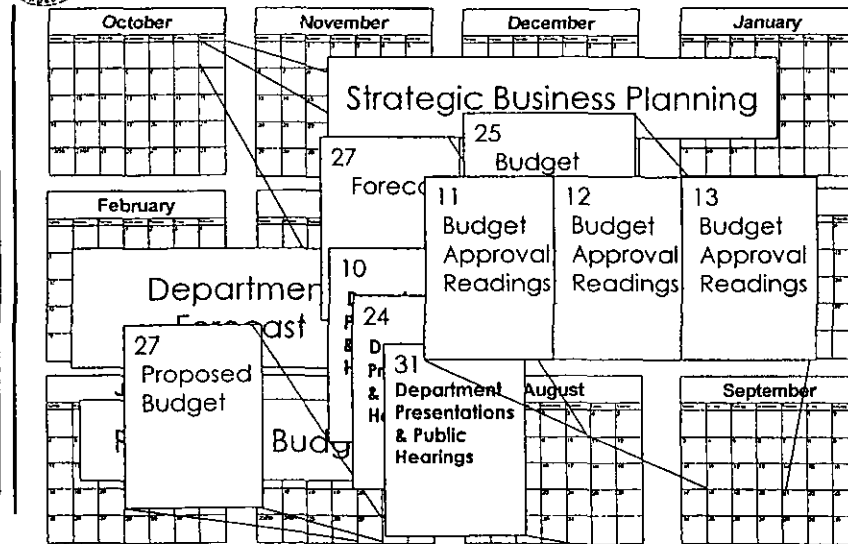




Budget Timeline



July 27, 2006

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Outline

- ▶ Overview of Proposed Budget
- ▶ General Fund
- ▶ Budget Stabilization Reserve
- ▶ Citizen Survey
- ▶ Re-investing in Our Workforce
- ▶ Budget Highlights
- ▶ Unfunded Strategic Adds
- ▶ Utility Rate Increases
- ▶ Budget Schedule

July 27, 2006

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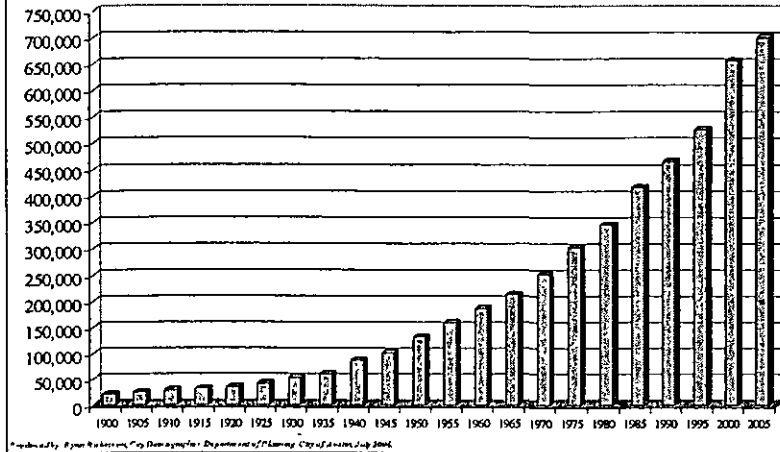


Proposed Budget Overview



A Growing City, A Changing City

City of Austin Population History



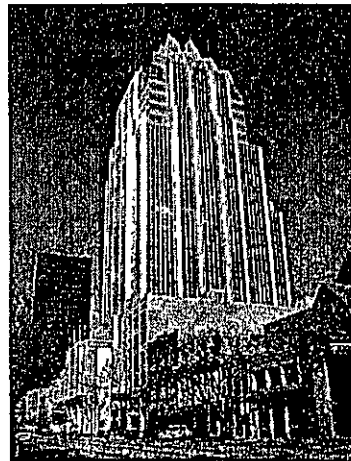
July 27, 2006

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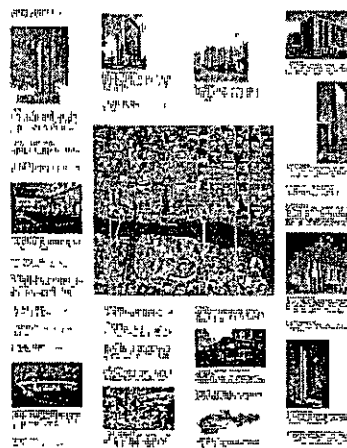


A Growing City, A Changing City



Downtown Austin Emerging Projects

Projects, and at least two-thirds of the funding provided by the participating city of Austin.



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Revenue

General Fund Revenue (\$ millions)			
	2007 Forecast	2007 Proposed	Change
Property Tax	156.3	156.5	0.2
Sales Tax	149.6	150.7	1.1
Utility Transfers	106.1	106.5	0.3
Other	107.7	111.6	3.9
Total Revenue	519.7	525.3	5.6

► **Certified tax roll results in additional \$935,000 in property tax revenue at the effective tax rate**

July 27, 2006

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Cost Drivers

From Forecast ... to Proposed

Major Cost Drivers (\$ millions)			
	2007 Forecast	Adjustments	2007 Proposed Budget
Public Safety	\$24.0	(\$1.0)	\$23.0
Health Insurance			
• Public Safety	2.4	(1.2)	1.2
• Non-Public Safety	0.9	(0.4)	0.5
Pay for Performance			
• Public Safety	1.3	(0.1)	1.2
• Non-Public Safety	2.0	(0.1)	1.9
New Facilities O&M	0.9	0.1	1.0
Other Estimated Cost Increases	9.0	(0.2)	8.8
Total Estimated Cost Increases	\$40.5	(\$2.9)	\$37.6

July 27, 2006

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Rebuilding Services ... Responding to Growth

- ▶ Invests in Our Workforce
- ▶ Invests in Our Community

Strategic Adds by Category	Added to Proposed Budget
Public Safety	\$2.4 million
Community Services	\$2.4 million
Central Support Services	\$1.3 million
Total Investment	\$6.1 million
Total Full-Time Equivalents	86.0 FTEs

July 27, 2006

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2007 Budget

2007 Proposed Budget is balanced

- ▶ Proposed at the effective tax rate
- ▶ A budget of "needs", not "wants"
- ▶ Rebuilding Services, Responding to Growth
 - ▶ furthering Investment in the Workforce
 - ▶ continuing to rebuild our Service Delivery
 - ▶ strengthening Central Support and Internal Controls

July 27, 2006

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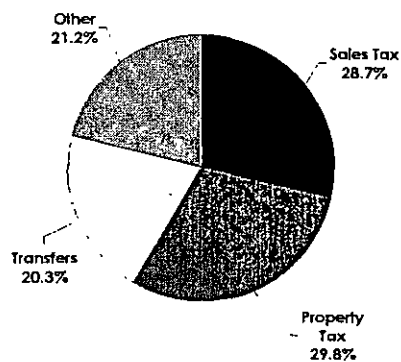


General Fund

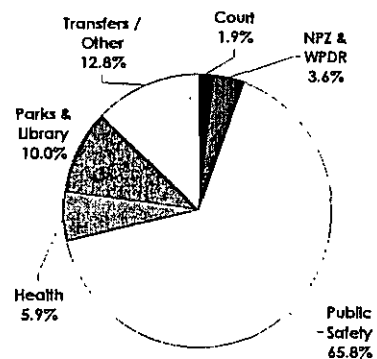


FY 2006-07 General Fund

Sources of Funds - General Fund
(\$525.3 million)

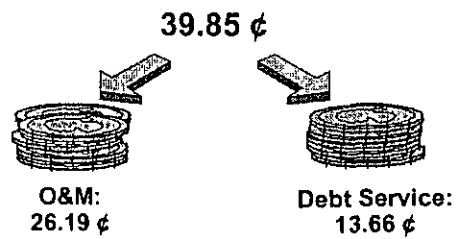


Uses of Funds - General Fund
(\$525.3 million)





Property Tax



- ▶ 14.9% increase in total assessed valuation
 - ▶ \$52.4 Billion in FY06 to \$60.2 Billion in FY07
 - ▶ Increased commercial AV
 - ▶ Strong new construction

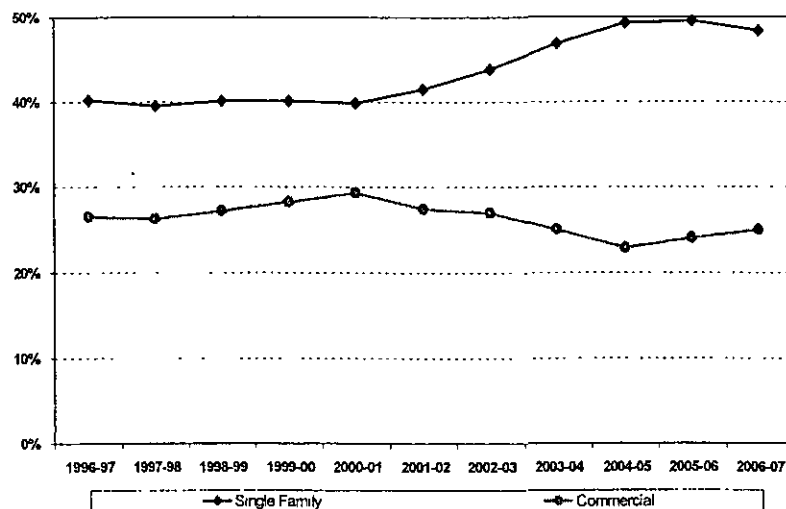
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Austin Assessed Valuation Historical Comparison



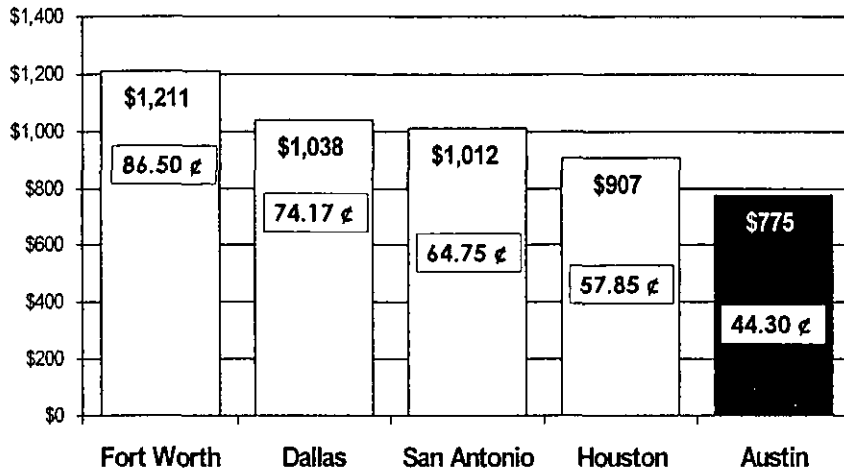
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Property Tax Bill – \$175,000 Home Comparison for 2005-06



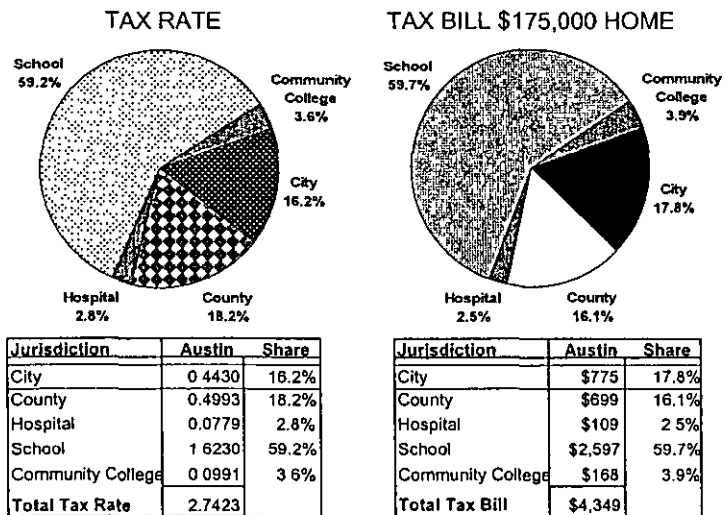
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Austin 2005-06 Overlapping Property Tax



July 27, 2006

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Sales Tax

- ▶ FY06 Estimated Growth: 12.3%
- ▶ FY07 Budgeted Growth: 8.5%
 - ▶ \$150.7 million in revenue
- ▶ Over the last 10 years, the City of Austin has not realized back-to-back double digit sales tax growth

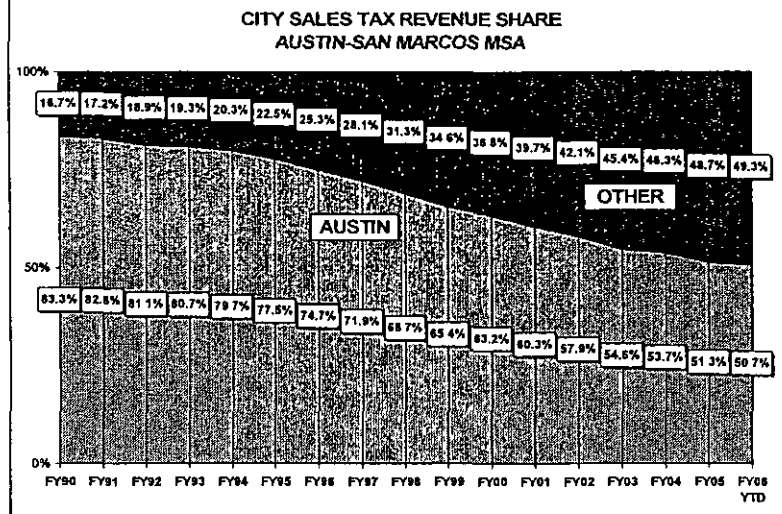
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Sales Tax



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General Fund - Revenue Summary

General Fund Revenue (\$ millions)			
	2006	2007	Change
Property Tax	148.7	156.5	7.8
Sales Tax	131.2	150.7	19.5
Utility Transfers	97.7	106.5	8.8
Other	104.0	111.6	7.6
Total Revenue	481.6	525.3	43.7

► **Certified tax roll results in additional \$935,000 in property tax revenue at the effective tax rate**

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General Fund - Requirements

General Fund Requirements (\$ millions)			
	2006	2007	Change
Municipal Court	9.4	10.1	0.7
NPZ & WPDR	16.9	18.9	2.0
Public Safety	318.0	345.7	27.7
Health	29.5	30.9	1.4
Parks & Library	46.8	52.4	5.6
Transfers / Other	60.9	67.1	6.3
Total Requirements	481.6	525.3	43.7

► **Additional \$935,000 in expenses for EMS adds is proposed**

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Budget Stabilization Reserve Fund



Budget Stabilization Reserve Fund

- ▶ At end of each year, excess revenue and unspent appropriation deposited into this reserve
- ▶ Fund may be used for capital and one-time expenditures, but not to exceed 1/3 of total amount in the reserve, with 2/3 reserved for future years



Budget Stabilization Reserve Fund

FY 2006-07

Beginning Balance	\$50.1 million
Transfers Out to General Fund One-Time Costs	(\$16.7) million
Ending Balance	\$33.4 million

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One-Time Critical Costs

FY 2007

Vehicle Replacements	\$ 6.9 million
Technology replacement & upgrades	\$ 1.9 million
Service Incentive Enhancement	\$ 2.3 million
1% Retirement Contribution	\$ 1.3 million
Fire One-Time Overtime	\$ 2.4 million
Departmental Capital	\$ 1.3 million
Capital Improvements	<u>\$ 1.3 million</u>
Total	\$17.4 million

Amount Available from Stabilization Fund	\$16.7 million
FY2006 One-Time Savings	\$ 0.7 million

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Citizen Survey



Community Priorities and Satisfaction

Annual Citizen Survey

- ▶ A comprehensive tool to identify:
 - ▶ Priorities and concerns
 - ▶ Satisfaction with city services/programs





Community Priorities

Ranking of Austin's top issues

1. Road conditions and new roads
2. Growth management
3. Cost of living
4. Tax related issues
5. Mass transit
6. Pollution-related issues
7. Quality of life (green space, arts, etc.)
8. Public education issues
9. Water quality and supply
10. Management of budget

July 27, 2006

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Customer Priorities

Ranking of City of Austin services

1. Police services
2. Ambulance (EMS) services
3. Fire services
4. Environmental protection
5. Affordable housing
6. Traffic flow & synchronization
7. Health care & social services to low-income citizens
8. Parks
9. Libraries
10. Economic development efforts

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Customer Satisfaction

Measure	2005	2006
Public Safety		
Fire Protection and Emergency Response	3.57	3.59
Emergency Medical Services	3.50	3.53
Police Emergency and Neighborhood Response	2.91	2.95
Youth, Family & Neighborhood Vitality		
Parks and Recreation	3.16	3.10
Library	3.09	3.13
Neighborhood Livability	3.31	3.34
Downtown Vitality	3.04	3.05
Environmental Sustainability		
Conservation Programs	3.04	3.02
Quality Drinking Water	3.17	3.20
Preservation of Greenspace	2.91	2.86
Alternative Transportation Modes	2.43	2.43
Infrastructure Maintenance & Repair		
Pedestrian accessibility	2.51	2.53
Bicycle accessibility	2.43	2.40
Road maintenance	2.08	2.23
Traffic flow	1.96	2.03

Excludes no opinions.

1 = Very Low, 4 = Very High

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Re-Investing in Our Workforce



Employee Workforce Committee

Employee Workforce Committee

- ▶ A committee of over 60 City employees elected by their co-workers, representing their City Departments
- ▶ Monthly and Special Called meetings with the City Manager
- ▶ 4 Sub-committees
 - ▶ **SSPR**
 - ▶ **Pay**
 - ▶ **Employee Relations & Commitment**
 - ▶ **Benefits**

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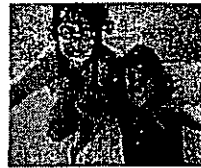
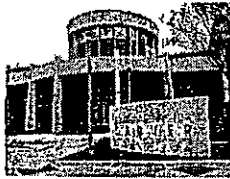
Re-investing in Our Workforce

- ▶ Pay for Performance of 3.5%
 - ▶ "Exceeds" of 1.5% added to base salary
- ▶ Market Adjustments
- ▶ Continuation of Reward & Recognition
- ▶ Service Incentive Enhancement Pay
- ▶ Medical & Dental Insurance
 - ▶ Including Domestic Partner Coverage
 - ▶ Enhanced dental plan
- ▶ Supplemental 1% retirement contribution
- ▶ Funds the conversion of long-term temporary positions to regular status
- ▶ Tuition Reimbursement
- ▶ Increased Vacation Accrual
- ▶ Restores Productive Time

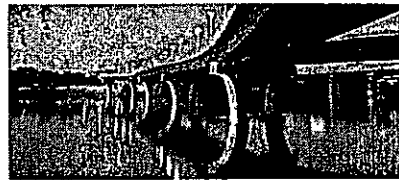
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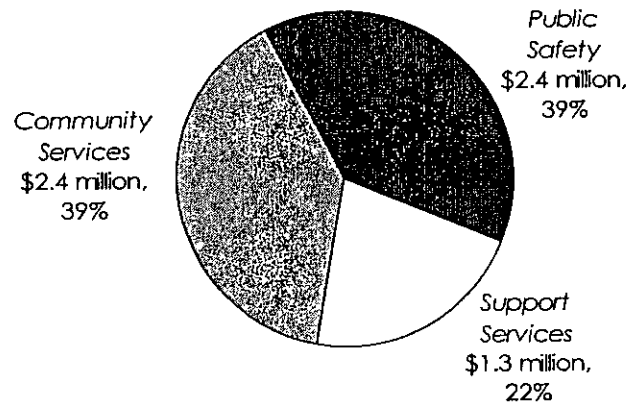


General Fund Budget Highlights



Strategic Adds - Funded

Strategic Adds by Category: \$6.1 Million



July 27, 2006

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EMS

Proposed Budget \$38.1M

CONTINUES

- ▶ Full-year funding for Del Valle and Circle C stations
- ▶ Replaces 5 ambulances
- ▶ Conversion to 12-hr shifts / 48-hr work week completed



ADDS

- ▶ Address high call volumes
 - ▶ New Peak Unit with 6 FTEs \$543,000 and 6 FTEs; \$227,000 critical one-time
- ▶ Enhance Office of Medical Director
 - ▶ \$308,000 and 4 FTEs
- ▶ Add safety & research resources
 - ▶ \$125,000 and 2 FTEs
- ▶ Augment training and recruiting
 - ▶ Two new instructors, a communications commander, 20 more hours training per FTE; signing bonuses \$378,000 and 3 FTEs

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Police

Proposed Budget \$196.6M

CONTINUES

- ▶ Maintains 2.0 officers per 1000
- ▶ Funding for 4th year of Meet and Confer
- ▶ Jail interlocal increase - \$156,000
- ▶ Eight civilian staff for expiring grants
- ▶ One 911 call taker
 - ▶ Re-deploys five 311 call takers to dispatch
- ▶ Traffic Incident Management Program – Provides rapid response to clear vehicular accidents

ADDS

- ▶ Add Assistant Chief
 - ▶ Restores position redeployed during downturn; provides stronger oversight at APD
 - ▶ \$165,000 and one FTE



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Fire

Proposed Budget \$106M

CONTINUES

- ▶ Funding at enhanced task force staffing levels
- ▶ Funding for 2nd year of collective bargaining
- ▶ Five FTEs for Wellness Center expiring grant
- ▶ Replacement of 4 pumpers



ADDS

- ▶ Restores 4 frontline firefighter positions
 - ▶ Replace positions assigned to medical service delivery and AISD recruiting
 - ▶ \$160,000 and 4 FTEs
- ▶ Enhanced Training
 - ▶ Cultural Awareness training
 - ▶ AISD career track program
 - ▶ \$67,000

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Public Safety and Emergency Management

Proposed Budget \$5.1M



CONTINUES

- ▶ Full-year funding for conversion of 5 Park Police temp officer to full-time officers
- ▶ Stipend program for all officers

ADDS

- ▶ Enhance emergency preparedness volunteer program
 - ▶ \$65,000 and one FTE



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Municipal Court

Proposed Budget \$10.1M

CONTINUES

- ▶ Funding for Municipal Court and Downtown Austin Community Court operations
- ▶ Full-year funding for enhanced treatment of Class B misdemeanor public intoxication defendants

ADDS

- ▶ 24/7 magistration at Central Booking
 - ▶ \$314,000 and 3.5 FTEs
- ▶ Strengthen Court operations and code enforcement
 - ▶ \$141,000 and 2 FTEs plus \$159,000 and 2 FTEs in Law
- ▶ Expand graffiti removal
 - ▶ \$75,000 and 1 FTE in DACC
- ▶ Improve customer service
 - ▶ \$93,000 and 2 FTEs
- ▶ Propose a Youth Case Management Program



Municipal Court
City of Austin, Texas

July 27, 2006

Financial & Administrative Services

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Health and Human Services

Proposed Budget \$30.9M

CONTINUES

- ▶ Fund base cost increases
 - ▶ ARCH operations and maintenance
 - ▶ Flu vaccine cost increases
 - ▶ Animal shelter equipment and drugs
 - ▶ Security guard contracts

ADDS

- ▶ Enhance resources for graffiti abatement
 - ▶ Cross-departmental initiative
 - ▶ \$125,000 and one FTE
- ▶ Expand outreach efforts for primary and preventive care
 - ▶ Critical to African American Quality of Life Initiative
 - ▶ \$128,000 and 2 FTEs
- ▶ Add City share of proposed new CAN position
 - ▶ \$10,000



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Parks and Recreation

Proposed Budget \$31.4M

CONTINUES

- ▶ Maintains current service levels for community recreation and youth programs
- ▶ Funding for new facilities opening in 2007
 - ▶ Mexican American Cultural Center
 - ▶ Turner Roberts Recreation Center
 - ▶ Town Lake Park
- ▶ Full-year funding for increased lifeguard salaries

ADDS

- ▶ Increase maintenance services at recreation centers
 - ▶ \$206,000 and 5 FTEs
- ▶ Enhance security and increase maintenance at Zilker Botanical Gardens
 - ▶ \$222,000 and 6 FTEs



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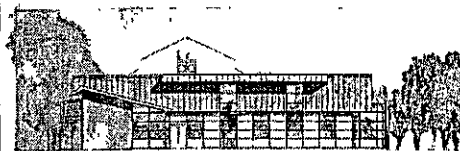


Library

Proposed Budget \$21.0M

CONTINUES

- ▶ Continues funding for hours added back in FY06 to re-open branches additional day
- ▶ Full-year funding for two positions for the Spicewood Springs Library expansion



ADDS

- ▶ Strengthen security and administrative support functions
 - ▶ One security guard
 - ▶ Two additional staff in circulation support
 - ▶ One human resource specialist
 - ▶ One accountant associate
 - ▶ \$204,000 and 5 FTEs

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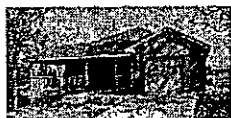


Watershed Protection and Development Review

Proposed Budget \$14.4 M (General Fund)

CONTINUES

- Funds City's One Stop Shop for development services



ADDS

- Respond to significant increase in development activity
 - Provide for more timely building inspections
 - \$515,000 and 4 FTEs
 - Meet increased demands for residential zoning and commercial plan review
 - \$308,000 and 5 FTEs
 - Increase focus on traffic plan reviews
 - \$126,000 and 2 FTEs

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Neighborhood Planning and Zoning

Proposed Budget \$4.5M



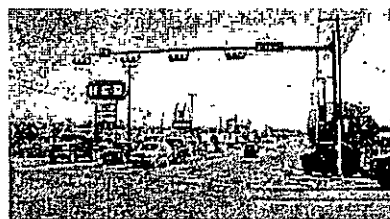
Neighborhoods First!

CONTINUES

- Full-year funding for four positions added in 2006 to work on:
 - Downtown design
 - Neighborhood plans eligible for update
 - Implementing design standards
 - Historic zoning and preservation

ADDS

- Increase focus on transportation planning
 - \$66,000 and one FTE



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Rebuilding Support Services

Critical Strategic Additions

- ▶ **Respond to significant increased demands for legal services**
 - ▶ \$364,000 and 4 FTEs
- ▶ **Enhance City Clerk's records management capabilities**
 - ▶ \$56,000 and one FTE
- ▶ **Meet demands of new accounting system**
 - ▶ \$380,000 and 6 FTEs
- ▶ **Respond to increase in building maintenance projects**
 - ▶ \$60,000 and 1 FTE
- ▶ **Ensure consistent treatment of employees and application of personnel policies**
 - ▶ \$131,000 and 2 FTEs
- ▶ **Enhance ability to fulfill MBE/WBE ordinance**
 - ▶ \$46,000 and 1 FTE
- ▶ **Improve reception in City Hall**
 - ▶ \$23,000 and 0.5 FTE
- ▶ **Mayor and Council**
 - ▶ \$217,000 and 7 FTEs

July 27, 2006

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Strategic Adds – Not Funded



Additional Revenue

- ▶ Effective tax rate is at 39.85¢

Tax Rate	Rate
Nominal Rate	44.30 ¢
Effective Rate	39.85 ¢
Rollback Rate	41.26 ¢

- ▶ Not lowering tax rate all the way to effective, but instead to rollback, results in an additional \$8.4 million in revenue

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Citizen Focus Groups

- ▶ Process / Methodology
 - ▶ In conjunction with Citizen Survey, we conducted a series of six focus groups in late June with a diverse cross-section of Austin residents
 - ▶ Understand opinions regarding the value of various strategic adds
 - ▶ Willingness to incur increased property taxes needed to fund strategic adds

July 27, 2006

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Citizen Focus Groups

► Results

- More than 80 percent of these Austin residents expressed their willingness to sustain at least an additional \$20 per year in property taxes for a series of strategic adds
 - 38 percent expressed willingness to sustain up to an additional \$40 per year in property taxes
- The factor driving their support was a strong sense of identification with Austin's quality of life and sense of community.
- Top priorities were Social Services and EMS

July 27, 2006

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Strategic Adds – Not Funded

	\$\$\$	FTEs
Public Safety	1.9M	30.5
Community Services	3.3M	6.0
Support Service	0.1M	1.0
Workforce Initiatives		
Plus One Program	0.7M	--
Bilingual Pay	0.5M	--
Affordable Housing	1.2M	--
Total	7.7M	37.5

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Financial & Administrative Services

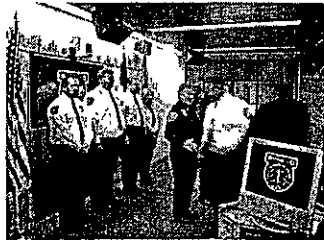
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Unfunded Public Safety Adds

- ▶ **Recruit, Develop & Supervise Future Paramedics**

Estimated Cost: \$1,022,000, including 15 FTEs



- ▶ **Augment Customer Services at Municipal Court Substations**

Estimated Cost: \$37,000 (1 FTE)

- ▶ **Standardize Replacement Cycle of Protective Firefighter Gear**

Estimated Cost: \$100,000



- ▶ **Increase Civilian Staffing in the Police Department**

Estimated Cost: \$479,000 (9.5 FTEs)

- ▶ **Provide Additional Resources for Lake Patrol**

Estimated Cost: \$286,000 (5 FTEs)

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Unfunded Community Services Adds

- ▶ **Provide a Cost of Living Increase for Social Services Providers**

Estimated Cost: \$543,000

- ▶ **Establish a Second Day Labor Site in South Austin**

Estimated Cost: \$275,000

- ▶ **Expand Outreach & Education to Reduce Euthanizing Lost or Abandoned Pets at Animal Shelter**



Estimated Cost: \$155,000, including 1 FTE

- ▶ **Accelerate the Implementation of Neighborhood Plans**

Estimated Cost: \$333,000, including 5 FTEs

- ▶ **Address Federal Funding Cuts for Housing**

At our policy discussions in May, we included affordable housing as an area that Council might consider as a candidate for added resources of \$1.2 million



July 27, 2006

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Unfunded Workforce Initiatives

Plus One Coverage

- ▶ Basic Plus One— spouse, domestic partner or an adult relative.
- ▶ Option 2 —and an adult dependent of the employee or retiree
- ▶ Option 3 —and an adult dependent of the employee, retiree, spouse or partner

Cumulative	Estimated impact on General Fund
Basic Plus One	140,000
Option 2	420,000
Option 3	700,000

Recommendation

- ▶ Get one year of claims experience before adding more coverage

July 27, 2006

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Unfunded Workforce Initiatives

Bilingual Pay

- ▶ Begin a basic bilingual program for Spanish only
- ▶ Beginning in January 2007 would require funding of about \$546,000 for the first year for the General and Support Services Funds
 - ▶ The annualized cost of the program is estimated at \$720,000.
- ▶ Recommended by the Employee Workforce Committee
 - ▶ Built around 70 job titles, pre-prioritized by departments.
 - ▶ Routine use of Spanish for job, and
 - ▶ Pass a standardized proficiency test.



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Other Unfunded Adds

Central Support Services

- ▶ **Restore an Auditor Position for the Office of the City Auditor**

Estimated Cost: \$66,000, 1 FTE

Infrastructure

- ▶ **Increase Preventative Maintenance of our Streets**

Estimated Cost: \$2,000,000

July 27, 2006

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Utility Rate Increases



Utility Rates

Austin Water Utility

- ▶ Combined rate increase of 7.1%
 - ▶ 5.2% for water
 - ▶ 9.2% for wastewater
 - ▶ 2nd year of 5 year rate plan
- ▶ Expenditures
 - ▶ Capital Improvements, debt service requirements & higher contractual and commodity costs

July 27, 2008

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Budget Schedule



Truth in Taxation

- ▶ Consideration of a tax rate above the effective tax rate:
 - ▶ August 10th vote on maximum tax rate that may be considered
 - ▶ Set 2 public hearings on property tax rates – August 24th & 31st
 - ▶ Notice of public hearings in newspaper, city web, and Channel 6

July 27, 2006

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Key Dates

July 27 th	Proposed Budget Presentation
August 10 th	Budget Presentations & Budget Public Hearings Discuss & Vote on Proposed Tax Rate Hearings
August 24 th	Budget Presentations & Budget Public Hearings 1 st Tax Rate Public Hearing
August 31 st	Budget Presentations & Budget Public Hearings 2 nd Tax Rate Public Hearing
September 11 th – 13 th	Budget Approval Readings

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FY2006-07 Proposed Budget

Questions & Discussion

July 27, 2006

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