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Dear Client:

**Austin area sales tax collections are a general reflection of how retailers fared and whether residents are opening their pocketbooks. So how did Austin do in the latest report compared to the previous year?**

Retail sales make up the bulk of sales tax collections. As a result, sales tax revenue is generally viewed as a fairly good **bellwether for the economic health of an area's residents as well as for retailers**. Just as importantly, the area cities and other governmental entities, such as transit systems and special purpose taxing districts, share the sales tax collections with the state.

**The most recent report is for sales made in December 2012.** Businesses report the December collections to the state in January 2013 (because the state acts as the "collection agency"). And then, after the state takes out its portion, the remainder is paid to the cities and the other entities in February 2013. So when you see this month's totals, remember they reflect activity in December 2012.

And December 2012 was a good month for the Austin area. **Sales tax allocations to the City of Austin increased by 6.5% over December 2011.** By the way, this is a big chunk of change. The December dollars sent to the City of Austin amounted to \$17.5 million.

Results were mixed for other area cities. For instance, December sales tax collections in fast-growing **Bee Cave** were *up* 9.51%, compared to the same time a year ago, while **Round Rock** allocations went *down* (-4.69%). Other quick examples: **Cedar Park**, *up* 14.56% ... **Dripping Springs**, *up* 8.41% ... **Kyle**, *up* 11.81% ... **Buda**, *up* 8.91% ... **Pflugerville**, *up* 6.11% and **Bastrop**, *down* -2.38%.

Of course December 2012 incorporated **holiday shopping and the big after-holiday sales**. But the important thing to remember is that this is a **year-over-year comparison**. **The trend is decidedly upward and bullish.**

By the way, **the state as a whole also increased at a similar pace, with sales tax collections up 6.1%**. The sales tax is the largest single revenue-generator for the state so this positively impacts the state's budgeting as the Legislature currently plans its spending priorities.

**Others continue to recognize Texas' economic dominance. In fact, an independent real estate advisory firm is spreading accolades normally reserved for Austin to other key metros in the state, including some of the smaller regions.**

The firm is Robert Charles Lesser & Co, or as it is known in the real estate industry, RCLCO. This is a business that is hired to **advise on the best markets in the US, especially as it relates to real estate investments.** RCLCO's current report names seven Texas metros as regional hotspots for economic growth.

The **Austin-Round Rock-San Marcos** metro headlines the list of large US metros, along with **Dallas-Fort Worth-Arlington** and **Houston-Sugar Land-Baytown.** RCLCO also includes **Tyler, Longview, Midland and Texarkana** on the list of small metros.

Interestingly half the cities on RCLCO's list of metros where **employment is back to peak levels** are in Texas: **DFW, Houston, San Antonio, Austin, El Paso and Corpus Christi.**

What are the criteria for inclusion in this recent report? RCLCO Managing Director **Paige Mueller** said "**diversified employment bases**, including energy and technology sectors, are benefitting the Texas economy as are **low cost of doing business, warm climate** and **proximity to trade routes.**"

**Austin is one of "Ten Best Cities for Urban Forests" in the US. All ten were lumped together, not ranked 1 though 10, and insightful observations were made about Austin's tree canopy.**

You can read more at [www.AmericanForests.org](http://www.AmericanForests.org), but here is a smattering of what was said about Austin:

"About 18% of Austin is parkland – **a whopping 36 acres of park per 1,000 people** – and its tree canopy is a diverse, healthy 30% with its street trees comprising roughly 100 different species."

"While it's aided by its natural environment, Austin's urban forest success is related to its number of comprehensive plans, strong relationships between nonprofits and government agencies and **tree ordinances that cover trees on both public and private land.**"

Other cities on the 10 best: **Charlotte, Denver, Milwaukee, Minneapolis, New York, Portland, Sacramento, Seattle and Washington, DC.** The 50 most populous cities in the US were considered for this ranking.

**So, what is happening with Apple and its plans to develop a large campus for its planned expansion in north Austin? Not much is known, because Apple is well-known for being tight-lipped and for requiring its contractors to be quiet as well. But, here's a tidbit.**

First of all, construction is well underway on its acreage on West Parmer Lane. And according to a site plan filed with the city, the Apple campus will have three parking structures to support seven office buildings. This is your tidbit. When we learn more, we'll let you know.

**Some parts of Texas are approaching the worst-ever drought in their areas and at least the second worst drought on record in other parts of the state. As a result, some cities are pursuing turning sewage into drinking water.**

This spring, a \$14 million plant in the West Texas city of **Big Spring** will begin turning wastewater into drinking water and distribute about 2 million gallons of it daily to the **Midland-Odessa** area, according to *The Texas Tribune*. **The Big Spring plant will be the first of its kind in the nation** because the treated wastewater will not be sent through an aquifer before further cleansing. Big Spring is not alone.

**Brownwood** recently received approval from the Texas Commission on Environmental Quality to build a reuse plant. **Abilene** and **Lubbock** are in the early stages of looking at the technology.

**Wichita Falls hopes to produce 5 million gallons of water a day next year with potable reuse technology.** The city already treats brackish water from a nearby lake to drinking-water standards, so much of the treatment infrastructure exists.

A spokesman for the Texas Commission on Environmental Quality told a legislative committee recently that already **1,011 communities have imposed water restrictions** and **19 water systems have less than 180 days of water, three have less than 45 days and one is trucking in water to meet residents' needs.**

The lack of water in Texas is serious and getting more so each day as drought conditions deepen. The same could be said for the drought conditions as they relate to the water supply in the Austin and Central Texas area. It wasn't that long ago, 2007, when a "rain bomb" hit Marble Falls, and much of Central Texas was hammered with 19 inches of rain in one night. However, since that time **records have been set for lack of rain.**

Austin and other cities get their drinking water from lakes Buchanan and Travis. Since the "rain bomb," **the amount of water flowing into the lakes has been historically low.** No one is seriously proposing turning toilet water into tap water for the Austin area. But as the drought becomes more intense, the pressure to take some kind of action also intensifies.

**Precisely five months ago, we raised the question “Should Austin be nicknamed Event City” because there are more than 150 events staged in Austin each year. We now have a list of the Top Five, based on attendance, and the odds are you cannot name them in order.**

Check out the September 14<sup>th</sup> 2012 edition of this newsletter by clicking the “archives” tab at the top of this newsletter. This issue examined a statement from a Movability Austin representative estimating the **huge number of events that occur in Austin each year.**

The *Austin Business Journal* prepared a list of the 25 events and festivals in Austin ranked by the number of people attending them. **The top event last year attracted about 400,000 people.** (Heads up: **don’t jump to a conclusion. It’s probably not the event you think.**)

**#5 The Pecan Street Festival.** Held on Sixth Street twice a year. 2012 attendance was estimated at **200,000 per weekend.**

**#4 ACL Music Festival.** Staged at Zilker Park. 2012 attendance was pegged at 75,000 per day or **225,000 for the weekend.**

**#3 Formula One.** Held at the Circuit of the Americas race track and at various venues around the city. Estimated 2012 attendance: **265,499 for the weekend.**

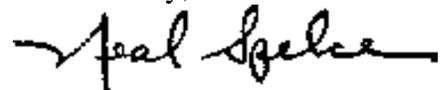
**#2 Star of Texas Fair & Rodeo.** Each year it takes place at the Travis County Exposition Center. Estimated attendance: **300,000 during 2012.**

**#1 Trail of Lights.** This on-again, off-again event was held in Zilker Park. The 2012 attendance was **400,000 (50,000 per night).**

Wait a minute. **What about the highly-publicized South By Southwest?** Sorry. It didn’t make the cut. It ranked #7 with 2012 attendance of 147,000 at various downtown venues.

**Dr. Louis Overholster** points out you never see motorcycles parked at a psychiatrist’s office.

Sincerely,



Editor/Publisher