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Dear Client:

In less than a year, you will likely have an opportunity to vote on a change in the way we govern ourselves in the Austin area. If it passes, it could be a harbinger for moves toward even more dramatic change.

The momentum for the creation of a **hospital taxing district** is just starting to build. If it goes as planners hope, you will be asked to vote on the creation of such a district in November 2003. The City of Austin owns Brackenridge Hospital — though, after years of controversy, it has now contracted with the private Seton Healthcare Network to run the facility.

City taxpayers fund the money-losing hospital that carries the biggest load of indigent care in the area. And, the key word is “area,” because those outside the city limits of Austin who can’t afford to pay, are rushed to Brackenridge – especially in cases of trauma – to be treated. **The Austin taxpayer pays for most of the indigent care for almost all Central Texas.** A hospital district could spread that cost proportionately to other governmental jurisdictions.

If the concept of a multi-jurisdictional authority is adopted in this case, can merging other government entities be far behind? The Austin area has experienced some of the fastest growth in the nation in recent years, blurring boundaries. **You would be hard pressed to know with certainty when you move across city or county lines,** especially when various city boundaries change regularly.

Yet, services vary greatly. For instance, the City of Austin has a modern **fire department**, but outside the city limits in Travis County, there are only volunteer fire departments, that hold bake sales to buy equipment. What about **police protection**? Wouldn’t a combined city police and county sheriff’s operation be more efficient/effective? What about a **combined city/county government**?

There are many fast growing regions around the country that have adopted metro governments. Over the years, there have been suggestions made about **combining certain city/county services**. Most have gone for naught. **Inertia is much of the problem** — it would be a big, complicated task. Then there is this thing called “**turf protection**.” Which entity will survive – the sheriff (elected) or the city police (appointed)? The County Commissioners or the City Council? You get the idea. But if a hospital taxing district is adopted (and that’s certainly not a certainty), it *could* pave the way for other action.

Austin city and business leaders are conducting a thoughtful exercise these days — to determine future economic development plans for our area. We have a suggestion.

Over the past two decades, Austin has had one of the most successful economic development records in the nation. During that time, some of this nation's most dynamic cities sent delegations to check us out – to learn the secret to Austin's success. **The “Austin model” was widely copied. But, times have changed**, and now a re-evaluation is underway in the city that set the standard.

Initially, those involved in the effort are focusing on what can be done to **attract more jobs** to the area, **help existing businesses** and to **keep Austin “Austin”**. Their work will, hopefully, result in city policy on possible incentives for desired employers and an easing of roadblocks for local business expansion and support.

Our suggestion: **don't lose sight of what is most important** (then, and now) when a site selection committee picks between cities. Yes, incentives come into play – especially when your competitor cities are putting together packages of goodies. The tax burden and cost-of-doing business are also important, as is the availability of a good labor supply. But, more and more, cities are blurring those lines – now that they've wised up.

What helped Austin in the past is even more important today – that old, hackneyed phrase “quality of life.” In this era of portability, most companies can operate wherever they choose. **Generally, the decision-makers – the execs – look for places where they want to live.** They assume a place *they* like will make it easier to recruit personnel, for the same reasons.

Austin has those benefits in spades: **Natural beauty, recreational opportunities, cultural activities, good schools, history, architecture, cuisine.** Not only should the city not lose sight of this aspect of economic development, it should be at the top of the list of the ultimate plan.

Tired of standing in a slow-moving line to get your driver license renewed? Take a look at an experiment in Arkansas.

Motorists go to **in-store kiosks in five Wal-Mart stores** and type their info into the kiosk's keyboards. After the data is processed and verified, the computer issues a printed bar code to the customer. (The user's name and address never appear on the kiosk's screen.) The motorist takes the bar code receipt to the check-out counter, where it is scanned like any other purchase, and pays the fee. The customer takes the receipt back to the kiosk, which scans it to verify the transaction has been paid and then **issues a renewal. That's it.** The 3M Company provides the registration, and the state saves on labor costs because the customer does the work. **This is an experiment to watch.** If Wal-Mart picks it up, it could make a hassle more convenient.

When you're in a bad economy, people still have to eat, right? Right. But, they don't have to eat steak — they can eat beans. So, how are Texas restaurants and grocery stores doing as we wind down the year?

Industry reps say Texas restaurants are recovering after taking a dive in the fourth quarter of 2001, following 9/11. Despite a declining economy, which has hurt sales at many upscale restaurants, **sales have increased steadily for the state's food-service industry.**

The state's more than 48,000 restaurants expect to show \$27.2 billion in sales in 2002, **up 4.6% from sales for 2001**, according to the Texas Restaurant Association (TRA). That's better than the national average for food service sales, which is expected to rise 3.9% during 2002. As a result of the good restaurant performance, more than \$2.2 billion in sales tax revenues were pumped into the state's economy in 2002.

As far as grocery stores are concerned, **Texans this year did not buy as much of the high mark-up, fancier type goods.** They went back to more staple items. Still, grocery store sales are rising even though the number of grocery stores statewide dropped. Basically, the small independent operators were closing stores as the larger chains opened more locations.

While we're on the subject of food, here's a little quiz. What is the food of choice when Texans go out to eat — at least as far as **increasing popularity** is concerned. According to TRA, **barbecue restaurants showed the most sales growth** in Texas in 2000 (the latest report available). Sales were up 178% over 1998. Hamburger establishments were the second most popular, with sales increasing 82% between 1998 and 2000.

UTAustin's nationally ranked football, baseball, track, swimming and basketball teams have great (or soon-to-be great) home fields. The sports stepchild, the nationally ranked golf teams, have not had a course of their own – until now.

The University of Texas Golf Club, a 7008-yard, par 71 course designed by Bechtol Russell Golf Inc., is nearing completion at Steiner Ranch off RR620 in northwest Austin. **It'll be the home course for the men's (3rd nationally in 2002) and the women's (2nd nationally) golf teams** and will include a driving range practice facility adjacent to the first hole.

Dallas businessman **Mike A. Myers**, along with Lincoln Properties and Taylor Woodrow Communities, spearheaded the project that will also serve Austin's growing golf population. Detailed prices regarding local, regional and out-of-state memberships and dues are forthcoming any day now. **Myers signed a 50-year licensing agreement with the UTSystem to put the university's name on the course.** A percentage of revenues will accrue annually to the university to support the men's and women's golf programs and scholarships.

With the warning that “this (legislative) session could prove devastating to UT as government searches for funds to provide even the most basic of services,” the UTSystem Political Action Committee is hosting the House Speaker-designate 12/3/02 to get a jump start on the session.

The Friends of the University of Texas System PAC is rounding up donors for a briefing from **Tom Craddick** at the Four Seasons Hotel. Headed up by Democrat **Bernard Rapoport** and Republican **Wales Madden**, the PAC is one of the best-positioned political action committees in the state following the election. Out of the 150 House Districts and 31 Senate Districts in Texas, the UTSystem PAC was **on the losing side of only three races**.

That’s stout. And, frankly, it’s going to need all the mustard it can get in the legislative session that starts 1/14/03. As we’ve told you for months, this could be **one of the most difficult and contentious legislative sessions in decades** – because of massive budget problems.

The PAC quoted outgoing Lt. Gov **Bill Ratliff** as saying “If we are not going to be able to raise significant revenues, there’s going to be Draconian decisions ... **It’s going to be bloody awful.**” The UTSystem always has a number of issues for legislative action, but the appropriations for its component institutions have always been of paramount consideration.

Besides being informative, the Craddick briefing will include a fundraising component. **Because of the PAC’s election successes, it is now out of distributable funds**, and the statutory deadline for making any further contributions to help key officials reduce campaign debt is 12/13/02. The price tag for the briefing ranges from \$250 to \$5,000.

Dr. Louis Overholster says the results of a little psychological test he gives to his first-time patients are predictable. He asks them to punctuate “Woman without her man is nothing.” The men punctuate it this way: “Woman, without her man, is nothing.” And the women punctuate the sentence this way: “Woman: without her, man is nothing.”

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