

MINUTES OF THE CITY COUNCIL

CITY OF AUSTIN, TEXAS

Recessed Meeting
of the
SPECIAL MEETING
(June 24, 1953)

July 6, 1953
10:00 A.M.

Council Chamber, City Hall

The meeting was called back to order with Mayor McAden presiding.

Roll Call:

Present: Councilmen Long, Pearson, Thompson, White, Mayor McAden
Absent: None

The Council met with the Auditor, Mr. Wade. Councilman Thompson asked the Auditor his opinion regarding the reduction of the inventory in the Electric Department, the inventory standing at \$945,000. He pointed out the Department would have to reduce that inventory to \$539,000, and he wanted to find out if reducing the inventory would impair the operation of the city electric department. The Auditor stated it was his feeling the Electric Department would be impaired by reducing it that much. His basis was that the Utility Department had been used as a means of financing the general government for several years and during that period, the Utility Department had not been maintained because it could not get materials during the war and because the money was needed elsewhere. He thought the city was at the end of the road and the Utility Department could not bear 30-40% of its gross revenue to the general government and expect to operate. If there should be a collapse on any part of the distribution system, it would be serious. If you do not have sufficient line distribution you run into trouble, and you also decrease your revenue. The Utility Department is a money making department. When you can justify increasing the load, it should be done. He realized the load had reached its peak during June. Councilman Thompson asked him then that he did not think it was a part of wisdom to reduce the inventory in order to take money out of the Electric Department and divert it to pay raises. Mr. Wade stated that was correct--that if the inventory was reduced and there was a break-down in the distribution system--no materials to repair it, it would cost much more money. He could not state how much inventory was necessary, however.

Councilman Thompson asked the Auditor about the job-vacancies with the percentage of 38.7 of the total number of days to be worked in a year, and that amount of money had been expended at the end of the 5 months. He asked with those figures in mind if there were any way to figure out if there was money available or that in the balance of the year there would be money available. The Auditor stated he had not made any attempt to make a study of that situation--he felt an overall plan of more efficiency in operation should be maintained. Councilman Thompson stated that as far as actual money available was concerned and the fact that they had spent 38% of their budget at the end of 38% of the time, there was no money available to carry over for that period unless they did a reorganization that he mentioned of outlining and more closely supervising the work performed by each employee, there would be no savings in salary. The Auditor stated 38% had been allocated for 5 months and that 38% had been spent. Councilman Thompson asked how long he thought it would take to study and design a reorganization of procedures. The Auditor thought possibly a year.

Discussion was held on supervision by department heads. Councilman Long reviewed the data she had on the vacancies, but the money had been spent. She stated it had been pointed out that the money had been diverted to other expenditures, salaries, and wages for contract work--overtime of \$48,000 and for other expenditures; for getting contracts on nurses at the Hospital. In addition, other expenditures had gone into material. The accounting procedures were discussed.

Councilman Pearson suggested a citizens committee to study each Department. The Auditor stated it would be necessary to hire someone more qualified than a citizens committee--some experts to work along with the City officials.

Councilman Thompson made more inquiries about the accounting procedures. The Director of Finance explained the contractual services, and explained how subdividers' moneys were set-up when contracts were made for water mains, etc. The Auditor stated the utility system, which was the money making system, should have a budget different from the budget for general government services. He explained the difference. After more discussion on this, Mr. WADE stated he believed there would have to be a raise in taxes to provide more money, as the general government was short two-three million dollars to operate on, and this amount had been taken from the utility fund. He stated the Council was asking him where it could get money and how much could it get out of the budget, but he could not tell them--it might mean a tightening of the belt in many places, and it would have to be decided as to what could be done without the best. The citizens wanted all they could get that is free. The Recreation Department was good and it cost a lot of money; other services cost a lot, but the public seemed to want them, and it would be up to them if they were willing to pay.

Discussion on delinquent utility accounts was held. The figure of \$170,000 included the amount brought forward, and was not a delinquent amount, but customers who were 30-60 days past due. The actual figures worked out on a delinquent basis over a period of six years was .4% of 1%. The Auditor suggested getting some of the accounts off the books, as some would never be collected. The City Attorney stated they could be taken out of the active accounts, but never charged off. Councilman Thompson asked the Auditor in view of the facts that the Water and Light Departments were collecting 99.6%, and in view of the inefficiency of the billing system in the past which would be improved

by the new system, if he thought they were doing a better than average job of collecting bills. He stated it was average. Councilman Thompson asked that when the new billing went into effect and this was reduced to 85% of the current monthly billing, would that be excellent, good, poor, or what. Mr. Wade said it would be very good.

Delinquent accounts at the Hospital were considered. Councilman Thompson asked that since more than estimated had been collected, would Mr. Wade think that there would be an appreciable amount of those collected during the balance of the year. He did not believe so, as the old ones were very hard to collect, and he could not see any need to account for any five years old. He stated more activity was taking place in sending out notices, making arrangements and collecting money and the situation was much improved. Councilman Thompson inquired if in line of the improvement and collections, and in view of the possibility of the construction of the new hospital, if Mr. Wade thought there would be a better cash position than was originally budgeted in 1953. Mr. Wade did not know, since the Administrator was not there. Councilman Long proposed that the \$26,000 increase over the estimate be taken out of the budget. Councilman Thompson asked the Auditor if this would be prudent to transfer this to a fund to pay an increase in salary for 1953. Mr. Wade stated he did not know if he could answer that or not. Councilman Thompson asked Mr. Wade that with his knowledge of the City budget would he say there was any appreciable amount that could be taken out and transferred out of the budget and applied to an account, out of which money could be obtained to pay employees increased salaries? Mr. Wade, said there might be some; how much he would not know--possibly \$50,000. Councilman Thompson asked if the \$50,000 constituted the total surplus if it would be prudent municipal financing to strip the last dime out of the budget. Mr. Wade did not think so. Councilman Long felt that there would be extra money with the stepped up collection in other services as had been done at the Hospital.

Councilman Thompson suggested some system of collecting taxes on automobiles as some paid and some didn't. Councilman Long suggested a vigorous collecting of real property tax; that the 10 largest accounts on the books should be taken and suits brought against them, and follow up on others. Councilman White also thought 10 or 15 of the largest could be picked out and suits immediately filed. Councilman Thompson suggested filing suits against all that were delinquent.

Councilman White asked Mr. Wade if this \$50-75,000 could be taken out of the budget without hurting the City. Mr. Wade stated the budget activities would have to be curtailed.

Councilman Thompson asked Mr. Wade again whether or not he thought it was prudent to take any money out of this budget during the balance of the year. He thought it was up to the Council to see how much the raises would be and how much new money would be needed. Mr. Wade explained budget making and estimating revenues throughout the year, stating lots of factors entered in. He stated this was a tough question, and he did not know if he could come to a satisfactory reply.

Councilman Pearson submitted his proposal.

Discussion was held on 40-hour week. Councilman Pearson urged the

Council to vote on his proposal, or modify the 40-hour week paragraph. Councilman White could not go along with the \$20.00 raise on fire and police employees. He favored \$30.00. Councilman Long favored \$30.00 also for the fire and police. Councilman Pearson felt that all city employees below \$5,000 were in need of a raise very badly. Councilman Thompson opposed a raise for the fire and police which was out of proportion to raises for other employees. Councilman Long did not favor a percentage increase. More discussion was held on number of completions of new houses anticipated, new meter connections to be made, and other statistics.

Councilman Pearson offered the following and moved its adoption:

After our very extensive study of the City's 1953 budget, I am absolutely convinced that a pay raise for the city employees is not within the scope of the budget without cutting back tremendously on expansion and services offered by this city. I do not believe the people of Austin would want this Council to do such a thing. We can continue to go forward towards meeting the tremendous expansion problem confronting the city only by a move forward to try to equalize our pay schedule of the city employees and in order to do this we must raise some additional revenue.

As the overall survey reveals that firemen and policemen together are an average of 10½% below other cities and that all other city employees are an average of 9% below, I propose that this council try to equalize this deficiency by increasing the light rate on all commercial and domestic rates in the amount of 10% and use this revenue to pay firemen and policemen an additional \$20.00 per month increase, and all other employees of the city making under \$5,000 per year a 5% increase. To be able to do this, we must take from the 1953 budget \$10,233. (See attached data sheet)

I also recognize that the city is confronted in their offices with a 40 hour work week problem. I would recommend that all departments preferring to move back to a 40 hour work week, retaining their present take-home pay, be permitted by a written vote of 3/4 of their employees to put into effect a 40 hour work week in preference to more take-home pay. Also, if this pay increase is put into effect I recommend that this council vote that it be retroactive to July 1, 1953.

DATA SHEET

1953 Commercial and Domestic

Electric Utility Revenue	\$ 3,137,000
Rate Increase of 10%	10%
Produces additional revenue of	<u>\$ 313,700</u>
Police and Fire Personnel	
Police	160
Fire	<u>193</u>
Total	<u>353</u>
Pay increase of \$20.00 per month, or \$240 per year	
Total amount needed for Police and Fire	<u>\$ 84,720.</u>
Amount available to be distributed to employees earning under \$5,000 per year	\$ 228,980.

Total City of Austin payroll as per budget	\$6,301,483.00
Deduct Fire and Police Payroll	
Police	\$548,421
Fire	<u>664,514</u>
Total Fire and Police	<u>1,211,935.00</u>
Total Other	\$5,089,548.00
Deduct: Payroll of employee earning \$5,000 and over	<u>305,284.00</u>
Total payroll under \$5,000	<u>\$4,784,264.00</u>
Total amount required for 5% increase	<u>\$239,213.00</u>
Amount required from current budget	10,233.00

Note: All figures based on annual payroll.

Councilman Thompson moved that we adopt this suggestion of Councilman Pearson's with the provision that if this vote, on the part of employees makes it impossible for us to effect this 40 hour pay within those departments and come within this amount of money, then we go back simply to \$20.00 per man in Fire and Police Departments, and a 5% pay increase to all other employees under \$5,000 and ask the City Manager to instruct the City Attorney to prepare a Resolution for next Thursday's meeting; that we vote a certain increase in revenue and in the same resolution that we raise this pay accordingly; and also prepare the necessary ordinances to effect that.

Councilman Pearson accepted this amendment. Councilman Thompson then seconded Councilman Pearson's motion.

Councilman Long moved to amend the motion to read \$30.00 for firemen and policemen and a \$10.00 a month across the board increase, allowing the 10% utility increase with the stipulation that it be reviewed in December and removed if possible. I believe with the step-up practices promised with the Administration and with added resources from equalization program, it could be dropped; that the Manager be instructed to make additional appropriations needed by following the procedures and practices outlined by my earlier plan; leaving in the 40 hour option proposal.

The motion, seconded by Councilman White, failed to carry by the following vote:

Ayes: Councilmen Long, White
Noes: Councilmen Pearson, Thompson, Mayor McAden

Roll call on the original motion showed the following vote:
Ayes: Councilmen Long*, Pearson, Thompson, Mayor McAden
Noes: Councilman White

The Mayor announced the original motion had carried as amended.

*Councilman Long stated she could not vote down an increase for City employees; however, she thought it was a very small token of an increase, but she would have to vote "aye". She thought the Council was making a terrible mistake.

The Council then adjourned.

APPROVED:

CA M Eddy
Mayor

ATTEST:

City Clerk