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Dear Client:

As you battle year-end holiday-shopping traffic in one of this nation's most congested cities, you can look forward to 2014 being consumed by Austin transportation discussions. The discussions are inevitable and the solutions could be costly.

Austin's growth has outpaced the ability for area residents to move about in a timely manner. Well, that's probably an understatement. How about this: **the roadways are so congested it takes longer and longer to get to your destination.** Even longer than much-maligned Houston. So what can you expect to unfold?

Much of the discussions throughout 2014 will involve *high-capacity transportation solutions*. **The tip off came this past week when the Austin City Council – not known for unanimous votes – voted 7-0 to move forward** with plans dubbed Project Connect in the Central Corridor.

This plan will connect **Austin Community College's Highland campus** on the north, moving south through the **UTAustin** campus area, the **State Capitol** complex and **downtown Austin** to the growing **East Riverside Drive** area. (Click on the Archives button at the top of the page for the details in our 11/22/13 edition).

No matter how you slice it, the solutions will be costly – maybe involving tax increases. In fact, it is likely you will be asked to vote on a bond issue, that will probably carry a tax increase, in the November 4th 2014 General Election.

Also last week, the Austin City Council (this time, with a 6-1 vote) authorized the city's participation in the **Lone Star Rail District (LSRD)**. This is a separate animal from Project Connect. LSRD would build and operate a **regional rail line that would connect Georgetown to San Antonio**. Other cities along the route will participate in the people-mover plan.

The plan envisions that Lone Star Rail will have seven stops within the city of Austin. And you could zip from **downtown Austin to downtown San Antonio – stopping in San Marcos and New Braunfels – in 75-minutes**, with little to no hassle (think, avoiding IH35!).

LSRD will require funding from Austin. It all adds up. But traffic is getting worse daily.

Austin City Council watchers are going to have an “interesting” time in 2014. If you can believe it, politics may play a much larger role than in the past. And the city’s business may be affected moreso than in the past.

In recent years, only about half the City Council positions were up for re-election citywide at any given time – three, one year and three-plus-the-mayor, the next year. **This meant only about half the council members were worrying about an upcoming election at any one time.** This all changes now as the council expands to ten members elected from single-member districts *where they live* and with the mayor the only person elected citywide. All council positions will be on the ballot November 4th 2014. It is part of the 10-ONE reorganization we have been telling you about recently.

Now, here’s where it gets interesting. **Two council members live in the same district** so if they seek re-election they will be running against each other. This might color how they vote as they seek to position and differentiate their candidacy to curry votes.

Two and possibly three councilmembers may run for mayor. Think about how that could impact any given vote. It would mean those council seats would be open. **And the current mayor? He may not seek re-election,** so the mayor’s position becomes an open seat. This normally means candidates think they have a better shot as they are not trying to unseat an incumbent.

The mayor’s citywide race could be especially interesting. Why? **Because there will likely be a huge voter turnout since the position will be on the ballot with statewide and congressional candidates.** Recent council elections have been ho-hummers as they were held during the spring with a limited ballot. In fact, only about 11% of registered voters even bothered to show up at the last council election – and they were generally regarded as the most “activist” of voters.

Add another element to this intrigue. **New candidates may be emboldened to seek office,** some from far-flung portions of the city that have not been “represented” on recent Councils. As we mentioned 12/13/13 (click on the archives button at the top for more detail), some liberal strategists are concerned that – horrors! – a Republican or two might be elected.

Now, a lot can happen. **Current council members are testing the waters as we speak – feeling out their chances and checking how much money and support they can count on.** Look for scrambling to begin in earnest after the year-end holidays. Wild card candidates – for both mayor and the ten council seats --can emerge at any time and throw the best calculations for a loop. Minds can be changed at the last minute.

Check the first sentence of this story. We put the word “interesting” in quotation marks because we were lifting from an *ancient Chinese curse*: **“may you live in interesting times!”**

It seems these days additional service is being announced more frequently at Austin-Bergstrom International Airport (ABIA). New seasonal non-stop service to San Jose Del Cabo and Portland, as well as additional nonstop flight frequency to Denver are three that were announced this week.

The carrier that already hauls more Austin passengers – by far – than any other ABIA airline, **Southwest Airlines, announced the additional service this week.** The **Austin-Portland** nonstop will be operated daily. Southwest will increase its **Austin-Denver** service from three to four flights daily. And the **Austin-Cabo** nonstop will be operated three days a week. Cabo and Portland service begins June 8th 2014.

Earlier this year, British Airways, Aeromar and Allegiant Air announced they will begin operations at ABIA. In that connection, **British Airways' London-Austin nonstop** on the new Dreamliner 787 starts March 3rd 2014. **Aeromar is providing Austin-Mexico City nonstops** and **Allegiant is touting its new Las Vegas-Austin nonstops.** FYI, air traffic is up 6% year-to-date over 2012's record 9.4 million passengers.

Speaking of this week's announcements, a major move by Apple was officially made public -- though many in-the-know folks already were aware Apple's next generation of computers, the Mac Pro, was actually in production in Austin.

This is a big deal. **The desktop computer is "the most powerful Mac ever," according to Apple's CEO Tim Cook.** It's being manufactured in Austin, Texas USA, not China. And the computer world is watching and taking notes. In fact, Cook said Apple started taking orders Thursday, 12/19/13. This has been a hush-hush project, but the word is now out worldwide as a result of this week's acknowledgment by Apple.

The Mac Pro is not being manufactured at any of the Austin area Apple locations. **It is being produced at the Flextronics Americas factory in Northwest Austin** for Apple. Flextronics also develops hardware such as Motorola's Moto X smartphone.

The Flextronics plant is not far from Apple's North Austin campus near Parmer Lane and McNeil Road, that is doubling in size. **Apple could soon be the 5th largest private employer in Austin.**

This week's official word from Apple is significant on two important levels: 1) **it underscores Apple's multi-million dollar investment in the Austin area,** and 2) it marks a **major move by Apple to pull some of its overseas manufacturing back to the US.** This also speaks volumes about the workforce, business environment and quality of life in the Austin area and Texas as Apple does not make such a move by throwing darts at a wall.

Many Austin firms are chalking up another year in business as 2013 draws to a close. But how about 75 years in business in Austin – and all those years in the same location on Congress Avenue? Family-owned Kruger’s Jewelers has survived the ups-and-downs of the changes in Congress Avenue and overall economic trends.

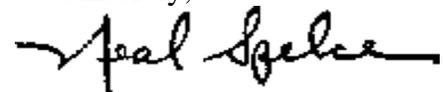
Not many Austin businesses can make the claims of Kruger’s, especially when you realize they have maintained the same identity (no brand makeovers or corporate updates) on the Main Street of Texas for almost three quarters of a century. **Can you name another business that has operated uninterrupted under the same name in the same location on Congress Avenue this long?** Didn’t think so. And Kruger’s did it during some tough times.

Back in the day, when suburban shopping malls took over the retail scene, Congress Avenue had a number of boarded-up storefronts. Banks and law firms generally stayed the downtown course. But sidewalks were all-but-empty. It was a tough time for downtown retail. However, Kruger’s and a few others toughed it out. The rest is history.

Kruger’s is a true family operation. **David Kruger’s father opened the store in Austin in 1938. David joined the business about 1969 and now David’s daughter Rachel is involved.** If you’ve seen the recent TV commercials, the father is finally hanging it up and retiring – leaving the day-to-day to David and Rachel. (They come by this naturally. It is really in the Kruger family genes. David’s grandfather Sam immigrated to Texas as a watchmaker more than a century ago and started a business with his brother in Fort Worth.)

As has been our custom since 1979, we have taken a hiatus the last two weeks of each year. So this is the last edition of The Neal Spelce Austin Letter that will carry a 2013 date. The next issue will be posted on our website January 10th 2014. Meantime, we hope that you, and those who mean so much to you, will have an enjoyable holiday season and that 2014 will be a prosperous year for you. **Dr. Louis Overholster** is sentimental about Christmas, pointing out it is in his *heart* 12 months a year. And on his *credit cards* 12 months a year as well!

Sincerely,



Editor/Publisher