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Dear Client:

Austin's reputation as a home for heavyweight companies of the future is well-recognized and well-deserved. After all, when you start calling the roll of Austin majors – Dell, Google, Apple, Facebook, Indeed, 3M, etc., it's hard to know where to stop. The list is long and impressive. But what about smaller enterprises that could be the biggies of the future? Where does Austin stand as the site for *startups*? New information late this week: startups accounted for a larger share of businesses in Austin than in nearly all major US metros in 2016.

Young companies account for a larger share of businesses in Austin than in nearly all other major US metros. So, it's important to note that for the first time, the *Survey of Business Owners* compiled as part of USCensus Bureau data, included data regarding the number of years a firm has been in business.

Here's how the numbers break out. Take the newbies, those firms with *less than 2 years in business*: **Austin with 4,444 companies, or 11.6% of all employer firms, ranks #3 in the nation**, behind #1 Las Vegas and #2, Orlando.

Those Austin companies that have been in business a little longer, but *less than four years*, break out this way: **10,807 Austin businesses, or 28.1% of employer firms, place Austin at #2 in the nation**, behind #1 Las Vegas.

And the oldies? Austin firms in business *less than six years*. **15,077 Austin businesses, or 39.3% of firms, place Austin at #2 in the nation**, behind #1 Las Vegas.

How did other major Texas metros fare in this review of the 50 largest metros in the US, in business less than 6 years? **The Dallas-Ft. Worth metro was 5th** in the nation, **Houston was ranked #10** and the **San Antonio metro was 13th** in the US.

In the past, Austin has been noted as a good place to start a company. After all, Dell started in a UT Austin dorm room. But, this is the first report putting precise numbers to the entrepreneurial environment in this area. **This late report came to us from the Austin Chamber's VP/Research Beverly Kerr.** Her analysis goes much deeper by the way. For instance, she breaks it down by **women-owned** firms, **minority** and **veteran** entrepreneurs. And she reports on Austin's #4 US 2016 ranking for firms receiving significant funding from outside investors.

Austin's reputation as the Live Music Capital of the World (though disputed by some cities) has resulted in a music industry heavyweight announcing this week that it will open a new office in the Capital City. Broadcast Music Inc. -- or BMI as it is popularly known -- is vital to anyone associated with music. Why? It licenses music creative product, charges outlets for use of the music and remits checks to the artists. BMI will open its first creative office in Austin in 2019, Governor Greg Abbott announced late this week.

BMI? Who is this outfit? BMI already reps Texas artists like **Willie Nelson, Ray Benson, Bruce Robison, Waylon Jennings, and Joe Ely**. It's not just artists. Through its collection and distribution of public performance royalties, as well as its **support of signature events like SXSW and the Austin City Limits music festival**, it already has strong connections with Texas music. BMI hopes to set up shop in Austin by March to coincide with SXSW.

Interesting fact: SXSW is unlike any other conference and festival experience. It is the world's largest gathering of creative professionals.

For a long time, minimum hourly wage jobs have been described as "want fries with that" or as "burger flippers." Teenagers were the majority of those behind the fast-food counters. In fact, it was such a truism, McDonald's just built an ad campaign around this situation: "McDonald's. America's Best First Job." Now, that could be in jeopardy.

Robot chefs have been introduced in California. The *San Francisco Chronicle* reports that a **robot is flipping burgers successfully in a fast-food joint in the city**. And people are buying them. Progress, you say? **Yes, but the robots are replacing workers – workers that have been making a high starting wage of \$15/hour**. Unskilled workers could be impacted.

By all accounts, the results of the Tuesday election were "mixed." No matter your views, you could claim a victory, but still be upset at other results. The results have been cussed and discussed and will continue to be rehashed for some time. So, there is no need for us to add our voice to the chorus.

But, a quote came to mind as we assessed what happened. Best we can tell, the quote goes back **more than 50 years, to Dick Tuck, a witty political prankster who was a particularly sharp thorn in Richard Nixon's side**. Tuck is said to have uttered this phrase in 1966 when he lost a personal race for the California State Senate. **Arizona's Mo Udall stole the quote when he lost a tough race**. It really works in today's mixed results election, no matter which side you identified with. His classic quote: **"The people have spoken – the bastards!"**

Just three months ago, almost 60% of the state of Texas was in some degree of drought. Then the rains came. Boy, did the rains come. Not just causing the flooding conditions here in Central Texas. But statewide. So much so that now, only 2% of the entire state is recording moderate drought conditions (far West Texas and the Panhandle) and extreme drought has been totally eliminated from the state. Great news. But what lies ahead?

More good drought news. According to the Texas Water Development Board, **“the seasonal drought outlook through the end of January 2019 looks good for Texas.”** Then it went on to report **“no new areas of drought are expected to develop and existing drought areas in the state are expected to contract.”**

We’ve been reporting for quite some time about the huge increase each month in passenger traffic at Austin-Bergstrom International Airport (ABIA). But, my goodness, did you see what happened in September? The increase in passenger traffic was up 13.7% compared to September a year ago.

That in itself is impressive enough, but when you check further, the passenger totals for the year are up a whopping 15.3%. The current expansion cannot be completed too soon and the **long-range plan for a new terminal needs to be pursued diligently.**

What’s in the long-range Austin airport plan? The question is important because airport officials say about 16 million passengers will use the Austin airport this year and that, in just about 20 years, this number will nearly double. Think about this total. First of all it is incremental and will build each year. So what is in the planning stage now?

A city can’t just make big airport plans willy nilly. The Federal Aviation Administration (FAA) plays an important role, even though the City of Austin owns the land and the airport facilities. **The FAA must review and approve any plans. This has yet to happen.** But, despite this caveat, here is some of what is being proposed.

How about a brand spanking new ultra-modern terminal? The new facility would handle the normal functions, such as ticketing, baggage claim and drop-off. Oh yeah, a new concourse is planned to be built at the rear of the airport. This will increase passenger capacity by **adding 32 new gates.** And, a **pedestrian bridge** will be built connecting the current terminal to the new concourse. **Parking? How about 1,000 new spaces.** And amenities such as playgrounds.

How much will it cost? Don’t worry. It won’t hit your pocketbook. **The airport is a self-sustaining city enterprise.** Airlines will pick up the bulk of the cost.

Many of the growing number of residents who live in downtown Austin have long complained about noise. Usually the objections are about loud music, parades and crowds of revelers at the seemingly-endless string of events on *weekends*. But unusual, loud, *daily* noises are getting renewed attention from downtown residents. This noise: squealing. What? Squealing? Yep, the piercing rail squeal noise made by railroad trains as they negotiate slight curves.

It's not a new sound. After all, freight trains have been rolling along the railroad tracks in the downtown Austin area long before condos were invented. **But, with the proliferation of living units in the downtown area, especially those near the train tracks in the Seaholm District near the former power plant, you have more ears being bombarded by the squeals.** And, those high-pitched sounds can be grating for some. The extraordinarily loud level – one estimate says it approaches 100 decibels -- raises the irritant level exponentially.

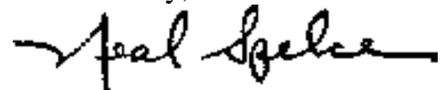
Okay, how can you handle this mini-crisis, short of ear plugs for all? After all, the railroad tracks are not owned by the City of Austin. But, residents have turned to the City for help. **The Austin City Council predictably passed a resolution urging the City Manager to work with the railroad for a solution.**

The complainants also created a website, www.CalmInAustin.org, for residents to vent. **The site is also set up to create a petition drive** with a call to eliminate the rail squeal for businesses and residents in the downtown Seaholm District.

Union Pacific Railroad trains generate the squeals caused by the friction of trains moving along a curvature in the railroad tracks. The Council gave the Manager until next August to report back with a solution. Good luck with that, if the experience with Union Pacific and the MoPac Express Lanes is an example. Union Pacific is a tough negotiator. And it holds most, if not all, the cards in this case.

Dr. Louis Overholster remembers Texas law once decreed that when two trains meet each other at a railroad crossing, each train shall come to a full stop and neither train shall proceed until the other has gone. Huh??

Sincerely,



Editor/Publisher