



Volume 40, Number 12

June 22, 2018

Dear Client:

**Too often the debate about energy sources becomes an “us-versus-them” discussion – “fossil-fuels-versus-alternative-fuels.” Energy is vital to Austin and the rest of Texas. Texas is a world leader in fossil fuels with enormous oil and gas availability. Not as well-known, is the fact that Texas is fast becoming a leader in capacity to generate electricity from an alternative fuel source -- wind power. It’s an enviable position. With such a wealth of resources, how about peaceful coexistence in Texas as an energy policy?**

The City of Austin has committed big bucks far into the future to use wind power to generate electricity, while currently relying on other sources such as natural gas, coal-fired power, nuclear power and solar (which will be discussed at a later date). **Wind is an important and growing part of the Austin economy.** So, just how big is wind in Texas?

According to Texas economist **Ray Perryman, Texas’ capacity of 22,799 megawatts is larger than most countries around the world. And in the US, Texas’ capacity is triple that of second-place Oklahoma.** The Lone Star State also tops the list for *capacity currently under development.*

Just as with fossil fuels, geography is key. **Texas has abundant land with the right wind speeds. Additionally, there have been billions of dollars of investments in transmission lines** that are needed to get wind power from the often rural areas, where it is *generated*, to Austin and other growing population centers where it is *needed*.

It’s not been widely discussed, but development of wind power has been an economic boon. The American Wind Energy Association estimates **more than \$42 billion has been invested in Texas wind farms**, creating jobs during construction, and to a lesser extent, on an ongoing basis through operations and maintenance, Perryman reports.

**“In addition to the economic benefits of the industry itself, wind generation capacity works to reduce electric power prices,”** Perryman continued. And wind gives electric power customers more choices. There are also more benefits.

How many states would love to have Texas oil/gas/wind energy resources? This situation will inure to the **economic benefit for Austin and the rest of the state for generations.**

**About forty years ago Congress Avenue and adjacent streets were rife with squatty, vacant buildings instead of downtown Austin’s sky-piercing, gleaming new buildings of today. This amazing rebirth of a great American city didn’t just happen. Less than a half-dozen Austin city and civic leaders made it happen. The vision they displayed *then* laid the foundation for the vision we described last week when we reviewed Downtown Austin Alliance’s thoroughly developed plan for the next few decades.**

There were more, but four of the key players were Mayor **Carole Keeton**, City Councilmember (and later, Mayor) **Lee Cooke**, City Manager **Dan Davidson** and self-appointed city historian, writer **Sue McBee**. The years were 1977 and 1978. Cooke made downtown revitalization as his priority on the Council and later as mayor. He admitted to being prodded by McBee, who wrote about Austin for the *Austin American-Statesman*.

**Another important action was the agreement to create a city Economic Development Program. It would be centered on revitalization of the Central Business District.** Keeton and Cooke presented a resolution to the Council in 1977 to implement the program. Council acted and City Manager Davidson was directed to draw up the action plan.

One objective for Davidson: “Prepare a Central Business District Plan for the **revitalization of the downtown area through mutual efforts of the public and private sectors** in June, 1978.” The plan included, among other elements, **transportation, parking, living accommodations**, and “Waller Creek, Congress Avenue, Sixth Street and Shoal Creek should be developed with identified funding sources.”

**Davidson took the ball and ran with it quite quickly for a governmental body.** Some of the headlines from back-in-the-day tell the story. *Cooke Pushes Revitalization ... 500 Jam Hearing on Downtown ... \$100,000 for Downtown Plan ... Downtown Rebirth Gains Momentum ... Cooke says Agency Would Aid Efficiency of City Development ... Downtown Parking Focus of Discussion ... Davidson to Hire Assistant City Manager in Charge of Downtown ... Downtown Project Okayed.*

An editorial in the now-defunct *Austin Citizen* said it all: “Future generations may draw a large circle around March 23, 1978. **That’s the date the Austin City Council took a step which may save this community from the disease which has sickened so many cities: neglect and subsequent rotting of the metropolitan core.**”

The editorial continued: “... the city, with all its resources and knowhow, will be involved full-time in efforts to ‘**revitalize**’ downtown – **and that doesn’t mean just Congress Avenue and the streets flanking it. It means all of the center city**, including large slices of the east side.” Other leaders/mayors have carried the vision forward, but **Cooke, Keeton, Davidson, McBee and others were the impetus behind what you see in downtown today – and in the future.**

**Calendar summer officially started this week with a hotter and drier forecast for Central Texas. Uh-oh. The dreaded “drought” word is bandied about a bit. This means your drinking water supply will be impacted. The reservoir lakes, Travis and Buchanan, are only 79% “full” this week. They will continue to slowly fall as temperatures remain hot, and water use increases during the summer. The hit-and-miss rain this week is a perfect example why a new reservoir should help measurably.**

Rainfall recorded above Travis and Buchanan this week was less than one inch – not enough to raise the lake levels. However, and this is important, **rainfall downstream in Wharton County totaled between 5 to 7 inches, which is not uncommon for the area.** The key: this is where the new, large Arbuckle Reservoir is nearing completion. **It will ease the water usage burden, big time, on lakes Travis and Buchanan.**

If Arbuckle had been online last year, it’s estimated it could have been **filled and refilled four to five times** with the amount of rainfall that fell in Wharton County. When water is poured out of Arbuckle for agricultural, commercial and environmental uses, it **reduces the amount of water that normally would have been sucked out of the Central Texas reservoir lakes.**

Originally referred to as the Lane City Reservoir, it is scheduled to be **operational later this year** – the first water supply facility built in the Colorado River basin in decades.

**This is amazing. Read it carefully. The *median* price for a home in the *entire* state of California – rural as well as metro -- has topped the \$600,000 mark for the first time ever. The numbers are mind-boggling. (This comes from an official report of the California Association of Realtors, CAR.) Take a look.**

In order to have a *median* price of more than \$600,000, you had to have a massive number of higher price points. Let this sink in: **There are now five counties out of the nine-county Bay Area – this includes the Silicon Valley – where the *median* price is above a million dollars.** And this could go even higher.

It could go higher because of demand. **CAR said that in May, homes in San Francisco sold, on average, 18% over list price.** And this was referred to as “pretty common.” Obviously no end is yet in sight to this skyrocketing cost of living in an area generally considered to be in competition with Austin – especially for tech companies and employees.

What is happening elsewhere is not simply limited to the statistics. **Policies and politics play a role.** Take a look at the next item, where a West Coast city – **frequently held up as a model for Austin** – is having a political/policy backlash from its normal base.

**Back-track time.** As we told you in our 5.18.18 edition, the left-leaning Seattle City Council voted 9-0 to levy a head tax on larger companies, such as home-town Amazon and Starbucks. The companies would pay to the city of Seattle \$275 per full-time employee (this was a compromise; it started at \$500 per employee). Well, after Amazon and Starbucks funded a challenge to the tax via the ballot box, the Seattle City Council just voted to repeal the tax.

What triggered the tax in the first place? Many members of the Seattle City Council publicly **blamed the high salaries paid by Amazon and others for causing homelessness – saying this pushed up home prices.** So, in their wisdom, they voted a local head tax on the number of employees to provide money to help with their **homeless and affordable housing problems.** “Come again? **How did Amazon exacerbate the homeless ‘crisis’ by employing some 45,000 people, paying them quite well?**” questioned *Forbes* magazine.

Predictably, Amazon screamed, using words such as **“hostile approach and rhetoric toward larger business, which forces us to question our growth here.”** The left-leaning company, Starbucks, joined Amazon to challenge the Seattle City Council action. And, this wasn’t the first Seattle action targeting businesses.

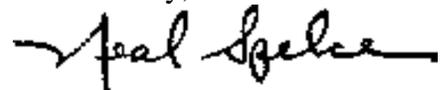
According to *Forbes* magazine: “... a \$15 an hour minimum wage (which caused businesses to **cut payrolls, reduce hours, lay people off and has cost the people it was intended to help \$125 a month in lost wages**”) was one example of a Seattle City Council action targeting businesses.

Another example from *Forbes*: “... **mandatory paid sick leave** (which will likely double down on the wreckage of the \$15 minimum wage ordinance).”

**Does this ring an Austin bell?** Hmm. Wonder how closely Austin’s City Council tracks Seattle’s Council.

As **Dr. Louis Overholster** has said before: a “fine” is a tax for doing wrong ... and a “tax” is a fine for doing well.

Sincerely,



Editor/Publisher