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Dear Client:

If you needed another example of how the City of Austin is catering to pedestrians and bicyclists downtown – at the expense of cars – check out what is happening 9/18/15. That’s when Austin will stage a symbolic event temporarily turning parking spaces into public parks. At the same time, Los Angeles is facing a lawsuit to stop the California city from trying to nudge drivers out from behind the wheel.

The downtown Austin event, which will probably be fairly limited in nature, is part of a wider event called **PARK(ing) DAY**. It is simply one more effort to call attention to the City’s Complete Streets Policy where **downtown Austin is transformed to accommodate more bikes, buses and pedestrians, while diminishing auto mobility**. Click on the “Archives” button at the top to check our 6/12/15 and 3/25/15 editions for more detail on this effort.

These city steps limiting automobiles are similar to what is happening all around the US and in certain cities worldwide. In fact, the city of fast cars and endless freeways, **Los Angeles, is also moving to sacrifice car lanes to make way for bikes and buses**. And, according to *The New York Times* this week: “Not surprisingly, in the unofficial traffic congestion capital of the country, **the plan has set off fears of apocalyptic gridlock.**”

The LA City Council has “approved a far-reaching transportation plan that would reshape the streetscape over the next 20 years, **adding hundreds of miles of bicycle lanes, bus-only lanes and pedestrian safety features** as part of an effort to nudge drivers out from behind the wheel,” reported the *NYTimes*.

The head of an LA group planning a lawsuit to stop the plan was quoted by the *NYTimes* as saying: “**What they’re trying to do is make congestion so bad, you’ll have to get out of your car.**” Sound like a familiar refrain heard in certain segments of Austin?

The LA story is still unfolding. And the outcome is yet to be determined. But make no mistake, **these total transportation options – packaged partially under the umbrella of “re-thinking urban traffic congestion to put people first” – is gaining momentum**. In other words, Austin is not alone, not at all, in the movement that is quite obvious as you examine the transformation of downtown Austin.

You may recall we reported two weeks ago “the City of Austin is in for an expensive, widening legal war” after it initiated action aimed at changing appraisals of commercial properties and vacant land. Well, it didn’t take long for things to ratchet up. An influential Houston state senator has asked Texas Lt. Gov. Dan Patrick for an interim legislative study of the property tax appraisal process. And considering the conservative legislature’s historical antipathy toward more liberal Austin, this does not bode well for the City.

The reason we refer to Houston **State Senator Paul Bettencourt** as “**influential**” is that **he qualifies as an expert on this topic**, having served as the Tax Assessor-Collector for Harris County before being elected to the Senate. He now serves on the Senate Finance Committee and is Vice-Chair of the Intergovernmental Affairs Committee. **Where does the Senator stand on the lawsuit? Not mincing words, he referred to it as a “Capital City revenue grab.”**

No need to re-hash what we told you two weeks ago. If you want to refresh your memory, simply click the Archives button at the top and go to the 8/28/14 edition. It’s the first story in that issue. Suffice it to say the **city’s position is that commercial and vacant land are not being appraised for tax purposes at their actual value**. And Bettencourt says **that doesn’t mean Austin can just overturn the property tax system for the rest of the state**.

What does this recent Bettencourt action mean? Well, if Lt. Gov. Patrick heeds his request, **Patrick alone can appoint an interim committee to begin work immediately, with all the power granted to legislative committees**. The Lt. Gov. doesn’t have to wait for the next legislative session to begin in January 2017.

Why the legislature which has been antagonistic to Austin in the past? After all, this is a *lawsuit* that is supposed to go through the courts. The lawsuit will still probably progress through the courts, with many affected parties weighing in. But, as Bettencourt said: **“The courts are not the proper place for deciding policy issues that are the sole prerogative of the Legislature.”** So what you have now is what we called on 8/28/15 “a knock-down-drag-out battle” -- on two fronts.

The stakes are high. Also impacted by Austin’s lawsuit are *home appraisals*. Homeowners in Austin and statewide, for that matter, have been loudly complaining about their property taxes that seem to have gone through the roof.

Bettencourt said **home values have gone up 15% in Houston ... 12% in Austin ... 11% in San Antonio and 9% in Dallas**. “At the same time,” Bettencourt added, “taxpayers’ incomes are not rising nearly as fast.”

It’s a complicated case, with even more complicated implications. This newsletter is not the forum for diving deeply into all the ramifications. But we can alert you to what is happening. It won’t be resolved in months, or possibly even in a few years. Meantime, **your tax payments are hanging in the balance and the City of Austin will be racking up humongous legal fees**.

Though there is no oil and gas drilling in the immediate Austin environs (although there is some activity in the wider Central Texas area), Austin has a stake in what happens to the energy industry in Texas. On the surface it looks bleak. Face it, the price of oil has hit its lowest point in more than six years. From an Austin perspective, here's what this means.

No doubt about it, OPEC nations have had their desired impact on the Texas energy sector by their world market oil policies. **The price of US oil has been hammered.** The per-barrel price hit its peak in June, around \$60 a barrel. It's dipped to a current price in the \$40 range.

Lower oil prices mean lower tax revenue coming into the state's coffers here in Austin. Less tax revenue impacts **general state spending**, the amount of money that goes into the state's **Rainy Day Fund** savings account, and even to the amount of revenue that goes to support the state's **roadway spending**.

Since Austin is the center of state government, this is an **important trend to watch – especially for its impact on the local Austin area economy. So far, so good.** The economists in the State Comptroller's office are tracking this daily. And they have *not* suggested a major overhaul of revenue projections for the state's fiscal year that begins in October.

But warning signs are everywhere. For example, the rig count in the South Texas Eagle Ford area, that is closest to Austin, is falling. So is the rig count in the bigger drilling basin in West Texas, the Permian Basin. **Across the Lone Star State, new drilling went down from 877 rigs to 864 in one week's time.**

Rig count is considered a barometer of oil drilling activity. A recent University of Houston study said **each drilling rig represents a total of 224 jobs**, both on and off the drilling pad. Add to that stat, anecdotal reports of bankruptcies and mergers taking place during this oil price downturn. And reports of cities in the oil patch cutting back on revenue estimates. Yes, the lower price is having its effect.

But look at the flip side. Despite this year's lower oil prices, **production of crude oil is still rising in Texas** – up from 2.16 million barrels in June 2014 to 2.43 million barrels daily in June 2015. **So, the spigot is still spewing oil.**

Also, a major chronicler of the Texas economy, the Federal Reserve Bank of Dallas, recently reported in its Beige Book **the economy across Texas (which counts for more than 95% of activity), Oklahoma and Louisiana is rising at a moderate pace.** This assessment takes into account the dramatic drop in oil prices. Oh sure, depending upon what you read, there are dire predictions about the fate of Texas and, without specific reference to the Austin economy, what might happen as a result of the Texas dependence upon oil and gas. But as you can see from this report, **oil and gas while important, is not as much of a dominant economic factor as it once was – due to the widespread economic diversity of Austin and the state as a whole.**

Are you aware of the five most dangerous intersections in Austin? Or, more importantly, do you drive through one or more of these collision-prone intersections? If you do, the city cavalry may be riding to your rescue.

The new City of Austin budget includes funds for making those intersections safer. Before we talk about what is planned to cut down the collisions at those accident-prone areas, let's tell you where they are located. **This list is ranked from the highest collision frequency, rate and severity level. The worst is at the top.**

- West Slaughter Lane and Manchaca Road.
- Lamar Boulevard and Rundberg Lane.
- Lamar Boulevard and Parmer Lane.
- US183 Service Road and Cameron Road.
- IH-35 Service Road Southbound and Martin Luther King Jr. Boulevard.

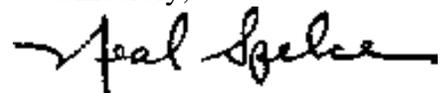
So, what does the City plan to do about these intersections to make it safer for you to drive through them? Well, first of all, the City's goals are: 1) **prevent drivers from making unsafe turns**, 2) **reduce speeds** at those points, 3) **force drivers to yield** and 4) **make crosswalks safer** for pedestrians.

How do they plan to do it? Through engineering countermeasures. As an example, the city wants to **raise the medians and modify the turn lanes**. In fact, in one case, it is planning to **add a new lane**. The City's analysis shows that most collisions are predominately random and most associated with driver error.

The cost is estimated at about \$3.8 million. Overall deadly traffic accidents are occurring throughout the city at an alarming pace. In fact, **76 traffic fatalities have already been recorded around the city this year. This is 13 more than during all of 2014.** And it's a long time before year-end 2015.

Dr. Louis Overholster notes that highways are now just insane asylums with traffic signals.

Sincerely,



Editor/Publisher