



# 2009-2010 BUDGET

**City Of Austin  
Proposed Budget**

**July 22, 2009**

# Presentation Highlights

- ❑ Budget is balanced without use of reserves
- ❑ Budget is structurally sound
  - more balanced revenue mix / less reliant on sales tax
  - 104 vacant positions eliminated
  - department reorganizations
- ❑ Core functions maintained at current service levels
  - administrative support functions cut significantly
- ❑ Employee “give backs” were a key factor in maintaining service levels
  - no pay increases, suspension of service incentive pay, no market adjustments, unpaid furlough
- ❑ Unprecedented amount of stakeholder engagement and community participation

# Agenda

- ☐ Stakeholder Engagement
- ☐ All Funds Budget Summary
- ☐ Closing the General Fund Budget Gap
- ☐ General Fund Revenue Summary
- ☐ Budget Highlights
  - General Fund
  - Internal Services and Other Funds
  - Enterprise Funds
- ☐ Next Steps

# 2009-2010 BUDGET



**Stakeholder  
Input**

# Stakeholder Engagement

## Outreach Conducted Prior to Formulation of Proposed Budget.

- ☐ 30 Board and Commission Meetings
- ☐ 6 Employee Focus Groups
- ☐ 5 Interactive Community Input Forums
  - locations across city
  - teen town hall
  - estimated 750 participants
  - online budget reduction activity – over 600 hits
- ☐ Budget Comment Hotline and E-Mail

# Stakeholder Engagement

- ☐ Dollars & Sense Initiative
  - 1,700+ ideas
  - \$2.1 million in potential savings
- ☐ Citizen Survey
  - improved to include jurisdictional benchmark data
- ☐ Media Briefings
- ☐ Roundtable Discussion with American-Statesmen Editorial Board
- ☐ Summary Information Available at:  
**[www.ci.austin.tx.us/budget](http://www.ci.austin.tx.us/budget)**

# Boards & Commissions

## Common Themes

- ☐ Minimize service impacts
- ☐ Focus on targeted strategic reductions as opposed to across the board cuts
- ☐ Eliminate vacant positions to avoid layoffs
- ☐ Explore alternative funding sources and service delivery models
  - volunteers
  - grants
  - public/private partnerships
  - enhanced use of technology

# Employee Focus Groups

**120 Hiring freeze**

**269 Elimination of vacant positions**

**336 Suspension of Service Incentive Pay**

393 Share cost of employee-only health benefits

397 Increase health insurance co-payments

**398 Unpaid furlough**

**403 Wage freeze**

446 Increase premium for family health benefits

581 Wage reductions

618 Layoffs



# Community Input Forums

- ❑ 32 options ranked by participants
- ❑ 14 of 32 options included in proposed budget
  - 5 fee related items among top 10 most accepted
  - acceptance rates between 55% and 91%
- ❑ 11 options with lowest acceptance rates not recommended
  - acceptance rates between 24% and 49%
- ❑ 3 items in top 10 not recommended
  - convert 2 fire engines to medical response units
  - eliminate funding for fire LBJ academy
  - cut funding for municipal court interpretive services

# Community Comments

## Top Comment Areas

- ☐ Preserve youth employment and sports programs
- ☐ Avoid reductions to animal services
- ☐ Maintain Library hours and materials budget
- ☐ Avoid cuts to public safety response services and support Police cadet class

## Dollars & Sense

- ❑ 1,707 Ideas Submitted
- ❑ Most Frequent Ideas
  - reductions to employee pay and benefits in lieu of employee layoffs
  - energy conservation and recycling
  - unpaid furloughs
  - reduce printing costs
  - early retirement incentives
- ❑ Estimated FY 2009 Savings: \$335,000
- ❑ Potential Annual Savings: \$2.1 Million
  - does not include one-time savings from furloughs or suspension of Service Incentive Pay

# Citizen Survey

## “Austin is Setting the Standard for Performance Among U.S. Cities.”

- ❑ Austin rated above the national average in 41 of 45 service areas
  - overall quality of customer service (+29%)
  - overall quality of services (+20%)
  - conditions of streets in neighborhoods (+16%)
  - city as a place to live (+14%)
  - overall quality of life (+12%)
  - overall value that you receive for your city taxes and fees (+10%)

# Citizen Survey

☐ Services most important to continue funding at current levels

- fire emergency response
- emergency medical service
- 911 dispatch service
- police patrol
- police investigation

**→ No cuts to these operational areas**

☐ Willingness to support raising user fees to avoid service cuts

- 57% very or somewhat supportive
- 22% not sure

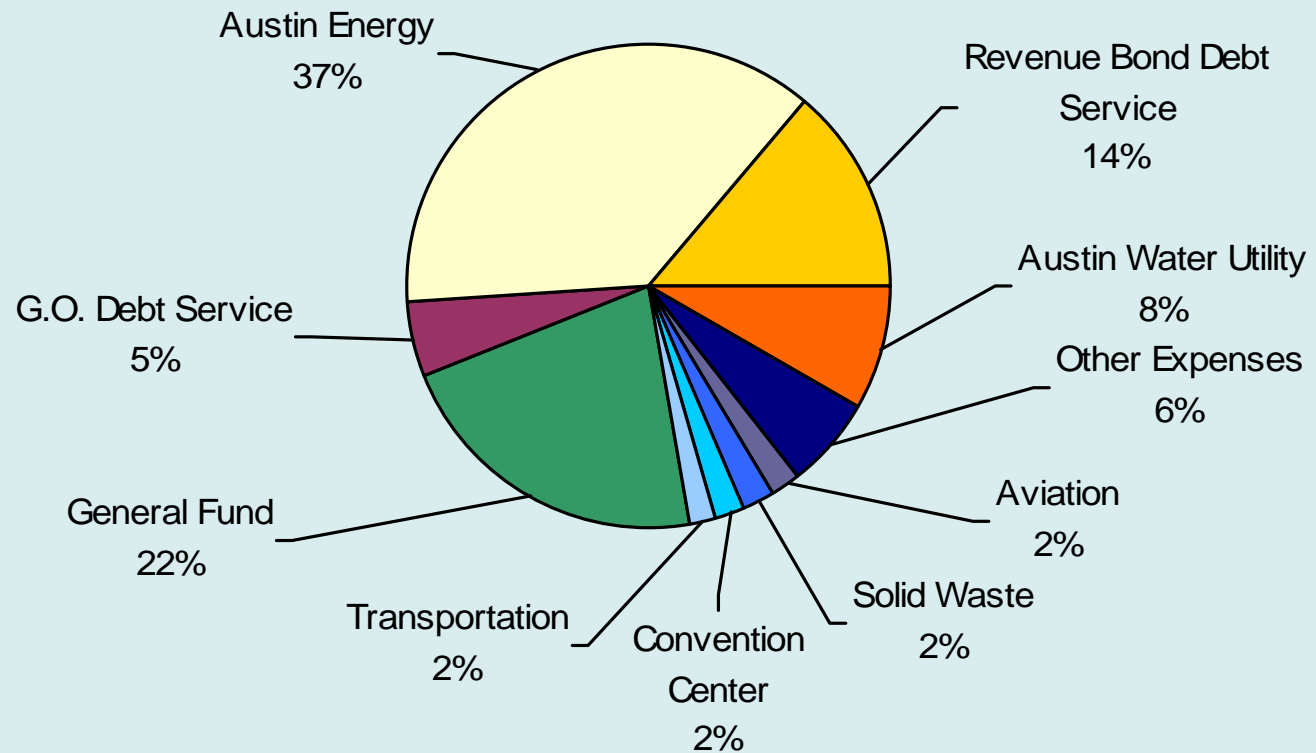
☐ Full briefing August 6

# 2009-2010 BUDGET

**All Funds  
Summary**

# All Funds Budget

## All City Funds Proposed Uses of Funds FY 2009-10 \$2.75 billion



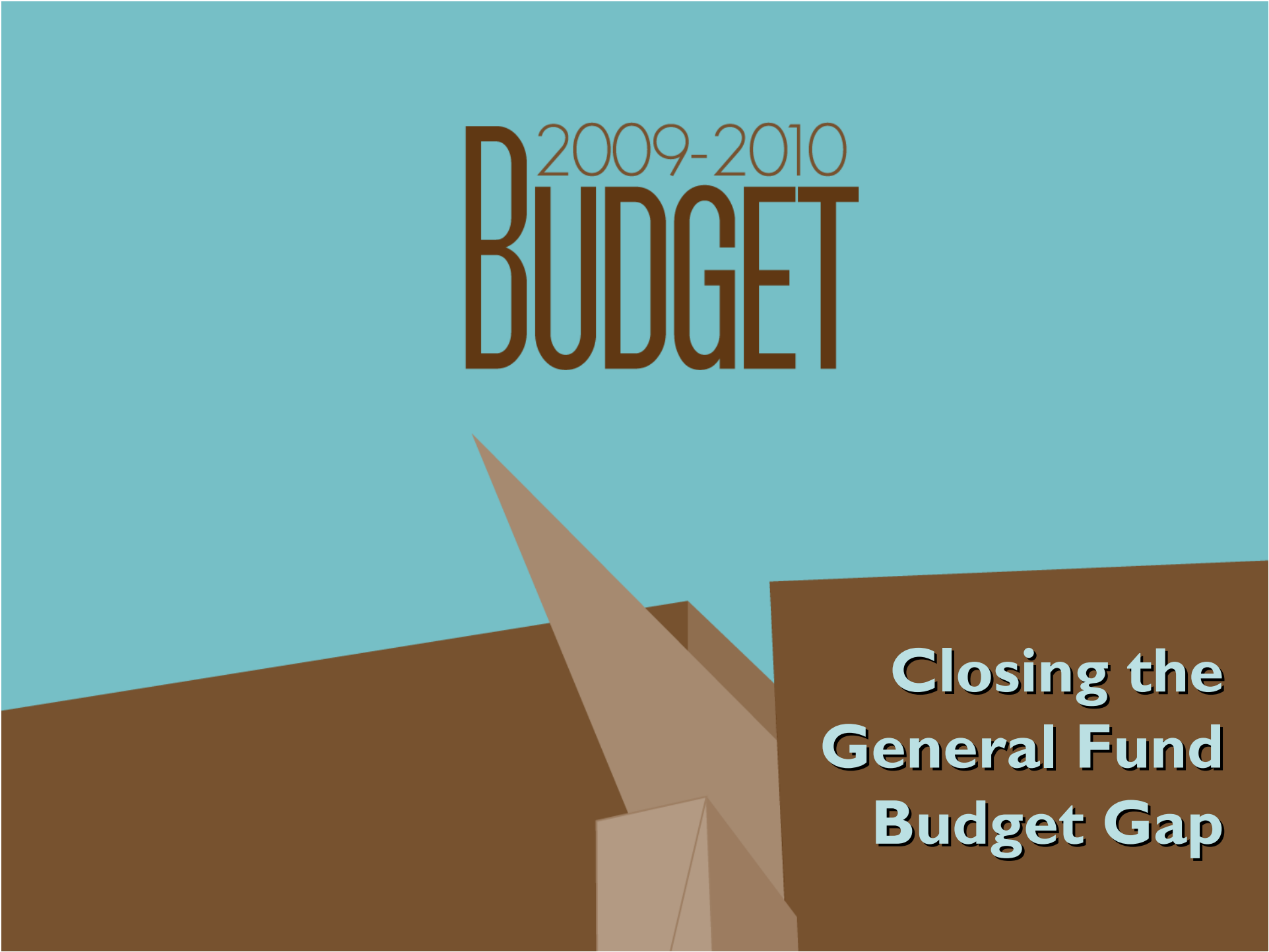
# All Funds Personnel

## 2010 Personnel Summary

	<u>2009</u>	Menu <u>Cuts</u>	<u>Other</u>	<u>2010</u>
<i>General Fund</i>	5,504	(41)	23	5,486
<i>Internal Services</i>	1,258	(45)	(21)	1,192
<i>Enterprise &amp; Other</i>	<u>5,164</u>	<u>(19)</u>	<u>(21)</u>	<u>5,124</u>
<i>Total</i>	<b>11,926</b>	<b>(105)</b>	<b>(19)</b>	<b>11,802</b>



# 2009-2010 BUDGET



**Closing the  
General Fund  
Budget Gap**

# Closing the Budget Gap

## 2010 General Fund: Forecast to Proposed (\$ Millions)

	<b><u>4/22 Forecast</u></b>	<b><u>Change</u></b>	<b><u>7/22 Proposed</u></b>
<i>Revenue</i>	\$615.4	(\$2.1)	\$613.3
<i>Expenditure</i>	<u>\$645.0</u>	<u>(\$31.7)</u>	<u>\$613.3</u>
Surplus/(Deficit)	<b>(\$29.6)</b>	<b>\$29.6</b>	<b>\$0</b>

# General Fund Revenue

## Revenue Adjustments: (\$2.1 million)

<i>Forecast Revenue 4/22</i>	<b>\$615.4</b>
<i>EMS Fee Increase</i>	\$3.7
<i>Development Revenue</i>	(\$1.5)
<i>Property Tax</i>	(\$1.5)
<i>Right of Way</i>	(\$1.7)
<i>Other Adjustments</i>	(\$1.1)
<b><i>Proposed Revenue 7/22</i></b>	<b>\$613.3</b>

# General Fund Expenditures

## Expenditure Adjustments: (\$13.6 million)

<i>Forecast Budget 4/22</i>	<i>\$645.0</i>
<i>Additional Employee Retirement System Contribution</i>	<i>\$1.2</i>
<i>Deferral of Police/EMS Pay Raise</i>	<i>(\$4.7)</i>
<i>Lower than Anticipated Insurance Premiums</i>	<i>(\$3.7)</i>
<i>Lower than Anticipated Fuel Costs</i>	<i>(\$2.5)</i>
<i>Right of Way</i>	<i>(\$1.7)</i>
<i>Other Adjustments</i>	<i>(\$2.2)</i>
<i>Budget after Adjustments</i>	<i>\$631.4</i>

# General Fund Expenditures

## General Fund Menu Options: (\$18.1 million)

<i>Budget after Adjustments</i>	<b>\$631.4</b>
<i>General Fund Departmental Budget Cuts</i>	(\$8.4)
<i>Suspension of Service Incentive Pay</i>	(\$1.7)
<i>Graduated Furlough Program</i>	(\$0.7)
<i>Reduced Transfer to Transportation</i>	(\$3.5)
<i>Reduced Transfer to Housing</i>	(\$2.6)
<i>Reduced Transfer to Capital Project Mngmt.</i>	(\$1.3)
<b><i>Proposed Budget 7/22</i></b>	<b>\$613.3</b>

# Summary of Positions Cut

## 105 Positions Cut to Balance Budget

- ☐ General Fund: 41 positions
- ☐ Support Services: 45 positions
- ☐ Other Fund: 19 positions
- ☐ No filled positions cut
- ☐ No frontline Public Safety positions cut
- ☐ Majority of recommended cuts are to support and management positions

## **Employee Give Backs**

- ☐ FY09 Pay for Performance Capped at 2.5%
- ☐ FY09 Market Study Postponed
- ☐ FY10 Pay for Performance Eliminated
- ☐ FY10 Market Study Postponed
- ☐ Suspension of Service Incentive Pay
- ☐ Unpaid Civilian Furlough Program (1-3 Days)
- ☐ Deferral of Police and EMS Pay Raise

**FY10 General Fund Savings: (\$10.5 million)**

**FY10 All Funds Savings: (\$26.8 million)**

## Reductions Avoided

- ☐ Postpone police cadet class - \$5.2 million
- ☐ Reduce police overtime budget - \$1.2 million
- ☐ Convert 2 fire engine companies to medical response units - \$1.2 million
- ☐ Reduce pool and library hours - \$0.9 million
- ☐ Reduce funding for private youth sports - \$0.2 million
- ☐ Close one day of pet sterilization program and transfer second day to donations fund - \$0.2 million
- ☐ Close supervised playground programs at 11 sites - \$0.1 million

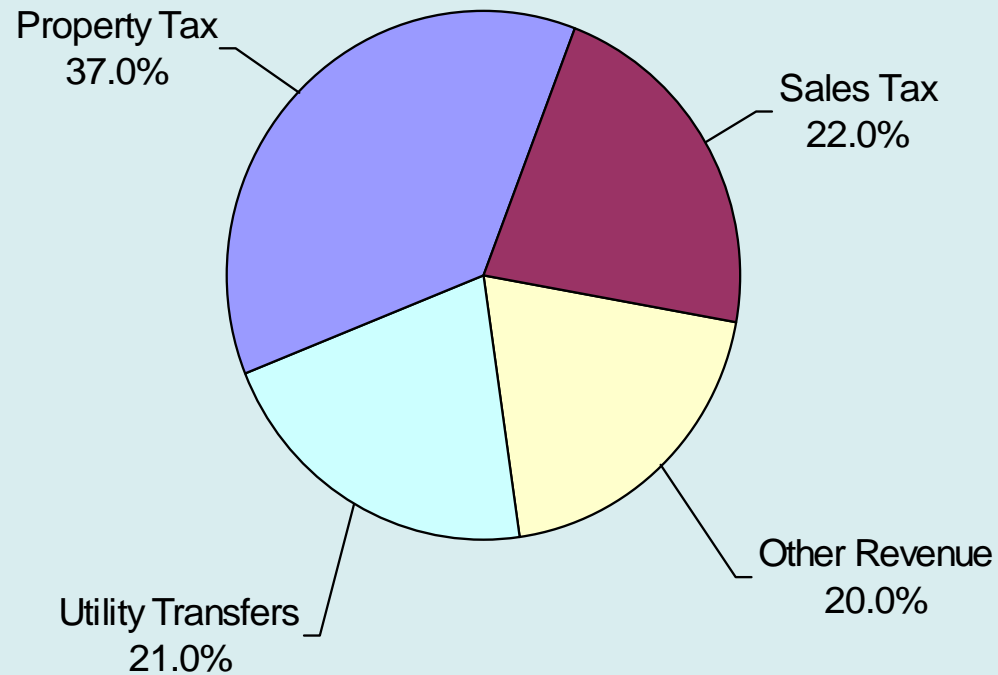


# 2009-2010 BUDGET

**General Fund  
Revenue  
Summary**

# General Revenue

**2010 General Fund Revenue: \$613.3 Million**



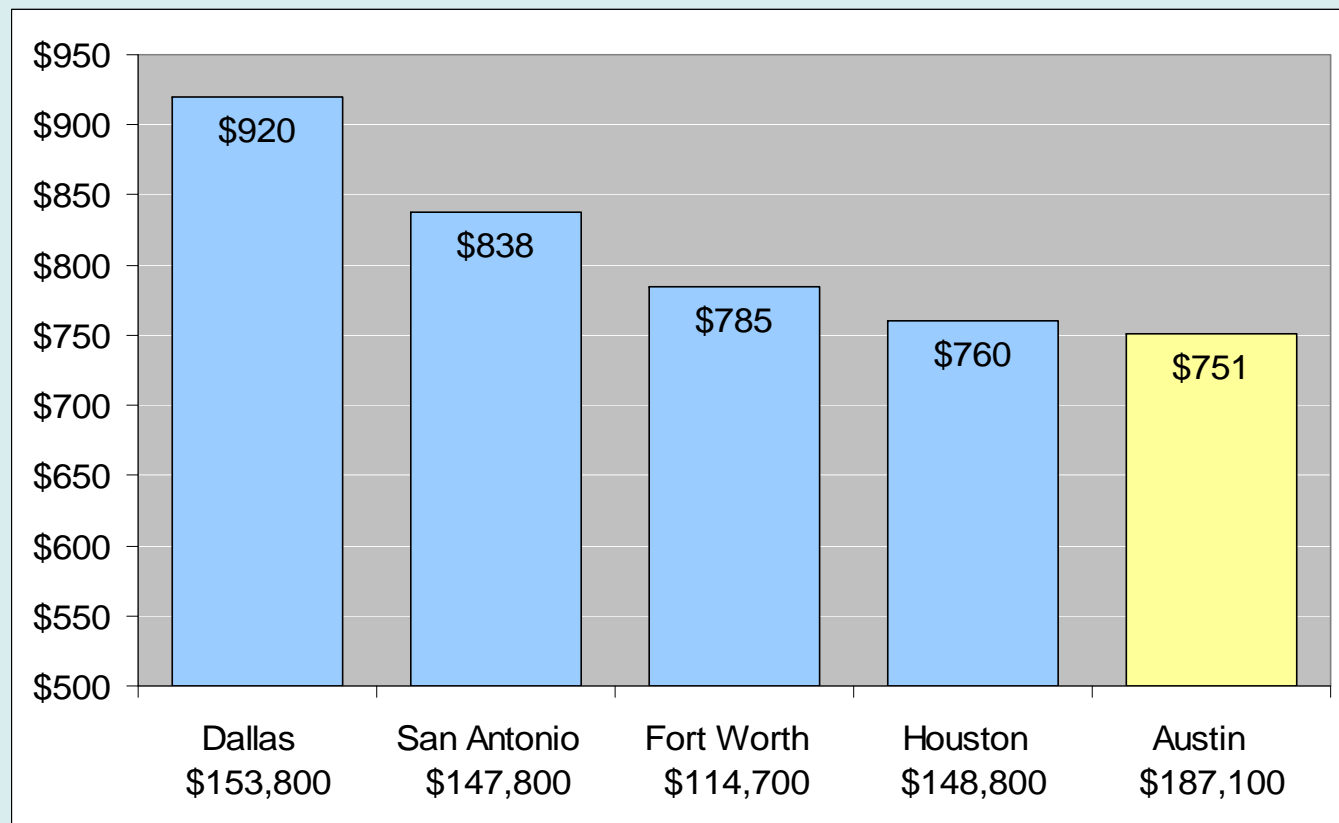
# Property Tax

## Proposed Tax Rate of 43.28 Cents

- ☐ To avoid service reductions, the proposed budget reflects the rollback tax rate and the following assumptions:
  - \$77.8 billion taxable value – 1.8% increase
  - \$2.9 billion new value
  - collection rate of 98.5%
- ☐ Current tax rate is 40.12 cents
- ☐ \$6 per month increase for median home
- ☐ Certification of tax roll to occur end of July
  - tax rate will be recalculated following receipt of the certified tax roll

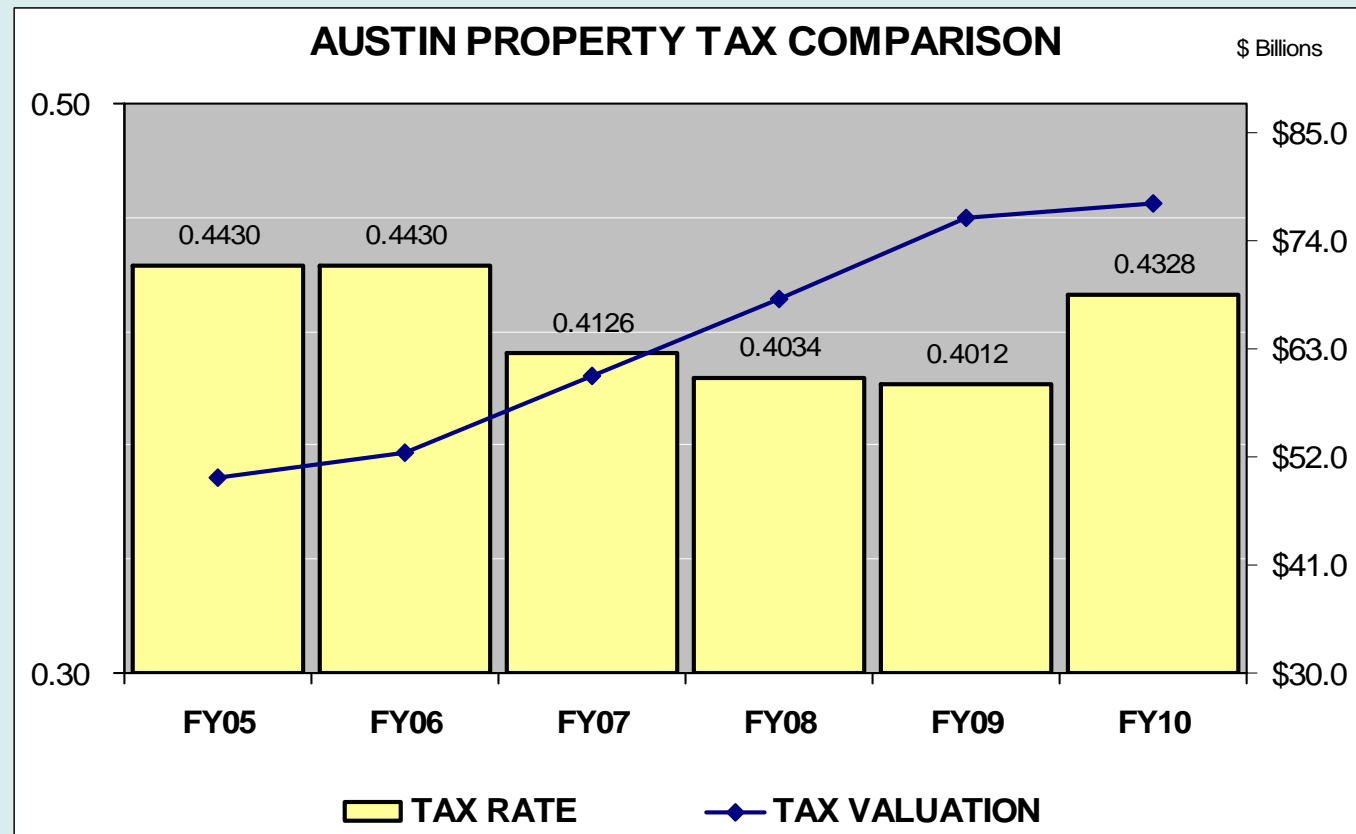
# Tax Rate Comparison

## FY 2009 Median Tax Bill Comparison



Source: Texas A&M Real Estate Center & City of Austin

# Tax Rate Comparison



# Sales Tax

- ❑ Conservative projections make City less susceptible to fluctuations in the economy
- ❑ Key economic factors
  - national recession
  - rising unemployment rate
  - low consumer confidence / fear of job losses
  - dramatic decline in consumer wealth
  - stagnant housing market
- ❑ Projected Sales Tax
  - FY09 Year to Date: (9.8%)
  - FY09 Estimate: (10.0%)
  - FY10 Projected: (5.0%)

## Other Revenue

### ❑ Transfers from Utilities

- \$100 million from Austin Energy based on 9.1% transfer rate
- \$29 million from Austin Water Utility based on 8.2% transfer rate
- represents 21% of general fund revenue

### ❑ Development revenue

- FY08 actual: \$18.2 million
- FY09 estimated: \$14.3 million (-21%)
- FY10 proposed: \$13.3 million (-7%)

### ❑ Notable adjustments to fees & fines

- trail of lights, parking, development, EMS

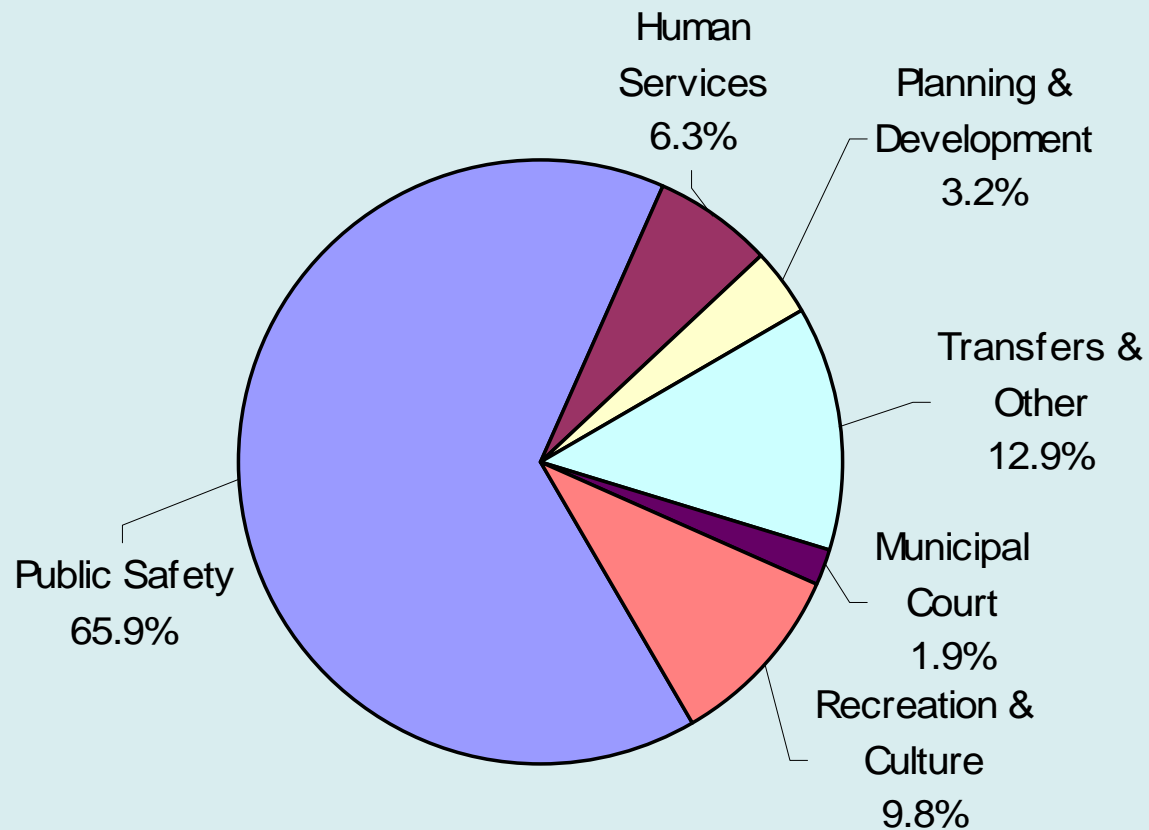
# 2009-2010 BUDGET

**General Fund  
Expenditure  
Highlights**



# General Fund Budget

**FY 2010 General Fund Expenditures: \$613.3 Million**



# Public Safety

## Highlights

- ❑ *Maintains 1621 sworn police positions*
- ❑ *Restores \$1.2 million in police overtime funding to assist with directed crime fighting – cut as part of mid-year savings plan*
- ❑ *Includes funding for 94 cadets to join 116<sup>th</sup> police cadet class*
- ❑ *Continues funding to operate 45 fire stations*
- ❑ *Continues funding to operate 30 full-time ambulance units and 2 peak demand units*
- ❑ *Adds 6 positions to enhance paramedic development program*

## Reductions

- ❑ *Elimination of 2 vacant non-sworn police positions*
- ❑ *Require reimbursement for services provided at SXSW*
- ❑ *Redeployment of 5 sworn positions from support functions to Fire Combat Operations*

# Recreation & Culture

## Highlights

- ☐ *Maintains hours of operation at all libraries, recreation centers, and cultural centers*
- ☐ *Continues funding for all recreation programs including subsidies for private youth sports leagues*
- ☐ *Restores funding for new park ranger program*
- ☐ *Maintains annual book budget at \$1.9 million*
- ☐ *\$12.2 million for pool and facility improvements*

## Reductions

- ☐ *Funding of O&M costs for Anderson Mill parks and recreation facilities through a local assessment district*
- ☐ *Close 8 non-compliant fill and draw pools*
  - *developing plan to replace pools with splash pads*
- ☐ *Cut 7 vacant library positions and 2.25 parks positions (in addition to 12 positions not funded in the FY09 budget)*

# Human Services

## Highlights

- ❑ *Maintains existing hours of operation and service levels at all neighborhood centers, outreach programs, and animal shelter*
- ❑ *Continues General Fund support of Pet Sterilization program*
- ❑ *Maintains funding for Summer Youth Employment Program*
- ❑ *Moves \$1.3 million of funding for workforce development programs from the Sustainability Fund to the Economic Growth and Redevelopment Services Office*

## Reductions

- ❑ *Elimination of 2.5 vacant positions*
- ❑ *Continued operation of only one day labor site*
- ❑ *Increased offset of program costs with grant funds*
- ❑ *\$155,000 of unallocated funding for social service contracts*

# Planning & Dev. Review

## Highlights

- ❑ *New department combines One Stop Shop activities with the Neighborhood Planning and Zoning Department*
- ❑ *Reorganization consolidates all development processes from the initial planning stages all the way through to plan review, permitting and inspection*

## Reductions

- ❑ *Elimination of 14 vacant positions*
- ❑ *Transfer of 2.5 planner positions to the Austin Transportation Department*

# General Fund Reserves

## Reserve Policy Summary

	<u><b>FY 2010</b></u>
<i>1% Contingency</i>	<i>\$6.0 m</i>
<i>Emergency</i>	<i>\$40.0 m</i>
<i>Budget Stabilization</i>	<u><i>\$21.4 m</i></u>
<b>Total Reserves</b>	<b>\$67.4 m</b>

## Uses of Budget Stabilization Reserve

	<u><b>FY 2010</b></u>
<i>Estimated Beginning Balance</i>	<i>\$28.6 m</i>
<i>Capital Replacement &amp; Critical Needs</i>	<u><i>(\$7.2 m)</i></u>
<i>Estimated Ending Balance</i>	<i>\$21.4 m</i>

# 2009-2010 BUDGET



**Internal  
Services/  
Other Funds**

# Internal Services

## Highlights

- ❑ *Includes Financial Services, Information Technology Management, Fleet Services, Human Resources, Law, Public Information, Mayor and Council, City Clerk, and City Manager's Office*
- ❑ *Slower turnaround times likely to occur in 2010 in response to requests for information and special projects*
- ❑ *Focus will be on maintaining core services and adequate internal controls*

## Reductions

- ❑ *Total savings of \$6.7 million*
- ❑ *Elimination of 45.4 vacant positions (in addition to 19 positions not funded in FY 2009 budget)*
- ❑ *Savings efforts reduces costs for all Enterprise Funds in addition to the General Fund*



# Housing

## Highlights

- ❑ *Maintains funding for core housing services, including:*
  - *creation and retention of affordable housing*
  - *senior and landlord/tenants assistance*
- ❑ *Replaces \$1.9 million of general fund support with funding from Sustainability Fund*
- ❑ *\$7.3 million for affordable housing in 2006 Bond Program*
- ❑ *\$0.8 million for youth and childcare services*
- ❑ *\$4 million for commercial revitalization and small business development*

## Reductions

- ❑ *Eliminates 5 vacant positions in support services*
- ❑ *Funds 3 bond program positions with bond proceeds interest*
- ❑ *Restructures Community Preservation and Revitalization Program for savings of \$75,000*

# 2009-2010 BUDGET

**Enterprise  
Funds**

# Austin Energy

## Operating Highlights

- ❑ *No base rate increase; last increase occurred in 1994*
- ❑ *New transmission adjustment proposed to pass on increasing state-wide grid costs*
  - *60 cents per month on average residential bill*
- ❑ *\$100 million General Fund transfer; maintains 9.1% rate*
- ❑ *\$44 million to establish Revenue Bond Retirement Reserve*

## Capital Highlights

- ❑ *\$1.1 billion 5-year plan; \$306 million in 2010*
  - *generation peaking capacity at Sand Hill Energy Center*
  - *power plant improvements*
  - *transmission and distribution*
  - *customer billing system*
  - *system control center*

# Austin Water Utility

## Operating Highlights

- ❑ *4.5% combined system-wide rate increase*
  - *part of multi-year rate plan*
  - *increase of \$3.78 in average monthly residential bill*
- ❑ *Addition of 20.5 positions*
  - *improved emergency response for water leaks and wastewater overflows*
  - *enhanced system maintenance and repairs*

## Capital Highlights

- ❑ *\$1.4 billion 5-year plan; \$334 million in 2010*
  - *treatment plant improvements*
  - *transmission and distribution improvements*
  - *rehabilitation of aging infrastructure*
  - *reclaimed water system improvements*

# Infrastructure Services

## Operating Highlights

- ❑ *\$1.66 per month increase to Transportation User Fee*
  - *\$1.14 to continue efforts to reduce the number of street lane miles in poor or failed condition by 800 by 2018*
  - *additional 52 cents to allow for \$3.5 million reduction in General Fund support of Transportation Fund*
  - *Elimination of 11 vacant positions to help reduce costs*
- ❑ *\$0.60 per month increase to Drainage Fee*
  - *continuation of infrastructure and system improvements as outlined in master plan*

## Capital Highlights

- ❑ *\$37.8 million for street reconstruction – Accelerate Austin*
- ❑ *\$15.2 million for street and sidewalk improvements*
- ❑ *\$5.6 million for urban rail planning*
- ❑ *\$17.1 million for drainage projects*

# Solid Waste Services/ Code Compliance

## Operating Highlights

- ☐ *First rate increase in 2009 after 12 years of no fee increases for Pay as You Throw program*
- ☐ *2010 proposed rate changes:*
  - *35 cents per month in base charge*
  - *20 cents per month in anti-litter fee*
  - *\$1.70 increase per month for 90 gallon cart; no increase in charges for 30 or 60 gallon carts to encourage recycling*
- ☐ *Code Enforcement Program restructured as separate Code Compliance Department to focus on enforcement regulations and improve compliance over time*
- ☐ *No new employees included in 2010 budget proposal*

## Capital Highlights

- ☐ *\$5.8 million for the purchase of capital equipment*
- ☐ *\$7.7 million for the single stream recycling facility*
  - *Public or public/private partnerships*

# Airport

## Operating Highlights

- ❑ *Projected 4.6% increase in airline revenue*
  - *fees paid by airlines recover capital, operating and maintenance costs*
  - *cost per enplaned passenger will increase, due to reduced passenger volume, slight increase in operating costs and increased debt service costs*
- ❑ *Projected 1.2% decline in non-airline revenue, also a result of reduced passenger volume*
- ❑ *Elimination of 6 full-time and 16 temporary positions*

## Capital Highlights

- ❑ *\$11 million to improve parking capacity*
- ❑ *\$6.5 million for airfield lighting and runway repairs*
- ❑ *\$6.2 million to continue land purchases for noise mitigation*
- ❑ *\$2.0 million in terminal upgrades*

# Austin Convention Center

## Operating Highlights

- ❑ *Austin has been a strong tourist destination in recent years*
  - *190 events to be hosted in 2010*
- ❑ *Economy will have a continued impact on revenue*
  - *2% decline projected in hotel occupancy tax and car rental tax revenues – 73% of total revenue*
  - *Decline in facility and contractor revenue*
    - *Scaled back food and beverage projections*
- ❑ *Reduction in program requirements to respond to lower revenue projections*

## Capital Highlights

- ❑ *\$6 million for facilities improvements*
  - *carpet and air wall replacement, 3<sup>rd</sup>/4<sup>th</sup> floor connector*
  - *investments in facility designed to improve competitive position when national economy improves*



# 2009-2010 BUDGET

**Next Steps**

The background of the slide features a teal upper half and a brown lower half. The brown section contains several abstract geometric shapes, including a large triangle pointing upwards and a rectangular block on the right side.

## Next Steps

*July 23*

*AHFC Budget Presentation*

*August 5  
(9 am – 3 pm)*

*Budget Presentations: Police, Fire,  
EMS, Municipal Court, Planning &  
Development Review, Health & Human  
Services, Library, Parks & Recreation*

*August 6*

*Budget Public Hearing  
Discuss and Vote on Tax Rate  
Briefing on Citizen Survey*

## Next Steps

<i>August 19 (9 am – 3 pm)</i>	<i><u>Budget Presentations:</u> Austin Energy, Austin Water, Solid Waste Services, Watershed Protection, Public Works, Transportation Department, EGRSO, Aviation, Convention Center</i>
<i>August 20</i>	<i>Budget Public Hearing 1<sup>st</sup> Tax Rate Public Hearing</i>
<i>August 26</i>	<i><u>Budget Presentations:</u> (If Needed)</i>
<i>August 27</i>	<i>Budget Public Hearing 2<sup>nd</sup> Tax Rate Public Hearing</i>
<i>Sept. 14-16</i>	<i>Budget Approval Readings</i>

**Questions / Comments/ Discussion**

**[www.ci.austin.tx.us/budget](http://www.ci.austin.tx.us/budget)**