

THE

*Real Speake*

# AUSTIN LETTER

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Dear Client:

**If you're counting jobs in Austin, the dot-com company lay-offs are a non-issue and if you're looking ahead to try to discern Austin's future economic growth, you should re-focus on the semiconductor industry.** That's the view of economist **Angelos Angelou** as we near year-end.

"The Austin economy is on track to produce about 32,000 new jobs this year," notes Angelou, who, at the beginning of the year, forecast a **hefty 5.2% job growth for 2000**. "We may be somewhat under-projected, but that's where we like to be," he added.

Angelou says the bold headlines about various dot-com layoffs here are a "non-issue." He points out **new companies, especially start-ups, are easily absorbing the laid-off workers**. And the numbers bear him out. Officially, our 5-county metro area continues to be among the nation's leaders with a very low 2.1% unemployment for September, the latest numbers available.

The Austin economist is also predicting a better-than-5% job growth for 2001. And, after languishing for about three years, Angelou sees the **semiconductor industry providing the "real momentum"** in the immediate future.

In fact, he says we are likely to see not one, but two, hugely-expensive semiconductor plants constructed here right away. AMD and Samsung, he says, will **each build an additional facility** in the Austin area and those plants can **cost anywhere from \$2-\$3 billion each**. That's billion, with a "b".

This is really significant. **It would be a return to the Silicon Hill's high-tech roots**. Remember, long before Dell's big growth spurt and the software explosion, Austin became a national focal point when, at one point, we had more expensive semiconductor plants under construction here than all other US cities combined. And this semiconductor expansion will be added on top of the still-vibrant remainder of the high-tech economy that continues to pump big dollars into the Austin economy.

It's not too early to circle 1/23/00 on your calendar. That's when Angelou Economic Advisors will once again hold its Technology Forecast session at the Austin Convention Center. Cypress Semiconductor's president/CEO **T. J. Rodgers** will join Angelou to predict what will happen in Austin in 2001. Go to [www.angelouconomics.com/forecast](http://www.angelouconomics.com/forecast) for further info.

**Capital Metro is flush with money. The agency has \$140 million of your tax dollars set aside for “future transit options.” Next year, another \$43 million will go into that “set aside” kitty. Now, after the 11/7/00 defeat of light rail, some Austinites want to stop the flow of those funds.**

Even though CapMetro’s chair says, in effect, the voters have spoken, other board members are still talking about bringing the issue back to the voters since light rail’s margin of defeat was only 2,004 votes. (See our summary in the 11/10/00 edition.) But, the **next battleground will be in the halls of the Texas Legislature**, not in the ballot box.

The folks who worked against big odds to defeat light rail are now planning to go to the Lege to dramatically cut back Capital Metro’s budget. By doing this, they hope to **prevent light rail from re-surfacing in the near future.**

The Texas Legislature allowed Austin voters long ago, way before the city began its recent economic surge, to allocate a penny of its sales tax collections for CapMetro. With the growth of Austin’s economy, the penny sales tax is pouring money into the coffers of Capital Metro.

One of the light rail opponent’s options is to get the Legislature to let Austinites **vote to spend half of the penny sales tax revenue on traffic-solving options other than light rail.** Conceivably, that money could be spent to help improve the roadway system in the Austin area.

Right now, Capital Metro’s board is setting aside 33% of the penny sales tax (\$39 million this year, \$43 million in 2001) for “future transit options”. In addition to rat-holing money for light rail, the board says the money could also be allocated to such items as high occupancy (HOV) lanes and van pools.

The Capital Metro board deeply fears taking this battle to the Legislature. Can you spell “Pandora’s Box” or “can of worms?” The generally-liberal voting Austin has never been a favorite of the generally-conservative Legislature. **The board is afraid it might get stampeded in a legislative squabble.** But, the State Capitol is where Capital Metro will find itself next year.

There is a lot of money at stake. And there are fundamental differences of philosophy at work here. The light rail opponents generally feel a better system of roadways is the answer to the growing mobility problems.

On the other side, you get the argument that mass transit – expanded bus service, light rail, HOV lanes to get more people into fewer vehicles, pooling of motorists into vans, etc. – is the best way to tackle the congested roadway problem.

Depending upon what finally comes out of the Texas Legislature when it wraps up its session at the end of May, 2001, the **voters likely will get another chance to voice an opinion** on how to spend a big wad of money to solve Austin’s quickly-increasing traffic problems.

**The sales tax is a cash cow for Austin – more so than for most of the other big cities in Texas.** We mentioned the big dollars flowing to Capital Metro from the sales tax. But the city is also benefiting greatly from the growing economy. Remember, with a 2.1% unemployment, Austinites have money in their jeans and they're spending it – generating sacks of sales tax cash.

Through September (the latest figures that have been compiled), **sales tax collections are up an amazing 13.37% for the City of Austin.** How does that compare? For the state as a whole, the revenues are up a respectable 9.8% compared to the first nine months of 1999. Houston is up 5.52%, Dallas 10.02%, San Antonio 6.16%, Fort Worth 6.46%, Arlington 9.09%, Plano 17.64% and El Paso 7.31%.

This is a very good measure of the vitality of the retail sector of the economy. Forget any polls about how consumers feel. The collection of taxes is the most finite measure possible about the behavior of consumers. And consumers here are spending money in our retail establishments. **This is a good sign as we head into the biggest retail time of the year – the holiday shopping season** (you can already hear Christmas carols and vacant lots are being prepped for the sale of Christmas trees!).

**Want to attend a summer Olympics? Well, there's a good chance you may be able to travel less than 200 miles for that opportunity. Houston and Dallas are among eight US cities competing to host the 2012 Olympics.** While the deadline for submission of bids is just around the corner (12/15/00), the International Olympic Committee will not select the host city until 2005.

Dallas is proposing to **tear down the Cotton Bowl and build a \$265 million 80,000 seat Olympic Stadium** in Fair Park. The Olympic Village would be located on the South Dallas campus of the University of North Texas, and Texas Christian University in Fort Worth would be the site for tennis and soccer matches. A temporary cover would be put on Texas Stadium in Irving and an equestrian center along the Trinity River.

Houston is considering **spending \$100 million to renovate the Astrodome** for an indoor Olympic track and field facility. It would also use a new football stadium under construction next door to the Astrodome, Enron Field baseball park and the new basketball stadium planned for downtown. Events would also be held on the campuses of Rice University, the University of Houston and Texas Southern University.

Organizers of the bidding efforts in Houston and Dallas say worldwide recognition is just one of the reasons for the effort. **The economic impact of the Olympics is enormous.** And the new facilities that would be built or renovated in each city will add value to Houston or Dallas for decades to come. At this stage of the process **both cities are confident they will have strong proposals.** They are obviously competing against each other, but don't forget there are six other US cities also vying to be named Host City for the 2012 Olympics. We'll watch it for you.

**If you're planning to fly during the Thanksgiving holiday period, get ready for the crowds. The airlines at Austin-Bergstrom International Airport (ABIA) are predicting a 20-25% increase in passengers during peak days.**

The heavier-than-usual holiday traffic actually begins today, 11/17/00. But the peak days typically are the **day before Thanksgiving**, 11/22/00, and **Monday after the holiday**, 11/27/00. If, for some reason you must be at the airport 11/22/00 you may get caught up in the ceremonies honoring the seven millionth passenger to fly through ABIA this year.

The celebration should take place mid-morning when Southwest Airlines, along with city Aviation Department representatives, will present the lucky passenger with two free round-trip tickets anywhere Southwest flies.

Some tips: Be early. Check the airport link on our website for **up-to-the-minute flight schedules**. Call the AMPCO Parking Hotline, 512-530-3300, ahead of time for parking updates. Or, better yet, find a way to get to the airport without using your own vehicle.

**Much of what UTAustin's Nobel prize-winning physicist Steven Weinberg says and does in his chosen field is on a lofty plain, not easily comprehended by the non-physicist. But, we want to share with you a brief, plain-English, summary of a recent paper he presented.**

One of his much-honored recent essays, "A Designer Universe?" was based on his talk to the Conference on Cosmic Design of the American Association for the Advancement of Science. Weinberg was asked to consider whether the discoveries of science provide any hint the universe is the product of intelligent design. He concluded there was not.

Bleary-eyed from being glued to the TV since the presidential non-election, **Dr. Louis Overholster** swears he saw a self-promotion spot on one of the networks that crowed: "No matter how Florida goes, we got it right first!"

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