

THE

Real Spelce

AUSTIN LETTER

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P.O. Box 1905 / Austin, Texas 78767-1905 / 512-498-9495 / Fax 512-327-1976 / e-mail News@AustinLetter.com

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Dear Client:

The race for President will be at the top of the November ballot, but in Austin, there will be more spending and more heat surrounding some costly local transportation measures. And while transportation is the issue of most concern to Austinites, don't automatically assume voters will accept the ballot proposals — no matter how much money is spent to persuade them to do so.

For the next two months, Austinites will be **bombarded with political ads and information** about the issue most residents of the Austin area feel is the biggest specific problem facing them. The information overload could very well eclipse the race for president even though a guy who lives in downtown Austin has a good chance to be elected president.

There are two reasons for this. First of all, because Texas is a safe state for Governor **George W. Bush**, neither Bush nor Vice President **Al Gore** will waste their precious campaign dollars bombarding Texans with campaign ads. So, all we'll see here will be the news coverage of the campaigns — few ads, if any.

Secondly, a lot of money is being raised to persuade Austin voters that one ballot item — light rail — is a key solution to our ever-growing transportation problem. And that's not all. The newspapers, TV and radio stations will be devoting a large amount of news space to both sides of the light rail debate.

If you have to handicap Capital Metro's light rail referendum in the 11/7/00 election, you have to rate it a **tough, hard-fought contest that is a toss-up — with light rail maybe behind at this stage.** That's taking into account the fact pro-light rail folks will probably spend more money than will have ever been spent in a referendum throughout Austin's history.

Why? Because one of the facts of political life is those who are against an issue — especially issues with high price tags — don't need nearly as much money as the other side to defeat a proposal. People who are "against" something are more motivated to vote. All they have to do is raise questions or doubts or suggest "now's not the time, maybe later" to get a lot of undecideds to vote No, or just not vote on the item at all (effectively the same as a "no" vote).

Adding to the difficulty, **Capital Metro does not enjoy a high approval rating.** Those who oppose light rail will likely raise questions about the controversial transit agency's ability to manage the project. Stay tuned for a vigorous campaign.

A rising political star many thought wanted to be Governor of Texas is returning to the state. But after his star faded while he was on the national stage, he's disavowing any suggestion he's coming home to run for Governor. Henry Cisneros was often touted as a candidate for Governor during his eight-year run as Mayor of San Antonio. But, he jumped into national politics instead.

President **Bill Clinton** tapped the colorful young mayor to join his cabinet as Secretary of Housing and Urban Development. During the FBI background investigation, Cisneros misled his questioners about payments he made to his mistress. The flap ended when he paid a final judgment of \$10,000, but the scandal tainted the Democrat.

Now Cisneros is coming back to San Antonio (after a stopover in Los Angeles as head of the Latino TV network, Univision) to run a company that will build homes in central cities and other parts of cities that are underutilized. Does establishing his base back in Texas mean a jump back into politics?

"I have no intention of running for office," Cisneros has told the media. In fact, as we reported several weeks ago, Cisneros is touting Laredo businessman **Tony Sanchez** as the Hispanic savior of Texas democrats – backing Sanchez as the Democrat he would most like to see run for governor in 2002.

But, don't discount the tall, charismatic Cisneros as a factor in Texas politics. The graduate of TexasA&M and Harvard built up what was almost a cult following when he ran the Alamo City. His return to Texas could rekindle the political spark. As for the scandal, he's told the media: **"It's certainly been put to rest legally, but it's never behind one emotionally, intellectually, because it was so painful and so much a part of my life for so long.** But I'm sobered by it and humbled, and constantly ask for the spiritual strength to march forward as optimistically about life as I can."

A new approach to tap the philanthropic bent of the high-tech wealthy will get underway next month in the Silicon Valley and, if successful, might have application in the Silicon Hills of Austin. Cisco Systems is teaming up with the Community Foundation of the Silicon Valley to put a fulltime philanthropy counselor into a cubicle at Cisco to advise workers on how to shed some of their company stock.

The counselor will technically be an employee of the Community Foundation and will hold one-on-one sessions with Cisco employees. Cisco will pay the Foundation a fee and will set standards to be used by the counselor. Cisco doesn't know of another similar effort, but the company considers this another **perk to provide meaning in the workplace to help retain its talented employees.** Cisco employees are in a special class. More than 2,000 of their 19,000 workers are millionaires from their Cisco stock alone. But maybe some Austin companies with grand growth designs might do well to pay attention to this first-of-a-kind effort.

One of the reasons Austin — and the state of Texas as a whole — is so vigorous economically is that we have a relatively low cost of doing business. It costs less than the national average to do business here, according to the latest (1999) numbers by Economy.com, as reported in the *Wall Street Journal*. And it's further below the national average now than it was back in 1991.

“Having an edge in business costs is important because it's a major factor in attracting new businesses,” reports the *WSJ*. Texas's 1999 costs were only 90.6% of the national average. “Areas with low costs, like Texas, tend to grow faster than areas with high costs, like Massachusetts, which was at 114.7% of the national average in 1999.”

“Why is Texas so cheap? Texas labor costs were 92.5% of the national average in 1999,” notes the report. “But the biggest advantages Texas has going for it are **cheap power and low taxes**. Energy costs were just 86.7% of the national average while state and local taxes were 84.3%”

A lot has been written about how the cost of living in Austin has risen greatly over the past few years – with the average cost of housing here now higher than Dallas or Houston, but much lower than in other economically hot spots, such as California. That's not to be downplayed. But we tend to overlook how attractive we are for businesses.

Austin's cost of doing business in 1999 was **only 91.5% of the national average**. We're sandwiched between Dallas (at 91.8% of the national average) and Houston. The Austin area's fast growth is nudging our rate upward. We tallied 91.3% in 1998. But the rise to 91.5% of the national average this year is still below the 92.3% Austin tallied in 1991.

In the Austin area where everybody who wants a job has a job, one of the largest employee sectors of all had better ramp up to do something it's not noted for — making nimble moves. Let's face it. Government work is not as sexy, nor as financially rewarding, as say almost any job in high tech. To attract and keep good employees, governmental bodies need to move quickly to compete for the young and talented, or the majority of those still left in government jobs will be aging workers waiting for retirement while looking at empty desks all around them.

State Comptroller **Carole Keeton Rylander** has taken one bold move by investing in training new workers for government tech positions in return for a commitment to stay with the state. However, more needs to be done. What about signing and retention bonuses for government workers in the Austin area? What about performance awards?

Colorado is studying a plan to let state employees **personally divide their individual compensation into a mix of benefits, time-off and actual salary**. There are a number of options to be considered. And now is the time, for state workers at least. State agencies must move quickly to be ready when the Texas Legislature convenes in four months.

Austin screenwriter Bill Wittliff hit it big with the summer movie blockbuster, “The Perfect Storm”, and now another Austin screenwriter is poised to do the same with another big screen blockbuster when the holiday movies are released.

You’ll recall Wittliff gained widespread recognition when he wrote the screenplay for the much acclaimed “Lonesome Dove” CBS movie marathon. “Dove” starred **Robert Duvall** and **Tommy Lee Jones**. “The Perfect Storm” is the starring vehicle for current Hollywood hunk, **George Clooney**. It has remained near the top of the summer money-making charts.

Now, it’s Austinite **Bill Broyles** turn. The first editor of *Texas Monthly* was nominated for an Academy Award for his screenwriting chores on the **Tom Hanks** starrer, “Apollo 13.” But the project Broyles is penning for the upcoming holiday movie season could be the biggest of all. It stars Tom Hanks again and is directed by the same person who directed Hanks’ Academy Award winning performance in “Forrest Gump” — **Robert Zemeckis**.

Watch for it. The movie is titled “Castaway” and it stopped shooting for almost a year in the middle of production so Hanks could lose enough weight to appear believable as a person marooned for a long time all alone on a desert island. The advance buzz is that it could vie for a lot of Oscars.

You hear a lot about all the movies that are shot in the Austin area. And you may spot Austin residents **Sandra Bullock** and **Matthew McConaughey** moving around their hometown of Austin from time to time. Even young Austin directors **Richard Linklater** and **Robert Rodriguez** get their fair share of local notoriety. All that’s well and good. But, you may not hear a lot about Wittliff and Broyles because writers don’t make that much noise. Believe me, though, these two guys are among this nation’s top writing talents and Hollywood recognizes them for it.

Dr. Louis Overholster was just unbuckling his seatbelt in seat 8B on an American Eagle Saab SF340 turboprop after a bumpy landing at the always-busy Los Angeles airport when the pilot said over the PA (true story): “Well, folks, an on-time arrival at the correct airport! Another small victory for the professionally challenged!”

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