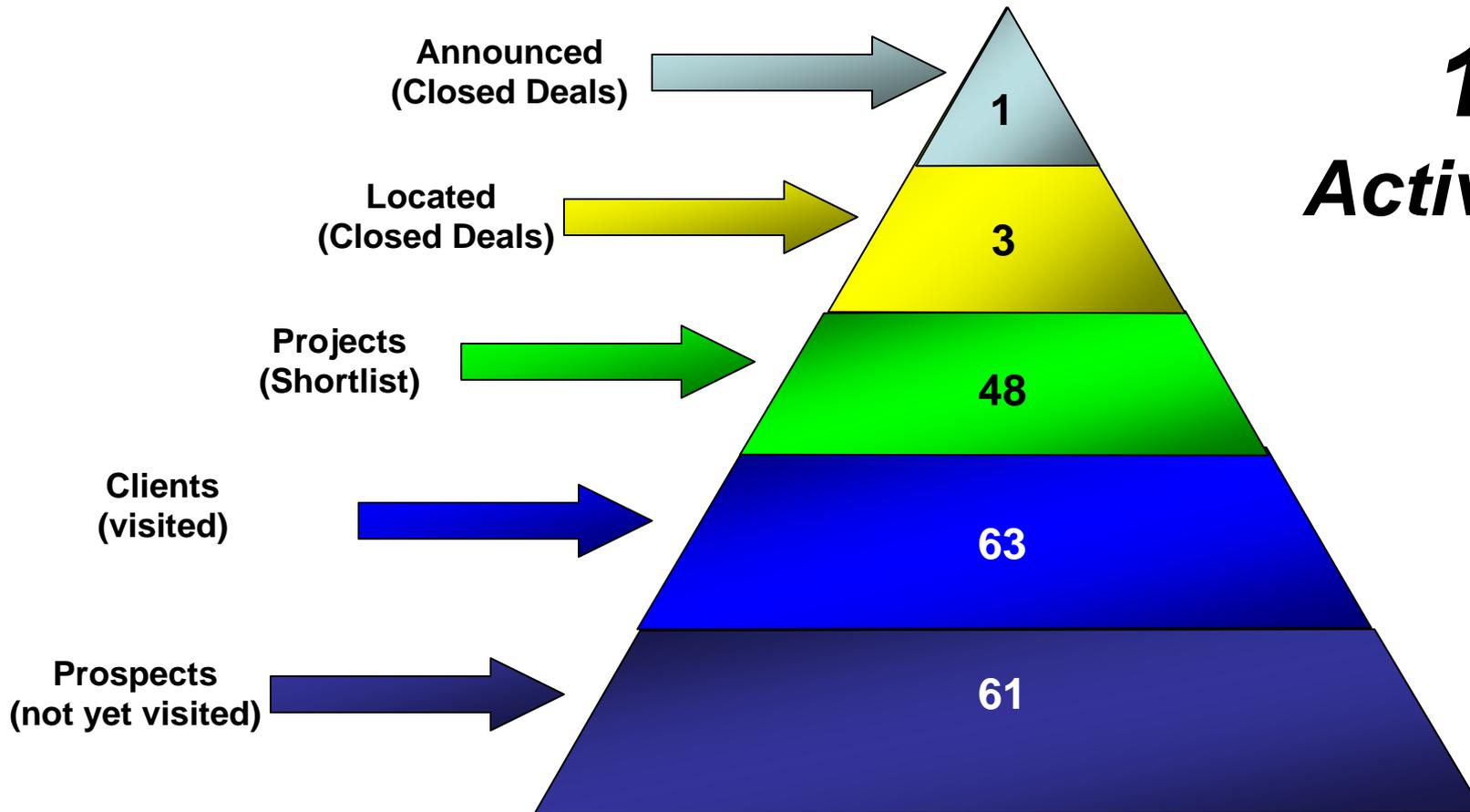


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# El Paso Industry Recruitment

as of September 21, 2009

**176**  
**Active Files**





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# Media Relations Campaign 2009



## 2009 Results

**Ad equivalency** -- \$ 408,756  
**Editorial impact** -- \$2,043,780

**Return on Investment 6.7:1**

## Interviews (selected)



Small business on the border;  
 Article in progress



Interviewed week of  
 March 9th



THE YOMIURI SHIMBUN

Visited EP/J March 25-26



Interviewed week of  
 April 6th



Interviewed week of  
 March 9th

## Articles/Features



Championing the Business of Biotechnology in Canada

Jan/Feb 2009-- “Biosciences in El Paso, Texas--  
 Region dreams big and aims to grow its life  
 sciences industry”. AE= \$8,745



Apr 20, 2009-- “Business Is Standing It’s Ground”;  
 “Doing Business in Harm’s Way”; Circ 926,785;  
 AE=\$180,600



Interviewed April 6<sup>th</sup>



Interviewed April 13th



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# ***Biosciences Study***

## **FLUOR.**

- Top life science consultants in the world were solicited  
.... The winner was ***FLUOR, GLS***
- Comprehensive range of services; Integrated team model
- 27 Wk Engagement (4 Phases)
- Kick-off Meeting September 4, 2008

**Selection Team: Myrna Deckert, Kathy Dodson, Emma Schwartz**

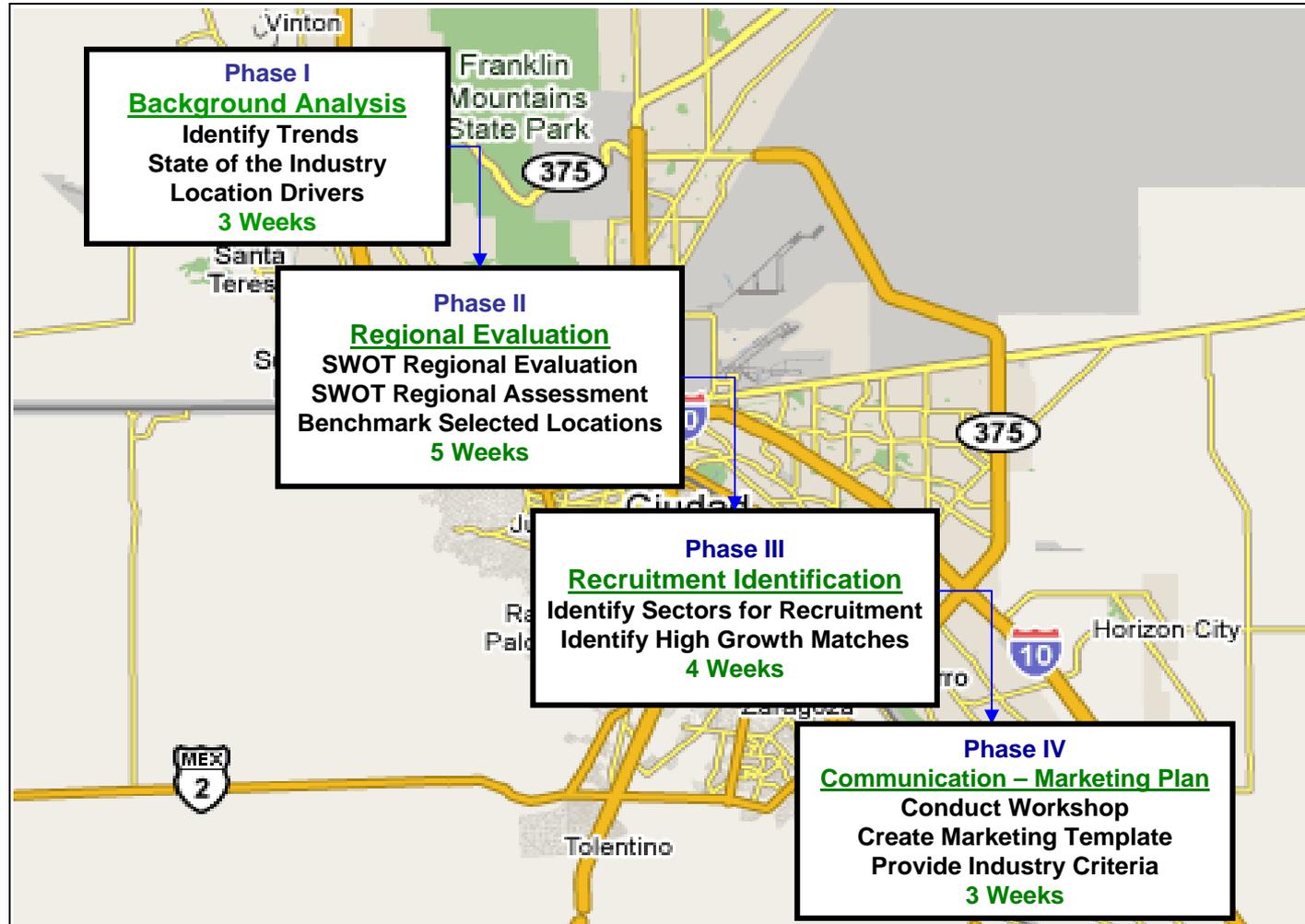


# Methodology: 27 Week Effort

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# ***Biosciences Study Key Deliverables***

## **FLUOR.**

### **STRENGTHS**

- Life Sciences research infrastructure already in place
- Life Sciences assets coming online are creating momentum
- Common threads in infectious diseases/pathogens, neurosciences & medical devices

### **OPPORTUNITIES**

- Foster collaboration between TTUHSC, UTEP, NMSU and WBAMC in common areas like infectious diseases/pathogens, neuroscience and medical devices
- Work with IP / tech-transfer offices at UTEP & NMSU to explain REDCo strategy and increase efforts on commercialization of research
- Build upon existing med device industry cluster



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# Recruitment Focus

## Life Sciences Industries

Pharma & Biotechnology

Medical devices, Supplies, &  
Diagnostics

Health Services

Other



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# Sector Analysis

## Pharma & Biotech

Industry Sector	Segment	Current State	Potential State *	Recommended Marketing Strategy	Recommended Actions to Take
Pharmaceuticals	Discovery & Research	< Nascent	< Nascent	Reactive: Large company location drivers not favorable to El Paso, so pursue strategy below	Include education, research & clinical infrastructure details in the case study below to target companies for relocation from high to lower-cost region
	Development & Piloting	< Nascent	< Nascent	Reactive: Large company location drivers not favorable to El Paso, so pursue strategy below	Include research, clinical infrastructure and small-scale manufacturing details in the case study below to target companies for relocation from high to lower-cost region
	Bulk API & Secondary Manufacturing	< Nascent	Nascent	<b>*Proactive:</b> Select opportunities may exist for EP to attract small to medium size companies looking to relocate from high to lower-cost region in the US	(1) Identify strong companies in the Northeast or CA (2) Develop 'case study' on cost savings for relocation (3) Market case study to company decision-makers
	Distribution	< Nascent	Nascent	Reactive: Border location may increase attractiveness as well as strategy above	Include transportation infrastructure and border market access summaries in the case study above to target companies for relocation from high to lower-cost region
Biotechnology	Discovery & Research	Nascent	Emergent	<b>*Proactive:</b> Align MCA Foundation mission and strategy with study results	(1) Incorporate study results into MCA Fdn strategy (2) Map out research by faculty at regional institutions (3) Stay abreast of developments at institutions
	Development & Piloting	< Nascent	Nascent	<b>*Proactive:</b> Align MCA Foundation mission and strategy with study results	(1) Incorporate study results into MCA Fdn strategy (2) Map out research by faculty at regional institutions (3) Stay abreast of developments at institutions
	Bulk API & Secondary Manufacturing	< Nascent	Nascent	Reactive: Organic R&D progress may drive associated manufacturing growth	Work with commercialization offices at TTUHSC, UTEP and NMSU to turn technology developments into local manufacturing employment opportunities
	Distribution	< Nascent	< Nascent	Reactive: No distinct distribution model separate from pharmaceuticals	None

\* Subjective assessment of the potential state of the industry sector in the El Paso region over a 5 to 10-year horizon

- < Nascent = Fragmented or non-existent activity and/or focus
- Nascent = Nucleus of activity that serves as a base for future development
- Emergent = Measurable base of activity in place with potential for growth
- Growth = Strong base of activity with momentum for continued growth
- Mature = Developed industry with slower growth projections



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# Existing Medical Device Industry

Medical Specialty Area	El Paso Products	USA Products	Juarez Products	Mexico Products	% MX Products Produced in Juarez	EP Region Products
<u>Anesthesiology</u>	3	2,287	19	262	7	22
<u>Cardiovascular</u>	9 (3 Co.)	2,458	29 (8 Co.)	106	28	38 (11 Co.)
<u>Dental</u>	1	5,035	1	130	1	2
<u>Ear, Nose, and Throat</u>	5	1,547	1	16	6	6
<u>Gastroenterology and Urology</u>	15	2,711	27	188	14	42
<u>General and Plastic Surgery</u>	25	7,013	76	347	22	101
<u>General Hospital/Personal Use</u>	17	4,464	26	263	10	43
<u>Hematology and Pathology</u>	-	2,500	1	8	13	1
<u>Neurological</u>	3	1,095	2	11	18	5
<u>Obstetrical /Gynecological</u>	2	1,250	9	34	26	11
<u>Ophthalmic</u>	2	2,597	2	15	13	4
<u>Orthopedic</u>	-	3,111	3	10	30	3
<u>Physical Medicine</u>	3	3,943	5	116	4	8
<u>Radiology</u>	1	1,491	2	9	22	3
<b>TOTALS</b>	<b>85</b>	<b>48,227</b>	<b>205</b>	<b>1,544</b>		<b>290</b>



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# Regional Medical Device Industry

Products Produced by Classification	Made in El Paso	Made in USA	Made in Juarez	Made in Mexico	Total Made in EL PASO REGION
Class 1	34%	55%	29%	49%	31%
Class 2	55%	40%	62%	47%	60%
Class 3	2%	2%	3%	1%	3%
Unclassified	8%	3%	5%	3%	6%
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: [www.zapconnect.com](http://www.zapconnect.com)

- Notes:
- (1) El Paso includes EP, Otero & Dona Ana Counties
  - (2) Product double-counting can exist if product is produced at multiple locations within a region
  - (3) Unclassified devices are an administrative hiccup for those not classified yet when 1976 amendments were passed



# Identification of Target Companies

## El Paso Region

### Existing Company

#### Focus Areas:

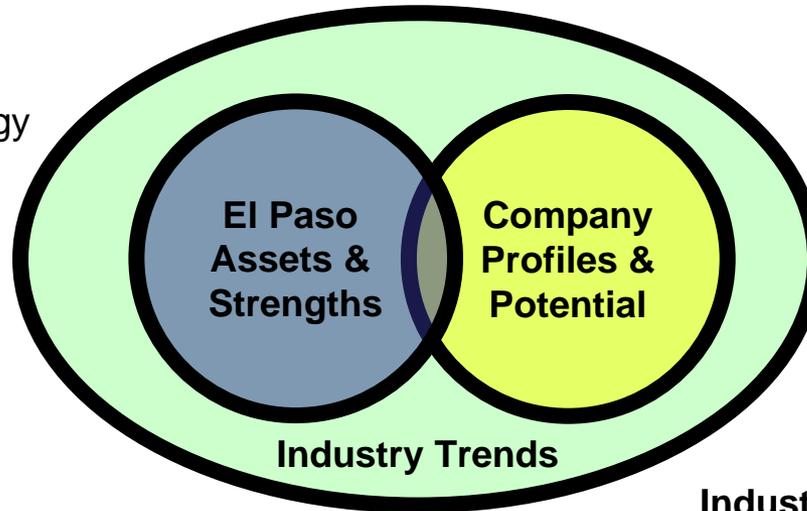
- Cardiovascular
- Gastroenterology & Urology
- General & Plastic Surgery
- General Hospital
- Disposables
- Sterilization

## El Paso Region

### Education / Research / Clinical

#### Themes:

- Infectious Diseases & Immunology
- Neurosciences
- Diabetes & Obesity
- Wound Care & Tissue Engineering
- General Surgery



## New Company

### Profiles & Potential:

- Number of Employees
- Revenues
- R&D Capabilities
- Specialties Focus
- Therapies Focus
- Disease States Focus

## Industry Trends:

- High Growth Specialty Areas:
  - Neurology
- Orthopedics
  - Gastroenterology & Urology
- Contract Manufacturing
- Artificial Organs & Tissue Engineering
- Molecular & Gene-Based Diagnostics



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# Sector Analysis

## Med Devices & Diagnostics

Medical Devices & Diagnostics	R&D	Emergent	Growth	* <b>Proactive:</b> Align MCA Foundation mission and strategy with study results	(1) Incorporate study results into MCA Fdn strategy (2) Map out research by faculty at regional institutions (3) Gather med devices 'case studies' from Keck Center
	Manufacturing	Emergent	Growth	* <b>PROACTIVE: Target specific companies for recruitment to the region</b>	(1) Identify target companies for recruitment (2) Implement marketing plan to pursue these companies (3) Establish Medical Devices Roundtable locally
	Distribution	< Nascent	Nascent	Reactive: Distribution channels are many and highly fragmented	Include transportation infrastructure details and border market access summary in the marketing strategy to satisfy those companies who have in-house distribution

\* Subjective assessment of the potential state of the industry sector in the El Paso region over a 5 to 10-year horizon

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# ***Communication & Marketing... Update***

- Communicate study results and marketing plan to regional stakeholders
- Hired consultant to begin contacting the target list of companies
- Working with MCA to align strategy with FLUOR recommendations
- First Regional Biosciences Roundtable will be in November



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# Thank you!

**??? Questions???**