

Volume 21, Number 38

January 7, 2000

Dear Client:

It's time for a clear-eyed, fresh look at the Austin area now that all the hoopla surrounding the New Millennium has settled down. As you can tell from the masthead, we're freshening up our look after more than 20 years. (About time, you say!). Not only that, we're putting the finishing touches on our new password-protected web site where you can read the *Austin Letter* from anywhere in the world as soon as we post the information each Friday. You should have received a personal letter with all the details. So, let's move on to the year ahead with a brief update on the many issues that affect you.

**Look for 2000 to be busy and eventful.** The calendar is already pretty full. Key issues that have lingered may be on the verge of being resolved. For instance, the **future of the Longhorn Pipeline**, which would carry gasoline from the Gulf Coast to El Paso, across Austin and Central Texas, could be determined by the tone of a public meeting scheduled for Monday 1/10/00 at Palmer Auditorium. An open house begins at 4 p.m. with a presentation at 6 p.m. Public testimony starts at 6.30 p.m. Supporters say science shows the project is safe, but they are bumping heads with opponents whose emotions are running high.

**This is a crossroads year for the Greater Austin Chamber of Commerce.** A new direction under new staff and volunteer leadership will determine the extent the GACofC continues to be an influential player in the Austin business and economic development scene. For the first time, 2/1/00, the Chamber holds its annual meeting at Bass Concert Hall. The event will be more business-like than meetings in years past and look more like a company's shareholder meeting than the traditional Erwin Center dinner bash. **Mary Scott Nabers** takes the helm and **Mark Hazelwood**, the Chamber's new paid chief executive, makes his premier public appearance.

**We may get the final word on some IH35 traffic relief.** Public testimony 2/7/00 on the proposed SH130 could chart the future of that bypass.

The Capital Area Master Planning Organization (CAMPO) is scheduled to hear from the public and decide either at the end of the hearing, or shortly thereafter, whether to include the road in its wish list. Without CAMPO'S nod, the state is unlikely to put dollars into the project. The testimony will not be limited to the highway's alignment, but that's where most of the interest lies and what most of the speakers are expected to address.

The question is whether supporters of the eastern route would **prefer to kill the project, rather than have it routed to the west.**

**Whether the deal between the city and developer Gary Bradley is flopping or flying** may be known in early February. Speculation now is if a peace treaty is to be signed, it will happen within the next month. With lobbyists, trade groups and others already making plans for next year's legislative session, having the city's biggest protagonist out of the ring is really important to Austin.

**By mid-March, you'll know if the guy who lives at 10<sup>th</sup> & Lavaca downtown is his party's presidential nominee.** Key states, including New York, Texas, Florida and California, will have had their primary elections and Governor George W. Bush plans to have a lock on the GOP nomination by then. Assuming he is the November winner, the game of musical chairs will begin in earnest in the buildings north of 15<sup>th</sup> Street, as various state officials plan a run for higher office.

**Local political races will dominate the front pages of the newspaper** in April and May. Although **Kirk Watson** is a sure bet to be reelected mayor, there is no word yet whether **Bill Spelman** or **Willie Lewis** will run again or who may oppose them. Several Austin Independent School District board members also are up for reelection in May.

**The races won't be particularly heated** because the discord and disagreements over growth that we saw in the early 1990s won't reoccur. The notion of environmentally sensitive development is now a mantra in Austin.

If there are local debates, they will not be between advocates of growth and no-growth. The focus will be on how to manage expansion, how to curb or control the sprawl and what to do about transportation. We'll be arguing details, not concepts.

Some details may be thorny. The city's **Smart Growth** initiative could get stalled if neighborhoods continue to build their own speed bumps. It's hard to get a cohesive plan going when decisions are made by neighborhood groups, each with its own agenda, likes and dislikes.

In addition, although the Smart Growth project is aimed at making development easier in some parts of town and tougher in others, some Planning Commission members would like to add bells and whistles that make routine real estate projects tougher to get off the ground. Recent proposals include **doing away with cul-de-sacs and with gated communities**. The former because they make street connections harder, the latter because they are seen as elitist.

New employers – the likes of an **Intel Corp.** – that may want to move to Austin and set up shop in environmentally sensitive areas also could trigger controversies. The buzz about Intel is that the company is still interested in moving to Austin and has listened politely to environmentalists' pleas. But, it has not promised to stay away from environmentally sensitive parts of town.

**A referendum on light rail could be held as early as May**, even though there are some who prefer November. They argue **Capital Metro** is going to need time to mount a strong public relations effort. Voters are going to have to decide not only that they like light rail, already a tough sales job, but that they also trust Capital Metro.

**Keep an eye on air quality.** By summer, Austin risks becoming a non-attainment city. In addition to causing discomfort, pollution problems will force Austin to put highway construction projects on hold bad news for the city because it would only accelerate the already acute gridlock.

**We'll have a new census by the end of the year** and we'll be looking at creating new political districts. By 2002, parts of Travis County could be split off into another district, in all likelihood populated by more conservative voters. Our state delegation is also likely to change dramatically with a larger Republican presence.

**Texas spent \$242 million on Y2K remediation** between 1996 and 1999. Spending in the US is estimated at \$50 to \$75 billion. Worldwide, the number could run as high as \$600 billion. That's all money that could have gone to job creation. Investing that much in fixing potential problems is expected to reduce economic growth in the United States in 2000 and 2001 by 0.25% to 0.5% a year. What we may never know is how much the fear of a worldwide crash was hyped or whether it didn't happen because so much time and money was spent preparing for a potential problem.

**It's no surprise the new airport is running out of parking spaces.** In November alone, passenger traffic rose by 13.4% over the same period last year. For the 11 months of the year, passenger traffic was up 9.1% at Austin Bergstrom International Airport. Total air cargo rose by 20.1% in November, compared with the same timeframe last year. Cargo was up 15.6% for the 11 months.

**March is when proposals to tax internet sales will be unveiled.** Dallas will host the Advisory Commission on Electronic Commerce 3/20-3/21. The event will be closely watched because it's the group's last meeting and if it is to come up with ideas on how to tax Internet sales, this is when proposals will be unveiled.

The National Tax Association tried but failed to come up with recommendations last year. This group is not expected to do better. If it too fails to send Congress some reasonable proposals, it will be up to the states to come up with ways of taxing Internet sales. The charge will be tough, given USSupreme Court rulings that prohibit states from requiring companies without a presence in a state to collect sales taxes.

The issue is expected to be an important one when legislators convene in Austin a year from now. **Businesses are beginning to revolt**, because they pay taxes on their Internet purchases and if consumers continue to get off the hook, **Texas will either have to collect more from businesses or entirely change its tax structure.**

If attempts to lower property taxes, a relatively simple exercise, have been difficult, controversial, and not altogether successful, it's hard to imagine how legislators will cope with the **truly difficult Internet sales tax issue**. One theory making the rounds at the Capitol is that more conservative Republicans don't want to solve the problem. They argue one way of shrinking government is to lower its tax take and therefore force it to be smaller.

**Is the Austin school district delivering an adequate product?** If you have children in Austin public schools, you may get a call from pollsters asking you that question. The Greater Austin Chamber of Commerce and UTAustin have agreed to produce an annual survey to determine if folks in Austin are satisfied with their schools and what changes they would like to see put in place. In future years, the survey will be expanded beyond parents.

The effort is spearheaded by **Elizabeth Christian**, who owns a local public relations firm and served on the Mayor's AISD Task Force, and **Bob Glover** a research scientist at the Ray Marshall Center at the UTAustin, who specializes in workforce issues. The UTAustin College of Communication will do the leg work.

The sample will be very large. As many as 2,000 parents will be polled. Christian and Glover want to make sure everyone is represented, including different minority groups. "We don't want a horse race," Christian said. "We want good demographics."

With a **bond election likely** within the next two years, this is the time to begin cementing community support for AISD. Superintendent **Pat Forgione** is supporting the effort. He's agreed to study poll results before deciding AISD programs.

Speaking of the Internet, **Dr. Louis Overholster** says his 8-year-old knows so much about computers, programming, economics and the Internet that when he does his tax returns he doesn't know whether to claim him as a dependent or a consultant!

NEAL SPELCE AUSTIN LETTER (ISSN 1071-0612) is published weekly, except last two weeks of the year, for \$150 (plus tax) per year or \$249 (plus tax) for two years. To subscribe, call 512-498-9495. Periodical Postage Paid at Austin, TX 78767 by Austin Letter, Inc., 1407 Wild Cat Hollow, Austin, TX 78746. POSTMASTER: Send address changes to: Neal Spelce Austin Letter, P.O. Box 1905, Austin, TX 78767-1905.

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