

THE

Neal Spelce

AUSTIN LETTER

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Dear Client:

As we've told you in recent weeks, current USCensus data projects that the Austin metro, and Texas in general, will change importantly as our population doubles in the near term. Along with these local seismic population shifts, there will be a national and global realignment.

As we mentioned 1/5/07, within about 30 years Austin will surpass San Antonio as the state's 3rd largest metro. And the age and ethnic diversity of the Austin metro area will be dramatically different. Just like the ripples moving out from a stone tossed into a placid pond, other areas will also change in major ways.

For instance, did you know that by 2030, **large areas in Kansas will have fewer residents than they had in the late 19th century.** In fact, the entire Midwest will grow by only 7%, compared to a 52% growth in the south and a 35% population growth in the West. Even worse, the northeast will register only a 5% growth in population. Negative or 0% growth, will occur in North Dakota, Iowa, West Virginia and Washington, DC.

Interestingly, **all the states that border Texas – New Mexico, Oklahoma, Arkansas, and Louisiana – will not participate in this south and west population surge.** They are projected to grow less than 20% between now and 2030. Texas will be an economic oasis – the only major growth state that does not have a bordering neighbor state sharing in its same growth.

Worldwide, there are similar shifts taking place. Italy, Germany and Japan will lose the most workers, when comparing *developed* nations. In the *developing* nations, **look for India to become the nation with the greatest population in the world, easing past China by 2030.** The US will remain in third place. Betcha can't guess which nation will be #4 on this list. Pakistan will ease past Indonesia by 2030.

We're talking *population* here. What about *economic power*? Our friends at *Kiplinger Forecasts* predict the Chinese economy will thrive more than most, despite a lower population growth rate in the years ahead. **Kiplinger suggests China will top the US as the world's largest economy by 2050.** By 2030, India should pass Germany and Japan as the third largest economy. What is keeping fast-growing India from passing China? Spotty education, a tangled bureaucracy, infrastructure shortcomings and a slower pace of economic reforms.

While traveling Austin and Texas roadways for the next 15 years, you are going to see orange cones everywhere. After 15 years, almost overnight, congestion will disappear.

This is the view held by the one person most responsible for roads, turnpikes, rail, transit, aviation and water traffic in Texas. **Ric Williamson**, chairman of the Texas Transportation Commission, is a man who has earned a reputation working for state government over the past two decades of **never flinching in the face of controversy or change**.

With the Texas Legislature gearing up to tackle transportation issues between now and Memorial Day, it is important to look through Williamson's eyes at how he envisions **your ability to get from point-A to point-B now and in the future**.

Williamson was quite candid (as he almost always is) in a recent conversation with **Anne O'Ryan**, Texas government affairs representative for the American Automobile Association. When she asked him how Texas motorists will be impacted in the future, he replied: **"For the next 15 years, they're going to see orange cones everywhere** because these (toll roads and private financing projects) are going on and the Trans-Texas Corridor will kick off in four years."

"After 15 years, we will almost overnight see congestion start to disappear in places that we didn't dream was possible," he continued. "We'll put the finishing touches on a robust commuter rail system, and we think we'll have in place a series of short-haul taxis that the private sector will develop."

"We think that, by the year 2020, air quality will noticeably improve as congestion decreases. We think that high-paying jobs, such as those that Toyota brought (with its new plant in San Antonio), will suddenly start popping up in the most unexpected places," Williamson added.

"The most important thing is that they're gonna see the **same 20-cents-a-gallon gas tax we were paying 15 years earlier** because we made a conscious decision to reserve the gas tax for the maintenance and repair of the existing (tax-funded road) system, and to **use the private sector and consumer-driven tolls to build our capacity expansion,**" he concluded.

With nation-leading growth headed our way in the foreseeable future, "congestion" is becoming a war cry. **Congestion contributes to very poor air quality and it makes road travel in the congested area less safe.** The roads could be getting safer with less congestion. A third problem caused by congestion is the time consumed (wasted?) stuck in traffic.

"Congestion taxes people in ways that no one has been willing to quantify until now," Williamson points out. "And we're realizing what a heavy toll it is. It takes a tremendous amount out of the economy of Texas." This is where toll roads come in. See the next item.

The discussion to add one toll road lane, each way, to Loop1/MoPac is gaining traction and is resurrecting the original debate about charging tolls for existing roadways that have already been built by tax dollars.

For the powerful chair of the Texas Transportation Commission, there is only one way to go. Slap those toll roads wherever they are feasible. **Ric Williamson** puts it this way: “Let me give you the public policy argument – the whole notion was based on some pretty clear thinking. **Does the current gasoline tax pay for all these roads and all this clean air? No, it doesn’t.** It doesn’t even come close.”

“So, let me see if I understand this,” he continues. “I got this road moving through downtown Dallas (Austin), the apportioned taxes for this road are paying only (part) of the cost of the road, but somehow we shouldn’t toll that existing road? Tell me why. Explain to me why we shouldn’t do that. **And really, the only valid answer is because, by God, we just don’t want to.**”

“Our argument is that the tax road system in Texas is so robust that we can parallel every major tax road with a toll lane or a toll road and I can honestly say, **‘Look, if you want to pay the 20-cent gas tax and stay on the tax road, then stay on the tax road.** Nobody’s making you get into this toll lane, pay 15-cents a mile for this toll road.

“**‘But, for whatever reason you want to get out of my way and get onto this toll road, please do so; it’s right here.** Pay your 15-cents a mile and get the heck out of my way.’ I just like that, I think it works. I think it makes sense,” he concluded.

Williamson says the governor and the legislature say Texas has a great tax system: “The tax rate we have now on gasoline is sufficient to maintain (roads) and keep (them) in good shape.” So the plan is “for capacity from this point forward, **we’re going to parallel that (tax-funded road) system with toll roads.**”

“**We’re going to do it as the private sector is willing to risk their money with us,**” Williamson said. “And we’re gonna use the private sector – and, in partnership, public trust – to decide when a toll road’s built, to assure ourselves that **no toll road is built before it’s ready to be built.** That’s why you see us planning for the Trans-Texas Corridor but not actually building it yet.”

As you know, this unique public-private partnership utilizes the private sector to put up the money and build the system, then share in the revenue from each roadway project. “**We have a governor and a legislature that understand the program and are willing to take the heat,**” said Williamson, an appointee of Governor **Rick Perry** and a Perry ally since both were Texas legislators. There *will* be heat as the Perry/Williamson plan moves full speed ahead.

Actually, there are two giant Texas flags UT Austin unfurls at special outdoor events such as home football games and commencements — but both are showing wear and tear and need replacement. The big flags are a big ticket item.

It's always a great sight, watching the world's largest Texas flag rolled out from goal to goal prior to Texas Longhorn football games. And for years, graduates of UT Austin have marked their graduation exercises with a huge Texas flag providing a back drop for the flagship institution's commencement celebration. Now they are falling into disrepair.

The 15-year-old Field Flag is showing its age. **Along with ripped handles, several holes and loose seams, the Field Flag also has a couple of large holes that are not repairable because of their location.** A new Field Flag, reinforced along the seams and made from lighter, longer-lasting material, would be slightly larger. The cost to replace the flag: \$22,500.

The Drop Flag is now more than 28 years old and has many rips and tears that cannot be repaired due to the age of the material. Mildew and mold have taken their toll and have caused the flag to become too delicate to handle much longer. The new Drop Flag, will feature a new system of metal grommets on reinforced edges to allow for safer and easier flag drops off the Main Building at the base of the UT Tower. Estimated cost for a new, improved flag: \$14,500.

The Alpha Phi Omega (APO) service organization (composed of former Boy Scouts and Girl Scouts), a 501(c)(3) non-profit student group, is the keeper of the flags and it is raising money now for the new flags. **In addition to the \$27,000 needed for the flags, the APOs are also seeking an additional \$8,000 for a new trailer to transport them.** Learn more about the flags at www.liveonthetradition.org.

Dr. Louis Overholster observed the nicest part of the Deep Freeze that enveloped Central Texas this week is that it gave him a reason – other than the news – to shiver!

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