

THE

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Dear Client:

Everyone agrees crime in Texas (and across the country) is on the decline. So, if crime times are good and getting better, why are state lawmakers talking about building more prisons?

The downward crime trend could be due to the economic boom, Texas judges and juries cracking down on criminals, cutting back on parole and probation, or our concealed handgun law. It's anybody's guess. Okay then, why build more prisons?

Beginning in the early 1990's, Texas embarked on a billion-dollar prison-building spree for which taxpayers are still paying. In response to growing backlogs in county jails, public outcry against light sentencing practices and generous parole administration, along with the notorious Ruiz lawsuit mandates, Texas added 100,000 prison beds during the decade. This was a massive build-up that gave the Lone Star State the dubious distinction of having **one of the world's largest prison systems**.

Now prison officials and lawmakers are pondering the necessity of another prison-building program, not quite as dramatic as the last one, but nearly as expensive. Here are the facts according to the Texas Criminal Justice Policy Council:

By August 2001, Texas will have **3,503 fewer prison beds than it needs**. Present projections put the shortfall at 15,000 by 2005.

County jails will be completely full of state prisoners by January 2002, unless state capacity is increased. But that can't happen until **voters approve construction bonds** and the **Legislature appropriates the money**. The earliest time for such an election would be sometime in 2001. If bonds are approved and money allocated for new prison construction, contracts will have to be let and construction completed. None of this can be accomplished before 2004.

An emergency appropriation will have to be made next January so the state can contract with counties for additional jail space. In all, the Legislature may have to come up with \$438.2 million for contracting jail beds between now and 2003. That's on top of new bond money authorization and operational expenses for the new beds that must be brought on line by 2004.

This is not welcome news to legislators. They are already staring a tightening fiscal picture in the face. You need to keep an eye on where the legislature will place its financial priorities.

With 1.8 million sq.ft. of office space under construction in Austin right now and 2.7 million sq.ft. planned to start later this year, the potential for overbuilding in 2001 exists. However, the president of Capitol Market Research, **Charles Heimsath**, says that with “more than 1.0 million sq.ft. of the space under construction already pre-leased and activity on the remaining space very strong”, the threat of overbuilding is diminished.

As a result, Heimsath sees both office **rental rates and occupancy increasing slightly**, led by a continuation of strong leasing in new buildings.

Texas Natural Resource and Conservation Commission Executive Director Jeff Saitas must sometimes wonder why he even bothers to get out of bed. Faced with an EPA mandate to develop plans to force Texas non-attainment areas into compliance with federal air quality standards by 2007 (or lose coveted federal highway funding), Saitas (and his commissioners) might have the **toughest job in state government**. And, a slew of lawsuits challenging the TNRCC’s plans aren’t making things any easier.

Currently, at least six lawsuits against the agency are pending in state and federal courts. The suits were brought by various industries affected by the TNRCC’s proposed state implementation plan (SIP) for the Dallas-Fort Worth metroplex. For example, the Engine Manufacturers Association sued the agency in federal court alleging that TNRCC has **no authority to regulate mobile source emissions** (i.e., motor vehicle emissions). The suit claims that while the Clean Air Act permits states to adopt California emissions control standards, California hasn’t taken any action; ergo, Texas can’t either. Obviously, the inability to enforce a vehicle emissions inspection and maintenance program would make it impossible for the state to meet federal standards to begin with.

In another suit, the Air Transport Association of America says it isn’t subject to the TNRCC rules because the state has **no authority to regulate federally chartered and regulated airlines**. If the association is right, a major building block of the TNRCC’s Dallas implementation plan requiring airlines to operate electric instead of diesel fuel-powered ground equipment, could go by the boards.

Cemex USA, a big cement kiln operator in the DFW area, is likewise suing the agency on the basis that it **exceeded its statutory authority**. It claims that the agency failed to follow proper administrative procedures in adopting the Dallas plan and violated the company’s due process. Similarly, TXU has filed two lawsuits against the TNRCC, one against the agency’s East Texas SIP and the other the Dallas SIP, challenging the agency’s authority to regulate a utility’s emissions.

Finally, the Lone Star Chapter of the Solid Waste Association of America, which includes both private and public solid waste companies, is suing the agency over fleet replacement

Once the Republicans have finished formalizing Governor George W. Bush's nomination, it will be the Democrats' turn to do the same for Vice President Al Gore.

Like the Republican convention, whose historic connections with Philadelphia are an important subtext to this year's election, the Democrats are invoking the last Democratic national convention in Los Angeles as a rallying point. Texans will remember that 1960 event for Democratic presidential nominee **John Kennedy's** dramatic decision to select a Senate Majority Leader from Texas as his running mate.

Kennedy hoped, and was subsequently proved right, that **Lyndon B. Johnson** would bring southern states into the Democratic fold. In the closest popular vote in the history of presidential elections, Kennedy and Johnson, of course, edged then Vice President **Richard Nixon** and his running mate, **Henry Cabot Lodge**, by two-tenths of a percentage point — 118,000 votes out of 68 million cast. The electoral vote, however, was not as close; Kennedy garnered 303 electoral votes to Nixon's 219.

Kennedy's issues in 1960 were the economy and foreign affairs. Two recessions during the 1950's and another in 1960 put Nixon on the defensive, as did growing public fears of Communist expansion abroad.

The US Supreme Court's decision to desegregate public schools also made civil rights and race relations a major campaign issue for perhaps the first time since the Reconstruction era. It was a restive time.

Unlike Kennedy's challenge in 1960 — to convince Americans why they needed a change from eight years of Republican control of the White House — Gore must persuade Americans that eight years of Democratic control should be continued. But, very much like Kennedy's, Gore's issues are racial diversity and harmony, the economy, and American prestige abroad.

Gore will undoubtedly evoke President Kennedy in his acceptance speech at LA's Staples Center 8/17/00. Clearly, the Vice President needs to do something pretty dramatic to boost the enthusiasm level of the 5,000 delegates and Democratic faithful around the country.

With Governor Bush making a strong play for a significant chunk of the Hispanic American vote and **Ralph Nader** attempting to split the labor vote, Gore's challenge is both to solidify the traditional Democratic base while reaching out to independent voters turned off by traditional party politics. Kennedy, the youthful, charismatic war hero, pulled it off. Can the man from Tennessee do the same?

Don't be fooled when you see that apartment occupancy in Austin dropped 1.1% in the 2nd quarter. That's because students went home. It's actually UP .4% over last year at this same time.

The Austin Convention Center is in the middle of a construction project that will double its size from the current 411,000 sq.ft. to 881,400 sq.ft. The Convention Center expansion project will add 164,265 sq.ft. of exhibit space, most of which will be located in two column-free exhibition halls. On the upper level, an **additional ballroom** with exhibit space will cover 43,595 sq.ft. The new space is scheduled to open in the spring of 2002, followed later in the year by the 800-room convention headquarters hotel (developed by Hilton Hotel Corporation and Landmark Organization with \$15 million in hotel-motel tax revenue from the city and tax-exempt bonds). It's going up across the street on the block bounded by Red River, Neches, and Fifth Street (if you've recently tried to get a hotel room in Austin, new hotel space can't come on line fast enough).

If you think changes in technology are hard to keep up with, just take a look at the world of technology-related jargon.

Suppose you work with a middle-aged intellectual property lawyer who hangs out with trendy, twenty-something software developers at the Speakeasy. The proper moniker for the lawyer is **adulescent**.

Or, better yet, you work with someone who constantly has a cell phone glued to his or her ear. This person is dubbed a **cellie**. When you come up against a fellow-worker who doesn't deliver on promises and is running short on credibility, call him a **cred** and move on.

If you're sitting in a meeting and the presenter is having problems with a slow web connection, impress your friends and colleagues by commenting on the antiquated **dirt road** the presenter is traveling.

Finally, drop the phrase **embedded ubiquitous computing**. This simply means chips are everywhere, from the refrigerator to the room temperature controls. But it sounds cool and vaguely NASA-esque.

Dr. Louis Overholster says he's not paying attention to the pro football training camps that are underway right now: "The players all hear the same speech: you have the right to remain silent...!"

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Sincerely



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