



Volume 39, Number 1

April 7, 2017

Dear Client:

The marriage between healthcare and high-tech is well underway. Area movers and shakers have a vision for Austin as a major biotechnology hub, driving the next wave of economic development. The current negotiations between Austin and pharma giant Merck could be a linchpin for this vision. But it's not a done-deal yet. Here's the inside skinny on where it stands this week, and why it is so important.

The Austin City Council this week and next is debating whether to approve **\$850,000 in tax abatements over the next ten years**. This is really important. Because the State of Texas has already committed **\$6 million** for this effort, BUT it is contingent upon the City Council approving its piece of the package. Merck is considering several cities in various states.

In return for the incentives, Merck says it will build a **\$28.7 million IT facility near UT Austin's Dell Medical School. It promises to create 600 jobs by 2023 with a median income of \$79,000**. What would they be doing? Merck staffers would collect metadata for what it calls "solution-based platforms for personalized, proactive and preventive healthcare."

According to trade publication *Fierce Pharma*, Big Pharma companies "are **increasingly using data to drive their decision-making, starting in early Research and Development all the way through commercialization** as they face heightened pressure to deliver value to the healthcare system."

What's the big deal? Why is this so important? First of all, this is not just another company announcement, creating jobs in Austin. **The future of Big Pharma points to IT development. So, Merck's IT focus is essential for its future.** Merck's Austin facility plan is emerging, while it continues its battle with Bristol-Myers Squibb in immune-oncology. Austin Merck's IT hub would join Merck IT facilities in New Jersey, Singapore and the Czech Republic. AstraZeneca has set up similar IT shops in India, San Francisco and Eastern Europe.

Now, toss DellMed into this mix as you think about Austin's economic future. DellMed said "a collaborative effort with this company could **create unique opportunities to fulfill our mission in different and far-reaching ways**." If Merck is successful in tapping the local well-educated workforce and in collaborating with UT Austin (even beyond DellMed), other biotech companies are sure to follow. This is a big deal. If it happens. You'll know soon.

Continued development of the Austin area as a biotech hub will have a major impact on passenger travel at Austin-Bergstrom International Airport (ABIA), already one of the nation's leading success stories. In fact, just two months into 2017, ABIA's passenger tally has surged 5.5% over the previous record-setting year. And Merck's consideration of Austin was not even publicly known during this time. So, can the city-run airport handle this predictable increase in activity? Give 'em credit. They're trying.

You'll see evidence of it on your next trip to ABIA. **Construction of nine new gates, additional parking and supporting facilities are moving hell-bent-for-leather toward completion** as we speak. It'll be expensive. But the airport is a self-sustaining enterprise that generates its own income to pay debts. It is gearing up to handle thousands of new air travelers.

Separately, a major traffic artery that will carry passengers to and from the airport – US183South – is undergoing a massive expansion, supported by pay-as-you-go tolls. When completed, Cedar Park residents (as well as those along the way) in far northwest Austin can zip straight to ABIA with no signal lights, and vice versa. Construction is ongoing right now.

By the way, looking at the current numbers, it appears **Southwest Airlines' dominance of the Austin market may be diminishing a bit**. While the overall passenger count jumped 5.5%, Southwest totals went up only 1.5%. At the same time, #2 American Airlines was up 4.5% and the other airlines showed even more substantial increases. We'll watch it for you.

Texas Democrats have been jockeying for advantage to try to defeat incumbent GOP US Senator Ted Cruz next year. They're gearing up for an intramural primary battle to see who will emerge as the one candidate to try to unseat Cruz. To those on the left, Cruz is anathema. But, a wild card – Austin pundit Matthew Dowd -- may emerge to scramble their efforts.

Young Texas Democrats Congressman **Beto O'Rourke** (El Paso) and Congressman **Joaquin Castro** (San Antonio) are those out front in the quest to tackle Cruz. They have eager supporters. But Dowd, who has worked for both Dems and GOP-ers, could prove to be mettlesome for O'Rourke and Castro.

Dowd has some national credentials. Besides previously heading up the Texas Democratic Party, he also strategized for Dem lions **Lloyd Bentsen** and **Bob Bullock**, then switched to help **George W. Bush's** presidential campaign. Currently you can spot him on ABC's Sunday morning **George Stephanopoulos'** program. He's considering jumping into the elective political fire.

The scramble will be interesting to watch. **But don't go to sleep on Cruz. He is criss-crossing the state, shoring up his support.** He is not to be underestimated. Stay tuned.

“Don’t mess with Congress Avenue?” Maybe the new slogan should be “Let’s *really* mess with Congress Avenue.” Throughout Austin’s history, Congress Avenue has changed (long-ago, trolley cars trundled toward the Capitol Building). And in the recent past, sidewalks have been changed, parking spaces have been converted to sidewalk eateries, lanes have changed for bicycles and buses, etc. All this was done piecemeal. Now the City of Austin is talking about a wholesale review of what the venerable avenue should be. And it’s off and running.

Two public meetings were held this week in the 800 block of the Avenue to gather public input/reaction. The City of Austin is conducting this nine-month initiative along with the Downtown Austin Alliance (DAA). **DAA’s involvement is important as its membership includes downtown Austin businesses and property owners.** Remember, some businesses have complained in the past about some of the changes, such as parking spaces and access being lost or dramatically restricted.

The high-falutin’ vision of this exercise: “The goal of this effort is to develop an urban design, streetscape and implementation strategy that results in a **human-centric, multi-functional street** with a clear and attractive identity,” said the city. The effort is designed to develop a “**comprehensive framework for future improvements** to the main street of Texas from the Capitol to Riverside Drive,” the city continued. By mentioning Riverside Drive, this also includes what should happen to the Congress Avenue bridge.

This is an “all-out” effort. A nationally-recognized consultant – Sasaki Associates -- is being paid big bucks to guide this process. And, while many government studies sometimes end up gathering dust on a shelf, this has all the earmarks for a “**justification**” to go ahead and make changes. And, believe me, there will be changes recommended.

So, what is likely to happen? The old saying that the “**devil is in the details**” is certainly true here. As a result, **it would be folly to predict the specifics that will be trotted out before year-end.** But you can bet some loud voices will be raised during this process – all across the spectrum. Those with any interest in Austin’s most famous and visible icon need to weigh-in and stay-tuned as this initiative unfolds.

Speaking of “a famous and visible icon,” one is in the making that will become the hallmark for a major Texas city – Corpus Christi. We failed to mention this last week in our piece about the growing energy influence of the Gulf Coast port city.

A new bridge over Corpus Christi’s expanded harbor will be an eye-catcher. It will be taller than the old bridge and will be the **longest cable stay bridge in the US when it is complete by spring of 2020.** The design is dramatic and beautiful and will visually define Corpus Christi.

An effort has been unveiled to make you smile as you move slowly on Austin’s congested roadways. And, hopefully the project will make you a tad safer. We’ve mentioned it in previous editions – clever ways to convey information on automated signs about roadway conditions. The City of Austin conducted a contest. The winners have now been announced.

The signs have two panels, one “revealed” after you read the first. The contest was named after **Willie Nelson’s** hit, “On The Road Again.” **We’re not gonna vouch for whether the winning entries were clever or funny.** (Some of them, frankly, are real groaners.) But, we’ll let you decide. First, Panel 1; then panel 2:

People watching is fun. Watch for pedestrians on the road.

Keep Austin Weird. Keep the box cleared.

Dazed and confused? Stop staring at your cell phone.

Love your ATX. Don’t drive and text.

Don’t mess with Texts. Keep your eyes on the road.

Austin is striving. For no drinking and driving.

Cars are not bars. Don’t drink and drive.

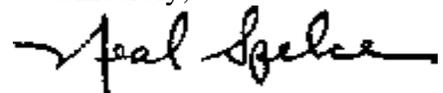
Carpool Karaoke – belt it out. But only if you’re belted in.

This ain’t your first rodeo. So buckle up.

The City said it received more than 340 entries and whittled them down to 15. We narrowed the list further. So where are you likely to see these tidbits? On digital message signs the city uses to inform road users about construction, road conditions, traffic laws, etc. The major Austin roadways where the city anticipates using them: **Cesar Chavez Street ... Guadalupe Street ... Lamar Boulevard ... Riverside Drive and South First Street.**

Dr. Louis Overholster believes nothing is so permanent as a temporary government program.

Sincerely,



Editor/Publisher