

THE

Real Spelce

AUSTIN LETTER

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Dear Client:

***The Austin American-Statesman* created quite a stir with its recent very lengthy front-page-and-then-some articles examining the finances of UTAustin's Athletic Department. So, what does the president of UTAustin have to say about all this?**

Much of the discussion revolved around the old athletics vs. academics debate. President **William Powers Jr.** of course is in the buck-stops-here position over *both* academics and athletics. His job requires him to keep a large number of breakable plates spinning atop balancing sticks (a la the old juggling acts). Well then, Mr. President, what do you have to say publicly about the AA-S examination of the megabucks flowing through athletics?

First of all, Powers says "we are fortunate that we are one of a handful of universities whose intercollegiate programs pay for themselves. All but a very few universities have to support athletics with other institutional funds. **I believe that it's better to have a successful athletics program than an unsuccessful one and that the university is enhanced – financially and in other ways – by having a premier program.**"

Powers went on to say: "Not only is our athletics program self-sufficient, but under my administration we have arranged for the **athletics program to support the academic enterprise on an ongoing basis.** This year, for instance, it provided \$2.6 million in support for academic initiatives. One area of support is the undergraduate curriculum."

"We have greatly expanded the number and the quality of First-Year Seminars on campus," he continued. "This fall there are 87 seminars in progress. These are **small classes with 16 or fewer students that expose our freshmen to a high quality learning experience led by established faculty.** This expansion has been funded by resources transferred from intercollegiate athletics."

This is the first year the budget for UT athletics has surpassed \$100 million. "**Major college sports programs entered the realm of network TV entertainment a long time ago, and as such, the financial stakes are high,**" Powers observed. The AA-S noted the budget has increased dramatically over the last five years. Some of that increase, though not *all* by any means, came as the result of shifting the Erwin Center operations into the athletics portfolio.

With all the discussion about toll roads and rail, it's easy to lose sight of the fact that there are other very important factors that contribute to Austin's traffic troubles.

Road and rail projects are rightly a major focus in the fight to reduce congestion on area roadways. After all, they involve big building projects, disruption and the expenditure of hundreds of millions of dollars. So they should garner a lot of attention. But, there are a number of other **less expensive, less intrusive initiatives that can be implemented** that will have a positive impact on your experience of getting from here to there.

Consider traffic management. A simple initiative such as the **synchronization of traffic lights** can go a long way to cutting down on bumper-to-bumper traffic. How many times have you had to slam on the brakes for a red light just as the traffic seems to be flowing adequately? Now they are going to be placing cameras at various locations to ticket those who slide through a light change – probably out of frustration at having so many stop-and-go experiences.

How about more left-hand and right-hand turn lanes? Come on, this is a no-brainer. Move the *turning* traffic into lanes designated for such use and the *through* traffic can keep moving at a steady speed. How hard can this be?

Both of these items take a bit of money to accomplish, but nowhere near the megabucks needed for roads and rail. Austin area local leaders should push the next session of the Texas Legislature to consider **changing the laws to allow state transportation dollars to do things other than build roads** – such as synchronizing lights and building more turn lanes.

Want more? Okay, **how about changing the way through traffic is handled when there have been accidents?** You've been there. An accident happens up ahead of you and traffic comes to a standstill. Interagency procedures – involving EMS, Fire, law enforcement from local, county and state jurisdictions, etc – need to be revamped with the objective of moving traffic around accidents in a much more expeditious manner.

Another example: Have you noticed all the traffic tie-ups around Sixth and Lamar Boulevard? The Whole Foods flagship is busy already, new condos are nearing completion and a high-rise condo project is breaking ground smack-dab in that area. **With the traffic funneling down to a few lanes on Lamar Boulevard, it will be a bigger nightmare when these projects put more vehicles on the roads.**

Yet, a former Austin City Council voted *against* widening Lamar Boulevard and the narrow bridge. **As a result, you'll soon be paying a bigger *time* price than you are currently paying when you drive through there.** You get the picture.

To its credit, the Austin Chamber will focus on many of these issues during the next year.

One of the reasons the Austin housing market is better than most other metros is the vibrant job market. But because new home construction is slowing, the number of construction jobs is diminishing. It's a dichotomy that will impact the remainder of this year.

Large homebuilders, especially those with corporate offices elsewhere, are feeling the pinch of sliding sales in other states and are re-trenching here as well. **It's part of the corporate cut-your-losses-system-wide philosophy.** Builders are reducing starts of single-family homes, townhomes and condominiums. How much has homebuilding dropped? Consider:

According to **Eldon Rude**, director of Metrostudy's Austin Division, builders continued to reduce starts in the 3rd quarter. Metrostudy recorded 3,700 starts during the 3rd quarter of 2007. This is **down 27%** (1,361 units) from the 3rd quarter 2006. The *annual* starts rate was 14,436. This is **down 23%** (4,235 units) from the 3rd quarter 2006.

New home prices range from around \$100,000 to the multi-millions. Are all price points impacted the same? Those that are, are not necessarily for the same reasons. **The tighter mortgage loan policies are having an impact on the low end.** Rude said: "a sharp reduction in starts priced below \$200,000, especially in starts priced under \$150,000, indicates where tighter credit policies have had the most impact."

But this is not all. Within the Austin metro "move-up market," (homes priced between \$250,000 and \$500,000) demand has also slowed and builders have reduced production in recent quarters. Rude observed that "buyers in this price range have become **increasingly cautious about making purchase decisions.**"

What does the future hold? "**The Austin area will experience less demand for new homes in upcoming quarters,**" Rude predicts. Rude's reasons: "A sharp decline in relocation buyers, a competitive *resale* market and more hesitant home buyers are factors leading to the slowdown – as are decisions by corporate offices by the region's largest builders." He says "these decisions play a role in land acquisition, pace of starts, marketing and staffing."

The good news? Rude echoes what we have reported previously: "Austin experienced only moderate appreciation in new home pricing in recent years, and this will, to a large extent, **insulate the area from large price reductions** that will plague the new home and resale markets in other parts of the country."

If you have interests in the Lake Travis area, be aware that in seven months The Federal Emergency Management Agency (FEMA) will officially revise the 100 year floodplain to 722' above mean sea level (6 feet above its current elevation). Mark your calendars for June 17, 2008. For more info, contact **Stacey Scheffel** at stacey.scheffel@co.travis.tx.us or 512-854-9383.

As cooler air flows into Central Texas, your wintertime experience can be enhanced if you take advantage of a couple of natural wonders coming your way in the winter skies.

One of the wildlife wonders of Central Texas from November through March is the annual migration of American bald eagles to the Texas Colorado River Canyon in Burnet County. **About 25 majestic bald eagles spend the winter in the Hill Country.** The eagles fill the skies with their broad wingspans, raise families and entertain those who come to watch them in their natural habitat on the shores of Lake Buchanan.

The best way to see these magnificent birds is to take a leisurely boat trip on the Vanishing Texas River Cruise. **The eagles tend to sit on tree tops near the water, so the boat makes it easy to see them up close.** For more info, call 800-4RIVER4, 512-756-6986 or go to http://www.vtrc.com/river_cruises.html.

Another interesting phenomenon will take place in the Central Texas skies in December. One of the two **strongest, most dependable annual meteor showers** – the Geminids – will put on a show for you. (The other is the Perseids in mid-August)

The best viewing date is expected to be after midnight Friday December 14th when about 50 meteors per hour will dress up the sky. About 2 a.m. is the best time to look for them, preferably in an area away from city lights with a good view of most of the sky. There will be no moon after 9:30 pm so the sky should be dark.

You know a *meteor*, when it hits the Earth's atmosphere at speeds close to 37 miles per second, burns up, it creates a trail of ionized air. **The trail is what you see.** A *meteor shower* comes from bits of dirt, sand and pebbles that were shed from a comet as it flew past the sun. When Earth, in *its* orbit, passes through this path of debris, a number of pieces can be seen burning up in our atmosphere. This meteor shower can be seen just about anywhere in the sky.

As Thanksgiving approaches, **Dr. Louis Overhoster** says "let us all bow our heads, close our eyes and silently give thanks that only one of them can be elected!"

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Sincerely



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