COMPREHENSIVE

ECONOMIC

DEVELOPMENT

STRATEGY

2007 – 2012

Counties of: Atascosa, Bandera, Bexar, Comal, Frio, Guadalupe, Gillespie, Karnes, Kendall, Kerr, Medina, Wilson

**ALAMO AREA COUNCIL
OF GOVERNMENTS**

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AACOG
Alamo Area Council
Of Governments

Many thanks and appreciation to Mr. Adrian Perez, City of San Antonio Economic Development Department and Mr. Ernest Gerlach, University of Texas at San Antonio, Center for Economic Development for their tireless efforts and patience in helping to complete the research, compilation and writing of this CEDS.

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INTRODUCTION

Vision Statement: Continued economic growth and prosperity through comprehensive strategic planning, and collaborative intra-regional partnerships

Councils of government play several key roles in fostering regional economic development. One is to support local efforts; another is to promote a regional perspective. A third role is to provide technical assistance and information as needed. Though regionalism is an important concept in facilitating economic growth, the reality is that economic development is largely a local function. The Alamo Area Council of Governments (AACOG) is poised to support these local initiatives and provide a forum where regional partners and stakeholders can share information, collaborate and create partnerships to enhance the success of their respective economic development strategies and projects.

A primary goal of regional economic development is to create an economy that is diverse. Another goal is to generate a high level of investment to sustain growth. If done correctly, economic development can contribute to a higher quality of life for all citizens in the region. Ultimately, that is our goal as well.

In the emerging global economy, many of the world's prominent companies can be located anywhere on the globe. Companies will locate to an area where there is a high quality of life, good school systems, efficient transportation systems, affordable housing, and supportive government entities. There are no guarantees that a region will be successful in attracting new companies, or keep and retain existing companies. But the region must take action to remain competitive because if it does not act, jobs and economic prosperity could pass them by. Large metropolitan areas and their surrounding communities have emerged as the basis for global competition. Therefore, it is important to act collaboratively. Regions around the world are pooling their resources to pursue economic development opportunities.

Thus, in order to sustain long-term economic growth, regions must focus on creating an educated workforce, developing sufficient financial capital resources to support innovation and entrepreneurship, creating a balanced mix of growth industry clusters, and providing an accessible quality of place. For the most part, the twelve-county AACOG Region provides these key factors. These factors make this region highly competitive on a global basis. Equally important, it positions the AACOG Region for continued growth. However, rural areas in the region continue to face many complex challenges. A successful comprehensive regional strategy should emphasize the importance of a regional framework that stresses the interdependency between rural and urban areas.

The AACOG Region is composed of twelve counties: Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina, and Wilson. The San Antonio Metropolitan Statistical Area (SAMSA) encompasses eight of these twelve counties: Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson. The Alamo WorkSource region is identical to the AACOG Region. This overlap is a strong advantage in supporting the economic development stakeholders and partners in the region.

The AACOG Region has also been designated as an Economic Development District (EDD) by the Economic Development Administration (EDA). As a requirement for this designation, AACOG is required to prepare a Comprehensive Economic Development Strategy (CEDS) every five years. The CEDS is designed to serve as a roadmap to guide the region's development over the next five years. Important parts of the roadmap are the goals and objectives we set for ourselves. These goals and objectives are, in turn, the road signs that can help us facilitate economic development in the region.

The board and staff of AACOG have made a concerted effort to ensure that the region's diversity is reflected in the membership of the AACOG CEDS Strategy Committee. In addition to AACOG staff members the membership of the Committee includes:

Aaron Smith	Alamo WorkSource
Adrian Perez	City of San Antonio Economic Development Dept.
Bertha Venegas	USDA – Alamo RC&D
Bill Williams	Kerr County Commissioner
Dan Rogers	Kendall County EDC
Diana Bautista	Atascosa County Judge
Ernest Gerlach	Center for Economic Development – UTSA
Greg Snelgrove	Gillespie County EDC
Guy Overby	Kerr County EDC
Jeff Webb	Austin-San Antonio Corridor Council
Jesse Perez	Floresville EDC
Kara Hill	Bexar County Economic Development Dept.
Kathy Coronado	City of Pleasanton
Lanny Lambert	City of Leon Valley
Liz Maloy	Councilwoman, City of Leon Valley
Nick Page	San Antonio MPO
Pat Tinley	Kerr County Judge
Ramon Lozano	Seguin EDC
Rick Schroder	City of Helotes EDC
Rob Tobias	City of Live Oak EDC
Ruby Vera	Mayor, City of Natalia
Rusty Brockman	New Braunfels Chamber of Commerce
Terry Treviño	Karnes County EDC

The Committee also includes members from AACOG's Economic Development and Environmental Review Committee and its Board of Directors. Beginning in December 2006, the Committee conducted a five-month process that included several regional meetings and a survey designed to solicit information on some of the issues, needs and problems that needed to be addressed in a regional economic development plan. It also requested information from members of the Committee on how best to deal with these issues and concerns.

All of the meetings were well attended and in-depth discussions took place in the areas of housing, transportation, education, workforce development, healthcare, financial resources, technical assistance and collaborative partnerships. The Committee utilized input from these meetings, the survey responses and a careful review of the 2000-2005 CEDS to select five goals to be included in the 2007-2012 CEDS. These goals focus on workforce development, economic development, community development, technology, and transportation.

AACOG, in adopting this CEDS, seeks to expand the capacity of all economic development organizations in the AACOG Region and to strengthen the concept of *Regionalism*. The goal then is to encourage elected officials, economic development practitioners, business leaders and communities to focus on the impact of their planning efforts and decisions, and the ramifications these efforts will have on the economic well being of their communities and the region, as a whole. AACOG's mission is to support these efforts in developing regional solutions by facilitating effective collaboration, coordination and implementation.

AACOG REGIONAL ECONOMIC PROFILE

The region's economy spearheaded by the tremendous growth in the San Antonio metropolitan area is becoming more and more sustainable and diversified as more targeted industries locate in the area. The target industries capitalize on the existing business base of a region. Some of the top industries include Professional, Scientific and Technical Services, Internet Publishing and Broadcasting, Internet Service Providers and Data Processing Services, Financial Services, Ambulatory Healthcare Services, and Construction industries.

MAJOR EMPLOYERS

Bill Miller Bar-B-Q Enterprises LTD
Citicorp Data Systems Inc.
Columbia HCA Health Corp.
HEB Grocery Company LP
USAA Insurance

USAA Federal Savings Bank
VHS Acquisition Subsidiary
Wal-Mart Associates Inc.
West Telemarketing LP
World Mortgage Co.

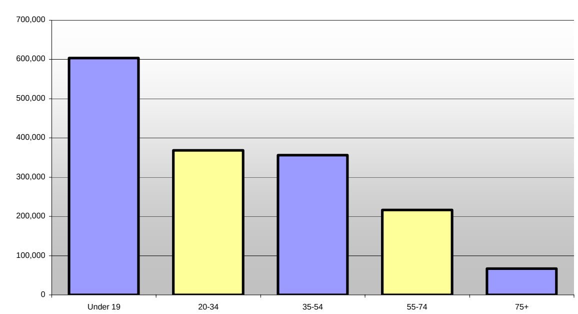
EMPLOYMENT BY INDUSTRY

Trade, Trans. and Utilities	*154,264*
Education and Health Services	112,010
Local Government	110,119
Professional and Bus. Services	107,645
Leisure and Hospitality	96,222
Information Services	*96,000*
Financial Services	64,990
Manufacturing	50,969
Construction	49,628
Federal Government	29,962
Other Services	24,743

WORKFORCE EDUCATION ATTAINMENT

Less than 9th grade	10.77%
9th – 12th grade no diploma	8.82%
High School graduate	29.02%
Associate degree	6.15%
Bachelor degree	15.85%
College, no degree	20.89%
Graduate or other higher ed degree	8.54%

POPULATION BY AGE GROUP (2006)



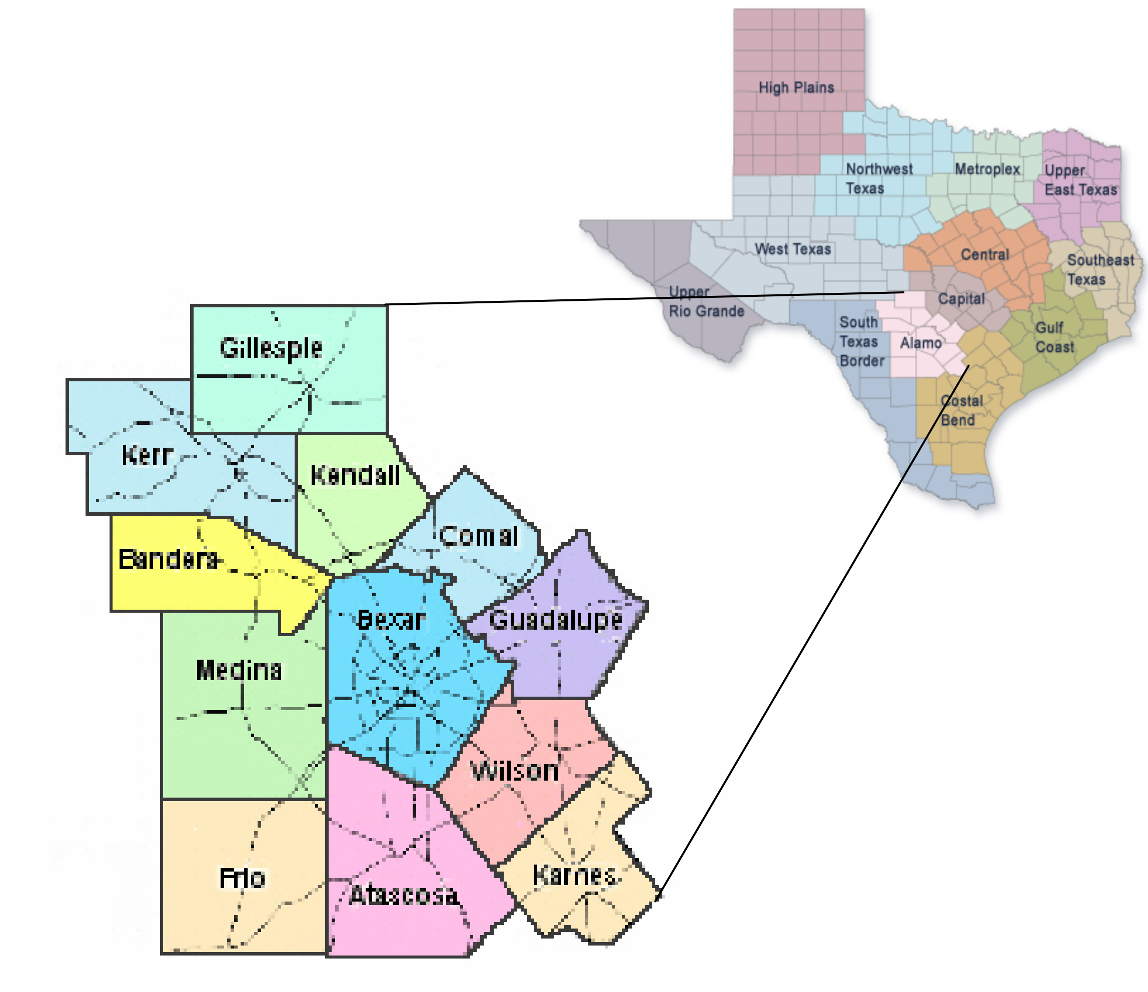
Under 19	603,885
20-34	368,057
35-54	355,841
55-74	216,104
75+	66,686

Regional Economic Development Background

This section provides information on the economic development situation in the 12-county AACOG region. Included in this background section is an overall assessment of the geography of the region, its population, economy, workforce, transportation access, environmental concerns, education issues, income, and community issues. Subsequent sections address other components of the CEDS such as goals and objectives, public/private sector participation, strategic projects, and performance measures. In effect, it provides the basis for the CEDS.

Geography of the Region

The AACOG region is located in south central Texas. It includes the following 12 counties: Atascosa, Bandera, Bexar, Comal, Frio, Gillespie, Guadalupe, Karnes, Kendall, Kerr, Medina and Wilson counties. The hub for the region is centered on the San Antonio Metropolitan Area, which consists of Bexar, Comal, and Guadalupe counties. The Metropolitan Statistical Area (MSA) is larger and includes the counties of Atascosa, Bandera, Bexar, Comal, Guadalupe, Kendall, Medina, and Wilson. The economic and population center of the region is the City of San Antonio and Bexar County.



Population

Slightly over 2 million people currently reside in the AACOG region. Most of that population (76%) is concentrated in Bexar County (1,539,630). The second largest county in the region is Guadalupe County with a population of 104,989. The remaining counties in the region range in size from a low of 15,428 for Karnes County to a high of 98,953 for Comal County. Most of the region is rural and sparsely populated. The overall population density for the 12-county region is about 173.2 persons/square mile. By 2010, it is estimated that the region's population will exceed 2.1 million. The population density is also expected to increase to 187.6 persons per square mile. The region's population growth over the last two decades has been significant. For example, between 1990 and 2000, total population in the AACOG region increased by 21.6%. From 2005 to 2010, it is expected to grow another 8%.

Hispanics comprise over half of the region's population. In 2005, they made up nearly 53% of the population in the 12-county region. By 2010, Hispanics are expected to constitute nearly 55% of the region's population. Other minorities make up only about 2% of the population in the region. Their proportion in the population will likely remain at this level for the foreseeable future.

All of the counties in the region, with the exception of Karnes, gained population between 1990 and 2006. Population growth in Karnes County has remained largely unchanged since 2000. Population trends for each of the counties in the AACOG region are described below. Current population estimates for all local jurisdictions in the region are presented in the next page.

Alamo Area

Population Trends by County
1990 - 2006

County	1990[1]	2000[1]	2001*[1]	2003*[1]	2005*[1]	2006*[2]
Atascosa	30,533	38,628	40,045	41,765	43,226	44,844
Bandera	10,562	17,645	18,322	19,408	19,988	20,738
Bexar	1,185,394	1,392,931	1,415,473	1,466,101	1,518,370	1,539,630
Comal	51,832	78,021	81,739	87,749	96,018	98,953
Frio	13,472	16,252	16,265	16,310	16,387	16,483
Gillespie	17,204	20,814	21,145	22,221	23,088	23,458
Guadalupe	64,873	89,023	92,175	96,887	103,032	104,989
Karnes	12,455	15,446	15,426	15,341	15,351	15,428
Kendall	14,589	23,743	24,589	26,397	28,607	29,203
Kerr	36,304	43,653	44,331	45,150	46,496	47,269
Medina	27,312	39,304	40,063	41,578	43,027	43,984
Wilson	22,650	32,408	33,427	35,490	37,529	38,981
Total	1,487,180	1,807,868	1,843,000	1,914,397	1,991,119	2,023,960

* Estimates

Source: [1] Texas Association of Counties – The County Information Project. Austin, Texas. "County Profile"
[2] Sites On Texas – SRC, LLC. March 2007

Local Jurisdictions – AACOG Region
Population Estimates – 2005 Census

Atascosa County

Jourdanton	4,235
Poteet	3,626
Lytle (pt)	2,274
Christine	487
Charlotte	1,796
Pleasanton	375
Balance of Atascosa County	21,433
Total	34,226

Bandera County

Bandera	1,123
Balance of Bandera County	18,865
Total	19,988

Bexar County

Lytle (pt)	16
Olmos Park	2,314
St. Hedwig	2,022
San Antonio (pt)	1,256,506
Schertz (pt)	2,220
Selma (pt)	1,877
Shavano Park	2,290
Windcrest	5,090
Terrel Hills	5,108
Universal City (pt)	16,651
Live Oak	10,942
Castle Hills	4,172
Somerset	1,779
Converse	12,650
Alamo Heights	7,113
Cibolo (pt)	29
China Grove	1,283
Leon Valley	9,650
Elmendorf	711
Fair Oaks Ranch (pt)	4,468
Grey Forest	437
Helotes	6,187
Hill Country Village	1,073
Hollywood Park	3,210
Kirby	8,612
Balcones Heights	2,991
Balance of Bexar County	148,969
Total	1,518,370

Comal County

Bulverde	4,446
Selma (pt)	85
Schertz (pt)	1,152
Garden Ridge	2,538
Fair Oaks Ranch (pt)	387
New Braunfels (pt)	43,979
Balance of Comal County	43,481
Total	96,068

Frio County

Dilley	4,167
Pearsall	7,772
Balance of Frio County	4,448
Total	16,387

Gillespie County

Fredericksburg	10,432
Balance of Gillespie County	12,656
Total	23,088

Guadalupe County

Santa Clara	894
Universal City (pt)	2
Selma (pt)	324
Schertz (pt)	23,296
San Marcos (pt)	13
New Braunfels (pt)	3,189
New Berlin	488
Marion	1,118
Cibolo (pt)	7,775
Seguin	24,230
Balance of Guadalupe County	41,703
Total	103,032

Karnes County

Kenedy	3,408
Karnes City	3,430
Falls City	606
Runge	1,084
Balance of Karnes County	6,823
Total	15,351

Kendall County

Fair Oaks Ranch (pt)	910
Boerne	8,054
Balance of Kendall County	19,643
Total	28,607

Kerr County

Ingram	1,838
Kerrville	22,010
Balance of Kerr County	22,648
Total	46,496

Medina County

Natalia	1,794
Castroville	2,936
Devine	4,409
Hondo	8,779
La Coste	1,369
Lytle (pt)	356
Balance of Medina County	23,384
Total	43,027

Wilson County

La Vernia	1,087
Stockdale	1,579
Poth	2,145
Nixon (pt)	0
Floresville	7,024
Balance of Wilson County	25,694
Total	37,529

Source: U.S. Census Bureau
State & County QuickFacts

Economy

According to The Perryman Group, a leading economic forecasting and research firm headquartered in Waco, Texas, the AACOG region currently accounts for about 8.7% of the overall population in the state. It also has nearly 8.7% of the state's wage and salary workers. The region, based on studies conducted by the Perryman Group, contributes nearly 7% of the state's Real Gross Product (RGP). From 2006 through 2011, the Perryman Group projects that the AACOG region will attain a RGP compound annual growth rate of around 4.2%, reflecting an increase of about $14.60 billion over the five year period.

Currently, the service sector generates about 26.3% of the region's total gross product. An additional 47.9% is contributed by the finance, insurance, and real estate; government; and trade sectors combined. These four industries will likely be responsible for nearly three fourths of the expected RGP growth in the region over the 2007-2012 timeframe.

The table/graph on the next page provides a snapshot of the region's economy as of April 2007. Currently, there are 976,252 workers in the region's Civilian Labor Force (CLF). Of that number, 96.4% or 941,180 were employed. Only around 3.6% were unemployed. These rates compared favorably with the Texas and U.S. rates for the same time period. For those employed in the region, the average weekly wage during the 4th Quarter of 2006 was $737.40. The average for Texas was $868.92. These data show that the AACOG region still tends to lag behind the Texas and U.S. wage rate averages. This is indicative of a broader problem in the region, especially in its rural areas. Despite its strong economic growth over the past decade, many of the jobs in the region are still low-skill, low wage ones.

The top five economic sectors in the AACOG region in terms of their composition during the 4th Quarter of 2006, were: Government (17%); Trade, Transportation and Utilities (17%); Education and Health Services (11%); Professional and Business Services (12%); and Information (11%). These sectors employed approximately 693,000 or nearly 74% of the workforce in the region.

Alamo WorkSource projects that the region's work force will grow to about 1,020,247 by 2010, representing an overall increase of around 9.1% between 2005 and 2010. Of this number, about 935,000 or around 92% of the workforce are expected to be employed, and approximately 50,000 or nearly 5% will be unemployed. These data projections suggest that the workforce in the region should remain fairly stable over the next three to five years.

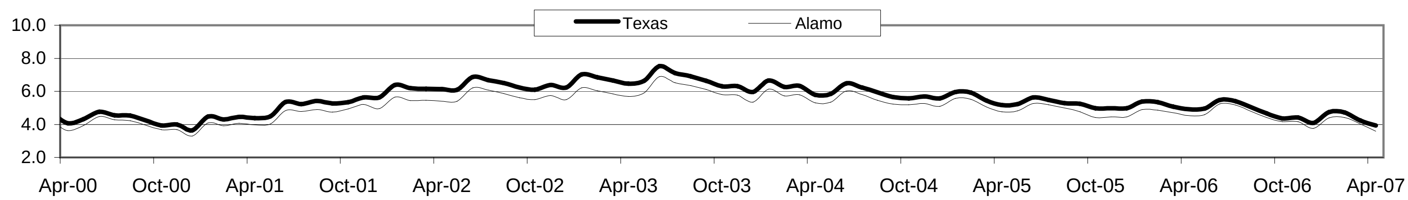
Most of the workforces employed in the private sector are working in smaller businesses. Slightly over 60% are in white collar occupations and about 39% are in blue collar type jobs. In 2005, there were an estimated 69,933 business establishments in the 12-county region employing nearly 785,000 workers. The remaining 70,000 plus were employed in public sector jobs at the local, state, and federal levels within the region.

Alamo Workforce Development Area — April 2007

Civilian Labor Force Estimates (Not Seasonally Adjusted)

	Alamo WDA CLF	Alamo WDA Employed	Alamo WDA Unemployed	Alamo WDA Rate	Texas CLF	Texas Employed	Texas Unemployed	Texas Rate
Apr-07	976,252	941,180	35,072	3.6	11,496,752	11,045,095	451,657	3.9
Mar-07	978,066	938,634	39,432	4.0	11,526,821	11,038,579	488,242	4.2
Apr-06	972,174	928,106	44,068	4.5	11,409,667	10,847,636	562,031	4.9

Historical Unemployment Rates



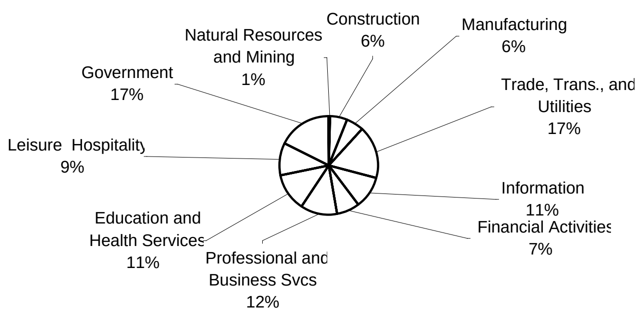
Total Claims

	Apr-07	Mar-07	Apr-06	OTY
Initial	3,510	4,253	3,290	**220**
Continued	15,272	15,689	23,723	**-8,451**
Continued Claims for the Week of the 12th				
Continued	5,812	4,662	4,877	**935**

Average Weekly Wage

	Alamo	Change	Texas
4th Qtr 2006	$737.40	69.86	$868.92
2005 Average	$667.54	22.40	$823.02
2004 Average	$645.14		$799.03

Alamo WDA Industry Composition
4th Quarter 2006



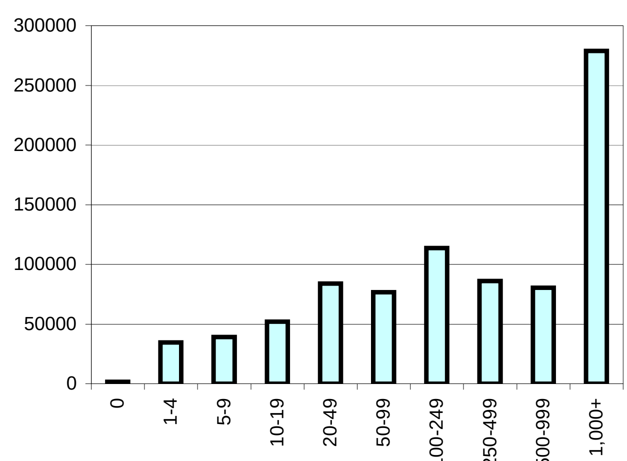
Top 10 Private Employers in the WDA
4th Quarter 2006

BILL MILLER BAR-B-Q ENTERPRISES LTD
CITICORP DATA SYSTEMS INC.
COLUMBIA HCA HEALTHCARE CORP
HEB GROCERY COMPANY LP
U S A A INSURANCE
USAA FEDERAL SAVINGS BANK
VHS ACQUISITION SUBSIDIARY
WAL-MART ASSOCIATES INC
WEST TELEMARKETING LP
WORLD MORTGAGE COMPANY

NAICS COVERED EMPLOYMENT QUARTERLY DATA
4th Quarter 2006

SUPER SECTOR	Total	Change Quarter	Year
Natural Resources & Mining	6,200	62	236
Construction	49,628	-917	744
Manufacturing	50,969	718	2,123
Trade, Trans., and Utilities	154,264	6,022	8,186
Information	96,222	-5,591	3,653
Financial Activities	64,990	303	1,593
Professional and Business Svcs.	107,645	-1,310	4,704
Education & Health Services	112,010	2,285	5,411
Leisure & Hospitality	96,222	-5,591	3,653
Other Services	24,743	-41	1,045
Federal Government	29,962	-37	-65
State Government	18,155	735	560
Local Government	110,119	8,798	5,652
Nonclassified & Confidential	1,377	111	529
TOTAL	**922,506**	**5,547**	**38,024**

Size Class Employment Composition
4th Quarter 2006



Available at http://www.tracer2.com/

Several key industry clusters in the region are expected to drive the economy over the next five years. These clusters include: Creative, Aerospace, Healthcare, Hospitality/Tourism, Information Technology (IT), and Finance. The vast majority of those employed in these industries are located in San Antonio/Bexar County. However, the outlying counties in the region, especially those in the northern half – Bandera, Comal, Guadalupe and Kendall – are also experiencing significant growth in terms of employment, wages, market share, and new investment. Bexar County remains, by far, the largest employer in the region providing more than 700,000 jobs in the third quarter of 2006. This represented almost 88% of the regional total. Nevertheless, Bandera, Comal, Guadalupe and Kendall counties also had strong growth within their local economies. A number of area experts believe that most of the growth in these surrounding counties around Bexar County has resulted from population "bleeding out of San Antonio that has created its own need for services." Others feel that the spillover effect cannot account for all of this region's growth. Instead, a number of communities in the AACOG region outside of San Antonio such as Bandera, Boerne, New Braunfels and Seguin are creating their own pool of primary employers and already have thriving local economies. In effect, these communities are also becoming growth and mini-urban centers. This, however, is not the case with those counties located in the southern portion of the region. Their economies continue to lag behind the rest of the region.

Workforce Development

The New Economy is transforming the work environment in the region. Constant and rapid change has now become the norm in the workplace. This kind of situation requires workers that are able to adapt to changing workplace requirements and productivity norms. In addition, workers already employed need to enhance their skills to move up the career ladder, and new workers entering the job market for the first time must have the necessary skills to get started and ultimately succeed. If anything, the New Economy means adapting and readjusting to the work environment to compete in an ever-changing market.

The AACOG region, as a whole, has experienced significant economic growth since the late 1990s. Along with this growth has come a substantial increase in its workforce. Despite this increase in the size of the workforce, there is a real concern over a growing skills gap. While unemployment has declined in many areas of the region, the state of the region's workforce still remains in doubt.

In 2005, ICF Consulting conducted a major Regional Industry Cluster Analysis for Alamo WorkSource to better define regional occupational and industry trends in the 12-county AACOG region. It also sought to identify regional clusters and evaluate their impact on the labor market. Thirteen target industries in the region were identified as having both higher-than average growth rates, and a higher percentage of well paying jobs. Many of these industries fell within the professional services, information technology, construction and financial service sectors. Further analysis was done to eliminate those unlikely to generate large numbers of quality jobs in the future. Six key clusters were subsequently targeted for additional study. These were:

- Aerospace
- Automotive/Advanced Manufacturing
- Construction Equipment & Supplies
- Financial Services
- Health Services
- Information Technology, Internet & Telecommunications

In addition to defining these industry clusters for the region, it was also agreed that the challenge for the region, as a whole, lied in upgrading the skill base of the region's workforce to meet the needs of its growing knowledge based clusters. A subsequent survey of over 2,000 local businesses in the six clusters confirmed that the largest skill shortages were in those occupations requiring the greatest skills (though not necessarily the greatest formal education), especially in areas requiring skilled production workers, management expertise and technicians.

At the same time, it was noted that the region's educational and workforce development systems had their own challenges. These included fragmentation in the training process, inhibited collaboration, and continued emphasis on standardized testing. In the view of many, these challenges have taken the focus away from the needs of the local economy. The lack of funding was another major issue. It was felt, and it remains true today, that if the quality of the workforce is to be improved in the region, more emphasis will need to be centered on increasing the numbers of students who receive high school diplomas. Just as important, is ensuring that as many of these graduates as possible go on to earn at least an Associate's degree.

The challenge, according to Alamo WorkSource, is that while the region has moved its economy away from its traditional focus on tourism and the military toward the development of new industry clusters with the potential for generating high paying, high quality jobs, it still lags in terms of developing a highly skilled workforce. They added that "these clusters are growing despite the quality of the region's workforce, not because of it." Moreover, "this situation is not sustainable." If this concern is not addressed, the region's ability to remain competitive in these clusters may be constrained.

In the AACOG region, the study pointed out that the 13 high skill, high growth industries within the six major clusters employed nearly 150,000 workers in 2003. Many of those jobs also paid above average wages in the region. Most of the employment in those high skill/high demand industries was concentrated in Bexar County. However, many of the other surrounding counties in the region also had higher-than-average concentrations in those high-skill/high demand industries. Only Medina and Bandera counties had lower-than-average concentrations. Also because different counties had different mixes of companies and jobs, they also had different labor markets. This also meant that wage levels in these industries varied across the region ranging from a high of $38,052 in Bexar County to a low of $12,830 in Karnes County. In recent years, however, there has also been a shift in these kinds of jobs within the region. While they still tend to be concentrated in Bexar County, they have been moving to the surrounding counties in the AACOG region as well.

Over the longer term, the development of the region's workforce remains an important goal. If the AACOG region is to compete successfully in the years ahead, it will have to continue to improve the overall skill level of its workforce. Equally important, the region's leadership will also need to focus more on cluster development to bring together the necessary economic components to ensure that the region remains competitive in the global economy of the 21st century.

Transportation Access

The 12-county AACOG region is centered on San Antonio/Bexar County, which is the dominant metropolitan area for the entire region. To the west and north is the Texas Hill Country, while the southern and eastern portions of the region encompass sparsely populated ranch lands. All of the counties within the region have a primary community which serves as the political, social, economic and cultural focus of the county. Many also serve as county seats. There are also several cities in the region that have populations exceeding 20,000 based on the latest census. These are: Seguin (Guadalupe County), New Braunfels (Comal/Guadalupe Counties), and Kerrville (Kerr County). In addition, the region encompasses a rapidly suburbanizing area surrounding San Antonio (Bexar County) and numerous smaller suburban communities scattered throughout the area.

The region and its communities are served by several major transportation corridors centered on key interstate and U.S. highways. These include: IH-35, which generally cuts through the region in a north/south direction; IH-10, which is the major east/west interstate; IH-37, which moves through the southern counties and connects San Antonio with Corpus Christi; U.S. Hwy. 90, which links with IH-10 and provides a major east/west connector through the region; U.S. Hwy. 181 which serves the region's southern half; and, U.S. Hwy. 281 which is a major north/south connector. Other major highways serving the region are Texas 16, 46, 87 and 97. Within the San Antonio metropolitan area several important highways, including Loops 410 and 1604, link together other major highways in the region. These highways, in turn, link San Antonio and the region with other key areas in the state, and provide a high level of access to other parts of the U.S.

Public transportation in the 12-county region is mainly provided by VIA Metropolitan Transit in the San Antonio metropolitan area. Public transportation services for the other 11 surrounding counties in the region are provided by Alamo Regional Transit (ART), a part of the AACOG regional structure. In 2005, the Texas Department of Transportation (TxDOT) Strategic Plan called for the development of regional public transportation plans. That same year, AACOG contracted with the KFH Group, Inc./Cambridge Systematics to develop a regional public transportation coordination plan as a response to TxDOT's strategic plan. The intent of that effort was to examine ways to more effectively "manage mobility" in the region. A major area of emphasis in that study was the coordination of services at the local level. Another was to evaluate regional strategies to optimize transportation access in the region. Several goals and corresponding objectives were also developed as part of this planning activity. One was to enhance the quality of the customer's travel experience. A second goal was to expand the availability of services to those who are unserved. A third goal was to increase the cost effectiveness and efficiency of service delivery.

During the development of the plan, a number of issues emerged. One had to do with the lack of funds to provide the necessary transportation services to mainly rural clients in the region. A second key issue was severe gaps in coverage. Another was the lack of coordination, especially as it related to the region's Medical Transportation Program (MTP). Duplication of services was another concern. The lack of basic mobility services for those most in need was cited as another key concern. Given that, most of the counties and communities in the region are not large enough to provide public transit services, they have to revert to other forms of transportation provided either by ART, other nonprofits, or by specialized agencies for one-on-one services.

The KFH Group, Inc./Cambridge Systematics study also came up with several key findings:

- The vast majority of the population resides in Bexar County, most within the City of San Antonio, and as a result, most of the major destinations are within the City.

- Within each of the other surrounding counties, there is typically a dominant town or city, where most of the county's population lives and goes to work, shops and handles general business.

- There are a number of cities that have the size and nature that can support a fixed-route or flex-route service based on demographics, community support and tourism. These include Fredericksburg, Kerrville, New Braunfels and Seguin.

- Within each of the surrounding counties, the primary town or city serves as the major trip attractor for residents. Most of the towns are self-contained for local travel needs.

- Most of the major destinations in the Alamo Area are located within the City of San Antonio.

Intra-regional travel is done mainly by car or through carpooling. Journey to work data for the region shows that, as of 2000, approximately 3.4% of all Bexar County residents used public transit to get to work. At the same time, less that 1% of all residents in each of the other 11 counties in the region used public transit to get to work, or seek specialized services. Several counties including Karnes, Frio, and Atascosa had high carpool usage. The share of residents in the region that drove alone was the same as the national share of 78.2%, but less than the state share of 80%. On average, commuters from eight of the 12 counties in the region spent more time commuting to work than the national and statewide average, which measured about 25 minutes in 2000. Measured by absolute numbers of commuters, Bexar County was by far the top destination for workers in the region. The greatest commuter share to Bexar County came from Wilson, Atascosa, Kendall and Medina counties. The smallest share came from Kerr and Gillespie counties.

Transportation access within the region and its external linkages to other parts of the state and the nation are crucial for the region's long-term economic success. To this end, it is important to ensure that public-based transportation systems within the San Antonio metropolitan area, and the larger communities in the region are optimized to provide the best transit services possible for local residents. Equally important is the need to provide a highway network within the region second to none to provide a high level of connectivity between communities. While the region is currently well-served by major U.S. and state highways, rural communities still tend to be more isolated. The long-term goal is to ensure that all communities in the region are well-served by a comprehensive network of highways and roads.

Other key components of the transportation network including airports and railroads also need additional upgrading and investment. While San Antonio International Airport serves as the region's primary airport, other smaller regional airports in the AACOG region need to be upgraded and expanded as needed. The same applies for railroad networks within the region. Given the large number of railroad derailment incidents in recent years, much work still remains to be done to improve the safety level and capacity of the region's rail infrastructure. Other issues such as the cost of building new roads, relocating rail lines, and related infrastructure in the region and throughout the state have also emerged over the past five years. These issues will undoubtedly be addressed by the Texas Legislature, TxDOT, and other local and regional entities in the years ahead.

Another important concern is the need for enhanced transportation access to build up the region's economy and ensure its competitiveness. For example, the region's connection with the ports of Corpus Christi and Houston is vital for its long-term economic growth. Access to these ports by rail and highway is a high priority to ensure that link. The Port of San Antonio is another important connector linking together several major air, rail, and road systems to move goods and commodities manufactured or assembled in the region to the global marketplace. Access and the viability of a region's transportation systems are key building blocks for a strong regional economy. If the region's leadership wants to build a strong economy, it will have to invest wisely to ensure that these systems are able to respond to the demands being placed on them now and into the future.

Environmental Issues

The AACOG region encompasses a broad range of distinct environments within its 12-county area. These include the Texas Hill Country to the north, and the grassy rolling hills that characterize much of its western and southern range lands. Its central region is dominated by the San Antonio metropolitan area. Its eastern and southeastern areas on the other hand, are characterized by productive agricultural and ranching areas. It is also a region in transition as it struggles to deal with a wide range of environmental issues such as water and air quality, solid waste management, energy concerns, and growth.

While most people will readily accept the idea that it is good policy to develop a sustainable economy that is conducive to a high quality of life for local residents, it is extremely difficult to put in place the public policies needed to achieve this end. Today, many of our policies and programs tend to be fragmented and narrowly focused. Trade offs are a constant reminder of just how difficult it is to come up with policies that can adequately mitigate environmental problems while still maintaining a strong regional economy. Although there has been much progress made over the past decade, many of the issues and concerns still remain. For example, air quality attainment in the region is still problematic. Water quality issues remain. Smart growth concerns are still a low priority. Habitat management issues are just beginning to be addressed. These concerns and issues cut across all of the counties in the region. Underscoring these concerns are their implications for the region's long-term economic growth prospects.

Air quality issues are a case in point. The San Antonio metropolitan area is currently in danger of being classified as a non-attainment area with respect to its air quality. Over the past two years, San Antonio has recorded ozone levels near or exceeding the National Ambient-Air Quality Standards. If these levels are not improved, a number of restrictions will be applied that could have serious ramifications for the area's economy. Conditions are exacerbated by the growing number of vehicles on the region's highways, high levels of economic growth, and significant increases in population. It is therefore imperative that positive action be undertaken in the region to reduce air pollution so that economic growth can continue without degrading the quality of air we breathe. Part of the solution is to continue efforts already underway to mitigate air pollution in the region. Additional efforts will also need to be directed toward ensuring that adequate funds are provided to maintain existing education, research and monitoring efforts in the region. Also, new kinds of partnerships need to be put in place to coordinate air quality work in the region. Growth management is another area that will need to be addressed if we are to adequately deal with air quality issues in the region.

Water quality and quantity is another major concern across the region. For most communities and counties in the AACOG region, the supply and quality of water resources appears to be sufficient for the short term. Over the long term, the solutions become more difficult. Although efforts are now underway to mitigate pollution, enhance the region's water supplies, and develop environmental strategies that will improve the habitats of various water catchment areas and aquifers within the region, much work still remains. For example, growth over the Edwards Aquifer is still a concern. Population growth in some parts of the region is also beginning to strain existing water resources. Moreover, the problem of ensuring an adequate supply of water to sustain long-term economic and population growth in the region still looms large.

Solid waste management is another concern. Efforts are now underway to develop a solid waste strategy that includes a cost-effective, efficient and innovative recycling and waste minimization program. Incentives are also being tried as part of a broader regional strategy to divert waste, facilitate recycling efforts and reduce environmental impacts. Over the long term, however, more comprehensive measures will have to be developed to reduce solid waste. Equally important is the need to have in place a hazardous products (tires, computers, lead paint, pesticides, cell phones, chemicals, etc.) waste disposal plan that includes the use of non-polluting permitted incinerators, material recovery plants, and waste minimization strategies. Finally, efforts should be made to review the effectiveness of current legislation that regulates municipal and industrial waste in the region, provides additional funding to address site-specific environmental remediation/mitigation efforts, and prevents the illegal dumping of solid waste in environmentally sensitive areas in the region.

Smart growth and energy related issues are equally important. Environmental concerns and smart growth/growth management policies are linked with economic development concerns through the cost of doing business. The cost of not having a smart growth plan or habitat management strategy, however, can generate greater economic costs, as well as increased health and human costs. Unbalanced and unhindered growth can also be extremely costly for communities. Not only can it lead to increased population densities, it can also strain existing infrastructures, increase traffic congestion, and over-burden school districts in the region. By carefully defining trade-offs and taking into account cost factors associated with certain decisions or policies, policy makers can make better decisions. The key is making the right decisions on growth policies so that environmental needs and economic growth can support each other.

Energy is another key policy area that has strong environmental and economic implications for the region. It goes without saying that our economy is largely based on cheap energy. Most of our energy is provided through the use of fossil-based fuels like coal, petroleum, and natural gas. During much of the 20th century, the U.S. was able to meet almost all of its energy needs through its own resources. However, that changed in the late 1970s. Today, the U.S. has become a net importer of energy resources. Not only has energy become more costly, the use of fossil fuels like coal, has also engendered a heavy environmental cost. These developments are beginning to cause a significant shift toward the idea of sustainable development, smart growth policies, and the use of renewable energy sources such as solar and wind power. This shift will most certainly have an impact on the region's long-term economic growth prospects.

Any environmental strategy for the region must take into account the above concerns if it is to be successful. Such a strategy must also be cognizant of the economic implications fostered by it. All of the communities in the region have a stake in ensuring a successful outcome. For the most part, these issues and concerns can be dealt with without limiting economic growth in the region. The key is to put in place effective regional strategies that take into account both the need to protect the environment while sustaining long-term growth in the region.

Quality of Life

Quality of life issues have to do with a broad range of concerns like income, housing, and education resources. All have implications for the region's long-term economic growth potential. They also have a bearing on how well the region is able to market itself as a desirable place to work, live and do business in. In a competitive global economy, the quality of place becomes an important factor in helping businesses and institutions decide where they want to locate themselves. It also becomes important for attracting the necessary talent and assets needed to sustain the economic growth process.

Over the past decade, San Antonio and the AACOG region have been able to take advantage of its assets and quality of life to attract a number of world-class businesses. Toyota Motor Manufacturing was one of those businesses. In the future, the area's cultural environment and quality of life will likely play an increasingly important role in the economic growth process. While the AACOG region continues to be an attractive location for new business ventures and investment, much still remains to be done to make it a major player in the U.S. and global markets. Several factors are especially important. Those factors include income, education and housing concerns discussed below:

Income

Income levels in the AACOG region generally compare favorably with those of other regions in the state. However, there tends to be a great deal of variability in income levels within the region itself. For example:

- The median household income for the region in 2003, was $38,862. The median for the state was slightly higher at $39,967. Within the region, however, the median household income level ranged from a low of $24,272 in Frio County to a high of $55,207 in Kendall County.

- In terms of per-capita income, the overall figure for the region in 2000 was $18,343. For the state, it was $19,616. On a county-by-county basis, the lowest per capita income level was found in Karnes County - $13,603, and the highest was in Kendall County - $24,619, a difference of nearly $11,000. In 2006, the estimated per capita income figures ranged from a low of $13,800 in Karnes County, to a high of $25,056 in Kendall County. The average for the region was $18,654, up slightly from the regional average of $18,343 recorded in 2000.

- About 15.4% of all persons in the region in 2003 were at or below the poverty line. The rate for Texas was slightly higher at 16.2%. The county with the lowest poverty level in the region was Kendall County at 9.2%. The highest level of poverty in the region was in Frio County. In 2003, 21.8% of the population in that county was at or below the poverty line.

- The per capital personal income (PCPI) figure for each of the counties in the region ranged from a low of $17,293 for Karnes County to a high of $34,113 in Kendall County in 2004. The average for the region was $25,784. The Texas PCPI was $30,782.

- The level of disposable income also varied considerably from county to county in the region. Disposable income represents the amount of income available to an individual or family to purchase goods and services in the market. In 2006, the median disposable income for residents in the region ranged from a low of $25,221 in Frio County to a high of $46,794 in Kendall County. These income disparities also coincide with those discussed earlier relative to median household income, per capita income and the PCPI.

Education

Education attainment levels also varied tremendously within the region on a county-by-county basis. For example, the percentage of high school graduates in the population – 25 years or older- in the region ranged from 57.7% in Frio County, to a high of 85.4% in Kendall County. The average for Texas was 75.7%. The regional average was 74.9%. Conversely, the number of persons aged 25 and over with at least a bachelor's degree ranged from a low of 8.4% in Frio County to a high of 31.4% in Kendall County. The average for Texas was 23.2%. The average for the region as a whole was 18.3%.

In 2006, the number of local residents in each of the counties with some college, but no degree, ranged from a low of 14.5% in Karnes County to 27.3% in Bandera County. For those with a bachelor's degree the range was 7% for both Frio and Karnes counties, to a high of 21.3% for Kendall County. These disparities within the region with regard to educational attainment rates will need to be addressed as more emphasis is given to creating a world class, highly skilled workforce. Indeed, the apparent differences between the northern and southern counties within the region are not only reflected in terms of their income, poverty rates and educational attainment levels, but in a host of other key factors that affect the region's overall quality of life and ability to compete in the global marketplace.

Housing

Based on current estimates, there are nearly 770,000 housing units in the region as of 2006. Nearly 65% are owner occupied. About 18.5% are classified as rental, and slightly over 16% were listed as vacant. The largest number of owner-occupied units were located in Atascosa County (69.5%). The county with the fewest was Frio County (54.7%). As might be expected, the largest number of rental units were located in Bexar County. Only about 12% of all units in Bandera County were listed as rental in 2006. The median home value for owner occupied homes in 2000 within the region ranged from a low of $35,120 in Frio County to a high of $136,463 in Kendall County. Average contract rent for apartment dwellings in the region ranged from a low of $232 a month in Karnes County to a high of $576 a month in Kendall County in 2006.

One of the key concerns is the lack of affordable housing in the region's rural areas and smaller communities. This lack poses a significant problem for many low-income families in the region. Part of the problem lies in the absence of alternative home financing and loan programs for these families. Another is the absence of an overall housing strategy focusing on the needs and requirements of small rural communities in the region. The problem is also acute for low-income families living in poor neighborhoods in larger communities and within the San Antonio metropolitan area. The problem is exacerbated by the fact that a large portion of the housing stock in the region is now more than 50 years old.

Conclusion

If the AACOG region is to become a key player in the global economy of the 21st century, its leadership will have to take the necessary steps to fully mobilize the region's considerable talent, resources and assets. Equally important, it will have to effectively deal with a wide range of issues that include developing the means for facilitating long-term economic growth in the region, developing a world class workforce, putting in place a transportation infrastructure that can support and sustain development in the region, protecting its unique environmental assets, and confronting its very severe disparities. To accomplish this, the region's leadership must also have a road map to help it understand the issues at hand, how they impact the region as a whole, and define a course of action to deal with them. The Comprehensive Economic Development Strategy (CEDS) described below is a step in that direction. This CEDS also seeks to strengthen the movement toward greater regional cooperation and collaboration; build a consensus on key issues and concerns impacting the region; create a strategic vision for the AACOG region; and, serve as a means for bringing together various groups and organizations in the region to implement this plan of action.

Regional Strengths/Opportunities

The AACOG region has a variety of strengths and opportunities as a region in the areas of workforce, quality of life, marketing, finance, governance, and research and development. Its strengths and opportunities stem from a combination of innate qualities like population, geography, and climate and other significant external influences that are driving key strategic investments in the region.

Workforce

Workforce is the most important natural resource in any region hoping to compete in the global economy. The AACOG region is moving affirmatively towards a more educated workforce. In addition to the many excellent school districts in the region, great strides are being made through the growing network of higher education facilities in the region. Major public universities, community colleges, and private universities within the region offer a unique blend of concentrations and experiences to a full spectrum of students. The region can most aptly be characterized as undertaking major investments in both its post secondary education and research capacity as well as extending the network of learning opportunities and resources across the region.

The AACOG Region possesses a strong base of private universities that support workforce development in the region. In identifying total enrollment for all post-secondary institutions in the region, Alamo Worksource noted that approximately 14.5% of the region's higher education capacity came from private universities. The importance of the private universities is underscored by accomplishments of national merit some of the private universities have received.

Trinity University in San Antonio was ranked (last 13 years) as being among the best of many institutions that offer undergraduate and select master's degrees in the western United States and also received a No. 4 ranking in the best value category by U.S. News & World Report. Additionally, the magazine recognized the school's engineering program as one of the best in the nation. St. Mary's University in San Antonio and Texas Lutheran University (TLU) in Seguin were also recognized as leading schools in their categories. Also standing out nationally was St. Mary's University, who ranked 15th in academic quality in the Western United States among institutions that offer undergraduate and master's level programs. This national recognition illustrates the strength in range and value of the post-secondary educational opportunities in the region.

At the heart of the region, within Bexar County, San Antonio will soon be the only Texas city to leverage the knowledge resources of two major university system branches: The University of Texas at San Antonio (UTSA) and Texas A&M University. Additionally, the regional education and training network is reaching throughout the region with the Alamo Community College District's (ACCD) industry-focused academies. Communities such as Floresville and New Braunfels are also investing in their workforce by bringing ACCD's expertise to their local population.

The University of Texas at San Antonio has been a regional leader in providing access to post secondary education and is again at the forefront of regional educational progress with the bold vision of securing a Tier One Research University status. With this effort UTSA will bring to the region not only access to educational attainment, but also a needed university research base moving the region one giant step towards a more innovation-based economic development process through the leveraging of federal research dollars. UTSA has also made tremendous strides in drawing top professors from around the country, and making investments in new laboratories. In addition, hundreds of millions of dollars in new construction over the next several years are planned.

The Texas A&M System is the newest system to pursue investment in the region's growing population by pursuing development of a campus in south San Antonio adding development in an area still growing as a result of the Toyota Motor Manufacturing investment. Texas A&M will continue to focus on increasing student enrollment in order to break ground on the project that will provide the region with additional high-quality post-secondary education capacity. It is also developing another strong regional research asset. In May of 2006 the Texas A&M Board of Regents unanimously decided to allow commercialization of faculty research to be considered in the granting of tenure to faculty at A&M System universities. By doing so Texas A&M has taken a leadership role in modernizing the tenure process to bring it in line with some new realities. These realities include creating more partnerships with business and industry to leverage research and development dollars and enhancing investment in new technologies.

In addition to providing education and training access in the region's population center, The Alamo Area Community College District has been responsible for extending a high quality, highly customized training network throughout the region. It has also launched a variety of successful workforce education and training initiatives such as cluster industry academies serving the aerospace, information technology, and manufacturing industries in San Antonio and the region. The ACCD is also working with surrounding counties within the region to extend its workforce training network across the region. Through the Central Texas Technology Center (CTTC), the ACCD is able to provide assets for a regional workforce development center in New Braunfels, Seguin, and the surrounding areas. The CTTC will focus on training the local workforce in emerging occupations that stimulate economic development. The CTTC also fosters corporate and community partnerships to serve the region. Fredericksburg is currently working to develop a similar model in the northwestern portion of the region to further distribute regional training resources in this rapidly growing part of the region.

Anchoring the region, San Antonio has gained national attention as an emerging hub for knowledge workers and creative talent. Fast Company and Business 2.0 Magazine have placed San Antonio among several peer cities like Portland, Seattle, and Washington, DC in this regard. However, compared to these cities and other regions in the U.S., the AACOG region faces stark challenges in secondary and post-secondary educational attainment across the region. Ensuring that more of the workforce pursues higher education is paramount to the long term success and economic competitiveness of the region. It must also continue to work to further align education with industry. In an increasingly technology-based economy in which innovation is the new key competitive advantage the region must continue to invest in upgrading its core educational institutions and extending its network of education and training to all parts of the region, especially to its underserved areas.

Finance

Second only to workforce in its importance to the full spectrum of economic development and a growing strength of the region is access to capital and finance-related services. From small business development to technology commercialization, the region possesses and is developing resources to ensure the lifeblood of business is present and accessible to support the full range of business development.

Lenders such as Accion Texas are firmly rooted throughout the region to serve micro-enterprises by making loans as small as $50 to entrepreneurs who are not traditionally bankable. Lenders like the South Texas Business Fund that are used to working with small businesses and facilitating tandem loans with other banks, have a capacity to make loans as large as $4 million. These types of loan funds are critically important to keeping a healthy and productive entrepreneurial environment throughout the region.

Serving the more advanced capital needs in the region is the San Antonio Technology Accelerator Initiative (SATAI). SATAI helps prepare enterprises to connect and maximize their chances of securing venture capital. SATAI also serves as the South Texas Regional Center for Innovation and Commercialization for Governor Rick Perry's Emerging Technology Fund. The Emerging Technology Fund provides capital through a regional competitive process designed to expedite innovation and commercialization of research, attract, create or expand private sector entities that will promote a substantial increase in high-quality jobs; and increase higher education applied research capabilities.

Another regional resource is the Texas Research and Technology Foundation (TRTF). With assistance from the City of San Antonio through a $100,000 grant, the TRTF is creating the McDermott pre-seed and early-stage seed fund to help to facilitate technology based economic development by providing gap financing for biotech companies. The companies and innovation will come from a variety of sources. With a strong base of area research and academic institutions and a blossoming bioscience sector these funds will have fertile ground to grow local technology-based enterprises.

These initiatives are critical for stemming the flow of innovation-based enterprises being lured out of the region by venture capital firms or more mature commercialization pipelines. By developing these assets in the region, we are providing our own rich research base the opportunity to develop commercial enterprises within the region.

Governance

Another key advantage to supporting sustainable regional economic development is a high level of coordination and a quality pro-business environment. The region's 12 counties enjoy a solid partnership through their work with AACOG and the variety of regional services and advocacy roles AACOG supports.

Maturing economic development organizations in surrounding counties have also begun to organize in response to opportunities arising from the development along the Interstate 35 corridor between San Antonio and Austin. Counties have opened lines of communication and have begun developing an organizational capacity to act as sub-regions providing scale and operational collaboration. For example the counties of Comal, Hays, and Guadalupe have organized and, through AACOG, are sharing information and experiences with other counties in the region, promoting knowledge diffusion and balanced development of the region.

In the region's population center of San Antonio and Bexar County, a joint tax phase-in application that streamlines the application process is another example of regional coordination and pro-business environment. The unified job and investment standard is a partnership between the City of San Antonio and Bexar County in securing quality jobs and investment in support of the regional cluster industries. This investment standard also creates protective measures for natural resources such as the Edwards Aquifer, establishes wage standards that ensure a living wage for a family of four, and targets development included with abatements of up to 10 years for underdeveloped areas of the city. This illustrates a policy-driven priority in the region's population center with regard to sustainable economic development.

A key regional weakness lies in the region's inability to consistently identify and collaborate on issues that are cross-cutting and have an impact on supporting regional clusters. There are also inherent differences in priorities, needs and issues associated with a metropolitan area versus a rural area. Additionally, there are varying degrees of maturity in economic development expertise and resources in the region contributing to unbalanced growth within the region. Some counties, for example, are benefiting from spillover effects of growth in Bexar County while others are not taking advantage of this growth. This makes strategic planning vital to the success and future sustainable growth of these communities.

An opportunity lies in maintaining a sustained effort to keep economic disparity at bay throughout the region by creating an operational framework that helps to extend economic growth occurring at the regional center to the surrounding counties. Low tax bases surrounding counties will continue to be a hindrance to developing infrastructure and other basic services that are the precursor for drawing new investment. Creation of a regional standard centered on an economic development-primed county or city could also help the region identify where individual counties and cities may need assistance. This in turn could result in a more targeted technical assistance strategy, coordinated through AACOG.

Quality of Life

A distinct advantage in the AACOG region is its quality of life. Factors such as cost of living, environmental quality, short commute times, plentiful leisure activities, cultural options, and low unemployment have made the region stand out nationally as a home for young professionals and retirees. The metropolitan population center, the picturesque Hill Country, and the many rivers in the region make for an attractive blend of natural and metropolitan amenities.

Housing affordability has also made the region a hotbed of activity over the past several years. The new home market really picked up when Fortune magazine recognized San Antonio as the nation's strongest housing market, predicting an 8.3 percent home price appreciation in 2006. Although the momentum has cooled in 2007, San Antonio continues to buck national trends. Additionally, San Antonio is ranked 25th on the list of cities that are expected to have the country's biggest housing price appreciation in 2007. HousingPredictor.com thinks San Antonio home prices will rise 5.2 percent this year to an average of $139,000.

Cost of living in the AACOG region is another strength. According to the American Chamber of Commerce Research Association (ACCRA) Cost of Living Indices, San Antonio has consistently been below the national average. The indices take an average national cost for Groceries, Housing, Utilities, Transportation, Hospitals and Medical and equate that value to 100 on the index. San Antonio's cost of living indices were consistently ranked 10% and 20% lower in categories such as groceries housing and utilities over the last four years. In the fourth quarter of 2006 San Antonio's housing index was 81.8, almost 20% lower than the national average. The composite index which is the combination of each of these individual cost categories has consistently placed San Antonio 5-10% below the national average. In the fourth quarter of 2006 the composite index was 94.1. An important consideration is that San Antonio is the 7th largest city in the nation. Any major city in the United States would be expected to have a cost of living that is above the national average. For a major city to be slightly above average would indicate competitiveness. San Antonio continues to enjoy both the amenities and access of major metropolitan areas and a cost of living below the national average.

A developing strength of the region is the investment in and expansion of nationally recognized amenities and cultural offerings. The region is home to the single most popular tourist destination in Texas – the San Antonio Riverwalk. The Riverwalk is both a huge tourist destination as well as unique natural resource that runs through downtown San Antonio. It extends north towards several museums like the Witte and the San Antonio Museum of Art and southward to the historic San Antonio missions. Another strength of the region lies in its focus on constantly improving and investing to preserve and extend the use of these types of amenities. New investments targeting the Riverwalk are currently underway. For example a comprehensive, multi-year project is underway to restore and enhance 13 miles of the San Antonio River both north and south of downtown. The San Antonio River Improvements Project is a $198.7 million on-going investment by the City of San Antonio, Bexar County, the U.S. Army Corps of Engineers and the San Antonio River Foundation in flood control, amenities, ecosystem restoration and recreational improvements along 13 miles of the San Antonio River from Josephine Street south to Loop 410 South.

Another new and nationally significant addition to the region's cultural offerings is the Museo Alameda del Smithsonian that opened in April 2007. The museum cost the nonprofit organization, Alameda National Center for Latino Arts and Culture, $12 million to construct. An affiliate of the Smithsonian Institution, the museum's purpose is to tell the story of the Latino experience through art, history and culture. With an operating budget of $5.5 million, the museum is expected to draw 400,000 visitors a year.

Infrastructure

The AACOG region has a number of infrastructure related advantages and opportunities including modern business parks, transportation networks, water, energy and telecommunications systems.

The region is recognized for cost efficient energy generated through producer/wholesalers like CPS Energy. A notable illustration of this was the recent development of the Microsoft Data Center in San Antonio's Westover Hills. The company cited power costs as one of the primary reasons San Antonio was selected for its $500 million investment over competing regions in the U.S.

The region is strategically located between the east and west coast and lies approximately 150 miles from major border crossings like Laredo and Del Rio. It is also well served by several major interstate and state highways. For example IH 35 runs north and south connecting Mexico with the U.S. and Canadian markets. It is sometimes referred to as the NAFTA highway. With IH 10 and IH 37, the AACOG population center is also located close to the Port of Houston and the Port of Corpus Christi. These advantages have also made the area a developing hub for goods in transit through the Port of San Antonio formerly known as Kelly Air Force Base.

The extensive interstate and rail system combined with The Port of San Antonio creates a distinctive advantage for the AACOG region as an international logistics hub. The Port of San Antonio is also important in ensuring that the region is able to take advantage of a growing Chinese economy. By acting as an entry point for Chinese goods into Texas, the region is well positioned to grow as this trade increases in the future. The Port of San Antonio is also developing a new multimodal logistics corridor that runs between the Mexican Port of Lázaro Cardenas and San Antonio. Opened in early 2006, the new corridor offers Chinese exports a competitive alternative for entering the U.S. market. Since its inception, the new corridor has consistently saved shippers delivery time and shipping costs for Chinese goods transiting into the Texas market.

As the region's population center it is critically important that the City of San Antonio make basic infrastructure a top priority. On May 12, 2007, San Antonio voters approved five propositions that comprise the City of San Antonio's $550 Million Bond Program. The program includes 151 projects designed to improve and enhance existing, as well as acquire or construct, new, local streets, bridges, sidewalks, drainage facilities, parks, athletics facilities, libraries and public health centers. All areas of San Antonio will benefit from projects proposed in the bond program. Many projects address infrastructure needs in a specific area while several projects have a regional or city-wide benefit for all residents.

Four Community Bond Committees comprised of 128 residents recommended a majority of the projects. These residents utilized a comprehensive public participation process to obtain community input on potential projects to be incorporated into the program. Ninety-three percent of the Committees' recommendations were adopted by City Council as part of the bond program put before voters.

The $550 million program is the largest municipal bond program in San Antonio's history. It is anticipated the program will be achieved without a property tax rate increase because of San Antonio's expected strong economic growth and the city's disciplined debt management plan. The bonds will be repaid with property tax revenue the City of San Antonio collects on an annual basis. Bonds will be issued, and each project funded, over a five-year period (2007 through 2012). Several proposed projects combine city bond resources with other entity funding to complete needed improvements.

Research and Development

While economic development has traditionally been seen as a function of production cost and incentives to reduce cost of investment, increasingly sustainable regional competitiveness is determined by its capacity for innovation. A region with a strong research base and commercialization pipelines will be able to support cluster industry innovation and spur cluster productivity more effectively. Our region possesses such a research base and a maturing commercialization pipeline.

The region is home to several major regional research institutions such as the University of Texas Health Science Center at San Antonio (UTHSCSA), the University of Texas at San Antonio (UTSA), the Southwest Foundation for Biomedical Research, Southwest Research Institute, Cancer Therapy and Research Center/Institute for Drug Development, and the San Antonio Cancer Institute. The R&D infrastructure is very strong in comparison to other regions of a similar size, and involves a healthy mix of academic, military, private, and non-profit R&D performers. The region is also a strong magnet for federal R&D dollars.

A key development in the region's pursuit to leverage this strong research base is the Texas Research and Technology Foundation (TRTF) business accelerator/incubator facility. The business accelerator/incubator is designed to house start-up bioscience companies. The TRTF has established the incubator within UTHSCSA's South Texas Research Center in San Antonio. An exciting addition to the region's commercialization infrastructure, the incubator will occupy between 10,000 and 15,000 square feet and located in the new South Texas Research Center building and it is expected to support 10 to 14 start-up companies. It will also provide office space, clean rooms and support assets such as legal and consulting services.

Commercialization services such as provided by the San Antonio Technology Accelerator Initiative and Texas Research and Technology Foundation are critical for leveraging regional assets. However, these services are still in the developmental stage. The successful maturation of this commercialization infrastructure should improve the rate and value of regional innovation in the future.

Economic Development Investments

Significant past economic development investments resulting in major developments in the region include Brooks City-Base, the Port of San Antonio and of course the $2 billion plus investment of Toyota Motor Manufacturing Texas on San Antonio's South Side.

Other past cluster investments include Washington Mutual that selected San Antonio as the location for its new regional operations center. The company will add as many as 4,200 jobs over the next seven years – making this one of the largest job creation investments in the U.S. Washington Mutual's regional operations center will support its consumer banking and home loans services.

Current economic development investments include, Microsoft Corporation Data Center plans to invest $550 million to build a new data center in northwest San Antonio. The 400,000 square-foot facility is expected to provide a net fiscal benefit to the city of more than $20 million over the next 20 years and enhance San Antonio's growing information technology industry sector. The data center is expected to house large-scale, worldwide web services for Microsoft's online services business. Once the center is completed, Microsoft plans to create 75 full-time jobs paying an average annual wage of up to $70,000. Microsoft's use of electricity from CPS Energy is also expected to generate more than $1.4 million annually in revenue to the City. The Microsoft project further establishes the AACOG region as a preferred location for major data centers. Data centers tend to cluster within a particular region. A Lowe's data center also is currently under construction in northwest San Antonio.

Sino Swearingen is investing $20 million in a 200,000 square foot facility next to its existing location at the San Antonio International Airport. The new facility will serve as a manufacturing site for its planned construction of 100 SJ30-2 jets. The company is expected to spend up to $50 million on parts and inventory needed to build the SJ30-2. It is also expected that it would bring 850 new jobs to this region with an average annual salary of $50,000. The announcement is another sign of the region’s strengthening aerospace industry. Pennsylvania and West Virginia were also in the running for the expansion, but Sino chose to stay, expand and continue to build on its 20 year history in our San Antonio.

Future economic development investments include the approximate $2 billion from the Department of Defense to implement the 2005 Base Realignment and Closure (BRAC) recommendations. This investment reaffirms San Antonio’s ‘Military City, USA’ moniker by making the region’s population center the home of U.S. military medicine. Some of the most significant investment is going into Fort Sam Houston. Ft. Sam Houston will experience an increase of 11,500 personnel and 5,800 family members through the BRAC process and other military transformation actions. It will also require the construction of 7.9 million square feet of facilities totaling up to $1.6 billion.

Another potential investment the region is competing for is the new National BioAgro Facility. San Antonio holds three of the 17 proposed sites for the $500 million National Bio- and Agro-Defense Facility (NBAF). The NBAF facility will serve as a federal center for research into bio-terrorism through homeland defense research, development, testing, and evaluation conducted by several major federal agencies such as the Department of Homeland Security, the U.S. Department of Agriculture, and the Department of Health and Human Services.

Alamo Area Region Clusters

Alamo WorkSource (AWS) completed the most recent regional (12-county) cluster analysis in 2005. AWS is the regional workforce development authority. It pursued the cluster analysis from a workforce development perspective. This is entirely fitting as one of the region's most pressing challenges is workforce development. This section is a summary of the Alamo Worksource Study. It also discusses methodology used and compares some of key characteristics of each of the clusters.

Economic development investment to support industry clusters is crucial to sustaining future growth in the region. Changes in the U.S. economy over the past several decades have created new growth industries and occupations, while some traditional mainstays have stagnated or even declined. The increasing globalization of the economy means that regions face both new challenges, and new opportunities. The key is to take advantage of the new opportunities afforded by emerging growth clusters.

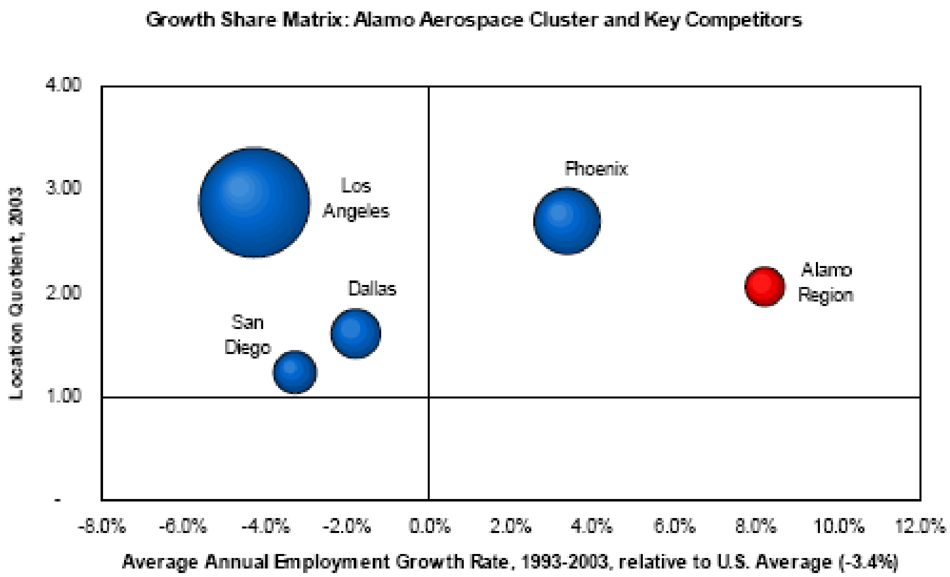
The study identified several specific industries and occupations that are suitable targets for economic development policy. They were selected because they are both growing nationally and providing higher wages. Thirteen target industries were identified as having both higher-than average growth rates, and a high percentage of well-paying jobs. Most of these industries fell within the professional services, information technology, construction, and financial services sectors. The prevalence of these industries across the AACOG region was then assessed. It was found that nearly 150,000 people in the region worked in these high-growth, high-paying industries. The region also has a relatively high concentration in these industries—about 10% higher than the national average. These industries pay, on average, close to $4,000 a year more than the regional average wage. More ever, they are growing, as a group, significantly faster than the regional economy as a whole.

These clusters were further narrowed down to those that do have the potential to raise the region's wages and increase the number of quality jobs. The study then assessed the occupational profile of each cluster using an occupation-by-industry matrix. The following six clusters that employed a relatively high share of quality jobs, were chosen for more detailed analysis:

- Aerospace
- Automotive/Advanced Manufacturing
- Construction Equipment & Supplies
- Financial Services
- Health Services
- Information Technology, Internet & Telecommunications

Also assessed was the competitive performance of each cluster and the drivers of its growth in the region. For each cluster, a growth-share matrix was constructed indicating the competitive performance of the region's clusters in relation to its peers in other similar regions. The growth-share matrix simultaneously indicates the cluster's growth rate relative to the national average, its concentration (or level of competitive advantage), and its total employment relative to competitors.

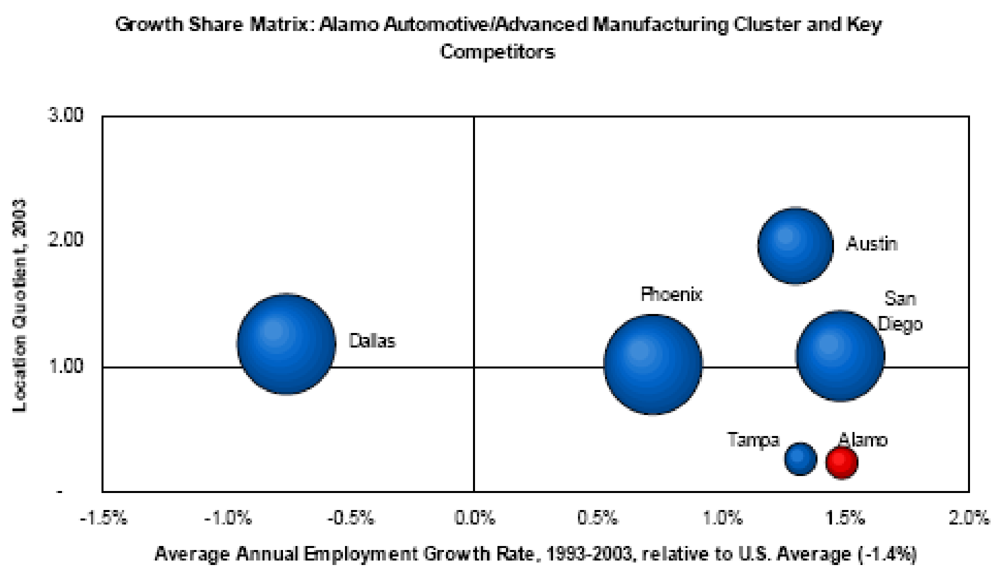
Aerospace: The cluster is growing faster than the national average, and far outpacing the growth of larger and more established clusters in Dallas, Phoenix, and San Diego. However, there is some concern that recent shifts in military maintenance demand have adversely affected the cluster in the short term.



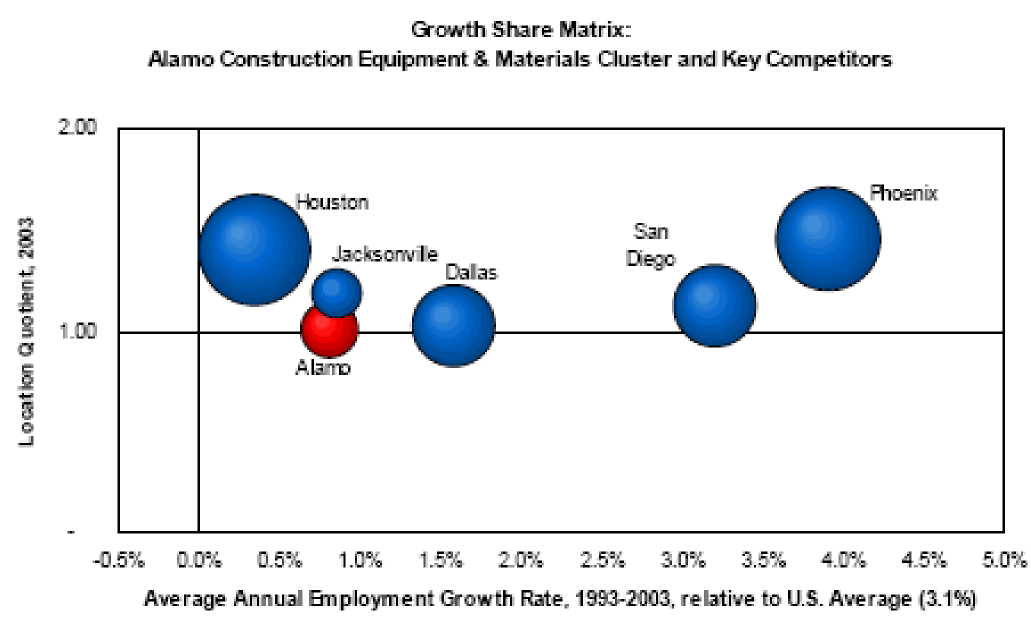
The region's current aerospace cluster is a direct result of its military past. Its long history of R&D and military operational facilities has also given it the infrastructure and skill base it needs to engage high value added heavy maintenance and repair operations, for both military and civilian clients. The chart above is called a growth-share matrix. It is used to assess the competitive performance of a regional cluster against competing clusters in other regions. The matrix shows three things simultaneously: The total employment of the cluster is indicated by the size of the circle. The circle's position on the horizontal axis shows its average annual growth rate over the past ten years. Everything to the right of the vertical line in the middle of the diagram indicates a cluster that is outpacing the national average in growth; everything to the left is lagging the national growth rate. The vertical axis indicates the location quotient. Everything above the horizontal line indicates a location quotient greater than 1 showing a relative specialization for the region. The most competitive clusters are in the upper-right quadrant, with a rapid growth rate and a high location quotient.

The growth-share matrix indicates that, over the past ten years, the region's Aerospace Cluster has performed remarkably well compared to established competitors like Los Angeles and Dallas. Although job growth has been modest in absolute terms, the industry has declined radically across the country, so the region is doing extremely well in relative terms. The challenge for the region is to ensure continued growth of the cluster, and gradually leverage maintenance skills into production activities.

Automotive/Advanced manufacturing: This is another emerging cluster in the region that will become increasingly important with the Toyota investment. Over the previous ten years, the region has seen little growth in this cluster. The Automotive/Advanced Manufacturing cluster has been spurred dramatically by Toyota's major investment in the region. While the AACOG region has seen rapid growth in this cluster, it lacks the critical mass of some competitors in other parts of the country.



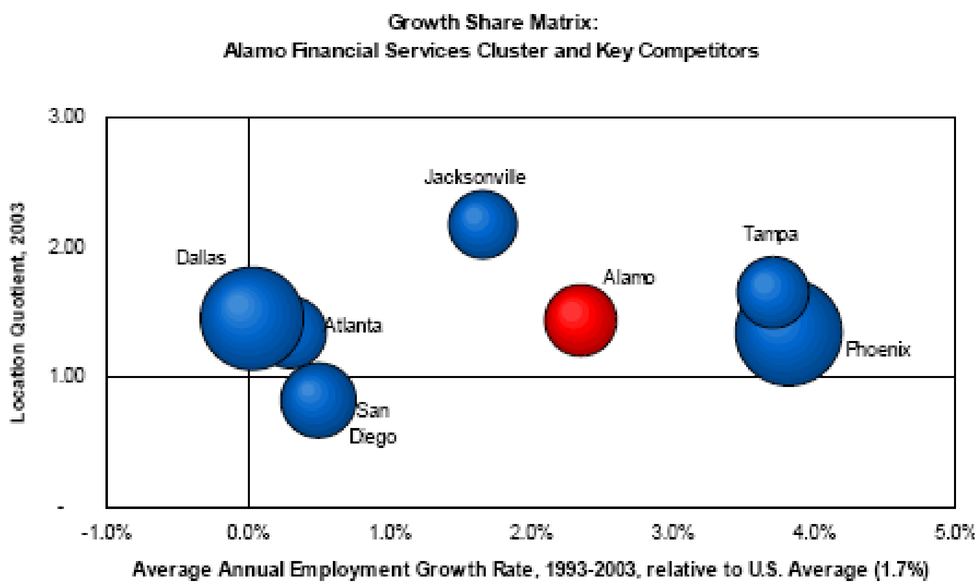
Construction Equipment & Supplies: This is primarily a local area service cluster with some export-oriented suppliers. Its growth is largely driven by an increase in the region's population, and while it has surpassed the national average in growth, it nevertheless lags behind peer regions like Phoenix, Dallas, and San Diego.



This cluster includes both construction services (heavy and light), as well as an array of manufacturing suppliers that produce machinery and equipment for buildings, including HVAC equipment, metal fabrication, and household and industrial furniture. It is predominantly driven by the growth of population in the region, which fuels construction. However, the manufacturing segments give it potential to develop into a broader export-oriented manufacturing cluster.

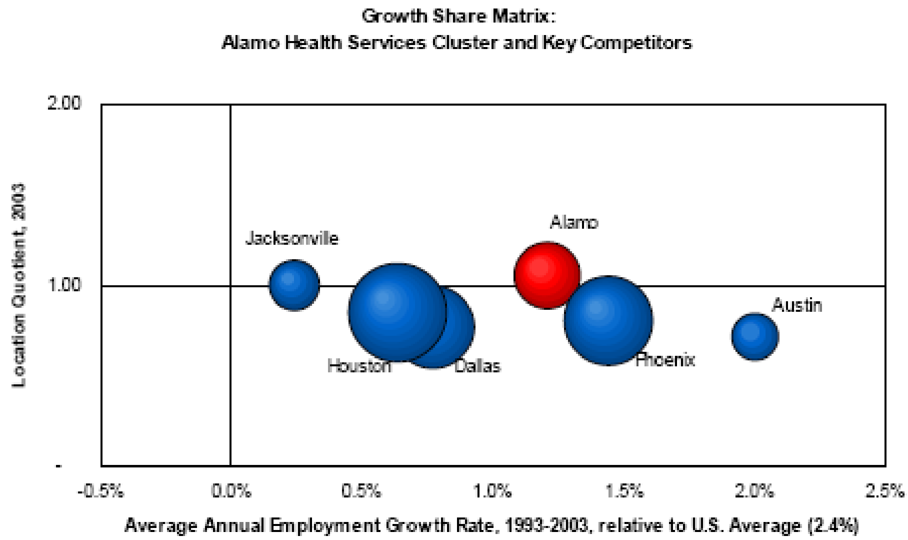
The growth share matrix indicates that this cluster, like those of other rapidly growing regions in the Southwest, is outpacing the national average. However, the fact that it has not yet achieved a high location quotient suggests that it has not yet become an export industry, and its manufacturing potential has not been fully realized yet.

Financial Services: Financial services are another traditional source of strength for the region, where the growth rate has exceeded the national average and a strong concentration indicates an established competitive advantage. However, competitors such as Tampa and Phoenix are growing more rapidly.

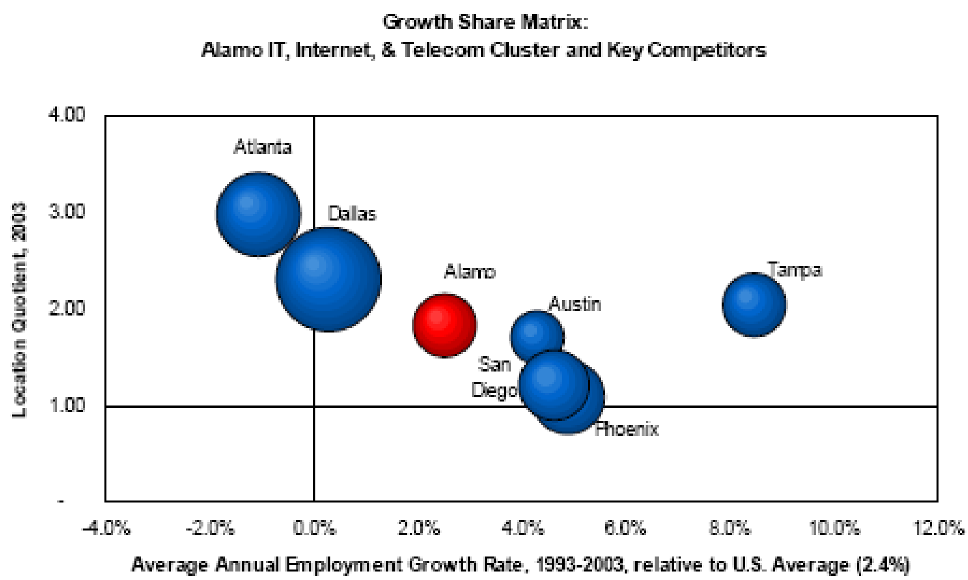


Health Services: Health Services growth is driven by demographic issues in the region, as well as a number of military and civilian clinical and research competencies. Growth in this cluster is exceeding the national average, as well as competing clusters in Houston and Dallas.

The Health Service cluster is by far the largest of the six clusters in employment terms. It is the consequence of a remarkable development of technology, services, research, and education related to life sciences, largely concentrated in the northwestern section of San Antonio. The cluster is primarily focused on health care as a service, which includes specialized care. An emerging biotechnology and pharmaceuticals sub-cluster has developed with the growth of research at the UTHSCSA.



Information Technology, Internet & Telecommunications: The AACOG region's IT cluster suffered a significant downturn, as the industry did nationally in the 1990's. However, the cluster locally still out-paced the national growth rate over the last decade by more than 2.0% a year. The region's growth rate also surpassed Dallas's and Atlanta's, and approached that in Austin and Phoenix.



In general, each of the clusters (with the possible exception of Automotive/Advanced manufacturing) outpaced the national average and are growing quite healthily in the region. Their continued growth will accelerate the demand for high-paying jobs in the region.

As noted at the beginning of this section the AACOG region has a wide range of strengths and opportunities in the areas of workforce development, quality of life factors, marketing, financial, governance, and research and development. These strengths and opportunities are centered on a number of key regional assets. These assets in turn, influence the level of investments made in each of these areas. The goal is to maximize these strengths and opportunities to enhance long-term growth and investments in the region. This CEDS is a framework to accomplish just that.

GOALS AND OBJECTIVES

Economic Development

Goal: Strengthen and diversify the regional economy through a comprehensive economic development approach

Objectives:

1. Encourage and assist all counties to develop countywide economic development plans.
2. Promote and support sub-regional economic development partnerships between adjoining counties to pool resources and assets.
3. Facilitate the role of AACOG, City of San Antonio and Bexar County in the sharing of information, among the regional economic development stakeholders.
4. Support and promote entrepreneurship and small business development across the region.
5. Identify and promote tourism assets in the region.
6. Continue AACOG's role in providing information on sustaining air quality.

Plan of Action:

1. Provide research and technical assistance to local governments in developing countywide and local community economic development plans.
2. Create an economic development e-page as part of the AACOG website to increase the sharing of information and the availability of pertinent information to all economic development stakeholders in the region.
3. Develop an inventory of capital providers to enhance access to funding options and investments for existing businesses and entrepreneurs in the region.
4. Establish a forum that brings together economic development stakeholders from throughout the region to exchange information, share ideas and collaborate on regional activities.
5. Establish a basic economic development training course for locally elected officials, community and business leaders and others engaged in economic development activities in the surrounding counties.
6. Create a thorough inventory of tourism related destinations, events and festivals in the region to help promote tourism.
7. Identify and make available a listing of best practices in business and environmental resource management to help protect air quality in the region.
8. Study the feasibility of developing a Regional Leadership Program.

Implementation Groups:

Area Chambers of Commerce, Area Economic Development Corporations, Center for Economic Development (CED)-UTSA, AACOG, City of San Antonio Economic Development Department, Bexar County Economic Development Department

Workforce Development

Goal: Promote a regional comprehensive approach to workforce development by supporting the alignment of workforce activities throughout the region

Objectives:

1. Increase the number of high skilled, high wage jobs in the region.
2. Broaden information sharing and align workforce planning throughout the workforce system in the AACOG region.
3. Explore re-entry options for military personnel returning to the work force.
4. Expand and promote the community outreach role of the Alamo WorkSource Career Centers network in the region.
5. Build a better educated, highly skilled workforce in the region.
6. Advocate for the development of vocational and technical training career paths in K-16 to better prepare youth entering the workforce.
7. Advocate for increased access to post-secondary training opportunities throughout the AACOG Region to enhance workforce development.

Plan of Action:

1. Provide web link access to the Alamo WorkSource goals and strategies, studies and plans through the AACOG economic development web page.
2. Hold an annual regional workshop to emphasize greater alignment with workforce and economic development strategies.
3. Create a regional inventory of vocational, technical and internship programs available K-16.
4. Explore the development of a comprehensive community outreach campaign for local workforce centers in the region.

Implementation Groups:

Local Economic Development Corporations, Alamo WorkSource, AACOG Workforce Development, Regional Education Service Centers, area ISDs, area higher education institutions, technical training providers

Technology

Goal: Assess the availability of high-speed broadband communications in underserved areas of the region

Objectives:

1. Identify the availability of high-speed broadband infrastructures in all of the counties in the region.
2. Promote and support the use of internet websites to better market the region and support local economic development efforts.

Plan of Action:

1. Create an economic development web page as part of the AACOG website.
2. Survey surrounding counties to develop a list of high-speed broadband providers and service areas.
3. Establish links to local economic development websites in the region from the AACOG website.
4. Study GIS mapping options available to surrounding counties to facilitate comprehensive planning and development.

Implementation Groups:

Local Economic Development Corporations, AACOG, Cities and Counties, Telecom Providers

Transportation

Goal: Support regional transportation alternatives and solutions facilitating economic development and growth in the region

Objectives:

1. Encourage and support greater alignment between local economic development stakeholders and regional transportation organizations to facilitate better planning and collaboration.
2. Continue support of organizations and initiatives seeking regional alternative transportation modes.
3. Support and promote regional general aviation facilities.
4. Expand AACOG's role in providing rural transportation services to surrounding counties.

Plan of Action:

1. Advocate for regional rail initiatives that focus on multimodal transportation plans.
2. Create an inventory of regional airport facilities and assess potential opportunities.
3. Study the expansion of a deviated flex route transportation system in rural areas throughout the region.
4. Study the expansion of the current Job Access Reverse Commute transportation system to surrounding communities.

Implementation Groups:

Local Economic Development Corporations, Alamo Regional Transit (ART), AACOG, Cities and Counties, MPO, TxDOT

Community Development

Goal: Strengthen the *quality of place* through comprehensive community development throughout the region.

Objectives:

1. Determine affordable housing needs in the region.
2. Increase accessibility to higher education opportunities in the region.
3. Advocate prioritizing the continued upgrading of critical infrastructure in the rural areas of the region.
4. Align regional healthcare industry strategies with regional economic development strategies in the region.

Plan of Action:

1. Hold a regional workshop to emphasize greater alignment between regional healthcare industry and economic development planners.
2. Survey counties to determine regional affordable housing needs.
3. Advocate for the expansion of or increased accessibility to higher education or technical training facilities in the region.

Implementation Groups:

AACOG, Local Economic Development Corporations, Cities and Counties, Higher Education Institutions, Technical Training providers, Health Care Industry, Housing Authority organizations

Projected Timeline

The timeline below provides an estimated schedule of the expected completion dates for plans of action. This schedule is subject to change based on stakeholder interest, as well as funding and other resource availability. Updates to this timeline, if required, will be provided in annual progress reports to EDA.

Goal	Activity	Completion Date
Economic Development	Incorporate an Economic Development webpage on the AACOG website	Fall 2007
Economic Development	Basic Economic Development training course	Summer 2008
Economic Development	Regional Inventory of Capital Providers	Spring 2009
Economic Development	Regional Tourism Listing	Summer 2009
Economic Development	Air Quality Best Practices	Fall 2008
Economic Development	Feasibility study of developing a Regional Leadership Program	Fall 2010
Workforce Development	Regional workshop on workforce and economic development strategies	Summer 2011
Workforce Development	Inventory of vocational, technical and internship programs	Summer 2010
Technology	Inventory of high-speed broadband providers in the surrounding counties	Spring 2009
Technology	Study on GIS mapping options	Fall 2008
Transportation	Study on expanding flex route transportation system	Spring 2008
Transportation	Study on job access reverse commute transportation system	Spring 2009
Transportation	Inventory regional airport facilities	Spring 2010
Community Development	Regional workshop on healthcare and economic development strategies	Fall 2011
Community Development	Survey surrounding counties on attainable housing needs assessment	Spring 2009

STRATEGIC PROJECTS

There were many projects, programs and activities that were identified during the CEDS development process and several were ultimately developed into the goals, objectives and plan of action for the 2007-2012 CEDS. The following section highlights several projects and activities that have a regional or sub-regional scope rather than just simply a local community scope. These projects and activities will be monitored and reported on during the next five-year period to gauge our progress and to evaluate their impact on the region's population, workforce, educational opportunities, and growth.

Hill Country Higher Education Facility

Studies have shown that the Texas Hill Country is one of the most populous and largest geographical regions of the state that is not served by a public institution of higher education. Three AACOG counties that are part of this area are Kendall, Kerr and Gillespie. Each county has a thriving fast growing urban center that generates and sustains their economic development activities. The city of Boerne is located in Kendall County, Kerrville is located in Kerr County and Fredericksburg is located in Gillespie County. The most current combined population for these three counties is approximately 99,900. For the three urban centers the current combined population is approximately 41,000. This region is expected to see the population grow steadily at a rate of 6-10% over the next five years.

Community and business leaders in the Fredericksburg area joined forces to make public higher education a top priority. They formed the Hill Country University Center Foundation. Community partners included the Higher Education Steering Committee, Gillespie County, the City of Fredericksburg, Hill Country Memorial Hospital, and the Fredericksburg ISD.

One of their primary goals was to construct a higher education academic facility that would not add to the area's tax burden. The proposed site is a 68-acre tract leased by the Foundation from the City of Fredericksburg. The Foundation is responsible for the raising of funds to construct and maintain the facility and then to negotiate agreements with several established Texas institutions of higher education to provide academic courses.

To date the Foundation has agreements with Texas Tech University, Austin Community College, Concordia University, Schreiner University and Texas State Technical College to offer academic courses at the facility. The Foundation also has been successful in raising over $3 million of its $5.5 million goal to construct phase one of this project.

Phase one will include the provisioning of infrastructure such as streets, parking, water, sewer and a 25,000 square foot academic building. The construction of phase one will start sometime in the fall of 2007. The goal is to have the first group of students begin classes in the new facility by the fall of 2008.

Currently no data is available on the number of potential jobs that may be created with this project. However, this project will undoubtedly spur additional business development in this area and will definitely have a positive impact on the workforce, population, and economic growth of this entire area for years to come.

Funding sources: Local private and public dollars

City of Hondo Industrial Airpark

The City of Hondo is a fast growing urban center in Medina County. The current population of Medina County is approximately 44,000 and is projected to grow by 8% over the next five-year period. Hondo’s current population is approximately 9,000. In the last few years the citizens of Hondo have approved a 4B sales tax to fund economic development opportunities and initiatives. Currently there are several projects and activities being studied that will impact the economic sustainability of this part of Medina County. Both the City of Hondo and Medina County offer great quality of life amenities. This location and community provide ample room for growth and there is a pro-business, pro-growth strategy from both the local and county governmental entities.

One such project is the Hondo Industrial Airpark. It is located at the Hondo Municipal Airport. The airport is a former military facility that was closed during previous Base Realignment and Closure (BRAC) proceedings. The airport is currently classified as a general aviation airport. There are five active runways and associated taxiways with three of the runways exceeding 6000 feet in length. These long runways can accommodate up to a Boeing 747 aircraft if required.

The Airpark sits on 1400 acres of prime commercial and industrial properties strategically located in South Texas just 40 miles west of San Antonio. The park is easily accessible by air, rail and U.S. 90 and U.S. 173 highways. The Airpark’s infrastructure is provided entirely by the City of Hondo. This includes electric, water, solid waste and wastewater utilities. Natural gas is provided by Center Point Energy.

One of the first companies to locate into the Airpark is South Texas Liquid Terminal Inc. (STLT). They engage in the business of delivering food grade fructose corn syrup to manufactures of food and beverage products. STLT has constructed a corn syrup trans-loading facility that includes additional buildings, industrial rail tracks, and switches, paved areas, on site-scale, security fencing, and other major improvements necessary to their core business. This is a great beginning for the Airpark and sets the tone for future development.

Projections for the Airpark when its capacity is fully realized is an investment of over $25 million and the prospect of creating 300 to 500 high skilled and high wage jobs. The projected timeline for completion is between 5 to 7 years.

Funding sources: Federal and State Departments of Transportation Aviation Divisions, F.A.A., City of Hondo, Medina County

Esperanza Master-Planned Community

This is a proposed 1250-acre master-planned community near the City of Boerne in Kendall County. Kendall County has experienced strong population growth since 2000, with nearly 32,000 residents now living in the area. This represents a growth rate of 19% over the past seven years. During this same period the City of Boerne has grown even faster. Their growth rate has been approximately 44%. However, it should be noted that the relatively high growth rate is due in part to the region's overall small population base. Population projections from the Texas State Data Center at The University of Texas at San Antonio indicate Kendall County will grow by 15,000 to 30,000 residents by 2025.

To meet this growth the demand for housing has also been relatively high throughout the area. Each year hundreds of homes are built in the area. In 2005 the average home cost was $180,000. By 2006 the average cost rose to $212,000. With 50% of the county population currently living in unincorporated areas, it is projected that much of the county's future development and population growth will occur outside of the incorporated communities of Boerne and Fair Oaks Ranch.

The land use plan incorporated with the Esperanza project is consistent with the City of Boerne's Master Development Plan. The plan calls for a neighborhood center with a comparable low-density neighborhood residential area and approximately 30 acres have also been set aside for commercial development. It is estimated that Esperanza will be built over the next ten years (2009-2018). It is a multi-phased project that incorporates a number of residential homes, commercial areas, parks and open space, and land for two public schools.

Roughly 2480 homes will be built that meet the City of Boerne's building codes with an average home price of $312,500. The 36-acre school site will be donated to the Boerne ISD for the construction of one elementary and one middle school. The project will also include a 25-acre park with hike and bike trails. In addition, it also encompasses 346- acres of open space designed to connect with a regional trail system.

Water, sewer, roads and other vital infrastructure will be built and maintained to City of Boerne standards through a Water Control and Improvement District. Water requirements for the project will be primarily sourced from water purchased from the Guadalupe-Blanco River Authority. An Esperanza Foundation will be created to support and improve quality of life projects in the Boerne area. The Foundation will be funded through an initial 1% fee levied on all new home sales. It is projected to raise close to $10 million once all homes are completed.

The overall economic impact to the county over the next ten years is projected to be substantial. Housing construction will generate $780 million and the ripple effect of construction is expected to generate over $1.1 billion in economic activity. Over $200 million in earnings will be generated and hundreds of new jobs created over the course of construction and development. Once completed and operational the commercial section is expected to support over 126 jobs in the county with annual salaries of around $2.8 million.

Local governmental entities will also benefit from the overall economic activity. Projected over a ten-year period the project will generate over $20 million in tax revenues for the county, roughly $80 million for the Boerne ISD and the Cow Creek Groundwater and Conservation District and estimated $250,000 in incremental tax revenues. The City of Boerne is also expected to generate about $15 million in permitting fees and about $4.8 million in sales revenues related to retail activity as a result of this project.

Funding sources: Private, local city and county governments, various state and federal funding agencies

Base Realignment and Closure (BRAC)

The military presence in San Antonio still remains a big part of the overall economy for this region. Currently San Antonio is home to over 42,000 active duty military personnel and approximately 35,000 veterans. Recent estimates indicate that this military presence impacts the regions economy by over $5.2 billion. The Department of Defense is also one of the regions largest employers with over 89,000 employees with an annual payroll of nearly $2.7 billion.

The latest round of the Base Realignment and Closure (BRAC) Process initiated in 2005 will have a tremendous impact on several key military installations in San Antonio and the AACOG region as a whole. Nationwide, up to 25 major installations are being shut down and another 24 are being realigned. One of the "winners" of this latest realignment has been Fort Sam Houston in San Antonio.

Fort Sam Houston is one of the oldest Army installations in the U.S. and is the oldest military facility in San Antonio. As a result of the latest BRAC process, missions aligned with a number of other military installations in the U.S. are being moved to Fort Sam Houston to bolster its own mission and to establish it as a Regional Medical Center. San Antonio will be known as the home of "Military Medicine and Installation Command". Under the realignment process now underway, medical basic training and specialty training missions are being transferred to Fort Sam Houston from the Naval Air Station Great Lakes, Illinois;

Sheppard Air Force Base, Texas; the Naval Medical Center at Portsmouth, Virginia; and the Naval Medical Center currently based in San Diego, California. Ft. Sam Houston currently employs over 35,000 military and civilian personnel and generates over $2 billion annual economic impact to the region.

Ft. Sam Houston will see the majority of the growth as a result of BRAC. Over a period of five years BRAC total construction in the region is estimated to be $2.23 billion. It is expected that over 11,000 military and civilian personnel and up to 5800 family members will ultimately be transferred to the San Antonio area. Ft. Sam Houston will require construction of 7.9 million square feet totaling over $1.6 billion to support its expanded missions.

The implications for the region's economy are potentially far ranging. Once the process is completed in the 2011-2012 time period, Fort Sam Houston will become a major military health/medical command. This will not only increase Department of Defense funding for the region, it will add to the region's already large health/medical cluster. In addition, it will increase construction spending in the San Antonio metropolitan area, and will have a major economic impact on the region's economy region. Additional restructuring of other military installations in the region is also underway. Randolph Air Force Base is expected to increase in size, as is Lackland Air Force Base. Camp Bullis, a major support and training facility aligned with Fort Sam Houston will also be enhanced.

Over the longer term, this realignment process will not only increase job opportunities in the region, but should also promote additional business growth. Just as important, the prospects for enhanced medical training, research and patient care are increased. Spillover effects into the non-military health/medical sectors in the area are also expected to be significant. When combined with other health/medical assets already in the region such as the University of Texas Health Science Center in San Antonio, and several other major research/training facilities, the potential for creating a world-class bio-science cluster is significantly enhanced. Finally, BRAC will also strengthen San Antonio's and the region's existing military and defense connection. Over the past 50 years, this connection has been one of the pillars of the area's economy. With the current realignment process, this connection will be strengthened.

BRAC represents many opportunities for this region. It is projected to have a 2-3 times larger economic impact than the recent Toyota Plant development in South San Antonio. In addition, many of the firms doing business with the incoming missions will relocate or expand into the area as a result. No new housing will be constructed or provided by the military for incoming personnel. This will have a tremendous impact on the housing market in the region. It is also estimated that only 25-30% of civilian personnel will relocate with their missions. This translates into additional job opportunities for the region's workforce. In addition, it is a well known fact that this region appeals to military retirees. The additional personnel relocating to this region will most likely retire here as well.

While the BRAC 2005 actions represent numerous opportunities for the region, challenges also exist. Shortfalls are expected as the federal cost projections only allow a 2% annual increase in construction costs. When the construction workload for other projects planned for the region in the next five years is taken into account, this problem may be exacerbated by a shortage of available construction labor workforce.

Funding sources: Department of Defense, State of Texas, City of San Antonio, Bexar County

Texas A&M University at San Antonio

The idea of bringing a second major public university to San Antonio and the surrounding region is quickly becoming a reality. With the coordination, collaboration and planning of local government officials, business and community leaders, local school officials and state legislators the work now begins to build this higher education institution in the South San Antonio area. The Texas Legislature authorized the creation of Texas A&M University-San Antonio in 2003.

The proposed university currently operates as a Center under Texas A&M University - Kingsville. Texas A&M University-Kingsville System Center-San Antonio has held classes at the Palto Alto College campus since 2000 and has now expanded to a facility leased from the South San Antonio ISD. The Texas A&M System is proceeding with plans to expand their current San Antonio area enrollment of approximately 600 students.

In 2005 the Legislature authorized $40 million in Tuition Revenue Bonds (TRB) when the total student enrollment at the San Antonio Center grows to 1500. These dollars will be used to construct infrastructure and buildings on the new campus location. It is projected by 2009 the Center will reach the 1500 student enrollment goal. At this point the University will break ground. The City of San Antonio has also committed $15 million in infrastructure and construction funds for the new campus.

Student enrollment is expected to grow to an estimated 20,000-25,000 in ten years. Texas A&M System officials are finalizing negotiations with developer Triple L Management and the City of San Antonio on a permanent site for the San Antonio campus. The 694-acre site is located in South San Antonio in the general vicinity of the San Antonio Toyota Plant. This new campus will substantially add to the economic growth this part of the region is now experiencing. A 580-acre site will be used for the main campus, plus ten acres for the entrance on the frontage of Loop 410. An additional 104-acres will be allocated for the Irrigation and Technology Center, which will provide education, testing and research to improve water conservation practices in the region.

According to University officials the primary focus now is on increasing the student enrollment. The key to growing enrollment is bringing in high-quality faculty to build programs. The Texas A&M System has requested from the Legislature more than $10 million this session. $8 million will be designated for faculty and staff salaries.

Funding sources: State of Texas, City of San Antonio

Public Transportation Access

In 2005, the Texas Department of Transportation (TxDOT) Strategic Plan called for the development of regional transportation plans. As a response to TxDOT's strategic plan, AACOG contracted with the KFH Group, Inc. to develop a regional public transportation coordination plan. The intent of this effort was to examine ways to more effectively manage mobility in the region.

In the AACOG Region public transportation is mainly provided by VIA Metropolitan Transit Authority in the San Antonio metropolitan area. In the surrounding 11 counties public transportation is provided by Alamo Regional Transit (ART), a part of the AACOG structure. ART is a demand response provider for rural public transportation. ART transports clients from point A to point B for any reason to anywhere in the 12 county region. However, ART services cannot originate the trip inside Bexar County.

Currently AACOG is implementing and studying two distinct transportation projects that will impact mobility in the surrounding counties. The first pilot project originates in Frio County approximately 70 miles south of San Antonio. The Job Access Reverse Commute (JARC) project provides van shuttle transportation service for residents of Frio County to work or attend college classes in San Antonio/Bexar County. ART is currently providing the drivers and the van and associated costs are being paid for by a grant from the Federal Transit Authority (FTA) and TxDOT. The service also provides a stop in Medina County at a park-n-ride site in Devine, Texas.

The second project is being conducted in Kerrville, Texas (including the communities of Ingram and Center Point). This service provides an intra- local deviated flex route service (similar to the VIA bus service in San Antonio). ART provides the service for a $1 charge per person one way. The trolley bus and associated costs are paid for by a grant also from TxDOT.

Many of the communities in the surrounding northern counties find themselves becoming urban centers with fast growing populations. With this growth comes traffic congestion and a need for intra-local public transportation. In addition, as the San Antonio economy continues to grow and increases as a center for educational opportunities, and as fuel prices continue to skyrocket, more and more residents from the surrounding counties will be inclined to look for alternate modes of transportation to gain access to these economic and educational opportunities. If the results from these two pilot projects prove successful, AACOG will work to expand these services throughout the region over the next several years.

Funding sources: FTA, TxDOT, local communities and counties

Alamo Region Economic Development Collaboration

As a result of the CEDS development process many of the region's economic development practitioners and stakeholders were brought together to provide input and insight. A synergy of cooperation was discovered. These are the people that, at the local level in their respective communities, make economic growth happen. Collectively they can set the course for the region, to make this region globally competitive.

All participants acknowledged the opportunity to maintain this momentum and pursue a regional "think tank" framework. In order to make this region globally competitive steps need to be taken to close the gap of economic development disparity within the region. The goal is to establish an operational framework that includes San Antonio as the metropolitan center of the region and the surrounding counties to share information, collaborate on regional issues and coordinate regional projects and activities. This sharing of knowledge, pooling of resources and exchanging of ideas and information will help sustain the competitiveness of the region for the long term.

With AACOG as the lead organization discussions are now underway with several of the key participants in the region, to seize this opportunity and develop the beginnings of a regional framework. It is vital to not only establish this framework, but to develop a regional strategy and to establish a baseline for all communities in the region to follow when creating an overall economic development strategy for the AACOG region.

Funding sources: Local cities and counties, EDA, private foundations, local economic development corporations or organizations

PERFORMANCE MEASURES

1. Number of jobs created – projected for the next 5 year period 2007-2012, all industries 99,250 (based on AWS projections)

2. Number and types of investments to be undertaken projected for the next 5 year period 2007-2012, based on the last 5 year period 2002-2007 performance*****:

- Total 165
- Types:
    - water
    - infrastructure
    - multi- family housing
    - education
    - data and call centers
    - parks
    - automotive light manufacturing
    - agri-business

3. Number of jobs retained – at present no major job loss is projected based on a major employer relocating outside the region.

4. Amount of private sector investment projected for the next 5 year period 2007-2012, based on the last 5 year period 2002-2007 performance*****- $275,000,000

5. Changes in the economic environment of the region:

- Collaborative partnership established between the metropolitan and surrounding counties economic development stakeholders
- Improve the economic development knowledge baseline for southern most counties in the region
- Increase in economic development growth, activities and projects in the southern most counties of the region

***** Data derived from the number and types of investments reviewed during this time period by the Economic Development and Environmental Review Committee at AACOG

RESOURCES

1. U.S. Department of Labor www.bls.gov
2. U.S. Census Bureau www.census.gov
3. Texas State Data Center www.txsdc.utsa.edu
4. Texas Workforce Commission www.twc.state.tx.us
5. Texas Industry Profiles www.texasindustryprofiles.com
6. Alamo WorkSource www.alamoworksource.org
7. State and County QuickFacts www.quickfacts.census.gov
8. The Perryman Group www.perrymangroup.com
9. ICF Consulting www.icfconsulting.com
10. KFH Group www.kfhgroup.com
11. Labor, Market and Career Information www.tracer2.com
12. Alamo Regional Industry Cluster Analysis - July 2005
    (Excerpts of this Alamo WorkSource report were used to summarize its findings)