



**Austin City Council  
MINUTES**

**WORK SESSION  
THURSDAY, FEBRUARY 20, 2003**

**The following represents the actions taken by the Austin City Council in the order they occurred during the meeting.**

**The City Council of Austin, Texas convened in a Work Session on Thursday, February 20, 2003 at Zilker Botanical Garden, Located at 2220 Barton Springs Road, Austin, Texas.**

Mayor Garcia called the meeting to order at 10:26 a.m.

**1. Briefing and Discussion on Budget Issues.**

**City Manager Toby Hammett Futrell did the introduction for the budget review process.**

**Budget Director Rudy Garza presented the early forecast for both revenue and expenditures. The early forecast shows a \$77 million dollar deficit.**

**City Manager Futrell discussed the current year status, including the decline in sales and property taxes. Current year revenue loss is estimated to be \$8.2 million. Departments have been given an operational savings plan that should save \$6.0 million. The City is in a strategic hiring freeze where only front line positions needed to maintain current service levels are being filled. Also, all major line items like workers compensation are being reviewed for savings.**

**Assistant Director of Finance Vickie Schubert described the innovation project discussions that are underway with all employees to find more efficient ways to deliver service. Public Safety departments are participating in the innovation project. Employees can provide suggestions in various group settings or anonymously. City Manager Futrell indicated directors have been instructed to engage employees, their boards and commissions and customers in finding solutions to the deficit.**

**City Manager Futrell discussed personnel issues. Sixty-five percent of the General Fund is for personnel costs. Employees probably will not receive a pay increase for the second year in a row. The directors were asked to broaden the span of control of supervisors, reduce layers of management, and consolidate tasks. She is trying to achieve a 10% reduction in executive level positions; some of which may be achieved through retirement. Another area of review will be in the reduction of overtime.**

**Mayor Garcia recessed the meeting at 11:23 a.m. for lunch.**

**Mayor Garcia called the meeting back to order at 12:30 p.m.**

**City Manager went over three policy assumptions made in the forecast calculations: (A) Austin Energy and water and wastewater utility transfer rates will remain at the level set by the City Council of 9.1% and 8.2%, respectively. (B) Anticipated rate increases projected for 2003-04 are: water 4.1%; wastewater 5.9%; residential drainage 8.8%; and commercial drainage 27.5%. (C) Property tax rate will be kept at the nominal tax rate, if at all possible. However, assessed valuation for fiscal year 2004 is estimated to decline by 3.9% so it may not be possible to balance the budget without a property tax rate increase. A formal recommendation on the tax rate will be given by the City Manager in May after the expenditure reduction exercise is completed.**

**City Manager Futrell discussed the options of continuing to provide full services at a reduced number of facilities or reduced services at all facilities. Ultimately the City will be faced with how and where to reduce services.**

**Budget Director Garza led the discussion about the opening of new facilities. He stated that since 1998, Austin opened 18 new facilities where the ongoing operational expenses are paid from the general fund. In the next three years, the City is projected to open 23 new facilities that will be supported by the General Fund. The general fund gap is increased by the operating and maintenance budget, both fixed and variable costs, when new facilities are opened.**

**Assistant City Manager Michael McDonald led the discussion about social services funding. The total last year was \$13,720,000 and the Council directed staff to maintain funding for all the social service programs. He asked for Council direction because, with the downturn in the economy, the demand for these services has increased.**

**Assistant City Manager Laura Huffman explained the public safety premium and asked Council direction for meet and confer.**

**The motion to adjourn the meeting at 2:29 p.m. was approved on Council Member Alvarez' motion, Council Member Slusher's second on a 7-0 vote.**