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Dear Client:

**How long will it be before the 5-county Austin-Round Rock-San Marcos metro area expands to six counties by encompassing Burnet County? An important recognition of that likely big jump in metro population and economic impact occurred this past week.**

Longtime readers know we have maintained for years the addition of Burnet County to the metro area that includes Travis, Williamson, Hays, Bastrop and Caldwell Counties is long overdue. Burnet County, which straddles the area's important Colorado River water supply and is immediately **adjacent to Travis County to the west, is becoming more and more economically and culturally interdependent with the Austin area.**

This fact was recognized by the Texas Transportation Commission this past week when it approved an **expansion of the boundaries of the Capital Area Metropolitan Planning Organization (CAMPO) to include Burnet County** in all planning efforts of the five existing metro counties.

This is significant because **CAMPO coordinates regional transportation planning** with counties, cities, Capital Metro Transportation Authority and all other transportation providers in the region. And, most importantly, **CAMPO approves the use of federal transportation funds within the region.** It does so through its Long Range Transportation Plan (looking ahead more than 20 years), as well as through its short range program – the Transportation Improvement Program.

How important is this move by CAMPO? One anecdote. Several years ago, it took a **huge public outcry and political pressure following major multiple traffic fatalities on Hwy 71 West**, the primary artery connecting Travis and Burnet Counties, for the roadway to be widened and improved. The several-year safety project is nearing completion.

The Burnet County judge, **Donna Klaeger, noted that approximately 3,200 people travel into the Austin metro area every day to work.** But as important as the mobility/safety issue is, the interdependence between Burnet County and the Austin metro has **much broader implications for the immediate and long-term economic future of the entire area.** And a strong case can be made for adding the county to the economically-defined Austin metro area. Check out the next item for some of those conditions.

**Burnet County has many attributes in common with its neighbor Travis County and, as a matter of fact, has more residents who work in the Austin metro than does another county that is a part of the 5-county metro designation.**

The federal Office of Management and Budget (OMB) is the official agency that determines the make-up of metro areas and it has set **strict guidelines for inclusion in a specific metropolitan area**. A key criterion before inclusion is that a **significant percentage of an “outlying” county have residents who work in the existing metro area**. The counties in the Austin metro are Travis, Williamson, Hays, Bastrop and Caldwell.

As noted in the previous item, County Judge **Donna Klaeger** testified that 3,200 of her constituents meet that provision. (This more recent tally is higher than reported in our 4/5/13 issue.) Also significantly, **Burnet County – with Marble Falls as the county seat, is larger than Caldwell County – with Lockhart as the county seat**. There are other elements, such as being contiguous to the metro, and Burnet County qualifies on this count, as it shares a border with both Travis and Williamson counties.

Interestingly, other factors argue for inclusion, though they aren't necessarily part of OMB's criteria. One very important element is a lifeblood of the metro – water. **The two reservoirs, that control floods and provide water for individuals, as well as commercial and agricultural interests throughout Central Texas and on down to the Gulf of Mexico, are both located inside Burnet County**. The massive Lake Buchanan (locally called “Big Buc”) and the 65-mile long Lake Travis are located in both Burnet and Travis Counties.

Additionally, two other lakes formed by the dammed Colorado River (Inks and LBJ) give Burnet one lake more than the three in Travis County (Travis, Austin and Decker). **Burnet County plays a key role in relation to drought and water allocation policies**, generally set by the Lower Colorado River Authority (LCRA).

The interdependence goes further. While specific numbers are not available, Burnet County **shoppers, healthcare seekers and those seeking a wide range of entertainment options daily interact with various metro area locations** – especially in the Bee Cave/Lakeway area. And, in a lesser measure, it is a two way street as vacationers and outdoor enthusiasts from the metro area travel to Burnet County. (**Little-known link: The granite quarry in Burnet County provided the granite to build the State Capitol.**) Enough said. You get the point.

**Speaking of mobility in the metro area, the traffic delays in Austin have been ranked by one source as the 4<sup>th</sup> worst in the country**. The National Traffic Scorecard Report noted Austin drivers spent an average 38 hours stuck in traffic last year – though an increase, still below the US average.

## **A mini-boom in apartment building is underway in the Austin area as rental rates keep rising.**

According to apartment industry tracker **Robin Davis**, currently, there are **more than 16,400 units already under construction in the Austin area and developers anticipate starting another 9,300 over the next 12 months.** This construction is an indicator of the strong demand for living units as Austin's economy continues to thrive like few others in the US.

As we reported several weeks ago, there was a typical decline in apartment occupancy during the 4<sup>th</sup> quarter last year. But this didn't last long. **An uptick kicked in during the 1<sup>st</sup> quarter 2013 and the quarter ended with 95% of all available units occupied.**

So, as you would expect, rental rates for existing units continued to rise. They increased areawide by 2.3%. **The overall average cost to rent an apartment is about \$1.12 per square foot,** Davis reports. Remember, this is the "average." The more attractive and better-located units command a higher rate, while the older units in less desirable locations are less pricy.

Davis also says, looking ahead, **the new units under construction are expected to be ready for occupancy on a steady basis from quarter-to-quarter.** No overnight glut is anticipated. But they will be coming online at a rate higher than the market has seen in the past few years.

## **Major reminder: due to the growth of the Austin area, you must start dialing the area code *on all local calls* June 1<sup>st</sup>.**

Some Austin phone numbers will get a new area code, 737, effective June 1<sup>st</sup>. Others will retain the 512 area code. **Even if you retain the 512 code on your office, cell or home phones, and you want to call another number that also retained the 512 area code, you still must dial 512 on each and every call.** Best advice: go ahead now and program your auto-dial phone list and make sure the local numbers in your "contacts/favorites" list on your cell phone contain the area code. It will save a lot of frustration when June 1<sup>st</sup> rolls around.

## **To give you an idea of why this is happening, all you need to know is exemplified by the fact the Bloomberg News Agency named the Austin metro as America's #1 boomtown.**

Bloomberg sorted through USCensus data, then scored the areas on growth in gross domestic product, adjusted for inflation, among metros of more than 1 million residents, and, voila!, **the Austin metro area emerged #1 in the US.** FYI, of the top 12 (which is all Bloomberg listed), San Antonio was #4, Houston #5 and Dallas/Ft. Worth #11.

**UTAustin officials have long been concerned about the low percentage of undergrads who earn a degree in four years. They have implemented a number of systems to increase the rate of graduation. And, now, progress is being reported.**

Graduation ceremonies at UTAustin are just around the corner. So it is appropriate to determine if administration **efforts to move students through the educational process at a faster pace is paying off.** After all, students who take 5 or 6 years to earn an undergrad degree swell the enrollment on one of the nation's largest single campuses and impact budgets and the all-important student-teacher ratio.

“We are in the midst of an **intensive campaign to raise our four-year graduation rate to 70%,”** president **Bill Powers** said this week. So, President Powers, what is UTAustin's progress toward this goal?

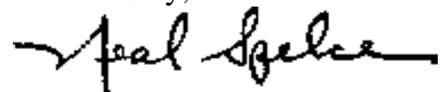
“Out of the more than 8,000 full-time, first-time freshmen who entered in fall 2012, 98.6% continued into the spring,” said Powers. “**This is a significant improvement over previous years.** The fall semester course failure rate for this cohort was almost half of what it was in 2009.”

What is contributing to this progress? “On average these **students are taking more hours than past freshmen,**” he observed. “Grades of first-year students in their first semester are improving, and the percentage of freshmen who receive a failing grade is falling.”

Well, then, is this enough? Oh no, indicated Powers. “**We have significant work left to do, but we are moving the needle.**”

**Dr. Louis Overholster** remembers Texas Gov John Connally told the story that it was not widely known George Washington grew up in South Texas and told his father that he “could not tell a lie,” it was he who cut down that mesquite tree. Washington's father moved his son to Virginia telling him that “if you can't tell a lie, you'll never amount to anything in Texas!”

Sincerely,



Editor/Publisher