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Dear Client:

Even as one more additional car rolls down Central Texas roadways every 20 minutes, the immediate funding options for traffic solutions were cut in half by what the Texas Legislature *didn't* do before lawmakers left town, not to return until 2009.

Everyone is aware of the growing problem. Austin area traffic tie-ups are becoming more frequent and last longer. Do the math. If one new car is added to Austin area roadways every 20 minutes, this comes out to **500 additional cars a week**. No wonder the words “mobility crisis” are being used more and more.

At one point, four funding options were possible as a way to help create a comprehensive regional transportation plan that includes **new roads, new lanes on existing roads, new rapid bus service and new passenger rail service**. The four funding sources: increase state sales taxes, property taxes and state gasoline taxes, as well as user fees such as tolls and bus fares.

The Texas Legislature adjourned its every-two-years session last week and **did not increase the gasoline tax nor increase the sales tax** to help fund transportation improvement projects. “We can cross those off our list as funding sources,” said **Gary Farmer**, Chairman of Take On Traffic, an organization created by the Greater Austin Chamber of Commerce to tackle traffic funding issues.

Which options remain? “**That leaves us with raising our property tax or tolling new roads and new lanes on existing roads and increasing fares,**” said Farmer.

What Texas legislators *did* do was to add new requirements to the process of proposing new transportation projects. For instance, a two-year moratorium was placed on leasing roads to private companies to allow the state to take a **much closer look at toll-road privatization**. Lawmakers also maintained policies that **tolling will only be on new lanes on existing roads and on new roads**, unless there is a vote by county officials.

Additionally, the legislature mandated greater involvement of elected officials in the development of proposed transportation projects – **putting greater decision-making power in the hands of people who answer directly to the public**. The ball game has changed a bit, as the funding options have become fewer. And the traffic problems relentlessly worsen.

One well-regarded political observer came up with an interesting twist to the maneuvering around who should be Speaker of the Texas House that tarnished the final few weeks of the legislative session.

Much has been reported on the failed move to oust House Speaker **Tom Craddick** before the session ended. The effort is still underway and will probably continue somewhat below the radar until legislators convene January 2009 to elect a Speaker from their midst. **So far, a half-dozen House members (4 GOPers and 2 Dems), including Craddick, have announced their intention to seek the powerful post.**

In the interim, Speaker candidates traditionally meet with their fellow members to **seek written pledges of support to be cashed-in when the balloting takes place at the start of the next legislative session.** In ordinary times, one candidate usually amasses a majority (76) before the new session is gaveled to order. The vote then becomes more of a ratification of two years of vote scrounging. But these are not ordinary times.

The anti-Craddick feelings boiled over so strongly toward the end of May that only Craddick's iron-fisted command of the House rules prevented an out-of-the-ordinary vote to remove him from office. **The open wounds created by the ugly battle have not healed.** So the Speaker candidates are expected to be highly motivated and unusually active for the next 1½ years.

This is where it gets interesting. **All 150 House seats are on the ballot every election year.** So Speaker candidates will try to assure their own re-election in 2008 while picking the winning candidates in all the other races. There will be a turnover, possibly even quite a few, in the membership. So that makes it dicey.

Add to this the fact that **pledges could be spread among six different Speaker candidates, making a majority difficult.** Then, to make it even more interesting, you can factor-in the well-heeled lobbyists who will be pouring money into the House races and possibly tying the funds to a signed Speaker pledge.

It's not likely all Rs, the majority party, will unite behind one candidate because the most vocal opponents of Craddick are fellow Rs. So the minority party Ds will play a key role. This is where *Texas Monthly* Sr. Exec. Editor **Paul Burka** comes in with his twist. **Sylvester Turner**, a D, who was one of Craddick's top lieutenant's, is also a candidate for Speaker.

Burka theorizes **Turner does not represent a defection from Craddick**, but is a place where other Ds can pledge their support, instead of to Craddick, so the Ds can stave off a primary challenge from within their own party. "Then, safely re-elected, they can deliver their votes to Craddick in January 09," he theorizes. Strange, even Machiavellian? Yes. But stranger things have happened. And, given the circumstances, it could get even stranger in the next 18 months.

A portion of your June electricity bill will be about 9% lower this month and should stay that way until January, when it could jump up by 15%-20%. What's driving this swing?

It is the portion of your electric bill from Austin Energy that relates to the fuel charge. Some time ago, Austin Energy started **adding a pass-through fuel charge on your monthly bill**. It attempts to recover Austin Energy's share of costs associated with the operation of the statewide electric grid. The fuel charge is a dollar-for-dollar recovery of these costs and includes **no profit for Austin Energy**.

The base electric rates will not change. This covers the cost of operating the power plants, electric system, equipment, personnel, etc. **This charge, by the way, includes a profit for Austin Energy** – a profit that goes to pay for city services outside of the city electric department (some call it a “hidden tax,” while others say it provides additional revenue).

The fuel charge decrease that went into effect 6/1/07 is due to a **softening of natural gas prices**, as well as **improved coal deliveries** to the Fayette Power Plant, of which Austin is a part owner. In recent years, the railroads have not been able to meet the normal coal delivery schedule to Fayette (located near La Grange). This required greater use of more expensive natural gas-fueled generation. Austin Energy has added a second rail carrier and this should improve the city's ability to maintain coal supplies.

But this is where the bad-news heads-up comes in. The city's coal transportation contract will expire early next year. Austin Energy feels the likelihood is that its replacement will be **considerably more expensive**.

What does this mean? **An increase in your fuel charge this coming January by 15%-20%**. This is something to factor into your 2008 budget planning.

As we have reported over the last couple of decades, Austin has a diverse source base for fuel to generate electricity. First it was **natural gas**, then the **coal-fired** Fayette plant was added. After a city-dividing debate and election, **nuclear power** was dropped into the mix and most recently the city has added **green power**. Nuclear power is still the cheapest source.

The two major air carriers serving the huge majority of Austin air travelers had differing operational totals in May.

Systemwide, Southwest Airlines' May traffic was up 5.2%, while American Airlines' was down – both compared to May a year ago. However, American's load factor (the percentage of seats filled) in May was up to 81.7% while Southwest's load factor dropped to 74%.

Question raised in the 6/11/07 edition of the distinguished literary magazine *The New Yorker*: “Why do the archives of so many great writers end up in Texas?” To be more precise, Austin. We have the answer.

Actually, *The New Yorker* answered its own question in a lengthy “Letter From Austin” by **D. T. Max**, that lavished praise on UTAustin’s Harry Ransom Humanities Research Center and two towering UTAustin figures in the literary collecting world – **Harry Ransom** and **Thomas Staley**. Max went into great detail, describing the tenacious and audacious efforts of the two men spanning the last half-century. Their accomplishments, as detailed by the mag:

“The literary archive of The University of Texas at Austin contains thirty-six million manuscript pages, five million photographs, a million books and ten thousand objects, including a lock of **Lord Byron**’s curly brown hair. It houses one of the forty-eight complete Gutenberg Bibles; a rare first edition of ‘Alice’s Adventures in Wonderland,’ which **Lewis Carroll** and his illustrator, **John Tenniel**, thought poorly printed, and which they suppressed; one of **Jack Kerouac**’s spiral-bound journals for ‘On the Road’; and **Ezra Pound**’s copy of ‘The Waste Land’ in which **T. S. Eliot** scribbled his famous dedication: ‘For E. P., *miglior fabbro*, from T. S. E.’.”

Putting a price on the collection would be impossible, Max wrote in *The New Yorker*. But then Max pointed out “**the university insures the center’s archival holdings, as a whole, for a billion dollars.**” A billion dollars!

Ransom died in 1976, after birthing the idea of a center in 1956. Staley has been the director of the center for two decades. **They were given the lion’s share of the credit for this massive literary accumulation** – along with almost unlimited financial resources for acquisitions. As the mag put it: “There is not much that other institutions can do when Texas is interested.”

Speaking of higher ed, **Dr. Louis Overholster** says after a student finishes undergrad studies, then gets a Master’s and a PhD, he figured out what “D” stands for – DEBT!

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