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Dear Client:

Many of us have difficulty planning a year in advance, but 26 years? Economists look out that far. And while those long-term projections probably will not play out as predicted, a Texas economist's analysis of Austin provides an indicator of *current* thinking about the *future*.

So much can happen economically in 26 years. Just look back that far and you'll see events today that no one could have predicted. As a result, a look at the future 26-years from now should not be taken as gospel. **But it can be informative if viewed from the perspective of a current analysis of recent economic developments, and whether this is likely to be a link to the future,** or simply an anomaly that will not show up again.

In The Perryman Group's economic projections for Texas Metros 2009-2035, **the fastest-growing metro area in the state is anticipated to be the Austin-Round Rock Metropolitan Statistical Area (MSA) with a 2.65% per annum growth rate** over the long term. This is *percentage* increase in population.

For wage and salary employment gains, **the Austin metro, predicted to add 500,072 new workers, would be #3**, and surpass that of the Fort Worth-Arlington Metro Division (MD), and the San Antonio and El Paso MSAs. Houston-Sugar Land-Baytown MSA would be tops with 1,325,871 new workers and the Dallas-Plano-Irving MD close behind at 1,205,602.

One of the conclusions you can draw is that the 5-county Austin MSA will grow at the fastest rate in the state and the **big Texas metros will continue to get bigger** as new jobs will be the magnet for new residents.

Overall the state will continue its relentless march away from its rural roots toward further metropolitan dominance, if the Perryman report is on target. In fact, the report suggests that even though only 12.26% of Texas residents now live in rural segments of the state, that percentage would drop to 10.12% of the total number of people living in Texas.

Or put it another way: Perryman forecasts that by 2035, **the number of people living in large Texas metros will increase from 16.74 million now to 27.31 million**, reflecting 77.58% of the state's population expansion over this 26-year timeframe. This is a migration into Texas metros of more than 10 million people by 2035 – a huge increase, even if over a long horizon.

Much has been made about the fact that two major Austin business organizations are split on supporting the November City of Austin bond proposition. Will the one opposed to the ballot item campaign aggressively against its approval?

The several-thousand-member Real Estate Council of Austin (RECA) this week publicly stated its **opposition to the transportation/mobility bond proposition**, based on the “process and priorities of the proposal.” RECA cited four reasons for the opposition:

- 1. The ballot language combines roadway projects in the same proposition as alternative mobility and quality of life projects.** RECA feels there should be a *roadway* proposition and a *separate* proposition for alternative mobility and quality of life items. RECA said this would “give voters the opportunity to accept or reject the City’s new funding priorities for transportation and to present the most transparency possible.”
- 2. The proposed bond package is evidence of a fundamental shift in the City’s definition of transportation priorities.** RECA said research shows that these priorities are not in line with public opinion.
- 3. The bond package does not do enough to provide immediate vehicular traffic congestion relief.** RECA maintains that the package focuses on “too much spending on projects that (while worthy of separate consideration by voters) does little to relieve traffic congestion.”
- 4. During times of serious economic stress, Austin should not be borrowing for other than critical needs and this package, taken as a whole, does not in RECA’s opinion sufficiently meet that test.** RECA points out that “at least 43% of the package is dedicated to alternative improvements such as hike and bike trails that do not reduce congestion.”

So, will RECA spend the big bucks to campaign against the bond package? No. The reason it will hold its public fire: “out of respect for the good intentions of City leadership”... and ... “because it is fiscally imprudent to proceed with aggressive opposition to the bond package based on principle alone.” But make no mistake, RECA does not like this bond package where the voter must vote it up or down — all or nothing.

What will RECA do now? It said it will “focus its resources to engage expertise to recommend an appropriate evaluation method for prioritizing projects for a **comprehensive, prioritized regional mobility plan** in order to finalize a long overdue Strategic Mobility Plan that, if done properly, will provide a framework to **solve our region’s congestion issues and remove Austin’s label as ‘Most Congested City of its Size in the Country’.**” The other major business group that voted to *support* the current bond proposition is the Austin Chamber of Commerce. Voters will have the opportunity to vote on the package November 9th, 2010.

This week's massive rainfall amounts caused serious damage, pushed creeks and streams out of their banks, funneled huge quantities of water into the Highland Lakes – all resulting in a “disaster area” declaration for 40 Texas counties. Is even greater flooding possible soon?

Tropical Storm Hermine caused this sizable rain event and demonstrated indelibly why hurricanes and tropical storms are not just events that impact the *coastal* areas. **Inland flood-prone areas such as Central Texas are also vulnerable during hurricane season.**

As if to underscore the situation, late this week the National Oceanic and Atmospheric Administration said **the La Nina climate phenomenon is strengthening and that means the busiest part of the hurricane season – now through October – could get even busier.**

Busier? The flooding situation throughout Central Texas was busy enough this week. For instance, the **Pedernales River near Johnson City crested at five feet above flood stage Thursday afternoon.** The Pedernales and dozens of other rivers, creeks and streams flow into the string of Highland Lakes that are formed by the Colorado River.

The main flood control lake is Lake Travis, held in check by Mansfield Dam in the northwestern part of Texas County. Its waters flow directly into Lake Austin, then Town Lake, through the heart of Austin. **Lake Travis controls flood waters that could impact Austin and every community along the Colorado River all the way to the Gulf of Mexico.**

So, what's the status with Lake Travis? **By Sunday it should reach an elevation of 673 ft msl** (feet above sea level), according to the Lower Colorado River Authority (LCRA). To put that into perspective, last week – before Tropical Storm Hermine – Lake Travis stood at 666 ft msl. Quite a rise. The historic average for September is 664.62.

Now, what about serious flooding? The LCRA considers 681 ft as “full for water supply purposes.” It certainly doesn't mean the water is about to spill over Mansfield Dam. **Around 685 ft to 691 ft, LCRA could open up to five floodgates,** depending upon the potential for flooding downstream.

What is the all-time high for Lake Travis? Back on Christmas Day, 1991, the level of Lake Travis peaked at 710.4 ft msl. The level of the spillway is 714 ft. The top of the dam itself is 750 ft. The newly-established 100-year floodplain on Lake Travis is 722 ft msl. **If the level of Lake Travis starts to move up from the 722 ft level toward 750 ft, you better worry.** That's when the LCRA and the US Corps of Engineers get really concerned about the *structural integrity of Mansfield Dam*. Above 700 ft, many structures are flooded *upstream* from the dam. **Above 722 ft? This is when downstream becomes a real danger.** To keep your perspective, this weekend's level of 673 ft is a long way from the danger zone. But, it pays to keep your eye on the hurricane and tropical storm forecasts for the next six weeks.

Speeding tickets are a huge tool for keeping roadways safer. But did you know they are an amazing money-making machine.

There are many jurisdictions where you drive that have vehicles with flashing lights and radar guns. Just in the Travis County area, you have the Austin Police Department, the Travis County Sheriff's Office and the Texas Department of Public Safety.

Add to those the smaller communities within Travis County that have their own police departments (such as Bee Cave, Lakeway, etc.) and you have **a large number of ticket-writing cars eager to pull you over for speeding. This undoubtedly goes a long way to holding down traffic accidents.**

But the full scope of *revenue generation* is not widely known. So, consumer advocate **David Horowitz** (www.fightback.com) decided to do a little research. He discovered that **more than 100,000 people per day receive a speeding ticket** in this country. He ran out the numbers and found this added up to **almost 40 million speeding tickets per year – at an average cost per ticket of \$150.** Then he dug a little deeper and determined the **average traffic officer will make a city an average of \$200,000 per year in traffic ticket fines.**

That's not all. He reported the **average increase in insurance costs for one speeding ticket over the course of three years is \$900.** So, he factored that into his revenue impact research and he estimated this amounts to about **\$12 billion extra the insurance industry makes in a single year – just from speeding tickets.** We're talking about big bucks that are cycled through the economy from writing speeding tickets.

Horowitz has a bit of an axe to grind. He's more on the side of those who *get* tickets than those who *write* tickets. But his research on the economic aspect of speeding tickets is interesting.

Dr. Louis Overholster says "I could have been a Rhodes Scholar, except for my grades!"

Sincerely



Editor/Publisher