

# Closed Caption Log, Council Meeting - Budget Work Session, 05/05/11

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Mayor Leffingwell: Good afternoon. I'm austin mayor lee leffingwell. A quorum of the council is present so I'll call this austin city council budget work session to order on thursday, may 5, 2011, at 3:07 p.m. We have one item on the agenda today and that is a presentation and discussion on the city's financial forecast including presentations from the remaining enterprise fund departments which are watershed protection, transportation, and parking management. And then we'll have a closing comments on the budget forecast from ed vanino. We'll begin with victoria lee from the director of watershed protection.

Good afternoon. I'm victoria lee, director of the watershed protection department. I appreciate the opportunity to brief you. Our forecast submittal.

Mayor Leffingwell: You can go ahead and start. We have the copies so we'll follow along and they can work on getting that cranked up.

Great. This first slide, the first slide is a high level summary of the department's requirements for fiscal year 12. It shows a small net increase 2 million due to a reduction of 3 million for transfers to capital improvement programs. 8 million program cost increase, 9 million is for baseline and program [inaudible] for increases in approximately half of the million is for additional six positions. On the revenue slide, our growth projections are in keeping with the population growth functions issued by the city demographer. We are not proposing a fee increase for fiscal year 12. 13 And 14 each increase fee increase and physical years 15 and 15 resume the 60-cent increases we presented last year. This next slide provides more detail on the department's projected revenue and expenditures over the next five years with no fee increase for fiscal year 12. 30-Cent fee increases in fiscal year 13 and 14 and must be reduced to meet the required 30-day reserve policy. We currently have 255 and a and are proposing the addition of six positions for fiscal year 12. The following two slides describe the reasons why we are suggesting the six positions. The first position is a truck driver for our field operation division. Each year over 250 tons of litter and debris is removed from lady bird lake. The amount of trash has been steadily increasing over the last several years. Increased residential development downtown, increased use of lady bird lake and the surrounding trail and park system has increased the workload associated with maintenance of the lake and shoreline. Often the limited lady bird lake crew has to borrow maintenance. Without the additional truck driver our crew will not be able to meet performance requirements. The second position is for a street and drainage superintendent. As the waller creek tunnel begins construction, a f.t.e. Position is needed to develop, review and produce operational and [inaudible] plans, standard operating procedures, preventive maintenance schedules, emergency response plans, asset management protocol, contract development and inter and -- this is ensuring a seamless transition for construction from the waller street project. The third position is a gis technician. The department has spent 5 million to date on multiple c.i.p. Projects to develop critical gis [inaudible] including storm drains, water quality ponds and critical environmental features. A gis technician is needed to perform tasks to ensure the continued quality and completeness of the data as we move forward. The fourth position is for a landscape architect. The city has 112,000 feet of known erosion problems spread out over 1100 properties. Not only citizens' yards, trees and homes are threatened,

city infrastructure such as bridges, pipelines and public parks is also threatened. With existing staff we are able to address 4,000 feet of erosion per year. At this rate it will take 23 years to address the existing backlog of erosion problems. More urgently we are adding an additional 5,000 feet of new erosion to our inventory this year. In order to make more notable progress in reducing the backlog and addressing new erosion, an additional design professional is needed for next year. This will increase our output by an estimate of about 800 feet per year. The fifth proposed position is an engineer b for value engineering. The responsibility is to maximize product function and services and minimize project costs and average impact. In the past year, we were able to save over \$6 million in costs and identify various process changes. This lower level engineering position would employ technical support to current engineer of value engineering to increase the number of projects to be reviewed. I believe the amount saved due to increased productivity will more than compensate the cost of the position. The sixth position is an engineering associate c to inspect dams. The dam inventory has significantly increased from 170 to 270 dams. This includes a 247% increase in the number of high coffer dams which must be evaluated to see if they require modernization. We will be transferring out two positions at administration of the transportation user fee is transferred to public works. The austin transportation department. The net increase of proposed f.t.e. is four. In wastewater protection's capital improvement program is another major use of funds. We continue to increment our master plan while integrating citywide priorities such as transit oriented development, urban rail, the austin downtown plan, implementation of neighborhood plans and street resurfacing. This slide lists just a few of our current capital projects. In particular, I'd like to point out the private city partnership project. We have identified an existing storm water drainage line known as the little shoal creek tunnel for relocation and increased capacity but could not start the \$6 million project due to insufficient funding. Instead of the developer spending 2 million to relocate the segment of the storm water drainage line on their property only, they will contribute that amount to the city for more complete realignment. Watershed, water utility, austin energy, right-of-way and development review work together to make this partnership feasible. This agreement allows the city to undertake realignment of the line several years before previously envisioned. It also allows the private developer better development. This next slide of the department's fiscal year 11 requirements. One-third of our expenses is for the utility c.i.p. work. For fiscal year 11, the drainage utility fund transfer made up over 50% of the new appropriations. The appropriation from 06 bond program money will end in fiscal year 13. The cost of our infrastructure needs is substantial. Last year we presented a scenario showing a steady increase in the drainage utilities transfer to c.i.p. Achieving \$30 million by year 2015. Two years after the final bond appropriation. In foregoing a fee increase in fiscal year 12 and utilizing smaller fee increases in subsequent years, we will not achieve a 30 million transfer until approximately 2020. We are exploring other revenue enhancement strategies including efforts to make our dollars work more efficiently through our value engineering team and use of revenue bonds for specific personal needs, multi department coordination of projects through the city's new capital planning office and savings generated from streamlining our operations. A fundamental component of our department's efforts to be best managed includes strategic partnership and data driven decisions. Fiscally we will continue our research of possible revenue sources as well as scrutiny of expenditures. Department, staff and programs received a number of awards in the last year. Our scoop the poop campaign received an award of excellence from the city-county communication and marketing association. Mike Kelly was honored by the american society of civil engineers for his innovation and quality work with the city of austin. The texas flood plain management association named ray windsor the 2010 flood plain manager of the year for his excellence in the field of flood plain management. The association of watershed and storm water professionals RECOGNIZED nancy McClintock her contributions to water quality protection. Matt holland and nico howard were honored by the save barton creek association for their work in protecting the barton springs-edwards aquifer and we were awarded the bronze quill award for flood awareness week. This concludes my presentation and thank you.

Mayor Leffingwell: Questions on the drainage fee? Anyone? Chris?

Riley: Thanks for the presentation. Can you just help me understand on page 49 we see the five-year forecast on the drainage utility fund. The line for transfer to , we see that dropping this year down to 3 million, as you indicated previously. And it's expected to drop next year by another 3.5 million. Can you help us understand what dictates that -- that transfer? Why -- help me understand why does that

transfer rise and fall?

Basically we are trying to balance the revenue with our expenditures and to a balance and keep a 30-day reserve I'll have to drop the transfer of fund so that I can keep that balance. But at the same time I tried to explain one of the slides that we are still looking for other revenue sources in streamlining our operations and hopefully will stretch our and still accomplish the same amount of work.

Riley: Is this just a matter of timing on capital projects that you can postpone some? Is that --

I -- that can be part of it to balance the budget, but at the same time I do believe that with all our streamlining efforts and operating costs and capital improvement project cost reduction plans we will be able to reduce the cost of the project so that we can accomplish similar number of projects, similar amount of work with the same amount of funding.

Riley: And I notice the last year of your projections you actually have about \$4 million increase. Are we just pushing out the anticipated increases in the transfer? Is that --

our goal is to try to reach about \$30 million of transfer so that we are solely funded by drainage fee funding on the projects instead of using the general obligation bonds to provide those c.i.p. Projects.

Riley: I see. Okay. One quick question on slide 51. When you are discussing the role of the engineering associate position that you are seeking, you talked about the pond safety inspections the dam inventory. Can you go back over the number of dams that you mentioned? How many dams have we got?

Right now we have 270.

Riley: That's surprising to me. I had not realized that we have 270 dams that need to be inspected. What sort of dams are those?

Some of those dams are high hazard dams, basically it's areas that would impact loss of neighborhoods and also the height of the dams is of a certain foot age. And a lot of those dams is also used as retention ponds.

Riley: Are they mostly on -- I mean those are dams on creeks? Where are those dams?

A lot of those dams are -- they were created to help convey or retend flood, retend those water runoff during a storm, during a storm event. So they are around neighborhoods.

Riley: I see. So they are not dams on actual waterways, they are dams in --

no, no, it's not like the dams like the dams for our lakes.

Riley: Okay.

Smaller dams than that, but also still dams that are important to protect the safety of the neighborhood.

Riley: Okay. Thanks.

Mayor Leffingwell: Bill?

Spelman: Thank you, lee. On page 51, victoria, the role of the landscape architect is tangential to the

question so I want to make sure i understand it. We have [inaudible] where there's erosion, yes?

Yes, erosion type issues, correct.

Spelman: And we're able to address 4,000 linear feet per year.

Yes.

Spelman: But we're identifying 5,000 new linear feet so we're losing ground.

That's correct.

Quite literally. [Laughter] doesn't worry about it. Thank you. Thank you. A lot of people have to do some things to be able to shore up the erosion and prevent it from continuing, but the [inaudible] that you've identified as landscape architect the numbers didn't quite add up but let me try again. How many linear feet will we be able to shore up on an annual basis if we have that landscape architect?

The staff estimate is about 800 feet per year.

Spelman: That means we're still losing ground then.

Yes, we are, but it's just a balance of how much we want to do for certain -- we have , as you can see one of the slides is about 1.2 billion altogether.

Spelman: Right. What would it take for us to prevent losing more and actually start to make head way against those losses?

Well, that would seven -- six or seven more.

Spelman: Six or seven more landscape architects.

Yes.

Spelman: It's not shoveling or sandbagging or whatever [inaudible] my apologies for sounding stupid.

That's right, basically we have to design the erosion control and see what kind of -- the size of the rocks, the gravel, how to pile them up, how to construct.

Spelman: Okay. Is there any way -- so we need something like six or seven employees making serious head way and can I multiple that six or seven by 800 feet a year? Is that reasonable?

I think it's reasonable.

Spelman: So in order for that 112 to drop by a significant amount like 5,000 feet or six or seven more positions at some point.

Yes.

Spelman: In future years, do you anticipate that your budget is going to call for additional landscape architects or can you tell?

When -- when I first asked for the staff need of ADDITIONAL FTEs, THE TOTAL Number is actually over 30.

Spelman: Okay. But that would be a significant improvement over where we are now and you would be able to make up something like 20%.

That's right.

Spelman: How many landscape architects do we have [inaudible]?

One.

Spelman: I can see where we have a problem here. So what you are talking about is a dramatic increase in our capacity to be able to deal with --

do the design, yes.

Spelman: Okay. I think the proper role for these briefings is for me to identify the problem rather than ask you to suggest a solution, but at some point i think you can expect I'll ask to have a conversation about what other alternatives might be able to implement to stop this problem.

Yes.

Spelman: Thank you.

Yes.

Mayor Leffingwell: I have a couple of quick questions. One is I think a repeat of the question I asked last year about the drainage fees, residential drainage fees, that at some point we are going to look at using the same methodology that we do for commercial properties that is based on the amount of impervious cover that's being drained, so to speak. And just asking the question is that still in our long-range planning, and if so, where is it?

Staff did go back and look at the feasibility of doing that research right now. And first of all, we do have the lawsuit in hand so I do not want to get into more details of our study of the fee issue.

Mayor Leffingwell: Is the lawsuit on commercial drainage fees or --

it's combined.

Mayor Leffingwell: Combined? Okay. That's all I want to know on that. So right now we're basically in a holding pattern on that issue.

That's correct.

Mayor Leffingwell: And the second is the bank improvements, I guess bed and bank improvements on shoal creek from fifth street to lady bird lake. I think we've pretty much done the east side. Is that correct? And it looks very nice, by the way, very nice.

Yes. The design of the little shoal creek tunnel has already been completed and the bid is going in -- in -

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Mayor Leffingwell: I mean the landscaping on the banks.

Oh. Yes.

Mayor Leffingwell: So we've got the west side to go on that.

I am not -- I'm not very familiar with the progress of that project.

Mayor Leffingwell: Well, I guess the reason I asked the question is because I know that's probably going to be integrated with the design of the new library site, so is that the reason we're holding up on that?

It is.

Mayor Leffingwell: Okay. All right. That's all I have. Laura.

Morrison: Thanks. I have just one question and it goes back to a comment that Chris made talking about where it comes from from bonds to revenue to drainage fee revenue, and if you can, can you talk a little about -- and I don't know if this is maybe for the city manager or who to actually answer that, just the fundamentals of why you would prefer to have your watershed maintenance and all funded by drainage fees versus bonds. Why we're moving in that direction?

Basically -- yeah, I'll try to see if I can answer it. Basically the needs of the drainage infrastructure is immense. It's huge. If we just rely on the general obligation bond, we don't know whether a certain year whether we'll have the bond program or not, and we are not sure of the amount this the bond program. So relying independently just on the drainage utility fee will give us more dependable plans so we can plan ahead and plan our projects.

Sue Edwards, assistant city manager. If you go back to part of Victoria's presentation, one of the things that she said is that it's, you know, a billion dollars worth of projects to be done, and right now we're anticipating that at 40 years before accomplishment. So that's one of the reasons why we're looking for durable revenue in order to -- additional revenue in order to maintain consistency and improvement. And one of the things we'll be doing later on that the city manager has asked us to do is to reevaluate that and to look to see whether we can't do a better job of what we're doing right now and come up with some new ideas to reduce that 40-year time span. One last thought to add just from an overall city perspective, you know, we have a lot of needs across the city and so our thought there was when we first started talking about that is that if we were able to free up some of the general obligation bond funding for drainage, then that could go towards other needs on a long-term basis. So I think between everything we've said here, that's kind of it.

Morrison: Is there something special about the drainage needs that would be -- because I think we probably have -- we have amazing needs for sidewalks and roads and park facilities and all. So is there something special inherent in the watershed --

no, it just -- well, I guess from one perspective the drainage utility fund is an enterprise fund. Enterprise funds often are self-supported by the fees that they raise to cover both capital and operating costs. So that's kind of the basic model. But really just kind of the overall view was to the extent that we can have those capital projects funded by the fee, that might free up some other, you know, funding sources for other basic citywide needs that are typically funded through the property tax rate.

Morrison: And so from a citizen's pocketbook point of view, I guess it just means there are different

ways to be able to collect funds.

Uh-huh. And you have to keep it reasonable and affordable overall so you don't lose that -- lose that overall perspective.

Morrison: Right. And the fee issue is a flat rate whereas property tax generally --

depends on the value of your property.

Morrison: Depends on the value of your property. So to me that's one thing to keep in mind that fees to be used judiciously because they do hit lower income folks at a harder rate.

Uh-huh.

Morrison: Okay. Interesting. Thank you.

Mayor Leffingwell: Just a quick followup on that, but put in perspective this whole program is not cosmetic. It is erosion control, flood control and water quality. Those are the three categories that we focus on. And to put -- go to the big picture, the first report I believe came out 2001 projected \$800 million deficit at that -- you know, we've been working away at it since then and now it's 1.2 billion. So as time goes by, of course inflation increases the cost and also additional areas of erosion and flooding are going to be identified. So it is a problem that I'm not going to suggest an answer for you, but I will just point out that it is a problem and it's not a cost membership problem.

Morrison: I appreciate that, Lee, I think that's an important distinction that it's safety and environmental control.

Mayor Leffingwell: Right. Chris?

Riley: Just one last question. I understand the concept of shifting to funding c.i.p. Projects from the drainage utility fee necessitated of g.o. bonds. What I'm trying to understand the timing on that because when I look at the fund summary on page 49, if you look down at the fee increases for residential and commercial -- especially when you see it especially noticeable on the commercial fees because it's -- after staying steady for three years, through next year, we see roughly a \$7 increase projected for 2012-13 followed by an 8 dollars increase, followed by increases of 14 and \$15. Going up to 2014, 15 and 16. Help me understand the timing on that. If we think it makes sense to shift to the drainage fee, why wouldn't we -- why are we doing that shift, loading a bunch of that shift into the tail end of this window? Why wouldn't we be -- why wouldn't we be increasing fees for gradually. They've stayed steady and then they jump up towards the end of the period. Why are we seeing that?

Basically I'm trying not to increase fees as much as possible. And trying to reduce the cost. And at this time really it's because of the bad economy, and we are considering that and want to not to add on to any burden, economic burden of each household is a little bit of help.

Riley: Okay. Okay. So we expect by 2014 people will be ready to accept a \$15 per acre increase in the commercial drainage fee?

Right. Yeah. The increase is necessary for us to get to the amount that we need for the infrastructure.

And let me just -- die and gonzalez, financial manager for the watershed protection department. Commercial increase is a function of our billing unit which is an equivalent residential unit. Each resident is assessed one e.r.u. at 7.75 a unit. Commercial properties are site specific. But it's still a function of

the e.r.u. So we've converted it into acreage here, but it's still 75 per equivalent residential unit, which is 1,763 square feet.

Riley: Okay.

Yeah, it looks bigger, but it's because it's based on one acre, acreage.

Riley: Okay.

Mayor Leffingwell: Okay. Thank you very much. See you next year. No, we'll see you before then. Now we'll go to transportation fund. Howard Lazarus, assistant director of public works, and Rob Speller, director of transportation, and Robert Good, assistant city manager.

We just wanted to let you know that you've entered into the entertainment networks all engineers all the time. [Laughter]

Mayor Leffingwell: I think that would be a hit actually. I could join you. [Inaudible] so if we have problems cueing up, we do have the slides.

As the mayor said, I'm joined by my partner in crime Rob Speller, and what we would like to do is present an overview of the fund and then I'll go through the public works requirements and turn it over to Rob to go through transportation department and the parking management fund review. And we can break for questions, mayor, at your pleasure whether we do it at the end of the transportation fund or after we're all finished.

Mayor Leffingwell: I think it all kind of works together, same presenters. If there's no objection from council, we'll go ahead and hear the whole thing and then take questions.

We'll move to slide 72 which gives you the revenue forecast for the transportation fund. And you can see that the red block is the transportation user fee which makes up the majority of income into the transportation fund. The other categories that are shown are some cost recovery [inaudible] fees from right-of-way management which projects and commercial projects. Parking management fund is capable of transferring money back into the fund and a small general fund transfer primarily will pay for some planning functions but also to pay for some utility bills and miscellaneous others. A small increase over last 4% and I'll get into that in a little bit. There is no rate increase proposed or recommended for this year. Initially when we laid out the paving improvement plan we did have a 5% increase this year, but in looking at the requirements that we have and the fund balance, we're able to maintain and meet the goals we had for the year through I think some sound fiscal management without imposing a burden on the users. The increase in transportation user fee revenue is due to increase in population, not due to a rate increase. We are going to do some more utility cuts and that is reimbursed from water utility. Looking at the burden at our capital improvement projects put on Rob's right-of-way management staff, there was a need to better compensate for the effort required so we did increase that to \$1,500 per project. And there are some new construction projects anticipated, both are starting now and are anticipated to start in the new fiscal year and that will help with the revenue as well. Finally, parking management fund with the new pay stations and proposed changes in hours, we'll be able to transfer about \$400,000. And that's split pretty evenly to pay for support services and part of the increased revenue will go into enhanced maintenance of the downtown area. So on the forecast side, the increase in requirements is pretty well aligned with the increase in revenue about 4.5%. You can see the public works operations makes up about two third of the requirement and then transportation is about 17% and then some of our other transfers and requirements are 17%. And those transfers are paying for city services, it's for the insurance, worker compensation, paying into the retirement fund, those things that are cost of doing business. And those reflect moderate increases that everybody has. So those have stayed fairly reasonable as well. On the requirement, some of the things you'll see we are ADDING SOME FTEs IN PUBLIC Works. You see an increase of in-house for -- if we had an in-house milling



crew, when we roughen the surface before we put an overlay on top of it. We looked at the numbers and we can probably save over \$600,000 and get more efficient by doing that. Victoria mentioned that the tough collection requirement is being shifted so there's TWO FTEs THAT COME WITH That. We are taking over right-of-way maintenance requirements from parks and recreation which provides them with ability to use their resources more toward preservation of parkland so we have to add staff for tree maintenance and mowing. We are going to accelerate our utility [inaudible] repairs. I mentioned before the increase in downtown maintenance that's reimbursed from the parking fund and rob is adding a couple additional signals to address timing issues which is a big issue council has raised and there is some increase in our expenses and [inaudible]. Looking at the fund balance over the next several years, you can see that the red line represents the variance, the blue line represents the fund balance. The main reason we had a large 11 was from deperiod equipment and money not spent previous years mostly spending from a late 10 for hurricane ike response. So that's why that number -- that one bar on the left is so high. Our ultimate goal is to build a fund balance up to about a month's reserve which is about \$4.5 million. There is no statutory requirement to do it, but it's good business to -- makes good business sense. We're going to be flat for a couple years. On the yellow box on the bottom, the 10% increase is a program numbness to keep the fund level and by having no increase this year, we are going to have to look at where we are at the end of the year and think about what it is we need to look at next yearment 5% after that is a flat rate to keep up with inflation. Unlike property taxes which increase each year, change because inflation because the valuation of the home goes up, there's no valuation to infrastructure so we have to provide some increase each year to keep up with inflation so we have a 2.5% increase. Getting into some of the outcomes, these charts show the types of work we're doing. One of the goes is address at least 10% of the infrastructure each year and you can see we've been achieving that over the last couple of years. The big bump in 2010 is due to a couple factors. One is that year we did get sometime moneys which helped us to do more lane miles of overlay. We also have some highly favorable pricing on our asphalt which allowed us to achieve better results from contracts. So that's the reason why we had the big bump in 2010. You can see we are meeting the goal. One other interesting factor which will be shown in the next couple of charts too we are increasing the amount of overlay work we do. Overlay is a nice smooth pavement, much better in terms of customer satisfaction and lasts longer than the seal coating which we've been doing. We're able to do that because we are implementing a thin overlay program which less material and it costs less. We've had a lot of success with that and I think the residential feedback is much better. This chart shows a little bit different look at it in terms of type of work we're doing. I want to highlight two points. Again, the brown circles show that we are dramatically increasing the number of lane miles we're overlaying versus other types of work. And the bottom right side, the green circle is a reconstruction number. As part of our maintenance and repair program now we're going to do some shallow depth reconstruction. Which we haven't done before. The advantage to that is we actually can address paving condition by doing that. So we can improve marginal roads to satisfactory by doing that. In the past we pretty much relied on our capital program to do improvement and unsatisfactory payment. This will help improve the condition without as much capital expenditure. Stack charts show the distribution by types so there's fair, excellent payments. The main thing to take from this chart is that the red columns on the bottom are going to diminish to we're well over 9 on% of our pavements are rated as fair or better and the amount of unsatisfactory or failed is going to greatly diminish. There's a lot of information on this graph so bear with me. When we first came back to council and proposed a plan, 9 to improve the condition of our pavement, the goal was to get to 80% as being satisfactory other better by the end of f.y. 18. What this shows is we're making much better progress than that. There's a break in the curve. The reason for that is really three reasons. One is we're doing overlays which gets a marginal increeks in pavement condition. The second is the impact of things like accelerated austin program and the 2010 bond will start to kick in. And also the shallow depth rehabilitational help there too. Those three things will help us to get well ahead of the condition of our roads and really improve they want. We really want to get at the top it says the optimal range, we want 90% rated as satisfactory or better. And I think we can get there. Subject for another day is our overall strategy which shows that we can increase the amount of time between major reconstruction to well over 75 years which will really be helpful in the long term. That's a subject for another day with a lot more tolerance and caffeine in your systems.

Mayor Leffingwell: That's engineer humor, right?

Yes, sir. [Laughter]

I'd like to move towards the austin transportation department. This last year has been a big year for transportation in this region. We passed the 2010 bond proposal. We've made significant head way on the strategic mobility plan and also urban rail we have been busy working on, and I think sometimes for our constituents it's easy to lose track of the things we do on a day-to-day basis. And so the next sort of series of slides we'll talk about transportation department as well as the parking management fund and give you a picture of hopefully the fact that we're also taking care of our daily business as we move forward. As we look forward in this budget, as howard mentioned, we are adding additional signal text. We know that the signal system and traffic flow or our concern of citizens. It's either ranked we're not meeting our potential. So we're going to be reconfiguring our approach towards traffic management this year and refocusing our signal program on a more of a systems approach that we heard the citizens talk about during the strategic mobility plan. That's part of two signal techs being added. As howard also mentioned, we're going to be spinning off funds starting this year from our parking management fund to start helping to pay for some of those initiatives that we talked about, increased maintenance of downtown, trying to make our downtown look more like the state capitol, the important state capitol it is and begin to focus more funds back into the capitol. Reconfiguring the traffic calming time to reduce deliver times. One of the concerns we've heard we love the traffic management program, we appreciate the rpp, residential parking permit, how can we accelerate those processes. We're moving quickly to achieve that. Some of the outcomes that we experienced this year, this is from the satisfaction survey. This particular graph is on the signals. And I just want to point out, although we surfaced that goal, that goal is nothing to be proud of at 39% acceptance rate so you are going to see a new focus not only on signals but traffic flow in this coming year as we start to hone in on the strategic mobility levels that we need to get to. This is the second graph of that same series of data. As we talk about maintenance of the right-of-way or management of construction of the right-of-way, I do want to point out we continue to push accidents and specifically serious accidents and deaths in the right-of-way to near zero. I know this data is from 2009. 2010 is just coming available, but it is a similar measure that we have sustained no deaths in the right-of-way due to construction this career, which is a laudible goal to continue to achieve. Even as construction is starting to pick back up, as howard mentioned in downtown we know of at least five potential large buildings that are already scheduled to come online in the next year. And so again even though there was a dip in activity this year and that's going to reflect a dip in revenue at the end of the year when you take a look the the final performance, next year is looking very positive in terms of new construction headed for downtown and we'll be focused on maintaining that very low accident rate within the downtown or within the right-of-way. Now, that's my portion of the transportation funds so I have a smaller part of the transportation fund, that's why you don't see as many slides as my good friend howard. Now we'll move on to the parking management fund, which is the other piece of the funding pie for transportation. And within the parking fund, the revenue comes from primarily two sources, pay stations and parking meters, of course, but also transportation permitting. That's the taxis and so forth. I don't want you to forget that. And overall there is going to be significant growth this year. That is in anticipation of the extended hours as it's currently directed. Sorry. My allergies are getting to me. I just want to point out those forecasts do include additional revenues from the extended parking meter hours and the transportation per fitting reflects a transfer of the valet parking from right-of-way into parking management fund. Although that's a minor revenue to either the general fund or parking, it aligns the valet parking with the other parking functions specifically in downtown, and I believe will lead us to a better management situation of both the valet and the parking in downtown. So I think that's a good move. Revenue projections. What I want to point out is to go back as far as 05 and 06 and this is when we were laboring under the obsolete parking system. What we saw is as we replaced the meters in 2009-2010, we immediately saw a bump in revenue. That has continued to increase in 2010 and 2011. In the blue portions of those bars are the anticipated added hours. And you'll notice even in this fiscal year as amended we will see a slight pickup at the very end of the fiscal year. It won't be much because there's only less than a month left. So it's a small pickup this year, but an increase next year. The forecast requirements, as you see, you'll see the distribution here, parking enterprise and then transfers out. That blue portion I just want to bring your attention to 55% of the revenue generated will

be transferred out into other investments. And so what that means, transfer into transportation initiatives, downtown initiatives and other requirements. Again, the way the original parking management fund was envisioned is that after we pay for the expenses within the parking management fund, that then goes out into specific transportation investments whether they be great streets or transit or transportation traffic improvements or the downtown cleanup. And so this fund is performing profitably and in accordance with the original direction i believe from council. Some of the early investments that we're already working for, perhaps you've seen the blue and white signs starting to appear around town. Those are the early action static parking way finding that is clearly not our end product but is an early product while wee start to work on the final data-rich way finding system. Our initial rollout of this we worked with downtown parking purveyors, garages, surface lots, there was an overwhelming desire to partner with us. I think we had something on the order of 80, 85 garages that voluntarily bought these signs to put on their facilities. We're now putting the wayfinding to get to those signs so we're working closely with the downtown garages. The downtown initiatives include the great streets as traditionally we've been helping to fund. Expanded maintenance in downtown, but then also the transportation management association would be one of those early investments, and in fact we're trying to go ahead and work so we can work with council to pay our share this year and then move into that management association. For those of you who may not be familiar with the management association that is correct is a public-private partnership focused on individual employers downtown to lower the footprint of their commuting into downtown. As mentioned by howard, other requirements include retirement and administrative costs that need to be paid. The balance -- or the parking management balance is as you see here. You will notice at the end there that there's a fairly healthy ending balance fund. This is a fund profile that is still in transition. As we joke, you know, it's hard to imagine a parking emergency so we don't need what large of a reserve at the end and so that will go into that we'll be able to use for transportation and other investments as we move forward. Understand this is a fund in transition because of those changes happened right during the budgeting period, but the intent is to create a fund for transportation improvements that could start to be funded with that ending balance. Requirements and cost drivers, you will see that the new employees for parking enforcement and parking meter shop are built into these estimates so that therefore the various increases in variances, parking enforcement, of course, includes the full cost of the NEW FTEs, THE PARKING METER Shop as well, and the parking management fund although it shows a negative variance, that real estate reflects the off set of a senior retirement that we had that year. It's an anomaly that that is a negative variance this year. This is my favorite graph of who whole thing. In terms of validating why we replaced the meters, this is a plot of an annual increasing complaints on the meter shop and we had gotten up to 18,000 in 2009 and we dropped that well back before our 2005 levels and expanded the meter system somewhat. Remember, we filled in holes where they were blocked for whatever reason, so this is pretty amazing. In terms of investing in technology, we've been able to reduce our need for enforcement by two officers in the downtown area because of the change in technology. What that means is we're now able to start deploying those officers outside of that metered area to better manage the parking system in the nonmeterred areas as well. Very proud of that. An unanticipated benefit and that's how I'm going to paint it, we anticipated in 2000 and 2008 and 2009 there would be a slight reduction in the number of tickets issued because we were transitioning the system. What we didn't realize is that after the system was in, people were going to choose to pay for parking instead of risk getting a ticket, and so we actually had an unanticipated reduction in the number of tickets we issued this year. I look at that and I hope the courts do as well that we would rather collect that revenue through the meters as opposed through tickets. As we extend hours and do a few other things in terms of better managing the surrounding neighborhood parking areas, those tickets will come back. We don't get the revenue in parking management, but that may be identified as a whole in the court's revenue budget. So I think it's a good thing. That's it.

Mayor Leffingwell: Thank you. I don't have any questions. I'm going to comment that i think it was in the early part of the last decade we abolished the transportation department, and, you know, monday morning quarterbacking, I think that proved to be a big mistake. You know, I'm just so pleased that now we have not only a transportation department but a transportation department that is making dramatic strides in improvements in our traffic and our street conditions. Speaking not as a mayor but as a person who drives austin streets, it is noticeable. There's been a noticeable improvement. A few notable

exceptions downtown and -- but, you know, I just want to commend the three of you specifically who new to the staff and the city manager who has been a driving force since he took this job as city manager, he has made transportation and road maintenance a priority and I'm very glad that he did and I'm very pleased with the results. Anything else?

Just that we appreciate that, mayor, but you are looking at three gentlemen that deserve all the credit right there. My hats off to you too.

Mayor Leffingwell: As i said, you were the one that put your support behind it and made this a priority. These guys, outstanding city employees, did a great job of implementing it.

Thank you. Mike? Hernandez I had a dramatic drop in complaints last year too after I changed my phone number and didn't publish it. [Laughter] absolutely kidding. I want to echo those comments. You guys are doing a great job. More specifically in east austin where I live and drive every single day, dramatic, dramatic improvements all throughout east austin. Very noticeable. And it's been relayed laid to to me it's very appreciated as well. We finally have a system in place and culture that doesn't seemingly -- we haven't ignored east austin, but obviously there's strong feelings in some cases we have. Is pretty amazing. In terms of investing in technology, we've been able to reduce our need for enforcement by two officers in the downtown area because of the change in technology. What that means is we're now able to start deploying those officers outside of that metered area to better manage the parking system in the nonmetered areas as well. Very proud of that. An unanticipated benefit and that's how I'm going to paint it, we anticipated in 2000 and 2008 and 2009 there would be a slight reduction in the number of tickets issued because we were transitioning the system. What we didn't realize is that after the system was in, people were going to choose to pay for parking instead of risk getting a ticket, and so we actually had an unanticipated reduction in the number of tickets we issued this year. I look at that and I hope the courts do as well that we would rather collect that revenue through the meters as opposed through tickets. As we extend hours and do a few other things in terms of better managing the surrounding neighborhood parking areas, those tickets will come back. We don't get the revenue in parking management, but that may be identified as a whole in the court's revenue budget. So I think it's a good thing. That's it.

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have. There's growing pains with it. East 7th street, prime example. Major project. I think it's going to be a wonderful project once it's ne but we're struggling. There's a lot of businesses complaining and hurting and we're getting through that as he best we can. You guys have been extremely responsive every time we've asked for help with a business that's having problems, you guys have jumped right to it and I really appreciate that. Thank you.

Mayor Leffingwell: Any more questions of staff on this? Thank you very much. Chris.

Riley: First I want to commend you too. It's a great presentation. I just have a few questions. On slide 74, 24% increase in public works support services, is that due to additional signal tax in the downtown

No. Those are two staff positions that we are taking over from watershed protection. They are fairly high level individuals who go out and they verify the rates that are assigned based on the [inaudible] in the ordinance and then verify the collections. There's also in there a h.r. Specialist. team supports three departments. It supports transportation, public works and contract and land management including the real estate office. If you include all our crossing guards, we have over 800 people in those departments and only six to support them. The standard in the business is one per hundred. So that's included in that amount. And it's also a cost in there for an additional finance person to collect and bill the water utility for the utility cover repairs. The water utility assets more prompt in our billing. That position is reimbursed from moneys we get from the water utility. That's what drives the

Riley: Okay. Got it. On the lane miles of preventive street maintenance, page 77, howard, I really want to thank you for increasing the percentage of streets that are done with the overlay, as you were discussing. My first year in office, that was the big complaint I was getting was people were unhappy with the seal coating. It's an issue for drivers. There was a lot of unhappiness. I was getting a steady stream of complaints about the seal coating and frankly I've not gone hearing that any more at all which is kind of surprising because we are still doing a fair amount of seal coating.

Last year we went to a much smaller size aggregate in the seal coating and it did two things. It gets a smoother surface and begins to look like an overlay. Because it's smaller rock and we sweep it, we can get more of it up. We went all of last year and i don't think I got a complaint.

Riley: There were a tremendous amount before. I'm really appreciative. Even though we still see a large number on the seal coating and which is holding constant, even that has become less problematic because we're using a smaller size aggregate and we're doing a better job of cleaning up when we do the work.

That's correct.

Riley: I really do appreciate that. And the last thing, more kudos, slide 93 on the parking meter complaints, I knew parking meter complaints were down but I guess I had not realized how high they were. As of 2009, this stagger,ing we got 18,000, about 350 a day. 365 Days a year, 50 complaints every day for the entire year. That's a lot of complaints.

It was driving the process. And you know, that was one of the interesting things. Until we stepped back, we had been trying -- we as an organization had been adding staff to just deal with the complaints. Band-aid on it until we said we need to fix the problem. So now we're able to start redeploying that staff into doing nor productive activities. It's a win-win situation.

Riley: Good work. I really appreciate it. Thanks.

Mayor Leffingwell: Anything else. Bill?

Spelman: It's interesting that your complaints have gone down in lots and lots of places and I think it's great. I would join the commendations, but I know you guys are technicians and I don't think it's a good thing for technical people to get too much encouragement. Lawyers we need to encourage -- never mind. I start with lawyer jokes. One place where you are not getting any additional points or production is on street traffic signal timing and on -- and I'm wondering whether or not these are good places [inaudible].

Well, let me address two things there. In terms of the signal system, number one, I think we're shooting too low if we're only expecting a 39% support rate. So I think we need to shift from a signal by signal approach to more of a system-wide acknowledgement that, you know what we hear during [inaudible] is that it needs to be more than about just signals. It needs to be about the total flow and the total operations. And I think we can get more out of our systems. Some things we're going is we're moving to an advanced transportation system that's sort of the big controller in the black box that controls the signal system. We're moving towards a more data season trick approach. And we're going to be looking at how we better time the overall system. And so let me back up because I see some confusion on your face.

Spelman: A little bit, yeah. We're not doing that already?

Other cities look at their entire grid as they make changes and so that they can have more timing plans meaning they can split the day into more than peak and off peak so they can do morning peak, off peak, all the different phases because traffic has become much more dynamic as we continue to urbanize. We need to do that and that's what we're going to be doing. The challenges that we don't operate all the signals within the urbanized area of Austin. So for instance that means there's some txdot managed signals within our environment. There's some other towns, like west lake and the county that operate signals, and so we're moving to partner with those other agencies to try to have a more holistic approach. Let's get together and come up single system. We have to be more dynamic so when mopac or i-35 get congested, we have to be able to make a system change as opposed to now we have to adjust each signal. That's where we are. It's a scary horizon because there's not many other municipalities that do that. So that's part of it. The second question I think is troubling, the one that says how do you feel about flow on major streets. We don't know what the public is perceiving as a major street. Are they thinking of mopac and i-35 or lamar, lavaca. It's a quandary and we need to get better at how we ask those questions as well.

Spelman: Well, even with that said, we've posed two hypothetical problems too. Many years ago I heard, i mostbar gave an explanation for how he was proposing to [inaudible] in our street. And the point he made there is that the easiest way to -- it depends on whether you are talking about one way and two-way streets, depends which way the flows are working in both directions or predominantly one direction or the other, and it's extremely complicated. The point he made was that the easiest way to get traffic signalization wrong is to pick a direction and have green lights all the way in that direction because everybody else is going to get screwed '. And what I took away from that and it was a long time ago when he told me that, was that people may believe that the traffic signals are very, very well synchronized when in fact the synchronized in the direction her driving. Is there some more technical means of measuring the effectiveness of our synchronization system than just asking people if it's working?

Yes, through simulation modeling of the system to get an overall system delay. I think people focus on travel times. As we start to look at this new horizon, and I'm not defining it perfectly because I think that is undefined where we are headed. We need to start focusing on what's the average travel time for person to get from a to b or their normal commute. What we heard was give me options. I think there's a large number of people out there that don't have options other than to get on mopac or i-35. And so if we can give them options in terms of transit options, in terms of pedestrian options, in terms of bike options, we can start to build an understanding that we're a growing city, our downtown is -- it's going to be tough to get to. We should expect that. But if you are willing to make some travel choices or some --

change your habits, it might be more effective for you from a travel time perspective to get to where you are going. So I think it requires us to mature our understanding as a community what it means to commute in the future. And then start to work on doing that.

Spelman: I think some people's expectations set in THE LATE 1980s WHEN NOBODY Lived here and you can travel from one part of town to any other part of town.

I think those days doctor gone.

Spelman: And changing expectations will take a while. In the meantime, I'm still concerned with apparently low numbers, like 44, 45, 29, when in fact you guys might be doing about as well as can be expected given the loads we get on our streets. And I would much -- be much more comfortable with a performance measure which were like the t. I measure, percent additional travel time due to delay, due to [inaudible] errors or something like that.

Right. Councilmember, let me add that into our mix of ideas for how to better start reporting in terms of our signal system. Again, I think our instruments are fairly blunt and I'm work on that.

Spelman: I think if we put a pencil to it we would come up with an estimate that would better reflect how well you are doing.

Shade: Councilmember spelman's questions made me think of why wouldn't we have a few specific commutes and a few specific times of day that we just regularly test, you know, for instance, that you have some kind of a metric. And secondly, the other part was I know that I've seen or heard cited several times studies that are done and we're now what is the most congested -- we moved up from -- we're like the worst to the best.

Mayor Leffingwell: We're not longer the most congested mid size city because we're now a large city.

Shade: Okay. Wouldn't we being looking at how we fare on that or how it's being measured.

I don't think it's a single measure that gets us to where we want to be in terms of evaluating how well we're doing on that piece of flow. News week just published we're the sixth most congested city right behind new york city and some of the other ci where, scratch my head, it's much more congested. That's what we're going to try to being working on so we can get give information. Some of the attributes we're looking at is travel times. Can we track, you know, cell phone pings or --

Shade: Toll tags.

To get a better understanding.

Shade: That's what I was thinking about is the toll tags. [One moment, please, for change in captioners] .. but for the austin water utility, we would be projecting 93 increase for the typical user, and you can see how that is defined, the typical user being somebody, a residential user who uses about 8,000 gallons of water per month on average and 4500-gallons of wastewater, that is comprised of 40 sustainability fee, as well 2% systemwide rate increase. They have a lot of work to do with regard to their rate structure and how they're going to establish different tiers. They talked about a cost of service model, not exactly what they would bring forward, but based upon that 12% increase, the typical use of a thousand kilowatt hours per month would 91 increase in their monthly bill. For solid waste services, go the transportation fund, or transportation user fee, which funds our public works department and our austin transportation department as well as the watershed protection department, the drainage fund, we're projecting no increases in any of those utility, although i would mention a side note in solid waste services, they are proposing a increase in the 90-gallon cart. By far most people, by far the most people

use the 60-gallon 'cart' currently. In regards to the property tax bill, we're projecting a 3 penny increase in that tax bill from a 71 per \$100 of assessed value up to 76 centss per \$100 of property value, the median price at 184,484 would result in a monthly increase of \$4.73. You can see the collective 57 is what we would be projecting. I wanted to talk a little bit about our budget time line and some of our next steps and we are right now in the process of working with our department to look at some ways that we could reduce our projected budget increases and thereby hopefully bring down projected rate increases, they're in the process of looking at potential budget reductions and we are trying, we're going to be working late, trying to get that LIST PUBLISHED BY MAY 11th, I Don't know if we're going to make that, but we are making every effort to do so. Council passed a resolution to approve and authorized a additional council work sessions throughout may, and on into june and I'm going to get on to that, talk about that a little bit more in the next slide to propose a schedule for complying with that resolution. We're currently actively engaging our boards and commissions in our budget meetings. We've had several of those meetings this week. We have a total of 36 currently scheduled and you can see the length to see the complete schedule of all of the boards and commission meetings that we're planning on having. Our online input tool where we're asking our residents to help us out with our budget and give us their ideas how we could cut costs, you know, potential budget reductions, increase revenues, any ideas that they have, that online input tool is now up and information is flowing into it, and then you can see the rest of the schedule, I think I've gone over it with you a number of times, but july 27th is when we would be presenting our proposed budget to the city council. So just wanted to wrap up with the council work sessions, the additional council work sessions which will be a little bit different flavor than what you've seen with our financial forecast presentations, we're going to be talking more about some of our department key horizon issues, some of their unmet needs, some of their performance report information, citizen survey results, things of that nature, we did a lot of that work with austin energy on APRIL 26th. We'd be proposing to piggy back on the already-scheduled tuesday council work sessions to complete this work coming back NEXT TUESDAY, MAY 10th, WITH Austin water and solid waste services, if I can get everybody to take out your pens and cross OUT THAT MAY 17th, THAT SHOULD SAY MAY 24th, I DON'T BELIEVE You have a council work session ON MAY 17th, BECAUSE THERE'S No council meeting on the 19th. On may 24th at that regularly-scheduled tuesday council work session, we would be back with planning and development review, police and fire, june 7th with parks and recreation, library, health and human services and on june 2t we propose coming back to talk about the city's overall capital improvement plan. Those are the next steps we have in mind for our budget process, if youaveions or comments from me, I would be happy to respond.

Any queions? Okay. Thank you very much. That completes our agenda for today, so without objection, we stand adjourned at 4:25 p.m.