



Raising Our Tax Rate 25% and Passing a \$7.0 Billion Bond is a Huge Mistake

When employers seek new employees, they have some idea of what criteria they are looking for which best corresponds to the position they need to fill. That criteria comes in the form of education and experience. They may also do skills testing and make judgments as regards cognitive ability and integrity. Obviously they can't know what's in the applicant's heart. They can test applicants to measure their cognitive skills, mathematical skills, logic, ability to follow instructions, etc. But they can't measure what's in their heart.

So what does this have to do with **Raising Our Tax Rate 25% and Passing a \$7.0 Billion Bond Package**? Well, whether you realize it or not, when you vote for the Mayor and your respective District Council Member you are hiring them to manage your City's fiscal affairs. For the City of Austin is a \$4.0 billion dollar business entity which requires many skills to manage its fiscal affairs. Among those skills are the same skills as those an employer looks for in evaluating prospective job applicants (i.e. cognitive skills, mathematical skills, logic, relevant experience, etc.).

But, for some reason, we don't ask Council Member candidates to take tests that would provide voters with some basic information as regards their qualifications to manage a \$4.0 billion dollar entity. Why is that important? Does this \$7.0 billion dollar Transit Proposal fiasco in the middle of an Austin economy that has been decimated by Covid-19 answer that question?

The next page provides a brief analysis of the current City Council's qualifications.



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- 1 - BS in Business or MBA
- 2 - BS in Accounting or CPA
- 3 - Business Interests in Real Estate
- 4 - Experience in Public Transportation
- 5 - Business Ownership or Bookkeeping

- 6 - Wide and Varied Business Background
- 7 - Passed the Mathematical Aptitude Test
- 8 - Experience in Real Estate Development
- 9 - Business Interests in Real Estate Development
- 10 - Experience in Executive Business Management

	1	2	3	4	5	6	7	8	9	10	Rating
Mayor Adler			x		x						NQ COI
District 1 Council Member Harper-Madison											NQ
District 2 Council Member Delia Garza											NQ
District 3 Council Member "Pio" Renteria											NQ
District 4 Council Member Casar											NQ
District 5 Council Member Kitchen					x						NQ
District 6 Council Member Flannigan	x										NQ
District 7 Council Member Pool											NQ
District 8 Council Member Ellis											NQ
District 9 Council Member Tovo			x								NQ COI
District 10 Council Member Alter											NQ

KEY: NQ - Not Qualified COI - Conflict of Interest



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The previous analysis may give us an idea as to why we have an Affordability Crisis and Traffic Congestion. In 2016 the Austin City Council asked voters for authorization to issue \$720 million dollars in bonds in what they called transportation improvements where \$482 million would be used to replace existing center turn-lanes with tree lined medians on many of Austin's major roadways that, clearly, to any reasonably rational person would result in having a negative impact on Mobility. **How would you access your destination if it resided on the other side of the road without a center turn-lane?**

Those roadways include North and South Lamar Blvd, Burnet Road, Airport Blvd, etc. The City claimed that, in addition to eliminating center turn-lanes, these "corridor improvements" would include turn-out lanes at intersections which would help with Mobility. But those "turn-out lanes" were not represented in the preliminary design work the City had already spent millions of dollars on prior to the Bond Initiative.

Any reasonably intelligent person with average common sense should have recognized that the so-called "corridor improvements" scheduled for some of Austin's major roadways would not only harm Mobility but was a waist of money. **This is why it's important for our City Council Members to be QUALIFIED to manage our fiscal affairs.**

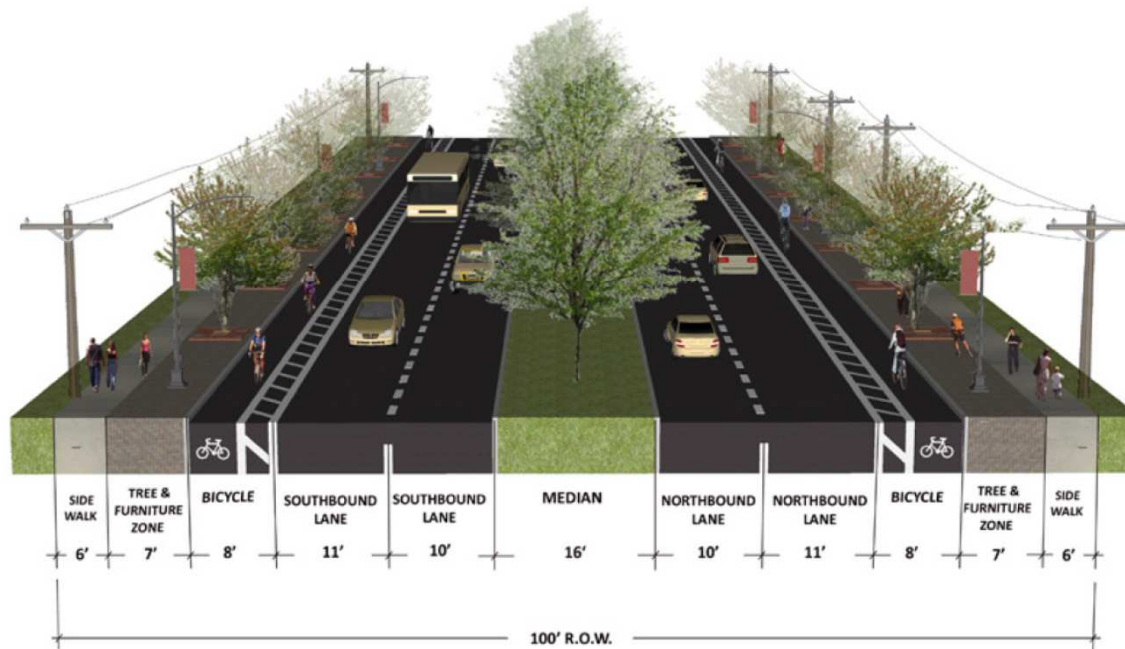
Putting that bond initiative on the ballot in 2016 earned the Austin City Council a nomination for that year's annual "Forrest Gump Award" (their first nomination).



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This represents the lion's share of the \$482 million "corridor improvements" project voters approved in 2016. With the exception of one cut-out in the median at mid-block, one would be required to turn around at the next intersection and double back if they are to have access to their destination or side street on the other side of the roadway.

SHORT TERM SECTION: N LAMAR BOULEVARD - RUNDBERG LANE TO BRAKER LANE



How would you access your destination if it resided on the other side of the road without a center turn-lane??!! How does that improve Mobility??!!



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There is a very powerful group of Downtown property owners/developers who, years ago, organized as “The Downtown Austin Alliance”. Over the years, and unbeknownst to the taxpayers, millions of dollars in bond funds and tax dollars have been spent to the benefit of those Downtown property owners/developers. They have had the taxpayers spend millions removing their property from a 100 year flood plain which resulted in elevating the value of their property and lowering their annual insurance costs.

These Downtown property owners/developers have managed to use their influence to have taxpayers spend millions on their vision of a Waller Creek Park and Riverwalk which, in turn, again, elevates the value of their property. Of course none of that was possible without a compliant Austin City Council who used a TIF to issue bonds to avoid voter approval. So far the tally is approximately \$500 million dollars and counting.

At this same time, TxDOT was acting under the influence of Austin politics and rolling out their plans to lower IH-35 through Downtown Austin. The Downtown Austin Alliance wants to “cap” IH-35 and build parks over the lowered highway costing the City of Austin \$600 million dollars. In turn, those parks would, again, elevate the value of the Downtown developers’ property. And, once again, the City planned to use a TIF to issue the \$600 million in Bonds. Add that to the \$500 million and the total, so far, is \$1.1 billion dollars.

As you can imagine, this \$600 million TIF was the runaway winner of that year’s annual “Forrest Gump Award”. What follows is the rendering of the proposed IH-35 parks.

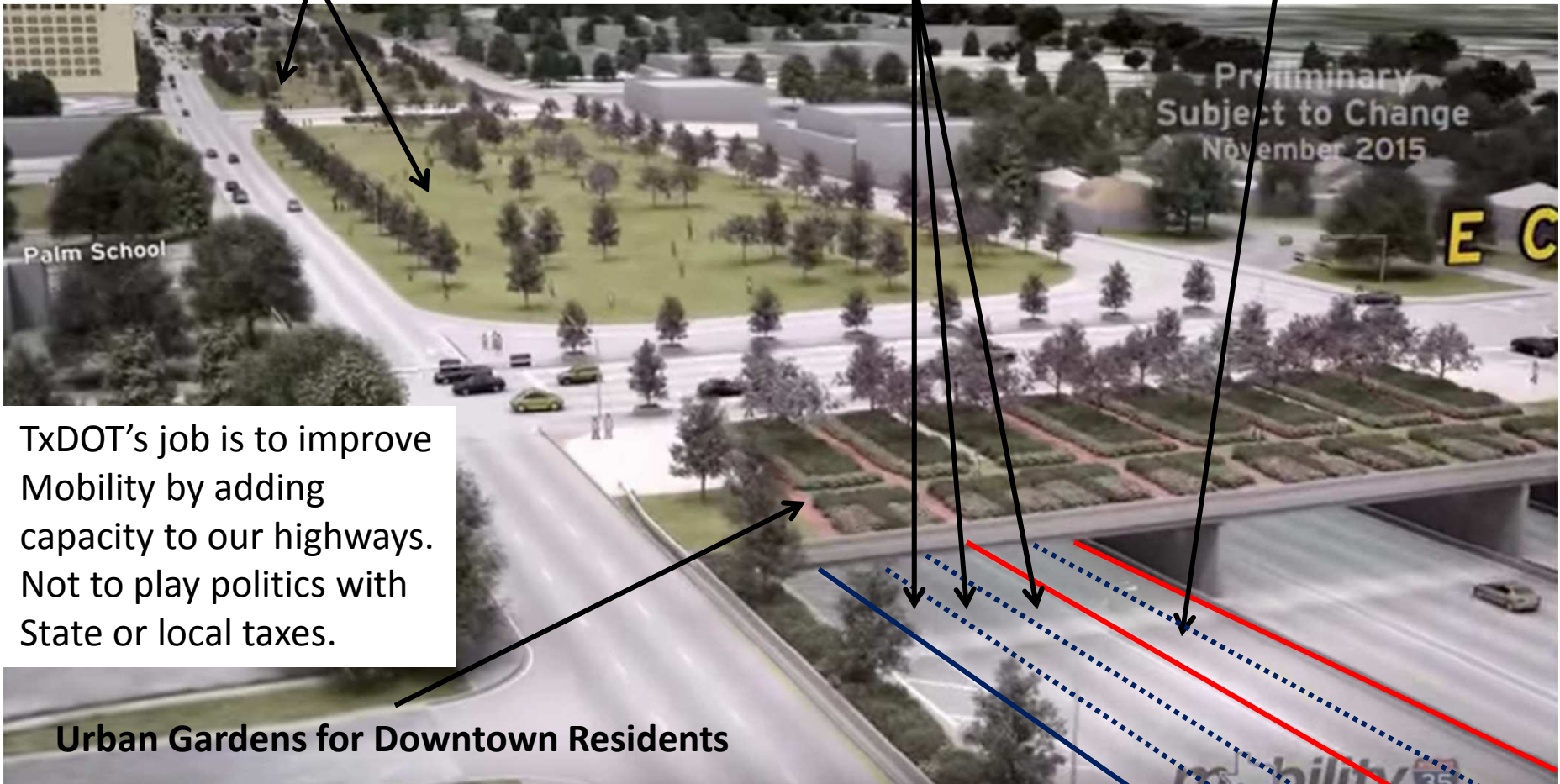


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TxDOT's IH-35 Project through Downtown Austin

Parks for Downtown Residents

3 Existing Travel Lanes 2 Managed Lanes



TxDOT's job is to improve Mobility by adding capacity to our highways. Not to play politics with State or local taxes.

Urban Gardens for Downtown Residents

The two managed lanes are reserved for trucks resulting in no additional traffic lanes. This configuration wouldn't handle today's traffic load. So obviously it won't handle 2040's traffic load.



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The purpose in all of this, thus far, is to illustrate how important it is that our City Council Members possess the relevant mathematical, cognitive and logical skills as well as relevant business experience at an executive level to effectively manage the \$4.0 billion dollar fiscal affairs of our Austin, Texas government.

In just those two projects, the “corridor improvements” and parks over the lowered IH-35, we’ve seen the Austin City Council make some very bad decisions. And now they are on the threshold of their biggest blunder yet. A \$7.0 billion dollar project that will not only harm Mobility, yes harm, but will further exacerbate the “Affordability Crisis” we are experiencing as our property taxes and rents double in just 6-7 years.

On this Web Site you can read a detailed explanation of this \$7.0 billion dollar fiasco. There is a very good chance that this Covid-19 may change Austin’s commuting patterns in the future as more people telecommute reducing traffic on our highways. It should also reduce the ridership on public transit as fewer people work in an office.

The point is this: any reasonably sane person would realize that approving a \$7.0 billion dollar Transit Proposal now, in light of Covid-19, that is based upon travel assumptions and ridership projections calculated prior to Covid-19 is not good judgment.

Add to that the thousands of people who have lost their jobs and homes and raising property taxes and rents at this juncture is just plain STUPID and selfish!!!!



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The purpose of evaluating the qualifications of the Austin City Council at the beginning of this OP-ED is to emphasize the importance of how “poorly hired” employees can undermine the fiscal foundation of a business. For when you vote for Mayor and your respective Council Member, you are hiring them to manage your fiscal affairs. As an example, you may not know that Moody’s credit rating service is very concerned that **the City of Austin is not depositing the necessary funds in the employee retirement system each year and that not doing so is creating a financial time bomb. This is reckless fiscal management.**

So let’s stop and take inventory as regards the recent fiscal decisions of this City Council. \$482 million for so-called “corridor improvements”. \$1.1 billion and counting for the Downtown Austin Alliance. Demolishing the existing Convention Center with an outstanding debt and doubling its size at a cost of \$1.2 billion. So far the tally is \$2.782 billion dollars. Now add to that the proposed \$7.0 billion dollar Transit Proposal and the tally grows to \$9.782 billion dollars. But they intend to come back to voters in a few years for the remaining \$3.0 billion of that Transit Project making the total \$12.782 billion.

Are they out of their minds??! Yes, the Convention Center bond payments come from Hotel Taxes. So how’s that working out in the Covid-19 environment? And the Green New deal will eliminate air travel until planes can fly without fossil fuel. So much for the Convention and Airport portions of Austin’s economy? But they both have debts. So how will that debt get paid if the hotel taxes are down and the airport’s losing money??!



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How does any of this improve AFFORDABILITY??!! The growth in Austin is not occurring in the Urban Core nor within the City Limits. It's occurring in the suburbs and beyond. Why? Because people can't afford to live in the City so they are moving or settling in the surrounding counties and cities. So much for Affordability. But who talks a lot about Affordability? The Austin City Council. The question is: why are they making it worse?

Raising property taxes and rents doesn't lend itself to improving Affordability. Nor does higher utility bills as Austin moves in a much too aggressive direction toward renewable energy that is highly subsidized by the federal government because without those subsidies renewable can't compete with fossil fuels. The reason Austin's housing is unaffordable is because we are growing at too fast a pace. We need to slow down the growth and let the cost of living catch up. But the Austin Chamber of Commerce and Real Estate Industry are making out like bandits and want this runaway growth to continue.

The point is this: you can send a very loud message to all of these special interests by VOTING OUT THE CURRENT CITY COUNCIL MEMBERS and find candidates that are more sensitive to your needs and not the needs of special interests.

As a VOTER...YOU HAVE THE POWER!! So, please, take the time to consider who is on the ballot and make an informed decision about who will manage your fiscal affairs.

What follows is the consequence of not doing so.



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In the final analysis, this **25% Tax Rate Increase** and **\$7.0 Billion Bond Package** will appear on the **November 3rd Ballot as Propositions**. So let's put them in context to where Austin is at this Covid-19 juncture. Every year flu shots are readily available at drug stores. And every year those shots are typically 50% to 60% effective. With that, the flu kills somewhere between 30,000 and 60,000 people annually. **Dr. Fauci** of the CDC has indicated that the Covid-19 vaccine will probably also be 50% to 60% effective. What that means is this Covid-19 Virus may be with us for a long time. Why? Because the virus mutates. And, thus, the initial vaccines will eventually become ineffective.

As a result of Covid-19, what we've seen is a rise in telecommuting and reduced travel either by auto, airplane or public transit. Our highways have become less congested and our public transit ridership decreased. With reduced airplane travel of 75%, cities across the U.S. are seeing their Convention Center business drop off and hotel vacancies rise. Hotel taxes pay the debt on our Convention Center and air travel pays the debt on ABIA.

What this tells us is this may not be the best time to be spending \$1.2 billion on Convention Center expansion, \$4 billion on Airport expansion and \$7.0 billion on expensive Light Rail when conventions, air travel and public transit ridership may be lower for years to come. **That, in turn, would create a financial crisis for Austin.** Given just these three items, the total debt and interest payments would be \$12.0 billion over 30 years.



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What follows is what would result if this \$7.0 billion dollar Transit Proposal and the associated 25% property tax rate increase are approved:

2020 Property Taxes will:

DOUBLE in 6 YEARS (2026)

TRIPLE in 10 YEARS (2030)

QUADRUPLE in 14 YEARS (2034)

2020 Rent will:

DOUBLE in 7 YEARS (2027)

TRIPLE in 13 YEARS (2032)

QUADRUPLE in 16 YEARS (2036)

The point is: we don't know how long it will take for people harmed by Covid-19 to recover and, thus, we don't know how long it will take for Austin's tax base to recover sufficiently to afford this property tax increase and the annual debt payment of \$220 million.

Common sense tells us the most prudent decision to make at this juncture is to hold off on this 25% tax rate increase until next year. But this Austin City Council has decided otherwise.

So, you, the taxpayer and voter, must stop them from this potentially horrendous mistake and simply **VOTE NO on November 3rd and tell them it can wait until next year.**