

Chapter 6

Demographic and Economic Profile

In 2005 and 2006, the population of the City of Bay St. Louis was effected by two significant events. On August 29, 2005, the City was impacted by Hurricane Katrina, and then on June 30, 2006, a Chancery Court Judge awarded the City of Bay St. Louis a 10.7 square mile area that was part of annexation court case.

In 2004, Court proceedings began between the Cities of Bay St. Louis and Waveland over an area located to the north of both cities along Highway 603. In July 2006, a Chancery Court judge ruled that Bay St. Louis would receive a portion of the area located north of Highway 603, except for an area up to the intersection of Highway 603 and Longfellow Road, which would become part of the City of Waveland. The judge ruled that the City of Bay St. Louis would also receive an area located on the west side of Highway 603, from near Pearl Street to Bayou LaCroix, bounded on the west by a canal. According to Census data, from 2000, approximately 3,283 people were added to the City of Bay St. Louis through the annexation.

Prior to the award of the newly annexed area, the City of Bay St. Louis and the soon to be annexed area were struck by Hurricane Katrina on August 29, 2005. The Hurricane's storm surge inundated most of southern Hancock County, including most of the City of Bay St. Louis and all of the annexed area. In the aftermath of this storm, as many as 60% of the homes in Bay St. Louis were deemed to be uninhabitable. Residents within these areas were forced to temporarily and in some cases, permanently relocate.

Current Population

In 2000, the population of the area which is now Bay St. Louis and includes the area of Bay St. Louis that was annexed in 2006 was 11,492 people. This included 8,209 people living inside the City's pre-annexation corporate limits and approximately 3,283 people living within the area awarded to the City through annexation in June 2006.

Population Within the City of Bay St. Louis

Year	New City Limits of Bay St. Louis	Former City Limits of Bay St. Louis	Annexed Area
2005	11,884	8,317	3,567*
2000	11,492	8,209	3,283

* represents estimate of population, based upon county growth rate of 8.7%

Source: U.S. Bureau of Census, Provisional Census Estimates and 2000 Census.

Provisional population estimates developed for the City of Bay St. Louis by the Census Bureau indicate that the population within the City of Bay St. Louis' pre-annexation corporate limits in July 2005 was likely to be 8,317- an increase of 108 people or about 1.3% between 2000 and 2005. Based upon a growth rate of 8.7% experienced within Hancock County, it was likely that the population within the newly annexed area was about 3,567 people in July 2005. Therefore,

in the weeks prior to Hurricane Katrina, it was likely that the City's population was approximately 11,884 people.

Provisional population estimates developed for the City of Bay St. Louis by the Census Bureau indicate that the population within the City of Bay St. Louis' pre-annexation corporate limits in July 2006 was 6,391 people. This would have been a loss of 1,818 people or about 22.2% of the City's 2000 population.

A special Census estimate was prepared for counties in Alabama, Mississippi and Louisiana that were affected by Hurricanes Katrina and Rita. The population of Hancock County was estimated to have decreased by 24.0% between July 2005 and January 2006.

Estimates made by the company Claritas indicate that the population within Hancock County was rebounding throughout 2006. In fact, of the 11,111 people that the Census indicated relocated from Hancock County after Hurricane Katrina, Claritas estimated that by July 2006 as many as 7,600 people had already moved back to Hancock County.

Building permit data from the Hancock County Building Office indicates that there are a significant number of new homes that were built and are being built in the northern portions of Hancock County and in Diamondhead.

Many questions are still to be answered about how fast the City of Bay St. Louis and Hancock County will rebound from Hurricane Katrina. It is likely, that in the near future, the population distribution in Hancock County will change. Many people displaced by the Hurricane are moving north of the area which was inundated by storm surge. Comparing tax appraisal data between 2005 and 2006 for rural Fire Protection Districts in Hancock County, planners noted that several northern districts had increases in the number of single-family homes and mobile homes within the District, while the number of residential units in rural southern fire protection districts dropped significantly.

Many factors will affect near-term and short-term decisions to build back in areas that were affected by Hurricane Katrina. Typical issues that affect the decision to rebuild in the southern portion of the county include insurance costs, new building elevation requirements, and funding to rebuild. GulfGov Reports, a document developed by the Rockefeller Institute of Government indicates in their report *A Year and a Half After Katrina and Rita, an Uneven Recovery* that, "housing rebuilding efforts have become mired in the morass that is skyrocketing insurance premiums, minimal insurance payouts, FEMA elevation standards, rising construction costs, and indecision on the part of residents about how to move forward (Rockefeller Institute, p. 5)."

Reviewing Census data from Homestead and Florida City, two cities particularly hard hit by Hurricane Andrew, Provisional Census data indicates that Florida City experienced a 32.6% decrease in population in the year after Hurricane Andrew and the City of Homestead experienced a 30.8% decrease in population in the year after Hurricane Andrew. However, Census data from 2000 indicated that Florida City had a 35% increase in population from 1990 to 2000 and that Homestead experienced an 18.8% increase in population between 1990 and 2000. The Miami Sun-Sentinel reported that 10 years after Hurricane Andrew, Broward County, located less than thirty minutes west of Homestead Florida, experienced a 29% increase in population. Ten years after Andrew, little land is left for building in Broward County, so the

residential development market is now a redevelopment market and moving back towards the east into Miami-Dade County and Homestead¹.

Reviewing historic population data from Hancock County, population rebounded significantly in the decade after Hurricane Camille. It is estimated that about 2,000 people had not returned to Hancock County when the 1970 Census was taken. And prior to Camille the County would have likely experienced a 19% increase in population between 1960 and 1969. In the decade after Hurricane Camille, the Stennis Space Center expanded its mission, the Port Bienville Industrial Park opened, and Diamondhead began building homes creating significant employment and housing opportunities within the region. Population grew by 40%.

The time of the recovery of Hancock County after Hurricane Katrina will be dependent on the continued economic recovery of the region, and the government's ability to meet the challenges imposed by rising insurance costs and a limited insurance market, and by the new advisory base flood elevations that call for increasing the finished first floor elevations of homes across the Hancock County coastline.

Historical Population

The City of Bay St. Louis is located on the highest waterfront elevation on the Gulf of Mexico². Long before, the French established their third settlement on the Gulf Coast at Bay St. Louis, early Native Americans lived and hunted within this area. In 1699, Pierre LeMoyne, Sieur d'Iberville and his brother Bienville, were commissioned by Louis XIV to establish a colony at the mouth of the Mississippi River. In February 1699, the explorers first explored the Mississippi Gulf Coast, after discovering that the Spanish built a fort in Pensacola. Temporary camp was made on Ship Island, while the explorers sought out the mouth of the Mississippi River. After successfully finding the mouth of the river and exploring the Mississippi River as far as Baton Rouge, d'Iberville returned to Ship Island and in April, began building Fort Maurepas, a garrison for 81 men. Bienville stayed on the coast, while d'Iberville returned to France.³

M. de Bienville explored the Bay of St. Louis on August 25, 1699, and named the Bay for the feast day of St. Louis. When d'Iberville returned to the coast in December 1699, he brought additional men and several families to establish a colony on the Gulf Coast. A fort was built on Bay St. Louis in December 1699 and was populated with 15 soldiers and five families. As such, it was the third settlement on the Mississippi Gulf Coast⁴.

Over the next twenty years, the capital of the French coastal colony was moved from Biloxi to Mobile and then to New Orleans by 1722. The Mississippi Gulf Coast and the area which is now the City of Bay St. Louis grew very little until the early 1800's. During that time frame the area was transferred from France to England, and then to Spain. In 1779, Spain recognized the property rights of settlers living in Spanish West Florida. And in 1810, the settlers within this

¹ Robin Benedick, "Hurricane Andrew left legacy of higher housing costs." The Sun-Sentinel. <http://sun-sentinel.com/news/weather/hurricane/sfl-sbuildaug20,0,5553762.story>

² Hancock County Historical Society. Bay Saint Louis, Mississippi: Commemorating 300 Years, A Presentation to the Citizens and Friends of the City of Bay Saint Louis. July 1998, p. 11.

³ Ibid, p. 14.

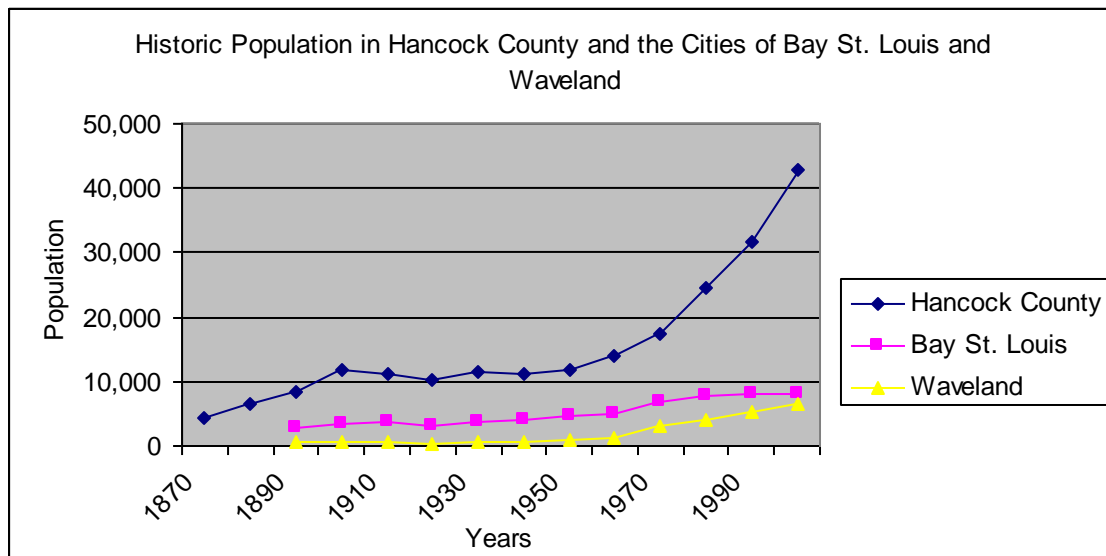
⁴ Ibid, p.14.

area declared their independence, establishing the “free and independent Republic of West Florida.” This country lasted for approximately 74 days. The area west of the Perdido River to the Pearl River was incorporated into the Louisiana Territory in late 1810.

The United States opened this territory for homesteads, after the territory was annexed. During a three year period from 1813 to 1816, when this territory was opened, about 3,300 families settled along the Mississippi Gulf Coast. The new settlers were from Virginia, Tennessee, the Carolinas and Georgia, and most of the new settlers did not settle in coastal Hancock County, but instead stayed east of the Bay of St. Louis, due to the difficulty getting to coastal Hancock County.⁵

The difficulty getting to Bay St. Louis, then called Shieldsboro, kept the population limited and mostly French-catholic. Rail lines between Mobile and New Orleans were completed in 1870. This transportation improvement led to the development of hotels, boarding houses, summer camps and summer homes in Bay St. Louis. These new buildings were populated by residents of New Orleans escaping the summer heat of the City.⁶

The Census of 1890 documented the population of the City of Bay St. Louis at 2,872 people, or about 34% of Hancock County’s population. The population of Bay St. Louis grew steadily over the next twenty years, from a population of 2,872 in 1890 to 3,588 in 1910. This translated to a rate of growth of about 25% over two decades. However, between 1910 and 1920, the population of Hancock County and the Cities of Bay St. Louis and Waveland decreased. Nearly 82% of the population lost in Hancock County occurred within the Cities of Bay St. Louis and Waveland. The population within Bay St. Louis dropped by 15.5%, and the population of Waveland dropped by 22.2%.



During the next three decades almost all population growth which occurred in Hancock County, occurred within the City of Bay St. Louis and the Town of Waveland. Between 1920 and 1930

⁵ Ibid, p. 17.

⁶ Ibid, p. 19.

nearly 90% of the population growth which occurred in Hancock County occurred within Bay St. Louis and Waveland. Between 1930 and 1940, the County experienced a very slight decline in population, yet the population of Bay St. Louis and Waveland increased by 11% and 16% respectively. Between 1940 and 1950, fully 90% of the population growth within the County took place in Bay St. Louis and Waveland.

Population rebounded in Hancock County between 1920 and 1930. The County saw a population increase of 1,035 people. About two-thirds of this new population growth occurred within the City of Bay St. Louis, and about 22% of this population growth occurred within the Town of Waveland.

Population within Hancock County declined by less than 1% between 1930 and 1940. However, the population in both Bay St. Louis and Waveland increased. In Bay St. Louis the population increased by 11% and the population within the Town of Waveland increased by 16%. Hancock County would have been impacted by the Great Depression, and many people may have moved into the cities to find employment to supplement farming income.

Between 1940 and 1950, the population of Hancock County grew by 5%. Nearly 86% of the new growth occurred within the City of Bay St. Louis. Between 1950 and 1960, Hancock County population grew by 2,148 people. The City of Bay St. Louis gained 452 people and the Town of Waveland saw an increase of 313 people.

Several occurrences happened between 1960 and 1970 that affected population growth and distribution in Hancock County. NASA developed the Stennis Space Center in Hancock County in 1963, purchasing land along the Pearl River at Logtown for the site, and purchasing development rights in a 128,000 acre buffer zone around the site. Hancock County families within the area moved to other communities throughout the region. Many of these families moved to Pearlinton, other families moved to the Cities of Bay St. Louis, Waveland and Slidell and northern Hancock County. As local families relocated due to the development of Stennis Space Center, still other families moved into Hancock County to be employed at the Space Center. And at the end of the decade between 1960 and 1970, Hancock County and cities of Bay St. Louis and Waveland grappled with two major events; Hurricane Camille in 1969 and the loss of a mission and possible closure of the newly opened Stennis Space Center. In spite of, and because of, the tumultuous occurrences during this decade, population within Hancock County increased by 24%. The population within the City of Bay St. Louis increased by 33%, and the population within the City of Waveland increased by 181%.

Population in Hancock County and the Cities of Bay St. Louis and Waveland Over Time

	Hancock County	Bay St. Louis	Waveland
2000	42,967	8,209	6,674
1990	31,760	8,063	5,369
1980	24,496	7,891	4,186
1970	17,387	6,752	3,108
1960	14,039	5,073	1,106
1950	11,891	4,621	793
1940	11,328	4,138	768
1930	11,415	3,724	663
1920	10,380	3,033	431
1910	11,207	3,588	554
1900	11,886	3,388	
1890	8,317	2,872	
1880	6,439		
1870	4,239		

Source: U.S. Bureau of the Census

In 1970, a trend began in which for the first time in the history of the County, population grew faster outside of the cities than within the Cities. Prior to 1970, population from the rural portions of Hancock County generally migrated to urban areas to find employment. In Hancock County, residents historically left the rural portions of Hancock County and moved to Bay St. Louis, Gulfport or Biloxi, or to New Orleans to find employment. And in 1970, people rebuilt after Hurricane Camille in other areas of Hancock County that were not subject to flooding from storm surge, and the master-planned community of Diamondhead was developed, providing an urban option to Bay St. Louis and Waveland.

During the next three decades, population in Hancock County exploded. Each decade, Hancock County was listed as one of the fastest growing counties within the State of Mississippi, and the City of Bay St. Louis' growth slowed in comparison, as the City approached build-out. Between 1970 and 1980, the City's population grew by 16.9%, between 1980 and 1990 the City's population grew by only 2.1% and between 1990 and 2000, the City's population grew by only 1.8%. Land became more and more limited within the City of Bay St. Louis for residential development, limiting the amount of growth within the City. However, the City's role as County seat continued to draw residents of the County into the City, the City established its downtown as a unique place to work, shop, dine, recreate and develop and enjoy art, and in 1994, the City adopted gaming, providing yet another tourist draw to the community.

Population Projections

The population for Hancock County for 2030 is projected to be 78,269 people. The population for the City of Bay St. Louis is projected to be 18,896 people by 2030 and the City of Waveland is projected to be 11,333 people by 2030. This projection indicates that the population of the two incorporated cities will be about 38% of the County's total population.

**Population Projections for Hancock County and the
Cities of Bay St. Louis and Waveland, 2030**

	2030
Hancock County	78,269
City of Bay St. Louis	18,896
City of Waveland	11,333
Source: Gulf Regional Planning Commission	

Gulf Regional Planning Commission is projecting an 82.2% population growth within Hancock County over the next twenty-five years. This projection is based upon potential projects identified by county planners after Hurricane Katrina and developed through a transportation model.

Gulf Regional Planning Commission estimates that the City of Bay St. Louis’s population will increase by 64% by 2030, and the population of the City of Waveland will increase by 31.4%.

Housing

Census data from the 2000 Census indicated that there were 6,016 housing units located within the area which is now the City’s current limits. About 3,806 of these housing units were located within the pre-annexation limits of the City of Bay St. Louis and an estimated 2,210 housing units were located within the newly annexed area.

Housing Units Within the City of Bay St. Louis

Year	New City Limits of Bay St. Louis	Former City Limits of Bay St. Louis	Annexed Area
2007*	5,167	3,186	1,981
2000	6,016	3,806	2,210

* represents house count from land use survey prepared by Gulfport Regional Planning Commission
Source: U.S. Bureau of Census, Provisional Census Estimates and 2000 Census and Gulf Regional Planning Commission.

Based upon an estimation of growth of about 2% per year, it is likely that somewhere between 11% to 25% of the residential property owners within the city of Bay St. Louis that have not yet started to rebuild or have not yet committed to rebuild.

Historically, the Cities of Bay St. Louis and Waveland have been seaside retreats for residents of New Orleans and other large cities across the south. Many coastal homes were maintained by families for generations as summer homes and camps along the Mississippi Sound.

Number of Seasonal or Vacation Homes Within the City of Bay St. Louis

Year	New City Limits of Bay St. Louis	Former City Limits of Bay St. Louis	Annexed Area
2000	893	241	652

Source: U.S. Bureau of Census, Provisional Census Estimates and 2000 Census and Gulf Regional Planning Commission.

Census data from 2000 indicated that as much as 15% of the housing units in Bay St. Louis and its newly annexed area were maintained as second homes or vacation homes. Seasonal homeowners contributed to the tax base of the community. These homeowners are not eligible

for Homestead Exemption tax relief that residents are eligible for, and these residents tend to utilize local businesses for dining and entertainment while vacationing within the area.

Many people who owned second homes within the community, along with many weekend and day tourists were from the New Orleans area. Census Bureau estimates from July 1, 2006 believe that New Orleans' population was only 49% of its population prior to Hurricane Katrina.

Population Diversity

Less than 16% of the population of the City of Bay St. Louis, including the newly annexed area was racially diverse, according to the 2000 Census. The largest racial minority within the City of Bay St. Louis and the newly annexed area was African-American. Approximately 12.3% of the population of the City was African-American. Other ethnically diverse populations included Native American, Asian, Hawaiian and Pacific Islander, as well as multi-diverse populations.

Population Diversity in the City of Bay St. Louis and Hancock County, 2000

Population	Bay St. Louis, including Annexed Area	Bay St. Louis Pre- Annexation	Annexed Area	Hancock County
African- American	1414	1372	42	2,934
Native American	68	33	35	257
Asian	108	91	17	377
Hawaiian and Pacific Islander	8	4	4	16
Other	34	22	12	143
Two or more Races	178	130	48	488

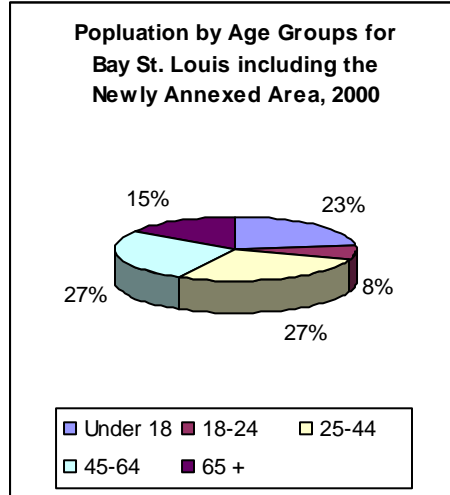
Source: U.S. Census Bureau

Age of the Population

Population within the City of Bay St. Louis, including the newly annexed area tends to be older than that for the County, for the region and for the State. And trends for the city and the recently annexed area indicate that the proportion of the population is gradually getting older than that for Hancock County.

In general, the population in Hancock County and the City of Bay St. Louis tends to be older than the average age for the State of Mississippi and for the regional average. The City of Bay St. Louis tends to have a slightly higher percentage of the population over the age of 45 than percentages for other communities across the Mississippi Gulf Coast and for the State.

Within the City of Bay St. Louis, including the recently annexed area, about 15% of the population was over the age of 65, compared to 12.5% of the State and 10.8% for Harrison County and 9.4% for Jackson County.



Census data from 2000, indicates that about 23% of the population within the City of Bay St. Louis was under the age of 18. Compared with similar statistics for the State and for the region, Bay St. Louis tends to have a lower percentage of its population under the age of 18. About 62% of the population within the City of Bay St. Louis is working age, compared to 58.5% for the State of Mississippi.

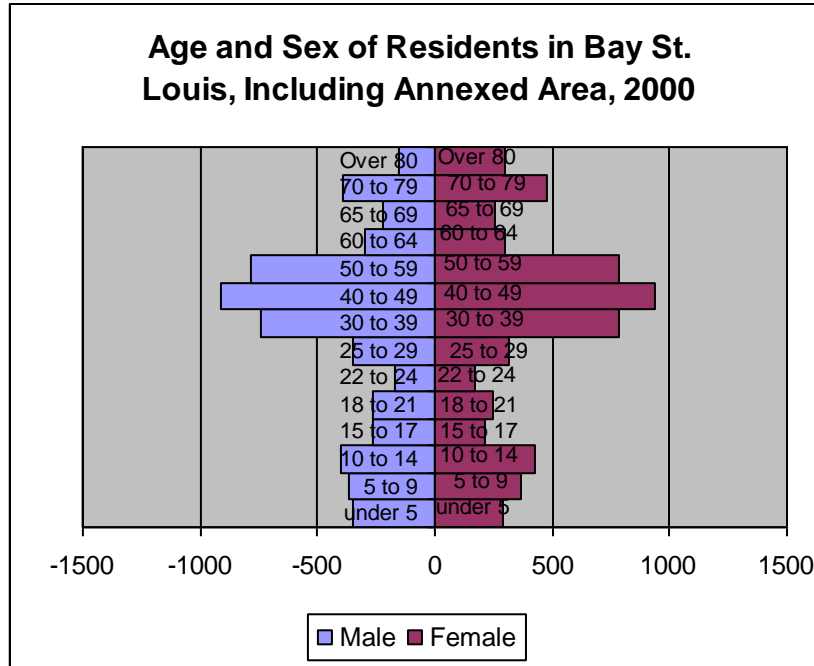
Percentage of Population by Age Group in the City of Bay St. Louis, the Newly Annexed Area of Bay St. Louis, and Hancock County, 2000

	Under 18	18-24	25-44	45-64	65+	Median Age
2000						
City of Bay St. Louis (with newly annexed area)	23.0	8.0	27.0	27.0	15.0	
City of Bay St. Louis (pre-annexation corporate limits)	24.5	7.6	26.8	24.5	16.6	39.2
Newly annexed area*	20.0	7.9	27.5	31.9	12.7	
Hancock County	25.1	7.3	28.0	25.6	14.0	38.5
1990						
City of Bay St. Louis (pre-annexation corporate limits)	29.3	8.5	28.1	18.3	15.9	33.4
Newly annexed area*	20.7	7.0	28.2	27.5	16.6	
Hancock County	27.3	8.8	28.3	21.3	14.2	34.5

Source: U.S. Census Data

* Data from Census Tracts 303, Block groups 3000, 4000 and 5000, and comparable Block groups from 1990.

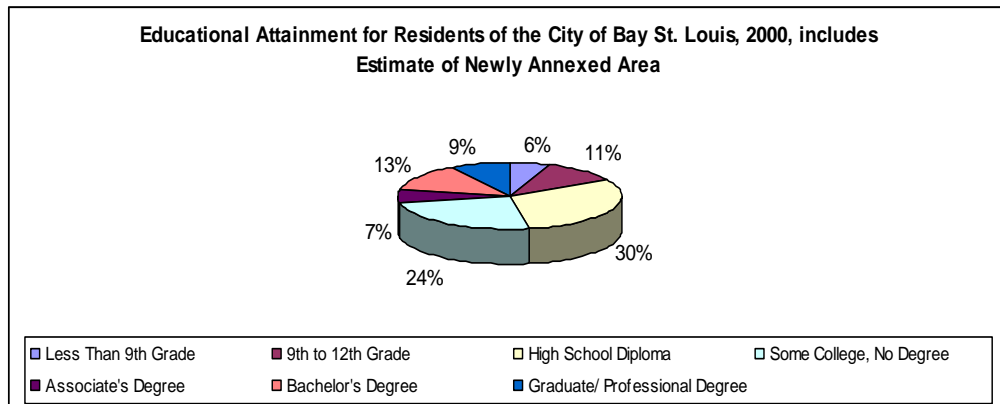
Between 1990 and 2000, the population within the City of Bay St. Louis changed to reflect a lower percentage of the population under the age of 18 and a higher percentage of the population over the age of 45. Indeed, throughout Hancock County, the distribution of population indicates that in 2000, there was a higher percentage of the population under 18 in the City of Waveland, Kiln and Diamondhead.



Educational Attainment

According to the 2000 Census, approximately 83% of the people that lived within the new limits of the City of Bay St. Louis had achieved a high school diploma or equivalency. Additionally, 22% of the population within the new city limits of Bay St. Louis had achieved a bachelor’s degree, graduate degree or professional degree.

Comparatively, the City of Bay St. Louis exceeds the averages for the State and compares favorably with the Nation. Additionally, Bay St. Louis has a comparable number of college graduates, despite the fact that there are few opportunities for advance degree educational opportunities in Hancock County. The City of Bay St. Louis is likely to have such a high level of educational attainment for several reasons. Chief among these reasons is the location of the Stennis Space Center, which employs nearly 5,000 people, of which a significant number of employees are scientists.



Source: U.S. Census Bureau

Specific Census data from the year 2000 for the population of the City of Bay St. Louis and including the newly annexed area indicated that 83% of the population had achieved a high school diploma or equivalency. Residents within the City of Bay St. Louis far exceed the average for the state of Mississippi which is 42.5% and exceed the national average of high school graduates which is 80.4%.

Percentage of Population with High School Diploma or Equivalency and with Bachelor’s Degree or Higher for Selected Places and Counties, 2000

	% of Population High School Graduates or Equivalency	% of Population Bachelor’s Degree or Higher
<i>Cities and Places</i>		
Bay St. Louis	83.0	22.0
Waveland		
Diamondhead	92.1	33.3
Biloxi	82.0	17.7
Gulfport	79.2	16.3
Long Beach	86.3	16.5
Ocean Springs	88.6	21.9
Pascagoula	78.5	15.6
Picayune	74.0	15.5
<i>Counties</i>		
Hancock County	77.9	17.3
Harrison County	80.3	
Jackson County	81.0	16.5
Pearl River County	74.6	
Mississippi	42.5	16.9
United States	80.4	24.4

Source: U.S. Census, 2000

Across the Mississippi Gulf Coast, the percentage of the population with a high school equivalency or diploma, higher than Bay St. Louis includes only Diamondhead (92.1%), Ocean Springs (88.6%) and Long Beach (86.3%). The percentage of Hancock County residents with a high school diploma or equivalency was 77.9% in 2000. Both Harrison County and Jackson County had a higher percentage of the population that had achieved a high school diploma or equivalency.

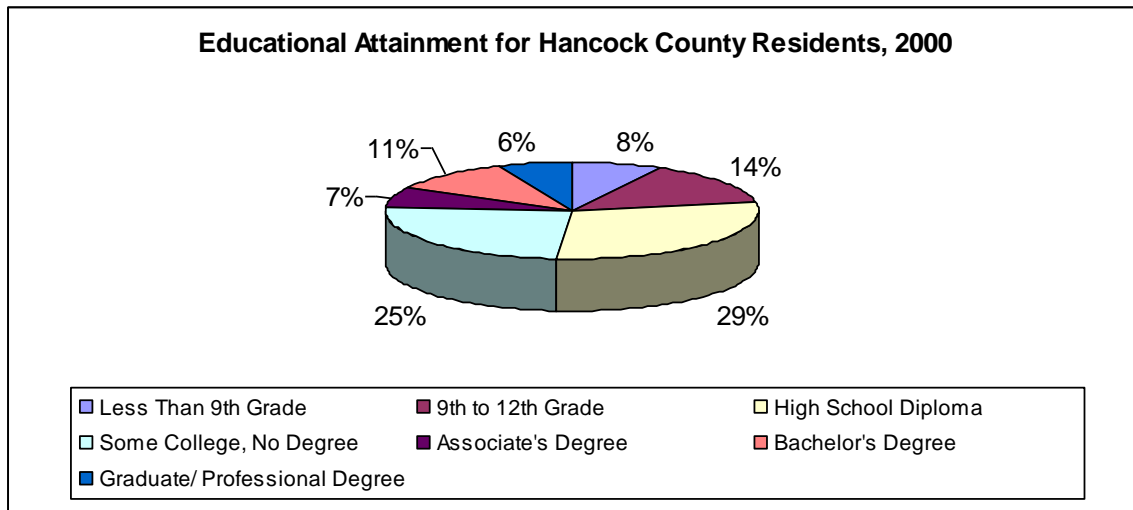
**Educational Attainment of Residents of the City of Bay St. Louis
Over the Age of 25, 2000**

	New City Limits	Pre-Annexation Limits of Bay St. Louis	Newly Annexed Area*	Hancock County
Less 9 th Grade Education	457	325	132	2,264
9 th to 12 th Grade, with no diploma	848	617	231	4,122
High School Diploma or Equivalency	2,412	1,629	783	8,450
Some College, no degree	1,957	1,216	741	7,133
Associate's Degree	518	339	179	1,893
Bachelor's Degree	1,015	796	219	3,130
Graduate or Professional Degree	685	584	101	1,848

Source: U.S. Census

* Based upon Census Tract 303 block groups 3000, 4000 and 5000.

The population within the City of Bay St. Louis, including the newly annexed area had a significantly higher percentage of the population that had earned a bachelor's degree or higher, compared to Hancock County, other regional cities and the State of Mississippi. According to 2000 Census data, approximately 22% of the population within the City of Bay St. Louis and its newly annexed area had achieved a bachelor's degree, masters degree, graduate degree or professional degree. In Hancock County, only Diamondhead had a higher percentage of the population with a college degree, at 33.3% of the population. Nationally, about 24.4% of the population achieved a bachelor's degree, graduate degree or professional degree, and within the State of Mississippi 16.9% of the population achieved such a degree.



Source: U.S. Census Bureau

About one-third of the people with advanced college degrees in Hancock County lived within the pre-annexation limits of Bay St. Louis. Approximately 30.9% of the people in Hancock County with a master's degree lived within the City of Bay St. Louis, compared to 21% in Waveland and 26% in Diamondhead. Approximately 34% of the people in Hancock County that had a professional degree lived in Bay St. Louis, compared to 21.1% in Waveland and 19.6% in

Diamondhead, and about 30.2% of the people in Hancock County with a doctorate degree lived within Bay St. Louis compared to 4.3% in Waveland and 54.7% in Diamondhead.

About 24% of the population in Bay St. Louis had taken college classes, but had not earned a degree. This is consistent with the City of Pascagoula and with Hancock County. Additionally, approximately 7% of the population within the City of Bay St. Louis had earned an associates degree, again consistent with statistics from the City of Pascagoula and Hancock County.

A Community Survey Census was taken after Hurricane Katrina, which also estimated the social and economic information about the remaining population. The social and economic data was determined based upon a three county region in Mississippi, with an estimation of error for each category. Data from this Census indicated that after Hurricane Katrina, the percentage of people with degrees and with some college had decreased, as a percentage of the remaining population. The Census data suggests that the percentage of the population with an associates degree may have decreased from 11.3% prior to Hurricane Katrina to 7.7% in the months after Katrina, the percentage of the population with a some college but no degree may have decreased from 22.1% to 19.0%, and the percentage of the population with a bachelor's degree may have decreased from 13.4% coast wide to 11.0%. This survey suggests that professional and technically trained and educated residents may have been more likely to relocate to find employment.

New Resident Population

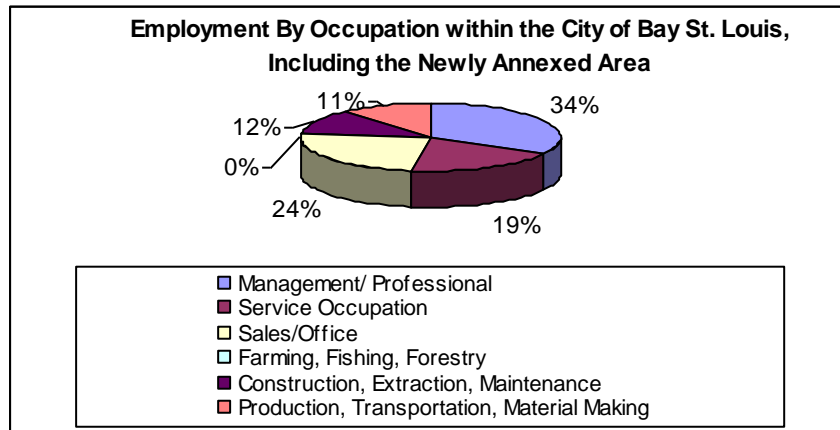
In the year 2000, Census data indicated that approximately 45% of the City's population, which included the newly annexed area of the City had lived in a different house five years previously. Approximately 60% of the population that had moved to the City of Bay St. Louis between 1995 and 2000, moved from another county, another state or from another country. Census data for the state of Mississippi, indicate that about 40.6% of the population lived in a different house in the five years between 1995 and 2000.

Approximately 40% of the population that indicated that they lived in a different house between 1995 and 2000, moved from a different house from within the County, about 36% of the population moved to Bay St. Louis from a different state, 22% of the population moved to Bay St. Louis from a different county within Mississippi, and 2% of the population moved to Bay St. Louis from another country.

Since 1990, the City's population has grown more stable. Between 1985 and 1990, Census data indicated that about 54% of the population of the City of Bay St. Louis and the newly annexed area moved to the City. According to the 1990 Census as much as 45% of the population which had moved to the City of Bay St. Louis was from another state and 40% of the population that moved to the City of Bay St. Louis moved from another house in Hancock County.

Residential Employment by Occupation

Within the City of Bay St. Louis, including the newly annexed area, more than one-third of the population is employed in a management or professional occupation. About one-quarter of the population is employed in a sales or office occupation. Additionally, about 19% of the population is employed within a service occupation, which would include gaming and health services.

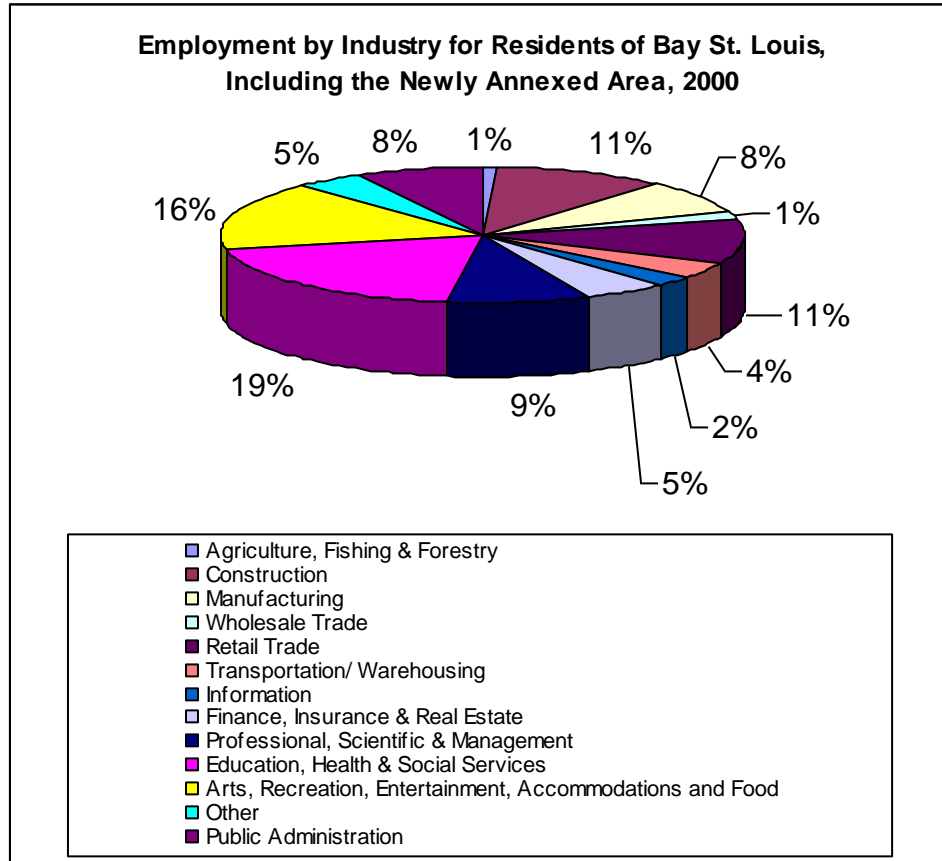


Stennis Space Center employs about one-quarter of the residents within Hancock County. It is likely the reason that the City of Bay St. Louis has higher than average percentage of residents employed in service occupations and in management and professional occupations is due to the location of the Space Center and their employment at the Center or at supportive businesses to the Center. A significant number of residents in Bay St. Louis work in the service industry, including the casino industry and the accommodations industry coast wide.

Residential Employment by Industry

Bay St. Louis residents tended to be employed in the following industrial sectors, education, arts, entertainment and accommodations, construction, retail and professional, science and technical. Approximately two-thirds of the residents within the City of Bay St. Louis and the newly annexed area were employed within these five industrial sectors.

The City of Bay St. Louis is unique for three features; nearly 16% of the population is employed within the arts, entertainment and accommodations industry, and a higher percentage of the population tends to be employed in the professional, science and technical sector and the construction sector.



Specifically, about 16% of the residents of the City of Bay St. Louis and the newly annexed area were employed in the arts, recreation, entertainment, accommodation and food industry. This is nearly double the percentage of the state population employed within the sector, but consistent with regional employment trends in Harrison County.

Residents in Bay St. Louis are more likely than both State and Harrison County residents to be employed in the Professional, Scientific and Management Industrial Sector and in Construction.

Income

According to 2000 Census Data, the per capita income for residents of the City of Bay St. Louis, including the newly annexed area was higher than the per capita income for the State of Mississippi, and slightly higher than the per capita income for Hancock County. The per capita income measures the average amount of income generated by all residents within the boundaries of the city from all sources of income including wages and transfer payments.

The 2000 Census indicated that the per capita income in the City of Bay St. Louis was \$18,483. Per capita income in the newly annexed area was determined for each Census block group within this area. The per capita income for Census block group 3 was \$22,546, for Census block group 4 was \$34,643 and for Census block group 5 was \$29,576.

Comparison of Income, 2000

	Per Capital Income	Median Household Income
Hancock County	\$17,748	\$35,202
Bay St. Louis	\$18,483	\$34,106
Waveland	\$16,413	\$33,304
Diamondhead	\$26,631	\$51,361
Kiln	\$16,351	\$38,125
Pearlington	\$14,040	\$31,224
Shoreline Park	\$13,984	\$28,258
Jackson County	\$17,768	\$39,118
Harrison County	18,024	35,624
Pearl River County	15,160	30,912
Mississippi	\$15,853	\$31,330
Escambia County	\$18,641	\$35,234
United States	\$21,857	\$41,994

Source: Bureau of the Census, U.S. Department of Commerce

In 2000, the median household income for the City of Bay St. Louis was \$34,106 and the median household income for the Census block groups within the newly annexed area was \$44,808 for Census block group 3, \$34,643 for Census block group 4, and \$29,576 for Census block group 5.

Again the median household income was comparable or slightly higher than that for the region and the State of Mississippi. The 2005 American Community Survey developed by the Census Bureau indicated that in the four months after Hurricane Katrina, it is likely median household income increased slightly and that the per capita income decreased slightly.

About 1,051 of the individuals that lived within the City of Bay St. Louis had an income below the poverty level in 2000, according to the Census Bureau. This number equated to about 13.2% of the population. Within the newly annexed area, approximately 360 people were determined to have an income below poverty. This equated to 10.7% of the population in the newly annexed area. The percentage of people living below poverty within the City of Bay St. Louis and the newly annexed area is well below the percentage of people in Mississippi living below poverty of 19.9%. Within the region, the percentage of the population in Bay St. Louis and Hancock County living below poverty is slightly lower than that for Harrison County (14.6%) and Pearl River County (18.4%). Data from the 2005 American Community Survey developed by the Census Bureau indicated that four months after Hurricane Katrina, the percentage of people living below poverty may have increased between 4.7% and 5.2%.

Unemployment Rate

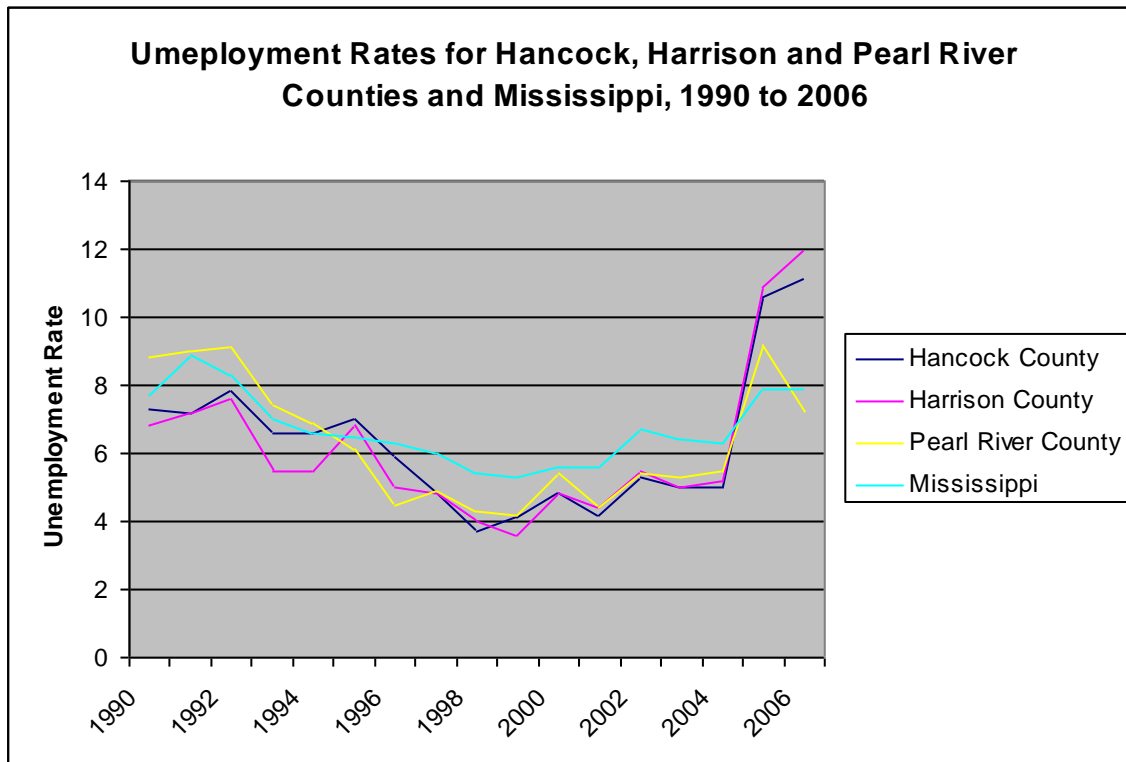
In response to Hurricane Katrina, the Annual Average Unemployment Rate for Hancock County rose from 5.0 in 2004 to more than double in 2005 and 2006. But during the eight years prior to 2005, Hancock County's unemployment rate was the lowest within the region.

Annual Average Unemployment Rate for Hancock, Harrison and Pearl River Counties and the State of Mississippi, 1990 to 2006

	Hancock County	Harrison County	Pearl River County	State of Mississippi
2006	11.1	12.0	7.2	7.6
2005	10.6	10.9	9.2	7.9
2004	5.0	5.2	5.5	6.3
2003	5.0	5.0	5.3	6.4
2002	5.3	5.5	5.4	6.7
2001	4.2	4.4	4.4	5.6
2000	4.8	4.8	5.4	5.6
1999	4.1	3.6	4.2	5.3
1998	3.7	4.0	4.3	5.4
1997	4.8	4.8	4.9	6.0
1996	5.9	5.0	4.5	6.3
1995	7.0	6.8	6.1	6.5
1994	6.6	5.5	6.9	6.6
1993	6.6	5.5	7.4	7.0
1992	7.8	7.6	9.1	8.3
1991	7.2	7.2	9.0	8.9
1990	7.3	6.8	8.8	7.7

Source: Mississippi Department of Employment Security, Labor Market Information

Noticeable drops in the unemployment rate occurred following 1992, with the opening of Casino Magic and in 1996 with the opening of Wellman Plastics at the Port Bienville Industrial Park. Lockheed Martin and Boeing opened facilities at the Stennis Space Center and federal missions were expanded at the Stennis Space Center.



Employment by Industry Grouping

Over the past fifteen years, the County’s establishment based employment has increased substantially from 11,250 to 15,330, an increase of 36.3%. Not surprisingly, and consistent with national and regional trends, manufacturing employment decreased as a percentage of total employment within Hancock County. And service type employment and government employment increased as a percentage of employment.

Historically, government employment accounted for approximately one-quarter of the establishment based employment in Hancock County. Government employers in Hancock County include the local, state and federal governments. Statistics from the Mississippi Department of Employment Security indicate that in 1990, government employment accounted for 28.5% of the establishment based employment and in 2004, government employment accounted for 26% of the establishment based employment. However, the number of jobs within this sector increased from 3,210 in 1990 to 3,900 in 2004.

Establishment Based Employment in Hancock County, 1990 and 2004

	2004	1990
Manufacturing	1,070	2,010
Government	3,900	3,210
Retail Trade and Wholesale Trade	1,760	1,590
Services	6,420	2,970
- Information	(80)	--
- Professional, Scientific, Technical Services	(1,580)	--
- Management of Companies	(90)	--
- Administrative Support and Waste Management	(1,150)	--
- Educational Services	(80)	--
- Health Care and Social Assistance	(760)	--
- Accommodations and Food Service	(2,420)	--
- Other Services	(260)	--
Education	880	600
Transportation and Public Utilities	200	300
Finance, Insurance, and Real Estate	400	310
Construction	660	250
Agriculture, Forestry, Fishing and Hunting	30	--
Mining	10	10

Source: Mississippi Department of Employment Security

Service type employment increased significantly in Hancock County between 1990 and 2004. In 1990, the Mississippi Department of Employment Security estimated that 2,970 establishment based service jobs existed in Hancock County. This was about 26.4% of all employment within the County. By 2004, service types employment accounted for about 39% of all employment and included employment in (a) Accommodations and Entertainment, (b) Professional, Science and Technical, (c) Management, (d) Administrative Support, and (e) Health Care. Employment in service type jobs increased from 2,970 to nearly 6,100 jobs between 1990 and 2004.

Manufacturing decreased as both a percentage and in terms of real jobs in Hancock County between 1990 and 2004. In 1990, manufacturing employment accounted for 17.9% of the establishment based employment in Hancock County, and in 2004, manufacturing employment

accounted for only 7% of establishment employment in Hancock County. The number of manufacturing jobs within Hancock County decreased from 2,010 in 1990 to 1,070 in 2004.

The increase in establishment based employment in Hancock County is consistent with trends within the region. Hancock County gained a higher percentage of employment within the county between 1990 and 2004 than that for the state, and lower than that for Harrison County. The number of jobs in the State of Mississippi increased by 20% between 1990 and 2004, compared with an increase in the number of jobs in Hancock County of 36.3% and an increase in the number of jobs in Harrison County by 55%.

Sales Tax Diversions

Total gross sales from 372 retail establishments within the City of Bay St. Louis, during FY 2005, prior to Hurricane Katrina, resulted in \$112,328,695. Between FY 1998 and FY 2005, gross sales within the City of Bay St. Louis increased by 25.9%, consistent with retail sales growth in Hancock County and the City of Waveland. The number of establishments providing these sales and services increased by 13.8% within the City of Bay St. Louis and by 19.6% overall within Hancock County.

In FY 1998, the top four retail sectors accounted for approximately 64% of retail sales. These four retail sectors were Food and Beverage (32.4%), Automobiles (15.6%), Miscellaneous Retail (9.6%), and Lumber and Building Supplies (6.0%). By FY 2005, the top four retail sectors has changed slightly and now accounted for nearly 69% of all retail sales within Bay St. Louis. These sectors included Food and Beverage (24.2%), Miscellaneous Services (16.6%), Miscellaneous Retail (15.1%), and Automobiles (12.9%).

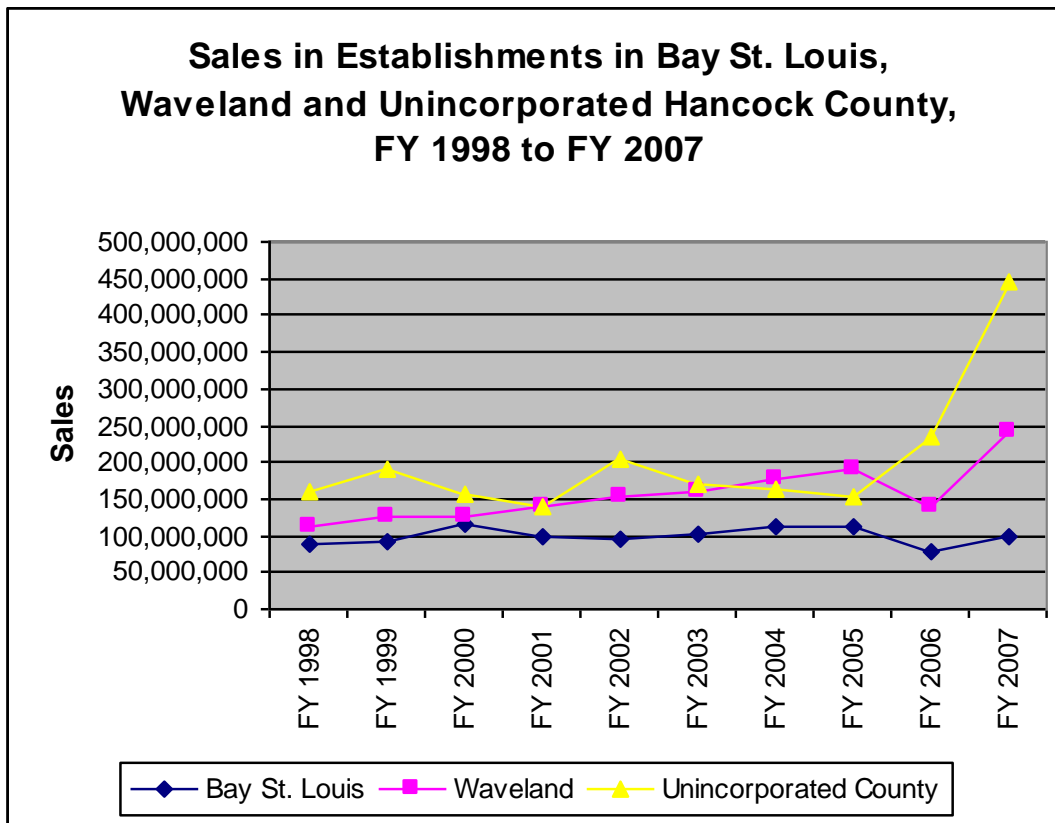
Data from the Mississippi State Tax Commission provides an indication of the extent of Hurricane Katrina in Hancock County. Within Hancock County, retail sales rose slightly between FY 2005 and FY 2006, from \$455,014,403 to \$455,088,434. But more than 55% of the retail sales in FY 2006 occurred within the unincorporated County, since the business districts of the Cities of Bay St. Louis and Waveland suffered significant damage.

As a result of Hurricane Katrina, retail sales in Bay St. Louis decreased by 29.9% between FY 2005 and FY 2006, and in Waveland retail sales decreased by 26% between FY 2005 and FY 2006. Retail sales establishment in the unincorporated county, located outside of the area inundated by Hurricane Katrina contributed to maintaining consistent sales within the county during FY 2006. Sales generated by establishments located outside the cities increased significantly during FY 2006, due to Hurricane Katrina, from \$151,681,426 in FY 2005 to \$235,500,797 in FY 2006. This was an increase in sales of 55%.

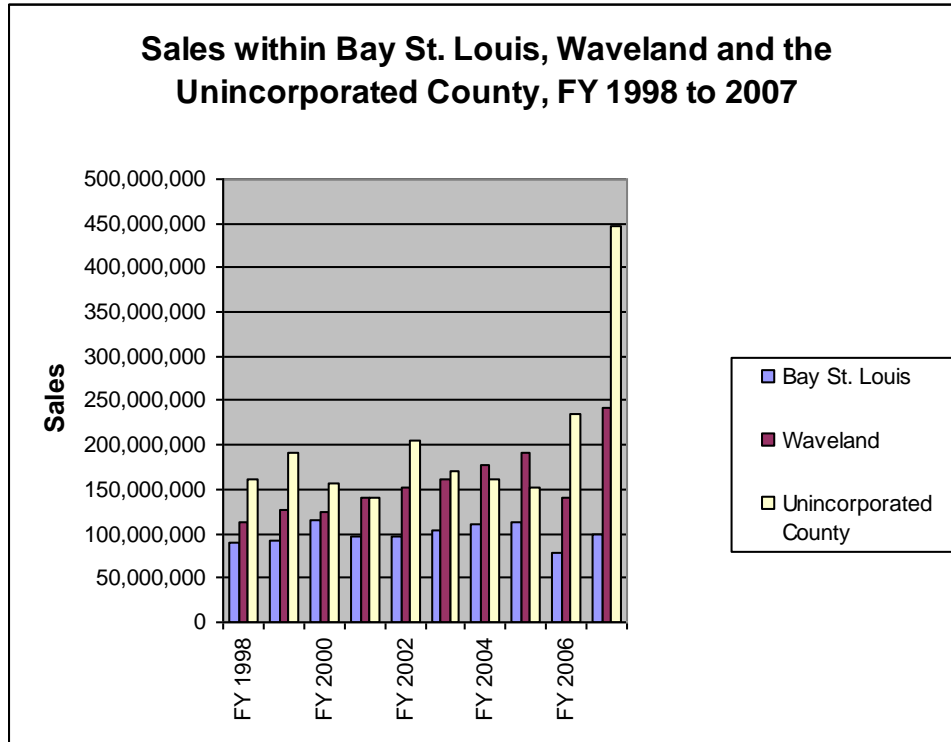
Prior to Hurricane Katrina, sales within the City of Bay St. Louis averaged slightly less than 24% of the retail sales within Hancock County. Slightly less than one-third of the business establishments were located within Bay St. Louis. Bay St. Louis generally led the county in sales for miscellaneous retail establishments and miscellaneous services. Establishments within the City of Bay St. Louis captured 39% of miscellaneous retail sales in FY 1998, approximately 61.8% of miscellaneous retail sales in FY 2004 and 47% of miscellaneous retail sales in FY 2005. Historically, slightly more than one-third of the miscellaneous retail establishments in Hancock County were located within Bay St. Louis.

Prior to Hurricane Katrina, all retail sales sectors in Bay St. Louis saw an increase in sales with the exception of the Machinery and Equipment Sector, between FY 1998 and FY 2005. The Food and Beverage Sector sales remained consistent during this timeframe.

Data from the Mississippi Tax Commission for the City of Bay St. Louis indicates that Sales Tax Revenues for the City increased in 2007 from 2006. However, the sales tax revenues to the City were still lower than sales tax revenues in 2005. The City still lacks major contributors to sales tax revenues, such as a grocery store and auto sales. Still small retail businesses have done a remarkable job generating sales tax revenues.



Source: Mississippi State Tax Commission



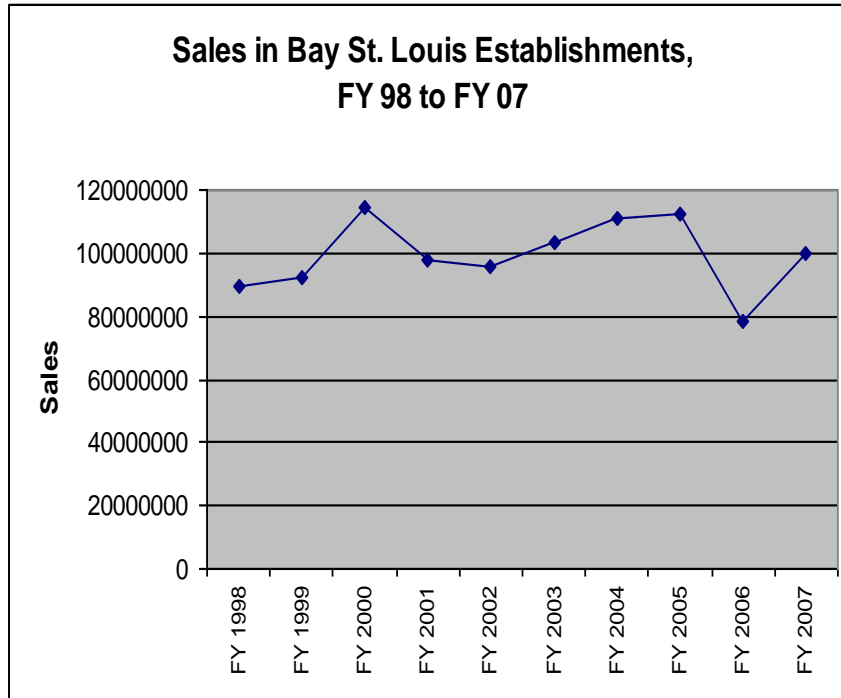
Source: Mississippi State Tax Commission

Retail Sales by Sector in Bay St. Louis, FY 1998, FY 2005, FY 2006 and FY 2007

Category of Sales	FY 2007	FY 2006	FY 2005	FY 1998
Food and Beverage	\$ 22,747,186	\$ 17,521,219	\$ 27,230,390	\$ 28,926,704
Miscellaneous Services	\$ 17,615,055	\$ 11,028,672	\$ 18,607,606	\$ 4,783,737
Miscellaneous Retail	\$ 5,339,111	\$ 3,732,786	\$ 16,994,918	\$ 8,589,441
Automobiles	\$ 6,531,534	\$ 9,191,889	\$ 14,577,943	\$ 13,933,054
Lumber and Building Supplies	\$ 15,550,124	\$ 11,389,005	\$ 8,289,358	\$ 5,373,981
Furniture	\$ 1,795,374	\$ 1,448,277	\$ 1,328,230	\$ 317,380
Apparel and General Merchandise	\$ 3,809,623	\$ 2,001,961	\$ 3,452,055	\$ 2,274,030
Contracting	\$ 7,365,205	\$ 5,983,892	\$ 6,220,693	\$ 3,472,949
Machinery and Equipment	\$ 1,716,704	\$ 1,534,880	\$ 1,615,200	\$ 2,070,737
Total Sales	\$ 99,788,926	\$ 78,711,337	\$ 112,328,695	\$ 89,188,257

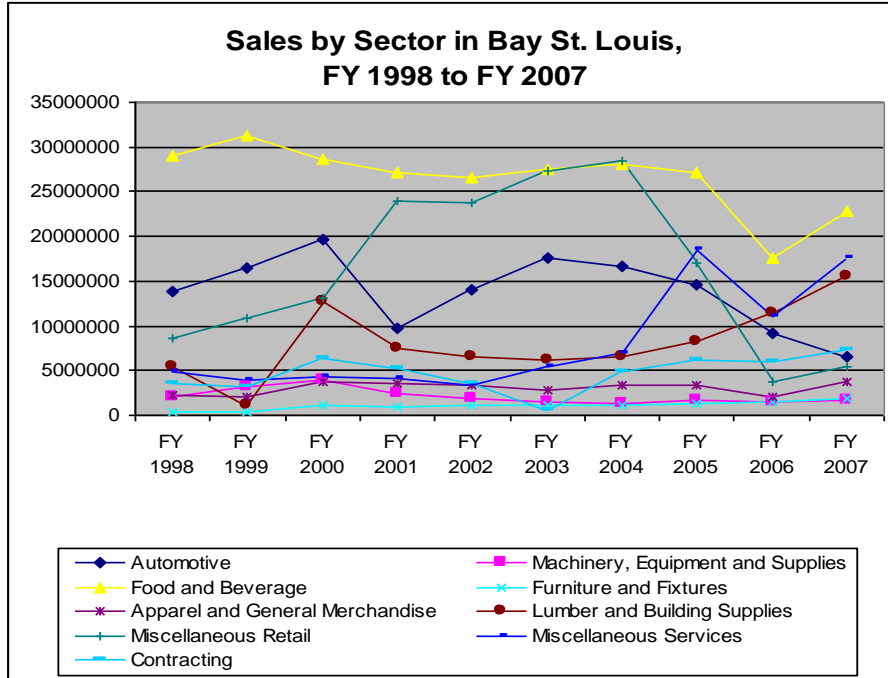
Source: Mississippi State Tax Commission

Not surprisingly, lumber and building supply stores and furniture sales experienced increased retail sales from 2005. Historically strong retail sectors, such as the food and beverage category and retail sales were still relatively weak, according to sales tax data from 2007.



Source: Mississippi State Tax Commission

Retail sales within the City of Bay St. Louis after Hurricane Katrina indicated that there were different priorities and needs of consumers, and that some businesses are still not operational or not yet built back after Hurricane Katrina. Traditional retail markets are not easily accessible for merchants of Bay St. Louis. The Highway 90 Bridge over the Bay of St. Louis was destroyed, making quick and convenient commutes from Pass Christian and areas east nearly impossible. As much as 60% of the homes in Bay St. Louis were destroyed, and many second homes and vacation homes located on the waterfront and beach were destroyed. Indicative of the changing needs within the community, during FY 2006, Food and Beverage sales accounted for 22.3% of all retail sales within the City, Lumber and Building Supply sales accounted for 14.5% of all sales within the City and Miscellaneous Services sales accounted for about 14% of all sales within the City.



Source: Mississippi State Tax Commission

The Miscellaneous Services sector which has grown increasing strong in the years prior to Hurricane Katrina continued to improve.