



Volume 39, Number 15

July 14, 2017

Dear Client:

**One of the reasons people are moving to the Austin area at such a rapid clip is they are hearing from current residents who have income increasing at one of the fastest rates in the nation. Yes, available jobs are important to population growth, as is cost of living and quality of life. But after newcomers arrive, their income apparently keeps going up over the years.**

Recent research shows Austin's growth in real total personal income in 2015 was the **seventh best among the 50 largest US metros**, according to Chamber VP/Research **Beverly Kerr**. She further reported this week that real per capita personal income *growth over the last five years is 17.0%*, **and only five large metros have seen faster growth**. For comparison purposes, Kerr noted that Dallas-Fort Worth ranked 4th, and Houston and San Antonio (15th and 18th respectively) also saw better growth than the national gain.

Realizing eyes tend to glaze over when reviewing economic statistics (as ours did several times), we were intrigued by Kerr's analysis of a recent trend to **take into account regional price differences and personal consumption expenditures combined with income growth**. This data is not simply inflation-adjusted. We'll try to boil down her findings, without downplaying her good work.

She calls it price parity. With all the local debate criticizing rising costs in the area, she found **Austin's average prices are still 0.5% lower than the US average**. This puts Austin way below "competitor metros" such as **San Jose, San Diego, Boston, Seattle, Denver and Portland**, as well as many other big metros.

And, importantly, **Austin is still lower – but not by much – than Houston and Dallas-Fort Worth**. In other words, a dollar earned in the Austin metro is worth more than similar income in more than 20 other big cities.

An important distinction: **inflation rates differ by regions**. When you see common *national* inflation rates, they are not nearly as relevant as *regional* inflation rates. This is why the unique measure used here is significant.

**Not only has the area's personal income been increasing at a comparatively fast rate, the lower regional inflation rate has given it enlarged spending capacity.** Caution: Austin's regional rate of inflation is creeping higher, compared to the national standard. Be aware.

**In a separate report, the State Comptroller's office appeared to give credibility to the area's increased personal income study just mentioned. It was the state's regular monthly tally of sales tax revenue collected by Texas cities.**

Statewide sales taxes increased 9 % in May over the same month a year ago, indicating robust retail sales. The "wealth" was spread around. **Austin joined Houston, San Antonio, Dallas, Fort Worth, Midland and Odessa reporting "notable increases in sales tax allocations"** which will be returned to the cities this month. (Local sales taxes collected in May were sent to the state in June and the city's portion returned to them in July).

**Speaking of cities, no matter how harshly you may criticize your city's governing body, be glad you don't live and/or do business in the small South Texas town of Crystal City, where the entire political leadership, except for one city councilman, was rounded up on charges of corruption.**

Trials were scheduled to start this week for the former mayor and city manager, among others, on charges they **accepted bribes and took kickbacks from people wanting to do business with Crystal City**. Other city officials have already pleaded guilty to a single count of bribery and will testify against the remainder in federal court in nearby Del Rio. **(Should the city motto be changed to "The Most Corrupt Little Town in America?")**

**Don't read anything nefarious in this next item just because it follows the previous story about city governance. But, you need to know a city government expert has harsh words about the firm retained to find Austin's next City Manager. LBJ School of Public Affairs professor emeritus Terrell Blodgett has spent more than 50 years helping to manage cities, including a stint with the City of Austin. His criticism needs to be considered.**

It's been almost a year – August 12, 2016, to be precise – since Austin City Manager **Marc Ott** announced he was leaving for a new job in Washington, DC. The Austin City Council, that will hire the manager, accepted the recruitment firm's recommendation to **"review the candidates in private and then present the citizens with their chosen candidate,"** said Blodgett.

**Blodgett argues for making the top 3 or 4 candidates public so citizens will have an opportunity to weigh in, as recently occurred successfully in Dallas and Fort Worth.** "Until residents can look applicants in the eye and talk to them about their experiences, we will really not know if they share our values," observed Blodgett.

His criticism of the process noted the **search firm hired by Austin "has not previously conducted a search for city manager,"** and said the individual in charge of the search lives in a non-city-manager city "and has no personal knowledge of what a city manager does."

**More than a dozen triple-digit temp days have been recorded already in the Austin area this summer and we're still a long way off from August. As a result, a move to "cool down" Southern California may have application for the searing heat of Austin summers. Especially the heat that radiates from pavements.**

Long summer days in the blazing hot sun can cook hard surfaces. **This heat doesn't dissipate, it radiates – keeping city concrete jungles hotter than leafy green areas in the same vicinity.** Some refer to this disparity as an "urban heat island" effect. You can feel it when you are out-and-about on roadways or in the city. Now, California is experimenting with a simple solution to moderate the effect.

**Los Angeles is pushing a novel plan – turn the streets a different, lighter color.** Dark asphalt acts like a secondary heater under your feet. The idea of "cool pavements" has been kicking around the LA City Hall for years. But only recently have steps been taken to implement the concept.

LA's Chief Sustainability Officer, **Matt Peterson** told the *New York Times* that test applications of a light gray coating on roadways known as CoolSeal had shown a 10-degree reduction in heat gain. **"It was pretty significant, particularly when you're talking about asphalt that gets up to 130, 140 degrees,"** he said.

Proponents of cool pavements say that aside from providing greater physical comfort, even a **small drop in temperatures would reduce energy use and mitigate the health risks** associated with extreme heat.

Lighter-colored pavements won't counteract the harsh effects of extreme heat by themselves, but a mix of measures could make a dent. **More tree canopy, such as Austin has promoted for years, for instance will go a long way.** Also, reflective roofs would add greatly to reduction of the urban heat island effect.

Lighter surfaces certainly lower temperatures (remember, you are told to wear lighter-colored clothes during the summer). **For now, Los Angeles is testing how CoolSeal, made by Guard Top, based in Dana Point, California, performs over time on a handful of streets.** In May, a work crew slapped it on a street in the Canoga Park neighborhood, and weeks later residents told a newspaper they could already feel the difference. Obviously, this is still in the experimental stage. But it could hold promise for Austin down the line.

**Austin Water says it has surpassed Water Conservation goals set ten years ago. Water use in Austin has dropped to 122 gallons per capita per day (GPCD), down more than 35% from a high of 190 GPCD a decade ago.**

**When Austin's Treaty Oak was poisoned by a vandal years ago, it garnered a lot of public attention as it was nursed back to life on Baylor Street near the downtown area. Now, another area historic oak is struggling to regain its health. But, because the 300-year-old Cabinet Oak is off the beaten path, it has escaped such awareness.**

The canopy of the magnificent Cabinet Oak has provided shade for many **heads-of-state, national and Texas political leaders, news media legends, celebrities, etc.** **Historic discussions/decisions took place under the live oak tree** that dominates the front lawn of the main house at the LBJ Ranch, now part of the Lyndon B. Johnson National Historical Park near the Central Texas Communities of Stonewall and Hye.

It wasn't vandalism that caused dead spots to develop in the live oak tree's crown. According to a *Texas Monthly* report, **the culprit is root rot**: "It turns out the Johnson's sodded the lawn with Saint Augustine grass, which needs a lot of water. **Because of all that watering, the ground eventually became soggy, 'drowning' the tree roots, which could no longer take in enough air and nutrients.**"

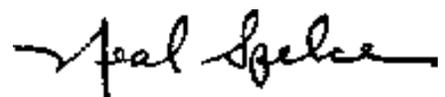
**So, Park officials ripped out the St. Augustine, added compost and mulch to a different type grass, aerated the soil and added an eco-friendly pesticide** to protect the weakened leaves of the tree, located just a few hundred yards from the Pedernales River.

The nurturing of what could be the most historic tree in Central Texas is continuing. Live oaks have been known to survive for several centuries in this area. **So, with care, Cabinet Oak could grace the former Texas White House for another 100 years.**

A bit of trivia. **The original section of the LBJ ranch house was built in 1894 (by William "Polecat" Meier)** and was sited to take advantage of proximity to the live oak that, back then, was still a coupla hundred years old. LBJ bought the home from his aunt in 1951.

**Dr. Louis Overholster** wonders if he's getting older because the elevator is playing music he likes.

Sincerely,



Editor/Publisher