

THE

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AUSTIN LETTER

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Dear Client:

Much of the discussion and reporting about downtown Austin recently has focused on construction of downtown living units. But a lot more construction and planning activity is underway alongside the state's Main Street, Congress Avenue.

Members of the Downtown Austin Alliance recently heard Austin Mayor **Lee Leffingwell** tick off some of this activity at DAA's Annual Luncheon. Here is some of his interesting summary:

"Next to Republic Square, the dirt has been turned on a **new \$60 million Federal Courthouse**. And in the next 24 months, we'll break ground on the new **Austin Central Library, a \$100 million-plus project**, just west of Shoal Creek.

"On the east side of downtown, we are making great strides on the **Waller Creek tunnel project**. The tunnel is now scheduled for completion in 2014, and will create huge new development opportunities, in an area that desperately needs it.

"In particular, I hope and expect that the Waller Creek project will be transformative for one of downtown's major employers, University Medical Center Brackenridge. My hope is that in ten years, **Brack will go from being most of a medical school to being a full Medical City, and an anchor for east downtown.**

"We are also now breaking ground on the **Brazos Street** re-construction, which will be followed by the **Colorado Street** re-construction, and then the **3rd Street** re-construction. **These projects will help transform these corridors into Great Streets with great promise.** And, we are fully engaged right now in some critical planning efforts that either **center on downtown, or else will have a very big impact on downtown.**"

The mayor went on to say "Perhaps most importantly, we have to work hard to continue to promote the fact that a **thriving downtown is beneficial to the whole city**. Too often, I think the growth change that happens downtown becomes emblematic for those people who don't want to see Austin change, period. As a native, I understand that nostalgia for old Austin. **The truth is, downtown Austin exports an enormous amount of property and sales tax revenue – revenue that we use to pay for vital public services in every part of the city.** A thriving downtown equals safe, livable neighborhoods, all across Austin."

Austin Energy dropped a financial bombshell this week, reporting that the city-owned electric utility could start losing millions of dollars in 2 short years if electric rates are not raised – and possibly restructured. Just a few days prior to that stunner, an Austin home energy expert unleashed a critical volley at some of the city’s solar power plans.

Longtime Austinites will recall that Austin Energy has long been a cash cow. In fact, the monopoly city utility threw off so much money that the **Austin City Council years ago started siphoning profits from its electric utility to pay for *other* city services.**

Some argued back then that the city facility **should reduce what it charges residential and commercial customers to operate as a non-profit**, that taking extra money from the ratepayers to pay for other services amounted to a “hidden tax” on its customers. Others countered that this shift of funds from those paying the utility bills to pay for other services **kept other taxes and fees lower.**

It goes without saying that Austin Energy *revenues* have been growing at a fast rate — due in part to past rate increases. **(Remember, you pay Austin Energy a higher rate for electricity during summertime triple-digit-temperature days when your air-conditioning is needed the most, than you pay for the same electricity at other times of the year.)**

New customers from Austin’s skyrocketing growth have also contributed to increased revenue. At the same time, *expenses and future financial commitments* have also been growing rapidly.

Another bit of history needs to be recounted here. Not too many years ago, the Texas Legislature took action to **remove utility monopoly situations and to open the way for privately-owned utilities to be able to compete.** The City of Austin was not eager to face competition and, as you would expect, resisted such a move.

In the meantime, to its credit, Austin’s city utility made moves to create a more favorable image. It changed its name to Austin Energy, to indicate it was trying to make a break from the past. And, obviously, **no competition emerged for Austin Energy so it has operated as a monopoly to this day**, subject to policies set by the Austin City Council.

There is no need here to recite all the recent City Council moves to invest heavily in solar, wind and other expensive alternative sources of electrical energy. **Millions of city dollars have already been spent and many millions more have been committed to pricey new technology.** A few days ago, a local home energy expert apparently “couldn’t take it anymore.” So he put in writing his concerns about one facet of the city’s alternative energy moves – **placing solar panels on the roofs of Austin homes.** Let’s examine his logic and reasoning in the next item.

“Our city leaders now propose to allow homeowners to borrow a mere \$20,000 for solar panel installation. Has Austin gone green mad? Have we lost all sensibility?” Those are the words from a man who makes a living by making Austin homes more energy efficient.

What’s the deal here? **Steve Medina**, general manager of Savvy Inspections of Austin, explains it this way. The \$20,000 borrowed from the city by the homeowner for the solar panel installation would be **paid back “through the property tax bill** (with interest, of course,)” he says. “You also don’t have to pay it back entirely since the **loan stays with the property and is passed to the next owner.**” Here’s how he explains his logic.

“Let’s say you install a \$20,000 solar panel system on your home and in turn **save \$50 on your electric bill every month.** Let’s say the government throws in a \$5,000 rebate (subsidy). Let’s also say the interest rate is zero,” he analyzes.

“How long would it take to pay off \$15,000? The answer is 25 years. So, conceivably, **once the loan is paid after 25 years, that’s when the savings actually begins,**” he concludes.

“Why am I a naysayer,” he asks. “Because the technology is still too expensive. Because I’ve experienced the life-choking California taxes. Because I’m an ex-electrical contractor with experience in solar systems. Or maybe it’s because I’m a **registered Austin Energy Star contractor and energy auditor that knows of better ways to make a home more efficient.**”

“Yes, this article might anger some, but someone has to offer an opposing opinion instead of the popular one. There are entirely **too many ways to cheaply conserve energy without spending, not investing, \$20,000 in solar panels,**” he said. He supports his thesis by suggesting “a few things to consider if borrowing to purchase a solar system:”

“The homeowner may have difficulty selling a home with a large tax debt attached to it. The project requires building permits. A roof structure will need upgrading by another professional to allow the weight of a complete system. Continued roof climbing to clean leaves, dust and bird droppings off panels. Holes in roof increase probability of rain leaks. Increase in homeowners insurance costs due to **panel damage from seasonal hail and storm damage.** Solar panels get damaged by hail larger than $\frac{3}{4}$ inch and fallen branches.”

There’s more: **“Solar panels do not increase the value of a home. Time to see a return on investment is long.** And the 20-year manufacturer’s life expectancy may not reach what it claims. As an example, a 20-year roof shingle never lasts 20 years (more like 12 years).

“It’s no surprise they are doing the same thing in Berkeley, California. **Why does Austin consistently follow a failed state like California?**” he concludes. Strong opinions.

This is the weekend each year when roadways to the Hill Country west of Austin are clogged and businesses see certain employees taking off for what, they feel, should be officially declared a Texas holiday – the opening of deer hunting season.

What a great time to be outdoors in Central Texas! The weather is clear and crisp. The sky is blue. The air is clean. Recent rains have generated new growth of native vegetation. **So, the deer hunting should be exceptional, right? Not necessarily.** These same wonderful weather conditions also make it more difficult to spot the wily Hill Country buck.

“There is an abundance of food sources for deer right now, and deer movements are reduced because they don’t have to move as far or as often to keep their bellies full,” said **Mike Krueger**, a Texas Parks and Wildlife biologist. “Deer don’t appear to be coming to feeders as often or as regularly as they would if it were still dry. **It’s been at least three years since ground moisture has been this good at this time of year.”**

Krueger noted the warm-season plants have put on a final burst of growth and flowers and there is a flush of early growth of cool-season grasses and forbs. **This will probably contribute to a slow deer season for hunters, especially early in the season** and for those hunters who are dependent on hunting over feeders. Krueger also notes that although the range conditions are good to excellent right now, **the rains came too late to help with this year’s buck antler growth** – which is probably no better than average.

But will this slow down the almost-obsessive Texas deer hunter? Don’t bet on it. They’ll point out that **bucks are becoming more active due to the onset of the rut** in the Hill Country, so they’ll be moving around. But, after all, if truth be told, it’s the campfire, cooking-out and camaraderie while telling stories (lies?) with fellow hunters, etc. that draws most hunters.

Dr. Louis Overholster warns hunters as they walk through the woods “never test the depth of water with both feet!”

Sincerely



Editor/Publisher