

THE

Neal 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:

Now that there's once again been a pause in the electoral consideration of whether Austin needs light rail/rapid transit, it might be time to put another mass transit option on the table. A monorail system.

Monorails are not just for theme parks anymore. **They offer a serious, environmentally sound, mass transit alternative for the future.** Look at what's happening in Seattle. We spent the better part of last week there, and an examination of Seattle's monorail plans proved quite interesting – especially if Austin moves toward a mass transit system.

In November 2000, Seattle voters passed an initiative to create a plan for a new monorail system. Monorail is nothing new for Seattle (the world's first full-scale monorail was installed there 40 years ago, for the World's Fair in 1962, and is still operating downtown), so voters authorized a **citywide system that would link Seattle's neighborhoods with downtown.**

The initial plans are ambitious. **The plans call for a 58-mile, 5-line citywide system that would operate at least 19 hours a day (5am to midnight) 365 days a year.** In Seattle, there would only be four minutes between trains at peak hours, eight minutes at non-peak.

The trains can travel up to 50 mph. Average speed will be 25-30 mph, including stops. **They are powered by non-polluting, electric motors and are quieter than a city bus.** They are extremely reliable and durable, with cars designed to run 30 years or 3 million miles.

Seattle voters heard some strong arguments for monorail. For starters, **a monorail system operates above the roadways, so it is immune to traffic problems.** Therefore, you can count on getting where you're going – on time – every time. Because it rides above traffic, it is relatively safe. **It is less expensive to build because it uses public right-of-way, and it can be up and running quickly.** In Seattle, construction has not yet started, but the first phase is planned to be operational in five years.

If you've ridden a monorail, you know the system is quiet, clean and efficient – and a quick people mover. **It is no longer considered a futuristic oddity.** It is a modern, serious alternative form of mass transit.

One of the key reasons a monorail system has a relatively low cost of construction and operation is that it is built above existing public right-of-way, along already established travel routes, with very little impact on that right-of-way.

All monorails consist of four major components – concrete columns, cars, guideways and stations. The columns are very small and, in most situations, do not pose a right-of-way problem. For instance, the Seattle plan calls for **only one column** (just 36 inches round) about **30-to-40 feet high** (enough to give clearance to anything imaginable that would be traveling on the roadway below) **spaced a generous 120 feet between columns** (that's 40 yards – almost half the length of a football field).

The cars are normally operated by computers, which are more efficient at maintaining a regular schedule and at providing smoother starts and stops. **Monorails have historically been extremely durable and reliable.** As an example, their rubber tires experience very little wear and normally go more than 100,000 miles before they need to be replaced.

It's hard to believe, but the cars for the Seattle Center monorail – *built some 40 years ago – are being renovated this year for the first time.* The cars proposed for Seattle's new 58-mile, 5-line citywide system, would be approximately 50-feet long and a little more than 14-feet tall, and **are being designed to run for 30 years or 3 million miles, whichever comes first.**

The elevated guideways would run 14 miles in Seattle's first phase. Along that 14-mile route, 19 station stops are planned. The stations along the route will be either stand-alone stations or designed into buildings. While we were in Seattle last week, some mall-located businesses were complaining a monorail station would be placed too far away from them, so the Elevated Transportation Board decided to reconsider a portion of the route to allow for the possible design of a mall station.

An important question: **how does Seattle plan to pay for this \$1.2 billion monorail system?** By taxing cars. The city would impose a **motor vehicle excise tax of 1.4% on all vehicles owned by citizens of Seattle.** (The tax on a \$30,000 vehicle would be \$420.) Part of the money would build parking spaces at the stations. The income from fares, combined with advertising revenue, is estimated to cover the operations and maintenance costs within a few years after opening.

Who would operate the monorail, the city government? Nope. The Seattle Public Transit Authority would oversee the construction and operation. So, where does this ambitious plan now stand? As we said, voters in November 2000 passed an initiative to create the plan for the new monorail system. That plan is in the final stages, much of which we've outlined here. **In November 2002, Seattle voters will be asked to approve and fund the project.** If approved, Austin would be well advised to monitor its progress. We'll keep an eye on it for you.

With the glut of available office space in the Austin area and the resulting drop in rental rates, the value of office properties is dropping. But, does that mean buyers are swooping in to scoop up some low-priced office buildings?

Not necessarily. At least not right now. **“Many buyers feel there will be some opportunities at the end of this year and into next year and have adopted a ‘wait and see’ attitude,”** said **Helen Jobes**, owner of the commercial real estate firm, Gold Eagle Investments. “Although there are an abundance of buyers in the market, the spread between what sellers want and buyers are willing to pay is growing.”

To give you an idea of how far the market has moved, all you have to do is look back to 2000. In that year, there were **24 sales involving 27 buildings with an average per square foot price of \$145**, and total consideration of more than \$412.5 million, according to Jobes. “It should be noted that many of the properties sold in 2000 were new construction,” she added.

The drop was dramatic in 2001. “Seven sales involving **12 buildings sold for \$110 per square foot** with a total consideration of \$196.3 million,” Jobes said. And, she said that so far this year, only two properties with more than 30,000 square feet have sold, totaling 215,332 square feet with estimated consideration of \$16 million (one required extensive renovation).

The bottom-fishers have not appeared yet. They are waiting in the wings, though. And if the office market gets much softer, where building owners are not able to get a necessary return on investment (or, importantly, meet debt obligations), then owners may try to cut their losses by slashing prices. As potential buyers are doing right now, let’s wait and see what happens.

An encouraging economic rebound sign was visible in the most recent air travel numbers for the Austin-Bergstrom International Airport (ABIA). Since the first of the year, passenger travel had dropped down to 1999 levels – way below the 2000 and pre-9/11 2001 totals.

But, the May 2002 totals showed a marked uptick above the 1999 benchmark, and closed the gap on the record set in May of 2000/2001. It’ll be interesting to see if this is the beginning of a return to air travel normalcy at ABIA. SkyWest Airlines appears to be betting that way. Beginning 8/1/02, **SkyWest** (a Delta Connection carrier) **will offer additional daily nonstop service between Austin and Salt Lake City.**

FYI, if you arrive at the checkpoint and have **forgotten to take that trusty Swiss Army knife out of your pocket**, or find you put the corkscrew in your carry-on instead of your checked bag, here’s a suggestion. Just walk over to ABIA’s Business and Technology Center, buy an envelope and stamps, and mail them to your home or office in the adjacent mail drop.

Businesses in South Austin, near Ben White Blvd and IH35, don't want to hear this. But, stay away from there! It's a traffic delay disaster – and it will be throughout the summer. And, by all means, don't go near that route if you're trying to catch a plane at Austin-Bergstrom.

If you think delays getting through that interchange have been huge in the past, consider that the Texas Department of Transportation used these words when it talked about the demolition of existing overpasses: it “**will blow the scope of work at the project wide open.**” It also said “**the most impressive work is still to come.**” That oughta be enough of a warning for you.

What TxDOT is doing is **removing all the old interstate bridges over Ben White Blvd.** In a project that is more complicated than the demolition of the Woodward Street bridge at IH35 two years ago, TxDOT workers are breaking apart the old concrete and asphalt road deck and releasing the steel beams underpinning the bridge. The follow-up work on the bridges could last through July.

It's not just work at the precise interchange that is contributing to the delays on IH35 and various other roadways in that part of South Austin. For example, TxDOT is demolishing the IH35 bridge over Williamson Creek. The westbound Congress Avenue IH35 exit will also be closed within days. Traffic will be routed to South First Street or Banister Lane. Crews are working on a new westbound frontage road from Burleson Road. You get the picture. **The traffic impact is widespread and will stay that way for some time.**

You have to feel sorry for the businesses in that area. They've suffered for several years now, and the draining-off of dollars from their operations shows no sign of an immediate letup. While it is no consolation to them, this is a project that, when finished years from now, will provide a greater good for the greatest number.

Dr. Louis Overholster just returned from the first of several vacation trips this summer shaking his head at the logic of small-town Canadians. He asked a local man which of the two restaurants in town had the better food. “Let's put it this way,” he was told, “whichever one you choose, you'll regret not having eaten in the other!”

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