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Dear Client:

New Census figures show the Austin area population is growing faster than all other major US metros, a fact that has been true since 2010. And, with the impact of this explosive growth hammering you all the time, it's human nature to become a bit myopic. But look outside this bubble. It's amazing that Texas' other three large metros are on their own record-setting growth spurts. This is a trend that has enormous implications.

It's important from time-to-time to step back and look at the bigger picture. Yes, we need to be focused on the growth gale winds battering Austin. But Austin is not an island. **The Austin area is impacted by what is swirling all around.** And nothing could be more illustrative of the power of this phenomenon than an examination of what is being called The Texas Triangle.

The Texas Triangle is composed of Texas' four largest metros, **Dallas-Fort Worth, Houston, Austin and San Antonio** – with Austin practically smack-dab in the middle of this geographic triangle. **These metros function as one large economic entity, with each playing complementary roles – not competitive roles.** (Each metro is distinctive, economically and culturally.)

Here are two controlling and impressive facts: 1) **together, they represent 68% of Texas jobs and 73% of the state's income**, and 2) **they are all among the nation's leaders in growth and vitality.** The Texas Triangle is truly the economic engine of the Southwest.

New census data shows that in the US, the **Houston metro showed the largest population gain, with a 2013-2014 addition of 156,371 people.** The **Dallas metro tallied 131,217.** Plus, the **San Antonio metro added 34,000 people** and was among the 10 counties with the largest population increases. Bigger picture: **Texas added 451,321 people compared to #2 California's 371,107 people.**

Enough of the stats. You get the picture. **The economic interconnectivity of these metros is strong and getting stronger – each reinforcing the other.** With each passing day, major decisions – such as transportation, water, energy – must be made with an awareness of the entirety of The Texas Triangle. One final, important observation: Just this past week, the cities of **Temple, Belton, Cameron, Killeen, McGregor and Waco (all within a hundred miles-or-so of Austin) formed a partnership for economic development.** Spinning off the vitality of the Texas Triangle, this could provide a kick-start toward their own regional center of vitality.

A week ago, City of Austin leaders unveiled what they labeled a “Traffic Congestion Action Plan,” detailing a number of steps that would be taken to help alleviate traffic issues. It was reported by most media outlets exactly as it was laid out in a press conference. Now, harsh criticism has surfaced.

Calling the plan “smoke & mirrors” and “just plain silly gibberish,” former Founder/Publisher of *Texas Monthly*, **Mike Levy ripped the plan apart bit by bit.** Because Levy has been a frequent critic of city actions and policies, some discount his criticism (“**Oh that’s just Levy sounding off again. Don’t pay attention.**”). **But you deserve to know some what he said.** Here are some key elements of the plan, followed by Levy’s critique.

Deploy dedicated traffic mobility police officers at key intersections to keep traffic flowing. “**This is an awful, stupid, idiotic idea,**” said Levy. He said police calls are waiting to be dispatched, especially during drive time periods. “Many of these are collisions that have cars stacked up because they are waiting for cops to call wreckers, etc. **Take cops away from patrol, and congestion will only increase.**”

Reduce congestion by improving additional capacity... “Givemeabreak!!! A huge reason for the increased congestion is the ‘Great Streets’ program” downtown, said Levy. “**You don’t reduce congestion by taking away lanes. Look at the reduction on 2nd-4th streets west of the convention center. The lane reduction is bad all over.**”

Making one-way streets into two-way to slow traffic. “**What a stupid excuse. Traffic is already slow. Look at the congestion on Brazos** at any time of the day, especially during the am and pm rush hours now that it’s two-way. They are about to do the same with Colorado,” Levy pointed out. “**Then the east/west streets.** East 7th at 5pm is backed up to Congress with cars headed to IH35. And that’s with all four lanes headed east. **Taking away two of the currently east bound streets will have cars stacked back to Llano.**”

Levy has more criticism – especially as it pertains to downtown where Levy offices – but you get his drift. The City’s Action plan is a laundry list for immediate and long-term steps. City Manager **Marc Ott** said at the news conference “**we have to look at every aspect of congestion.** That includes commuting, signal management, law enforcement, construction, special events, parking management and mass transit.” **Ott also emphasized that the plan would be evolving as strategies were implemented, evaluated and refined.**

Speaking of traffic, almost 1,000 citations have been issued since January as Austin police are enforcing the 2015 ban on any hands-on cellphone use while driving. The *Austin American-Statesman* said, by comparison, only 366 tickets were issued in all of 2013 for texting and driving.

Austin is well-known as a “green energy” city. As a politically-liberal city, it is often at the forefront of green energy initiatives. No surprise, right? But would it surprise you to learn that, in the midst of politically-conservative neighboring Williamson County, Georgetown has recently announced it will soon be generating 100% of its electricity from renewable sources like solar and wind – not coal, oil, natural gas or nuclear power, as is the case in Austin?

This is interesting on the face of it. **But it is also emblematic of the push-pull struggle to determine energy’s future.** Here we are in Texas – the largest oil producer in the US. Yet, wind power in Texas is growing by leaps and bounds. Solar power is also getting a foothold. And Austin is betting big bucks on both of them.

And this is happening at a time the US is becoming energy independent, breaking away from the hold that Middle East oil interests have had on this nation. Credit fracking for the current situation. Oh, speaking of fracking (the breakthrough method developed by Houston’s **George Mitchell** for getting oil and gas out of the ground), here’s how **Holman Jenkins** describes fracking’s impact in *The Wall Street Journal*:

“If not for fracking, oil would probably be \$200 a barrel and **gasoline \$6.50 in the US.** Western economies would likely be in free fall. **The grudging US recovery would be in retreat. Japan would be even more of a write-off than it already is.** Russia would be even more emboldened in its geopolitical predations. **Vladimir Putin** would be raking in vaster bucks, rather than vastly diminished bucks, for his oil.” He goes on, but you can see the significance he places on fracking that has propelled Texas oil boom.

The bottom line of this push-pull between fossil fuels and renewable sources is – the bottom line. **Renewables are getting cheaper. Oil and gas are inexpensive and storage tanks are full.** Now, more than ever, the lines between liberal and conservative are being blurred on energy decisions. **Price is becoming the driving factor. This is where Georgetown becomes the poster child for what is happening.**

And Texas may be in the best position of all. Texas is the leader in the fledgling wind and solar industries, just as it has been for some time in oil and gas. Oh sure, the political rhetoric will ratchet up to a high level from time to time – especially among those who are opposed to fossil fuels philosophically. But when you step back, you can see a shift occurring.

Austin’s new mayor, Steve Adler, and an expanded City Council have been in office since January. So how are they doing? The mayor will make his first “State of the City” address Monday April 13th, at 6:30 pm, in the Austin Independent School District’s Performing Arts Center, 1500 Barbara Jordan Blvd. It’s free (even the parking) and is open to the public.

What's going to happen to interest rates – and when? Best guess from *The Kiplinger Washington Editors*: the Federal Reserve is in no hurry to raise its benchmark interest rate. Okay then what is the possible timeline?

“With inflation so low now, the Fed feels little pressure to act quickly. **Odds favor a small rate hike in September. So borrowers likely still have some time to nab ultralow rates,**” *Kiplinger* predicts. The flip side: savers will continue getting paltry yields on cash in the bank.

Also looking ahead to aid your planning: The USPostal Service will hike most rates this spring. But the good news is postage for domestic letters will likely stay at 49-cents and package delivery via Priority Mail won't see an increase. However, watch other postal services for increases.

The skies over your head are going to be filled with more and more items. But they will be much smaller – such as drones as small as a penny and satellites no bigger than a football.

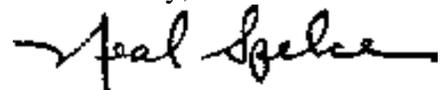
Our friends at *Kiplinger* make it their business to look ahead (as seen in the previous two items). **They say the next *big* thing in satellites and drones is *miniaturization*.**

Because satellites weighing less than 110 pounds are now possible you can expect, **in less than five years, 400 will blast off annually, compared to 92 in 2013.** Most will be aimed at improving weather forecasting, mapping and navigation.

Same is true for drones. **Lighter batteries developed for use in your cell phone are being adapted to boost small drones' flying range while cutting weight.** Can you believe drones hovering overhead will be as small as an egg or a penny. Just imagine the possibilities.

Dr. Louis Overholster advises his aging patients who have trouble remembering names to take their laptop computer for a run -- to jog their memory!

Sincerely,



Editor/Publisher