

THE

Neal Spelce

AUSTIN LETTER

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Dear Client:

As the August sun blazes down, it's making the unseasonably wet July seem way in the past. So what about *future* Austin weather? As you plan ahead for fall and winter, it might be helpful to understand what weather changes El Nino has in store for you.

Without getting into the science, you know the El Nino weather phenomenon that periodically occurs in the Pacific Ocean, off the South American coast, affects the US weather – sometimes with dramatic changes from the norm. Well, it's baaaaack! Scientists say **this El Nino will be much weaker than in 1997-98, when it caused worldwide weather havoc.** But, this El Nino should change Austin's weather patterns – especially this winter.

Bottom line: **look for a wetter, and a bit colder winter/spring than normal here in Austin.** The National Centers for Environmental Protection released projections for our area from November through April. It suggests it will be wetter than normal for the entire period in the Austin area due to El Nino. As far as the temps are concerned, they should remain normal until March or April, when temperatures will dip below normal.

If this weak El Nino condition acts as predicted, it could be **good news for the areas that have suffered from a lack of water recently.** In fact, the entire state of Texas is forecast to be wetter than normal from November through April. It's also **good news from severe icing conditions for the Austin area,** because our temps are not expected to drop below normal until after winter has its way with us.

This doesn't mean we won't have that occasional ice storm. That's normal. (The operative word here is "occasional.") **The big question: will "wetter than normal" mean flooding?** Since this climate phenomenon is weaker than the one five years ago, scientists hope this El Nino will be a quiet little child.

Speaking of climatology, do you have any idea how much water was released from flood-control Lake Travis during the July flood conditions? The Lower Colorado River Authority hydrologists estimate that Mansfield Dam released enough water from Lake Travis to **refill Lake Austin 24 times.** That water eventually was sent down the Colorado River to the Gulf of Mexico.

Some researchers at UTAustin think the technology industry is more susceptible to corporate fraud. They point out that technology is difficult for investors to understand and this gives tech management a big advantage in controlling the flow of information.

“People aren’t familiar with how these companies are supposed to run, as opposed to a Dairy Queen or a furniture store,” claims Dr. **Andrew Whinston**, director of UTAustin’s Center for Research in Electronic Commerce. Whinston and two doctoral students produced a paper titled “Corporate Governance Issues In New Technology Companies.”

The researchers say **high tech execs have greater incentives to cheat than their counterparts in other industries**. That’s because they’re often compensated largely in stock. And tech shares typically enjoy higher valuations, because investors look for businesses that have the best prospects for growth, according to **Alan Goldstein**, writing in *The Dallas Morning News*.

The discovery of each new fraud does nothing to identify other companies that may have problems. But, it does change the expectations of investors – pushing some to the old **Warren Buffett** rule of putting money only into what you understand.

According to Goldstein, the researchers say investors have an added sense that the playing field isn’t level when they see reports that corporate **insiders sell off significant portions** of their stakes as stock prices fall. Though stock grants and options are intended to align the interests of management and shareholders, they say such **sales are evidence that their interests are in conflict with one another**.

The UTAustin researchers have proposed a solution to the problem of information flow in the tech sector — and it’s not based on stricter accounting rules. They suggest regulations be tightened so that **all corporate insiders would be required to disclose in advance any trades in company stock**. Dr. Whinston even suggests there could be a website where insiders would have to signal their intentions ahead of time, so outside investors could make their own decisions about whether to buy, sell or hold.

We’ve now entered the “word game zone” played by our city leaders. When the city staff this week unveiled its proposed budget for Fiscal 2003 (the fiscal year starts 10/1/02), it said the budget included “no property tax rate increase.” But, sure as shootin’, you’re going to be paying more property taxes if the proposal is adopted.

The city says it is not increasing the *rate*. But take a look at the property tax statement you recently received. The odds are the *valuation* on your property has gone up. This means, if this budget is adopted, your **property taxes are going to go up** – during this down economy.

Why is it we've elected so many green candidates to the Austin City Council in recent years and they all seemed to have turn against the environmental agenda (at least in the view of many enviros)? "Maybe because, when they faced the difficulty of the situation, they realized its complexity – rather than they sold their souls to the developer devil," theorizes **Louis Black**, the editor of the alternative weekly, *The Austin Chronicle*.

Black was responding to critics of his comments (which we repeated in last week's 7/26/02 edition) when he urged environmentalists to "stop the polemical speeches and begin sincere, intelligent negotiation. **This is a time for a sad maturity.**" He was referring to the recent, strident, crowded City Council hearings over the Stratus development proposal for 1,273 acres in Southwest Austin/ Travis County, near the Circle C neighborhood. And he was directly referencing the confrontational, "vote no" action taken by the leadership of the Save Our Springs Alliance.

SOS Alliance leader **Bill Bunch** responded to Black by saying "The 'sad maturity' you call for is dooming not just Barton Springs, but San Marcos Springs, Comal Springs and the entire Edwards Aquifer Ecosystem from Del Rio to Georgetown. Perhaps," Bunch continued, "you might entertain some intelligent and creative action instead, some **maturity that embraces wisdom rather than sadness.**"

Saying "if it weren't for *The Austin Chronicle*, Barton Springs would have been history long ago," Bunch went on to chastise Black by saying "with your help, and the help of your friends, we could easily **put an end to the divide-and-conquer tactics of developers** trumping local control with legislatively created special districts and other tricks. If you don't figure it out, and tell your readers, it won't happen. The *Chronicle* used to do that. I hope it will again."

But, editor Black is not repentant. As he put it, following Bunch's response: "There is still the notion being floated that the City Council, if it only had the courage, could say no to development. That is a sweet heroes-and-villains scenario, but it isn't true. If the council turns the Stratus deal down, the deal is dead, but not the development. **The council can't say no to development.** This is an option that doesn't exist, and rhetoric should leave it behind."

Black went on to observe: "I would like to see the council end hunger in Austin and bring world peace as well, but they also can't do that. **It is a stupid fiction to argue that, if only the council were courageous, they could stop development over the Aquifer.** The council can try to make deals, restrict and control development, but they don't have the power to stop it. If we grow up and accept that this is not Horatio's failure at the bridge, but a complex political and legal web, that would be a huge step forward."

Postscript to this intra-enviro squabble: **Bunch is leaving Austin within weeks for a year long sabbatical in the Czech Republic.** His replacement at SOS: Austin attorney **Brad Rockwell.**

With the summer tourism season in full swing, it's time to check to see how the Austin area has been impacted by the national downturn in travel.

“We are starting to see moderate signs of a rebound in the market,” says **Bob Lander**, the president of the Austin Convention & Visitors Bureau. “The traffic in our Visitor Center is **up slightly from this time last year**, along with website hits and telephone inquiries.” What are the big attractions in Austin? “Visitors are most interested in The Bob Bullock Texas State History Museum, the Austin Duck Adventures and the Congress Avenue bats,” he said.

“Summer tourism traffic is especially important to our local economy this year, as area **hotels gradually work to steady occupancy rates** that began dropping more than a year ago with the decline in the technology industry and then fell drastically in the fall,” he added. “Not only do our summer guests, primarily families on vacation, fill hotel rooms, but they also spend in our restaurants, entertainment venues, retail shops and on local transportation.”

Retail shops? That's right, shopping. **Shopping is such a big part of the travel experience that many destinations have promotional efforts geared just to shoppers.** For instance, Dallas has formally targeted travelers for shopping trips since 1988. Three times a year, the city advertises weekend shopping trips in nearby markets.

Now, there's even a website devoted to linking travelers with shopping spots and visitors bureaus in more than 65 Texas cities. Go to <http://www.shopacrosstexas.com> to see what we're talking about. In fact, the commercial website offers a shopping card (for a \$50 donation to The American Cancer Society) that gives you a **20% discount in more than 125 retail locations in the Austin area** from October 25th through November third. As the site says, it gives you “two full weekends for that Girlfriend Getaway. Put on your tennis shoes, it's time to take your shopping seriously!” Now that's a serious pitch to the ladies!

Speaking of summertime travel, **Dr. Louis Overholster** says if you line up all the cars at Yellowstone National Park end-to-end, some idiot will try to pass them!

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