

DEL MAR PORTABILITY STUDY

THE EFFECT OF BRAC 2005 ON THE DEL MAR SMALL BUSINESS DEVELOPMENT CENTER REGION

EXECUTIVE SUMMARY



PREPARED BY THE
CENTER FOR COMMUNITY AND BUSINESS RESEARCH

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Ingleaside on the Bay

1069

Ingleaside
On-the-Bay

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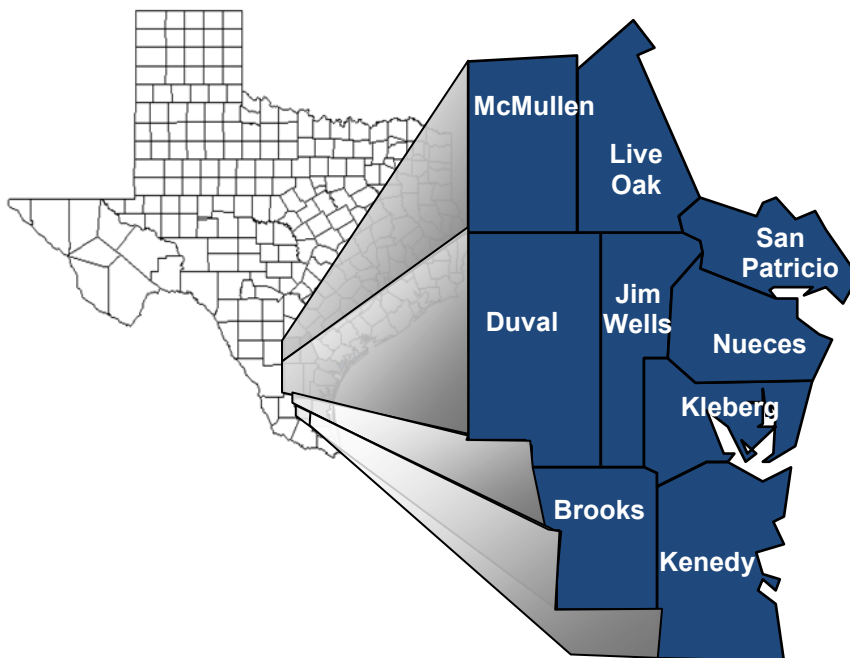
THE EFFECT OF BRAC 2005 ON THE DEL MAR SMALL BUSINESS DEVELOPMENT CENTER REGION

Acting under the Defense Base Closure and Realignment Act of 1990 in its Base Realignment and Closure Commission (BRAC) of 2005, the Department of Defense recommended the end of activities of Naval Station Ingleside and the realignments of Naval Air Station Corpus Christi and Corpus Christi Army Depot. The closure is expected to be completed by 2011.¹ According to Tim Foreman Director of the Navy's Office of Small Business Programs, "Small businesses are a critical component of the Navy's industrial base."² As such, the small businesses in the Ingleside and Corpus Christi area undoubtedly play a role in the current economy and will likely serve as key contributors to the region's future prosperity.

The study looks primarily at the nine counties encompassing the Del Mar Small Business Development Center region, with particular attention paid to the three most affected counties San Patricio, Nueces and Jim Wells.

The existing economic landscape is analyzed and current employment prospects and potential business opportunities are identified.

Area Covered by Report



**“Small businesses
are a critical
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**-Tim Foreman
Director of the
Navy’s Office of
Small Business
Programs**

**February 8, 2008
Testimony before the U.S.
House Committee on
Oversight and
Government Reform**

Current Employment Opportunities

The economic study of individual counties from the Coastal Bend Workforce Development Area (WDA) depicts a better picture of the challenges and opportunities in the area, in particular those emerging from the closure and realignment of the military bases ordered in 2005. Our study has also revealed some opportunities not present at the time the Texas Workforce Commission (TWC) finished its occupational forecasts for the period 2004-2014 and shows extraordinary growth in the natural resources and mining sector in Nueces, San Patricio, and Jim Wells, among other sectors. By using data from how fast employment grew in different sectors, from how fast wages grew in those sectors, and from how relatively high are their wages, the following tables show the sectors that stand out because their employment and wages grew faster than the county average, and their wages are above the area's mean wage. The tables also show specific industries within those sectors and the typical occupations demanded by them.

Table 1 Employment Opportunities in Nueces from Established Firms

Growth Sector	Growth Industry	Occupations Demanded by Growth Industries
Natural Resources and Mining	<ol style="list-style-type: none"> 1. Drilling of Oil and Gas Wells 2. Support Activities for Oil and Gas Operations 	<ol style="list-style-type: none"> 1. Construction and Extraction 2. Production Occupations 3. Transportation and Material Moving 4. Management 5. Office and Administrative Support
Construction	<ol style="list-style-type: none"> 1. Heavy and Civil Engineering Construction 2. Specialty Trade Contractors 	<ol style="list-style-type: none"> 1. Construction and Extraction 2. Managers 3. Office and Administrative Support

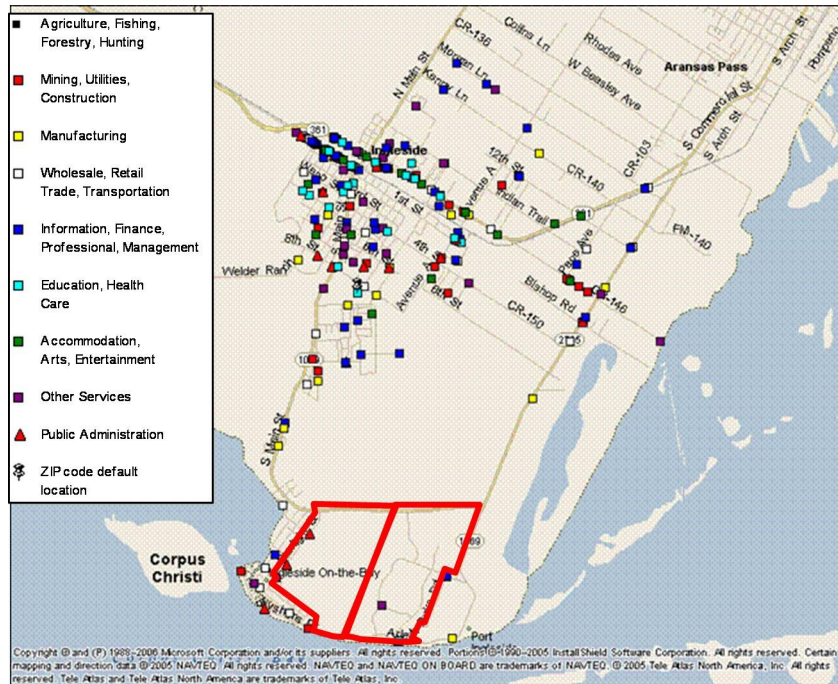
Table 2 Employment Opportunities in Jim Wells from Established Firms

Growth Sector	Growth Industry	Occupations Demanded by Growth Industries
Natural Resources and Mining	<ol style="list-style-type: none"> 1. Support Activities for Oil and Gas Operations 2. Crude Petroleum and Natural Gas Extraction 	<ol style="list-style-type: none"> 1. Construction and Extraction 2. Production Occupations 3. Transportation and Material Moving 4. Management 5. Office and Administrative Support

Table 3 Employment Opportunities in San Patricio from Established Firms

Employment Opportunities for San Patricio County		
Growth Sector	Growth Industry	Occupations Demanded by Growth Industries
Construction	<ol style="list-style-type: none"> 1. Commercial and Institutional Construction 2. Specialty Trade Contractors 	<ol style="list-style-type: none"> 1. Construction and Extraction 2. Managers 3. Office and Administrative Support
Natural Resources and Mining	<ol style="list-style-type: none"> 1. Support Activities for Oil and Gas Operations 	<ol style="list-style-type: none"> 1. Construction and Extraction 2. Production Occupations 3. Transportation and Material Moving 4. Management 5. Office and Administrative Support
Professional and Business Services	<ol style="list-style-type: none"> 1. Computer Systems Design 2. Engineering Services 3. All Other Miscellaneous and Technical Services 	<ol style="list-style-type: none"> 1. Computer and Mathematical Operations 2. Management 3. Office and Administrative Support 4. Architects and Engineering Occupations

Firms in ZIP Code 78362 in Ingleside (San Patricio County)



New business opportunities: Gap analysis

The study not only shows opportunities for already established industries in the region but also opportunities for new businesses.³ Firms can generate jobs by expanding existing operations or by relocating or starting a new business in the area due to the absence of regional suppliers (gaps). Tables 4 through 6 show some of the opportunities for businesses in Nueces, San Patricio and Jim Wells.

Other counties also offer opportunities for new businesses as a result of economic growth in those areas. For example, in Kleberg County some of the fastest value-added growth industries are: nursing and residential care facilities, power generation and supply, state and local non-educational services, hospitals, and home health care services. In Duval County, among the industries with fast growth in value-added are: non-metallic mineral mining, information technology, and commercial machinery repair and maintenance. In Live Oak County, the fastest value-added growth industry is support activities for oil and gas operations. In Brooks County, the fastest value-added growth industry is nursing and residential care facilities. In Kenedy County, the fastest value-added growth industry is transportation support. In McMullen County, the fastest value-added growth industry is real estate.

Table 4 Gap Analysis for Nueces County

Local Sector	Local Industry	Suppliers: Industry Gaps
Financial Activities	1. Oil Royalty Traders (Lessors of Nonfinancial Assets)	1. Commercial Banks 2. Management Consulting Services 3. Insurance Carriers 4. Couriers and Messengers 5. Business Support Services
Natural Resources and Mining	1. Drilling of Oil and Gas 2. Support Activities for Oil and Gas Operations 3. Oil and Gas Extraction	1. Independent w riters and performers 2. Wholesale Trade
Manufacturing	1. Petroleum Refineries	1. Pipeline Transportation 2. Wholesale Trade

Table 5 Gap Analysis for San Patricio County

Local Sector	Local Industry	Suppliers: Industry Gaps
Professional and Business Services	1. Other Professional and Technical Services	1. Management Consulting Services 2. Real Estate 3. Accounting and Bookkeeping Services 4. Telecommunications 5. Employment Services
Natural Resources and Mining	1. Support Activities for Oil and Gas	1. Independent Writers and Performers 2. Wholesale Trade 3. Legal Services
Manufacturing	1. Other Basic Organic Chemical Manufacturing	1. Petrochemical Manufacturing 2. Other Basic Organic Chemical Manufacturing 3. Wholesale Trade
Construction	1. Commercial and Institutional Construction	1. Architectural and Engineering Services 2. Petroleum Refineries 3. Wholesale Trade 4. Fabricated Structural Metal Manufacturing

Table 6 Gap Analysis for Jim Wells County

Local Sector	Local Industry	Industry Gaps
Natural Resources and Mining	1. Drilling of Oil and Gas 2. Support Activities for Oil and Gas Operations 3. Oil and Gas Extraction	1. Independent writers and performers 2. Petrochemical Manufacturing 3. Oil Royalty Traders
Trade, Transportation and Utilities	1. Truck Transportation	1. Transportation and Support 2. Motor Vehicles Parts Manufacturing

BRAC 2005 Employment Impacts

The Base Realignment and Closure Committee (BRAC) of 2005 recommended the end of activities of Naval Station Ingleside and the realignments of Naval Air Station Corpus Christi and Corpus Christi Army Depot. The economic impacts⁴ from these events could create close to 6,600 military and civilian job losses affecting thousands of families and several communities. The effects across occupational categories are diverse but among 22 major occupational categories, the office and administrative support categories suffer the most followed by production, and by business and financial operations.

The TWC forecasts display 46,300 new jobs created by the year 2014 for the Coastal Bend WDA. Among the occupational categories that create the highest number of jobs are: education, health care practitioners, food preparation, and personal care services. In the long run, it is likely that all of those who lose their jobs due to BRAC 2005 would find a new work opportunity in the area. Nevertheless, in the short run, several of those laid off could find it very difficult to get a matching job opportunity in the region. In comparing the potential amount of workers looking for jobs in the area and the amount of total job openings, we obtained the amount of workers that would not find an occupational match in the short run. This comparison showed architecture and engineering occupations suffering the most mismatches. These categories are followed by business and financial operations; and computer and mathematical occupations.

On the positive side, even in the short run, the total amount of job openings (10,405), including those that result from the retirement of workers, would be larger than the estimated amount of civilian workers looking for jobs (3,513). This situation reveals several job opportunities for occupations related to education, training and libraries; and to both of the health care categories.

Methodology

The purpose of the study was to analyze the existing economic landscape and identify potential business opportunities associated with the base realignment and closures (BRAC) of Naval Station Ingleside and the realignments of Naval Air Station Corpus Christi and Corpus Christi Army Depot for the Del Mar SBDC region. To perform an effective analysis, the authors employed the following techniques:

- Gap analysis was performed by using IMPLAN. IMPLAN is a widely used economic input-output modeling software program marketed by the Minnesota IMPLAN Group (MiG, Inc.) for measuring the economic impact of business activity;
- Employment forecasts for the counties were based on Texas Workforce Commission (TWC) forecasts for the Coastal Bend Workforce Development Area;
- Employment trends were approximated using TWC information on employment and wages by county as well as County Business Patterns from the U.S. Census;
- BRAC impact was assessed using a 2005 study performed by Jim Lee, Ph.D. and Impact Data Source, and revised in 2008;
- Area businesses were identified and recorded in a business inventory. The business inventory utilized data from Duns & Bradstreet (DNB) as base-line and was augmented with additional Internet searches and phone validations. Phone calls to validate information were performed on all companies with more than 100 employees and/or reported annual revenues in excess of \$10 million. For firms that declined our request for clarity of information either modifications were made based on Internet searches or the original data as reported in DNB remained; and,
- Accompanying maps were graphed using Microsoft MapPoint 2006 and Microsoft Streets & Trips 2008. The maps were developed using a Microsoft Excel-based program.

End Notes

- 1 According to a report by Cambridge Systematics, Inc. titled *Naval Station Ingleside Impact Report* prepared in August 2008 and commissioned by the Texas Department of Transportation.
- 2 From the February 8, 2008 testimony of Timothy J. Foreman before the U.S. House Committee on Oversight and Government Reform
- 3 With the use of the IMPLAN software, we estimate the percentages of expenditures on local and non-local suppliers. IMPLAN is a product of MIG.
- 4 According to *A Report of the Impact of the 2005 Base Realignment and Closure Committee Recommendations for Naval Station Ingleside, Naval Station Corpus Christi, and Corpus Christi Army Depot*; September 18, 2008, prepared by Jim Lee, Ph.D. and Impact Data Source.

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