



GREATER HOUSTON
PARTNERSHIP.

Making Houston Greater.

Greater Houston Partnership 2020 Annual Meeting – President and CEO Bob Harvey Remarks

I want to start out by again thanking Scott McClelland for his service as chair.

Scott, your leadership and passion for issues, particularly education, have helped drive our work forward. It really has been a pleasure working with you.

Soraya, we now give Scott back to you and H-E-B.

As Scott recounted earlier, 2019 was quite a year, and looking a bit further back, I'd say the 20-10s were quite a decade.

Consider these facts.

Over the last decade we added more than 1.1 million residents who now call Houston home. That is an increase of more than 18 percent.

We were declared by several publications, including the New York Times and the L.A. Times, to be America's most diverse city.

We added 64 billion dollars to our regional GDP, an increase of 17 percent in real terms.

And we grew our foreign trade by almost 24 billion dollars, making Houston the most trade-focused metro economy in the country.

And all of this meant new jobs for Houstonians – greater Houston added 615,000 jobs over the decade.

Simply incredible.

But in the 20-10s, we also experienced some major challenges.

www.houston.org

701 Avenida de las Americas, Suite 900 | Houston, TX 77010

Austin | Brazoria | Chambers | Fort Bend | Galveston | Harris | Liberty | Montgomery | San Jacinto | Walker | Waller

Remember the big layoffs when the space shuttle program ended in 2011? Fortunately, most of those workers were quickly absorbed in the energy industry.

And I know you remember at least four major floods, including Hurricane Harvey – the largest rainfall event in American history.

And most of you remember oil at 114 dollars a barrel turning into oil at 26 dollars a barrel and the rig count dropping by 80 percent.

So, it wasn't all a bed of roses.

But even with those issues, I'd say the 20-10s were a great decade and the overall change in Houston nothing short of remarkable.

I say all of this to set-up the notion that while this past decade was transformational for Houston, this next decade – with issues like global warming and the shift to a digital economy – may prove to be even more critical to Houston's long-term success.

So, how are we going to approach this?

At last year's Annual Meeting we rolled out our *Houston Next* strategy.

Simply put, the purpose of *Houston Next* is to continue to advance Houston's position as a great global city – to compete successfully with the top 40 to 50 metros around the world.

With the help of many of you in this room, we looked hard at what it will take to compete and grow and prosper in the coming decades.

After a great deal of analysis, we distilled the essence of success to three broad dimensions:

- A great global city must have a strong, diverse “21st century” economy.
- It must offer – and be known for – a great quality of life. One that can attract

and retain talent. A place where people choose to live.

- And it must provide opportunity for all – both for those born here and for those who choose to make Houston their home – a place where everyone has a stake in the outcome and a shot at success.

As we rolled out the new strategy, we also embarked on a 50-million-dollar fundraising campaign – also called *Houston Next* -- to support this work through 2025.

I am pleased to report that we are halfway to our 50-million-dollar goal – with 25 million in commitments to date from some of Houston’s leading institutions.

Please join me in thanking these companies for supporting *Houston Next*.

But we didn’t wait for the capital campaign to be completed to begin working towards our *Houston Next* objectives, and as Scott mentioned, we are off to a good start.

So we enter the 2020s with a lot of momentum – but it feels to me like we are at an inflection point.

Do we continue to grow – or do we plateau – or, even worse, fall back from our recent peaks?

Today I want to focus on a handful of items that I think are most critical in the next few years and are a focus of the Partnership.

Let me start in the area of building a strong, diverse “21st-century economy – and for me, that means bolstering our innovation and digital tech ecosystem.

Let’s be frank. For a number of years, it was all about shale in Houston. It completely transformed our economy.

Yet while we were driving the shale revolution, what was happening in cities like Nashville, Salt Lake City, and Austin – not to mention San Francisco, New York and DC? They were making the transition to a digital economy.

That's what set us up for the disappointing call from Amazon. We were the largest U.S. city to not make their list of finalists.

We realized then, if we hadn't known it already, we had missed a turn, and it was time to catch up. I am pleased to say that, working closely with Mayor Turner and many of you in this room, we have made tremendous progress since then.

This summer we celebrated the groundbreaking of The Ion, the 270,000 square foot innovation space in the heart of Midtown that anchors Rice University's 16-acre South Main Innovation District.

And it's not just happening in the center of our city. The Cannon is growing rapidly on Houston's west side, and they are working on the surrounding Founder's District to add a live, work, play dimension.

CityCentre and Westchase have also attracted tech companies and startups to the west side.

In the East End, the City and TXRX Labs are creating a 250,000 square foot maker space to attract artists, coders, and manufacturers to support innovation.

And the Texas Medical Center and their four academic partners are moving forward with their plans for the 37-acre TMC3 translational research campus.

We've also begun to make inroads into the Silicon Valley tech scene. Last year, Bill.com, a 3 Billion dollar market cap business payment platform, opened their first office outside of Silicon Valley right here in Houston.

We've also seen significant expansions by Microsoft and AWS, and we have had great discussions with the other cloud-based tech companies.

We have an amazing champion for the tech scene in Houston Exponential, and I'm pleased to see the HX Venture Fund already bringing VCs to Houston.

We've also been attracting leading accelerators from across the country, such as Plug and Play, MassChallenge, Gener8tor, Greentown Labs, and Capital Factory.

People see what is happening in Houston, and they want to be part of it.

Just a couple of weeks ago, a Houston start-up, High Radius, became Houston's first home grown unicorn, denoting a start-up with at least a 1-billion-dollar valuation.

So we have a lot of momentum as an innovation ecosystem – but let's not kid ourselves. We still have a long way to go to catch up.

We need every company, every college and university, and every one of us to stay focused on incorporating digital technology and innovation into our work and our thinking.

The next issue is critical, but I won't spend much time on it because it will be the focus of Bobby's talk in a few minutes...that is Houston's position as the Energy Capital of the World.

Just like in digital tech, the world is changing around us.

Climate change is real. Its impact on global populations and the global economy is now undeniable.

Governments, investors, companies and talent are all reacting.

For Houston, climate change and the energy transition present both a threat and an opportunity. We can either catch the wave and lead, or be left behind. I'd like to see us lead.

And, I am looking forward to Bobby's talk.

Shifting to quality of life, we have much more work to do around flood mitigation and transportation infrastructure – two of our major priorities.

We've always had the ability in Houston to identify our infrastructure needs, develop solutions and ways to finance them, and move the projects forward to completion.

Yes, it is true, that the need for infrastructure never goes away – you expand a freeway and a decade later it fills up again – that is simply the reality for an ever-growing city like Houston.

But I fear we are not keeping up. Our streets and highways need focused attention, and we need to regain the ability to balance competing interests to find solutions that work for all.

With respect to the Port, the issue of widening and deepening the ship channel is now critical and will be a focus of our efforts in Washington this year.

And it has simply taken too long to move our flood mitigation projects forward. Our neighborhoods are still flooding, and our petrochemical industry is still exposed to a cataclysmic storm surge.

I know these are not simply local issues. They are tied to state and federal dollars and procedures. But we need to apply the local pressure to move these efforts forward.

Infrastructure needs are real – choke off infrastructure growth and you drive up costs, drive down quality of life, and you risk shutting off the opportunity spigot.

And, finally, let me touch on our third broad priority, opportunity for all.

As you know, we are leading the fight to make student success the overriding priority for all of our public schools. We are deeply involved in efforts to reform HISD governance.

I was struck by an op-ed over the weekend in which the author voiced opposition to the TEA appointment of a board of managers, pointing to the need for local school boards to be steppingstones for aspiring politicians and to channel jobs to the local economy.

Shucks, and we thought it was about providing a quality education to every child in every neighborhood.

Let me be clear, we stand for the 11,700 HISD students who attend a school that was rated F last year.

Therefore, we stand with the TEA and Commissioner Morath.

Jumping to workforce, we are doubling down on mid-skill workforce development through our UpSkill Houston initiative. Since its launch five years ago, UpSkill has become regarded nationally as a best practice case study on industry-led workforce development.

Through UpSkill 2.0, as we are calling it, we are giving more young people exposure to mid-skill careers and helping them gain the training and skills to be employable in these sectors. We are also championing re-skilling for existing workers, as job markets evolve in a rapidly changing economy.

UpSkill has targeted helping 500,000 Houstonians advance into and along mid-skill careers by 2025.

And with your help, we can.

Beyond K-12 and workforce, we are launching an initiative focused on higher education in Houston.

Consider this fact. Of the top 35 U.S. metros...where do you think we rank as far as producing baccalaureate degrees?

On a per capita basis, we are number 32 -- 32 out of the 35 largest cities.

Our local universities are doing all they can to fill the gap, and if you look back over the last decade you see tremendous growth in both scale and quality. But the sad truth is that the growth has barely kept pace with the region's burgeoning population.

Our general conclusion is that we need to continue to grow, improve, and extend the reach of the higher education institutions located in Houston, the University of Houston and Rice University chief among them. The business community needs to give them our full support. We should support digital offerings aligned to local needs and provide more local internships. And we should leverage our outstanding community college systems.

But we should also tighten our linkages to A&M, UT-Austin, and other institutions around the state and beyond. There is no reason to assume that their graduates will prefer Houston over Austin or Dallas – or San Francisco or Seattle – particularly if they are looking for a job in technology.

So please join us in a conversation we are launching this year to set a course for all of higher education in Houston – how do we make Houston a hub for baccalaureate and graduate degrees, particularly in those fields likely to drive our 21st century economy?

There is always more to talk about but let me end it there.

For me, Houston should always be a growth city. A place where opportunity abounds in every Houston neighborhood. Where people from every corner of the globe are welcome to join us as we continue to build a great city. Where business and government align with the public to create a dynamic economy and a great quality of life.

Let's make the 2020's a decade that positions Houston for success.

Let's do what the Allen Brothers did, what Jesse Jones did, what Bob McNair did, and what the Partnership has been doing since 1840.

Let's build a greater Houston.

Presented:
January 22, 2020
Greater Houston Partnership Annual Meeting

Bob Harvey
President and CEO, Greater Houston Partnership