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Dear Client:

Okay, new Austin City Manager Spencer Cronk, sure hope you packed your running shoes when you moved to Austin to take the city's CEO job. Surely, you've done your research and know that it's been almost a year-and-a-half since this city had a permanent city manager. And, surely you're aware in that timeframe, Austin has incurred vacancies in almost 20 of the city's top executive positions. Talk about hitting the ground running. This is your first week on the job. You've got a lot to do in a short time.

Yeah, yeah, we know interim appointments by an interim city manager have been made in most of those positions. But, you know the drill. **Those who have "interim" as part of their job title are seldom invested with a sense of permanence to make long-range decisions.** And, what about those just below the "interim" level? Think about how they function when they believe their jobs may be in limbo.

How serious is this situation? **About one-fourth of the highest executive positions in city government have become vacant over the past year – including a couple of Assistant City Managers, the Police Chief, the #1 and #2 positions in the city's Economic Development department, etc.** Think about this. These are key positions.

After Cronk finds his way around City Hall ("tell me again, where's the men's room?"), he must meet and assess those now in interim positions. **Any new CEO wants to put his "team" in place. Will he bring in trusted friends and associates from outside Austin who must also learn their way around?** Or, more broadly, will he re-organize city departments?

A kind of malaise has been reported in the city bureaucracy, with many leadership positions vacant or occupied by interim appointees. Now, comes the uncertainty of "what next?" that can easily filter down several bureaucratic levels.

Just who is this guy, Cronk? What is his managerial style and his personality? City employees want answers to those questions. And then, there are Cronk's bosses – **the ten members of the Austin City Council with their own district fiefdoms, as well as the mayor.** How will they be involved in the dynamics of running the city? City Manager Cronk is facing a big job. He may need a 2nd pair of running shoes to keep up with the complex urgency.

Personnel problems at the City of Austin are not limited to executive positions. “The Austin Police Department is more than 300 officers short of the minimum needed for effective community policing,” according to the Greater Austin Crime Commission (GACC). And, the GACC laid the blame for this shortage squarely at the feet of the Mayor and City Council.

The Commission went public this week, publishing recent crime statistics: “Last year, Austin had **27 murders, 838 rapes, 988 robberies and 2,561 aggravated assaults.** Are we safe enough?” GACC asked.

“Despite an increase in violent crime, slower emergency response times, population growth and the recommendations of taxpayer-funded studies, **the Austin City Council hasn’t added a police officer in more than two years,**” claimed the Crime Commission.

“The Austin City Council is ignoring the warning signs. **We put Austin residents, visitors and officers at risk when the police force is understaffed,**” the GACC charged.

The Commission said “this is a question of priorities, not a lack of revenue.” And to bolster its charge, GACC pointed to a “survey of likely Austin voters last year. **More than eight in ten – even knowing the cost – said they supported adding additional police immediately, or within four years.**” And it suggests asking the “Mayor and your city council member to put public safety first.”

The Greater Austin Crime Commission is not a strident, lightweight group – far from it. It is a non-profit community group established in 1997 to support the area’s first responders and to promote public safety planning. Check out its past presidents, who endorsed this week’s report: **Paul J. Bury III ... Dr. William Cunningham ... Richard S. Hill ... Joe E. Holt ... Admiral Bobby R. Inman, USN (Ret) ... Ralph Wayne and Pamela Willeford.** Its current president is **David L. Roche.** **Pete Winstead** is president-elect. Visit www.AustinPublicSafetyFirst.com to learn more or email info@AustinCrime.org.

Is it bragging if you say you have an office on Congress Avenue in downtown Austin – one of America’s most desired office addresses? Or, does it say you’re paying the tenth highest rate in the nation for office space, just to be on Congress Avenue? Probably a little bit of both.

The vacancy along Congress Avenue is a tight 9.5% and the **average office rent is \$58.20/sf,** according to a nationwide study of commercial real estate pricing in December by Jones Lang LaSalle (JLL). The priciest street in the US is Sand Hill Road on the San Francisco Peninsula. **Its average office rent is a whopping \$119.38/sf.** Compare this to #6 Pennsylvania Avenue in Washington DC (\$80/sf). And remember Austin checks in at #10 on the JLL US list.

Okay, here's another Austin ranking that tells you something you probably already knew – at least in your gut -- as you cruise congested Austin roadways. Austin is the 14th most congested city in the US, according to INRIX, Inc. Hey, at least INRIX reports Dallas and Houston are more congested than Austin. Doesn't that make you feel a little better? Didn't think so.

INRIX is a transportation analytics company. It calculates how much time drivers spend fighting traffic congestion. **In Austin last year, drivers spent an average of 43 hours stuck in traffic.** Austin's congestion is the 72nd worst *in the world*.

One of the reasons Californians are flocking to Austin is they probably think our congestion problems are a piece of cake. After all, **Los Angeles is the most congested city in the world.** If you think spending 43 hours sitting in congested traffic in Austin is bad, Angelenos spent 102 hours in congestion in 2017. And San Francisco? Well, it is the 3rd most congested US city.

Heads up. Momentum may be building for an increase in the federal tax you pay for gasoline. In our January 26, 2018 issue we told you the USChamber of Commerce is publicly lobbying Congress to increase the federal portion of the tax you pay for a gallon of gasoline by 25-cents. Now, another power player weighed in this week – no less than President Trump.

The president's support for an increase of 25-cents in the federal portion of the gasoline tax didn't get much notice. **His endorsement came in a small meeting with lawmakers this week** and it was leaked by a USSenator who was there, **Tom Carper.**

Carper said the president offered his support of the federal 25-cent hike in gasoline and diesel tax with the **increased revenue going to improve roads, highways and bridges.** The current fed tax is 18.4 cents per gallon on gasoline and the diesel tax is 24.4 cents a gallon. The federal taxes have not been raised since 1993.

As you know, states levy their own tax on gasoline. It varies from state to state. **In Texas, there has been no serious effort to raise the state portion of the gasoline tax in the Republican-controlled legislature.** In fact, that option has been dodged in recent years in favor of constitutional amendments dedicating increased revenue for highway projects.

Well, then. **What are the odds for taxes going up on the price-per-gallon you pay at the pump? It's a dicey proposition at best on the federal level,** even with the president providing cover for members of Congress to vote for it in support of infrastructure improvement. However, the *debate* will likely continue to add 25-cents more to your per-gallon tax tab.

On the state level, fugettabout it. Not gonna happen. It's difficult, if not impossible, to construct a scenario where the GOP Gov., Lt. Gov. and Legislature would push the tax hike.

“Now Hiring” signs can be seen on many Austin businesses all over town as this area enjoys one of the nation’s lowest unemployment rates. But, didja notice ads running here in Austin to hire employees at the Federal Emergency Management Agency (FEMA) to help out in Texas communities following Hurricane Harvey’s devastating impact.

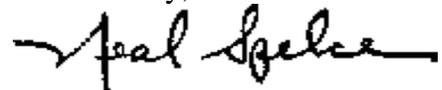
“While the storm has passed, the recovery is just beginning,” read the half-page, color ad in the 2.14.18 edition of the *Austin American-Statesman*. It continued: **FEMA “is hiring Texans to support disaster survivors and rebuild communities.”** It urged readers to “apply today” at www.Careers.FEMA.gov/Hurricane.

Speaking of weather’s impact of another kind, drought now covers 65% of Texas, its largest extent since June 2014. It was only 3% a year ago. “Another 25% of the state is abnormally dry and could slip into drought in the next few weeks,” observed the Texas Water Development Board. Parts of the Texas Panhandle haven’t had measurable rainfall in more than 90 days. As a result, parts of the Panhandle are under the most extreme level of drought categorized as “exceptional.” Central Texas is under two *minimal* levels of drought – either “abnormally dry” or “moderate drought.”

Oh, there was another *Statesman* ad Sunday, 2.11.18, you might find interesting. Remember, Westlake High School grad Nick Foles won pro football’s Super Bowl Most Valuable Player award as he quarterbacked the Philadelphia Eagles to victory over the highly-favored New England Patriots. The full-page, color ad read: “From one local to another, Congratulations Nick Foles.” It was signed by Academy Award winning actor who lives in Austin, Matthew McConaughey, a big football fan.

Dr. Louis Overholster told a patient: “Stop trying to make everybody happy – you’re not tequila!”

Sincerely,



Editor/Publisher