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Dear Client:

“Cleantech” is the term referring to venture capital-funded technology start-ups in everything from biofuels to renewable energy. It is quickly becoming a hot investment area. How does the Austin area stack up in this wave-of-the-future Cleantech sector?

*Better than any other US metro anywhere, if you go by one reputable ranking. And if this is sustained, it could be a **boon to the Austin area economy** for many years. As we told you 2/9/07, high-tech economist **Angelos Angelou** believes clean energy is increasingly becoming a “commercially viable alternative to traditional energy sources, with biofuels, wind power and solar photovoltaics all expected to **expand significantly over the next 8 to 10 years.**”*

Obviously, many cities and economic development entities all over the US are studying the same economic data and are targeting Cleantech entities. **It is competitive now and will get more-so** as the dollars flow even faster into these industries. Cities, fueled by sustained high oil and electricity prices and growing concerns about future regulation of greenhouse gases, will vie to be an economic hotbed for such activity.

Austin is in a very favorable position to compete head-on with anyone. In fact, according to a leading information and networking resource for state and local governments, SustainLane Government, **Austin is the national leader right now in the Cleantech economic revolution.** This means the metro area has a great shot at Cleantech capital, deep R&D, and real-world opportunities for field-testing and prototyping.

Austin is already home to multiple start-ups developing everything from internet-controlled irrigation to wind and geothermal energy technologies. The Austin City Council also recently formalized a partnership between the city-owned utility (Austin Energy), The University of Texas and the Clean Energy incubator. Austin Energy will serve as a real-world testing lab for new technologies, helping them get to market faster.

Austin Mayor Will Wynn says the Cleantech #1 designation for Austin “underscores the fact that **environmental health and economic strength aren’t competing forces** but, rather, are complementary and interdependent.” The other cities ranking in the Top Ten include San Jose, Berkeley, Pasadena, Boston, San Francisco, New York, Seattle, San Diego and Houston.

Another economic development wave-of-the-future for the Austin area is Academic Medicine and Research. It offers unlimited potential and the Austin area is moving quickly to solidify this base.

Economic Development Rule #1: Rather than sit back and dream about what great industries it would be nice to have – and then start from scratch to try to attract them – you can **come out of the starting gate faster by building upon an already-existing strong base**. The Cleantech effort in the previous story is a classic example of building on assets. Academic Medicine and Research is another.

Today, **the healthcare industry and its ripple effects in the Austin metro contribute \$8.8 billion annually to the local economy**, and in the process the industry employs approximately 85,000 — or about 12% of the total local employment. This is a solid base, no matter how you analyze it.

And now a new study by Texas Perspectives Inc. (TXP), a nationally-respected economic research firm based in Austin, finds there is plenty of opportunity to improve both the quality and the quantity of care by **making Austin a hub for medical research and education**.

TXP's economist **Jon Hockenyo**s says a significant investment in Academic Medicine in Central Texas could yield *an additional* \$1.5 billion annually in economic activity for the Austin area. **This would also bring with it about 7,400 permanent jobs**.

You'll recall we presented you with a perspective 1/12/07 that said recent investments and announcements **"could ultimately lead to creation of a medical school in Austin."** Those involved – because of sensitivities and the early stages in which they find themselves – dance all around the issue of a new medical school – not even using the words. But mark it down. A new med school is on the horizon.

The big, most recent, step came when the Seton Family of Hospitals and area education leaders announced plans for an innovative interdisciplinary education center. The Clinical Education Center at Brackenridge Hospital will initially be located in the space being vacated later this year by the Children's Hospital of Austin and the office building next door. In less than 15 years, plans call for Seton to double in size and Seton forecasts it **will need more than 2,000 additional nurses and 800 additional physicians during that time**.

Attorney **Pete Winstead** is making a bold prediction: "The dramatic expansion of academic medicine and research, centered at Brackenridge Hospital, is **one of the most important economic developments for Austin since the construction of MCC in the 1980s and the beginning of the high tech boom in Central Texas.**" To compare the Academic Medicine potential with the high tech emergence in Austin over the past 25 years is significant.

With the Clinton-Edwards-Obama Democratic presidential nomination aspirations reaching the saturation point in the national media, let's shift the focus to analyze the chances of a potential underdog candidate for the Republican nomination.

You may recall it was waaayyy back on 5/5/06 we first brought former Massachusetts governor **Mitt Romney** to your attention. At the time, the national press was filled with the pronouncements and travels of **John McCain**, **Rudy Giuliani**, et al. Romney, if mentioned at all, was an afterthought.

But Romney has come on strong since declaring his candidacy. He received the most votes in a straw poll of the registrants at the recently-completed Conservative Political Action Conference. Giuliani was 2nd and McCain, who did not attend the meeting paid for it by coming in behind **Sam Brownback** and **Newt Gingrich**. Remember, the hard-core conservatives attending this conference have enormous clout in the GOP primary.

With no consensus GOP candidate emerging at this early date, the buzz is beginning for **Fred Thompson**. Yes, *that* Fred Thompson: 1) the actor who stars on *Law & Order* and who counts *The Hunt for Red October*, *Die Hard II* and *In The Line of Fire* among his movie credits, 2) the special program host and senior analyst for ABC News Radio, 3) the man who fills in for **Paul Harvey** on the radio, and 4) the former USSenator elected twice (with 60% of the vote each time) to fill **Al Gore's** seat from Tennessee.

We understand Thompson is being urged by associates to enter the contest for the GOP presidential nomination. **It is even taking on a "Draft Fred" status that, if successful, gives the aura of strong support**, rather than an ego-driven quest for power. If you look at what's happening among the Republicans, there's no conservative hero seeking the nomination. Thompson could be cast in that part.

In addition to his Washington experience, his backers point out the **towering, balding, deep-voiced attorney has the stature, charisma and bearing of a leader**. Born on 8/19/42, he has the gravitas and folksy way of communicating that appeal to the masses. In short, he could have been cast by Hollywood for the role. (Hmmm, did another person parlay an acting career with government service into election as President of the United States?)

At any rate, it is early for Fred Dalton Thompson and he has made no public show of interest in going through the presidential campaign meat-grinder. But both political parties are facing the same situation at this stage, with no candidate the clear leader of the party faithful – those voters who turn out in primary voting, rain or shine. Final point: you may recall that on 2/16/07 we quoted a national political strategist with an Austin base as predicting **none of today's front-runners in either party would be left standing** when the nominating process starts coming to a close early next year.

Even if you avoid IH35 at all costs, the existing toll roads are outside your normal traffic patterns and you'll probably never drive SH130, you need to be very concerned about the current roadway debates. Why? Nearly half of all Texans live within 50 miles of IH35.

Think about this and what it means for traffic congestion – now and in the future. **Texas's population is expected to grow 65% in the next 25 years. But road usage is projected to increase 214%.** Where are you going to put all those personal vehicles, as well as the trucks that will be used to handle increased commerce? Rail offers a partial solution but no one is suggesting it will handle *all* the increased movement of people and goods.

Between now and July, you will hear a lot of discussion about all modes of transportation and how they should be melded together in a comprehensive plan for Central Texas. **July is the target date for adoption by CAMPO of a 20-year mobility plan.** The toll road/Trans Texas Corridor debate at the State Capitol we discussed last week will no doubt be replicated to some extent on the local level.

“It is important that the public fully understands there are **limited options to finance these plans** so important to our quality of life, our environmental health and our economic success,” said **Gary Farmer** and **Tim Crowley**, the co-chairs of a new group called the “Take On Traffic” coalition, a creation of the Greater Austin Chamber of Commerce.

“Unfortunately,” Farmer and Crowley say, “recent polls reveal that the general public has been subjected to **too much rhetoric and too little fact** to be in a position to understand the full weight of the situation.”

“Take On Traffic” says it has **developed a budget for educating the public** and begun to raise funds necessary to get the job done. You'll see the results over the next five months.

One of **Dr. Louis Overholster's** favorite quotes is: “The optimist proclaims that we live in the best of all possible worlds and the pessimist fears this is true!”

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