

City Council Work Session Transcript – 1/21/2014

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>> Mayor Leffingwell: Good morning, I'm mayor lee leffingwell. A quorum is present. I'll call this austin city council work session to order on january, 21, 2014. We're meeting in the board of commissions room, austin city hall, austin, texas. First item on the agenda is executive session. So city council going to closed session to take up one item pursuant to section 551.071 and we'll consult with legal council regarding the a-1 legal issues related to the austin fire department hiring process. If no objection, we're now in executive session.

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test. Good morning. This in

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>> we're out of closed session. We're now back in open session. We have only one pre-selected agenda item, I believe by council member morrison and council member spelman. Item no.7, the digit. Council member morrison. >> As you recall, we had a discussion about the \$51,000 exemption that we have for seniors and

people with disabilities that had been flat for decades, guess, and I and others wanted to look at the possibility of increasing that and it's a complicated process because it has to be done in proper time line to make sure it gets in the appraisal district's work flow and, also, of course, if we increase it, that will be an impact to our tax revenue, so we asked staff to do a few things to help us understand that, look at what the options were and then also to put something on our agenda which is item no.7 to actually increase that, should we so desire, and mr. Vanino wrote us a nice memo last week that was somewhat dense with information in a good way, and, so, I think there's a lot to understand here. So I pulled this so he could walk through the memo and we could have a discussion about what our options are and what folks are thinking. >> Okay. Mr. Vanino. >> I don't know if everyone has the memo. Hopefully, you've had a chance to look at it and we'll walk you through the highlights. There was a resolution passed by council in september that asked us to look at this item. Asked for three things, one was to bring back an ordinance giving council the opportunity to increase exemption amount

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from over 65 to current level of \$51,000 to a higher amount, that's item 7 on your thursday agenda is that ordinance. It does not propose a higher amount, that would be pursuant to council discussion and a motion related to that item. The second thing it asked for was what's the fiscal impact for every \$100,000 increase in the exemption amount, so we've provided that and also some higher dollar amounts. Then it asked us to consider some mechanisms by which maybe this exemption amount could increase on an annual basis as opposed to how it's been fixed for roughly the last 28 years at \$51,000. Just by way of background, the exemption for 65 and older was first established by ordinance in 1974. It was established at a level of \$3,000 by 1986, which is the last year the ordinance was updated, the exemption amount increased to \$51,000 and also has been extended to incorporate NOT ONLY OVER 65s BUT DISABLED Persons. Today, in fiscal year '14, we have a little over 34,000 properties that qualify for either one of the exemptions. You can only get one. If you're disabled and over 65, you can only get one of the exemptions. 30,000 parcels received the \$51,000 exemption. The majority of those being the over 65, roughly 31,000 -- a LITTLE OVER 31,000 OVER 65s And about 2400 disabled people

received the exemption. In terms of the portion of our tax bill, the total assessed value of those 34,000 properties is \$7 billion. That's less than 8% of our overall tax bill so that gives you a sense of the magnitude of the population we're talking about. By the way, it's a population, I haven't had conversations yet with the city demographer, but

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certainly a population that we anticipate to be growing as more people move to the city of Austin and as the population ages, we expect that percent to increase over time. Going to the third page of the memo, and this table reflects the same numbers in the fiscal note for this item, we take a look at what increases in the exemption would result in terms of lost revenue. Again the current exemption is \$51,000. Increasing that exemption from \$51,000 to \$52,000, you can see on the table it would result in a projected revenue loss for fiscal year '15 of \$166,000. We would also like to take a five year look, so multiply that by 5, an \$830,000 revenue loss over the next five years, and then you can see how higher exemption amounts would cost us more revenue. It's not exactly a linear function but, for all intents and purposes, it's a linear function. By the time you get to a \$100,000 level of exemption, \$7.9 million revenue loss in '15, almost \$40 million over the next five fiscal years. So that's a portion of the resolution that asked us to look at the fiscal implications of increasing the exemption. In terms of how we might go about increasing the exemption in a more systematic fashion, the resolution that was before us back in September envisioned a process whereby this group of people -- my language -- but would be held harmless relatively to assessed value increases and tax rate fluctuations. So, in other words, if your tax bill currently is \$1,000, as we move into the future, I interpreted council to direct as we move into the future how would it need to increase to

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maintain the tax bill at \$1,000 regardless of what's happening with property values and tax rates. To give you a sense of the order of magnitude, we did a what-if scenario. If back in 1986 when this \$51,000 exemption level was set, if we had such a

policy in place, so the 65 and older person who, in 1986, say, was paying \$1,000, here today 28 years later, not only would they be very old, they would be 93 now, but they would still be paying \$1,000 on their tax bill regardless of what happened with the tax rate and home values which have gone up significantly over that time. If that policy was in place, we're projecting we would have today in fiscal year 15, next year in fiscal year '15, we would have \$23.1 million less revenue if we had put that procedure in place since 1986 moving forward. That gives you an order of magnitude that it's a very expensive proposal, I guess is what we're trying to say there. And I'm not sure it came out clear in the memo, but we did want to high light there's maybe concerns about that procedure because when you try to achieve this goal through this exemption amount you're talking about putting in place in perpetuity. So in 1986 where the person was paying \$1,000, they still would be paying \$1,000 today. If they were to leave the home and somebody else were to move in who was over 65, they would still be paying \$1,000 and as the median value of the home continued to increase, the exemption would continue to increase. The exemption stays in place until a future council changes it. So if the exemption amount is increasing to hold the median values fixed -- the tax bill on a median priced home fixed at some earlier date, it pretty

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much goes on into perpetuity. Not pretty much, it does. So that's something to consider that, you know, would you want to enact a policy that would not only fix a tax bill in a median-priced home for the life of that resident, but, really, forever. Staff's recommendation, given the significant revenue loss, was to avoid a policy that achieved a goal in that manner, but we did offer, you know, another consideration for council to take into account, a consideration that would recognize increases in home values, it would recognize increases in tax rates and tax bills. It would recognize the fact that this population group is often on a fixed income, so it would offer a mechanism to have increases in the exemption amount, but it wouldn't have this adverse effect of creating a fixed level of income from a median-valued home in perpetuity and, basically, that mechanism would be as simple as looking at the increase in the tax bill from the two most recent years, and then increasing the exemption amount by the same level of that increase, and, so, we ran an example

that, for a median-priced home, the tax bill increased -- in fy '13, median tax bill \$640, and in '14 as \$674, that's a 5.3% increase. So, you know, one consideration would be maybe we just increase the exemption by 5.3% to the nearest \$50,000. That would not hold this group of people harmless. Their tax bill would go up, just not as much as it otherwise would have but it gives a mechanism for the exemption amount to increase annually. We project under that scenario that the typical over 65 home owner would save about \$200 on

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their tax bill relative to the baseline scenario, which is just holding it fixed at \$51,000 over the next five years, and that would cost us about half a million in fy '15 in lost revenue and 6.5 million over the next five years if a policy like that were enacted so I hope that clarifies the memo a little bit and I would be happy to answer any questions or get into more or less detail as you would desire. >> I think I was a co-sponsor on this and I definitely remember it coming up in the budget process. That being said, I'm curious about the portion of your memo that talks the most about the huge increase that would occur and how we would -- how much would property taxes actually have to go up if we did the systematic increases in the exemption amounts, when we look at a potential \$23.1 million increase in fy '15, 2015? >> Well, and that was -- to be clear, that was a hypothetical example to try to give you an order of magnitude. It was a purely what-if scenario. What if the policy that was investigationed in this resolution from council back in september, what if that policy was in place from 1986 forward. It wasn't, but if it was, we would project we would have \$23.1 million less in revenue in fiscal year '15 just as a result of the significantly higher exemptions. It's roughly a one penny increase in the tax rate -- it's about \$8.8 million, I'm

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going math on the fly here, but probably a 3 penny increase in the tax rate would be needed to get the revenue back if we had that much latitude within the rollback calculations and I'm not sure we would. >> So if we're looking at around -- what are we now, about 50 -- >> 50.27. 50.27. And if we went up to 54, then we would be

looking at an additional cost burden of approximately how much? I'm trying to do that in my head. >> Well, I mean -- >> that would be the 123, I guess. >> Would bit the 123? Oh, the 123 million? >> I mean the 23.1 million. >> The \$120 million is saying over the next five years. >> And the 20.6 is just the 2015? >> The 23, I think. 23.1 million. 2015. It's an order of magnitude calculation, if council wanted to roll the tax rates back to the 1986 level, essentially the last time the exemption was increased, that's how much revenue would be out and you would probably need a 3-penny increase in tax revenue to get that back. >> The three-penny. >> Yes. >> From staff's perspective or your perspective, the only two you're putting on the table for the fiscal responsibility for the whole hop population is the one where we're contemplating the \$1,000 increase per year, and then the other one where you do the adjustment based on the percentage change in the bill on the median value home.

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>> Yes to the second part. I would say to the first part there's certainly an option for council to just weigh the cost, the revenue loss of an increase in the exemption, just an ad hoc, pick a number increase in the exemption, to weigh that revenue loss against your other funding priorities and your feelings about the tax rate, the level of tax rate that would be necessary. So you could just pick 52, 54, on an ad hoc basis, and look at the revenue you would be losing and weigh that against the other priorities. That's one. The other one is for your consideration, us putting our minds together and thinking what would be a logical way, a logical mechanism in which to increase this in the future in a non-ad hoc manner, we would suggest looking at the increase of the tax bill on a median valued home, the percentage increase, and increasing the exemption amount by the same percent. >> But neither one of these scenarios is actually attached to the item that we're voting on on thursday? >> No, they're not. The item on thursday would just set the exemption level, currently at \$51,000, if council takes no action thursday, it still would be \$51,000. Council needs to take some action to increase the amount, if that's what you want to do. Council member morrison. >> Thank you for your analysis and laying this all out for us. I guess I want to comment that the good news is we have this option on the table because if we want to do a general homestead exemption, we're limited by state law

at this point to only do a percent of the value. Is that correct? >> That's correct. >> So that means that it gives a much bigger benefit to the much more expensive houses as opposed to the smaller and my interest here is trying to help a population, many of whom are on fixed income and all that. So we do have these tools, so I'm glad that we do. And I appreciate the analysis that says it would be very, very

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costly for the rest of the people in austin to do tax neutrality, as you said, as you called it, to hold this population totally harmless. So I guess that's not really a sustainable way to go about doing it. One thing, the alternative -- and I guess the idea behind that is, hey, for a person on fixed income, this would allow them to have a fixed cost of a tax burden from the city, so that's why it's appealing, but maybe not sustainable. So the alternative that you suggested, when I was trying to understand it, I'm trying to understand it in terms of is there a logic behind it in terms of how does it -- how does it fit in with helping people on fixed income, and the corollary question is, for people on, quote, fixed income, what kind of increases -- and you probably don't know the answer to this -- what's the general population getting in terms of increases in terms of cost of living and things like that. So that's the two-part question. Maybe you don't want to answer the second part, but the first part is could you help me understand the idea behind the alternative? >> Well, I think the idea behind the alternative was to, you know, recognize the fact that these folks are on a fixed income and that, you know, as the value of their home goes up, it's a bigger burden on them. They have to pay that higher property tax bill and, so, this would at least provide a mechanism for the exemption amount to grow on the same rate of growth as the exemption amount would grow at the same rate as the increase in their property values. That's not the same as achieving cost neutrality, but it at least creates a logical connection between home values go up, the

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amount of the exemption needs to go up, so at least they're not, you know, losing ground relative to the amount that's exempted. You know, in regards to the second part, you know, there are cost of living adjustments built into social security, you

know, but typically not sufficient to keep pace with the growth in home values, particularly in a city like austin. >> Right. And a lot of your charts here assume a flat tax rate. >> Yes. I'm happy you pointed that out because all of our calculations, while we're acknowledging the fact that this population is likely to grow, all of our calculations are assuming that it just stays fixed. We're not assuming that it becomes a larger portion of the population, and we are assuming a flat tax rate, 54.27. So if the flat tax rate were to go up in the future, the amount of revenue loss would also be higher. >> So then in terms of looking at do we want to -- in terms of the ordinance we have in front of us, that's change from 51 to some number higher, and just to point out, we need to just be aware of the numbers you've provided to us that if, for instance, we were to increase it to 57,000, that would essentially mean that we are committing to allocating \$1 million -- or not allocating, that's not the right way to put it. That's going to cost us \$1 million in our budget next year. >> For any given tax rate. > Revenue loss. >> Yes. >> Thank you, city manager. So it's one of those decisions we make that we'll have a commitment that does impact what happens and we won't be able to change that, we'll have to adjust for it at budget time.

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So we just need to be aware of that and finding that that proper balance, because I'm very interested in increasing the exemption. >> Council member morrison, let me ask you a question on that point then we'll follow up with the city manager. Is this question about the revenue loss properly before us on thursday, this particular option? Is that going to be part of the backup, because it's not there now but we have the memo. I just want to be clear on what is before us on thursday. >> Let me just give my understanding and then you can fill in. Before us on thursday is an ordinance that would increase the \$51,000 to some other number. >> Okay. >> So the fiscal note in the backup right now does have this chart included. The chart on page 3 is the face fiscal note so we know that, say, we set it in the ordinance ordinance at \$57,000, the fiscal note tells us there will be \$995,000 in revenue loss for our budget process in september. >> I think the city manager had a follow-up on that comment. >> Not on that particular comment, but I know you were talking about the timing of it all and I believe your methodology provides for that, you know,

when this decision would get made on an annualized basis such that second incorporate it into our revenue forecast, if I recollect correctly. >> Certainly council recommend we have the deliberations on an annual basis in the january-february time frame for two reasons, one, that allows the appraisal districts to include the changes on the exemption amounts to go out on appraisals in april so homeowners know what the exemptions are and get an estimate of the tax bill so the

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estimates will be as accurate as possible. Secondly, as the city manager was talking about leading up to the april forecast, we'll be able to accurately forecast revenue based upon the exemption that council is approving. So we think it makes more sense to have the discussions right now as opposed to august and september. You know, that would be another time that would be logical because we would be having the discussions at the same time as your budget deliberations but, as a result of accurately noticing the homeowners in order for us to better forecast our revenues as we go through the budget process, I think this is the ideal time frame and would require an annual ordinance amendment from the council. The ordinance for thursday, part 2 of the ordinance talks about that the ent exemption is \$51,000. Part 4 of the ordinance has a blank line where the maker of the motion would include a new dollar amount. >> And just one follow-up question there, if we wanted to -- let's say we thought the alternative or even the tax neutrality was great and we wanted to consider that and put that in our process, would we do that by adopting a resolution that says please help us reconsider it on this basis every year? Would that be a resolution from council? >> I think that would be the preferred approach would be to have to ordinance lay out the dollar amount of the exemption and, through some resolution, council would talk about their desire to have staff as part of its annual budgetary planning process come back every february with this revised analysis and basically re-t up this question. >> Council member spelman. >> Thank you. We have been talking in terms of revenue -- not lost, it's misplaced and we'll find it somewhere else -- and you're talking about unrealized revenue. I'm going to presume our needs will be made up somehow.

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It might be we reduce the size of the budget by a certain amount. It could be in reducing the budget by this amount, we make it up somewhere else and have to increase taxes. We could do it either way. It would be helpful for me to understand how much, whether explicit or implicit, by raising taxes or keeping taxes where they are and not spending it on other things we could be spending it on. Implicitly, we're shifting the burden of taxes from one group to another group so that older folks and disabled folks who own or are buying a house would be buying things systematically less and people not disabled or over 65 and who own or buy a house and people who are renting will be paying more because renters pay property taxes just through rent, not overtly. And it seems to me that having a sense for how that shift is going to look would be helpful. [Changing captioner] >> which means nobody is paying more.

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So I think that's why I had the reaction, as council member morrison did, is that it depends, and it does, on what you all decide to do. >> Spelman: Regardless of whether we choose to make up the lost revenue by increasing taxes elsewhere or not, there's still a shift in the burden of whatever spending levels we're talking about from over 65 disabled owning a house to everybody else. I guess what I'm talking about is what does that shift in burden look like? And my best guess, it sounds like pretty much your best guess is if, for example, we increase the exemption to \$70,000, that's going to put about a hundred dollars in the pockets of over 65 disabled owning house -- owning households -- house holds. They get a hundred dollars back. Everybody else has to pay 8ed, whether it's explicit or implicit, that \$8 has to be there. That's the shift we're talking about. If there is a way of putting a pencil to that and reaffirming that that \$8 is about what we're talking about I would like to see that, and perhaps we could frame this in the way if we were going to be able to make up the lost revenue by increasing taxes elsewhere, what would that increase look like? >> I think the only nuance on that back of the napkin analysis, council member, is I think you're taking the 8% that these -- this -- these 34,000 people, are about 8% of the total tax roll, so if we give them a hundred dollars break we need to make \$8 up from the rest. I think that's about right, but the total tax roll

includes all of our -- all of our business tax base, and so if you want to try to narrow it down to just what is the impact on homeowners, I think we'd have to put -- definitely would have to put pencil to paper, get out our spreadsheets and figure that out. It might not just be \$8. It depends upon the overall structure of the tax roll and how much is in commercial versus residential. But we can do that work by thursday. >> Spelman: I started to that but I ran out of space on the back of the envelope I was working with. I got another question for you, and this is -- this is

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not a question, necessarily, for you and your staff, buff -- but it's a question I'd like an answer to. That is we're talking about providing a benefit to a class of people who are over 65 and disabled. Those who are owning or buying a house. But implicitly or explicitly that burden is going to be borne at least in some small part by people who are also over 65 and disabled but are not buying a house, they're renting a house, renting their building quarters. And if it's a hundred dollars benefit versus a \$8 cost or something of that form it doesn't feel too scary. On the other hand, my guess is that the majority of disabled people are renting, not buying. And that the people who are over 65 who are renting, not buying, probably have a smaller income or more restrictions on their income. It's less likely to increase with inflation, for example, than people who are owning or buying a house. And I'd like to get a better sense for what kind of numbers we're talking about for just that over 65, just that income restricted population. How many of those people own a house and how many are in rented quarters. Is that something that ryan robertson or somebody else on the staff could give us an estimate for? >> It would definitely be ryan that would have the data. I don't know that he will have the data but we could certainly check on that. >> Probably senses data or -- but I would -- census data, but I would like to have a sense what kind of shifts we're talking about in that respect. >> Okay. >> Cole: Council member riley? >> Riley: As long as we're talking with ryan robinson, it seems like we might see if we can integrate some of his numbers with respect to the growth of those who are -- the group of population who is over 65 and disabled would be a little harder to forecast, but we have had presentation business the silver tsunami

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and the graying of our population, and it seems like as we consider the impact of our decisions today, that it would be helpful to be able to integrate that concept. I understand -- I hear you saying that we are assuming that -- we're not taking that into account currently, but it just seems like if we know that's on the horizon, why wouldn't we factor that in? And so it seems -- so maybe brian robinson could help us come up with some numbers for the next few years in terms of change -- the change -- the anticipated growth in the population of homeowners who are over 65 in particular so that we'll get a better sense of the -- of exactly what shift we're talking about. As council member spelman mentioned, we're talking about a shift between two -- two different groups, and one of those groups we expect to be growing significantly in size relative to the other. So -- >> sure. >> Riley: So it seems like we ought to be able to get a forecast of the impacts over the next few years that takes into account that change in that population. >> Cole: Council member martinez? >> Martinez: Thanks. Ed, I want to ask, it's posted for this thursday, but is there any wiggle room in that timeline? And if so, what would you say is the drop-dead date? >> Probably around mid-march in order for the appraiser to get it on to the tax notices. >> Martinez: Because I think we're having some great conversations, and it's even raised more questions in my mind, but here's the one thing that we haven't said that I'd like to explore, and that is to at least reach out to the other taxing entities to talk about what we're doing, to see if they'd be willing to contemplate it with us. What I anticipate is we go through this very difficult process of figuring out how much it's going to impact our budget. We implement a greater exemption, and at the end of this year their tax bill just goes up anyway because there's so many other taxing

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entities over a piece of property that there would be no measurable effect in terms of what they pay in property taxes next year. So for me I'd just like to know, would the county or would aisd or acc contemplate it, central health, all those other entities? I think this is appropriate. I think we should do this work. I think we should increase the homestead exemption for seniors and disabled, but I also think we shouldn't do it without at least talking to the other jurisdictions, because I think it's

going to -- it could have no effect at all or a very, very minimal effect if we're the only entity within, you know, that's taxing over those properties, to consider it. >> I could provide you a little bit on that. Of course, the largest property taxing entity is the school district. They're about half of the overall tax rate, and they're mandated by state law to offer a \$10,000 exemption and then the tax bill for over 65 becomes fixed. So if you're paying a thousand dollars to the school district, the year you turn 65, you're paying a thousand dollars until you decease. But, you know, the difference there then is if another over 65 person moves into that home, it kind of resets, right, the taxable value. So you get that resetting, so you don't fix it in forever. So that's what the school district does, and the county does offer a \$70,000 tax exemption, so we could have a conversation WITH THEM, FOR OVER 65s. But we could certainly have a conversation with them very quickly in regards to if there is any discussions or possibility of them maybe implementing a policy where their \$70,000 exemption would increase in a success -- systematic fashion. >> I want to know the cause and effect of our decision holistically with the other jurisdictions as to what it does. Our percent is 17% of the tax bill. 17 to 20%, depends on

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your home and if it's a homestead or not. >> Cole: And I know that we have been criticized in the for not having a larger tax exemption compared to -- to especially the county, and these been reasons for that, and our inability to kind of fit it into our fiscal picture. But I do think it's a great idea that we reach out to those other entities, and oftentimes we are lumped in with the other entities in terms of the public's thinking that we have control over the total tax bill. So I think that's a very good idea. Any other comments? Council member tovo? >> Tovo: Yeah, we might have an opportunity to have that discussion as a council subcommittee. The last couple years, I believe we've been having discussions among the county, school district and the city about our budget coming up, both at audit and finance and at our joint subcommittee. I'm looking to my colleagues to see if they know when we're scheduled to do that again. I know we have a joint subcommittee meeting next week but I don't believe it's on the agenda to have that. But that could be something that we did as part of that presentation, if the timing works out well. Do you happen to remember when we did that? >> I think there was an email exchange that we were --

that the group -- the financial folks were on the agenda again with the joint subcommittee here at the end of january, and I don't think we've really landed on what we'd be bringing forward to the group. And so maybe I can go back and suggest that we bring forward a discussion about the exemption levels of the different entities. That might be a worthwhile topic for the subcommittee to look at. >> Cole: I believe we did that both places last year. I believe it was in audit and finance and then did it in the joint subcommittee, and we had a little bit more participation in audit and finance, I believe, from the school district, and that was very enlightening because their finances are so complicated. So I think we can plan to do that at a committee meeting again and bring this back, council member morrison,

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after we have some of those meetings. >> Morrison: Sure, that sounds great. I think it was central health we missed out on at the joint subcommittee, and I know they had a lot going on back then, so I think that would be great. But you say you are on the agenda for january? >> I've not seen the agenda, but I was noticing that we were on the agenda and we started some early discussions about whether or not we wanted to have the same discussion basically we've had the last two years about overlapping tax rates and projected future bond elections and the impacts on taxpayers. Or if we wanted to try to do something different. So that hasn't been resolved yet. But I certainly think maybe having a discussion about the exemptions offend by these different jurisdictions and trying to tee up some of the topics that council member martinez mentioned might be a good use of that time. >> Morrison: That would be good. I do think that having at least a brief presentation including some of that other information about overlapping and protections and elections, especially if we could do it more quickly this time. I know before, you know, we had all the discussion about the challenges with the school district finances and all that so we might be able to skip some of that. I do want to mention one related thing, and that is I think it was representative rodriguez had on the -- at the ledge last session and hopefully he'll do this again, and that would to change the state law that would allow us to do a flat exemption amount. And we did have a resolution, I think council member martinez and maybe one other -- I apologize, but the whole council adopted it, and that was to support it. So that would -- that would allow us to -- one

thing we might think about is -- is that in the future hopefully we'll have that option. So everything we do, obviously, has to be flexible and reevaluated and all those terms, and then just -- secondly, I think it's a great idea to get a

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broader conversation among all the taxing jurisdictions, especially about what kind of sort of process and fundamental we might want to do to an annual basis. The bottom line is at some point we're going to have to do some kind of ad hoc reset if we want to increase it from 51 to something, which would then kick into an annual basis. So I think a lot of the discussion about what's the trade-off to go from 51 to 52 versus 60 or 70, that's the kind of thing that the additional information that council member spelman was talking about will help us make an adjustment. So putting this off and postponing it for, you know, a bit I think will be real helpful. >> Cole: Okay. Any further comments? Council member tovo? >> Tovo: I think I have a couple other questions that I can manage outside the meeting. If you're on the joint subcommittee agenda, perhaps we can figure out a way to get that information to the rest of our colleagues, because I think only two of us serve on that and that's council member morrison and i. But it was a very fruitful discussion. And the mayor, pardon me. And the mayor, of course. But it was a very fruitful dialogue, very akin to the one we had at audit and finance. But I want to say I think this is a very -- very -- I really do appreciate all the work you've put into this and my colleagues who brought forward this and kicked off the initiative, because I think it's a very important discussion for us to have. It was a little daunting to see if we raised our exemption amount to the level of the county, I believe it's somewhere in the neighborhood of more than \$3 million that we would have to find elsewhere in the city budget, so that's -- that number was a little shocking. But anyway, thank you all for the work. >> Cole: And I think if we had that discussion in both subcommittees, that gives us an option of some of the -- some of the other entities can't make and makes it a little bit more flexible. Is there any other item that needs to be discussed on the

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agenda? Council member morrison? >> Morrison: I see -- mr. Spillar is here and I

wanted to just get some better understanding of transit priority lanes that we're going to have having. We have something on the agenda, item no.52, I believe, that would increase the fine for parking, standing or stopping, and I thought this might be an opportunity to help folks understand transit priority lines, because frankly I'm a little confused myself as to whether people can even drive in them, where are they exactly, is it just where it says buses only or is it -- et cetera, so I thought this would be a good opportunity for all of us to get educated. >> Thank you. Robert Spillar, transportation department. Yes, there is an item on council this week to increase the fines for stopping or standing or parking in a transit priority lane and I'll talk about that in just a second. First of all, hopefully all of you know that we are doing this to assist capital metro in implementing their bus rapid transit for metrorapid, service to start this Sunday. We're very excited about it. You may have seen the larger buses testing in the corridor now. Upgraded all of the signals in the corridor so the buses are now talking to the signals and so forth. That is helping the buses move through the corridor in a timely manner. We can hold greens or accelerate greens, depending on the schedule of the buses, if that's useful to the buses to maintain their schedule of service. In the downtown core, approximately from Second Street to Martin Luther King, Jr. Boulevard on both Lavaca and Guadalupe we have added one other measure, which is the transit priority lanes. These are used in other places, cities of Dallas, Houston, New York, Seattle, a variety of other places

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use them. They are intended to assist the buses in their maneuvers for efficiency as well as safety. Immediately there will be the new buses on the first metrorapid line starting in about six months. The others will come along as well, the second line that goes down Lamar. But in addition most of the buses, if not all, from the Congress Avenue corridor will be moving to that. The lanes are for buses only, except we allow right turners to enter that lane in the block where there's the opportunity to turn right, where they are going to turn right, and so a driver wanting to turn right can enter the bus lane as they approach the intersection where they're going to turn right, and turn right just as they do today, and that's for safety's sake. In addition to the right of the transit priority lane is a new bicycle facility, and so at those intersections we would expect bicycles to also in some cases merge with the transit

lane for safety purposes, and we've designed that. The new regulation or the new fine is meant to be a deterrent. It is a steep deterrent. Obviously transit lanes are only good if they're available for transit to use, and so we are trying to put a major discouragement for delivery vehicles or for persons parking or stopping in that lane. And we've moved the traveling public over to the left so we're -- you probably noticed it right out here, city hall, as you come across the bridge you're in the left lane much quicker than you were before. We will continue to work, through education, to encourage people to do the right thing, but of course you need the deterrent there. In addition to the no stopping, standing or parking fine that is being increased up to \$500 for the

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designated lane, there is the potential of a moving violation, and so if you're a driver and you decide to ignore the bus-only, or right turns, and then drive in that transit priority lane, you may be stopped and issued a citation, a driving citation for violating a posted sign, a regulatory sign. And that is a little bit different than if you're parked or stopped. >> Morrison: That was some of the confusion I wanted to make sure we got solved today because what we're talking about on our agenda is limited to the parking, standing, stopping issue. >> Correct. >> Morrison: So I was wondering where -- where -- where is the law and how does that all work that keeps us from actually driving in those lanes? >> That actually is a standing ordinance right now, and it is a violation of a regulatory sign, a white sign that says bus only, or right turns, and I believe that's a fine up to about \$200 if you're driving in that lane. That is the standard fine that we use for violation of any traffic ordinance sign. >> Morrison: And I noticed that it doesn't say bus only in every block. Is it going to? >> Well, we're finishing the project now -- >> morrison: Okay. [Laughter] >> the weather has been toying with us, as well as the last little bit of construction out there. Typically what it will say is as you enter the block it will say "bus only," and then as you approach the intersections where you can turn right, it will give the information that you may enter there to turn right as well. >> Morrison: Okay. >> Yes. We have based our designs off of designs that other cities have used. There's -- there absolutely will be a learning curve for the public driving, atleast with the no stopping, standing and parking, we're going to do our best to educate first, but we will be working with the

transit authority. Some of the things we've thought about to help us enforce is a hero program, where if there are people

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who get reported for using it, either by the bus drivers or the cameras that are on board, we will certainly send out letters to try to encourage them to do the right thing, be a hero and do the right thing by not driving in there. But obviously if they get caught on a repeated basis -- >> morrison: Have you been working with the marketing consultant on that? >> Actually I borrowed that from another -- >> morrison: Just teas. Teasing, but it's going to be an adjustment and we want it to be successful and this is an important part of it. For the transit priority lanes we've shifted the parking as opposed to taking away actual capacity. >> We've absolutely shifted the parking. We have converted the right-most lane but we've made better use of the remaining lanes. I will tell you that during the peak periods when all the buses get moved there, there will be upwards of 65 buses per hour. You won't want to be in that lane unless you have to turn right. So it will be a lot of buses. What is exciting about that for the novice user that wants to use the transit system and go up guadalupe -- or come down guadalupe and go up lavaca, they'll literally be able to see their next bus opportunity, get on the bus, and go three, four, five, six blocks, whatever. >> And the stops are looking very cool. >> Very cool. >> And one thing I've been worrying about, in terms of the fundamental elements of making this efficient is the priority with -- coordination with the signals, right? >> Yes. >> What impact does that have on any attempts we might be making to synchronize the signals? Is there a way that it adjusts it so it keeps it in sync? >> Yes, the system will rest, if you will, in a timed system. And so we will only be adjusting the signals, and this is outside the downtown area, and so this is more on the approaches. We'll only be adjusting the signals to help those buses

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get back on schedule. To the average driver, they probably won't even know that -- or even the rider of the new buses, they will not perceive that the signal system is interacting to help get that bus back on schedule. A single change in a signal, the

system is able to recover very quickly, so I don't think that the traffic stream will observe any change in progression. In the downtown area we really are on a fixed time system that is pretimed, so in the downtown area it really is the bus lane that's providing that reliability for the buses. >> Morrison: So that priority, synchronization -- >> doesn't really work downtown, no -- well, the prioritization of the buses through downtown doesn't -- isn't effective in downtown, because the grid is so identity and the traffic volumes are such that once the bus enters it, it's really moving through -- >> morrison: You say it's not effective. Does it, in fact, happen? >> No, I don't believe it does, no, not downtown. >> Morrison: Okay. And then outside of downtown where we do synchronize -- you're saying -- >> yes, that's where it will be used. >> Morrison: And if there's an event where there is a prioritization for a little while, it defaults back to -- >> the pretime -- it goes right back into the pretimed system, where it synchronizes. >> Morrison: Okay, it's exciting stuff. >> We are very excited about it. The number of people that will potentially move through this corridor will be very high so we're very excited about it. >> Morrison: I'm glad we're coordinating and thanks to cap metro board members and all the work that everyone over there does. >> Spelman: Mayor pro tem? >> Cole: Council member spelman. >> Spelman: It's well-known in criminal justice circles, the deterrent value of something is determined less by the size of the penalty than by the probability of getting caught. >> Yes. >> Spelman: What are we or capital metro doing to increase the likelihood that somebody who does stand or stop or park in one of these lanes gets caught? >> Well, standing or stopping in this lane will make a huge impact on the

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transit system, so there will be a big focus on keeping people out. We have -- you know, prior to implementing the bus priority lane for capital metro, my staff sent out certified mail. We walked the corridor. We, you know, talked to each of the property owners. We've also talked to the distributor companies, the main distributors in the area to try to make sure they understand that this is important. We will have parking enforcement officers. They will be able to implement infraction for stopping or standing, if necessary, and so we'll be patrolling very tightly those corridors until that behavior starts to switch over. Again, the violations I anticipate will be from a new

driver that doesn't fully understand what the impact will be. We'll also be signing the fine, so -- meaning the fines will say, you know, up to a certain amount fined to stopping or standing. >> Spelman: You were talking about cameras on the buses a minute ago. >> For our insurance policies, are cap metro, they have forward looking and back looking cameras so they get hit -- if they get hit they can film that. One of our ideas is if we have repeat offenders, can we get a picture shot and educate. We will not ticket for that, don't get me wrong, but we will -- wrong, we will certainly contact that particular distributor or proprietor and ask them to make a change. >> Are we forbidden under state law to ticket on the basis of a camera? >> My understanding, yes. >> But if that law is changed we can have the conversation. >> We can certainly use that to educate and that's pretty effective. From other designated lanes in other cities, what you're trying to do is to get to the repeat offenders so that it doesn't become a habit. >> Spelman: Especially distribution companies, who once they park are likely to stay there for a while when and -- for a while and screw things up.

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>> Yes, sir. >> Spelman: Do we have the capacity under state law, or practically speaking, use the red light cameras I know we have at some intersections for this purpose? >> I'm not sure I should speak about that. I think, yes, you can give tickets on red light cameras but it's a separate discussion. I'm not sure of the details right off the top -- that's a separate issue in terms of state law. >> Spelman: I'll ask you out that a little bit later. >> Please do. And I'll get the information for you. >> Spelman: Thanks very much. >> Cole: Council member morrison? Further comment? >> Morrison: If you don't mind, I have a question. Those cameras and trying to find the perps -- the folks that are parking in the lanes, are you talking about getting license plate numbers or just looking at commercial services that actually have branding on their vehicles? >> Right. Well, I think both, and this is just an early idea, but certainly we could have in the past on others, provided prewritten letters to dps and ask them on our behalf to look up the address and send an educational letter to that driver, the repeat offender. So there is the security of a second agency that is authorized to look up the addresses. >> Morrison: But there's no automated license reading. >> There is not. >> Morrison: Like the -- they have on their fancy cars. >> No. We have

to always go through dps to get information. >> Riley: Rob, I want to thank you for your work on this. It's an exciting time for the city and cap metro. This presents a very significant step forward for transit in austin, and for cap metro as an agency. One significant aspect of it that hasn't been mentioned is that -- except for a couple times you mentioned the scheduling of buses and trying to maintain a schedule. There is -- this bus line will be a first for cap

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metro in that it won't -- we won't actually be trying to maintain fixed arrival times the way we currently do for our buses. We'll be trying to maintain certain headways and the arrival times will be displayed at the stations. If you look at the stations you see the digital signs there. That is very significant because the times that you see on those digital signs at the stations are not the scheduled arrival times. Those represent realtime arrival times based on the data that we're getting from the buses as they are in motion. So that's an exciting thing that some other cities have had for a while. That is a first for austin to actually have that realtime arrival information, which will be very important from a user's perspective. This will roll out on sunday with the brt line. We hope before too long all of cap metro's fixed route service will have -- be capable of providing realtime next arrival data. So very, very exciting day for cap metro and for the city. I did want to ask one question about the transit priority lanes, and that is with respect to the impact of the city's construction on 8th street. In fact, for a couple blocks on both guadalupe and lavaca, as of -- as of sunday when this launches, we won't actually have transit priority lines for a couple blocks -- on either side of 8th street. And rob, I understand that we expect on guadalupe this condition will last until february and lavaca until april. I think I've got that right. The good news is the work will be complete -- because the actual work will be complete on the right side of the street. So buses will no longer have to detour around the construction. They'll still be able to stay in those lanes. But my understanding is that cars will be allowed to use those lanes, even if they're not turning right at the

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time of launch. And so I just want to make sure we're very open about that so that

there's no confusion when we launch, because we will only have access to two lanes of traffic totally, that's including the buses and the cars, for those couplet- blocks right around 8th street at the time of launch. And so all of that traffic will need to be accommodated within those two lanes, and for those two -- for a couple blocks, regular traffic will be able to use those lanes. Can you speak to that? >> Yes, council member. And that will be clearly marked with the construction orange signs so that people know that it's a detour. Lavaca as well as guadalupe for most of us is four lanes, and so when we do construct in the street, it's very difficult if you're constructing in any type of trench or anything to only use one lane. And so obvious times we have to bleed into a second lane. We are working with public works to make sure that this and all future projects restrict themselves to the maximum of two lanes at a time when they cross either the lavaca or guadalupe corridor. The very north part of guadalupe is fewer lanes than that so it requires even further careful techniques to maintain at least two lanes in the direction of travel. But you're absolutely right. During construction we will be necked down to two lanes and traffic will detour through that. You know, this priority lane does go through the downtown and so there will be future projects that public works or contractors have to build that cross it. We will -- are striving to maintain always at a minimum two lanes in the direction of travel, and that -- that's the consequence of being downtown in the middle of a very dynamic construction environment. >> Riley: So we will just adjust the signage so that it's very clear. >> Yes. >> Riley: Knowing exactly what point you can use the

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right lane. >> And yes, it will be a detour type signage that will be orange that will override anything else out there. >> Cole: Thank you, rob. I appreciate you bringing this item forward. I'm fully in support of it. I think it's long overdue in support of our mass transit, and I want to commend our board members on capital metro for working so hard on it. Any further comments or suggestions? Okay. This council work session is wit objection adjourned. (Council adjourned)