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Dear Client:

**As recently as six months ago, it looked as if an effort to eliminate or revise a dozen of 30 State Capitol View Corridors (CVCs) was galloping hellbent-for-leather toward immediate adoption. Then came a “Whoa, Nellie!” moment.**

You may recall in our 1/5/07 edition we told you of a move by the City of Austin’s Downtown Commission to revisit a 25-year-old law **restricting buildings that would block the view of the State Capitol from 30 different vantage points**. If some of the CVCs were eliminated or modified, it would open those sight-lines for development of high-rises.

At that time, we quoted longtime Austinite **Julian Read** (the new President-Elect of The Heritage Society of Austin) as saying “We don’t want Austin to turn into Chicago. The thing that has made Austin what it is, is its openness, its charm. **We don’t want it to become a cold canyon of high rises.**”

The Texas Legislature convened the next week in Austin. This is important because the CVC was enacted by the Legislature and legislative involvement was needed to make changes. And, as you might expect, **a bill was immediately introduced to establish a “variance process”** exempting a development project from a CVC with limited public notice or public hearing.

But just as you would have expected the “galloping”-toward-passage to begin, someone yelled “Whoa, Nellie!” You know the old story about hitting the mule upside the head with a 2X4 to get his attention? Well, the 2X4 in this case was a **letter signed by 141 of the 150 members of the Texas House of Representatives** and delivered to Mayor **Will Wynn** urging the City to ensure the continued protection of the view corridors. Talk about getting their attention!

The bill then was watered-down considerably to simply propose a “study.” **But even that weak measure was never voted out of committee.** What started out as a potentially challenging Legislative Session for those who favored keeping the View Corridors turned into a ringing endorsement of the CVCs.

This isn’t the end of the story. Members of the Austin City Council have now announced their intent that **this issue will be part of a broader discussion of downtown issues**. But, with the recent legislative response, the rhetoric should change considerably.

**After almost ten years of table-pounding by lawyers and posturing by governmental figures, a contentious debate over Austin's future use of water has apparently been resolved.**

In simplified terms, here's what was at stake. The City of Austin buys water from the Lower Colorado River Authority (LCRA), uses the water, treats the used water and releases it back into the river from whence it came to flow downstream to the Gulf of Mexico.

**Who owns this water after it is released back into the river? The City**, who paid for it, used it and treated it? **Or the LCRA**, who controls and sells Colorado River water to cities, water districts, landowners, etc. all the way to the Gulf? Interesting dilemma. Now you can see why (as we have quoted frequently in the past) the old Texas saying that **"Whiskey is for drinking; water is for fighting"** has almost become a truism.

Finally – finally – the City and LCRA have agreed to settlement terms over the dispute. And, as in most settlements, neither side won outright, but both sides got something out of it. It's being called a "landmark agreement" (*watermark?*) that should help **address the critical issues of affordable water for fast-growing Austin's future, while at the same time, giving the LCRA use of the water for its needs.**

The devil is in the details. And the details seem to give Austin priority over when and how the water is used. **The City will be able to use return flow water as long as certain "environmental" flow criteria are met.** These criteria ensure the Colorado River and Matagorda Bay at the Gulf of Mexico remain environmentally sound and that *users downstream of Austin have adequate water supplies.*

After these "environmental" needs are met, Austin can use the remaining re-use water. **To the extent Austin does not fully use remaining water, LCRA can use the water.** A Water Resource Management Partnership will be created to jointly manage each parties' water rights as an integrated system. City officials call this "the beginning of a new era of regional approaches to water policy and management."

The deal could still fall apart even though the LCRA Board of Directors and the Austin City Council approved the terms of the settlement. **The agreement is contingent on LCRA and Austin agreeing to a supplemental water supply agreement by 8/31/07.** This supplemental water supply agreement will provide Austin an additional 250,000 acre-feet of water for long-term water supply needs – with no reservation fees or upfront costs.

If you have an interest in checking out the draft settlement agreement, it is posted online at [www.cityofaustin.org/news/2007/downloads/LCRAsettlement.pdf](http://www.cityofaustin.org/news/2007/downloads/LCRAsettlement.pdf). Even though our lake-filled area appears to have enough water, **a million more people using water in the next couple of decades – with a drought or two thrown in** – underscores the importance of this agreement.

**A number of factors go into the phenomenal population growth of the Austin area over the years. One of the most important is the impressive number of jobs created. Much of that has occurred – and will continue to occur – because of a concentrated effort.**

About five years ago, having come through an economic downturn, business leaders at the Greater Austin Chamber of Commerce **hatched a plan and raised money for an economic development effort that had as one of its goals to add 72,000 new jobs** to the region. Called “Opportunity Austin,” it will soon be complete and should easily pass the ambitious job goal. Now what? Planning for a new effort is already underway.

In uncertain economic times, there is one certainty – change, especially given that intense national and global competition continues to occur. The first Opportunity Austin effort was aimed at **getting the Central Texas area back into the game of competing for new jobs**. By most accounts, when all is said and done, Opportunity Austin will be labeled an unqualified success in the job creation arena.

**But, it’s a different competitive world now and will be even more different as the calendar pages quickly flip.** So, the GACofC leadership feels a new effort is needed – not just the same-old, same-old ... even though it was successful. That was then. This is now.

As a result, the same Atlanta-based firm hired to develop the first plan, Market Street Services, has been brought back to **devise a new five-year strategy** to be implemented in 2009.

How will Market Street do this? First, the company is charged with building upon current successes and **evaluating the economic realities of Austin’s competitive cities** that include Denver, Nashville, Phoenix and Raleigh-Durham. It will examine how the Central Texas region’s **employment structure and wages have changed** in recent years since the first study.

Additionally, the marketing strategies and best practices of other cities will be analyzed to provide ideas on how Austin can further **improve its marketing effort**. It will then present **goals with benchmarks and performance measures** to take Austin’s economic development effort to the next level. All this will be presented with a plan based on timetables and funding for implementation as well as a communication plan for a public rollout.

**This will cost a lot of money, millions of dollars.** And, as before, the Austin business community will be asked to pony up the bucks to make it happen.

Some critics say if you don’t create jobs, growth will slow or stop. This flies in the face of history as the **Austin area has doubled in population every 2 or 3 decades since its founding** – through good economic times and bad. Proponents argue that it’s better to have jobs for residents while the economy fluctuates, as it certainly will over the years.

**What is it about Austin anyway – that makes it so attractive to so many? You have your own views; here are what some outsiders say.**

“Next time you’re in town, perform this experiment: Plant yourself on Congress or another of Austin’s main drags and ask a fair number of passersby if they’re enjoying themselves in the Lone Star State’s capital city,” writes **Carolyn Blackburn** in the June 2007 edition of *Meetings South*. **“Dollars to donuts, the consensus from residents and visitors alike will land somewhere very close to, ‘Love it! Having a great time! Austin rules!’”**.

*Arthur Frommer’s Budget Travel*, March 2007: “If Texas cities’ were a family, then Austin would undoubtedly be everyone’s favorite uncle: **slightly eccentric, yes, but also smart, creative and community-minded, with a great sense of humor and an even greater sense of fun.**”

*Links Magazine*, March 1, 2007: **“Austin is Texas, but not Texas; a green city, shaped and defined by rivers and lakes.** A high-tech place of dive bars and honky-tonks, old diners and vintage neon. A music city. Live bands abound, from boot-heel blues and cowboy country to Latino, metal and punk.”

Blackburn also wrote: “If positive praise via word of mouth was a superlative among the many Austin annually garners – it is often found at the top of ‘best places to live, work and play’ lists – it most certainly would rule. **Austin’s good vibes are inherent (practically tangible) within the city’s reaches, and they also reverberate to the extent that people as far as New York and San Francisco, and everywhere in between, have a kind word to say about it even if they haven’t yet visited.**”

You’ve probably heard similar infatuation-with-Austin words over the years – simply reinforcing why Austin has steadily grown.

When **Dr. Louis Overholster** heard the Apple iPhone will be out June 29<sup>th</sup>, he noted it would give the user many options: make a call, play a song, browse the net, or maybe even look at the road!

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