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SAN ANTONIO AS A MEDICAL CENTER

BY

CHARLES H. ROADMAN, M. D.

I am honored to be able to speak to you this morning on the subject . . . San Antonio as a Medical Center. Consistent with our chamber designation it would be more appropriately called greater San Antonio as a Medical Center for it does embody the City, Bexar County and in no small way the State and Federal governments, all of these agencies are inherently involved in formulating and developing a Medical Center.

In the next fourteen minutes I have been asked to cover the effects and impacts of the burgeoning medical industry on the local community and businessman, to project to you the planned growth activities, the expected levels of employment, dollar generated activity and to discuss any critical demand and supply relationships.

I hope, after concluding this brief talk, that you may understand this activity well enough so that each of you will go away with a better knowledge and understanding of the health and medical industry in San Antonio and ultimately to assess its impact on your own individual business and to assist you in your future planning.

Frankly, I am happy to discuss this topic with you. It is a natural Chamber of Commerce subject for it is one of factual optimism. First lets get a feel for the current situation. We are not considering an isolated parochial segment of our community . . . we are going to talk about San Antonio's major health care facilities that now employ more than 14,000 San Antonians with an

annual payroll of well over \$65,000,000.00. Projections indicate by 1975 and probably sooner, San Antonio's vast hospital complex will generate more than 100 Million each year, not including some 50 million paid to Military personnel at Wilford Hall USAF Hospital and Brooke Army Medical Center. We are talking about our local interests in Health Care facilities which will soon be the largest single employers in San Antonio. Did you know that the Health Care Industry is the fastest growing Industry in the nation by percentage rate of growth?

For a better understanding and to provide a basis for future growth projections as a Medical Center, it is important to review how we arrived at our present position. San Antonio as a Medical Center came into reality for the basic ingredients were well understood by a group of civic and professionally motivated people. I would like to quote from the preamble of the Texas Medical Center at Houston which points up the essential Matrix of a Medical Center, and I quote, "A unique and comprehensive Medical Center which combines diversity and Unity with all Institutions, dedicated to the Goals of rendering the finest care to the sick and disabled, improving man's health through excellence in research, transmitting knowledge and skills through the highest quality of education for the benefit of mankind." In brief, a center must embody the clinical functions of medicine, medical research, medical training and education. This triad will assure a center and a nucleus which, if

given City, County, State and Federal recognition and support, will assure medical progress and growth. In addition, a Medical Center must attract those institutions related to health education, research, patient care and service which will assemble the staffs, provide the facilities and develop the programs necessary to assure the highest standards of Medical attainment.

A medical center must have a planning group to assist selected institutions to become established in the Medical Center, to aid institutions in developmental programs, to establish long range programs for the center, to work with the community in connection with the overall development of the center, to work with the local governments, and to provide overall coordination of the varied activities and programs within the Medical Center. This is being accomplished.

Lets review facilities - this will be a quick over view of current planned facilities. The South Texas Medical Center Complex, is located on 683 beautiful acres. Thirteen facilities including the University of Texas Medical School in San Antonio are in operation on land contributed by the San Antonio Medical Foundation. Facilities completed or under construction number fifteen with a total construction cost of 97 million dollars, employing 6,400 employees with an annual budget of \$57,000,000.00. Facilities in final planning stages are the University of Texas Dental School and the Clinical Nursing School

with projected funding totaling 27.3 million dollars. In addition there are 7 future institutions under consideration for incorporation in this complex. This development is probably the most significant of all in assuring the future of San Antonio as a recognized Medical Center.

One must mention the Southwest Research Center, one of the Nations largest non profit research organizations which is conducting extensive Medical and Scientific research. The center's two facilities Southwest Research Institute and the Southwest Foundation for Research and Education employ more than 1400 persons and have brought in more than \$150,000,000.00 in grants and contract dollars to San Antonio in in their relatively few short years of existence.

Military Medical preparedness is more than a phrase in San Antonio when the Department of Defense has three of its largest installations devoted to medical education, research and health care.

Nursing homes have been springing up in San Antonio like mushrooms after a rain, and there is no indication the demand for this type of health care will abate in the 1970's.

Forecasts are that by 1980, San Antonio will have 4,100 Nursing Home beds with an operating and payroll expense approximating \$13,500,000.00 a significant contribution to the areas requirements and health care industry. Based on an estimated population of 1,160,000 by 1980, the total number of hospital beds in San Antonio

is expected to reach 13,500 during the 1970's.

In addition to the South Texas Medical Center and the military medical complex, such institutions as Santa Rosa Medical Center, Baptist Memorial Hospital, Grace Lutheran Hospital, San Antonio State Hospital, Nix Memorial Hospital, Robert B. Green Memorial Hospital and other hospital facilities leave no doubt that San Antonio's health industry is a major factor in the community's economic growth.

San Antonio is an ideal and growing pharmaceutical manufacturing center. Significant medical discoveries being made in San Antonio's extensive private and military institutions and laboratories by a growing multitude of scientific research personnel, have created an ideal environment for attracting pharmaceutical and other health care industries to the city.

Forecasts of a healthy growth pattern by these ethical drug manufacturers, aided by the recruitment of technical people from San Antonio's excellent educational facilities is assured. San Antonio's favorable labor and tax picture are most favorable to predict a bright future for the pharmaceutical industry in San Antonio.

Facilities, institutions and the Physical wherewithal do not in themselves provide a complete medical capability.

Bexar County is most fortunate to have one of the finest Medical Societies in the country. It has a membership of 975 doctors and its specialty make up matches well that of any other comparable metropolitan area.

Personnel projections for future needs in the Health occupations are most interesting. This emphasizes a critical demand and supply relationship. These facts were taken from "Allied Health Manpower in Texas 1970" a publication of the Texas Hospital Education and Research Foundation. 80% of the projections involve Bexar County, the remainder relate to 15 adjoining counties.

Personnel shortages in the Health Care occupations can be predicted in practically all the technical health career fields. The main factors involved in predicting needs include health care goals and population expansion. (The Texas Population has increased at a rate in excess of 14% over the past 10 years.) This anticipated growth, if realized will impose great demands upon the educational programs and facilities that serve these careers. A few examples may illustrate the manpower problems. Figures show that the present number of budgeted but unfilled jobs in 63 individual and technical positions is already a cause of much concern. When reviewed in relation to 1980 projected needs, the shortage is critical.

Anticipated personnel needs in four of the sixty three allied health professional and technical careers will more than double in the number of currently filled full time equivalent positions in the next ten years. Twenty three will expand by more than fifty percent.

Overall an increase of 37% (over 52,000 personnel is

anticipated over current personnel requirements in the 63 Allied Health Professional and Technical Positions.) For example, the nursing service requires a projected increase of over 34,000 more employees by 1980.

Perhaps no subject can be treated today without reference to change. Changing times, population growths, sociological changes, economic patterns, all have influenced San Antonio's development as a Medical Center and recognition of these changes and their interplay, will provide you with indications which can assist your business planning.

I dare say that in the recent past, Medical and Allied Health factors were considered the domain of the physician, the patient, the hospital, the local drug store.

Now its impact is felt by all businesses in this community. Let me outline briefly the flow pattern, the domino Theory, the Health Care Delivery System - call it what you wish.

In brief, the Medical School, the Teaching and Research Hospital begin a chain reaction which attracts the more specialized Physician in this age of technology and specialty. We see a sharp decline in the small town Physicians and there is a distinct attraction for doctors to be associated with the latest in Hospital and sophisticated

Laboratories which can provide the urgently needed auxiliary support - not now available in the smaller communities.

Here we see a Medical Center begin, grow, and continue to flourish oft times at the expense of the surrounding communities and towns.

In brief, we see a distinct movement of the patient to the Medical facility where today the best care can be provided. The Army Mast-Helicopter system, whereby emergency patients are flown to our local hospitals from outlying areas is a perfect example.

This influx of patients and relatives referred to the Medical Center here in San Antonio require Hotels, Motels, restaurants, stores and shopping centers and the total business community reaps benefits from their activities. As more professional people are attracted to San Antonio, more homes are built and purchased, shopping centers flourish, even the Symphony receives more support. Thus the total community reacts to the inevitable chain reaction of the growing Health Care Industry.

I would predict that the Health Care Industry of San Antonio may well complement and possibly exceed that of the tourist and convention features for which we are noted.

In closing, I would like to call to your attention two very fine booklets published by your greater San Antonio, Chamber of Commerce. These are "San Antonio Horizons unlimited" (one of the Worlds Great Medical and Research Centers) and "Health Careers" a Directory of Medical Facilities and Education Centers in San Antonio, Texas.

In conclusion, I hope I have convinced you that the Health Care Industry in San Antonio is in fact, BIG business and from all indications, it will continue to flourish.

Not only will this industry provide you with many opportunities and challenges, it will need your support and in turn may help to support you.

SAN ANTONIO AS AN EDUCATIONAL CENTER

BY

JOHN PEACE

It is well known that city councils and chambers of commerce compete for establishment of State-supported colleges and universities in their areas. In addition to the purely economic blessings, the existence of a university in a city may yield a rich treasure of art, music, drama, museums, libraries, public lectures, recreational and athletic events, and an intellectually stimulating atmosphere.

In a moment, I will outline some of our expectations of what the concentration of University of Texas activities in San Antonio will mean to this city and region. However, since these figures will at best be only forecasts, let me give you some hard facts about the present economic impact of the University of Texas institutions upon the City of Austin.

The System Administration, Main University, and School of Nursing in Austin have a total of 11,752 employees. The annual payroll is \$72,816,292.00. Add to that the expenditures of a 40,000 student body which have been estimated at \$700 to \$1,000 per student per year, excluding tuition and fees. Board and room for the average single student is estimated at \$1,080 per year. Rounding off these figures to \$2,000 per year per student, excluding tuition and fees, we get an estimate of \$80,000,000.00 per year spent by students in the Austin area.

Expenditures by visitors attending University conferences and athletic events undoubtedly account for several million dollars a year spent in Austin. University construction expenditures during

the past year in Austin totaled \$23,855,000.00, a portion of which came from Federal grants. Adding to these figures normal operating expenses of University activities, apart from salaries mentioned earlier, a conservative estimate of \$200,000,000.00 might describe the economic impact of the University of Texas on the City of Austin in a year.

All of you here will quickly realize the direct and indirect influence of the faculty, staff, and student population on banking, real estate, food, fuel, utilities, construction, transportation, and professional services in the community.

In San Antonio, The University of Texas institutions include our outstanding Medical School with over 400 students and a pay roll of \$8,500,000.00 per year, and a total budget of almost \$12,000,000.00 from all sources. The new Dental School has \$1,400,000.00 in initial operating funds and will be designed for 152 dental students in each class. Its full enrollment will total over 600 dental students and 150-200 dental hygienists and dental assistants. When the construction has been completed and full enrollment is reached, the budgeted expenditures will total around eight to ten million dollars annually.

The Clinical Nursing School at San Antonio was budgeted at \$425,000.00 this year from the Systemwide Nursing School appropriation. The current enrollment of 136 nursing students is limited by the facilities available; it is the Dean's hope that when separate facilities can be built a total enrollment of 400 nursing students can be maintained. When this enrollment is reached, the total operating funds will be increased

several folds.

The Lutcher Conference Center operates at a level of \$100,000.00 per year, and the Institute of Texan Cultures at \$772,000.00 per year.

Our biggest unit in San Antonio will be our new general academic institution, The University of Texas at San Antonio. When the school opens we are forecasting an initial enrollment of 6,000 students. The Legislature appropriated \$1,700,000.00 for the current year for initial operation and planning. Over the next 10 years we expect the enrollment to grow to more than 10,000 to 13,000 students, with an estimated operating budget of \$15,000,000.00 to \$20,000,000.00 - based on current levels of operating expense.

Undoubtedly, the expenditures by all of the students, facilities and staffs of these University institutions will have a significant impact on the long range economic outlook for the entire South Texas area.

Construction outlays in San Antonio will be considerably higher over the next few years as these new institutions become a reality. To date, almost \$30,000,000.00 has been spent on constructing and equipping the Medical School and the Teaching Hospital. The present estimate for building the Dental School is \$24,140,000.00, and the Nursing School will probably cost in the neighborhood of \$3,700,000.00. The initial contracts for construction of The University of Texas at San Antonio will total around \$37,000,000.00.

I would now like to put full focus on the private sector of higher education and the important role played by private institutions in what we have long recognized as a significant partnership of the public and private sectors in meeting the ever-mounting challenge of higher education.

In Texas today, upwards 20 per cent of the total college student population is enrolled in the private sector...and these independent institutions represent more than one billion dollars in capital investments alone.

San Antonio has long been served by such private institutions of note as St. Mary's University, Trinity University, Our Lady of the Lake College and Incarnate Word College.

With over 100 years of service to its credit, St. Mary's has built 11 new buildings on its campus since 1966 and more than tripled the value of its physical plant to \$20,000,000 in just the past ten years. St. Mary's intends to push its present student enrollment of over 4,000 to the 6,000 mark in the years ahead.

Trinity constructed 43 new buildings since the start of its Centennial program in 1950 and currently values its physical plant at \$31,000,000. Plans for '72 include a \$1,000,000 University Center and a new library -- the latter projected over the next several years.

Combined total payrolls at the two universities channel over \$12,000,000 into the local economy annually.

Our Lady of the Lake has 2,050 students enrolled and a physical plant value of \$5,400,000. Incarnate Word expects to double its enrollment to 3,000 by 1980 and add a theater, childhood development center and a library addition to its \$6,700,000 physical plant in the near future.

All the private sector has shown an innovative flair for adding to the quality and relevance of their academic offering.

No inventory of higher learning in San Antonio -- public and private -- would be complete without due attention to our junior colleges, San Antonio College and St. Philip's College. These two institutions accommodate a total of 18,875 students and are adding to their physical plants -- which now total \$22,350,000 in value -- another \$2,360,000 in structures during fiscal '72.

The payrolls and local purchases for all public and private institutions of higher education locally pump a total of \$42,000,000 into the economic mainstream of this community -- a figure which must be multiplied by six to get the full impact on the economy of San Antonio due to the additional support services generated.

The tremendous cultural, economic and environmental potentials I have described will flourish in a community receptive to and supportive of the academic goals and the financial needs of all our institutions of higher learning.

Thank you.

CONSTRUCTION OUTLOOK

BY

H. B. ZACHRY

MR. ZACHRY: Good morning. I'm doubly happy to be with you at the Business Outlook Conference for San Antonio. First, because I appreciate being asked to discuss the construction industry, and second, because I'm proud to represent such an important part of San Antonio's economy.

Today, I want to tell you three things about San Antonio's construction industry:

1. the construction industry will expend in excess of a half billion dollars in Bexar County in 1972;
2. the industry is growing - 1972 construction in Bexar County will be up 43 per cent over the year 1970; and
3. we in the construction industry are optimistic and enthusiastic about the prospects for 1972.

So much for the highlights of what I have to tell you this morning. For details, I've asked Southwest Research Institute to put together some numbers for you to illustrate the healthiness of the construction industry. They have surveyed the key sources of information, talked to key leaders in various parts of the industry, and compiled some interesting data. Speaking for Southwest Research, at my request, is Larry Prehn, director of the Institute's Department of Social and Management Sciences.

MR. PREHN: Thank you, Mr. Zachry. Yes, we have tried to put our finger so to speak on the pulse of the construction industry, and I, for one, am certainly impressed by the industry's stature and enthusiasm for its future in San Antonio and Bexar County.

As stated by Mr. Zachry, our survey took in such traditional sources of information as the various departments of the City Government, the San Antonio Home Builders Association, the Builder's Exchange of Texas, the City Public Service Board, the City Water Board, the Texas Highway Department, Southwestern Bell Telephone Company, and the Texas Employment Commission, to ask about the accomplishments of 1970, 1971, and the plans for 1972. Incidentally, we always start at the Chamber of Commerce - a data source I commend to you. We also went to a representative sample of leaders in San Antonio's construction industry to ask about their philosophies and attitudes for the future of the industry. Thus we collected the statistics that we will show you today. Keep in mind that all figures and data are for Bexar County.

GENERAL. In his opening remarks, Mr. Zachry stated that the construction industry is an important part of San Antonio's economy in that it will make expenditures in excess of a half million dollars in 1972. The first bar chart illustrates this fact.

Figure 1
TOTAL EXPENDITURES
CONSTRUCTION IN BEXAR COUNTY
1970 - 1972
(\$ millions)

From this chart we first see that total expenditures are expected to be \$448 million this year, up 22 per cent from 1970. Total expenditures will be about \$527 million in 1972, up more than 43 per cent over last year. Ladies and gentlemen, the construction industry is indeed an important segment of San Antonio's economy - \$527 million in 1972!

The various breakdowns in the bar chart show the several segments of construction; each growing year to year: the bottom portion represents commercial and institutional construction, including schools and hospitals, office buildings, and the like. This figure, reflecting only that portion of large projects to be spent in 1972, reflects such exciting new projects as the new University of Texas in San Antonio; the Audie Murphy Veterans Hospital; the new Dental School; the new modular construction hospital; the new USAA headquarters building; the new Frost National Bank building; Northeast Independent School District construction; and the commercial activity in the Rosa Verde Urban Renewal area. Truly our city is growing a fact reflected in these figures.

The next portion of the bar chart shows residential construction, about which we'll speak in more detail later. Residential construction is expected to be \$170 million in 1972, up 59 per cent over 1970.

Utilities and public works will spend \$62 million on new facilities, streets, and highways in 1972, up 37 per cent over 1970. Military construction will be about \$37 million compared to \$33 million in 1970, a 13 per cent increase.

The last segment, at the top of each bar on the chart, is maintenance and repair, which is a healthy industry in itself. Expenditures in this sector are expected to reach \$99 million by 1972, an increase of nearly 50 per cent over last year.

HOUSING . One of the most popular indicators used to measure economic activity in the United States is "new housing starts" so we have done some breakdowns in this category in Bexar County. The second bar chart shows total housing units started in Bexar County in the period 1970 - 1972.

Figure 2
HOUSING STARTS
TOTAL EXPENDITURES
CONSTRUCTION IN BEXAR COUNTY
1970 - 1972
(000's)

In 1970, there were 5,386 single family dwelling units and 920 apartment units started for a total of 6,306 new dwelling units. These numbers are expected to increase in 1972 to 8,000 and 2,150 for a total of 10,150 - an increase of 61 per cent over 1970. This year (1971) is strong as well, with a total of 8,630 dwelling units expected, up 37 per

cent from last year. Incidentally, the economists in the Federal Home Loan Bank Board met last month in Washington for their annual nationwide housing forecast conference. At this conference they indicated that they expect the U. S. total for 1971 to be 2.02 million starts for \$20 billion, up 34 per cent from 1970 (compared with San Antonio's 37 per cent). Totals for 1972 are expected to be 2.2 million starts at \$43.5 billion, up 9 per cent (compared to San Antonio's expected 18 per cent. So you see San Antonio compares very favorably with national trends.

It is interesting to note that multifamily dwelling units - apartments - have an increasing share of the total number of dwelling units. In 1970, apartment unit starts amounted to about 15 per cent of total starts. This increased to 19 per cent for this year (1971) and is expected to be 21 per cent next year (1972). This is largely a reflection of "catching up" with national averages and should not be looked on generally as overbuilding. The United States average for 1970 and the first eight months of 1971 has shown 44 per cent of all housing starts are in multifamily units.

EMPLOYMENT. Economic development, increasing and growing economic activity, is really reflected in new jobs with additional wages spent here. Last year, there were 15,275 San Antonians employed in the construction industry with a payroll of about \$170 million - again showing that this is a substantial industry in San Antonio. This figure has grown to 16,617 this year and is expected,

as shown in the third bar chart, to increase to some 17,500 next year.

Figure 3

TOTAL EMPLOYMENT
CONSTRUCTION IN BEXAR COUNTY

1970 - 1972

(000's)

This means that there will be about 900 new jobs in San Antonio next year in the construction industry alone. These 900 jobs, therefore, represent families (or a total of over 3,000 people) who will spend and save \$37 millions of new wages mostly in San Antonio. This will be an important contribution to the total payroll of \$243 million. An important innovation in the construction industry is the "industrialization" of building, modular construction being an excellent example of this. Using this technique allows use of less skilled or unskilled labor to a much higher degree than for conventional building methods. Thus there will be more jobs available for unskilled workers, those who have the most difficulty in finding employment.

INDUSTRY SPIRIT. One important factor in the construction industry in San Antonio, we feel, is the positive and enthusiastic spirit with which men in the industry view the future. We talked to builders of homes and builders of apartments as well as major commercial contractors in order to determine how they feel 1972 will turn out compared to this year and last; what specific plans each has for building next year; and what general construction industry observations each might contribute. I am pleased to reflect a genuine optimism among the leaders of San Antonio's

construction. As you know, the spirit or philosophy of the people who make an industry tick is an important element in how the industry goes. It is fortunate that we have a good positive spirit in the construction industry of San Antonio.

MR. ZACHRY: I am happy to agree with the statements made concerning the positive outlook for San Antonio's construction industry. I, too, feel that 1972 will be an excellent year for our industry.

In summary, I'm sure you'll now agree that the construction industry in San Antonio

1. is important to San Antonio's economy.
2. is growing with expanded plans for 1972, and
3. is positive and optimistic about our future.

CONSTRUCTION IN BEXAR COUNTY

1970 - 1972

Table 1

TOTAL EXPENDITURES

(millions of dollars)

Segment	1970	1971	1972
Commercial and Institutional	115.5	138.4	159
Residential - Single Family	94.3	122.5	140
- Multifamily	12.9	22.8	30
Total Residential	107.2	145.3	170
Utilities and Public Works	45.1	45.9	62
Military	32.9	33.7	37
Maintenance and Repair	66.8	85.1	99
Total	367.5	448.4	527

Table 2

TOTAL HOUSING STARTS

(units)

Single Family	5,386	7,000	8,000
Multifamily	920	1,630	2,150
Total	6,306	8,630	10,150

Table 3

TOTAL EMPLOYMENT

(thousands of employees)

Employees	15,275	16,617	17,473
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Sources: All statistical material, part of all of each Table: Builder's Exchange of Texas; San Antonio - City Public Service Board, Water Board, Public Works Dept.; Southwestern Bell Telephone Co.; Texas State Highway Dept.; San Antonio Home Builder's Assoc.; Texas Employment Commission; various builders and contractors; Greater San Antonio Chamber of Commerce; and Southwest Research Institute.

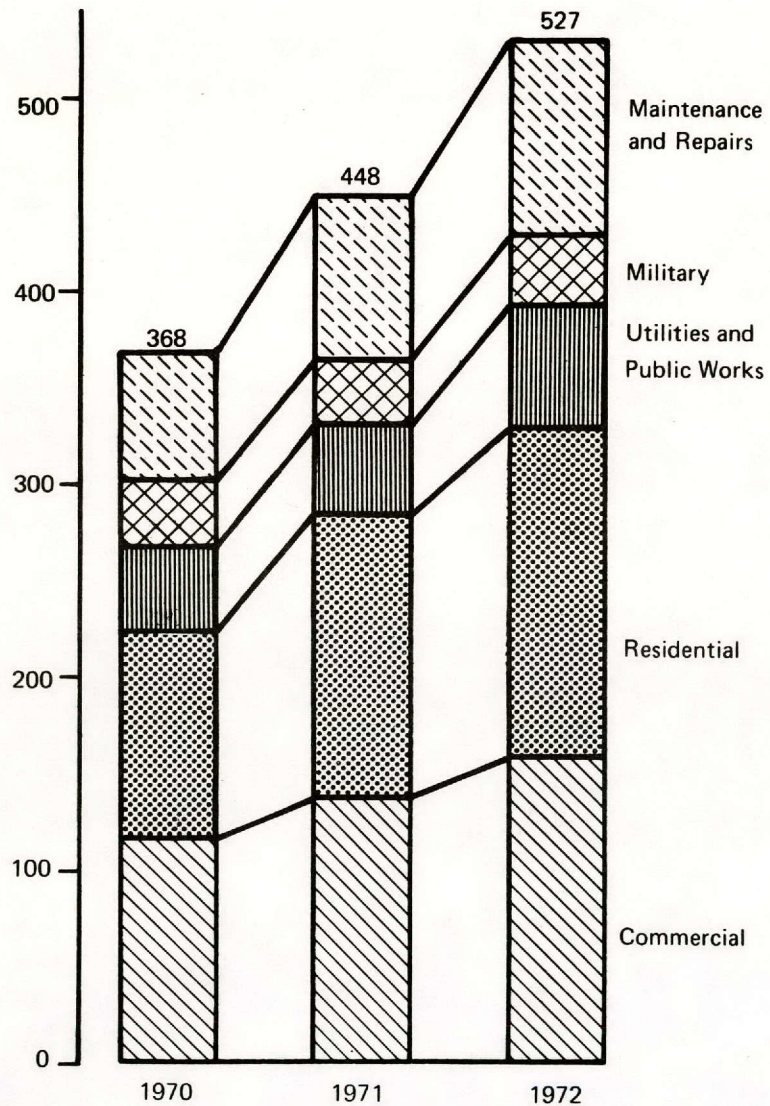


Figure 1
 TOTAL EXPENDITURES CONSTRUCTION IN
 BEXAR COUNTY 1970-1972
 (\$ millions)

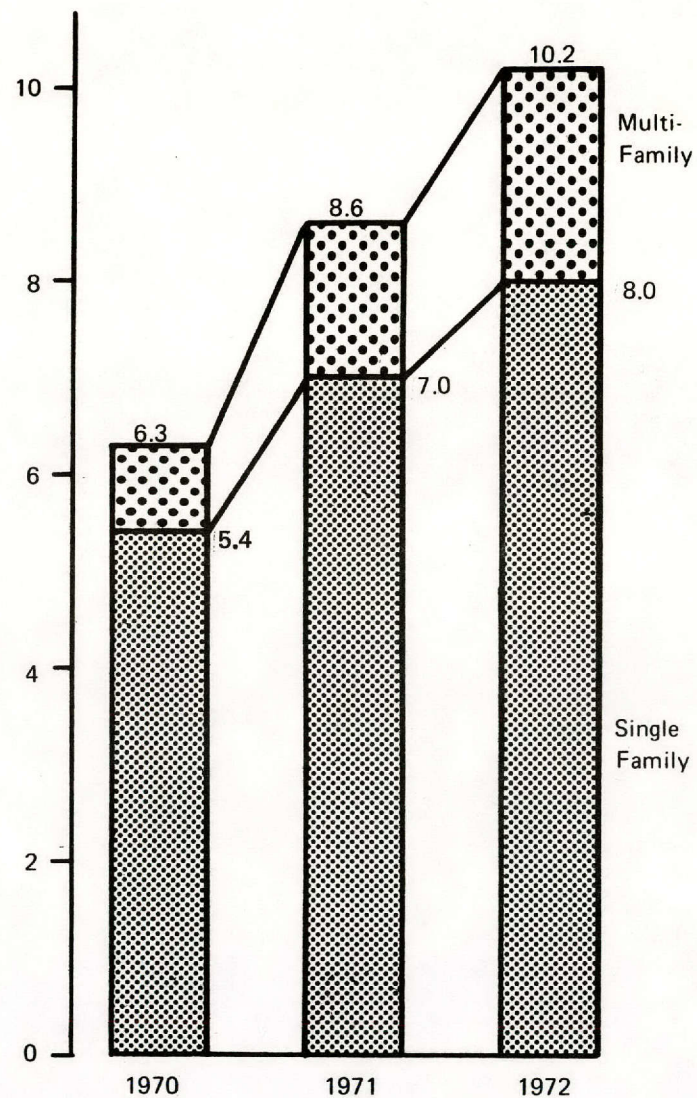


Figure 2
 TOTAL HOUSING STARTS CONSTRUCTION
 IN BEXAR COUNTY 1970-1972
 (000's)

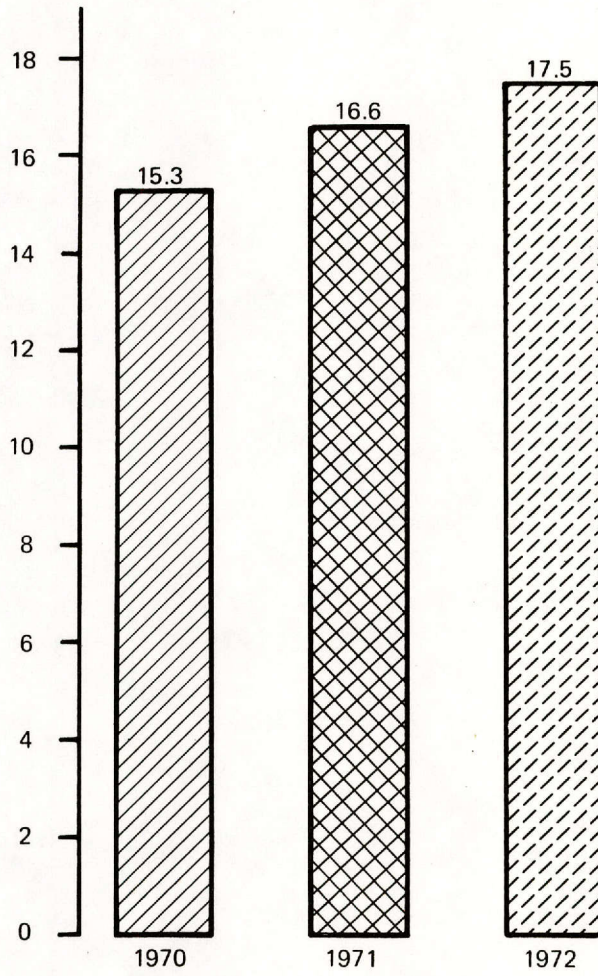


Figure 3

TOTAL EMPLOYMENT CONSTRUCTION
IN BEXAR COUNTY 1970-1972
(000's)

LABOR/EMPLOYMENT OUTLOOK

BY

ALBERT D. BROWN

In 1972, San Antonio employers of all types and sizes will be dealing with additional restrictions and governmental controls.

They have accepted with patience and understanding the federal controls brought about because of the wage-price freeze. They know that Phase II is necessary, although in many cases it is an inconvenience and an additional burden. They are reviewing their whole wage and salary structure, using surveys and other proper tools.

At this point, I want to compliment Mr. Chester Lorillard of the Internal Revenue Service for the fine way he and his staff have cooperated in giving interpretations and guidelines to comply with the freeze.

San Antonio employers fully agree with Treasury Secretary John Connally that the Economic Stabilization Program will work because, as he has said, it must work to preserve the American free-enterprise system.

The Occupational Safety and Health Act will begin to have its impact on local employers in 1972. They are currently gearing up for the broad provisions this Act contains for employers. They are now prepared to comply with every aspect of this Act, and are aware of the record-keeping requirements. The need for maintaining records of injuries and illnesses is important, not only to comply with the Act, but because it makes good business sense.

They are analyzing the publications and codes that apply to their various businesses and industries. Many are making self-evaluations of their operations, examining their whole plane, and when defects or weaknesses are found they are being corrected immediately.

Looking at San Antonio's manpower profile for 1972, we have drawn an extensive studies made primarily by the Texas Employment Commission's research staff. It presents the normal seasonal trends and demands.

Problem areas appear to be the employment shortages and excesses that have been typical to this labor market in previous years.

The shortages of manpower will occur in the medical field which, by the way, is our fastest-growing manpower demand area. It will grow more than 20% in 1972.

The construction industry will find manpower shortages in the building craft trades . . . carpenters . . . roofers . . . electricians . . . plumbers . . . will be in demand, and there will be some acute shortages.

Heavy demands will also be made for secretaries, and a shortage is predicted in this field.

1972 will find more women in the professions than men because of school teachers and nurses.

Our excesses will be found where they have always been through the years . . . in the unskilled, pick-and-shovel brigade.

I found it amusing when the research expert who made this data available said that another of our trouble areas will be an excess of "mediocre typists who cannot spell." *much less type.*

Our greatest need will be for every employer and businessman to assist in expanding training programs to avoid increasing our large reservoir of unemployables.

I wear two hats today . . . one as an industrial-labor relations expert . . . and another as a ten-year member of the North East School Board.

We are taking a look and up-grading all of our vocational-technical programs. We do not want to train young people for jobs and skills that will be obsolete tomorrow.

We know that young people must be introduced to the world of work as early as possible.

The U. S. Commissioner of Education, Sidney Marland, had this to say on the subject:

"To begin with, our society has developed a kind of folklore that says 'to be good you must go to college . . . to be somebody, you must have at least an ^{BA}~~AB~~ degree.' We have come to a point where a kind of self-hypnosis has set in. Many people are convinced that this is the only way to glory, and I hold that it is not true. There is a difference in personal aspirations . . . in goals . . . in what people want to do with their lives. Too many people have placed a false set of values on the whole theme of vocational-technical education that says,

'That's for the other people, but for my children they are going to college.' I am not trying to discourage young people from going to college; quite the contrary. But we must create social values and prestige in a wholly different kind of education for nearly 50% of young people who choose not to enter college; and, yes, for the much larger percentage which includes those who enter but soon exit. We must expose our young people to the world of work."

Eighty percent or more of our young people go to college. Thirty percent don't make it past the first year. Of the 50% of our graduates remaining in school of higher learning, estimates indicate that only about half of them go on to secure a degree. This leaves nearly 75% without a saleable skill or trade.

Again, we must all work jointly and rapidly to expand every available means of training . . . not only for our young people, but for that large group who are so sorely needed in the labor market if only they had a skill or semi-skill to sell.

SAN ANTONIO AS A CONVENTION CENTER

BY

ALLAN SHEPHARD

San Antonio has the potential to become one of the nation's major convention and visitor destinations. This potential, however, has just begun to be explored.

Noted author John Gunther once stated that "San Antonio is, next to San Francisco, New Orleans and possibly Boston, the most colorful, most romantic city in America."

The San Antonio Convention and Visitors Bureau has taken this statement as the basis for its program to build the city into a major convention and visitor site.

Since the Bureau began operation in 1968, more than 1,000 groups have booked their conventions into San Antonio. Since it is estimated that each delegate spends an average of \$150 on food, lodging, entertainment and transportation while in San Antonio, these 1,000 groups will produce more than \$150 million for the San Antonio economy. During the last year alone, nearly \$20 million was spent by convention delegates in San Antonio. And, the convention outlook for the coming years is extremely bright. Most conventions are booked several years in advance; so San Antonio is just beginning to feel the economic impact of the city's intensive sales campaign over the last four years. The convention calendar shows bookings as far in advance as 1979. More and more of these represent national and international business for San Antonio.

San Antonio now has the facilities to accommodate all types and sizes of convention meetings. The city offers 4,000 hotel rooms in the downtown area and 7,000 within 15 minutes of the Convention Center. Combined with the beauty and charm of the city's numerous visitor attractions, San Antonio has an enviable product to sell throughout the world.

Economically, the most important aspect of future convention bookings for San Antonio is the increasing number of national and international organizations who will be meeting here. While every group is important and adds to the total economy and reputation of our city, those associations which draw from around the country and often the world for membership spend a great deal more money, per capita, than do state, regional or district conventions.

The latest survey conducted by the International Association of Convention Bureaus shows that the average delegate to the national convention will spend twice as much as a delegate to the state or regional meeting. The national delegate spends an average of \$50.87 per day as compared to \$25.97 spent by a state convention delegate.

This IACB chart gives a breakdown of these expenditures into categories of businesses who will benefit the most from a convention of any type. In each case, lodging receives the largest percentage of the total expenditure. Hotel restaurants are next and all other restaurants are third. Beverages, retail stores, local transportation firms, theatres, sightseeing, night clubs, sports events, automotive cost and miscellaneous items constitute less than 50 per cent of the total.

Another important difference between the national and the state convention is the length of stay in San Antonio. Three days is the average number of days spent in a state or regional convention site, but national and international groups meet for 4 days or more. For each day that a delegate remains in San Antonio, he will spend an additional \$50 or more.

These are generalities about the convention business in the United States. Now, let's bring it to focus on San Antonio. Our city is one of the fastest growing convention cities in the country. In the first three years of its operation, bookings have shown a steady increase which was an unanticipated, but very welcome fact. San Antonio was ready for convention business, and now it must prepare itself for a significant increase in visitor traffic.

1971 convention attendance showed a 15 per cent increase over 1970, and we can expect as much as a 30 per cent increase in volume in 1972. Let me re-emphasize that even though the total number of conventions and delegates in 1972 will be much greater, the most significant factor is that more of these groups will be national and international in scope. Each delegate will represent from 1 1/2 to 2 times as much spending power as his state convention delegate counterpart. In 1972, San Antonio will host more major national conventions than it has during the past five years all together.

One of the best examples of such a convention is the National Swimming Pool Institute meeting in San Antonio in January, 1972. More than 5,000 delegates from throughout the world will attend, and they will spend a great deal of money while here. Reservations are being made in all hotels for these groups, and they plan special dinners, tours and parties at many of the city's fine restaurants, clubs and visitor attractions. For instance, one firm will spend an evening in Bandera at a dude ranch, while another will enjoy a river barge dinner.

This is only one of thirty national conventions scheduled for 1972. The National Petroleum Refiners Association, which most of the hotel and restaurant representatives will remember from 1970, will be meeting in San Antonio two out of every three years. Our major groups include the American Institute of Aeronautics and Astronautics, the National Society of Petroleum Engineers, the National Association of College Admissions Counselors and many more professional organizations. On the international level, San Antonio will host the International Chess Tournament with 5,000 participants during late November through the middle of December.

There are already more than 125 conventions in the 1972 calendar. They represent approximately 82,000 delegates. Based on the fact that many additional conventions will be booked for 1972 throughout the year, we can anticipate that as many as 20,000 more convention delegates will come to San Antonio next year. This would bring the total to more than 100,000 delegates. This represents a 25 per cent increase in total business over 1971.

Although it may seem that convention dollars will benefit only those directly involved in housing, food, entertainment and services to conventioners, this money will actually find its way to every segment of our area's economy. This fact cannot be stressed enough to the San Antonio business community. Conventions and visitors mean business for everyone. It is calculated that the average convention dollar will change hands approximately twelve times before it comes to rest. In its movement, it makes purchases, pays wages, taxes, mortgages, and so on. It does this not once but several times. There is a general misconception that the hotels, motels, restaurants and night clubs reap a harvest from the convention delegate. It cannot be denied that these businesses are the first to handle the dollar, but they are far from the last to receive its economic benefit.

Now, let's turn to San Antonio's visitor statistics. Advertising is the key to the Visitor Relations program of the Bureau, and it, too, has achieved outstanding results during the past three years.

Last year, the Bureau initiated an important image-building and sales campaign in national magazines and newspapers. An entirely new advertising concept was initiated, and a new sales slogan was adopted: "San Antonio, One of America's Four Unique Cities."

The award-winning "Forget the Alamo" advertisements produced hundreds of favorable comments from convention executives across the nation, and visitor advertising responses climbed 359% in one year.

This year's advertising campaign will reach every convention executive in the United States and more than 138.5 million readers and potential visitors. The advertising schedule includes such publications as BETTER HOMES & GARDENS, TRAVEL WEEKLY, SOUTHERN LIVING, NEW YORKER, ASSOCIATION MANAGEMENT and many others.

In addition, the Bureau has scheduled several more sales blitz promotions for Mexico and Canada. This intensive sales technique began in Mexico City in 1970 and was continued this year in Monterrey and Guadalajara. A trip to Montreal and Toronto, Canada, is planned for later this month. These special sales blitz teams include San Antonio hotel, motel, airline, rent-a-car, visitor attraction and business representatives. They contact travel agents, city officials and new media personnel in each city visited as they project San Antonio's progressive, new image.

Visitor statistics already reflect the sales and advertising efforts of the Bureau. During 1970, more than 3 1/4 million visitors came to San Antonio. A most significant economic figure shows that the length of their average stay increased to 4 days. Assuming that the average visitor unit of three persons spends approximately \$50 per day, this means an expenditure of \$75 million last year by visitors.

1972 will be a big year for conventions and visitor traffic. Those businesses who will receive the initial economic impact of this growing industry should be advised to plan for increased trade, particularly during those times when large, national conventions are in town.

The convention calendar, which is available in the Paseo del Rio SHOWBOAT and from the Bureau, will guide you along those lines. We urge you to prepare accordingly; so you will be able to receive maximum income from each group.

Based on the figures I have just presented and the continued sales, advertising and promotional efforts of the City of San Antonio, the outlook for the future is one of increased convention and visitor business to the extent that it may easily become San Antonio's primary industry.

San Antonio has received an enthusiastic response from convention executives and delegates, travel agents, writers and visitors to whom it has directed its intensive sales efforts. Our aim is to reach potential visitor and conventioneer in an ever-expanding, international market.

The convention and visitor pictures can be summarized this way:
MORE PEOPLE EQUAL MORE MONEY FOR SAN ANTONIO.

MILITARY OUTLOOK

BY

MAJ. GEN. W. H. REDDELL

Mr. Flannery, Honored Guests, Ladies & Gentlemen:

As I thought about what I would say today, a familiar quotation came to mind. It's this: "Historians tell us about the past; economists tell us about the future; thus, only the present is confusing."

Although I've never thought of myself as a historian or an economist, my remarks about the military outlook as we expect it to affect local business will be predicted upon the near past as well as expected future trends. . . . and when I finish, I hope the present will appear less confusing.

My comments will be limited to six areas in which the local military installations have the significant affect on our city's economy. I shall talk about jobs--people employed, the size of the military payroll, construction projects, utilities purchased, commercial transportation, and finally about the supplies and services we buy locally.

First, I want to talk about jobs at the five military installations in San Antonio. . . . and I'm speaking of Fort Sam Houston and Brooks, Lackland, Randolph, and Kelly Air Force Bases. Currently, these installations employ more than 85,000 military and civilian personnel. This represents about 25 percent of San Antonio's gainfully employed.

The combined payrolls of the San Antonio Military installations this past fiscal year totaled nearly 675 million dollars. This is about 29 percent of the total annual income for San Antonio (\$2.3 billion).

A question I assume you wish me to answer is: Are the local Businessmen going to continue to have these 85,000 customers with an annual buying power of 675 million dollars?

For an answer let's look at what's been happening in the recent past. During the last five years, the trend has been a slight annual decline in the number of people -- both in civilian employed and in the military troop strength -- at local installations. On the other hand, the size of the total payroll has steadily increased.

What has caused these diverse trends? One thing: rapid increase in people costs.

People cost more than they did five years ago because wages have been escalating. Even if today's Defense budget was the same as five years ago, we could not afford the same number of people we had five years ago. In decreasing the Defense budget from 9.5 percent of the Gross National Product in FY-68 to 6.8 percent in FY-72, significant manpower reductions have been made in our military and civilian work force. These reductions have been possible as a result of the diminished scale of our Vietnam involvement and because we have been able to obtain greater productivity through the application of advanced technology.

Looking ahead, how does the picture appear for next year? In numbers of people at our five military installations the trend looks fairly stable; however, minor reductions in strength are expected. At present, little civilian hiring is taking place, and in some cases, jobs are not

being filled as people resign or retire. There are no major reductions in personnel or workload changes programmed at any of the local installations. This may be modified by the President's economic program or Congressional action. In the event there is a reduction in DOD personnel, both the Army and Air Force will be required to absorb a share of the reduction.

As to the military payroll for this area, I expect it to remain at about the current level during the coming year. As you know, all pay raises, including periodic step increases, are currently frozen. In addition, at the direction of the Office of Management and Budget, steps are being taken to roll back the average civilian grade throughout Federal Service. Considering these factors and possible minor strength reductions, it appears any increase in the total military payroll for this area within the next year will be minimal.

The next subject I want to discuss is construction. As an economic indicator, the outlook for military construction looks promising. Major construction in progress and programmed shows the effort being made to insure the continued productivity of the local installations. Current military construction contracts in progress in the San Antonio area total 43 million dollars. In addition, some large projects are programmed to be accomplished during the next three years. The construction authorization bill now in Congress includes more than 10 million dollars in facilities for Kelly AFB and another 17 million dollars for other installations in the area.

Several construction projects deserve special mention. At Kelly AFB, Mayor Gatti and Frank Bennack, president of the chamber, helped me break ground on 4 June for a new 12 million dollar, 500,000 square foot aircraft engine inspection and repair facility. This contract went to the Browning Construction Company of San Antonio and will give us the only facility in the Air Force built specifically for jet engine overhaul. Significantly, this modern facility should guarantee the continued future importance of Kelly as an aircraft engine overhaul facility.

Currently under construction at Lackland are a 1.3 million dollar cadet dining hall and a 4 million dollar dormitory for the Officers Training School. Also, two 1000-man structures to be used for recruit training and housing are nearing completion. These will cost about 8 million dollars and have classroom, dormitory, and dining hall facilities under one roof.

At Brooks AFB, a 1.6 million dollar Medical Research Laboratory is currently being constructed for the School of Aerospace Medicine.

Within the next year, Randolph AFB expects to receive approval to begin constructing a portion of a base community center which will eventually locate the base exchange, credit union, child care center, theater, post office, commissary, and similar facilities in one area.

At Fort Sam Houston, several major projects are under construction or about to get underway for the US Army Medical Training Center. Currently, a 10 million dollar US Army Medical Field Service School, a 500,000 dollar theater, and a 400,000 dollar electrical distribution system are being constructed. About to get underway are additional construction

projects which total more than 11 million dollars. These are five barracks for enlisted men, a 2500-man dining hall with a heating and cooling plant, a unit chapel, a battalion headquarters building, a branch post exchange, and several athletic facilities.

During 1972, Fort Sam Houston expects to erect a 300-man bachelor officers quarters at an estimated cost of 3.6 million dollars, and in keeping with the nation's ecology program, an oxidation plant will be built at Camp Bullis at an estimated cost of 156,000 dollars.

Overall, it appears there will continue to be significant military construction in this area in the foreseeable future. The programmed projects each of the installations is able to accomplish will depend upon the outcome of the Congressional reviews.

The transportation industry is another sector of the economy affected by the military outlook. To transport cargo and travelers last year, local installations purchased commercial transportation in the amount of 17.5 million dollars. Some of this benefited local businessmen and provided jobs for San Antonians.

About half the total transportation purchased by local installations last year -- 8.4 million dollars -- was to ship personal property. All the local installations use a joint household goods shipment office and the Air Training Command at Randolph awards the contracts. The packing and crating of household goods are done exclusively by local firms. Last year, this amounted to 600,000 dollars. Local van lines also move a portion of the household goods.

My command, SAAMA, at Kelly AFB, ships most of the military cargo from this area. Last year, we purchased 3.5 million dollars of commercial transportation for this purpose.

Commercial transportation purchased by local military installations for passengers is also substantial. Last year, we jointly spent about 5.5 million dollars to transport people -- most of these people came to San Antonio for some type of training.

As to the military's requirement for commercial transportation in the coming year, we expect a slight downward trend in cargo shipments resulting from the cut-back in Southeast Asia. In other areas, no appreciable change is foreseeable.

Another significant flow of dollars from the local military installations into the community is from the utilities purchased. Annually, local installations jointly purchase utilities in the amount of almost 5 million dollars. About 80 percent of this is for electricity, and except for a token amount for water and sewage, the remainder is for natural gas. This again is money flowing into the local economy which we expect to continue during the foreseeable future.

As a final item, I'll talk about the military sector's local purchases -- those supplies and services purchased exclusively from the local businessman.

Here again, I want to review the recent past. Ten years ago -- FY-61 -- the Army and Air Force purchased some 40 million dollars worth of commodities and services from the San Antonio businessman. This past year -- FY-71 -- this business totaled 105.6

million dollars -- about 150 percent gain in 10 years.

Local industrial capability has expanded to accommodate a sizable share of Defense contracts yet there is still a large untapped potential market. This market will continue to be here in the foreseeable future. Although all local installations expect to continue to buy about the same dollar volume as last year, we at SAAMA offer the largest potential market because we buy many items for the entire Air Force. Last year, our total procurement exceeded 400 million dollars. Of this, San Antonio got just slightly more than 43 million dollars, so there's room for improvement. Defense contracts awarded in San Antonio can be increased. All the local Air Force bases have contracts which logically could be placed locally if there was sufficient interest. Let me cite a few examples.

Randolph, Lackland and Kelly each periodically award a contract to operate an on-base Auto Parts Store to support the Motor Pool. The base, at no cost to the contractor, provides a facility and utilities and the contractor maintains a supply of automotive parts on-base in a store. These are from 72,000 to 150,000 dollar operations which go out of state. They could easily go to a capable San Antonio firm.

In the last year, SAAMA issued 529 invitations for bid to manufacture tie-down chains for cargo and aircraft. These contracts, worth nearly 300,000 dollars received no bids from San Antonio firms. Neither did we receive local bids on pump units and tire bead breakers.

Another potentially attractive commodity for local industry is the specialized battery. These come in various sizes and shapes. Since we buy this item for the entire Air Force, the dollar potential is well worth the time to prepare a bid.

SAAMA also procures Air Force specialized flight clothing and accessories. Some of this garb is on the complex side, such as anti-gravity suits; however, items such as flight coveralls are plainly within the immediate capability of San Antonio.

I want to emphasize you don't have to manufacture elaborate aerospace ground equipment or repair an airplane to become a Defense contractor; however, this is where the large-dollar potential lies.

Contracts for many relatively simple services are often awarded without much, if any, local interest. A potential area for a local photographer is the contract to photograph the basic trainees at Lackland AFB. Another lackland contract ideally suited for award in the local area is for family housing maintenance. Randolph AFB's contract for trash and refuse collection also could go local.

Between now and next summer, the Brooke Army Medical Center at Fort Sam Houston will be buying furniture and appliances to equip the new school under construction I mentioned earlier. In addition to normal local purchases, Brooks AFB expects to buy laboratory equipment this coming year to train people and process samples for the drug abuse detection centers to be established in

Europe and the Pacific. They also plan to award some research and development type contracts.

Shortly, Lackland will be soliciting bids to supply frying chickens for the dining halls and for commissary sale. Randolph is currently air conditioning the family quarters in three phases as money becomes available.

Though there be complexities in doing business with the Government, that is, buying procedures tailored to the type of item purchased, requirement to abide by Federal wage and labor laws, pre-award surveys, progress reporting, etc, we do want to help you. The first step is to contact the Contractor Relations Offices at the Air Force bases and the Purchasing and Contracting Office at Fort Sam Houston. This contact can be by telephone, a letter, or a visit. Each of the installations will help you get on their bidders list.

At SAAMA, we recently printed a new Commodity Catalog of the equipment and services we procure centrally on the competitive market. Centrally procured items are those we buy for the Air Force and other agency use worldwide. This catalog and the related mechanized sources system is unique at SAAMA and is now being service-tested for possible use throughout the Air Force. It is available free and I have some copies with me.

Another step in getting Government business is to review the invitations for bid listed in the Commerce Business Daily. All departments of the Government list proposed purchases over 10,000 dollars in this publication and will mail you a bid set upon request.

In addition, each of the military installations maintain a public bid board where all proposed procurements exceeding 2500 dollars are posted. At SAAMA, where we have the most procurement business in this area, about 500 bids are usually posted. Many businessmen find it advantageous to monitor these boards because they discover opportunities to bid which they might have missed.

In awarding contracts, both the Army and Air Force make maximum use of small businesses including minority-owned businesses. Small businesses are generally those with 500 or fewer employees. All contracts in the amount of \$2500 or more are evaluated by the Small Business Administration and set aside for small businesses.

Also administered by the Small Business Administration is the Minority Entrepreneur Program. This program was set up to get more minority group people into the mainstream of business. It operates in this manner. The Small Business Administration helps qualified individuals set up a business needed in the community. Appropriate contracts are then awarded to the Administration which in turn sub-contracts them to the minority entrepreneur. Currently, SAAMA has two awards of this nature and another is being negotiated.

If you wish to know more about the Minority Entrepreneur Program, contact the Small Business Administration office at 301 Broadway. Mr. Dennis Burkholder there is in charge of this program.

In conclusion, let me briefly restate the military outlook for the next year as I see it. As to overall size of the work force at the local military installations, a slight decrease in numbers of people is expected. As for payroll, we expect it will stabilize at approximately its current level.

The outlook for continued major military construction is healthy. Some obsolete and worn-out structures and facilities are being replaced, and several significant new projects are now underway and others are planned for the future.

As for expenditures to transport cargo and people, it appears there will be a slight downward trend in cargo transported resulting from the cut-back in Southeast Asia. Passengers from the military complex using commercial transportation will probably remain at about the same level.

Utilities purchased from the community will continue to be required at about the current level.

A favorable market to sell supplies and services to the military will continue to exist. The size of San Antonio's share of this Defense business will be determined by the ingenuity of the local businessman.

Forecasting is never precise and it's never easy, but we all do it to a degree every day. The assessments I've made are based on past trends and current information available to me.

In closing, I assure you the military will certainly continue to be a partner in furthering a healthy business outlook for San Antonio.

