

Volume 23, Number 12

June 22, 2001

Dear Client:

Those who own and manage downtown property and downtown businesses, along with employees who work in downtown Austin, have some strong opinions about where they make a living. While there are many things they like, 37% believe that downtown Austin is worse today than it was three years ago.

The Downtown Austin Alliance (DAA) recently completed an analysis of the views of those who have the most at stake in the downtown area. The Alliance reports that, in all, these stakeholders evaluate the downtown area quite favorably. **It is considered an appealing destination.** In fact, several aspects of downtown about which stakeholders expressed concern (traffic challenges, etc.) are associated with growth and the heightened vitality of the area.

Those who work downtown and those who have investments there like the **diversity and variety of restaurants, clubs and other interesting activities.** They cite the “walkability” and ease of access. And they like the diversity of businesses with a presence in downtown, as well as the daytime safety.

But, they also mince no words about some glaring weaknesses, such as **inadequate parking**, traffic and transportation issues, and disruptions associated with construction. They also complain about the **presence of transients** and are **concerned about safety** downtown at night.

As a result of the concerns raised by the downtown stakeholders, the Downtown Austin Alliance has its work cut out for it. The DAA reports there is a sense the downtown area requires **ongoing attention to ensure that it retains and continues to enhance its appeal.**

Specifically, the stakeholders felt DAA should continue its focus on concerns about **parking**, downtown **transportation** planning, **safety** (especially at night), **business development** (particularly retail), **cleanliness**, presence of **transients** and **marketing** the downtown area.

DAA apparently has the strong support of those on whose behalf it is working. While the stakeholders were voicing their concerns and pointing out the good features of downtown, the vast majority of them also think **the DAA is doing an excellent or good job** and they are pleased with the amount of information they receive from the association.

With concerns raised about nighttime safety downtown, Austin gadfly Mike Levy's calls for more cops seem to resonate, since Dallas has authorized three officers per 1,000 people. But, Scott Henson, in an e-mail battle with Levy, challenged him by saying, "You've provided no credible argument for substantially increasing the number of cops."

Henson didn't stop there in his criticism of Levy. "Last month you said Austin had 1.9 cops per 1,000 and now 1.5. Which is it? I find the whole cops per thousand arguments you keep raising utterly disingenuous in light of your **failure to address the discrepancies** in your numbers," charges Henson.

Levy's challenger went on to say "**who cares if non-emergency calls wait till the others are dealt with?** Non-emergencies by definition don't need immediate treatment by the police and can afford to wait a few hours. **Police work isn't Domino's pizza — get it in half an hour or it's free.** What a spoiled society we are for people to believe the police department should pattern its services on the model of a convenience store!"

Obviously, with a challenge like that, Levy fired back. "Authorized manpower strength in Austin is 1.9, but it has not been at that level for some time. While they claim the actual is really 1.7, **in fact it is only 1.5, once you deduct cops who can't work** because they are intentionally padding shift rosters with officers unavailable for duty. They actually have an **officer in a coma still listed** on a shift roster for SE Austin."

Levy said to Henson: "If you need a 'credible argument for substantially increasing the number of cops', ask Chief Stan Knee to let you into the communications room in the period between 2pm and 2am just to watch and observe the computers that keep track of the calls. It's not unusual to have **45-50 calls holding, with no officer anywhere in the city to assign them to.**"

He went on to say many of these calls are "domestic disturbance/family violence situations where the kids are calling because **daddy is beating up mommy** (again) and there are no cops to send. Ask **Kelly White** at SafePlace how bad the domestic violence problem is in Austin. It's awful!"

Levy bolsters his argument with some quotes from a senior Austin police officer who says "Mike, you challenge anyone to sit in communications and watch the call load pile up. That is a small part of the problem. **What people really need to hear is a police scanner.** Learn to understand what is being said and you will be in for a real shock."

The senior officer said "what you will hear is **young, hard-working officers letting their paperwork stack up and run from call to call.** What I'm telling you is that this city has put its eggs in the high tech and salamander basket. We don't have enough cops and there will be those who suffer for it."

It appears Austin still has most of its “buzz” intact. The core lifestyle qualities that have contributed to the growth of the city appear to be sustaining its population base, even in the face of economic bad news. That was one of the conclusions in The Benchmark Company’s “Austin at The Crossroads” study. (Last week, we reported on other aspects of the study.)

“We cannot predict how long this attitude will prevail, or whether mounting tech meltdowns may indeed precipitate the ‘cut and run’ mentality that so many employers fear,” observes Benchmark’s CEO, **Rob Balon**. “But, (as of May, 2001), **the majority of the workforce is still giving Austin a ‘thumbs up.’** And, workers who have lost jobs, for the most part, are looking *first* in the Austin area before starting a regional or national search.”

“Layoffs notwithstanding, workers continue to see the Austin area as a place they want to be associated with,” Balon said. “We saw **no evidence of the pervasive disillusionment** that can pervade a city where layoffs are the order of the day.”

In fact, an overwhelming number of tech and non-tech workers surveyed see themselves staying in Austin for at least five years. And they believed Austin would **continue to be a major center for technology** over the next decade.

Not only that, those contacted by Benchmark, by a large margin, said **they’d advise a friend to move to the Austin area**. “Indeed, many respondents reported that friends and relatives had been calling, asking about whether Austin was still a good destination,” noted Balon. “Benchmark also conducted on-line interviews with tech workers in *other* US cities. Most had **heard about the layoffs and yet still felt Austin was a desirable destination.**”

Central Texas employers have been plotting careful strategies for retention and recruitment of employees for the past several years. So, in this current, fast-changing environment, what is most important to employees? “**They want what they do to count. To matter.** They want to work for a company that has the same philosophy,” said Balon.

Additionally, many tech workers who are spending 10-12 hours a day at work really **value the quality of their co-workers**. “Companies that invest in creating a ‘people environment’ will be rewarded with increased retention,” Balon believes.

“Workers in the Austin area want a sense of stability, of permanence. Right now, this is valued more highly than salary,” says Balon. Workers in the Benchmark survey also said “quality of management” was important to them. “They looked to a **strong executive presence** to guide the company through tough financial times.”

Balon concludes that “given a competitive salary, **workers now care less about bonuses, stock options and other financial perks**. Even relaxed dress codes are of less importance than a year ago. Again, we see an emerging environment where workers are **becoming more interested in creating value at one company** than chasing the next IPO.”

It was just two years ago, Texas legislators had so much money to play with, they lowered your taxes. Now, State Comptroller Carole Keeton Rylander has warned them that, if they win re-election, they won't have any fun two years from now – they could be facing a budget that is \$5 billion in the red.

Of course, it's awfully hard to read tea leaves two years out. But, the economists on the State Comptroller's staff have been reading state revenue leaves for years now, and as they look at the **slowing Texas economy** – coupled with a **quickly-growing state population** – they see a humongous deficit.

“The seeds have been sown for **significant challenges for budget writers** next session,” warns Rylander. In other words, unless the economy heats up significantly in the next two years – generating more tax revenue than is currently anticipated – the legislature will have to **cut spending** (always tough when your population is growing at a fast clip) or, **heaven forbid!, raise your taxes.**

Go back and check our 5/25/01 issue. You'll recall we analyzed the revenue options facing legislators when they come back to Austin January 2003 to write the budget for the next two years. We told you then that because “**levying new taxes or raising old taxes** is always sticky ... the 2003 Legislative session could be a nightmare.” Rylander's warning underscores that.

If you were in Quinlan, Plano or Houston during April or May, better check those Texas Lotto tickets you have squirreled away. The Quinlan 4/25/01 ticket worth \$4 million, the Plano 5/19/01 ticket worth \$28 million and the Houston 6/9/01 ticket worth \$21 million have all been unclaimed so far. No rush. You have **six months from the date of drawing** to collect your winnings. But, what the heck, with the new IRS tax rates, why wait?

Dr. Louis Overholster is not worried about today's economic slowdown. As he put it, “I wasn't even affected by Austin's real estate recession of the late 1980's; I went broke in the early 1980s!”

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.

Sincerely



Editor/Publisher