Opportunity Austin 2.0 Midcourse Update
Strategy Update Recommendations

J. Mac Holladay, CEO
September 13, 2011
Current Economic Realities

Source: Atlanta Journal Constitution November 4, 2008
“First, if it is not apparent to you yet, it will be soon: there is no magic bullet for this economic crisis, no magic bailout package, no magic stimulus…We are going to have to learn to live with a lot more uncertainty for a lot longer than our generation has ever experienced.”

Thomas L. Friedman, Author

*New York Times*

February 1, 2009
• Opportunity Austin 2.0 launched in 2009 at the onset of the Great Recession.

• The global and national slowdowns impacted the funding climate for the program.
  – GAEDC finished slightly below its $21 million fundraising goal for OA 2.0.
  – EDC Board decided to cut OA 2.0’s programs related to international marketing and talent attraction.
I. Implementation Assessment of OA 2.0

• Stakeholder Input
  o 2 focus groups – GAEDC Board and Regional Partners
  o 13 one-on-one interviews with staff and volunteers
  o Online survey – 129 responses from investors and partners

• Quantitative Competitiveness Analysis
  o Austin MSA benchmarked against Denver, Nashville, Phoenix, Raleigh-Durham, Texas, and the United States

• Goal Implementation Progress

II. Strategy Update Recommendations

• Realigned priorities and core recommendations for OA 2.0 midterm adjustments
Implementation Progress Assessment

Economic Development Summary

- Greater Austin Technology Partnership has launched and received positive feedback from participants and investors.
  - Chamber’s most aggressive effort yet to capture technology-based growth.
- Well over half of the Chamber’s prospect inquiries have come from California in the past year.
- Surveyed site selectors and C-level executives have been positive about Austin’s image and assets such as workforce, local economic strength, and technology capacity.
- New target sector opportunities due to Formula One track and race, momentum behind Austin medical school, and growth in education technology companies.
The Austin metro has aggressively increased its job, wage, salary, and high-tech growth and performance among the nation’s 200 largest metro areas and the benchmark communities.

Note: No index was released in 2006. Source: Milken Institute
Implementation Progress Assessment

Talent Development

• Austin Chamber’s talent development programs cited as a national best practice.
  – The Chamber’s 20,010 by 2010 initiative was a great success.

• Austin Community College has expanded aggressively and remains a critical training partner, but must improve performance data tracking.

• UT-Austin’s space constraints continue to limit expansion of Central Texas public enrollment numbers but other universities are picking up the slack.

• Greater Austin’s labor force participation rate has declined since 2009 and is lower than the national average of 75.3 percent.

• Talent shortages for software developers have recently surfaced.

• Companies still report challenges finding C-level talent.

• Chamber-commissioned study of 40 regional companies’ workforce needs and dynamics will inform talent-development efforts.
Congestion is worsening on key transportation corridors.
- In 2009, Greater Austin had a higher peak travel time than the average large U.S. metro.

Construction of Austin water-treatment plant must be on budget and on schedule.
Goal I: Economic Diversification
- Existing Business and Enterprise Development
- Marketing and Attraction
- Target Sector Development
- Programmatic Awareness

Goal II: Talent Development, Recruitment, and Retention
- Pre-K–12
- Higher Education
- Workforce Development

Goal III: Keeping Greater Austin “Great”
- Infrastructure
- Energy
- Air Service
Goal I Update Key Recommendations

Economic Development

- Fully leverage dynamic opportunities from Greater Austin Technology Partnership, including Special Interest Groups and Austin Live.
- Continue to increase Opportunity Austin’s participation related to planning and programming of South by Southwest interactive (SxSWi) sessions, events, and panels.
- Assess the potential to invest in additional high-value attraction geographies to complement California.
- Consider revisiting certain lower-cost Opportunity Austin 2.0 international-development recommendations.
- Ensure development of Austin medical school.
- Pursue new target opportunities in Automotive Technology and Education Technology.
• Develop a targeted internal campaign to increase awareness among Chamber and EDC board members and other key investors of the full breadth of Opportunity Austin programs and progress.

• Consider the future development of a broader campaign to improve public awareness of Opportunity Austin.
• Successfully brand, roll out, and implement the Austin Chamber’s new talent development initiative.
  – Including successor to “20,010 in 2010” that raises direct-to-college performance expectations to 70%.

• Continue working with Austin Community College to ensure the system is optimizing its collection and use of data, degree-program development, and responsiveness to time-critical training needs.

• Ensure that Texas State continues to be a school of choice for Central Texas students.

• Consider investing in cost-effective talent attraction strategies.
Aggressively restart and sustain the “Take on Traffic” effort to demonstrate a long-term commitment to build transportation capacity and reduce congestion in Greater Austin.

Ensure that the $508 million water-treatment plant near Lake Travis is constructed on schedule and on budget.

Support Austin Energy efforts to normalize the electricity costs paid by business users compared to residential users.
  – Advocate for rate reductions for high-volume users.
Performance metrics developed pre-Recession do not reflect the reality of OA 2.0’s implementation context.

Perspective might be given to where metro Austin was before Opportunity Austin program launched in 2004 and where it is today.

Where would Greater Austin’s economy be if Opportunity Austin had never been developed and effectively implemented?
Context: Greater Austin in 2003

- Tremendous success had led Austin to become complacent
  - Chamber’s economic development funds diverted for operations
  - Chamber’s website for site selection and business relocation/expansion was “under construction”…for over 5 years
  - City employee skipped meeting with Big 3 auto manufacturer visiting Austin for site search (Austin not even considered for Toyota plant)

- Then the tech “bubble” burst
  - Unemployment rose from 1.6% in December ‘00 to 5.7% in March ‘03
  - Population growth was 2.0% in 2002, the lowest rate since 1989. Net migration was essentially zero
  - Real per capita income fell in 2001, the first decrease since 1987

- Leadership “woke up” to realize that Austin wasn’t in the game
  - Annual ED funding = $500,000
  - Chamber had ONE full-time staff member focused on economic development
Opportunity Austin: Early Impacts

• Over $14 million raised for five-year Opportunity Austin program.
• Chamber ED staff expanded from 1 person to 12.
• City of Austin, Travis County and top school districts came together to begin offering economic development incentives.
• Marketing efforts and outreach helped put Greater Austin back “on the map” for economic development.
  – “Austin: The Human Capital” campaign and new website developed.
• Greater regional cooperation for economic development.
• Existing business program launched.
• Talent development program launched.
Prior to the national recession, only the Phoenix metro outpaced Austin in employment growth.

- During the Great Recession, Greater Austin was the only community analyzed to see job growth, even if only by 0.2%.

Source: U.S BLS; Moody’s Analytics
During the recession, only Austin (+0.7%) and Texas (+1.4%) experienced wage growth.

- After the recession, the Austin MSA’s wages grew by 4.6%, higher than any other comparison.

Source: U.S. BLS, Moody’s Analytics
### OA economic performance trends

#### Sunbelt Metro Employment Change, January 2009–July 2011

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<tr>
<th>Metro Area</th>
<th>% Change</th>
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<tr>
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<tr>
<td>Dallas-Fort Worth, TX</td>
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<tr>
<td>Charleston, SC</td>
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<td>Nashville, TN</td>
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<td>Orlando, FL</td>
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<tr>
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<tr>
<td>Las Vegas, NV</td>
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Source: U.S. BLS, Moody’s Analytics
Final thoughts

• The reality is that Greater Austin is perhaps the U.S.’s top performing economic region in recent years.

• While metro Austin has dynamic core assets and advantages, it cannot be assumed that these would solely drive the region’s economy forward.

• Opportunity Austin has been – and will be – a key catalyst to capture the region’s resources, develop and enhance public and private partnerships, and provide a strategic framework to make Greater Austin more competitive and successful.