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Dear Client:

**To see ourselves as others see us is sometimes enlightening. This can be true for those of us who go about our lives and don't take time to take stock of what is going on in different parts of Austin (maybe it's because traffic is too overwhelming!). So, let's take a minute to review what *National Geographic* sees as two distinctly different "jewels" of Austin's growth.**

As part of its Urban Expeditions series, *National Geo* marveled at how **"Austin revamped its former airport and a defunct power plant into vibrant neighborhoods."** First, here is some of what it said about the 1950s era steam power plant and a water treatment facility along the shoreline of Lady Bird Lake downtown.

**"The Seaholm EcoDistrict is an 85-acre development ... home to a new public library, set to open in May, and several residential high rises, including one under construction that will be downtown Austin's tallest building."** The article cited such perks as **"a small forest of trees, public art works, recharging posts for electric cars, a solar-powered park bench for recharging smart phones and laptops.** The Art Deco power plant has been preserved and remodeled into office space ... (and) walking paths reconnect the site to the rest of downtown."

**"Three miles north of downtown, the Mueller development is laid out across 700 acres of the old Robert Mueller Municipal Airport,"** the article continued.

**"If Seaholm is urbane and hip, Mueller is more urban village ... it includes houses and townhouses finished with stonework accents, shops, and 140 acres of open space, dotted with a series of lakes that double as holding ponds for managing storm water runoff,"** observed *National Geo*. Project developers are also planting 15,000 trees, including more than 500 native pecan trees saved from a nearby orchard destined for the axe.

These two examples are used to illustrate the *National Geo* claim: **"Austin is again at the forefront as cities around the globe are reinventing themselves in order to sustain urban life in the face of population growth and climate change."** The article extolled examples of Austin's environmental awareness, such as Green Building. It quoted former Mayor **Will Wynn**, current city officials, and environmental activists, including architect **Peter Pfeiffer**. But the emphasis was on the two projects that rose "from a pair of defunct industrial sites."

**Want to know why the odds are good the politicians who make up the Austin City Council will vote to raise \$400-\$600 million in taxes to pay for an expansion of the Austin Convention Center? It all goes back to canny Louisiana politician USSenator Russell Long's famous quote in 1973: "Don't tax you. Don't tax me. Tax that fellow behind the tree."**

The Hotel Occupancy Tax (HOT) is loved by politicians everywhere. It is a percentage tax on almost every hotel bill. In Austin, **the tax is 15% of the hotel nightly room rate.** The politician's justify their vote for HOT by saying to their constituents, in effect: "**Look, we're not taxing you. We're taxing those people who come to Austin for a few days and then leave** ("that fellow behind the tree"). We can suck dollars out of their wallets and use it here in Austin to benefit you. Is this a great country, or what!"

**Yeah, but, if the tax is raised to 17% won't it keep people away? Not on your life.** The tax on travelers is so commonplace many hotel occupants don't even pay attention to it when they check-out after their stay. **Okay, then, what about the hotels? Won't they oppose it? Nahhh.** It doesn't impact their bottom line. It's a pass-through charge.

Remember hotels advertise their *room rates*, not the *taxes* tacked onto your hotel bill. Besides, if the additional tax revenue will be spent on expansion of the Austin Convention Center to bring more, and bigger, conventions to Austin, **the hotels will actually benefit in the long run by booking more rooms.** Such a deal.

Another benefit for your local politicians is they can **implement the HOT with a simple vote – not even going to the voters for approval.** They can even promise that once enough money is raised to pay for the Convention Center expansion, they can drop the new rate of 17% back to the current 15% (yeah, sure, don't hold your breath on that one).

So, where does all of this stand as we speak? The expansion – **possibly including additional improvements in the area around the Center** – is under consideration by the Austin City Council. We'll keep you posted.

**Speaking of travelers, the latest stats from Austin-Bergstrom International Airport (ABIA) could be another indicator of an economic slowdown for the Austin area. The passenger activity was up in December – but just barely.**

For the *year* 2016, total passenger traffic at ABIA was up 4.5% compared to 2015. However, when you dive deeper you find the **December 2016 traffic totals were up only +0.4%.** In fact, the three biggest ABIA air carriers were down in December -- **Southwest Airlines** (down -1%), **American Airlines** (down -5%) and **United Airlines** (down -5%). The January 2017 totals should be released in a few weeks. We'll track them for you.

**When *USNews&WorldReport* this week ranked Austin as the 2017 Best Place to Live in the US, it unleashed a wide range of reactions – ranging from “No, no, no, don’t believe it... don’t move here,” to a validation of the popularity many feel is justified. No matter. It was a wide-ranging analytic report that will be out there for a year. Here’s the good and the bad.**

You need to realize this isn’t just another of those national rankings where Austin has been highly-rated for the past few years. *USN&WR*’s ranking is not one of those limited Internet lists that are published frequently to get notoriety. **It is a highly reputable organization, recognized for its methodology and thoroughness. And *USN&WR*’s Top Ten is an impressive list.** It will be cited worldwide for the rest of this year.

The Top Ten, in order: **Austin** (#2 last year) ... **Denver** (#1 last year) ... **San Jose** ... **Washington DC** ... **Fayetteville, AR** ... **Seattle** ... **Raleigh-Durham** ... **Boston** ... **Des Moines** and **Salt Lake City**. (The only surprise on this list is Fayetteville.) One hundred cities were ranked. In Texas: #15 **Dallas-Fort Worth** ... #20 **Houston** ... #23 **San Antonio** ... #76 **El Paso** and #94 **McAllen**.

*USN&WR*’s Executive Editor **Kim Castro** said “When considering a move people are concerned about **finding a job** in their field, earning enough to **afford a home**, sending their kids to **good schools** and feeling like a **part of their community**. ‘The Best Places to Live’ ranking takes all this into account – the metro areas that do well are the ones with **strong job markets and high quality of life.**”

An important element to understand is this ranking is a “lagging” analysis. **It is not forward-looking.** As we noted in our edition last week (click on the 2.3.17 issue on the “Archives” link above), **Austin’s economy is entering a slow-down mode. Current and future numbers are not expected to be as robust as in the past few years.** Depending upon how other cities are faring this year, Austin’s rank a year from now may reflect a slippage.

Anecdotally, this ranking is met with mixed reviews. All you have to do is check the “comments” on the *Austin American-Statesman* website. The comments – and there were many – were overwhelmingly negative. They generally decried how **growth has changed Austin, that this ranking will increase the numbers moving to Austin, adding to traffic congestion horrors.** But the minority noted the problems cited were common to practically all vibrant/growing cities.

As a 3<sup>rd</sup> party impartial “endorsement,” the *USN&WR* ranking will be an important element for Austin when businesses make **decisions to re-locate headquarters, branches, factories, offices, etc.** All companies factor the allure of an area for employees when making re-location decisions. And this report says Austin is the best in the US.

Before the release of the *USN&WR* ranking this week, the USCensus Bureau forecast the Austin area population will **double over the next ten years.** This report could impact that forecast.

**Wouldn't you just know it? Some enterprising soul, after reading the *USNews&WorldReport* naming Austin the Best Place to Live in the US, looked up all the weird rankings where Austin also ranked highly. Betcha didn't know about some of these.**

Reporting for National Public Radio's Austin affiliate, KUT-FM, **Andrew Weber** uncovered some goodies. Some you may understand; others are, um, interesting.

Beard trimming-accessories Wahl ranked Austin as the **5<sup>th</sup> best destination for "guys with facial hair."** Oh, it also called Austin "**a mecca for facial fuzz.**"

People for the Ethical Treatment of Animals (PETA), named **Austin #8 in the US for vegan-friendliness.** In a related, but separate, list **SpareFoot pegged Austin as the nation's 5<sup>th</sup> most dog-friendly city.**

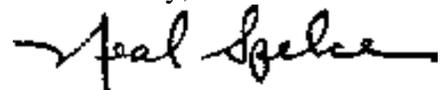
In that connection Austin was cited as a **top city for urban wildlife** by the World Wildlife Federation. It pointed out Austin's cultivation of the **world's largest urban bat population** and its affinity for **Monarch Butterfly and bird migration route preservation.**

Want more? According to WalletHub, **Austin is the 6<sup>th</sup> best place in the US for singles** out of 150 most populous cities nationwide. Oh yeah, and **Austin ranks #3 as a "sugar daddy" city.** What's this? According to *Seeking Arrangement*, a website that matches "sugar daddies" with "sugar babies," UTAustin is the reason for this designation.

Weber also noted, among other rankings, that **Austin is the best overall US city for urban farming,** according to the Sustainable Food Center. The Center also said the City boosts farming within the city limits, which means "**residents can slaughter and sell chickens right in the city center.**" Yessir, Austin ranks high on a lotta lists!

Pun warning (about rankings): **Dr. Louis Overholster** says a plateau is a high form of *flat-tery!*

Sincerely,



Editor/Publisher