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AUSTIN LETTER

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Dear Client:

The battle lines are drawn, the vote could be close, and the echoes of “No Growth” from decades past are resounding around a proposed \$508 million water treatment plant planned for Northwest Austin.

It was 25 years ago when Austin water utility officials started planning for a 4th water treatment plant. Voters in 1984 approved spending money to start the process. Now, **Water Treatment Plant #4 (WTP#4) is at the heart of a ballooning bitter battle to plan for Austin’s future.**

Infrastructure battles are nothing new for citizen/government disagreements in Austin. Can you spell t-o-l-l-r-o-a-d-s? But the WTP#4 controversy harkens back to a time decades ago when construction of a sewage treatment plant was held up primarily by concerned citizens who felt such a facility would contribute to growth in Austin. **It reached such a point of overload that trucks were brought in to haul raw sewage away from overloaded city areas.** The situation was ultimately resolved, but only (pardon the pun) after it raised quite a stink.

The availability of future water for Austin is at the heart of the WTP#4 controversy. Armed with two vastly different sets of statistics and projections, the two sides of the debate have mobilized to the point that the Austin City Council appears almost evenly split.

Environmental groups are at the forefront of the opposition, **urging more conservation and saying the plant is unnecessary and unaffordable.** One of the more strident critics blogged: “This is a power grab pure and simple by the forces of limitless, sprawling, wasteful and barely-planned ‘**growth for growth’s sake**’.”

Those who favor WTP#4 include the Austin Chamber of Commerce and the Real Estate Council of Austin who say the City should “ensure that **maintenance of our aging infrastructure does not cause a tremendous disruption to the system.** These strategies must include water conservation, the increased use of reclaimed water, and Water Treatment Plant #4.”

WTP#4 will actually be the third, not the fourth, treatment plant. Since planning for WTP#4 began in 1984, the Austin City Council closed the eastside Green Water Treatment Plant. The two plants currently in operation are more than 40 years old. So what’s the status of the debate?

Millions have been spent to buy land, millions have been committed for the planning process. But the fate of Austin's Water Treatment Plant #4 (WTP#4) is still up in the air.

A full debate, between critics and proponents of building WTP#4, is currently scheduled before the Austin City Council 9/17/09. And the betting is the **critics will trot out information that differs dramatically from that developed by the Austin Water Utility** in support of the proposed plant. The Utility is projecting the cost at \$508 million. After all, this is what happened at the Council meeting 8/6/09.

How does the council vote stack up? Good question. A vote was taken on the issue last week, but it still left the results of the *final* vote in question. The 8/6/09 vote was to commit about \$6 million for the planning and the selection of a general contractor. Three council members, **Laura Morrison, Bill Spelman and Chris Riley**, expressing serious concerns, voted to delay that vote.

Mayor **Lee Leffingwell** is on the record as saying it is clear the plant is needed to guard against water shortages in the future. **Mike Martinez and Sheryl Cole** voted with the mayor to move ahead. The fourth vote (who some feel will be the *swing* vote) came from **Randi Shade** who, also expressing concern, still voted to move the project forward. So, it could be a 3-3 tie, with Shade the deciding vote.

Environmental activists are pressing to have the project delayed and to increase the emphasis placed on conservation. The Water Utility said it already has an ambitious conservation plan in place and is urging the **start of construction in the spring to avoid water shortages down the line.** The Utility is supported by the Chamber of Commerce and the Real Estate Council of Austin.

Using bond money approved by Austin voters in 1984, the City bought about 92 acres in Northwest Austin, near Lake Travis, at FM620 and Bullick Hollow Road for the WTP#4 plant. Water would be pumped out of Lake Travis for the treatment plant.

A complicating factor is that Lake Travis is dropping daily and is now the lowest it has been in 46 years (click the Archives button at the top of the page to go to Volume 31, Number 19, the August 7, 2009 edition, for additional info).

But the *availability* of water is not a problem. The *delivery* of water is the concern. The City has a contract with the Lower Colorado River Authority that **guarantees the availability of water to Austin for decades into the future.** The concern raised by the Water Utility is that, while there may be plenty of water available, **there may not be ample capacity to treat enough water to meet customer demand.** This is an important decision — one of the most important the Council may make in some time. And it could be contentious. As ole-timey Texans say: Whiskey is for drinkin', water is for fightin'.

Two Texas-based airlines carried the most passengers in the US in the most recent tally, and incidentally, Southwest Airlines and American Airlines carry the most passengers at Austin-Bergstrom International Airport (ABIA) as well.

The dominance of Southwest and American at ABIA is impressive. In fact, 60% of all ABIA air travelers travel one of those two carriers. **Southwest is tops with 37+% and American is 2nd with about 23+% of Austin travelers.** For the two to be tops in the *nation* and tops *locally* is significant. But, it turns out Southwest especially has been a hot topic this week.

In a move that went up to the 11th hour before it fell apart late Thursday 8/13/09, Southwest was poised to **pay \$170 million cash – yes, cash —to buy the assets of Frontier Airlines** out of bankruptcy court. And it had a side deal waiting in the wings that would have **transitioned Frontier’s fleet of Airbus aircraft to Virgin America** – to further sweeten the pot for Southwest. Southwest flies only Boeing 737s and would have no use for the Airbus planes.

What made the deal collapse? **No agreement could be reached involving the two pilot unions before the bankruptcy auction deadline.** As a result, Republic Airways, whose bid was \$61 million *less* than Southwest’s offer, will end up with Frontier’s assets.

Southwest’s president **Gary Kelly** commented: “We said all along that we would **only move forward on this deal if it proved to be the right decision for our employees and financially prudent for our company.**” That statement carries a lot of heft because Southwest is the most profitable and most financially successful airline in the history of the industry.

Had Southwest prevailed, it would have been a coup for the airline’s service, primarily to Denver where Frontier has a strong presence. **But, don’t shed too many tears for the Dallas-based carrier.** Southwest started serving Denver just three years ago with 13 flights and that has now grown to where Southwest offers 112 non-stop daily flights at Denver.

The fallout from this transaction will be measured over the next few years. And the measurement will come at a time of stress for air travel. **The entire airline industry is still struggling, with ridership declining nationally for 14 straight months compared to the previous year.**

ABIA is not immune from this national downturn. In fact, the most recent numbers show that passenger traffic at ABIA is down 12% so far this year. **Southwest is bucking this trend (as befits the nation’s most profitable airline) with an increase in Austin passengers of 1.5%.** American, by comparison, is *down* at ABIA by 25%, due in part to the reduction of number of flights. The other major ABIA carrier, Continental, is off by 11%.

The diversity of restaurants, etc., is one aspect that attracts visitors to Austin. One travel editor lists her “must dos” and their “opposites.”

Travel editor **Jennifer McKenzie Frazier** with *Southern Living* magazine admits her bias in favor of Austin up front, when she started her article with these words: “**I fell in love with Austin the first time I came here.** That’s why I went to The University of Texas. It’s why Willie Nelson sings my ring tone.”

She goes on to say “this music town embraces everyone – from eclectic musicians to buttoned-up legislators to cowboys to hippies.” So she listed a few of her “**must dos ... and their opposites** – attractions that really show Austin’s diverse appeal.”

She touts **Uchi**’s flavors saying its’ “kind of artistry is fitting for this creative town.” Her “opposite” is **Austin Land & Cattle Company** “for a true taste of Texas.” She suggests starting your day at **Kerbey Lane Café** for its “legendary pancakes” and ending your day at **Roppolo’s Pizzeria** to order “a cheesy slice from a street-side window.”

Her family’s first stop in town, she says, is **Hula Hut** where “you wrap your mind around the delicious fusion of ‘Mexonesian’ cuisine.” And her opposite is **Sandra Bullock’s Bess Bistro on Pecan** that she says “combines the best of the American South and European mainstays.”

As for her two “opposites” when it comes to hotels: “the spot for Austinites and those who long to be” is the **Hotel San Jose ...** and **Four Seasons Hotel Austin**, that she says “is as sophisticated as Austin gets.”

It’s always interesting to see how others see us, especially when thousands see their views.

After tuning in, briefly, to modern, hip-hop, rap whatever-you-call-it music, **Dr. Louis Overholster** mused: “I will never know why they call attention deficit, a disorder!”

Sincerely



Editor/Publisher