

Closed Caption Log, Council Worksession. 2/11/2009

Note: Since these log files are derived from the Closed Captions created during the Channel 6 live cablecasts, there are occasional spelling and grammatical errors. **These Closed Caption logs are not official records of Council Meetings and cannot be relied on for official purposes.** For official minutes, please contact the City Clerk at 974-2210.

Mayor Wynn: Okay. There being a quorum present, at this time I'll call to order this special called work session of the austin city council. It is wednesday, FEBRUARY 11th, 2009, Approximately 9:14 a.m. We have just one item on our agenda, which is a presentation and discussion of the current economic outlook and our existing current year, '08-'09 fiscal year budget. And with that I'll turn it over to the city manager marc ott.

Thank you, mayor and city councilmembers. Good morning to you all. Good morning to staff. We appreciate having the opportunity today to really talk with you about the status of the city's financial condition. As you know, we've been having an ongoing conversation about this issue out in the community and we're going to talk about that a little bit later on in the meeting. But more focused and more specifically we're here to talk about the impact of the current recession on the city's financial condition. And in doing so and as a way of setting the tone or the context, I would take you back to the beginning of my tenure as your city manager. And of course when I arrived you were in the midst of the 2008 budget, and shortly after I arrived, of course, I was made aware, as you were, of concerns about shortfalls in the city's sales tax revenue. As a result of that, of course, we were challenged about a year ago with having to close up a budget gap in the area of about eight million dollars for the 2008 budget. On the heels of that, of course, we were in the midst of putting together the 2009 budget, the current budget that we have. And of course, you will recall that we were challenged at that time of closing a budget gap of roughly \$25 million. And with respect to both of those challenges, you know that we were successful in doing that, again, in the face of declining revenue base, particularly as a result of declines in sales tax or revenues. I would pause to acknowledge our ability to do that, had everything to do with the tenacity and the strong and innovative efforts of our staff. They really focused in on those challenges and put us in a position to survive and live within our means in 2008 and close that gap for this current fiscal year. Having said that, though, I would also say what all of us already know, that the economy globally and otherwise continued to decline, so even though we're just a little beyond the first quarter of 2009, we've seen sales tax revenue continue to spiral in a downward direction. We have expanded our range of concern in terms of the city's revenue sources. And as a result, we now anticipate yet an additional shortfall in revenue for this current fiscal year in the area of about \$20 million. So if you do the quick math on that in light of the 20 million bucks that I just alluded to and essentially in less than a year we will have had to come to terms with a reduction in expenditures in excess of \$50 million. As you know, we have on a regular basis kept you updated with respect to sales

tax revenue and other revenue sources, but particularly with respect to sales tax revenue. I recollect that the last time we reported to you on that, we indicated that we 7% and cumulatively for the two months in this current fiscal year, about four percent. Of course, that's significant, particularly in the context of, you know, the 25 or so percent that sales tax makes up of our general operating budget, which is about \$621 million. So our intent today is to provide you with more detail in regard to what we've gone through, where we currently stand in terms of the city's financial condition, and then of course you know that we have been working now for quite some time to develop -- I characterize it as a reduction menu ultimately leading to a plan based on a whole lot of input, including yours today and over the course of the next week or so. We've been working on putting that menu together and we finally have that prepared, and so you're going to get a presentation in regard to that. And at the end of this meeting we're going to give you the specific details relative to that menu. In addition to that, I alluded earlier to the fact that we have been meeting with a variety of different groups throughout the city, the austin neighborhood council, representatives from all of the boards and commissions and so on. We have assembled all of that feedback that we've got in the course of those discussions and we'll provide that to you today as well at the end of our discussion. In terms of additional input, aside from what you give us today, we're going to continue to have community dialogue at the end of this very week on friday. We will be meeting with members of la cantera and other social -- of can and other social service agencies. And next week, I forget which day, the 19th at I'll host a town meeting here in city council chambers to give the entire community, any austinite that chooses to show up an opportunity then to react to what we will talk about today. They'll have the benefit then of knowing some of the -- well, the specifics of the reduction menu as it stands today as well as they'll have the benefit of having access to the comments that we've received so far in the course of our public discourse as well as the presentation that you're about to receive here. Leslie broader, our chief financial officer, and greg canally, will be making the balance of the presentation. I'll be stepping in here and there along the way to offer some additional comments. So I'm going to turn things over to leslie now. And before she starts, I believe she has an introduction that she would like to make. So leslie, if you would, please.

Thanks. I'd like to introduce to my right ed von eno. He comes to us as our budget officer. This is his second week. And he was previously in chula vista, california. It's right next to san diego city. He's had a lot of experience. It has very many parallels similar to austin. A lot of growth in our recent past. And ed has just concluded a cost reduction plan right before he left, so I think he feels like this is day deja vu or maybe ground hog day. Anyway, we're really glad to have him, and he's a welcome member of our team. Y'all will be seeing more of him.

Great. Welcome, ed.

Okay. This first slide is just a summary of the process that we have undertaken to get to where we are today in talking to you about our current economic situation and what our plans are going forward. I think the city manager alluded to a number of steps on that slide. Our plan is to get your feedback today. The city manager mentioned the community town hall meeting planned for february the 19th, and then we plan to return to you on february the 26th with our final intended, plan. -- Intended action plan. An outline of what we plan to cover today, we will start this off with a quick economic update. We'll be looking at the national scene a little bit and then how we are being affected in the state of texas and in

austin. And this will really be a precursor to the more in-depth economic outlook that we'll be sharing with you later this spring when we have hokenous. We'll have a 2009 update and then we'll move into the cost reduction plans that we have been working on. And wrapping up with a look forward to 2010 and beyond and some next steps. On the national scene, really the reason that we as the city of austin, and of course many other cities across the country are finding ourselves in a cost containment mode is really the trickle down effect that we're feeling from the things that are happening at the national level and really even the worldwide level. Gross domestic product, that's one of the broadest measures that , it actually declined this last quarter of 2008 by 3.8%. That was one of the most significant declines that we've seen in awhile. Employment, the u.s. 6 million jobs in 2008. And the employment rate as of january 2009 was 6%, and that's a 16-year high. Then looking at the housing sector briefly across the country, new home sales were down 35%. That was significant as well. And for the first time in 20 years we had less than 500,000 new home sales during the year. Austin and texas both have fared somewhat better, and that is -- we're happy to note that fact. We did -- we were able to add 19,000 jobs in 2008, although those were mostly at the beginning of the year, granted, it is a good piece of news. Our unemployment rate is much less than the national rate. Right now we have december numbers. We don't have january yet. It at 5.2%. Just to give you an idea of our record high, it was back in july of 2003, it was 6.7%. So again, we have fared pretty well over time compared to the nation. We added 54,000 new residents in 2008, and our economic development growth and redevelopment office has been tracking. They work very closely with the chamber. They have provided us with information that says we have about 41 company layoffs announcements this year, and that really amounts to about 4,000 jobs. On the housing sector side, our home sales for the year were down 16%. That's obviously not as significant as you're seeing nationwide. And the good news is we really only saw a slight decline in the average sales price in austin. There was also a decline in the median. It was slightly higher, but it was no more than four percent. And this is comparing december of '08 to december of '07. Multi-family occupancy, about 50% of our residents live in multi-family. That went down slightly as well from about 95% last year in december to about 92% this year. So at least we are still in the 90 percentile range. So that is just a snapshot of the economy, and then let's move on to -- we've provided a couple of slides to just kind of show you what's happening around the country with cities across the country. And we've provided on the right side, the right-hand column the percent of the general fund that their shortfalls represent. So they're in the process of working just like we are to balance their budget at midyear, and these are just some of the strategies that they are using to do that. It's not an exhaustive list. We've kind of gleaned these through talking to our counterparts. Greg is very active in the government finance officer's association, and just reading the media as you all do. So let's get into the revenue update and then we will move in to our cost reduction plans after that to respond to this. We are, as the city manager mentioned, looking at about a 20-million-dollar shortfall in general fund revenue this year. And the three categories that we're concerned with are the ones that are in bold and eye tallics on this slide. Sales tax, development revenue and interest revenue. And we are -- right now we're on target related to property taxes and we'll share some detailed information with you as well. We feel pretty comfortable with that area at this present time, and wanted to just kind of tell you the efforts that we had been taking recently to track property taxes. Property taxes -- I'll start out with that one. That is our largest revenue source in the general fund at about 34% of our total revenue. It is budgeted at 1 million for the year. Right now as I indicated we are estimating that our property taxes are going to come in at budgeted

levels. Through february the 10th we actually checked in with the tax assessor collector yesterday, we have 3% of our tax levee and this is very similar to prior years. Not only including last year, but he went back two or three years prior to that and it's been pretty consistent. We are having standing meetings with the tax collector assessor. We've actually started meeting as well with the travis county financial staff and recently invited the austin independent school district to join us. I think we're all sort of like a mutual support group. But we're monitoring things very closely. The tax assessor collector, in addition to just looking at the levee as a whole is looking at the top 500 taxpayers. And so they will be making calls to any of those folks on the list, probably this week, to follow up that have not yet paid, but really the majority of the levee at this point has been collected.

We will continue to monitor that as we go forward and move into the delinquent phase. If we see any trends that need to be highlighted, we'll let you know as soon as we start to see those.

Sales taxes. This is the most immediate concern for us this year. And we've shown this graph to you before. It's been updated with 2009 actual collection information. It really just serves to show how cyclical and volatile sales tax can be overtime. You can see -- this compares the percentage in revenue gross year over year in sailed tax collections. We reached a high in 1993 of 15%. Then you can see during the last downturn our low was actually a decline of six percent. Really right before we entered into any economic kind of down cycle, you could see it was typically followed by some fairly significant collections. Sales tax, a little bit more information there. The city manager updated you on where we're at on a year to date basis. Our budget for sales tax in the general fund is about \$160 million. It's about 26 percent of our general fund revenue, so a very significant source of revenue for us. Our budget this year was based on what we thought would be modest growth of three percent, and that is well below the 15-year average of six percent that we've seen. When we developed our budget this year for sales tax, we did several things. We looked at what the state controller was projecting nationwide -- statewide. That was about 5.8%. We certainly didn't want to get that robust. We also talked to john houkenos and asked him to drill down a little bit more into the sales tax category as part of his economic outlook. And he thought just sort of on the range over time you ought to see anywhere from four to six percent growth. Back in june when we were finalizing our estimates for delivery of the budget in july, our payment in june was 7% over the prior year, and I think on a cumulative basis we 3% in growth. So just in retro spect, we thought three percent was fairly reasonable and what we're seeing now with two months into the year, we're down about four percent. The last four months of collections, two in the prior fiscal year, showed declines. Today we will actually get our december payment. You'll recall there's a two-month lag between when the retail sales are actually made and when we receive payment. We will beginning -- we will be getting that information sometime after this work session, working through that to do some analysis and we'll be updating you either later today or early tomorrow morning on what that is. That will include our holiday sales as well as some quarterly payments. It's typically a large one for us, so we will be looking at that very closely and keeping you up to date. And then just in terms of an overall shortfall for sales tax this year, right now we're predicting 6 million, so that is the main driver behind the 20-million-dollar revenue deficit. Development revenue, this is another category that is showing some declines this year. Our budget is 6 million, and that's three percent of our total general fund budget. We actually budgeted that based on flat growth in 2009 compared to 2008 when our budget office staff worked with the development review piece of the watershed protection and development review

department. I think they expected to see the permitting activity and the building activity slow down maybe a little more gradually than has occurred. So for the first quarter of this year our permits are down about 21% and working with the folks over in the one-stop shop, we believe that a three-million-dollar reduction in our estimates there is warranted as well. Interest. This is the last category that we're going to talk about. Our interest income, of course this is where we're really directly feeling the effects of what's happening at the national level as the fed reduces interest rates, that impacts the interest rates that we're actually able to invest in as our higher yielding investments start to mature and then we move into some of the lower yield investments that are currently available. Right now we are anticipating primarily due to the earnings rates that we'll see probably about a million and a half less in interest revenue than we projected. Just a telling example of this is tex pool. This is one of the larger local government investment pools that we keep overnight funds in, the rate about a year ago on annual analyzed basis for tex pool was around four percent. It's a little bit under one percent right now. So things have really changed. Now, in terms of other revenue categories, we're looking at those as well. Right now we don't see anything negative occurring in those areas. It's early on. We'll continue to look at that. We will keep you updated regularly and let you know if we see anything for you to be concerned about. Just a summary here before we move on into the second piece of our presentation here today, the budget again just as a refresher for the general fund in terms of total revenue is \$6,121,000,621,000,000. Or estimates at this point or \$601 million for fiscal year 2009. And that leaves us with \$20 million that we need to make up in spending elsewhere.

Mayor and councilmembers, I think that leslie has done a good job framing what is our current challenge in terms of the 2009 budget. I have to say that our challenge obviously doesn't end there. We're poised to begin the process of looking at 2010. I would submit to you that we are going to be likewise challenged in our efforts to bring a balanced budget to you as well for 2010. Even though we are faced with these challenges, I do want you to know that I also see opportunities in regard to what we face. And in regard to that, when we talk with you on the 26th about our intended reduction plan, I will also outline a number of major initiatives that we intend to undertake intra- as well as throughout -- enterprise wide throughout the organization. We'll brief you on that as well. And those initiatives quite frankly will be directed towards achieving your goal. I know that is to have austin be the most liveable city in the entire country, and certainly consistent with my mantra, what has been my mantra since I arrived here, and that is to have our city known as recognized as the best managed city in the country. So when I come back to talk about those initiatives, know that they're directed at those goals. So with that at this point now greg will take you through the -- some of the details in the reduction menu.

Thank you, city manager. Council, as you recall, when we were before you in october, we really started the discussion about what the economic recession and the financial crisis impact on the city of austin. We talked about the sales tax decline at that point that we would see. At that point the city manager really had us start on recognizing that, starting us on and his department directors starting on cost reduction plans. As you know, we put a -- departments were given a reduction goal of about two percent, average two percent across their budget. In addition, we have been working, looking at corporate-wide expenditure reductions that we could also put in place. And then on top of that, I think as both leslie and the city manager have indicated, we've also been going through a public process, an outreach process to get some initial feedback on the overall process and where things would be going

moving forward. So moving forward, what we're going to have here is a summary by department of each of the reduction plans that are on the table. And for each of these plans, we're also going to show you as the city manager mentioned -- as the city manager mentioned, this is our third round now of cost reductions. We did one last year at this time in 2008. We had to put one in place to balance the 2009 budget. And here we are again as our sales tax revenue is declining again. So for each of the slides what we've shown you is those prior year reductions, and then we're also going to show you this year's reduction and then walk you through a summarized version of that. And as the city manager mentioned, after this presentation we're finishing up and we'll get you a full detail of each of the department's reduction plans, including the dollars, 's, vacant 's that are impacted, as well as any impacts to services. We'll be giving that to you immediately after this presentation and then on top of that, that will be available on our website for the citizens of austin to see so they can look at and -- as they look ahead to the town hall meeting that will be happening next thursday. So we're starting first with our library department. The reduction plan that they have put in place is approximately half a million dollars. And the main item on there is reducing library hours. This would take our -- each of our pranch libraries that are currently open 49 and a half hours a week, taking that back down to 40 hours a week. They would do this by opening later in the morning in some instances and closing earlier at night. The key thing here is that the library branches will still be open five days a week. I think this gets at part of the community process we've been through over the last two weeks. We heard from obviously different supporters and advocates of the services in the city, and certainly no one wants to see services reduced or hours reduced, but certainly what we heard from the library, people involved in the library, is that if the library department had to be -- had to take a reduction, that it would occur not in closing any more days, but in closing additional hours so that the branches would be open the same amount of days. So that's what this plan reflect. Additionally, the history center would close three hours earlier each day; however, as part of that the library department is actually going to be able to open an additional day. There will be a netzero of hour reductions there, and in fact i think this is something that would possibly just kind of increase services the way they see the demands coming into the history center. And then finally, youth librarians, we have currently about 17 youth librarian positions. Some of those would be held vacant. As part of that our youth librarians would have to split their time among the branch libraries. Moving on to our parks and recreation department. Their midyear reduction plan they've put forth is approximately \$700,000. As you recall as part of the public safety consolidation effort that occurred this past december, a new park ranger program was created. About 20 park rangers. The plan on the reduction plan would delay the hiring of those park rangers until june, and we would accrue savings because of that. What you would see of just diminished presence on the trails and parks and facilities until that program gets up and running. And also, the parks department as they did last year to some extent, would look at using some one-time donations, contributions, pld funds to offset maintenance costs where they are appropriate. Moving on, we're looking at our health and human services department. Their midyear reduction plan is about a million dollars. And the summary of that includes eliminating the south day labor site. As you know, this is a pilot project that has been going on. And due to limited participation at the site, despite focused outreach, there's been on average about 11 placements per day that are occurring at the south day labor site, compared to over 30 at the north site. The proposal on the table is to eliminate the south day labor site. Obviously our health and human services department is also the -- it's also our department that oversees and implements our social service

contracts the city has over \$18 million in social service contracts that we give to agencies throughout the city to provide those frontline services to the neediest in our community. Several of the items on the reduction plan touch on social services. First is each year after the council award process, there's typically some extra money that is unallocated. In the past that has been distributed as one-time funding for specific programs as agencies come back to the city with specific requests on either a new initiative or expanding an existing one. The plan this year would be to freeze that unallocated social service funding so there would be no one-time additional funding above and beyond contracts for this year. Another element of the social service funding would be to look at reducing two specific social service contracts. The thought here was instead of doing an across the board reduction, that all social service contracts would have to take was to look at where could a reduction have the least impact. And the department went through -- went through their contracts and identified two. One is our skill point alliance. They conduct a career fair. This would eliminate the funding for that career fair, but it would still keep skill point alliances funding roughly of about \$230,000. And then finally, this would also reduce, not eliminate, the administration support for the end chronic homelessness administration. This is really based on prior year usage. In the last couple of years the administration for eco has not utilized all the dollars in their contract, so this is really just looking back at past practices and bringing that dollar in-line. And finally with the health department, as part of this year's budget, over last year the state had actually approached austin-travis county health to take over the wic program in bastrop and they would pay us for that, obviously because the city has a lot of experience in running that. And fortunately as that program got up and running, we realized in working with the state that we were going to get additional grant funding above and beyond what we had sie jiewmed last july when we put the budget together. That funding would actually help us offset some existing costs. So now moving on into our public safety departments. Obviously the police department is our largest department. Their reduction plan totals \$3.7 million. Certainly over the last couple of years chief acevedo and his staff have done really a remarkable job in managing their budget, managing their overtime budget, looking at his staffing practices and his overall deployment practices and really again has done an excellent job. In fact, last year he was able to save funding above and beyond what was projected. For this year one of the items on the reduction list is to reduce overtime by about a million dollars. This would still leave total overtime funding and resulting hours in line with what '08 actual spending was, but certainly as the chief talked about, he was hoping to generate savings again and redeploy those savings into new initiatives that were coming up either as part of the com stat program or some targeted responses. Certainly by taking those anticipated savings out, it really reduces his flexibility to look at conducting those new initiatives that he has been talking about. Another item related to overtime would be recovering the cost of overtime for all special events. Really what this is getting at is no waivers for specific events. Over the course of the year there's 30 or 40 40 events, some city sponsored events that police costs are waived. Most of the ones for this year have already been approved. There are several more smaller races that would be, again, waivers would -- if waivers were not put in place, there could be some savings there. Staying with the police department, they're a big department, so they needed two pages. Staying with the police department, one of the reduction plan items is to reassign the community liaison function. This is the function we have in each of the district commands, and it's a civilian staff that really works on doing outreach, going to community meetings.

Doing safety meetings. The plan here would be to take those civilian staff and redeploy them into other areas in the department to replace existing temp employees. And then each of the district reps in each of the commands would take over these functions, so it would be an added burden on them to do that outreach effort and more tasks on their plate to have to take over. Another area in the police department that has been identified as a reduction opportunity is looking at the timing of the cadet class. Typically we have a cadet class once, sometimes twice a year. The idea here is to align the next cadet class, which would be the 114th cadet class, with our vacancy trends. Currently there are 10 vacancies in the police department. And we believe we can start the class in september and save some additional funding this year that would typically be going for cadet salaries. And that a class would be in place and would graduate in 2010. Additional part of the plan, police plan, is to to reclassify vacant commander positions. Currently there's one vacant commander position. And as retirements occur, there's -- there could be additional vacancies and they would get reclassified down. And then finally the police -- something that they've been working on is really looking at their f usage, they're take home vehicles. They believe they can just really improve the efficiency of this. I don't think this is fully done yet, but this is a first stab at reducing some of the costs in this area, about \$173,000. We think that will have minimal impact on police service delivery. Moving on to the fire department. Our fire department, as you can see here, really will come in with a savings plan of really zero. And this is for two reasons. Let me talk about this. First and foremost, the budgeted funds for the wage increases associated with the contract obviously will not be used because the contract has not yet been implemented. That's a savings of about two million dollars. However, those two million dollars in savings will at this point be offset by what we are anticipating in overages a overtime usage. What's been tracking the first several months of the year, and staff is continuing to look at that. Moving forward, one of the reasons we don't -- we at this time did not put any other options on the table for the fire department, of course, is that we have a brand new chief. She's been in place a week and a half now. And I think we want to -- the idea is to give the chief an opportunity to not only assess the current issues with overtime, but also the overall budget and how she wants to approach managing that budget. So I think looking forward, she'll be having to look at that and know when the future, if we work both on the 2010 budget and beyond, she will be coming forward with any assessments that she's working on. Moving on to our -- another one of our other public safety services is our emergency medical services. They have a savings reduction plan of approximately 800,000. This also looks at reducing overtime costs. And really what this is getting at is looking at how we currently -- currently the department pays out for -- pays out for overtime, how they accrue for overtime. What we call internally as productive time, how it gets counted when you work a week when you're sick or on vacation and then you may work an extra week. It's really just bringing those practices in line with the rest of the city. And the same is true with how implementing -- how vacation payout is currently handled. Again, bringing that in line with the rest of the city so leaves are handled similarly. And then finally, each year we obviously have an interlocal agreement with travis county. Part of that interlocal, scrubbing the numbers early -- again, we're only three months through the year. We believe we can get another \$100,000, a little bit over \$100,000 in reimbursement costs for the services that we're already providing as part of the interlocal agreement. Our municipal court department, as you can see here, again, we are projecting that they would not have savings as well. They were able to identify some reduction plan opportunities. The first is, as you recall, council, this past budget, there was a discussion about project recovery. And you had directed staff to at the end of this

year bring back an assessment of the program. This plan proposes that that assessment gets accelerated and happens now in the beginning -- now and would come back to you in march. Depending on the outcome of that assessment, we could realize about \$100,000 of savings. Of course, again if that assessment indicates the program needs to continue, we would need to have to go back and find \$100,000 of other savings to replace what's in the plan right now. Finally, our municipal court obviously part of the municipal court is our downtown community court. There is a community court coordinator position that is vacant, and basically these duties would be reassigned and handled by existing staff. And we would just see slower turnaround time for some of the social service programs and the projects that they take each week and each month. However, the savings identified here, several hundred thousand dollars, are going to be offset by higher contract costs that we have -- we saw. After the budget was adopted in the fall, the court went out for a contract to bring in spanish interpreters and court reporters as they need to do. The contract costs were just much higher than we had ever seen in the past. This is partially due to some of the state mandated requirements about how they dictate what the qualifications are for each of these. And I know our court is going to be working, looking at ways to address that so we would not at all impact service, but may be able to do that in a more cost effective way. That's something we may look at this year, possibly through the legislature as well. Finally moving on to our neighborhood planning and zoning department. Again, this is our smallest department. It's about a five and a half-million-dollar budget. The plan that the npz has put on the table is to really limit urban design functions. They currently have about 10 positions dedicated to this area, and this would keep two of those positions that had planned on being filled to help with all the increasing work load that they are seeing day in and day out with working on the downtown plan, all the station area plans and all the other urban design issues. So the existing staff would just have to continue working on those efforts without any relief. Finally, our watershed protection and development review department, the last department in the general fund, they have a savings reduction plan of approximately \$300,000. And this is all occurring in the one-stop shop area. It's not happening on the drainage utility side or on the environmental side. As both city manager indicated, we see a slowdown in our development area. The silver lining is there. Without impacting service. For the most part, although we will see some changes in a residential review, the goal is when a customer comes in, there's a 40 minute wait time. We expect that wait time to go up now to about almost an hour. Subdivision review and inspections, the goal is to get the turnaround, to respond in about 70 percent on time and that would slip down 65 percent. Finally management we would keep an engineering position vacant. As people apply for special events, we may not be able to meet the code mandated time for turning those plans around. They will get done, they just won't be getting done in as timely a matter. Finally we currently have an assistant director position vacant and those positions will be absorbed by both the director and others on her executive staff. Again, a \$300,000 savings reduction plan for the watershed and development review department.

Turning to housing department, housing department is not part of our general fund, however they do get funding on the general fund. They do have an overall 50-million-dollar budget, about two and a half million dollars comes from the general fund. As we indicated, we looked at this reduction plan, we looked at throughout the city, both general fund, support services and those funds that receive some funding from the general fund. The 400,000-dollar reduction plan looks at first and foremost reducing

some project coordination resources. We think there will be no impact. Obviously a lot of the deals that are brought to the table on housing are linked to the overall development activity and the economy and the credit market. As we're seeing a slowdown in there, there is a little bit slower volume coming to the table and we think that work load can be redistributed. In addition there's just been some existing vacancy savings that we've been able to accrue above and beyond. Finally housing will use some of it -- about \$100,000 of its unused general fund dollars from last year. We typically transfer that to them and they -- if it's unused, it sits in their fund. We can use it the prior year and we'd be using that this year. So now moving on to the support services fund, and just as a reminder, the support services fund is where we budget for all the support functions that occur in the city. That's the finance department, the law department, human resources, city manager's office, mayor and council, our pio function, our city clerk among others. During the last downturn, support services area obviously took a big hit in terms of reductions. The last few years we haven't had the ability to add back judiciously, but again as we go through this, we think it's the right thing to do is to look first at our support functions and find our efficiencies and find savings there first. And not impact our direct services to citizens in our general fund. We believe that's what we've done here. The support services fund has a reduction 1 million dollars. The 2009 budget froze about 14 positions. These reductions efforts here, most of which are occurring in financial services and budget and accounting, our building services area as well as some other areas, we have a total of about 33 positions that would be unfilled as part of this. And again, what we're looking at is turnaround times on doing research, questions that come in from the public, from council. The work will get done, it just might take a few extra days to get that done. Moving forward as we look forward to the upcoming budget and beyond, as additional reductions -- if and when they will be needed, our priority, of course, will be making sure that we ensure that there are strong internal controls moving forward in our support service functions. Some other areas that we looked at in support services, we were able to reassessment some opportunities to directly bill for services associated with specific initiatives. One of the areas is looking at our legal services for economic development and our development projects, and also we were able to -- some specific software that austin energy needs only for their use was being covered by the full support services fund, and we'll be able to move those -- have those paid by austin energy directly. Then finally, we look throughout as all departments do, you look at miscellaneous reductions in services and materials and we'll be able to live with less. And finally just a note on support services. We had budgeted for -- we budget for an election each year. Typically we've had some cost-sharing opportunities as we have an election with, let's say, the county or the school district. And you can spread those costs out. We had assumed for the budget that that would occur, however it appears that we'd be the only entity on the ballot this year and therefore our costs will be higher. So we'll be working with the clerk to monitor that and we think we'll be able -- with that overage the city clerk will be able to cover that within the support services overall fund. Finally our information technology fund, several funds that we have. We have a reduction plan in place of approximately \$1.9 million. Again, this gets at resources, keeping resources unfilled. The main area in information technology is looking at our project management area and holding some of those resources. And this again will -- as we work on project initiatives, this will just have slower turnaround times. More importantly, as we have a new cio director coming in, and she'll be starting next week, one of her -- one of the areas that she said she will be working on and certainly needs to be assessed is by looking at what the city's i.t. Best practices are and overall project development and planning. We think it's a good

time. She will be able to come in and assess the direction of that department in terms of how the city carries out and implements its many projects and initiatives. department obviously has a lot of -- we spend some dollars on a lot of contractals and commodities. One of the areas that we're able to identify was a significant savings of nearly \$800,000 related to our old main frame. We had put the budget together and had allocated some funds for those systems that may still be on the main frame. Planning to be migrated to new serve networks. Fortunately all of the migrations have occurred, so we are no longer in need of maintenance contract for our old main frame and basically our main frame, after many years and many migrations, can be decommissioned. In this day and age i think that's a good thing. Moving forward, just like on the support service side, is we look at having to do more reductions. The focus, of course, will be maintaining our course and critical i.t. Systems to make sure that the city can continue to conduct business both internally and externally. So here on slide 32 is a summary of the departmental reductions that I just walk through. As you see, we've laid out there amended budget. The dollars and what they recommend as a personal of the budgets. [One moment, please, for change in captioners] department directors have put plans together, at the same time we have been looking at some corporate strategies, initiatives, some of which have already occurred. On the personnel side, as you recall we have a pay for performance payout. Annual permit pay. Typically we have for someone who meets expectations you 5% above and beyond that. Above and beyond that an additional payout this year. The decision was to cap that at 2.5%. As a result of that, we can -- we have realized savings of approximately \$400,000. Additional salaries, again it was communicated, we have delayed the -- the annual market salary adjustment program, that is where each year we look at one third of the workforce. We had budgeted based on prior year history. And where we had thought this year's group would be. With delaying that, we were able to realize these one-time savings of \$2.3 million. And then finally, part of our personnel related corporate reductions, is the -- is the hold or the freeze that we have put on all vacant positions. Again the city manager communicated that to you. That affects our general fund and our support funds, the ones that we have just reviewed. And the process in place is that if there is a critical need for a position to be hired, there is an executive review process that will be -- that is occurring as -- as positions need to be filled and will be an exhaustive review of that. An analysis of where we are. There we go. And then, finally, and with this, we realize that we -- we think that we can realize 9 million in savings. And what I'll say here is certainly why we are calling these corporate reduction plans, these are impacts to our departments. Because this is where their positions are on hold and will be frozen, either as part of the plans that each director put forward as part of this corporate initiative. Either categorized -- while categorized here as corporate, they certainly do have impacts for each of our departments. Finally, an area I guess that you know the one silver lining of this economic recession, as we all know, as we go to fill up our gas tanks, is the rapid decline in fuel costs. As we have been before you before to explain the way we -- the way we allocate and charge for our annual fuel costs, so that we can have a -- a consistent budget as we charge a fixed price per gallon for the entire year, in 2008 the actual fuel costs that are -- that are fuel fleet fund -- that our fuel fleet fund had to pay out were \$5 million higher than we charged departments, basically that created a deficit in the fleet fund. Now 2009 as we are assessing current fuel prices, as everyone has seen the prices have dropped dramatically, we are able to a, first of all, recover that deficit of \$5 million, we have about a \$10 million savings, 5 million of that 10 million will be able to cover that shortfall. The other \$5 million will go back to departments. This will be savings that they will see, two million of those savings will be felt in the

general fund for our fire department and police department who have very high fuel usage because they are the ones obviously out driving around doing their work. Then in addition, though, our enterprise funds will also see savings in their fuel charges. Our austin water utility, our transportation fund, austin energy, all of our utility funds will see this -- this accrual. Certainly looking ahead, i don't think anyone is -- is going to go out there and predict what the price of the oil is going to be, you know, five, six months ago, but certainly typically speaking when you are in a slow economic time, economic recession, overall energy use goes down, but it's certainly that we have to monitor and we will continue to do that moving forward. I wanted to finalize kind of summarizing where we are. Putting together the revenue shortfall that -- that leslie laid out with -- with where we are on our reduction plans that we have put on the table, again both departmental plans, specific plans that our directors started working on in the fall, about 11.5 million. And then these corporate plans that we just reviewed of about 8.6 million. Again I will reiterate part of those corporate plans is 9 million of vacancies that really again do impact departments. And given that, I want to just touch on this issue very quickly about -- about rft's and our summary. Again, the plans that we have just gone through, the plans that we have just put in place, do not impact any filled f.t.e.'s. We have currently right now, between the general fund and the support services, the funds that we have talked about today, as of -- as of monday, 319 vacancies. And there's vacancies -- those vacancies can really be categorized into three areas. First and foremost, those positions that were frozen as part of the '09 approved budget to -- to have a balanced budget. There was 56 positions that were frozen in the budget. There are 82 positions that the department directors have put in their plans together, with the goal they were given, they were -- they would also be frozen, these include the positions for reducing the library hours for reducing one stop shop impact, there are 82. On top of that, there are now 181 additional vacancies that would be going through if needed, if there's a critical need to fill those positions, they would go through this rigorous executive review process before they could be filled. So again just a summary of where we are in our overall 's, because I know that question has come up before. So with that, I will turn it back over to -- to leslie, who can wrap up.

So -- so moving into wrapup, we wanted to share with you just a few thoughts as we go forward. We are moving into the spring for -- for -- that's when we typically kick-off our budget development for the upcoming year, we'll be looking at fiscal year 2010. We will be doing our five year forecast as we usually do, bringing in john hockenyos for a really, really in depth look at the economy and what the outcome is for the upcoming year. But we do just kind of see a few things coming up for next year that we wanted to share with you. We don't expect to see a significant recovery in the sales tax growth. So we are cautiously expecting to see continued slumping activity in the retail area. We are also anticipating slower growth in assessed valuation and I think this is just probably a thought that everybody is having these days. Y'all are aware that our new construction that we add to the tax base each year is what really generates the ability for us to have new additional property tax revenue to help us cover our increasing costs of delivering services. I think greg mentioned previously that we meet every usually early spring, late winter, with the travis county chief appraiser to get his sense for what he is seeing -- he's currently i think in depthly involved in the appraisal process right now. We general get an outlook from him before we do our five year forecast. So we will be doing that. But just our gut feel is that we will see slower growth in assessed valuation, probably next year and probably into 2011 due to that kind of appraisal lag. So really what we're saying is for 2010, probably 2011, we are anticipating a more difficult

budget environment. The -- so we'll probably need to get, definitely need to get a place -- a process in place to evaluate really our services, what's essential, what's most important in terms of service delivery and to just really give ourselves a look from the top down and bottom up. Finally, we will be coming to the audit and finance committee in february to give you more update on the status of our pensions. We actually have three pension funds. The largest is the employees retirement system and we have a separate system for police and fire as well. In february that is typically the month that the investment advisors for those funds come in and do in depth presentations on the last quarter and really the -- the entire year, so we'll be sharing that with the audit finance committee at the february meeting. And then just looking forward to next year and beyond, starting to think about and develop plans that will help us to -- to improve the long term financial health of that -- of that -- of the employees retirement system in particular because I think that's been the hardest hit, but we will be looking at all of the funds. So we just wanted to give you that -- that heads up and we will work through the audit and finance committee on a more detailed level to -- to tackle that problem. I wanted to -- just walk through several items as we close up. This is actually our last slide. The dollars and cents campaign that -- dollars and sense campaign initiated by our city manager continues. The last time I checked in with our budget staff we had over a thousand suggestions from employees about ways to either potentially cut costs or to just do -- do the work more efficiently, so we have a review process in place for that. And we are looking at those suggestions on a day-to-day basis. Community outreach, a number of meetings so far leading up to today. We have a town hall meeting planned on the 19th as the city manager mentioned in the evening and we also have a -- a citizen feedback e-mail, which the city manager's office has been tracking, compiling suggestions that we have gotten from citizens. It is community feedback at ci.austin.tx.us. We will be providing the latest list of those suggestions in written a report format for you at the end of this presentation. As the city manager mentioned, we plan to come back on february the 26th for an update for you. And this is where we will -- we will outline our intended cost reduction plan. Routine updates will continue. Will continue to provide you a monthly e-mail on sales tax and we will be getting one out to you soon on -- on either today or tomorrow on the payment that we received this week. And then if we see any other trends or changes in our other revenue estimates that we haven't touched upon today. And then moving into april, may and june, our financial forecast, our budget development, again, we will be approaching this with a multi-year focus and with the thought that we probably need to assess overall services and service delivery. So with that, that concludes our piece of the presentation.

That does in fact complete our planned presentation. I think that you can tell by the substance of what you have heard today that staff has put a lot of time and thought in getting us to this point. Obviously a very difficult consideration of issues. We have -- I think that we have put forth, you know, based on all of the information and input that we've had thus far, the best possible -- obviously we have additional work to do. Subject to -- subject to your discussion today and also subject to additional public input that we're going to seek over the next seven or eight days before we come back then subsequently with -- to lay out our intended plan. So at this point, mayor, we are ready to entertain your questions and comments.

Mayor Wynn: Great, thank you, thank you, leslie. So I think that I heard greg point out earlier that essentially the detailed backup of each of these line items are available to us now to -- to go over in

more detail where the numbers come from.

Yes, we're going to get those to you at the conclusion and as well they will be available on the city's website for everyone to see.

Mayor Wynn: Okay. I have a couple of comments before I open it up, members. So -- so seems obvious that a handful of the cost reductions that we have itemized for this current fiscal year, they don't carry on the -- the savings don't carry on into the 2010 budget. For instance the -- you know, the delaying of the timing of the a.p.d. cadet class. You know, so it helps us for some period of months now but it will have to be rolled into the proposed budget in 2010. I just want to make sure we point out that to some degree this is taking a little bit of a philosophy that things might get a little better, you know, next year and/or we just have a more robust analysis and policy discussion come -- come June, July, August into the September vote on budget. September vote on budget. I did want to go back, though, to -- I guess a request that I have for additional information. On the corporate reduction plans, we talk about the delaying the market adjustments. And if I remember correctly, we tried to break it into thirds. And so it might be too simplistic a statement. But my perception is that we have gotten two of those thirds completed. That is about two third of the workforce in some form or fashion did an analysis of market, is that right?

Mayor, I believe we had -- when we came out of our last downturn, we did the entire workforce and then we started the process of going one-third at a time. Last year was the first third. This would have been the second third.

Mayor Wynn: I guess that I would like to see some analysis, if we can, on, you know, frankly who -- you know, who those different thirds are. And that is, you know, my instinct is I'm sure there is some rationale as to who were the first third that went through the market adjustment and then who would be the last third I guess, right? And -- and, you know, for instance, I just -- I just hate to see us -- take a relatively, you know, arbitrary perspective on it as opposed to looking at perhaps our lower paid city employees. So it might just be as opposed to continuing the one third dynamic that we were projecting, that perhaps there may be the additional analysis and the will to -- to maybe even look at a -- at a one third almost on a vertical strata, if you will. And perhaps give -- give, you know, some -- some help to -- to likely our lowest paid employees. Recognizing that would be a cost, a number, that would just then have to -- to struggle through with the -- struggle through with the cost, you know, forced tradeoff exercise as to where we would make up that difference. Again, so I guess before I open it up for further comments, council, just it did strike me looking back at sort of our sales tax history, just remembering, you know, those years we had, you know, '02 through '04, it WAS SEPTEMBER 10th, 2001, My birthday, that we approved that year's fiscal year budget. I think that I remember that being the first year that we had -- actually officially had a two billion dollars budget. And of course the next morning was the tragedy at the world trade center and we essentially one day after approving that year's fiscal budget, we threw it in the trash can or recycled it, I hope, and -- [laughter], and essentially the city manager had to, you know, just start taking this approach throughout that entire fiscal year. Then looking at those sales tax numbers, what we ultimately had to deal with was -- I remember it being in the 30's, 30 some odd consecutive months of sales tax decline. And so, you know, my -- and the fundamental driver of that frankly is -- is job creation. As we had -- you know, net job loss in this community, not only does it,

you know, dramatically affect sales tax, we saw a little slide here just commenting on the slower -- tax valuations. What really happens is that the -- the material nature of commercial assessed value being so much more so than residential, that plummets. The residential stays relatively stable, all that does is just shifts the property tax burden on to homeowners because commercial valuations go down. So it's just, you know, a triple whammy. And so -- so my hope is that as we continue to talk through budget strategies this -- this spring into next year's budget, we also really try to figure out what that role is, you know, how supportive we can be of -- of job creation because ultimately when you look at that cycle, that we finally came out of in '04, it was because -- for any number of reasons, our local economy rebounded, there was a measurable job growth as opposed to the previous three years. So hope we don't lose sight of the fact that it -- it boils down to how well our -- our local economy is creating jobs to fill up vacant commercial space, raising that assessed value, create the new construction and leslie points out that's the only assessed value we really get to play with in the general fund because it increases in valuation, corresponding to decreases in tax rates, of course having the folks being able to spend money and create sales tax. A lot of work ahead of us in the mayor and council and i hope we can -- hope we can ease the burden of the 2010 budget deliberations being as judicious as we can this spring and early summer. Further questions or comments for staff? Mayor pro tem?

McCracken: One area that we haven't heard a projection on yet, but it's a big source of our general fund revenue is electricity sales, what's happening. I know that we base our utility fund transfer on a rolling average three year gross revenues. But what is -- what is the state of electricity sales currently this year, since that's obviously going to have an impact for next year.

That transfer is actually done on a rolling three year average, so I think as far as the general fund is concerned we're on track and I have not -- we are in pretty regular contact with the austin energy cfo. I think so far they are on track as well. But they are watching it closely. To make sure that there -- that there are any concerns that are occurring.

Then like I said, I know that it's based on three year rolling average so this year is not going to be impacted. But are we seeing warning signs for the coming fiscal year that we might see a drop in the -- in the transfer because for instance I will give you a scenario. Because it's a three year rolling average, we could see a scenario where electricity sales are way down this year. There's reason to expect that could be the case. Our major source is electricity sales to semiconductor plants. So we have have the spanion that's been full load for a while, seeing reports of other major manufacturers who also may be engaging either in permanent layoffs or furloughs. That would suggest that there are scenarios where we could be seeing reductions in electricity sales and that in turn would lead to a reduction in the available revenue from the utility fund transfer for the fy 2010 budget. What are we seeing today?

They are tracking -- there are actually three areas that could potentially affect the general fund. One of them is right now they are experiencing lower fuel costs, that is part of the pass-through revenue that is included in the general fund calculation. One positive note that is occurring in austin energy is they are having some strong off system sales and that has been happening really over the last few years and that's helping them out as well. But their cfo did tell us if they lose large customers, obviously that would be a concern. But right now, I think they are feeling fairly good about that. But again we are -- we're

checking with her on a regular basis.

McCracken: I guess as we receive the updates --

we will include that.

McCracken: This is good work, I really appreciate it. It's, you know, I think in comparison looking at a 20 million cut, in the fiscal year 2004 budget we had a \$67 million cut and -- and we cut 125 million over three years between fiscal year 2002 and 2004. So relative to previous experiences a \$20 million cut is tough. But it -- but compared to say a \$67 million cut this is obviously more manageable. One of the important things is to prevent the growth of spending as we experience a decline in revenues. What percentage of the general fund budget is comprised of wage and benefits?

It's about -- I guess it's about 80%. Gives you an exact number, but in the range of 80%. It could be as we look at strategies going forth, that what we want to look at is more from the wage side, as an alternative. I think it would be something to be helpful for us to see. So, for instance, a scenario that would be helpful to see is what if we were for the fiscal year 2010 budget going to look at an across the board wage freeze. As opposed to -- there be not project any cost of living increases. Well, that would be a different approach perhaps than looking at -- at some -- some further closure of library hours, for instance. Because libraries are where kids go for after school to do their homework, where a lot of children have their only access to a computer. So if -- if we can approach this from a -- from a position of looking at this from the wages and the growth there, then they would be helpful to see that. Then how much -- do you know how much wage and benefit increases are projected to be part of current increases in spending in this current fiscal year 2009 budget?

Councilmember, I don't have it off the top of my head. We can pull that back up from obviously our last budget presentation, we have that. Again knowing our wages and salary are a big piece of our budget, it's a significant -- always a significant look. But we can pull out all costs for insurance and all of that.

McCracken: I think one of the things that we're going to have to address to be honest about this is in the current budget 92% of all the wage and benefits being -- this past october 1st, 90% OF ALL NEW WAGE And benefits was new wage and benefits in public safety. There has got to be a principle in this time of sacrifice in the organization that all departments share equally in the sacrifice. That means that our library department and our fire department, everybody needs to share equally. We're in a time of sacrifice, everybody needs to share in that. I think it would be helpful to identify strategies. I would like at least to see some identification of strategies where -- where our public safety unions are also participating in the shared sacrifice on the growth or holding the line on growth and wage and benefits. Both in this budget and incoming budgets. We do have a projection currently about how much we are projecting for wage and benefits increases in fiscal year 2010.

No, we don't.

McCracken: I think that would be something we need to see as well. Like if we are going to have to go

to the police union and perhaps fire and e.m.s. Unions, too, to ask them say we need to have everybody participate in the wage freeze including you all, we are going to need to be negotiating some of that now if that's the will of the council. I think we need to at least have that information so we can assess that.

Certainly, mayor pro tem, I think pass part of our annual forecast process this year that we'll -- I imagine this year there might be some additional work efforts sitting with you on that, we're going to -- at this point, you know, we are obviously going to get through where we have to right now. But as we work with our city manager I think all options will have to be explored, you so that will be the timing for that effort.

I -- you gave us an information on this. But -- but it would be helpful to have it in a slightly different slice. That is of all of the proposed reductions, what percentage of the reductions is each department proposing? If so, if you have 20 million in reductions, how much -- how of those reductions are coming from -- what percentage of the reductions are coming from each department? That will help us see whether everybody is sharing in the burden, because it's a corollary that we need to know what percentage of the general fund budget is comprised. Hypothetically I think library is what about six or seven percent of the budget, say? You would expect to see if everybody were sharing in the sacrifice equally that the total reduction 6 to 7 percent would be comprised of library. That will help us identify whether each department is carrying its fair share of the shared burden. Then along these lines, can you explain to us how it is that fire is proposing no reductions where everybody else except from municipal court, how is it that fire is not proposing reductions?

Again, mayor pro tem, i think the approach we took, i think it's a judicious one. We have a brand new chief coming in. I don't think we wanted to make decisions and put options on the table without having our new chief have time to digest those make sure it fits in line with her way of moving the fire department. I think this approach gets us there. We are going to have a lot of budget discussions not only in the next couple of weeks about this existing plan but moving forward. We have -- I feel confident that she will be able to -- to assess her budget and -- and do what she needs to as one of our executives.

However, what this presentation did account for was the projected deficit in the fire department due to overtime costs and of course greg indicated that we have accounted for that. Because of the lack -- because of the lack of the funding associated with the fire contract that did not get executed.

Yes, I think that -- that we are seeing that -- that while there are savings realized, from the lack -- increase, those are lost because it has gone fairly overbudget already it looks like on overtime. And yet the police department has done a good job of controlling overtime. I think we need to see the fire department be part of the shared sacrifice on overtime, too.

Let me just talk about -- about that overtime issue a little bit. And again what I'm about to say is not -- not -- my remarks aren't intended to offer favor or disfavor with the concept of four person staffing. But I can tell you that it has been my experience over the years, in michigan in some cases, that standard is institutionalized and labor agreements, which I would never recommend, but -- but generally speaking that tends to be a driver of overtime costs. You know, that -- that tends to be the principal driver. So --

so you know that is something that we try to adhere here as a matter of policy that, you know, this council has -- has put in place. But I think it's important that you recognize that.

Well, I -- that is very helpful, city manager. I just think that looking at the library department, the police department, the health department, they are all offering sacrifices in the shared burden. We need to see the fire department proposing cuts so that they are sharing in the burden that -- that our librarians and police departments and -- are doing too. I know one of the things that is an impact when you have a down market is that you have pension fund contributions that are triggered if you don't reach certain performance levels in your stock portfolios. Are we seeing in the current budget year that we are having to trigger general fund contributions to make up for -- for shortfalls in what was expected on the return pension funds?

Well, let me talk about the largest retirement system. We actually have, as you will recall, a supplemental funding agreement in place. We started out, it was approved in 2005. And the employees contribute 8% of their pay on an annual basis to the pension fund and then the city also contributed 8%. We at that point it was determined that we needed to -- to get back to a 30 year amortization of our unfunded pension liability. Council approved that agreement in 2005 the first year we started kicking in additional contributions was in 2007. So in this year we are up to -- it's supposed to build depending on the market return and it's -- if the market return is not -- is not at least 12%, in any given year, then we kick in one more percentage. So we are at 10% this year. And we will grow to 11% next year. Now, when I talked earlier about looking at the pensions as a whole, that agreement was intended to get us back to 30 year amortization within about a 10 year period. So with the losses that we are experiencing this year, it just puts more and more pressure on that and extends that out into, you know, further into the future, so we're going to be looking at what we can do there and that will be a part of any -- any budget discussions going forward in the future and we'll be working with the audit and finance committee to give you a more detailed idea of what's going on in each funds and then options that we are looking at going forward.

So I guess for the current year are we seeing that we are having a trigger.

No, not for current year.

McCracken: Okay, here's my final question. As we plan for the fiscal year 2010 budget, we have planning assumptions about whether we would be looking at the tax rate somewhere roll back rate of somewhere between, so as we're seeing a down economy, obviously one of the things we don't want to do is -- is have the -- we want to control the property tax rate, because you are going to see declining valuations, probably not just commercial, I'm told lining valuation maybe up to -- I'm not going to speculate. But that we may be seeing declining valuations on home valuations, home appraisals, too. What is our planning assumption currently on whether effective roll back or somewhere in between for fiscal year 2010.

Certainly, councilmember, as I mean mayor pro tem, I'm sorry, we have as leslie indicated, we are -- we will be beginning our conversations with our chief appraiser, our independent chief appraiser next

month. We usually let him get through January, that's one of the critical meetings that we have, we sit down with him and the county to talk about what those assumptions will be. Not only for next year, but just a reminder we will be working on certainly 2010 will be our focus, but we will be coming with a multi-year forecast as we always do. We want to make sure that we are putting a correct projection out. That's a dialogue and discussion that we still need to have with our chief appraiser.

That's important but not quite my question. My question is what is our assumption about the property tax rate we're going to be using? Because I know we decided this last year. I just can't remember. Are we projecting that our property tax rate will be based on rollback rate, effective rate, what is our projection assumption.

Well, again, we did our forecast last spring, we brought several scenarios to you, both sales tax scenarios as well as tax -- property tax rate scenarios, both effective tax rate, a roll back tax rate and in between. Where we -- so we had those scenarios for the out year. What we need to do is as we begin to work on our forecast process as we come back, we will again come back with scenarios both about sales tax which will be obviously a very high area of interest as we work with Texas perspectives, but also about our underlying valuations. Commercial, residential or new construction and a resulting tax rate again with scenarios. So that's an effort that Mayor Pro Tem we have not yet begun for 2010, but that is next on our list.

So I make sure that I understand correctly then. You are not making as we say let's say if we were to project a 10 million-dollar deficit, planning versus FY 2010 planning or 30 million or whatever it might be, we currently are not plugging in any assumption on whether we would be using effective versus rollback rate and that that is something that -- that we will be hearing about later?

That's right. We just haven't gotten that far yet. They have a lot of work to do in terms of revenue projections for 2010. We need to look at -- have a closer look at what we anticipate year end '09 looking like. So it's just premature for us to be making that kind of prediction at this point.

Okay. If we are looking at, you know -- at -- if we are looking at the 80% of our budget is -- is wage and benefits and we are looking at -- the declining property tax valuations and a decline in sales tax valuations, I think we're obviously going to need more information about how we can control the -- the growth of wage and benefits which I know is identified in this document, too, one of the next steps in the toolbox, the one we have already employed to some degree. I want to congratulate you all. This is tough work. I congratulate you all.

Thanks, Mayor.

Likewise, thank you guys very much. Ed, welcome, I'm glad that you don't see [indiscernible] on this list of cities.

They are having a hard time.

I couldn't get the columns big enough for that. [Laughter] [multiple voices] [indiscernible]

I want to start out by making a request city manager that any information that comes back to us or that's sent to us in this process, that we make sure that our council aides get that information because -- because they don't always get it. I ask them questions about it, they are unfamiliar with it.

Absolutely.

So I appreciate it.

First question is, just -- just a question about the page 6, the projected general fund shortfalls. I wanted to get information on -- on whether those budgets are structured similarly to ours. You know budget -- our general fund is structured the way it is, I would suspect each city is different in terms of utility transfer.

They probably are.

What makes up the general fund, I think as a true apples to apples comparison, we would need to make sure that we're comparing that appropriately.

We will drill down into that more.

Thank you.

Martinez: As relates to some of the comments about retirees I want us to be very mindful of the fact to our commitment to the pension systems for employees should remain a very high priority. We are talking about people on fixed income that have not seen a cola since the year 2000. This economy is impacting them more so than most others, so if -- if anything I would -- I'm going to be working towards trying to find an opportunity to help those folks in any way that we can. Because I know first hand that many of our retirees are struggling just to make it on a month-to-month basis. As it relates to fire, I appreciate the recommendation that you all have made. While everyone needs to participate to belt tightening and stepping up to the plate, I think the firefighters have done that by not agreeing to a contract. They have done it on their own via their vote to reject the proposed contract. But the fact of the matter remains had they voted for that, we would be obligated to the tune of millions of dollars, two million dollar for salary increase this year. That's foregone. So I support that recommendation. I think the fire guys have stepped up to the plate. I don't think they intend it to be in this manner, but the fact this remains true there is a substantial savings because of the rejection of the proposed agreement. I wanted to ask a question about council waivers, we waive a lot of fees for events, rental facilities, use of facilities. What is the total dollar amount of council waivers?

Council, I do not have that. We have been working with the police department to get their number. Your question is broader about our other entities. We obviously have what are we -- each council meeting when there is a proposed waiver we put a fiscal note together that shows the dollar cost. So all we need

to go do and go back and capture all of those, we will do that, all encompassing.

While I certainly appreciate council waivers, i think they help a lot of non-profits, support a lot of event. I think we as a council have the responsibility to tighten our belts as well. I would like for us to take a look at how much we are actually waiving in fees for event and street closures and facility uses and determine whether or not we need to continue with that policy moving forward in these economic times. And then hopefully with the economy -- when the economy comes back, we can bring the waivers back on line. But I would certainly like for us to consider discontinuing the use of waivers where appropriate. We talked a little bit about overtime budget in 2008. Do you know what that actual number was for 2008? Was it 8 million?

Yeah, in terms of their -- in terms of their -- I'm just going to focus on their non-reimbursed over time. Their budget was about 2 million and they end up spending 7.4 million. This year the -- -- their budget right now is about 9.2 million. With this proposed reduction plan that would take it down to 8.2 million.

Okay, thank you.

> The last question I have is -- it actually relates to the many boards and commissions and task forces that we have. So I want -- I want to know if -- if at all possible if you can provide where does the funding for staff liaison and the support for those boards and economics come from? Does it come directly from the city clerk's budget, directly from each individual department, and how much is that? How much are we actually budgeting each year for that support service for our boards and commissions.

Well, the general answer to your question to the first part is each board and commission is staffed by the appropriate department. I know there's been efforts already in place to assess all of that, get those dollars to look at basically 's, whether that is their main task or one of their, you know, other duties as assigned tasks and we will be able to kind of allocate that timeout and get you a -- a number of what that represents.

And city manager, we talked about the other day, you actually brought this to my attention and made me think about it. I started thinking about a public safety task force. When you have the heads of , sitting in there and staff, and the attorneys, sitting in there for -- for two or three hours, I mean I think that's a substantial cost and i think that it's important moving forward that -- that we acknowledge the cost factor, I'm not saying that boards and commissions and task forces are a bad thing, but that we acknowledge the cost factor and that we entertain setting a policy moving forward about the growth rate of that. Because I know that many of us are talking about on the agenda item this week is another advisory, citizen led advisory group. While I'm supportive of that, I think we should also be responsible with the growth rate of task force boards and commissions advisory groups that -- that put a strain on our resources and, you know, on each individual department. Thanks.

Thank you.

Mayor Wynn: Councilmember leffingwell?

Leffingwell: Just a few quick questions and a follow-up on that board and commission. Having been on a city board before I was on council, i know that it's not very scientific how they allocate support fund for those. Maybe that sounds like a good exercise with maybe that's something that we need to do going forward is get realistic costs on that. Find out what they really, really cost to operate all of the boards and commissions. projects, have we taken a look at projects that are going forward now or plan to go forward this year that will add up to operating costs in the general fund.

Well, we are certainly focused on that issue. , You know, it's kind of a twofold story and we need to be strategic about analyzing our capital program and making decisions about -- about which ones need to go forward because I mean obviously there's a correlation between pursuing capital projects and keeping our companies busy and keeping people employed. On the other hand, you have just made the point with -- with some capital projects there's a significant operating budget impact, so i have these folks going through that analysis so that, you know, we can be strategic in making those decisions.

I know for example butler park was funded I think with '98 bond money but the actual construction of it was delayed because we knew that operating costs would be incurred so I think that we need to take a look to -- obviously you are already doing it, so that's good. The second thing, I brought this up previously about the savings on fuel prices, fuel prices meaning lower than what they were on -- on -- we allocated the current year budget and so what I saw in here was 10 million-dollars in savings, if I understood correctly. We are actually only -- looks like we are seeing two million dollars in benefit to this year's budget because you are paying back last year's five million; is that correct? And 3 million of that is actually coming out of the enterprise funds that does not --

they will get the benefit as well, yes.

But it doesn't affect what -- what we are addressing here today.

Two million.

> Oh, sorry. You talked about delaying, the hiring of initial parks police and the delaying cadet class. I know we are in the process of transferring officers from parks from aviation into I wonder if that transfer sort of makes up for delaying the cadet class for ? Is that figured in already or is the delay in addition to that calculation to maintain the formula?

Certainly. I'll -- I'll -- [indiscernible] [laughter]

welcome, chief. [Laughter]

I'll address it.

Hello, mayor and council, michael McDonald, assistant city manager, public safety departments. No,

this is aside from the -- from the transfer of those offices from the public safety management department. The freeze that we're talking about, these would be the vacancies that would have been created from retirements or -- or terminations within the department.

Okay. So the transfer is already calculated in your hiring plans for additional cadet classes. What about the -- the other part of that that we talked about, when we talked about consolidation was achieving some -- some savings from hiring officers who are already certified by other police departments, therefore would require something like half the training.

Yeah. That's going to be some opportunity for us. It will save us on those classes as we move forward. The class that was planned at this point was going to be through the regular process because the police department is still working to determine how they are going to actually utilize the modified accidentmy, but -- but that's certainly one way that could help us expedite a class down the line in the event that we have a delay. Future budget years could see some savings on that. Finally I want to confirm the social services budget. We talked about freezing unallocated funds and -- and 236,000 I think my microphone is going dead. 236,000, I believe, but that is not -- does not affect the 5% increase in the social service.

Councilmember, that's correct. The unallocated funding is about 150,000 and then there was two other social contract -- social service contracts that 130,000, total of about 280, but this was not an across the board. 5% already come to council.

Leffingwell: In addition to that. I do recall unallocated. Finally, I do think what we have to do as we go -- I have said this before, I will say it again, speaking for myself, is not approach potential budget cuts from -- from -- with an across the board view. Because I think it's -- it's very important that we prioritize where these cuts come from. So that we're able to maintain the -- the most essential city services. Going forward and so while i agree with the concept that -- to the extent possible the pain should be shared, we also are going to have to do a good job of prioritization.

Councilmember morrison.

Thank you. I want to thank you and the staff, clearly we are not as in dire straits as one place, some western state is shutting down their government one day a week, which would certainly impact services. We're not there, so we're fortunate. I do have -- a couple of questions, I certainly applaud the city manager for reaching out to the community and the -- the employees -- the meetings in the community, the employee dollars and cents. I wonder if you have -- if you have any -- in general more detail or later through a memo on what you are hearing and -- and then the -- the follow-up question is does this -- does this actually reflect some of that feedback.

You might ask mike to come up. He's leading that. I don't think the numbers that you see here reflect any savings relative to the dollar and cents program. Those suggestions I think the actual number is in the area of 1200 that we received. We are in the process of being evaluated and -- and of course then we will make a decision about whether or not, you know, to implement. And while, you know, we focused this initially on opening it up to all of the one of the things that we did indicate in the course of

object meetings was that -- in the course of our public meetings, we were inviting the general public, also, I think that you were there when we said that to participate as well, we gave them an e-mail address to submit their suggestions.

That's correct, city manager. We received about 1200 recommendations, we have another week of receiving recommendations before we go through a pretty vigorous process where -- where the -- where the recommendations will go to a second level of corporate scrutiny by the city manager's team coming from the departments. What we can do, though, is take a closer look at them and get something out to you in terms of the themes, some of the things that -- that we're hearing along those lines, but in terms of the actual vetting and making a recommendation to the city manager of what things we think should be ism. Mentend we are still a couple of weeks away.

As we decide to implement, we can keep you advised as to how that's going as well.

Certainly the ones on the ground are going to see the room for improvement, increased efficiency. How does that play into these budget cuts? Will that come after -- after february 26th when we are --

it's hard to say. Because -- because depending on, you know, what it is that we actually implement, you know, that makes a difference and, you know, what costs get reduced or how we accrue savings over time, so -- so over time, you know, i anticipate that having some positive impact on the budget. But it's hard to predict that at this point.

That's a longer term.

That's correct.

Thing. And we still have to find \$20 million.

Right.

Okay.

Okay.

That's exactly right.

I thought maybe we could wiggle out of that a little bit.

Okay.

Then what about the community outreach that you have done and -- with the public. Can you give us a sense of what you are hearing? I was certainly at one of those meetings, I think that I know what I

heard. [One moment please for change in captioners]

social services is one area that we listened to was really to not try and do any significant cutbacks there, to try to preserve that as much as possible, recognizing that folks would really be in need during a downturn. And we really got a lot of comment as well across the board, not only aimed at saving funds in the general fund, but also wanting to look at our enterprise funds as well. Those are some of the ones.

As well as a capital program to the point leffingwell made, there were those who recognized both the wisdom and pursuing our capital programs for the reasons I outlined, but also noted, you know, the potential operating budget. So a full range. It ran the gamut and you all will get a chance to see those comments in detail based on the meetings we have had and of course when we meet later this week with the social service agencies and the town meetings, we'll put those comments together as well and give them to you.

Thank you. I think one of the things that that reflects is a perspective that I have, and that is in some of our departments, the demand is increasing with the economic downturn as in other departments the demand is decreasing. The simplest way to look at that is health and human services because of people in need. Watershed protection and review, decreased demand for those services because our development and permits are down. So I appreciate the imrd that we shoipt do an across the board look at -- we don't shouldn't do an across the board set of cuts, but that's a place to start in terms of where we look. And in terms of the issue that mayor pro tem raised, let look at what percent we're cutting from each department or proposing in the proposals. I know that for me that's an important look to have. And the information you provided on slide 32 does give us that breakdown for the reductions that we're looking at right now. For instance, library, we're looking at a .5-million-dollar reduction, which is 1.9%. And I know you all provided that information to me back in august and september, and that was very helpful, and back in august and september i think in effect what we had were some departments, one department the cut was 5 percent up to a range the highest percent that was cut was 7.5 percent. So we really did not do things across the board firmly there. What would be interesting to me if it wouldn't be too much trouble would be to take a look at with this reduction plan the overall cuts from the very beginning including the decrease we already did in the budget, plus this one so I could look at that range. I think that's helpful for me. Do you understand what I'm saying?

Yeah. On a percentage basis across all of the departments?

Across all of the departments, all the way starting from our 2009 --

but closing the budget gap.

Morrison: Closing the budget. So combining those two sets, this set of numbers in slide 32 plus the ones that you all provided to me before. I do have a couple of specific questions. On slide 27 with regard to watershed protection, we were -- you were looking at the goal for response time for residential review. I think -- if I've got it right. Yeah. Currently it's 38 minute. It would increase to 58 minutes with the

reduction that you're proposing. Do you have those numbers? And maybe you will have to get them. If you do have these off the top of your head, i will be amazed. Do you have these numbers for commercial review, analogous numbers in terms of what is our goal for the turnaround time for commercial review and w?

I guess I won't be able to amaze you because I don't have that.

Morrison: You actually amaze me other times too. [Laughter] just one more opportunity.

We do, counselor. Obviously we track and the watershed department is great at tracking all this one-stop data. We'll get that and break it down for you.

Morrison: I would be interested to see if we were on target for commercial and how can we make sure that we sort of balance those two realms. And again like I said, it seems clearly the number of permits are down, so that's a place to be looking. I have a question about the way the corporate numbers are integrated here. For instance, with fuel, that's a corporate-wide number, the fuel reduction. If we're looking at -- when we're looking at freezing positions, are we talking about the freezing of positions across the board in enterprise funds or are we just looking at general fund areas here?

Well, our focus is on the general fund. And the enterprise operations as you know are self-sustaining. You know, our decisions there ultimately are based on what's in the best interest of those businesses.

Morrison: Right. I guess my concern is -- I just sort of am trying to get a grip on what it means to have enterprise funds, how do we -- i realize we have self-sustaining funds. If we have services, really important services where we have increased needs because we have an economic downturn like libraries and health and human services, I just wonder if there isn't some way -- I know there's transfers back and forth. If there isn't some way, for instance, to decrease the general fund transfer to an enterprise fund. And therefore -- that's doing okay or they could freeze a few positions, and therefore not cut our health and human services or something like that.

Actually, the transfer is in the other direction, though. It's from the enterprise operations to the general fund.

Morrison: I think in some cases there are transfers out of the general fund. Is that true?

Not -- well, we do some funding for code enforcement in solid waste services. I'm trying to think of transfers to housing.

Transfer to housing. And the other one is to our transportation fund to help maintain our streets. As the city manager said, the majority of the enterprise funds are transferring into our support fund to help pay for -- to pay for their share and their allocation, which is a predetermined allocation of their costs.

Morrison: Okay. Let's see. And then just a couple of other specific questions. In terms of the police

department, I know that the chief was -- had made a commitment to implement the citation option, and that had held some promise for savings. And I wonder if we could maybe get some information on whether that's coming to fruition or even if it has been implemented.

We'll get that for you.

Morrison: And then just a couple of specific reactions. In terms of the libraries, we know that we've already cut the service to our citizens on the libraries, the first time around closing the branches. So I -- my eye is particularly on that one. And we recently got a memo describing the temporary closure due to repairs of the central library for six weeks. I was surprised it was going to be closed for six weeks. And I guess it's a significant change that needs to be done to the doors, and I understand that, but I wonder if that can -- could actually reflect some savings, and if that can then be used to help keep the -- decrease the number of hours we're talking about cutting branches and things.

You know delaying that project?

Morrison: No. We're closing the central library for six-week. So does that mean that we will see a savings in operating costs of the central library? We don't have our library --

I think we're talking about a shift in resources and personnel and services so that essentially -- we hope our customers don't experience any significant reduction in our service levels. Is that accurate?

That's correct. That's exactly right. It's a temporary closure of the facility, but we will still have the services available. Essentially we're going to be shifting the staff over to the history center. We will still be doing our telephone operations, our referencing, and so forth. Folks would have an opportunity to call in and look for -- request specific library materials and we would be able to get those for them. We just wouldn't be using the facility because of the way it's designed for that six-week period. So the staffing is still in place. We really aren't going to experience any temporary savings because the staff will still be functioning.

Environmentally will we be sort of dialing down environmentally? Will we save there on the day-to-day maintenance and housekeeping associated with it?

Yes.

Will we save there, etcetera?

Yes. There will be some savings in that respect, but not from the staffing. I guess that was my original point.

Morrison: Okay. I would think like the folks that check people out, etcetera, would not be there because they would be freed up -- anyways, that area as well as health and human services, I hope that we can find ways to adjust the reductions so that in fact we can open up that extra 256,000 that we had

allocated to health and human services because those -- that's clearly a place where needs are increasing. It's also a very small amount of money relative to the overall that we're looking at as well as the budget reductions. It's sort of a bang for the buck thing for me where those are services that are really and truly felt by our citizens, and they don't really cost that much relative to the big picture that we're looking at. So that I serm hope we can find some ways to save those cuts. Thank you.

Mayor Wynn: Further comments, questions? Councilmember cole.

Cole: I certainly want to reiterate this great work that has been done and give compliments to the city manager. It's a difficult time as we see throughout the country and the work that we've put into trying to plan for that time a well spent. I know greg and leslie, that y'all are planning to bring a bigger picture update to the audit and finance committee, and I don't remember what date that is, but I wanted to let the other members of the council know that you are planning to do that at the next meeting.

I believe it's around -- it's before the 26th. I believe it's the tuesday, the third tuesday. It may be the 22nd or THE 23rd. And what we're plan to go do is our quarterly update related to the pension systems. And we will actually be covering investment returns in a little more in-depth than we have in the past. So it will be slightly more comprehensive.

Cole: That's great because I know there has already been concern expressed about the pension system by councilmember martinez and he actually sits on that committee. And I think it's important that we reiterate that the pension systems are the only ones that are volatile and subject to the stock market. And when we talk about a decline in interest revenue, that that is in no way related to our investments in the stock market. Is that correct?

That's correct. We do not invest in the stock market as a city.

Cole: Okay. I notice that you said that the property tax revenue was relatively safe and 95% on target. I just saw or read in the newspaper or saw on the news last night that the property tax collections were down from last year it was five percent and they were up to 11 percent, not being able to collect. So I just wanted to caution you to go back and check on that and make sure that we're on target with our property tax collections.

We will. I didn't see that article, but when you look back to the same time -- and you know it's just basically a cutoff moment that with most of the current receipt in, we're at the same place that we were last year at this time. Now, going forward we do plan to track and make sure that there aren't any delinquencies that are -- that delinquencies are not getting paid as they do -- as they will without the rest of the year. So that's kind of a trend that we're really going to be focusing on from here out. But substantially i think we're on track right now.

Cole: That's good news and we just need to follow that closely.

We will.

Cole: I guess i share councilmember morrison's view that the libraries are pretty sacred, and they kind of fit in with the notion that they're getting more use now in the downturn because people are actually going to the libraries and looking for jobs. And so it is going to effect our community that the hours will be closed at night and i guess because I have sons, I often take them there to rush and get a book at 8:30. I will have to get that 30 and that means I have to get out of some committees a little earlier. [Laughter] but that being said, i understand that y'all did do an outreach to the library commission and that probably did not support shorter hours. They understood we had to make cuts and they would be in agreement in going forward with this recommendation, is that correct?

Yes. I think that would be correct. The actual characterization was given that we potentially would have to make some choice in that regard, rather than seeing the libraries closed for additional days, they would rather see a reduction in hours.

Cole: And also i had a couple more things. The parks are also very near and dear to all of us, especially to austinites. And I understand that you got feedback about maintaining the parks. And we always have maintenance concerns with that. We have been looking throughout the country dealing with waller creek and other parks, downtown parks, on public-private partnerships. And I think there's no better time than now to be looking at emphasizing to the community that we need help maintaining our parks and building concessions in our parks and helping them to not only stay clean and safe, but also beautifide. And then I noticed one of the -- the next thing I noticed is -- I wanted to commend you on is making a top priority in the internal control assistance. A lot of times people don't understand how important that is. Though when we reflect back on the problems we've had with the convention center and other departments, it's critical that we maintain the internal controls and that we have people checking other people's work so that we don't have problems in our overall financial systems. So I'm glad that you have made that a top priority. And finally, I wanted to comment with respect to the taskforce and the amount of staff time that they take. Of course, I'm a proponent of the taskforce, but I don't think that we can just look at the support staff in the time that they take. We also have to consider the other side of that, which is the benefit of the work they do. We couldn't hire the staff to replace that, especially when we think about committees like planning and zoning or the environmental board or the electric utility commission. And so that we -- when we give a report on that, just say that we have the police chief here, we have the fire chief here or we have the whole department here we have to look at some analysis given to the actual work load that they provide and recommendations that they give to council.

Mayor Wynn: Further comments, questions? Councilmember shade?

Shade: I want to also echo what everybody else said, thank you for all the extra effort that you put into it and I also want to say welcome. You came at a really tough time to join the team. I appreciate that. I also want to echo the comments that councilmember morrison made and that others have made regarding sort of sometimes the silo mentality that we have where each department is cutting internally, but sometimes we don't look at how those priorities may factor across the board. And I want to dig deeper into that. I'm looking forward to looking into the backup and the more specifics. I realize this is

for me the first presentation and very high level. One thing too is that i recognize that we've talked about libraries before this has come up. I seem to remember not too many weeks ago approving some additional library materials, you know, and that was a decision that library commission and staff had made when the decision was made to close a day. That it was a higher priority internally for them to be able to buy additional materials. Now we're in a new situation and I think this is one of those where probably council could benefit from increased communication with the boards and commissions. I recognize that the city manager has been out talking to boards and commissions about this. This is a continuous process. We may look at perspective that we might bring looking at it from a higher level than an individual commission might be looking at it when they're thinking they're in a fixed budget and so they keep making choices. Sometimes it has farther reaching effect that they may not be aware of. So I'm going to be looking forward to doing that too as we go forward. And some of this also, you know, defers some judgment until I've dug a little bit more into the details, but I did have a clarification question to councilmember leffingwell's question regarding the social service contracts and the unallocated. So if I remember correctly, the unallocated was a fairly small number, roughly around \$200,000 and that the majority of that went to a collaborative -- it was specifically with in mind the idea that we had such a big economic downturn and it was a collaborative that would help with rent and utility assistance for our most needy citizens. And it brought together some of the most effective nonprofits here in our community that have been working together. Then in addition to that, the other piece was allocated to elder care to make up for something that hadn't been funded the previous year. So I just want to make sure that what you're -- you may not have the details here, but that we're not going to continue to get deeper in the hole in terms of those other -- yeah.

We'll visit with burt and david on that i believe about those items you just mentioned. I believe this is really the truly unallocated even after that, but we need to get back with you.

Shade: I want to get clarification on that. And I want to highlight too the fact that to those that are watching that serm I and many members of the council in the decision that we made back in the fall with the budget recognize the important connection between health and human services and the toughest of economic times that we're dealing with right now. And so likewise we want to make sure that continue looking at that and make sure we don't get further in the hole.

Councilmember, those unallocated that occurred during the budget process, they were allocated as part of the budget. These are above and beyond once the contracts are signed.

Shade: I recognize too that the three and a half percent increase that was offered will hopefully be of help too. Thank you.

Mayor Wynn: Okay. Well, I think that concludes at least council initial comments and questions, and we do look forward to drilling into the details that staff has recommended. Appreciate the extraordinary work to get us here. And look forward to a presentation on the 26th, I guess at council meeting.

That is correct. We'll come back then to lay out for council our intended course of action. In the meantime, though, and we talked about some of the next steps, we're going to continue with that public

input process and we'll share that information with you and of course in the course of my individual meetings with you, we'll continue to have I hope dialogue in that context as well.

Mayor Wynn: Great. So without further questions or comments, without objection, we stand adjourned, this special called meeting of the city council is now ended at 11:23 a.m.

End of Council Session Closed Caption Log