

News

**Atlanta tastes Dallas' dust: Texas city lays claim to Southern supremacy. It's bigger, it's got water, it rides more rails, and it creates more jobs.**

Dan Chapman

Staff

1,896 words

1 August 2011

The Atlanta Journal - Constitution

ATJC

Main

A1

English

Copyright (c) 2011 The Atlanta Journal-Constitution, All Rights Reserved

The last half of the 20th century belonged to Atlanta. But this is a different century. Where is the luster of the '90s? Some of it appears to reside in Texas. As metro Atlanta suffered during the recession, Dallas pulled ahead and didn't look back.

DALLAS --- Big A, meet the even Bigger D. But keep a hand on your wallet.

By too many measures --- size, jobs, transportation, economic development, future prospects --- Atlanta has fallen behind Dallas.

The Sun Belt sisters, once neck and neck for New South supremacy, have diverged, with DFW racing ahead.

Consider size: Dallas/Fort Worth is bigger than metro Atlanta by a million-plus people. Water: North Central Texas is buying land and planning reservoirs to take care of Dallas' needs for decades; North Georgia hasn't built a reservoir in 50 years. Transportation: Dallas has built almost three times more regional rail lines than Atlanta, with more on the way, and taps toll road money to help pay for it. Atlanta, well, we're still thinking about maybe running light-rail lines into the burbs.

Perhaps the most telling measure: DFW created more jobs --- 73,000 --- between June 2009 and June 2011 than any U.S. metro area. Atlanta lost 42,200.

"The things they are doing in Dallas are breathtaking," Atlanta Mayor Kasim Reed said. "You can't go there and see what they're doing, and the speed with which they're doing it, and not be impressed."

Tale of two cities

In many ways, Atlanta and Dallas mirror each other. They each rode the late-20th century population and investment waves that transformed regional business hubs into globally renowned cities. As skyscraper-filled, traffic-clogged, suburb-spreading megalopolises, Atlanta and Dallas epitomized the nation's push southward.

Dallas is a gateway to Latin America, astride I-35 --- or the "NAFTA Superhighway" --- that links Canada, the U.S. and Mexico. Atlanta has the world's busiest airport, with nonstop flights to Shanghai, Dubai and Moscow. Dallas-Fort Worth International Airport is big, but not that big.

Atlanta is Coke, Delta, UPS and nine other Fortune 500 companies. Dallas is AT&T, Exxon Mobil, American Airlines and 17 other corporate stalwarts. Atlanta boasts top-notch universities that churn out thousands of job-hungry graduates every year. Dallas-Fort Worth has Southern Methodist, and that's about it.

Neither city is dependent on one industry, instead welcoming a range of logistics, manufacturing, financial, high-tech, energy and services businesses. Lower-cost living and (mostly) good weather make them the envy of old-line Northern and Western competitors.

"More and more we compete with Dallas than any other city," said Hans Gant, a top business recruiter at the Metro Atlanta Chamber. "They are a formidable competitor."

Dallas and Atlanta compete for virtually every major corporation looking to come south. Atlanta has been no slouch the past few years, attracting Fortune 500 companies like NCR and First Data.

Dallas, though, in head-to-head competition, has taken the lead:

\*In 2007, financial services giant Comerica moved from Detroit to downtown Dallas. Texas gave the company \$3.5 million from its Texas Enterprise Fund, also known as a "deal-closing fund," to seal the deal. Georgia does not have a similar fund. A year later, in a blockbuster relocation, AT&T chose downtown Dallas over Atlanta. The former Southwestern Bell was based in San Antonio.

\*The Dallas Morning News reported that AT&T was attracted to Dallas in part by "the concentration of telecommunications engineers and experts and the cluster of tech firms."

\*This year, the Golden Living health care conglomerate left Arkansas for Plano, a northern Dallas suburb. The state's deal-closing fund ponied up \$2.1 million to snare that deal.

\*And Nylo, the boutique hotel chain, announced in March it was moving its corporate headquarters from Atlanta to Dallas. Nylo CEO Michael Mueller said, "The Dallas-Fort Worth region has a growing economy, a cost-effective environment with great transportation, and is central to the entire United States."

What, no taxes?

Each city is victim of its own excess. Dallas commuters suffer the sixth-worst traffic in the nation, according to the Texas Transportation Institute. Atlanta is No. 8. The recession left thousands of platted yet unbuilt home lots across the cities' exurbs.

Dallas' core city and inner-ring suburbs, like Atlanta's, bear the brunt of the region's problems. Regionwide, the poverty rate was 14.5 percent (Dallas) and 13.4 percent (Atlanta) in 2009.

Dallas' poor, though, could be in a tougher bind, particularly in the inner city.

Texas legislators, facing a massive \$27 billion state budget deficit, recently cut \$4 billion from public education. One-thousand fewer Dallas teachers will return to school this month, most victims of budget cuts.

Texans don't pay income taxes; neither do corporations. It's a powerful draw for newcomers, but the twin tax breaks further deplete state and local treasuries.

"I moved here from New York and I love not paying state income taxes. But we sent our kids to private schools because I wanted them to get a good education," said Bernard Weinstein, an economist at Southern Methodist University in Dallas. "And, even though our tax burden is low, we still give tax breaks to anybody who wants one. It's absurd."

Dallas is exiting the economic doldrums more rapidly than Atlanta. The region's unemployment rate is 8.7 percent, nearly two points lower than Atlanta's. The U.S. Conference of Mayors reports that Dallas should return to prerecession levels of employment by year's end. Atlanta won't get there until the fourth quarter of 2014 --- at the earliest.

"Atlanta really went nuts over the last decade with housing and commercial construction," Weinstein said. "We had our really bad times in the 1980s with bank closings and house foreclosures, so this time around bankers and builders were a lot more cautious."

The Gwinnett of Texas

At 4:57 a.m. June 20, mass transit officially invaded Dallas' suburbs when the A Train left Hebron Station en route to Denton.

Denton could be Suwanee, thought Charles Emery, a developer and chairman of the county's transportation authority, a bedroom community at the edge of Dallas' inexorable northward push. Emery built industrial parks in Gwinnett, Cherokee and Henry counties in the '80s and '90s before moving to Dallas to do the same.

"Denton County had the same growth, traffic and air quality problems as Gwinnett County," Emery said. "It was a frustrated commuting population. The vast majority of people were just sitting in traffic jams just like I-85 in Gwinnett."

Emery and others realized a decade ago that the Dallas Area Rapid Transit system wouldn't reach the city of Denton until 2025 at the earliest. So they formed a local transit authority and set about designing a system and persuaded enough county residents to financially support it.

In 2003, the county held a referendum in eight cities requesting the transfer of a half-penny of the local sales tax to pay for commuter bus lines and light-rail transit --- not an increase, just a shift of the current tax. Only three of the eight cities approved the measure. But Lewisville, Highland Village and Denton --- well-populated cities with a heavy mix of college students and commuters --- provided enough votes (and revenue) to help build the 21-mile, six-station light-rail system.

"It's something we've needed for a long time, especially with the traffic on the highways and roads," said Mary Birdon, a retired elementary school teacher in Denton. "We really do need to be connected to the Metroplex, especially to keep people commuting to Dallas. It's the way we have to go in the future."

The A Train, which parallels the eastern leg of traffic-clogged I-35, cost \$320 million. North Dallas car-lovers covered 75 percent of the cost.

#### Innovative finance

Washington, which has funneled billions of dollars of federal gas-tax money to help build and maintain the nation's highways, warned cities nearly two decades ago that the money would one day run dry.

Dallas took the admonition to heart. Facing the same traffic and air-quality problems as Atlanta, Dallas shopped around for innovative ways to pay for highway and rail enhancements.

The North Texas Tollway Authority sold the rights to build the Sam Rayburn Tollway, which runs through Dallas, Denton and Collin counties to a private company for \$3.2 billion. Denton got \$250 million of that amount for its rail line. Sales tax money and bonds paid the rest.

North Texas is building two other toll roads in similar fashion, with the profits used for highway reconstruction, bridge repair and other light-rail lines. It also partners with private builders to add express toll lanes to long-standing freeways. The road builders pocket the tolls, rail lines get built and commuters decide which mode of transportation suits their needs and wallets.

"People in Dallas and Atlanta can no longer assume that national and state interests will continue to fund growing needs for new roads, maintenance and rail. Those days are over," said Michael Morris, transportation director for the North Central Texas Council of Governments.

"Plus, national and state governments are horribly conservative. There's no way they're willing to address these revenue needs from a political standpoint. So our region decided to try every way possible to do it."

Toll road profits, with some federal and state gas-tax money, fuel the ongoing, \$10 billion reconstruction of six major highways and two bridges across the Dallas-Fort Worth region.

#### DART vs. MARTA

DART opened the 28-mile, 20-station Green Line last December. A 14-mile Orange Line, which will run from downtown Dallas to the main airport, is set to open in 2014.

MARTA hasn't added a line or a station since 2000. Struggling financially, the transit system has been slashing service and raising fares for three years.

Denton's Emery recalled how Gwinnett (twice) and other counties voted against joining MARTA

"I kept thinking of MARTA quite frankly. We ran into, 'This will bring bad elements into our community,' " Emery said. "We finally convinced employers, though, that there will come a time when they won't be able to get workers for the hospitals and businesses up and down Interstate-35 East. Overall, the message was, 'This will not create a bad element for us.' "

Now that the A Train is running, Emery and others are contemplating another decadelong campaign to persuade voters to run rail along I-35 West.

**Timothy Bray**, director of the Institute for Urban Policy Research at the University of Texas at Dallas, is amazed at the willingness of anti-tax, anti-government Texans to pay for mega-dollar infrastructure projects.

"It may be just part of the Texas ethos," he said. "You tell somebody that you want to spend a billion dollars on something and people will say, 'When will you get it done?'"

Document ATJC000020110801e78100001