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Dear Client:

**Austin's soaring surge in population is well-documented, as is the change in racial and ethnicity as a result. But when you drill deeper into the poverty level of those demographic changes, a stark contrast trend emerges.**

Just fifty years ago, the percentage of African Americans and Hispanics hovered just above 10%, while Anglos made up more than 70% of the City of Austin population. Asians were barely there, at around 1%. Population kept increasing. In 2000, there was a **sharp decrease in the Anglo percentage and rises in Hispanic and Asian percentages**, while African American percentages remained steady.

In 2000, the African American percentage in the City of Austin began a decline from 10% (a trend that continues today) and **Hispanic percentages surged to 30%**. The percentage of Anglos continued dropping while the Asian percentage increased steadily.

The City of Austin's demographer, **Ryan Robinson**, says if this trend continues, **the percentage of Asians will increase to near 10% and be more than double the percentage of African Americans in 2020. In 2030 Hispanics will make up the greatest percentage, moving past Anglos.**

This dramatic change in Austin's makeup has long been predicted in one form or the other. But an interesting aspect of this change has been pointed out by Robinson. Yeah sure, the totals have been on target and expected. But he looked beyond the labels to **determine differentials based upon poverty levels.**

He examined those **under 5 years of age in 2011 and living at the poverty level** in the City of Austin. The results were dramatic. **For Hispanics, it was 78% ... African Americans, 16% ... Anglos, 5% and Asians, 1%.**

Then he looked at **educational attainment in 2011, age 25-plus**. Again, he found a stark contrast in the percentages: **Asians topped the list at 67.7% ... Anglos, 50.9% ... African Americans, 25.0% ... multi-ethnics, 20.1% and Hispanics, 15.9%.**

These deepening differentials hold enormous implications for the city's future.

**Here we go again. An increase in fees will show up on your November electricity bill from Austin Energy.**

Just when you thought the cooler temperatures and a move away from the higher rates imposed on you during the summer would result in lower monthly electric bills, think again. Three fees you are charged on your November bill will increase. **Yes, your overall bill should be lower than what you paid during the summer, so increasing these three fees may not be all that noticeable if you just look at your monthly total** (hmmmm ... could that be what the Austin City Council was thinking when it approved the increases?). The three fees:

**The Regulatory Charge** funds Austin's share of statewide electricity market operations and transmission line extensions, **including lines from wind farms in West Texas and South Texas** serving Austin Energy.

**The Community Benefit Charge** funds customer assistance programs, energy efficiency programs, and street and traffic lighting.

**The Power Supply Adjustment** is adjusted each year to reflect the changing cost of fuel.

These fees, based upon your electricity usage, are **on top of the base fees** that make up the bulk of your electric bill. Remember, the Austin City Council earlier this year re-vamped the billing structure at Austin Energy – resulting in **much higher bills for most customers**. And, remember further, the Council **siphons tens of millions of dollars each year from Austin Energy** to pay for city services unrelated to the operation of the utility.

**What about the bill you pay to the City of Austin for your *water* usage? Now is the time you may be able to affect the amount you will be billed the next year.**

Austin has two water operations – **water (purification and delivery) and wastewater (processing and disposal)**. Austin Water measures the amount of water that comes into your facility and bills you accordingly. But it cannot measure the amount you use for wastewater (flushing your toilet, running your dishwasher, clothes washers, showers, etc.). **So it uses “averaging” to calculate the wastewater charge.** Here is how you can affect that charge.

**Between mid-November and mid-March, Austin Water measures the amount of water you use during a 3-month period.** It assumes water usage in these months is generally only for *inside household usage* because *outside* watering and usage is at a minimum during the cooler months. **So go to [www.AustinWater.org](http://www.AustinWater.org) and click on the Wastewater Averaging icon to determine your home's 3-month wastewater average period.** Then you can plan your water usage during that time to keep your average as low as possible.

**IBM and Oracle, two tech titans, this week announced major investments in the Austin area. And one of those announcements contained an interesting below-the-radar implication.**

If only one of these giants had revealed their expansion plans, it would have been of major significance for the area economy. But for *two* to step up this week with important revelations, **it really is symbolic of the Austin area's amazing economic momentum.** It underscores all the national “#1-this, top-that” rankings that have become almost commonplace these days.

IBM is the old-timer. It chose Austin as a site for development of its Selectric typewriters in 1967 and since then the Austin operation has morphed into a tech colossus. The last listing we saw indicated IBM is the area's 5<sup>th</sup> largest employer. **It revealed plans this week for a major software design studio** that will become a part of its North Austin campus.

This forward-thinking design studio will impact future IBM software such as cloud computing and social software. **Basically, the IBM design studio will function as a new approach to software design.** It is planned to bring together the best and brightest talent -- maybe as many as a few hundred in the next few years.

Compared to IBM, Oracle is a Johnny-come-lately to the Austin area, arriving a little more than a decade ago. **Oracle is the second-largest software company in the world. It had previously announced it will expand its sales and marketing effort in the area.** The trigger this week came when tax and financial incentives for Oracle were finalized.

In addition to its multi-million dollar capital investment, **Oracle anticipates it will add about 200 sales and marketing jobs by 2017.** The average annual wage for those jobs was projected to be more than \$66,000.

Now, here's the interesting little tidbit that is somewhat under the radar. **Oracle had originally sought economic incentives from the City of Austin, but then silently withdrew its request.** And went galloping to Williamson County, where the County Commissioners voted unanimously this week to abate property taxes for seven years.

Earlier, on Friday, Oracle had received a \$1 million commitment from the Texas Enterprise Fund. **But before the state money could flow to Oracle, the company's plans had to be approved for local incentives by at least one local governmental entity.** Enter fast-moving Williamson County. Now Oracle will locate across the county line .

**There is no doubt the process for such incentives is less complicated in Williamson County** than in the City of Austin. It was an easy, quick step for Oracle to gain Williamson County's okay in order to get the state money. It will be interesting to see how other companies proceed.

**Record-setting travel this year at Austin's airport is all the more impressive when you look at the state of air travel in the US.**

Throughout the year you have seen our reports on how more travelers are flying through Austin-Bergstrom International Airport (ABIA) than ever before. **This year ABIA passenger traffic is up 6% over 2012 and is beating all previous travel totals.** This is important because it is an economic business barometer as well as a measure of how much money residents have in their jeans for leisure travel. This is why we track this data for you.

One way to analyze the data is to determine how it **compares to other airports or US air travel in general.** So, what does the comparison show? According to the Bureau of Transportation Statistics, **flying was essentially flat** nationwide for the first seven months of 2013 – compared to 2012. And 2012 was also essentially flat compared to 2011. Remember, ABIA passenger totals are up a significant 6% over the previous year.

Actually ABIA 2013 travel could be even better than anticipated. The latest stats out this week show that **total passenger travel for September was up 9.5%** compared to September 2012.

**The highest honor given by the Austin Chamber is the Austinite of the Year award. And this year's designee is – drum roll, please – attorney Clarke Heidrick.**

While Heidrick has served in many civic leader roles (including Chair of the Chamber), **his role in the area's healthcare development was especially highlighted** – such as head of Central Health, passage of a teaching hospital, creation of the Dell Medical School , etc.. An attorney at Graves Daugherty since 1977, he specializes in business law, finance and mergers and acquisitions.

**Dr. Louis Overholster** advises be nice to your kids because they will choose your nursing home!

Sincerely,



Editor/Publisher