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Dear Client:

The impact of Hurricane Rita on a number of counties in Texas, while less disastrous than feared, was substantial. But what about the impact on the *political* landscape?

A great deal of praise, criticism and complaints have been tossed around in the wake of Hurricane Rita. Just about any public entity from the Federal Emergency Management Agency (FEMA) to the Texas Department of Transportation (TxDOT), and the highest elected public officials on down to local authorities were **cussed and discussed**. Private entities, such as oil companies, gas stations and grocery stores, were not exempt from their share of the debate during the perceived crisis and traffic gridlock from the largest evacuation in US history.

As to what went wrong – or right — we’ll leave that to the statewide committee set up to examine **Texas’s response to what was one of the strongest, biggest and most intense hurricanes on record in the earliest stages**. No matter how or where Rita ended up, for two days Texas was staring down the barrel of a cocked and loaded gun. This will challenge anyone or any agency charged with the responsibility for the safety of the citizens of Texas.

So, who were the Texas political winners and losers? If you listened to talk radio Thursday and Friday as several million evacuees from the Gulf Coast spent anywhere from **12-20 hours in bumper-to-bumper gridlock** trying to get to Austin or Dallas, Governor **Rick Perry and TxDOT were the devil incarnate**, the political *losers*. The same held true Sunday when many evacuees were told to wait for “a plan” on when they could return. When the plan was unveiled, the howls continued as some realized they had to wait until Tuesday to return home, while others could go a day or two earlier. It wasn’t pretty.

But that was then and this is now. The governor could end up a political *winner*, if you follow the logic of the conservative *Dallas Morning News*. “Clad in khaki and gubernatorial baseball cap, Mr. Perry was the picture of **calm and command** ... The governor projected competence and stability... All this follows **strong reviews the governor earned** on a national stage for offering unqualified aid and hospitality to evacuees from Hurricane Katrina,” cooed the *News*. “For the moment, Mr. Perry has the wind at his back as he approaches an election year, albeit with major problems yet unsolved.” The operative words in the previous sentence are “with *major problems yet unsolved*.” In other words, the political winds could shift again.

Thirteen site consultants, who recommend locations for businesses seeking to expand or re-locate, visited Austin during the height of the run-up to Hurricane Rita. How did it go?

Pretty good, according to the hosts at the Greater Austin Chamber of Commerce. If this is true, and the results from the first such visit to Austin in 2004 provide an indication, the visit will pay off in recommendations of Austin as a superb location and follow-up site visits from those consultants. The Wed-Fri visit included a **helicopter tour of the region**, a meeting with the presidents of UTAustin, Texas State and Huston Tillotson, as well as visits with state officials.

As of this week, one more bankrupt airline is now serving Austin-Bergstrom International Airport (ABIA). This brings to four the number of bankrupt airlines vying to carry the Austin air traveler.

As we told you last week, Delta, Northwest and United Airlines were the only bankrupt airlines flying at ABIA. Well, you can now add USAirways to the list. USAirways has been in bankruptcy court for some time now, but it did not serve Austin. This changed a few days ago when another of Austin's carriers, America West, merged with US Airways. **Effective 9/27/05, all America West reservation lines, e-mail and signage started to operate under the USAirways name.** So you now have four bankrupt airlines serving Austin.

We now have **USAirways operating 30 departures and 30 arrivals a week**, formerly operated by America West. Cities served by USAirways (America West) out of Austin include Phoenix and Las Vegas. Obviously, this could change as bankrupt airlines are all about changing to become profitable.

Again, to keep this in perspective, USAirways/America West will be carrying less than 2% of Austin passengers. Add the market share of bankrupt United, Delta and Northwest to this total and you still have **less than 17% of all Austin air travelers flying bankrupt carriers.** Southwest (approximately 34%) and American Airlines (about 27%) are the major carriers of choice for Austin air travelers.

While we're on the subject of air travel, the August figures were released this week and they showed a step backward. The number of air travelers in August was up 6.5% compared to August 2004. But they **did not set a record as did the July 2005 totals.** Air travel is one of the barometers of the economy – both for business and for individual prosperity. So we like to track this. We may be entering an up-and-down period until stability sets in. **It would not surprise us to see the September totals rise back to a record level.** We'll watch it for you.

Oh by the way, Dr. Louis Overholster said he heard a United Airlines flight attendant announce upon landing, following a flight from Denver: **“On behalf of all our crew, we realize you have a choice of *bankrupt* airlines, and we thank you for choosing United!”**

The Austin-Round Rock five-county metro area was not only in the Texas Top Three as the fastest growing by percentage, it was in the same category by actual population numbers. It was the only metro area to make both lists.

The recent USCensus Bureau numbers cover the period from April 2000 to July 2004. When you talk *percentages*, **the smaller metros usually show up at the top** because fewer people lead to a greater percentage increase. In *actual numbers*, **the bigger metros end up leading the list** because they are where the biggest growth usually occurs. This is why it is unusual for the Austin metro area to be Number Three on both lists.

The fastest growing Texas metros by *percentage* are **McAllen-Edinburg-Pharr** (15.59%), **Laredo** (13.64%) and **Austin-Round Rock** (13.00%). The Texas metros with the largest *actual population increases* are **Dallas-Fort Worth-Arlington** (538,738), **Houston-Baytown-Sugar Land** (465,036) and **Austin-Round Rock** (162,508). Interestingly, the Austin metro added more people than the larger San Antonio metro area that gained 142,347 people.

When you dig a little deeper into these new census figures, you find that two of our metro area *counties* were among only eight Texas counties who **gained more than 20% in population**. Not surprisingly, they were **Williamson County** (with a 27.19% gain) and **Hays County** (with a 22.31% increase). Williamson was third in the state behind the Dallas area's Rockwall and Collin counties, while Hays ranked seventh among those gaining more than 20%.

Pop quiz time. We've reported before that Texas has become the fourth state to have more than half of its residents non-White. The others are California, New Mexico and Hawaii. So the question is, based on the new April 2000 to July 2004 population figures, **which minority group in Texas is growing by the greatest percentage?** If you said Hispanics, you're wrong. Hispanics are increasing in greater numbers, by far, but not in terms of percentages. Give up? The minority group increasing by the **greatest percentage in Texas is Asian**.

There is absolutely no question, though, the Hispanic population in Texas is not just increasing, it is surging. And in certain areas it is very dramatic. As an example, **in Harris County (Houston is the county seat) 82.20% of the county's overall population expansion was Hispanic**.

The Hispanic population growth impact is also *widespread*. **Of the state's 254 counties, 213 had increases in Hispanic residents**. The Hispanic population increase in Texas was 1.07 million (16.54%). Whites (non-Hispanic) increased by 203,285 (1.85%), African-Americans increased by 178,981 (7.29%) and Asians increased by 131,342 (22.39%).

About 35.55% of those in Texas metro areas are Hispanic. The Austin metro is 28.70%.

It's that time of year when publications such as this one (which has print as well as Web subscribers) are required to publish certain information about print circulation and ownership. This relates to our Periodical Mailing Permit. This US Postal Service permit is important because it gives a "preferred" status to newspapers/newsletters to help ensure timely delivery.

Traditionally, we've taken this opportunity to tell you a bit about how we operate. First, we're pleased most of our subscribers are now getting the newsletter fast, for the same price, on our Website, www.AustinLetter.com. We notify Web subscribers by e-mail when each Friday's issue is posted on the Web, about the time our print edition goes to the printer.

I am the sole owner of Austin Letter, Inc. and I serve as reporter, writer, editor and publisher. If you have any questions or comments about subscriptions, you may contact us by phone at 512-498-9495, by fax at 512-327-1976 or by e-mail at News@AustinLetter.com. Our mailing address is P. O. Box 1905, Austin, 78767-1905. Except for the last two weeks of the calendar year, we publish weekly at an annual subscription rate of \$150 (plus tax), or at the discounted 2-year rate of \$249 (plus tax). We have not raised our prices since 1987.

During the preceding 12 months, now that most subscribers get their newsletter on-line, we only printed an average of 82 copies of each issue. We had an average of 66 paid mail subscribers, with 6 distributed free, for a total distribution of 72, of which 92% was paid circulation. We held 10 copies for office use. Our report to the US Postal Service this year includes actual figures for the 09/02/05 issue, when we printed 82 copies, of which 66 were paid mail subscribers, 6 were distributed free, for a total distribution of 72. A total of 10 copies were held for office use. Of the 09/02/05 issue's circulation, 92% was to paid subscribers.

We're especially proud that during our 26+ years of publishing this Letter, we've never missed a Friday deadline. Occasionally, the Post Office may not get your mail processed on a timely basis, but they try very hard to make sure your copy is delivered to you on schedule. If you're not receiving your printed copy by Tuesday of each week, we'd like to know.

If at any time, from anywhere you travel, you'd like access to the current newsletter early each Friday morning, we encourage you to switch to an Internet subscription. Obviously, there's no additional charge. Finally, let me say how pleased we are to have you as a subscriber.

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Sincerely



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