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Dear Client:

A quiet move is underway that, if successful, could greatly expand air service in Austin and fill an important void – overseas destinations.

With the Austin economy becoming more and more globally-dependent, it will soon become *essential* for business travelers to efficiently travel to overseas destinations. But for the airlines – many of them not now flying into Austin-Bergstrom International Airport (ABIA) – to make a **major investment by adding international service at ABIA**, they need to be convinced the Austin market will sustain such a commitment. It's a big leap, but an important one.

Because 2006 was a banner year for business travel at ABIA, Austin is beginning to pique the interest of airlines that previously were not considering Austin as a potential destination. **The airlines are taking note that total Austin passengers in 2006 shattered records and exceeded 8 million for the first time ever.**

In fact, new carriers JetBlue, Aeromexico and ExpressJet have inaugurated service here. But, except for Aeromexico flying across the border to the south, **no airline has yet stepped-up to offer overseas international flights out of ABIA.**

This is where the “quiet move” comes in. Right now, ABIA officials, the Greater Austin Chamber of Commerce and the Austin Convention and Visitors Bureau have teamed up to build a case for overseas service. One of the tools they are using is a **survey of business travelers – asking them about international travel patterns and their most popular business destinations overseas.**

ABIA officials regularly talk to many airlines, both domestic and international, about expanding service. But now, the move for **overseas flights from Austin is ratcheting up.**

Personal disclosure: several decades ago when we chaired the Chamber, one of our top priorities was to have Austin designated as an International Port of Entry. With the help of then-Congressman **Jake Pickle**, Austin moved ahead of much larger cities and gained the designation. The objective was two-fold: 1) to aid local businesses to **ship and receive products from overseas** without having to go to Houston, and 2) to offer **flights to overseas destinations**. The import/export part of this has been very successful, but the overseas flights have been a long time coming. Maybe the “long time” is now a “short time.” Stay tuned.

Speaking of airlines, just as the major carriers are moving into profitability after 5 long, struggling years following 9/11/01, you may start hearing about a strike. Don't worry.

Our friends at *Kiplinger Forecasts* are warning of "saber rattling" in airline contract talks. **The airline unions are eager to win back several concessions** they made following 9/11, including pay and benefit cuts. They'll point to the "back in the black" condition at the healthier airlines. But the big carriers are determined to hang tough, arguing that a jump in benefits would put them back in trouble all over again.

So, what is likely to happen? After all the bluster and threats, a strike is not likely, according to *Kiplinger*: **"The companies and their employees know that they'll both be losers if they don't reach a deal eventually."** American Airlines is first up. In fact, AA is already in talks with the pilot's union although the existing contract does not expire until May 2008.

January passenger traffic at Austin's airport continued its upward swing, though not dramatically.

The number of passengers exceeded the tally totaled in January a year ago by 2.5%. **Southwest Airlines**, the gorilla in the Austin market, was up 1%. #2 **American Airlines** was up 2%, while #3 **Continental Airlines** was down 1%.

Delta Air Lines, long declining as a factor in this market, actually showed a significant up-tick by increasing 21% over January 2006. Delta, by the way, cut its losses from \$300 million a year ago to \$109 million in January 2007. It is targeting moving out of bankruptcy this spring.

Colorado is losing out. It's down to Texas and Massachusetts as finalists for the site for a new, national large-scale wind turbine research and development facility.

The US Department of Energy has an existing test center in Colorado, but it will be replaced by one on the Texas coast or in Massachusetts. Texas, obviously, has a good shot at the facility. **Wind is the fastest growing source of energy in the world today**, according to Texas Land Commissioner **Jerry Patterson**. And Texas is the top generator of wind power in the nation. As a matter of fact, last year Texas built nearly a third of the new wind power installed nationwide.

Texas's bid, under the banner of the Lone Star Alliance, is put together by a consortium that includes UT Austin, Univ of Houston, Texas A&M, Texas Tech, West Texas A&M and the Houston Advanced Research Center. It also includes Stanford, Montana State, New Mexico State, Old Dominion as well as various state offices. **The facility would be housed along the Texas coast**, where the breezes blow almost continuously.

In the increasingly-contentious debate over toll roads and the Trans-Texas Corridor, one target of criticism is a foreign company that has committed billions of dollars to building and operating roadways in the US. Just who is Cintra, anyway?

Well, first of all, the full company name is Cintra Concesiones de Infraestructuras de Transporte SA, if you want to delve a little deeper into the company headquartered in Madrid, Spain. Its parent company is Grupo Ferrovial. **It manages 20 toll road concessions in Spain, Portugal, Ireland, Greece, Chile, the US and Canada.** It reported \$1.17 billion in 2006 revenues and about \$206.1 million in 2006 net income. It has operated roads and collected tolls since 1968 and has more than 2,900 employees.

As far as *Texas* is concerned, Cintra has a development contract for the Trans-Texas Corridor and rights to build a portion of the **SH130 toll road from Austin to Seguin**. Additionally, it just signed a contract to build SH121 as a toll road in Collin and Denton counties north of Dallas.

Talk about being in the business for the long haul. In Chicago, Cintra and its partner, Macquarie Infrastructure Group, paid \$1.82 billion for the rights to operate the **Chicago Skyway bridge for 99-years**. In Indiana, Cintra and Macquarie paid \$3.8 billion for the rights to **all the state's toll roads through 2081** – a 75-year contract.

Cintra said it expects a 13% return on its investment in Indiana; in Texas it said it anticipates a 12% return. One official told *The Dallas Morning News (DMN)* the payoff doesn't come for up to 30 years on some roads. It hasn't all been peaches and cream for Cintra. For instance, it abandoned a project in Colombia in 1993 when **toll road opponents began blowing up toll plazas – with workers inside them**.

About all that has been explosive on the battlefields in the Texas Legislature and the regulatory bodies of Austin has been the *rhetoric*. But Cintra is an easy target for bashing – such as, **“why is Texas turning over its roads to foreigners?”**

These governmental battles are nothing new for Cintra. For example, it assumed control of a roadway outside Toronto in 1999 and opened it as the world's first all-electronic toll road. But in recent years, Cintra and Ontario provincial officials have **battled over rates the company can charge motorists**. The case went to Canada's highest court, where Cintra prevailed.

The Canadian toll rate debate has led to regular meetings between Cintra and Canadian government officials. One Cintra spokesman told the *DMN*, **“We meet all the time – especially if there is an election coming.”** Sounds like the company is well prepared for the political posturing that it will face in Texas. That said, the debates in the next few months are for real and the future of toll roads and the Trans Texas Corridor are all subject to change.

Instead of rolling up your sleeve to let them stick a needle in your arm to draw blood for a test, how about just spitting in a cup? Well, if a UTAustin researcher is successful, saliva-based diagnostic tests could soon become a reality.

Okay, okay, it may not be as crude as spitting in a cup or vial, maybe a swab will be used to gather the saliva sample. But no matter how it is gathered, a test of saliva – with its slimy mix of proteins, hormones and antibodies – is much **easier and less painful to perform than drawing blood**. And a saliva test can tell a lot about a person's health.

The medical community lacks the technologies to perform large-scale salivary diagnostics. This is where UTAustin professor of chemistry and biochemistry **John McDevitt** comes in. With collaborators at three medical schools (UT Health Science Center in San Antonio, the University of Kentucky and the University of Louisville), McDevitt, as the principal investigator, hopes to **develop lab-on-a-chip sensor systems for measuring important biomarkers in saliva samples**.

The National Institutes of Health was impressed enough with his approach that it has funded the effort to the tune of \$6 million. McDevitt said that “through these efforts, we’re trying to **make clinical diagnostic tests more accessible, less expensive and less painful.**”

There's another benefit from this effort that will accrue to Austin. The development of these noninvasive oral fluid tests is also expected to provide **more options for diagnosis and monitoring health issues in children**. This will contribute to the new activities of the Dell Pediatrics Research Institute. And to make another leap, it's a **small step toward reinforcing the case for the development of a full-fledged medical school in Austin**.

When **Dr. Louis Overholster** suggested to a heavy drinking patient he consider Alcoholics Anonymous, the patient told him you first have to admit you have a problem. Then, as the patient put it, “boy did that save me a lot of time!”

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