

Target Industry Analysis

For the Marble Falls Economic Development Corporation



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INTRODUCTION & FRAMEWORK

INTRODUCTION

Marble Falls, nestled in the hills of Central Texas and sitting on the bank of the Lake Marble Falls, is a community that enjoys a high quality of life and prospers due to its proximity to major population centers. Its location at the crossroads of US 281 and TX 71 provides Marble Falls with access to both Austin and San Antonio. These attributes have allowed the community to draw visitors into its quaint downtown and visit nearby attractions, such as Longhorn Cavern State Park. The community is home to a number of successful companies, and the Marble Falls Economic Development Corporation (MFEDC) recently announced the attraction of a new business (Corworth). Moreover, Scott & White plans to develop a new hospital to serve Marble Falls and the surrounding area.

Realizing these successes and wishing to build broader and more substantial economic development benefits for the community, MFEDC hired TIP Strategies, an Austin-based economic development consulting firm, to assist in identifying target industries for its business recruitment and lead generation program, as well as craft a marketing strategy for that effort.

FRAMEWORK

This target industry analysis aims to provide the MFEDC with an understanding of the best opportunities for its business recruitment and lead generation efforts. The community's unique lifestyle and location provides it with both advantages and disadvantages for traditional economic development. While the terrain lends the community with much of its charm, the layers of underlying limestone increase development costs substantially.

TIP proposes Marble Falls solidify its position as a **regional center for the Texas Hill Country**, meaning the community will serve as the business, healthcare, retail, and recreational destination for Burnet County and the surrounding area. This recommendation is based on the recognition of Marble Falls' location at the intersection of US 281 and Texas 71 and that it already has one of the largest population concentrations in the area. Repackaging the various destinations in and around Marble Falls (vineyards, boutique retail, Longhorn Cavern State Park, and various outdoor recreation assets) into a single coherent message will go far in establishing Marble Falls' regional brand.

This analysis is organized around two underlying assumptions for economic growth in Marble Falls:

1. Trends within the region's economy influence local opportunities.
2. Pursuing niche opportunities will advance the local economy while preserving Marble Falls' quality of life.

This Target Industry Analysis has identified the following targets for MFEDC's business recruitment efforts.

- Light manufacturing (e.g., recreational equipment, building materials and supplies)
- Professional and IT services

- Healthcare and wellness

Additional detail regarding the definition and rationale for each target is included within this report.

STRATEGIC CONSIDERATIONS

While the intent of this report was originally meant to solely offer recommendations for specific industries, interviews and meetings during the process revealed a greater community desire for a more strategic approach to economic development beyond targeted sectors. The following are major topic areas that should be addressed at a strategic level to enhance Marble Falls' competitive position.

DOWNTOWN

The importance of creating an attractive environment for drawing talent to a community cannot be overstated. Despite the recent national recession and layoffs, companies continue to state that one of their most pressing challenges is finding skilled professionals. These firms have learned over time that operations located in communities whose quality of life is held in high regard have a much easier time in attracting talent. If Marble Falls is to become more competitive in recruiting both higher-end business service firms as well as talented professionals—and their families—to relocate, then the community should continue to focus efforts toward enhancing its quality of life.

Marble Falls' residents already enjoy access to several positive quality of life attributes: a quality school district, access to the Upper Highland Lakes, and proximity to entertainment and retail amenities in Austin and San Antonio. This list, however, is no different than the many communities in the region. To create a distinct identity—and garner greater interest from potential residents—Marble Falls must differentiate itself from the competition. Fortunately, Marble Falls can call upon its downtown as a unique, distinguishing characteristic. No other community in the Texas Hill Country can boast the access downtown Marble Falls has to a waterfront.

For Marble Falls to be successful in downtown redevelopment, a strong commitment should be made by both the private and public sectors toward the goal of establishing a pedestrian-friendly town center with a variety of uses. Getting the right mix of shopping, entertainment, housing, and employment opportunities is critical for successful downtown redevelopment. Of course, this mix should also include catalytic or destination projects. In other words, an alliance should be established between private interests and public agencies to pursue ventures that will draw people (shoppers, residents, and visitors) to downtown and spur redevelopment in adjacent or surrounding properties. This is particularly true of any potential projects which could help strengthen the links between downtown and the lake. To this end, Marble Falls has recently completed a downtown master plan, the implementation of which should continue.

Possible Actions:

- Continue to implement the downtown master plan and focus on building a concentration of unique retail, eating, and entertainment amenities.
- Investigate options for establishing mechanisms to help attract private investment.
 - Explore opportunities for private/public partnerships.
 - Consider the establishment of a business improvement district and/or a tax increment finance (TIF) district.
 - Evaluate current building codes to ensure they do not hinder traditional downtown-style development.
- Pursue catalytic or destination projects for downtown, including mixed-use developments with options for residential, retail, and office.

- Continue to focus on building a concentration of unique retail, eating, and entertainment amenities in downtown as a draw for current and future residents.

MEDICAL OVERLAY DISTRICT

In terms of employment, the healthcare sector promises to be Marble Falls' greatest future growth industries, given the decision by Scott & White to construct a regional medical center near the intersection of US 281 and TX 71. Healthcare is expected to continue to grow considerably over the next 10 years. Not only are healthcare services of critical importance to the area's growing population and Texas Hill Country retirees, but healthcare is one of the few national sectors of the economy that has continued to grow throughout the recent recession.

In order to fully leverage this asset, Scott & White should be promoted as a cornerstone of the local economy. As a result, a medical overlay district could be applied to the area adjacent the hospital to promote and accommodate new high quality healthcare investment and employment. Currently, development plans are underway in the area on separate parcels, and Marble Falls runs the risk of not fully leveraging the opportunity to enjoy ancillary healthcare uses. This proposed overlay district should be designed to encourage the consolidation of smaller individual facilities into larger Class A medical office buildings. In addition, to fill new space, location incentives could be targeted to healthcare uses.

Possible Actions:

- Establish a medical overlay district on certain parcels adjacent to the new Scott & White hospital.
- Promote and market Marble Falls' growing healthcare sector.
- As part of the MFEDC's business recruitment efforts, target companies included in healthcare and wellness.

POSITIONING

Based on its strategic location and the construction of the new Scott & White facility, TIP feels Marble Falls is uniquely positioned to brand itself as a **regional center for Texas Hill Country**. In essence, Marble Falls' status as an exurban community allows it to be situated between the suburban and rural, making it a gateway for traffic flows in each direction. Already, the community enjoys the additional retail traffic generated from Austin and San Antonio daytrippers, as well as those traveling to farther destinations. Leveraging this status and expanding "Marble Falls" into a regional brand will eventually provide additional economic development opportunities.

In the leisure and hospitality focus group discussion, it was apparent that there is ample room for Marble Falls to expand its brand through promoting its Hill Country quality of life and linking the community to area destinations, including an historic downtown, plentiful outdoor recreation opportunities (e.g., watersports, mountain biking, running), Longhorn Cavern State Park, Horseshoe Bay, and numerous wineries. At this point, however, there appears to be no cohesive message packaging together these

Healthcare as an Anchor

Although healthcare and education facilities are often not on a community's tax roll, more and more often developers are using these types of facilities to anchor their mixed use developments. Users of these facilities generate demand for other services – housing, retail, dining, and hospitality – and employees of the facilities often earn higher than the average income. This built-in demand, in turn, increases the attractiveness of the development to tenants, allowing the developers to charge premium rents and even expedite the development timeline.

numerous assets on the MFEDC's website. While the MFEDC is not the lead organization promoting Marble Falls as a tourism destination, the website should tell *the Marble Falls story*. Moreover, the site currently does not speak strongly to the community's proximity to Austin and the access it provides to prospective businesses and residents. In other words, Marble Falls has the ability to position itself as a high-end exurban enclave with the benefits of Texas Hill Country living without sacrificing the amenities of Austin.

Possible Actions:

- Consider working with the Marble Falls/Lake LBJ Chamber to develop a cohesive message to be shared on both websites.
- Include additional detail regarding the surrounding area's amenities on the MFEDC site.
- Explicitly market Marble Falls' proximity to Austin, including the provision of links to the Greater Austin Chamber of Commerce.

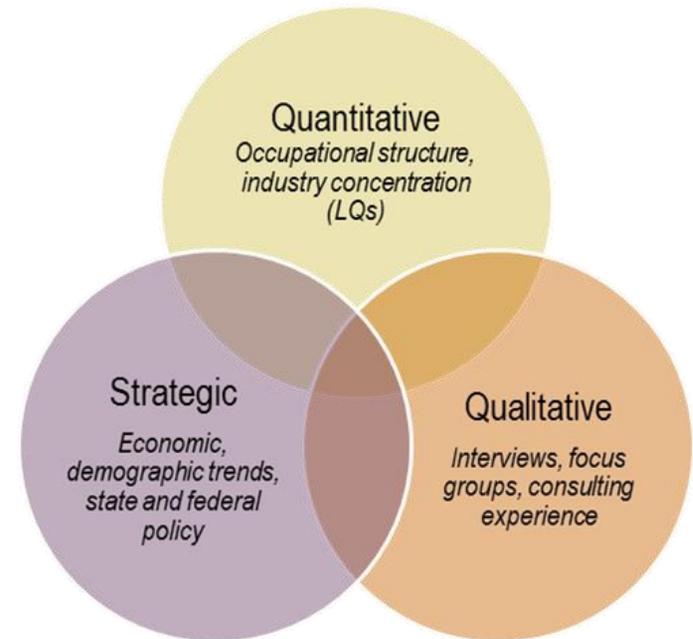
ANALYSIS

METHODOLOGY

The selection of target sectors is traditionally bound to an assessment of only a few determinant factors, such as access to an available workforce, industrial sites, and incentives. Our target industry recommendations are not based solely on these factors, but also on conversations with local business leaders to better understand potential opportunities and challenges that might not be readily identifiable through secondary data sources alone. The TIP team also brings to bear its understanding of broader macroeconomic and trends, such as consumption and investment patterns, emerging markets/international trade, and demographic shifts to better understand long-term recruitment and development prospects. TIP also strongly takes into consideration how the potential targets might fit within the overall strategic framework of the economic development plan, as well as how each might affect Marble Falls' attractiveness to existing and future residents. Finally, TIP assessed the local development potential of possible industry targets within the context of the state of Texas, and the neighboring MSA's of San Antonio and Austin-Round Rock. In sum, TIP identified target sectors for the county, using a three-pronged approach: quantitative, qualitative, and strategic.

TIP examined both traditional and nontraditional target opportunities for Marble Falls. Traditional targets represent the types of industries that have historically been marketed to by economic development organizations, as they often represent the first tier of economic opportunity. These might typically include traditional manufacturing sectors as well as other related industrial and/or transportation activities.

FIGURE 1: TARGET INDUSTRY ANALYSIS FRAMEWORK

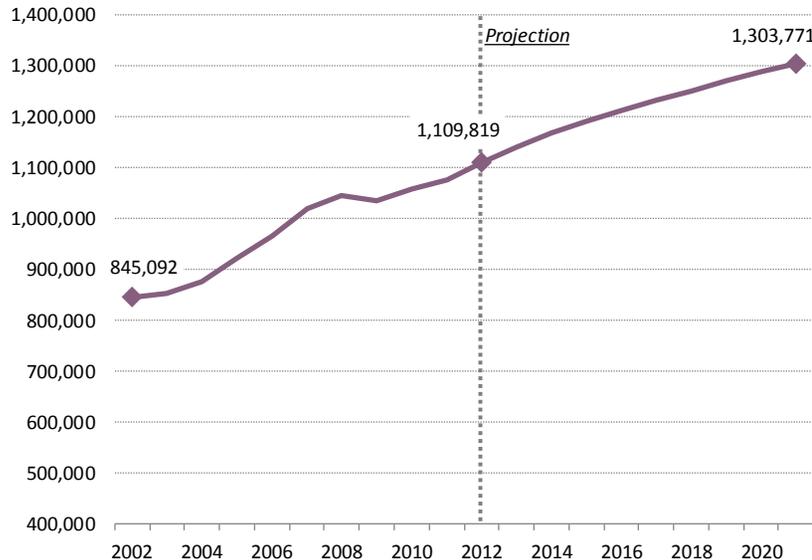


REGIONAL TRENDS

The five-county Austin-Round Rock-San Marcos Metropolitan Statistical Area (Austin MSA) is comprised of Travis, Williamson, Hays, Bastrop, and Caldwell counties. Since the 1980s, the Austin MSA has evolved into an internationally recognized platform of innovation. As a result, the region has enjoyed nearly three decades of virtually uninterrupted employment growth. Since 2002, total employment within the metro area increased from approximately 845,000 to about 1.1 million today. This re-presents a 31 percent increase.

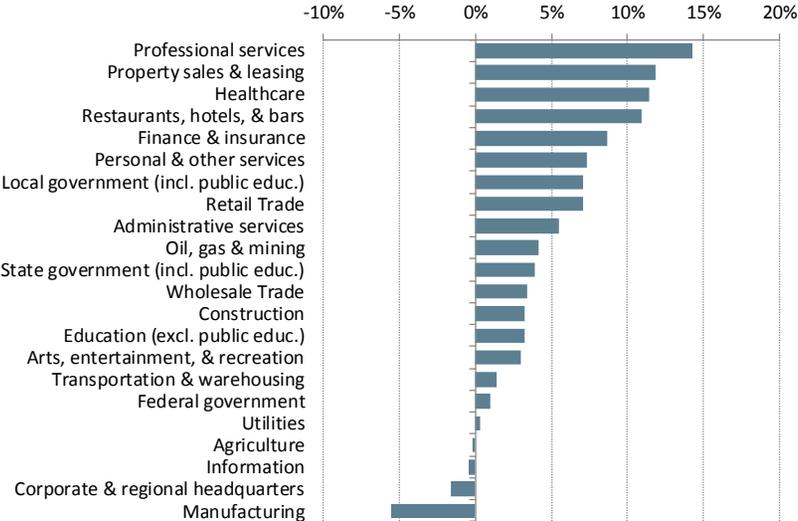
Of all new jobs created in the region, nearly 15 percent came from the professional services sector. This industry segment includes: legal, accounting, architectural, engineering, computer systems, design, and scientific research services. Other leading industries were indicative of a quickly growing population and are closely associated with servicing that growth. These included real estate, healthcare, finance and insurance, personal services, local government (largely public education), and retail trade.

AUSTIN MSA EMPLOYMENT TRENDS & PROJECTION



Source: EMSI Complete Employment - 2012.1

SHARE OF GROWTH BY INDUSTRY, 2002-2012



Source: EMSI Complete Employment - 2012.1

Professional services is not only the largest job creator, it is also the largest sector in the Austin MSA with total employment reaching about 110,000. Retail trade, health care, and local government are also large sectors within the region. By comparison, blue collar industries, such as manufacturing, transportation / warehousing, oil and gas, and agriculture combined employ only 95,000 workers in the region.

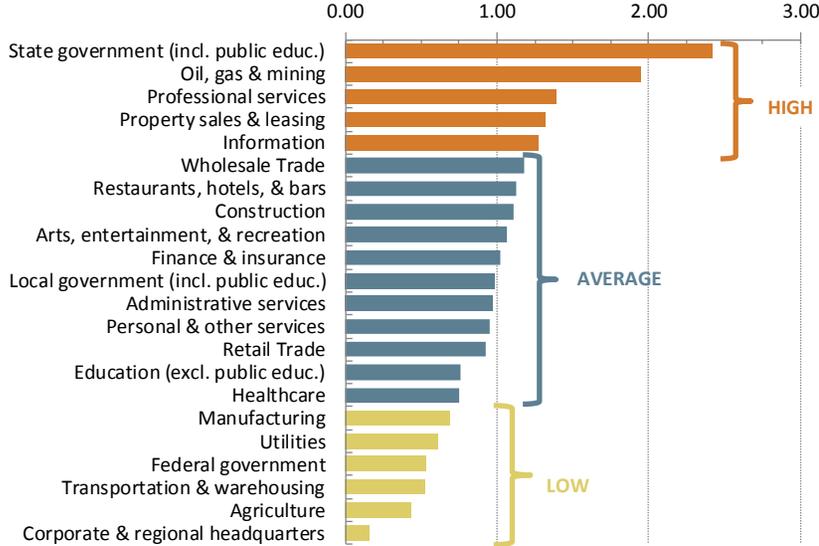
LQs are derived from a mathematical formula which compares regional employment rates to national norms. The Austin MSA's highest LQ (2.42) is in state government. This should come as no surprise due to Austin's status as the capital of Texas and home to the University of Texas. This figure implies that the region employs nearly two-and-a-half times as many state government workers than would be expected, given national employment rates. Other high LQs include oil and gas (in spite of low employment levels), professional services, real estate, and information. Notably, manufacturing and transportation / warehousing have low LQs in the metro area. Moreover, healthcare employment appears to remain relatively underrepresented in Central Texas.

AUSTIN MSA EMPLOYMENT BY INDUSTRY, 2012



Source: EMSI Complete Employment - 2012.1

AUSTIN MSA LOCATION QUOTIENTS, 2012



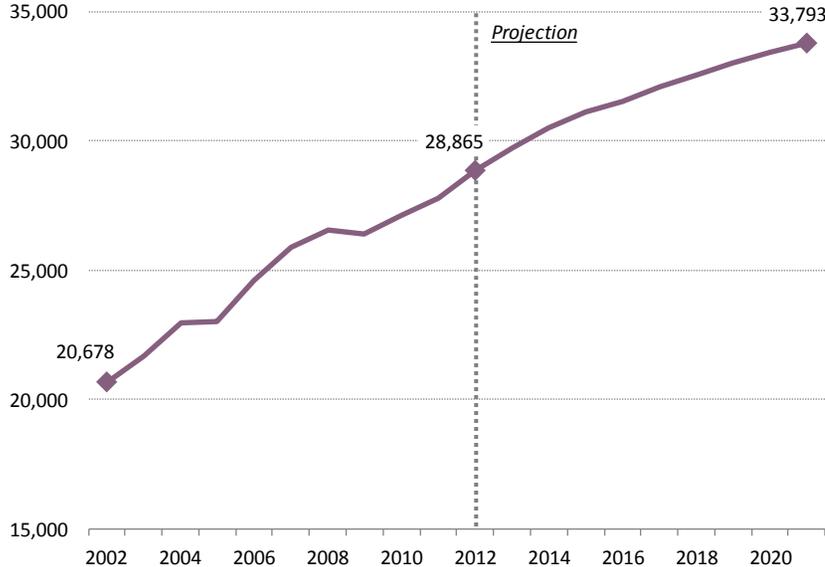
Source: EMSI Complete Employment - 2012.1

LOCAL TRENDS

The Marble Falls and Burnet County economy saw employment levels increase approximately 40 percent during the last ten years through the creation of approximately 8,200 jobs. Currently, EMSI estimates employment levels in Burnet County at almost 29,000 and provide a projection of almost 34,000 in ten years. Given that Marble Falls lies within the path of rapid growth into the Hill Country, this projection might be low.

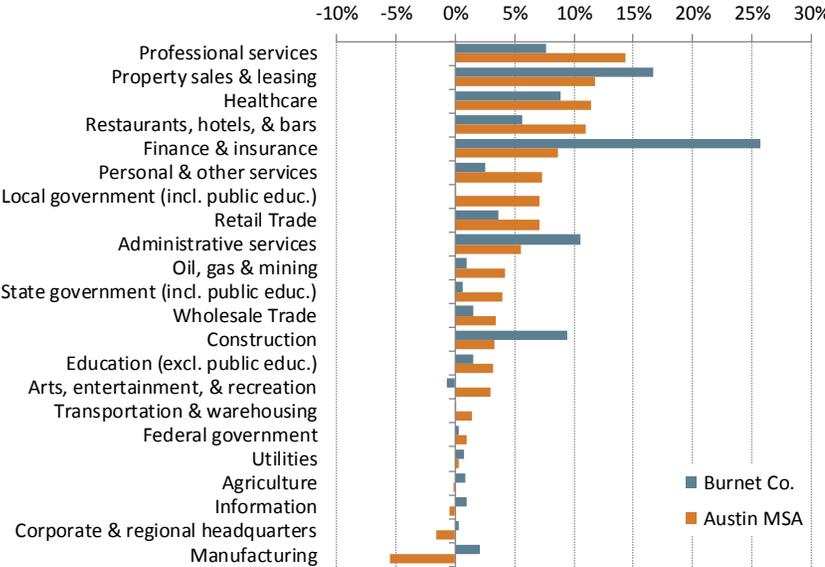
A comparison between Burnet County and the Austin MSA shows some similarities but also distinct differences, which are likely due to the disparity in size between the two economies. Finance and insurance was, far and away, the largest contributor to new jobs in the county, accounting for approximately one in four new positions. Real estate activities, such as construction and sales/leasing, accounted for an additional 25 percent. While the Austin MSA lost nearly 15,000 manufacturing jobs during the ten year span, Burnet County actually experienced a slight increase of 167 positions.

BURNET COUNTY EMPLOYMENT TRENDS & PROJECTION



Source: EMSI Complete Employment - 2012.1

SHARE OF TOTAL EMPLOYMENT CHANGE, 2002-2012



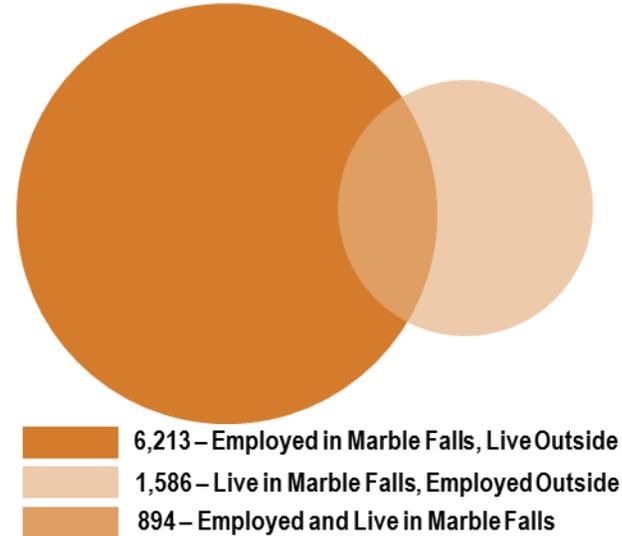
Source: EMSI Complete Employment - 2012.1

LABOR SHED

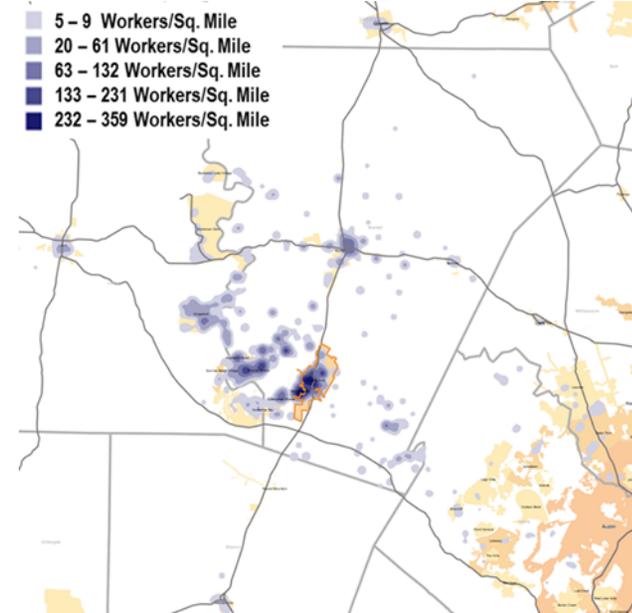
An analysis of the U.S. Census Bureau's Longitudinal-Employer Household Dynamics program helps illustrate the extent of Marble Falls' labor shed. As of 2010, approximately 7,100 people worked within the city limits, but only 12 percent of those workers resided in Marble Falls. Moreover, almost 1,600 residents of the community worked elsewhere. As a result, any analysis of the labor force, and an identification of skillsets, should not be confined within the city limits.

A map displaying the approximate location of where workers live shows that the majority reside within Burnet County with concentrations in Marble Falls, Granite Shoals, Kingsland, and Burnet. This graphic illustrates the degree to which Marble Falls' labor shed currently sheds and that the community already acts as a regional employment destination. The addition of the Scott & White facility will, in all likelihood, further consolidate this position.

Inflow/Outflow Worker Counts in 2010



Location of Employees Working in Marble Falls, 2010



Source: U.S. Census Bureau, Longitudinal Employer-Household Dynamics (Accessed through OnTheMap)

OCCUPATIONS

The table below illustrates projections regarding the demand for selected future occupational groups in Burnet County. These occupations were chosen based on the following criteria: 1) median hourly earnings of at least 125 percent of median earnings in Burnet County for all occupations; 2) displaying an increase of at least 21 percent to exceed the growth rate for all occupations as a whole; and 3) a net increase of at least 50 jobs.

This analysis shows a predominance of new positions with relatively high incomes are expected in the healthcare fields, IT and professional services, as well as education and other community service workers. Operations specialty managers can often work in a variety of fields, including industrial production, transportation, finance, and computer systems. It should be noted, however, that these projections are partly based on past growth in the area coupled with national projections. They are, therefore, likely to understate the expected growth in healthcare in Marble Falls and the surrounding area.

Burnet County - High Wage High Growth Occupations

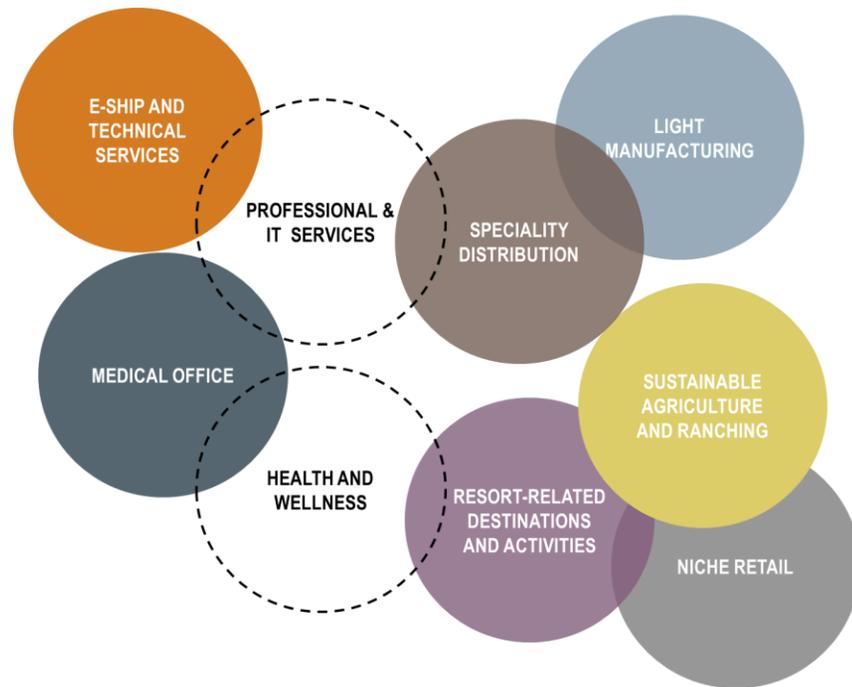
		Net Chg., 2012-2022	% Increase	Med. Hrly. Earnings	% of Median Hrly. Earnings (All occupations)
29-1000	Health Diagnosing and Treating Practitioners	144	32%	\$42.27	273%
11-3000	Operations Specialties Managers	127	48%	\$24.79	160%
13-1000	Business Operations Specialists	136	29%	\$23.93	155%
25-2000	Preschool, Primary, Secondary, and Special Education School Teachers	171	29%	\$23.57	152%
15-1000	Computer Occupations	52	26%	\$23.13	150%
21-1000	Counselors, Social Workers, and Other Community and Social Service Specialists	62	34%	\$21.61	140%
29-2000	Health Technologists and Technicians	91	23%	\$19.72	128%

Source: EMSI Complete Employment 2012-2

TARGET INDUSTRY PROFILES

Based on an analysis of existing employers and assets in the Marble Falls region matched with the industries that are expected to experience state and regional growth, the occupations and skillsets of the regional workforce, and potential linkages among the sectors, TIP is recommending MFEDC recruit, develop, and expand investment and employment in the Health and Wellness, Professional and IT Services, and Light Manufacturing sectors. Profiles for each sector are provided on the following pages.

FIGURE 1: TARGET INDUSTRY OVERVIEW



	Health & Wellness	Professional and IT Services	Light Manufacturing
2012 Employment (US)	17,335,390	9,326,758	534,476
2012 Employment (county)	1,703	1,128	52
Projected % Change (US) 2012-2022	22.5%	20.6%	-2.9%
Projected % Change (county) 2012-2022	31.4%	14.0%	15.8%
Location Quotient, 2012 (US = 1.00)	0.63	0.77	0.62
Economic Multiplier*	1.5	1.24	1.88

SOURCES: US Bureau of Economic Analysis; US Bureau of Labor Statistics; EMSI Complete Employment – 2012.3 Unweighted average of the impacted NAICS codes

HEALTHCARE & WELLNESS

DEFINITION

The Healthcare and Wellness cluster as defined here includes a dynamic and growing group of 35 industries that provide preventive, curative, and rehabilitative services offered by healthcare providers, medical and specialty hospitals, kidney dialysis centers, and other healthcare and wellness organizations. Wellness refers to the healthy condition a person obtains through reaching a balance in lifestyle, whether through fitness, diet, emotional, social, and/or spiritual pursuits. This sector includes establishments providing health care for individuals, including ambulatory health care services and hospitals as well as recreation, sports training, and physical rehabilitation. The services provided by establishments in this sector are delivered by trained professionals. All industries in the sector share this commonality of process, namely, labor inputs of health practitioners with requisite expertise.

OVERVIEW & OUTLOOK (US)

In 2012, this sector employed approximately 17.3 million individuals nationally. Over the next decade, the sector is projected to grow 22.5 percent in the US. Much of this expansion will occur naturally through population growth and age-related demand as Baby Boomers begin to cross the threshold into their senior years and generate economic activity based on increased demand for medical services, hospital and nursing care, and long-term at-home services. Growth in the U.S. healthcare sector is largely driven by two major factors: population growth and an aging population. Throughout the recent recession the healthcare sector proved to be a remarkably stable employer. Healthcare was one of the few sectors of the economy (along with education) that managed to show job gains even as the national unemployment rate soared above 10 percent. In terms of skill level, the healthcare sector offers a broader range of jobs than most of the other targets. This industry also provides large numbers of good-paying jobs with no more than a two-year degree.

REPRESENTATIVE NAICS CODES

NAICS	Description
611620	Sports and Recreation Instruction
621111	Offices of Physicians (except Mental Health Specialists)
621112	Offices of Physicians, Mental Health Specialists
621210	Offices of Dentists
621310	Offices of Chiropractors
621320	Offices of Optometrists
621330	Offices of Mental Health Practitioners (except Physicians)
621340	Offices of Physical, Occupational and Speech Therapists, and Audiologists
621391	Offices of Podiatrists
621399	Offices of All Other Miscellaneous Health Practitioners
621410	Family Planning Centers
621420	Outpatient Mental Health and Substance Abuse Centers
621491	HMO Medical Centers
621492	Kidney Dialysis Centers
621493	Freestanding Ambulatory Surgical and Emergency Centers
621498	All Other Outpatient Care Centers
621511	Medical Laboratories
621512	Diagnostic Imaging Centers
621610	Home Health Care Services
621910	Ambulance Services
621991	Blood and Organ Banks
621999	All Other Miscellaneous Ambulatory Health Care Services
622110	General Medical and Surgical Hospitals (Private)
622210	Psychiatric and Substance Abuse Hospitals (Private)
622310	Specialty (except Psychiatric and Substance Abuse) Hospitals (Private)
623110	Nursing Care Facilities
623210	Residential Mental Retardation Facilities
623220	Residential Mental Health and Substance Abuse Facilities
623311	Continuing Care Retirement Communities
623312	Homes for the Elderly
623990	Other Residential Care Facilities
713940	Fitness and Recreational Sports Centers
713990	All Other Amusement and Recreation Industries
812191	Diet and Weight Reducing Centers
812199	Other Personal Care Services

LOCAL ADVANTAGE (TEXAS AND BURNET COUNTY)

In Texas, this sector comprised over 1.3 million jobs in 2012 and it is anticipated to grow 32.4 percent over the next decade, significantly faster than the nation (22.5% growth 2012-2022). The San Antonio (33.4%) and Austin-Round Rock (29.5%) MSAs are also projected to show rapid growth in this sector. In Burnet County, growth in this sector is anticipated to track with the state and nearby MSAs. In 2012, the sector represented 1,703 jobs; in 2022 it is projected to employ 2,237 individuals.

LOCAL ASSETS & RATIONALE

The new Scott and White Medical Center facility represents a significant opportunity for Marble Falls to strengthen its position as a regional center for medical care in the Hill County. This new, high-profile facility will anchor the continued growth of this sector, as well as the support services associated with the healthcare industry, in Marble Falls. Because the city has historically been attractive to retirees, the city is also positioned to attract service providers specializing in geriatric healthcare services, which will allow the region to get in front of an industry trend and benefit from the expansion of services of this nature. In addition to these specific local assets, targeting healthcare is in the community’s long-term interest because healthcare is a growth industry that pays better-than-average wages. The sector is also well insulated from economic cycles and serves as an amenity for residents.

Access to healthcare, both primary care and emergency care, is viewed as a quality-of-life issue for residents and an economic issue for communities. The presence of healthcare facilities is also seen as key in location decisions for most industries. While access to healthcare is an important factor in corporate location decisions (67.2 percent of respondents in Area Development’s annual corporate survey rated health facilities as “important” or “very important” in 2002 — up from 65.3 percent in 2001), it is less critical than other business-related factors, such as availability of skilled labor (90.9 percent) and highway accessibility (86.6 percent).

AT A GLANCE

US	
Establishments (2011)	704,916
Jobs (2012)	17,335,390
Percent Change (2012-2022)	22.5%
Average Earnings/ Job (2012 est.)	\$ 54,170
Region	
Establishments (2011)	89
Jobs (2012)	1,703
Percent Change (2012-2011)	31.4%
Location quotient (LQ) (2012 est.)	0.63
Ave. Earnings per Job (2012 est.)	\$50,434

Sources: TIP Strategies research, EMSI Complete Employment – 2012.3 (preliminary)

REGIONAL EMPLOYERS

Employer	Industry (NAICS)	Employees
Seton Highland Lakes Hospital	General Medical and Surgical Hospitals (Private) (622110)	152
Oaks Nursing Home, Llc	Nursing Care Facilities (623110)	80
Judy And Thrasher, Inc	Nursing Care Facilities (623110)	75
Bertram Nursing Home Inc	Nursing Care Facilities (623110)	65
Kirby Eye Center	Offices of Physicians (except Mental Health Specialists) (621111)	53

STRATEGIC CONSIDERATIONS

- Work with Scott and White to pursue competition niches that differentiate the Marble Falls facility from other hospitals in the region.
- Stimulate the creation of medical office space in proximate to the Scott and White facility to assist in attracting small healthcare service providers and private-practice physicians.
- Promote the region as a destination for general wellness and recreation activities in conjunction with tourism marketing. Highlight day spas, cosmetic services providers, and outdoor recreation activities in conjunction with resort areas and Hill Country attractions.
- Encourage Central Texas Community College to expand local healthcare education and training programs at its local branch.
- Attract complementary businesses and activities on and near the site, including high-quality retail, hospitality, and residential development.
- Survey local companies and hospitals to see what they outsource and to whom. This could populate a database of prospects.
- Explore the potential for stimulating related manufacturing (e.g., equipment and supplies).

RELATED SECTORS BASED ON INDUSTRY CLUSTER REQUIREMENTS (US)

- Corporate, Subsidiary, and Regional Managing Offices (551114)
- Lessors of Residential Buildings and Dwellings (531110)
- Lessors of Nonresidential Buildings (except Miniwarehouses) (531120)
- Offices of Real Estate Agents and Brokers (531210)
- Temporary Help Services (561320)

NETWORKING	<ul style="list-style-type: none"> • Health Insurance Association of America • American Association of Homes and Services for the Aging • American Healthcare Association • Advanced Medical Technology Association • National Association for Home Care and Hospice • Advanced Medical Technology Association • American Hospital Association
SITE CONSIDERATIONS	<ul style="list-style-type: none"> ✓ Access to markets/customers ✓ Access to primary healthcare facilities ✓ Availability of medical and professional office space ✓ Availability of trained or trainable healthcare workforce (i.e., semi-skilled healthcare aides, registered nurses, healthcare technicians, highly trained doctors) ✓ Proximity to institutions of higher learning and medical schools (research and development and healthcare training facilities) ✓ Proximity to outdoor recreational opportunities ✓ Proximity to population growth centers and/or retiree destinations ✓ Quality of place ✓ Regional teaching hospitals ✓ Reliable communications infrastructure

PROFESSIONAL & IT SERVICES

DEFINITION

The Professional and IT Services sector includes firms that provide support services to a variety of companies, such as lawyers, accountants, engineers, and architects, as well as other administrative services such as contact centers operations. This sector also includes firms that provide data processing and hosting services as well as other computer programming and internet publishing services. Establishments within this sector can be large multinational operations (such as PricewaterhouseCoopers), but many are small startup enterprises and serve a local, rather than regional or national, market.

OVERVIEW & OUTLOOK (US)

The Professional and IT Services sector, defined as the 19 industries to the right, comprised over 9.3 million jobs in 2012 and is projected to grow 20.6 percent over the next decade. Business and professional services has emerged as the backbone of the modern American economy. This sector has been one of the primary generators of employment growth for the last 20 years; this trend is expected to continue for the foreseeable future. While overall manufacturing employment in the US has remained stagnant since the early 1970s, services employment has tripled. In short, the United States has transitioned from an economy based on producing goods to one that provides services.

Professional and IT Services firms' location decisions are driven by three primary factors: proximity to customers, access to an educated workforce, and quality of life considerations. The presence of a well-developed business and data services sector is critical to the growth in software and other information technology enterprises.

REPRESENTATIVE NAICS CODES	NAICS	Description
	541110	Offices of Lawyers
	541191	Title Abstract and Settlement Offices
	541199	All Other Legal Services
	541211	Offices of Certified Public Accountants
	541213	Tax Preparation Services
	541219	Other Accounting Services
	541310	Architectural Services
	541320	Landscape Architectural Services
	541330	Engineering Services
	541340	Drafting Services
	541940	Veterinary Services
	561110	Office Administrative Services
	561422	Telemarketing Bureaus and Other Contact Centers
561730	Landscaping Services	
541511	Custom Computer Programming Services	
541512	Computer Systems Design Services	
541519	Other Computer Related Services	
518210	Data Processing, Hosting, and Related Services	
519130	Internet Publishing and Broadcasting and Web Search Portals	

LOCAL ADVANTAGE (TEXAS AND BURNET COUNTY)

In Texas, this sector comprised 824,243 jobs in 2012 and is anticipated to grow 23.8 percent over the next decade, slightly faster than the nation. The San Antonio and Austin-Round Rock MSAs are also projected to show rapid growth in this sector, at 28.7 percent in Austin-Round Rock and 26.1 percent in San Antonio. In Burnet County, growth in this sector is anticipated to lag relative to the nearby MSAs, the state, and the nation. In 2012, this sector accounted for 1,128 jobs in Burnet County; in 2022, this sector is projected to represent 1,286 jobs.

LOCAL ASSETS & RATIONALE

The county LQ is 0.77, which suggests that local companies are outsourcing Professional and IT services to national firms or the nearby MSA’s. The differential in average earnings per job between the County and the US also suggests that lower-wage jobs dominate the local iteration of this sector. Growing higher-skill professional services firms such as software publishing, web design, and engineering would help to close this gap. Currently, Landscaping and Groundskeeping Workers dominate this sector in terms of employment (183 jobs in 2012), followed by Accountants and Auditors (115 jobs in 2012). A concerted effort on behalf of local leadership could lead to a stronger growth rate in this sector. Encouraging residents and local firms to hire local professional service providers, particularly for legal, accounting, or engineering services, would strengthen this sector in Marble Falls and could potentially reverse the apparent outsourcing trend that seems to prevail in the local economy.

Professional service companies often form the backbone of a community’s business community. Often, these are small offices filling the needs and demands of the local community. There is clear potential for continued growth and local economic diversification, especially among upper wage professional positions in Marble Falls. Strengthening the Professional and IT Service sector will also support Marble Falls’ position as the primary employment center and business destination in Burnet County as it continues to grow. The growth of this sector will also support the transition of the community from a rural, resort destination to a first-class business center.

AT A GLANCE

US	
Establishments (2011)	808,205
Jobs (2012)	9,326,758
Percent Change (2012-2022)	20.6%
Average Earnings/ Job (2012 est.)	\$70,197
Region	
Establishments (2011)	89
Jobs (2012)	1,128
Percent Change (2012-2011)	14%
Location quotient (LQ) (2012 est.)	0.77
Ave. Earnings per Job (2012 est.)	\$29,866

Sources: TIP Strategies research, EMSI Complete Employment – 2012.3 (preliminary)

REGIONAL EMPLOYERS

Employer	Industry (NAICS)	Employees
Gray And Gray Electric Inc.	Data Processing, Hosting, and Related Services (518210)	25
Custom Lawn Services Inc	Landscaping Services (561730)	23
Yates & Hatfield	Offices of Lawyers (541110)	20
Duich Turf Services	Landscape Architectural Services (541320)	18
Herbert James H Atty	Offices of Lawyers (541110)	16

STRATEGIC CONSIDERATIONS

- Marble Falls may be in a position to attract small professional service firm owners who do not need to be located in central Austin-Round Rock or San Antonio for their business and who prefer a more relaxed environment to live and work.
- Semi-retired professionals may be able to continue to work in their professional capacity in these fields through employment by larger firms in San Antonio, Austin-Round Rock, or other metro areas. In effect, Marble Falls could attract a larger professional services cluster than local businesses alone would otherwise support, through residents telecommuting and offering consulting services to clients outside of the community.
- Promote smaller office developments throughout Marble Falls but particularly in the historic area.
- A lack of modern, Class A office space may deter potential small and medium-sized (SMEs) from locating in Marble Falls.

RELATED SECTORS BASED ON INDUSTRY CLUSTER REQUIREMENTS (US)

- Commercial Banking – NAICS 522110
- Temporary Help Services – NAICS 561320
- Corporate, Subsidiary, and Regional Managing Offices – NAICS 551114
- Wired Telecommunications Carriers – NAICS 517110
- Administrative Management and General Management Consulting Services – NAICS 541611

NETWORKING

- Shared Services Outsourcing Network
- Data Management International
- American Institute of Certified Public Accountants
- American Bar Association
- American Consulting Engineers Association
- International Advertising Association
- American Institute of Architects
- National Society of Professional Engineers

SITE CONSIDERATIONS

- ✓ Proximity to current operations
- ✓ Availability of high quality office space
- ✓ Comparatively low-cost overhead
- ✓ Low natural disaster risk
- ✓ Access to skilled labor
- ✓ Airport accessibility and flight options
- ✓ Access to markets/customers
- ✓ Competitive tax environment
- ✓ Broadband and IT infrastructure
- ✓ High visibility or “prestige” development sites
- ✓ Quality of place

LIGHT MANUFACTURING

DEFINITION

This hybrid target sector consists of 11 industries that transform a variety of materials into end products such as pre-fabricated buildings or industrial grade fencing. Important processes include forging, stamping, bending, forming, and machining, used to shape individual pieces of metal, as well as other processes, such as welding and assembling, used to join separate parts together. The processes used in the manufacture of furniture include the cutting, bending, molding, laminating, and assembly of such materials as wood, metal, glass, plastics, and rattan. Industries in the Wood Product Manufacturing subsector manufacture wood products, such as lumber, plywood, veneers, wood containers, wood flooring, wood trusses, manufactured homes (i.e., mobile homes), and prefabricated wood buildings. This sector also includes firms that design, manufacture, and market pre-engineered buildings. Activities include the research and development of materials and systems, manufacture of building components, and final assembly of complete systems. This sector also includes concrete, modular, and panelized products.

OVERVIEW & OUTLOOK (US)

This sector was comprised of 26,252 establishments in 2011 and represented 534,476 jobs nationally in 2012. The sector is projected to contract at a rate of 2.9 percent over the next 10 years. While employment growth is expected to stabilize or decline in this sector nationally, manufacturing facilities can still represent a significant economic development asset in terms of capital investment and the potential for future expansion. Like all manufacturing operations, this sector suffered significant layoffs over the past decade. The confluence of outsourcing and the Great Recession resulted in a broad decline in manufacturing activities in the US. As the national economy has slowly recovered, many manufacturing operations have invested in technology that improves productivity and without increasing employment overall.

Although manufacturing employment has been “hollowed out” through outsourcing and technology improvements, the sector is still significant (although gradually shrinking) in terms of national GDP and continues to play an important role in the US economy. In particular, the construction industry is on the verge of a revolution that is fueled by the integration of new materials, information technology, new designs, and modular assembly processes. In the coming decade, the traditional piece-by-piece construction of new homes and other buildings will no longer be the norm. Builders and contractors are currently beginning to use these new tools and processes to generate greater efficiencies and effectiveness in climate controlling, weatherproofing, security systems for homes, as well as decreasing the time and cost required for their construction. Increasingly, newer homes—of all types—are being constructed using integrated and intelligent building systems, a technique that combines advanced machinery and prefabrication to construct homes and commercial buildings in less time at less cost.

REPRESENTATIVE NAICS CODES

NAICS	Description
321911	Wood Window and Door Manufacturing
321992	Prefabricated Wood Building Manufacturing
332311	Prefabricated Metal Building and Component Manufacturing
332312	Fabricated Structural Metal Manufacturing
332321	Metal Window and Door Manufacturing
332322	Sheet Metal Work Manufacturing
332323	Ornamental and Architectural Metal Work Manufacturing
336612	Boat Building
336991	Motorcycle, Bicycle, and Parts Manufacturing
336999	All Other Transportation Equipment Manufacturing
337110	Wood Kitchen Cabinet and Countertop Manufacturing

LOCAL ADVANTAGE (TEXAS AND BURNET COUNTY)

In Texas, this sector comprised 47,561 jobs in 2012 and is anticipated to shrink 4.4 percent over the next decade. The San Antonio and Austin-Round Rock MSAs are also projected to show very different growth patterns over the next 10 years. While employment in this sector in the San Antonio MSA is expected to shrink at a dramatic rate of 28.3 percent over the next decade, employment in light manufacturing in the Austin-Round Rock-Round Rock MSA is anticipated to contract by only 1.2 percent. Population growth fueling new construction in the Austin-Round Rock-Round Rock MSA is a likely driver of the relative stability of this sector.

In Burnet County, the sector is anticipated to grow 15.8 percent over the next decade. While this growth rate is slightly misleading—the county is expected to gain 8 jobs over the decade—the expectation that the county will be able to preserve its existing manufacturing employment base while experiencing moderate local gains in employment bodes well for the local economy. Manufactured building components and other pre-fabricated construction components may grow at a faster rate in Burnet County than projected, spurred by a housing boom in the Austin-Round Rock-Round Rock MSA and population growth in the region overall.

LOCAL ASSETS & RATIONALE

The presence of Corworth (modular building design, manufacture, and delivery), PEC Manufacturing (engine component manufacturing), and Gibraltar Cable Barrier Systems (high tension cable barrier systems) forms a strong backbone for this cluster locally. Working with existing companies to ensure that they remain in the community and promoting their local expansion will be a key component of promoting this industry cluster in Marble Falls. Working with local employers in this sector to understand their supply chains could also help regional leaders establish a call list for future industry recruitment.

The community’s proximity to two major, growing MSA’s represents a significant advantage in growing this sector locally. The availability of land in the industrial park adjacent to highway infrastructure is also attractive to companies in the Light Manufacturing sector. Local leaders and workforce development professionals should collaborate with local employers to ensure that the region’s workforce represents a continued advantage in recruiting firms in this industry.

AT A GLANCE

US	
Establishments (2011)	26,252
Jobs (2012)	534,476
Percent Change (2012-2022)	-2.9%
Average Earnings/ Job (2012 est.)	\$52,827
Region	
Establishments (2011)	9
Jobs (2012)	52
Percent Change (2012-2011)	15.8%
Location quotient (LQ) (2012 est.)	0.62
Ave. Earnings per Job (2012 est.)	\$45,924

Sources: TIP Strategies research, EMSI Complete Employment – 2012.3 (preliminary)

REGIONAL EMPLOYERS

Employer	Industry (NAICS)	Employees
J & C Granite Works	Wood Kitchen Cabinet and Countertop Manufacturing (337110)	18
Hornsby's Custom Cabinets	Wood Kitchen Cabinet and Countertop Manufacturing (337110)	11
D & S Sash And Door Company	Wood Window and Door Manufacturing (321911)	8
Bluebonnet Homes	Prefabricated Wood Building Manufacturing (321992)	6
Lukes Sales And General Store	All Other Transportation Equipment Manufacturing (336999)	5

STRATEGIC CONSIDERATIONS

- US manufacturers often cite difficulty in finding and recruiting workers with engineering and technical skills. This can present challenges for attracting employers to non-urban areas.
- Metals manufacturing is highly cyclical sector that can experience sharp swings in employment. It is highly vulnerable to energy costs.
- International competition from lower-priced steel producers has impacted the US industry in recent decades. This is a highly contentious issue that is often negotiated through international institutions.

RELATED SECTORS BASED ON INDUSTRY CLUSTER REQUIREMENTS (US)

- All Other Transportation Equipment Manufacturing (336999)
- Corporate, Subsidiary, and Regional Managing Offices (551114)
- Iron and Steel Mills (331111)
- Machine Shops (332710)
- Sawmills (321113)

NETWORKING

- Fabricators & Manufacturers Association, International
- Manufacturing Extension Partnership
- National Association of Manufacturers
- Society of Manufacturing Engineers
- The Association for Manufacturing Excellence
- The Association for Manufacturing Technology

SITE CONSIDERATIONS

- ✓ Availability of industrial land and warehouse/distribution space
- ✓ Availability of semi-skilled labor, as well as white-collar professionals such as design technicians
- ✓ Improved public infrastructure, which can include on-site improvements in some instances (e.g., getting a site ready for construction, building the base for interior roads and driveways, storm water systems, and even building or rebuilding a parking lot).
- ✓ Incentives - Cost avoidance, cost reduction, or refunds covering periods up to 20 years
- ✓ Proximity to ground transportation networks, especially interstate and rail
- ✓ Proximity to population growth centers (i.e. demand for housing and construction)
- ✓ Workforce recruitment, development, and training (no cost)

MARKETING PLAN

This marketing plan aims to provide guidance to the Marble Falls Economic Development Corporation (MFEDC) for its business recruitment activities related to lead generation from 2012 to 2017. The overarching objective is to generate quality prospects for Marble Falls, leading to new investment and job creation. The plan is organized around four primary strategies:

- (1) invest in product development and messaging;
- (2) make direct contact with companies in target industries;
- (3) strengthen the EDC's referral network; and
- (4) raise awareness through affinity marketing.

A rationale for each strategy is provided below. Some activities are relevant to multiple strategies and, therefore, appear more than once.

(1) INVEST IN PRODUCT DEVELOPMENT & MESSAGING

Mention specific sites and 'products' here; include issues around permitting/development codes and procedure or the perception of the process as hostile to business "Product development" includes: launching a website that profiles each site; ensuring that all sites are served by infrastructure; and eliminating regulatory and permitting barriers. Creating "shovel-ready" products to market to target industries is the first step in an aggressive recruitment strategy. This strategy creates steps for the EDC to clearly define the product (sites, workforce, etc.) and value proposition (incentives, workforce training grants, etc.) of relocating to Marble Falls and reiterate that message across all marketing channels (website, LinkedIn, print advertising, etc.). Often, the website is the primary window through which site selection consultants access information about the community and available sites. Corporate location decisions are very time-sensitive. Not only do companies engage in more pre-visit research online, but they also prefer sites that will result in a rapid return-on-investment, meaning that they require minimal due diligence and investment in infrastructure. With this in mind, the MFEDC should continue to invest in its existing industrial sites and should take every step possible to reduce barriers for businesses to relocate to sites in Marble Falls.

WEBSITE	A strong online presence is critical to any marketing effort and central to how site location consultants conduct due diligence research. Consistently direct traffic to the site through other marketing channels (print, LinkedIn, BR&E visits, etc.) Ensure that all information is updated regularly. Include tabs that identify target industries, sector development efforts, and a tab for site selectors.
CONTENT	The EDC should invest in high-quality images and maps to market the sites. A catalog of detailed information about each site, available incentives, and workforce training grants should also be created and maintained online and across all other marketing channels.
SITES	The EDC should continue to develop sites and local infrastructure in accordance with feedback from prospect visits and industry due diligence.

(2) MAKE DIRECT CONTACT WITH COMPANIES IN TARGET INDUSTRIES

The EDC should initiate a direct call and visitation campaign with companies in target sectors and markets (Austin, San Antonio, Dallas/Fort Worth, and Houston). It should also establish strong relationships with site location consultants through direct calls, participation in consultant forums, and hosted events within the region. In addition to communicating with consultants on a regular basis via a targeted newsletter and follow-up calls, the EDC should also participate in select trade shows and industry-focused events to develop industry knowledge and generate prospect leads. Conducting in-depth research on trends within target industries and developing a list of target companies are also key elements of a direct business attraction strategy. The EDC should be abreast of important trends in the industries it seeks to attract and should be familiar with the key players involved in corporate site location decisions for target companies. Because this strategy involves a great deal of research and familiarization, it is recommended that the EDC spend 2013 establishing relationships with site location consultants and reach out to companies directly starting in 2014. During 2014, the MFEDC should build from the company database provided by TIP to deepen its industry knowledge base.

BR&E	Business Retention & Expansion activities are the foundation of a strong business recruitment strategy. The local business community should be aware of other sites available in Marble Falls/Burnet County and should be able to speak to the community's strengths. Local business stakeholders are potentially the strongest source of referrals and advocacy.
DATABASE	Create a database of site selection firms, including: firms providing comprehensive location advisory services as their core business; real estate firms and brokers; professional service firms; economic development strategy consultants; corporate real estate executives.
EVENT	Identify (and attend) key site selectors' forums and events throughout the state and in target markets (Austin, San Antonio, Dallas/Fort Worth, and Houston). Visit site selectors and meet face-to-face whenever possible. When scheduling conference or other travel, cross-reference travel locations with the site selector database far in advance and arrange meetings with nearby firms.
NEWSLETTER	Create and distribute a quarterly e-newsletter for the site selector database. Newsletters should be focused, and full of detailed, unique information.
INCENTIVES	Establish a comprehensive (but flexible) set of principles to help evaluate deals and defend decisions that involve incentives.
INDUSTRY	Create a database of key decision-makers within each priority industry. Build out each database in order of industry priority. Develop a list of target companies in each industry as well as individual contacts at those companies, and call on the companies directly.
DUE DILIGENCE	Use LinkedIn and other industry-specific resources to gather business intelligence and act on leads. Track venture capital announcements, capital markets, and Federal grants/awards (SBIR, STTR, DARPA, etc.) for additional opportunities.

(3) STRENGTHEN THE EDC'S REFERRAL NETWORK

Strengthening ties to Austin, San Antonio, and other communities in Burnet County will allow the EDC to market its assets more broadly without requiring a significant investment of funds. The relative strength of the county as a regional center for the Texas Hill Country creates an opportunity to position Marble Falls as an access point for businesses to reach a large consumer market and to draw on skilled labor. Local business leaders who are familiar with the community, site selectors with experience in the region, and other organizations who have a vested interest in the long-term success of Marble Falls are natural allies and partners with whom relationships should be cultivated.

Elements of the Referral Network Strategy Include:

METRO	Cultivate relationships with key stakeholders in and around Austin. For example, the EDC should consider participating in Greater Austin Chamber of Commerce events.
BR&E	Continue to conduct BRE visits on a regular basis. Include questions about potential contacts in the industry, and leave talking points about local assets with Marble Falls business representatives. Include questions about supplier and customer base.
DATABASE	Create a database of key allies and potential partners. Include key stakeholders, decision-makers, and influencers outside of Marble Falls (Greater Austin Chamber; the Governor's Office for Economic Development).
TASK FORCE	Use information from BR&E interviews to build out a database of local employers and industry stakeholders in each target industry group. Create industry-oriented task force(s) to support each target sector and to serve as your "A" team in prospect support.
EVENT	Schedule face to face meetings with economic development allies and regularly network with those individuals. Find meaningful ways to participate in events that will allow Marble Falls to establish or build upon relationships.
DEVELOPERS' DAY	Partner with the Greater Austin Chamber of Commerce to host site selectors for a tour that highlights local successes. A regional approach is more cost/time efficient for the host committee as well as the consultants, and, therefore, more competitive in getting site selector participation in "fam" tours.
NEWSLETTER	Create and distribute a monthly newsletter. The content should highlight important projects in Marble Falls/Burnet County and report on relevant initiatives. Distribute it to the partner/ally database and the "affinity network" database.
DUE DILIGENCE	Become familiar with allies' initiatives and priorities and identify specific projects that align with Marble Falls. Subscribe to allies/partners e-newsletters and other mailing lists. Monitor developments and look for opportunities to partner on projects and/or benefit from big wins in the region.

(4) RAISE AWARENESS THROUGH AFFINITY MARKETING

Generate and sustain a “buzz” around Marble Falls/Burnet County as a great place to start, expand, and locate a business. There are a significant number of individuals with an “affinity” for the area. Using new and old social networking tools, the EDC should leverage this “affinity” to generate new business prospects. Specific tasks include:

- BR&E Continue to conduct BRE visits on a regular basis. Include questions about potential contacts in the industry, and leave talking points about local assets with Marble Falls/Burnet County business representatives.
- DATABASE Create a contact database of individuals who have an “affinity” for the Marble Falls/Burnet County region. This will include existing business leaders, graduates of local schools, former residents, business leaders who may service the area but are not located in the area, and individuals who may work in the county but commute from elsewhere. On a consistent basis, share relevant information about area successes and events of interest. Seek ways to create an interactive relationship where members of this affinity group are compelled to engage with EDC and share information about area successes beyond the community.
- NEWSLETTER Create and distribute a monthly newsletter. The content should highlight important projects in Marble Falls/Burnet County and report on relevant initiatives. Distribute it to the partner/ally database and the “affinity network” database.
- TASK FORCE Create an EDC ambassadors network to serve as advocates for the community. Use information from BR&E interviews to build out a database of local employers and industry stakeholders in each target industry group. Engage local business leaders in site visits and prospect meetings. Create industry-oriented task force(s) to support each target sector and to serve as your “A” team in prospect support.