

Volume 29, Number 1

April 6, 2007

Dear Client:

**It's been discussed for decades and Austin voters approved \$25 million for the project almost ten years ago. Well, it finally looks as if the project may become a reality and if it does, it will re-shape a portion of downtown almost as much as the condo high-rises.**

The price tag has skyrocketed – up to almost \$124 million – but the funding looks as if it is assured. When construction is completed, about **23 acres of prime land (mostly in the flood plain) will be made available for development.** A landscaped waterway, flanked by stores, offices, downtown homes, bars and restaurants, will flow continually from the shadow of the State Capitol south to Town Lake.

**Waller Creek is the centerpiece for the project.** Right now, the plan is called the Waller Water Works (try saying that out loud, real fast, five times!). Waller Creek will be re-worked from Waterloo Park, south past Symphony Square, through the eastern part of downtown, to Town Lake where development of a Rowing Center and a floating stage amphitheater are planned for the water front.

No one involved with Waller Water Works likes to compare it to San Antonio's River Walk, but the similarities are obvious. Instead, the officials like to talk about how it will provide **flood protection for 42 existing buildings, 12 roadway crossings and more than a million square feet of land.** They also say pollution will be reduced as trash and other solid waste will be captured at various inlets.

One interesting feature: water will be pumped, via the 5,880-ft tunnel from Town Lake up to Waterloo Park, where it will flow back to Town Lake, creating **3-4 feet of constant, permanent and pure water** flowing steadily through this portion of Waller Creek.

**So, where does the money come from? Taxes, of course.** The City and the County will collaborate to create a Tax Increment Financing (TIF) district that encompasses the area on either side of the creek between 12<sup>th</sup> Street and Town Lake. They have projected that taxes collected on the increased property values, as a result of the expected development, will in 20 years pay off the bond debt incurred to finance Waller Water Works. Only those located in the TIF district will pay the tax. Existing bond funds and other city funds will also be used to supplement the TIF funds. Final approvals are just weeks away.

**The deregulation of university tuition in Texas has been not only a good thing for Texas higher education but also good for students and parents. Wait a minute. Hasn't tuition increased sharply in the past three years? How can that be good for students and parents?**

This “good-for” statement contrary to public perception was uttered by UT Austin’s top numbers cruncher, **Kevin Hegarty**, Vice President and Chief Financial Officer. He also says “The fact is that after UT Austin raised tuition to recover from the effects of the 2003 budget cuts and a long history of minimal legislative funding, *the total cost of an education at UT Austin has been growing at one-half the annual growth rate prior to deregulation.*”

The operative words are in italics above. Tuition alone, Hegarty points out, “is in many cases a small fraction of what a student will pay to attend a Texas institution of higher education.” His point is important to ponder as the Texas Legislature has **as many as 30 bills of some sort in the pipeline that would once again put regulation of tuition back into the hands of legislators.**

UT Austin implemented a single “total cost” pricing approach three years ago. Hegarty likes to refer to it as “transparency.” And he thinks this should become a standard when considering the cost of a college education in Texas. As he put it: “the prior complexities of a multi-tiered tuition and fee structure made it nearly **impossible for a student to understand what they would pay until their bill showed up or how much their costs increased from semester to semester.**”

So, Kevin, what has been the three-year total cost experience at UT Austin? He said the total cost to attend UT Austin was increasing annually at about the same rate under tuition regulation (2000/2001 -2002/2003) as it has after tuition deregulation, which is **about 10% annually.**

But, he added “it now seems to be **increasing at a normalized rate of about 5%, one-half of the historical rate** based on the actual increases from 2004 to 2007/2008. Perhaps,” he concluded, “tuition deregulation is in fact working!”

“At UT Austin I would suggest the decline in growth is in large part due to the prudence of the campus and its Regents in taking pricing actions AND the positive effect of a transparent pricing structure,” he noted. “**Today’s one price per college is very easy to understand and measure change.**”

“The fact is that tuition deregulation, combined with much improved transparency in college pricing, is working for the public good and is something to be celebrated,” he continued. “**Perhaps those who seek to regulate tuition should shift their focus to improve pricing transparency** and mandate that all Texas institutions of higher education adopt the single ‘total cost’ pricing approach as implemented at UT Austin three years ago.” He concluded by saying “certainly transparency in pricing will be more effective in keeping increases to a minimum than regulating *tuition*, which is in many cases a small fraction of what a student will pay.”

**If the projected growth for the Austin area for the next 25 years is realized, what will be the *transportation infrastructure cost* to move the increased population from point to point? One estimate puts it around \$10 billion.**

No matter how you slice it, \$10 billion is a huge sum. (Remember the old quote by USSenator **Everett Dirksen**: “A billion here, a billion there – pretty soon it runs into a lot of money!”) Where do you find a stack of bucks high enough to meet this public need? There is no question the old money-raising standbys will be considered: **increases in the gasoline tax and the sales tax, new property taxes, tolling certain roadways, etc.** With the need so large, no existing or new taxes are safe from consideration.

How do you get to the point of needing such a large amount of money? Consider the number of people who are going to be moving around Central Texas. The population is expected to grow to 1.8 million by 2011. **This is equal to adding the population of Round Rock to the region *three times* in less than five years.** Now, extend this same growth trend out for 25 years and you can begin to see how today’s traffic problems will be compounded unbelievably unless the dollars are spent to keep certain gridlock from happening.

What modes of transportation should be considered? When you take into account the love affair with the automobile, will **more roadways** (especially those where you must pay a toll to use them) be expanded? When you take into account the push for **mass transit**, will light rail, commuter rail, new rapid bus services be included? Will other modes, such as High Occupancy Vehicle lanes, be considered? The answer should be “yes, all of the above.”

**Does this mean taxpayers may soon be tapped out – just to meet the area’s transportation needs?** This is one question under consideration by a new group created by the Greater Austin Chamber of Commerce. The Chamber’s new “Take On Traffic” campaign will help make a comprehensive regional transportation plan become a reality.

“We will work toward ensuring more transparency in the planning and management of our transportation systems, as well as advocate for accountability to tax payers,” said **Roger Mitchell**, Board Chair of the Chamber.

As you well know, this is not just a problem for Austin residents and businesses. At the current rate of growth, outlying areas that are now only mildly affected by the increasingly strained state of transportation affairs, will be sucked into the problem – compounding even more the close-in crisis. **This is very much a regional problem and all five counties in the Austin-Round Rock metro area (Travis, Williamson, Hays, Bastrop and Caldwell) will need to be part of the solution.** In fact, as you look at the expansion to the west – where residents come to Austin for shopping, work and entertainment – adjacent **Burnet** and **Blanco** counties need to be brought into the planning mix. The transportation problem will be worse before it gets better.

**Difficulty in traveling Austin area roadways is one of the reasons an increasing number of area residents are exploring working from home. Scammers have picked up on this, and many would-be work-from-homers are losing money, and even identity, to the con artists.**

“Job scams prey on a victim’s willingness to trust an ‘employer’ by offering high-paying jobs to con workers into revealing personal information, such as Social Security or bank account numbers,” said **Carrie A. Hurt**, president/CEO of the Better Business Bureau serving Central and South Central Texas. “In most cases, instead of getting paid, the **job seeker loses money** and in some cases, instead of getting hired the **job seeker loses their identity.**” The BBB suggests a job seeker should *refuse* any employment opportunity that involves:

- 1) Using his/her personal bank account, 2) Paying money out of pocket,
- 3) Re-shipping products, 4) Divulging private information, and 5) Doing business with entities located outside the US and Canada, due to their lax regulations.

The BBB has further advice for job seekers in this Internet Age. To further guard against identify theft, the BBB advises job-hunters to **refrain from including their Social Security Number, birth date or college graduation date in resumes that are posted online.** It suggests posting resumes anonymously, and providing an email address as the primary contact, rather than a home address or phone number. Words to the wise.

It is easy to overlook, but at the top of this newsletter, under the masthead, are the words “Volume 29, Number 1.” This is the age-old way publishers identified their publication: “Volume 29” means the 29<sup>th</sup> year of publication and “Number 1” is the first issue of the 29<sup>th</sup> year. And while this method of identification dates back more than one-hundred years, it appropriately signifies a “new” beginning for our “old” publication. As of today, our “print it, stamp it, mail it” newsletter is no more. The Neal Spelce Austin Letter is now available only on the Internet, a conversion process we began January 2000. If your friends or associates are interested in subscribing, they can sign up online at [www.AustinLetter.com](http://www.AustinLetter.com). We would be happy to have them join you on our client roster. By the way, **Dr. Louis Overholster** is pleased to move away from paper to the Internet. As he put it: “I’ve learned one great truth about paperwork. Paper doesn’t. You do!”

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Sincerely



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