



BUILDING A SUSTAINABLE COMMUNITY

THE CITY OF AUSTIN, TEXAS, 2007-2008 PROPOSED BUDGET

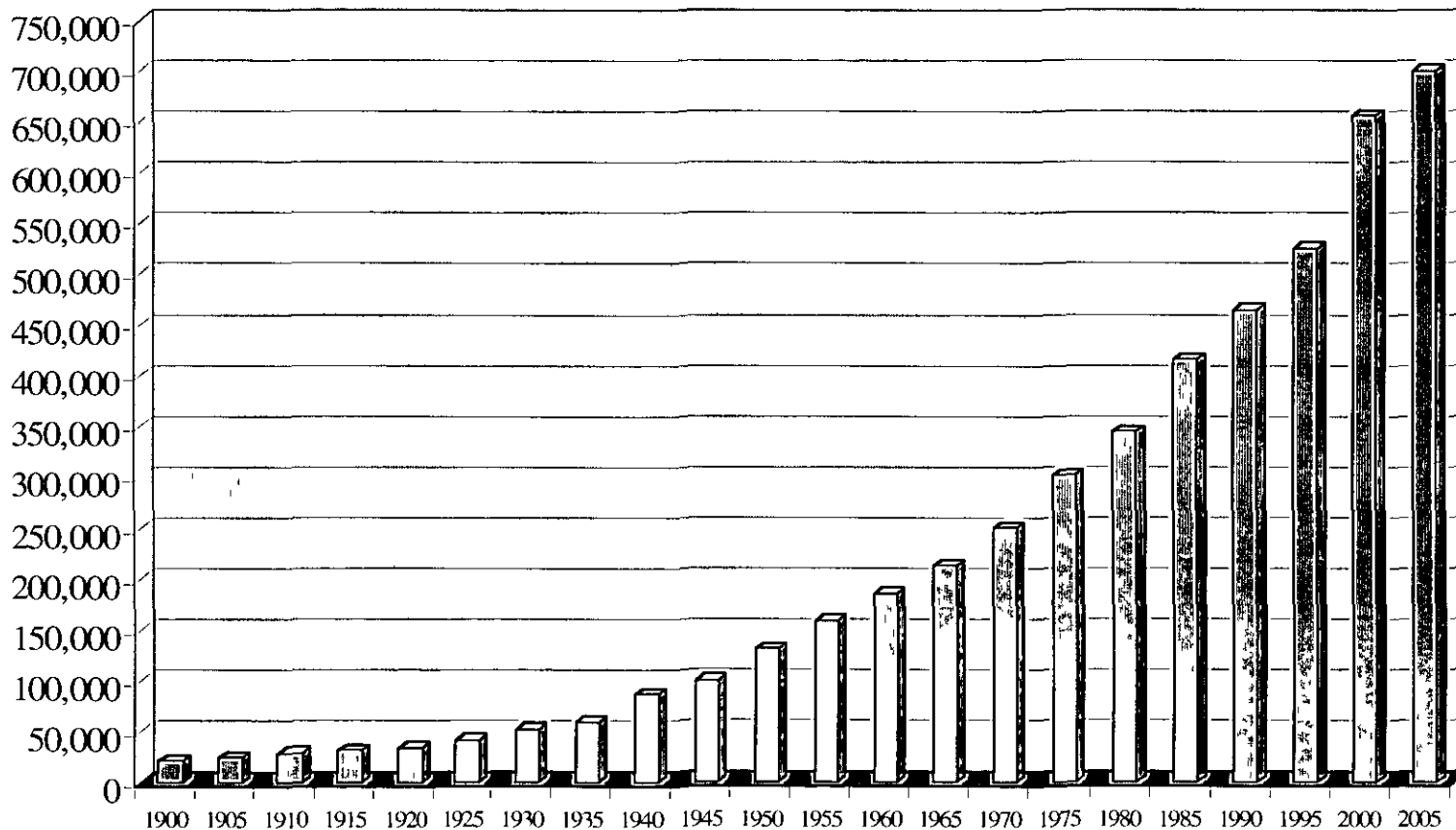


Proposed 2007-08 Budget



A Growing City, A Changing City

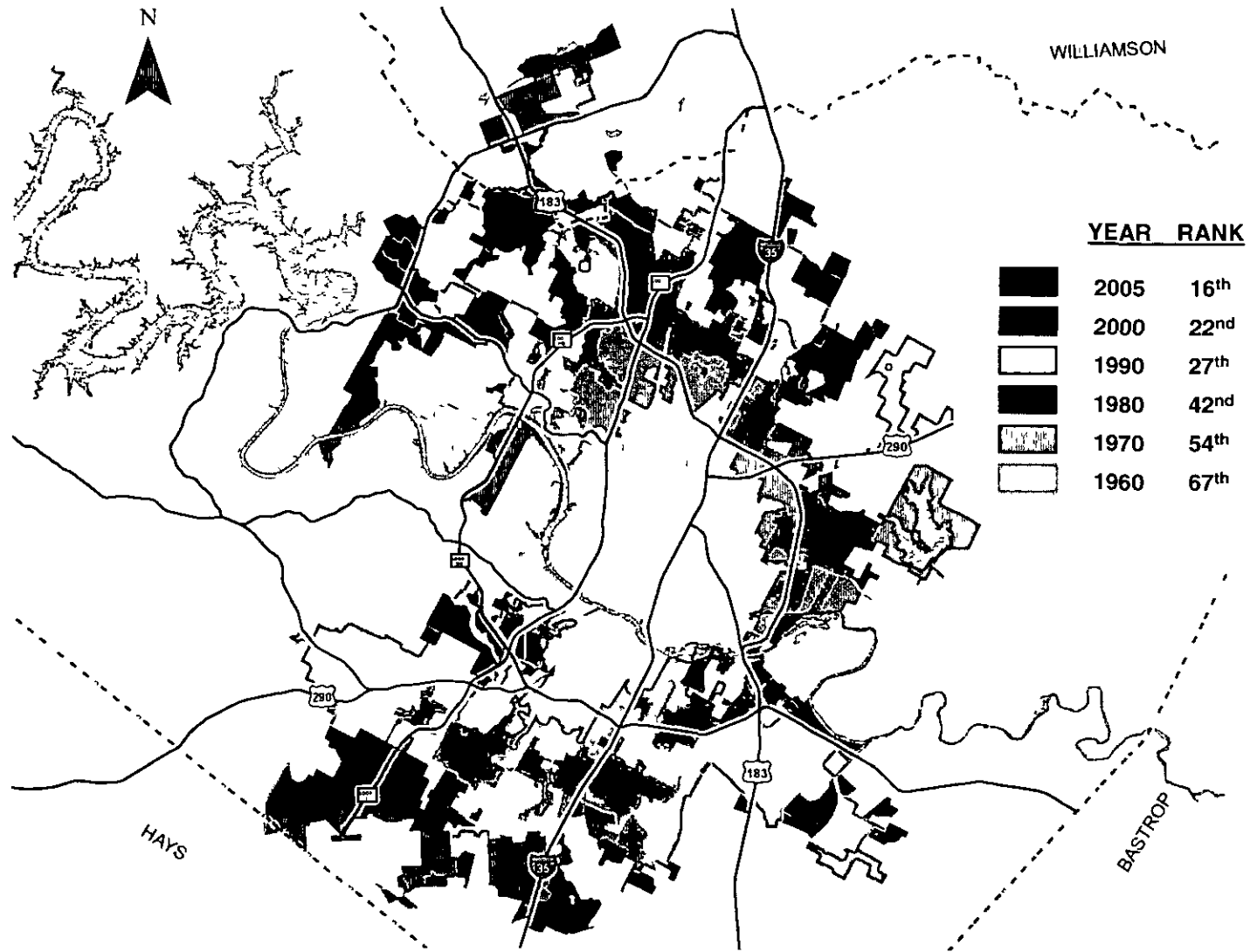
City of Austin Population History



Produced by: Ryan Robinson, City Demographer, Department of Planning, City of Austin, July 2006



A Growing City, A Changing City



July 27, 2007

Financial & Administrative Services



Outline

- ▶ Introduction
- ▶ Closing the Gap
- ▶ Budget Primer
- ▶ Citizen Survey
- ▶ Overview of 2008
 - ▶ Revenue
 - ▶ Workforce Investments
 - ▶ Council Priority Investments
 - ▶ Core Service Investments
 - ▶ Neighborhood Investments
 - ▶ General Fund Departmental Overview
 - ▶ One-time Fund
 - ▶ Bond Program
 - ▶ Enterprise rates and fees
- ▶ Recap – Budget Schedule



From Forecast to Proposed

- ▶ Budget Process
 - ▶ four months for Council
 - ▶ six to seven months for staff
- ▶ Financial Forecast
 - ▶ start to annual budget process
 - ▶ macro rather than a micro perspective, with limited information on the current year budget available
 - ▶ tool to determine trends, to highlight problems, and to ensure that capital and operating spending are coordinated



Forecast to Proposed

- ▶ It is normal for the City to show a gap at forecast that is closed at proposed
- ▶ Gaps in dollars have ranged from \$38.1m in to \$2.2m
- ▶ Gaps as a percent of total GF expenditures have ranged from 7.4% to less than 0.5%
- ▶ 10-year average of gaps is 4.3%



Closing the "Gap"

(\$ mills)

Gap at Forecast	(\$27.5)
<u>Revenue Changes</u>	
Property Tax	\$10.9
Budget Stabilization Reserve	\$5.0
Development Revenue	\$3.5
Sales Tax growth to 8%	\$0.8
All other changes	\$3.7
Net Revenue Change	\$23.9
<u>Expenditure Changes</u>	
Cost Drivers	\$2.1
Core Service Investments	\$1.5
Net Expenditure Change	\$3.6
Gap at Proposed	\$0.0



Closing the "Gap"

Cost Drivers

Major Cost Drivers (\$ millions)			
	2008 Forecast	Adjustments	2008 Proposed Budget
Public Safety	\$26.6	(0.7)	\$25.9
Health Insurance			
Public Safety	3.8	-	3.8
Non-Public Safety	1.5	-	1.5
Pay for Performance			
Public Safety	6.5	-	6.5
Non-Public Safety	2.5	-	2.5
Compensation Review	0.8	1.0	1.8
Accrued Payroll	1.7	0.8	2.5
Social Services Contracts	0.4	-	0.4
New Facilities O&M	1.6	0.2	1.8
Additional Street Maintenance	2.9	-	2.9
Other Estimated Cost Increases	5.9	(3.4)	2.5
Total Estimated Cost Increases	\$54.2	(\$2.1)	\$52.1



2008 Budget

2008 Proposed Budget is balanced

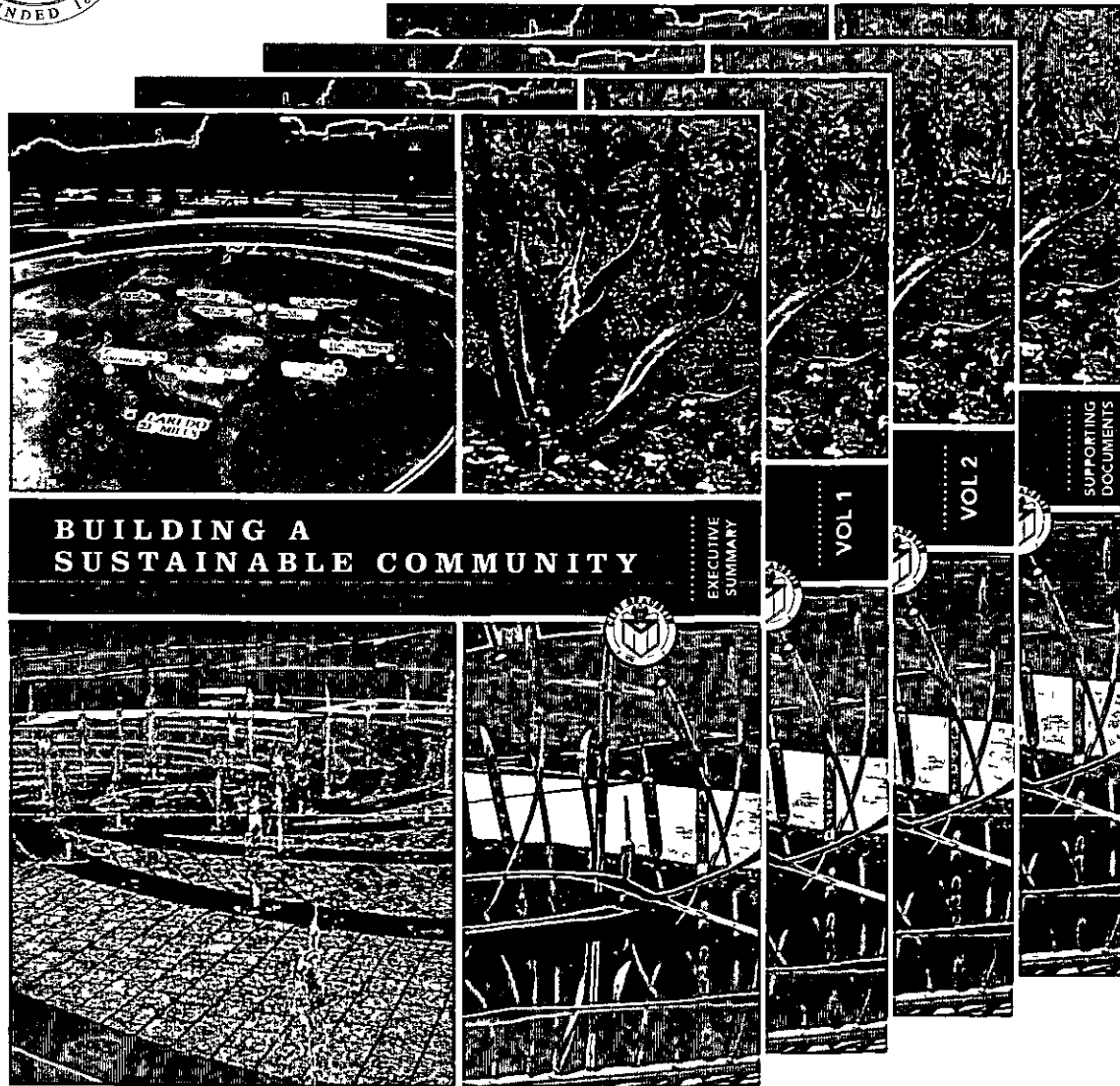
- ▶ Proposed at the rollback tax rate
- ▶ Building a Sustainable Community
 - ▶ investing in Council's priorities
 - ▶ furthering investment in the workforce
 - ▶ continuing to rebuild our service delivery to address growth
 - ▶ strengthening central support and internal controls



Budget Primer



The Budget Documents



Executive Summary

- Business Plan
- Mission & Goals
- Key Indicators
- Significant Changes

Performance Volumes

- Business Plan
- Program Summary
- Activity Pages

Supporting Documents

- Capital Outlay
- Fee Schedule



Citizen Survey



Community Priorities and Satisfaction

Annual Citizen Survey

- ▶ A comprehensive tool to identify:
 - ▶ priorities and concerns
 - ▶ satisfaction with city services/programs





Community Priorities

Ranking of Austin's top issues

1. Transportation mobility issues
2. Growth management
3. Affordable housing
4. Crime, crime rate, safety
5. Police services
6. Tax-related issues
7. Road conditions & new roads
8. Pollution-related issues
9. Cost of living
10. Mass transit



Customer Priorities

Ranking of City of Austin services

1. Police services (1)
2. Fire services (3)
3. Ambulance (EMS) services (2)
4. Affordable housing (5)
5. Environmental protection (4)
6. Traffic flow & synchronization (6)
7. Health care & social services to low-income citizens (7)
8. Parks (8)
9. Libraries (9)
10. Economic development efforts (10)



Customer Satisfaction

Customer Satisfaction

Measure	2006	2007
Public Safety		
Fire Protection and Emergency Response	3 59	3 55
Emergency Medical Services	3 53	3 51
Police Emergency and Neighborhood Response	2 95	2 89
Youth, Family & Neighborhood Vitality		
Parks and Recreation	3 10	3 19
Library Youth Programs	3 13	3 17
Neighborhood Livability	3 34	3 19
Downtown Vitality	3 05	3 12
Environmental Sustainability		
Conservation Programs	3 02	3 00
Quality Drinking Water	3 20	3 17
Preservation of Greenspace	2 86	2 88
Alternative Transportation Modes	2 43	2 41
Infrastructure Maintenance & Repair		
Pedestrian Accessibility	2 53	2 54
Bicycle Accessibility	2 40	2 45
Road Maintenance	2 23	2 20
Traffic Flow	2 03	2 08

Scale 0 = no opinion, 1 = very low, 2 = somewhat low, 3 = somewhat high, 4 = very high

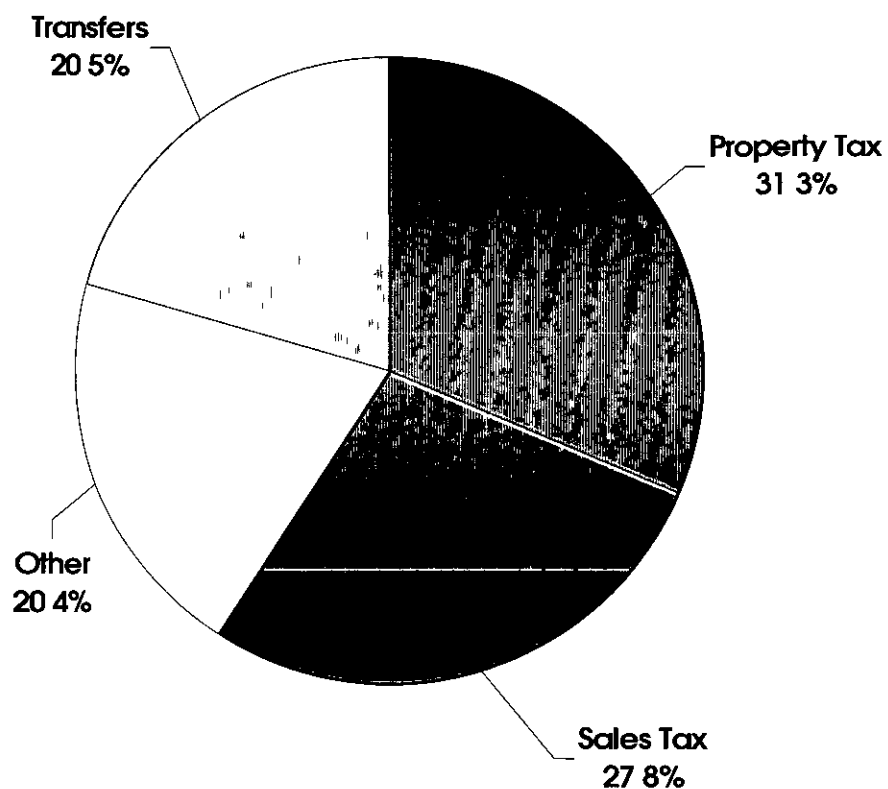


General Fund Revenue



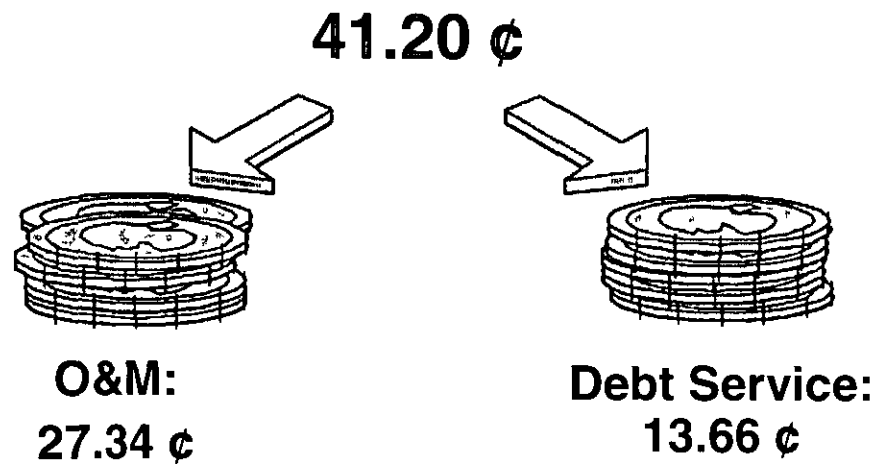
General Fund Revenue

Sources of Funds - General Fund
(\$592.2 million)





Property Tax

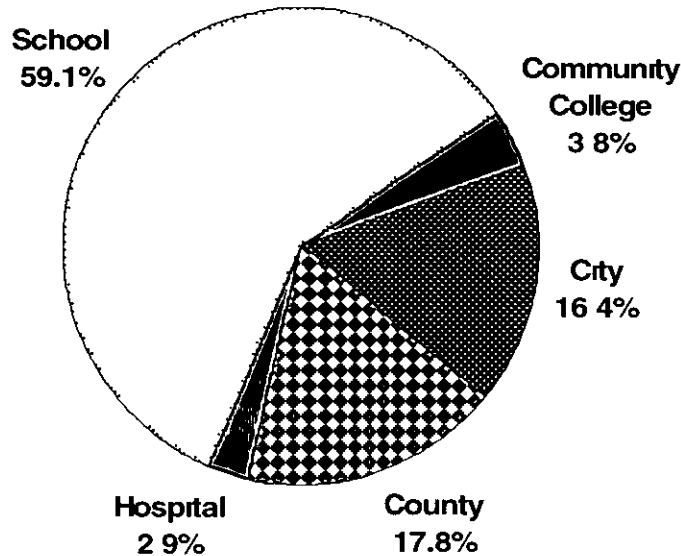


- ▶ 10.5% increase in total assessed valuation
 - ▶ \$60.2 Billion in FY06 to \$66.6 Billion in FY07
 - ▶ Continued strong new construction



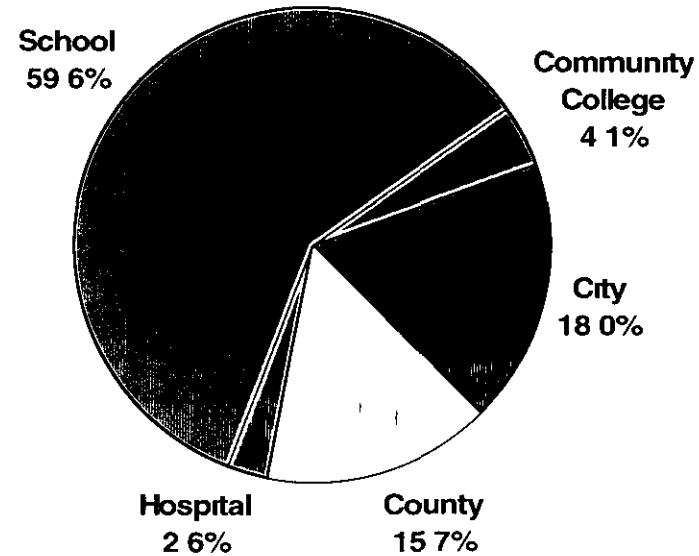
Austin 2006-07 Overlapping Property Tax

TAX RATE



Jurisdiction	Austin	Share
City	0.4126	16.4%
County	0.4499	17.8%
Hospital	0.0734	2.9%
School	1.4930	59.1%
Community College	0.0965	3.8%
Total Tax Rate	2.5254	

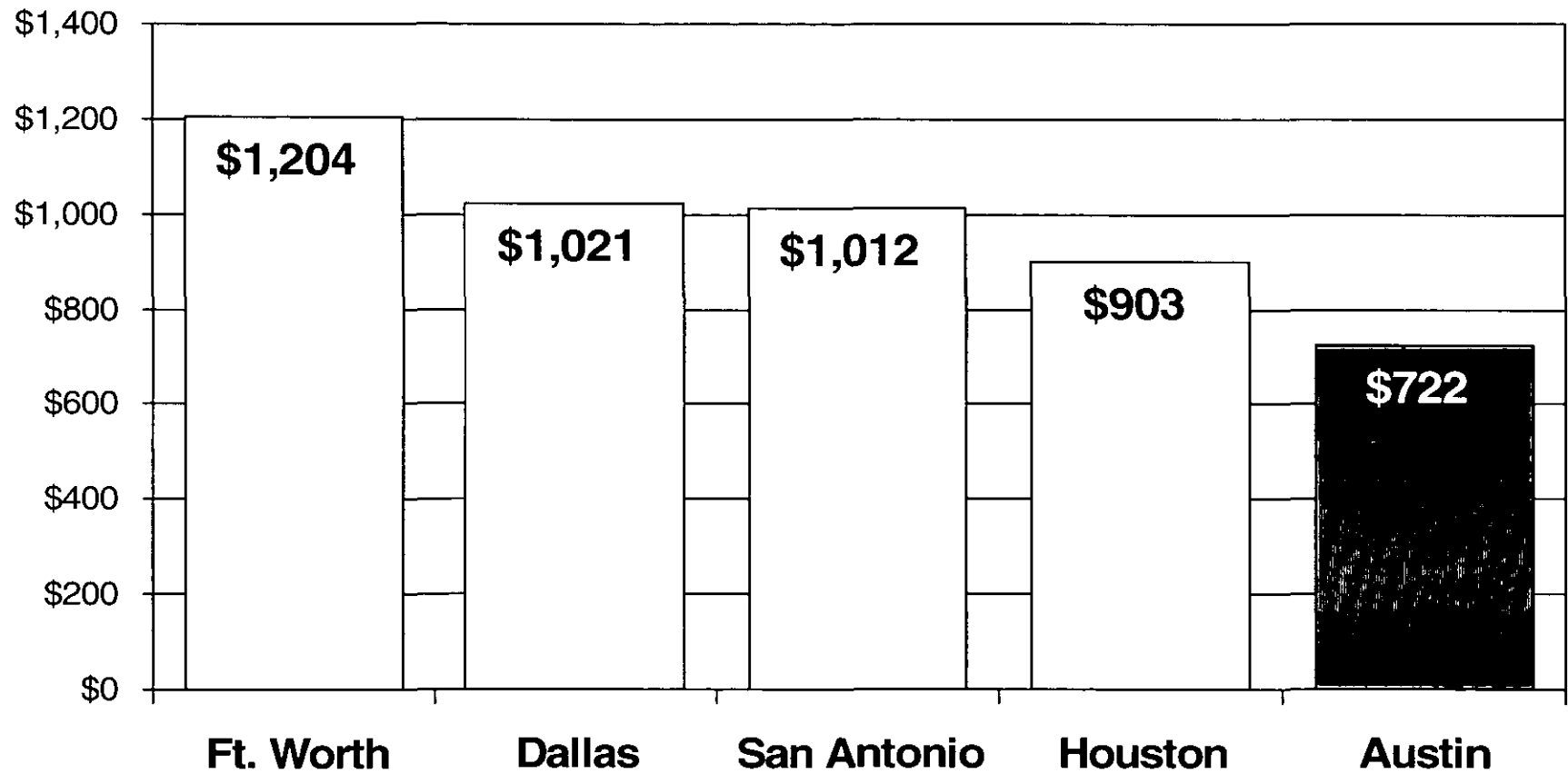
TAX BILL \$175,000 HOME



Jurisdiction	Austin	Share
City	\$722	18.0%
County	\$630	15.7%
Hospital	\$103	2.6%
School	\$2,389	59.6%
Community College	\$164	4.1%
Total Tax Bill	\$4,008	



Property Tax Bill – \$175,000 Home Comparison for 2006-07





Investing in Employees



Investing in Employees

Cost Drivers - Investment in the Workforce

- ▶ Pay for Performance
 - ▶ 3.5% for "meets expectations"
 - ▶ up to 30% of "exceeds" for additional 1.5%
- ▶ Market & Zone Adjustments
- ▶ Continuation of Service Incentive Pay & 2% Lump Sum
- ▶ Health insurance increase of 15% in FY08
- ▶ Expanded Bi-lingual program
- ▶ Continuation of Reward & Recognition
- ▶ Continuation of 1% retirement contribution
- ▶ Increase in training funding for front-line employees



Council Priorities & Initiatives



Council Priorities & Initiatives

Rich Social & Cultural Community

- ▶ Waller Creek
- ▶ Downtown Quality of Life
- ▶ Downtown Master Plan
- ▶ Hike & Bike Trail
- ▶ Parks Maintenance & Parks Facilities
- ▶ Barton Springs Pool

Healthy, Safe City

- ▶ External Audit of Police
- ▶ Structural Water Conversation
- ▶ Long-term Landfill Plan

Vibrant Urban Fabric

- ▶ Transportation & Infrastructure Financing
- ▶ Green WTP Redevelopment
- ▶ Street Preventative Maintenance

Sustainable Economic Development & Financial Health

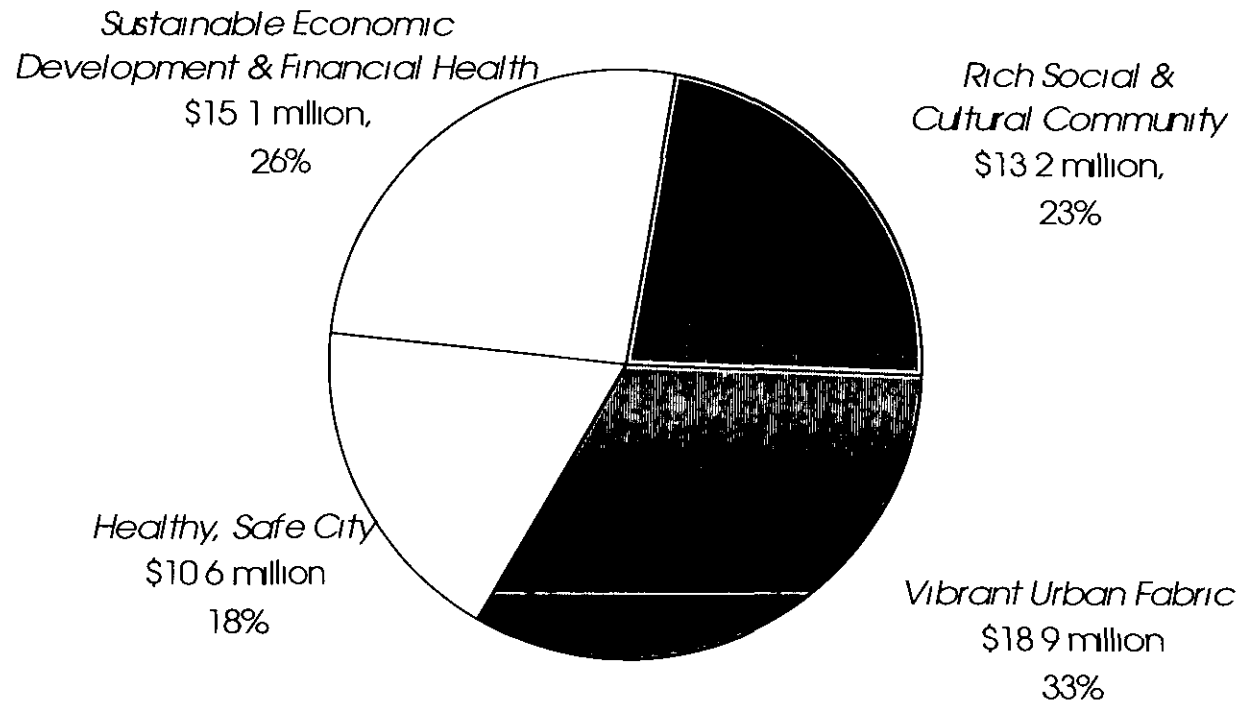
- ▶ Cutting-edge Businesses
- ▶ Small & Minority Owned Businesses
- ▶ Climate Protection Plan
- ▶ Affordable Housing



Council Priorities

Council Priorities: \$57.8 Million

(All Funds, All Funding Sources)





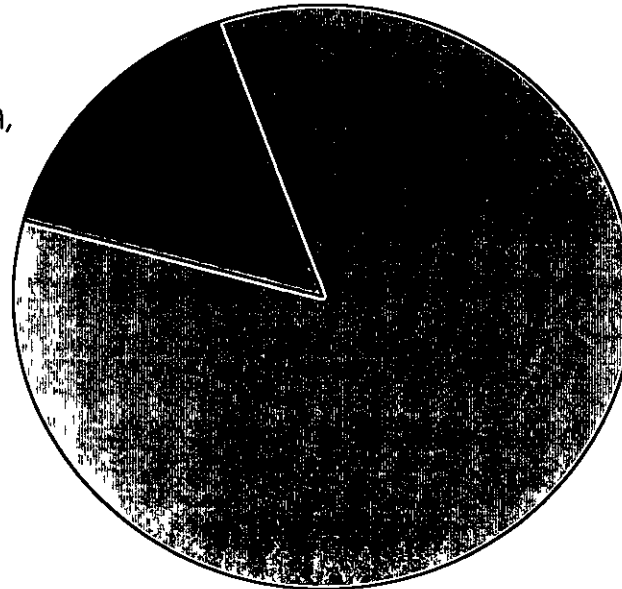
Core Service Investments



Core Service Investments

Core Service Investments: \$5.4 Million

*Internal
Controls*
\$0.8 million,
15%



Growth
\$4.6 million,
85%

** Additional \$1.8 million for Internal Controls is included in the Support Services Fund*



Neighborhood Investments



Neighborhood Investments

Top 5 Neighborhood Concerns & Budget Priorities

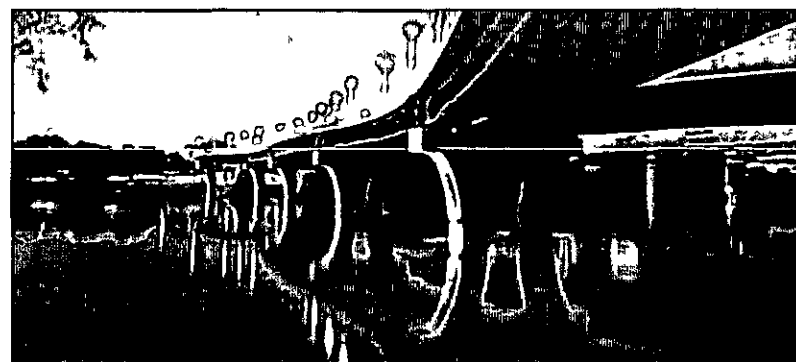
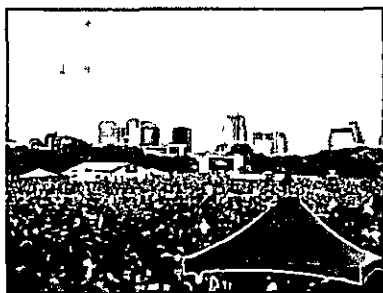
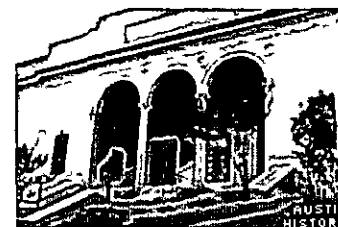
- ▶ sidewalks & pedestrian Improvements
- ▶ neighborhood policing & traffic enforcement
- ▶ traffic calming
- ▶ code enforcement
- ▶ parks maintenance

Top Neighborhood Resource Enhancement

- ▶ 4 FTEs & \$300,000
 - ▶ provide earlier & better information on non-compliant development
 - ▶ provide tracking & implementation of neighborhood plans



General Fund Budget Highlights





Emergency Medical Services

Proposed Budget \$43.0M

COST DRIVERS

- ▶ **Continues 2% premium**
- ▶ **Decreases vacancy savings and increases overtime**
- ▶ **Replaces 6 ambulances**

NEW INVESTMENTS

- ▶ **Addresses high call volumes**
 - ▶ **new peak unit and staff**
\$473,000 and 6 FTEs;
\$276,000 critical one-time
 - ▶ **increase communications staffing and quality assurance**
\$549,000 and 8 FTEs
- ▶ **Expands ALSD recruiting and training program**
 - ▶ ***\$93,000 and 1 FTE***
- ▶ **Funds design of new station at Mueller included as part of 2006 bonds**



Police

Proposed Budget \$220.0M

COST DRIVERS

- ▶ Maintains 2.0 officers per 1000 residents
- ▶ Meets annexation obligations
- ▶ Funds for 5th year of meet and confer
- ▶ Replaces universal hiring grant decreases with General Fund
- ▶ Increases overtime
- ▶ Replaces 81 police cars

NEW INVESTMENTS

- ▶ Replaces expiring grant ballistics position
 - ▶ *\$68,000 and 1 FTE*
- ▶ Strengthens internal control and support functions
 - ▶ *\$213,000 and 4 FTEs*
- ▶ Funds preliminary work on new northeast substation



Fire

Proposed Budget \$116.9M

COST DRIVERS

- ▶ Funding at enhanced task force staffing levels
- ▶ Funding for 3rd year of collective bargaining
- ▶ Includes partial year funding for 20 FTEs for new Avery Ranch station
- ▶ Decreases vacancy savings and increases overtime
- ▶ Replaces 9 trucks

NEW INVESTMENTS

- ▶ Improves dispatch area
 - ▶ *\$101,000 and 2 FTEs*
- ▶ Enhances AISD training program
 - ▶ *\$59,000*
- ▶ Augments support for breathing air system operations
 - ▶ *\$58,000 and 1 FTE*
- ▶ Strengthens internal control and support functions
 - ▶ *\$253,000 and 4 FTEs*



Public Safety and Emergency Management

Proposed Budget \$6.1M

COST DRIVERS

- ▶ **Continues 2% base pay increase for uniformed staff**

NEW INVESTMENTS

- ▶ **Replaces discontinued funding for downtown parks patrol**
 - ▶ ***\$124,000***



Municipal Court

Proposed Budget \$11.6M

COST DRIVERS

- ▶ **Funding for Municipal Court and Downtown Austin Community Court operations**

NEW INVESTMENTS

- ▶ **Addresses increased service volumes**
 - ▶ *\$89,000 and 2 FTEs (Court)*
 - ▶ *\$107,000 and 2 FTEs (DACC)*
- ▶ **Continues the increases graffiti and litter abatement resources in DACC**
 - ▶ *\$46,000 and 2 FTEs*
- ▶ **Strengthens internal control and support functions**
 - ▶ *\$57,000 and 1 FTE*



Health and Human Services

Proposed Budget \$34.9M

COST DRIVERS

- ▶ Increases social services contracts by 3.5%
- ▶ Funds base cost increases
 - ▶ Arch operations and maintenance
 - ▶ Salvation Army Women and Children's Shelter operations
 - ▶ Contract increases for free spay/neuter clinics

NEW INVESTMENTS

- ▶ Funds additional overnight monitors at Salvation Army
 - ▶ *\$122,000*
- ▶ Continues to enhance graffiti resources
 - ▶ *\$100,000 and 2 FTEs*
- ▶ Increases inspection of food establishments
 - ▶ *\$145,000 and 2 FTEs*
- ▶ Adds animal control officer
 - ▶ *\$52,000 and 1 FTE*
- ▶ Strengthens internal control and support functions
 - ▶ *\$124,000 and 2 FTEs*
- ▶ Funds pilot expansion of immunization services for adults



Parks and Recreation

Proposed Budget \$35.8M

COST DRIVERS

- ▶ Includes full-year funding for new facilities opened in late 2007 and early 2008
 - ▶ Mexican American Cultural Center
 - ▶ Turner Roberts Recreation Center
 - ▶ Gus Garcia Recreation Center
 - ▶ Town Lake Park
- ▶ Funds operations for Colorado River Park to be open in late 2008
- ▶ Provides \$500,000 for Barton Springs pool improvements from Sustainability Fund

NEW INVESTMENTS

- ▶ Continues to invest in park maintenance staffing for facilities, trails and playgrounds
 - ▶ *\$784,000 and 15.5 FTEs;*
- ▶ Adds 4 FTEs for conservation program, as well as planning and development resources
- ▶ Continues funding for PARD 2006 bond program
 - ▶ Appropriates \$14.5M for projects
- ▶ Strengthens internal control and support functions
 - ▶ *\$171,000 and 3 FTEs*



Library

Proposed Budget \$23.5M

COST DRIVERS

- ▶ **Continues emphasis on library safety**
 - ▶ **Converts 5 temporary security guards to regular status**

NEW INVESTMENTS

- ▶ **Increases funding for library books, periodicals and databases**
 - ▶ **\$713,000 and 1 FTE**
- ▶ **Increases focus on maintenance**
 - ▶ **\$71,000 and 1 FTE**
- ▶ **Strengthens support functions**
 - ▶ **\$82,000 and 1 FTE**
- ▶ **Provides initial 2006 bond funding to begin new central library preliminary planning**
 - ▶ **\$1,000,000**



Watershed Protection and Development Review

Proposed Budget \$15.8M (General Fund)

COST DRIVERS

- ▶ Funds City's One Stop Shop for development services

NEW INVESTMENTS

- ▶ Responds to continued growth in development activity
 - ▶ Building Inspections
 - ▶ \$143,000 and 5 FTEs;
 - ▶ Permit Center
 - ▶ \$71,000 and 2 FTEs;
 - ▶ Right of Way Management
 - ▶ \$68,000 and 2 FTEs;
 - ▶ Site and Subdivision inspections
 - ▶ \$147,000 and 3 FTEs;
 - ▶ Commercial Building Plan Review
 - ▶ \$69,000 and 1 FTE;



Neighborhood Planning and Zoning

Proposed Budget \$5.3M

COST DRIVERS

- ▶ Continues staffing to focus on:
 - ▶ Downtown master plan and design
 - ▶ Implementing design standards
 - ▶ Neighborhood plans
 - ▶ Historic zoning and preservation
 - ▶ TOD station area plans
 - ▶ VMU projects

NEW INVESTMENTS

- ▶ Increases urban design staffing to address Council initiatives and higher project volume
 - ▶ *\$195,000 and 3 FTEs*
- ▶ Creates neighborhood ombudsman function & enhances neighborhood planning capabilities
 - ▶ *4 FTEs*



Rebuilding Support Services

Critical Strategic Additions

- ▶ Expands resources for records management
 - ▶ *\$52,000 and 1 FTE*
- ▶ Responds to continued increasing demands for legal services
 - ▶ *\$364,000 and 4 FTEs*
- ▶ Returns responsibility for MBE/WBE certification to the DSMBR
 - ▶ *\$332,000 and 5 FTEs*
- ▶ Enhances accounts payable and purchasing functions
 - ▶ *\$156,000 and 3 FTEs*
- ▶ Increases resources for police oversight
 - ▶ *\$91,000 and 1 FTE*
- ▶ Increases auditing capabilities
 - ▶ *\$77,000 and 1.7 FTEs*
- ▶ Enhances consistent treatment of employees and application of personnel policies
 - ▶ *\$428,000 and 6 FTEs (HRD)*
 - ▶ *\$110,000 and 2 FTEs (FSD)*
- ▶ Addresses backlog of building maintenance
 - ▶ *\$426,000 and 5 FTEs*



Rebuilding Support Services

Communications & Technology Management

- ▶ Annual IT budget development with all departments resulting in lower total cost of IT equipment and alignment of IT strategy and standards
- ▶ Centralized IT procurement including all purchase requests, RCA review and approval, RFP coordination and vendor selection
- ▶ Ongoing IT contract review and consolidation for cost savings and adherence to standards
- ▶ Corporate GIS Operating Board with standards for data collection, exchange, and software ensuring a consistent platform for all City spatial analysis
- ▶ Project management oversight and standards for new system implementations



Rebuilding Support Services

Communications & Technology Management

- ▶ Recent acquisition and ongoing implementation of over twenty new major technology systems
- ▶ Increase in IT infrastructure since FY04
 - ▶ 76% increase in number of servers
 - ▶ 120 % increase in network consumption (new sites, segments and rings)
 - ▶ 17 % increase in help desk calls
- ▶ 27% increase in number of supported applications since FY06



Budget Stabilization Reserve Fund



Budget Stabilization Reserve Fund

- ▶ At end of each year, excess revenue and unspent appropriation deposited into this reserve
- ▶ Fund may be used for capital and one-time expenditures, but not to exceed 1/3 of total amount in the reserve, with 2/3 reserved for future years



Budget Stabilization Reserve Fund

FY 2007-08

Beginning Balance	\$50.3 million
Transfer Out to General Fund One-Time Costs	(\$16.8) million
Transfer to General Fund	(\$5.0) million
Ending Balance	\$28.5 million



One-Time Critical Costs

FY 2007

Vehicle replacements	\$ 6.6 million
Technology replacement & upgrades	\$ 4.8 million
Service incentive enhancement	\$ 2.5 million
1% retirement contribution	\$ 1.1 million
Departmental capital	<u>\$ 2.3 million</u>
Total	\$17.3 million
<i>Amount available from FY08 stabilization fund</i>	<i>\$16.8 million</i>
<i>Prior year one-time savings</i>	<i>\$ 0.5 million</i>



2006 Bond Program



2006 Bond Program

- ▶ \$567.4 million bond package approved November 7th, 2006
 - ▶ 7 propositions
 - ▶ 7 year program
- ▶ March 2007 – Council approved 1st year funding of \$85.5 million
- ▶ Proposed budget includes \$93.7 million for 2nd year funding
 - ▶ Approved by Bond Oversight Committee



2006 Bond Program

- ▶ Factors in development of 7 year plan
 - ▶ annual financial capacity
 - ▶ staff workload
 - ▶ dependencies of stand-alone projects
 - ▶ i.e. Library funding is towards end of planning period as it is part of larger redevelopment project
 - ▶ programs spread out over the entire period



Enterprise Rate & Fee Increases



Rates & Fees

Austin Water Utility

- ▶ Combined rate increase of 9.8%
 - ▶ 3rd year of 5 year rate plan
 - ▶ \$1.4 billion capital plan
 - ▶ O&M funding for water conservation, repair contracts to improve water leak and main break response

Transportation User Fee

- ▶ Street preventative maintenance to 9.5%
 - ▶ 12.8% increase to fee
 - ▶ \$0.48 cents per month



Budget Schedule



Key Dates

July 27th

Proposed Budget Presentation

August 9th

Budget Presentations & Budget Public Hearings
Discuss & Vote on Proposed Tax Rate
Hearings

August 23rd

Budget Presentations & Budget Public Hearings
1st Tax Rate Public Hearing

August 30th

Budget Presentations & Budget Public Hearings
2nd Tax Rate Public Hearing

September
11th – 13th

Budget Approval Readings



FY2007-08 Proposed Budget

Questions & Discussion