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Dear Client:

The City of Austin leaders didn't need a survey to tell them what anyone with a heartbeat understands: the most important issue facing Austin is traffic. The survey they conducted anyway confirmed this fact. But a deeper dive into the recently-completed survey also revealed some interesting observations: such as how longtime residents feel, compared to relative newcomers.

Take the issue of whether residents feel the city is headed in the right direction or wrong direction. **A majority of those surveyed (53%) feel the city is on the right track. But, a substantial minority (44%) feel it is going in the wrong direction.** When you break it down by how long residents have lived here, there is a dramatic contrast.

EMC Research reporting to the City on its research had this observation: “There is a stark division based on how long residents have been in Austin, with **those who have lived in the city less than twenty years more positive about its direction and more satisfied with it, and those who have lived in the city for longer than two decades more negative about its direction and less satisfied.**”

But, what about the city's taxing and spending priorities? It's a much different picture. “**There is near unanimous agreement the City has enough money and just needs to do a better job making sure it is spent on the right priorities (82% agree; 17% disagree),**” reported the researchers. But newer residents were still more open to tax increases than long-time Austinites.

Now, back to that bugaboo – traffic. **Taken together, traffic, transportation and roads/infrastructure were by far the major “top-of-mind” concern.** Top-of-mind means unprompted. The question was open-ended, without listing a series of problems. This approach is a solid gauge of respondent concerns.

Oh sure, there were a number of other concerns mentioned by respondents. After all, this is Austin where almost everyone has an opinion. **Unprompted responses related to housing came in second** – way back in the pack. But, when prompted, the numbers jumped way up as they expressed **concern about the rising cost of living in Austin. And, housing was the biggest driver of those responses.** Taken as a whole, the responses were not all that surprising – even the ratio between those who have lived in Austin awhile compared to recent residents.

Austin area business leaders woke up Thursday to what could be the single biggest economic development opportunity ever. Amazon announced on its website it is going to invest more than \$5 billion for a 2nd headquarters to be built somewhere in the US. This is huge. Amazon is talking about 50,000 workers with an annual average salary of more than \$100,000 that would ultimately work at Amazon HQ2. Could the Austin area be in the running?

To answer the question, you need to know what Amazon wants. **Unlike most company site searches that are very secretive, Amazon laid it out publicly for all the world to see.** A massive amount of detail on its well-thought-out website, including a “Request For Proposal” document. **What Amazon is seeking in a site sounds a lot like the Austin area.**

“We are looking for a location with strong local and regional talent -- particularly in software development and related fields -- as well as a stable and business-friendly environment to continue hiring and innovating on behalf of our customers,” noted Amazon’s website.

The Associated Press reported **“it wants to be near a metropolitan area with more than a million people; be able to attract top technical talent; be within 45 minutes of an international airport;** have direct access to mass transit; and wants to be able to expand that headquarters to as much as 8 million square feet in the next decade.” Austin falls short in the “mass transit” category.

Amazon’s corporate culture seems a strong fit with the Austin area. **“We are putting our scale and inventive culture to work on sustainability and protecting the environment. Amazon was the leading corporate purchaser of renewable energy in the US. We currently purchase energy generated by wind farms located across the country, and plan to deploy solar systems on 50 fulfillment and sortation centers globally by 2020.”** There’s more but you get the picture.

On top of all this, don’t forget **Amazon just purchased Whole Foods, whose flagship and HQ is in Austin.** It is currently hiring at its facilities in The Domain in North Austin, adding more than 350 to those working there now.

Also, **Amazon recently located a fulfillment center in the San Marcos area, and San Marcos economic development leaders indicate they have prime sites available.** By the way, when you read the Amazon announcement carefully, you will note “areas” are mentioned, not just sites within a city’s limits. So, a San Marcos site or a site in Williamson County would also fit their criteria.

If, as Amazon says, its HQ2 will be the **“full equal” of its Seattle HQ,** what will that look like? Well, for one, there are 24 restaurants and cafes within its Seattle campus where more than 40,000 are working in 8.1 million square feet. And, the amenities inside their Seattle complex are vast – including such rare offerings as a site for the homeless. **There’s no doubt cities will go all out to lure Amazon’s HQ2.** Check out the next item.

In addition to Austin, the Dallas and San Antonio areas will also make a run at the big Amazon HQ2 prize. Texas Governor Greg Abbott said the state will throw its resources at Amazon, but obviously will not pick a favorite until, and if, one Texas city/area is selected as a finalist. Around the US: Boston, Chicago, Atlanta, NYC, Philadelphia, Pittsburgh, Sacramento, St. Louis, et al. are already putting their pitches together. So what will it take?

Amazon said: **“We encourage cities to think big and be creative.”** The word out of Amazon’s home base, Seattle, says **“Move fast, play hardball.”** And Amazon’s RFP says **“the initial cost and the ongoing cost of doing business are critical decision drivers.”**

Let’s translate that for you: **Amazon will be looking for tax breaks and other incentives.**

Austin looks good on paper as a logical site, as mentioned in the previous item. Austin has also had some head-turning economic development success in the past. However, this is not 1983 when Austin triggered its tech revolution by luring MCC over more than 50 cities. And don’t discount the local naysayers, citing traffic, affordability concerns, etc. It will be interesting to watch it unfold. Want to know more about Amazon HQ2, go to www.Amazon.com.

There’s no time to dilly-dally if a city/area wants to be in the hunt. Six weeks is all the time to make it happen. **Proposals are due to be received at Amazon by October 19th.** It’s not clear what will happen after that. But, as Amazon said the **actual site selection will not be made until next year**, you can assume the initial list will be narrowed down to a manageable few. The finalists will likely make more in-depth presentations. Negotiations may take place. **Amazon execs will most certainly make site visits.** But for now, the scramble is on.

When you picture downtown Austin in 10 or 15 years, what do you see? Well, you have an opportunity to share your thoughts. As the Downtown Austin Alliance (DAA) puts it: “We want to hear your ideas for how downtown can be a better place for our community, now and in the future.” And DAA this week set up a short online survey for you to weigh in.

Saying “we are committing the leadership and action to make it happen,” DAA pointed out it is “facilitating a community dialogue to create a Vision and Action Plan for downtown Austin.” The survey is a 10-point-scale “click-here” model to **register your thoughts about the different aspects of downtown.** Go here: <http://engage.downtownaustin.com/community-survey>. It shouldn’t take long to complete.

DAA noted **“as much has changed in the last six years, this vision is intended to build on and bolster the work of the Downtown Austin Plan adopted by the City Council in 2011.”** The Downtown Austin Alliance has its own 5-year plan. This survey “will inform” that plan, **“which maps out how we do our work of delivering and stewarding a world-class downtown for the community.** The survey closes September 28th.

You know it's against the law to use a hand-held device while driving or riding a bike in Austin. If the cops catch you texting, calling, tweeting, etc. while driving, you're gonna pay a big fine, and it goes up a bunch if you're driving in an active school zone at the time. Some drivers breathe a sigh of relief when they leave the Austin city limits. No longer.

Effective this week, it is illegal to text and drive *everywhere in Texas*. The new state law that went into effect at the beginning of September is not as restrictive as Austin's, **but you no longer can send a text while driving on any roadway in Texas**. So, be aware.

Everywhere you looked the past couple of weeks, you saw some mention of the devastation caused by Hurricane Harvey. This will continue. In fact, Tuesday September 12th at 7 pm CT, ABC, CBS, NBC, FOX and CMT will simultaneously carry a one-hour, star-studded telethon to benefit Harvey victims. Good thing. Harvey's impact was almost incomprehensible.

Sarah Robinson at TIB Capital Markets pulled together some stats that really **bring home the enormity of what happened** in Texas and Louisiana over a six-day period. Consider:

Enough water fell to **fill the Houston Astrodome 85,000 times**.

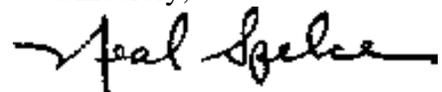
This amount of water would **supply New York City for 50 years**.

The amount of rain that fell just in the first three days was **enough to end California's drought**.

Moody's estimates as many as **700,000 vehicles and 400,000 homes** were significantly damaged. And it's estimated 80% of Hurricane Harvey victims had no flood insurance.

Dr. Louis Overholster when he surveyed hurricane damage on the Texas Gulf Coast swears he saw this sign: "Hurricane Evacuation Plan: 1. Grab Beer, 2. Run like Hell!"

Sincerely,



Editor/Publisher