

THE

*Paul Spelce*

# AUSTIN LETTER

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Dear Client:

**Republicans and Democrats alike have some important races in Tuesday's primary runoff. There are three local races which should get your attention (2 GOP, 1 Dem) and, of course, the statewide race to determine the candidate the Democrats will line up behind for USSenate.**

Practically all the Democratic leadership is behind native Austinite and former Dallas Mayor **Ron Kirk** as he seeks his party's nomination to run against GOP AG **John Cornyn** to replace **Phil Gramm** in the USSenate. The irony in this race is that while the Dems are putting an awful lot of apples in the Hispanic vote basket in November (that's why they convinced mega-millionaire **Tony Sanchez** to spend millions of his own cash to run against Governor **Rick Perry**), the party leadership is hoping the lightweight gadfly runoff candidate **Victor Morales** doesn't draw enough Hispanics to the polls to edge Kirk for the nomination. Keep your eye on the South Texas returns Tuesday night.

In the staunchly conservative new Congressional District 31, the race is to see whether Central Texas (with Williamson County's **John Carter**) or the Houston suburbs (with Harris County's **Peter Wareing**) will be home to the new GOP Congressman. And, it doesn't matter what they say about representing *all* the people in the district, friends and neighbors are going to get the most attention from any Congressman. Wareing's spending the most and is favored; Carter's working hard and stirring up his troops.

The GOP State Rep runoff for Dist #50 is a mud-slinging, down-and-dirty battle. **Bob Richardson** (the atty whose ads you've seen on TV wanting you as a client if you've been injured) led into the runoff. But, atty **Jack Stick** is raising all sorts of Cain about Richardson being a plaintiff's lawyer — almost as bad as being called a liberal, if you're a Republican! Charges and countercharges will fly until the polls close. Maybe even after they close.

The Dems have a hard-fought race for State Rep also, Dist #51. There were four strong candidates in the field of six initially. **Lulu Flores**, who led going into the runoff, picked up the endorsement of **Marcos DeLeon**. **Sam Guzman** endorsed **Eddie Rodriguez**, who hopes to replace his former boss, State Rep **Glen Maxey**. This race is not as nasty as the GOP contest, but it is being vigorously contested in the heavily Hispanic part of Travis County. No R is on the ballot in this State Rep race and no D is on the ballot in the other State Rep contest, so Tuesday's winners will be casting votes in the Texas Legislature in January.

**Many years ago, Austin enjoyed great success in luring new jobs to the area, in large part, by touting our low cost of living. Then, as part of our recent nation-leading economic boom, the cost of living in Austin skyrocketed. So, let's look at where we stand today and some forecasts for the immediate future.**

You were right when you were complaining over the past few years that prices were going out of sight. Housing costs were just one example. An analysis of the numbers shows that **Austin's cost of living increased more rapidly than the nation's from 1997 through 2001.**

Where does that rapid increase leave us? According to ACCRA, formerly known as the American Chambers of Commerce Research Association, **Austin's cost of living is now 4.6% above the national average.** This ranking comes from ACCRA's recently released Fourth Quarter 2001 Cost of Living Index. Housing and grocery items comprise almost half of the cost of living in regions. This index also includes cost of utilities, transportation, healthcare and miscellaneous goods, and services such as luxury items and eating out as weighted categories.

Another data source shows roughly the same pattern. Economy.com's annual Cost of Living Index shows that Austin's costs are slightly ahead of the US average. It points out that over the past five years, the cost of living in Austin increased an average 3% annually and 4.5% during 2000 alone. What about the future? Where are we headed? Economy.com projects **the rise in the cost of living will slow substantially — with growth for the next five years averaging about 2.1% annually.** The cost of living will still go up, but it'll be slower.

These “facks and figgers” were pulled together by **Elizabeth Smith** at the Greater Austin Chamber of Commerce. She also mined Economy.com for some future data. For instance, Economy.com is predicting that **Austin will rank fourth in the nation in employment growth from 2001 through 2003. That's strong.** Of all 319 US metro areas, as well as four Puerto Rican metro areas and two special areas, the prediction is that Austin will rank 4<sup>th</sup> in the nation in job creation over the next two years.

**Maharukh Bhiladwalla**, a consultant with Economy.com, says Austin's “well-qualified workforce offers a resource that high-end employers can scarcely overlook.” She also forecasts “most of this decade will see Austin substantially outstrip the state in terms of both population and output growth.

**In Economy.com's long-term employment growth ranking — from 2001 through 2006 — Austin will be second only to Las Vegas in the nation.** To give you a perspective, Austin ranked #7 during our big go-go years between 1996 and 2001. This is obviously a very bullish projection for Austin's economy.

All this is important because the bigger decisions – company re-locations, building projects, major expansions – are based on the best *forecasts* available, not so much *current* data.

**What about the crime situation in downtown Austin? Is it a drug “free-trade-zone,” as some critics have complained? What about public drinking/drunkenness? Confrontations with police during big celebratory events?**

The Downtown Austin Alliance (DAA), which admittedly strives to put the best face on downtown, nonetheless has come up with some stats that indicate an improvement in the security of the downtown area. The head of the Austin Police Department’s Downtown Area Command, **Harold Piatt**, reported to the DAA that there has been a **25% reduction in overall crime downtown** since the Command began operations last September.

He also told DAA that small business owners on or near Waller Creek report a **significant reduction in narcotics trafficking and drinking** after Austin Police Department undercover officers made **nearly 900 drug arrests** in the area in 2001. The arrests came after complaints from storeowners about blatant drug dealing in broad daylight on the streets in that area of downtown.

In the past, the big events that have packed the streets, primarily East Sixth Street downtown, have seen some ugly confrontations with police. The DAA pointed out that during the first quarter, Downtown hosted **two major events, the New Year’s Eve and Mardi Gras celebrations, and both had minimal problems**, especially compared to the past.

During February, the Downtown Rangers (an unarmed pedestrian-bicycle patrol, funded by the DAA) reported a **50% reduction in public alcohol consumption** compared to February 2001. And the February Mardi Gras celebration brought a new twist this year: about 15 offenders who got into trouble were sentenced to remove trash after the Mardi Gras events.

And, if you’re concerned that downtown may not be looking as spiffy as it should, you need to know the Alliance has arranged for the repainting of all flower planters, benches and trash cans along Congress Avenue.

**Ahhh, competition! With all the private off-site covered parking spaces springing up around the Austin-Bergstrom International Airport (ABIA), it’s interesting to see the customer service freebies being offered at the city-operated ABIA parking.**

For instance, ABIA is offering free jumpstarts and tire inflation for air travelers who park inside the airport. And, if you can’t remember where you parked your car after returning tired from a trip, lost vehicle location assistance is provided free. Stalled or out of gas? ABIA provides fuel and tows for stranded vehicles. To use these services, you can use **the courtesy phones in the parking lot or use your mobile phone to call 530-2242** (which also provides real-time parking availability information and other airport info 24 hours a day).

**UTAustin doesn't confer honorary degrees in the traditional sense. But, through its alumni organization, it has a way to recognize its outstanding grads each year. The Texas Exes selects as many as six alums each year for its Distinguished Alumnus Award.**

The 2002 recipients include a doctor, a lawyer, a couple of business grads, a geologist and an author. The most recent graduate got his degree in 1973 and the earliest graduate in this group earned his degree in 1940. **Some have given a lot of money to UTAustin, others less so.** But, they all have in common a successful life and strong support for their alma mater.

The six: Laredo physician **Joaquin G. Cigarroa, Jr.**, US Secretary Commerce and former UT System Regent **Donald L. Evans**, Dallas geologist/entrepreneur (who a few weeks ago gave UTAustin \$150 million) **John A. Jackson**, San Angelo author and retired journalist **Elmer Kelton**, Austin Director of the RGK Center for Philanthropy and Community Service **Curtis W. Meadows, Jr.** and Houston mineral company CEO **Corbin J. Robertson, Jr.**

These six will be honored in **ceremonies this fall**, 9/20/02 – the evening before the Texas vs. Houston football game. If you're at the game, you'll see them in newly fitted burnt orange blazers being introduced to the crowd from the sidelines.

You may have noticed at the top of this issue, it read Volume 24, Number 1. We use this age-old publishing method to tell you that this is edition #1 as we begin our 24<sup>th</sup> year of publishing The Neal Spelce Austin Letter. Hard to believe that it was 1979 when we started tracking trends, insights and perspectives on the Austin area for our clients each week. A lot has happened to this dynamic region during this time and we're privileged to have had the opportunity to try to make a little sense out of it for you. Thank you for your subscription.

**Dr. Louis Overholster** tells his patients that medical science has now determined grouchiness is catching. It comes from being too close to your alarm clock in the morning!

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Sincerely



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