



Volume 36, Number 27

September 26, 2014

Dear Client:

Every Texas Land Commissioner in the past three decades has gone on to run for Governor or Lieutenant Governor. The likely next Land Commissioner? George Bush. George P. Bush.

The race for Governor has been the major focus of the election coming up in less than 45 days. And this is as it should be. But if you are interested in the future, don't overlook the down-ballot statewide race for Land Commissioner. **Even though it is not widely understood, it's an important position. As an example, it controls the state's oil and gas contracts.** But recent history suggests it is also a big stepping-stone for ambitious politicians.

Enter the *son* of former Florida Governor **Jeb Bush**, *nephew* of former President **George W. Bush** and *grandson* of former President **George H. W. Bush**, 38-year-old George P. Bush. Middle initials are a distinguishing factor for some in the Bush family. (The "P" stands for Prescott – named for *great-grandfather* former Connecticut US Senator **Prescott Bush**. Interesting family tree, huh?)

Just as his middle initial is different, so is George P. different from his other namesakes. **His mother is Mexican and he speaks Spanish.** As a result, he would become the state's **first multi-cultural Land Commissioner.** He co-founded Hispanic Republicans of Texas.

Some of his political positions: he has **supported immigration reform.** He said he believes **climate change is real.** He says Texas will ultimately need to **transition to renewable energy.** He calls himself a "**consistent conservative.**"

His undergrad degree is from Rice University and he has a law degree from UT Austin. In addition to practicing law and teaching school, he has a business background and served in the US Naval Reserve. His wife is a lawyer and they have a one-year-old son named Prescott (naturally).

So, what are George P.'s odds of being elected in this, his first run for political office? It's practically a slam dunk. Start with the fact Republicans have not lost a statewide office in Texas since 1994. Add to this, at last count, he has raised more than \$2.8 million for his campaign, while his Democratic opponent former El Paso Mayor 68-year-old **John Cook** has raised only \$35,000. Land Commissioner is a good base from which to plan a political future.

Public Private Partnerships (P3s) are likely the next wave of the future. The collaborative effort is new to the US, but it is getting a strong foothold already in the Austin area.

P3s offer an alternative source of capital for large public projects (think roads, bridges, ports, airports) at a time when funding is desperately needed. But not all P3s are related to transportation. **Cities, counties, universities, health care districts and community colleges are using the P3 approach.**

It's pretty simple. **Combine resources and expertise from private-sector partners with public entities – usually with alternative financing – and you have a workable project.** Mary Scott Nabers, President/CEO of Austin-based Strategic Partnerships Inc., cites the following Austin example of a P3 that has nothing to do with transportation:

“In addition to purchasing and converting a 1.2 million square-foot mall into its 11th campus, **Austin Community College’s (ACC’s) new ‘campus of tomorrow’ has entered into a unique partnership with IT infrastructure leader Rackspace that is destined to be a big win-win for the college, the private firm and the state’s taxpayers.**

“With STEM (science, technology, engineering and mathematics) education becoming a national priority because of the critical role those fields play in both the United States’ competitiveness and its future prosperity, **ACC is offering coursework aimed at expanding the capacity of the STEM workforce pipeline. Rackspace will move more than 550 employees to a four-story section of the mall that previously housed a major department store (in the former Highland Mall).**

“ACC and Rackspace will partner to ensure that students studying in the information technology field are well-prepared to enter the workforce. Rackspace employees will be **guest lecturers and adjunct instructors.** The college and the private firm will **collaborate on the curriculum** needs of the students. ACC faculty will benefit from **continuing education courses** provided by Rackspace, and internships, some paid, will be made available to ACC students.”

The aforementioned transportation projects were among the first to adopt the P3 model because federal, state and local transportation funding has been so severely limited. A look at all the toll road construction in the Austin area is, in most cases, a great visual example of P3s at work. But as Nabers predicts, using the ACC example, **“the P3 marketplace will continue to expand far past transportation projects.”**

Nabers suggests **“taxpayers, members of the media, elected officials and the public at-large should spend some time getting to know more about public-private partnerships,”** because as she put it, P3s and sponsorships **“are fast becoming the wave of the future.”**

For 22 years, pocket change has been pumped into the Texas Lottery and, let me tell you, it has really added up. We're talking billions of dollars! Billions!

First of all, you need to realize that of all the money gamb ... uh ... played in the Texas Lottery, 63% is paid out to the winners. Five percent goes to retailer commissions and 4.4% covers the cost of lottery administration. Another 1.4%, representing unclaimed prizes, is distributed to various state programs. **Okay, okay, we get it. Forget percentages. Let's get to cold hard cash. How much money has gone to the state of Texas?**

The Texas Lottery has generated well over \$21 billion for the state since the first ticket was sold in 1992. As impressive as that total is, only \$16 billion has gone to support Texas education. Wait a minute. From the beginning, the debate about adopting the lottery centered around the fact that the proceeds from players would help education. Didn't happen right away.

You see, when the Legislature set up the law, the proceeds were allocated to the General Revenue Fund. The legislators had the option of allocating the money to education. **But, guess what? Somehow the money was siphoned off to other "needs." Imagine that.** A public outcry finally got the attention of your legislators. And the law was changed.

So, since 1977, the proceeds have been transferred to the Foundation School Fund to support public education. **And this is how we got to the \$16 billion number.** This money goes to the school districts to cover such items as teacher salaries, utilities, equipment, bilingual education, special education, etc.

By the way, **the lottery proceeds continue to grow.** In fact, in the state's fiscal year just ended, the money that went to the Foundation School Fund increased by 4.8%. **Oh yeah, the players took home an estimated \$44 billion dollars since 1992.** Don't know if you got your share.

Speaking of actions (or lack thereof) of your elected officials, here's a quick way for you to get information on the \$600 million Austin Urban Rail bond election.

A printed version of the **Bond Election Voter Information Brochure** will be distributed next week to libraries, city recreation centers and city department buildings. **But you can get the same info right now, here:** www.austintexas.gov/2014bond. The Guide contains 1) Bond proposition **ballot language**, 2) General information about how the City expects **to use the bond funds**, 3) **Projects that are planned** to be undertaken, and 4) **Financial and tax impact** if the proposition is approved. Be sure to check out how the City is committing to get matching funding to help pay for the projects, if the proposal passes November 4th, 2014.

Austin Energy has just completed a massive modification of all 56,000 streetlights in the area and now it may be easier to see stars in the night skies over the city.

The Austin metro is now one of only a few areas in the nation where the streetlights are automated and Dark Sky Program compliant. (More about the automation in a minute.) The International Dark Sky Association is fighting **light pollution in the major cities, saying the glare upward mars the view of stars and causes other problems.** So it has set up a program for cities to follow to keep light from dissipating up into the night sky.

Austin Energy removed globe fixtures in all of its 56,000 streetlights and replaced them with **flat glass fixtures that concentrate the light down to the roadways where it is needed** but prevents light from shooting up into the night sky. The re-direction of the light is said to minimize disruption to ecosystems and human rhythms, and cut down on energy waste. The Dark Sky initiative was completed months ahead of a 2015 goal.

Automation of every streetlight is another thing altogether. In the past Austin Energy **patrolled routes at night and relied on customer calls** to determine if streetlights were not working properly. Then they took action.

Now all the streetlights have been **connected wirelessly on a Web-based system** that increases operational efficiency and saves energy. For example, Austin Energy can now **determine online when a streetlight stays on during the day or when a lamp is not working at night.** And take action.

Austin Energy estimates that the automation has the potential to save more than 350,000 kilowatt-hours of electricity annually.

Dr. Louis Overholster always blames his computer when it doesn't function the way he wants. So he yells at his staff to help him when he has computer problems – which is often. Yesterday a post-it note mysteriously appeared on his computer: “To err is human!”

Sincerely,



Editor/Publisher