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Dear Client:

Austin voters in 1998 approved \$25 million for a downtown tunnel project along Waller Creek. What has happened in the seven years since the voter go-ahead? Nothing.

The tunnel project, which got a big impetus following a study way back in 1992, would transform a flood-prone, under-used area of downtown Austin by reducing flooding, erosion and water pollution. It would connect such diverse areas as UT Austin, the State Capitol Complex, East 6th Street, the Austin Convention Center and East Austin.

But, just as importantly, it would create an entirely new amenity for Austinites and visitors. Waller Creek itself would become a beautiful, year-round attraction with trails. And, **once the flooding possibility had been removed, residences, cafes and other businesses and amenities could be built facing the water.**

What a marketable asset it could become. It would enhance the important convention business and would support future retail, office, hotel and residential development in the downtown area. It would also support the desired density for transit-oriented development near the proposed new commuter rail line. **In fact, it could become a natural and retail destination all its own.**

So why hasn't anything been done since a majority of Austin voters said, "yeah, sounds good to me, let's spend \$25 million of taxpayer money to make it happen?" The bottom line is the bottom line. **The \$25 million estimate was woefully inadequate.** And, as time has passed, the price tag has gone up and up.

The flood and pollution control effort is a big project. When all is said and done, **42 existing structures and 12 roadway crossings would have to be removed from the floodplain.** Then there is a pollution run-off problem into Town Lake from the southeast quadrant, etc. **It's big and the price tag jumped another \$42.4 million, on top of the \$25 million.**

The Downtown Austin Alliance, among others, is pushing to get the additional funding on an **upcoming 2006 bond election** – so you'll hear a lot more about this in the coming months. They will argue, among other things, that the initial investment will yield \$114.7 million in property and sales tax revenue to the City of Austin over 20 years. Stay tuned.

The JetBlue announcement this week that it will offer nonstops between Austin and New York City, as well as Boston, was greeted enthusiastically. But there is more to it.

You were not surprised by Wednesday's front-page banner headline heralding JetBlue's entry into this market if you read these words in our newsletter more than a year ago (3/26/04): "As we were the first to tell you, in our 3/12/04 edition, **the nation's most talked about new discounter will likely announce service to Austin next year** when JetBlue takes delivery on new Embraer 100-seat regional passenger jets. We also told you then that a low-cost *non-stop* flight from Austin to New York City could be attractive."

"How attractive? Well consider the Austin-NYC route. The average roundtrip fare paid for the Austin-NYC route in the 2nd quarter of 2003, according to the US Department of Transportation, was \$638. Not cheap," is what we told you more than a year ago. **When JetBlue Austin service begins 1/19/06, it will offer a special \$79 each way fare to NYC-JFK and to Boston Logan.** Tickets must be purchased by 10/31/05 and, of course, the fare goes up when the introductory sale ends. The regular fares will probably range from \$129 to \$299. This should drive down the prices on airlines competing for the same business.

JetBlue feels it can put **brand-new, low-maintenance Embraer 190 regional jets, with low operating costs, on the two routes and start making quick profits – with lower fares.** Besides the allure of low fares, JetBlue Austin travelers will be treated to 100 all-leather assigned seats, more than 100 channels of XM Satellite Radio and 36 channels of free DIRECTV programming on personal TV monitors placed at each seat. And the three-daily flights to NYC-JFK are non-stop, as is the daily flight to Logan International in Boston. JetBlue will operate out of Gate 19 on the west end of the terminal at the Austin airport.

But there's more. At the same time as the Austin service announcement, JetBlue revealed it will also begin **10 daily shuttle flights between NYC-JFK and Boston Logan.** This isn't all. The discount airline also announced it will begin flying from Boston to the Bahamas and West Palm Beach, affording Austinites more connections. There were other such announcements by JetBlue, but you get the drift. JetBlue is betting the ranch on these new smaller jets and opening new markets. (So far though, Austin is the only city in Texas to offer JetBlue service.)

What about Texas born-and-bred Southwest Airlines, still the nation's largest discounter? **There is no need to worry about JetBlue's impact on the Dallas-based airline at this stage.** JetBlue is targeting the big, legacy airlines and avoiding a head-to-head battle with the most successful discounter of them all.

The winner in all this is the Austin air traveler. Because, as we've told you in recent weeks, four air carriers serving Austin are bankrupt and are likely to merge with other carriers. JetBlue's Austin service announcement goes a long way toward staving off future problems.

Who is the architect building the world's most expensive golf course? Jack Nicklaus? Tom Fazio? Nope. Hint: he's a golf pro who graduated from UTAustin.

If you guessed **Ben Crenshaw**, the former Masters champ who designed a course at Barton Creek, you're wrong. If you guessed **Terry Dill**, who designed the Lost Creek golf course, you're also wrong. It's former US Open champ **Tom Kite**, a longtime Austinite.

Kite and **Bob Cupp** have spent the past seven years spending \$130 million turning a slab of Jersey City industrial blight into a **golf course that *FORTUNE* magazine claims could rival Augusta or Pebble Beach as one of the nation's finest**. Liberty National golf course is rising from a wasteland that once was studded with huge oil containers and acre upon acre of toxic waste. At one point, it was an ammunition dump. It took years to clear the environmental hurdles and ensure that the only hazards on the golf course would be water and sand.

The task was Herculean. For instance, **two million cubic feet of soil and sand was brought in and that raised the elevation by as much as 50 feet**. Some of the contaminated soil was shipped to a firm in a nearby town to be treated and placed back. Subterranean mechanical devices were installed to continue to test the ground water.

But the location was worth it. **The golf course is in full sight of the skyline of Manhattan Island and the Statue of Liberty**, Ellis Island, the Verrazano Narrows bridge and, of course the New York harbor. When it opens next July Fourth, the golf course will be accessible by car, helicopter and yacht – with the yacht crossing from lower Manhattan taking only about 15 minutes.

Kite and Cupp, who've built the highly-acclaimed Eagle Ridge (North Carolina) and Legends Club (Tennessee) courses together, laid out the holes and focused on turning a barren site into one that would look lush with trees and a variety of grasses. **They planted more than 500 full-grown trees**. To ensure the grounds do not dry out in the summer, they installed more than 5,200 sprinkler heads – more than double the standard number. They built five irrigation lakes. They added special climate control systems beneath each green. And so on.

The result: a spectacular links-style course running 7,400 yards, with many of the holes bordered by water. **For Kite, who has had a very successful golf career, this course is a career-defining project for his life as a golf course architect.**

What does it cost to join the club? A cool \$500,000. The money behind the development comes from **Paul Fireman**, a former CEO for Reebok. Pointing to the Statue of Liberty and Ellis Island, Fireman told *FORTUNE*, "It's incredible to think that my grandparents came through here and the **first thing they saw was this land**. And today I am building this golf course. That's the American Dream." Tom Kite's design may also create Kite's own personal American Dream

If you look to the Central Texas skies, you'll likely see a double-barreled annual phenomenon this time of year. And it represents major and minor wildlife success stories.

We're talking about whooping cranes and monarch butterflies. They are on their annual migration from north to south and their route takes them through our area. In both cases, it is a sight to see. And if you spot the whooping cranes in their migration, it is a *rare* sight indeed.

The whoopers are magnificent creatures. Nesting in the Northwest Territories of Canada, they are the **tallest birds in North America**, standing nearly five feet tall. From now until mid-December, the **solid white birds with black wing tips visible only in flight** will be making the 2,500-mile trek to the Rockport-Seadrift area along the Texas Gulf Coast. They fly with necks and wings outstretched and pause overnight. Their normal route takes them through Austin and Central Texas.

The whooping cranes were near extinction. In fact, in 1941 their number dwindled to as low as 15. Now, the Texas Parks and Wildlife Department (TP&WD) estimates about **230 whoopers, including up to 34 chicks, will fly through our area during the next 60 days**. They nearly always migrate in small groups of less than six birds, but they may be seen roosting and feeding with larger flocks of the smaller gray sandhill crane. They stop for one night, then move on. If you see any whoopers, you're asked to call TP&WD at 800-792-1112, ext 4644.

The monarch butterflies are a different story. Millions and millions are heading through our area to their Mexico wintering grounds. And early indications are the monarch population has finally recovered from the severe snow storm that struck overwintering colonies in 2004. **The next two weeks will be the prime time to spot the monarchs. Look for an ultralight airplane**, decorated as a monarch butterfly. It is traveling with the butterflies. The plane left southeastern Canada with the monarchs and its crew is chronicling the challenges of the trek.

Dr. Louis Overholster remembers what former commentator and football player Joe Theismann said: "Nobody in football should be called a genius. A genius is a guy like Norman Einstein!"

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Sincerely



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