

A large, stylized graphic of a globe with a grid of latitude and longitude lines. The globe is rendered in shades of gray and is partially obscured by a thick orange curved shape on the left side.

# Converse, TX

# What is a target industry study?



- Strategy for focusing economic development on industries where Converse has a measurable competitive advantage over other cities
- Can apply to business retention and expansion (BR&E), recruiting, and entrepreneurship
- Provides guidance for strategic plans

# How do you do a target industry study?



1. Collect and analyze data on Converse—focus on data sources used by site selectors so you can understand how outsiders “see” you
2. Identify industry and workforce niches that differentiate Converse from other places
3. Identify major announcements about nearby company locations, expansions, or even closures that could create opportunities
4. Develop target industry list

# What's behind these recommendations?



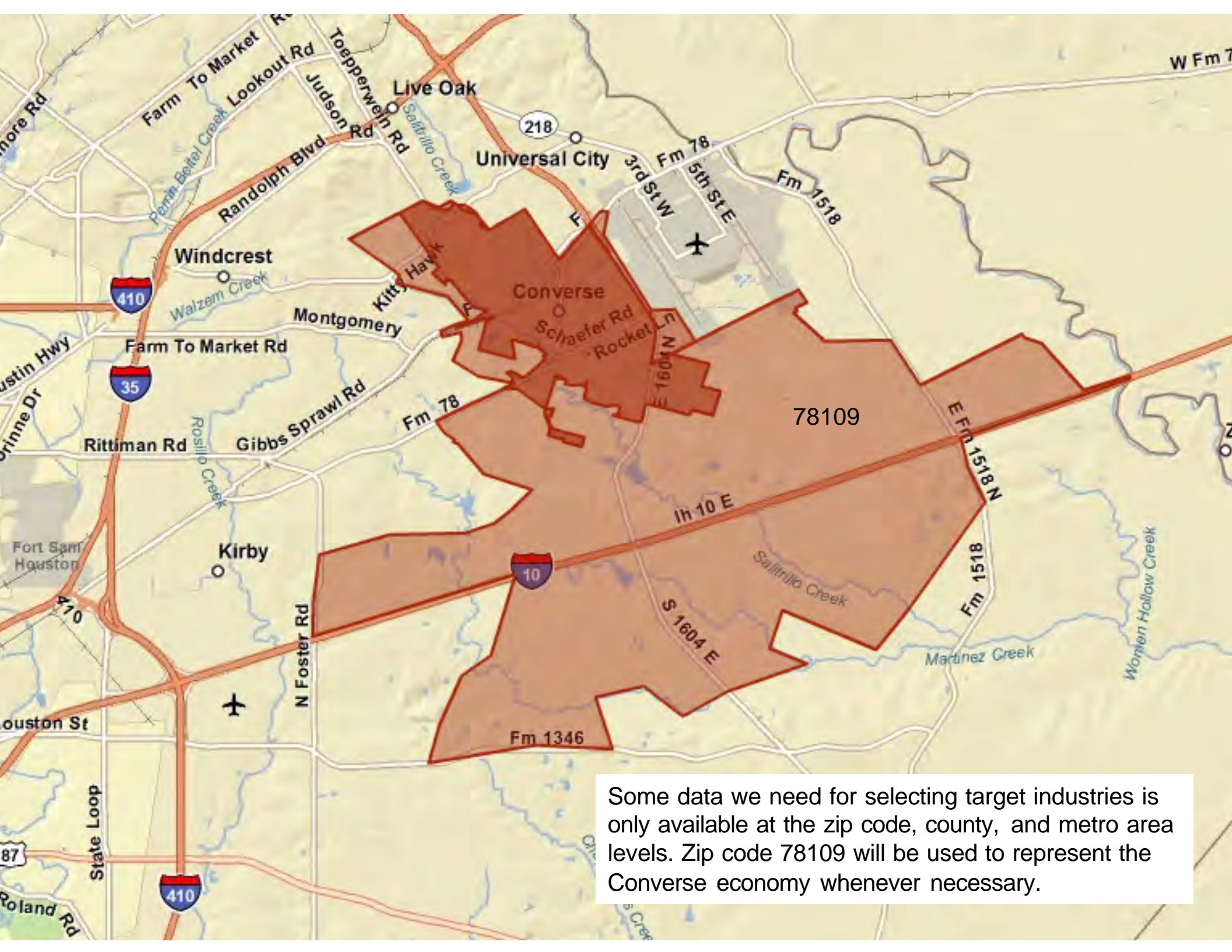
- Consulted data from two industry leading firms supplying information to site selectors\*
- Reviewed and prioritized 300+ industry and 750+ occupation categories relevant to Converse
- Analyzed trends at multiple geographies and compared to region, state, US
- Drew on knowledge of I-35 corridor and recent economic development trends

\* ESRI <http://www.esri.com/software/bao/index.html>  
EMSI <http://www.economicmodeling.com>

# Converse's Competitive Advantage

1. High growth community in a high growth region
2. Workforce with diversified production experience
3. Infrastructure assets
4. Long-term vision



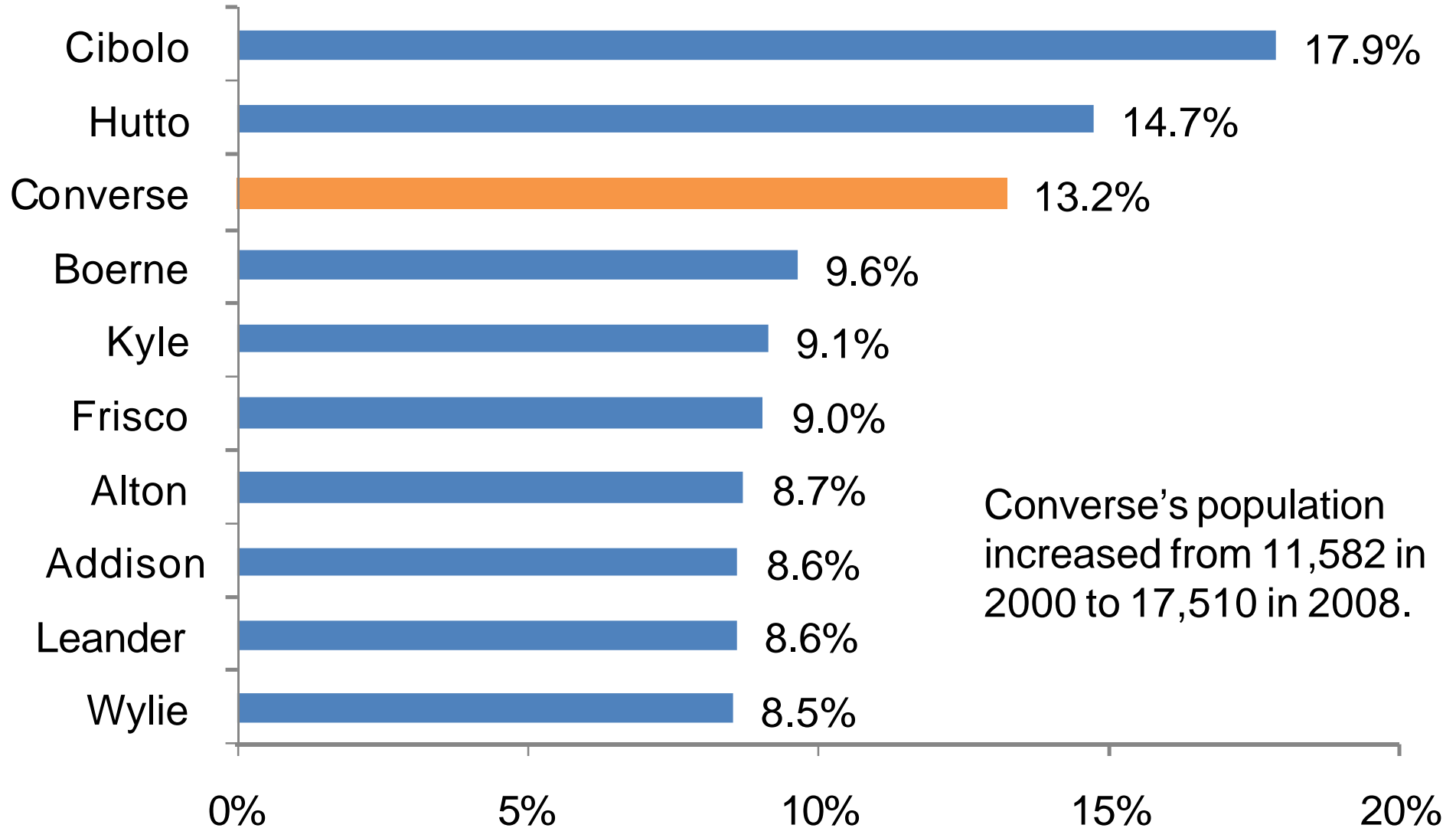


Some data we need for selecting target industries is only available at the zip code, county, and metro area levels. Zip code 78109 will be used to represent the Converse economy whenever necessary.

# High Growth Community



Fastest growing cities in Texas with 10,000+ residents, 2008

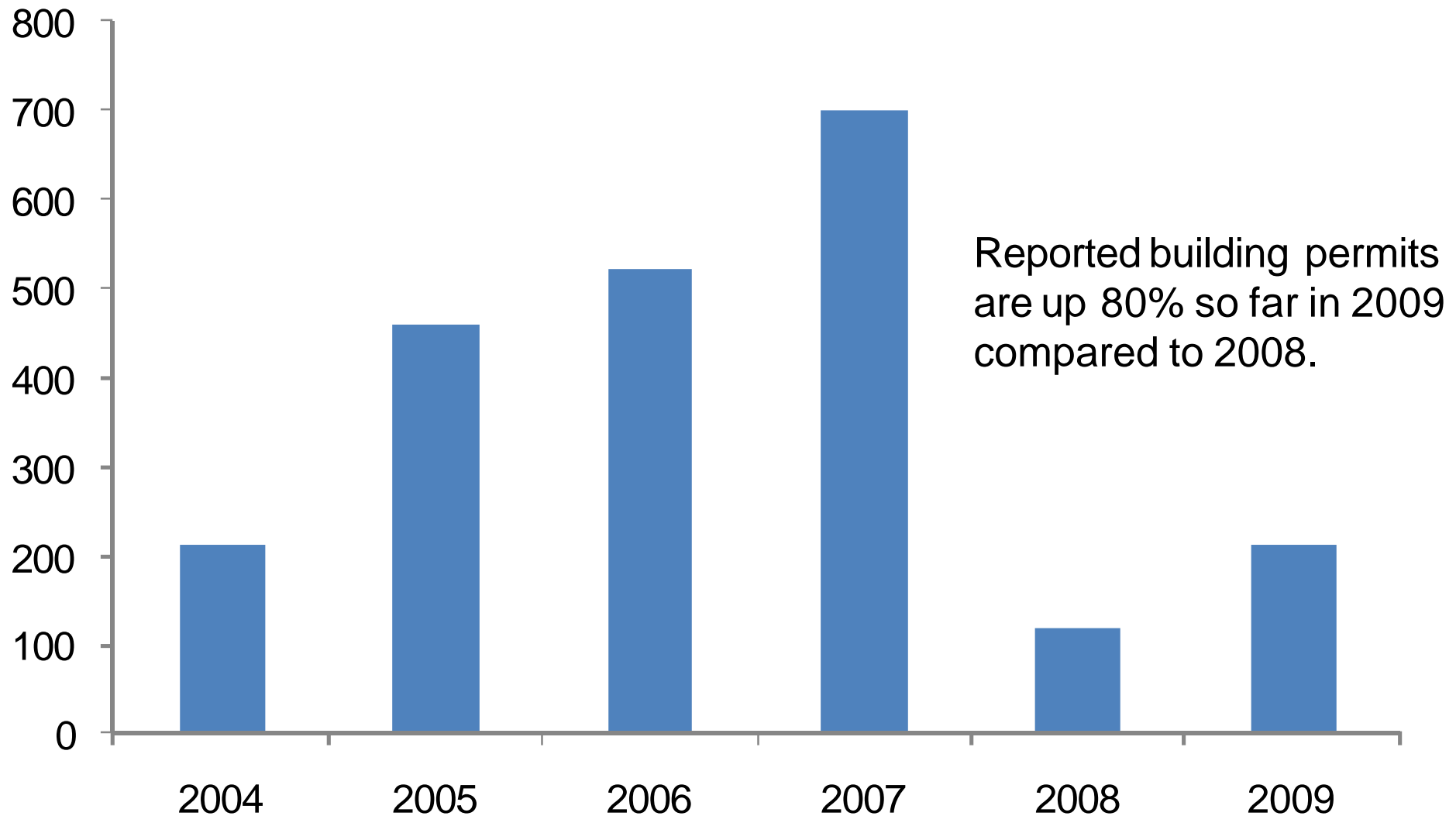


Source: U.S. Census Bureau

# Housing Market Recovery



Reported Residential Building Permits Filed in Converse  
in Number of Units (November YTD)



Source: U.S. Census Bureau

# High Growth Region

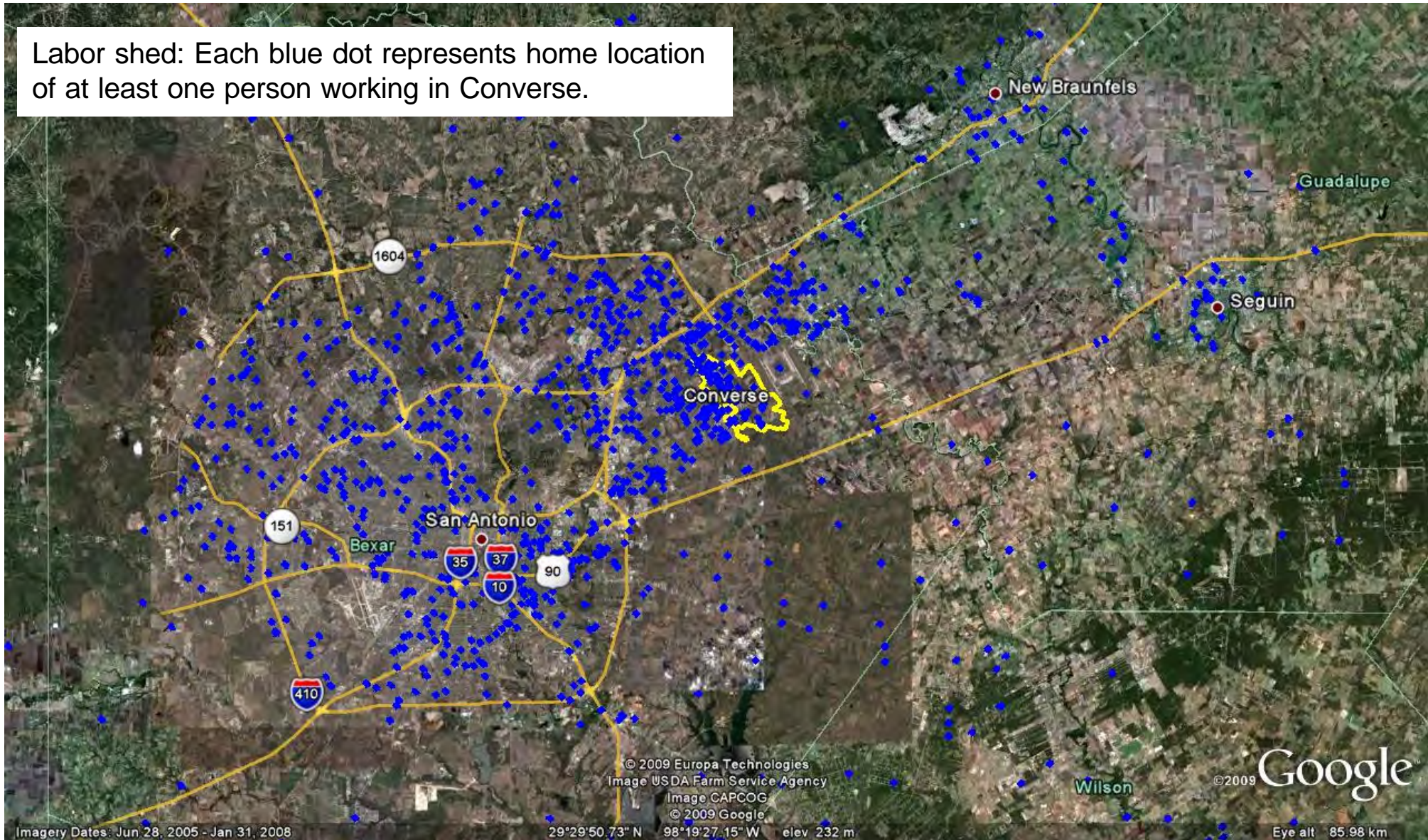
- San Antonio metropolitan area added 46,500 people between July 2007 and July 2008
- Ranked 15<sup>th</sup> fastest growing metro area in US ahead of Raleigh, San Diego, Portland
- Averaging 2.1% growth annually



Source: U.S. Census Bureau. San Antonio metropolitan area includes Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson counties.

# Workforce Availability

Labor shed: Each blue dot represents home location of at least one person working in Converse.



Source: U.S. Census Bureau

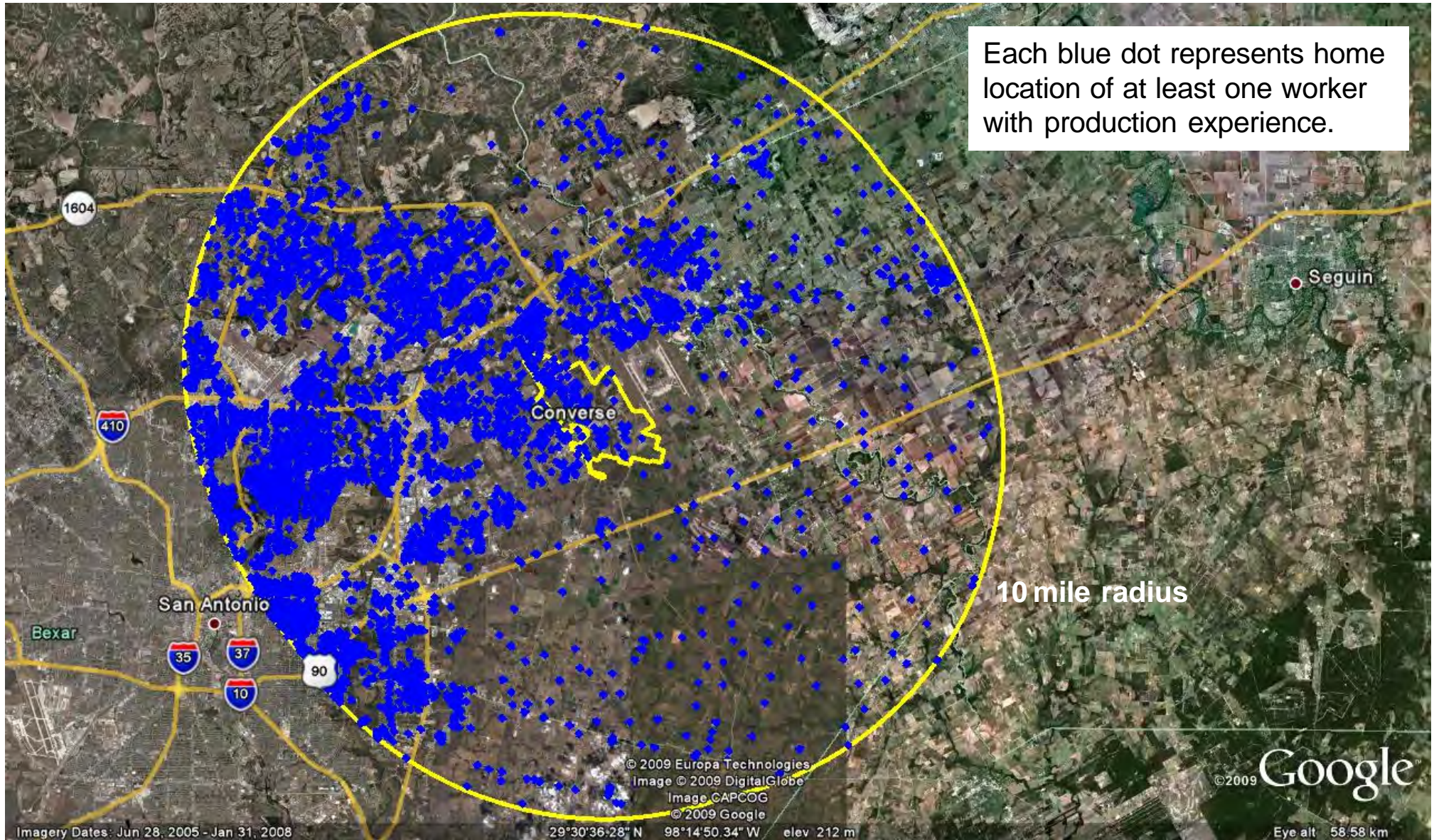
# Workforce Availability



- Jobs in Converse attract workers from a 10+ county area (67% live in Bexar County)
- Converse labor shed provides companies with access to labor force of 3.9 million
- Unemployment rate in Converse labor shed stands at 7.5% (November 2009)

Source: U.S. Census Bureau, Texas Workforce Commission

# Production Workforce



Source: U.S. Census Bureau

# Production Workforce



- 26,000 workers with goods producing experience live within 10 miles of Converse
- Slightly lower cost—59% workers living within 10 miles of Converse earn < \$3,333 per month vs. 51% in other urban areas of I-35 corridor
- Production workers in Converse have diversified experience among various construction (48%) and manufacturing (45%) industries

Source: U.S. Census Bureau

# Production Workforce (78109)\*



1. Specialty trade contractors
2. Construction of buildings
3. Fabricated metal product manufacturing
4. Nonmetallic mineral product manufacturing
5. Food manufacturing
6. Heavy and civil engineering construction
7. Wood product manufacturing

\* Production industries with > 10 jobs located in 78109.

Source: EMSI

# Knowledge & Skills Profile (78109)



Knowledge	Location Quotient
Mechanical	1.36
Building and Construction	1.35
Transportation	1.24
Production and Processing	1.23

Skill	Location Quotient
Repairing	1.33
Equipment Maintenance	1.26
Operation Monitoring	1.20

Location quotient (LQ) is a tool used by economic developers to identify local specialization. The value is an expression of what's located in a community versus what's found nationwide.

You can think of the US average as having a value of 1.0. Anything with an LQ > 1.2 is considered to be an area of specialization.

For example, an LQ of 1.36 for Mechanical Knowledge means that Mechanical Knowledge is 36% more prevalent among jobs in 78109 compared to all US jobs.

Source: EMSI

# Existing Industries (78109)



	Jobs 2009	LQ	5-yr growth
Government	1,676	1.80	9%
Retail trade	1,460	2.08	13%
Construction	848	2.19	17%
Other (local) services	592	1.67	16%
Health care/social assistance	464	0.63	10%
Administrative/waste services	423	1.10	58%
Accommodation/food services	364	0.78	19%
Manufacturing	314	0.63	-1%
Transportation/warehousing	173	0.71	-6%
Wholesale trade	114	0.46	20%
Real estate	113	0.38	24%
Finance/insurance	61	0.19	11%
Information	57	0.43	-12%

Interesting fact:  
LQ for military occupations  
in 78109 is 4.50.

Source: EMSI

# Largest Employers



Company	Location	Employees	Sales
Wal-Mart Supercenter	8315 FM 78	250-499	\$50-\$100M
MeadowBurke Construction Supply Manufacturing	8521 FM 1976	100-249	\$50-\$100M
Du-West Foundation Repair	719 S Seguin	50-99	\$10-\$20M
Ingram Ready Mix	9450 FM 78	50-99	\$10-\$20M
Hill Country Steel Fabrication	13638 E IH-10	20-49	\$10-\$20M
R J Warehouse	8122 Steep Vly	20-49	\$2.5-\$5M
Featherlite Building Products	400 Gibbs Sprawl	20-49	\$10-\$20M
Stewart Plumbing	9234 Converse Bus	20-49	\$5-\$10M
Burditt Tile & Stone	206 Gibbs Sprawl	20-49	\$2.5-\$5M
J & R Government Sales	9223 Converse Bus	20-49	\$5-\$10M

\* Excludes government and education; limited to businesses with 25+ employees.

Source: infoUSA

# Caterpillar (Seguin)



Web Posted: 08/04/2009 12:00 CDT

## Big job expectations

READ

comments (1)

By William Pack - Express-News

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As Caterpillar's \$170 million engine assembly plant rises from its foundations in Seguin, optimism is growing about the impact of a facility that could produce 4,000 jobs when suppliers and associated employers are counted.

That's more than twice the number of workers Caterpillar announced in December it would hire for the assembly, testing and painting facility. But officials see it as a real possibility once suppliers are in place and the area is built out with retailers, health providers and others who will offer services to new workers.

Terry Treviño, director of the Seguin Economic Development Corp., said while the nation's economic struggles could create problems, talks she's had with suppliers and the development plans for the area of the plant have encouraged her about growth possibilities.

"We have a lot of growth and activity going on," said Treviño, who is coordinating development activity with Caterpillar for Guadalupe County. "Are my expectations high? They are — wonderfully high."

George Antuna, economic development director in Schertz between San Antonio and Seguin, said his office has received inquiries from Caterpillar suppliers about development options in the area.

He agrees thousands of workers beyond the 1,465 Caterpillar workers destined for the facility will be drawn to the affected area, which he said will reach to New Braunfels, San Marcos, Floresville and San Antonio.

"It's going to be a boon for the whole area," Antuna said.

The number of suppliers the 1-million-square-foot plant will need is the key factor on the mind of economic development leaders.

Caterpillar did not return calls, but officials in several towns said they had heard from potential suppliers looking into area real estate opportunities.

Treviño said an economic impact report on the project anticipated 1,719 "indirect" or spinoff jobs would be created as a result of the new plant. She believed supplier jobs were part of that total.

When those jobs are combined with Caterpillar's planned hire, almost \$159 million in new earnings should be created, the report showed.

Treviño said she believed Caterpillar was in the process of choosing which companies to use for parts and services at the plant. The first round of suppliers could be identified later this month if the process is not delayed, she said.

A key question still unanswered is how close to the plant the suppliers must be.

Antuna said he understood about a dozen would need to be within 2 miles of the facility, north of West Court Street and east of Interstate 10. That would leave about 20 more to consider Schertz and other towns farther from Seguin.

Mario Hernandez, president of the San Antonio Economic Development Foundation, said he understood that, unlike Toyota, Caterpillar will not require its suppliers to be on-site.

Existing San Antonio companies could get some work from the plant and other suppliers could move to San Antonio if that proves true, Hernandez said.

Caterpillar has said the facility would allow it to consolidate engine operations from Illinois and South Carolina as it continues to fight the economic woes that have forced the company — the world's largest maker of mining and construction equipment — to cut jobs and executive pay.

Construction of the facility has encountered few delays and installation of the assembly line should start by late this year, Treviño said. She said a minimal staff of about 100 people could come on board for training and preliminary testing in April.

The plant is not expected to be fully operational until 2011, but Caterpillar will have two more years, if needed, under its tax incentive agreement with the city and county to get to full staffing, officials said.

citrus  
A green Christmas for S.A.

Yahoo! Buzz

[http://www.mysanantonio.com/business/Big\\_job\\_expectations.html](http://www.mysanantonio.com/business/Big_job_expectations.html)

# Caterpillar: Economic Impact



- Engine assembly plant
- Consolidation of IL and SC operations
- \$170M capital investment (1M sq. ft.)
- 1,465 direct hires and 2,600 spinoff jobs\*
- Suppliers not required to be on site
- ~12 suppliers expected within 2 miles
- ~20 suppliers expected in region

\* Jobs impact calculated for region consisting of Bexar, Comal, and Guadalupe counties.

# Caterpillar: Most Impacted Sectors



NAICS	Industry
3336	Turbine and power transmission equipment manufacturing
3323	Architectural and structural metals manufacturing
3363	Motor vehicle parts manufacturing
3315	Foundries
3273	Cement and concrete product manufacturing
3371	Household and institutional furniture manufacturing
3327	Machine shops and threaded product manufacturing
3219	Other wood product manufacturing
3261	Plastics product manufacturing
3311	Iron and steel mills and ferroalloy manufacturing
3212	Plywood and engineered wood product manufacturing
3321	Forging and stamping

direct

indirect

Source: EMSI

# Target Industries



- Manufacturing
- Medical services
- Transportation and warehousing\*
- Retail and restaurants

**CITY OF CONVERSE**



**Economic Development Corporation**

**WE'RE GROWING PLACES**

\* Sometimes referred to as transportation, distribution, and logistics (TDL).

# Manufacturing



- Existing base: 300+ jobs in manufacturing and workers with relevant knowledge/skills (78109)\*
- Labor shed: 26,000 workers with production experience live within 10 miles of Converse
- Caterpillar: Expected to generate demand for at least 300 indirect jobs in manufacturing
- Transportation: Converse offers convenient access to rail, interstate network

\* Manufacturing was 13% of total gross sales in Converse in 2008.

Source: EMSI, Texas Comptroller

# Expected Growth: Possible Targets



NAICS	Industry	Jobs 2009	Region*	TX	US
336	Transportation equipment manufacturing	8,789	17%	8%	1%
332	Fabricated metal product manufacturing	4,033	10%	10%	1%
311	Food manufacturing	6,827	6%	6%	1%
327	Nonmetallic mineral product manufacturing	2,434	6%	7%	3%
321	Wood product manufacturing	1,232	11%	3%	2%
312	Beverage and tobacco product manufacturing	1,757	6%	6%	3%

\* Region consists of Bexar, Comal, and Guadalupe counties.

Existing  
job base

Expected growth  
during 2009-14

Source: EMSI

# Medical Services



- Converse's growth will demand more services
- General medical and surgical hospitals (#1) and offices of physicians (#3) are among the top 5 industry "gaps" in Converse area (78109)\*
- Health care makes up a considerably smaller share of businesses in Converse compared to Bexar County, Texas, and US

\* Estimated \$31.7 million gap between expected presence of industry in Converse based on composition of local economy and what's really on the ground in Converse. For more information on gap analysis, visit <http://www.economicmodeling.com/webtools/ei.php>.

Source: EMSI, infoUSA

# Existing Health Care Services



Business	Classification
Family First Care Clinic	Physicians
Peter J Speicher MD	Physicians
Judson Cosmetic & Family Dental	Dentists
Converse Chiropractic Center	Chiropractors
Crossroads Vision Care	Optometrists
Jodi L Flanagan OD	Optometrists
Maitre AME	Misc Health Practitioners
C Douglas Winslow PHD	Misc Health Practitioners

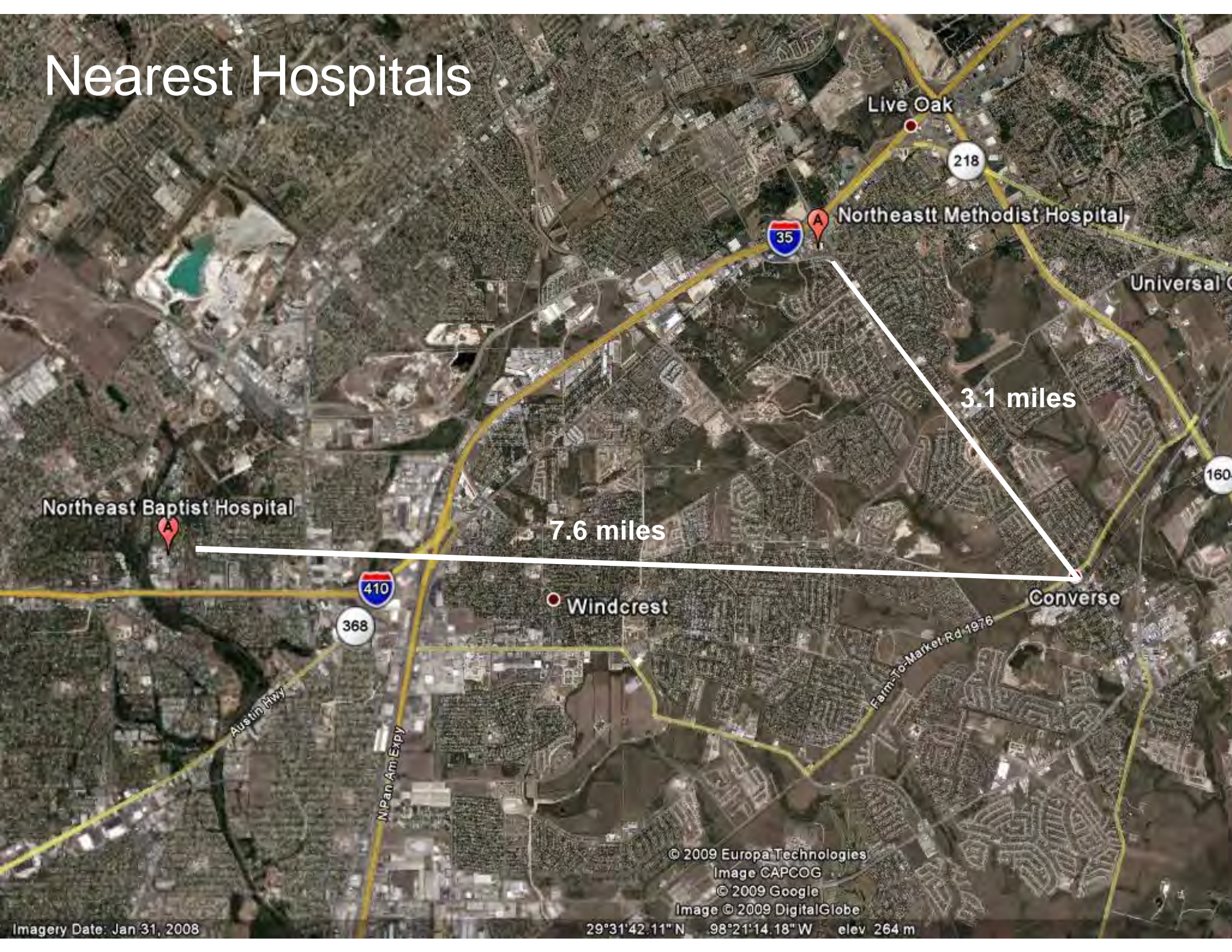
Is this enough to adequately serve 17,500 and growing Converse residents?

Health care/social assistance\* businesses make up 4.3% of all businesses in Converse, compared to 8.4% in Bexar County, 6.9% in Texas, and 7.5% in the US.

\* Health care and social assistance are grouped together in the federal North American Industry Classification System (NAICS). <http://www.census.gov/cgi-bin/sssd/naics/naicsrch?code=62>. Table includes all health care businesses listed in infoUSA database as of September 2009.

Source: infoUSA

# Nearest Hospitals



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Image CAPCOG  
© 2009 Google  
Image © 2009 DigitalGlobe

29°31'42.11" N 98°21'14.18" W elev 264 m

Imagery Date: Jan 31, 2008

# Could Converse support a hospital?



# Hospital: Demographic Comparison\*



	Converse	Northeast Baptist	Northeast Methodist
Total population	72,494	85,629	90,093
Exp. 5-yr growth	9.4%	2.6%	8.5%
Families	18,829	20,897	24,232
Housing Units	25,984	41,499	34,982
Median HH Income	\$58,900	\$48,712	\$60,708
People Age 0 to 4	5,727	6,080	6,397
People Age 5 to 19	16,747	15,756	18,739
People Age 65+	6,162	13,358	10,451
% Pop 16+ in Labor Force	71.2%	64.2%	69.2%

\* Demographics reflect population living within a three-mile radius.

Source: ESRI

# Transportation & Warehousing



- Proximity: Converse offers convenient access to fast-growing San Antonio and I-35 markets
- Hub & spoke: Location at I-35/I-10 is highly marketable to manufacturers, wholesale companies, and a variety of other industries\*
- Rail/Air: Converse brochure and website are on the right track—emphasize new UP facility
- Existing base: ~350 workers with transportation and material moving experience (78109)

\* Wholesale trade was 17% of total gross sales in Converse in 2008.

Source: EMSI, Texas Comptroller

# Expected Growth: Possible Targets



NAICS	Industry	Jobs 2009	Region*	TX	US
4841	General freight trucking	6,662	18%	16%	10%
4931	Warehousing and storage	4,647	16%	20%	16%
4881	Support activities for air transportation	2,887	17%	13%	12%
4842	Specialized freight trucking	2,658	8%	12%	8%
4884	Support activities for road transportation	444	44%	12%	11%
4885	Freight transportation arrangement	515	20%	18%	12%

\* Region consists of Bexar, Comal, and Guadalupe counties.

Existing  
job base

Expected growth  
during 2009-14

Source: EMSI

# Translating Industry Jargon



U.S. Census Bureau People | Business

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## North American Industry Classification System (NAICS)

[Main](#) | [FAQs](#) | [History](#) | [Development Partners](#) | [Federal Register Notices](#) | [Product Classification](#)

### NAICS SEARCH

Enter keyword or 2-6 digit code

2007 NAICS Search

Enter keyword or 2-6 digit code

2002 NAICS Search

### DOWNLOADS/REFERENCE FILES/TOOLS

[For 2007 NAICS](#)

[For 2002 NAICS](#)

[Concordances](#)

[NAICS Update Process Fact Sheet](#) [PDF 37K]

## 2002 NAICS DEFINITION

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**Search results for: 48**

Number of records found: 119

### **48 Transportation and Warehousing**

#### **481 Air Transportation**

##### **4811 Scheduled Air Transportation**

**48111 Scheduled Air Transportation**

**481111 Scheduled Passenger Air Transportation**

**481112 Scheduled Freight Air Transportation**

##### **4812 Nonscheduled Air Transportation**

**48121 Nonscheduled Air Transportation**

<http://www.census.gov/eos/www/naics>

## **4841 General Freight Trucking**

This industry group comprises establishments primarily engaged in providing general freight trucking. General freight establishments handle a wide variety of commodities, generally palletized, and transported in a container or van trailer. The establishments of this industry group provide a combination of the following network activities: local pickup, local sorting and terminal operations, line-haul, destination sorting and terminal operations, and local delivery.

## **4842 Specialized Freight Trucking**

This industry group comprises establishments primarily engaged in providing local or long-distance specialized freight trucking. The establishments of this industry are primarily engaged in the transportation of freight which, because of size, weight, shape, or other inherent characteristics, requires specialized equipment, such as flatbeds, tankers, or refrigerated trailers. This industry includes the transportation of used household, institutional, and commercial furniture and equipment.

# Retail & Restaurants



- Converse is currently underserved compared to Bexar County, Texas, and US (p. 12)
- Residents are shopping outside the city resulting in considerable spending leakage (p. 15)
- Residential development and population growth have created appealing sites (pgs. 17-19)

# Next Steps



- Collect more data and refine your target industry list—e.g., identify existing Caterpillar suppliers and develop an outreach plan
- Get feedback and buy-in from local employers and community stakeholders—explore local networks before making cold calls
- Hire a site selection consultant for hospitals
- Conduct surveys/interviews with residents to get more quantitative evidence of unmet demand for retail, restaurants, entertainment

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