

Volume 27, Number 38

December 16, 2005

Dear Client:

**As 2005 draws to a close, it is a good time to take stock of where we stand on a couple of major economic development issues.**

A couple of years ago, the Greater Austin Chamber of Commerce (GACofC) set out to raise big bucks and it made big promises if Austin area businesses committed to come to the table with millions of dollars. **The money was to be used to strengthen the Austin area economy**, following a few years of difficult times (some called it a “bust!”).

The money-raising goal was met and a five-year effort began last year to meet the economic goals promised by the GACofC. The stated goals were ambitious. At the end of the five year period, **72,000 jobs and \$14 billion would be added to the metro area economy**. So, as we close-out the 2<sup>nd</sup> year, let’s take a look at where we stand?

GACofC Chair and former mayor **Kirk Watson** is winding down his Chamber term and he said the five-year plan, so far, is “**exceeding expectations**.” As he put it: “Every day more jobs are added to the region, businesses are expanding and companies are relocating to the area.

“As we prepare to wrap-up the 2<sup>nd</sup> year of this initiative, we know that the Austin region netted 16,200 jobs in 2004 with a net increase in payroll of \$747.2 million,” he continued. “By the end of 2005, we will likely have added enough jobs that the **annual average employment number will finally exceed the pre-bust employment peak in 2001**. We are clearly moving in the right direction.”

Another significant project that Watson called the “**single best economic development opportunity we will see in our lifetime**” also appears to be moving in the right direction (see our 10/28/05 edition; Web subscribers can click on the “archives” button at the top of the page). We’re talking about SH130, the north-south roadway to the east of IH35. **Segment 2 of SH130, the portion between US79 and US290, is nearly a full year ahead of schedule and may be open by January 2007**. The remaining three segments should open during the remainder of 2007. This will create a 49-mile toll road that starts at IH35, north of Georgetown and ends at US183 near Mustang Ridge. A lot needs to be done by a number of governmental bodies for the economic development to become a reality. But the roadway is rolling along.

**As we told you last week San Antonio, our neighbor to the south, is more than holding up its end of the bargain by becoming a major state and national economic player. While Toyota is the high profile leader of this momentum, it is not the only contributor to the Alamo City's rise in prominence.**

A long time Austin subscriber, with solid San Antonio ties, reminded us about a giant move that is taking place in the *financial* sector. Already the home of USAA, a major financial and civic force in San Antonio for decades, the Alamo City got another big boost earlier this year when **Washington Mutual said it will set up a new regional operations center there.**

WaMu (as it, and others, refer to it) took over the former MCI Inc. campus at 20855 Stone Oak in North San Antonio, near where the communications behemoth home-grown Clear Channel Communications has some of its operations.

**WaMu committed to bring 4,200 jobs to Texas over the next seven years, with 3,000 of those based in San Antonio.** Washington Mutual has operations in retail banking, mortgage lending and commercial banking in more than 2,400 offices nationwide.

As the San Antonio area diversifies its economic base from the old tourism/military core, it is becoming a force that will enhance what the Austin area is doing. By and large, it has a vastly different economic underpinning from the Silicon Hills. It is complementary, not competitive. **As the two regions grow together – and they will, with IH35 and SH130 as connecting arterials – each will benefit from the other's strengths.**

**Speaking of financial services – first it was called the “gold building,” then the “skin” of the building was changed to a muted grey-blue. You may recall it now as Bank One Tower downtown. Not too fast, though. It is becoming Chase Tower.**

The building was much cussed and discussed when it was built on West 6<sup>th</sup>, right after the Austin National Bank Tower was erected at 6<sup>th</sup> and Congress (how many names has this building lived through? But that's another story). The reason for the cussing was the **gold sheathing on the building reflected the sunlight something fierce into adjacent buildings, cars, pedestrian's eyes, etc.** It not only blinded, but it raised temperatures quite a few degrees.

Following Bank One's merger with JPMorgan Chase, the question became what to do with two downtown buildings a block apart (JPMorgan Chase was in the former Capital National Bank building, but that's also another story). The decision has been made. **The merged entity has extended its lease for an additional ten years in the former Bank One Tower (now Chase Tower)** and will vacate JPMorgan Chase's space. There. Got it? The old gold building, that's now grey, is the new Chase Tower.

**In extreme (but not improbable) weather conditions, will the Central Texas dams that create the Highland Lakes hold up to prevent a flooding disaster throughout the Austin area? Probably, but you're advised to get flood insurance if you live near those bodies of water.**

For example, if a "100-year flood" occurs, Lake Travis will crest, with a wall of water eight feet tall rushing over the top of Mansfield Dam into Lake Austin, then roar on downstream to Town Lake. The lakes could stay at flood level for two weeks. The last 100-year flood occurred on the Colorado River in 1938, before the dams were built. A "100-year flood" designation is misleading. **It is not a flood that will occur once every 100 years. Rather, it is the flood elevation that has a 1% chance of being equaled or exceeded each year.**

In a 100-year flood, **Town Lake in Austin would peak at 10 feet above its normal level** – flowing over the hike and bike trail and Cesar Chavez Street almost to the First Street bridge, stopping traffic in both directions for almost two weeks.

**Above Lake Travis, 1,200 single-family homes, 15 multi-family dwellings and 471 other structures would be touched or totally covered by floodwaters.** A sea of rolling muddy water would flood Graveyard Point and Pace Bend Park, and reach into parts of Lago Vista, Briarcliff, Bullick Hollow and hundreds of other points scattered about Lake Travis. Property damage just in the Lake Travis area is estimated to be at least \$153 million.

There's more. Such as: the floodwaters would roar over Starcke Dam, which forms Lake Marble Falls, at 400,000 cubic feet per second (cfs). **To illustrate the power of the river at this stage, the volume of water approaching Niagara Falls during peak flow season is 202,000 cfs.** All the above information comes from the Lower Colorado River Authority (LCRA), the entity that controls and manages the Highland Lakes.

By the way, the LCRA **spent more than \$50 million over a 10-year period to upgrade the dams to be able to withstand the probable maximum flood** – greater than a 500-year flood, one that has one chance in 500 of happening in any year. So the likelihood of a breach in any of the dams (such as the levee breaks in New Orleans) is slim to none.

For some time now, the Federal Emergency Management Agency (FEMA) has been remapping the Travis County floodplain, as we've mentioned in months past. **Roy Sedwick**, executive director of the Texas Floodplain Management Association, advises Lake Travis residents to buy flood insurance "whether or not you live in the 100-year floodplain. **The question is not if a catastrophic flood will occur. The question is when it will occur.**"

The cost of flood insurance through the National Flood Insurance Program is less for properties above the 100 year floodplain. "It's a good bargain considering what a property owner may lose in a flood," Sedwick added.

**One of the little local businesses that keep Austin weird has received some national publicity, featured (favorably) in the national magazine *Food&Wine*.**

After **David Ansel** followed a girlfriend to Austin, the romance and his career faltered. So he did what anybody would do. He began selling soup door-to-door on his bicycle. This is the way the magazine article began the story on Ansel's unlikely success.

Three-and-a-half years ago, Ansel was a frustrated 28-year-old casting about for an alternative to an uninspiring office job. Now he is **President and Principal Soup Maker of the Soup Peddler**, "a wildly popular weekly soup subscription service with a base of about 2,000 customers, or 'Soupies', throughout Austin, more than 700 of whom place orders in any given week," reported *Food&Wine*.

How did this begin? What started out as "a real desperation thing," he sent an e-mail to his friends in his South Austin neighborhood: "**I'll bring you some soup next Sunday for 10 bucks. Plus, I'll bring it to you on my bike.**" Seventeen people replied yes, and so he whipped up an enormous batch of vegetarian gumbo and then he delivered it, in buckets that he carried in a cooler strapped to his bike.

Ansel, now the author of *The Soup Peddler's Slow & Difficult Soups: Recipes and Reveries*, says **refrigerated trucks are soon to supplement his fleet of delivery bikes** and the buckets that used to be returned every week by the Soupies and re-used, like old-fashioned milk bottles, are being given up for **disposable plastic**. He asked *Food&Wine*: "Some of the original Soupies think it's gotten too big, but growth is good, isn't it?"

As has been our custom since we began publishing this newsletter each week in 1979, we take two weeks off at the end of each year. It's a slow news time and you (and we) generally get wrapped up in holiday activities. The next edition of your newsletter will be dated January 6, 2006. Until then we wish you all the best as you wrap up one year and begin another. By the way, when **Dr. Louis Overholster** saw an item this week that predicted Santa Claus would make an estimated 83 million stops this year, he mused: "HMMMM, I guess Santa has decided to fly Southwest Airlines!"

NEAL SPELCE AUSTIN LETTER (ISSN 1071-0612) is published weekly, except last two weeks of the year, for \$150 (plus tax) per year or \$249 (plus tax) for two years. To subscribe, call 512-498-9495. Periodical Postage Paid at Austin, TX 78767 by Austin Letter, Inc., 4105 Bee Creek Rd, Spicewood, TX 78669. POSTMASTER: Send address changes to: Neal Spelce Austin Letter, P.O. Box 1905, Austin, TX 78767-1905.

Sincerely



Editor/Publisher