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Dear Client:

**An “above average” hurricane season is predicted to start in less than two months and it is time forecasters change their warnings – as residents along the Texas coast can attest.**

Hurricane Ike all but devastated Galveston last year, yet it was **only classified as a Category 2** – on a scale from 1 to 5. And Tropical Storm Allison that flooded the Houston area unmercifully in 2001 **didn’t even grow to hurricane force**. But both of these storms wreaked havoc and caused damage in the multi-millions.

The culprit in the classification is the decades-old **Saffir-Simpson scale that measures only wind velocity**. With maximum sustained winds from 39-74 mph, a system is classified as a Tropical Storm, then comes Category 1 (74-95 mph), Category 2 (96-110 mph), Category 3 (111-130 mph), Category 4 (131-155 mph) and Category 5 (greater than 155 mph). This is the standard used by forecasters for more than 40 years to predict dangerous hurricanes.

Don’t get me wrong. The wind velocity is very important. But it falls short of categorizing the true impact of a storm. Just ask anyone in Galveston where they are still trying to recover from the storm surge of Hurricane Ike last year. **The Saffir-Simpson scale is especially deceptive when it comes to storm surges, the physical size or the amount of rainfall that may be dumped by a hurricane.**

It’s not likely the designation will change any time soon. It is too ingrained in the public’s mind and in the lexicon of meteorologists. But as the hurricane season approaches, you need to **be cautious about reports that include only the measurement of sustained winds.**

**Texas has been especially vulnerable to these massive storms in recent years.** And the 2009 season that starts 6/1/09 is expected to be “above average” – producing 14 named storms, with seven of them becoming hurricanes – before the season ends 11/30/09. There were 16 named storms during 2008, also an “above average” season. While Austin usually escapes much of the impact of hurricanes that hit the Texas coast, **the Austin area has been heavily inundated with rainfall in past hurricane seasons – to the point that serious flooding has occurred in this very flood-prone area of Central Texas.** And the Saffir-Simpson scale does not measure massive amounts of rainfall that may be generated by these storm systems.

**Water – or the lack of it – continues to be a very important topic this week. Rains the last couple of weeks have helped slake the land’s thirst during this severe drought. But they have not been the cure, as very-low Lake Travis and Lake Buchanan illustrate.**

The Commissioner’s Courts of the Central Texas counties of Travis, Williamson, Bastrop, Caldwell, Fayette and Comal have **declared their counties to be disaster areas and have started the steps to request federal assistance.** The impact on wildlife, farming, ranching, cattle operations, etc. is bad and getting worse. But nowhere is it more visible to the untrained eye than in the Highland Lakes of Central Texas.

**This week, Lake Buchanan is about nine feet below its historic average for April and Lake Travis is about 18 feet below its historic April average.**

And the levels are going to keep dropping steadily. Streamflow in the Colorado River and major tributaries is low and falling slowly. Many smaller streams in the Hill Country are dry and larger streams have settled at base flow levels. That’s not all.

**For the first time in seven years, the Lower Colorado River Authority (LCRA) will release water from both lakes Buchanan and Travis early this spring** due to lower-than-average lake elevations and forecasts of continued drought conditions. In years when lake levels are higher, LCRA generally releases water first from Lake Travis and then from both lakes later in the summer. This release of water downstream is to **meet agricultural irrigation commitments.**

In addition to serving agriculture, releases from lakes Buchanan and Travis provide **water to: Austin and other communities, industrial operations (including electric power plants),** and to maintain the environmental health of the lower Colorado River and Matagorda Bay where the river flows into the Gulf of Mexico.

Interestingly, the last time LCRA drew water from Lake Buchanan in the spring to help meet irrigation demands was in 2002. Then, a few months later, flooding during the Fourth of July holiday period refilled the lakes.

**A very ambitious water project that involves Austin’s water supplier, LCRA, and San Antonio has been put on hold, to put it charitably. Some feel it may be dead.**

The complex plan would have modified usage of Colorado River water, set up large storage areas downstream and allowed San Antonio to pump water to serve its customers. But new LCRA data show that between 14% and 25% more water than is included in the latest regional water plan would be needed in the next 50-90 years. **Bottom line: not enough water to meet the requirements, as currently envisioned.** All parties are saying the right thing, “that the door is still open, etc.,etc.,” but, in effect, it is back to the drawing boards if the planning is to continue.

**Surges in population have increased demands for water and other services. This influx of population is continuing. People are still moving from out of state to the Austin area.**

From the beginning of 2007 through the first quarter of 2009, 62% of moves from other parts of the country were to Texas and **Austin was by far the most popular city in Texas for those moving from other states**, according to an analysis by Relocation.com. In fact, 60% of moving requests were people looking to move to Austin. And they are coming from other parts of the US more seriously impacted by the national recession.

Two of the big reasons: job opportunities and standard of living. It's not just limited to Austin, either. **All major Texas cities – with El Paso the lone exception – have more people moving to their city than leaving.** This study was limited to relocation efforts. It did not take into account the natural increase in population triggered by the birth rate, which is substantial in a city like Austin that has a young average age of resident.

**Are there enough jobs for those migrating to the area? Or will they simply swell the ranks of the unemployed?**

According to a new study of 333 US regions using data from the Bureau of Labor Statistics, Texas has nine of the Top 20 best cities for job growth in the US. Smaller cities were included in the rankings, but **Austin was ranked highest of the big Texas cities at #6.**

Another study, this one conducted by NewGeography.com, ranks **Austin #1 on the list of big US cities for employment potential.** The fact that Austin has posted recent job growth, while all other cities have lost jobs, helped the ranking. But the study also gave Austin high marks for its long-term potential to create new jobs. So the answer appears to be that the Austin area, with maybe a hiccup or two here and there, will be able to provide jobs for these in-migrants.

**Austin's economy is obviously closely intertwined with the state's. This is why another report suggesting Texas is on the right path for economic recovery is so important.**

In a report released this week by the American Legislative Exchange Council, Texas was **ranked one of the most competitive state economies in the nation** for not having a state income tax, low business taxes, good employment policies and recently enacted tax reductions.

However, the report criticized Texas for having **high property taxes, high state debt and a "sub-par tort liability" system.** As a result Texas ranked 10<sup>th</sup>, but most of those states ahead of Texas were much smaller and not directly competitive with the Lone Star State for jobs. The report offers a roadmap for economic recovery. The full report is found at [www.alec.org](http://www.alec.org).

**The election this week of James Huffines to a 2<sup>nd</sup> term as Chair of the UTSystem Board of Regents bodes well for a medical school to be located in Austin.**

Banker Huffines last served as chair of the UTSystem governing board from June 2004 to November 2007. Since that time he has remained a Regent. During this span, his actions have led many to believe **he is one of the major forces behind setting up a medical school in connection with UTAustin.** A number of steps have been taken in that direction and much more remains to be done. But with Huffines at the helm of the governing board, it is felt the impetus will continue to gain steam. And he has a new six-year term to work with.

Speaking of things university, **six alums of UTAustin have been selected as the 2009 recipients of the Distinguished Alumnus Award.** One Austinite is among the group:

**Jack Crosby**, Austin, is an international communications pioneer and philanthropist ... Vice Admiral **Vivien Crea**, Wasington, DC, as Vice Commandant of the US Coast Guard, is the first woman to be in charge of a military service ... and **James Dick**, the founder of The Festival Institute at Round Top, is a renowned concert pianist.

Also, **Lee Godfrey**, Houston, has been named among the top 15 American commercial trial lawyers ... US Circuit Judge **Edward Prado**, San Antonio, is with the Fifth Circuit Court of Appeals ... and **Darren Walker**, New York City, is Vice President of the Rockefeller Foundation.

**They will be honored Friday, October 9<sup>th</sup> 2009**, the night before the Texas Longhorns and Colorado Buffaloes football game, in an awards ceremony at the newly-refurbished LBJ Library auditorium. The Texas Exes selected the awardees and host the ceremony.

**Dr. Louis Overholster**, as his patients grow older, agrees that 70 is the new 50. "If you don't believe it," he says, "take a look at your 401(k)!" He also notes that investment schemes are always called "foolproof – because they prove who's the fool!"

Sincerely



Editor/Publisher