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Dear Client:

For the first time in 2017, a travel warning has been issued for a favorite destination of Austinites, Mexico. No, it doesn't have anything to do with drug cartel violence. This warning cautions those vacationing in popular resorts about – possible tainted or low quality alcohol. What? Yep, seems several dozen imbibing Americans have been stricken after as little as one or two drinks. In fact, one US citizen died.

The US State Department singled out vacation resorts near Cancun and Playa del Carmen. Those who have been affected by the booze claimed to have a **drugging-like sensation, memory loss, becoming ill, and/or blacking out.**

For a further update on what is happening in Mexico, who better to turn to than a former US Ambassador to Mexico with deep ties to Austin – former Texas Secretary of State and president of the Texas Exes, Tony Garza.

Garza says “over the past few weeks, there has been some great news coming out of Mexico’s energy sector.” He specifically mentioned a “consortium of international energy companies had discovered **enormous shallow water oil reserves,**” and said he met with US Energy Secretary **Rick Perry** about “our strong and vitally important **cross-border energy integration.**”

But, his brutally-honest assessment also includes some bad news. “**The country’s murder rate has skyrocketed this year,** with 11,155 people killed from January through May alone (a 32% increase from last year).” He further said: Governmental “**corruption allegations have also shown no signs of abating.**”

Additionally, he cites **uncertainty surrounding NAFTA trade renegotiations. Austin and Texas are heavily involved in NAFTA trade deals.** But, this entire subject is caught up in the push-pull of international and national politics. So, who knows where negotiations will end up.

Garza importantly raises a “timing” red flag. Discussions are scheduled to begin in early fall. “But the negotiators will have to move fast,” Garza warns. “**They’ll be under intense pressure to wrap up discussions by early 2018, before Mexico’s presidential campaign picks up steam.**” Check out the next items for related Austin energy developments.

In addition to its traditional sources, the City of Austin is aggressively (one might say relentlessly) entering into contracts to purchase wind and solar power energy to deliver electricity to its customers through its city-owned utility -- Austin Energy (AE). The most recent wind power agreement is for a privately-owned facility that will not start construction until January 2019. So where do these commitments of your tax dollars for wind and solar power stand so far?

Measuring the effect of signed agreements, AE reports that when the most recent wind energy agreement comes online in 2019, **“Austin Energy will reach approximately 47% of customer demand being supplied by renewable energy.”** That’s a bunch. And, remember, the Austin City Council has set a goal of **55% renewable power by 2025**. Right now, AE traditionally generates electricity from plants using natural gas, nuclear and coal-fired power. Their wind/solar goal represents an obvious dramatic shift.

How does this break down? **The new wind contract is with Oregon-based Avangrid Renewables** will send the power to Austin from wind farms in South Texas along the Gulf Intracoastal Waterway. The quantity is for 200 megawatts (MW) of power. For perspective, AE says this is **enough energy each year to power approximately 54,000 Austin Energy households**.

Adding the Avangrid contract, **AE will have 1,300 MW of wind power under contract**. This is just for wind. What about solar? AE has an **additional 306 MW of solar power in its portfolio**, with **another 320 MW coming online over the next 18 months**.

Do the math. If there are no hiccups along the way, **this amounts to almost 2,000 MW ultimately available – or ten times the capacity mentioned in the example above for the current wind contract**. But, bear in mind, construction on the current wind commitment doesn’t even *start* until 2019. This obviously impacts the “deliverable” date for the power.

To understand the significance of this move, all you need to know is **Austin Energy serves more than 1 million residents in the Austin area – and the Austin City Council sets electricity rates for those 460,000 customer accounts**.

Speaking of energy, fossil fuel-sourced energy is picking up steam again in Texas. As an example, Austin-based MMEX has purchased 126 West Texas acres for a refinery and is looking to purchase an adjacent 350 acres.

The \$50 million facility – the first phase of a \$450 million refinery – will produce **nontransportation-grade diesel for drilling frac fluids and selling to other refiners**.

The uptick in Texas oil/gas activity was demonstrated again this week, when the State Comptroller reported sales tax revenue was 7.9% more than at the same time a year ago. Sales tax? Sure, sales taxes are primarily a reflection of retail sales, but energy played a major part in *this* increase.

Speaking about this latest report, State Comptroller **Glenn Hegar** said **“the most notable increases were from oil-and-gas-related industries, as spending on well development continues to rebound.”** This is hard dollars-and-cents evidence of a turnaround. By the way, these numbers are based on sales in May, collected in June, and reported at the end of July.

Why has the number of Austin Community College (ACC) students, who get discounted Green Passes for travel on Capital Metro buses, dropped by more than one-half in just four years? The Green Pass price is still the same – unlimited transit use for just \$25 per semester. So what’s the deal? Some say cheap parking is a factor.

This Green Pass partnership between ACC and Capital Metro has been ongoing since the beginning of the decade, when the passes were first offered to ACC students. **The ridership has dipped from more than 100,000 trips to just little more than 50,000.**

One reason for the drop in ridership was because ACC started charging for what had initially been a free Green Pass. Couple this with the fact ACC charges only \$15 for a one-year parking pass. You don’t have to be a math major at ACC to see that **\$15 for one year’s worth of parking** around ACC is a better deal than **\$25 for one semester of bus ridership.**

While on the topic of mobility, you need to be aware the City of Austin, in cooperation with Capital Metro, is hiring three full-time temporary “outreach ambassadors” for a program aimed at getting people out of their cars and onto sidewalks, bikes and buses.

The Austin Transportation Department (ATD) calls this effort “Smart Trips.” Targeting Zilker, Bouldin and Travis Heights neighborhoods, ATD says it wants to **“help residents explore healthy and sustainable transportation options through fun events like walking, biking and transit tours.”**

The goals of this end-of-year program are to **“decrease single-occupancy vehicle trips by 5-10%”** and **“increase trips made by walking, bicycling, riding transit and carpooling by 5-10%.”**

The “outreach ambassadors” will be managed by Bike Austin. This Smart Trip program is expected to run in these three neighborhoods from October 2017 to January 2018.

An interesting tidbit: June 2017 saw a historical high number of travelers flying through the Austin-Bergstrom International Airport -- 1,279,204. This is significant considering the fact July is normally the biggest month of the year for Austin air travel. The July report will be released in about three weeks, stay tuned.

***The Princeton Review* each year publishes a list of “The Best 382 Colleges,” and it bills this listing as “everything you need to make the right college choice.” When you dig a little deeper, you find an interesting subset in its recently-released 2018 edition – a ranking of 20 colleges that have the most conservative students.**

Right off the bat, let’s reveal what you probably expected: **UTAustin did *not* make this list. And, interestingly, TexasA&M did *not* show up among the 20 institutions either** (though the Aggies ranked #4 in the nation in 2015). Now that we have this out of the way, let’s run through the list and, yes, there are some other Texas colleges in the top 20.

In fact, the #1 college with the most conservative students is the **University of Dallas** in Irving. **Baylor University** in Waco is ranked #10. **Texas Christian University** in Fort Worth is #13. **Angelo State University** in San Angelo is #15.

Here’s the complete list, 1-20: **University of Dallas ... Hillsdale College ... Thomas Aquinas College ... College of the Ozarks ... Grove City College ... Hampden-Sydney College ... United States Naval Academy ... Brigham Young University ... United States Military Academy ... Baylor University ... Wheaton College ... Ohio Northern University ... Texas Christian University ... University of Louisiana at Lafayette ... Angelo State University ... Wofford College ... Clemson University ... Kansas State University ... High Point University and Berry College.** *The Princeton Review* claims it is “a trusted resource for over 25 years.”

Dr. Louis Overholster points out birds of a feather flock together ... and then poop on your car!

Sincerely,



Editor/Publisher