

Volume 34, Number 36

November 30, 2012

Dear Client:

In a differing tale of two governing units, which incentive policy will ultimately prevail for attracting new jobs – the City of Austin’s or Travis County’s?

In two starkly different actions this week, it became clear the **Travis County Commissioners Court is making more stringent demands to grant incentives** to companies seeking to create jobs within the county than the **less-restrictive current policy of the Austin City Council** dealing with companies seeking locations within the city limits.

The City of Austin took the next step this week to provide **incentives for Visa USA’s plan to establish a new global information center in North Austin**. The state has already stepped up to the plate with its own incentive plan. (Click on the “Archives” button at the top for details in our edition last week, November 23rd.) The Austin City Council has scheduled a final vote on the Visa proposal 12.6.12.

Also this week, the Travis County Commissioners Court established precise guidelines each company must meet *just to be considered* for any incentives from Travis County. The biggie: **requiring a company to pay all employees a minimum \$11 per hour** when the prevailing wage for construction workers in the area is estimated to be \$7.50.

Travis County has set other “eligibility” requirements for a company to be considered, such as a **company construction investment of at least \$25 million** and creation of **at least 100 fulltime jobs** that offer health benefits for employee family members, defined to include same sex/domestic partners. There’s much more. To read the 14-page policy guidelines and criteria [Click here](#).

As things stand currently, **the City of Austin has a distinct edge over Travis County for a desirable company seeking a site. But. The Austin City Council has been considering more stringent guidelines** and so far no vote has been taken. Mayor **Lee Leffingwell** has publicly expressed his opposition to a “minimum” wage tied to an incentive package – saying it would have a negative effect. And he, a union member himself (airline pilots union), points out that having a job (creating jobs) is essential. He points to the Austin area’s enviable low unemployment percentage as proof. But the mayor has only one vote among seven, so it bears watching to see if the City follows the Travis County action this week.

Another Austin City Council action item to keep on your radar – whether the city-owned and city-run electric utility, Austin Energy, should be run by an independent board. Controversial, yes. But any individual or business that gets a utility bill from Austin Energy has a stake in what may ultimately happen.

You've already been through the two-plus years of hand-wringing by the Austin City Council, after which it levied a **huge increase in residential and commercial rates**, starting this fall.

Several advisory commissions over the years have recommended the **billion-dollar enterprise be run by an independent board**, not by a City Council subject to political influence. **No single Council member over the years has claimed utility expertise** as part of their qualifications. Only a handful of city-owned utilities are run by City Councils nationwide.

For years, **various Austin City Councils have treated the electric utility as a “cash cow” and siphoned millions of dollars of revenue to pay for non-utility-related items** as well as adding money to parks, roads, etc. that some claim could be stretched to be labeled utility-related.

Recently, as individual and business budgets have gotten tighter, City Councils have **invested heavily in expensive alternative sources of energy to create electricity**. At the same time, these Councils have made noises about **doing away with existing relatively cheaper sources of fuel such as nuclear-powered and coal-fired power plants** in which the City has ownership and are located miles away from Central Texas. All of this is being done in the name of environmental stewardship.

There's more, much more to this complicated and critical issue. While no vote has been taken, public statements **indicate members of the existing Austin City Council are divided on an independent board**. The reason this topic needs to be front-and-center in the coming weeks is that the **Texas Legislature convenes in Austin in six weeks**. Those dissatisfied with the current utility set-up have shown a tendency in the past to take their concerns to a conservative legislature that doesn't look favorably upon Austin's liberal-leaning politics. Stay tuned.

Update on another key issue we've reported recently – water rights during this drought.

When talking about the harm that could occur if water from lakes Buchanan and Travis is further curtailed to agricultural interests, we failed to mention another concern. Officials of Ducks Unlimited are suggesting that allocating less water for agriculture also **threatens migratory and native water fowl populations** and would result in **“devastating economic losses in sporting and wildlife revenues,”** according to the *Southwest Farm Press*.

Austin hotels are thriving these days – occupancies are among the best in the state and, just as night follows day, average daily room rates are climbing.

Big events, such as the inaugural Formula One International Gran Prix race this month, have added to the total. But, when the final 2012 occupancies and room rates are totaled, it looks like **it will be a very good year for Austin hoteliers across the city**, with downtown leading the way. And more hotel rooms are under construction to meet this growing demand.

Visitors are coveted by almost all cities. They arrive, whether on business or pleasure, with money in their jeans, spend those bucks and return home to make way for others. A city doesn't have to educate their kids or provide services that go to permanent residents. **It's great for the local economy** so trying to attract visitors is a highly-competitive business. Austin is on a roll now – and, as a percentage, **Austin will probably be the best in the state for 2012.**

Another Texas city just a few hours from Austin is making a big push for visitors and it is opening opportunities for Austin area travelers.

Galveston Island is in the final stages of qualifying at **Texas' first port of call.** If all the regulations are met and the approval is granted, it could **guarantee millions of dollars of visitor revenue** for the Galveston economy. As an official port of call, cruise ships would stop in Galveston for passengers to visit as a destination and then continue with their cruise. Now, Galveston serves as a home port where cruise passengers visit different destinations.

The port of call designation isn't something that necessarily provides opportunities for Austin area travelers, but **it moves the Galveston port into an upper tier for cruise ship travel.** This makes the port more attractive to cruise line operations.

Prior to cruise lines operating out of Galveston, most cruise ship devotees from the Austin area generally had to jump on an airplane to Florida or some other major port to cruise the Caribbean or take even more extensive trips. **Air travel and a possible overnight stay before and after the cruise added a big chunk of change to the cost.** Now, it is simply a matter of hopping in the old jalopy and drive the few hours to Galveston before the cruise lines load your luggage into your stateroom. Simple and easy, less expensive and with a minimum hassle factor.

Now more and more cruise lines are expanding their Galveston offerings. For instance, in 2013 Disney Cruise Line will provide *new choices* for you. Examples: **a quick four-night Caribbean getaway cruise ... seven-night sailings that include a stop in Jamaica ...** and special itineraries that take guests **to Walt Disney World Resort and Disney's private island in the Bahamas, Castaway Cay.** These are just *new 2013* offerings from Disney. Of course other major cruise lines have a variety of Galveston offerings to multiple destinations that appeal to a wide variety of Austin area residents (from "party boats" to luxury liners).

The largest cable TV news audience for more than a decade this week heard “A tale of two Americas, California and Texas.” No surprise, the Lone Star State came out on top, in the view of this commentator.

The reason it was no surprise is because the commentator was unabashed conservative, **Bill O’Reilly**, who has just completed a trip to Texas that included Austin. However, it is interesting the way he phrased his comparison of the two states. **Some excerpts from the transcript of his commentary** he calls “Talking Points:”

In Texas “you can ride a motorcycle without a helmet. Talk on a cell phone in a car and on and on. **Texans basically saying hey, government, get out of our lives.”** **The San Francisco City Council “finally banned public nudity last week. Except for permitted festivals or parades.** In Texas if you run around naked and make a wrong move, you might get shot. The state allows its citizens to carry concealed weapons. You can’t do that if you are naked.”

“The question for all Americans is what place do you think is better? California is also going bankrupt. \$167 billion in debt, are you kidding me? This is grossly irresponsible for a state with as many natural resources as California. I mean these **pinheads in Sacramento think they can just spend money and other people have to pick up the tab.**”

“In Texas, the government does not believe that redistributing income is its responsibility. Also it does not believe it should micromanage the lives of its citizens. **If you are dumb enough to ride a motorcycle without a helmet and you wind up in a cemetery, it’s your call. Trust me, nobody is banning 16-ounce soft drinks in Waco.**” He had a lot more to say (no one has ever accused O’Reilly of being at a loss for words). including serious comments on issues such as the economy, social issues, education, etc.

Dr. Louis Overholster says politicians and commentators are affected by the same mantra: “You have the right to remain silent. Anything you say will be misquoted, then used against you!”

Sincerely



Editor/Publisher