

Sonora Economic Development Initiative Update



Prepared for:

Sonora Economic Development Corp.

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EXECUTIVE SUMMARY

The Sonora Economic Development Initiative¹, published in 2007 by AdventGX, provided an outline of potential development opportunities for Sonora, Texas. The suggestions provided in the report focus mainly on the promotion of tourism and infrastructural improvements, and the expansion of housing and business options. The research process for this product included the hosting of workshops with local community members in order to provide a solid understanding of local interests and goals.

After the report was published, Sonora underwent a series of events which severely compromised the stability of its economy. Oil and natural gas rig closures both locally and statewide resulted in a sharp decrease in employment among workers in the natural resource mining industry as well as its supporting industries. Resulting decreases in retail traffic have further exacerbated these problems.

The purpose of this report is to update the 2007 Sonora Economic Development Initiative in light of recent economic changes. The community landscape has changed: when the first report was written, for example, recommendations were provided for creating more housing in response to a housing shortage which no longer exists in 2010. Priorities have changed: with unemployment rising and businesses more susceptible to closure, it is essential that the city works to retain dollars locally by opening and incubating those specific businesses which are determined to be the most likely to succeed based on consumer spending data.

Most of the recommendations found in the Sonora Economic Development Initiative can be kept and used: attracting high-tech and retail businesses, a focus on heritage and nature tourism, and a continued focus on infrastructural improvements. It is not recommended at this time that the recommendations on expanding housing be used; because a housing shortage no longer exists, these can be postponed indefinitely or until there is determined to be another housing shortage.

By expanding and enhancing its retail market, Sonora can retain dollars locally which would otherwise be lost to neighboring counties. Knowing which industries are not fully meeting residents' needs locally, Sonora can target only the specific store types with the highest likelihood of success. Recommendations for immediate consideration are as follows:

- **Fast Food Restaurants:** It is recommended that Sonora first expand its fast food offerings, specifically along the highest traffic areas. Because visibility is limited along I-10, all new fast food options should be included in signage along the interstate.
- **Sporting Goods:** It is recommended that Sonora explore the addition of a sporting goods store with both general sports merchandise and hunting/outdoors equipment.

¹ Sonora Economic Development Initiative ASD: Project Deliverables. Project Principal: Mr. Max Howorth. AdventGX, 2007.

- Grocery Store: It is recommended that Sonora explore adding a grocery store in a high-traffic area.
- Pharmacy: It is recommended that Sonora consider the addition of a new pharmacy. Alternately, the city might consider adding a pharmacy counter to a newly developed grocery store or exploring options to help the existing local pharmacy expand its market and sales.
- Retail Co-Op: Sonora may consider introducing a retail cooperative or similar operation dedicated toward growing new businesses, as recommended by the Sonora Economic Development Initiative, especially focusing on businesses with a tourism, heritage, or nature theme. Can include:
 - o Specialty Foods Store
 - o Gift Shop
 - o Book Store
 - o Possibly one or more of the following: shoe store, women’s clothing store, specialty liquor/wine/beer store, or a small office supplies shop.
- Improvement of existing retail operations which are not currently maximizing the market potential for the area. This includes the dedication of resources especially toward existing gift and florist shops.

Retail recommendations for consideration over a longer term include:

- A Building Supply Store;
- An additional Full-Service Restaurant in a high-traffic area;
- A bar, pub, sports bar, or similar Drinking Places establishment; and
- Any of the retail categories listing “medium” potential, including: Furniture, Computer & Software, Lawn & Garden Equipment & Supplies, Women’s Clothing Stores, Shoe Stores, Office Supply Stores, and Other Miscellaneous Retail Stores.

Non-retail recommendations include:

- Attracting natural gas support industries to Sutton County as the number of active oil and natural gas rigs statewide continues to rise. Because a number of workers have been recently displaced from this industry, there is likely an abundance of available, trained labor, which makes Sonora an attractive location for expanding firms to land.
- Creating non-retail businesses that will help the local economy become well-rounded and less vulnerable to changes in natural gas prices and similar factors. Ideal opportunities for this category are high-tech firms and small manufacturing businesses.
- A continued focus on tourism, especially heritage and nature tourism.
- Businesses geared toward hunting and the outdoors.
- Identifying areas in which the Sonora health care system can continue to expand, possibly to include speech therapy, hospice and palliative care, or orthotics and prosthetics.
- Consideration given to adding a community visitor center.
- Possible annexation of neighboring land to expand city limits.
- Revitalization of the Sonora downtown business district, specifically Main Street.

CURRENT ASSESSMENT

Community Information

Sonora is located in the heart of Sutton County, Texas. Approximately 71 percent of the county's 4,284 residents and 73 percent of its employer establishments reside within the two square miles that comprise Sonora, while the rest are sprawled across the rest of the county's 1,454 square miles.² Aside from Sonora, there is no other area in the county with any substantial population concentration. Sonora's relative isolation from any other densely populated area is a key component of its economy. An understanding of the area's recent economic shifts and the factors behind these changes is critical to future planning and economic growth.

Sonora and Sutton County's projected population growth rates over the next five years are much lower than the rest of the state of Texas. While Texas is expecting 8.0 percent growth from 2009 to 2014, Sonora and Sutton County only project 0.7 percent and 0.8 percent growth, respectively.



² www.demographicsnow.com

Income:

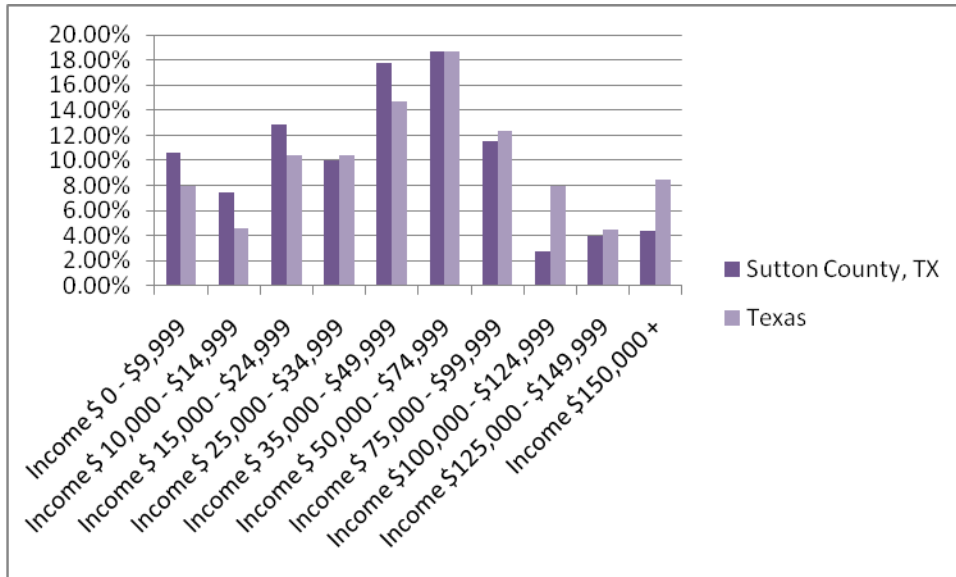
Sutton County residents earn considerably less than the state average. As Figure 1 shows, Texas displays higher income than Sutton County in all three major income categories: average household income, median household income, and per capita income.

Figure 1: Average Income - Sutton County vs. Texas

| | Sutton County | Texas |
|--------------------------|---------------|----------|
| Average Household Income | \$55,276 | \$66,563 |
| Median Household Income | \$42,547 | \$52,111 |
| Per Capita Income | \$19,957 | \$23,487 |

Additionally, Sutton County displays a higher percentage of residents in each household income bracket below \$50,000, while Texas has a higher percentage of residents in each household income bracket above \$75,000 (both Sutton County and Texas have 18.7 percent of households earning between \$50,000 and \$74,999). See Figure 2 for a detailed graph.

Figure 2: 2009 Household Income by Percentage of Residents - Sutton County vs. Texas



Lifestyle Information:³

A Nielsen Claritas PRIZM household distribution report was conducted to obtain a comprehensive understanding of the lifestyles of Sutton County residents. The top ten lifestyles for this area are as indicated in Figure 3.⁴ As the table shows, almost half of Sutton County households are characterized as Big Sky families; a discussion of this sector follows. Summaries of the remaining lifestyle segments are located in Appendix A of this report.

Figure 3: Top PRIZM Lifestyle Segments for Sutton County, Texas⁵

| Nielsen/Claritas PRIZM Description | Households | % of All Households |
|---|-------------------|----------------------------|
| Big Sky Families | 707 | 42.77% |
| Back Country Folks | 190 | 11.49% |
| Mayberry-ville | 112 | 6.78% |
| Crossroads Villagers | 111 | 6.72% |
| Shotguns & Pickups | 107 | 6.47% |
| Blue Highways | 77 | 4.66% |
| Traditional Times | 61 | 3.69% |
| Country Casuals | 56 | 3.39% |
| Fast Track Families | 54 | 3.27% |
| Big Fish, Small Pond | 45 | 2.72% |

According to Nielsen Claritas, “Scattered in placid towns across the American heartland, Big Sky Families is a segment of younger rural families who have turned high school educations and blue-collar jobs into busy, upper-middle-class lifestyles. Residents enjoy baseball, basketball, and volleyball, as well as fishing, hunting, and horseback riding. To entertain their sprawling families, they buy virtually every piece of sporting equipment on the market.”⁶

This lifestyle segment is also categorized under the Country Comfort Social Group, for which the following information is provided: “The five segments in Country Comfort are filled with predominantly white, upper-middle-class homeowners. In their placid towns and scenic bedroom communities, these Americans tend to be married, mostly between the ages of 25 and 54, with or without children. They enjoy comfortable upscale lifestyles, exhibiting high indices for barbecuing, bar-hopping, and playing golf as well as home-based activities such as gardening, woodworking, and crafts. Reflecting their rural, family environment, they prefer trucks, SUVs, and minivans to cars.”

³ Sources include the proprietary Claritas Market Audit, Insurance Audit and Convergence Audit surveys, the Mediamark Research Inc. Survey of the American Consumer, R.L. Polk’s vehicle registration database and the Nielsen Homescan consumer packaged goods panel; Equifax, ADVO, InfoUSA, Targus, and TeleAtlas North America (PRIZM NE Segment Narratives)

⁴ Nielsen Claritas Site Reports. <http://www.claritas.com>

⁵ Nielsen Claritas Site Reports. <http://www.claritas.com>

⁶ Nielsen Claritas Site Reports. <http://www.claritas.com>

As a Lifestyle Group, Big Sky Families are categorized as Mainstream Families. This group, “refers to a collection of seven segments of middle- and working-class child-filled households. While the age range of adults is broad--from 25 to 54--these are households with at least one child under 18 still at home. And residents in this exurban group share similar consumption patterns, living in modestly priced homes--including mobile homes--and ranking high for owning three or more cars. As consumers, Mainstream Families maintain lifestyles befitting large families in the nation's small towns: lots of sports, electronic toys, groceries in bulk, and televised media.”

This lifestyle information provides insight on a variety of aspects which can help Sonora better develop its business offerings, marketing, services and infrastructure. Knowing, for example, that sports are a major focus for local residents may encourage the city to support or encourage the opening a sporting goods store. Combined with the data supplied in the Retail Trade Analysis section of this report, which shows medium potential for a Sporting Goods store, there appears to be a strong chance of success for a sporting goods business. Similarly, a new business may wish to incorporate sports references into its advertising, knowing that this is a strong motivator among local residents.

In addition to a widespread appreciation of sports, Big Sky Families are generally very active and family-oriented. Creating plenty of opportunities for families to interact in a community-building way through sports, crafts, or barbeques may appeal to this audience, bring the community together, and help to attract new residents to the area. The Sonora Economic Development Initiative includes an emphasis on enhancing special events and festivals, rodeo and park enhancement, and youth development. Lifestyle data from Nielsen Claritas clearly supports the strengthening and continuation of these efforts.

Educational Attainment

Sutton County residents are substantially behind Texas averages in education. Of the Sutton County population 25 years of age and older, 33.6 percent of residents do not have a high school diploma; only 20.2 percent of Texas residents in this age group do not.⁷ From this same population in Sutton County, only 17.3 percent have an Associate's degree or higher, compared to 32 percent of Texas residents.

One potential explanation for this discrepancy is the lack of higher education resources located in Sonora. An available option for the expansion of educational opportunities may be to work with Howard College or build an additional partnership with Southwest Texas Junior College or another community college system to provide classes locally. If elementary, middle and high school classes are not being used for other purposes during the evening, their classrooms may make an excellent venue for continuing education and technical courses. The Multi-Chem building may act as an educational facility for either classroom or distance learning. Partnering with a community college to offer an Associate's Degree locally may provide a new revenue stream, while improving the education level of the local community and creating opportunities for new higher-tech businesses to locate in the area and employ local residents.

⁷ www.sitesontexas.com

Employment Numbers:

Sutton County employment decreased 11.4 percent from 3Q2008-3Q2009, a total of 339 employees across all industries. The largest decreases in employment during this time were a 223 employee drop in Natural Resources and Mining (a 21.4 percent change for the industry) and an 84 employee drop in Construction (32.9 percent of the industry for the area). Figure 4.1 shows employment changes by both percentage change and number of employees lost for the 3Q2008 to 3Q2009 period. A list of industries included in each employment sector is included in Appendix B of this report. Figure 4.2 shows the rise in unemployment over the same period. A drop in employment of 339 during this time period was coupled with an increase in unemployment of 217 individuals, indicating that the majority of the workers displaced during this time remain unemployed locally, but others have either left the work force or left Sutton County.

Figure 4.1: Sutton County Employment Changes by Industry - 2008Q3 to 2009Q3

| Industry Code | Industry | 2008Q3 Employment | 2009Q3 Employment | % Change | # Change |
|---------------|-------------------------------------|-------------------|-------------------|----------|----------|
| 10 | Total, All Industries | 2,966 | 2,627 | -11.4% | -339 |
| 1011 | Natural Resources and Mining | 1,041 | 818 | -21.4% | -223 |
| 1012 | Construction | 255 | 171 | -32.9% | -84 |
| 1021 | Trade, Transportation and Utilities | 733 | 691 | -5.7% | -42 |
| 1022 | Information | 13 | 9 | -30.8% | -4 |
| 1023 | Financial Activities | 70 | 80 | 14.3% | 10 |
| 1024 | Professional and Business Services | 33 | 31 | -6.1% | -2 |
| 1025 | Education and Health Services | 358 | 364 | 1.7% | 6 |
| 1026 | Leisure and Hospitality | 224 | 192 | -14.3% | -32 |
| 1027 | Other Services | 80 | 54 | -32.5% | -26 |
| 1028 | Public Administration | 151 | 145 | -4.0% | -6 |

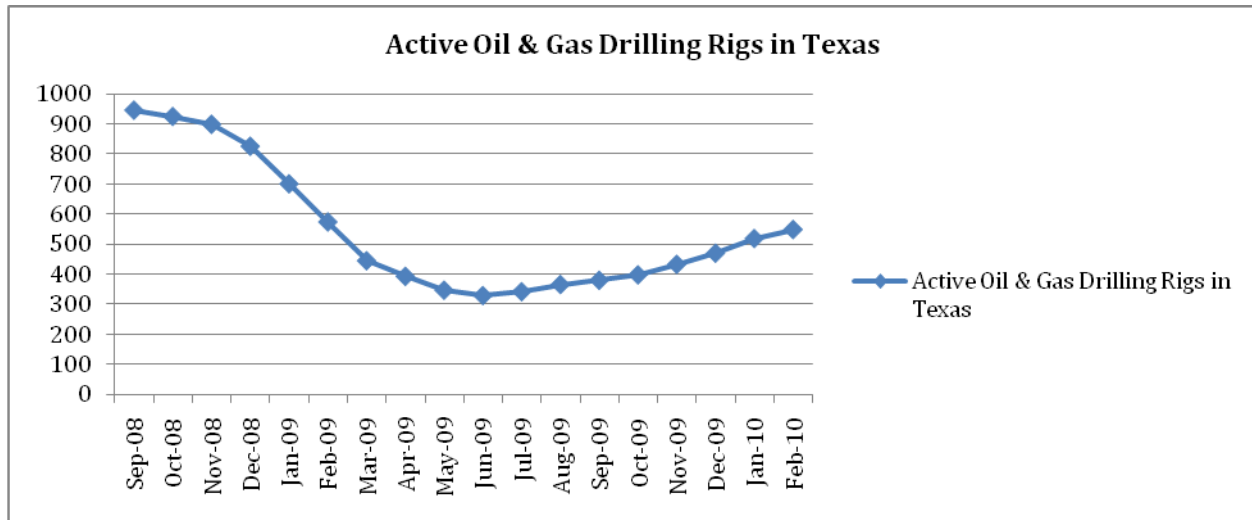
Figure 4.2: Sutton County Unemployment Changes - 2008Q3 to 2009Q3

| | 2008Q3 Unemployment | 2009Q3 Unemployment | % Change | # Change |
|---------------|---------------------|---------------------|----------|----------|
| Sutton County | 78 | 295 | 278.2% | 217 |
| Texas | 615,926 | 982,282 | 59.5% | 366,356 |

Natural Resources and Mining

It cannot be assumed that all of the changes in the natural resources industry are due only to changes within Sutton County. Many workers in the categories experiencing employment losses (especially oil and natural gas extraction) travel outside of the county, all across Texas even, to work on rigs or for support industries (sand mining, trucking, etc). Therefore, events outside of Sutton County may actually have a stronger effect on the local economy than is immediately apparent, and it is important to look at statewide trends for these industries.⁸ The number of active oil & gas drilling rigs in Texas decreased from 946 in September 2008 to 329 in June 2009, a 65.2 percent drop in just nine months.⁹ For a county as reliant on the natural resources industry as Sutton County is, this statewide trend is devastating. The Workforce Development Board estimates that each rig closure represents 66 jobs, not including those in support industries, for a total of 40,722 jobs statewide. Fortunately, many of the rigs have re-opened, and it appears that the state is continuing on an upward trend (see Figure 5).

Figure 5: Active Oil & Gas Drilling Rigs - September 2008 to February 2010



Aside from recessionary changes in the national economic climate, the initial drop in the number of active oil and natural gas drilling rigs in Texas has been attributed largely to trade-related factors. Many of the companies conducting layoffs and closures indicate that they have been forced to reduce employment by external factors that negatively impact the industry, specifically imports from Canada and Mexico. Twenty-six major oil and natural gas companies throughout the state of Texas have recently filed Trade Petitions in order to obtain governmental assistance and avoid continuing to make employment cuts.

⁸ Personal correspondence with Cathy Ballard, Director of Planning for the Concho Valley Workforce Development Board, January 29, 2010.

⁹ <http://www.texasahead.org/economy/tracking/index.html#prodcons>

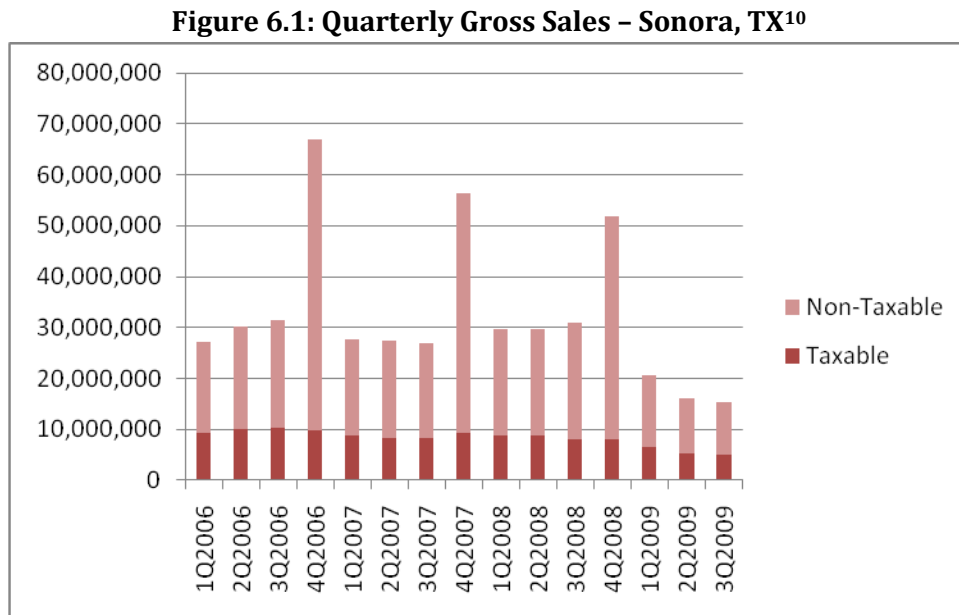
Filing a trade petition is an option open to any oil, natural gas or support operation that is being negatively affected by the inability to stay competitive against companies importing from Canada and Mexico under new trade agreements. Currently struggling operations in Sonora may consider taking this step proactively to avoid any further employment cuts in this critical industry.

Rebuilding the natural gas industry in Sonora may prove difficult because of the lack of diversity of firms. In many cases, counties with a greater number of small firms may rebuild more quickly than counties with one or two larger firms. Any effort toward diversification of firms may help Sonora rebuild more quickly in the wake of a blow to the natural gas industry at some point in the future.

An added difficulty in rebuilding the natural gas industry in Sonora is the relative high cost of running the city's low production wells in comparison to higher production wells found in other areas. Drilling companies ready to reopen operations will typically first open large production, high-volume wells in order to generate a larger monetary return in the shortest time possible.

Sales

A recent decline in sales is a serious problem for the Sutton County economy. First, it indicates that local businesses are unhealthy and/or closing their doors. Second, it shows that either people are leaving the county or they are spending significantly less on consumer goods. And finally, it reduces the amount of money generated by the local government in sales tax dollars. Figure 6.1 shows Sonora gross sales (separated into taxable and non-taxable) for the 15 most recent quarters for which data is available, while Figure 6.2 and 6.3 show Sutton County and Texas sales, respectively, over the same period. With the exception of 4th quarter numbers, sales in Sonora and Sutton County grew from 2006 to 2008, and then have been rapidly declining since 3Q2008. Texas experienced a similar drop between 3Q2008 and 1Q2009 (4th quarter excluded), but had an uptick in sales for 2Q2009 while Sonora and Sutton County sales dropped in that quarter. The spike in non-taxable sales during the fourth quarter of each year is consistent between Sutton County and Texas.



¹⁰ Office of the Texas Comptroller. http://www.texasahead.org/texasedge/run_report.html

Figure 6.2: Quarterly Gross Sales - Sutton County, TX

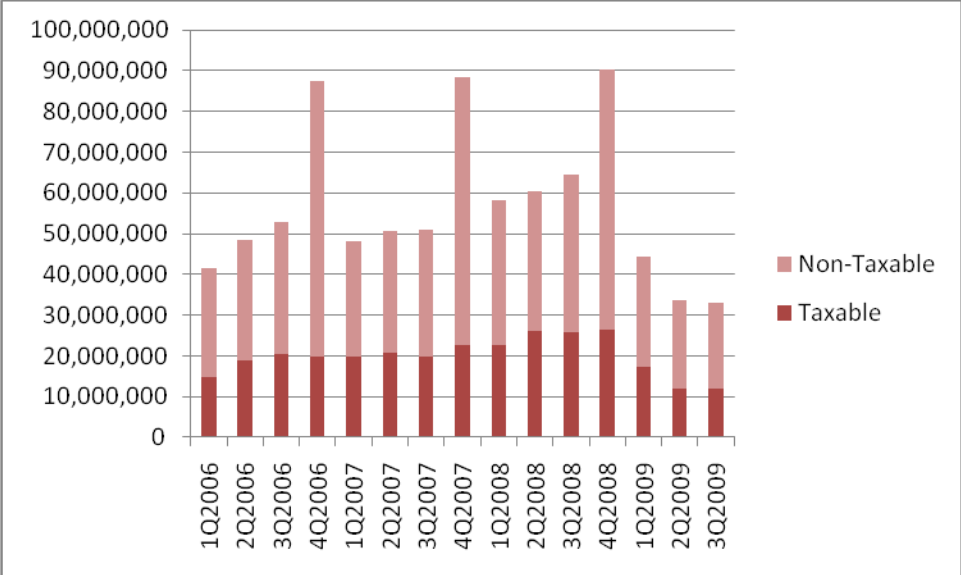
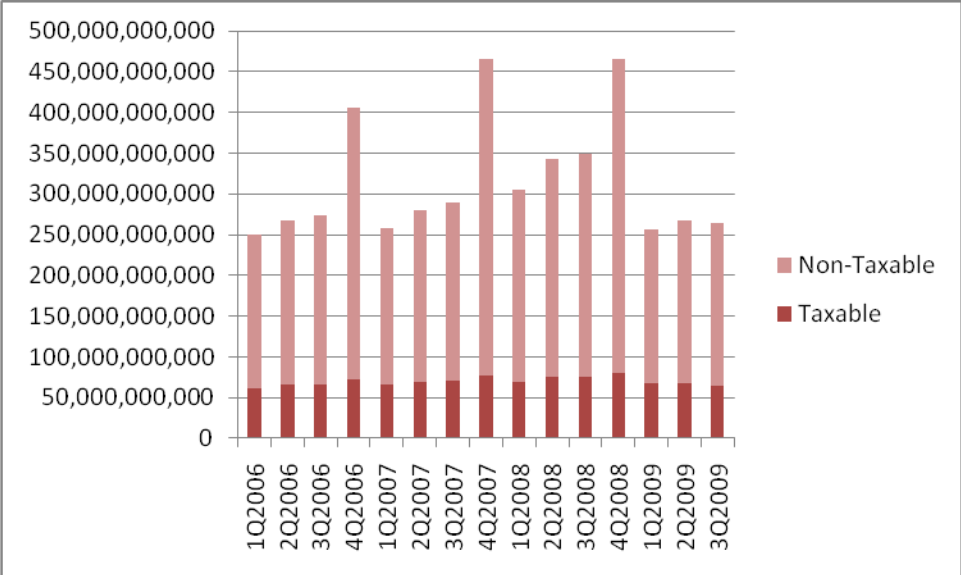


Figure 6.3: Quarterly Gross Sales - Texas



Demographic & Business Comparison: Sonora vs. Ozona & Eldorado

Sonora's nearest neighbors are Ozona, which lies approximately 36 miles west of Sonora, and Eldorado, 21 miles to the north of Sonora. Eldorado is much smaller than Sonora, with a population of 1,935 as compared to Sonora's 3,055. Ozona, on the other hand, is comparable to Sonora with a population of 3,255. Of the three cities, Sonora has the highest average household income.

By number of business establishments, Sonora leads with 181, followed by Ozona with 142 establishments and Eldorado with 96.

These three cities are all county seats of their respective rural counties. Sutton County has a total of 1,229 residents living outside of Sonora, Schleicher County has 981 living outside of Eldorado, and Crockett County has only 716 living outside of Ozona.

Of the three counties, Sutton County generated higher gross sales per capita in the first three quarters of 2009 (see Figure 7) than Schleicher and Crockett Counties.

Figure 7: Gross Sales by County for the First Three Quarters of 2009¹¹

| | Population | Gross Sales First Three Quarters of 2009 | Sales per Capita |
|-------------------|-------------------|---|-------------------------|
| Sutton County | 4,284 | 111,142,397 | 25,944 |
| Schleicher County | 2,916 | 40,666,786 | 13,946 |
| Crockett County | 3,771 | 54,605,273 | 14,480 |

¹¹ <https://ourcpa.cpa.state.tx.us/allocation/HistSalesResults.jsp>

Sonora Economic Development Initiative Relevance in Current Economy:

The Sonora Economic Development Initiative provided a solid framework for building a strategic plan within the 2007 to 2008 economic climate. As the local economy has changed since then, so has the relevance of certain factors within the report. AdventGX's recommendation for, "a focus on economic development that is mindful of the community development needs," and that, "a focus on fundraising and tourism will yield both economic and community development results," is still very much the case. However, it is now essential to expand this view to emphasize rebuilding business and employment opportunities in industries that will help the economy remain sound.

AdventGX's first recommendation to develop Sonora as a Nature & Heritage Tourism destination is still a strong recommendation which the region can benefit from in any economic climate. Both local residents and tourists could benefit from the expansion of educational and recreational experiences, and bringing dollars into the area from outside of the county may help improve the internal economic situation. The same is true of Regional Brand Development, AdventGX's second recommendation. Improvements recommended in the Sonora Development Initiative for these categories include the development of a Tourism Consortium, the expansion of tourism guides, and expanding web presence. This could be especially beneficial if tourism advertising efforts are also directed toward currently struggling industries, such as leisure and hospitality.

The development of new housing is a major component of the Sonora Economic Development Initiative. However, this item is not a high priority in the current economic climate. More housing has become available, and local housing prices have dropped. Since the lack of *quality* housing is still a problem, a more applicable recommendation may be to focus on updating and improving the current housing infrastructure. The Sonora Economic Development Corporation may wish to keep AdventGX's housing recommendations at hand, as they may be needed at a later time as the natural resources industry improves statewide and the city is able to attract more residents by rebuilding its business infrastructure.

The Sonora Economic Development Initiative includes recommendations for attracting more businesses to the local area. Its major recommendations are increasing the number of high-tech businesses and increasing retail offerings through a business incubator. This is especially important with the recent local economic changes that Sutton County has experienced.

ECONOMIC BASE ANALYSIS

Location Quotients & Explanation

A Location Quotient Analysis (a report showing the concentration of employment by sector and the importance of each industry in the region’s economy) was completed for Sutton County, based on 3rd quarter 2009 employment data from the Texas Workforce Commission.¹² For the purposes of this report, Sutton County employment was compared against the state of Texas to determine which industries are represented at a higher level in Sutton County than in the rest of the state. A portion of the jobs in those industries are considered to be Basic Sector Employment, meaning that the jobs are most likely producing goods not needed to support the local economy, which can instead be exported. For this reason, these figures are sometimes referred to as Export Employment numbers. The higher the Location Quotient, the greater the percentage of employment in the industry is above the rest of the state of Texas. The areas with the highest Location Quotients, listed below, are considered to be the industries of specialization in Sutton County. Note that only three industries – Natural Resources & Mining; Trade, Transportation & Utilities; and Public Administration, show a Location Quotient greater than one. This indicates that all other industries are not supported enough for export, and likely require the import of resources. With a location quotient of 1.0, the Construction industry is neither an import nor export industry for Sutton County.

Figure 8: Location Quotients by Industry

| Industry Code | Industry | Local Employment | % of Local Employment | Employment Rank | Location Quotient |
|---------------|-------------------------------------|------------------|-----------------------|-----------------|-------------------|
| 1011 | Natural Resources and Mining | 818 | 31.1% | 1 | 12.3 |
| 1012 | Construction | 171 | 6.5% | 5 | 1.0 |
| 1013 | Manufacturing | 0 | 0.0% | | 0.0 |
| 1021 | Trade, Transportation and Utilities | 691 | 26.3% | 2 | 1.2 |
| 1022 | Information | 9 | 0.3% | | 0.2 |
| 1023 | Financial Activities | 80 | 3.0% | | 0.5 |
| 1024 | Professional and Business Services | 31 | 1.2% | | 0.1 |
| 1025 | Education and Health Services | 364 | 13.9% | 3 | 0.6 |
| 1026 | Leisure and Hospitality | 192 | 7.3% | 4 | 0.7 |
| 1027 | Other Services | 54 | 2.1% | | 0.7 |
| 1028 | Public Administration | 145 | 5.5% | | 1.2 |
| 1029 | Unclassified | 0 | 0.0% | | 0.0 |

¹² <http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>. Note on missing data: Likely due to disclosure restrictions, 72 jobs from the total employment estimate for Sutton County are not captured in the industry categories. For the purposes of this report, any missing data has been left out.

Recommendations based on this analysis are as follows:

- First, because of the area's extremely high specialization in Natural Resources & Mining, the city can look to attract more businesses of this type. With the recent loss of 339 workers in the industry category, the area is likely overflowing with trained and qualified potential employees for new businesses to take advantage of.
 - Note: This effort should be coupled with taking steps to incorporate a broad variety of industries, as mentioned in the second recommendation below. While expanding the Natural Resources & Mining industry may prove advantageous in the short term as the oil and natural gas drilling industry in Texas improves, Sonora will remain overly reliant on external factors unless a strong effort is made to also become well-rounded as a local economy.

- Second, the city should work to enhance and improve those areas for which there is the highest level of dependence on external forces, the areas with the lowest location quotients. Currently, the city is overly vulnerable to changes in the oil and natural gas market, and any effort to increase the spread of industries will reduce this vulnerability. The city may wish to focus especially on attracting and/or incubating small manufacturing firms, as this will allow Sonora to become a stronger export economy and bring dollars into the local area from outside of Sutton County limits. One of the recommendations of the Sonora Economic Development Initiative is to seek to attract high-tech firms; a clean manufacturing firm may both increase the well-roundedness and independence of the local economy and provide an opportunity for bringing revenues into the local area from outside of Sutton County borders.

Shift-Share Analysis & Explanation

A shift-share analysis is useful in determining some of the causes of growth or decline in the local economy. This particular analysis looks at which industries are growing locally relative to the level of growth or decline throughout the nation, and allows for the determination of three factors:

- To what extent local employment is influenced by changes in the national economy;
- To what extent local employment is affected by the local region's particular mix of industries; and
- To what extent local employment is affected by the changes in the local region's economy.

Having some idea of the causes of Sonora's recent employment changes may help the city better address unemployment throughout the strategic planning process.

Figure 9.1: Local & National Employment Data¹³

| Industry Code | Industry | Local Employment: Sutton County 2Q2008 | Local Employment: Sutton County 2Q2009 | % Change Local Employment | National Employment: 2Q2008 | National Employment: 2Q2009 | % Change National Employment |
|---------------|-------------------------------------|--|--|---------------------------|-----------------------------|-----------------------------|------------------------------|
| 10 | Total, All Industries | 2880 | 2732 | -5.1% | 34030038 | 32385955 | -4.8% |
| 1011 | Natural Resources and Mining | 1017 | 893 | -12.2% | 483128 | 460589 | -4.7% |
| 1012 | Construction | 284 | 174 | -38.7% | 1867558 | 1557602 | -16.6% |
| 1013 | Manufacturing | 6 | 0 | -100.0% | 3390564 | 2963302 | -12.6% |
| 1021 | Trade, Transportation and Utilities | 703 | 722 | 2.7% | 6885424 | 6495390 | -5.7% |
| 1022 | Information | 8 | 7 | -12.5% | 792554 | 744245 | -6.1% |
| 1023 | Financial Activities | 67 | 78 | 16.4% | 2023564 | 1926430 | -4.8% |
| 1024 | Professional and Business Services | 35 | 37 | 5.7% | 4515405 | 4166524 | -7.7% |
| 1025 | Education and Health Services | 338 | 362 | 7.1% | 7459897 | 7573125 | 1.5% |
| 1026 | Leisure and Hospitality | 219 | 194 | -11.4% | 3551963 | 3444707 | -3.0% |
| 1027 | Other Services | 79 | 54 | -31.6% | 1145250 | 1114521 | -2.7% |
| 1028 | Public Administration | 122 | 142 | 16.4% | 1861636 | 1886093 | 1.3% |
| 1029 | Unclassified | 0 | 0 | 0.0% | 53097 | 53428 | 0.6% |

Figure 9.2: Shift Shares by Industry

| Industry Code | Industry | National Share | Industry Mix | Regional Shift | Shift Share |
|---------------|-------------------------------------|----------------|--------------|----------------|-------------|
| 1011 | Natural Resources and Mining | 968 | 2 | -77 | 893 |
| 1012 | Construction | 270 | -33 | -63 | 174 |
| 1013 | Manufacturing | 6 | 0 | -5 | 0 |
| 1021 | Trade, Transportation and Utilities | 669 | -6 | 59 | 722 |
| 1022 | Information | 8 | 0 | -1 | 7 |
| 1023 | Financial Activities | 64 | 0 | 14 | 78 |
| 1024 | Professional and Business Services | 33 | -1 | 5 | 37 |
| 1025 | Education and Health Services | 322 | 21 | 19 | 362 |
| 1026 | Leisure and Hospitality | 208 | 4 | -18 | 194 |
| 1027 | Other Services | 75 | 2 | -23 | 54 |
| 1028 | Public Administration | 116 | 7 | 18 | 142 |

¹³ <http://data.bls.gov/cgi-bin/dsrv?en> 2Q2009 data used in this analysis, as national BLS data is not currently available for 3Q2009.

- For Leisure & Hospitality, 11 of the employees lost can be attributed to the national recession (42 percent), while the other 14 can be attributed to local and industry-related factors.
- For Other Services, 4 of the employment losses (15 percent) are attributable to the recession, while 21 are not.

In industries which experienced local growth, there are two effects: a negative effect resulting from changes in the national economy, and a greater positive effect of changes in the industry and/or local economy.

- In Trade, Transportation & Utilities, Sutton County actually gained 19 employees, while the recession would have predicted a loss of 34. Additionally, national industry trends (industry mix) predict a loss of 6 more employees. Therefore, a “gain” of 59 employees can be attributed to local and regional factors, making Trade, Transportation & Utilities a leading industry.
- The Financial Activities sector experienced a gain of 11 employees, while the economic recession would have been associated with a 3-employee loss. While small, the resulting 14-employee “gain” makes this industry sector a leading industry.
- Similar to Financial Services, the Professional & Business Services industry is also a leading industry because it experienced a two-employee gain while the recession predicts a two-employee loss.
- Education & Health Services also falls into this category, with a 24-employee gain while the recession predicts a 16-employee loss.
- And finally, Public Administration had a 20-employee gain while the recessionary impact would have been a 6-employee loss, resulting in a 26-employee gain attributable to other (local and industry) factors.

There are five industry sectors in Sutton County which outperform the national economy:

- Trade, Transportation & Utilities
- Financial Activities
- Professional & Business Services
- Education & Health Services
- Public Administration

Based on this analysis, Sutton County may wish to focus resources and recruiting on maximization of the industries which most significantly outperform the national economy. Trade, Transportation & Utilities have the greatest lead over national performance, and may provide an opportunity for Sutton County to advance even during recessionary times. A more detailed analysis of retail trade opportunities follows in the next segment of this report.

Also within the Trade, Transportation and Utilities industry, opportunities may exist in transportation and warehousing. Traffic along US-277 is increasing as a part of the Ports-to-Plains corridor. Sonora may be able to utilize its strategic location to become a center for warehousing and the offloading of Mexican imports. As the Texas Department of Transportation seeks to build an alternate “reliever” route for Highway 277, Sonora may wish to both encourage that the route chosen be as close as possible to or within city limits and to consider construction of warehousing facilities as close to the new roadway as possible. It is likely that the Hwy 277 shift will affect traffic flow through Sonora; therefore, it is recommended that the area become as actively engaged as possible in the decision-making process.

Sutton County also shows a strong performance in the Education & Health Services sector against national trends, and may be able to continue maximizing this industry. The Sonora Development Initiative mentions the continued care placed in the area’s “remarkable healthcare facilities”¹⁴, a trend which can be continued and likely contributes to the positive changes in this industry during the year studied in this analysis.

Retail Trade Analysis/Gap Analysis



A Retail Market Power Opportunity Gap Report¹⁵ was performed for Sutton County and yielded a total retail opportunity gap of \$11.4 million. In other words, consumer spending by Sutton County residents was \$11.4 million higher than retail sales in the same area in 2009, so the residents of Sutton County were actually purchasing \$11.4 million of goods outside of county lines. Total retail sales in Sutton County for 2009 were \$51.9 million, while consumer expenditures by Sutton County residents were \$63.3 million. If Sutton County were to fully

maximize its retail sales potential, the area could increase its total retail sales by **30 percent**. If the county is able to attract retail spending from other counties, the number could be even higher.

¹⁴Sonora Economic Development Initiative, 2007.

¹⁵ <http://www.claritas.com/sitereports/Default.jsp>

It is first useful to determine where the retail sales may be leaking to. The following table and map demonstrate which counties have opportunity gaps (meaning that they do not fully capture the spending of their residents with local retail) and which have surpluses (meaning that the counties pull retail spending from other counties in addition to local spending). Sutton County may be losing consumer dollars to any or all of the counties demonstrating a surplus. Figures 10.1 and 10.2 show which bordering and nearby counties are experiencing opportunity gaps and which are experiencing surpluses. Figure 10.3 maps the counties, providing a visual representation of the direction of retail traffic.

Figure 10.1: Retail Opportunity Gap & Surplus Counties Bordering Sutton County

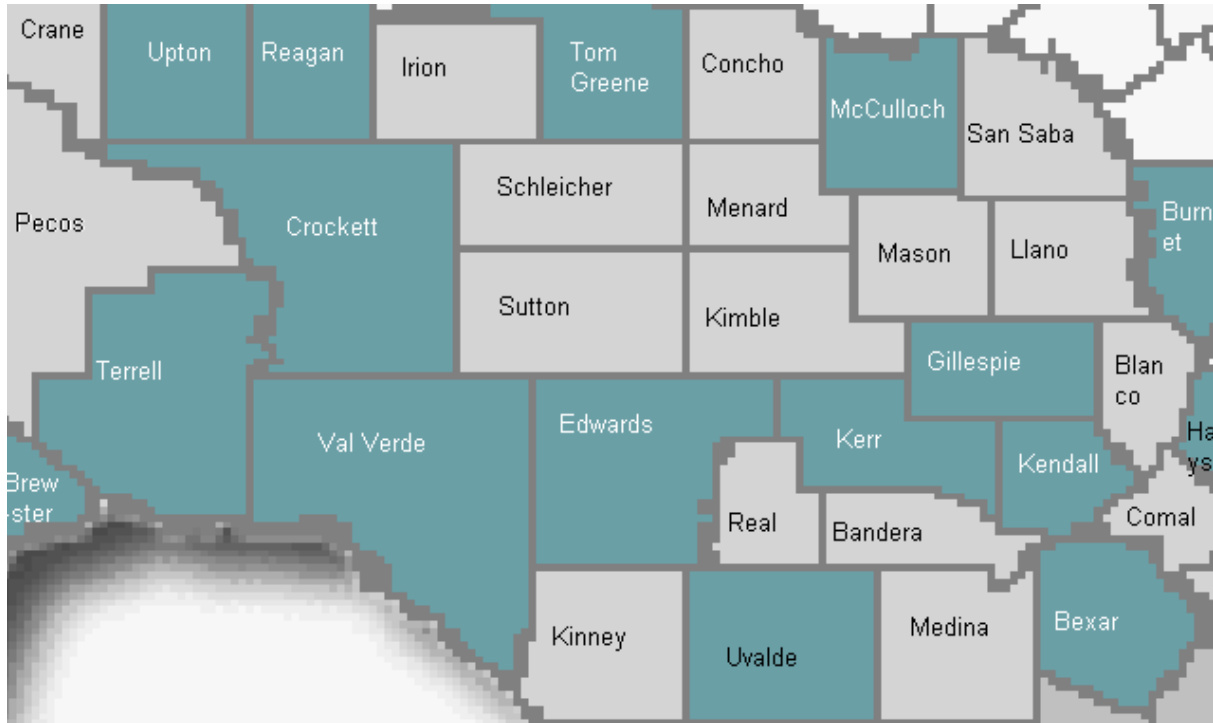
| Opportunity Gap: Consumer Spending > Retail Sales | | Surplus: Retail Sales > Consumer Spending | |
|---|------------------------|---|----------------|
| County | Opportunity Gap | County | Surplus |
| Sutton County, TX | 11,412,159 | Crockett County, TX | 26,976,424 |
| Kimble County, TX | 5,141,965 | Val Verde County, TX | 78,443,538 |
| Menard County, TX | 7,656,820 | Edwards County, TX | 2,518,455 |
| Schleicher County, TX | 11,683,990 | | |

Figure 10.2: Retail Opportunity Gap & Surplus Counties near Sutton County

| Opportunity Gap: Consumer Spending > Retail Sales | | Surplus: Retail Sales > Consumer Spending | |
|---|------------------------|---|----------------|
| County | Opportunity Gap | County | Surplus |
| Bandera County, TX | 247,184,162 | Bexar County, TX | 2,735,841,012 |
| Blanco County, TX | 111,492,531 | Brewster County, TX | 71,610,957 |
| Caldwell County, TX | 150,213,676 | Burnet County, TX | 76,368,115 |
| Comal County, TX | 62,673,163 | Gillespie County, TX | 95,414,503 |
| Concho County, TX | 245,456 | Hays County, TX | 551,625,185 |
| Crane County, TX | 28,317,794 | Kendall County, TX | 217,694,148 |
| Guadalupe County, TX | 367,712,527 | Kerr County, TX | 280,387,917 |
| Irion County, TX | 12,984,134 | McCulloch County, TX | 12,705,968 |
| Kinney County, TX | 22,700,095 | Reagan County, TX | 767,371 |
| Llano County, TX | 177,561,207 | Terrell County, TX | 4,065,598 |
| Mason County, TX | 23,520,034 | Tom Greene County, TX | 327,057,723 |
| Medina County, TX | 158,369,457 | Upton County, TX | 21,800,334 |
| Pecos County, TX | 17,448,300 | Uvalde County, TX | 76,487,979 |
| Real County, TX | 20,407,710 | | |
| San Saba County, TX | 13,969,890 | | |

Figure 10.3: Map of Opportunity Gap & Surplus Counties Surrounding Sutton County

Dark Green = Surplus; Light Gray = Opportunity Gap



Not surprisingly, most of the counties with larger cities (Tom Green, housing San Angelo; Bexar, housing San Antonio; and Hays, housing San Marcos), exhibit a retail surplus, as those counties are able to attract residents from other counties with their large chain retail locations. However, some of the more rural areas south and west of Sutton County also demonstrate a surplus, and it is possible that Sonora is losing retail sales to areas like Ozona in Crockett County, Del Rio in Val Verde County, and San Angelo in Tom Greene County. By expanding its offerings and targeting its specific opportunity gaps, Sutton County can achieve the same surplus of retail sales enjoyed by several neighboring counties.

A detailed breakdown of retail opportunity gaps by industry follows. The final three columns illustrate the potential for new businesses in each category, based on the size of the opportunity gap for each industry and the average sales of businesses of each type. Sonora may wish to target those industries categorized as Medium or High potential for new businesses. Opportunity gap is calculated as:

$$\text{Opportunity Gap} = \text{Consumer Spending by Sutton County Residents} - \text{Retail Sales by stores located in Sutton County}$$

Figure 11: Retail Opportunity Gap by Industry for Sutton County, TX

| Retail Stores | Opportunity Gap: Sutton County, TX | TX Avg. Employee Size | TX Avg. Sales per Firm | Potential |
|--|------------------------------------|-----------------------|------------------------|-----------|
| Motor Vehicle and Parts Dealers-441 | 3,924,213 | | | |
| Automotive Dealers-4411 | 4,567,777 | 33 | 12,700,000 | Low |
| Other Motor Vehicle Dealers-4412 | 470,363 | 8 | 1,800,000 | Low |
| Automotive Parts/Accsrs, Tire Stores-4413 | (1,113,927) | 6 | 400,000 | Low |
| Furniture and Home Furnishings Stores-442 | \$1,331,945 | | | |
| Furniture Stores-4421 | 722,260 | 6 | 500,000 | Med |
| Home Furnishing Stores-4422 | 609,685 | 7 | 2,000,000 | Low |
| Electronics and Appliance Stores-443 | 921,823 | | | |
| Household Appliances Stores-443111 | 264,345 | 10 | 1,200,000 | Low |
| Radio, Television, Electronics Stores-443112 | 295,362 | 8 | 3,500,000 | Low |
| Computer and Software Stores-44312 | 305,330 | 5 | 300,000 | Med |
| Camera and Photographic Equipment Stores-44313 | 56,786 | 4 | 500,000 | Low |
| Building Material, Garden Equip Stores -444 | 6,810,634 | | | |
| Building Material and Supply Dealers-4441 | 6,287,420 | 20 | 900,000 | High |
| Lawn, Garden Equipment, Supplies Stores-4442 | 523,214 | 6 | 400,000 | Med |
| Food and Beverage Stores-445 | 8,298,340 | | | |
| Grocery Stores-4451 | 7,526,267 | 13 | 4,300,000 | High |
| Specialty Food Stores-4452 | 231,489 | 3 | 100,000 | High |
| Beer, Wine and Liquor Stores-4453 | 540,584 | 4 | 400,000 | Med |
| Health and Personal Care Stores-446 | 3,748,723 | | | |
| Pharmacies and Drug Stores-44611 | 3,247,884 | 13 | 900,000 | High |
| Cosmetics, Beauty Supplies, Perfume Stores-44612 | 137,760 | 4* | 300,000* | Low |
| Optical Goods Stores-44613 | 119,794 | 5 | 800,000 | Low |
| Other Health and Personal Care Stores-44619 | 243,285 | 5* | 400,000* | Low |
| Gasoline Stations-447 | (9,870,761) | | | |
| Gasoline Stations -447 | (9,870,761) | 9 | 700,000 | Low |
| Clothing and Clothing Accessories Stores-448 | 2,852,677 | | | |
| Men's Clothing Stores-44811 | 128,523 | 10 | 3,000,000 | Low |
| Women's Clothing Stores-44812 | 499,008 | 5 | 200,000 | High |
| Childrens, Infants Clothing Stores-44813 | 128,913 | 8 | 200,000 | Low |
| Family Clothing Stores-44814 | 1,103,779 | 15 | 1,800,000 | Low |
| Clothing Accessories Stores-44815 | 47,797 | 4 | 100,000 | Low |
| Other Clothing Stores-44819 | 134,806 | 4 | 200,000 | Low |
| Shoe Stores-4482 | 421,572 | 6 | 300,000 | Med |
| Jewelry Stores-44831 | 356,835 | 4 | 700,000 | Low |
| Luggage and Leather Goods Stores-44832 | 31,444 | 5 | 500,000 | Low |
| Sporting Goods, Hobby, Book, Music Stores-451 | 1,103,146 | | | |

| Retail Stores | Opportunity Gap: Sutton County, TX | TX Avg. Employee Size | TX Avg. Sales per Firm | Potential |
|--|---|------------------------------|-------------------------------|------------------|
| Sporting Goods Stores-45111 | 366,870 | 5 | 300,000 | Med |
| Hobby, Toys and Games Stores-45112 | 268,173 | 4 | 1,500,000 | Low |
| Sew/Needlework/Piece Goods Stores-45113 | 64,761 | 3 | 100,000 | Low |
| Musical Instrument and Supplies Stores-45114 | 80,666 | 4 | 300,000 | Low |
| Book Stores-451211 | 194,988 | 7 | 200,000 | Med |
| News Dealers and Newsstands-451212 | 12,966 | 10 | 500,000 | Low |
| Prerecorded Tapes, CDs, Record Stores-45122 | 114,722 | 7 | 600,000 | Low |
| General Merchandise Stores-452 | 8,455,798 | | | |
| Department Stores Excl Leased Depts-4521 | 4,073,010 | 109 | 41,000,000 | Low |
| Other General Merchandise Stores-4529 | 4,382,788 | 21 | 9,300,000 | Low |
| Miscellaneous Store Retailers-453 | 1,395,355 | | | |
| Florists-4531 | 112,050 | 3 | 100,000 | Med |
| Office Supplies and Stationery Stores-45321 | 344,405 | 12 | 400,000 | Med |
| Gift, Novelty and Souvenir Stores-45322 | 266,723 | 3 | 200,000 | Med |
| Used Merchandise Stores-4533 | 132,270 | 3 | 600,000 | Low |
| Other Miscellaneous Store Retailers-4539 | 539,907 | 4 | 400,000 | Med |
| Foodservice and Drinking Places-722 | 3,151,235 | | | |
| Full-Service Restaurants-7221 | 507,365 | 18* | 600,000* | Med |
| Limited-Service Eating Places-7222 | 1,787,453 | 12* | 500,000* | High |
| Special Foodservices-7223 | 574,356 | 12* | 500,000* | Med |
| Drinking Places -Alcoholic Beverages-7224 | 282,061 | 7 | 300,000 | Med |
| * State data unavailable for industries 44612, 44619, 7221, 7223; national data substituted. | | | | |

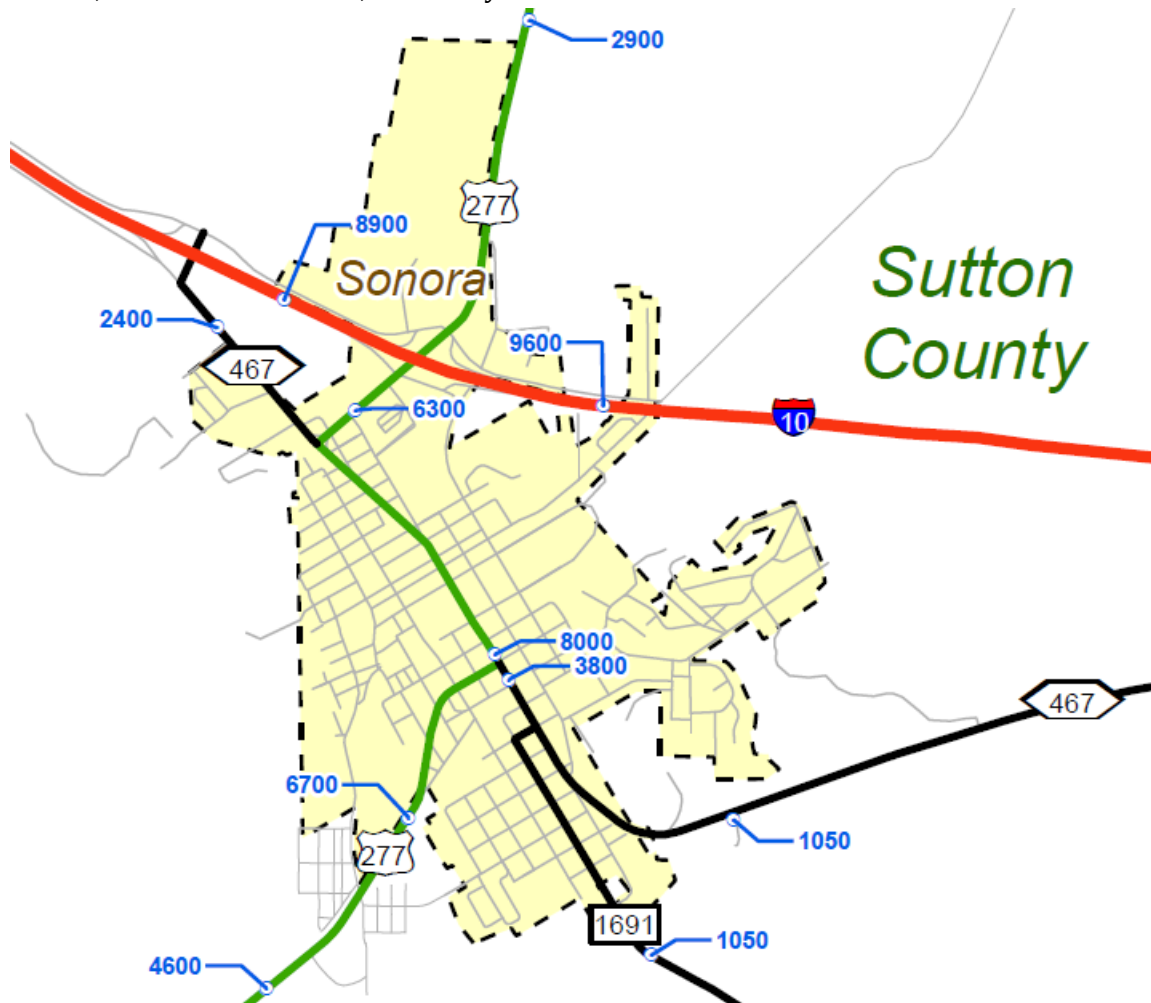
There are two significant areas where Sutton County does *not* exhibit an opportunity gap. Sonora lies at the intersection of two major roadways: Interstate I-10 moving east-west, and US-277 running north-south. Perhaps as a result of this, two retail segments actually *exceed* consumer expenditures for the county: Gasoline Stations and Automotive Parts/Accessories & Tire Stores.

Sonora has the opportunity to pull retail sales from outside of county lines in any area which might appeal to travelers passing through town. The Sonora Economic Development Initiative recommends creating retail incubators for stores which might appeal to tourists, such as shops selling locally branded gift items. While the Opportunity Gap for Gift Shops is small (only \$266,723), this is one area where Sonora can reasonably strive to exceed local consumer expenditures, pulling dollars from outside of county lines.

RECOMMENDATIONS

General Recommendations:

In addition to the recommendations laid out in the Sonora Economic Development Initiative, the Institute for Economic Development adds the following recommendations. Many of these retail opportunities could be supported through a retail cooperative as the Sonora Economic Development Initiative suggests, and where possible, new businesses should incorporate tourism marketing into their business planning. The map below details daily traffic counts for Sonora roads.¹⁶ It is recommended that where possible, new retail businesses locate on the more well-traveled roads, such as those with 6,000+ daily traffic counts.



¹⁶ http://www.dot.state.tx.us/travel/traffic_map.htm - San Angelo district map supplemental sheet 2

Retail Recommendations

- Additional Limited Service/Fast Food Restaurants: with only a Dairy Queen, Pizza Hut and Sonic Drive-In listed among fast food chain restaurants along Sonora's major traffic roadways, the city can expand its fast food options to attract a larger portion of both interstate travelers and Sutton County residents. The area already has an opportunity gap for limited-service restaurants of almost \$2 million, which it can work to capture from its local audience in addition to sales generated from non-local interstate travelers. As average sales for fast food restaurants in Texas are approximately \$500,000, Sutton County may even be able to support an additional two to four limited service restaurants. With limited visibility from I-10, all restaurant options for the area should be indicated with signage in order to encourage interstate travelers to exit at Sonora.
 - Other Restaurant Potential: the opportunity gaps for Full-Service Restaurants, Special Food Services (includes catering), and Drinking Places (bars), each are large enough to suggest potential for an additional establishment. In addition to a primary focus on limited-service restaurants, Sonora may wish to look into these restaurant opportunities. At a minimum, the opportunity gap indicates that existing establishments are not maximizing the full potential of the area. This industry may also present opportunities for attracting tourism dollars: a restaurant with a western Texas theme, for example, could become a local attraction and incorporate educational events or features. In addition to possibly adding establishments, the existing establishments might be better supported and marketed in order to capture a greater portion of local residents' spending. Resources may be targeted toward raising the capacity, marketing, and sales of the local Sutton County Steak House, for example.
 - One current roadblock to capturing the entire opportunity gap for restaurants is a common practice among Sonora restaurants of remaining closed on weekends. Not only does this limit local business, but it also may damage the tourism industry locally. Those tourists who build their travel around the weekend, as may be the case especially among tourists traveling a relatively short distance from within the state, may not stay in Sonora and spend their money on other tourist attractions if weekend food options are limited.

- **A Sporting Goods Store:** Based on both potential from the opportunity gap analysis and lifestyle data indicating a strong interest in sports among Sutton County residents, the county can reasonably consider a sporting goods store. Key to success will be meeting the needs of a wide variety of sporting interests without the benefit of a big-box store name. Since the store would need to capture virtually all of the untapped local market in order to successfully operate the establishment, opening a store with a focused niche is not recommended. However, as Sonora is a prime location for hunting, a large portion of inventory may be dedicated to hunting supplies. The store can target sports enthusiasts with general sports and exercise equipment; jerseys, sweatshirts, caps, and other goods for the local favorite sports teams; and a separate section of the store specifically dedicated to outdoors, nature and hunting.
- **Grocery Stores:** Sutton County faces a very sizeable opportunity gap, \$7.5 million, in grocery sales. By improving grocery options, the city can prevent its shoppers from leaving the county to purchase grocery items. While the population and opportunity gap may not yet be large enough to support a grocery store of HEB size and caliber, these sales can be captured locally if Sonora takes steps to be truly competitive in this category. This can be accomplished either through the opening of a new facility or the updating and expansion of the existing Town and Country Food Store location.

Anecdotal information indicates that most Sonora residents travel to the HEB in San Angelo when possible, because the existing local grocery store charges higher prices, offers only a limited variety of products, and is housed in a substandard facility. In order to capture those sales, it is important that the store's offerings be as comparable to HEB as possible. If there is a single grocery item that residents have to travel to San Angelo to pick up, they may choose to complete their entire grocery shopping trips there.

- Also in the food retail category, there may be opportunities in the areas of Specialty Food Stores and Liquor, Wine & Beer stores. The Specialty Food Stores opportunity gap may provide an excellent opportunity in line with the recommendations of the Sonora Economic Development Initiative, as a retail opportunity may exist for specialty locally branded sauces, spice mixes, soft drinks, or any number of other gourmet specialties. A liquor/beer/wine store, too, could focus on locally branded items to cater to tourists, while also stocking a variety of other alcoholic products to appeal to a local audience and capture the \$540,584 opportunity gap.

- **Building Material/Supplies Stores:** There is an opportunity gap of almost \$6.3 million for Building Material & Supply Dealers, a category which includes Home Centers, Paint & Wallpaper Stores, and Hardware Stores. A home center encompasses all three of these facets, and can feasibly be supported by the opportunity gap available for this industry. Attracting a chain may prove difficult; a non-chain store may be the most feasible option. Lowe's, however, has recently started building half-sized stores targeting rural areas, but generally is looking for communities of approximately 15,000 to 20,000 households (somewhat larger than Sonora). Tarboro, North Carolina just opened one of these 66,000-sq.-ft. stores in 2009,¹⁷ and its population is only about three times the size of Sonora at 9,933 residents. Sonora may wish to keep an eye out for similar opportunities. Alternately, Sonora may wish to dedicate resources to improving or expanding the existing hardware store, Parker Lumber. The company reported sales of only \$1.4 million, nowhere near the full potential for the area.
- **Pharmacies:** Sutton County currently boasts only one pharmacy – Everett's Pharmacy on US-277, with annual sales just over \$1.2 million. The opportunity gap for this industry, \$3.2 million, indicates that Sutton County may be able to support an additional pharmacy or expand and upgrade its existing pharmacy's products and services. Sutton County does not meet the population criteria of most major chain pharmacies (Walgreens, for example, seeks a trade area population of at least 20,000¹⁸), and may have a better opportunity with a second non-chain pharmacy or the expansion of Everett's.
- **Book Store:** The opportunity gap data suggests potential for a book store. In line with the Sonora Economic Development Initiative, Sonora may wish to include this sort of a retail establishment within a retail cooperative or similar group establishment during the beginning phases, and include items that would appeal to a tourist audience: books on local history and heritage, Texas tourism books and information, etc.
- **Florist:** The opportunity gap data suggests potential for an additional florist shop in Sonora. On one hand, this could be opportunity for inclusion in the Sonora Economic Development Initiative's recommended co-op, especially if items appealing to a tourist audience are incorporated into the business. On the other hand, however, there are already three florist shops in the local area, and the large opportunity gap for this industry indicates that they are perhaps not meeting their full sales potential. Instead of adding a florist shop, Sonora may wish to target the existing florist shops and determine how their needs could better be met so that they may reach their entire potential sales.

¹⁷ http://findarticles.com/p/articles/mi_m0VCW/is_5_35/ai_n31568709/?tag=content:col1

¹⁸ <http://www.walgreens.com/marketing/contactus/corporate.jsp>

- Gift Shop: The Opportunity Gap analysis indicates potential for a gift shop, which follows closely with the Sonora Economic Development Initiative. This is a prime opportunity for Sonora to sell the “Sonora Experience” to the tourist market.
- Other Medium to High Potential stores: Furniture, Computer & Software, Lawn & Garden Equipment & Supplies, Women’s Clothing Stores, Shoe Stores, Office Supply Stores, and Other Miscellaneous Retail Stores all have opportunity gaps large enough to suggest potential for a location in Sutton County.

Other Opportunities:

- The attraction of oil and natural gas rigs and/or other support businesses in the Natural Resources & Mining industry provides an opportunity for economic and business growth as the industry regains ground. Because of recent losses in employment for these firms, skilled labor is available locally. This could be an excellent incentive for energy type companies to relocate or expand into the area.
- Manufacturing provides an excellent opportunity for exporting products and gaining revenue from outside of county borders. Bringing small manufacturing firms to Sutton County will make the local economy less vulnerable to changes in the larger economy by creating specialization in other areas. The Sonora Economic Development Initiative recommends clean manufacturing, which may provide an excellent path for bringing grant funding and other resources to the local area.
- Currently, a number of empty buildings along Main Street prevent the downtown area from being a center for retail sales, commerce, and tourist appeal. It is important to include downtown revitalization efforts in the strategic planning process. Some of the retail recommendations provided in this report can be incorporated into this effort. The Center for Community and Economic Development in Madison, Wisconsin provides realistic ideas and themes which fit appropriately into a downtown setting, including:¹⁹
 - Community gathering places
 - Retailers that celebrate local heritage
 - Stores that celebrate local arts
 - Stores that educate
 - Stores with a community and global perspective
 - Gift and indulgences stores
 - An appropriate balance between eating, drinking, and retail establishments

It is recommended also that Sonora consider coordinating downtown revitalization efforts with the College of Architecture at the University of Texas at San Antonio. With extensive experience creating development plans for downtown communities, the College of Architecture is able to build a plan appropriate to the needs, vision, and market size of the local community.

¹⁹ <http://www.uwex.edu/ces/cced/downtowns/lrb/documents/DE1207.pdf>

- Promote Sonora as a retirement community. The Texas Department of Agriculture has a Texas Certified Retirement Community Program²⁰ which Sonora may find beneficial. The program includes a determination of retiree desirability, workshops, technical assistance, and training. Certification would allow Sonora to be included in statewide retiree marketing efforts to include a web site, brochures, direct inquiry service, and special events.

- The Sonora EDC is responsible for the management and funding of the Eaton Hill Wildlife Sanctuary. While the organization has been sponsoring the project with some return, there is growing curiosity as to whether this is the best usage of the land. It is recommended that, if a visitor center is established, the new venue be used to promote the destination. Additionally, cross-promoting with the Sonora Caverns or other local tourist destinations may help generate interest. In addition to the existing guided walking tours, possible uses and additions for the site include:
 - Field trip destination
 - Wedding and/or event venue
 - Horseback riding
 - Outdoor theater
 - Camping and/or picnic spot
 - Museum and gift shop
 - Wildlife rescue
 - Animal shelter and adoptions
 - University research destination

²⁰ <http://www.uwex.edu/ces/cced/downtowns/ltb/documents/DE1207.pdf>

Health Care Industry

One of Sonora's strengths is its advanced health care sector, encompassing a hospital, health and wellness center, and medical clinic. The level of sophistication and specialization as compared to nearby rural areas provides Sonora an excellent opportunity for continued growth, revenue generation, and increased employment.

To support continued increases in profitability, the hospital can focus especially on those services that are not currently being provided by neighboring clinics and hospitals, most specifically the Schleicher County Medical Center and the Ozona West Texas Rehabilitation Center. While Sonora's facilities may not be able to compete with San Angelo for more serious cases, capitalizing on non-emergency needs not currently being met in Sutton, Crockett and Schleicher counties may provide opportunities for further development.

Sutton County's advantages in health care relative to other counties in the area are its cardiac rehabilitation and cardiovascular services, gastrointestinal services, pulmonary rehabilitation services, and its wide range of imaging services (MRI, Multi-Slice Helical CT scanner, diagnostic and vascular ultrasound, echocardiograms, bone density scanner, fluoroscopy, x-rays, lung cancer detection scanning, and digital mammography²¹.) Its medical health care sector also offers emergency and hospitalization services and laboratory services, as well as physical therapy facilities.

Other potential areas of expansion not apparently being met in local areas outside of San Angelo may include:

- Speech therapy,
- Hospice & palliative care, and
- Orthotics & prosthetics.

These non-emergency care options may represent market potential for Sonora, as they have the potential to draw residents from other nearby areas and can be incorporated into the current structure of the Lillian M. Hudspeth Memorial Hospital.

²¹ <http://www.sonora-hospital.org/getpage.php?name=Imaging>

Land Annexation

A potential course of action for Sonora may be to consider annexing nearby unincorporated land into the city. Potential benefits of annexation may include:

- Increased tax base, as those living just outside of city limits would be required to pay for the public services and facilities which they are already using;
- Increased development options; and
- Increased control over local development.

The legal process for annexation is fairly involved, and the use of an attorney is strongly recommended if this process is undertaken. Texas Local Government Code Chapter 43 outlines the policies and regulations associated with land annexation in Texas²².

The course of action for annexation is largely determined by whether the annexing authority (Sonora) is classified as a general law city or a home rule city. Home rule requires a population of 5,000 and voter agreement, so it can be assumed that Sonora would be subject to the rules of general law cities. While home rule cities have a great deal of freedom in annexation, general law cities typically must receive a request from landowners or voters prior to annexing.²³ Some of the requirements for annexation include:²⁴

- The area to be annexed must be within the city's extraterritorial jurisdiction.
- If the area has been appraised as agricultural, wildlife management, or timber management, the city must offer a development agreement as stipulated in Texas Local Government Code 43.035.
- Annexation *without* consent: for a general law city with population between 1,000 and 5,000 (Sonora falls into this category), unilateral annexation is allowed provided that:
 - o The city provides the area with water or sewer service, and
 - o The area either "(A) does not include unoccupied territory in excess of one acre for each service address for water and sewer service; or (B) is entirely surrounded by the city and the city is a type A general-law city."²⁵
- Annexation *with* consent: "All cities are authorized to annex a sparsely occupied area on petition of the area's landowners, if the area meets certain requirements. In addition, general law cities may annex inhabited areas if the majority of the qualified voters of the area are in favor of becoming part of the city."²⁶

The process for annexation can take up to three years. If less than 100 homes are being annexed, or if one of several other measures are met, an annexation plan is not required, which shortens this time frame considerably.

²² <http://law.justia.com/texas/codes/lg/002.00.000043.00.html>

²³ http://www.tml.org/legal_pdf/2008AnnexCheatSheet.pdf

²⁴ http://www.tml.org/legal_pdf/2008AnnexCheatSheet.pdf

²⁵ http://www.tml.org/legal_pdf/2008AnnexCheatSheet.pdf

²⁶ http://www.tml.org/legal_pdf/2008AnnexCheatSheet.pdf

Multi-Use Facility/Visitor Center



A report titled *Sonora, TX Community Visitor Center Development - Opportunities and Challenges* was provided to Sonora by AdventGX in order to develop an understanding of the feasibility, potential challenges and benefits of adding a visitor center on publicly owned land near the Sonora Chamber of Commerce. Criteria for this site selection include easy access to I-10, high visibility, and the rustic appearance of the surrounding area buildings. The results of this report are very positive, and indicate strong potential that a visitor center would be successful in increasing tourism revenue and interest. The report cites a current lack of promotion of those attractions which make Sonora unique, as well as a competitive disadvantage resulting from nearby communities *with* visitor centers.

According to the report, the visitor center can generate income through retail sales including tickets for attractions and events throughout the area, rental of advertising space within the visitor center, and reduced expenses resulting from sharing a location with the Chamber of Commerce. While a visitor center reportedly has only a small level of influence on event attendance and lodging selection, the impact on tourist visitation on local attractions, restaurants and stores is typically much larger. Studies have indicated that each dollar spent operating a visitor center can result in the generation of between \$20 and \$40 of new visitor expenditures. Individuals visiting these centers will spend more than they otherwise would have. A study cited in the *Sonora, TX Community Visitor Center Development* report indicates that average daily expenditures increase by 25 percent as a result of receiving information at a visitor center. Evidence also shows that tourists stopping at a visitor center are more likely to plan return trips to the destination. General recommendations provided in this report for a visitor center, should one be built in Sonora, include:

- Provide food options, destination displays, brochure rack, outdoor kiosk for after hours, clean restrooms, seating area, activities for children, drinking fountains, and picnic area with trash receptacles outdoors;
- Keep a full-time travel counselor on staff and sell tickets to local attractions at the visitor center;
- Provide accessible and sufficient parking, including pull-through spaces for larger vehicles, with sufficient lighting at night;
- Provide adequate signage, especially on the interstate, to promote the visitor center;
- Sonora may wish to consider the option of including other functions within the center, so that the facility acts as a “multi-use” building. These functions could include a conference center, computer center, community meeting facility, offices, a workforce training facility, etc.

Alternative Energy Considerations

The wind energy industry is sweeping across Texas; by the end of 2008, Texas became the top state in the nation in terms of wind energy capacity installed with 7,118 megawatts.²⁷ As the Lower Colorado River Authority (LCRA) may begin installation of transmission lines north of Sonora down Hwy 277 to IH-10 and eastward, many of the startup costs for the wind energy process could be eliminated if Sonora chooses to take part in this energy trend.

Some rural communities, most recently Randall County, have embraced the concept of a community wind project, where members of the community all pay into a community-owned wind farm and all share the benefits of revenues and local energy independence. If Sonora were to engage in this type of wind farming, businesses, schools, families, and churches could all share ownership by contributing to the startup costs of the farm. The increased financial stake held by community members is shown to increase the local economic impacts as much as five times above the impact of non-community owned wind farms.²⁸

The American Wind Energy Association provides ten steps for developing wind farms, and substantial research is needed before taking on this effort.²⁹ Some important considerations for further research include the presence of endangered or protected species, the flight path of local air traffic, acceptance by local residents and landowners, and the amount of wind available. At least 11 to 13mph of average wind energy is needed for a successful wind farm.

²⁷ http://www.awea.org/pubs/factsheets/Market_Update_Factsheet.pdf

²⁸ <http://www.brighterenergy.org/9696/news/wind/national-wind-plans-first-community-wind-project-in-texas/>

²⁹ http://www.awea.org/pubs/factsheets/Ten_Steps.pdf

CAPACITY BUILDING PLAN

In order to accomplish the recommended economic development strategy included in this report, the Sonora Economic Development Corporation (SEDC) will need to work on building economic development capacity. This capacity can be developed through several different avenues. These include: leadership development, technical development, and capital access development. While all aspects of capacity building are important to a holistic economic development approach, this section primarily focuses on developing access to capital.

Accessing capital can prove to be difficult for both rural communities and small businesses. Traditional sources of capital, such as local banks, have slowed down their lending rate making traditional capital harder to access. It is important to learn about and take advantage of tools and programs available to economic development corporations in rural communities like Sonora. The following subsections highlight some of the programs that might be most useful for Sonora.

USDA Intermediary Re-Lending Program (IRP)

The purpose of the USDA IRP program is to alleviate poverty and increase economic activity and employment in rural communities. Under the IRP program, a low-interest loan would be provided to the SEDC by the USDA to establish a revolving loan fund (RLF). A RLF is a gap financing tool typically used for establishing, improving or expand small businesses. The SEDC, as the intermediary, makes market driven loans with the money from the low-interest IRP loan. If managed correctly an RLF will make enough money to pay back the IRP and provide Sonora with a sustainable source of funding for future business projects.

RLFs have been successfully used throughout West Texas as a tool for economic development in communities like San Angelo, Fort Stockton, and Eden. Good planning and management is important when developing an RLF, especially in smaller communities. To alleviate some of the challenges attributed to hosting an RLF in a small town the SEDC is encouraged to utilize the Angelo State University Small Business Development Center to help plan and manage the funds.

Two of the largest challenges facing a rural based RLF are:

1. Rural business owners do not want to utilize EDC programs, because they do not want to show their personal finances to their friends and often their direct competitors.
 - Possible Solution: The SEDC can develop a rubric for qualifying a business for an RLF loan. The ASU SBDC can then examine the personal finances of the applicant business owners and verify that they do or do not meet the standards set forward in the rubric. If the business does meet the standards set by the SEDC then they do not need to reveal their personal finance data to the board of the SEDC. They would be required to show their projections and business plan for approval.

2. There is not enough new business development or entrepreneurship in a rural economy to make the loans needed to support the RLF and pay back the IRP.
 - Possible Solution: When setting up the RLF, the SEDC should carefully map out its service territory to ensure there is enough business activity to meet the lending goals of the RLF. This may mean providing service to adjoining counties, and more micropolitan communities such as San Angelo or Del Rio. There is RLF capital currently available in San Angelo, but Sonora may be more willing to provide financing to more rural based businesses such as agriculture businesses, than the San Angelo fund.

Sonora would be a strong candidate for an RLF fund because the SEDC board members have a wealth of experience in making loans. The current president of the board has experience with finance as well. The combined experience of the board members should give Sonora the capability to manage a RLF that most similar sized communities do not possess. It is also has a strategic location from where it could administer loans to businesses in San Angelo, Del Rio, Ozona, Junction, Rock Springs, and Eldorado. The RLF could help Sonora play a key role in the development of not only its local economy, but the regional economy as well.

The first step to securing the USDA IRP funding to seed a RLF is to contact Peggy Hodges with the ASU SBDC in San Angelo (325.942.2098) and Randy Verner with the USDA Rural Development office in Ozona (325.392.2683).

Economic Development Administration Grant

An Economic Development Administration Grant could be an excellent funding source for the proposed multi-use center in Sonora. One focus of the EDA is to make investments that strengthen diverse communities that have suffered disproportionate economic and job losses and/or are rebuilding to become more competitive in the global economy. This focus accurately describes the current situation in Sonora, so the community should be an excellent candidate for an EDA grant. Here are some aspects to focus one when approaching the EDA for funding:

- Geographic Location: There is a lack of EDA funded projects in Sonora's immediate region. EDA, like most publicly funded entities, attempts to spread its funding to touch each region of the country.
- Component of Economic Development Plan: The visitor's center was a large component of the original economic development plan developed by AdventGX with community support. This could be a benefit in influencing the EDA's decision to provide support to Sonora.
- Shovel Ready: The project, for the most part, is ready to move to the design/build phase once funds are in place. The site has been selected. There has been a feasibility study completed showing a probable positive return on investment. After the property is reappraised and an architectural rendition is completed, then the project will only need the funding to move forward. Like most publicly funded organizations the EDA encourages funding "shovel ready" projects.

- **Multi-use Facility:** The fact that the new facility will house several essential community organizations is an excellent point to highlight. This shows the project has broad support and it is using best practices by conserving resources. An incorporated public computing center or educational classroom would also be an excellent component for the facility. The addition of using the back lot to house an RV campground adds value as well because it makes the project more economically sustainable.

Competition for the EDA grants is intense, but the preceding points makes a Sonora Multi-use Visitor's Center an excellent candidate. Realize that pursuing funding can take more than a year. The UTSA Rural Business Program and the ASU SBDC can be an excellent resource for the SEDC when approaching the EDA for funding.

USDA Rural Business Enterprise Grants (RBEG) Program

The RBEG is a grant awarded by the USDA that can be used for many different economic development endeavors. The grant can finance and facilitate development of small and emerging rural businesses or help fund employment related adult education programs. The flexibility of the RBEG funding makes it an important grant to pursue. Following are some possible uses of an RBEG for the SEDC:

- I. The RLF can be used to provide low interest gap financing to small, improving, or expanding businesses. This is similar to the USDA IRP only the RBEG does not have to be paid back as it is a grant.
- II. RBEG funds can be used for the acquisition or development of land, easements, or rights of way. This could help Sonora on the visitor center project as well as other community projects.
- III. The RBEG can also fund the construction, conversion, and renovation of buildings; the acquisition of equipment, and the construction of streets and roads, parking areas, and utilities. With Sonora's infrastructure problems these funds could be used to help revitalize its already dated infrastructure.
- IV. The SEDC must always work to expand its economic development capacity. A large component of that effort is leadership development and training. These funds can be used to help the SEDC to obtain the technical assistance needed to train staff to push economic development objectives forward.
- V. Provide framework for distance learning for job training and advancement. This is important given the current economic situation in Sonora. There is an intense need to retrain the workforce to support other industries that could move into Sonora.
- VI. These funds can also be used for project planning. Project planning is an extremely important component of creating a sustainable community. It can also be quite expensive, so funds from an RBEG can be applied to help cover the cost to the community.

For help developing and planning for this grant contact Peggy Hodges with the ASU SBDC in San Angelo (325.942.2098) and Randy Verner with the USDA Rural Development office in Ozona (325.392.2683).

Small Business Loan Programs

The SEDC can help small, improving and expanding businesses gain access to funds by encouraging local banks to participate in government insured loan programs. With these programs, the government will insure a percentage of the loaned amount to reduce the risk to banks and encourage lending to small or rural businesses. The government guaranteed amount typically does not count against a bank's loan amount, so they are able to expand on their normal loan limit. Peggy Hodges from the ASU SBDC is an excellent resource for answering questions pertaining to the various insured loan programs.

USDA Rural Business and Industry Loan (B&I): The B&I Loan is an excellent loan for larger rural businesses. Approved loan amounts up to \$5 million can be guaranteed up to 80% by USDA. Loans from \$5-\$10 million can be guaranteed up to 70%. Thus a bank with a maximum loan amount of \$1 million can make a loan of \$5 million through the B&I Loan. Currently the program offers more incentives due to the American Recovery and Reinvestment Act.

SBA 7(a) Loan: The 7(a) loan is a guaranteed loan program from the Small Business Administration aimed at financing new small businesses that might not be eligible for loans through traditional lending channels.

SBA 504 Loan: The SBA 504 loan is an excellent economic development tool that requires participation by a Certified Development Company (CDC). A traditional SBA 504 loan may be structured as follows:

- A loan secured from a private sector lender with a senior lien covering up to 50 percent of the project cost;
- A loan secured from a CDC backed by a 100 percent SBA-guaranteed debenture with a junior lien covering up to 40 percent of the total cost;
- A contribution from the borrower of at least 10 percent equity.³⁰

This is a powerful way for a CDC to limit its exposure and risk when making loans to small businesses. Generally, a business must create or retain one job for every \$65,000 guaranteed by the SBA except for small manufacturers, which have a \$100,000 per job creation or retention goal. New programs are constantly being created or modified and the SEDC should work with the Angelo State University Small Business Development Center to keep current on programs available to them. Other regional economic development corporations that have successfully implemented these programs are also excellent resources. Many of the organizations that fund these programs will also help with training or education about their programs. Sonora Economic Development Corporation should be able to fund and implement a successful economic development strategy by utilizing these resources to the fullest.

³⁰ <http://www.sba.gov/financialassistance/borrowers/guaranteed/CDC504lp/index.html>

APPENDIX A

Figure A: Top 10 PRIZM Lifestyle Segments for Sutton County - Segment Descriptions³¹

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| 1. | <i>Big Sky Families:</i> Scattered in placid towns across the American heartland, Big Sky Families is a segment of younger rural families who have turned high school educations and blue-collar jobs into busy, upper-middle-class lifestyles. Residents enjoy baseball, basketball, and volleyball, as well as fishing, hunting, and horseback riding. To entertain their sprawling families, they buy virtually every piece of sporting equipment on the market. |
| 2. | <i>Back Country Folks:</i> Strewn among remote farm communities across the nation, Back Country Folks are a long way away from economic paradise. The residents tend to be poor, over 55 years old, and living in older, modest-sized homes and manufactured housing. Typically, life in this segment is a throwback to an earlier era when farming dominated the American landscape. |
| 3. | <i>Mayberry-ville:</i> Like the old Andy Griffith Show set in a quaint picturesque berg, Mayberry-ville harks back to an old-fashioned way of life. In these small towns, upper-middle-class couples like to fish and hunt during the day, and stay home and watch TV at night. With lucrative blue-collar jobs and moderately priced housing, residents use their discretionary cash to purchase boats, campers, motorcycles, and pickup trucks. |
| 4. | <i>Crossroads Villagers:</i> With a population of white-collar couples and families, Crossroads Villagers is a classic rural lifestyle. Residents are high school-educated, with downscale incomes and modest housing; one-quarter live in mobile homes. And there's an air of self-reliance in these households as Crossroads Villagers help put food on the table through fishing, gardening, and hunting. |
| 5. | <i>Shotguns & Pickups:</i> The segment known as Shotguns & Pickups came by its moniker honestly: it scores near the top of all lifestyles for owning hunting rifles and pickup trucks. These Americans tend to be young, working-class couples with large families, living in small homes and manufactured housing. Nearly a third of residents live in mobile homes, more than anywhere else in the nation. |
| 6. | <i>Blue Highways:</i> On maps, blue highways are often two-lane roads that wind through remote stretches of the American landscape. Among lifestyles, Blue Highways is the standout for lower-middle-class residents who live in isolated towns and farmsteads. Here, Boomer men like to hunt and fish; the women enjoy sewing and crafts, and everyone looks forward to going out to a country music concert. |
| 7. | <i>Traditional Times:</i> Traditional Times is the kind of lifestyle where small-town couples nearing retirement are beginning to enjoy their first empty-nest years. Typically in their fifties and sixties, these upper-middle-class Americans pursue a kind of granola-and-grits lifestyle. On their coffee tables are magazines with titles like Country Living and Country Home. But they're big travelers, especially in recreational vehicles and campers. |
| 8. | <i>Country Casuals:</i> There's a laid-back atmosphere in Country Casuals, a collection of older, upscale households that have started to empty-nest. Most households boast two earners who have well-paying management jobs or own small businesses. Today these Baby-Boom couples have the disposable income to enjoy traveling, owning timeshares, and going out to eat. |

³¹ Nielsen Claritas Site Reports. <http://www.claritas.com>

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| <p>9. <i>Fast Track Families</i>: With their upscale incomes, numerous children, and spacious homes, Fast-Track Families are in their prime acquisition years. These middle-aged parents have the disposable income and educated sensibility to want the best for their children. They buy the latest technology with impunity: new computers, DVD players, home theater systems, and video games. They take advantage of their rustic locales by camping, boating, and fishing.</p> |
| <p>10. <i>Big Fish, Small Pond</i>: Older, upper-class, college-educated professionals, the members of Big Fish, Small Pond are often among the leading citizens of their small-town communities. These upscale, empty-nesting couples enjoy the trappings of success, including belonging to country clubs, maintaining large investment portfolios, and spending freely on computer technology.</p> |

APPENDIX B

Industry Code 1011 Natural Resources & Mining:

- 11 Agriculture, Forestry, Fishing and Hunting
 - 111 Crop Production
 - 112 Animal Production
 - 113 Forestry and Logging
 - 114 Fishing, Hunting and Trapping
 - 115 Support Activities for Agriculture and Forestry
- 21 Mining, Quarrying, and Oil and Gas Extraction
 - 211 Oil and Gas Extraction
 - 212 Mining (except Oil and Gas)
 - 213 Support Activities for Mining

Industry Code 1012 Construction:

- 23 Construction
 - 236 Construction of Buildings
 - 237 Heavy and Civil Engineering Construction
 - 238 Specialty Trade Contractors

Industry Code 1013 Manufacturing:

- 31 Manufacturing
 - 311 Food Manufacturing
 - 312 Beverage and Tobacco Product Manufacturing
 - 313 Textile Mills
 - 314 Textile Product Mills
 - 315 Apparel Manufacturing
 - 316 Leather and Allied Product Manufacturing
 - 321 Wood Product Manufacturing
 - 322 Paper Manufacturing
 - 323 Printing and Related Support Activities
 - 324 Petroleum and Coal Products Manufacturing
 - 325 Chemical Manufacturing
 - 326 Plastics and Rubber Products Manufacturing
 - 327 Nonmetallic Mineral Product Manufacturing
 - 331 Primary Metal Manufacturing
 - 332 Fabricated Metal Product Manufacturing
 - 333 Machinery Manufacturing
 - 334 Computer and Electronic Product Manufacturing
 - 335 Electrical Equipment, Appliance, and Component Manufacturing
 - 336 Transportation Equipment Manufacturing

- 337 Furniture and Related Product Manufacturing
- 339 Miscellaneous Manufacturing

Industry Code 1021 Trade, Transportation & Utilities:

- 22 Utilities
- 221 Utilities
- 42 Wholesale Trade
- 423 Merchant Wholesalers, Durable Goods
- 424 Merchant Wholesalers, Nondurable Goods
- 425 Wholesale Electronic Markets and Agents and Brokers
- 44 Retail Trade
- 441 Motor Vehicle and Parts Dealers
- 442 Furniture and Home Furnishings Stores
- 443 Electronics and Appliance Stores
- 444 Building Material and Garden Equipment and Supplies Dealers
- 445 Food and Beverage Stores
- 446 Health and Personal Care Stores
- 447 Gasoline Stations
- 448 Clothing and Clothing Accessories Stores
- 451 Sporting Goods, Hobby, Book, and Music Stores
- 452 General Merchandise Stores
- 453 Miscellaneous Store Retailers
- 454 Nonstore Retailers
- 48 Transportation and Warehousing
- 481 Air Transportation
- 482 Rail Transportation
- 483 Water Transportation
- 484 Truck Transportation
- 485 Transit and Ground Passenger Transportation
- 486 Pipeline Transportation
- 487 Scenic and Sightseeing Transportation
- 488 Support Activities for Transportation
- 491 Postal Service
- 492 Couriers and Messengers
- 493 Warehousing and Storage

Industry Code 1022 Information:

- 51 Information
- 511 Publishing Industries (except Internet)
- 512 Motion Picture and Sound Recording Industries
- 515 Broadcasting (except Internet)

- 517 Telecommunications
- 518 Data Processing, Hosting, and Related Services
- 519 Other Information Services

Industry Code 1023 Financial Activities:

- 52 Finance and Insurance
 - 521 Monetary Authorities-Central Bank
 - 522 Credit Intermediation and Related Activities
 - 523 Securities, Commodity Contracts, and Other Financial Investments and Related Activities
 - 524 Insurance Carriers and Related Activities
 - 525 Funds, Trusts, and Other Financial Vehicles
- 53 Real Estate and Rental and Leasing
 - 531 Real Estate
 - 532 Rental and Leasing Services
 - 533 Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)

Industry Code 1024 Professional & Business Services:

- 54 Professional, Scientific, and Technical Services
 - 541 Professional, Scientific, and Technical Services
- 55 Management of Companies and Enterprises
- 56 Administrative and Support and Waste Management and Remediation Services
 - 561 Administrative and Support Services
 - 562 Waste Management and Remediation Services

Industry Code 1025 Education & Health Services:

- 61 Educational Services
 - 611 Educational Services
- 62 Health Care and Social Assistance
 - 621 Ambulatory Health Care Services
 - 622 Hospitals
 - 623 Nursing and Residential Care Facilities
 - 624 Social Assistance

Industry Code 1026 Leisure & Hospitality:

- 71 Arts, Entertainment, and Recreation
 - 711 Performing Arts, Spectator Sports, and Related Industries
 - 712 Museums, Historical Sites, and Similar Institutions
 - 713 Amusement, Gambling, and Recreation Industries
- 72 Accommodation and Food Services
 - 721 Accommodation

722 Food Services and Drinking Places

Industry Code 1027 Other Services:

81 Other Services (except Public Administration)

811 Repair and Maintenance

812 Personal and Laundry Services

813 Religious, Grantmaking, Civic, Professional, and Similar Organizations

814 Private Households

Industry Code 1028 Public Administration:

92 Public Administration

921 Executive, Legislative, and Other General Government Support

922 Justice, Public Order, and Safety Activities

923 Administration of Human Resource Programs

924 Administration of Environmental Quality Programs

925 Administration of Housing Programs, Urban Planning, and Community Development

926 Administration of Economic Programs

927 Space Research and Technology

928 National Security and International Affairs