

Closed Caption Log, Council Budget Adoption

Reading, 09/13/10

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Aim austin mayor lee leffingwell, good morning. A quorum of councilmembers is present. So I will call this meeting of the austin city council to order. and this is on SEPTEMBER 13th, 2010. Meeting in the council chambers, city hall, 301 west second street, austin, texas. We will take up agenda item 1 to receive public hearings on the proposed maximum property tax rate of 39 cents per \$100 valuation to our fiscal year 2010-2011. The second public hearing on SEPTEMBER 23rd, 2010, HERE In -- here in city council chambers. We will now hear from citizens sign up to speak on this item. The first is sharon sharon blith, is carol adkins in the chamber, carol adkins is here, so sharon, welcome, you have six minutes. I'm sharon, on spicewood springs road near bull creek out in northwest austin. Since you are asking for a tax rate increase, I would like to -- to -- to explain to you something that happened saturday along spicewood springs road. Our sewer pump station failed. We were told in the press that it failed because of a lightning strike. That is absolutely not true. We were told because of -- flooded out the pumps, besides that, we had sewage spill into bull creek, probably much more than 100,000 gallons. That was only a trigger to report it to the environmental people at the state. I walked down spicewood springs to see the devastation on the bridges down there from this catastrophic rain event of 12 inches. I spoke with an elderly couple, both 87 years old, because I saw them teetering down spicewood springs road to look at the bridge outside of their home. Luckily their home were not flood, another homes along spicewood springs were flooded with septic sewer, water, that flood into their homes, austin water utility did not issue a boil water notice on those people on well water on spicewood springs road that is on septic systems which I think is appalling. Why take a chance? Why not put a boil your water notice. Anyway, these people were 87 years old. They said we haven't had any garbage pick up this week because they won't let the garbage trucks around the barricades, it was it was clear to 360 from where we were standing. The policeman came up about that time and heard that very comment, an austin police officer, he said, ma'am, I can't help you with that one. Excuse me. He is a public servant. He should have gotten on his walkie-talkie and immediately called someone to come down and pick up their garbage. If this is the reason we are raise knowledge our tax rates to have this kind of -- racing our tax rates to have this kind of service to the public citizens this is unbelievable. I am requesting now that the city pick up that garbage, even though they live in the county because it is a health hazard down there. The septic system has been running over down there is a health hazard. The pump station is still out today, half of it. We continue to smell sewage out there. And there were releases AFTER SEPTEMBER 8th, MUCH Unlike the utility jason was giving we had sewage release on friday and we could smell sewage throughout the weekend and probably again today. They do not have that pump station back up. So I would like to ask water utility because I realize their funding is in a different bucket with the city. But ad valorem taxes touch all of us, the police department and other general fund departments. So I'm just asking that you are paying them pretty good dollar in this city for their services and we're not getting the -- the services that we are paying for. Thank you very much.

Mayor Leffingwell: Thank you. Next speaker is bill bunch. Signed up against. Bill bunch has minutes.

Members of council I'm here to speak against tax rate increases. I think normally I would be supportive of the tax rate increases. We have a lot of wonderful city employees providing important services to our community. I think a lot of the community wants to support those. But we also have glaring signs of severe mismanagement in community. And -- and with that, we cannot support the -- the rate increases. Our previous city manager thought that being the most liveable city in america was a plan rather than a

slogan. That was basically meaningless. Ott came on as city manager, a lot of us were pretty excited because he said his pledge, your pledge was to be the best managed city. In the country. Well, you've been here two plus years now. We don't have a single metric on how to measure that. If you are going to be well managed you have a long list of metrics, you set your baseline and manage to that. Anybody who has studied a little bit of business knows that. Basically being the best managed city has become a slogan. Just like being the most liveable city was a slogan for our previous city manager. It's meaningless, one of the metrics is the tax rate. You are raising our taxes, we're not seeing any better services. You are raising our water rates when revenues are way down. We have gross mismanagement in the water utility. People would support the rate increases for water that support a transfer into the general fund that can help keep taxes down. If the water utility was well managed. But we're having to reduce that transfer. Because of this extreme mismanagement in our water utility. So we need a better managed city and if we had a better managed city we wouldn't be raising taxes like this, we wouldn't be raising our water rates, our sewer rates. Across the board. Thank you.

And as a reminder, we are not setting property tax rate today. We are merely setting the maximum possible tax rate, which will actually be set ON SEPTEMBER 29th, WILL Not necessarily and probably will not be this number that you see. Next speaker is John Bryant. John is signed up against and has three minutes. Yes, sir, if your name is John Bryant. You have three minutes, sir.

Okay.

Mayor Leffingwell: That's our policy. Each speaker gets --

you gave a lady six minutes earlier.

Mayor Leffingwell: Three --

the first lady had six minutes.

Who did?

I don't know what her name was, though she was the first lady to -- but she was the first lady to speak.

Mayor Leffingwell: She had someone donating time for her. Another speaker signed up and donated time to her.

Too bad. The meeting said it was supposed to start at 9:00.

Mayor Leffingwell: No, sir, the meeting has always been posted for 9:30.

I didn't realize that you had to wear a tie. Mayor Leffingwell: You don't.

Anyway, I have -- I have done some considerable looking at the city budget and the county budget in the last years, through 2007. It's my understanding, the state law says that if -- if taxing entity raises the tax rate, more than 8%, that the citizens have a right to petition for an election to roll back the taxes. Is that right?

Mayor Leffingwell: Yes, sir, that's correct.

And you have already said that you are going to charge 10.8%.

Mayor Leffingwell: No, sir, this number here is 8% above the o and m --

what I got was 10.8%.

Mayor Leffingwell: We'll be glad to have a staff member work with you and explain how that number was arrived at later. But it's 8%.

Well, anyway, since -- since at this work that I did, I got from the tax assessor collector's office, it's property taxes from -- from 2000 and 2007. Through 2007. And it -- I think that you all have copies of this --

Mayor Leffingwell: Sir --

but those tax rates, the blue line there is the city of Austin and Travis County, residential property rates. You can -- you can see that that's a pretty skewed line of going up at least 10% every year without an increase in taxes. And it -- it's just -- here's what Travis County Austin City looks like. If you can get one. It's hard for me to believe that there's an old-time federal employee -- as only old-time federal employee trained to fly bombers in 1942, '43, that we have to put up with the kind of expenditures that go on in the cities and counties, not only in this city, but all over the state of Texas and especially in some of the other states, but I'm not -- I'm not going to get involved in their problems. But it's -- it just seems to me that -- that we could do a lot more, a lot less money spent. I don't know what you are doing to the streets out here now, but -- but all of -- full of holes. Anyway, there's two things at I would like to commend you for. I don't know whether you had anything to do with it or not. But finally made two lanes of traffic exit on 290 west out in Oak Hill, which they should have done 20 years ago. Just did it in the last year. And they also made a third lane off of Loop 1, the -- what's the name of it? The major street across the river? The first exit across the river. They finally made a third lane there, which --

Mayor Leffingwell: Yes, sir, your time has expired. The buzzer indicated that you had three minutes. I wanted you to finish as long as you are commending us

well, I'm sure you don't get much of that.

Mayor Leffingwell: I appreciate you coming down here, I appreciate your military service. Thank you.

can we make sure that we follow up with him, Mayor, on the calculation of the tax rate.

Mayor Leffingwell: Right, yeah. Who is -- Greg? Next speaker is Chris Sheksnader. Against. You have three minutes.

Thank you, Mayor and Council for this opportunity to speak. I recently received the notice for a public hearing on tax increase. To say that this notice angered me would be an understatement. I'm appalled that our city council would unanimously vote to even consider a proposal for tax increase. I guess no one sitting on the dais is feeling the impact of the great recession. I'm a self-employed businessman whose business is tied to construction. President Obama recently stated construction industry is the hardest hit of all industries, one in five construction workers are unemployed. I think it falls short of the reality of the situation. Many construction workers have had to take employment in unrelated fields earning much less money. In fact I am considering doing this very thing and giving up my business of almost 14 years to take a lower paying job. Many people may not be technically unemployed but are still suffering the effects of the economy. I bring to your attention this article in Sunday's paper. Many Americans feel the woes of the underemployed. A couple of other articles, homeless family members soar in sour economy. Demographers predict record increase in ranks of America's poor. My point is that the government does not need to be taking more money out of its citizens' pockets. Every dollar that the government takes is one less dollar consumers have to spend to stimulate commerce. Have

you -- stimulate commerce. Have you considered a tax increase? It might result in more people selling their homes because they can't afford the taxes. This makes the point that our taxes may actually go down even with the tax increase due to falling home values. It's nice to know our government is aware that our real estate values are in peril. Besides what happens when things do turn around? Is the city going to rescind this tax increase? Very unlikely. They will keep calling increase upon increase until no one but the rich will be able to afford the american dream, that is their own home. It's time to do what most americans have to do, tighten their belt, cut spending. As an austin citizen, president of the west creek neighborhood association, and a member of the austin neighborhood council, implore you to set an example of government, fiscal responsibility and say no to a tax increase. Please be reminded, council, that you represent the taxpayers, not the government. As a taxpayer and a constituent, I say no to raising property taxes. Thank you.

Mayor Leffingwell: Thank you.

Linda mcneilage and william stout are signed up against, not wishing to speak. Those are all of the speakers that we have signed to speak up on item no. 1. So without objection, council, we will close today's public hearing on the proposed maximum property tax rate. The second public hearing will be on september -- we haven't -- thank you, we will try to get that -- i will allow you to speak now on one if you want to. You have three minutes.

Mayor, I'm jeff jack. First off, I want to thank the city manager for opening up the budget process to public input. I think it needs to be a lot bigger opportunity for the public to weigh in. And the second thing, i think council is looking at an opportunity in this budget cycle to look at departmental budgets and being able to move money between them. I think that's a good thing, too. But I'm here as a democrat today. The united states is an amazing experiment in democracy. And it's based on the mid class. The ability of our country to create a middle class like no nation has ever seen. But eight years, almost 10 years ago, we elected george bush president. Under a mantra of compassionate conservatism. He had other slogans like clean skies, where he 's authority over power plants. Or leave no kid behind where he cut funding to education. His idea of compassion was to give the money to the rich. Let it trickle down to the rest of us. What happened? We've seen the aggregate of -- of america's wealth go to the very top of the pyramid. Today, in congress, they are debating another budget, part of that budget is whether to keep the bush tax breaks for the very richest in place. The democratic party is fighting very hard to hold on to the possibility of ending that in december. The conservatives want to keep it. Because the conservative agenda is based on two things. Trickle down economics, and regressive taxation. Make everybody else pay for e benefits given to the rich. In our budget today, you were talking about water rate hikes. It may not sound much, \$4 a month for something that's making an upper six figure income. But to somebody making minimum wage, it hurts. Everybody that's sitting at this dais touts themselves as being progressive, liberal, maybe even a democrat. The budget that you are passing today is far from it. Your budget today is as much a conservative budget as you are going to get. It's not for this public that you are writing this budget, passing this budget. For somebody else. We would like to know when you are going to stand up for those democratic principles that made our country great, stop using regressive taxation to fund programs, growth, growth bby. And hurt our citizens. It's time to change the way we do things. You have a chance today. Don't pass the rate increases for the water utility. Thank you.

Mayor Leffingwell: Thank you. So now -- now we have picked up two more speakers. Susana almanza and -- susana almanza signed up against, welcome, you have three minutes.

Good afternoon, mayor, and city council councilmembers, I'm susana almanza with poder, people organized against the earth and her resources, I have to say here that I come here on behalf of the poor and working poor. When we look at what is happening in -- basically in east austin, other place, due to gentrification and our property tax increases and the continuing increase that's we continue to -- to receive and to tell you that it's very hard for the poor, the working poor and those that are unemployed and underemployed, when we look at any additional rate hikes. And also when we look at -- at potential

water hikes that are coming up. We have heard from many. When you three look at -- when you look at four dollars, \$4 can sustain a family for a week, maybe even longer. When you talk about a large bag of rice, a large bag of beans, a large bag of corn meal and all of the other necessities, yeah, poor people can survive with \$4 a week, they do. That's what's happening. We don't realize what is happening, but there's hunger in our community. Yes, even here in this progressive city of Austin there's hunger. We need to be looking at as we begin to look at rates and increases, it's what can we do and how does that impact the poor and the working poor. We must always keep them in mind and open our hearts to what decisions you're about to make and how will they impact. And also to look at -- always look at mother earth, look at nature, how will those decisions impact us, impact her. Decisions that you are about to make. Because she can't be here to speak. So -- so we have to -- to be the voice of that. But I ask you to look at that and to look at what's happening out there and to not increase the property. Thank you.

Mayor Leffingwell: Thank you. Bryan Leonard. Bryan Leonard. Bryan is signed up neutral. You have three minutes.

Thank you, councilmember, I'm actually against the rate hike. I signed up neutral by mistake. What I would like to say is that you are here to support the people who have put you in office. And a lot of these people are against what you are about to do. So I'm asking you to vote against this thing and to vote against this thing from a place of integrity. I realize that a lot of back room conversations have gone on with the people who are really behind some of the things that are motivating this type of decision. Maybe the developers, maybe you are trying to win favor amongst yourselves or amongst the other people who are going to flow all of this construction towards this project. It seems that -- I don't know if you have noticed or not, but -- but corporate control of the world, is not really increasing the quality of life for the people. So we see that happening on a national and a world-wide basis and the situation like this one here we are seeing it right in front of our face locally. So whether it's about the -- about the tax hikes, how the actual money is going to affect the people and all of the valid points that all of these other people are bringing up, for me it's really a matter of integrity. And ask you to vote from a place of your heart. Within this world that we are living in, we've been manipulated to believe a lot of things that your mind believes. And every one of you know what's right in your heart to do and what's right in your heart is to support the people. So that's what I'm asking you to do is really go inside yourself and do what you know is right to do and allow yourself to make a decision from a point that is the reason that you got into council was to be part of the community, to support a community you believe in, to support a community that you wanted to be an important part of. Being an important part of that means supporting the people that make up this community. A lot of what's happening from what I see here is actually going to put a lot of unnecessary pressure on those people. I don't think that's necessary. So again I would just like to ask you to please vote against this rate hike and come to a place inside yourself that allows a shift to occur starting right here in Austin. That can lead the -- the rest of the community to follow you in the choice that supports integrity for the sake of the people. So I thank you for your time.

Mayor Leffingwell: Thank you.

Mayor Leffingwell: Those are all of the speakers that are signed up to speak on item 1. Is there anyone else who tried to sign up or did sign up and whose name I have not called? Tried to sign up? Well, come on down. You tried to sign up on item no. 1.

I have a 745 class, I got here from a.c.c. Let me get on the computer here.

Introduce yourself, you have three minutes.

A few years ago I called the Austin water utility to report a leaking water main in my neighborhood. After repeated calls the utility did nothing for two weeks until it turned into a large torrent of 100-gallons per minute and they had to shut the water off to the whole neighborhood. When I asked why they didn't respond sooner, I was told it was because they lacked the manpower. These increased water rates increased response time in cases like this. I'm told 11% of Austin's tap water is lost to leaking water

mains, will they increased water fees do anything to repair or replace leaking water mains to better conserve this resource? Austin has one of the highest per capita water use rates of large cities in the state of texas. When Boone Pickens starts to buy water rates in our state you can be sure it's about to become more valuable in our future. Will this do anything to help conserve more water in the city of austin and help prevent further water rate why should i support a water rate increase for a water utility that wants to increase the amount of water that it draws out of a finite resource without investing more -- investing more, not less, in conservation less. Why should I support proposed to drizzle horizontally for six miles through an I think deared species habit -- endangered species habitat through -- that the balcones canyonland preserves was set up to protect. Why should I support a water utility that seems to have little problem with further polluting bull creek, one of my favorite creeks that runs through one of my favorite parks near here. I have no control over what the austin water utility proposes. However, I can urge the austin city council for my elected representatives to vote no on a water rate increase as a vote of no confidence in the ways that the utility views the future of austin's water use. I urge you all to vote no on water rate increase until someone here has come up with a plan for austin's future water use to make some kind of environmental sense. The current plan appears to heavily favor the short term interests of a relative small number of austin businessmen at the expense of the long-term interests of a far larger segment of the austin population. Thank you.

Mayor Leffingwell: Thank you. naser, would you give your name on the clerk since -- your name is still not on the list. I'm guessing from your remarks that maybe you are signed up on the wrong item. Item 1 is the -- is on the property tax rate. But all the same, please give your name to the clerk.

Okay. Yeah, I got here late and was told it was item 1. Yeah, my name is craig nazer.

Go give your name to the clerk.

I think she has it now.

Mayor Leffingwell: Please.

Thank you, I tried to sign up as well.

Mayor Leffingwell: On item one, the property tax rate?

I signed up -- I thought that I tried to. But I just canceled it.

Do you want to speak on the maximum property tax rate?

Yes, sir.

Give us your name and --

my name is pam thompson, I live in montopolis i actually pay taxes into del valle and my taxes are higher than somebody who lives two doors down. So the city of austin at this point has lower taxes for my house, if I live two doors down in the different district. So I'm saying that I think that -- what we're getting, the increase for, is related to item 1, which is the -- the increase in services that we want to build water treatment plant 4 and we need taxes and we need more money coming in for all of these things. And I think that a lot of the reasons why you are motivated to do this are sort of convoluted. So I think that you should step back and keep the tax rate lower here and I'm -- we're also working with del valle because like tonight she's -- chief acevedo is coming to speak to us, del , they are trying to build formula one. We pay more in the property taxes there, but we have a longer time of response for all services than the people in the city of austin who pay less. So what I'm saying is you need to keep the rates down because people can't really afford this. And I don't know if y'all live in a bubble somewhere, but

you really need to pay attention to what folks are saying here. It's -- it's not so easy sometimes for working class people and the people that have their homes need help taking care of them. And that means infrastructure and the way you spend the money that you expect to collect from your taxes. Inspect montopolis, we have a lot of -- in montopolis we have a lot of infrastructure problems, drainage problems, all that needs to be looked at. We need improvements in services and we need to keep the rates lower for folks that are -- that are -- some of them are already struggling. So I would really like it if you -- if you give this a thought. And try to consider all the different elements that go into making your decision. But I like the guy's comments that said pay attention to the people that put you in office. Because it's not so easy. Some of -- some of the people that work for the city and the people that -- that have constant incomes, it's not as easy for that, for a lot of people in the neighborhood. I see that every day of my life, living in montopolis. It's like suzanna said. So I really hope that you think one more time before you vote for this.

Mayor Leffingwell: Thank you, please make sure that the clerk has your name because you are not on the list. And those are all of the speakers who have signed up to speak on item 1. So now without objection, we will close today's public hearing on the proposed maximum property tax rate. The second public hearing will be on septem 23rd -- COUNCIL WILL -- AT the council will actually adopt the city's -- the city's actual property tax rate on septem 29th, 2010. So now we will take up budget related items 2, 3, 4, 6, 7, 8, 9, 10, and 11. The public comment portion of the budget hearing was CLOSED ON AUGUST 26th. Now need to close the public hearings. Is there a motion to close the public hearings on these budget items?

Mayor Leffingwell: Councilmember cole moves to close the public hearing on the budget. Seconded by the mayor pro tem. Is there any discussion? All in favor say aye.

Aye.

Mayor Leffingwell: Any opposed say no. Hearing none, on a vote of 7-0, the public hearing on budget items -- items is closed. So now we will take up item 2, which is an ordinance adopting the operating budget for fiscal year 2010-2011, before we take up the operating budget as a whole, we will take up a portion of the operating budget in which some councilmembers may have a substantial interest as defined by the city code. But first we will hear from staff and law to make a very brief presentation on u.t. Related operating budget items.

Thank you, mayor, councilmembers, city manager. City attorney. My name is lela fire side I'm an attorney in the law department. As you are aware, the city code prohibits a city official from participating in or voting on a matter affecting a person, entity or property in which the official has a substantial interest. Over the past several weeks, there's been some discussion regarding some of our councilmembers and their relationship with the university of texas. The city budget doesn't list specific contracts with u.t. However, the financial services department worked with the individual city departments to identify ongoing contracts for which funds are appropriated in this budget. The contracts are listed in two spread sheets that have been provided to you. One spreadsheet, which is relevant to this item is for the operating budget. And the other is for the capital budget. The law department and financial services department are available to you if you have any questions about these spread sheets.

Mayor Leffingwell: Any questions, council? Councilmember spelman?

Spelman: I want to be sure that everyone understands the meaning of substantial interest before I say what I am going to say. It suggest that's somehow i would be making money off of one of these contracts. Let me reassure you that i do not make any money nor do my colleagues at the I.b.j. School make any money off of our multi-year contract for storm water filtration systems research or traffic modeling services or any of the other operating budget or capital improvement budget items associated with the university of texas or the u.t. system. However, because I do work for the university of texas, system, I would like to recuse myself according to the city code. It seems to be a good idea for me to

recuse myself on any item to do with the university of texas despite the fact that it has nothing whatsoever to do with me personally. I will be recusing myself on discussion and excusing myself from the vote on the next item.

Mayor Leffingwell: So councilmember spelman is recused from this portion of item 2. Councilmember morrison?

Morrison: Thank you, mayor. I appreciate the law department's help as we wind our way through this issue. My husband works for the university and out of abundance of caution I also am going to recuse myself from this discussion and abstain on the vote of the related operating budget items.

Mayor Leffingwell: Thank you. Councilmember morrison will also be recused from this portion of item 2. Do we have a motion to -- to adopt the part of the operating budget identified in the operating budget spreadsheet provided by staff? Councilmember shade moves to adopt this portion of item 2, is there a second?

second by councilmember cole. for the global commerce program in the amount of \$385,000 and 400, increasing transfers out from austin energy to the economic incentive reserve fund for the economic incentives program in the amount of \$333,334. Reducing transfers from the general fund to the economic incentives reserve fund in the amount of 3,333

councilmember, I think that would be an appropriate friendly amendment for the rest of the operating budget. But this is only the u.t. Portion of the spreadsheet.

Cole: I'm sorry, I'll hold.

Hold that thought.

Mayor Leffingwell: Any further discussion? All in favor say aye.

Aye.

Opposed say no? Passes on a vote of 5-0 with councilmember morrison and councilmember spelman recusing themselves from this vote. We will now take up the remainder of the operating budget and we will begin with the brief staff presentation. Staff has a brief presentation on a number of staff recommended amendments to the proposed budget document that I will walk you through at this time.

The police department, by decreasing appropriations in the amount of 1,675 \$12 for the jail contract that the city has with travis county. From the time that we initially proposed the budget we are getting indications that the contract amount is going to come in slightly lower than initially projected, so we are recommending this adjustment to the police department's budget. In the municipal court, staff is recommending that we amend the proposed budget 0 case manager positions and increasing appropriations in the amount of \$130,512 to address increased caseload and the needs of repeat offenders. At the community court. Next we have an adjustment to general fund transfers out. Where staff is recommending the transfers out from the general fund to the support .. this was the recommendation that was approved by the audit and finance committee. We also have three amendments to our grants. The first being for the transportation department. Where staff is recommended that we amend the proposed budget special revenue fund by increasing appropriations in the amount of \$325,000. finally in the police department, staff is recommending an amendment to the proposed budget of the police department special .. staff inadvertently left out the creation of the new position, so recommended that amendment at this time. That ends staff's recommendations to the operating budget that was proposed to you on july 28th.

Mayor Leffingwell: Questions of staff? Is there a motion on the remainder of the item -- of the two items? Motion to approve? Mayor pro tem moves to approve the remainder of the operating budget. That would be on all three readings, correct? Is there a second? Seconded by councilmember shade. Further discussion? Councilmember cole?

Cole: reducing appropriation in the economic growth and redevelopment offices for the global commerce program in the amount of \$385,400, increasing transfers out from austin energy to the economic incentive reserve fund for the economic incentive program in the amount of \$333,334,000. Reducing transfers from the general fund to the economic incentives reserve fund in the amount of \$33,334. And -- \$333,334. Let me briefly explain what this amendment does. We are essentially reducing the global commerce program, even though we recognize that our economic incentives program this year has been very successful. We have recruited -- orthopedics, legal zoom and also facebook, but we recognize that this would be a policy change in a -- in a different and increased directive that simply needs more research and due diligence before we take it. At the same time, we also recognize that -- that we did not -- do -- do very much at all to -- to reduce the burden on austin energy for the -- for the ergso department. Although this will make a small decrease in that budget. Even though that did not happen, I would like to let our euc commissioners know that we heard them loud and clear and that we will be going through the process of economic modeling, cost of service study and a rate case and really looking at ways that we can ease the financial burdens of

Mayor Leffingwell: Thank you. Is that a friendly amendment all right with the maker and the second? Okay. So that is adopted as part of the motion. Councilmember morrison?

Morrison: Thank you, mayor. I also would like to make a friendly amendment. But first by way of background, I want to recognize that certainly this past year has been financially challenging and our staff has definitely stepped up and found savings in every department to help us meet that challenge. But we also need to recognize that this has been a challenge this past year with increasing demands for social services as austinites have been attempting to weather the economic storm and our service demands continue to -- to increase and be at record levels. Our health and human services department last year was one of the departments that found savings in the amount of \$1 million, and I believe in these extraordinary times we should find ways to shift that savings that health and human services had found to meet the needs, the increased needs and service demand for this year. I think we'll have an opportunity to address that in the future. After the close of the fiscal year when we go through the evaluation of our actual versus estimates. If we find that the estimates are higher than actuals, there will be some available funds and I ask that staff bring -- bring that accounting and evaluation when it's completed to audit and finance committee. So that we will have the opportunity to look at the possibility of adding funds, additional funds to health and human services for social service, direct social services at that point. Today we can actually take a first step by adding to the health and human services budget by allocating the freed up funds that councilmember cole has just addressed with her motion. In addition, health and human services in their proposed budget added two 's in the area of contract compliance, which is definitely an important arena. This is an area that's going to be addressed by an audit within our service plan for this year. So again because of an increased demand for services, at this point, i think that it's prudent to limit that additional staff and re-evaluate based on audit recommendations to come. And to allocate those funds to direct services. So with that, I would like to offer a friendly amendment to the motion to amend the proposed budget of the health and human services department by number one eliminating the administrative assistants position proposed for the internal contract compliance function and reducing associated appropriations in the amount of \$47,316. And number two, increasing appropriations in the amount of \$380,650 to meet -- to fund unmet social service needs in the community.

Mayor Leffingwell: Thank you. Further friendly amendments?

Mayor?

Mayor Leffingwell: Councilmember morrison.

Morrison: Did we get a second for my motion?

Mayor Leffingwell: Oh, acceptable to the maker and the second. Okay? Further amendments? Councilmember shade?

Shade: I hope this will be friendly. But I would like to amend the proposed budget of the parks and recreation department by eliminating funding in the amount of \$374,044 for the trail of lights and reallocating the same amount to fund existing unmet needs within the city parks. I think that this has been something that's been discussed quite a bit by our parks commission, certainly by our downtown commission. By our neighborhood council. By our neighborhood associations. And city-wide we've been hearing a lot about how difficult it is to manage what we have and we have many, many unmet needs. Used maintenance downtown, city parks, communities gardens. We have talked a lot over the last budget cycle about the ratio to workers to acres of land and we know that we're very, very far off where it comes to that. We have great leadership at the parks department. We have incredible network of volunteers. Both through the austin parks foundation as well as through so many other groups that have adopted parks and that helped in so many ways. But clearly we need to do a lot more. And this -- this event, the trail of lights, has been something that's been debated for quite a while now. I just want to emphasize to everybody that it's an amazing tradition, the zilker tree, the zilker tree will still be as fabulous as ever. I'm hoping that we will still have the arts contest and the fun runs and all of the other activities that make it so memorable to spend holidays at zilker park. But I am looking forward to us looking at this event that the mile-long piece with the cutouts and extra lights to be moved into something that works better for the future. And clearly it's been a drain in recent years on the staff, as well as on the budget. So it's again terrific -- i expect the experience out at zilker park over this christmas holidays to be as great as ever. I appreciate everybody who has taken the time to put in so much input on this topic. And I hope that this amendment will be accepted as friendly and I look forward to increased improved efforts in the parks department on this area.

Mayor Leffingwell: Mayor pro tem, do you accept that as friendly.

I wouldn't term it as friendly but I will accept it.

It's a very difficult --

Mayor Leffingwell: Friendly is a technical term.

Martinez: But I do -- i do appreciate councilmember shade's in making this amendment to the budget. Again, I will emphasize what she said. Nobody likes to stop a tradition. This is one of those traditions that's grown so large and so out of control, if you will, in terms of cost that it's very hard to maintain. I will continue to work with councilmember shade and the rest of the council on trying to find creative ways to continue our traditional christmas celebration and holiday celebration in the park.

Let me just say that i appreciate that friendly amendment as well. We would all like to have a trail of lights. But it's very difficult to justify the expense when we are having to cut the budget and curtail our budget for maintenance of our parks that people enjoy the rest of the year. The other 300 some odd days, not just on christmas. So there is also the possibility that in the future trail of lights can be revived, operated by a community other than the city, we are looking at that possibility. So accepted by the maker and obviously the second. Anything further?

Mayor Leffingwell: You have a comment?

Shade: One other thing. Again, I want to emphasize this is not stopping a tradition, hopefully we starting

a tradition and remind folks back in 1960's when we started the -- the zilker tree, there actually was a committee of people who looked at how to celebrate the holiday and again I hope that's what this is going to inspire. So that we do the right thing for the time. And again the -- the tradition itself needs new energy, if you will. I hope that that's what this will inspire at the same time that we improve a much needed effort throughout the park system. Sorry for the extra clarification. But again I don't see it as stopping a tradition, but reigniting it in a good way. Thanks.

Mayor Leffingwell: Right. Further clarification, the christmas tree will still be operating.

Right. Smooth.

Mayor Leffingwell: Anything further?

Martinez: I have one, mayor.

Mayor Leffingwell: Mayor pro tem.

Martinez: I just want to make hopefully a friendly amendment. That -- that would amend the amend the proposed budget of the solid waste services department by, one, maintaining the base customer charge for the 60-gallon cart at the current level of \$10 per month and increasing projected revenue in the amount of \$486,000 for solid waste. Two, increasing appropriations for green events zero waste programs in the amount of \$150,000, obviously there would be a remaining balance and my motion would just apply to -- back to solid waste for unmet needs for things like our zero waste initiatives and any other programs related to recycling.

Mayor Leffingwell: That acceptable to the second? Yeah. The extra money, of course, will most likely just be applied to the bottom line since solid waste services is short, rebuild their reserve fund. Anything further? Councilmember cole?

Cole: And I have brief comment. I want to recognize that it was mayor pro tem's aide andy moore who found this funding and I heard about it long before I talked to mayor pro tem martinez so he gets the game ball this morning.

I'll tell him. Thank you.

Mayor Leffingwell: Kudos again. Thank you. Anything further? Councilmember shade? Oh, okay. I thought that I saw you raise your hand. In that case, all in favor of -- of adopting this portion of item -- of the item 2, operating budget, say aye.

Aye.

Opposed say no? Passes on a vote of 7-0. On all three readings. Confirmed? Item 3 is an ordinance adopting the Capital Budget for Fiscal Year 2010-2011, Before we taupe the capital budget -- before we take up the capital budget as a whole, we will take a portion of the capital budget in which some councilmembers may have a substantial interest as defined by our city code. Quick brief by staff and law related capital budget spreadsheet.

with u.t. That are appropriated in this capital budget.

thank you, questions, councilmember spelman?

Spelman: Let the record reflect my recusal and abstention from the discussion on the vote: Which is the

capital budget spreadsheet.

Okay.

Mayor Leffingwell: Take your word for that, thank you, councilmember morrison.

Morrison: Also I would like to reflect my rescue sal and abstention on these items.

Mayor Leffingwell: Thank you, do we have a motion to adopt the part of the capital budget identified on the capital budget spreadsheet by staff on all three readings? Mayor pro tem moves to adopt this portion of the capital budget on all th readings. Is there a second? I'll second. Is there any discussion? All in favor say aye.

Aye.

Any opposed say no. Passes on a vote of five-zero with councilmember spelman and councilmember morrison recusing. We will now take up the remainder of item 3, adoption of the city's capital budget for fiscal year 2010-2011. Staff presentation.

Thank you, mayor, staff has just three amendments to the proposed capital improvements program. The first being in the public works department. the funding for amendment 1 would come from additional sidewalk in lieu fees that have been realized since the proposal was original delivered to council. The second would be in the police department. Where staff is recommending to amend the .. the funding for these facility improvements is coming from a number of partner agencies, including the travis county sheriff, travis county district attorney, austin independent school district, and the health and human services commission. Then final amendment, staff is recommending to the capital budget would be in the housing department. with funding for this amendment coming from the holly good neighbor program. That concludes staff's amendments to the proposed budget. Thank you.

Mayor Leffingwell: Thank you. Is there a motion on the remainder of -- just a minute. Item 3.

Cole: So move. Second.

Mayor Leffingwell: Councilmember spelman moves approval on all three readings. Seconded by councilmember cole. Is there any further discussion? All in favor of the -- of passing the remainder of item three on all three readings say aye.

Aye.

Mayor Leffingwell: Any opposed say no. Passes on a vote of 7-0. We will now take up item 4, an ordinance authorizing fees, fines, and other charges to be set or charged by the City for Fiscal Year 2010-2011, Brief staff presentation. Is there a brief staff presentation?

Mayor, there is no presentation on this item.

Mayor Leffingwell: Okay. Is there a motion on item 4?

Martinez: Mayor, I will move approval but I do have an amendment that I will also offer.

Mayor Leffingwell: The motion is to approve with the amendments recommended by staff on all three readings. I will second. And would you like to offer your amendment now?

Martinez: Yes, mayor, because of what we did on item 2 to maintain the 60-gallon cart fees, I would like to offer the friendly amendment to read as follows to maintain the base customer charge for a 60-gallon cart in the solid waste services department as the current level of \$10 a month. That's my amendment.

Mayor Leffingwell: I will regard that as acceptable. Not necessarily friendly. Is there any further -- any further amendments or discussion?

Mayor.

Councilmember riley.

I would like to make a friendly to read as follows revise the demolition or relocation permit review fees in the planning and development review department as follows: Number one, \$140 fee for a total demolition relocation of a principal residential or commercial building. If the building is a, 40 years or older, b, located within a local historic district or c located within a national register historic district. Two, a \$25 fee for total demolition or relocation of a principal residential or commercial building not addressed in number one above. Three, a \$25 fee for all partial or total demolitions or relocations accessory buildings or partial demolitions of principal building regardless of location. What this amendment would do is just bring our demolition and -- or relocation permit review fees closer to a -- reflecting actual costs, when -- when they are sought with respect to buildings that are going to require historic review. That -- that historic review can be a very time consuming and labor intensive process. Currently the fee is \$25 for -- \$25 for all such permits and -- and so this -- this -- this increased fee would -- would apply just to those buildings that really are going to require significant historic review and allow us to put a little bit more of our costs into those situations, my office will be working with staff in the coming weeks on a resolution to encourage the reuse and recycling of demolition materials by offering a reduced permit fee or rebate if the applicant meets certain requirements and will also be exploring fee waivers based on economic hardship. But that -- that resolution would come forward sometime in the next few weeks, for now this would just set the fee up somewhat higher in those areas that that I have described that would require historical review.

Mayor Leffingwell: Thank you. Is that acceptable to the maker? And it's acceptable to the second. Councilmember morrison?

Morrison: I want to -- to thank councilmember riley for raising this issue. I think it's a good step in the right direction. As we look to the future, i hope that we can consider settling some of these excess funds back into historic preservation which we know is always challenged resource-wise.

Mayor Leffingwell: Right. I would also classify it as a good catch by councilmember riley. Our current fees for demolition are way, way below what anybody else in the state charges. And they are also way below our cost to process those applications. What we have now is more in line with the actual cost of processing and more in line with what other cities in the state charge, although still below most of them. Councilmember spelman?

Spelman: I have an amendment which although i mean it in the friendliest possible way, will probably not be perceived as a technically friendly amendment. That is to revise our water rate schedule. We have all received hundreds of e-mails from people over the course of the last few weeks suggesting that our water rate increase should be eliminated. That wou imprudent and bad for a whole bunch of reason, but one of the reasons that I absolutely share is that we do not need to spe \$100 million over the next couple of years building water treatment plant 4 and half a billion dollars over the next five years. On the other hand, even if we were to stop building water treatment plant 4 today, that would not eliminate the water rate increase that we have before us on this agenda. About 60% of the water rate increase before us is due to everything else. Operation and maintenance costs, transfers to -- to other funds like the sustainability fund, the radio communications fund, so on. And capital improvements that have nothing whatever to do with water treatment plant 4 including most importantly fixing our leaking pipes, that's

60% of 4% increase in our water rates. The other 40% are due to water treatment plant 4. But even if we put down the shovel and took three steps backward and said we're not going to pick up the shovel until we really need it, which I hope we do, we're still not going to be able to eliminate all of the water treatment plant 4 costs in this budget because many of them we've already spent. A lot of -- this increase has to go for money that has already been spent and to pay off debt service on instruments which were issued last year. And we're just picking up the debt service now. Now, exactly how much that and I have gone back and forth a couple of times to try to figure out the exact amount. Turns out to be very difficult to figure out. I believe this amendment would pass, I would actually have gone to the trouble over the last couple of days of getting it to the 10th of a decimal point. I suspect it will neither be friendly perceived as friendly nor will pass, I'm not going to give the 10th of the decimal point. But roughly what we're talking about is the following. Mayor, here's my amendment. That we revise the percent rate increase for residential customers from 7% for the water utility to 5.9%. That's a reduction of 0.8%. That's not chicken feed. For multi-family customers, from 4.8% to 4.0. For commercial customers from 4.1% to 3.3. To large volume customers 7 and for wholesale customers, system-wide increase from 5.4% to 4.6%. Now, notice that none of those numbers are zero. We're going to have to increase our water rates just to be able to keep the water system going. And also to pay for the debts that we have already incurred in our unfortunate decision to start building water treatment plant 4 up to this point. Even if we cancel it, we're still going to have to pay those costs. If we do cancel it we can avoid some of these costs and that's what this amendment is designed to further.

Cole: Mayor, I will second that amendment simply for discussion purposes.

Mayor Leffingwell: It's offered as friendly at this point.

Cole: I'm sorry, go ahead.

Mayor Leffingwell: I have a question for staff. Mr. garza? garza, what effect would these -- would these reductions in the rate increase have on water plant four?

Rudy garza, assistant city manager. Mayor, we've had an opportunity to -- similar to councilmember spelman estimate the revenue impact and that's approximately 5 million revenue reduction to the proposed budget. Immediate impact it would have is that we would not be in compliance with our council approved financial policy of 45 days of working capital. We would revert down to 37 days. And in order to remain in compliance with those policies, we would look at -- we would be required to look at -- at further budget reductions within the operating budget. To -- to make up that difference and clearly at this point we would -- we would maintain the core services of the operations. Would look at things that would not be dealing with treating water or wastewater or distributing water, meaning that we would look at some difficult decisions in the conservation or bcp of the I would like to remind council that we recently received a very favorable and strong ratings and review by the rating agencies because of the leadership of the council with our financial policies and in fact next month we will be before the rating agencies again. So it's important that we remain within the financial policies that we have established.

But the reduction in the rate increase would have no effect on water plant 4?

That's correct.

Mayor Leffingwell: What it would do is would either cause us to have to violate or financial policy which would possibly impact our bond ratings immediately or in the future. Or we would have to -- to cut non-core expenditures within the water utility most likely those building in the conservation budget or the bcp budget which are non-core services.

Yes.

Is that summary correct?

That's correct, obviously in the future we would look at having further increases, additional increases to our water rates to makeup for the loss revenue.

Mayor Leffingwell: Thank you. I don't accept that as friendly.

Will we be spending any money on water treatment plant 4 over the course of the next fiscal year?

Yes, sir.

Spelman: So it's safe to say that some of the revenues we'll be taking in in the water utility will be spent on water treatment plant 4; is that correct?

There will be expenditures in the upcoming fiscal year for water treatment plant 4, so, yes, revenues -- I'm not sure -- that I clearly understand your question, but yes we are spending money on water treatment plant 4 in the up in coming fiscal year.

Spelman: That's all that I needed to know, thank you, rudy.

Mayor Leffingwell: Is there any money other than debt service that would be paid on water treatment plant 4 out of the revenue stream.

Not for any of the infrastructure at all.

Mayor Leffingwell: All right. We basically have to pay our debts or again we -- we face a problem with bond ratings and credibility. So -- so that really is not an option. So, again, going back, 5 million would have to be found somewhere else in non-core services.

Yes, sir.

Mayor Leffingwell: Thank you.

Spelman: Mayor. Seems to me owe it seems to me that we are having a conversation between the two of us through mr. garza. I'm proposing to cut out the middle man and speak to you directly. Although we have issued debt and we are proposing only to pay for debt service on water treatment plant 4, we can also call back debt if it turns out we don't need it all and if it turns out we do not need to spend as much money on construction of water treatment plant 4 over the next fiscal year as we have, the debt instruments partially commercial paper and as i understand it the commercial paper has now been refunded into the form of revenue bonds. Can be called back and we can get the money back. Some of it. If we have already spent the money, we are obviously going to pay the debt service on any instrument issued to pay for that. But money we have not yet spent we can call back to pay for, we don't -- we do not need to pay debt service if we are not going to spends the money.

Mayor Leffingwell: Well, obviously if you don't spend the money that means that you are not building the plant.

Spelman: That was my point exactly mayor, thank you very much.

Mayor Leffingwell: Councilmember shade.

Shade:... I'm questioning what's the point of an amendment. Wouldn't that happen anyway?

Mayor Leffingwell: Is the question for councilmember spelman or staff?

Shade: Either one of them.

Spelman: Let me plead guilty to shameless symbolic politics. I know we haven't got four votes to pass this amendment so we can talk it to death or vote it down. We're talking about spending some money and increasing rates in order to pay for a water treatment plant. Over the course of the next year, our water rates are going to go down at least a little bit or could go down. Even if they don't go down very much over the next fiscal year, the increase would be reduced or the actual number would go down. Over the next five fiscal years because we're also talking about projected rates to pay until fiscal year 2016.

Shade: But today is not a vote on the water treatment plant construction. I guess what I was trying to get at and you've sort of answered -- you've done a great job explaining that a miniscule amount of the water rate is about water treatment plant 4. You've explained how right now we have to increase the water rate for all the other things that are going on. But if we were to stop the water treatment plant, that would take some other type of action that's not going to happen today. What I guess I'm asking staff then would be that other part of the equation would occur with a more accurate calculation of -- I mean, correct? Yes? I mean, that would -- yes, that would happen.

Spelman: I'd get it to the next decimal point.

Shade: You said that at the outset. That's the process we go through every year when we set the water rate is based on what's coming in front of us and what's behind us. So we would have to have some separate action to stop the water treatment plant, not this vote. Okay, got it. This is not something -- got it. Thank you.

Glad I could help.

Shade: Thanks, greg. Great job. And thank you, councilmember spelman, for explaining. So it's really, as you said, kind of a symbolic thing. Got it.

Mayor Leffingwell: Thank you, councilmember. That was not accepted as a friendly amendment.

Spelman: It was proposed as an amendment.

Mayor Leffingwell: Councilmember spelman proposes an amendment as previously described. Is there a second?

Spelman: There was a second, I believe, mayor.

It was a second for discussion, but we've had that discussion.

Mayor Leffingwell: Is there a second? Seconded by councilmember morrison. Further discussion?

Yes, mayor, I have a brief comment.

Mayor Leffingwell: All right.

Cole: I would like to see address these issues in more of a comprehensive manner. We only have

property taxes and then we have sales taxes, water rates, austin energy rates, and a few other enterprises. Whether you are talking about weather rates, austin energy rates or sales taxes, you're talking about regress of taxes that disproportionately affect our lower-income community. And I have an interest in what councilmember spelman is bringing up not expressing any change in my vote for water treatment plant 4, but simply -- but simply because i don't think that we put enough effort in putting the entire tax picture before the consumer, and also with the other taxing entities. For example, today we're talking about the property tax rate, but we have not put forth any information about the school tax rate or the county tax rate, but in particular the school tax rate, which is the largest. So as we go forward, I would just like to work with my colleagues to make that a clearer picture because when we talk about it in isolation, I don't think that we necessarily land on as good a policy-making decision as we could. Thank you, mayor.

Mayor Leffingwell: Thank you. Further comments? On the amendment? This is a vote on the amendment proposed by councilmember spelman. All in favor say aye.

Aye.

Mayor Leffingwell: All opposed say no.

No.

Mayor Leffingwell: The amendment fails on a vote of 4-3 with councilmembers spelman, morrison and riley voting for the amendment. So that takes us back to the main motion unless there are further amendments. This is a vote on the motion to approve item 4 with the amendments proposed by staff and the amendments proposed by council on all three readings. Councilmember morrison.

Morrison: I want to briefly comment that although I don't -- I do support the amendment which failed, I am going to support this overall motion on item number 4 because I think there's some important elements of that motion that I have a responsibility to support. For instance, the solid waste service graduated garbage fees.

Mayor Leffingwell: Thank you. Since this motion is for all three readings, it will require at least five votes to pass on three readings; otherwise it will only pass on first reading. All in favor say aye.

Aye.

Mayor Leffingwell: Opposed say no. Passes on a vote of 7-0. Thank you very much. That takes us to item number 5, which is a vote to ratify the tax increase in the budget. We will now consider item 5 to ratify the property tax increase reflected in the budget. The vote is required by state law. Council must make this vote separately to make clear that we know that it will take more property taxes than the city raised last year to pay for the budget than what we approved for this year. This is not a vote on the tax rate. A separate vote on the tax rate will occur on SEPTEMBER 29th, 2010. We do have one citizen signed up to speak, jeff jack has signed up against item number 5. Is jeff in the chamber? I believe he spoke on item 1 instead so he is not in the chamber. No other folks signed up to speak on item 5 so I will entertain a motion to ratify the property tax increase reflected in fiscal year 2010-2011 budget adopted by council just a few moments ago today. Councilmember cole.

Cole: I move to ratify the property tax increase reflected in the fiscal year 2010-2011 budget.

Mayor Leffingwell: Motion by councilmember cole, seconded by the mayor pro tem. Any discussion? Again, we have a motion by councilmember cole to ratify the property tax increase reflected in the fiscal year 2010-2011 budget. Second from the mayor pro tem martinez. All in favor say aye.

Aye.

Mayor Leffingwell: Any opposed say no. That passes on a vote of 7-0. So now, council, we have one citizen signed up to speak on item 12 and one signed -- and 16 signed up to speak on item 14. So I would propose that item 6 through 14, with the exception of 12 and 14, be taken together on consent if no other councilmembers wish to pull one of the other items. So the consent agenda is items 6 through 14 excepting items 12 and 14. Is there a motion to approve? Councilmember cole moves to approve the consent agenda. Seconded by mayor pro tem martinez. All in favor say aye.

Aye.

Mayor Leffingwell: Opposed say no. That passes on a vote of 7-0. So we will now take up item number 12. Which is the acvb marketing plan and budget. Is -- are there any -- is there any presentation, brief presentation by staff?

No, mayor, there's no presentation.

Mayor Leffingwell: Okay. We have one speaker, sharon blythe, signed up against. Is sharon blythe in the chamber? Sharon blythe is not in the chamber. Sheryl smith is signed up for, not wishing to speak. So there are no other speakers signed up to speak on this item. Is there a motion on item 12? Councilmember -- we'll hold off on the motion. I think the speaker has showed up, sharon blythe. You have three minutes.

Hi, I'm sharon blythe, and I very much understand the economics of funding the convention and visitors bureau. I totally understand that it brings revenue to the city and very much in favor of that, but if you are going to fund this kind of money for these types of activities, please also consider funding money for our cemeteries here in the city that have not been taken care of well for over 20 years. And that's all I want to say about that. Thank you.

Mayor Leffingwell: Thank you. Now is there a motion on item 12? Councilmember shade moves approval of item 12. Is there a second? Councilmember morrison. Discussion? All in favor say aye.

Aye.

Mayor Leffingwell: Opposed say no. That passes on a vote of 7-0. That brings us to item number 14, which is the holly good neighbor allocation. Do we need -- does staff need to make any comments on this before we go to our speakers? Mayor pro tem.

Martinez: I just have -- I think each one. Councilmembers' offices should have gotten the spread sheet over the last week so I'll just provide a little bit of background before we take up the speakers. This is the annual allocation of \$125,000 of the \$1 million from the holly good neighbor program. We received \$716,000 in grants requests this year, and obviously we're only able to fund 125,000 of those requests. And so if my colleagues have any questions, I do have the specific amounts and programs that will be funded through this agenda item. Thank you.

Mayor Leffingwell: Okay. If there's nothing further, we'll go to our speakers. First is gavino fernandez. And is lela astro in the chamber? Okay. Edward rendon. Edward blythe. Okay. -- Edward rendon. Edward rendon. Gavino, you have 15 minutes.

Good morning, council. I'm here speaking as an east town lake systems neighborhood homeowner and also a member of the holly deconditioning committee. And once again we face ourselves with the distribution of funds that were never intended to be used as a political pork barrel funding for any of you councilmembers. We are continuing to have problems with the home repair program. This government

took away the replacement of homes that are in much more dire need than home repair. Many of our homes that are visited by weatherization have concluded that those homes are a far cry from weatherization, they need more rehabilitation. We also have an issue and a request that you set aside \$800,000 in this fiscal year for the home repair program and that you increase the \$10,000 grant to a \$50,000 grant per home. This government has set a precedence in giving out 45 to 50 thousand dollars to music festivals that have nothing to do with the mitigation and the intent and the purposes of these funds. While the mayor pro tem says, well, this resolutions, they were already there when i came, that doesn't make it right. The reason these funds, the general advertise for these funds was for the harm this power plant made to our people why they had toxic conditions for homeowners in west austin. This is a very sensitive mitigation fund. It is sad and unfortunate that the majority of this council has allowed, and I'll repeat again, every time our issues from our sector of the neighborhood come and we bring it before this body, your channel changes. It's no longer democracy, it's a patron system where the place candidate decides what is going to be done and how it's going to be allocated. In the awards of the program, never in the history of this program did we ever contribute to a church because it had the spirit of violation of church versus state. In this year we're giving \$12,000 to christo rey. I'm a parishioner but I keep my government and church separate. We have homeowners here with us that cannot get any funds from holly mitigation funds over beyond 10,000 without a lien being put on their property. You are going to give money out of the holly mitigation fund, it's all the same, it's holly mitigation funds. So we don't want to hear that, well, it's a different line item. No, no. The holly mitigation funds, the whole 1 minimum^{oo} are holly mitigation funds and there is no reason for this council to separate it and call it something else. We have parks in our community that do not have playground equipment. We have parks in our community that are being neglected. Yet we're going to give a church \$12,000 so they can build a playground. Isn't that an insult? Three of you are up for re-election. You, riley, shade and moore, you are going to have to respond to the taxpayers in those neighborhoods and tell them why we couldn't find moneys to bring a playground, a slap or something to a neighborhood, but we can do it for a church. I provided to you a list of the austin diocese audited report and in there under revenues they cite \$73 million, \$73 million, and here they are coming and taking away money from a poor community, for a community that was harmed by the holly power plant that was the intent for home repairs in that community to mitigate the harm. Yet this government, you are going to give them \$12,000. And guess what, the churches don't pay taxes. But because you changed channels and we're now going to govern under a patron system, you have no quarrels with that. Yet we ask to increase the home repairs to 50,000 because staff has told us that the majority of the requests for home repairs is foundations. And they average from 25 to 35 35 thousand. We had one senior's roof 99 because the homeowners are refusing to take a lien on moneys that should be made available to them because of the intent of the holly mitigation fund, and this was done by the 1995 council at that time. And yes, I will at least acknowledge councilmember bill spelman, that you had at least asked questions while others just follow the road, you know. At least you ask questions about the integrity, the lack of integrity and injustice in what one councilmember is doing with these funds for whatever political reason he is doing it for. A lot of these recipients, alma, raul alvarez, hello. Ballet east. Some of these programs have received moneys for the last 15 years that top over \$100,000. Without a lien, without accountability that the event happened, that you offer the class zero, yet we go to miss gonzalez wh dealt with the power plant for 30 years and we're telling her, I'm sorry, we can't fix more than \$10,000 without putting a lien on your property. , three members, commissioner rowe, commissioner almanza and commissioner rivera. They agreed to increase the \$50,000 grant. But they also became greedy and said we are not going to do it with a 7--year lien, i mean lien, we're going to increase it to 10 years. Yet one of the organizations is going to get \$12,000. Are we going to put a lien on poder, councilmember martinez? Are we going to put a lien on that group or any of these other groups that have received over \$100,000 cumulatively? This is an insult to our community. After all the years they put up. No corporate america would be allowed without it being exposed for doing what you are doing and what this council is doing. But like I remind you, three of you are up for re-election. And it will not be silent during your campaigns that this is what you did. I'm lost for words because, again, you know, you again change channels. Now you are not following the patron system. Now I'm speaking to a group of cardinals and superior mothers that are now defending the catholic religion so they can get \$12,000. And that's why you are not going to oppose this. \$12,000, What's \$12,000, it's not the money, it's the principal. There are many other churches within the boundaries of the holly neighborhood that could come and ask for funds and you are

obligated now to give them funds. And we have come to this government before. I and the late reverend jesse uesti met and asked for funding at that time and he said no because I don't want to put myself in a position where all the churches are going to come to me and say we're going to do this for a church. My question is where and what law allows these funds to go to a church. Does it not violate church versus state. Miss city attorney. We are preparing, we are filing, as a matter of fact, when I leave here, I'm driving by a lawyer's office and we're going to ask the attorney general to check into this and see the validity of these funds going to a church. We have many homeowners and the majority of them are seniors. The quality of life is what this issue brings when they have home repairs, weatherization, less energy. Consumption of energy. Austin energy has also told us we cannot give money to a church. So our question is what happened that changed this. And I hope austin energy is here to clarify, to say, oh, I'm sorry, what's the reason, what's the rationale in allowing this to happen today when before it was never allowed. But yes, you do feel real proud in telling our seniors anything beyond 10,000 we're going to put a lien on your property. But when your political friends come here, 45,000 goes to a festival, don't worry about it. When these funds were never intended for that. Never. So hopefully one day we will be able to come to a council that the channel doesn't change. And you treat us like you treat every other citizen in this community by practicing democratic government. And that's why it becomes even more important that we increase the effort to bring single-member districts to our community. Because this is a prime example of began choicement this government continues to do because you hand pick selected individuals to carry your banner in the community. Lori renteria is one of them right here. She's the only anglo woman who has wanted to come to east austin to take leadership which we have denied. She's proud of it because you have her picture in all of her offices. But again, we ask you to employ justice and integrity back into these funds and to the purpose for what these funds were made for. And like you say, councilmember bill spelman, you know the four votes aren't there, but it behooves us not to come as citizens, tax-paying citizens of this community to inform the public so that they can know that next homeowner within the holly boundaries, which is willow to the north, chicon to the west, pleasant valley to the east and the colorado river to the south, when they are told they are not eligible for home repairs so that they will know why. Because we've had a government that has -- that has manipulated these funds to appease certain individuals as opposed to the community as a wholas to what it should be done. We only have one more year of this. But the harm you did to our people health-wise was long lasting because we've had numerous members from our community that are no longer with us. Because of the long-term health effects that they suffered during the operation of the holly power plant. So it's very sad that we have to come here, and we'll come here again next year because you have the opportunity in the bottom of this resolution to correct a wrong, an injustice, and to insert back integrity into this. And with that, I will -- i will leave this dais, but with the very known fact that members of our community who joined us and who are watching on channel 6, because we try to explain to them all the obstacles that they face when they are trying to get their home repair funds, and hopefully this will help educate them and prepare them for may 2011 when they go into that ballot box. Thank you.

Mayor Leffingwell: Thank you, gavino. Next is paul hernandez. Paul hernandez. Mayor pro tem.

Martinez: I just want to provide the information on the learning center which is where the \$12,000 in this agenda item goes. I'm not sure where the playground came up, but this is a recognized program that, 45 families, career development. They have partnered with the austin independent school district and the austin community college through this learning center and we also -- I saw father james mathias here. If we have specific questions I'm sure he would be willing to answer them. Thank you, mayor.

Mayor Leffingwell: Before you start, is frances ramirez in the chamber? Richard franklin. Okay. So paul, you have six minutes.

Does that include leslie hernandez?

Mayor Leffingwell: No, all I have signed up is frances ramirez and richard franklin.

Okay. Thank you, mayor.

Mayor Leffingwell: Hold on just a minute. Leslie hernandez is signed up donating time to danny perez. Leslie, would you prefer to donate your time to paul? Okay, so -- you have nine minutes.

You go ahead and give it to danny.

Mayor Leffingwell: Then you have six minutes.

Okay. Thank you, mayor. First of all, I want to apologize to councilmember spelman for my comments. They were uncalled for and i owe a deep apology. My comments my last appearance here, mr. spelman. Anyway, mayor, I also apologize for lack of decorum the last time I appeared here. However, I will not apologize for the frustration that is felt after we have participated in this process for almost 40 years. In fact, I remember when I was the only mexican sitting out in the audience at the city council meetings. That's when councilmember was first elected. That's when the gentleman's agreement came in. It was a racist form of hand picking to minorities to sit at the table to call it integration. We were supposed to be appeased by having a brown and a black person sitting on the council. I was a very close friend of john trevino. It hurt me deeply to have to come and tell him to his face that he had sold us out because all the promises that were made to the people were being broken. During his tenure, very little happened to change the people's lives of east austin. Same thing with mayor garcia. His legacy is a train station that is called plaza saltillo. It was sold to the community as a plaza. Councilmember alvarez, his legacy is the fact that he came as a friend. He stood there with us at the picket line protesting the holly power plant. When he got into office, one of the things that he did was to postpone, along with the rest of the council, closure of the holly power plant for a few more years, adding more harm to the people. This is a history, and there's much, much more, I just don't have the time to get into it nor the memory of all of it. But there is a very, very dark history in this city against minorities, people of color. This thing gavino calls patron system was supposed to be done when john trevino was elected. It just changed face. It used to be a group of old men that would meet with the politicians and they would decide the fate of the mexican-american and african-american community. Now we don't have -- we feel like we still don't have the representation even though we rid ourselves of the conservative business element on the council that prevailed for so many years. Only to find out that the liberal establishment is no different. The liberal establishment is just as racist and just as oppressive as the conservative establishment. We still do not have a better quality of life in east austin. For we have now, our reward for the improvements we've made around town lake and in east austin is to be forced out by gentrification. To be forced out by taxation. To be forced out by downtown encroachment. That is the reward that we face for all of our years of activity. Some of it has been pre-destined. IN THE 1970s, I HEARD THAT There were plans for the town lake area that did not include us. IN THE '80s, AGAIN WE HAD American cities plans which was to include high-scale construction east towards rainy street. But it was supposed to be a super block construction. IN THE '90s, WE CAME UP WITH Another thing, or the city did, that became a new process. A new process for neighborhood representation called the planning teams. It was so complex that mexican-american people didn't understand it. You had to have extreme knowledge like laurie renteria has had and others to participate -- I will close with this, mayor. That for god's sake, please, somebody take our plight and speak with us about it. If you want more history, we'll be glad to sit down with you and let you know what it is, what we've come through. Thank you.

Mayor Leffingwell: Thank you, paul. That was a great speech, by the way. Very well done.

I don't know if it did any good, mayor.

Mayor Leffingwell: Next speaker is danny perez.

Perez.

Mayor Leffingwell: Perez. My apologies. Judalis lindsay. Frances ramirez, you've already donated time. Okay. Can't do that twice. So danny, you have six minutes.

My name is danny perez. With the east holly neighborhood association. I've lived there in east austin since 1968. 1707 Willow I was raised and my mom lives two blocks west of holly street power plant. What I'm here to talk to is i have a few questions for mike martinez. The moneys, when the moneys came in from the hundred dollarsing of the holly street power plant, the moneys was supposed to be used for that neighborhood. Sections of that neighborhood. And only for that neighborhood. Not to leave that part of the neighborhood. People suffered because of that holly street power plant. When you started -- when you started dealing with the funds, you started giving out money to different organizations. Like the pachonga, just different -- the mexican culture center on rainy street. A lot of us didn't want that built. Our pool's hours were so bad this year, mike, we asked for funding to pay these lifeguards while you were giving money away for places like pacanga, but now you see the pools are closed and our hours were short. I guess us, the mexicans, we don't like water, just like other pools. But you see pools in white neighborhoods that are still open as we speak. Barton springs. But yet you don't have money, we don't have money to pay to keep our pool hours open longer in east austin and montopol out. S. When we had the holly street power plant close, the money was supposed to be used for people in that neighborhood. Only for those people in the neighborhood, not for you to distribute it out to whoever you feel like giving it to. That's not what we put you in office for. You haven't been doing a great job as our councilman so we don't have a lot of good things to say about you, but that's beside the point. There was a guy here a couple weeks ago, pushup, man, we could have gave that guy \$50,000 to upgrade his car wash. That's in east austin. Our barrio. We can call it barrio because city of austin put it there 60 years ago so we can say it's our barrio. That money that you are giving away could be still be used there. We only have one year left, like gavino said, but you've never really come to the table and talked to us when you started giving out this money. You just did it, you know what, I'm going to give these guys money, these guys money without even sitting down and thinking for once what am i doing with these people's money. People got sick, people died from that holly street power plant. It was bad enough we were dealing with the city light electric all those years they were lying to us about the holly street power plant, and now we're having to deal with these issues. There's a guy here from 1707 riverview. He can't even get his house finished without code compliance on him. We can get that guy money to finish his house. There's people -- you know, it's bad enough that we're bumping heads with parks and recreation, we couldn't get no communication with the director on pool hours, but we don't have money. How is it we don't have money and we hear you are giving all this money away. This church, for instance, churches, they've always run on their own. People that donate money to these churches, that's how they are supposed to function, for years and years, up today they are supposed to be functioning on their own without any help from us whatsoever. Now you want to propose a gift of \$12,000 to christo ray church. My dad has been there 4 years, but yet you are still giving our money way. Not once have you came to the table, neighborhood associations, lots of us, and say can I do this with y'all's money? You've never asked us once. You just got it, got permission from city council and gave it. For whatever reason I don't know why you do these things, mike martinez. All you are doing is getting people aggravated in east austin. You need to maybe taking that into consideration because you haven't really done a great job for us at all. You haven't been there for us at all since you've been in office. All we have is -- we have nothing good to say about you, just bad things. And like I was saying, the gentleman that was here a few weeks ago, you could have gave that guy money to get a thing going. That's on the east side. Keep it real. I had these discussions with you. Keep it there, keep it there in the barrio. Don't let that money leave the barrio. Nobody chairs about the pacangas, that has nothing to do with us. That's our heritage. Then it's got something to do with it. That's something to do with our culture. Pachangas, that's not our culture. Ino carrierringconnect 57600 I don't know and I'm not hearing the actual community is really weighing in on what particular needs they have, but one item does concern me and that is the \$100,000 to the police. Because I've been asking people I know who live in that neighborhood this weekend have they ever seen police walking the beat in that neighborhood and the answer is no every time I ask, and I have some friends this stay up rather late at night and actually would actually pay attention to that. So I think we need to before we throw more money at the police, make sure that they can provide evidence that they are actually doing that. They said that this would include bike cops. I have been actually going to a lot of the new venues on east sixth street in the last

couple of months and I do see them there. They are an east sixth, they are hanging out, watching the marching band, having a lot of fun. Even saw a cop smoking a cigarette relaxed and having a good time and that's a good time although they shouldn't be smoking. Please make sure they are doing what you are funding them to do. Have them bring back evidence at the end of the day that they are actually walking a beat, riding their bikes and patrolling the neighborhoods because that's what I hear neighborhoods do want. Thank you.

Mayor Leffingwell: Thank you. Christina colazo. Christina colazo signed up for and you have three minutes.

I'm christina colazo, I am the director of the learning center. The learning center is first of all thankful to be on the list of proposed recipients. I would like to address some other comments made today specifically some of the comments by mr. hernandez. First of all, it is physically sponsored by christa ray. Our partnerships in addition to the christo ray include austin independent school district, austin community college, time warner cable and there are several others. And I do have lists here of various supporters of the program if you would like to see that. The funds should they be awarded to us will be used to assist with additional programming and cost of current programming. The center currently exists to provide many programs to the families in this neighborhood including esl classes, early childhood education classes, parenting classes, planned learned groups, health education, after school technology programs and tutoring, summer camps and free computer classes. I'd like to mention the thing the most interesting hernandez said about awarding moneys to the church, the reason that I know of this grant or when I first learned hernandez when he was employed by christo ray catholic church. He encouraged us to apply for these funds so that is how i learned of it. But I assure you that the funding should it be provided to us would go specifically to these programs, not to the church. As I mentioned, the church does sponsor it until we have our individual nonprofit status. I also have materials here that I'd be happy to share with anyone who is interested in just to provide you with a look at what we've accomplished during our first year. That's all I have to say today.

Mayor Leffingwell: Thank you. Those are all the folks we have signed up to speak on this item. Mayor pro tem.

Mayor Leffingwell: I wanted to ask betsy if you can address some of the concerns raised about the caps we have in place and there's a subsequent agenda item where we are going to be increasing caps because of some of the concerns brought by the neighbors.

Yes, sir, betsy spencer, acting director neighborhood housing. I don't have an item on the caps but we have been having conversations with fernandez and others in the neighborhood. To see what sort of things we could do that work with the neighborhood. We came to terms, an agreement almost to everything they had asked for. The one item we're having conversations on is the lien. Our position is not to harm anybody with having the lien. The purpose of the lien, as you probably know, the values of land have gone up a great deal in that neighborhood. This program is designed to keep people, the existing people in their homes. And so the purpose of the lien is actually to protect the individual so that in the sense that the property does not get flipped. So what we have proposed to the neighborhood is that currently our guidelines go down to 30,000. We would ask they go up to 50,000, but the term of the lien would go from seven years to ten years. Our initial meeting with gavino and folks, they actually agreed to the increase and the second meeting we had some disagreement on that. We had three cdc members at that meeting who all concurred with the purpose of the loan. And again, it is not -- lien. It is not to harm anyone. There is no repayment of that lien as long as they stay in the property. And that is the purpose of us is that we can actually improve the property to the point where it will make it more livable for them for the long run. We just want to make sure we protect the investments and it's an incentive to keep folks in their home which was our intent with the program.

Martinez: Once the ten-year period has expired, they are free to make a transaction of sale, do heavy

they want, rent it out.

Absolutely. The lien would mature, extinguish, then they could do whatever they want with the home.

Martinez: Mayor,ly move approval of this item.

Mayor Leffingwell: Is there a second? Seconded by councilmember riley. Discussion? Councilmember shade.

Shade: I wanted to gavin's questions and while I appreciate the comments made about this entity trying to get its independent 5013-c status. I want to point out for many years, public sector funds can and have been used in faith based organizations. When president bush was the president and also the governor he had faith based offices which are still in operations and the rule has always been public funds simply described can't be used for any kind of politicking or religious activity or can't be used for profiting. If a church is running a food bank, that's allowable. But if they were somehow using the federal or public sector funds for selling items for us, that would not be allowed. So I just -- those things are looked at and you are heard. But I hope that you won't spend a whole lot of energy on an attorney general's opinion on something like this. Again, we have so many examples of faith based organizations that do receive public funding and they do a lot of work and leverage a lot of volunteers and I just wanted to publicly acknowledge that. Thank you.

Mayor Leffingwell: Motion on the table.

I'm leslie hernandez and i didn't get my three minutes but I had a clarification about the issue related to the liens and so on. I'm a home health social worker and so I go into people's homes when they have generally come out of the hospital. They are very ill, they need some help in their homes and i try to get them also help that goes forward from there so that they can stay in their homes. Some of them cannot, you know, do their bathing and dressing and all that sort of thing. One of the issues is sometimes people take out a reverse mortgage when they do that be kind of care is extremely costly, it's about \$20 an hour. And I do see that happen sometimes and I'm not sure how this would affect that. If there's a lien on their home through the city, sometimes that's the only way they can get help in their homes. Otherwise they would be going into nursing homes, which hopefully none of you have people that you know in nursing homes. It's not a good thing. We don't want to do that as we get older. We want to stay in our homes and be cared for.

Mayor Leffingwell: Thank you. Councilmember morrison.

Morrison: I wonder if we could ask staff to look into this issue she just brought up or do you know an answer right off the top of your head.

Currently with our assistance, we would subordinate our lien. There is no repayment on the loan as long as they live in the home and we always subordinate our liens which is is would not affect a reverse mortgage. And there is no payment.

Mayor Leffingwell: All in favor of the motion say aye. Opposed say no. Passes on a vote of 7-0. So council will go into recess and convene a meeting of the austin housing and finance corporation. spencer up here to take us through that agenda.

Good afternoon, board of directors. Betsy spencer, acting treasurer of the austin housing finance corporation. Today I offer two items on consent. Item number 1 is to approve a resolution adopting the fiscal year 2010-2011 austin housing finance corporation grant operating budget in the amount of \$7,849,957. And the housing assistance fund budget in the amount of 350,000, for a foe tall budget of \$8,199,957. This authorizes the development of program guidelines for housing programs for fiscal year

2010-2011. Item 2, authorizing the capital budget for fiscal year 2010-2011 in the amount of 6,\$495,000. This will begin on october 1, 2010 and end on september 30, 2011. I'm available for questions.

Mayor Leffingwell: Any questions of staff? So the consent agenda for the austin housing and finance corporation agenda is items number 1 and 2. Is there a motion to approve? Councilmember spelman moves approval -- excuse me, board member spelman and riley. I'll get that one of these days. Discussion? All in favor say aye. Opposed no. Passes on a votes of 7-0. Those are all the items on the austin housing finance corporation agenda so without objection we adjourn that meeting and call to order a meeting of the mueller local government corporation board of directors. nodel will lead us through that agenda.

Thank you, chair leffingwell. I have two items for consent agenda. Item 1 is the approval of minutes for the september 14, 2009, regular board meeting. Item 2 is to approve a resolution adopting the fiscal year 2010-2011 mueller local government corporation operating budget in the amount of \$2,377,143 for the mueller redevelopment project. That concludes my presentation.

Mayor Leffingwell: Questions for staff? So the consent agenda for the mueller local government corporation is items 1 and item 2. Is there a motion to approve that agenda? Councilmember spelman moves approval -- excuse me, director spelman moves approval and director cole seconds. Is there any further discussion? All in favor say aye.

Aye.

Mayor Leffingwell: Posed say o. That passes on a vote of 7-0. There are no other items are our agenda for the mueller local government corporation so without objection we stand adjourned and I will call back to order this meeting of the austin city council. And there are no further items on the council agenda, checking, double-checking with the clerk so with that -- city manager.

Thank you, mayor. I just wanted to take a minute before you adjourn the meeting. Really to thank the staff in regard to the -- all of their work and efforts in regard to the budget that council just approved today. I certainly want to specifically highlight our chief financial officer leslie browder, age budget office and members of the staff sitting behind me, greg and kim and marissa back there. I thought I saw jeff in the room someplace today. He switched places on me, he's over there. I certainly wanted to thank all of them and their respective staff. You all know that every year they work really hard to provide the leadership and guide us through this process that culminates on a day just like this every year. I also want to thank all the department heads and their staff for all of their hoard work as well. They too work hard in getting us to this point. Certainly my executive team, THE ACMs, CHIEF OF STAFF AND Just everyone for what you do every year, a tremendous effort in regard to putting together the city's fiscal plan. Mayor, I'd also like to acknowledge you and the council as well for your guidance and support and your actions today. In supporting a fiscal plan for next year. And finally, austinites. You know, for their participation. Of course, as we noted by one of the citizens today acknowledging our efforts to open up the budget development process, take the mystery out, as I like to say, in regard to how we devise our fiscal plan, I want to thank austinites for stepping up and participating and joining in partnership with us in providing input that also helps to guide us in crafting and shaping our budget recommendation for you and for the community. So again, my thanks to leslie and ed and all of those involved this year in putting the budget together.

Mayor Leffingwell: Thank you, city manager. And I actually want to echo everything you said. Only I will echo it much shorter and say that this -- this is a very -- presentation and adoption of the budget is a very long process. What we do this morning in these almost three hours is only the end of a long process. And a lot of city staff members have worked hard on this for months and months and I happen to know for a fact that most of them are here, most of the staff members you see here today were here on saturday and sunday as well polishing up the loose ends and make sure all the numbers work. We are able to look at all these amendments and make sure they didn't have any unintended consequences

financially going back and forth, it's all a complex interweave and operating budget and all those things. And again thank the city manager for taking us through a long process that has included unprecedented public participation beginning way back in the spring of this year. And so now we're through with this one and we'll take a little bit of a break and we'll start working on next year. But I wanted to thank every one of us. Councilmembers, especially i want to thank councilmember cole who was also here on saturday and sunday. I was not here but I was talking to her on the phone a lot. Councilmember shade put a lot of effort into this and I want to thank her as well. All of us did, but I just wanted to single out those two for their extra efforts that i know of and if I've offended another councilmember, i apologize for that. But congratulations to all of mayor pro tem says he didn't do anything, but I know he did, I know he did something.

Mayor Leffingwell: So again, congratulations and without objection we are adjourned.