

THE

*Real Spelce*

# AUSTIN LETTER

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Dear Client:

**When a CNBC study released this week ranked Texas as America's Top State for Business, a jaded observer might say "ho hum, just another #1 ranking." But the significance rates a lot more than a yawn.**

First of all, the preeminent cable TV business network's report reached a huge number of business leaders who make location investment decisions. Those decisions generate jobs. And jobs provide the bucks that sift through all aspects of an economy. This was not a popularity contest. **The CNBC study scored each state on 40 different measures of competitiveness and Texas scored the highest number of points in the study's 4-year history.**

The points were based on ten broad categories including: **cost of doing business, workforce, economy, education, quality of life, technology and innovation, cost of living, transportation, business friendliness and access to capital.** You can check out the complete study at [www.TopStatesForBusiness.CNBC.com](http://www.TopStatesForBusiness.CNBC.com). This study has a high degree of reliability and credibility with national business leaders.

And, yes, there has been a rash of high rankings for Texas and Austin just since the first of the year. But this simply **gives even more credibility to the CNBC report**, instead of causing some to dismiss this as "just another list." Here are some 2010 "other list" examples:

**Austin, at #1, led the list of four Texas cities in the US's Top Ten for surviving the recession.** *Forbes* ranked Dallas #3, Houston #4 and San Antonio #7.

For the 6<sup>th</sup> year in a row, CEOs rated Texas the **#1 state for business** in *Chief Executive Magazine's* annual survey of best and worst states for business.

Our friends at *Kiplinger* in Washington singled out **Austin as the Best City in the Nation for its economic prospects for the next decade.**

By actual dollar measure **Texas has been the #1 US exporting state eight years in a row**, according to *WISERTrade*.

There's more. A lot more. But you get the idea. It's almost unanimous that **Texas, and Austin, are tops in the nation for economic growth now and in the immediate future.**

**With job growth comes population growth. The actual 2010 US Census counts will be released in December. But the final estimates before the actual results are out indicate quite a population growth picture for the Austin metro. And some may surprise you.**

Because the Austin-Round Rock metro covers five counties, it's a good bet there are **areas of the metro that you may not have driven through since the last Census count in 2000.** So, here's a pop quiz for you. Get ready to be amazed, especially if you have stayed close to your home or office in recent years.

**Which cities have not only experienced the most percentage growth from 2000 to 2009, but whose growth is measured in triple digits – as in more than a 100% increase in population?** In fact, one city's population is bumping up against 1,000% population growth. Hint: the greatest *percentage* population increase is usually noticed in cities that have smaller populations.

Remember, these are the most recent population estimates, and the last until the official USCensus tally is released in December. And they cover population growth percentages from 2000 through 2009. **Cedar Park** tallied a 148.0% change during that time. **Manor's** percentage increase was 150.4%. And **Bee Cave** notched a 171.4% population increase.

Four other area cities had greater percentage increases than Cedar Park, Manor and Bee Cave. **Buda's** population percentage increase was 202.6%. **Leander** had a 211.6% increase in population. And **Kyle** managed a 398.7% increase in population. These are very impressive population growth numbers.

But the most impressive of all, with almost a 1,000% population increase from 2000 through 2009 was – drum roll, please – **Hutto!** **Hutto's percentage increase in population was 995.5%.** Let that sink in. Been to Hutto lately? You may not recognize this city.

Sure, you say, you can get big percentages when **you start with a smaller base.** **But look at it this way: most cities with a smaller population (and tax base) probably do not have the resources to handle such increases.** So it is a major testament to them, and their leaders, that they have managed such enormous increases.

What about the bigger cities in the 5-county metro? They, too, have had enormous population increases. Examples: **Pflugerville, 85.6%...Georgetown, 74.9%... Round Rock, 71.5% ... Bastrop, 57.1% ... San Marcos, 49.0% ... Lakeway, 41.4% ... Lockhart, 21.8% and Taylor, 18.4%.**

The anchor city, **Austin,** for its size, has also had an impressive **17.7%** increase in population. But notice that the metro growth has been quite widespread.

**While population growth has been widespread throughout the five-county Austin-Round Rock metro area, retail sales are not quite as consistent.**

A good way to measure retail sales is to check the sales taxes collected in each city in the metro area. The latest figures reported by State Comptroller **Susan Combs** are for **sales that occurred in May**, forwarded to the Comptroller's Office in June and then distributed to cities in July. And, because retail sales vary with the seasons, you compare them to the same time period a year ago – not to the previous month.

Without listing each and every entity in the five counties that collect sales taxes, here are a few examples to illustrate that **some retail operations are doing quite well compared to a year ago, while others are down a bit from May 2009**. Most are doing better – hence the lack of consistency.

Look at these current retail sales comparisons, May 2010 with May 2009: **Kyle, up 32.1%** ... **Round Rock, up 19.3%** ... **Bee Cave, up 18.5%** ... **San Marcos, up 9.9%** ... **Austin, up 8.3%** ... **Pflugerville, up 3.6%** and **Bastrop up 3.0%**. Not faring quite as well, as an example, were **Cedar Park (down 0.5%)** and **Georgetown (down 5.9%)**.

Sales tax revenues are important for a couple of other reasons. **Each city relies on this form of revenue to augment property taxes. And the sales tax is the largest single revenue source for state government.** So, how is the *state* doing by this measure? Fairly well. Sales tax collections from all over Texas were up 2.2% in May and this represented the third straight month of growth.

**Not long after the BP Deepwater Horizon oil well exploded in the Gulf of Mexico, scientists at UTAustin were contacted to help determine the flow of spilled oil throughout the Gulf.**

Ocean currents are fascinating creatures, impacted by a number of factors. UTAustin's Computational Hydraulics Group and Center for Space Research is home to experts who map ocean currents and process satellite imagery. **They were asked to compute the trajectory of the oil spill** to help those entities trying to combat the problems arising from the spill.

**And the UTAustin scientists used one of the most powerful computers in the world.** More than one million computing hours were logged on UTAustin's Ranger supercomputer to help the emergency response teams working in the Gulf.

The added benefit from this exercise is that the **computational analysis will help study the impact of future hurricanes.** By the way, Texas beaches have not yet been heavily impacted by the rogue oil, but Texas is ready for the worst, as you'll see in the next item.

**The State of Texas is ready to spring into action if an oil spill heads to the Texas coastline. And big bucks are set aside to take immediate steps — \$20 million, in fact.**

In 1991, the Texas Legislature passed the Oil Spill Prevention and Response Act shortly after the Exxon Valdez spill. **This Act is funded with a 1.3 cent per barrel fee assessed on oil passing through Texas ports.**

**The fund pays for prepositioned equipment such as skimmers, air boats and oil booms at five offices along the Texas coast, staffed full-time by Texas General Land Office spill response experts.** They have spent years working with local contractors, local governments and the US Coast Guard preparing to respond to any oil spill in Texas waters.

**“In Texas, our oil spill folks already know their federal and industry counterparts when there’s an emergency** because they’ve worked together before, in drills or responding to an actual spill,” Texas Land Commissioner **Jerry Patterson** said. “Responding to a crisis is not the time to be meeting your partners or determining who is in charge.”

**In case of an oil spill from an *unknown* source, Texas has \$20 million** set aside for cleanup costs. “For spills where the responsible party is known, such as the Deepwater Horizon spill, we don’t have to touch that fund,” said Patterson. **“We just bill the responsible party, such as BP, directly for all cleanup costs.”**

“In Texas, we’re ready,” Patterson said. **“I think the rest of the nation could learn a few lessons from us when it comes to planning ahead and preparing for oil spills.”**

When **Dr. Louis Overholster** is asked to do something risky, he tells the story of The Great Zumbrati who walked a tightrope across Niagara Falls in a terrible wind and rain storm. The promoter of the event asked him to make a return trip — this time pushing a wheelbarrow. “You really think I can do that,” asked The Great Zumbrati. The promoter said “absolutely.” “Well, okay then,” said The Great Zumbrati, “get in the wheelbarrow!”

Sincerely



Editor/Publisher