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CITY OF COLLEGE STATION
Home of Texas A&M University®

Mayor
Nancy Berry
Mayor Pro Tem
Dave Ruesink
City Manager
David Neeley

Council members
Blanche Brick
Jess Fields
Karl Mooney
Katy-Marie Lyles
Julie Schultz

Agenda
College Station City Council
Workshop Meeting
Thursday, July 26, 2012, 5:00 p.m.
City Hall Council Chambers, 1101 Texas Avenue
College Station, Texas

1. Call meeting to order.

2. Executive Session will be held in the Administrative Conference Room.
Consultation with Attorney {Gov't Code Section 551.071}; possible action. The City Council may seek advice from its attorney regarding a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. Litigation is an ongoing process and questions may arise as to a litigation tactic or settlement offer, which needs to be discussed with the City Council. Upon occasion the City Council may need information from its attorney as to the status of a pending or contemplated litigation subject or settlement offer or attorney-client privileged information. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

Litigation

a. City of Bryan's application with TCEQ for water & sewer permits in Westside/Highway 60 area, near Brushy Water Supply Corporation to decertify City of College Station and certify City of Bryan
b. Chavers et al v. Tyrone Morrow et al, No. 10-20792; Chavers v. Randall Hall et al, Case No. 10 CV-3922
c. College Station v. Star Insurance Co., Civil Action No. 4:11-CV-02023
d. Shirley Maguire and Holly Maguire vs. City of College Station, Cause No. 11-002516-CV-272, In the 272nd District Court of Brazos County, Texas
e. Patricia Kahlden, individ. and as rep. of the Estate of Lillie May Williams Bayless v. Laura Sue Streigler, City of College Station and James Steven Elkins, No. 11-003172-CV-272, in the 272nd District Court of Brazos County, Tx.
f. Claim and potential litigation related to a June 24, 2011 collision with a city vehicle.

Real Estate {Gov't Code Section 551.072}; possible action The City Council may deliberate the purchase, exchange, lease or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the City in negotiations with a third person. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

a. Property located generally northwest of the intersection of First Street and Church Avenue in College Station.

Economic Incentive Negotiations {Gov't Code Section 551.087}; possible action The City Council may deliberate on commercial or financial information that the City Council has received from a business prospect that the City Council seeks to have locate, stay or expand in or near the city with which the City Council in conducting economic development negotiations may deliberate on an offer of financial or other incentives for a business prospect. After executive session discussion, any final action or vote taken will be in public. The following subject(s) may be discussed:

a. Administrative Services in College Station Business Park
b. Behavioral healthcare facility

3. Take action, if any, on Executive Session.

6:00 PM

4. Presentation, possible action, and discussion on items listed on the consent agenda.

5. Presentation and discussion regarding an update on the Economic Development Master Plan.

6. Presentation, possible action, and discussion concerning the City Internal Auditor's Payroll Policies and Procedures Audit.

7. Council Calendar

July 27	Scott & White Hospital Tour on Rock Prairie, 9:00 a.m.
August 2	P&Z Workshop/Meeting in Council Chambers at 6:00 p.m. (Katy-Marie Lyles, Liaison)
August 8	BV Food Bank's Feast of Caring at Brazos Center, 11:00 a.m.
August 9	City Council Executive/Workshop/Regular Meeting at 5:00, 6:00 and 7:00 p.m.

8. Presentation, possible action, and discussion on future agenda items and review of standing list of Council generated agenda items: A Council Member may inquire about a subject for which notice has not been given. A statement of specific factual information or the recitation of existing policy may be given. Any deliberation shall be limited to a proposal to place the subject on an agenda for a subsequent meeting.

9. Discussion, review and possible action regarding the following meetings: Animal Shelter Board, Arts Council of the Brazos Valley, Arts Council Sub-committee, Audit Committee, Bicycle, Pedestrian, and Greenways Advisory Board, Blinn College Brazos Valley Advisory Committee, Brazos County Health Dept., Brazos Valley Council of Governments, Bryan/College Station Chamber of Commerce, BVSWMA, BVWACS, Code Review Committee, Convention & Visitors Bureau, Design Review Board, Historic Preservation Committee, Interfaith Dialogue Association, Intergovernmental Committee, Joint Neighborhood Parking Taskforce, Joint Relief Funding Review Committee, Landmark Commission, Library Board, Metropolitan Planning Organization, National League of Cities, Outside Agency Funding Review, Parks and Recreation Board, Planning and Zoning Commission, Research Valley Partnership, Regional Transportation Committee for Council of Governments, Signature Event Task Force, Sister City Association, TAMU Student Senate, Texas Municipal League, Youth Advisory Council, Zoning Board of Adjustments, (Notice of Agendas posted on City Hall bulletin board).

City Council Workshop Meeting
Thursday, July 26, 2012

10. Adjourn.

APPROVED:

City Manager

Notice is hereby given that an Executive Session and Workshop Meeting of the City Council of the City of College Station, Texas will be held on the 12th day of July, 2012 at 5:00, 6:00, and 7:00 p.m. respectively in the City Hall Council Chambers, 1101 Texas Avenue, College Station, Texas. The following subjects will be discussed, to wit: See Agenda

Posted this 20th day of July, 2012 at 5:00 pm

City Secretary

I, the undersigned, do hereby certify that the above Notice of Meeting of the Governing Body of the City of College Station, Texas, is a true and correct copy of said Notice and that I posted a true and correct copy of said notice on the bulletin board at City Hall, 1101 Texas Avenue, in College Station, Texas, and the City's website, www.cstx.gov . The Agenda and Notice are readily accessible to the general public at all times. Said Notice and Agenda were posted on July 20, 2012 at 5:00 pm and remained so posted continuously for at least 72 hours proceeding the scheduled time of said meeting.

This public notice was removed from the official board at the College Station City Hall on the following date and time: ________________________ by ____________________________.
Dated this _____day of ________________, 2012.
CITY OF COLLEGE STATION, TEXAS By______________________________________

Subscribed and sworn to before me on this the ______day of _________________, 2012.
___________________Notary Public – Brazos County, Texas My commission expires:________

This building is wheelchair accessible. Handicap parking spaces are available. Any request for sign interpretive service must be made 48 hours before the meeting. To make arrangements call (979) 764-3517 or (TDD) 1-800-735-2989. Agendas may be viewed on www.cstx.gov. Council meetings are broadcast live on Cable Access Channel 19.

July 26, 2012
Workshop Agenda Item No. 5
Economic Development Master Plan – Update #1

To: David Neeley, City Manager

From: Bob Cowell, AICP, CNU-A Executive Director – Planning & Development Services

Agenda Caption: Presentation and discussion regarding an update on the Economic Development Master Plan

Relationship to Council Strategic Plan: Financially Sustainable City and Diverse Growing Economy

Recommendation(s): Receive the Phase I Draft Report information from the Staff and City Consultant

Summary: Earlier in 2012, the City Council contracted with a Consultant Team to, in partnership with Staff; prepare an Economic Development Master Plan as a component of the City's Comprehensive Plan. The project scope divides the project into three distinct phases. Upon completion of each phase, it is anticipated that a presentation will be conducted for the Planning & Zoning Commission and Council following the completion of the draft report for each phase.

The first phase of the plan focuses on demographics and socio-economic data, a preliminary assessment of specific market conditions, and preliminary identification of opportunities and challenges present in our local market.

Staff and the Consultant Team will present the information, answer questions, and provide details of the work to be performed with Phase II.

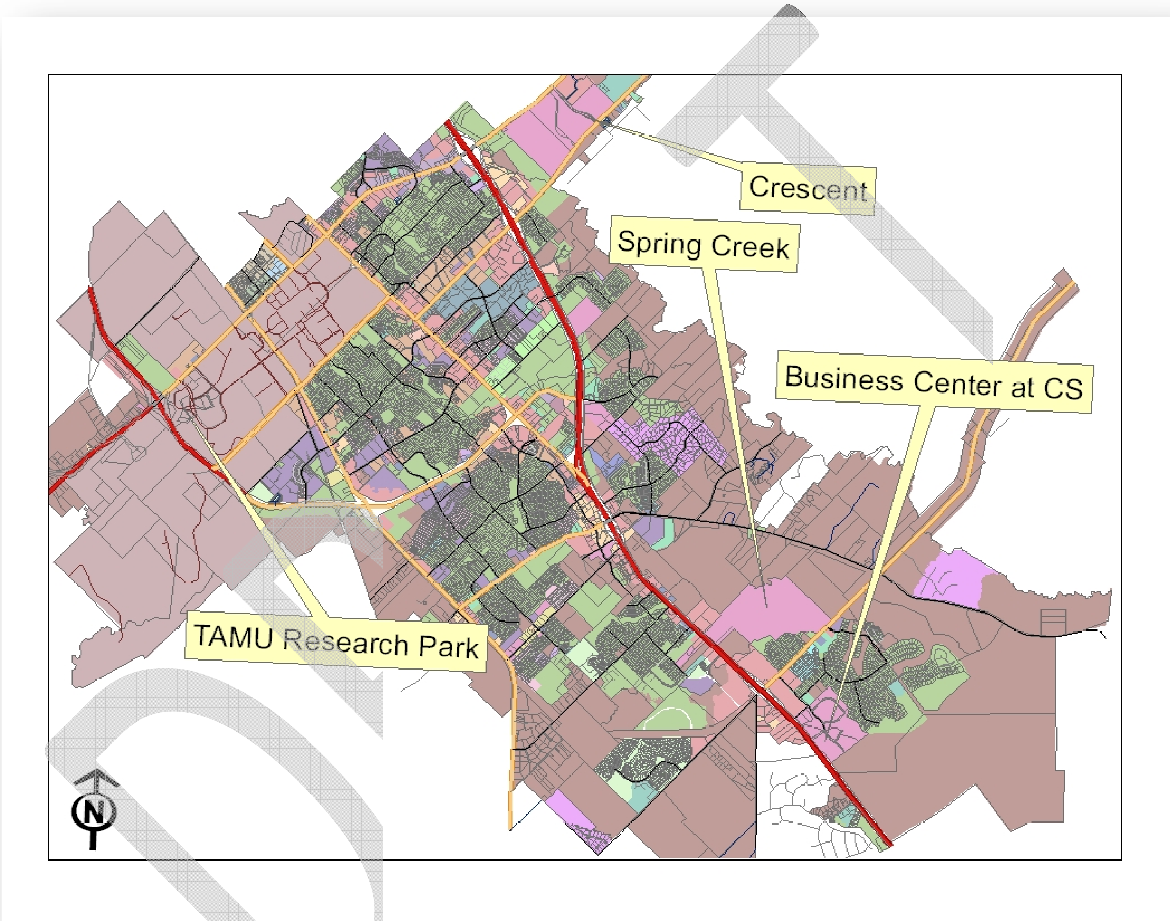
Budget & Financial Summary: In 2012 Council approved a contract for an amount not to exceed $94,885

Attachments:
Attachment 1: Draft Executive Summary of Phase One Report

Economic Development Strategic Plan

Phase One

College Station, Texas



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Prepared for:

City of College Station
1101 Texas Avenue
College Station, Texas 77840

CDS SPILLETTE
Strategic Urban Consulting Alliance

avalanche CONSULTING

June 2012

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Executive Summary and General Points

Many metropolitan areas of College Station – Bryan's size increasingly rely on "eds and meds" – education and health care – for their economic foundation. Essentially, they become educational and medical service centers for a surrounding mostly rural region. The "eds" portion of this picture is usually a moderate size public and / or private university and community college.

The presence of Texas A&M University (TAMU) – a very large research institution with national renown – takes College Station's "eds and meds" profile to an entirely different level. The large numbers of well-educated faculty and staff paid well enough to be middle or upper middle class creates a compelling demographic profile for the adult population in the City itself. The population tied to the MSA's blue collar heritage tends to reside in Bryan, satellite towns, or unincorporated areas.

Population growth in College Station has been led by the growth of the student population, though this may be changing as enrollment growth levels off. This gives the chance for the adult population, which also has been growing, to assert itself to a greater extent in the City's local economy. The first response has been the growth of the health care sector, illustrated by growth in the designated "Medical District" in the southern part of the City.

Regarding growth in other sectors of the economy, particularly "basic" industries such as manufacturing and technology, College Station has a mix of opportunities and challenges:

Opportunities and Advantages

- The City has access to a continuous stream of educated, innovative science and engineering graduates emerging from TAMU, as well as its faculty and other intellectual resources.
- Its basic infrastructure and public services are considered good quality.
- The College Station Independent School District is considered very attractive to middle class and affluent residents who value education – a value shared by skilled knowledge workers in industries such as technology. Outside of the presence of TAMU, this should be considered the City's core competitive asset.
- The overall cost of living is moderate when compared against coastal knowledge worker destinations (or Austin). This is achieved while still offering the basic services and conveniences found in a typical suburban environment with less traffic congestion and a shorter commute.
- With its parks and trails, educational / athletic organizational infrastructure and facilities, increasing health care services, and low crime rate the City's general quality of life for families and older residents is strong.
- Existing actors in economic development are actively working to foster additional knowledge-based industries, with a focus on bioscience technology.

Challenges and Barriers

- Limited air service and convenient connections to Easterwood Airport are a significant inconvenience for high-level workers in some industries as well as business and group visitors to the City.
- The stock of older multifamily rental units may lose appeal to students as new properties come online. The question of who will reside in the older units has repercussions for public service

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provision and in particular future public school performance in CSISD, which is critical to the City's appeal.

- It is difficult to compete with larger Texas metropolitan areas in appeal for newly minted University graduates and young adults less than 10 years out of school. The vast employment base in knowledge-intensive industries, relatively higher pay levels, and myriad opportunities for career advancement in larger cities holds strong appeal to ambitious young workers.
- Energy companies continue to keep their operations and research consolidated in the Houston area rather than locate offices close to TAMU's related academic research facilities and graduating students.
- New businesses and ventures dependent on public spending through the University or state and federal government are at risk of contraction if public budgets become further constrained.
- The overall cost of living is not lower in College Station than in Houston, North Texas, or San Antonio for suburban home buyers (though commute costs are probably lower), which removes one form of potential competitive advantage over these metros.
- The City is only now starting to reach a critical mass of affluent adult households to create a retail and service environment that is not heavily oriented to and patronized by college students. The lack of an "adult shopping, dining, and culture world" can be off-putting to knowledge workers who are used to having this at their disposal in larger cities. This also correlates to the lack of an urban neighborhood environment with retail, entertainment, and cultural offerings for adults that contrasts with both the Northgate college student entertainment area and the typical non-unique suburban chain retail establishments.
- More upscale and destination channels for spending discretionary income – "name" designer boutiques, luxury chain retail, cutting-edge chef-driven restaurants, and major cultural events such as opera and major concerts – also require a trip to Houston or Austin and will continue to do so for the foreseeable future.
- While College Station residents likely appreciate the City's high standards for land use and extensive regulatory framework, the resulting increased costs of developing and occupying commercial space potentially discourage independent and startup businesses of various types – both technology-oriented and retail businesses for example – from successfully locating in the City. (It should be noted, however, that many who were interviewed during this research process believed that the City has recently been improving its relationship with the business community with regard to its regulatory environment.)

Area Economics and Demographics

- Total non-farm payroll employment in the College Station – Bryan MSA is projected to have increased by 14,600 jobs between 2000 and 2012, reaching a total of 97,300 employees in the MSA.
- The fastest growing industries in the College Station – Bryan MSA are "Food Services and Drinking Places", "Ambulatory Health Care Services", and "Hospitals"
- Government and public sector employers make up a large percentage of the major employers base in the MSA. Of the fifteen largest employers, seven of them are either public / higher education related or local / regional government related.

- Unemployment in both the City of College Station and the MSA are lower than in the State of Texas as a whole.
- Population has grown significantly in the City of College Station, from 67,890 in 2000 to 93,857 in 2010. The 18 to 24 age bracket makes up an outsized 47.3 % portion of this population in 2010 (due primarily to Texas A&M), but this percentage is down from 51.2% in 2000.
- The population of the City of College Station is generally well educated with 64% of residents aged 25 or older having achieved at least an Associates Degree, and the largest percentage of that group has a professional or graduate degree (30.6% of total population).
- The City of College Station contains the majority of each the following Occupation Categories in the entire MSA per the US Census:
    - "Life, physical, and social science occupations" (82.8%)
    - "Education, training, and library occupations" (72.3%)
    - "Personal care and service occupations" (66.3%)
    - "Education, legal, community service, arts, and media occupations" (64.1%)
    - "Computer, engineering, and science occupations"(61.2%)

Retail / Commercial Market Analysis

- When compared to other high growth, metropolitan counties with a substantial population of educated residents (Williamson, Montgomery, Collin), Brazos County has a substantially lower level of retail spending per capita.
- When compared to smaller metropolitan counties in lower-growth areas (Nueces and McLennan) Brazos County also has a somewhat lower level of retail spending per capita.
- These trends may be attributable to the departure of the student population during summer and holiday breaks. Increasingly, this trend may also be attributable to College Station's location in close proximity to Houston and Austin. The Cypress Premium Outlets and The Woodlands Mall / Woodlands Market Street are both less than one hour's drive away from College Station and provide a greater variety of stores and goods than does Post Oak Mall or other CS-B MSA retailer areas.
- Interviewees indicated several key points related to retail and commercial development:
    - Rental rates in College Station are generally higher than can be afforded by a startup small business.
    - University Drive is the heart of the market area for retailers or restaurants with just one location in the MSA.
    - As residential development continues to grow in southern College Station, a critical mass of roof tops could materialize sufficient for additional upscale and "adult class" retail development to be brought to market in that area.
    - It is difficult for retailers without a current presence in the market to understand the outsized buying power (relative to their income level) of the large student population. This presents a continual challenge for retail and restaurant recruitment.

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Office and Industrial Market Analysis

- The office market in College Station – Bryan MSA was generally described as soft because the employer base in the College Station area is not focused on firms that occupy typical office space.
- Because of relatively little demand for office space being present in College Station, the City should not likely expect any large scale new office building development in the near to middle term. Any additions to inventory are likely to be small scale 1 to 2 story "local professional" office buildings.
- The employment base in College Station – Bryan MSA is even less focused on manufacturing and industrial users than office users.
- Nearly all manufacturing and industrial real estate observed in the market was located in Bryan and not College Station. Interviewees spoke of past decisions by the College Station city leadership to minimize and discourage location of heavy industry within the City boundaries through development policy and regulation.

Health and Wellness

- Health and wellness care (as opposed to biomedical research) is one of College Station's most prominent growth industries and a significant part of its economic base.
- The Texas Workforce Commission estimates that the Brazos Valley Workforce Development Area (Brazos, Burleson, Grimes, Leon, Madison, Robertson, and Washington Counties) had an estimated 29,000 health related employees and this is projected to grow to 37,730 by 2018.
- College Station may be a larger than typical demand center for healthcare services because the American Community Survey from the Census Bureau estimated that only 12.2% of College Station residents were uninsured in 2010. This is far lower than the 23.7% estimate for Texas and better than the overall 16.4% estimate for the College Station- Bryan MSA.
- Significant investment in new health care facilities is exhibited in the area, notably in South College Station where the new Scott and White facility is under construction and in the Medical District along Rock Prairie Road.
- Additionally, major investment has been made in Bryan in the initial development of the Health Science Center (HSC) in far west Bryan.
- It should be anticipated that as overall population grows and specifically the increasing population of affluent retired and senior adults, health and wellness businesses will continue to expand.
- The Health Science Center's expansion efforts will also likely continue to drive growth in this sector in College Station and the College Station – Bryan MSA.

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Technology

- Various forms of entrepreneurial, cutting-edge businesses are a subject of focused economic development interest in the College Station area. This could include electronics and digital engineering , software, and bioscience and biotech, which has garnered the most significant recent publicity.
- Census data indicates that College Station is a relatively highly educated community, which could provide adequate human resources for Technology companies.
- Multiple interviewees noted that there may be opportunities to capture the research and technology piece of energy companies. Many TAMU graduates are educated to work in such fields and many firms engaged in such work are nearby in Houston. However there are few industry facilities of this type in College Station to capitalize on both of these situations. Such TAMU graduates typically end up moving to Houston or other larger metros to gain employment.
- Two challenges to College Station increasing this employment sector were mentioned by interviewees:
    - The relative lack of ease of air travel out of Easterwood Airport for Technology firm executive, and
    - The potential need to add another dimension to the College Station urban experience beyond suburban style development and college oriented venues in order to attract top notch scientists and technology researchers from larger cities who provide the creative brain power behind the success of technology firms.

Hospitality and Entertainment

- College Station – Bryan hotel revenue trended upward from 2002 to a peak of over $60,000,000 in 2008 but has since trended slightly downward.
- The College Station – Bryan hospitality market suffered less during the recent recession than other larger markets, since it was bolstered by Texas A&M and its relative affordability for more cost conscious events and conferences.
- The area is challenged by only having one full service conference hotel (The Hilton).
- Significant hospitality revenue is derived from Texas A&M football ticketholders. With TAMU's entry into the SEC, the local hospitality industry is excited by the prospect of how well the SEC travels to away games, but is concerned about a potential period that TAMU home games could be held in Houston or elsewhere while stadium renovations are made.
- Mixed beverage sales have continued to trend upward for the City of College Station (while remaining flat for Bryan) during the period from 2000 through 2011.
- Opportunities likely exist for additional upscale adult (not college oriented) restaurants and entertainment venues in College Station.

Government and Higher Education

- A large percentage of employees and major employers in College Station – Bryan MSA are engaged in either education or government. Seven of the fifteen largest employers in the area are engaged in these sectors.
- Per the 2010 Census, 18.5% of all employed College Station residents work in the "Education, training, and library occupations"
- State government makes up the single largest industry by employment in the College Station – Bryan MSA per the Texas Workforce Commission. This includes TAMU System employees and is currently reported at 26,200 employees.

Construction and Development

- Construction and development are a sizable employment sector in the College Station – Bryan MSA with annual permitted improvement value (both new construction and renovations of existing properties) ranging from $200M to $500M combined in the cities of Bryan and College Station.
- Significant land exists in and near College Station for additional real estate development should the market demand it, and allowing for Construction and Development to continue to be a large industry sector in the area.
- Annual gross sales of goods related to construction in the City of College range from $60M to $110M in the period from 2002 to 2011, providing significant economic momentum to the community.

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Area Economics and Demographics

Employment and Industry Trends

Employment Estimates 2000 College Station-Bryan, TX Metropolitan Statistical Area

Not Seasonally Adjusted

Industry	Employment as of February (thousands)			Change		
	2000	2008	2012	2000 - 2008	2008 - 2012	2000 - 2012
Mining, Logging, and Construction	4,500	7,000	6,500	2,500	(500)	2,000
Manufacturing	5,800	5,500	5,200	(300)	(300)	(600)
Wholesale Trade	1,400	1,800	1,800	400	-	400
Retail Trade	9,200	10,000	10,300	800	300	1,100
Transportation, Warehousing, and Utilities	800	1,400	1,400	600	-	600
Information	1,600	1,100	1,200	(500)	100	(400)
Financial Activities	3,300	3,300	3,700	-	400	400
Professional and Business Services	4,900	5,600	6,300	700	700	1,400
Educational and Health Services	7,900	10,000	10,000	2,100	-	2,100
Leisure and Hospitality	7,600	9,900	10,300	2,300	400	2,700
Other Services	2,600	2,900	3,100	300	200	500
Federal Government	1,100	1,000	900	(100)	(100)	(200)
State Government	23,400	25,400	26,200	2,000	800	2,800
Local Government	8,600	9,900	10,400	1,300	500	1,800
Total Non-Farm Payroll Employment	**82,700**	**94,800**	**97,300**	12,100	2,500	14,600

Source: Texas Workforce Commission

The table above summarizes employment by industry in the College Station-Bryan MSA (BCS) in the period between 2000 and 2012. Total non-farm payroll employment increased meaningfully during this twelve year period, by 14,600 employees or 17.7%. The recession that began in late 2008 through 2009 resulted in a slowdown in total job growth, but the metropolitan area has recovered and added more jobs than were lost during that period.

Over the total twelve years, the industries that saw the greatest growth in number of employees are State Government (which includes the Texas A&M University system), Leisure and Hospitality, and Education and Health Services. During this same period Manufacturing, Information, and Federal Government all saw decreases.

A significant percentage of MSA employees in the area are engaged in some part of the public sector. Thirty nine percent are engaged in Federal, State, or Local government and an additional large share are public employees in the Educational and Health Services field.

Professionals that were interviewed by CDS |Spillette indicated that they expect general employment growth to continue. The BCS Chamber of Commerce polls local business people each year, and in the most recent survey, 60% of respondents stated that sales in their businesses were up over last year. Secondly, 40% reported that they will be adding additional staff in the next year.

The medical and health care industry sectors have also been growing in BCS.

Employment challenges reported in the area include:

- Lack of employment opportunities for "trailing spouses" that follow their husbands or wives into BCS for their career opportunities.
- Difficulty retaining Texas A&M graduates in the local workforce. They tend to gravitate towards larger metros for a variety of reasons.
- Limited blue collar and industrial employment opportunities. There are few industrial facilities in the area and little available land zoned for such development in College Station.

The table above summarizes the top 10 highest growth industries in the College Station – Bryan MSA, the Brazos Valley Workforce Development Area, and the state as a whole. Food Services and Drinking Places are the highest growth industry in all three geographies. Ambulatory Health Care services are high growth in all three geographies as well – second highest in the MSA and WDA and third in the state

High Growth Industries

Q2 2010 - Q1 2011

Rank	College Station - Bryan MSA	Brazos Valley WDA	Statewide
1	Food Services and Drinking Places	Food Services and Drinking Places	Food Services and Drinking Places
2	Ambulatory Health Care Services	Ambulatory Health Care Services	Administrative and Support Services
3	Hospitals	Professional, Scientific, and Technical Services	Ambulatory Health Care Services
4	Professional, Scientific, and Technical Services	Hospitals	Professional, Scientific, and Technical Services
5	Specialty Trade Contractors	Specialty Trade Contractors	Specialty Trade Contractors
6	Food Manufacturing	Food Manufacturing	Hospitals
7	Health and Personal Care Stores	Fabricated Metal Product Manufacturing	Merchant Wholesalers, Durable Goods
8	Administrative and Support Services	General Merchandise Stores	General Merchandise Stores
9	General Merchandise Stores	Food and Beverage Stores	Credit Intermediation and Related Activities
10	Food and Beverage Stores	Administrative and Support Services	Food and Beverage Stores

WDA – Workforce Development Area
Source: U.S. Census Bureau, Local Employment Dynamics

as a whole. Hospitals are the third highest growth industry in the College Station – Bryan MSA. This is evidenced by continual expansion of Saint Joseph's, The College Station Medical Center, and the new Scott and White facility in south College Station. Food manufacturing and Health and Personal Care Stores are both industries have high growth in the MSA but not in Texas as a whole.

The table above summarizes the location quotient of various industry sectors for the State of Texas and the College Station-Bryan Texas MSA versus the Nation as a whole. Location Quotients compare the frequency of presence of certain industries within certain geographies with the frequency of those same industries' presence in the nation as a whole. A location quotient of 1 indicates the industry has the

Location Quotients

2010 Quarterly Census of Employment and Wages

Nongovernment Industries

Two-Digit NAICS Level Industry	Location Quotient vs. USA Total	
	Texas -- Statewide	College Station-Bryan, TX MSA
Agriculture, forestry, fishing and hunting	0.64	1.31
Mining, quarrying, and oil and gas extraction	3.99	5.10
Utilities	1.11	1.01
Construction	1.31	1.52
Manufacturing	0.90	0.81
Wholesale trade	1.16	0.55
Retail trade	1.00	1.32
Professional and technical services	0.97	0.87
Management of companies and enterprises	0.54	0.10
Administrative and waste services	1.08	0.54
Educational services	0.63	ND
Health care and social assistance	0.92	ND
Transportation and warehousing	1.14	0.45
Information	0.92	0.69
Finance and insurance	1.03	0.54
Real estate and rental and leasing	1.13	1.51
Arts, entertainment, and recreation	0.73	0.97
Accommodation and food services	1.03	1.49
Other services, except public administration	0.86	0.97
Unclassified	0.37	0.20

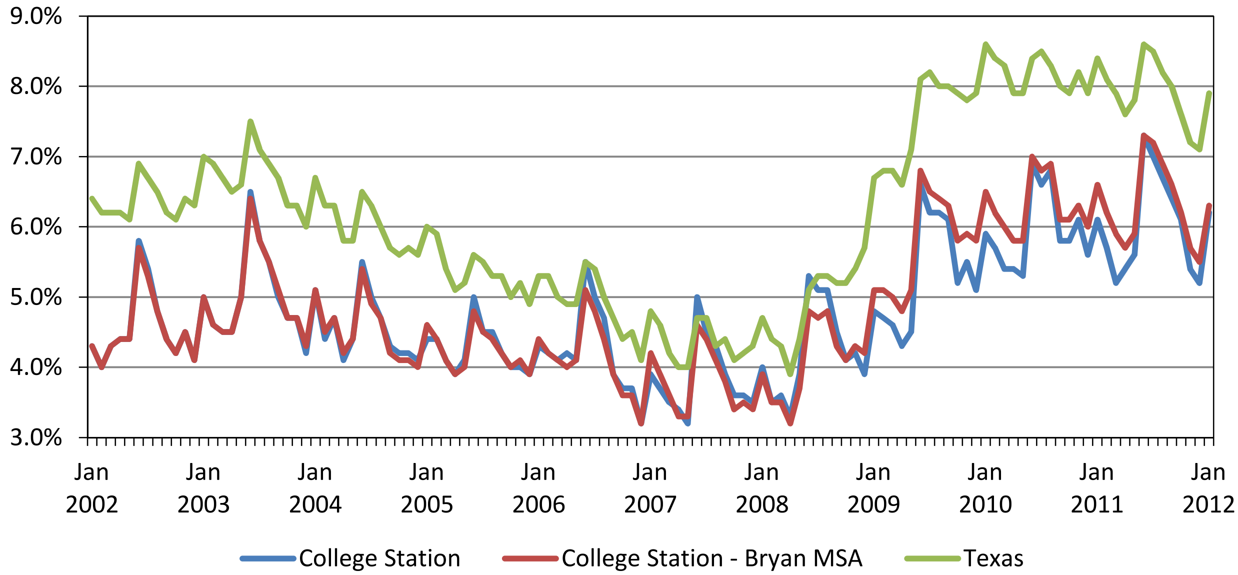
(ND) Not Disclosable
(NC) Not Calculable, the data does not exist or it is zero

same concentration in a geography as the United State. Less than 1 indicates the industry is less concentrated locally, and above 1 means the industry has higher concentration in a local geography than the United States as a whole. Key findings to note:

- Firms engaged in mining, quarrying, and oil and gas extraction are located in both Texas and in College Station-Bryan MSA to a much greater degree than the nation overall.
- Agriculture, forestry, fishing, and hunting related industry has a more significant presence in College Station-Bryan MSA than it is in the State and Nation as a whole.

- Similarly, firms that service a large college community such as Accommodation and food services, and real estate and rental and leasing are more present in College Station-Bryan MSA than in the State or Nation as a whole.
- Transportation and warehousing, wholesale trade, and administrative and waste services are all much less frequently present in the College Station-Bryan MSA than they are in the State and Nation as a whole. This correlates with a relative lack of industrial activity in the area which was

Unemployment Trends – College Station - Bryan MSA



Source: Bureau of Labor Statistics

Reynolds & Reynolds	Hardware / software	1,000 +
City of Bryan	Government	500 - 999
City of College Station	Government	500 - 999
Brazos County	Government	500 - 999
Walmart	Retail	500 - 999
HEB Grocery	Retail	500 - 999
Scott & White Clinic	Health care	500 - 999
College Station Medical Center	Health care	500 - 999
Texas A&M Health Science Center	Education	500 - 999
Penncro Associates	Financial services	500 - 999

Source: Research Valley Partnership

reported to CDS Spillette by multiple interviewees and generally observed by CDS | Spillette.
- Information and Finance and Insurance firms are also less present in College Station- Bryan MSA than in the State and Nation as a whole. This condition corresponds to the statements by interviewees regarding the low demand for office space in the area.

Public sector agencies, such as local school districts and various levels of government are heavily represented on the list of the Brazos Valley's Largest Employers. Not surprisingly Texas A&M University

Population Trends by Age – City of College Station

	Census Estimates				Change	
	2000		2010		2000 - 2010	
Age Distribution	Number	Share	Number	Share	Number	% Change
Age 0 to 4	3,032	4.5%	4,526	4.8%	1,494	49.3%
Age 5 to 17	6,757	10.0%	9,326	9.9%	2,569	38.0%
Age 18 to 24	34,765	51.2%	44,398	47.3%	9,633	27.7%
Age 25 to 34	8,857	13.0%	13,922	14.8%	5,065	57.2%
Age 35 to 44	5,616	8.3%	7,134	7.6%	1,518	27.0%
Age 45 to 49	2,295	3.4%	2,895	3.1%	600	26.1%
Age 50 to 54	1,776	2.6%	2,901	3.1%	1,125	63.3%
Age 55 to 64	2,331	3.4%	4,380	4.7%	2,049	87.9%
Age 65 and over	2,461	3.6%	4,375	4.7%	1,914	77.8%
Total	**67,890**	**100.0%**	**93,857**	**100.0%**	**25,967**	**38.2%**
Estimated Median Age	21.90		22.30			

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

System is shown the largest employer by the Research Valley Partnership. This recalls the overall employment by industry statistics, which showed that state government employees are by far the largest industry category for jobs in the region. Outside of government, the other large employment sectors are the two area major hospitals and major retailers.

For most of the last ten years, unemployment has remained lower in College Station and the College Station – Bryan MSA than the state of Texas. Since the onset of recession in Texas in 2008, the unemployment rate in the College Station area rose from very low levels under 4.0% to in excess of 6.0%, even briefly reaching 7.0%. It has remained in the vicinity of 6.0% since 2009. However, the rate for Texas overall, which was comparable to the College Station area in 2008, increased much more dramatically in the recession, reaching over 8.0% by 2010 and has exceeded the College Station rate typically by 100 to 150 basis points since then.

Population and Household Characteristics

The following table summarizes the distribution of the population by age group of residents of the City of College Station and compares this distribution between 2000 and 2010. The total population of the City has grown dramatically during that ten-year period, increasing by over a third to nearly 94,000. It should be noted that the City added an estimated 658 residents through annexation of already-populated areas during the period. The City estimates that its population had reached 96,641 as of February 2012, which would include 648 residents added through annexation.

At the time of the 2000 Census, the largest percentage of College Station residents were aged 18 to 24. This likely is the result of the large number Texas A&M University and Blinn College students who reside in College Station. This was still the case as of the 2010 Census, but the percentage had dropped from 51.2% to 47.3%. Because the Census occurs in late winter / early spring when these institutions are in session, most students will report their place of residence as their student housing. This age group's population, and thus the population of College Station overall, drops dramatically from late May through mid-August during summer session.

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Population by Age – MSA Comparative Overview

Age Distribution	2010 Census Estimates						% Change 2000 - 2010		
	Number			Share					
	College Station	Brazos County	College Station - Bryan MSA	College Station	Brazos County	College Station - Bryan MSA	College Station	Brazos County	College Station - Bryan MSA
Age 0 to 4	4,526	12,506	14,742	4.8%	6.4%	6.4%	49.3%	31.8%	25.6%
Age 5 to 17	9,326	27,325	33,347	9.9%	14.0%	14.6%	38.0%	17.5%	29.1%
Age 18 to 24	44,398	60,112	62,695	47.3%	30.9%	27.4%	27.7%	23.1%	22.1%
Age 25 to 34	13,922	29,816	33,341	14.8%	15.3%	14.6%	57.2%	34.5%	29.3%
Age 35 to 44	7,134	19,168	23,127	7.6%	9.8%	10.1%	27.0%	10.2%	5.5%
Age 45 to 49	2,895	9,210	11,598	3.1%	4.7%	5.1%	26.1%	27.1%	22.5%
Age 50 to 54	2,901	9,008	11,657	3.1%	4.6%	5.1%	63.3%	52.3%	46.4%
Age 55 to 64	4,380	13,647	18,317	4.7%	7.0%	8.0%	87.9%	72.4%	64.0%
Age 65 and over	4,375	14,059	19,836	4.7%	7.2%	8.7%	77.8%	37.5%	27.2%
Total	**93,857**	**194,851**	**228,660**	**100.0%**	**100.0%**	**100.0%**	**38.2%**	**27.8%**	23.7%
Median Age	22.30	24.50	25.80						

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

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Between 2000 and 2010 the age groups of 55-64 and 65 and older all rose in share by at least 100 basis points. This supports a trend of Texas A&M affiliated empty nesters and retirees relocating to College Station, as reported to CDS Spillette by professionals interviewed in the region. The median age of the City's population increased slightly as a result, though it is still quite young by typical standards.

The 25-34 age group increased between 2000 and 2010 and accounts for the second-highest share of the population. Several persons interviewed by CDS | Spillette noted that TAMU graduates were leaving the region after graduation, mostly for larger metropolitan areas. It is possible that a large amount of this age cohort could then be explained by the graduate student enrollees at TAMU (estimated to be 9,000 to 10,000), many of whom likely live in College Station. This would also help explain the significant drop in share for the age group 35-44; most of the graduate students probably also leave the area upon obtaining their degrees. Several factors were mentioned during interviews as contributing to the lack of retention of graduating students:

- Perception of a larger number of better / higher paid career advancement opportunities in larger metros
- Relative lack of entry level professional jobs in College Station - Bryan
- Current suburban style development patterns of BCS do not offer the type of environment in which urban-oriented young professionals of the "creative class" wish to live

The table above summarizes and compares the age distribution and total populations of residents in College Station, the County and the MSA as a whole. College Station accounts for 48% of the County population and 41% of the MSA, and has grown faster since 2000 than either of the larger geographies.

College Station has a significantly higher percentage of residents aged 18 to 24 than the County and MSA. Over two-thirds of the MSA population in this age group live in College Station. Conversely, College Station has a lower percentage of every age group aged 35 and older than the County and the MSA. The greatest discrepancy is among residents aged 55 to 64, and 65 and older.

This can likely be attributed to housing development patterns. Until the 1980s, the largest portion of single family housing was built in Bryan rather than College Station. Thus at the time that older residents were establishing their households, many of the available single family housing units were in Bryan. This began to change with the development of Southwood Valley and other neighborhoods in South College Station. It should be noted that despite having fewer "empty nester" and retiree / senior residents in 2000, these age groups are increasing much faster in College Station than the county or MSA overall.

Many economically-relevant demographic characteristics are assessed at the household level. In College Station, which discerning the impacts between student and permanent resident households is useful for determining economic development strategies, this requires examining data on households closely.

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Household Profile – City of College Station

Household Type and Presence of Children	Census Estimates 2000 Number	2000 Share	2010 Number	2010 Share	Change 2000 - 2010 Number	% Change
1 Person Household:	6,691	27.1%	9,642	27.5%	2,951	44.1%
Male householder	3,537	14.3%	4,801	13.7%	1,264	35.7%
Female householder	3,154	12.8%	4,841	13.8%	1,687	53.5%
2 or More Person Household/Family Households:	18,000	72.9%	25,395	72.5%	7,395	41.1%
Married-couple family:	7,954	32.2%	10,936	31.2%	2,982	37.5%
With own children under 18 years	4,043	16.4%	5,222	14.9%	1,179	29.2%
No own children under 18 years	3,911	15.8%	5,580	15.9%	1,669	42.7%
Other family:	2,414	9.8%	3,953	11.3%	1,539	63.8%
Male householder, no wife present:	736	3.0%	1,260	3.6%	524	71.2%
With own children under 18 years	182	0.7%	371	1.1%	189	103.8%
No own children under 18 years	554	2.2%	889	2.5%	335	60.5%
Female householder, no husband present:	1,678	6.8%	2,693	7.7%	1,015	60.5%
With own children under 18 years	967	3.9%	1,558	4.4%	591	61.1%
No own children under 18 years	711	2.9%	1,135	3.2%	424	59.6%
Nonfamily households:	7,632	30.9%	10,506	30.0%	2,874	37.7%
Male householder	3,986	16.1%	5,531	15.8%	1,545	38.8%
Female householder	3,646	14.8%	4,975	14.2%	1,329	36.5%
College and Post-College Households:						
Family households:	10,368	42.0%	14,889	42.5%	4,521	43.6%
Householder 15 to 24 years	1,472	6.0%	1,859	5.3%	387	26.3%
Householder 25+ years	8,896	36.0%	13,030	37.2%	4,134	46.5%
Nonfamily households:	*14,323*	*58.0%*	*20,148*	*57.5%*	*5,825*	*40.7%*
Householder 15 to 24 years	*9,710*	*39.3%*	*12,603*	*36.0%*	*2,893*	*29.8%*
Householder 25+ years	4,613	18.7%	7,545	21.5%	2,932	63.6%
Household Size:						
1-person households	6,691	27.1%	9,642	27.5%	2,951	44.1%
2-person households	9,478	38.4%	11,957	34.1%	2,479	26.2%
3-person or more households	8,522	34.5%	13,438	38.4%	4,916	57.7%
Average Household Size	**2.32**		**2.38**		**0.06**	2.6%
Total Households	**24,691**	**100%**	**35,037**	**100%**	**10,346**	41.9%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The preceding table summarizes the distribution of household types by householder and presence of children for the City of College Station as reported in both the 2000 and 2010 US Censuses. The 2010 Census indicated that of the 35,037 households in College Station, 72.5% are 2 or more people in size. However, only 31.2% are married couple households and only 14.9% of total households include their own children 18 years of age or younger. This last percentage is down from 16.4% in 2000.

A relatively high 57.5% of households are Nonfamily households; over half of these contain two or more people, indicating the large college student population that usually shares living quarters. The share of such households remained relatively constant from 2000 to 2010.

Annual Household Income – MSA Comparative Overview

Income Cohort	2010 ACS Estimates						% Change 2000 - 2010		
	Number			Share					
	College Station	Brazos County	College Station - Bryan MSA	College Station	Brazos County	College Station - Bryan MSA	College Station	Brazos County	College Station - Bryan MSA
Less than $15,000	9,536	17,744	19,665	28.5%	25.4%	24.1%	-3.6%	8.8%	1.1%
$15,000 to $24,999	4,818	10,068	12,355	14.4%	14.4%	15.1%	34.2%	17.0%	16.8%
$25,000 to $34,999	2,374	6,865	7,831	7.1%	9.8%	9.6%	6.7%	10.7%	-1.1%
$35,000 to $49,999	4,114	8,370	10,116	12.3%	12.0%	12.4%	78.6%	15.0%	6.8%
$50,000 to $74,999	4,279	10,339	12,439	12.8%	14.8%	15.2%	58.8%	28.5%	24.4%
$75,000 to $99,999	3,336	7,032	8,696	10.0%	10.1%	10.6%	99.6%	68.4%	72.9%
$100,000 to $149,999	2,632	5,144	5,572	7.9%	7.4%	6.8%	109.6%	85.4%	71.6%
$150,000 or more	2,388	4,388	5,046	7.1%	6.3%	6.2%	145.7%	143.4%	154.2%
Total	**33,477**	**69,950**	**81,720**	100.0%	100.0%	100.0%	**36.1%**	**26.7%**	**20.7%**
Median Household Income	**$35,045**	**$35,407**	**$35,961**						

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The table above summarizes annual household income levels in the City of College Station as reported in the 2000 Census and the ACS 2010 Estimate. (Please note that the decennial Census and the ACS may different on estimated population and household counts even in the same year.) Every income range $35,000 to $49,999 and higher saw an increased share of households in College Station between 2000 and 2010, while the lowest ranges generally saw decreases in share during this time period. This correlates with a trend reported to CDS in which families (ostensibly at the higher income levels) are choosing to live in College Station over Bryan due to a perception of public schools being superior in College Station than in Bryan. Also, some decrease in the lowest income groups occurs "naturally" through monetary inflation.

Households earning less than $15,000, plus those in the next higher cohort up to $25,000, constitute a significant share of the community; however, these likely include many student households. Furthermore, students may report less income than the resources to which they actually have access (parents' credit card, etc.). Evidence of this deceptively higher buying power comes from the growth and success of restaurants, bars, and other retail uses in College Station that are heavily supported by college students.

Strong growth has occurred in population earning from $35,000 to $99,999. These income levels are indicative of the area having a large percentage of public sector white collar jobs that pay solidly middle income salaries. It was reported to CDS | Spillette during interviews that there were few very high paying jobs in College Station but many middle income positions.

Still, the share of households earning over $100,000 (15%), has also been growing strongly. Such households have helped to boost the estimated median annual household income to over $33,000.

A comparison of household income estimates across the City of College Station, Brazos County, and the MSA finds that the distribution of households by household income level is relatively consistent among the three levels of geography. For all three, households with income levels at $75,000 and above saw the largest percentage increase between 2000 and 2010.

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2010 Household Income by Age of Householder – City - MSA Comparison

	2010 1-Year ACS Estimates			
	Number of Households by Age of Householder		Share	
Income Cohort	**Age under 25**	**Age 25+**	**Age under 25**	**Age 25+**
CITY OF COLLEGE STATION				
Less than $15,000	7,979	1,557	62.4%	7.5%
$15,000 to $24,999	1,689	3,129	13.2%	15.1%
$25,000 to $34,999	835	1,539	6.5%	7.4%
$35,000 to $49,999	1,266	2,848	9.9%	13.8%
$50,000 to $74,999	516	3,763	4.0%	18.2%
$75,000 to $99,999	497	2,839	3.9%	13.7%
$100,000 to $149,999	-	2,632	0.0%	12.7%
$150,000 or more	-	2,388	0.0%	11.5%
Total	**12,782**	**20,695**	100.0%	100.0%
COLLEGE STATION - BRYAN MSA				
Less than $15,000	10,685	19,566	58.0%	26.5%
$15,000 to $24,999	3,168	9,187	17.2%	12.4%
$25,000 to $34,999	1,423	6,408	7.7%	8.7%
$35,000 to $49,999	1,266	8,850	6.9%	12.0%
$50,000 to $74,999	1,310	11,129	7.1%	15.1%
$75,000 to $99,999	539	8,157	2.9%	11.0%
$100,000 to $149,999	-	5,572	0.0%	7.5%
$150,000 or more	42	5,004	0.2%	6.8%
Total	**18,433**	**73,873**	100.0%	100.0%

Source: U.S. Census Bureau, CENSUS TABLE B19037 AND C19037

Differences in income profiles between geographies become more pronounced, however, when examining data for different age classes of householders. The table above illustrates this comparison for the City of College Station and the College Station - Bryan MSA.

A key finding is that the majority of very poor households (those that earn less than $15,000) in the City of College Station are headed by people younger than 25; these are likely student households, which as previously stated may have family and student aid related resources well above their actual reported personal incomes. This compares to just over a third of all households in the total MSA earning less than $15,000 being headed by people younger than 25 – and most of those are the College Station student households. For the MSA overall, most of the poorest households are headed by adults over age 25.

Another interesting finding is a distinct preference among relatively prosperous young households for living in College Station over elswhere in the MSA. Nearly all MSA households headed by people younger than 25 that have household incomes $35,000 to $49,999 and $75,000 to $99,999 living within the City of College Station. Similarly, nearly half of households headed by people younger than 25 with household incomes between $50,000 and $74,999 reside within the City of College Station.

The other notable difference is for households headed by those age 25 and older. These households are substantially more affluent in College Station than overall MSA. In College Station, approximately 38% of such households earn at least $75,000; for MSA, they constitute just a 25% share.

The equivalent geographic comparison of median household income by age of householder underscores these points. Median household incomes for the two oldest age groups (householders age 45 and over)

2010 Median Household Income by Age of Householder – City - MSA Comparison

	Median Household Income - 2010 1-Year ACS Estimates	
Age Cohort	College Station	College Station - Bryan MSA
Householder under 25 years	$ 9,037	$ 9,495
Householder 25 to 44 years	$ 44,302	$ 43,321
Householder 45 to 64 years	$ 63,618	$ 51,448
Householder 65 years and over	$ 68,869	$ 38,372

Source: U.S. Census Bureau, 2010 American Community Survey

are significantly higher in College Station than in the MSA as a whole. This reflects an upward spiral intertwining demographics, market preferences, and new development: more affluent middle aged and older households have chosen to live in College Station, leading to new home construction priced to sell to these households. The desire to be among like demographics and associated amenities and services such as strongly performing schools leads to an entrenchment of market appeal for new households appearing in the market, which leads to more new housing construction, etc.

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Race and Ethnicity – City of College Station

Race / Ethnicity	Census Estimates 2000 Number	Census Estimates 2000 Share	Census Estimates 2010 Number	Census Estimates 2010 Share	Change 2000 - 2010 Number	Change 2000 - 2010 % Change
Total Population	67,890	100.0%	93,857	100.0%	25,967	38.2%
Once race	66,608	98.1%	91,622	97.6%	25,014	37.6%
White	54,673	80.5%	72,502	77.2%	17,829	32.6%
Black or African American	3,698	5.4%	6,383	6.8%	2,685	72.6%
American Indian and Alaska Native	206	0.3%	369	0.4%	163	79.1%
Asian	4,951	7.3%	8,576	9.1%	3,625	73.2%
Native Hawaiian and Other Pacific Islander	44	0.1%	59	0.1%	15	34.1%
Some Other Race	3,036	4.5%	3,733	4.0%	697	23.0%
Two or More Races	1,282	1.9%	2,235	2.4%	953	74.3%
Two races with Some Other Race	612	0.9%	613	0.7%	1	0.2%
Two races without Some Other Race	616	0.9%	1,531	1.6%	915	148.5%
Three or more races with Some Other Race	54	0.1%	15	0.0%	(39)	-72.2%
Three or more races without Some Other Race	-	-	76	0.1%	-	-
Hispanic or Latino (of any race)	6,759	10.0%	13,165	14.0%	6,406	94.8%
Mexican	4,437	6.5%	9,773	10.4%	5,336	120.3%
Puerto Rican	163	0.2%	328	0.3%	165	101.2%
Cuban	84	0.1%	189	0.2%	105	125.0%
Other Hispanic or Latino	2,075	3.1%	2,875	3.1%	800	38.6%
Not Hispanic or Latino	61,131	90.0%	80,692	86.0%	19,561	32.0%
One Race	66,608	98.1%	91,622	97.6%	25,014	37.6%
Hispanic or Latino	6,363	9.4%	12,451	13.3%	6,088	95.7%
Not Hispanic or Latino	60,245	88.7%	79,171	84.4%	18,926	31.4%
Two or More Races	1,282	1.9%	2,235	2.4%	953	74.3%
Hispanic or Latino	396	0.6%	714	0.8%	318	80.3%
Not Hispanic or Latino	886	1.3%	1,521	1.6%	635	71.7%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

Race and ethnicity within the City of College Station is summarized in the table above. In both the 2000 and 2010 Census white residents made up by far the largest percentage of the population. The share reduced from 80.5% in 2000 to 77.2% in 2010. During this same period, Black or African American, Asian, and Hispanic or Latino residents have all grown in their relative percentages of the entire population. Latinos have shown rapid population growth, though they are still a relatively low share of the population compared to many Texas cities.

Housing Characteristics

Housing Occupancy Status – City of College Station

Housing Characteristic	Census Estimates 2000 Number	Share	2010 Number	Share	Change 2000 - 2010 Number	% Change
Occupancy Status:						
Total housing units	26,054	100%	37,226	100%	11,172	42.9%
Occupied housing units	24,691	94.8%	35,037	94.1%	10,346	41.9%
Vacant housing units	1,363	5.2%	2,189	5.9%	826	60.6%
Tenure:						
Occupied housing units	24,691	100.0%	35,037	100.0%	10,346	41.9%
Owner occupied	7,546	30.6%	11,633	33.2%	4,087	54.2%
Owned with a mortgage or loan	-	-	8,598	24.5%	-	-
Owned free and clear	-	-	3,035	8.7%	-	-
Renter occupied	17,145	69.4%	23,404	66.8%	6,259	36.5%
Vacancy Status:						
Vacant housing units	1,363	100.0%	2,189	100.0%	826	60.6%
For rent	896	65.7%	1,240	56.6%	344	38.4%
Rented, not occupied	-	-	96	4.4%	-	-
For sale only	111	8.1%	245	11.2%	134	120.7%
Sold, not occupied	-	-	92	4.2%	-	-
For seasonal, recreational, or occasional use	111	8.1%	264	12.1%	153	137.8%
For migratory workers	2	0.1%	0	0.0%	(2)	-100.0%
Rented or sold, not occupied	72	5.3%	0	0.0%	-	-
Other vacant	171	12.5%	252	11.5%	81	47.4%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The table above summarizes housing occupancy status for the City of College Station as reported in both the 2000 and 2010 Census. Approximately only one third of the housing units in College Station were recorded as owner-occupied in each Census, though there was a slight increase in share from 30.6% in 2000 to 33.2% in 2010. This increase can be attributed to new upscale single family housing that was constructed in south College Station during this period. However, several interviewees expressed concern that too much new student oriented rental housing was being brought to market in the next 1-3 years. Interviewees were concerned that this would reduce the values of existing single family and multifamily rental housing in College Station, resulting in the decline of some older, existing rental housing. Indeed, a study of student housing in 2011 by CDS documented nearly 6,000 apartment units in College Station and Bryan that had been built since 1995, with over 900 more planned.

Housing Occupancy Trends 2000 - 2010 – City of College Station

	Census Estimates				Change	
	2000		2010		2000 - 2010	
	Number	Share	Number	Share	Number	% Change
Occupied housing units	24,691	100.0%	35,037	100.0%	10,346	41.9%
Owner-occupied housing units	7,546	30.6%	11,633	33.2%	4,087	54.2%
Population in owner-occupied housing units	20,962		31,228		10,266	49.0%
Average household size of owner-occupied units	2.78		2.68		(0.10)	-3.6%
Renter-occupied housing units	17,145	69.4%	23,404	66.8%	6,259	36.5%
Population in renter-occupied housing units	36,225		52,282		16,057	44.3%
Average household size of renter-occupied units	2.11		2.23		0.12	5.7%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

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The table above further illustrates the distribution between renter and owner occupied housing units within the City of College Station. It should be noted that in the period between 2000 and 2010, the number of owner occupied housing units in College Station increased by 54.2% while the number of renter occupied housing units only increased by 44.3%.

Workforce Characteristics: Education, Occupation, and Wages

The attractiveness of an area is heavily dependent upon the educational attainment and work experience of its labor force. The Census gathers data regarding educational attainment and occupation in the Census and the American Community Survey estimates.

Educational Attainment – Population 25 Years and Older

City of College Station

Educational Attainment	Census Estimates				Change	
	2000		2010		2000 - 2010	
	Number	Share	Number	Share	Number	% Change
Less than 9th grade	485	2.1%	558	1.5%	73	15.1%
Some High School, no diploma	953	4.1%	930	2.5%	(23)	-2.4%
High School Graduate (or GED)	2,845	12.2%	5,618	15.1%	2,773	97.5%
Some College, no degree	4,323	18.6%	6,101	16.4%	1,778	41.1%
Associate Degree	1,156	5.0%	2,455	6.6%	1,299	112.4%
Bachelor's Degree	6,647	28.5%	10,156	27.3%	3,509	52.8%
Graduate or professional degree	6,892	29.6%	11,384	30.6%	4,492	65.2%
Total	**23,301**	**100.0%**	**37,203**	**100.0%**	**13,902**	**59.7%**

Metro Area Comparison

Educational Attainment	2010 ACS 1-Year Estimates							
	Population Age 25 and Over				Share			
	College Station	College Station - Bryan MSA	Austin-Round Rock-San Marcos MSA	Houston-Baytown-Sugar Land MSA	College Station	College Station - Bryan MSA	Austin-Round Rock-San Marcos MSA	Houston-Baytown-Sugar Land MSA
Less than 9th grade	558	8,863	70,833	373,828	1.5%	7.5%	6.5%	10.0%
Some High School, no diploma	930	10,754	65,384	351,398	2.5%	9.1%	6.0%	9.4%
High School Graduate (or GED)	5,618	30,724	217,947	893,448	15.1%	26.0%	20.0%	23.9%
Some College, no degree	6,101	22,689	237,562	833,636	16.4%	19.2%	21.8%	22.3%
Associate Degree	2,455	7,208	69,743	224,297	6.6%	6.1%	6.4%	6.0%
Bachelor's Degree	10,156	20,089	280,062	695,320	27.3%	17.0%	25.7%	18.6%
Graduate or professional degree	11,384	17,844	149,294	366,351	30.6%	15.1%	13.7%	9.8%
High school graduate or higher	35,715	98,673	953,517	3,013,052	96.0%	83.5%	87.5%	80.6%
Bachelor's degree or higher	21,541	37,933	429,355	1,061,671	57.9%	32.1%	39.4%	28.4%
Total	37,203	118,171	1,089,734	3,738,278	100.0%	100.0%	100.0%	100.0%

Sources: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The tables above summarize educational achievement for the population aged 25 years old and older. The City of College Station is generally a well educated community. Sixty-four percent of residents aged 25 or older have at least an Associate Degree, and the largest percentage of that group has a graduate or professional degree.

The second table compares educational achievement in College Station to the MSA as a whole as well as the Austin and Houston MSAs. The percentage of residents with graduate or professional degrees in College Station is twice that of the MSA as a whole, over twice the percentage in the Austin MSA, and over three times the percentage in the Houston MSA. This can be directly attributed to the high education levels needed to fill many positions within the Texas A&M University system in College Station as well as other growth fields such as education and healthcare. In addition, the City of College Station has a significantly lower percentage of residents of lower educational attainment levels (did not earn a college degree). Of course, the overall number of the college-degreed is much lower in College Station and its MSA than in the larger metros. Interestingly, all four geographies had very similar percentages of residents who had achieved an Associate degree.

Occupations – City of College Station

	Census Estimates				Change	
	2000		2010		2000 - 2010	
Occupation Category	Number	Share	Number	Share	Number	% Change
TOTAL EMPLOYED RESIDENTS:	31,807	100%	46,420	100%	14,613	45.9%
Management, professional, and related occupations:	14,675	46.1%	-	-	-	-
Management, business, and financial operations occupations:	3,415	10.7%	5,793	12.5%	2,378	69.6%
Management occupations, except farmers and farm managers	2,585	8.1%	4,240	9.1%	1,655	64.0%
Farmers and farm managers	54	0.2%	-	-	-	-
Business and financial operations occupations:	776	2.4%	1,553	3.3%	777	100.1%
Business operations specialists	416	1.3%	-	-	-	-
Financial specialists	360	1.1%	-	-	-	-
Professional and related occupations:	11,260	35.4%	-	-	-	-
Computer and mathematical occupations	983	3.1%	1,485	3.2%	502	51.1%
Architecture and engineering occupations:	766	2.4%	974	2.1%	208	27.2%
Architects, surveyors, cartographers, and engineers	467	1.5%	-	-	-	-
Drafters, engineering, and mapping technicians	299	0.9%	-	-	-	-
Life, physical, and social science occupations	1,450	4.6%	1,371	3.0%	(79)	-5.4%
Community and social services occupations	430	1.4%	785	1.7%	355	82.6%
Legal occupations	195	0.6%	53	0.1%	(142)	-72.8%
Education, training, and library occupations	5,098	16.0%	8,592	18.5%	3,494	68.5%
Arts, design, entertainment, sports, and media occupations	758	2.4%	425	0.9%	(333)	-43.9%
Healthcare practitioners and technical occupations:	1,580	5.0%	1,998	4.3%	418	26.5%
Health diagnosing and treating practitioners and technical occupations	956	3.0%	1,151	2.5%	195	20.4%
Health technologists and technicians	624	2.0%	847	1.8%	223	35.7%
Service occupations	5,403	17.0%	7,621	16.4%	2,218	41.1%
Healthcare support occupations	405	1.3%	187	0.4%	(218)	-53.8%
Protective service occupations:	505	1.6%	536	1.2%	31	6.1%
Fire fighting/prevention and law enforcement, incl. supervisors	325	1.0%	-	-	-	-
Other protective service workers, including supervisors	180	0.6%	-	-	-	-
Food preparation and serving related occupations	2,752	8.7%	3,195	6.9%	443	16.1%
Building and grounds cleaning and maintenance occupations	557	1.8%	1,868	4.0%	1,311	235.4%
Personal care and service occupations	1,184	3.7%	1,835	4.0%	651	55.0%
Sales and office occupations	8,245	25.9%	12,772	27.5%	4,527	54.9%
Sales and related occupations	3,188	10.0%	5,221	11.2%	2,033	63.8%

Occupation Category	Census Estimates 2000 Number	Census Estimates 2000 Share	Census Estimates 2010 Number	Census Estimates 2010 Share	Change 2000 - 2010 Number	Change 2000 - 2010 % Change
Office and administrative support occupations	5,057	15.9%	7,551	16.3%	2,494	49.3%
Farming, fishing, and forestry occupations	188	0.6%	102	0.2%	(86)	-45.7%
Construction, extraction, and maintenance occupations	1,489	4.7%	-	-	-	-
Construction and extraction occupations:	743	2.3%	984	2.1%	241	32.4%
Supervisors, construction and extraction workers	263	0.8%	-	-	-	-
Construction trades workers	480	1.5%	-	-	-	-
Extraction workers	-	0.0%	-	-	-	-
Installation, maintenance, and repair occupations	746	2.3%	1,306	2.8%	560	75.1%
Production, transportation, and material moving occupations	1,807	5.7%	2,159	4.7%	352	19.5%
Production occupations	786	2.5%	911	2.0%	125	15.9%
Transportation and material moving occupations:	1,021	3.2%	-	-	-	-
Supervisors, transportation and material moving workers	8	0.0%	-	-	-	-
Aircraft and traffic control occupations	35	0.1%	-	-	-	-
Motor vehicle operators	623	2.0%	-	-	-	-
Rail, water and other transportation occupations	46	0.1%	-	-	-	-
Material moving workers	309	1.0%	377	0.8%	68	22.0%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The table above summarizes the distribution of employed residents by various occupations within the City of College Station in both 2000 and 2010. (Not all the categories estimated in 2000 were also estimated in 2010, creating missing values.) In 2010, the two largest groups of workers living in College Station were “Education, Training, and Library Occupations” and “Office and Administrative Support Occupations.” Several occupational categories saw significant increases between 2000 and 2010 including “Business and financial operations occupations” and “Building and grounds cleaning and maintenance occupations,” which saw increases of 100.1% and 235.4% respectively. “Legal Occupations” and “Healthcare support occupations” saw the greatest reduction between 2000 and 2010, decreasing 72.8% and 53.8% respectively. The latter of these two is counterintuitive, given the growth in the health care sector observed by CDS | Spillette and reported by multiple interviewees.

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Occupations – Geographical Comparison

	2010 Estimate		Share			% Change 2000 - 2010	
Occupation Category	College Station	College Station - Bryan MSA	College Station	College Station - Bryan MSA	College Station Share of MSA	College Station	College Station - Bryan MSA
TOTAL EMPLOYED RESIDENTS	46,420	101,956	100%	100%	45.5%	45.9%	19.3%
Management, business, science, and arts occupations	21,476	39,005	46.3%	38.3%	55.1%	-	-
Management, business, and financial occupations:	5,793	12,628	12.5%	12.4%	45.9%	69.6%	30.7%
Management occupations	4,240	10,003	9.1%	9.8%	42.4%	64.0%	57.3%
Business and financial operations occupations	1,553	2,625	3.3%	2.6%	59.2%	100.1%	-1.2%
Computer, engineering, and science occupations	3,830	6,255	8.3%	6.1%	61.2%	-	-
Computer and mathematical occupations	1,485	2,728	3.2%	2.7%	54.4%	51.1%	45.0%
Architecture and engineering occupations	974	1,872	2.1%	1.8%	52.0%	27.2%	33.0%
Life, physical, and social science occupations	1,371	1,655	3.0%	1.6%	82.8%	-5.4%	-30.0%
Education, legal, community service, arts, and media occupations	9,855	15,383	21.2%	15.1%	64.1%	-	-
Community and social service occupations	785	1,764	1.7%	1.7%	44.5%	82.6%	44.5%
Legal occupations	53	744	0.1%	0.7%	7.1%	-72.8%	67.2%
Education, training, and library occupations	8,592	11,885	18.5%	11.7%	72.3%	68.5%	22.7%
Arts, design, entertainment, sports, and media occupations	425	990	0.9%	1.0%	42.9%	-43.9%	-29.9%
Healthcare practitioners and technical occupations	1,998	4,739	4.3%	4.6%	42.2%	26.5%	29.4%
Health diagnosing and treating practitioners and other technical occupations	1,151	2,718	2.5%	2.7%	42.3%	20.4%	22.8%
Health technologists and technicians	847	2,021	1.8%	2.0%	41.9%	35.7%	39.5%
Service occupations	7,621	17,194	16.4%	16.9%	44.3%	41.1%	22.2%
Healthcare support occupations	187	1,753	0.4%	1.7%	10.7%	-53.8%	15.6%
Protective service occupations:	536	1,648	1.2%	1.6%	32.5%	6.1%	-0.9%
Fire fighting and prevention, and other protective service workers including supervisors	371	636	0.8%	0.6%	58.3%	-	-
Law enforcement workers including supervisors	165	1,012	0.4%	1.0%	16.3%	-	-
Food preparation and serving related occupations	3,195	6,394	6.9%	6.3%	50.0%	16.1%	19.9%
Building and grounds cleaning and maintenance occupations	1,868	4,632	4.0%	4.5%	40.3%	235.4%	60.8%
Personal care and service occupations	1,835	2,767	4.0%	2.7%	66.3%	55.0%	3.2%
Sales and office occupations	12,772	26,055	27.5%	25.6%	49.0%	54.9%	22.0%
Sales and related occupations	5,221	9,608	11.2%	9.4%	54.3%	63.8%	11.7%
Office and administrative support	7,551	16,447	16.3%	16.1%	45.9%	49.3%	28.9%

Occupation Category	2010 Estimate		Share		College Station Share of MSA	% Change 2000 - 2010	
	College Station	College Station - Bryan MSA	College Station	College Station - Bryan MSA		College Station	College Station - Bryan MSA
occupations							
Natural resources, construction, and maintenance occupations	2,392	11,151	5.2%	10.9%	21.5%	-	-
Farming, fishing, and forestry occupations	102	1,085	0.2%	1.1%	9.4%	-45.7%	57.0%
Construction and extraction occupations	984	6,223	2.1%	6.1%	15.8%	32.4%	-25.4%
Installation, maintenance, and repair occupations	1,306	3,843	2.8%	3.8%	34.0%	-	-
Production, transportation, and material moving occupations	2,159	8,551	4.7%	8.4%	25.2%	19.5%	-7.4%
Production occupations	911	3,564	2.0%	3.5%	25.6%	15.9%	-25.5%
Transportation occupations	871	3,171	1.9%	3.1%	27.5%	-	-
Material moving occupations	377	1,816	0.8%	1.8%	20.8%	22.0%	10.5%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The table above compares the distribution of employed residents by occupation type between College Station and the MSA as a whole. There are several occupation types in which the majority of such workers in the MSA are living in College Station. These include:

- "Life, physical, and social science occupations" (82.8%)
- "Education, training, and library occupations" (72.3%)
- "Personal care and service occupations" (66.3%)
- "Education, legal, community service, arts, and media occupations" (64.1%)
- "Computer, engineering, and science occupations" (61.2%)
- "Business and financial operations occupations" (59.2%)
- "Firefighters and related" (58.3%)
- "Management, business, science, and arts occupations" (55.1%)
- "Sales and related occupations" (54.3%)

Thus workers with occupations which require a greater amount of "formal" education, and those considered "white collar," appear to reside more frequently in College Station.

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Comparison of Wage Levels by Occupation

Occupational Title	Median Annual Wage Rates ($) USA	Texas	Brazos Valley LWDA	Brazos Valley Difference From USA	From Texas
All	33,840	31,489	29,027	(4,813)	(2,462)
Management	91,440	88,258	75,603	(15,837)	(12,655)
Business and Financial Operations	60,670	59,321	47,952	(12,718)	(11,369)
Computer and Mathematical	73,720	73,590	49,935	(23,785)	(23,655)
Architecture and Engineering	70,610	71,420	42,333	(28,277)	(29,087)
Life, Physical, and Social Science	58,530	54,706	41,251	(17,279)	(13,455)
Community and Social Service	39,280	39,448	38,373	(907)	(1,075)
Legal	74,580	67,959	45,675	(28,905)	(22,284)
Education, Training, and Library	45,690	47,440	44,214	(1,476)	(3,226)
Arts, Design, Entertainment, Sports, and Media	42,870	39,600	42,418	(452)	2,818
Healthcare Practitioners and Technical	58,490	55,237	44,760	(13,730)	(10,477)
Healthcare Support	24,760	21,707	21,784	(2,976)	77
Protective Service	36,660	35,147	35,372	(1,288)	225
Food Preparation and Serving Related	18,770	17,658	17,281	(1,489)	(377)
Building and Grounds Cleaning and Maintenance	22,490	19,497	20,012	(2,478)	515
Personal Care and Service	20,640	18,111	17,935	(2,705)	(176)
Sales and Related	24,370	23,041	19,695	(4,675)	(3,346)
Office and Administrative Support	30,710	29,315	26,693	(4,017)	(2,622)
Farming, Fishing, and Forestry	19,630	19,813	21,846	2,216	2,033
Construction and Extraction	39,080	31,919	31,158	(7,922)	(761)
Installation, Maintenance, and Repair	40,120	36,723	32,509	(7,611)	(4,214)
Production	30,330	28,163	25,946	(4,384)	(2,217)
Transportation and Material Moving	28,400	26,679	22,877	(5,523)	(3,802)

Source: Texas Workforce Commission

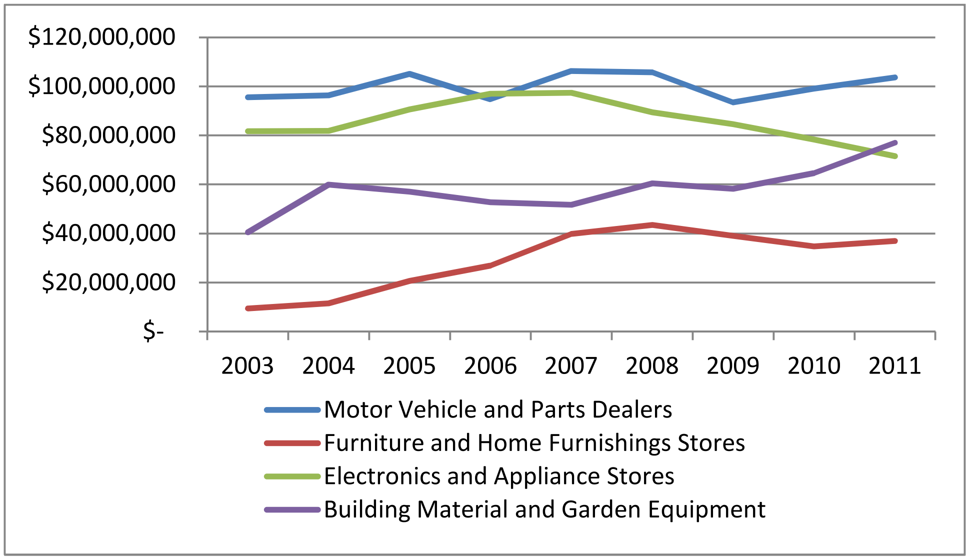
Despite the high levels of education featured in the Brazos Valley Workforce Development Area, median wage rates are not higher than elsewhere in Texas – in fact, they are typically lower. The above table compares annual wage levels by occupation category between the Brazos Valley, Texas, and the USA overall. Only those with Farming, Fishing, and Forestry occupations earn more in the Brazos Valley than in either Texas or the USA overall. In several categories, median wages are dramatically lower in the Brazos Valley. These include Computer and Mathematical, Architecture and Engineering, and Legal workers.

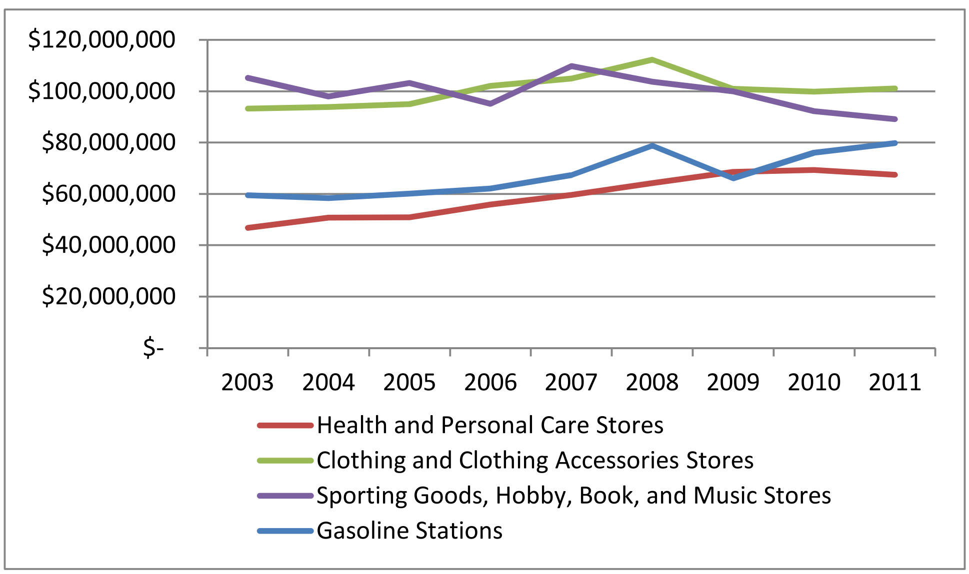
Market Analysis

Retail / Commercial

City of College Station Retail Sales 2003 – 2011

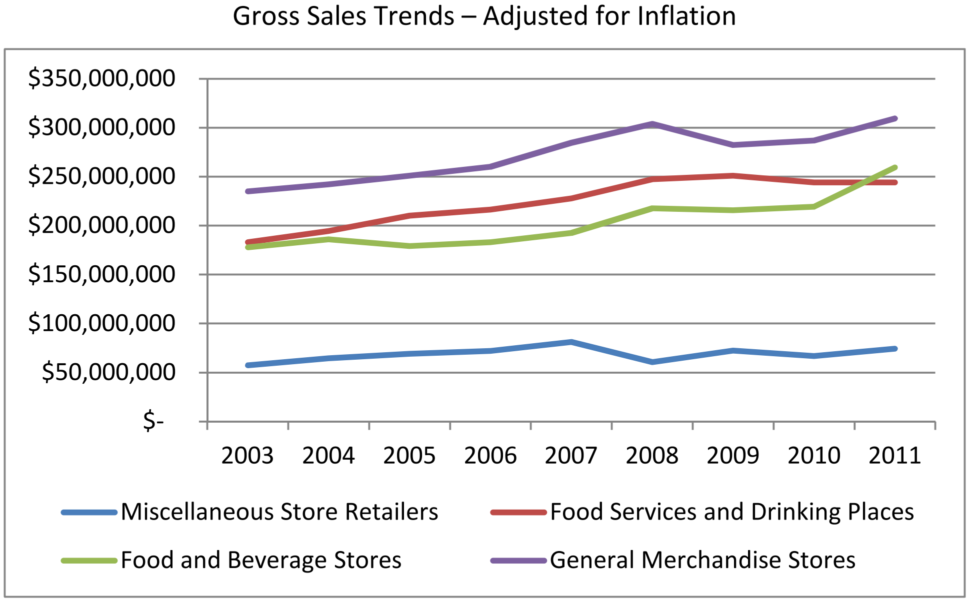
Gross Sales Trends – Adjusted for Inflation



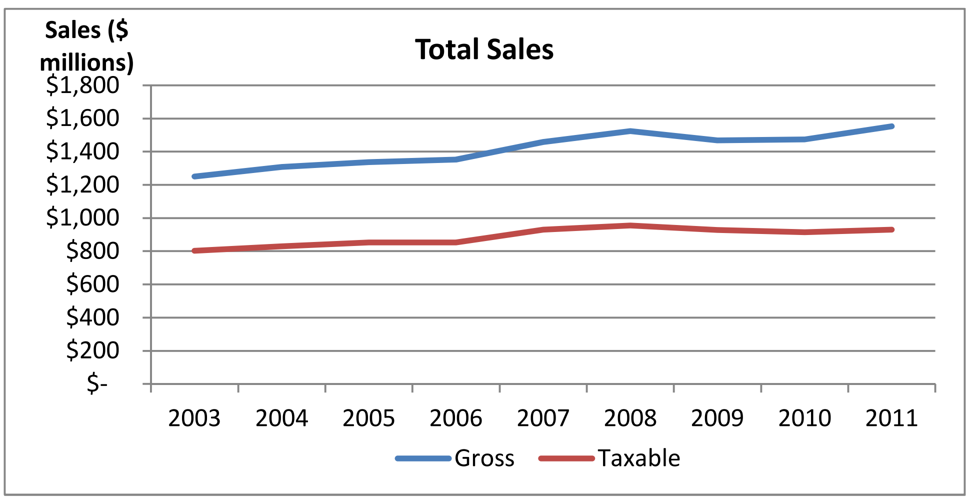


Source: Texas State Comptroller's Office

City of College Station Retail Sales 2003 - 2011



Source: Texas State Comptroller's Office



Source: Texas State Comptroller's Office

The charts above and on the previous page summarize gross sales trends by category for businesses located in College Station during the period from 2003 through 2011. The categories shown are those which comprise a substantial share of typical retail space occupancy.

The data show that the retail sales categories with the highest gross sales during this period are General Merchandise (Walmart, Target, dollar stores, department stores), food and beverage stores (supermarkets), and food services and drinking places (restaurants and bars). The first two have experienced increasing sales since 2009, after the initial shock of the recession began to wear off. These are also retail categories closely associated with nearby residential population, which has continued to grow in College Station.

Most retail categories, however, have yet to recover to their 2007-08 peaks, despite ongoing population growth (and as noted in earlier the discussion of demographic trends, growth in higher income households in College Station). There are three likely reasons for this:

- Continued reduction in personal retail spending, especially for non-essential goods and services, due to weaker general economic trends in Texas and across the U.S.
- Transfer of spending from "bricks and mortar" establishments – physical stores – to Internet shopping, which is not yet tied to a specific location for sales tax purposes. For some store categories, such as books, music, and electronics stores, such patterns have led to many store closures. It is notable in this regard that the decline in spending at these types of stores began in 2007 in College Station before the recession actually hit.
- Leakage of spending to other markets, usually the greater Houston area. Most notably, the Houston Premium Outlets, within a one hour drive of College Station, opened in 2008 in the Cypress area of far northwest Houston. The Woodlands Mall and Market Street are also within a relatively convenient drive.

Except for Building Material and Garden Equipment stores, which have increased sales with the local population, most other categories have been relatively stagnant since 2008. The most surprising result comes from Food Services and Drinking Places; despite new restaurants and bars having opened in the last few years, plus the inability to substitute Internet spending, total spending at this category has been essentially unchanged since 2008.

The increased spending after the main recession year of 2009 in General Merchandise, Food and Beverage, and Building Material establishments has been enough to increase total gross sales (of the selected retail categories) to a new high in 2011 of $1.55 billion. However, taxable sales, which do not include tax exempt purchases by certain government agencies and charities plus a significant share of regular consumer nontaxable grocery purchases (usually 25-30%), were $931 million, still slightly below 2008 levels.

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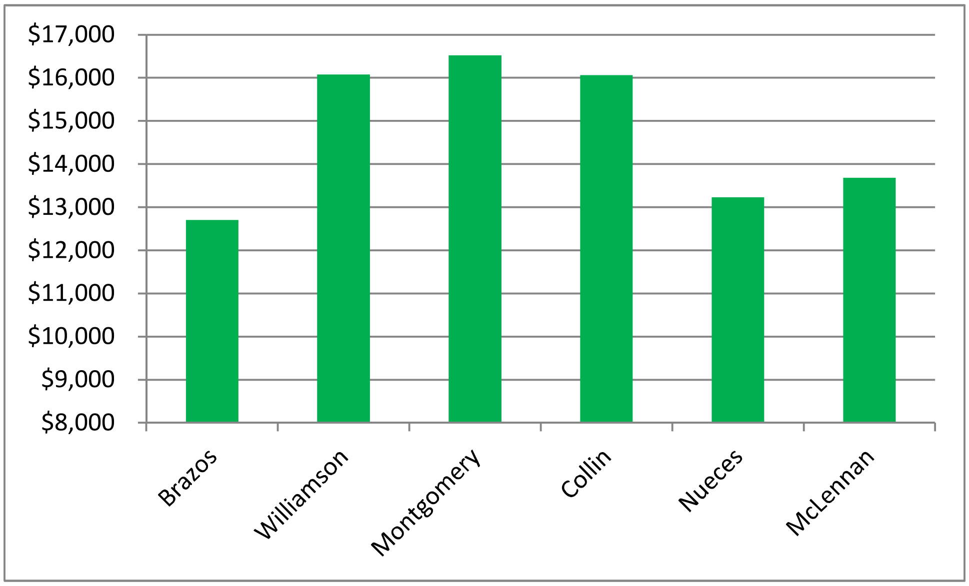
Gross Retail Sales per Capita 2011 – Urban Counties Comparison



Note: Does not include restaurants or drinking places.
Sources: Texas State Comptroller's office; US Census

A comparison of Brazos County retail sales per capita to other Texas counties with moderately sized urban populations (albeit all larger than Brazos County) shows that Brazos County lags the others. Compared to high-growth metropolitan counties with a substantial population of educated residents (Williamson, Montgomery, and Collin), Brazos has a much lower level of retail spending per capita. However, it is also below smaller metropolitan counties in lower-growth areas (Nueces and McLennan). This may be due in part to the departure from the area of the student population during summer and holiday breaks.

Statistics on the inventory and market performance of retail space in the College Station – Bryan MSA were not available, so additional market assessment comes from anecdotal and qualitative research through interviews with real estate professionals and others in the area. Such professionals who were knowledgeable about the retail market mentioned that several sectors of retail have seen significant development growth in the College Station area. For example, General Merchandise stores have experienced recent and / or current expansion in the College Station - Bryan MSA; a new Walmart will be developed in Bryan this year.

The Post Oak Mall, the largest retail property in the MSA at 775,000 square feet, has been experiencing increased sales since 2010 and expects increases in occupancy and lease rates this year. It is undergoing a needed renovation. Restaurants have also continued to develop new locations in College Station, including pad sites at the Mall.

Other interviewee observations regarding the health of the retail market included:

- The MSA is beginning to see increased competition for retail sales from the Woodlands Mall and Market Street and the Houston Premium Outlets in Cypress.
- Retail rents are relatively high in College Station, more than would be expected for a middle class, moderately sized metropolitan area. This is challenging for startup retail businesses.

- Despite the sales data cited above, several interviewees felt that retail sales and development activity were picking up as the recession has waned. No one felt that retail space was overbuilt generally, although certain locations for new retail may be out ahead of building the necessary middle class residential base around them.
- It is difficult for out of area retailers without an existing local presence to understand the buying power of the student population. However, the success of existing restaurants appears to be a confirmation that they have more buying power than raw household income statistics suggest.
- For retailers or restaurants with just one location in the MSA, University Drive is the heart of the market area.
- Texas Avenue could use some revitalization or redevelopment of older retail and commercial properties.
- There is growing potential for retail that is not a standard suburban chain establishment.

Based on the information and data regarding the retail sector presented above, CDS | Spillette has the following assessment of market strength and outlook:

1. Retail activity very directly related to population and housing growth – providing essential goods and services – will likely continue to expand with the growth of the City. This means increasing grocery store and General Merchandise store sales (especially Walmart, Target, and dollar stores), plus Building Material stores (Home Depot, Lowe's, hardware stores and nurseries). It should be noted that increasing sales may not necessarily mean quick conversion to new physical locations, however, as the required market area population even for these uses is fairly large – the rule of thumb for a new full-sized grocery store is 10,000 middle class or affluent residents within a 1-3 mile radius.
2. Data on retail sales conflicts somewhat with the sentiments expressed by local real estate professionals, at least in terms of discretionary, non-essential spending categories. This should give pause to the assumption of future significant growth in these types of stores.
3. Retail development in more outlying areas, even if fast-growing like south College Station, risks being "ahead of the rooftops" – because much of the drive-time trade area has yet to be populated, built space may take substantial time to lease. College Station is a small enough city that outlying residents do not yet face substantial traffic congestion or other hurdles in patronizing existing retail locations along Texas Avenue, Harvey Road, or University Drive.
4. The increasing disparity between the income profiles between College Station and Bryan means that new investments in retailers that primarily serve middle class and affluent residents will tend to continue to consider a College Station location first.
5. It is likely that the spending power of the growing population of college students has been underestimated by chain retailers with standard demographic evaluation formulas. This may have become particularly true as Texas A&M University's student base originated increasingly from middle class and affluent suburbs of large metro areas, where parents often had sufficient wealth to provide students with ample discretionary income that is not captured by Census measurements. The success of non-QSR (quick service restaurant) eating places over the last 15 years is indicative of this. That said, tuition and fee increases, slowing enrollment growth, or continued economic pressure on parental wealth may start to counteract this phenomenon.
6. As the population of professionally employed or wealthy retired adults in College Station and environs increases (and most appear likely to live in College Station, particularly the southern half of the City), it will increase the potential for small-scale shopping and dining environments catering more specifically to that demographic instead of being dominated by college students. This could imply more mid-priced boutiques, personal services, and restaurants that are unique

in the area. It is important to realize that a large-scale development of this sort like the kind recently built in larger metros (the Woodlands Market Street, CityCentre in Houston, Shops at Legacy in Plano, the Domain in Austin) is well beyond the scope of what could occur in College Station in the near to midterm.

Office and Industrial

Office Users and Property Market

Trends in Office-Related Industries

College Station – Bryan MSA

Industry	Employment as of February			Change		
				2000 -	2008 -	2000 -
	2000	2008	2012	2008	2012	2012
Mining, Logging, and Construction	4,500	7,000	6,500	2,500	(500)	2,000
Information	1,600	1,100	1,200	(500)	100	(400)
Financial Activities	3,300	3,300	3,700	-	400	400
Professional and Business Services	4,900	5,600	6,300	700	700	1,400
Total	**14,300**	**17,000**	**17,700**	**2,700**	**700**	**3,400**

Source: Texas Workforce Commission

The employer base in the College Station area is not focused on firms that occupy typical office space (not including medical office space). The above table contains a subset of employment statistics for industries which typically drive office occupancy in Texas. The four industry categories shown account for just 18% of MSA employment. As of 2012, an estimated 17,700 are employed in these industries. At a rough estimate of 250 square feet of space per employee, this translates into demand for 4.4 million square feet of leasable office area. However, it is entirely possible or probable that the Mining, Logging and Construction industries in the MSA do not house their employees in office space, meaning total demand would be substantially lower.

Still, these industries have shown substantial growth since 2000. Only Mining, Logging and Construction showed a negative growth during the post-2008 recession period.

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Trends in Office-Related Occupations

College Station Employed Residents

Occupation Category	Census Estimates – Employed Workers 2000 Number	Census Estimates – Employed Workers 2010 Number	Change 2000 - 2010 Number	Change 2000 - 2010 % Change
Management, professional, and related occupations:	14,675	NA	NA	NA
Management, business, and financial operations occupations:	3,415	5,793	2,378	69.6%
Management occupations, except farmers and farm managers	2,585	4,240	1,655	64.0%
Business and financial operations occupations:	776	1,553	777	100.1%
Business operations specialists	416	NA	NA	NA
Financial specialists	360	NA	NA	NA
Professional and related occupations:	11,260	NA	NA	NA
Computer and mathematical occupations	983	1,485	502	51.1%
Architecture and engineering occupations:	766	974	208	27.2%
Architects, surveyors, cartographers, and engineers	467	NA	NA	NA
Drafters, engineering, and mapping technicians	299	NA	NA	NA
Legal occupations	195	53	(142)	-72.8%
Sales and office occupations	8,245	12,772	4,527	54.9%
Sales and related occupations	3,188	5,221	2,033	63.8%
Office and administrative support occupations	5,057	7,551	2,494	49.3%
TOTAL	**22,920**	**NA**	**NA**	**NA**

Sources: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

The Census Bureau's estimates of employed workers by occupation is imperfect, as the 2010 estimates do not contain specific figures for certain categories that comprise a very small share of the City of College Station's total number of employed residents. Nevertheless, all office-oriented occupations for which 2010 estimates were made showed growth from 2000 to 2010, except Legal occupations.

In major metropolitan areas, financial services are a significant user of space. Those interviewed by CDS | Spillette generally felt that the supply of financial services firms in the College Station area was adequate. However, this industry does not have a large number of employees relative to the overall area job base, so it is not a major driver of office use.

The interviewees who commented on the office market all agreed that demand is weak and possibly shrinking. Typical office users do not appear to be adding significant employment. The pattern of technology replacing the need for some business / job functions and storage space may be contributing to the lack of space demand. Unfortunately, statistics on the real estate market performance of office space was unavailable for the MSA.

Texas A&M University and other educational institutions which are major occupants of office properties have reportedly been pulling many of their office uses back onto their own properties, further weakening the office property market.

Overall observations and conclusions regarding the economic conditions for typical office space users include:

1. Typical office users are mostly growing in employment but are a small part of the total College Station – Bryan economy. Their locations do not appear to be more concentrating in either College Station or Bryan, although Bryan has historically had a larger supply of large office buildings.
2. Some future growth in office users such as financial services firms and accountants should be expected as the area's population increases, since many of these firms (particularly small firms or small branches of large firms) directly serve the local residents and small businesses. This growth will likely be incremental and small-scale, however. Given that the majority of middle class and affluent residential growth is occurring in College Station, these businesses will be more likely to locate there.
3. The City should not expect any large-scale new office building development in the near to middle term. Any additions to inventory are likely to small scale, 1 to 2 story "local professional" office buildings, or second stories to retail development.

Industrial Users and Property Market

Trends in Industrial Employers

College Station – Bryan MSA

	Employment as of February			Change		
				2000 -	2008 -	2000 -
Industry	**2000**	**2008**	**2012**	**2008**	**2012**	**2012**
Manufacturing	5,800	5,500	5,200	-300	-300	-600
Wholesale Trade	1,400	1,800	1,800	400	-	400
Transportation, Warehousing, and Utilities	800	1,400	1,400	600	-	600
Other Services	2,600	2,900	3,100	300	200	500
Total Employment	**10,600**	**11,600**	**11,500**	**1,000**	**-100**	**900**

Source: Texas Workforce Commission

The employment base in the College Station – Bryan MSA is even less focused on manufacturing and industrial users than office users. Total jobs in industry categories that often occupy industrial facilities (factories / fabrication yards, warehousing and logistics, light manufacturing) had net job growth of less than 10% from 2000 to 2012, including a slight net loss during the recession period. Manufacturing employment, which is mostly in Bryan, had a net loss of jobs during the 12-year period, which occurred both before and during the recession.

Trends in Industrial-Related Occupations

College Station Employed Residents

Occupation Category	Census Estimates – Employed Workers 2000 Number	2010 Number	Change 2000 - 2010 Number	% Change
Construction, extraction, and maintenance occupations	2,232	NA	NA	NA
Construction and extraction occupations:	743	984	241	32.44%
Supervisors, construction and extraction workers	263	NA	NA	NA
Construction trades workers	480	NA	NA	NA
Extraction workers	-	NA	NA	NA
Installation, maintenance, and repair occupations	746	1,306	560	75.07%
Production, transportation, and material moving occupations	2,124	2,159	35	1.65%
Production occupations	786	911	125	15.90%
Transportation and material moving occupations:	1,021	NA	NA	NA
Supervisors, transportation and material moving workers	8	NA	NA	NA
Material moving workers	309	377	68	22.01%
TOTAL	4,356	NA	NA	NA

Sources: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

Again, the occupational data for 2010 is missing some categories. In 2000, nearly 14% of employed residents in College Station had occupations that would likely be expected to occur in industrial settings, including construction (construction companies often have industrial properties to store and maintain equipment). For categories for which data was available, fewer than 1,000 workers in "Production," or manufacturing, occupations lived in College Station, with a minor increase of 125 workers during the 10 year period. Only "Installation, maintenance, and repair occupations" showed a significant increase, though that category still totaled less than 1,500 residents.

Several interviewees spoke of past decisions by the College Station city leadership to minimize and discourage location of heavy industry within the City boundaries through development policy and regulation. Any manufacturing facilities are to be "light" or "clean" and affiliated with high-tech industries. Empiric observation has shown that these policies have succeeded, as nearly all manufacturing, particularly heavy manufacturing, is located in Bryan.

Overall observations and conclusions regarding the economic conditions for typical industrial property users include:

1. Sites with freight rail access are available in Bryan, and the Research Valley Partnership (RVP) and others are promoting the location of industrial users who benefit from rail at the northern end of that city. An example of this is the Texas Triangle Business Park.
2. Certain types of heavy manufacturing could grow out of research and high-tech activity of the sort fostered by the TAMU and RVP, even if such manufacturing is not in a typical "high tech" industry sector. Manufacturing is generally moving towards incorporating greater automation, robotics, and cutting-edge techniques such as additive production (3-dimensional printing) that

requires highly advanced equipment and the engineering to create it. It also requires the technological know-how of the equipment operators, meaning that truly low-skill, low-education manufacturing labor demand is diminishing. Thus advanced skills and equipment training is increasingly required, enhancing the need for effective institutions such as Blinn College that can address this field.

3. While the demand for skilled and highly trained labor may increase, the increased productivity achieved through automation and other technological advances in manufacturing mean that total labor demand often falls.
4. Improved highway infrastructure connecting College Station to other metropolitan areas means that logistics uses are more viable.
5. Many small-scale industrial users are contractor services, especially in lower-cost property types. These businesses tend to be tied closely to the construction industry (trades). Increasing construction activity, both for new construction and renovation, in College Station will increase demand for these businesses over time. Some may want to locate in College Station if that is where the bulk of their revenue activities are; however, it is the team's understanding that the City discourages the development of the types of industrial properties that would typically accommodate such users.
6. One interviewee reported that oil field services companies, who often locate in heavy manufacturing space or properties with more minimal, low-cost enclosed buildings, declined in the College Station area to relocate closer to activity around the Eagle Ford shale play in south Texas. These companies may start returning over time, however.

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Health and Wellness

Estimated and Forecast Health-Related Employment

Brazos Valley Workforce Development Area*

Industry	Employment		Change	
	Estimated 2008	Projected 2018	Change	% Change
Health Care and Social Assistance	11,980	15,470	3,490	29%
Ambulatory Health Care Services	4,920	6,630	1,710	34%
Offices of Physicians	1,780	2,420	640	36%
Offices of Dentists	470	620	150	31%
Offices of Other Health Practitioners	330	440	110	32%
Outpatient Care Centers	150	190	40	24%
Medical and Diagnostic Laboratories	100	130	30	22%
Home Health Care Services	1,660	2,380	720	43%
Other Ambulatory Health Care Services	420	450	30	8%
Hospitals, Public/Private	3,470	4,340	870	25%
Specialty (Ex. Psychiatric & Substance Abuse) Hospitals	30	40	10	32%
Nursing and Residential Care Facilities	2,040	2,560	520	25%
Nursing Care Facilities	1,650	2,060	410	24%
TOTAL	**29,000**	**37,730**	**8,730**	**30%**

* Brazos, Burleson, Grimes, Leon, Madison, Robertson, Washington counties
Source: Texas Workforce Commission

Health and wellness care (as opposed to biomedical research, covered in the next section) is one of College Station's most prominent growth industries and a significant part of its economic base. Examination of recent total employment statistics for the Brazos Valley Workforce Development Area (WDA) (not shown here) indicates that health care occupations today make up in the vicinity of 20% to 25% of the job base in the region. As shown in the table above, the Texas Workforce Commission is projecting an increase of 30% in health-care-related occupations by 2018 over 2008 levels within the WDA. The number of jobs in all categories of health care occupations except "Other Ambulatory Care Services" is expected to increase by over 20% during this time.

The American Community Survey from the Census Bureau estimated that only 12.2% of College Station residents (civilian non-institutionalized population) were uninsured in 2010. This is far lower than the 23.7% estimate for Texas and better than the overall College Station – Bryan MSA average of 16.4%. Thus health care providers find College Station an attractive market to serve, examining both the income levels and insurance coverage of its residents. Further population growth sharing strong income and insurance coverage will encourage more investment by health care providers, though changes to federal health care policies may modify the form of that investment.

This investment is already occurring. Scott and White Healthcare is building a new hospital on State Highway 6 at Rock Prairie Road in southern College Station. This 98-acre campus will contain a fivefloor, 320,000 square foot hospital building with 143 beds. A four-story, 125,000 square foot office building will be adjacent. The facility will provide a wide range of specialized care.

Across Highway 6 to the west on Rock Prairie Road – an area designated as a "Medical District" by the City of College Station - the College Station Medical Center has a hospital plus 300,000 square feet of medical office space on its campus that is 85% occupied. The MED, as it is popularly known, just completed a $23 million expansion, the most recent of several that have occurred, and now employs 800. The MED's campus also contains facilities developed and owned by others, such as a Gulf Coast / Brazos Valley Regional Blood Center and a prosthetics practice. Two physician groups are also developing their own medical office buildings on the campus and a Veterans Administration ambulatory care center is coming. The MED is currently working with the RVP to obtain tax abatements for a behavioral care hospital that will house 250 employees in a $12 million facility.

A major development in Bryan has been the initial development of the Health Science Center (HSC), a publicly funded arm of the Texas A&M University System devoted to health care teaching, research, and treatment. The first two buildings on its 200-acre campus along Highway 47 just northwest of the College Station city limits are now open and staffed. Health care services are a by-product of the missions of the various components of the campus. Expansion will continue for some time in the future, including eventually possibly a full-scale hospital.

The other major regional medical facility is St. Joseph Regional Health Center in Bryan. It offers a 310 bed hospital and a Level III trauma center. It has been expanding with satellite facilities around the greater Brazos Valley region, including a new emergency care center in south College Station.

Mr. Tom Jackson of the MED, interviewed during research for this report, stated that while the MED itself does not have a mission of growth per se, the overall industry will continue to grow in the area. The MED obtains most health care staff from the local population, benefiting from education and training provided by Texas A&M and Blinn College. He reported that the local labor market does need to produce more nursing and pharmacy workers. Regarding physicians, the MED often recruits from out of the area, with little or no difficulty. The prestige and resources of the University and the high-quality reputation of the College Station ISD schools are strong lures for this class of worker, along with the appealing general quality of life in the city.

Overall observations and conclusions regarding the economic conditions for typical medical and health care property users include:

1. It should be expected that with both overall population growth and specifically the increasing population of affluent retired and senior adults, health and wellness businesses will continue to expand. Many of these will prefer to locate in College Station, particularly on or close to the MED and Scott and White campuses which are central to the residential areas housing this desirable population.
2. The Health Science Center's expansion, driven by the availability of public funds and research fundraising, will be driven by other motivations than simply chasing the fruits of the local health care market. Some more general locally-oriented health care establishments may seek to locate close to the institutes and clinics on the HSC campus, which is easily large enough to accommodate them.

Technology

Various forms of entrepreneurial, cutting-edge technology businesses are a subject of focused economic development interest in the College Station area. This could include electronics and digital engineering, software, and bioscience and biotech, which has garnered the most significant recent publicity.

Census data (see the Area Economics and Demographics section) showed that College Station is a relatively highly educated community. It also indicated that College Station residents with "Computer and Mathematical" occupations grew considerably from 2000 to 2010 but the number with "Life, Physical, and Social Science" occupations remained relatively unchanged.

Texas A&M University obviously has a large number of faculty and researchers with advanced degrees in science, engineering, and technology fields, but their presence and the large number of students graduated in such fields has not historically translated into a large presence of technology companies. The Location Quotient data showed that the amount of employment in Professional and Technical Services was actually lower than that for the state as a whole.

That said, there is a productive technology sector in the College Station area. Biotech and related industries have received support from existing economic development agencies, including the State of Texas, and Texas A&M University. The City of College Station, the City of Bryan, Brazos County, and the Research Valley Partnership are creating a formalized arrangement called the "Biocorridor" that designates an area on the north side of State Highway 60 (University Avenue) near the TAMU's School of Veterinary Medicine as the location for innovative biotechnology and manufacturing related to research performed at TAMU. Since 2005, three major facilities – the Texas A&M Institute for Genomics Medicine (TIGM), the Texas A&M Institute for Preclinical Studies (TIPS), and the National Center for Therapeutics Manufacturing (NCTM) are three University-related ventures that have located in this area.

In addition, two private firms have set up in the area. Caliber Biotherapeutics, which develops plant-based therapeutics and vaccines, has located near the HSC. Another, G-Con, is a manufacturer that has developed modular bioprocessing facilities for low-cost site-based projects by pharmaceutical and other biotech firms.

The RVP reports that the array of biotech institutions and companies that have invested in the Biocorridor are being coordinated to provide the full set of steps envisioned by the World Health Organization's "One Health Plus" standard. This would be unique in the U.S.

Other categories of "technology" are often less outwardly visible and may not be funded or promoted by TAMU. In terms of other biosciences, research is occurring around the metropolitan area in biofuels, and a biofuels manufacturing facility has located in Bryan. Non-bioscience technology includes a variety of application developers (software programs for computing units such as mobile handsets) and scientific research commercialization firms such as Lynntech, which engages in research projects covering a variety of the areas such as fuel cells and advanced energy systems, materials science, and industrial science. Firms like these have at least two incubator facilities in which to house their operations – the Science Park at Research Valley (the former Westinghouse facility in College Station) for laboratory space and the Fibertown facility in downtown Bryan which is designed for computing and software-related ventures.

One local investment firm, Astin Partners, is prominent in purchasing area science and research groups (including Lynntech) and putting them on a path towards becoming a fully commercially-oriented business. Some of these business are part of the Small Business Innovation Research program of the U.S. federal government.

These technology outfits tend to capitalize on the energy and brainpower of new TAMU science and engineering graduates. Interviewees report that it can be difficult to lure more experienced scientists that initially moved away to larger metros – at least until they are older and more settled. These highly educated persons, if married or in a committed relationship, tend to do so with other highly educated and career-oriented persons, who may have a difficult time finding employment in the College Station area that is commensurate with their background.

In addition, these younger adult scientists and researchers tend to enjoy aspects of urban life that is not yet present in the College Station – Bryan metro. Development of a more unique social and urban environment that caters to adults, not students, would help in this regard. However, the College Station Independent School District is a plus once these families have school aged children.

One other difficulty for the growth of technology industries in and around College Station is the gap between the scientists and engineers who create technologies that can be commercialized and the entrepreneurial managers and business administrators who can actually run companies. Interviewees report that the latter group is limited in number in the local area.

Multiple interviewees also noted that the community is not succeeding at capturing research and technology divisions of energy companies, despite the large number of TAMU graduates that are educated and become employed in these firms. Energy companies (oil and gas) continue to keep their operations and offices in the Houston area or other large metros.

Most recent of all, it has just been announced that the Texas A&M system has won a $1.5 to $2 billion contract with a 25 year time horizon to create a Center for Advanced Development and Manufacturing. This will allow TAMU to become one of the nation's major hubs of vaccine production and bioterror preparedness. University System Chancellor John Sharp states "it's the biggest federal grant to come to Texas since NASA, quite frankly." It is anticipated that this center will create as many as 1,000 new jobs in the College Station – Bryan MSA.

Overall observations and conclusions regarding the economic conditions for technology businesses include:

1. Technology firm executives may need to travel often, and this is where the limited airline connections to Easterwood Airport become problematic. This can discourage technology firms from investing in facilities in the College Station area. While traveling by highway to Austin or Houston for air connections is not difficult, the perception is that this could be an unnecessary hassle for these executives or visiting businesspeople. Getting good high-speed rail service to these airports, especially Houston with its long distance and international connections, would go a long way toward mitigating this problem.
2. Adding another dimension to the College Station urban experience beyond suburban chain retail and college student-oriented entertainment would help attract top-notch scientists and technology researchers from larger cities who provide the creative brainpower behind the companies. These workers also tend to be highly attuned to quality of life issues such as open space and recreational opportunities.
3. It is possible (though speculative) that the limitations College Station puts on certain types of commercial development may limit location opportunities for startup technology firms with too little financial wherewithal to afford higher-quality space.

4. The Technology sector can be expected to grow slowly, although it will remain in a limited role as far as its share of total employment is concerned. Many of the jobs that are added will be well paid, and most such workers will likely locate their residence in College Station, further evolving the City's demographic profile towards a greater number of higher-income households.
5. Cutbacks in federal and state spending will be a risk for the future growth of Biocorridor establishments, as several are dependent of public funding to support their work.

Hospitality and Entertainment

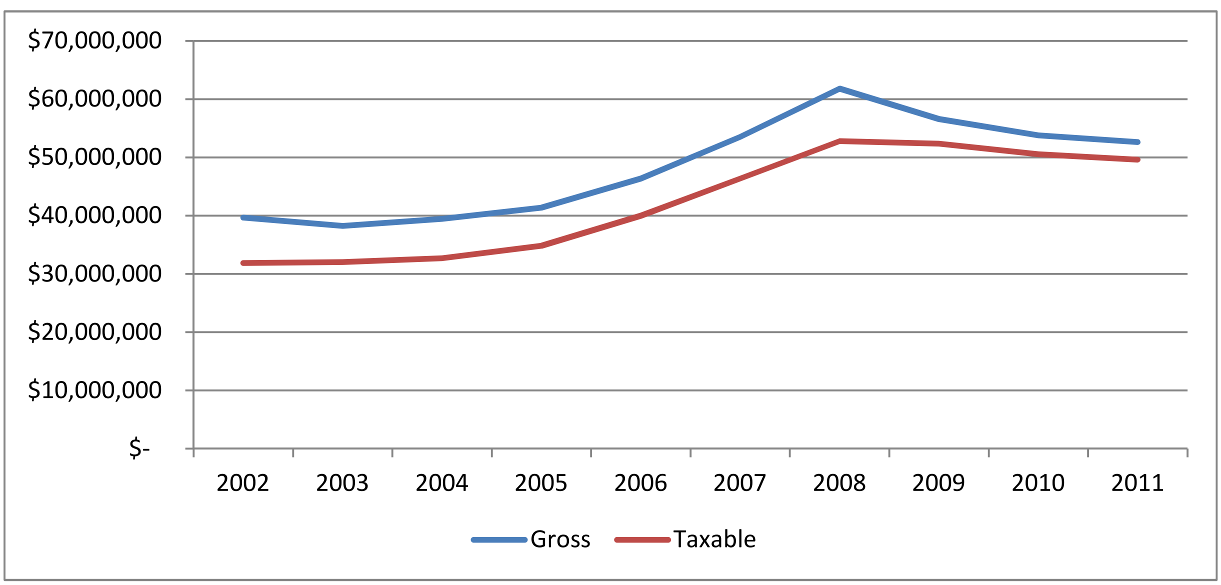
Lodging

The chart below summarizes College Station – Bryan MSA hotel sales revenue from 2002 to 2011. Sales grew meaningfully from 2004 through 2008, increasing more than 50%, and then tapered off 15% (for gross sales) from 2008 to 2011. Occupancy is somewhat weak in terms of the total market at less than 60%, though it is improving. Average daily room rates, at nearly $90, are relatively high for a metro of this size in Texas. These have also been increasing slowly since the low point of the recession, which was not a severe drop. Tourism professionals report that the area did not suffer nearly as much as other markets in Texas after the recession hit. Instead of lowering rates, hotels offered more incentives and services.

Interviewees indicated to CDS Spillette that the market mix for College Station – Bryan's top hotels (Hilton, La Salle, Holiday inn, and Best Western) is 40% non-TAMU groups, 45% leisure travelers

College Station – Bryan Hotel Revenue 2002 - 2011

Gross Sales Trends – Adjusted for Inflation



Source: Texas State Comptroller's Office

(including those traveling for TAMU events like football, graduation, and parents' weekend), and, 15% corporate travelers. In the fall during college football season it is 100% leisure on weekends.

For other hotels, there are small corporate groups using the newer properties, but overall this component is minor. Instead, the general mix is 60% individual leisure and 40% groups.

Currently there are 28 hotel properties, plus several bed and breakfast inns, in the metro area. At least nine properties, all in the limited service category, Interviewees reported to CDS Spillette that despite the recent growth there is a considerable amount of interest from developers to add new high quality limited service hotel product in College Station. One broker and developer mentioned he was working with three groups currently that were considering developing additional limited service hotel product. Although these properties, similar to a Staybridge or Courtyard by Marriot, are high quality and command relatively high room rates, they would leave the College Station Hilton remaining as the only true full service hotel in the area.

Leisure travel demand is nearly all related to University events and attractions, such as football. There are initial indications that TAMU's move to the Southeastern Conference of the NCAA will result in a rise in leisure business for local hotels. The Bush Library created travel demand (not necessarily overnight travel) early after opening, but this has died down.

April through October are the busiest convention months. The group business has been evolving over the last few years as larger metros such as Houston and San Antonio have pursued state-level associations to make up for lost corporate and nationwide group business due to the recession. Youth and amateur sports groups, which are value-oriented, have increased, along with biomedical groups which are willing to pay higher rates.

The major constraint to increasing group travel business is the lack of meeting facilities. The Hilton, as the only true "full service" property, is the only one which can function as a "headquarters" hotel (where both attendee guest rooms and the group's meetings are located for groups of significant size). Its facilities are in use frequently enough that groups must be turned away. The City of College Station had planned to create a convention center in the Chimney Hill area, but these plans have been canceled.

Some value-sensitive groups have been turned away due key times when room rates are elevated (football season). The inadequacy of air service is another principal limiting factor.

The Convention and Visitors Bureau already works closely with TAMU staff to help plan University-related group meetings. Still, the Bureau would like to continue to integrate with TAMU's meeting planning and facilities infrastructure, as there are many potentially attractive meeting facilities on campus that could be made more available. However, better local bus charters are necessary to make up for campus parking constraints.

Overall observations and conclusions regarding the economic conditions for the lodging and meetings market include:

1. Although hotel occupancies are not strong, they manage to have remained adequate despite a number of additions to total local room inventory. This may have been helped the closure of to obsolete properties, the Plaza and the Aggieland Inn.
2. Provided that general economic conditions continue to improve, the City of College Station should expect additional limited-service hotel development. It is too early to be definitive about the long term impact of the move to the SEC on leisure travel. However, value-oriented group business such as sports groups remains strong and growing.
3. Corporate travel is a small aspect of the local market. There is little to indicate that it will grow substantially. In cities where this segment constitutes a bigger share of the mix, it is easier to sustain more upscale dining and entertainment.

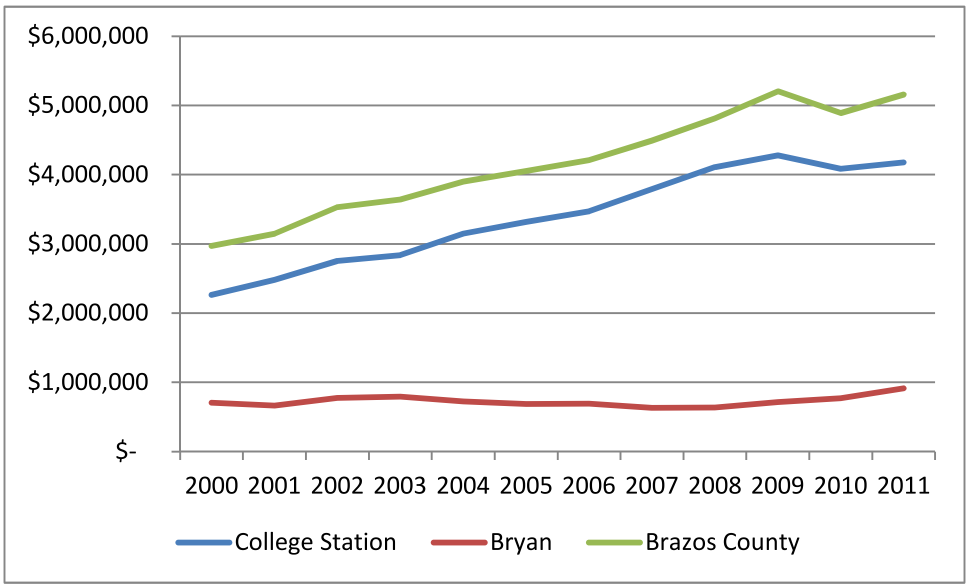
4. The metro area is still almost totally reliant on TAMU for leisure travel. As the City's adult population grows, it could be possible to create events or programming that becomes popular and established enough with local residents that it could begin to draw leisure travelers within driving distance. It would be important to schedule this programming around other periods when hotels and other venues are at capacity, such as football weekends; otherwise the increment of travelers will not be able to stay overnight.

Entertainment

The table above summarizes mixed beverage sales, adjusted for inflation, in the period from 2000 to 2011. Sales are shown for the cities of College Station and Bryan as well as Brazos County as a whole. Sales have trended upward significantly for College Station and Brazos County during this time period.

Mixed Beverage Sales 2000 - 2011

Gross Sales Trends – Adjusted for Inflation



Source: Texas State Comptroller's Office

During the same period sales have remained generally stagnant in Bryan, although they have started to trend upward since 2008. College Station's success may be due to both bar / nightclub establishments and restaurants with liquor licenses.

Large volumes of new dining and entertainment development was both observed by CDS | Spillette and reported by interviewees in several locations within College Station including a densifying Northgate, pad sites around Post Oak Mall, and redevelopment sites along Texas Avenue. A lesser increase in such development has happened in Bryan, notably in Downtown and Booneville Town Center.

Interviewees stated that although dining establishments have spread along University Avenue and to Post Oak Mall, entertainment-oriented establishments (bars and nightclubs) have been consolidating to Northgate. This is partly because the City has made public policy and investment efforts to attract more activity to that area and improve the parking system.

Overall observations and conclusions regarding the economic conditions for the lodging and meetings market include:

1. There is not yet an urban gathering area in College Station aimed at adults (beyond college age). The City does have a few non-chain upscale restaurants that offer a more adult-oriented environment. Downtown Bryan is slowly developing into a destination with such character. Parks and athletic programs offer children's activities, though whole-family entertainment is mostly offered by schools and places of worship. The City lacks a major private entertainment facility such as a full-scale water park or minor league baseball team.
2. While some non-TAMU events are programmed in College Station, none is designed to be a destination-level event that draws significantly from outside the MSA and nearby counties. Wolf Pen Creek offers popular music concerts but was not mentioned by interviewees as a significant entertainment source.
3. The Northgate entertainment scene for students appears to have broadened its offerings in the last several years to offer a variety of different experiences within a confined area.

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Government and Higher Education

College Station and the entire College Station – Bryan MSA have a large share of employment in the Government and Higher Education sectors. Of course, notably, Texas A&M and its related faculty and staff is a large part of this base. The table below summarizes the area's major employers. Three of the top five major employers in the region are educational in nature. These include Texas A&M and the area's two major school districts. Furthermore, seven of the area's top employers are public or education related. Each of these seven are highlighted and italicized in the table below. Other educational institutions such as Blinn College and Allen Academy did not make this list of primary employers but do employ a meaningful number of people as well.

Major Employers

College Station – Bryan MSA

Employer	Sector	# Employees
Texas A&M University System	Education	1,000 +
Bryan Independent School District	Education	1,000 +
St. Joseph Regional Hospital	Health care	1,000 +
Sanderson Farms	Food processing	1,000 +
College Station School District	Education	1,000 +
Reynolds & Reynolds	Hardware / software	1,000 +
City of Bryan	Government	500 - 999
City of College Station	Government	501 - 999
Brazos County	Government	502 - 999
Walmart	Retail	503 - 999
HEB Grocery	Retail	504 - 999
Scott & White Clinic	Health care	505 - 999
College Station Medical Center	Health care	506 - 999
Texas A&M Health Science Center	Education	507 - 999
Penncro Associates	Financial services	508 - 999

Source: Research Valley Partnership

City of College Station Residents by Occupation

Education Related Occupations

	Census Estimates				Change	
	2000		2010		2000 - 2010	
	Number	Share	Number	Share	Number	% Change
Occupation:	31,807	100%	46,420	100%	14,613	45.9%
Education, training, and library occupations	5,098	16.0%	8,592	18.5%	3,494	68.5%

Source: U.S. Census Bureau, 2010 American Community Survey, Census 2000 Summary File 3

A large percentage of employees in the City of College Station work in education related fields. The table above illustrates that per the 2010 Census, 18.5% of residents of the City of College Station worked in the "education, training, and library occupations."

Several area professionals interviewed by CDS Spillette indicated that probably 50% of the residents of the College Station – Bryan MSA were employed in education or the public sector.

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Employment Growth by Industry

2000-2012

Industry	Employment as of February (thousands) 2000	2008	2012	Change 2000 - 2008	2008 - 2012	2000 - 2012
Mining, Logging, and Construction	4,500	7,000	6,500	2,500	(500)	2,000
Manufacturing	5,800	5,500	5,200	(300)	(300)	(600)
Wholesale Trade	1,400	1,800	1,800	400	-	400
Retail Trade	9,200	10,000	10,300	800	300	1,100
Transportation, Warehousing, and Utilities	800	1,400	1,400	600	-	600
Information	1,600	1,100	1,200	(500)	100	(400)
Financial Activities	3,300	3,300	3,700	-	400	400
Professional and Business Services	4,900	5,600	6,300	700	700	1,400
Educational and Health Services	***7,900***	***10,000***	***10,000***	***2,100***	***-***	***2,100***
Leisure and Hospitality	7,600	9,900	10,300	2,300	400	2,700
Other Services	2,600	2,900	3,100	300	200	500
Federal Government	***1,100***	***1,000***	***900***	***(100)***	***(100)***	***(200)***
State Government	***23,400***	***25,400***	***26,200***	***2,000***	***800***	***2,800***
Local Government	***8,600***	***9,900***	***10,400***	***1,300***	***500***	***1,800***
Total Non-Farm Payroll Employment	**82,700**	**94,800**	**97,300**	12,100	2,500	14,600

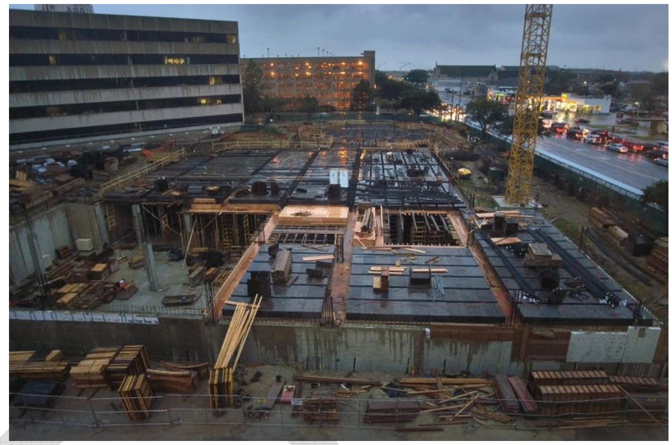
Source: Texas Workforce Commission; Employment Estimates

2000 College Station-Bryan, TX Metropolitan Statistical Area

Non Seasonally Adjusted

The table above shows employment growth by industry between 2000 and 2008 for the College Station – Bryan MSA. "Education and Health Services" and the three sectors of government comprise a large percentage (48.8%) of total employment in 2012 and each of the proceeding years. The number of employees in Education and Health Services remained constant at 10,000 employees from 2008 to 2012. While it did not exhibit growth during this period, this is one of the largest categories. State government employees (which includes Texas A&M University system employees) make up the largest category and saw the largest growth between 2008 and 2012.

Construction and Development



Construction and development produce a significant amount of employment and general economic activity in the City of College Station and the College Station – Bryan MSA in general. This ranges from significant new home development to commercial and institutional development. This also includes infrastructure improvements and remodeling activity.

This portion of the study will endeavor to allow the reader to better understand the quantity of construction activity in the area and it's relative impact on employment and the economy.

The city of College Station has seen significant recent new construction in the following areas:

- New single family housing in southern College Station
- Additional retail and restaurant development and redevelopment in southern College Station and along Texas Avenue, University Drive, and near Post Oak Mall
- New medical facility development and campus expansions (including the new Scott and White campus) in the College Station Medical District and elsewhere throughout the city.
- Large quantities of new "Class A" luxury apartment complexes geared primarily towards Texas A&M University students. The majority of these new developments have occurred south and the Texas A&M Campus and along or west of Wellborn Road.
- Continued expansion and redevelopment on the Texas A&M campus.
- Additional hotel space – several developers currently wish to develop high quality limited service hotel facilities near University Drive and the Bypass
- Infrastructure improvements including road projects like William D Fitch Parkway expansion, widened and improved thoroughfares and neighborhood collector streets in southern College Station, and a variety of park and community asset improvements.

Bryan does have additional new construction and development occurring within its boundaries as well including new housing in Traditions, Miramont, and Park Hudson, redevelopment downtown, and new retail including a second Walmart Super Center on the western side of town.

DRAFT

College Station Building Permits

2002 - 2004

Application Type Description	2002		2003		2004	
	Valuation	Total	Valuation	Total	Valuation	Total
ACCESSORY/STORAGE	$62,000	4	$14,700	5	$50	1
COMMERCIAL, ADDITION	$219,000	3	$111,690	4	$5,399,100	10
COMMERCIAL, AMUSEMENT/SOCIAL/RECREATION	$10,000	1	$896,249	1	$4,585,000	3
COMMERCIAL, CHURCHES & OTHER RELIGIOUS	$600,000	1	$10,611,314	5	$7,066,549	5
COMMERCIAL, HOSPITALS & INSTITUTIONS	$305,000	1			$17,348,615	1
COMMERCIAL, HOTEL/MOTEL			$3,000,000	1	$17,570,000	6
COMMERCIAL, OFFICES/BANKS/PROFESSION	$13,235,126	10	$6,680,813	8	$30,345,085	14
COMMERCIAL, OTHER	$3,198,480	5	$2,273,925	10	$2,947,575	12
COMMERCIAL, INDUSTRIAL	$2,670,000	1			$300,000	1
COMMERCIAL, PUBLIC WORKS & UTILITIES	$3,638,026	68	$10,351,670	82		
COMMERCIAL, REMODEL/RENOVATION	$417,584	3	$150,000	1	$9,929,654	68
COMMERCIAL, SCHOOLS & OTHER EDUCATION	$10,152,388	24	$9,309,117	18	$8,000,000	1
COMMERCIAL, STORES & CUSTOMER SERVICE			$445,000	3	$7,122,004	27
COMMERCIAL, SERVICE STATION & REPAIR GARAGE	$734,975	8	$81,459	9	$600,000	1
COMMERCIAL, STRUCTURES OTHER THAN BUILDINGS			$7,000	1	$103,957	7
REROOF	$2,617,808	71	$4,358,203	43		
RESIDENTIAL, 1 UNIT ATTACHED NEW (TOWNHOME)	$6,852,171	64	$14,707,796	94	$1,406,373	14
RESIDENTIAL, 1 UNIT DETACHED NEW	$68,985,187	634	$117,720,019	692	$83,432,958	589
RESIDENTIAL, 2 UNITS NEW (DUPLEX)	$1,507,500	7	$600,000	2	$2,325,076	14
RESIDENTIAL, 3-4 UNITS NEW	$19,179,480	17	$15,559,157	23	$1,468,870	6
RESIDENTIAL, 5+ UNITS NEW	$694,061	27	$1,461,804	30	$6,340,075	18
RESIDENTIAL, ADDITION	$38,860	3	$6,550	1	$1,274,577	37
RESIDENTIAL, GARAGE/CARPORT ADDITION	$1,338,117	109	$1,631,068	71	$31,500	1
RESIDENTIAL, REMODEL & RENOVATION	$198,000	3	$3,814,583	12	$1,178,730	103
SLAB ONLY COMMERCIAL	$150,000	12	$148,000	12	$1,457,131	8
SLAB ONLY RES. (DUPLEX)	$435,000	4	$421,473	9	$126,126	7
SLAB ONLY RES. (3&4 FAMILY)						
SLAB ONLY RES. (MF)	$71,058	11	$104,118	11	$277,660	7
SLAB ONLY RES. (SF)	$116,761	32	$45,375	5	$296,083	27
Totals	$137,426,582		$204,511,083		$210,932,748	

Source: CDS Market Research, City of College Station

The table above summarizes City of College Station building permits by type and aggregate value for the first three year period during the past decade. In the 2002 through 2004 period College Station issued various permits with a total value of $552,870,413 in improvements.

College Station Building Permits

2005 - 2008

Application Type Description	2005 Valuation	2005 Total	2006 Valuation	2006 Total	2007 Valuation	2007 Total	2008 Valuation	2008 Total
ACCESSORY/STORAGE	$400	1	$2,500	1	$71,000	1		
COMMERCIAL, ADDITION	$773,689	10	$685,825	17	$798,400	7	$9,779,985	16
COMMERCIAL, AMUSEMENT/SOCIAL/RECREATION	$3,221,000	6	$10,354,284	17	$6,786,799	14	$554,000	4
COMMERCIAL, CHURCHES & OTHER RELIGIOUS	$28,300	2	$1,200,000	1	$7,350,000	1	$220,000	1
COMMERCIAL, HOSPITALS & INSTITUTIONS	$2,979,130	3	$273,570	2	$2,275,000	2	$5,872,000	7
COMMERCIAL, HOTEL/MOTEL					$5,900,000	1		
COMMERCIAL, OFFICES/BANKS/PROFESSION	$7,879,582	20	$21,118,987	30	$9,479,632	40	$14,778,160	26
COMMERCIAL, OTHER	$1,646,450	20	$2,652,510	19	$3,164,550	13	$11,322,366	15
COMMERCIAL, INDUSTRIAL								
COMMERCIAL, PARKING GARAGE					$1,500,000	1	$3,710,000	1
COMMERCIAL, PUBLIC WORKS & UTILITIES			$10,000	1	$750,000	1		
COMMERCIAL, REMODEL/RENOVATION	$7,139,701	99	$6,243,835	94	$15,040,402	148	$9,752,190	120
COMMERCIAL, SCHOOLS & OTHER EDUCATION			$50,000	1	$42,000	1	$93,902,250	17
COMMERCIAL, STORES & CUSTOMER SERVICE	$6,703,690	16	$10,360,160	17	$13,196,241	24	$2,526,000	9
COMMERCIAL, SERVICE STATION & REPAIR GARAGE								
COMMERCIAL, STRUCTURES OTHER THAN BUILDINGS	$14,086	2	$421,000	3			$81,000	1
REROOF								
RESIDENTIAL, 1 UNIT ATTACHED NEW (TOWNHOME)	$1,558,112	15	$1,626,725	14	$2,600,800	23	$1,066,100	10
RESIDENTIAL, 1 UNIT DETACHED NEW	$78,975,882	525	$91,616,757	623	$90,079,549	591	$89,259,131	583
RESIDENTIAL, 2 UNITS NEW (DUPLEX)	$4,123,324	23	$4,154,462	23	$4,338,992	25	$6,606,653	43
RESIDENTIAL, 3-4 UNITS NEW	$5,366,733	30	$1,113,780	4	$502,500	2	$515,350	2
RESIDENTIAL, 5+ UNITS NEW	$5,767,458	35	$20,714,218	32	$56,536,696	63	$51,508,345	51
RESIDENTIAL, ADDITION	$1,725,175	61	$1,855,111	61	$1,486,771	51	$1,726,431	51
RESIDENTIAL, GARAGE/CARPORT ADDITION	$96,760	3	$45,817	2			$31,410	2
RESIDENTIAL, REMODEL & RENOVATION	$639,735	42	$927,502	48	$1,263,550	44	$1,765,400	139
SLAB ONLY COMMERCIAL	$209,000	3	$2,666,514	34	$1,658,166	9	$1,451,110	10
SLAB ONLY RES. (DUPLEX)			$164,000	10	$85,978	5		
SLAB ONLY RES. (3&4 FAMILY)	$23,000,000	1						
SLAB ONLY RES. (MF)					$356,160	10	$2,338,929	19
SLAB ONLY RES. (SF)	$431,917	31	$43,382	3	$518,634	44	$668,073	38
SLAB ONLY RES. (TOWNHOME)			$163,593	9				
SWIMMING POOL			$227,428	1				
RETAINING WALL							$498,848	5
Totals	$152,280,124		$178,691,960		$225,781,820		$309,933,731	

Sources: CDS Market Research, City of College Station

The table above summarizes City of College Station building permits by type and aggregate value for the second three year period during the past decade. In the 2005 through 2008 period College Station issued various permits with a total value of $866,684,653 in improvements. This includes a record year in 2008 with peak permitted improvement value of $309,933,731.

College Station Building Permits

2009 – 2012 YTD

Application Type Description	2009		2010		2011		2012	
	Valuation	Total	Valuation	Total	Valuation	Total	Valuation	Total
COMMERCIAL, ADDITION	$5,109,000	7	$1,544,030	11	$3,159,654	11	$70,536	7
COMMERCIAL, AMUSEMENT/SOCIAL/RECREATION	$1,541,732	4	$1,165,824	5	$370,000	5	$750,000	1
COMMERCIAL, CHURCHES & OTHER RELIGIOUS	$1,187,112	1	$411,000	3	$3,000,000	1		
COMMERCIAL, HOSPITALS & INSTITUTIONS	$7,420,000	6	$13,600,000	1	$83,792,320	8		
COMMERCIAL, HOTEL/MOTEL	$6,000,000	2	$100,000	1				
COMMERCIAL, OFFICES/BANKS/PROFESSION	$3,468,000	12	$9,507,348	12	$5,258,600	6	$4,434,000	4
COMMERCIAL, OTHER	$3,089,955	5	$1,063,900	8	$12,395,194	13	$57,000	3
COMMERCIAL, REMODEL/RENOVATION	$22,200,409	95	$8,335,459	60	$7,689,267	79	$7,683,864	26
COMMERCIAL, SCHOOLS & OTHER EDUCATION	$1,976,049	2	$109,716,108	9			$867,062	1
COMMERCIAL, STORES & CUSTOMER SERVICE	$6,831,345	9	$14,171,000	21	$6,722,176	28	$1,612,000	5
COMMERCIAL, SERVICE STATION & REPAIR GARAGE			$701,030	2				
COMMERCIAL, STRUCTURES OTHER THAN BUILDINGS			$4,500	1	$1,500	1	$6,000	1
RESIDENTIAL, 1 UNIT ATTACHED NEW (TOWNHOME)	$4,913,792	54	$4,883,164	54	$6,109,556	60	$9,425,038	85
RESIDENTIAL, 1 UNIT DETACHED NEW	$69,717,624	483	$57,924,945	410	$54,345,910	406	$32,943,631	248
RESIDENTIAL, 2 UNITS NEW (DUPLEX)			$137,280	1	$4,212,869	23	$5,310,901	30
RESIDENTIAL, 3-4 UNITS NEW					$2,894,728	8	$285,000	1
RESIDENTIAL, 5+ UNITS NEW	$4,940,000	5	$21,725,880	21	$44,110,347	61	$2,050,000	5
RESIDENTIAL, ADDITION	$2,563,264	74	$1,989,466	60	$3,038,166	74	$894,025	22
RESIDENTIAL, GARAGE/CARPORT ADDITION	$97,710	6	$141,400	9	$211,700	7	$47,600	5
RESIDENTIAL, REMODEL & RENOVATION	$1,514,161	86	$2,232,627	115	$2,351,279	121	$1,272,145	45
SLAB ONLY COMMERCIAL	$531,901	2	$199,900	3	$68,000	1		
SLAB ONLY RES. (DUPLEX)				22	$193,412	10	$667,783	37
SLAB ONLY RES. (3&4 FAMILY)				5	$20,000	1		
SLAB ONLY RES. (MF)			$2,310,940		$3,180,980	25	$105,000	3
SLAB ONLY RES. (SF)	$18,700	3	$32,940		$346,801	36	$462,919	71
SLAB ONLY RES. (TOWNHOME)					$106,750	3	$173,459	16
RETAINING WALL	$251,715	9	$513,311	11	$340,319	10	$58,223	2
Totals	$143,372,469		$252,412,052		$243,919,528		$69,176,186	

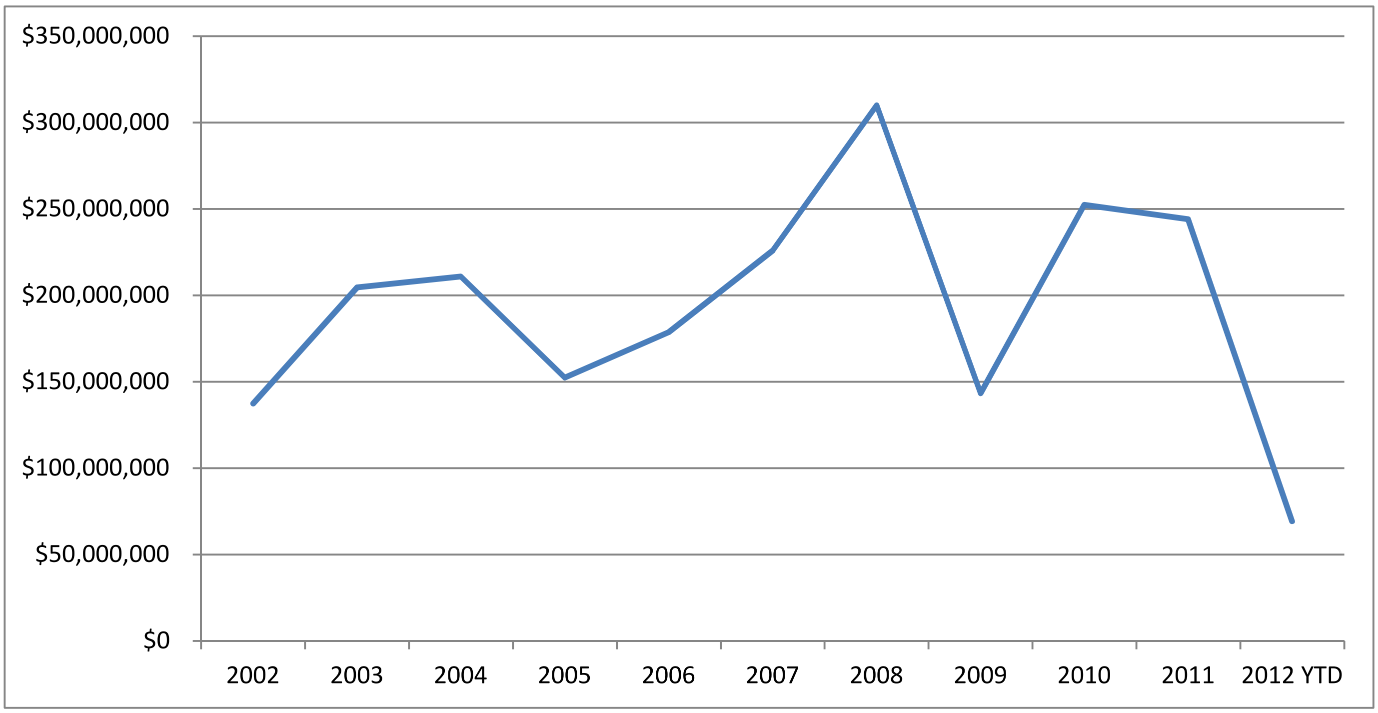
Source: CDS Market Research, City of College Station

The table above summarizes City of College Station building permits by type and aggregate value for the period between 2009 and 2011 plus the first quarter of 2012. It is too early to project year end permit value totals for 2012. However, during the period from 2009 through 2011 permits were issued for $639,704,094 in improvements. This includes a peak year as well: 2010 saw $252,412,052 worth of improvements permitted. This year was an outlier because it contained construction of 9 improvements in the “Commercial, Schools, & Other Education” category valued at a total of $109,716,108.

The tables on the previous pages summarize the total building permits by type and value associated with each permit type by year from 2002 through 2012 year to date. Consistently, the largest number of permits in most years were for new single family residential, new two family duplexes, and for commercial remodeling. During this period anywhere from 406 to 692 single family homes were constructed per year within the City of College Station. The highest dollar value permit categories during this period were consistently also single family new development, commercial remodels, and new commercial stores and service centers. The boom in new student oriented apartments in the timeframe from 2006 forward is also illustrated by the significant permit values for Residential New 5+ Unit permits in 2007 ($56.5M), 2010 ($21.7M) and 2011 ($44M).

City of College Station Annual Total Permitted Improvement Value

2002 - 2012



Sources: CDS Market Research, City of College Station

The chart above tracks total permitted improvement value within the City of College Station from 2002 through 2012 YTD. As indicated in this chart, 2008 and 2010 were peak years that bracketed 2009 which was the lowest permitted value year within the ten tracked in this chart. All in all, the construction and development industry sector in College Station has produced between $143M and $309M worth of permitted improvements each year for the last decade.

The tables below summarize building permit activity and total values of associated improvements within the City of Bryan between 2000 and 2005. During this period, a total permitted improvement value of $523,860,454 was achieved. Each year's permitted value in Bryan is lower than the same year's permitted value in College Station.

City of Bryan Building Permit Information

2000 - 2002

Type of Permit	2000			2001			2002		
	Permit	Unit	Amount	Permit	Unit	Amount	Permit	Unit	Amount
Residential	236	236	$21,667,622	228	228	$ 20,819,468	215	215	$ 20,662,350
Duplexes	43	86	$4,608,240	12	32	$ 1,070,400	26	52	$ 3,097,000
Apartments	16	369	$13,276,178	0			19	384	$ 17,193,280
Commercial New	57		$16,006,189	56		$ 18,084,436	65	0	$ 55,835,144
Commercial Rmd	170		$10,916,845	114		$ 8,351,477	144	0	$ 12,682,940
Residential Rmd	224		$2,641,979	153		$ 1,635,893	180	0	$ 1,817,325
Swimming Pools	13		$251,500	12		$ 292,950	22	0	$ 554,026
Demolition	55			37			31	0	$ -
Moving/Location	11			8			6	0	$ -
Mobile Homes	190	190	$4,187,015	187	187	$ 4,723,901	101	101	$ 2,480,366
Signs	130			93			136	0	$ -
TOTALS	**1145**	**881**	**$73,555,568**	**900**	**447**	**$ 54,978,525**	**945**	**752**	**$ 114,322,431**

City of Bryan Building Permit Information

2003 - 2005

Type of Permit	2003			2004			2005		
	Permit	Unit	Amount	Permit	Unit	Amount	Permit	Unit	Amount
Residential	260	260	$ 27,912,850	255	255	$ 35,132,083	225	225	41,252,090
Duplexes	37	74	$ 5,325,264	1	2	$ 107,958	7	14	847,989
Apartments	28	228	$ 9,239,984	11	153	$ 7,511,715	25	330	18,702,802
Commercial New	61	0	$ 29,445,797	33	0	$ 24,678,800	42	0	35,063,180
Commercial Rmd	118	8	$ 8,675,568	111	0	$ 8,401,518	128	0	11,714,901
Residential Rmd	239	0	$ 2,223,979	211	0	$ 2,452,257	173	0	2,353,402
Swimming Pools	28	0	$ 925,065	20	1	$ 550,719	25	0	1,059,716
Demolition	24	0	$ -	24	0	$ -	53	0	-
Moving/Location	4	0	$ -	2	0	$ -	3	0	-
Mobile Homes	156	156	$ 3,068,162	110	110	$ 2,207,074	97	93	2,151,057
Signs	173	0	$ -	152	0	$ -	167	0	-
TOTALS	**868**	**726**	**$ 86,816,669**	**930**	**521**	**$ 81,042,124**	**945**	**662**	**113,145,137**

Source: City of Bryan

City of Bryan Building Permit Information

2006 - 2008

Type of Permit	2006 Permit	2006 Unit	2006 Amount	2007 Permit	2007 Unit	2007 Amount	2008 Permit	2008 Unit	2008 Amount
Residential	236	236	40,562,513	249	249	$37,788,264	179	179	$33,062,458
Duplexes	3	6	484,000	0	0	$ -	1	2	$151,164
Apartments	24	236	12,322,211	8	46	$2,359,061	18	579	$42,711,820
Commercial New	36	36	73,858,746	65	0	$70,972,494	62	0	$92,394,059
Commercial Rmd	164	164	37,383,565	139	0	$21,634,889	146	0	$34,204,713
Residential Rmd	208	208	2,468,320	257	0	$3,094,426	364	0	$4,466,532
Swimming Pools	28		1,352,851	17	0	$659,064	25	0	$1,236,746
Demolition	69	69	0	84	0	$ -	61	0	0
Moving/Location	1	1	0	7	0	$ -	3	0	0
Mobile Homes	72	72	1,153,813	82	82	$1,475,612	65	65	$1,135,852
Signs	170		0	157	0	$ -	147	0	0
TOTALS	**1011**	**1028**	**169,586,019**	**1065**	**377**	**$137,983,810**	**1071**	**825**	**$209,363,344**

Source: City of Bryan

City of Bryan Building Permit Information

2009 - 2011

Type of Permit	2009 Permit	2009 Unit	2009 Amount	2010 Permit	2010 Unit	2010 Amount	2011 Permit	2011 Unit	2011 Amount
Residential	176	176	$30,777,776	191	191	$27,236,499	127	127	$24,511,435
Duplexes	6	12	$861,623	2	4	$290,000	1	4	$167,000
Apartments	6	130	$9,315,251	23	104	$7,279,999	32	339	$16,754,701
Commercial New	44	0	$27,077,095	45	0	$48,693,650	44	0	$37,740,764
Commercial Rmd	141	0	$17,784,113	154	0	$28,251,570	152	0	$15,823,244
Residential Rmd	452	0	$3,501,408	597	0	$6,161,340	598	0	$4,559,297
Swimming Pools	15	0	$666,058	17	0	$556,945	17	0	$800,729
Demolition	79	0	$0	58	0	$0	125	0	$0
Moving/Location	4	0	$0	1	0	$0	2	0	$0
Mobile Homes	65	65	$1,343,460	66	66	$2,187,120	52	52	$1,496,695
Signs	138	0	$0	138	0	$0	180	0	$0
TOTALS	**1126**	**383**	**$ 91,326,784**	**1292**	**365**	**$120,657,123**	**1330**	**522**	**$101,853,865**

City of Bryan

The tables above summarize building permit activity and total values of associated improvements within the City of Bryan between 2006 and 2011. During this period, a total permitted improvement value of $830,770,945 was achieved. Each year's permitted value during this reporting period in Bryan is lower than the same year's permitted value in College Station. However, Bryan follows the same trend as College Station in exhibiting a peak year in 2008 followed by a significant drop off in 2009. Single family residential new construction followed by residential remodels were consistently the highest volume permit categories

City of College Station Development Horizon

Owner Name	Acreage	Unbuildable Area (Est.)	Road/Creek Reduction (10%)	Net Acreage	Sewer/ No Sewer	Development Horizon	City/ETJ/ County	CSISD/NISD
Animate Habitat, Ltd	1,282.09	427.36	128.21	726.52	Sewer	Short	City	CSISD
Pebble Creek Development	289.57	96.52	28.96	164.09	Sewer	Short	City	CSISD
Pebble Creek Development	295.17	98.39	29.52	167.26	Sewer	Short	City	CSISD
Timothy Crowley	130.17	43.39	13.02	73.76	Sewer	Short	City	CSISD
Timothy Crowley	142.62	47.54	14.26	80.82	Sewer	Short	City	CSISD
Spring Creek CS Development	41.86	13.95	4.19	23.72	Sewer	Short	City	CSISD
Diebel Family Partnership	202.65	50.66	20.26	131.73	Sewer	Short	City	CSISD
Esther McDougal	62.96	0.00	6.30	56.66	Sewer	Short	City	CSISD
W.A. Dunlap	154.00	30.80	15.40	107.80	Sewer	Short	City	CSISD
Edelweiss Garten	85.00	0.00	8.50	76.50	Sewer	Short	City	CSISD
BCS Development Co.	50.81	0.00	5.08	45.73	Sewer	Short	City	CSISD
Lisa Neely	30.74	0.00	3.07	27.67	Sewer	Short	City	CSISD
Lisa Neely	69.20	0.00	6.92	62.28	Sewer	Short	City	CSISD
Ed Froehling	23.28	0.00	2.33	20.95	Sewer	Short	City	CSISD
Ed Froehling	27.66	6.91	2.77	17.98	Sewer	Short	City	CSISD
Barron Rd Mdw/Seaback	136.00	0.00	13.60	122.40	Sewer	Short	City	CSISD
Ed Froehling	49.35	0.00	4.94	44.41	Sewer	Short	City	CSISD
Haupt Family	139.76	0.00	13.98	125.78	Sewer	Short	City	CSISD
Green Prairie Ranch	369.89	36.99	36.99	295.91	Sewer	Med	City	CSISD
Jerry Wyndham	229.26	34.39	22.93	171.94	Sewer	Med	City	CSISD
Willis Ritchey	330.06	99.02	33.01	198.03	Sewer	Med	City	CSISD
Totals	**4,142.10**	**985.92**	**414.24**	**2,741.94**				

Source: City of College Station

The chart below illustrates total annual permitted improvement value within the City of Bryan from 2000 through 2011. Most of that period saw annual increases and a general growth trend through a peak in 2008. Values then trended significantly down in the following years. The peak in 2008 included much greater than typical value creation in the apartments, and new commercial development permit categories.

Despite close proximty to flood plan areas, the City of College Station has a significant availability of additional developable land. The table above lists currently vacant or lightly developed tracts within or adjacent to the City of College Station that have been identified by the City as likely to be developed in the short to medium term. In total, these 21 tracts represent 4,142 acres gross and 2,742 acres after unbuildable areas and road and creek rights of way are accounted for.

This does not account for a 1,500 acre tract in south College Station that Clark Wyndham is developing into the Indian Lakes master planned community.

A reasonably large pipeline of available developable land such as that listed above works to insure that construction and development can remain a robust part of the local economy into the future. It is worth noting, however, that significant areas around College Station are restricted by floodplains.

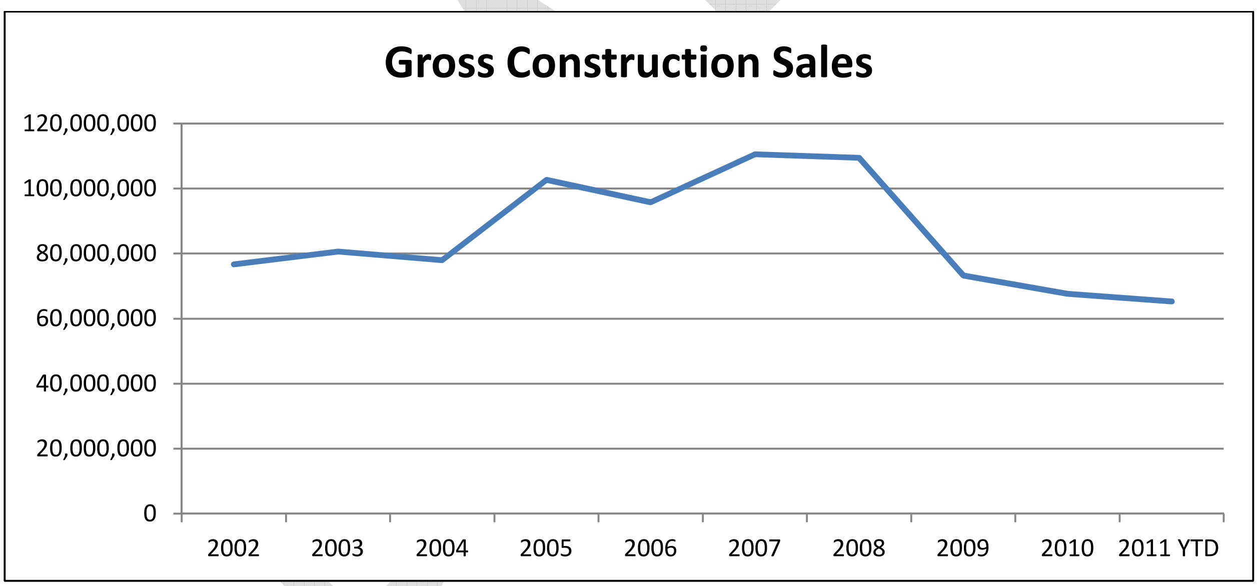
Quarterly Sales Tax Report – Construction Sector

City of College Station

Year	Quarter	Gross Sales	Amount Subject to State Tax	Outlets
2002	1	18,686,960	1,696,796	41
2002	2	18,622,567	1,490,357	41
2002	3	19,312,415	1,519,851	43
2002	4	20,050,021	1,532,723	59
Total		76,671,963	6,239,727	
2003	1	14,155,489	1,295,364	44
2003	2	21,634,557	1,418,776	50
2003	3	21,377,673	1,514,990	49
2003	4	23,400,010	1,270,648	67
Total		80,567,729	5,499,778	
2004	1	15,766,324	1,322,202	51
2004	2	16,862,778	1,532,808	55
2004	3	21,141,593	2,062,801	62
2004	4	24,208,332	1,564,094	73
Total		77,979,027	6,481,905	
2005	1	22,651,226	1,832,841	56
2005	2	26,383,908	2,337,568	58
2005	3	26,348,513	2,854,991	57
2005	4	27,285,728	5,086,721	67
Total		102,669,375	12,112,121	
2006	1	21,738,616	4,056,277	80
2006	2	25,140,041	3,669,192	79
2006	3	24,550,609	3,103,881	80
2006	4	24,307,521	3,078,753	101
Total		95,736,787	13,908,103	
2007	1	20,857,224	2,604,806	84
2007	2	25,557,303	3,749,045	85
2007	3	29,797,435	4,077,941	92
2007	4	34,283,833	5,386,462	100
Total		110,495,795	15,818,254	
2008	1	24,645,759	4,853,371	81
2008	2	27,235,502	3,921,672	78
2008	3	28,952,613	3,506,174	79
2008	4	28,616,156	3,486,994	97

Year	Quarter	Gross Sales	Amount Subject to State Tax	Outlets
Total		109,450,030	15,768,211	
2009	1	18,238,751	2,767,354	81
2009	2	20,241,473	2,770,095	84
2009	3	18,264,337	2,805,695	89
2009	4	16,466,813	2,273,899	105
Total		73,211,374	10,617,043	
2010	1	14,938,095	2,234,914	85
2010	2	15,748,840	2,457,868	86
2010	3	20,559,697	2,696,106	87
2010	4	16,362,278	2,681,560	110
Total		67,608,910	10,070,448	
2011	1	18,962,926	3,042,753	93
2011	2	21,533,954	2,827,172	91
2011	3	24,749,065	2,535,337	91
Total		65,245,945	8,405,262	

Source: City of College Station



Source: City of College Station, CDS Market Research

Construction related sales comprise a large gross dollar amount within the City of College Station each year. The table and chart above and on the previous page outline total sales attributable within the City of College Station to the "Construction" sector both quarterly and rolled up annually for each year from 2002 through third quarter 2011. In general, sales attributable to construction peaked between 2004 and 2008 with a downward trend since then. This follows a generally similar trend to the total annual permitted improved value discussed on the previous pages. It also follows likely trends in the state and region as a whole as new construction of most types has slowed down during the most recent economic recession.

Construction Sector Location Quotient

MSA and State

Two-Digit NAICS Level Industry	Location Quotient vs. USA Total	
	Texas -- Statewide	College Station-Bryan, TX MSA
Construction	1.31	1.52

Source: Bureau of Labor Statistics

Construction is a larger employment sector in College Station – Bryan MSA than elsewhere. The table to the right summarizes the location quotient associated with construction sector employment in both the College Station – Bryan MSA and the state of Texas as a whole.

Both geographies have quotients greater than 1.00 meaning that there are more employees engaged in work fitting into the Construction two-digit NAICS level industry code.

Construction Related Employment Estimates 2000 College Station-Bryan, TX Metropolitan Statistical Area

Non Seasonably Adjusted

	Employment as of February (thousands)			Change		
				2000 -	2008 -	2000 -
Industry	2000	2008	2012	2008	2012	2012
Mining, Logging, and Construction	4,500	7,000	6,500	2,500	(500)	2,000
Total Non-Farm Payroll Employment	82,700	94,800	97,300	12,100	2,500	14,600
Mining, Logging, and Construction Share %	5.4%	7.4%	6.7%			

Sources: Source: CDS Market Research, Texas Workforce Commission; Employment Estimates 2000 College Station-Bryan, TX Metropolitan Statistical Area, Non Seasonally Adjusted

The College Station – Bryan MSA has a significantly higher number of construction related employees than the nation as a whole, exhibiting a quotient of 1.52.

Mining, logging, and construction make up a meaningful percentage of total employment in the College Station – Bryan MSA. The table above summarizes the total number of employees engaged in Mining, Logging, and Construction in the College Station – Bryan MSA as reported in the 2000 Census and then estimated for 2008 and 2012. It was estimated that the sector would see a considerable growth in employees in the MSA by 2008 with a less dramatic reduction by 2012.

The table above also compares for each of the three years the percentage of total employment reflected by Mining, Logging, and Construction. This percentage ranged from a low of 5.4% in 2000 to a high of 7.4% in 2008. Employment in this sector was estimated to shrink slightly between 2008 and 2012 while total employment was estimated to grow.

CDS | Spillette

1001 South Dairy Ashford Suite 450
Houston, Texas 77077

713- 465-8866

www.cdsspillette.com

Avalanche Consulting

101 West 6th Street, Suite 612
Austin, Texas 78701

512-472-1555

www.avalancheconsulting.com

DRAFT

July 26, 2012
Workshop Agenda Item No. 6
Payroll Policies and Procedures Audit

To: **Mayor and Members of the City Council**

From: **Ty Elliott, City Internal Auditor**

Agenda Caption: **Presentation, possible action, and discussion concerning the City Internal Auditor's Payroll Policies and Procedures Audit.**

Recommendation(s): **Audit recommendations are on pages 24 through 26 of the report.**

Summary:

Over 25,000, paychecks for $40 million are processed by the City each year to pay over 1,000 fulltime, part-time, and seasonal employees. In 2010, a payroll audit focusing primarily on overtime and compensatory time was conducted. On September 22, 2011, the City Council approved the City Auditor's audit plan for fiscal year 2012, which included a more comprehensive examination of the City's payroll processes.

The objective of the audit was to evaluate internal controls, identify fraud risks, and assess potential abuse of City policy and possible waste of city resources.

During this audit, we examined the City's payroll policies, procedures, and practices to determine whether or not adequate controls were in place to prevent fraud, waste, or abuse of city resources. Although we did not discover any evidence leading us to believe that there was material fraud, we found areas where internal controls could be strengthened to reduce the City's exposure to monetary risk. We also found indicators of abuse of the City's sick leave policies.

An interim audit was issued on February 24, 2012 and presented to the Audit Committee. The final audit report with audit recommendations as well as management responses to these recommendations was presented to the Audit Committee on July 12.

The complete audit report with recommendations and management responses to those recommendations is file in the City Secretary's Office.

Attachments: **Citywide Payroll Audit Report (On file in the City Secretary's Office)**