

City Council Special Called Meeting Transcript – 6/23/2016

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[8:56:59 PM]

We'll now recess this meeting and go to the special called meeting. We have item number 1, which is the homestead exemption. We have five speakers to speak on this. It is 8:57. We're in the city hall chambers. Five people listed to speak. Is David king here? Do you want to speak on this? Aaron farmer is on deck.

>> Thank you, mayor, mayor pro tem and councilmembers. I'm just here to thank you for bringing this resolution forward. I would ask that we get as close to 20% as quickly as we can. So I think that's going to help our families here in the city be able to stay in the city. Every dollar does count and the sooner we can get those dollars -- keep those dollars in our family's pockets, the better off we're going to be. I'm urging you to move as quick as possible. If we go from six percent to 12 percent that's just over three percent of our budget. I bet we could go through the budget and find at least three percent that we could decide is less important than helping our homeowners with their property taxes.

[8:59:02 PM]

Thank you very much.

>> Mayor Adler: Thank you. Bill Morris is on deck. Mr. Farmer?

>> Good evening, my name is Aaron farmer, I'm the president for the Austin board of realtors. And I really appreciate you guys taking up this matter today. Last year the Austin board of realtors supported a 20% homestead exemption phased in over the course of four years. We supported this on the basis that a homestead exemption, while not sufficient on its own, is a critical component of the type of affordability relief our community needs. We hope the council can fulfill this promise made to the citizens of Austin. Taking another step toward the full homestead exemption allow under state law would be a strong statement from this council that it's serious about pursuing affordability. This is timely and important as in the last five affordability. This is timely because in the last year the median home price in Austin continued by more than \$400,000. Median sales price would be \$450,000 by 2020. You know that appraisal increase will follow sales price. Do you know has limited -- council has limited influence over the housing market, but you can't help but moderate the impact of these growing pressures on affordability by approving an increase in the 6% exemption you adopted last year. We remain committed to supporting an exemption. But we have questions about how an increase will affect the budget cycle. We would ask that you do what's possible now to consider what opportunities you have now to prepare a budget going into the next cycle that will allow for the necessary increases in

exemption without causing disruption to core services. Thank you.

>> Mayor Adler: Thank you. Bill Morris?

>> In the interest of efficiency, I'll wave my time. Thank you.

>> Mayor Adler: Thank you.

[9:01:04 PM]

Is James Barnes here?

>> Yes, sir.

>> Mayor Adler: Okay. Adam conn is on deck.

>> Mr. Mayor, mayor pro tem, councilmembers, I'm here tonight to urge your approval of an ordinance increasing the percentage-based ad valorem tax exemption on the assessed value of residential homesteads. I believe that the increasing population of Austin and the increasing property values we've just heard mentioned should give you more than adequate flexibility and opportunity to provide this benefit to the homeowners of Austin. That's why I came today. That's not why I stayed five hours, though. I stayed five hours to offer my support to councilmember troxclair. I'm a single speaker but I think I represent the thousands of people that voted for her in district 8. I've been an Austin resident 30 years and a resident of what's now district 8. During that time we felt it was important to have someone representing fiscal responsibility in the city government and also controlling rising costs. And I just want to say thank you to councilmember troxclair for that, and I would urge you all on these 9-2 votes to vote with her rather than against her. Thank you very much.

>> Mayor Adler: Thank you. Adam conn. Is Mr. Conn here? Those were all the speakers we have. We're to the dais. Does anyone want to make a motion? Okay. Ms. Troxclair.

>> Troxclair: Mayor, I guess, I think, if you will permit me to make a few motions in a row, I would appreciate it. I know that my interests or my level of support for the homestead exemption might be more than a majority of this council can bear, but I still feel compelled to -- for the constituents who did vote for me because I was in a push to get to the 20% homestead exemption as quickly as possible, to raise the issue and have the opportunity to take that vote.

[9:03:12 PM]

So I'll make a motion to get us to the full 20% this year, and then I'll follow up with a couple of other motions if this one doesn't pass. So that would be increasing our homestead exemption from the existing 6% to the full 20%, which is an additional 14%.

>> Zimmerman: I'd like to second that motion, Mr. Mayor.

>> Mayor Adler: And it's a little unorthodox style, but with the allowance of the dais, I'm going to allow those votes to take place. Your first motion.

>> Okay. I'll just speak in general to the homestead exemption. I know that a lot of us ran on the homestead exemption, or on making sure that we're implementing this tool as quickly as possible. I know that there is no perfect magic tool out there, there's no magic wand that each of us can wave and make Austin affordable, but we're each doing our own part in our own way to try to address the inadequacies or try to combat the rising cost of living in our different ways, whether through affordable housing or homestead exemption or through rental assistance programs or anything else. But I feel that we made a great step last year in our first 6%, and we have to continue moving that ball forward in order to provide homeowners in Austin with a much-needed relief. That's all I had to say on that motion.

>> Mayor Adler: Okay. The number is ...

>> Troxclair: 14%.

>> Mayor Adler: 14%. It's been moved and seconded, 14%. Is there discussion on the dais? Ms. Garza.

>> Garza: Can Mr. Vereno tell us what the 14% would be from our budget?

>> I'm extrapolating here. I could pull up the exact number but it's going to be 20, \$25 million less revenue at the roll back rate.

[9:05:17 PM]

It would depend what rate the accountable ultimately approves but it would be in excess of \$25 million less revenue to increase the exemption 14%.

>> Garza: Can you remind me what the -- you gave a presentation on what our cost drivers were, and if all things stay the same, right now. With the assumptions made where our sales tax will come in where property tax revenue would come in at the -- at the 6% homicide exemption level?

>> Currently at 6%.

>> Garza: With all those assumptions, what was that gap right now?

>> At the at the time of the forecast back on April 27th, we were projecting a two-million-dollar surplus at the maximum tax rate.

>> Garza: So with this we would be in the negative about \$23 million.

>> Yes.

>> Garza: So we would have to cut services and that could be cutting services and laying off staff.

>> It could be at that dollar amount, surely could be.

>> Garza: Okay. Then I'll just make my general statement about the homestead exemption. I did not run on the homestead exemption. I believe it is a regressive tax. It benefits those -- it hurts those who need relief the most. Families who are lowest income families get minimal, minimal benefit from this. And it gives the most benefit to the wealthiest in our community, which I'm not -- I have nothing against people who are earned and done all that they can, but it is a regressive tax that hurts our lowest income families and could potentially lead to cutting services and laying off our city employees. And so I will not support any additional increase to the homestead exemption. In fact, I wish we could go back to zero percent.

>> Mayor Adler: Any further discussion? Mayor pro tem.

>> Tovo: Yeah, I'll agree with my colleague councilmember Garza and not reiterate the points she made, but it will certainly -- let me say at this level, and level at almost any other level we're going to consider tonight, it will require cutting services.

[9:07:30 PM]

And so I think that's an extremely -- extremely serious decision before us this evening, and I appreciate my colleagues who want to entertain this discussion. It's certainly an appropriate one. I would ask that in the future, we don't have matters of such import on a special called meeting within another council meeting. I don't recall a time in any recent memory, either as a councilmember or as a community member, where there was an item -- where there was an item that was not posted on the full council agenda or on the addendum, and this is -- this is just most unusual to have a council -- to have an item that was posted on a special called meeting within another council meeting. It made it so we couldn't have a discussion at the work session, and it makes it very difficult for the public to know that this conversation is even taking place today. So I hope we don't have that practice again. I understand sometimes things happen and we do the best we can with coming up with plans -- plan B's, but again, I won't be supporting this -- this motion today. So since I was the one that set that I think I should give the public an explanation for that. As you know, we have discussed the homestead exemption, several work sessions and budget meetings over the last five or six weeks, very publicly. We've asked for it to come back. We talked repeated occasions about how this matter, if it was to be considered, needed to

be considered by the end of June. It would be better if this could come up during the budget process, but it can't. We can't wait until August or September to be able to consider this. I wish we could. And I think we should give some consideration, manager, to next year, figuring out how it is that, as a council, we can have a better feel for where you might be on our proposed budget or Numbers so that we have a little bit stronger basis, so it may be something, we haven't asked for that before, but next year, I think that's going to be worth a conversation, to see.

[9:09:42 PM]

As -- as probably the public already knows, I do a lot of tax work, up at the state legislature on our tax system, and schooled there by the folks that do that professionally, and it's my understanding from them that a regressive tax is a tax that falls disproportionately on folks with lower income, which means that a low income person pays a greater percentage of their income on that tax than a rich person does, on Progressive tax is a tax that goes up percentagewise for a wealthier person, and takes a larger percentage of their income. That's a Progressive tax. A property tax, as are the sales tax, are regressive taxes because they -- they cost other -- poor folks more. So a cut in Progressive tax is a Progressive thing to do, which is why I support that. You know, affordability hits lots of different levels in this city. There are a lot of people facing affordability issues. We've done a lot this year that I'm real proud of with respect to affordability and housing for low income folks. We've done a lot with traction increment financing and grabbing revenue and putting it toward affordable housing and home preservation districts and other things that we've done. But we have to help everybody, and not one pool is going to help everybody, and we need to look at everybody. And I think that this is one way we can do that. I am concerned, though, that with respect to this year and the place we're in, the budget this year, that we are not able to move to 20% this year, and I'm concerned that we're not going to be able to do even as much as we did last year. But I think that it would be good for us to be able to give a sign to the community that we are aware of where they are, all levels of our community, and we'll react to that.

[9:11:53 PM]

I also know that tonight we're going to be considering a pretty large transportation bond that's going to have a tax impact, albeit less than five dollars a month, and we have to take that into account on the impact that we're having with folks. So I would like to vote for this, but at a substantially lower level than the 14%. But I do have the question. Manager, I'd like to ask you, we haven't gotten your budget yet. In the context of where we are and the things that we're considering, would it be -- would it be prudent for us to do something like a two percent, or what do you think would be --

>> Well, mayor, it's difficult to say. I want to note your comments earlier about having this conversation earlier next year, and I would tell you, compared to where we are today, the Numbers are still pretty fluid today, even right now as we're poised to begin to think about how we're going to craft our recommendation for this council's consideration. So, you know, the idea of having this conversation earlier next year for purposes of deciding this question would be challenge because our Numbers would be much less firm even then in terms of being able to forecast what we anticipate in the way of revenues for our budget. So that would be challenging. We are where we're at today. I would not disagree with the comments that I heard in reaction to going all the way to 20% at this point, given current status of the budget, whether or not we could tolerate a lower level depends on -- depends on what council's collective interest would be.

[9:13:58 PM]

There probably is some level at which we could manage to incorporate into our budget recommendation for fy17.

>> Mayor Adler: Okay. Any further conversation on the dais?

>> Pool: Mayor, I'm in line with the comments that you have made, and I don't know what all motions councilmember troxclair wants to bring forward to us, but I do ask her not to run down the Numbers from 14 to 13 to -- I know I'm at the level that you are describing, so I'd just ask her not to put us through repeated motions and seconds on that.

>> Troxclair: I was hoping to just -- 14%, and then 4%, since that would get us to 10% this year, and if 4% doesn't pass, then I think maybe the next highest number that we can find consensus on the dais might be 2%.

>> Mayor Adler: Okay. We'll do it that way. We'll do 14, 4, and 2. Ms. Kitchen.

>> Kitchen: I was just going to say that I -- in the interest of brevity, I also am aligned with what you said, mayor, and with councilmember pool.

>> Mayor Adler: Thank you. There's been a motion to do 14% homestead exemption. It's been seconded. Those in favor, please raise your hand. Gallo,. Troxclair and zimmerman.those opposed? Rest of the dais. Ms. Troxclair, did you want to move a second motion?

>> Gallo: We'll just do a variety to keep the conversation going. I'd like to make a motion the homestead exemption this year be set at 4%.

>> Mayor Adler: Okay. It's been moved to be 4%. Is there a second to that? Ms. Troxclair moves.

>> Zimmerman: A total of 10%.

>> Mayor Adler: Total of 10%. Any discussion?

[9:15:58 PM]

Ms. Gallo?

>> Gallo: I just want to say that prior to my term as councilmember here in Austin, my commitment was to my community to reach the 20%, and last year we negotiated an agreement that would get us to 20% in four years. And the first vote that we took last June, it passed on a 7-4 vote so there were 7 councilmembers that supported the 6%. That was the mayor, myself, councilmember troxclair, Zimmerman, kitchen, pool, and Renteria. Then we took a second vote which agreed to get to the 20% over four years, and those same seven councilmembers supported that. I think it's important to maintain our commitments to our community. We are seeing property values in Austin explode, and as a result, property taxes continue to increase every year dramatically. And as we talk about people being able to age in place and stay in their homes, and we talk about the part of our community that's getting priced out of their homes because they can't afford to pay their property taxes, this truly is a way that we can impact that. I want to mention that -- could we ask what that impact would be at 4%?

>> I think it's 7.7 million.

>> That's right.

>> Gallo: Okay. 7.7 million. Just for comparison sake, today we passed items that totaled 29,86,000, and we're talking about a homestead exemption that would cost 7 opinion 7. Today we have items such as a quarter million for affordable toilets downtown. So I think that even though 7.7 sounds a lot, that compared to the budget and the items that we vote on in our community, we can do that.

[9:18:03 PM]

And it may mean tightening our belts, but I think that is a manageable amount, and we all made commitments to the public last year to try to get to that 20%. And I hope that the rest of the councilmembers that supported it last year and supported that plan will continue to support that this

year.

>> Mayor Adler: It's been moved and seconded to do a 4% homestead exemption. Mayor pro tem.

>> Tovo: I just want to understand, based on the forecast, we have about two million dollars of surplus, and this action would be 7.7 million, so we would be looking at, were this to pass, we would be looking at cutting back in one of the areas where we have already committed dollars, as I understand it. Is that your understanding, city manager, based on the budget projections and the cost drivers that you anticipate?

>> You spoke to the two million dollars surplus issue before, you want to characterize the implications of the impact of a \$7.7 million reduction in revenue?

>> Sure. At the time of the forecast, and I don't think these Numbers have changed drastically, but we still are in the process of going through the department's budgets that have been submitted and we're working through those budgets, but we were projecting again at the maximum tax rate, we would have revenues two million dollars in excess of what would be needed to balance the budget. Because we are facing significant, what we call built-in cost drivers next year, cost drivers related to labor contracts that have already been approved, cost drivers related to actions such as an ems 42-hour work week that needs to be fully -- the full cost of it needs to be implemented into that fy17 budget, something the council has approved but costs haven't been put in the budget yet. We have a lot of cost drivers, that's why, even at the roll back rate, we don't have a lot of extra revenue. I think the other consequence that's worth noting is there's a growing list of initiatives, desires from the city council, for example, we highlighted at the time of the forecast, we have resolutions stating council's intent to increase funding for health and human services by \$8.3 million next year that's not included in the projections I talked about.

[9:20:24 PM]

>> Mayor Adler: Okay.

>> And there's a long list of those things.

>> Mayor Adler: Thank you.

>> That's one of the larger dollar amounts so it does have some implications.

>> Mayor Adler: Thank you. It's been moved and seconded to do 4%. Any further discussion on this? Mr. Renteria?

>> Renteria: Yes. Mayor, because of that, you know, I'm not going to be able to support an increase this year, so, you know, I know that in my area of town, our appraised value is going up because of the gentrification that -- you know, our social services programs are more important, I personally believe, especially the people that live in my neighbor -- in my district, wouldn't be happy by increase on the homestead exemption.

>> Mayor Adler: Incident.

>> Renteria: So I'm going to be advocate no on it.

>> Mayor Adler: Thank you. Mr. Zimmerman?

>> Zimmerman: I'd like to speak in favor. I want to echo something that councilmember Gallo said, and I want to go back very, very briefly to the drama of the taser body camera proposal. So the council chose a technical solution that didn't comply with the technical requirements, and in the process, spent an extra \$7 million. So our entire homestead exemption was obliterated in one vote of council so that we could pay more money for a solution that didn't satisfy the technical requirement. So I'm exasperated.

>> Mayor Adler: Okay. Those in favor of the 4% homestead exemption, please raise your hand.

Zimmerman, troxclair, Gallo. Those opposed? The balance, and Ms. Houston?

>> Houston: Abstaining.

>> Mayor Adler: Ms. Houston abstains. That would be 7-3 -- no, that would be 3-7-1. Is there a next

motion?

>> Troxclair: Well, my last motion, which I hope will be a successful one, is a 2% increase to our homestead exemption for a total of 8%.

[9:22:26 PM]

That at least shows the community that we're -- that we're still committed to our promise of getting to 20% within four years.

>> Mayor Adler: Is there a second to that motion?

>> Second.

>> Mayor Adler: Ms. Kitchen seconds that motion. Any further discussion? Ms. Kitchen?

>> Kitchen: Yeah. Mr. Mayor, I would just like to say quickly that I do think that we -- that this is important, and I hear from folks in my district about the importance of a homestead exemption. I have many folks that are on fixed incomes, retired, they're getting older. This does make a difference to them, and so while I couldn't vote for the higher amounts this year, due to the impact on cuts, I think that 2% would be close enough that we could work with that, and I am committed to show -- I am committed to what I said before, which is, I will work towards 20%, and so I think voting for 2% this time is in line with my commitment, and I will continue to work towards that 20%.

>> Mayor Adler: Thank you. It's been moved and seconded on 2%.

>> Houston: Excuse me. Mr. Veneno, can you give us the --

>> The dollar amount?

>> Houston: The dollar amount on this one.

>> 2% would be 3.8. 3.8 million.

>> Mayor Adler: Yes. Ms. Tovo?

>> Tovo: You know, and again, I want to say, too, I hear from people in my district that they are also having trouble with their property taxes, and they also would like to see a homestead exemption, so these are hard votes. I know certainly there are a lot of people in this city who would benefit from a homestead exemption. We are addressing it by looking at the senior exemption, that's one way to address this. The reality I guess, at 3.8, we're still looking at beyond what the surplus is, and we will have trouble -- we will have to cut back on some of the commitments that we've -- that we've made, including the one we made this morning to the sobriety center, potentially.

[9:24:43 PM]

So, you know, as we -- as we consider these increases, it -- it would be helpful to know -- to balance that against what services might be trimmed or what other initiatives might not move forward.

Unfortunately, I don't think we're at place in the budget or at a place in the evening where we can have that full discussion. I'm not sure how we would pay for a \$3.8 million exemption or even 1.9 if we go down to 1%. As much as I would also like to offer an exemption, I won't be supporting 2% or 1% this year.

>> Casar: Mayor?

>> Mayor Adler: Yes, Mr. Casar.

>> Casar: I won't be able to support this either, especially given not just commitments we've made but great things I would like to see funded in this budget, when question talk about who's struggling the most, we're talking about especially our lower income and moderate income populations. I know from -- that aid has reached out, for example, about funding our parent support specialists in after school programs which specifically are in schools with kids and parents, making sure they can get by, where it's lower and more moderate income people. And as we discussed, us taking on some of that programming

that is not necessarily school related, but also could help with folks' property tax bills from the school district. So I think that there's better ways of going about doing it, and my commitment has been that since the city is majority renters, and my district itself is almost three out of four people being renters, any increase in the homestead exemption, we should take some of that additional gap spending and use it for programs that help those folks as well. And so I think the 2% will eat up that gap and I can't support it.

>> Mayor Adler: Thank you. We'll take the vote. Those in favor of the 2%, please raise your hands.

[9:26:44 PM]

Pool, troxclair, Zimmerman, Adler, Gallo, kitchen. Those opposed? The other five on the dais. 6-5 vote, it passes. We're now going to go to item number 90. I'm going to recess this and go back to the regular session.

>> Kitchen: Mr. Mayor? Why are we recessing? That was the only item on this.

>> Mayor Adler: I just want to check something first.

>> Kitchen: On him some other.

>> Mayor Adler: Because I'm not quite ready to do that yet, if that's okay. We can come back and I want to adjourn everything at the same time tonight.

>> Kitchen: I don't understand why because I thought we just finished our business under this one.

>> Mayor Adler: We did. But I just want to -- do you have an objection if I do it that way?

>> Kitchen: Well, are we going to take this up again? Is that the idea?

>> Mayor Adler: I don't anticipate that we will.

>> Kitchen: Then I don't understand why we wouldn't adjourn it.

>> Mayor Adler: I would just like to keep them both open.

>> Kitchen: Okay. But we're not going to revisit this item; right? We've already done it, so --

>> Mayor Adler: I wouldn't anticipate that we would.

>> Kitchen: Okay.

>> Zimmerman: Mr. Mayor? I'd like to adjourn that special meeting. Could I make that motion? Would that be in order?

>> Mayor Adler: That would be in order.

>> Zimmerman: I'd like to move we adjourn the meeting and stop it.

>> Mayor Adler: There's been a motion to adjourn the special called meeting. Is there a second to it?

None? We're going to proceed. Recess, we're back now to the meeting.

>> I'll second it.

>> Mayor Adler: We're past that. I'm calling up item number 90.

>> Wait a minute, Mr. Mayor --

>> Mayor Adler: We'll take a vote. We'll take a vote.

>> Gallo: Could I have -- could you give us just a reason? I just want to understand.

[9:28:45 PM]

>> In the meantime I'll just say thank you so much to my constituent who came here and sat here for five hours to make your voice heard. I know it's tough to get people to come to the council meetings, and once they do get here, it's tough to have them sit and wait till their item comes up. I know there's a lot of people here for items that still have yet to come up and have been here multiple times, waiting for their items to come up. So I appreciate you being here, representing thousands of austinites.

>> Mayor Adler: I was recessing because I wanted a chance to talk to the city attorney. It passed on six votes. Six votes doesn't let it pass on three readings, so we can have two called meetings next week in

order to be able to pass the item. We're not there yet, and I don't really know what to do about that yet, but while I think about it, I thought I would recess the meeting and we would go to item number 90 rather than waiting for me to do that.

>> Kitchen: Okay. But we're not going to take this item up again.

>> Mayor Adler: I don't know that, but if there's a chance for us to avoid not make two called sessions next week, it maybe something toot.

>> Gallo: Okay. Thank you for the explanation. Thank you.

[2:17:51 AM]

Real fast, we had the homeowners -- homeowners exemption pass with six votes, which means that -- okay. So I'm recessing the main meeting, going back to the special called meeting, which was in recess. Homeowners exemption passed with six votes. It can continue to pass with six votes, but it has to be voted on on two more days, which means that the six people who voted yes are going to have to convene on Tuesday and on Wednesday in order to be able to do this. Mr. Casar, at great personal sacrifice, who does not believe in this, has agreed to move to reconsider the vote so that the vote can be taken again with his seventh vote, which means on first and second reading only, which means that the six of us only have to meet one time next week, as opposed to two times next week. Mr. Casar moves to reconsider the --

>> Casar: You have to move to reconsider -- I was on the losing side so the winning side has to move to reconsider.

>> Kitchen: I'll move to reconsider.

>> Mayor Adler: Ms. Kitchens moved to reconsider, it's seconded. Those in favor, raise your hand. Those opposed? Houston, Renteria, and mayor pro tem, Gallo and Garza -- aye, we move to reconsider. We're going to take another vote on that motion.

>> Casar: Mayor, I'm going to be very clear I'm going to vote for this on first and second reading as a courtesy. One time when I was running I was told if I wanted to be courteous or a statesman, I should not vote for city council and I've already done that once.

[2:19:56 AM]

I will vote for it on first and second reading and won't come back -- I won't be here for your third reading because I'll be against it.

>> Mayor Adler: Going to boycott the third reading and I understand that.

>> Gallo: Thank you.

>> Mayor Adler: Those in favor, please raise your hand. First and second reading only. Gallo, Casar, kitchen, Adler, troxclair, Zimmerman, pool. Those opposed? Remaining folks on the dais. That now done on first and second reading, I'm going to adjourn the special called meeting. I'm told that in the hfc we have some time items that have to be handled, can't wait until August.

>> Tovo: I hope as expectation we're going to blast through the rest of the hearings because we have staff who have been here for 12 hours, they have no speakers on them, so again, I think we can dispense with them real quickly.

>> Mayor Adler: I agree.

>> Tovo: I think we can dispense with this quickly two, but.

>> Mayor Adler: My hope is. Let's blow through the rest of this.

>> And you're going to get back to us about when that special -- the next special called meeting will be held?

>> Mayor Adler: Yes. I need to know calendar availability of the six of us. Looks like it's going to be Tuesday or Wednesday of next week. Is everybody available on tuesday-wednesday of next week?

>> Yes.

>> Mayor Adler: Okay. Jim will help me set a special called hearing for one of those two days.

>> Zimmerman: Tuesday is better.

>> Mayor Adler: Tuesday is better? Okay.