

THE

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AUSTIN LETTER

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Dear Client:

One Austin retailer said recently “you put that little burnt orange longhorn logo on anything and I can sell it.” Not only was she reacting to a *local* phenomenon, but a *national* sales record could be in the making.

Look around you. All things burnt orange and that little longhorn silhouette are showing up everywhere. But this sales phenomenon, in the wake of the UT Austin football team’s national championship victory in the Rose Bowl 1/4/06, in what many are proclaiming the best college football game ever, is not limited to the Austin area. **A “perfect storm” for generating collegiate licensing royalties is underway.** And that sound you hear is kah-ching, kah-ching.

Every time you buy something that utilizes the “official” UT Austin logos or trademarks, money flows to UT Austin. There are thousands of licensed UT Austin products on the market, including everything from acoustic guitars, hats and T-shirts to branded furniture and Waterford crystal footballs. The university has, so far, contracted with **85 national championship licensees and about 450 standard licensees.** **They all pay UT Austin royalties of 8%-12% on their sales.**

“UT is having a year in licensing nobody else has seen,” said **Craig Westemeier**, director of trademark licensing for the university. “I think it’s possible we’ll double our licensing royalties from the **\$4 million we received for Longhorn merchandise last year to \$8 million this year.**” The national revenue record is the \$6.2 million collected by the Michigan Wolverines in 1993-1994.

There are 200 schools represented by the Collegiate Licensing Co., for collegiate licensing royalties and this company has a strong enforcement program for its members. **It rids the marketplace of potential counterfeit and unlicensed products** to provide UT Austin with brand protection, brand management and brand development.

And what a brand it is. **UT Austin’s strong, clear longhorn logo is peaking in value.** *Sports Illustrated* magazine selected the white Texas Longhorn helmet adorned with the burnt orange logo on each side as the nation’s best and most recognized collegiate sports headgear. It is distinctive, not confused with any other university. Major corporations spend millions to develop such branding identity. But this is only part of the story. Check out the next item.

It has always been so, and always will be: college faculty members criticizing athletic programs at their institutions – especially when it comes to money. But there is more to it than that.

We've seen in recent weeks a handful of well-intentioned **faculty members raising questions about spending priorities at UTAustin**, with the trademark royalty money rolling in, high coaches' salaries announced in the wake of the national football championship and a planned expansion of the football stadium. Of course, all the money spent on athletics (including salaries and scholarships) comes from funds generated by the athletic programs themselves – or from direct contributions for those specific athletic purposes. Even though these funds are not sliced out of the academic pie, academics benefit in other ways from athletic success.

University officials say you can't put a price tag on the boost to intangibles such as school pride among students, staff, alumni, fans and, yes, even faculty members. The long-term impact of the national football championship on the university's image and brand should benefit the entire campus, not just athletics.

"Anytime the university accomplishes something great – whether it's a Nobel Prize or a national championship – it spills over into every other part of the campus and brings **increased awareness and pride about the whole university**," said **Jim Boon**, executive director of the Texas Exes.

Chris Plonsky, director of men's/women's athletics external services, put it this way: "It's amazing how much burnt orange you see while traveling across the country, and it's not being displayed solely by alumni. To be able to reach the pinnacle of success on such a large stage under the glare of a national television spotlight, and to be able to **do it the right way – with integrity and with class – showcases UT's name, image and message in a positive way to households all over the world**. It was a wonderful opportunity."

"There are clear philanthropic benefits associated with having a winning team," said **Rick Eason**, vice president for development. "The Longhorns success on the playing field (in football and other sports) has raised the university's national profile. That heightened visibility helps us build community and gives us a unique opportunity to showcase other areas in which we excel – our academic programs, collections and research."

Eason went on to say the portals are opening wider to get more philanthropic money for academic pursuits: "During this window of opportunity when public attention is focused on Texas, we are having **meaningful conversations with many donors and friends**. They're excited about the ways in which this institution transforms lives. Over time, many of these people will develop deeper relationships with UT as they recognize that their investment in the university has a long-term impact that will last far beyond the exhilaration of the moment."

The City of Austin is cracking down on a unique kind of thief – someone who steals electricity. It's a bigger problem than you may think and it's happening in all areas of town.

You'll recall we alerted you last week (2/24/06) that electricity costs are expected to increase dramatically nationwide in the next few years, due to the cost of coal that is burned to create electricity for power companies, such as the City of Austin's Austin Energy. Now there's another problem that can contribute to the rising cost of electricity.

The City tells us electric utilities nationwide lose \$6 billion a year to power theft. Using the nationwide formula, **Austin Energy would be losing in the range of \$8 million worth of electricity to theft each year.** How do you steal electricity? One way is to tamper with meters, a dangerous practice in and of itself.

Investigators say they have found screwdrivers, used by those tampering with meters, literally melted with blood and other indications of injury on and around meters. **Tampering is also blamed for at least one house fire**, which left the Austin home gutted.

Those caught stealing electricity **span all economic and geographic areas of the city**, including customers from wealthy neighborhoods with houses that routinely use 4,000 to 5,000 kilowatt hours of electricity a month.

How widespread is this thievery? Well, since April 2004, **about 8,000 customers have paid "meter tampering" fines** to cover both the cost of repairing and resetting the meters and the estimated cost of the power stolen. Charges have been pursued against **71 other customers, with 15 sentenced to a combined total of 763 days in jail and four years probation.** Those receiving jail sentences have generally been repeat offenders or customers involved in other law enforcement difficulties. The city investigates 15-20 possible cases of electricity theft each day.

The catchphrase that adorns bumper stickers and T-shirts, "Keep Austin Weird," is being picked up in the national media and it's being treated as an unofficial city slogan.

The national publication, *Plan Your Meetings*, carried this notation recently: "Austin is the state capital, but this **city has an eclectic vibe that's not typically Texan; its slogan is 'Keep Austin Weird.'** The city's live music scene is one of the most vibrant in America, providing nighttime entertainment."

Even *House Beautiful* magazine picked up on the theme, with this reference: "The yellow T-shirt said it all: 'Keep Austin Weird.' Worn by a woman in downtown Austin last summer, **it speaks volumes about how far the city, formerly Quirk Central for Texas, has come.** So don't worry, yellow T-shirt lady: Austin's still weird, and it's still wonderful."

If you live near a creek or its tributary, or a lake for that matter, you may be in danger of flooding. New maps and more stringent designations of those areas are going to be revealed this month.

You may not realize this, but the Federal Emergency Management Agency (FEMA) ranks **Travis County in the top 10% of areas nationwide prone to severe flood damage.** Our rocky soil makes for quick runoffs during heavy and sustained rain events. This is why the creeks and tributaries that criss-cross residential and business areas in Travis County are getting a close look by FEMA. And what FEMA finds may end up costing you money.

FEMA and the City of Austin will release new preliminary floodplain maps and models this month. They will then seek public comment. The new maps will show the 100-year and 500-year FEMA floodplains for insurance purposes — meaning **you may be within a floodplain and not know it**, thereby creating the possibility you may need to purchase flood insurance.

The implications could be far-reaching. For instance, **lending institutions may require mortgage holders to purchase flood insurance** if the new maps show their homes or businesses are in the newly-designated floodplains.

If you're a large landowner or in the development or building business, the City will reveal its 25-year and 100 year floodplains – and this could possibly trigger **new city ordinances and guidelines for your property.**

One possible softening of the blow: If businesses, homeowners and renters buy flood insurance *before* the new maps become effective in 2007, **lower flood insurance rates may be available** for those not shown in a floodplain at this time. Check out www.cityofaustin.org/watershed for info on the maps and the upcoming public meetings. Or you can contact the Watershed Protection and Development Review Department's Floodplain Office at 512-974-3377.

Dr. Louis Overholster notes the early bird gets the worm, but the second mouse gets the cheese!

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Sincerely



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