



Fiscal Year 2008-09 Proposed Budget

**Solid Waste Services
Aviation Department**

**Robert Goode
Assistant City Manager**



Solid Waste Services



August

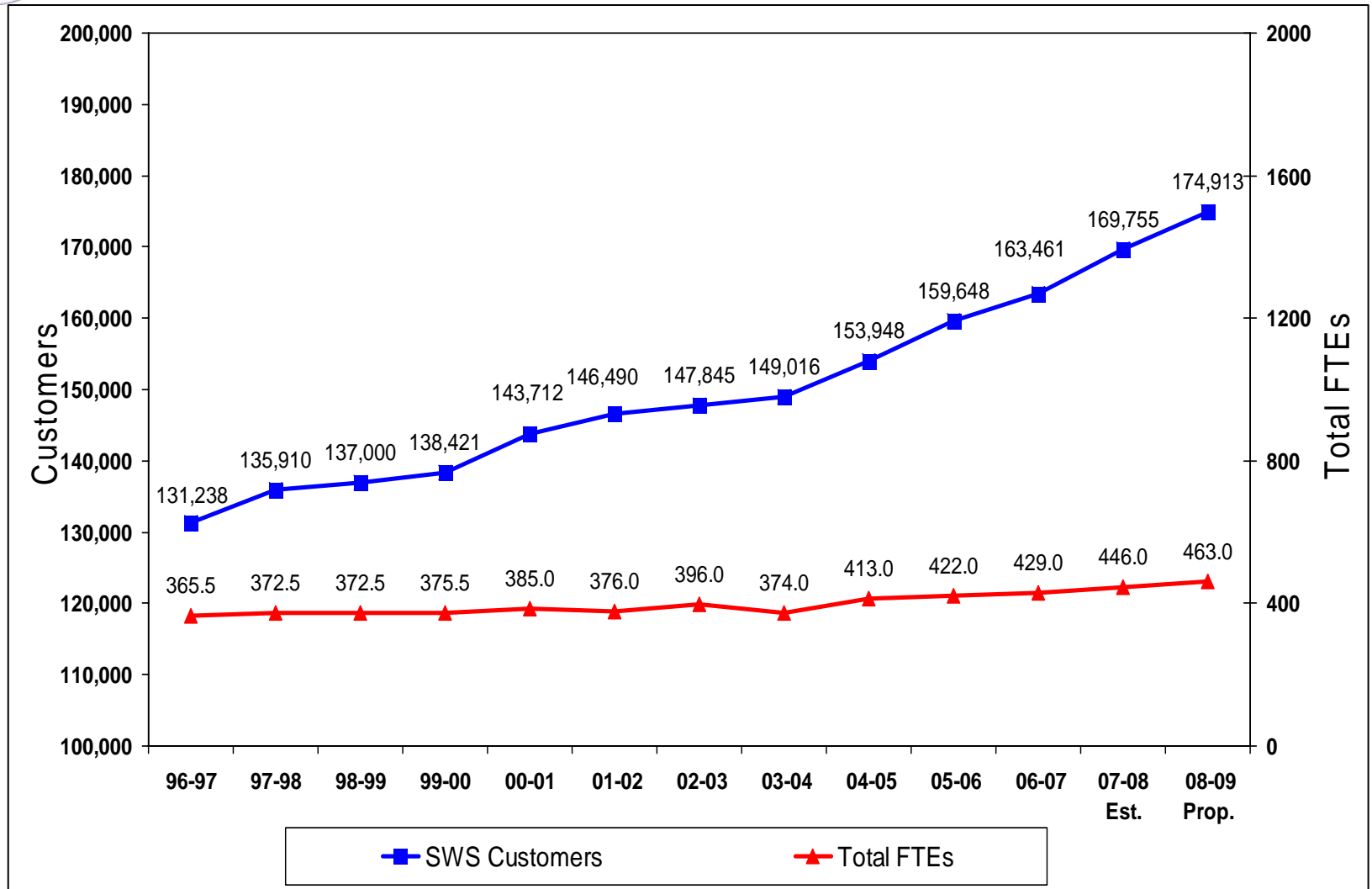


The Vision - Zero Waste

**By 2040 we will reduce the
City's waste stream by 75%**



Operational Challenges - Growth



August 7, 2008

Proposed Budget FY 2008 - 09



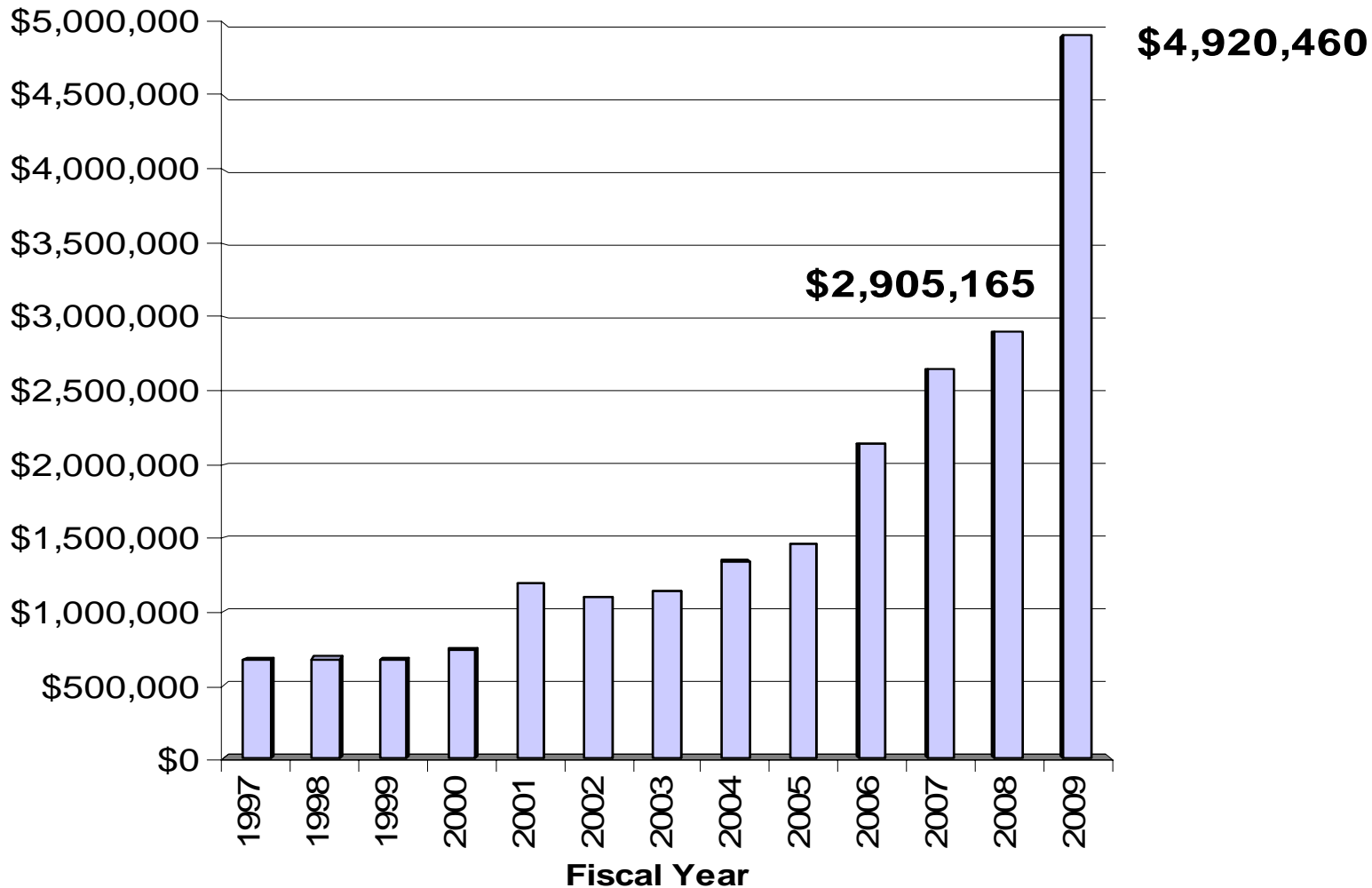
Operational Challenges – Growth

Code Enforcement

- ▶ Increased demand:
 - ▶ 33% increase in property abatement investigations
 - ▶ 82% increase in zoning investigations
- ▶ Need to move toward a preventative education-based compliance model vs. enforcement model.
- ▶ Need to Improve complaint resolution process.
Better use of AMANDA system, development of benchmarks.



Operational Challenges – Fuel Cost



August 7, 2008

Proposed Budget FY 2008 - 09



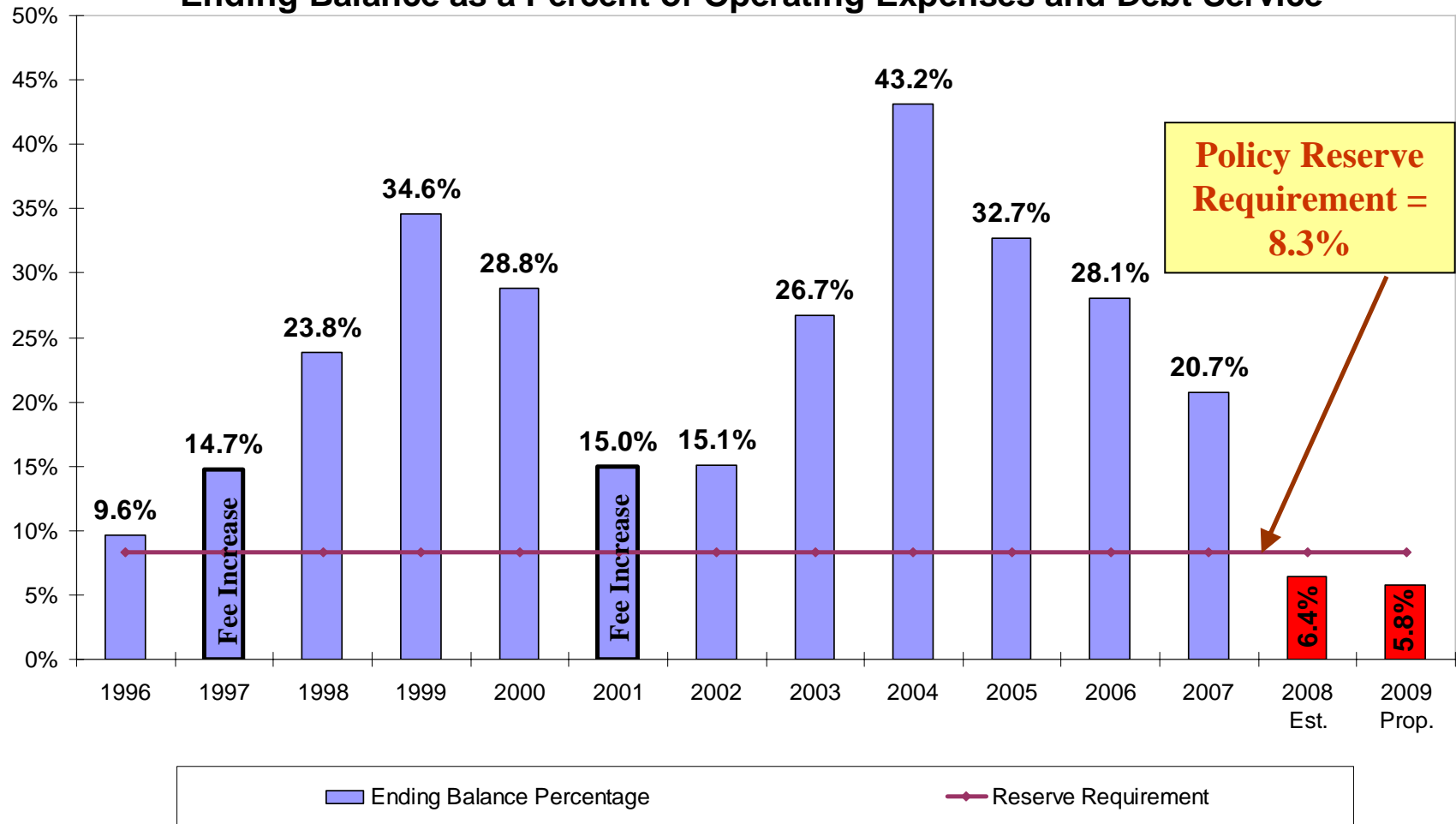
Major Expenditure Increases

- ▶ \$3.3 M increase in fuel/vehicle maintenance costs
- ▶ \$1.6 M increased debt service for vehicles, equipment, and single stream carts
- ▶ \$600,000 for alternative fuel conversion
- ▶ \$450,000 increase in service contracts
- ▶ \$249,000 increased landfill disposal costs
- ▶ \$998,000 for 17 new positions to handle customer growth (5 in Code Enforcement, 4 in Litter Abatement, 4 in Pay As You Throw, 2 in Operational Support and 2 in Support Services)



Historical Ending Balances

Ending Balance as a Percent of Operating Expenses and Debt Service





Budget Facts

(Millions)

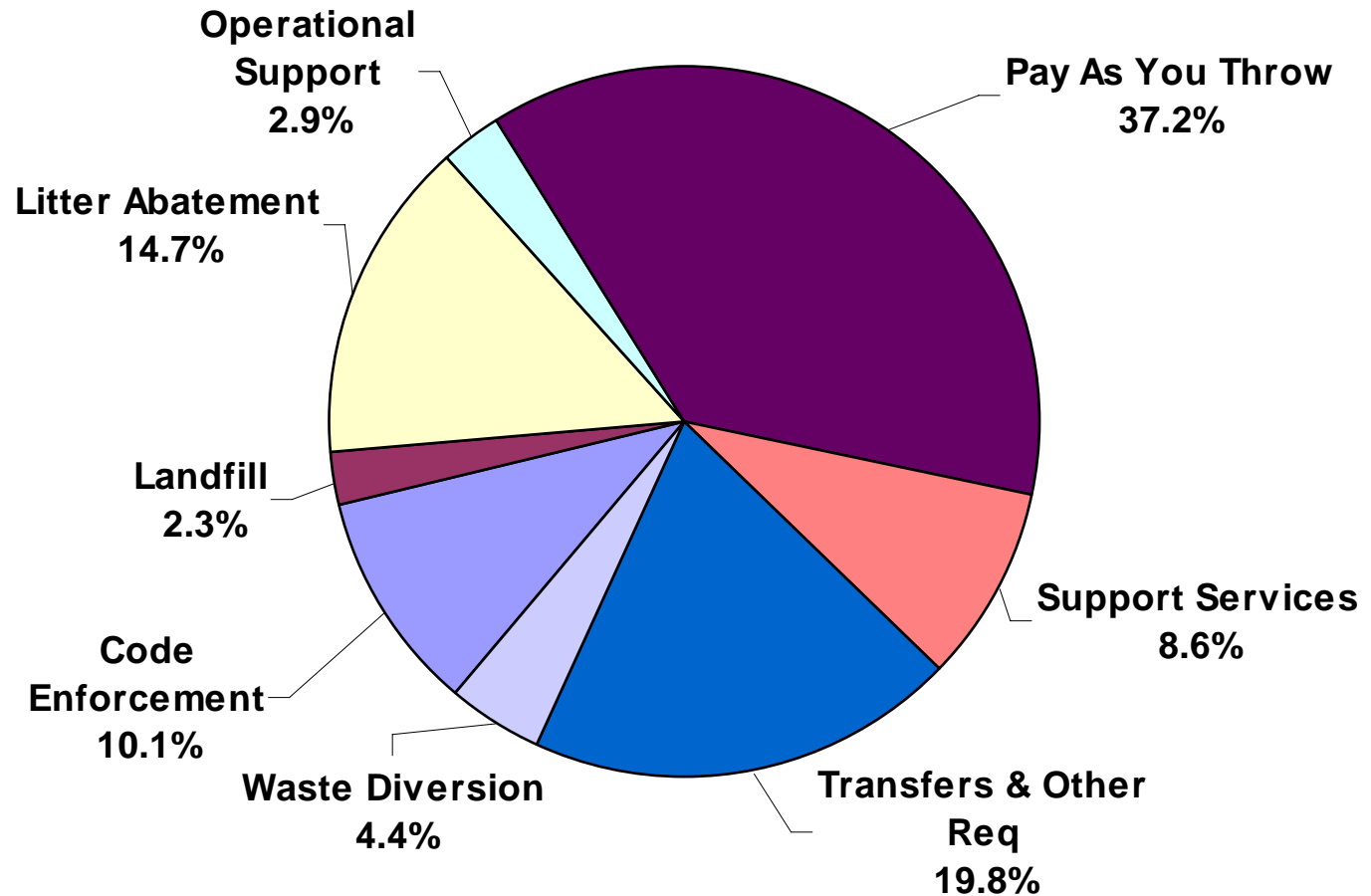
	FY 2008 Estimate	FY 2009 Proposed	Difference	
Beginning Balance	\$9.0	\$3.3	(\$5.70)	(63.3%)
Revenue	\$51.9	\$65.9	\$14.10	27.2%
Transfers In	\$1.3	\$0.8	(\$0.50)	(38.5%)
Expenditures	\$58.9	\$66.6	\$7.90	13.5%
Ending Balance	\$3.3	\$3.4	\$0.10	3.0%

▶ Total Proposed FTEs: 463.00

**No new appropriations for the proposed Capital Budget –
Awaiting Master Plan process**

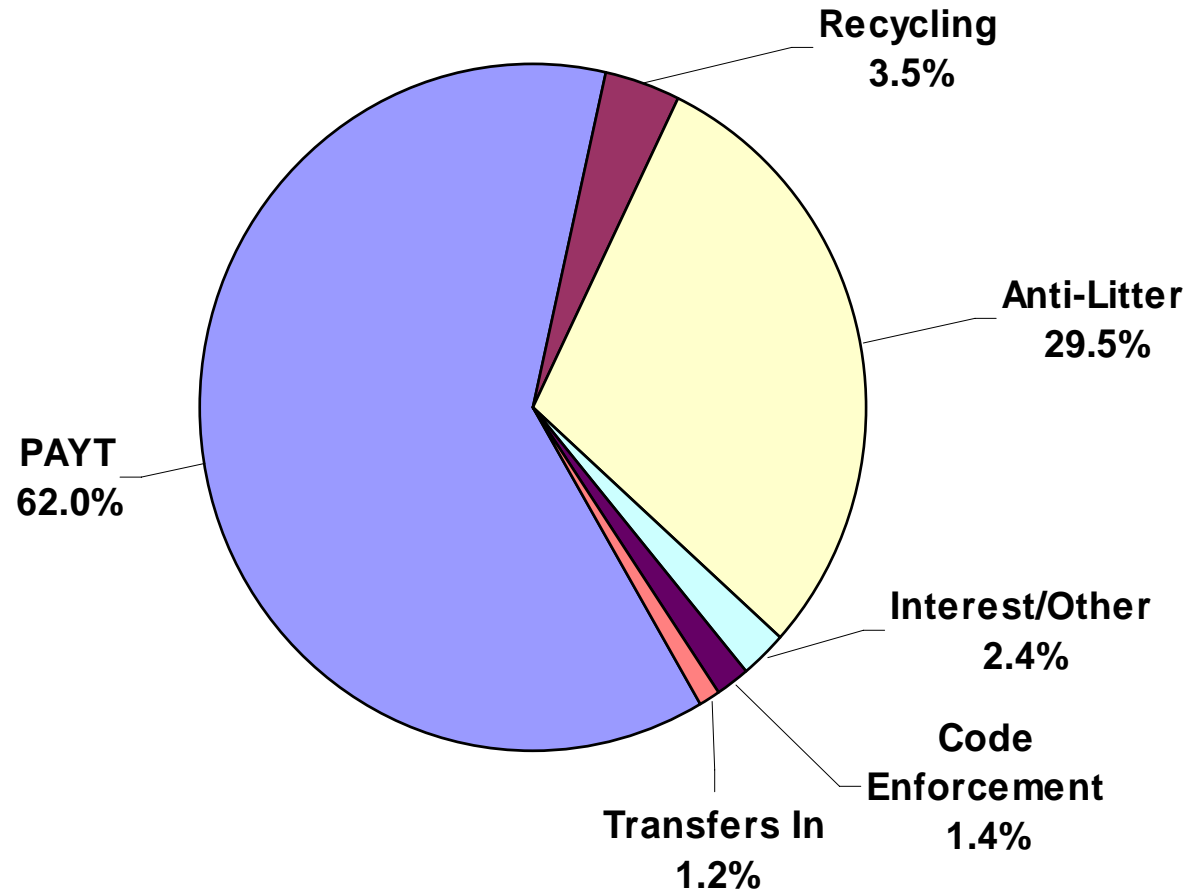


Expenditures \$66.6 million





Revenues \$66.7 million



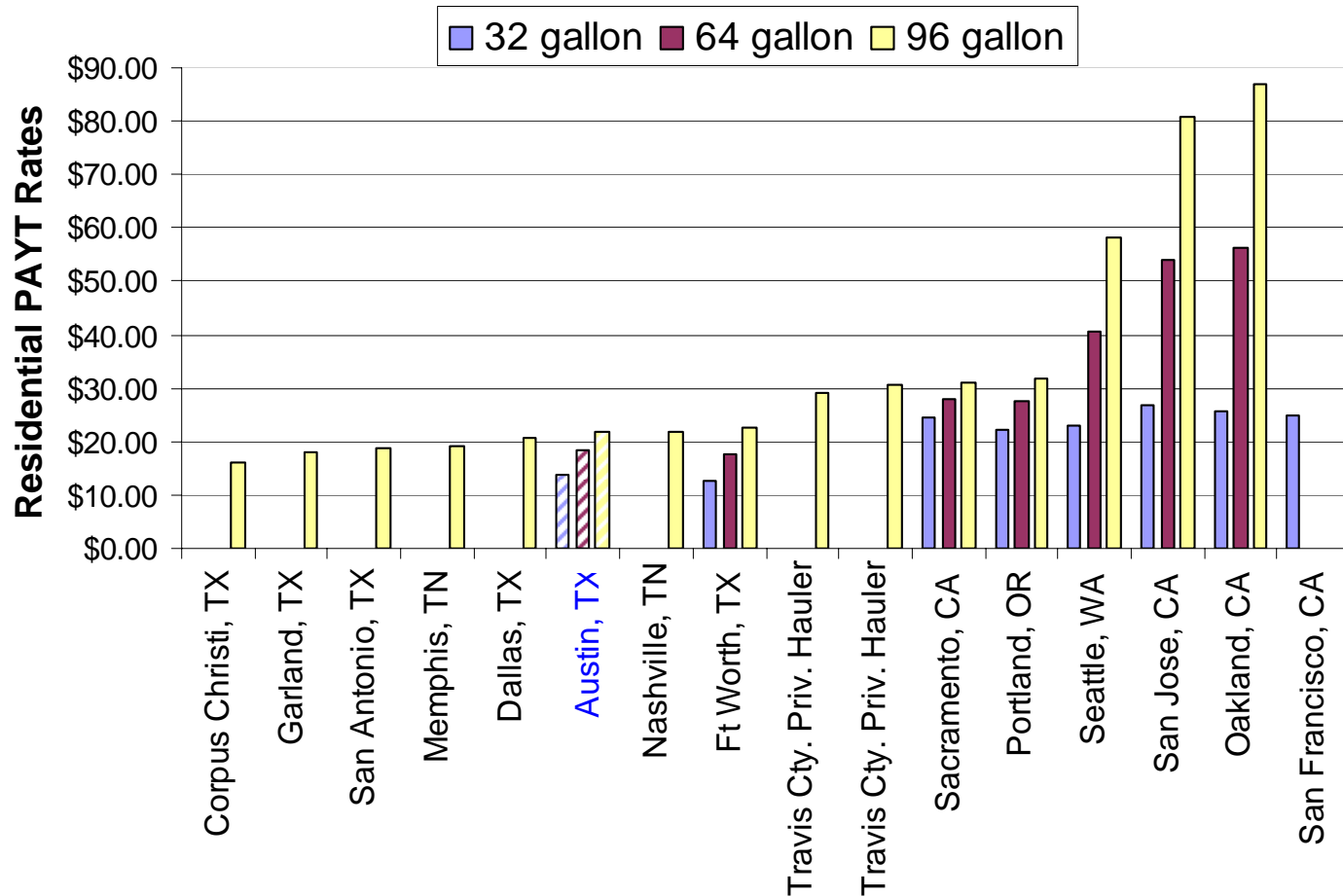


Proposed Rate Increase

Residential	FY'08 Approved Rate	FY'09 Proposed Rate	% Increase	Monthly Increase
Base Charge	\$7.00	\$8.75	25.0	\$1.75
30 Gallon Cart	\$4.75	\$5.00	5.3	\$0.25
60 Gallon Cart	\$7.50	\$9.50	26.7	\$2.00
90 Gallon Cart	\$10.25	\$13.00	26.8	\$2.75
Anti-Litter Fee	\$2.60	\$5.00	92.3	\$2.40
<i>Extra Garbage:</i>				
<i>With Sticker</i>	<i>\$2.00</i>	<i>\$4.00</i>	<i>100</i>	<i>\$2.00</i>
<i>Without Sticker</i>	<i>\$4.00</i>	<i>\$8.00</i>	<i>100</i>	<i>\$4.00</i>



Benchmarks: Residential PAYT Rates



*The City of Austin has anti-litter fees of \$5.00



Zero Waste – how do we get there?

- ▶ Waste Reduction
 - ▶ Lead by example
 - ▶ Producer Responsibility Programs
 - ▶ Waste reduction legislation
- ▶ Waste Diversion
 - ▶ Recycling
 - ▶ Composting
 - ▶ Incentives (permitting process) to encourage waste diversion
 - ▶ Public-private partnerships



Zero Waste – how do we get there?

- ▶ Recycling Efforts - Single Stream
 - ▶ Materials Recovery Facility
 - ▶ Volume increase of 40%
 - ▶ Single Stream processing required
 - ▶ Green Districts
 - ▶ Encourages public-private partnership
 - ▶ Serves as a model for environmental stewardship





Zero Waste – how do we get there?

- ▶ Landfill Capacity
 - ▶ Zero Waste ...will affect only COA customers, not our neighbors
 - ▶ Regional Issues
 - ▶ 33 counties bring waste to the landfills in Travis and Williamson Counties
 - ▶ CAPCOG Region is scheduled to expand

Bottom Line:

Even if Austin achieves Zero Waste, additional landfill capacity will be required...we have capacity only until 2018.



Our Response to these opportunities

**Solid Waste is an evolving business -
no longer just removing trash**

Developing a Master Plan



Aviation



August 9, 2007

Proposed Budget FY 2007 - 08



The Airport's Role

**Build and operate
infrastructure to serve the
Airline industry. If we provide
this service effectively, Airlines
will want to conduct business
in Austin.**



How do we do that?

- ▶ Build a great team...
- ▶ Achieve superior financial results...
- ▶ Improve the way we do business...



Simply put...
provide exceptional, cost effective service



A record year!

- ▶ **2008 will be a record year!**
 - ▶ 9.5 million passengers...6% growth over 2007 (twice that of most U.S. airports)
 - ▶ This May we had the largest increase in non-stop service since the airport opened (now have 53 non-stops)
 - ▶ Airlines continue to show confidence in Austin market
 - ▶ Continued high levels of customer satisfaction (8th of 110 airports worldwide)
- ▶ **It has been a GREAT year, but things are about to change...**



Major Expenditure Increases

ARFF (Aircraft Rescue Fire Fighting)	\$ 338,000
PSEM (Public Safety and Emergency Management)	\$ 490,000
Utilities/Energy Conservation	\$ 362,000
Fuel costs	\$ 299,000
Parking credit card fees	\$ 243,000
Asset Management/Inventory Software	\$ 450,000
New Employees - to address growing demands due to aging infrastructure: 4 in Facility Services, 2 in Building Maintenance, 3 in Planning/Engineering, 1 in Information Systems, and 16 for Low Cost Terminal Security (reimbursed cost)	\$1,611,000

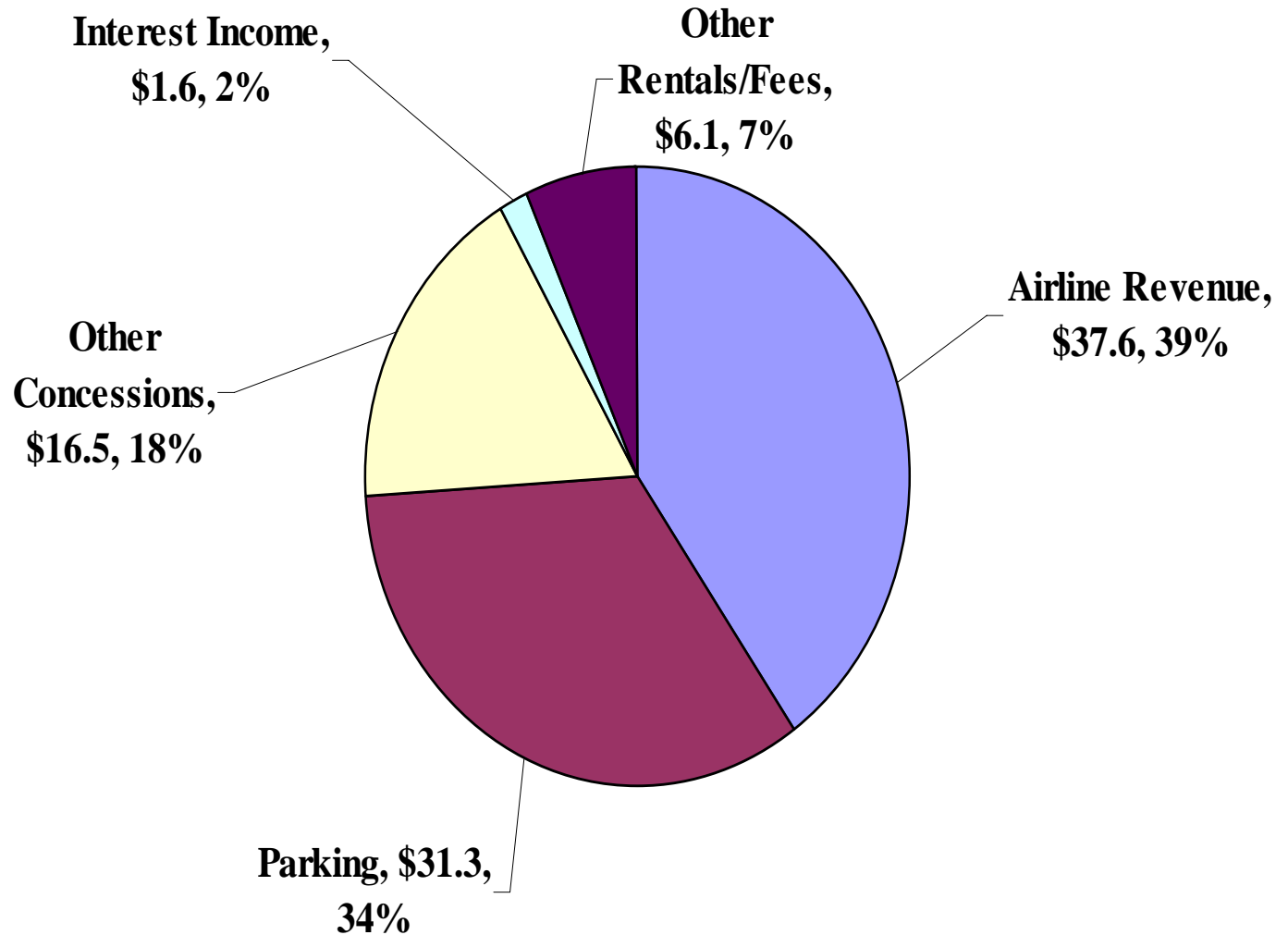


AIRPORT BUDGET FACTS

	(in millions)		
	FY 2007 Actuals	FY 2008 Estimate	FY 2009 Proposed
Revenue	\$ 82.0	\$ 86.7	\$93.1
Operating Requirements	\$ 44.5	\$ 51.5	\$56.6
Debt Service/ Other req.	\$ 19.6	\$ 24.5	\$22.0
Transfer to the Capital Fund	<u>\$ 17.9</u>	<u>\$ 10.7</u>	<u>\$14.5</u>
Expenditures	\$82.0	\$86.7	\$93.1

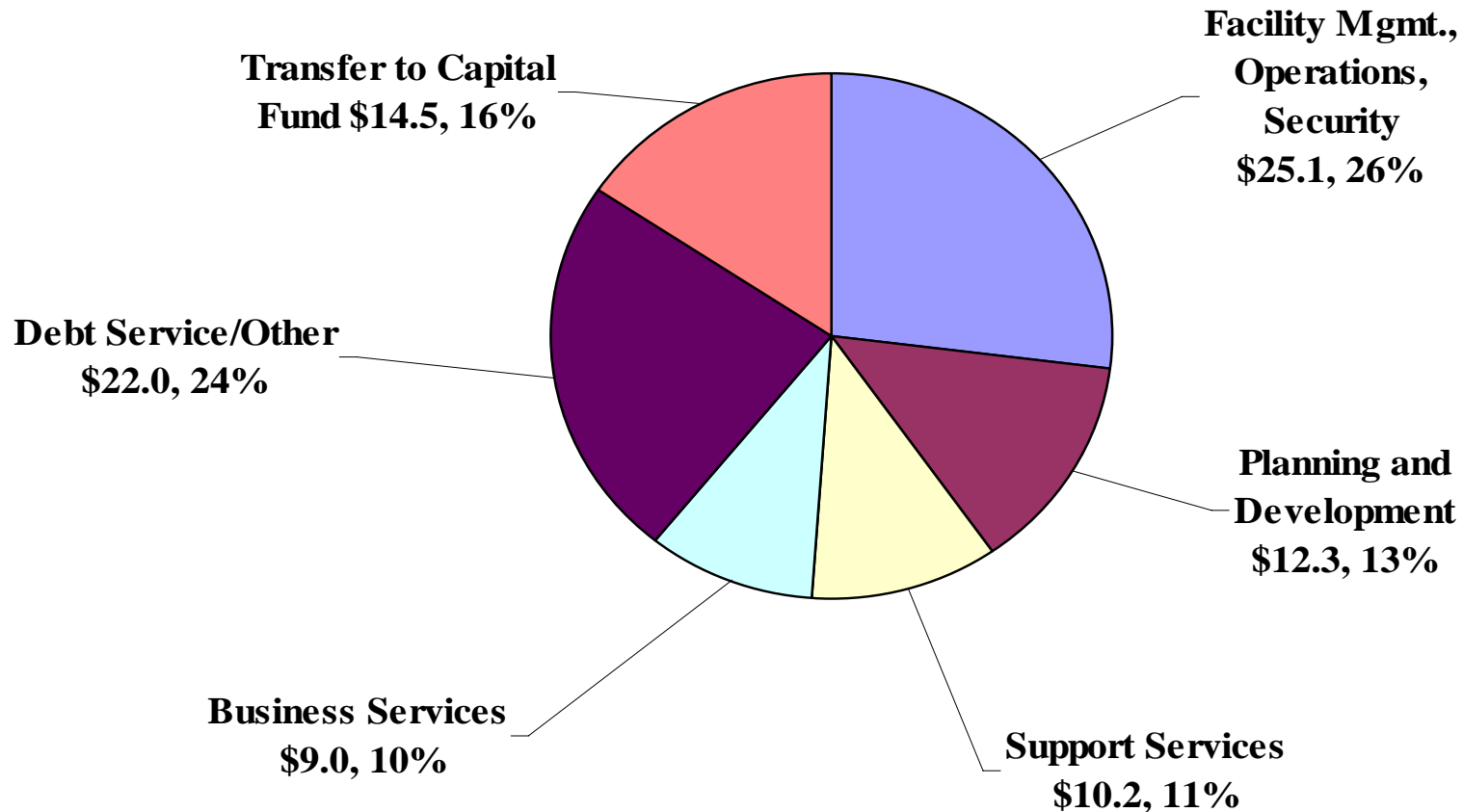


Revenue - \$93.1 million





Expenditures \$ 93.1 million





FY 2009 Capital Budget

- ▶ ABIA Capital Improvements \$ 43.9 million
 - Anticipated Federal Grant funding
\$ 19.9 million



FY 2009 Planned Capital Projects

- ▶ Remain Overnight Apron Expansion
- ▶ Airfield Lighting System Upgrade
- ▶ Taxiway Asphalt Shoulder Repair
- ▶ Airfield Joint Sealant Rehabilitation
- ▶ Noise Mitigation
- ▶ Drainage Improvements and Drainage Master Plan
- ▶ ARFF Vehicle Replacement Acquisition



Looking Forward

- ▶ **Airline Industry is in turmoil**
 - ▶ Fuel prices...no airline can make money with oil over \$100/barrel
 - ▶ Airlines trying to raise revenue with fare and fee increases and reduce expenses with capacity cuts, layoffs, mergers (Northwest/Delta)
 - ▶ Airlines going bankrupt or being liquidated (Frontier, ATA, Aloha, Skybus)



Looking Forward

- ▶ **We will fare better than most airports**
 - ▶ Oakland...down 30%
 - ▶ Kansas City...down 20%
 - ▶ Orlando and Las Vegas...down dramatically due to reliance on low fare, leisure traffic.

- ▶ **We are projecting 10 – 12% reduction in flights**



Our Response to these challenges

- ▶ **We are prepared...**
 - ▶ Manage through with flexibility, cooperation, and no layoffs
 - ▶ Contingency plans in place:
 - ▶ Postpone capacity enhancing CIP projects (terminal expansion, parking garage, etc.)
 - ▶ Proceed cautiously with maintenance CIP projects (replace old signage, road repairs, etc.)
- ▶ **Airlines will continue to scrutinize all expenditures in order to hold down rates.**



Our Response to these challenges

- ▶ While we are prepared, we are not in control...the airline industry is going through unprecedented changes and nobody can predict where it will end.
- ▶ As the industry contracts we must be prepared to change as well or risk losing even greater levels of service.





Fiscal Year 2008-09 Proposed Budget

**Solid Waste Services
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**Robert Goode
Assistant City Manager**



Fiscal Year 2008-09
Proposed Budget
Austin Water Utility
Convention Center Department

Rudy Garza
Assistant City Manager

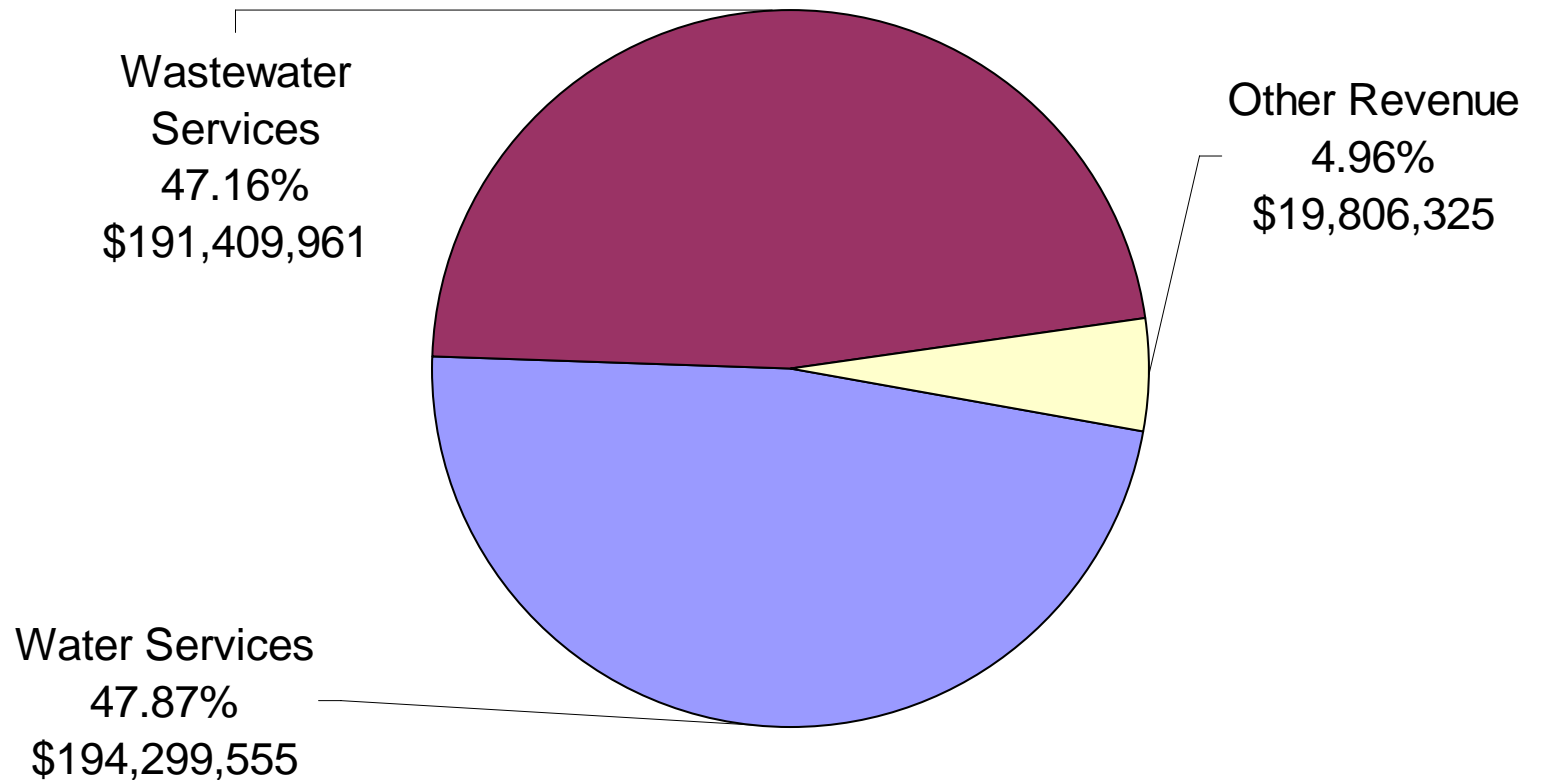


Austin Water Utility

- ▶ Revenue
- ▶ Expenditures
- ▶ CIP
- ▶ Challenges and Opportunities

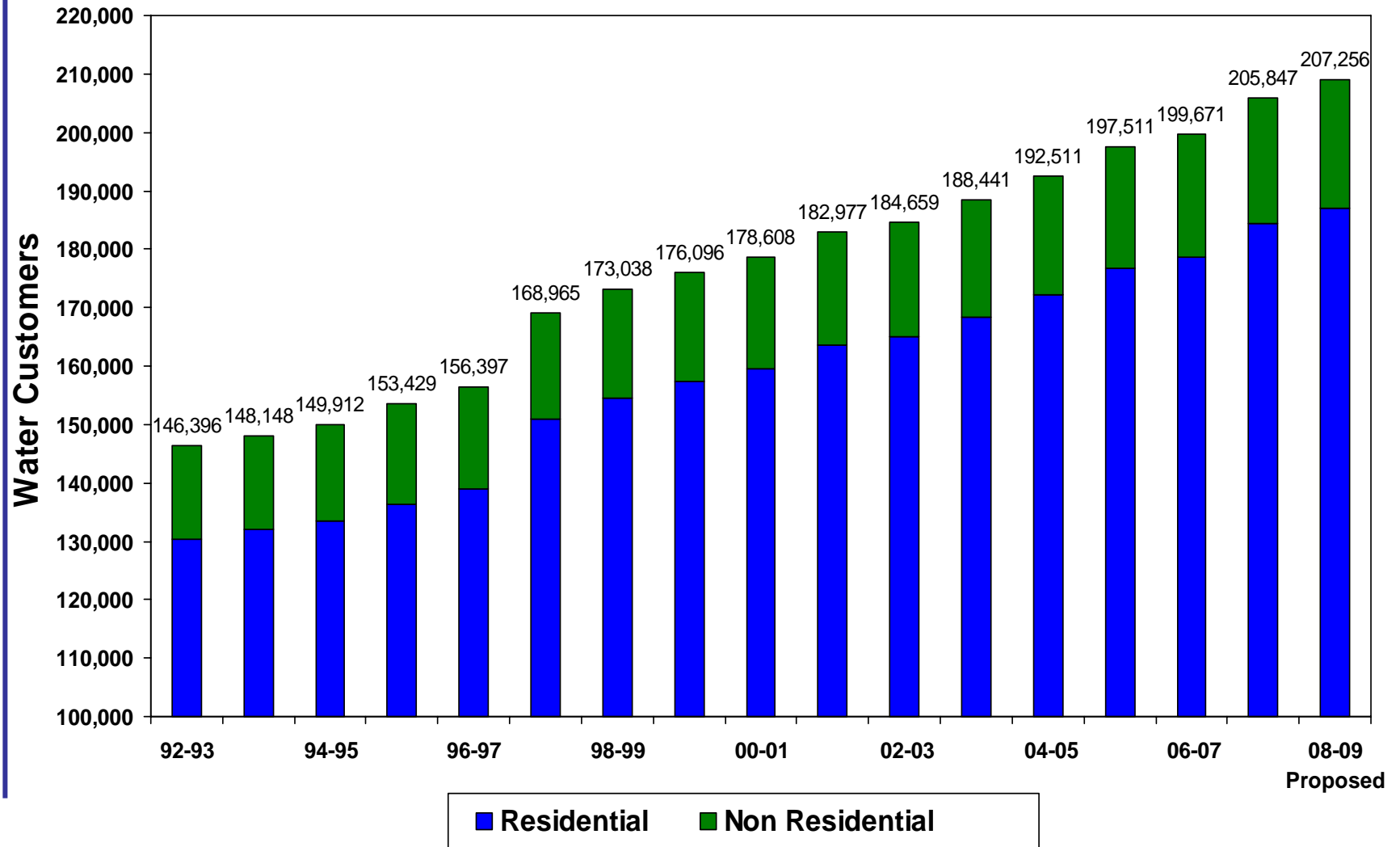


Revenue - \$405.5 million





Customer Growth





Rate Increases

Projected Rate Increases	2009 Proposed	2010	2011	2012	2013	Total
Water	9.7%	5.6%	5.6%	5.6%	5.6%	32.1%
Wastewater	4.5%	3.4%	3.4%	3.4%	3.4%	18.0%
Combined	7.0%	4.5%	4.5%	4.5%	4.5%	25.0%

- ▶ Average Residential Customer Monthly Bill Increase of \$4.25
(8,500 gallons water and 5,000 gallons wastewater)
- ▶ New initiative for Low Income Customers
 - ▶ Waiver of \$14.25 monthly minimum charge
 - ▶ Consistent with Austin Energy program

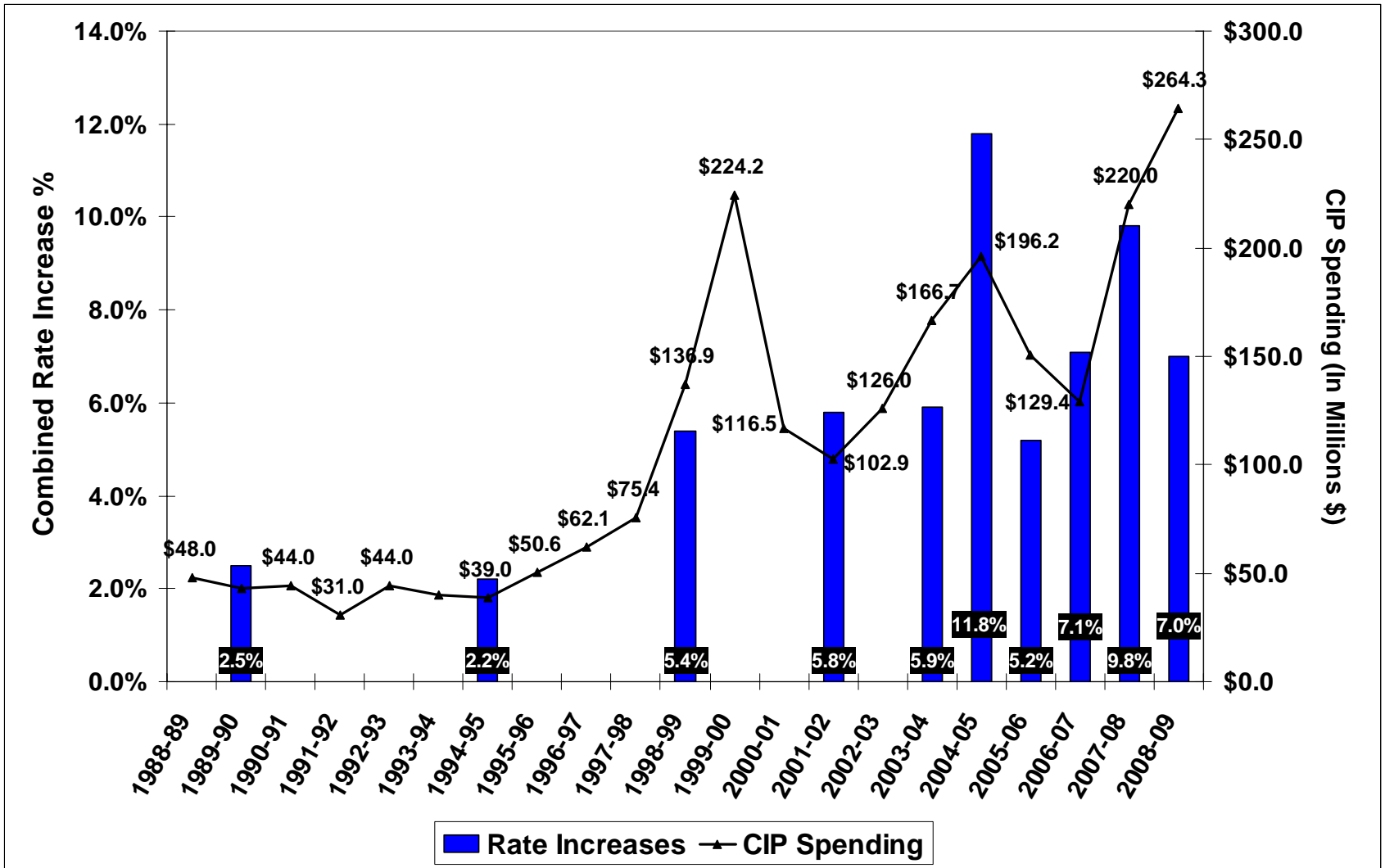


Cost of Service Study

- ▶ Currently conducting Cost of Service Rate Study
 - ▶ Last Cost of Service Rate Study completed in 1999
- ▶ Ongoing public involvement process to review issues
- ▶ Address Water Conservation Task Force recommendations
- ▶ Implementation Schedule
 - ▶ Fall 2008 – Commission and Council briefings
 - ▶ January 2009 – final Council review and approval
 - ▶ April 2009 – Implement all cost of service results

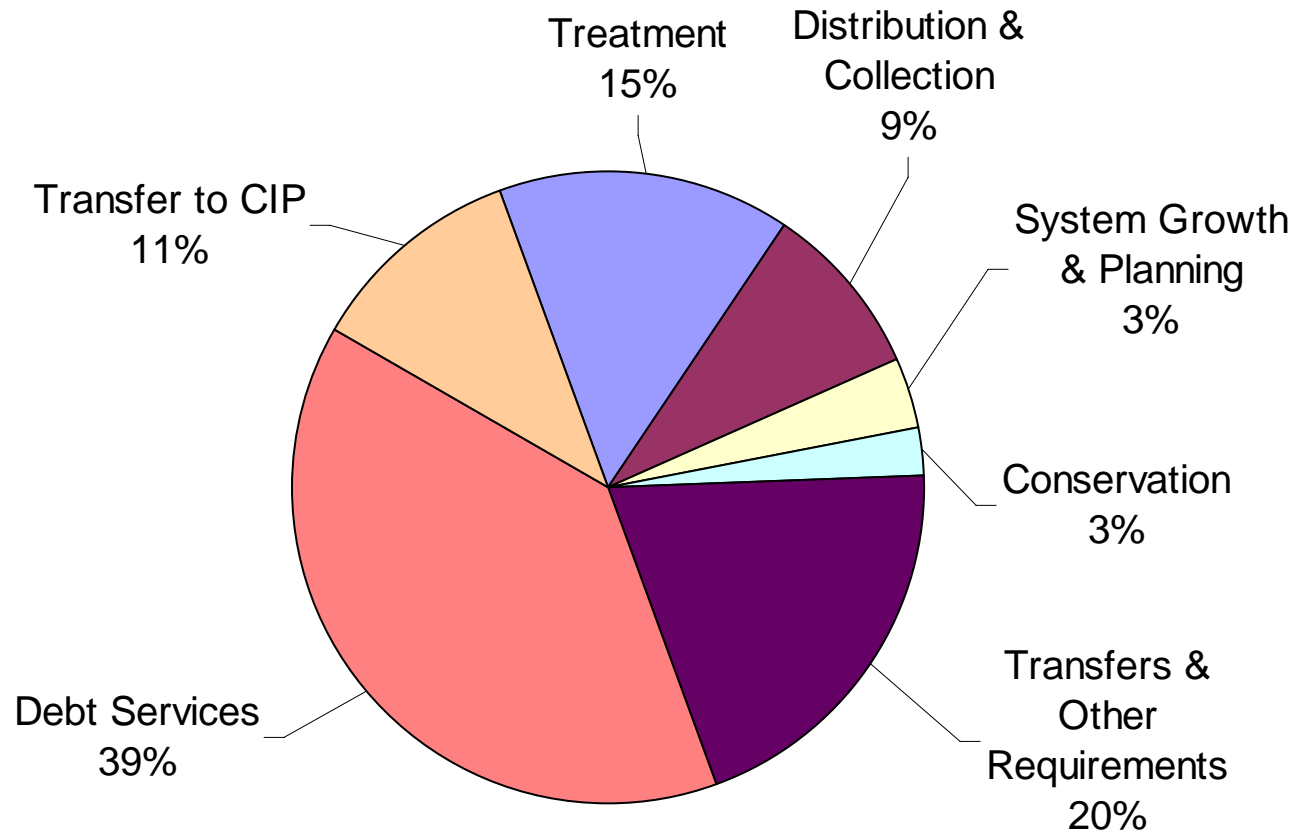


Rate Increases & CIP Spending





Expenditures - \$414.8 million





Major O&M Expenditures

- ▶ Treatment - \$62 million
 - ▶ Increases in chemicals, fuel, and electricity
- ▶ Distribution/Collection - \$37.1 million
 - ▶ Increases in fuel and costs of commodities
- ▶ System Growth and Planning - \$14.3 million
 - ▶ Additional employees to meet increased work load demands
- ▶ Conservation - \$10.6 million
 - ▶ Continued Implementation of the Water Conservation Taskforce recommendations



Major Cost Drivers

- ▶ Increased chemical, fuel and electricity costs
 - ▶ Chemical costs alone have increased 53% since FY 2003-04
 - ▶ Increased system demands causes increased electrical costs for treatment plants, pump stations and lift stations
- ▶ Growing Customer and Infrastructure base
 - ▶ AWU projects to serve 207,256 customers in its 538 square mile service area
- ▶ Utility wide need for additional employees
 - ▶ 21 FTEs will be added utility wide; including 8 in water resources management, 6 in water conservation, 4 in engineering services, 2 in support services, and 1 in the one stop shop



5 Year CIP Spending - \$1,473.5 million

- ▶ \$353 million for Water Treatment Plant 4
- ▶ \$42 million for the Reclaimed Water System
- ▶ \$42 million for improvements to the Southeast Desired Development Zone
- ▶ \$31 million for Completion of the Austin Clean Water Program
- ▶ \$16 million for Central Business District System Improvements



Challenges & Opportunities

- ▶ Rising Fuel costs
- ▶ System Demands/Expansion
- ▶ Infrastructure Reinvestment in the City's Core
- ▶ Sustainability Initiatives
 - ▶ Climate Protection Plan
 - ▶ Water Conservation
 - ▶ Reclaimed Water

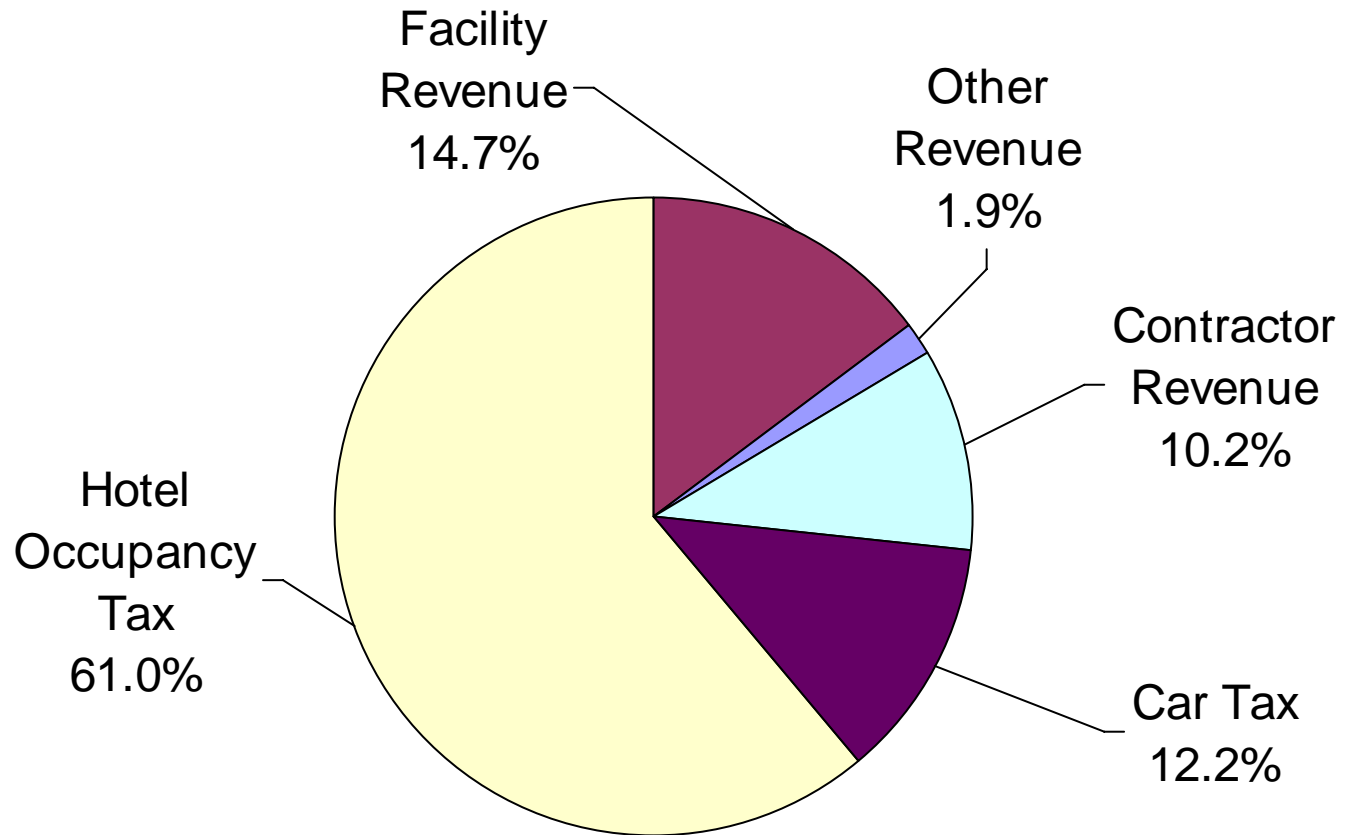


Convention Center

- ▶ Revenue
- ▶ Expenditures
- ▶ CIP
- ▶ Challenges and Opportunities



Revenue - \$55 million



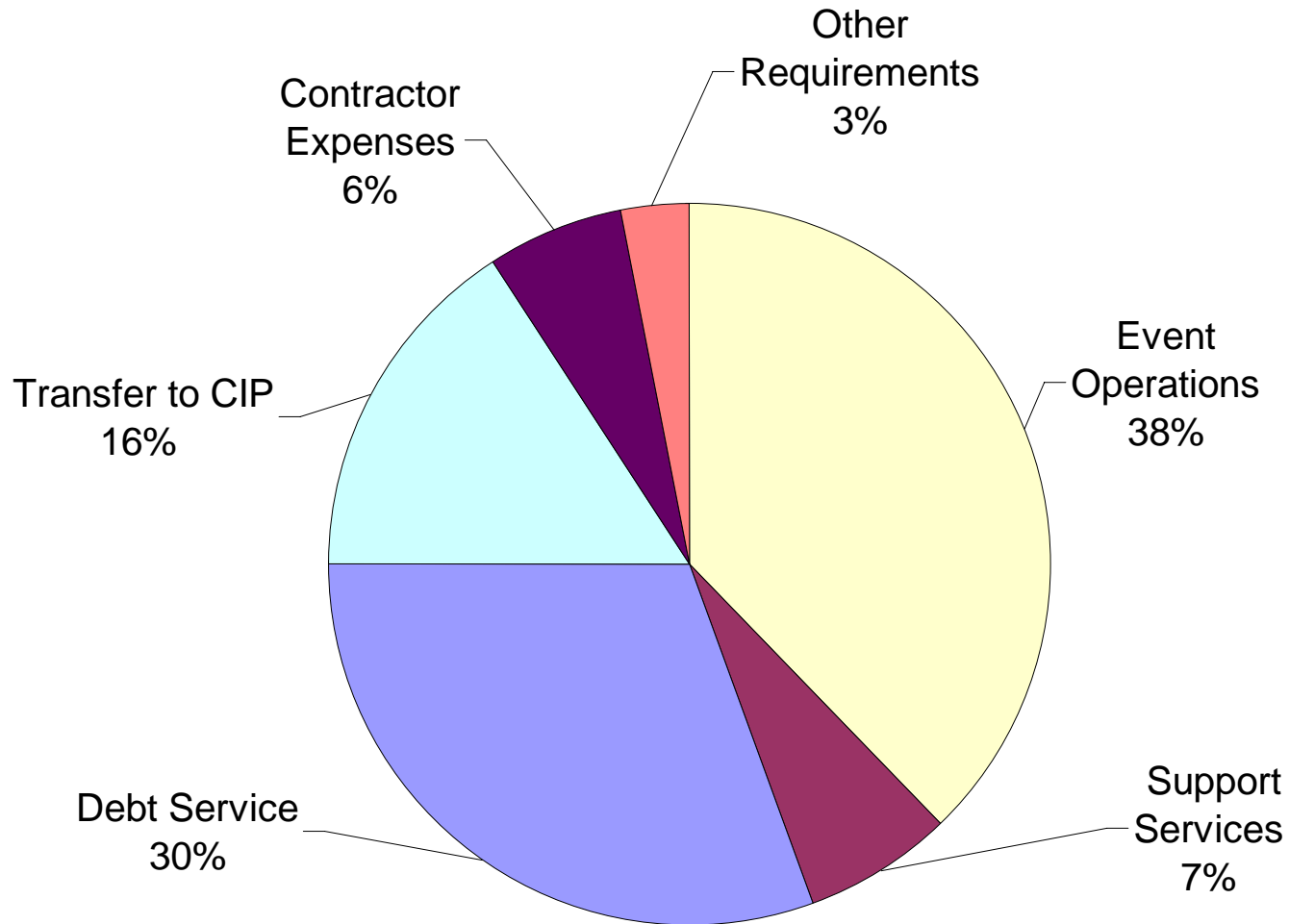


Revenue

- ▶ Increased industry competition resulted in the Convention Center enacting a new rental pricing structure
- ▶ The new pricing structure increases the Convention Center's competitiveness, but equals less rental revenue and more reliance on Hotel Tax revenue to cover operating expenses
- ▶ A 2% increase in Hotel Tax is proposed in the FY 2008-09 Budget



Expenditures - \$69.1 million





Major Expenditures

- ▶ Event Operations - \$26 million
 - ▶ Facility Maintenance and upgrades
 - ▶ Continued investment in technology infrastructure
 - ▶ Additional employees in customer service roles
- ▶ Debt Service - \$21.1 million
 - ▶ Debt service stabilized after prior year savings



Major Cost Drivers

- ▶ To remain competitive there are much needed reinvestments in the facility
 - ▶ No significant capital investment at the Convention Center since its 2002 expansion
- ▶ Department wide need for additional employees in customer service roles
 - ▶ 20 FTEs will be added department wide; including 8 in parking, 7 in maintenance and custodial, and 5 in security.



CIP Spending - \$11.0 million

- ▶ \$5.0 million for Grand Entrance with permanent restaurant and business center
- ▶ \$1.5 million to begin two-year LEED-EB certification process
- ▶ \$3.5 million for Other Improvements
 - ▶ Carpet replacement
 - ▶ Air wall replacement
 - ▶ Office space reconfiguration
- ▶ \$1.0 million for PEC Improvements
 - ▶ electrical system upgrade
 - ▶ Signage upgrades



Challenges & Opportunities

- ▶ Remaining competitive in a very tight market
- ▶ Much needed reinvestment in the facility
- ▶ Sustainability initiatives
 - ▶ LEED-EB Certification
- ▶ Opportunity to continue growth in national convention markets



Austin Convention and Visitors Bureau

FY 09 Marketing Budget

August 7, 2008



Austin
LIVE MUSIC CAPITAL OF THE WORLD™



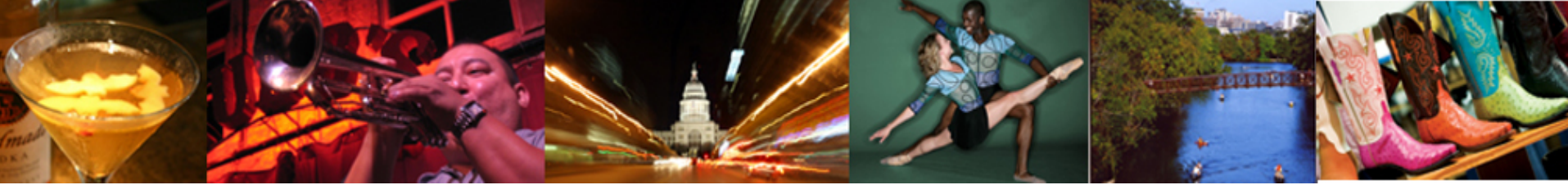
A Look Back

Austin
LIVE MUSIC CAPITAL OF THE WORLD®



How far we've come...

- 1999: New Airport Opened
- 2001: 09/11
- 2002: Convention Center Expansion
- 2004: Addition of Hilton (Headquarter Hotel)



Austin Today

- Tourism revenue remains a bright spot on Austin's horizon.
- We've achieved improved visibility as a prime meetings destination.
- Achieved a record level of lead room night production in 2007.
- Led all major Texas destinations in ADR and hotel occupancy.
- And, we're consistently at the top of the charts as one of the best places to live, work and play.



By the Numbers

- Total Annual Visitors: **19 million (up from 17 million in 2003).**
- Annual Visitor Spending: **\$3.5 billion (up from \$2.9 billion in 2003).**
- Tourism Supported Jobs: **76,000 (an increase of 11,000 jobs from 2003).**
- Taxes Generated by Tourism: **\$290 million in state and local taxes.**

Source: Global Insight, City Tourism Impact Report, 2006.



But, we remain cautious.

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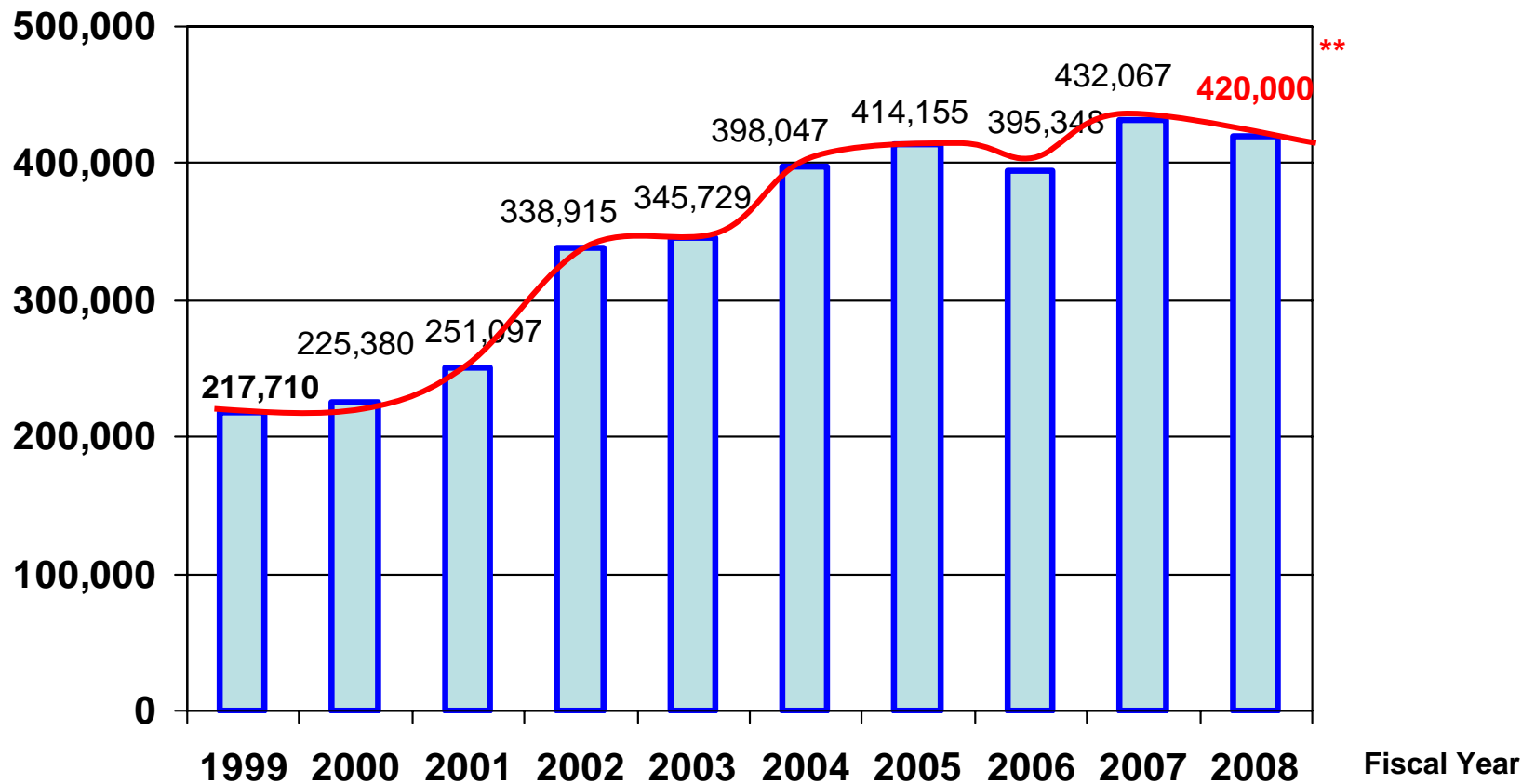
Threats

- Market Softening
 - In June 2007, **75%** of destinations were tracking over 70% occupancy.
 - In June 2008, only **40%** were tracking over 70% occupancy (and several have dropped into the 50% occupancy mark for the first time in years).
- ▶ Reduction in airline capacity.
- ▶ Convention Center in need of updates.
- ▶ Tougher competition.

Source: Smith Travel Research Reports.



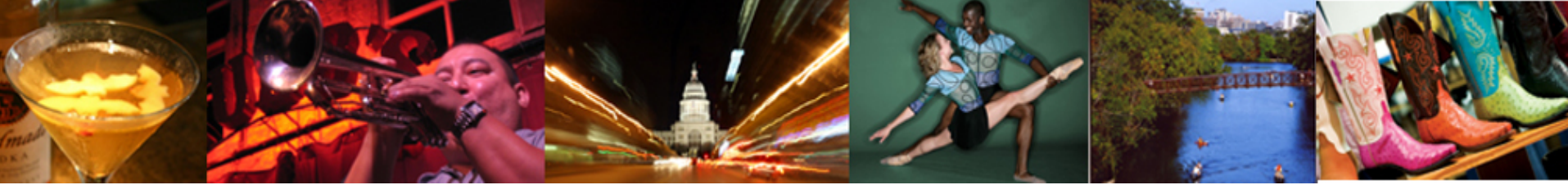
**Though group room nights
have doubled since 1999, we're beginning to plateau.**



Source: ACVB Historical Data (All Business – A, B & C) as of July 1, 2008. **2008 room nights projected.



The Net: Convention Business is Critical to our Success



What makes it critical?

- Recession-proof.
- Job creation.
- Green industry - little-no use of city services and infrastructure.
- Ensures economic viability, quality of life for residents and visitors.

*Source: 2006 ACVB Booked Business. Estimated ROI based on DMAI attendee spend figures.

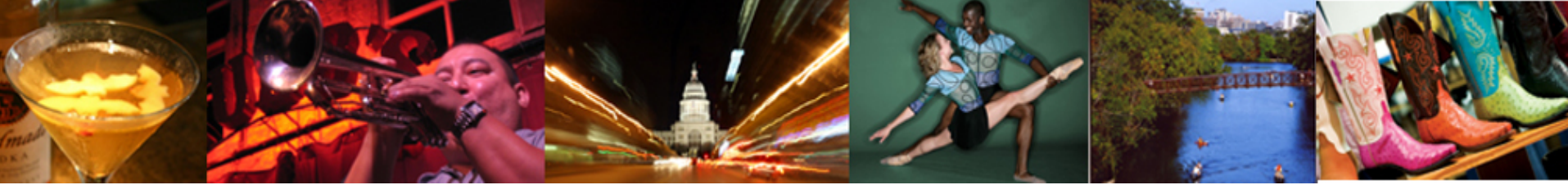


Bed-tax marketing funds have allowed us to:

- Position Austin as a culturally diverse, tightly packaged, entertainment-driven and business oriented city.
- Solidify our reputation as the Live Music Capital of the World®.
- Revitalize our relationship with the Austin Convention Center to ensure continued convention business development.



FY '09 Marketing Plan Highlights



Convention Sales and Services

- Convention Development
 - Partnership with Austin Convention Center.
 - Convention sponsorship and promotion.
- Texas meetings market development.
- Convention Services and new business development staffing.
- Promote awareness and visibility of the Austin Sports Commission.



Marketing Communications

- Refresh media plans; establish tracking mechanisms to maximize ROI.
- Drive awareness, traffic and unique visits to the all-new austintexas.org.
- Develop web microsite specifically targeting meeting planners.
- Pursue co-operative efforts and partnerships.
- Continue proactive media relations; increase local coverage and community awareness of the Austin CVB and its' initiatives.

NEW STATE-OF-THE-ART WEBSITE





Online Summer Promotion

- 8 weeks
- 8 vacation package giveaways
- Dallas and Houston markets

LOCAL



**The Dallas
Morning News**



PORTALS



NETWORKS



TRAVEL





Tourism

- Continue to drive domestic leisure travelers to Austin.
- Focus on the Austin “drive market.”
- Expand international presence.



Heritage

- Rehabilitate historic sites and structures.
- Promote guided, self-guided tours and custom historic walking tours.
- Create awareness of Austin's historic and cultural significance.



Film

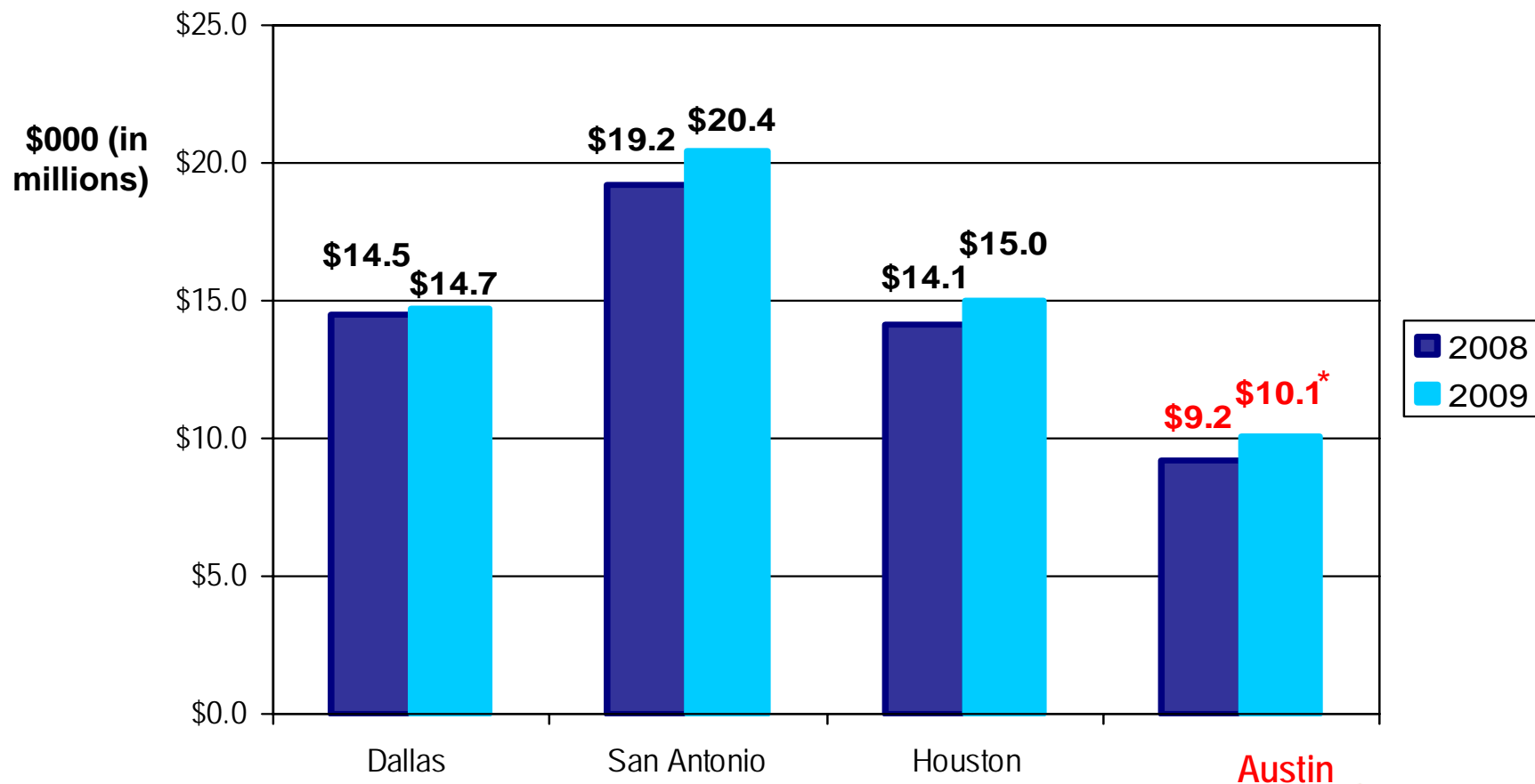
- Provide enhanced services to production companies to film in Austin.
- Continue to enhance relations with local and national film industry partners.
- Promote Austin as a premier film destination.

Music

- Solidify our reputation as the Live Music Capital of the World®.
- Promote availability and access to Austin music.
- Work with community partners to strengthen the music community.



CVB Budgets



*Proposed Budget. Includes carry-forward overage of \$525K.

Austin
LIVE MUSIC CAPITAL OF THE WORLD™



Proposed Budget 2008-2009

REVENUE

	Proposed FY2009	Approved FY2008	Estimated FY2008
City Contract - FY 2008/09 Hotel Occupancy Tax & PEC Revenue Fund*	8,439,500	7,707,361	7,707,361
Retail Revenue	752,000	731,500	731,500
Publication Sales	20,000	21,200	21,200
Rack Rental	25,000	30,000	30,000
Assessment Fees	7,200	6,000	6,000
Promotional Participation	269,890	177,450	177,450
Services Billed	183,200	176,200	176,200
Donated Services	359,000	321,500	321,500
Interest Income	36,000	9,000	9,000
Sponsorship Revenue	89,000	-	-
Other Income	3,000	3,000	3,000
TOTAL REVENUE	10,183,790	9,183,211	9,183,211

EXPENSES

Convention Sales & Services	5,237,169	4,581,097	4,581,097
Marketing	2,176,923	2,080,362	2,080,362
Finance/Administration/IT	1,231,834	1,059,161	1,059,161
Music & Film	534,689	309,091	309,091
Visitor Center	1,003,175	953,500	953,500
Reserve Fund Replenishment	-	200,000	200,000
TOTAL EXPENSES	10,183,790	9,183,211	9,183,211



Closing Thoughts