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Dear Client:

When you boil it down to basics, the Austin area's future economic success depends upon job creation. That's the good news.

The beautiful tree-studded Central Texas Hill Country lakes and hills have been a **magnet for people** since the early days of the Republic of Texas. Communities became towns, towns became cities and cities became metropolitan areas as more and more people **moved to the Austin area and raised families.**

When you look back, you notice **Austin's metro population just about doubled every twenty years.** This growth occurred in spite of the fact that, as recent as the 1950s and 1960s, many UT Austin graduates who expressed a desire to settle in Austin, moved away to find high-paying jobs. Many of the migrants to Austin did not have jobs when they arrived. And the population grew steadily.

Prior to the 1970s, the bulk of the paychecks issued to Austin area residents were cut by city, county, state and federal governmental entities, including educational institutions. Tax-paying businesses were limited mostly to retail, services, etc. High rise-office buildings were in short supply and were mostly limited to the Central Business District.

Then, two things happened: 1) an earnest, concentrated **effort to attract job-creating clean businesses** started paying off, and 2) companies realized there was a **well-educated workforce in the Austin area** (the standard joke was that your bartender and waitress both had PhDs!).

The Austin area kept pace with the population growth patterns of the past, but new jobs that paid more than your average government paycheck helped raise the standard of living. **And those who moved here were quickly absorbed into the workforce.** It was not unusual for the Austin metro to lead the nation in low unemployment percentages. Of course, there were economic ups and downs, but job creation has continued.

Even now, with the Great Recession hammering so much of the nation, **the 5-county Austin metro is leading the nation in year-over-year job growth.** It's not a big number, but it's a *positive* number and it is #1 in the nation. There's more in the next item.

Not only did the Austin area lead the nation this past month in year-over-year job growth, one national employment solution company this week named Austin as the best city in the nation for future job growth.

Looking at the national May 2010 payroll job numbers, the Austin metro continued to improve its job creation position by showing **the greatest rate of increase among the Top 50 US Metro Areas**. Austin is the 42nd largest metro, based on nonfarm jobs, yet it was #1 in May 2010 in the increase in jobs over May 2009.

The percentage doesn't appear all that big — +0.5% — but, hey, it was the best in the US. In fact, only three other metros (one of them is Dallas) had a positive job growth in this calculation. All the rest were either flat or had fewer jobs than in May last year. **The actual number of jobs added in the 5-county Austin metro since a year ago was an impressive 4,000.**

As before, it's instructive to note that **those 4,000 Austin area jobs were not created across the board.** For instance, seven categories lost jobs – categories such as construction and manufacturing. **The big gainers were leisure and hospitality, government, education and health.**

Monster.com is a national employment solution website. Its entire business is devoted to jobs. And this week, **it named Austin as the best city in the nation for job growth.** In addition to an educated workforce and the ability to attract technology companies, Monster.com attributed continual job growth to factors such as a business-friendly political climate and a high concentration of entrepreneurs.

It also cited Austin's growing clean energy, as well as technology initiatives and it highlighted the local **collaboration between university and business researchers.**

This accolade is not an isolated incident. *Forbes*, in its "Best Places for Jobs" list, ranked **Austin #1 in the nation on its list of best large cities/regions for job growth.** *Kiplinger's Personal Finance* magazine, in its June 2010 edition, ranks **Austin #1 on its list of "Ten Best Cities for the Next Decade."**

There's more. The Milken's Institute's list of **"Best Performing Cities 2009: Where America's Jobs are created and Sustained"** ranks Austin at the top of its list. And also, Portfolio.com's **"Small Business Vitality Rankings 2010"** also has Austin at the top of the list.

You get the point. Admittedly, these are mostly estimates, forecasts. **But there's near-unanimity on a perception that Austin will lead the nation in future job growth.** And, as you know, perception many times drives *reality*.

The Austin Public Safety Commission submitted its public safety funding recommendations to the Austin City Council, and to make sure the report didn't get overlooked, the commission's chair and vice chair re-printed the report in full-page ads in the *Austin American-Statesman*.

Frankly, not many people probably read the report, primarily because the entire full page was jam-packed with words and more words. **It was daunting for a reader to tackle.** So, let's pick a few salient items out of the report to give you a gist of what was sent to the City Council.

The report's "preamble" notes that Austin is "faced not simply with local crime but with a **frightening level of civic deterioration** along our border and in many parts of Mexico as well as Central America." And underscoring the impact those faraway places have on crime in Austin, the report stated that "**never in the past has Austin been as susceptible to public safety threats that originate far from the city's limits** and this emerging reality was reflected in our findings."

So, what were some of its findings for Police, EMS and Fire? Police topped the list. It cited statistics that showed **the Austin Police Department is 500 officers short** of what a city the size of Austin, "both in terms of population and geography, must have to serve effectively the community."

"The effect of this shortfall of officers is seen in the number of fatal and critical injury accidents (which are falling in the rest of the country), in the absolute number of residential and commercial burglaries, and of burglaries of vehicles. Vandalism and graffiti plague our neighborhoods. **The best deterrent to this is high police visibility, which is impossible with so few officers,**" the report noted.

And then there is the "**increasing gang/drug cartel challenge in Austin, with an associated increase in violent and property crimes.**" It is so serious that "Austin has been designated a High Intensity Drug Area by the office of National Drug Control Policy." And it said "drug and cartel activity is increasing in Austin."

It presented, as a "primary recommendation ... **increasing APD's authorized manpower strength by 50 officers effective March 1, 2011, and by 50 officers effective September 30, 2011.**" And it suggested that after further study, similar increases should be authorized in future budget years "or more quickly as need indicates and funding resources are available."

The report also went into great detail about the needs of EMS, the Fire Department and the 911 Call Center. It concluded by saying "These are difficult times and our City is faced with **increased rates of crime, high call volume for Fire and EMS services, stubborn traffic congestion and potential future problems.** We have therefore concluded even in this difficult financial time that we must address these shortfalls."

It's now up to the Austin City Council, that recently appointed this new Commission.

A predicted gale of complaints about wind-power transmission towers proposed for the Hill Country has cut back to less than a mild breeze. And it's not the calm before the storm. Why? Because there may be no storm.

In our April 9, 2010 edition (click the Archives button at the top of the page and go to Volume 32, Number 2) we reported **opponents were fighting this \$2.9 billion 85-mile project** because of “damage to the views of the Hill Country, property values and to the recreation industry.”

What prompted this consternation was the Lower Colorado River Authority's Transmission Services Corporation (LCRA TSC) plan to **construct really huge lattice towers to deliver wind-generated energy** from West Texas through a 345-kilovolt power line across **Llano, Gillespie, San Saba, Lampasas and Burnet counties**. How big were these power towers? Really big — up to 185 feet tall.

While you never say never, it looks now like the project may never be built. **LCRA TSC has put the project on hold.** The Texas Public Utility Commission (PUC) denied LCRA TSC's application. In the process, the PUC determined that the **original route proposals were inadequate.**

The PUC upheld its decision this month by denying four motions for re-hearing of its decision. That's not all. The PUC went even further and asked the Electric Reliability Council of Texas (ERCOT) to **reconsider a very fundamental question – whether the line is still needed.** ERCOT oversees the electric grid for about 85% of the state.

So, why not put the lines underground? Cost. The LCRA TSC estimated that if the lines were **buried in the rocky Hill Country terrain, it could cost more than \$40 million a mile.** The *overhead* lines were estimated to cost about \$2 million a mile.

Speaking of money, **Dr. Louis Overholster** says the more he thinks about it, the more concerned he becomes because the person who invests his money is called a *broker*!

Sincerely



Editor/Publisher