



Volume 37, Number 1

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Dear Client:

Has Texas' economic prowess and population grown to the extent that high-speed rail connecting its major metros can fly? A lot has happened since a high-speed rail proposal connecting Dallas-Ft. Worth, Houston, Austin and San Antonio failed in the early 1990s. But now, a major, privately-financed bullet train effort is underway. And as with any huge and complicated project, there are valid pros and cons.

Big bucks have already been spent on the new plan. **Backers of Texas Central Railway (TCR) have spent almost \$40 million** on market research, environmental studies, lawyering and public outreach. (That's a lot of money, but the final cost could exceed \$10 billion.) TCR is getting technical guidance from bullet train operator Central Japan Railway. TCR thinks construction could begin by 2017. Why the optimism?

First of all, **TCR plans to begin with only the Dallas-Ft. Worth/Houston leg**, and not link initially with Austin and San Antonio. It says its economic studies show the 200-mph trains will be **profitable on the first day of operation**. TCR points out **construction costs will not be exorbitant** because the proposed routes go through relatively flat, rural terrain with very few rivers to bridge.

And its fares will be low compared to airfares, with less obtrusive security arrangements. Laptops could be opened as soon as a passenger sits down and "billable time" could begin. You get the picture. Also, backers point out that this will all be **financed by private money and not be constrained by dealing with public funding** – such as in California, where high speed rail is being built.

Obviously there are a lot of skeptics, who maintain that **construction and operating costs will prove prohibitive**. They point to **opposition from landowners**, whose property would abut – or even be sliced – by speeding trains, citing **declining property values**. And what about the **terminals, with adjacent parking, rent car lots, taxis and traffic problems at close-in locations**? Then, there is the Texans love affair with cars and trucks.

But the big negative elephant in the room is Southwest Airlines. The airline fought the 1990s bullet train proposal tooth-and-nail and is credited by some as being the **most important factor in the previous effort's demise**. For the "Southwest factor," check out the next item.

Southwest Airlines built one of the world's most successful air carriers around quick, inexpensive service connecting major cities in Texas. Brilliant management helped the concept succeed where previous efforts failed (does anyone remember Trans Texas Airways?). Southwest has changed, as has Texas. Does this mean a changed *attitude* toward competing with high speed rail in Texas?

Good question. Southwest has always been a bit scrappy. One of the reasons it so rigorously **opposed a 200-mph bullet train was that its own growth was severely restricted for many years.** The major air carriers, along with Metroplex civic leaders who wanted to protect the massive D-FW airport investment, went to Congress to limit Southwest's destinations from Dallas Love Field. **Congress passed what was called the Wright amendment. The amendment made it illegal for Southwest to fly internationally and to distant US destinations.** The effect was to keep Southwest a regional airline. And so Southwest has battled to protect its limited turf.

Plucky Southwest Airlines persevered – and thrived, creating a model for other low fare airlines to become copycats. One of its most important management decisions was to **fly only Boeing aircraft,** cutting down on parts, maintenance, training, etc. – increasing profitability. Management also **hedged on future jet fuel prices,** allowing it to keep fuel costs low when jet fuel prices soared during previous volatile markets.

A funny thing has now happened. **The Wright amendment expired last year. The destination shackles have been removed.** Southwest is now opening new long-haul (translation: more profitable) destinations from Dallas Love and Houston Hobby, both close-in airports – compared to D-FW and Houston Intercontinental.

This means the metro Texas markets are no longer life-and-death for Southwest's future. In fact, late last year Southwest cut back on flights between Dallas and Houston. The hard reality is that each airline has only so many gates at various airports. **So by freeing up “short-haul” gates, it opens up space for more lucrative “long-haul” destinations.** Southwest is not likely to give up its core Texas metro business, but it is no longer as vital to the airline's success.

Bringing this full circle, **a major barrier to a Texas bullet train may have been softened, if not removed entirely.** This could have widespread implications for high speed rail in Texas, though obstacles referenced earlier still exist.

Now, what about Austin's participation in an intra-Texas bullet train? It's not part of the current plan. But Texas Central Railway (TCR) is playing it smart by taking this in stages. Even as it does so, TCR CEO **Richard Lawless** was quoted last month as saying **“I could see there being a groundswell to go to Austin, certainly given the incredible congestion and need there.** And then go to San Antonio.” All this bears watching for Austin's future.

If you (or anyone you know) have complained about the City of Austin’s approval process for zoning changes, new or remodeled construction, now is the time to jump in with both feet. A blistering independent assessment of the City’s Planning & Development Review Department (the Zucker Report) has triggered a wholesale review of the City’s operations and policies.

The harshly-critical Zucker Systems report was kept under wraps until the City was “forced” to make it public. **It makes 464 recommendations for improvement – 464! And 121 of those are labeled “high priority.”** The draft final report findings and recommendations will be laid out for all to see at two public meetings Wednesday April 8, 2015.

Both meetings will be in Meeting Rooms 1-5 in the Palmer Events Center at 900 Barton Springs Road. **The first takes place from 3:00-5:00 pm and the second will be held from 7:00-9:00 pm.** Format and content for both meetings will be the same. Parking at the Center will be free for these sessions.

You can comment directly to Paul Zucker, Paul@ZuckerSystems.com, or call him at **619-804-1769**. His address is: Zucker Systems, 3038 Udall Street, San Diego, CA 92106. The deadline for receiving comments is Monday, April 13, 2015.

Spring has sprung in the Austin area. With recent rains, wildflowers are emerging, plants are blooming, new foliage is appearing on trees and grass is turning green following the winter dormancy. So it seems like a slap in the face to report that the Austin area has just been ranked by insurers as #3 in the nation for the risk of wildfires.

What does the #3 ranking by insurers mean? Plain and simple: **the Austin area ranks third in the nation for having the most homes rated highest for wildfire risk.** One of Austin’s biggest assets – trees and wilderness areas – also pose a major risk, because so many homes have been built in proximity to these assets. Juniper trees (some call them cedar trees) that dominate area land masses are highly combustible.

Speaking of trees, a group whose mission is to protect the beauty and abundance of trees, Scenic Texas, has mounted a campaign against House Bill 1863 that it maintains would “turn our landscaped highways into the yellow pages.” In other words, it would allow billboard companies and others to trim trees and other vegetation for “suitable visibility.”

And to support its argument against “selling our public trees” on highway rights-of-way, it is circulating a photo of an energy company billboard that shows **a spike-heeled ladies foot tripping a light switch with the legend “Are We Turning You On Yet?”** It contrasts that image by showing a heavily landscaped roadway, with no billboard in sight.

Within a couple of weeks, you will know if there will be two more “pocket parks” on Congress Avenue downtown – literally, *on* a part of Congress Avenue that is now set aside for cars. If the City of Austin approves the two “parklets,” they will be the third within two blocks on the Avenue. And four more parking spaces will be lost on Congress in the heart of downtown.

The City is considering leasing out four parking spaces in front of the former Hickory Street restaurant at 804 Congress Avenue. The plan calls for **David Kahn** to convert the street space outside the restaurant that he is renovating into pedestrian space.

Austin is an outdoorsy city. And outdoor dining and “hangout” spaces can be found around much of the area. Kahn is asking the City to allow him to re-design the four parking spaces to **accommodate as many as 30-40 people, maybe more.** Benches, tables and landscaping are part of the planning for the pocket patios.

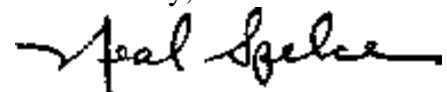
So, how do nearby businesses feel about losing the parking? In order for approval to be granted, the city ordinance specifies that neighboring owners and tenants be supportive of the effort. The assumption: **no uproar has been heard from those entities so the process is moving forward.**

It will be interesting to see how the space will be used. Will construction workers open their lunch pails in this space and will 7-Eleven customers carry their beanie-weenie lunches across the street to compete with the restaurant’s customers.

The original downtown Congress Avenue pocket park is in the parking spaces outside the **Royal Blue Grocery at 609 Congress Avenue.**

Don’t know if you noticed the words “Volume 37, Number 1” at the top of this newsletter. They mark another milestone. We’re beginning the 37th year of publishing this newsletter after deciding in 1979 that there may be a demand for such a weekly service. Can’t honestly say we thought it would last this long! Because as Dr. **Louis Overholster** likes to point out: “Every calendar’s days are numbered!”

Sincerely,



Editor/Publisher