

Volume 21, Number 42

February 4, 2000

Dear Client:

Austinites got a rare glimpse of the human face behind its high tech industry at the recent 360.00 Summit. More than 300 “new economy” entrepreneurs converged on the Four Seasons Hotel to issue a “Declaration of Interdependence”: a manifesto for community-wide improvements in education, infrastructure, quality of life, and economic opportunity.

This second annual 360.00 Summit was spearheaded by River City’s most prominent tech magnates, including **Michael Dell**, **Steve Papermaster** (Agillion), **Peter Zandan** (Pazzaz and Zilliant), **Ed Perry** (Human Code), **Greg Peters** (Vignette), and **Cliff Sharples** (garden.com). It is designed to promote high tech CEO involvement in dealing with the Austin metro area’s explosive growth. As **John Huey**, Managing Editor of *Fortune* magazine put it, Austin is in an “almost unique position because life is too good to be true. [Austin] has great weather, and cultural and indigenous amenities. It is an honest-to-God boom town.”

To deal with the problems of boom town growth, Summit leaders appointed a “launch team” for the Austin Network, a “regional leadership forum created to guide the strategic commitments for the Austin region.” The Summit has retained Collaborative Networks, a Silicon Valley-based consulting firm that has organized similar efforts in Arizona and Greater Washington D.C., to organize the network.

The launch team is headed by Dell Computer Corp. CFO **Tom Meredith**; **Lee Walker**, Chair of Community Investment Corp. and Chair of the Board of Directors of Capital Metro; and **John Thornton**, General Partner of Austin Ventures. The four “strategic commitments” and their team members include:

- Quality of Life: **Jan Lindelow**, Chair and CEO of Tivoli Systems, and **Robin Rather**, President of Mindwave Research, Inc. and Chair of the Board of the Save Our Springs Alliance;
- Social Equity: **Bill Bock**, President and CEO of DAZEL, and **Lisa Sharples**, Chief Marketing and Merchandising Officer of garden.com.;
- Diversity: **Joe Aragona**, General Partner of Austin Ventures; and
- Governance: **Bob Fabbio**, Managing Director of TL Ventures.

If you’re interested in getting more information about the Summit, access the 360 Summit website at www.360summit.org. For additional information please turn the page.

Just who are the new economic giants who have engendered this high tech boom? Here are a few things the 360.00 Summit teaches us about them:

They are **generally from somewhere else**. Only 4% of the conferees were born in Austin, and the vast majority have been here for fewer than 15 years. However, more than 80% said they want to retire here.

They are **not politically connected**. An instant electronic poll of the conferees found that 42% did not vote in the last city election, and that 16% didn't even know about the election. Mayor Kirk Watson urged the CEOs to get more politically involved, warning that when "a small group of people elect officials, then officials respond to only a small group."

They are **not widely involved in civic activities**. Many high tech CEOs report they simply don't have the available time or cash to support community charities. In response, a group of execs has formed the Austin Entrepreneurs Foundation, a new non-profit organization that began in September. Twelve companies have already completed or pledged stock gifts, and the foundation's underwriting campaign is under way. The Foundation's board is co-chaired by **Bill Bock** (DAZEL) and **Ingrid Vanderveldt** (DRYKEN Technologies).

They **want growth, but smart growth**. When asked how they would describe themselves regarding growth, 19% were "pro-growth", 6% were "no growth" and 75% were "smart growth."

They **want an educated workforce, an efficient transportation system and a high quality of life**. Significantly, 67% of the conferees believe that Austin's quality of life is "not improving," primarily because of growth-related problems.

They **don't want Austin's unique cultural and environmental advantages to change**. "Austin is multi-cultural," said **Steve Harmon** of Motive Communications, "and my employees are passionate about the culture. The [Silicon] Valley is a mono-culture."

What we're seeing here is a **natural maturation of Austin's New Economy**. The old-line business leaders who've shouldered Austin's civic burdens have tried for years to figure out how to get these high tech leaders involved in **making decisions for Austin's future**. They only had modest success because the businesses, by and large, had not matured sufficiently to release their hold on the relatively young go-getters. That has now changed.

And, it's interesting to note they **did it in their own time – in their own way** (the 360.00 Summit is an example of that). The creators of the 360.00 Summit — **Peter Zandan** and **Steve Papermaster** — are now hefting a civic load many old-timers have been waiting for.

The winner of this year's race for House District 48 in West Austin/Oak Hill could face an uphill fight to retain the seat in 2002. State Representative **Sherri Greenberg**, who is retiring from the Legislature this year after a decade in office, is leaving a district vulnerable to substantial redrawing during next year's legislative redistricting cycle.

Two Democrats and six Republicans are vying for the seat. **Mandy Dealey** and **Ann Kitchen** are seeking the Democratic nomination. Republican voters will choose between **Joe Anderson**, **Maria Burbridge**, **Scott Loras**, **Al Stowell**, **Jill Warren**, and **Robert Wyckoff**.

Although District 48 traditionally votes Democratic, it has been trending Republican in the past three election cycles. **The GOP considers the seat winnable**, as evidenced by the six Republicans vying for a slot on the general election ballot. Republicans hope to capture the seat this year and redraw it as a "safe" Republican seat when the Legislature meets in 2001. They point to **Rep. Terry Keel's** neighboring District 47, which must lose about 77,000 in excess population — most of it suburban and heavily Republican. Those voters must go somewhere, and the GOP is eyeing both District 48 and District 49, currently held by **Rep. Elliott Naishtat** (D-Austin).

If a Democrat holds onto District 48 this year, she will have the **triple disadvantage** of being a freshman legislator from a dicey district in the mother of all legislative battles. Without any legislative seniority to fall back on, and virtually ringed by a rapidly expanding suburban population, **a Democrat winner of District 48 could be fighting for her political life from the moment of taking the oath of office.**

A key Dell Computer Executive has come out strongly in favor of Austin's controversial light rail proposal. That could be significant when it comes to a vote in November. Dell Computer Corp. CFO **Tom Meredith** also expressed support for the proposed IH35 bypass, SH130, and other highway improvement projects for the area. "TXDOT has to get to constructing roads, not talking about them," Meredith said. **"We need rapid transit, and we need light rail."**

Meredith's move could boost Mayor Watson's plans to link highway funding and light rail in a November vote. **The Mayor has unveiled a \$75 million bond proposal designed to provide local matching funds for state highway dollars to be approved by TXDOT.** TXDOT has declined to fund Austin projects for the past several years because of the lack of local financing.

It remains to be seen whether Meredith's comments influence the area's other large employers, who are still pondering the Mayor's initiative. Nevertheless, the political support of one of the region's largest private employers can't hurt. Dell's position isn't new. **But, the rhetoric appears to be ratcheting up a bit at a time when a major ballot initiative is looming.**

Sport-utility vehicle drivers beware. Earlier this week, the Texas Natural Resource Conservation Commission completed a series of statewide hearings on a proposal to adopt more **stringent motor vehicle emission standards** in Texas.

The proposed standards, recently **endorsed by Governor George W. Bush**, and under consideration by the three-member commission he appointed, could have a significant impact on the **cost and availability** of a wide variety of SUVs, trucks, and other vehicles in one the nation's largest markets for those vehicles. The proposed standards also call for reductions in emissions from power plants and other industrial sources.

Although the standards are targeted to non-attainment areas, they will have statewide impact. **For example, the rules specify that, beginning in 2004, only vehicles that meet the tougher standards may be sold in Texas.** Cleaner-burning gasoline and diesel fuel may be required in the affected counties. **Speed limits could be reduced** and mandatory vehicle emissions testing instituted. The use of heavy construction equipment could be limited. Airports may be required to convert their ground equipment to **electricity, rather than fuel.**

Governor Bush must submit the new standards to the EPA later this year. While Austin's attainment status is still in dispute, it is **only a matter of time** —and a short time at that — before a similar plan must be framed for **Travis and surrounding counties.**

When **Dr. Louis Overholster** heard Dick Vermeil resigned as coach of the Super Bowl Champion St. Louis Rams, he predicted the NFL players would get together to steal him a gold watch!

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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