



LIVE WORK GROW

Opportunity Austin 2.0 Midcourse Update Strategy Update Recommendations

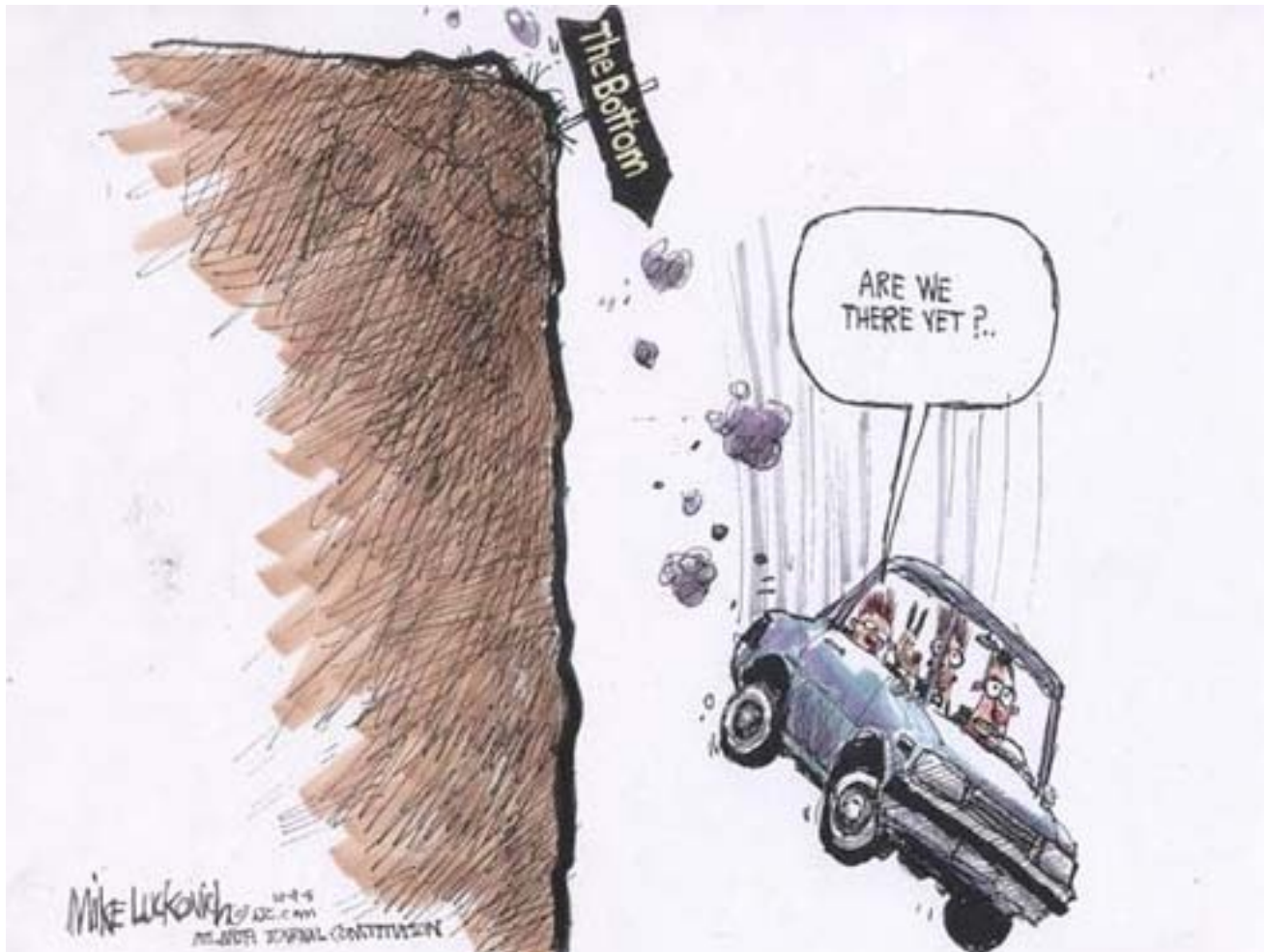
J. Mac Holladay, CEO
September 13, 2011

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Current Economic Realities

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Source: Atlanta Journal Constitution November 4, 2008

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“Elvis Has Left the Mountain”

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“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

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OA 2.0 Overview

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- 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.

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OA 2.0 Midterm Update: Process Overview

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I. Implementation Assessment of OA 2.0

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

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Implementation Progress Assessment

Economic Development Summary

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- 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.

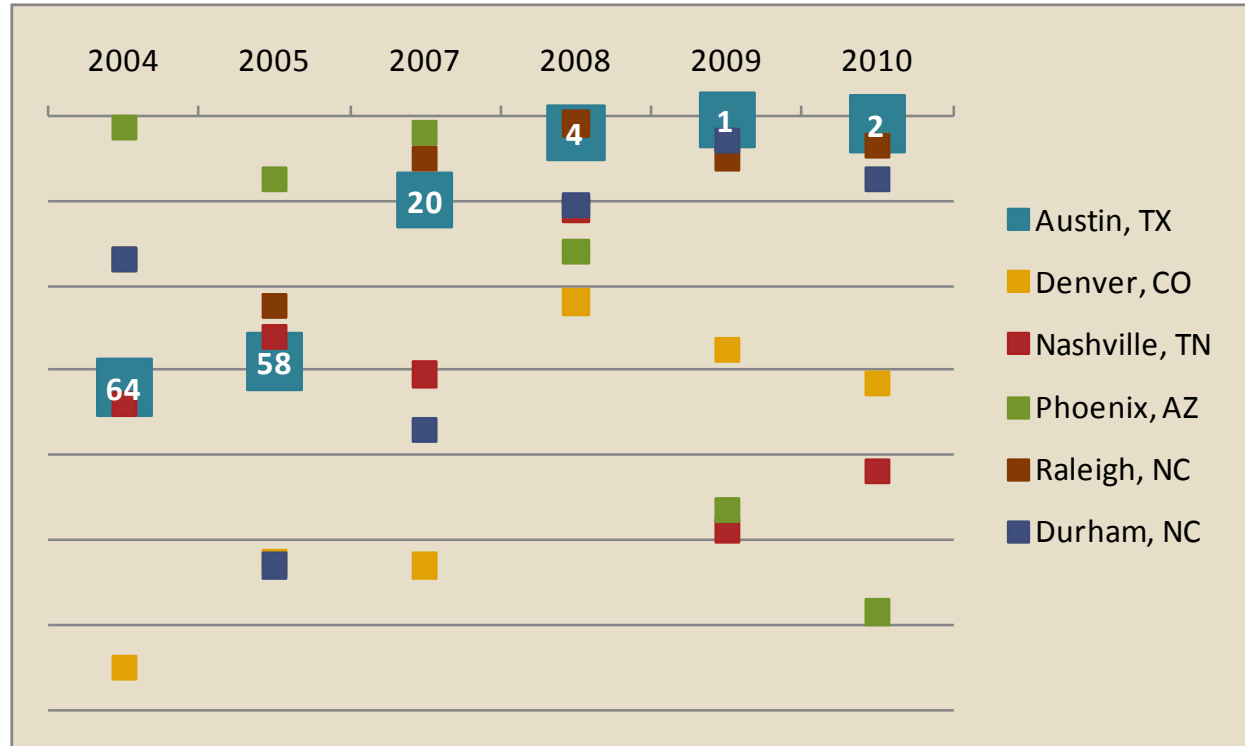
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Implementation Progress Assessment

Economic Performance Trends

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Milken Institute Best Performing Cities Index, 2004–2010



- 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

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Implementation Progress Assessment

Talent Development

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- 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.

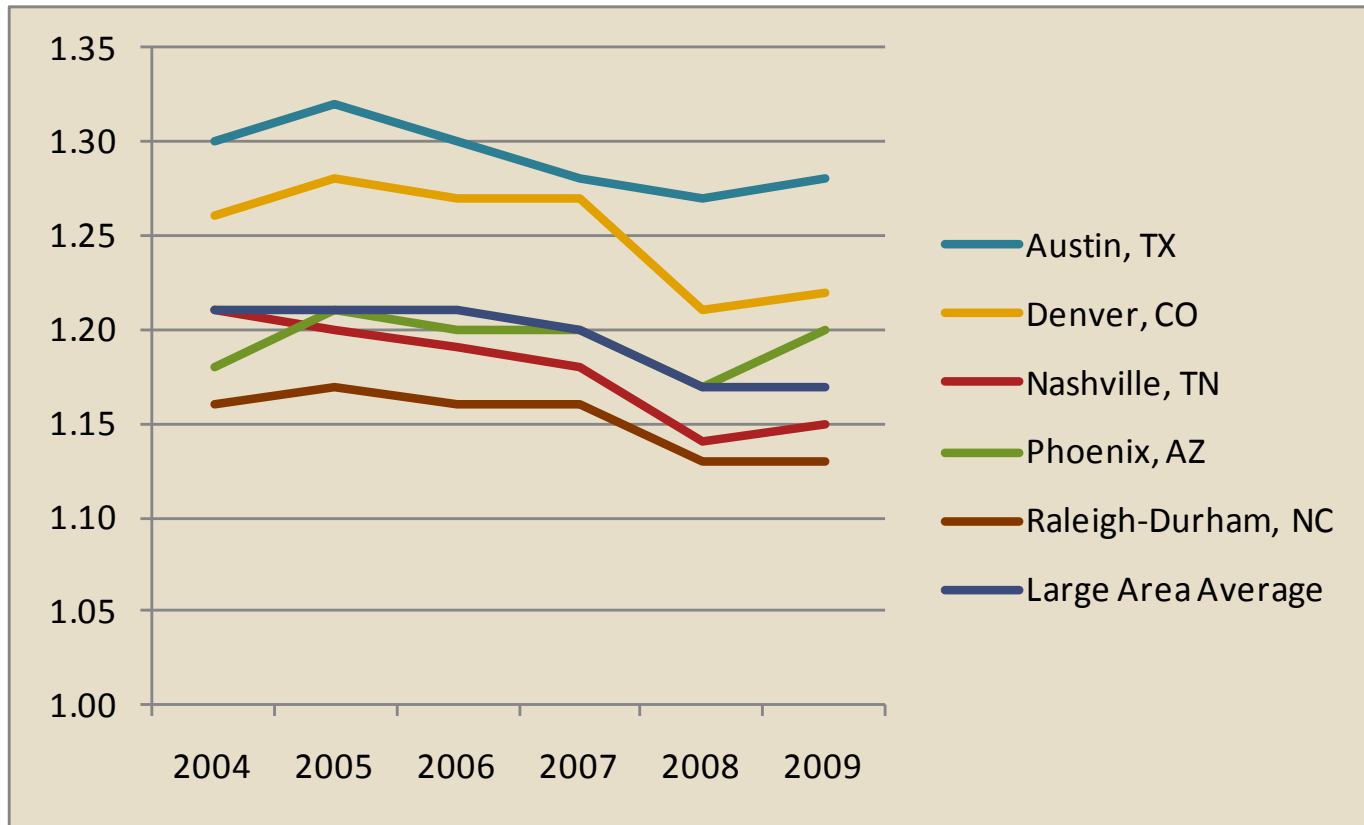
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Implementation Progress Assessment

Infrastructure

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Travel
Time
Index,
2004–2009



Source: Texas
Transportation
Institute: 2010
Urban Mobility
Report

- 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.

Strategy Update Recommendations

Areas of Enhancement and Realignment

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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

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Goal I Update Key Recommendations

Economic Development

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- 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.

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Goal I Update Recommendations

Programmatic Awareness

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- 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.

Goal II Update Key Recommendations

Talent Development

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- 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.

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Goal III Update Key Recommendations

Infrastructure

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- 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.

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Performance Measurement

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- 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

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- 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

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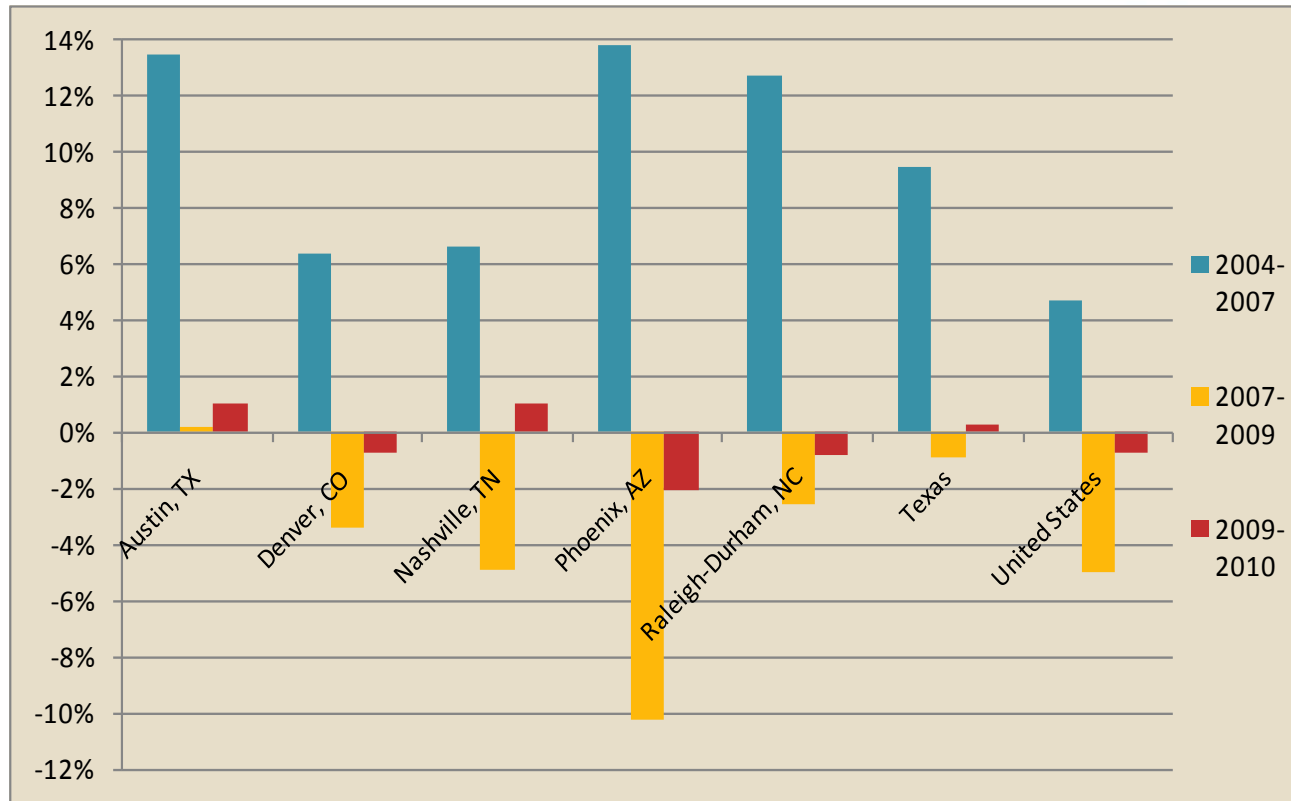
- Over \$14 million raised for five-year Opportunity Austin program.
- Chamber ED staff expanded from 1 person to 12.
- City of Austin, Travis County and top school districts came together to begin offering economic development incentives
- Marketing efforts and outreach helped put Greater Austin back “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.

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OA economic performance trends

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Employment Change Before, During, and After the National Recession



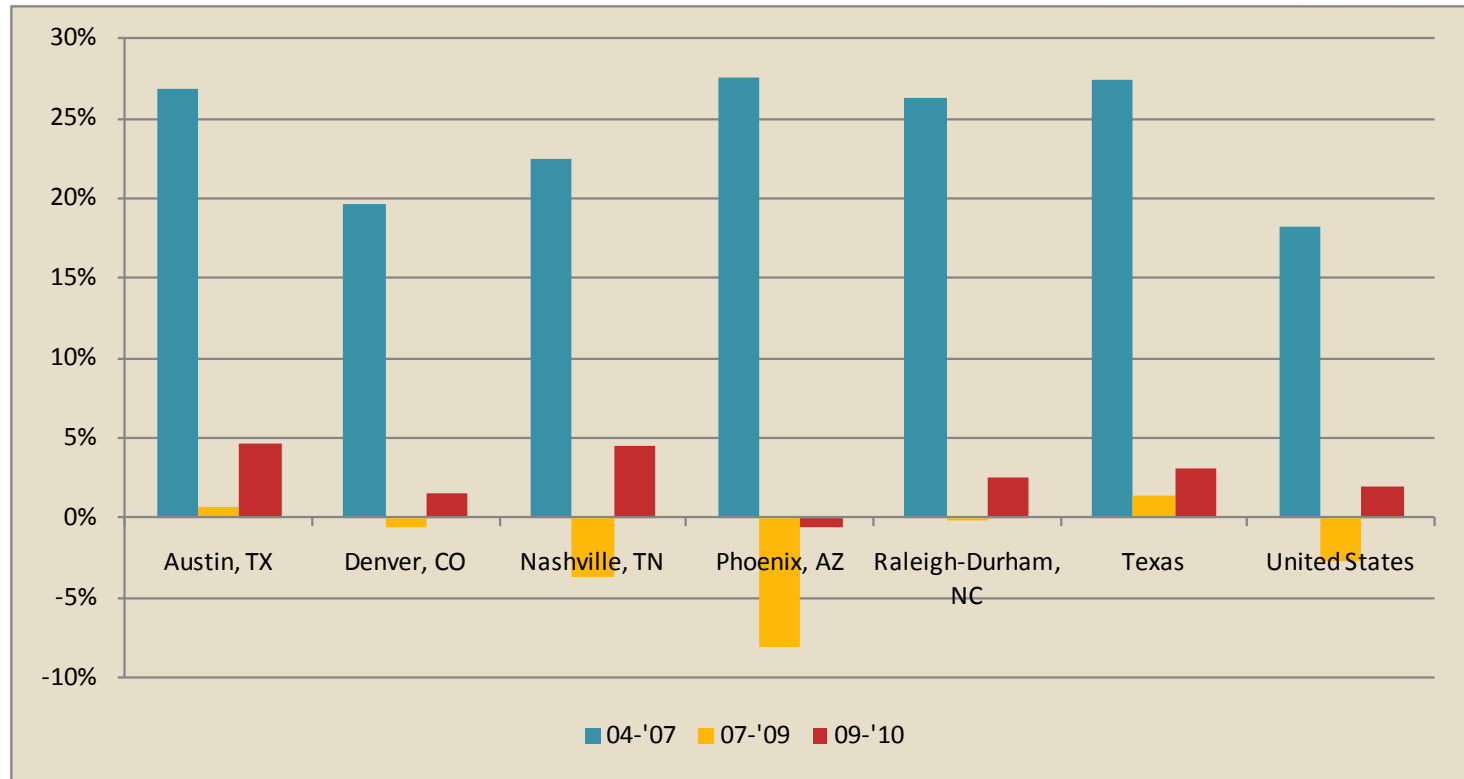
- Prior to the national recession, only the Phoenix metro outpaced Austin in employment growth
 - During the Great Recession, Greater Austin was the only community analyzed to see job growth, even if only by 0.2%.

Source: U.S BLS; Moody's Analytics

OA economic performance trends

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Average Annual Wage Change Before, During, and After the National Recession



- 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

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OA economic performance trends

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Sunbelt Metro
Employment
Change,
January 2009–
July 2011

Metro Area	% Change
Austin, TX	1.5%
Houston, TX	0.4%
Dallas-Fort Worth, TX	0.2%
Charleston, SC	0.0%
Nashville, TN	-0.3%
Raleigh, NC	-0.5%
Chattanooga, TN-GA	-1.0%
Jackson, MS	-1.7%
Orlando, FL	-1.7%
United States	-1.8%
Mobile, AL	-2.1%
Jacksonville, FL	-2.1%
Miami, FL	-2.5%
Denver, CO	-2.6%
Tampa, FL	-2.7%
Baton Rouge, LA	-3.4%
Birmingham, AL	-4.1%
Memphis, TN	-4.3%
Charlotte, NC-SC	-4.4%
Durham, NC	-4.7%
Atlanta, GA	-4.7%
Phoenix, AZ	-5.0%
Tucson, AZ	-6.4%
Las Vegas, NV	-7.5%

Source: U.S. BLS, Moody's Analytics

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Final thoughts

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- 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.

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