



TO: Mayor and Council

FROM: Ed Van Eenoo, Deputy Chief Financial Officer *EV*

DATE: September 11, 2016

SUBJECT: Potential Budget Reductions

During last Friday's budget work session, Council directed staff to identify potential reductions to the FY 2016-17 Proposed Budget that Council could consider in order to meet other funding priorities. In consultation with the Mayor, staff landed on a reduction target for the General Fund of \$3.0 million. While no formal vote was taken on Friday, the general parameters outlined by Council in regards to the reductions seemed to be for staff to identify savings that did not impact current programs and did not reduce funding for any Council initiatives.

Given these constraints, and the fact that General Fund and Support Services departments have already been asked to reduce their collective contractuals and commodities budgets for FY 2016-17 by more than \$3.5 million, the only remaining viable reductions were to new initiatives proposed by staff in the FY 2016-17 Budget. In reviewing those funding lines, staff objectively applied the following criteria to remove items from consideration for reduction:

- Funding for built in cost drivers (e.g. wage increases and health insurance increases);
- Funding needed to align a department's budget with prior year actual expenditures (e.g. increase in the Fire Department's overtime budget);
- Funding related to new facilities or annexed areas (e.g. opening of New Central Library and two new maintenance positions in the Parks and Recreation Department);
- Funding needed to adhere to City policies (e.g. funding to convert long-term temporaries to permanent/benefitted status);
- Funding related to cost increases for various commodities (e.g. library materials collection, animal food and medicines, etc.);
- Annualization of new programs and staff approved by Council in the FY 2015-16 Budget (e.g. annualized costs of the new Shady Hollow fire station and 50 new police officers);
- New initiatives fully offset or largely offset by revenues (e.g. staffing increases in the Development Services Department);
- New initiatives that support a council initiative (e.g. increase in the Housing Trust Fund transfer, positions needed to transition Emergency Medical Services to a 42-hour work week, funding for the new Sobriety Center, and staff to implement new Ordinances related to living wage, campaign finance, and fair chance hiring);

- Any reductions that would not be structurally sound and sustainable over time (e.g. delaying the hiring of new positions or increasing vacancy savings beyond what normal hiring trends and attrition rates indicate as typical and deferring facility maintenance or technology replacement); and
- Items already brought forward by City Council (e.g. defunding of 12 sworn positions in the Police Department and various cuts to the Development Services Department).

The attached list summarizes the potential reductions to new initiatives proposed by staff in the FY2016-17 Budget that do not violate any of the above criteria. While staff is providing this list as directed by Council, it is important to note that with the exception of two IT Governance projects, none of the potential reductions contained on the list are recommended by staff. Included for each item is a description of the item, the amount of General Fund budget allocated to the item, and a brief explanation of why the funding is recommended. Additional justification for each item can be found throughout the FY 2016-17 Proposed Budget. Also, department staff will be available during the budget readings should Council seek further clarification in regards to the consequences of eliminating funding for any of these items.

Lastly, staff did consider revenue enhancements as well and would continue to strongly caution Council against further increases to sales tax, development revenues, or other General Fund sources of revenue. The one exception would be in regards to property tax revenues, where Council does have the latitude to slightly increase the tax rate and collect an additional \$850,000. Staff believes maintaining a more conservative posture in regards to revenue projections is critical to our long term financial resiliency.

cc: Marc Ott, City Manager
Assistant City Managers
Chief of Staff
Chief Financial Officer
Department Directors

Fund	Dept	Change	FTE	GF Amount	Notes
GF	DSD	Funding for Annual Customer Survey to gauge customer satisfaction with services provided.		\$55,000	In response to the Zucker report recommendations, the Development Services Department requested \$55,000 to hire a third-party agency to conduct an annual Quality of Customer Service Survey and Benchmarking Analysis to gauge the satisfaction level of Austin residents with the services provided by the department. The data will help identify solutions and best practices to best meet customer expectations, strategic and business planning, and budgeting decisions.
GF	DSD	Increase in funding for training, professional registrations, and memberships.		\$250,000	This funding would bring the departments budget to approximately 2% of its personnel budget and comply with a recommendation made in the Zucker report.
GF	DSD	Reclass key positions to address recruiting and retention issues.		\$106,568	The Development Services Department requested funding to reclassify key positions in order to better align job titles with services performed as well as to support paygrade parity. Due to the expansion of Development Services, with the associated challenges therein, the duties and responsibilities of several support services staff have increased.

Fund	Dept	Change	FTE	GF Amount	Notes
GF	PAZ	Increase in funding for Waller Creek Conservancy.		\$25,000	This funding was requested by the Waller Creek Conservancy to support administrative functions while they continue to seek public funding for the development of Waller Creek.
GF	PAZ	Nine months funding plus associated one-time costs to add one position to Long Range Planning.	1.00	\$84,639	A Planner is needed to continue to support small area planning using the Plan It Austin model and support ongoing mapping of the new Land Development Code. Article 10, Section 6 of the City Charter requires that all regulatory actions relating to land use, subdivision, and development approval be consistent with the adopted comprehensive plan (Imagine Austin). The existing Land Development Code was written before Imagine Austin and does not contain the tools needed to implement the vision and policies of the plan.
GF	PAZ	Nine months funding plus associated one-time costs to add one position to CodeNEXT.	1.00	\$69,039	A Planner Senior is needed to support small area planning and support ongoing mapping of the new Land Development Code.

Fund	Dept	Change	FTE	GF Amount	Notes
GF	EMS	Nine months of funding for 1 sworn Designated Medical Officer position and associated equipment costs to monitor clinical performance.	1.00	\$79,202	This position is responsible for ensuring that the care medics provide is safe and meets local and national standards of care. The Quality Assurance & Improvement program has had a staff of three since 2007. In that time, the number of field medics has nearly doubled. This has resulted in an increase workload that strains the capacity of current staff.
GF	Muni	Increase in funding for Downtown Austin Community Court's Rehabilitation Services activity.		\$250,000	Additional funding is needed to accommodate the demand for intensive case management and rehabilitation services. DACC ran out of contract funding by July of FY 2015 and is anticipating a depletion of funding before the end of the current fiscal year.
GF	Police	Nine months of funding for 21 new civilian positions to transition existing sworn employees back to patrol activities.	21.00	\$1,472,384	APD has identified sworn positions they believe could be filled with specially trained civilians in order to transfer sworn officers back to the streets to increase our community engagement time. This cost effective proposal reduces the request for sworn officers and will expedite getting officers back onto our streets.
GF	Police	Conversion of four civilian part-time positions to full-time positions to manage increase in workload.	1.00	\$45,055	In order to keep up with increased workload, the hours worked per week for a Stores Specialist, Forensic Quality Specialist, Admin Assistant and an Admin Senior are increasing by 10.

Fund	Dept	Change	FTE	GF Amount	Notes
BSR	CTM	Self Service Password Reset Software		\$250,000	CTM currently processes between 8-10,000 Help Desk Tickets each year for password resets. The successful implementation of this tool would virtually eliminate these request enabling existing staff to work on some of the 80+ projects waiting for staff availability. This funding was requested by the Zilker Botanical Garden Conservancy to support the salary of an executive director and
BSR	PARD	Zilker Botanical Garden Conservancy		\$214,000	maintenance issues.
BSR	TARA	Residential Technology Survey		\$75,000	The Austin Community Technology & Telecommunications Commission approved recommendations that the City conduct a residential technology survey every three years to develop a profile of the information and communications technology means, skills, and needs in the community. The last survey was conducted in FY 13-14.
BSR	MS	Innovations Office Idea Accelerator		\$200,000	This funding supports Citywide innovation efforts.
CTM	CTM	Push a portion of funding for Data Center move to FY18 and postpone a SMBR project until further review.		\$516,500	The relocation of the data center is essential to avoid failures in critical infrastructure used in hosting Citywide services.
SS	FSD	Nine months of funding for one Planner III position and additional contractals and commodities to assist the Capital Planning Office with bond oversight and development.	1.00	\$44,526.19	This position is needed for the new bond development work with the Bond Advisory Committee as well as support for the transportation bond election.

Fund	Dept	Change	FTE	GF Amount	Notes
SS	HRD	Funding for annual citywide disparity study.		\$25,000.00	Council Resolution 20140320-053 requested an annual report analyzing the City's compensation practices using appropriate sampling methods to ensure that City employees are paid based on lawful criteria rather than gender, race, ethnicity or other protected class status. Outsourcing this report will allow for expanded review by a consultant and lend further credibility to the results.
SS	HRD	Nine months funding for one position to assist with processing criminal background investigations and associated one-time costs.	1.00	\$41,827.00	In the City Auditor's 2013 Fitness for Duty: Criminal Background Investigations Audit findings (http://www.austintexas.gov/sites/default/files/files/Auditor/au13013a.pdf) cited several deficiencies in processing and oversight of CBIs for transfers, promotions, and classification changes. Many of these deficiencies are closely tied to volume in workload. The additional position would allow HRD to address this issue.

Fund	Dept	Change	FTE	GF Amount	Notes
SS	ORES	Nine months of funding for a new Accountant Senior position to assist in processing accounts payable and receivable transactions.	1.00	\$41,449.50	An Accountant Senior is needed to assist in processing over 1,500 accounts payable and receivable transactions each fiscal year. Currently, there are only two financial positions in ORES that process financial documents. By adding an additional accounting position, existing financial staff can focus on assisting ORES management with the financial strategic planning and financial management duties, such as improving business processes, performing required internal audits on A/P and A/R documents, analyzing current operations, and developing meaningful performance measures.
SS	ORES	Nine months of funding for a new Records Analyst position to assist in the development and implementation of departmental records and information management.	1.00	\$35,047.00	Currently, the duties of records management has been parceled out to multiple Real Estate Agents and administrative staff. A single point of contact is needed to establish a centralized file management system for the over 3,000 files that are retained in-house that are either stored in the 200 boxes or file cabinets for the acquisition, land management, and support services work groups.
TOTAL				\$3,880,237	