

City Council Budget Work Session Transcript – 07/27/2016

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>> Tovo: Good morning. Welcome back to our first city council meeting after the July break. Thank you all for being here. We're going to go ahead and get started. It is 9:15 and we're meeting in the boards and commissions room. And today is a budget work session. And so it is my understanding -- in fact, Ed, why don't I ask you to kind of lay out what the session is going to look like in terms of an overview. It's my expectation that we will be able to break for good at about 12 or 12:30 today as I understand it. The staff are going to present our budget and then we'll have an opportunity for questions. And of course the more detailed questions after an ongoing opportunity to do through the Q and a process. And as I understand it, we will receive our actual budget books later this afternoon. I should say that I'm mayor pro tem Kathie tovo, I am filling in for the mayor today.

>> Mayor Adler: Will be out of today today -- mayor

9:16:53 AM

Adler will be out of town today as are councilmembers troxclair and Houston.

>> Ott: I thought I might start by offering a few words to council, simply first by saying good morning to you all. Welcome back for most of us from our summer break. Some of us I think are going to go back to summer break after today as I understand. But as it is always our pressure to be with you on this occasion to talk about the city's financial future and the context of our budget recommendation. We're pleased to do that today. To offer our recommendation for fy '16-'17. As I've said many times, the recommendation that we're providing today is a balanced budget. It's balanced structurally. We think it's fiscally sound and we think that it

9:17:54 AM

represents the vision and values of this council and I think continues to have us on the path of having Austin recognized as one of the most liveable and best managed cities in the entire country. As you know, the annual budget process we go through is not if not the most important work we do it is as a staff and certainly the most important work that we think that a council does because it sets the stage for all that's going to occur in the subsequent fiscal

year. The start of the budget development process we changed things in terms of process. Rather than being granular and focusing on budget details as we have in the past, we work to elevate the conversation about the city's finances during the forecast, and you all embraced that approach. So I think we had some pretty significant and

9:18:54 AM

informative, insightful conversations about a range of issues at the policy level that, frankly, served us well as we were doing our work to shape a budget recommendation that we hope you will find is responsive to those conversations. You will recall that we had I think in the area of five work sessions with the council. I thought they were substantive. I can tell you in my tenure with the city I would characterize them as some of the best policy discussions that I've been part of with the Austin city council. So you should, I think, take pride in that and be proud of that. One of the things too that came out of that as you will recall is a commitment from this council to having a -- I don't know whether to call it a traditional retreat or advance later on this year in the fall. We are and I hope you are, we're excited about the opportunity to spend that

9:19:55 AM

kind of time with the council and engaged in substantive conversations about the topical issues, challenges, opportunities that face Austin and the region. So we're looking forward to that very much. We did gather that there was some consensus in the course of those conversations. I say consensus because not everybody was on the same page, but on a range of things we did hear some consensus from the council that helped us, things like affordability, mobility, homelessness, of course housing, those kinds of things. And I wanted to highlight those so that I could tell you that we've worked really hard to make sure that we've allocated resources as best we could to address those high priority issues as we understood them given your deliberations and discourse during those five sessions.

9:20:56 AM

In addition to that, of course, this budget also includes a two-percentage point increase in the general homestead exemption and a 5,000-dollar increase in the fixed exemption for seniors and disabled individuals. So those are some of the things that are in here. Obviously you're going to hear a great deal more about the substance of our recommendation for the next fiscal year. You know, we found ourselves, you know, really faced with an interesting paradox in regard to this budget. If you've read my transmittal letter I've spent some time talking about that. And when I say that I'm really talking about as we work, the staff and I work to prepare this budget, you know, even we were taken aback a little bit, although we knew it was going to be challenging, about how fiscally restrained we were, unlike what we have been in more recent years when we came out and we were on the other side of the great

9:21:56 AM

recession. Of course, we came out of that, and mayor pro tem, you know this, with the benefit of

enjoying surpluses year after year once we came out of the great recession. We found in this particular case we were restrained, and that which we were used to, because of our conservative fiscal posture over the years, we did not enjoy the benefit of that kind of surplus. You may recall that we moved away from that conservative posture in the course of undertaking the proposed fy'16 budget, the current budget that we're in. We were less conservative, for example, when it comes to our sales tax projections. So we -- you know, we bumped that up some primarily because there were things that we wanted to do that you all wanted to do that

9:22:59 AM

would not fit within, you know, the revenue structure that we had put together based upon a more conservative projections. There were other things as well including some things that were partially funded in budget. You will recall back then we talked about in the subsequent budget year when it came time to realize the full funding for those various things. And I won't get into them here. That's just the facts. These guys will talk about that, and of course with their presentation. But we're feeling the full impact of that for this budget and that's part of the reason why we were very limited and constrained in our ability as we crafted. So those things made this particularly challenging, even with respect to some of the things that we know that

9:24:00 AM

council would be interested in on an annual basis how we invest on the capital side with the one-third dollars. Even those were not available to us this time, again, because of that moving away from that fiscal posture, those funds weren't available, to the extent that at some point we went back to all of our other departments and asked them to look through their numbers, look through their budget, see if we could tighten the belt one more notch to the tune of about three million dollars. And they did that so that we could direct those resources to things that we know are important to this council and to the community. So it has been challenging and for those who are watching and seeing me say that in the face of what appears to be otherwise

9:25:02 AM

extraordinary, robust economic growth they may find that difficult to understand, but again it's for all of the kinds of reasons that I just described. I want to tell you at this budget recommendation we have endeavored based on the way we put it together to move us back, to redirect us back to a more conservative posture. I cannot understate or overstate, I should say, I cannot overstate the importance in my view of moving back to a more conservative fiscal posture, not just in terms of the next budget, but I'm talking about long-term sustainability. I'm talking about our ability to be resilient as a city in the future financially and otherwise. I think it is critical that we do that. You will hear more about that as well in the course of this presentation. That said, there's no denying the fact that we are

9:26:03 AM

a big city. I know there are some people that would deny the fact that we're a big city, but the

reality is we are. And with all of the challenges, characteristically speaking, that comes with being, you know, a large complex city and mix of communities with the kinds of challenges that big cities throughout the United States face, you all know what they are. Our challenges -- I've mentioned them already, affordability. We talk about the socioeconomic divide here in Austin being more significant than just about any other place in the United States. We are traffic mobility challenges and homelessness and all of those things again I think relate back to how we approach things going forward from a financial standpoint. And point to the kinds of crucial conversations, which is why I'm glad we're having the retreat later on in the fall that we are going to have to have crucial, candid, frank conversations

9:27:07 AM

about those range of issues. That said, I have to tell you that I still believe that the future. I look forward to having conversations with this council and I hope you look forward to it as well. The future is bright. We continue to have all kinds of indications about that. When we talk about being recognized as the most liveable and we talk about being recognized as the best managed, we have always said northward to those things that there are things that we would never ever declare about ourselves.

9:28:07 AM

We would leave it to others to make that declaration about Austin. As you know for years they have been making that declaration about Austin for all kinds of things, whether it's the best place to retire or start a new business. There are a whole range of them. One of them that I am most proud of that occurred not too long ago was when Forbes came out and they do their best employer "Secret" investigation and declared Austin among all employers was the 22nd best employer, but more than that with respect to local governments, Austin was designated as the number one best employer. And I don't know how you get much better than that. This is Forbes magazine a publication that has global credibility. So we are, we are, not just the manager, but we are very

9:29:08 AM

very proud of that indeed. And I think that those kinds of accolades, that kind of recognition will continue to be part of our future even in the face of some of the challenges that we're going to address going forward. One of the most important parts of my remarks when we offer the budget to the mayor and council is just this. Is to acknowledge the people that make it all happen, that make it possible from my standpoint as city manager. In the run of show today, as you know, as always first up to bat our two headliners sitting in front of you, align hart, our chief financial officer and our deputy chief financial officer Ed van eenoo and their entire staff. These two bring great leadership and stewardship from a fiscal standpoint and in many other areas to them

9:30:08 AM

this be recognized the way it is. We would compare our standing within the other city and the entire country. So thank you both for your leadership. Standing behind them they have a pretty

deep bench and there may be one or two people in the room, but I suspect that the people that I'm talking about that work for Ed and work for Elaine are somewhere on the third floor in the room or in their offices, paying attention right now. Physical you are listening, I want to say to you directly how proud we are of you and how much we appreciate the work you guys do not just in terms of helping you put together the budget recommendations, it's important work for the mayor and council, but the other stuff that you do everyday and you do it behind the scenes. You are the back room and that's where the real strength is so I want to

9:31:09 AM

extend a heart felt thank you to you. I want to acknowledge the rest of my executive team many of whom are sitting to my right, the assistant city managers and chiefs of staff and assistant to the city manager for all of your work. You all are support understand what you do as well in terms of your service groups, the various departments, the department heads and their financial staff. All of these people work hard on all sorts of things, certainly in this, one of the most important things that we do, they have everything to do with our ability to put together a responsible financial document like what I believe this budget recommendation is so mayor pro tem, councilmembers, I'm happy to turn the budget presentation over to our department manager, Elaine hart.

>> Good morning, mayor pro tem and councilmembers. It's my pleasure to be here

9:32:09 AM

with Ed to present to you the fiscal '17 proposed budget for the city of Austin. This is our official release to the council and the public of not only the presentation but also the two extensive volumes that represent our proposed budget. They should be posted on the city's website today, if not already posted by the folks that are upstairs on the third floor. They can be found at www.austin.texas.gov/finance. And they're also located on that website with our other budget documents, work sessions, policy work sessions that we had with the council as well as the council budget Q and a is up and running and so it's there also.

9:33:10 AM

After today's so we have planned on full day work sessions on each Wednesday in August, beginning with August 3rd. These are scheduled to begin at 9:00 to 4:30 and at each of these our departments will present in much more detail their departmental budgets and so if you have detailed questions we're just covering the overview today, but you'll have a lot of opportunity to ask the departmental staff more questions about their budgets. We also have two public hearings, August 18th and September 1st. Those public hearings will allow the public to provide comment on not only the tax rate, but the utility rates and our fees. During the coming weeks there will be many, many opportunities for the council to provide us input and discuss the proposed budget prior to the council's adoption of the

9:34:21 AM

budget. We will do the high level overview and then the all funds, things that affect every fund, citywide costs. We will then talk in more detail about the general fund, internal service funds and the enterprise funds and then we will roll out the details. There are some divider pages and natural breaks if you would like to pause and ask questions then and then ask questions during the presentation. With that I'll get going. Based on feedback that we got from this council last year during the budget process and budget work session and the adoption, we really heard that you wanted us to make a fundamental change and beginning with our financial forecast. The forecast this year

9:35:22 AM

focused much less on what we would call budget -- preliminary budget details and much more on the policy discussions on the council. We had five policy work sessions in May and June. And these allowed the staff to get input and hear the council discuss a variety of policy issues in areas of the city. Although I won't name them all, we have a listing here of the policy work session topics that were covered by council, certainly tax rates, utility rates and their impact on affordability was very high on the list. Mobility and transportation of were high. Mobility and services funding as well as public safety staffing levels. This feedback from the council, during these work sessions, and listening to your discussions about these topics was a very key tool for us in preparing this recommended proposed budget.

9:36:29 AM

In addition to that we benefited from the council's priority retreat that you had in June. You had a couple of meetings there. And you were seek amongst yourselves to contain consensus on some of the topics. Although individual councilmembers had a few points differ on any given issue, we did get a sense for some consensus on some of the more pressing issues of the city, those surrounding affordability, mobility, certainly combating homelessness as well as affecting the housing market, housing supply as well as our residents of the significant increases in their market

9:37:33 AM

values. You were here and participated in those discussions, so we'll let you read those. As the manager said this budget, this budget proposed continues. Many of the initiatives that were approved by this council for fiscal 2016, and so the '17 budget is preloaded with those. Many of these came from either the concept list or amendments from the proposed -- the budget readings last September and a few of them were the result of budget amendments during fiscal 16. I'll run through a bit of these again. These were the analyzed cost for programs that were initiated during 2016. They may have been partially funded or had a delayed approved during the year. With respect to our emergency medical services

9:38:34 AM

department to assist in reducing the medic fatigue, a 42 hour work week was implemented with a two-year phase-in. This represents the phase two. In fiscal '17 we'll be adding two new medics,

medic 1 and 2 in our emergency medical services department. The cost of that phase is \$3.4 million. In the spring, in February, there was a budget amendment to recognize the additional overtime that the police department incurred for the spring festival season, and a budget amendment was approved for \$1.5 million. That 1.5 remains in the '17 budget for the Austin police department. We approved staffing and' equipping the shady hollow

9:39:38 AM

fire station last year. This is the 1.3 million and represents the analyzed cost for the staffing of the station. That did come from the concept menu. We had a true-up. We were implementing the living wage last year, and as we went through this year we realized the estimates were low so we have a true-up in the budget this year and we make sure that the departments are paired and they have a living wage for their employees this year. That amounted to \$700,000 or .7 million. As you know in may, we also had a budget amendment to provide the living wage to the parks aquatics lifeguards at their pools. They were having difficulty recruiting and so this amendment was \$.4 million. And then last on the list, in February we -- the end of

9:40:41 AM

February we provided funding through a budget amendment for child services to continue child services for families via the passages program. So all of these budget amendments have been preloaded into the '17 budget and the funding for those programs have been continued. So the analyzed cost for -- annualized cost for these in the budget is 17 and a half million dollars.

>> Questions? As the manager said during preparation of this budget we really found ourselves in an unlikely position given what you see in the economy here. We did not have the luxury of having the reserves that we in in past years so we had to make more difficult choices. I think what you'll see in this budget is that we did

9:41:44 AM

not add as many new programs as we might have in other years. We had limitations on funding that we had available for those, but what we did do was a really careful job of looking at what we -- listening to the discussions that the council had had, looking at all options in terms of funding and where we could in -- if we could not fully fund a new program or a priority, we certainly chose to identify some of the limited funding. So you will see in some places while the budget priority was not fully funded, we did partially fund it. So we did try our best to at least allocate monies to all of the -- all of the council priorities. This next section will go through many of those priorities and talk about what we do have in this proposed budget for them. As the manager said with

9:42:44 AM

respect to affordability, which is always on the top of our list when we look at our fees and on our tax rates, the council has already taken action by state law they had to take action by the end of June to increase the homestead exemption. Last year was the first year that we had a

homestead exemption. The council approved a rate of six percent. And in June that was increased by two percent to bring the full exemption for homesteads to eight percent of their assessed value this year. And so that was already -- that decision has already been made and that is in this budget. We also are recommending that we increase the senior and disabled exemption by \$5,000, bringing that to \$85,000 exemption, which is the same level that the county is at in their proposed budget.

9:43:45 AM

And we'll see a chart later in the presentation where we summarize what the typical cost for a typical -- what the cost for a typical resident is for the tax bill at the median home value and utility bills for the typical customer. So we'll summarize those for you in a chart. It's the number we look at every year. The overall increase from one year to the next, and in this case we are projecting a four percent increase in that cost, but we will have a chart there later. With respect to our health insurance costs, certainly our budget is -- covers a significant amount of cost of it that is related to personnel. About a third of the budget is related to personnel costs. And health costs have been rising for a number of years

9:44:48 AM

and so when we forecasted our health costs for our employee base, our workforce this year, we were forecasting a 12 percent increase over the prior year. Over the summer we worked -- the human resources department worked and recommended changes to plan design that would reduce our increase to a lower amount to an eight percent. So that is significant because it is a cost driver for the city that has spread across all departments. So it will impact every department, thus it affects their rates and fees. So that's where part of the savings is coming from. Also, with respect to our workforce, certainly affordability for them is also a consideration. And so we are recommending a

9:45:49 AM

29-cent per hour increase in January that will offset the premium costs for those that are experiencing an increase in their family insurance premium. And then as the manager said, he did correct departments in the general fund and support services fund to identify a belt tightening reductions of three million dollars, and those were used to fund council initiatives. With respect to transportation, mobility, certainly those are programs that we are putting new emphasis on this year. Austin transportation department is adding 13 new positions to support their mobility programs and their signal timing and maintenance. And their right-of-way programs. They're also looking to increase their contracts, to

9:46:49 AM

improve their mobility and signalization, and they're also initiating a safety and enforcement program. This will cost \$1.1 million. They also have capital projects of 8.3 million that will include improvements to corridors, replacement of pay stations for parking, as well as improvements for signals and local area traffic management. Our public works department that

repairs the streets in the city to keep them in good condition, we'll be adding -- we'll be increasing their contracts for street overlay work by \$2.1 million, and they will also be adding some new positions, 16 new positions that will work on overlay and roadway improvements.

9:47:50 AM

So they're taking an approach of adding -- partially adding new crews and new ftes, but also increasing the contract work so they're splitting the work between contracts and new ftes so that you have the flexibility to taper back when you need to. And they also have a capital spending program. They manage most of the capital projects for the city and they've got \$40 million in the capital plan -- in the capital budget for capital improvements to the streets, the bridge, bridges, for urban trail improvements, as well as bike and pedestrian improvements. For health and housing needs, there were two -- I'll go through these a little slower. There is an increase to the

9:48:50 AM

housing trust fund of \$1.1 million. That does not fully fund the resolutions that were adopted by the council, but it does result in a doubling of the funding for the housing trust fund from about 900,000 to \$2 million in this budget. We are initiating a new contract with housing first for permanent supportive housing funds with an increase of \$600,000 to help address and reduce homelessness. With respect to health and human services department, it's not listed here. I'll go through some more of the detail, but with respect to that particular department, they are seeing a 4.4-million-dollar increase in their proposed budget over the fy16 budget. That includes \$1.5 million

9:49:51 AM

for new initiatives and contracts as well as the annualized costs of 29 new ftes that were added in fiscal 16. When we're adding some additional monies is for our social services contracts, additional funding of \$500,000 and we do have funding for the contractual expenditures for funding the sobriety center so that is a council initiative that we are addressing. We have \$217,000 for implementing the colony parks sustainable master plan and that includes one position to work on that as well. To address public safety, we have several staffing

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changes. We've got, again, implementation of the phase two of the 42 hour work week for our emergency medical services department. That will add 52 positions at a cost of \$3.4 million and that will cover the people as well as the equipment. We're also adding 33 new positions for our Austin police department. And that will be able to address and increase our proactive community policing efforts. The break down of that -- break down of that is 12 additional sworn positions and 21 civilian positions will be reallocated so that -- 21 new civilian positions will allow the reallocation of 21 sworn employees who are currently performing civilian work. It will allow them to go back to patrol activities. The advantage to doing this is that we can get those

9:51:55 AM

officers back on the street faster than we could train the cadets and get them on the street. So this is -- while we still have our planned cadet classes, this will get additional 21 officers back on the street faster. We're also adding three firefighters for our Austin fire department to serve as the airport -- service the airport fire station and that will be fully funded by the aviation department. Other initiatives include some additional funding based on the contracts that were approved for the police department body cameras. We've got an increase of \$762,000. And as we mentioned when we presented the forecast and we remind you because that was a few months ago, we saw -- we saw a budget challenge for the fire department because of the level of vacant cadets that they've got and the difficulty in filling those

9:52:58 AM

positions over time. We've added an additional three million dollars in overtime to the fiscal '17 currently as of the beginning of July they're running an 11% vacancy rate in their cadet -- for the sworn positions, which includes the cadets, which is 131 vacant positions. And they've got it scheduled for filling all those, but in the meantime with their four-person staffing model, any vacant positions have to be staffed with existing firefighters. The manager mentioned investments in our workforce that we're proposing for this year. We heard from the council, some councilmembers discussed the possibility of performance-based wage increases. And so we're -- we are proposing a two percent performance based wage increase for civilian

9:53:59 AM

employees. That is for employees who receive a satisfactory or higher rating on their performance evaluation this year. We've already talked a bit about the 29-cents per hour which will be in effect in January, the beginning of January for civilian personnel. And that's intended to offset the additional cost of providing health coverage for their families with the premium going up. We also will have a two percent increase for all of our sworn -- sworn personnel per their contracts. And we are continuing our implementation of the living wage. We have a commitment to increasing that each year during the budget process. So the living wage across the city will be increased from 13.03 to 13.50 per hour.

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And then we've got market -- civilian market adjustments that are to be implemented in August of this year. The '17 budget includes the annualized cost of those, which will be \$3.8 million. And certainly we're experiencing growing pains and welcome growth. Actually, we have many departments that are driven by that growth. We've got the aviation department, the convention center, as well as development services department. The aviation department is proposing to add 41 new positions to meet their customer demand, and continue their terminal expansion. They are experiencing significant passenger growth and to meet their customer needs they're adding these new positions and they're fully funded by the aviation

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fund. Development services is continuing to implement the recommendations of the Zucker study. To do that we had a phased approach. This is the second phase. We added positions in the '16 budget and we're proposing to add 39 new positions in the '17 budget. These will be used for the expedited permit review to expand their review and inspection capabilities and also to support forestry programs for drainage inspections. These are partially funded, so we've only got seven months of funding for these new positions in the budget. And they totaled -- the total cost is \$2.1 million. Other initiatives that we've addressed with funding in this budget, as we talked in may and June about the deferred facility maintenance that we have that's affecting many of the city's facilities, we talked about the need to increase

9:57:07 AM

the funding for that to meet some -- the financial policy. So we have funded three million from the general fund for this purpose in the '17 budget. We're also funding information technology projects that were -- that rose to the top and got approved by our information technology governments committee. Funding of \$7.7 million will through an upgrade of our permitting system, which is called Amanda. Increases in the storage for our public safety departments, the storage of the dashboard cameras and other information. As well as continuing on a project to relocate our city data center that houses all of our information

9:58:07 AM

technology systems. We've got funding in the Austin resource recovery fund to implement the organics collection program with a five-year implementation plan. Its total cost would be \$5.3 million with 55 new positions. The first year implementation would involve adding \$4.2 million and 12 new positions to the Austin resource recovery budget. And that is what has been proposed. We've got an additional \$3.4 million to prepare the new central library for opening later this year. Well, in the spring of next year. And per resolution of council, we have added monies to develop an equity assessment tool that will be part of the duties of the

9:59:08 AM

equity officer. And last but not least we are, as the manager said, we always want to maintain our outstanding financial position with the city -- of the city and its financial stability. We have outstanding credit ratings as a city and our enterprise funds are well positioned and very good credit ratings in their own industries. There's a variance because of the risk of the different industries with the airport being considered the most high risk of our -- of our credits due to the airline industry and the impact on tourism and on terrorism and their potential credit. The city has had an aaa credit rating since 2008 by all three credit rating agencies and certainly that does help keep our tax rate low and our

10:00:10 AM

utility rates low. With these great credit ratings, we get some of the best interest rates and so when we get low interest rates, that allows us to -- our mortgage payment is lower. And so that reduces our tax rate, what we have to ask our citizens to pay in terms of tax rates and utility rates. As the manager said, we need to keep our reserves and we have with this budget restored us back to the policy level of 12%. We have two -- two reserves that make up our total reserves for the general fund, an emergency reserve and a stabilization reserve. Those two are about 58 million each and together they are at the total of the 12% and we were able to restore that balance back. Austin energy also has reserves that meet its needs.

10:01:10 AM

They are transferring \$19 million to their reserve funds and they will be on target to have their strategy reserve fully funded by next fiscal year, fiscal 18. And I'm so pleased about the water department and the financial stability that they have worked for years through the drought to restore. Our last credit rating, we were able to get the outlook based on their financial performance over the last three years, the out looks were changed back to stable from negative and so just really pleased to report that to council. And that really was due to their mitigation, keeping their rates as low as possible but yet having the reserves they need as well as cost containment measures. And a culmination of this section or the last piece of this section is that chart that -- that I told you we

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produce every year so that you can see the change in the monthly -- what we call the total bill of -- to our typical resident here in Austin. For fiscal 16 the total bill was \$311.69. Our proposed budget results in a total monthly impact of 32 -- 324.17 for a combined increase of \$12.48 which is overall a 4% increase over the prior year. And in later sections we will cover each of these utilities in more detail about their proposed rate increases that result in these bills. With that, I've finished with the -- that piece of the overview and I'll turn the presentation over to Ed van eenoo.

10:03:11 AM

Might be a good place if there are questions.

>> Tovo: Let's do pause for questions. I notice some appearing to arise. Councilmember Garza.

>> Garza: The funding for the passages, I thought that was -- I know I sponsored the item for that -- I thought that was new funding and I thought I heard you say it was a budget amendment that is now still in the -- it was a budget amendment?

>> It was, and February 25 is when it adopted. It started as a resolution asking us to find finding and gave us a date to come back. It was a grant program, I believe, that was expiring and so the services would no longer be provided if we didn't identify the funding. And so we came back later in the month, I think the next council meeting and proposed a budget amendment from the reserve fund.

>> Garza: All right. So that will continue to be funded in this year's budget?

>> We did put it in this '17

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budget, yes.

>> Garza: It's in the proposed budget.

>> Yes, it is.

>> Garza: I guess if we have specific questions about things you've highlighted from departments, would you prefer us wait until we get that presentation from the department, because I guess they would be the expert.

>> You can take that approach. The department director and their financial staff and others will be available at those departmental presentations. You can deep dive into questions or you can provide us written questions. We do have 75 questions out there and we're happy to do it either way.

>> Garza: Thanks.

>> Tovo: Councilmember Casar.

>> Casar: Pretty basic question, does the proposed budget put us at the rollback rate or just below it?

>> It puts us at the rollback rate. We'll get into more details when we get to the general fund property tax section, but the budget is proposed at the rollback rate.

>> Tovo: Councilmember

10:05:15 AM

Houston.

>> Houston: Thank you so much for the information. On page 16, the one we just left, the transportation user fee, is that on everybody's utility bill whether they are multi-family or single-family?

>> It is.

>> Houston: So everybody gets that same transportation use --

>> Commercial fee too. There is a commercial component to the fee as well. Not just residential, commercial and residential.

>> Houston: Okay.

>> Tovo: I have a few questions. And I can submit these also as followup through the Q and a, but quickly if you happen to know the answers to these. I understood the point that you made about -- on page 10 about the increase to the housing trust fund being less than specified by council resolution. I wasn't sure if you had off the top of your head the amount that would have been

10:06:18 AM

transferred. I'll submit that through the Q and a. Has that money been allocated to any housing expenditures or that is just being transferred to the fund.

>> Just being transferred to the fund. There was two different resolutions in regard the housing trust fund, one increased to 100%, a second that expanded the properties it applied to. The net result of those two changes would have increased the transfer in the neighborhood of \$2 million. Currently about \$900,000. We're proposing to more than double it to \$2 million, but the resolutions would have had an even greater increase of I guess close to \$2.9 million would have been the increase called for by those two resolutions.

>> Tovo: All right. Thank you. And then the development services -- and again, I'll -- once I review the budget we'll have some more specific questions about that, but do you know if there are any fee changes proposed within development services to help off set the increase of those new positions and if so if they did any kind of recent

10:07:20 AM

fee evaluation? I think the latest one was outdated at this point in terms of cost of service analysis.

>> They are -- they are at their current cost of service under their current study. Their revenues, I think if you -- we are trying to move them up to a -- to where they could become an enterprise operation. We're not proposing that in fiscal year 17, but their fee structure is largely in attainment with cost of service -- alignment. I think they may have a variety of fee changes, but really in the fiscal year 16 budget is where they did the significant push in fee changes to move them up to cost of service on those fees.

>> Tovo: I remember doing that last year and raising them to 100%, but as I recall those are based on an analysis that was done now several years ago. So it's not the most up to date analysis of really what the costs of providing those services are. So it's at 100% of the cost of service, but the cost of

10:08:21 AM

service analysis is updated. I wasn't sure if there was any attempt to revisit that and, again, we can talk in more depth about it at some other point, but if you have some global thoughts on the matter right now.

>> I have some really good news to report with regard to development services. Rodney Gonzalez, development services director. In the fiscal year 17 budget for the first time, our development revenues are going to exceed the costs of the department by 1.5 million, and that's a result of raising the fees. So for the first time ever we're actually going to be covering our costs. We do propose fee increases in the next fiscal year. If you recall, we had two fee studies, one done in fiscal year 2012 and one in 2015. Both of those covered the approximate 450 fees that we have. Approximately 80 -- 80% of those fees was covered in fiscal year 2012. And the remainder were covered in fiscal year 2015.

10:09:22 AM

And what we've done is we've gone to the 2015 study and we've increased those costs to today's costs to bring those up to today's dollars, but with regard to the 2012 study, we don't have the data that was used in 2012. So consequently what we've done is we've proposed \$100,000 in next year's budget to do a new fee study this fall so that way we can review those fees as well.

>> Tovo: Thanks for that information and again, I'll submit some followup questions about how soon we might have that information and whether there's an interim -- I mean whether you can come up with some pretty good estimates that the costs have increased at least since 2012 to get us part of the way there while the study is going on.

>> We've looked at that and with regard to fees, of course one thing that concerns us is we want to make sure that we have the data to support the actual fee computation. And because we don't have the

10:10:22 AM

raw data from 2012, we don't have the information to support fee increases above what was computed in 2012. So we have all the data to support the 2012 analysis, but we don't have that raw data to bring it up to \$2,017. And so we would want to make sure that we're confident in those -- in that information before we would look at 2012 fees. And that's why we want to propose bringing in a consultant this year to do that analysis for us.

>> Tovo: Thank you, Mr. Gonzalez. What happened to the data from 2012? Why do we not have the raw data?

>> We're looking into it. We've got the paper data, but we don't have the spread sheet data that was used to compute it. And so we can't explain exactly why we don't have it. We've looked, we've looked into our records. The information that we do have are the volumes of [inaudible] Data, but we don't have the actual spread sheet data like for the 2015 study. It may be that we didn't at

10:11:22 AM

that time request the actual spread sheet 245 the paper data was submitted to us.

>> Tovo: From the consultant. Has anybody gone back to the consultant to see if that data exists?

>> Yes, I believe we have and the consultant, of course, I can get the answer to you, but I think we have.

>> Tovo: And to drill down too far in the needs there -- I mean in the weeds. I think that's my last question at the moment. Thanks very much. Councilmember Zimmerman.

>> Zimmerman: One quick question on page 16, councilmember Houston already touched on this, but the Austin energy rates mentioned here, the proposed rates, how are those connected to the rate study that's still going on?

>> The proposed budget includes the rates that they proposed in January of 2016. They do not include what the hearings examiner will be presenting to you next week.

10:12:25 AM

And so they will come back after the budget adoption and -- well.

>> Zimmerman: I thought we accelerated, right, the rate case and the rate study so we would have accurate numbers for this year. But I guess -- so that's -- this doesn't include --

>> It does not. It does not and it's because you've got the four hearings, the adoption schedule for the new rates is August 29th and they are proposing to come back -- that you adopt the proposed, they are coming back before the end of September to do a budget amendment that will actually implement their -- the rates you would adopt on -- at the end of August. And for us to be able to produce the budget document, that was the only way that we could do it. So --

>> Zimmerman: It's a timing issue. You had to get this done, you couldn't wait for the final results.

>> Right. And so we worked with them

10:13:26 AM

early in the year to work out a schedule with them, but it will -- during August it will be a little bit confusing because you'll be looking at proposed rates and bills that will not match what you are hearing in your discussions with ae in committee. And so we'll try and -- we'll try and make it as less confusing as possible, but there will be some crossover.

>> And we'll update this slide when we get through that process and when council makes a decision, we'll update this slide for you.

>> Tovo: Councilmember troxclair.

>> Troxclair: On the 2% performance based salary increase for civilian employees, in the past when the city has done that, do you know about what percentage of employees received that 2% or that performance based increase?

>> In the past it was across the board so it was provided

10:14:26 AM

to -- well, in the past few years it has been a across the board wage adjustment and so it went to all employees irregardless of their performance review.

>> Troxclair: But the city has done performance --

>> In the past. It's been at least four or five years, but we can get more information to you.

>> Troxclair: Okay. And the organics collection numbers, have those numbers changed since the last time we talked about the fiscal impact of implementing this program? Since the forecast, do you know if it was -- the \$23.2 million and 55 positions over five years and then 4.2 million and 12 positions in this year.

>> I'd have to go back and look.

>> They've not changed.

10:15:26 AM

>> Troxclair: They have not changed. Okay. And I appreciated the city manager talking about the importance of making sure that we had conservative fiscal policies and I know that this is a tough fiscal year, but it doesn't -- we're not making changes, we're maintaining general fund reserves at 12%, we're not necessarily making any changes in this budget in this year to our fiscal reserve policies.

>> No changes to those policies.

>> Troxclair: Okay. Thanks.

>> Tovo: Councilmember Houston.

>> Houston: Thank you again. On page 12, when we talk about civilian market adjustments, are those adjustments on public sector employees or private sector employees?

>> That's for the city's employees.

>> Houston: I know, but when we're talking about --

>> The market adjustments.

10:16:28 AM

>> Houston: What are we adjusting the market to? Is the market public sector or private sector.

>> I would want to ask our H.R. Staff to come and respond.

>> You are asking whether we're comparing for purposes --

>> Houston: What does the market compare.

>> We use -- mark Washington. We use multiple data sources to include both public and private sector data.

>> Houston: And how are these decisions made which ones you use?

>> Well, there are some jobs that don't compare well to the private sector that are unique to municipalities. So it depends on what the actual position is that's being evaluated. So for example for public -- well, there are some -- like for code compliance officer, for example, the best comparison is only public sector data, but for accountants and engineers we'll use both public and private sector data.

>> Houston: And so there's a

10:17:28 AM

great degree of flexibility regarding whether we use public sector or private depending upon what the job description is and whether or not the private sector -- so let's talk for just a minute about doctors. So we have doctors in the public sector and we have doctors in the private sector. Would that market adjustment be toward the private sector? See, it's -- it's kind of loose for me. I'm trying to get an understanding how we're going to do that.

>> Right. And that's a good question. So we're not able, obviously, to pay market for private sector rates. We do factor in the private sector data, but for physicians a medical director we know is well underpaid for what the private sector pays for physicians, but we do look at the public sector data as well as the private sector data to determine how close we can come to market

10:18:29 AM

competitiveness.

>> Houston: Private sector market.

>> Both. Both.

>> Houston: Okay, I'll have some more questions. I'll send them to you.

>> Tovo: Councilmember Renteria.

>> Renteria: I guess this is for Ed. Can you tell me, we still have the policy in place where under transportation user fee if you don't own a vehicle you can apply to have that exempt from your utility bill?

>> You have to apply for it.

>> Renteria: You have to apply for it. I just want to let the people know if you don't own a vehicle and you don't have a vehicle in your household, that you can apply for the fee waiver on the transportation.

>> Tovo: I think we're ready to start public engagement. Councilmember Houston. Zimmerman.

>> Houston: You need to take a vacation.

>> Tovo: That's an excellent suggestion.

>> Zimmerman: Back on page 11, just one quick question on public safety, on the 762,000

10:19:30 AM

under another initiatives for smart and wireless phone service for APD body cameras, is that part of the taser contract or over and above or tell me where that 762,000 comes from.

>> That's for the phone service that supports -- that was the other contract, not the taser one, I believe, but that was for the phones -- this is for the phone service that supports the body cameras.

>> Zimmerman: So there were two parts, right? There was one that was like the basic camera technology, then there was 5 million or something for iPhones that would be paired with those.

>> Right.

>> Zimmerman: The 762,000 out of part of that 5 million that was voted on?

>> This is for the fund service piece of that.

>> Zimmerman: So if that contract were to get stopped in court, then that might go away?

>> It's in the budget, but you are right.

>> Zimmerman: Okay. Thanks.

>> Tovo: I was forecasting,

10:20:31 AM

I guess.

>> Houston: You were mind melding. On page 9, under the capital improvement plans, how are those things prioritized or is that something I should ask transportation when they come?

>> Yeah, I think both of those departments as well as all departments presenting will get into their cip projects in more detail. So I would suggest waiting until -- we're going to go through the schedule of all the departments that are going to present and when, but those more detailed questions would probably be better for those department staff to respond to.

>> Houston: Thanks.

>> So we want to move on and talk about the public engagement activities we did as part of developing this year's budget. Let me back up to say my name is Ed van eenoo, proud budget officer for the city of Austin. You know, we always try to go above and beyond in regards to our engagement with the

10:21:31 AM

community and providing opportunities for the community to express their voices and concerns and their opinions and taking all that into account as we craft a budget recommendation. I really want to take a pause here and recognize and highlight the tremendous effort of our public information office staff and a couple individuals in particular in our budget office. Laura Foss who I think you all know from our public information office, was tireless and relentless and very unselfish in regards to her personal time in regards to this year's budget engagement efforts. She spent a lot of time, weekends and nights at various community events throughout the city, and in the budget office two of my staff members, Katie lust and Mary Ann did the same taking time away from families and personal time to spend nights and weekends and evenings at a variety of community events seeking engagement. So I'm going to talk mad cow about some of the things we

10:22:32 AM

did. This is by the numbers. We attended and helped facilitate five city council town hall meetings. I think I could remember all the districts if you are interested, but these were specifically requests from the councilmembers of these districts for budget staff and Pio staff to come out and facilitate budget discussions within their districts. We've had 19 meetings

with various city boards and commissions from our parks commission, public safety commission, community development commission, et cetera, departments have been working hard to engage the boards and commissions. The council appointed citizen boards and commissions in their budget development process. I talked about these public events that we've been attending a total of 28 events, kind of our model has been we developed a really cool tool this year, but if we can't get the people to come to the tool, we will take the tool to the people. I showed you these bright blue shirts we had made and we had

10:23:35 AM

staff at a variety of community events wearing their blue shirts walking around the crowds with their iPads trying to encourage people to participate. And they gave us the ability to target some areas of the city we historically have not received good responses from. You could find us at events like the. Cinco de mayo fest, the you'll career fest held at the palmer. We wanted to give our kids an opportunity to participate. And we were out at the various mobile food pantries throughout the month of may and into June seeking input from people waiting in line to receive food for the week. We were at farmers markets, blues on the green, essentially if there was a collection of people, you were very apt to see some of my folks wearing blue t-shirts walking around with iPads to take a go at crafting their own budget recommendations and that's what the budget simulator was about. Through that new tool we

10:24:35 AM

received over 1600 budget submissions from city residents. We had a very good response to the exercise and a very good turnout. We titled our campaign overall dollars and cents, your city, your choice. The focal point of it was the city of Austin's budget simulator tool. It was an online interactive tool that gave citizens the opportunity to craft their own budget along the line of 49 different service areas. You may recall we did a kind of sort of similar exercise last year with the budget in a box, but it quite literally came in a box and it was more static paper version so it wasn't as flexible. And we had a very good response to that exercise, but we also learned a lot from what we heard from the community. So one of the things we heard was budget in a box was fun, but you are giving me a choice of increasing or decreasing funding for parks and libraries combined. I might want to increase one

10:25:36 AM

and not the other. Is there a way you could make the exercise more granular. This was our response was to create an electronic tool that allowed us to not only separate parks from libraries but even within parks to increase or decrease funding for pools versus maintenance versus athletic programs. So it just gave us the ability to get much more granular with the choices that people could make. It also gave folks the opportunity to tailor it more to their own situation. So again budget in a box was static, but using an electronic tool like this gave people the opportunity to go in and to look at their own situation in regards to their homeownership status, in regards to the value of their home and enter their information and get a tax and utility bill more tailored to their own situation so they could see how their choices in regards to increasing or decreasing services impacted their own particular finances. Again,

that's something we heard back from budget in a

10:26:37 AM

box. We were trying to be responsive not only to what the community says in regards to their priorities, but also what the community says in regards to how we go about engaging them in the process. Accessibility is always a huge concern of ours and so we designed this tool to be available on as many formats as possible. And quite literally, I think any modern electronic device this tool probably would have worked on from mobile devices to tablet computers, laptop, desk top computers. It was no easier to use on a fancy desk top computer than it was on your simple phone. It worked perfectly fine on either of them. There was no loss of functional. It was available in English and Spanish. It was designed to work with screen readers, visually impaired people, et cetera, et cetera. We remain keenly aware of the digital divide in the city so if we were having a challenge getting people to come to the tool, we were out in the community taking the tool to the people and I think we had

10:27:38 AM

great success with that. Let's look at some of the results. Again there was 49 service areas and essentially for all of those 49 service areas residents were given an opportunity to say I think we should spend more on that, leave it about the same, spend less and to see immediate feedback in regards to how those decisions affected their own pocketbooks. 49 is too many going through in an overview presentation. The results, the detailed results, the district level results of all this information is going to be included in our public engagement report. We'll get that published the first week of August and it will be available at our dollars and cents website that you can get to through the city of Austin's website. But these are the top five in terms of the top five vote getters. Of those 49 services, these are the five service areas where we got the most votes from people saying they wanted to increase service in these areas. One thing I want to step back and say, of the 49 service areas, in 47 service areas the

10:28:41 AM

actual plurality of voters and in many instances the majority of voters said we want to keep the service the same. That was in 47 of the 49 cases, that was the response, keep the service level the same. There's only two areas where the plurality was something different than that and they are right here on this slide. Behavioral and mental health where 47% of respondents said we should spend more money on that service area and street and bridge preventive maintenance where Williamson creek had 46% of respondents said we should spend more money in that area. The other top five vote getters for increased investment were right-of-way maintenance and sidewalk management, 45%. Facility and ground services and park planning and bicycle infrastructure, those both came in at 41%. The bicycle infrastructure is an interesting one because it is the only one that you are going to also see when I do the top five vote getters for decreasing funding, it's also on that list. So it's a -- there's some interesting dynamics going on

10:29:42 AM

in regards to the community's feelings about bicycle infrastructure.

>> Polarization.

>> Thank you for the word. I really like this chart so I'll say that up front. It's busy, it's the quilt chart, but this is us trying to take the -- the service areas, the top five service areas by districts. When you look across the columns, d1,d2 and 3, those represent the districts. To give you a example, district 1, you can see the darkest color is for right-of-way and sidewalk management. That means that was for district 1 responses the top vote getter for increasing services was right inside walkway management. The second was bicycle infrastructure. And you can see that kind of by the shading. We just did the top five by district. I think it's interesting when you see -- when you look at this citywide, the top three

10:30:44 AM

vote getters were behavioral and mental health, street and bridge maintenance and right-of-way and sidewalk management. Across the district there seems to be a great deal of uniformity and and consensus these are three priorities no matter where you live. There seems to be a much more divergence of opinions about what the other priorities are throughout the city. We can come back to this if you have questions about it. I'm not going to try to go through everything in here, but if you would spend time looking at these blue dots there's a lot of interesting stories to be told on this slide. The top five vote getters for where folks might want to see reduced spending they are on this slide. I do want to step back and remind everyone that -- particularly for the top four service areas, the top four listed on this slide, not only the plurality, but the majority of votes said they

10:31:44 AM

wanted to leave these services at current levels. More than 50% are that gray bar saying they want to keep these services at the current levels. But in sorting them by which were the service areas that got the most votes for reducing service, they were in order global business recruitment and small business development. That came in at 35% of respondents saying reduce services either by 5 or 10%. Cemeteries was 34%. Redevelopment and commercial stabilization was 29%. And athletics and rec program services at 24%. A very -- another one is very polarized because 23% said increase the service. And I already mentioned bicycles, that polarizing issue of it being number -- it was the number five vote getter for increasing spending

10:32:45 AM

number 5 for decreasing. We do the same thing in looking across the districts. The darker tones are the items that were ranked higher. The lighter tones are the items that were ranked lower. And similar story for the top three vote getters for reducing services, not only were the top -- but when you look across districts there was a great deal of uniformity. You get below the top three and it kind of goes all over the place.

>> Tovo: Can I just ask you a quick question?

>> Yes, ma'am.

>> Tovo: Can you help me understand the white squares? Does that mean there weren't that many respondents in those districts?

>> So if I take one of the white squares, district 2 for athletic and rec programs, that just means in district 2 athletic and rec programs was not in the top five for reducing services.

10:33:45 AM

The top five for that district were you can kind of see them by the tones but the other five things weren't on the list. The reason it's on the legs is because in at least district it was.

>> Tovo: Gotcha. Goodness. All is okay. My microphone still works. [Laughter] Thanks for the clarification.

>> I want to move on and talk about our survey. You know, our survey is a nice tool because whereas the budget simulator and tools like that are open ended and we can't really control the kind of the scientific validity of the numbers, on the survey we absolutely can. We hire a professional consultant, they randomly suspect the participants, make sure it's demographically representative of the city and they can say with confidence they can provide confidence intervals for the survey. So I believe our survey is plus or minus two and a half percent, within 95%

10:34:46 AM

confidence. In other words, if they were to redo this survey 100 times, 95 of the responses would be within plus or minus two and a half percent of the results that we're showing here. It's very statistically valid source of information. They look at 46 different service areas and the city of Austin was -- I guess I should say another great aspect of our survey it's a national consultant. They do a lot of work in a lot of cities and it gives us the ability not only to see how our performance is trending over time but how it compares to other jurisdictions. In 31 of the 46 areas that we compare with other jurisdictions on, the city of Austin was at or above the level of performance in those other cities. Just a few highlights here, 82% of the residents on the survey said they were either satisfied or very satisfied with the city of Austin as a place to live so it would appear we're doing pretty darn well on that livability goal. Most livable city in the

10:35:47 AM

country with 82% of the people saying they liked living here. 66% of respondents said they were satisfied or very satisfied with the quality of customer service, which is an astounding 25% -- 25 percentage points above the national norm on this metric and it brings the consultant to say as a quote from the consultant that the city of Austin is setting the standard for customer service

among large U.S. Cities. Really a testament to the 13,000 plus men and women who provide daily services to our community. 60% of residents say satisfied or very satisfied with overall quality of services that those employees provide. Again, well beyond the national norm for that measure. And then on the issue of [inaudible] Which, of course, nobody really likes to pay taxes, 41% of residents say they are satisfied or very satisfied with the value they get from their taxes. We would like to see their

10:36:47 AM

number higher, but this is where the bench marking comes in and it's important we're 6% above the national norm on that indicative of people love city services but they often don't love paying for them. I think it warrants continuing to watch because we have 29% of our residents saying they are not satisfied with the value they get for the tax dollars they pay. Just quickly going into a few more details, these are some of the service areas that stood out to us. These are the service areas we as a city are 10% beyond the national norm. That's the green column and the service areas where we're 10% or more below the national norm. The areas we need to focus in on and try to find solutions to. On the positive side, overall quality of customer service I already talked about. In regards to feeling safe in neighborhoods at night and in parks, you can see the information there 25% and 18% above the national norm for

10:37:50 AM

those perceptions of safety. In regards to the condition of streets and the number of walking and bicycling trails also doing very well in those areas, 13 and 12% respectively above what the national average is for those metrics. I already talked about the quality of service being very high. And then folks are also really pleased with the quality of our resource recovery services including curbside recycling and bulky item pickup, both 10% or more above national norms. In the red column I think everybody particularly if you had to drive in during the rain today, traffic flow on major city streets continues to be a challenge. 23% below the average of other large cities. In regards to how we're planning for growth, with growth does come some growth pains and we're 16% below on that satisfaction metric. In regards to the quality of

10:38:51 AM

youth athletic programs, 10% below norm. This is my last slide on public engagement and we can take a break to see if there's questions.

>> Ott: On the -- on the athletics program, we talked about that a little bit and put it in context. You know, because it has more to do with utilization, right? You want to talk about that, clarify that?

>> Yeah, we were hypothesizing what's going on because that's a somewhat new result. We've not seen this satisfaction with youth and athletic programs popping into this 10% below category before. We were talking about what's happening there and we suspect, although we would want to do some additional community outreach to really understand that measure,

these surveys are always descriptive, but we suspect one is access, that people are challenged and struggling to

10:39:52 AM

get into the programs of their choice at the times that they would like to participate in the programs and perhaps even at the cost of getting into the programs. So we need to do some more work to try to understand what's going on there, but in our staff conversations about what could be driving that, that's what we suspect the issue is. And here's Ms. Hensley to maybe try to --

>> I think you pretty much stated it well, but it is an issue between the lack of -- and quality of fields and the number of young people want to go play. And so that's where we stand.

>> Tovo: Director Hensley, was the question specific to athletic fields or was it more general about recreation programs?

>> It's exactly as it's worded on this slide. Please rate your satisfaction with the --

>> Tovo: So it could have been the programs and the fields and --

>> It's a combination. The other thing we're continue to go look at is the partners

10:40:53 AM

ships like we have with our eastside groups and nonprofit groups as well as west Austin youth and trying to partner with them. Again, it all comes down to even they don't have adequate number of fields and we partner with them so it comes down to fields and have more teams.

>> Ott: It's not that what we provide isn't popular, people partake in huge numbers, correct?

>> Yes.

>> Ott: They overwhelm us with participation.

>> Huge, yes.

>> Tovo: Mr. Van eenoo, is that your last slide?

>> If I could summarize, there's nothing new on this slight. It gives us an opportunity to look where there might be similarities and dissimilarities between the budgets submitted through the budget simulator exercise versus the satisfaction results through citizen surveys. When you look at the two tables, the top being the simulator, the bottom being the survey, you see street and

10:41:59 AM

preventive maintenance, sidewalk, increasing spending. On the citizen survey you see as high priority areas to improving service being maintenance for major city streets as well as traffic flow on major city streets as being issues. This whole mobility, transportation challenge that the city has is being reflected in both areas. After that there's a bit of divergence. On the budget simulator we saw a lot of people saying they would like to see the city invest more in our homeless population, whereas it was more about plan and review process. And that ends that section.

>> Tovo: Questions? Councilmember Zimmerman.

>> Zimmerman: Appreciate all that. It's interesting. I did participate in this myself so I did go through it. I think the thing that gives

10:43:00 AM

me pause is here on page 26 we look at the number 1 priority not being traffic congestion, which is what I continue to hear on our big challenge in the city she it's expensive but it's a solvable problem. But mental health, I'm confused as to why the city is or could be in the mental health business. Are we to have psychiatrists and couches and shrinks and drugs and we help people with mental health issues? I'm really confused as why even it even shows up on our chart. Is this a problem the city can fix? We do have mental health problems, no question, but how can the city even be in that business? We have central health, right, we have a separate property tax to pay for central health district. Why wouldn't the central health district if anybody were going to try to solve

10:44:01 AM

this as a problem, why wouldn't it be central health. I'm asking a policy question.

>> In regards to the traffic flow, the budget simulator was really maybe should have accurately been called an operating budget simulator. At the same time we were doing our budget simulator tool, capital planning office and public information office, transportation department were doing their mobility talks process to get input in regards to a transportation bond and those capital dollars which are really more of the traffic flow solution. It wasn't wasn't Teed up in the budget simulator about should we spend more on traffic flow because it's not an operating budget issue. Shannon Jones is here, but in regards to the behavioral and mental health, for all of those service categories people were going through, we also had kind of like a sheet to explain what it was. Behavioral and mental health a lot of that is focused on

10:45:03 AM

substance abuse in the homeless populations and to address those so they don't become public safety crime issues. That's what that category is referring to more so than I think some of the things you were referencing.

>> Tovo: Mr. Jones, did you want to add to that?

>> I just want to -- Shannon Jones, health and human services. I just want to concur with what the budget director said is that mental health services impact all of these activities. Public safety, education, access to care, all of those things. As a public health entity for the city and county we address the whole brand of health and just not mental health. We look at substance abuse, alcohol related death, homelessness, we look at all of the many social determinants that impact the health of our community.

10:46:05 AM

Mental health is probably one of the key factors. So our investment and support of those and the perception of the community we're a healthy community is it's holistic and not just the physical aspect of it.

>> Tovo: Are there other questions about the community engagement section? Councilman Renteria.

>> Renteria: I want to ask a question, how was the question formed on public safety? What was that question?

>> On the surveyor budget simulator tool?

>> Renteria: Both.

>> I could look that up. There's several questions for public safety so there's one about how you rate the overall quality of police services versus fire services versus ems services. There's other questions about how safe do you feel in your neighborhood during the day, how safe do you feel in your neighborhood at night, how safe do you feel in parks. It kind of breaks it down into specific categories and then there's an overarching just in general how satisfied are you with those different services.

10:47:06 AM

There's quite number of questions on public safety. The full results of the survey is many hundreds of pages long, but I would be happy to pull out the public safety questions if you would like.

>> Renteria: I would love to see that.

>> Tovo: Let's let everybody have a chance to speak first. Councilmember Garza.

>> Garza: First I wanted to reply I think it's absolutely the city's responsibility to invest in behavioral and mental health because the return on investment is huge. We're either getting them early intervention or paying more to our police and fire, and I've said it a million dollars,

sending million dollar fire trucks to medical calls that could have been -- we might have had to do that had there been some kind of early intervention. But I do have a question about slide 25. I appreciate the comparative to the national average, but this would be skewed a lot by most of our cities are smaller cities. And the way that they handle, you know, many of these

10:48:08 AM

issues. My question is are these the national averages of cities of similar size?

>> Kind of sort of. They are in the national average for cities over 250,000. When we presented the survey to council, I think the mayor brought that point up and so next year when we present this data it's going to be a comparison to 500,000 and above so it's more similar. I can tell you when we compare to larger cities, we look even better. Typically bigger cities have bigger city problems and they don't do as well on these satisfaction surveys. I actually anticipate when we narrow this down and focus on cities just over 500,000, the percentages are going to bump up even higher than what they are. The 250,000 threshold is a higher --

>> Garza: I wonder if traffic flow would go the other way because, you know --

>> I don't think so. I think if anything probably a little better because traffic issues are worse issues. If you are looking at big

10:49:08 AM

cities have worse traffic issues than small cities so people's satisfaction with traffic in other big cities is going to be closer in alignment with ours than they are, say, in the city I came from, Chula Vista, California. They don't have traffic like Austin does.

>> Garza: Is there a 750 category?

>> We could ask our consultant, but it gets pretty narrow in terms of who you compare to. Might only be four or five cities compared to at that point in time.

>> Garza: Thanks.

>> Tovo: Councilmember troxclair.

>> Troxclair: Can you tell me what is done with the results from the community surveys or the budget in the box meetings? I know generally it's probably a lens through which you view the budget process, but is there -- can you tell me if that really is just kind of a general framework or if there

10:50:09 AM

were specific decisions that were made, you know, this is the community feedback we got so we're going to increase or decrease funding here?

>> I think it's fair to say it's largely a framework in a lens. You saw for our budget simulator we had 1600 participants which is pretty good turnout. But we have 900,000 people that we're responsible for serving. You know, we can't only look at those 1600 folks. But it is absolutely a lens. It is absolutely a framework. And we are looking for kind of common themes and I think when you look through the totality of the public input we got and I think we see themes that are very similar to what we're hearing from city council, at your policy work sessions and policy retreat and various resolutions you pass about real significant issues and

10:51:10 AM

prioritization in regards to health and human services programs, the affordability issues, transportation and mobility, and then public safety not so much in the budget simulator but when we survey and ask people, public safety is always a top priority. So we are absolutely looking at that. And I would say that's kind of the general overarching role that information plays in our development process but it can lead to much more targeted approaches. So for example five, six years ago, we did very poorly -- let me go back. We did very poorly on that third one, I feel safe in city parks. 18% above the national norm. Six years ago that was one of the areas the consultants said you should focus more on that area, that's an opportunity to really do better. But we didn't quite know what it meant because, again, survey data is descriptive so

10:52:11 AM

when people are telling us they don't feel safe in our parks, is the solution to improve lighting, to have a greater police presence, is the solution to improve the quality and safety and appearance of the restroom facilities and the playscapes or is it something different. So on that issue we actually did focus groups throughout the community. We did six focus groups and said generally we're hearing from folks they don't feel safe in parks, what could the city do to improve that and overwhelmingly what we heard regardless of the district it was really about a presence, a city staff presence in the parks. Not necessarily an uniformed presence with a gun, but just a city presence, maybe a staff employee on a bicycle with a medical aid kit, somebody they could go to with an issue and that led to a park ranger program that's been tremendously successful and now we're 18% above the Normal norm in that area. It provides a general framework but it can also provide targeted information to improve our decisions.

10:53:15 AM

>> Troxclair: So for example this year I do -- based on the information that we just went through, there are some funding improvements being made to behavior and mental health programs, which was -- across the board pretty significantly supported by the survey. Do you know if there was any correspond egg decision for something like the global business recruitment and small business development or the other top categories that seem to have pretty universal agreement that we were overfunding those services?

>> I can tell you they were not reductions made to any of those service delivery areas. Again I need to mention the number was 35% of respondents said that's an area they would support or

like to see less spending in. 50% said they would like to see it stay the same and 16% said they would like to see more spending. While it did rank the highest

10:54:17 AM

in regards to the top vet getter for reducing the majority said to keep it the same.

>> Tovo: Councilmember Houston.

>> Houston: On that same page, could you give us those percentages again because I don't see the percentages.

>> I know, you can kind of eyeball them, but I wrote them down.

>> Houston: Good, if you will write them down.

>> They will be in the report too, but I'll do them quick. On the blue page the -- this is the combined, the light blue -- I'm sorry. Slide 20 is what I'm calling the blue page. It's this one. Anybody who is watching here. So the top one is 47%, the next one is 46%, then 45%, then the bottom two are 41%. I'm just adding up the light blue and the dark blue percents to get to those levels. Top vote getters for reducing here, I'll read them down.

10:55:18 AM

35%, 34%, 29%, and the bottom two are 24%. So, you know, again you look at athletics programs, 24% said they would be okay with less spending. 23% said they would like to see more spending, but the majority, more than 50% said leave it the same.

>> Houston: Thank you. That helps. So on page -- slide 26, it's interesting that the number 2 priority is street, bridge preventive maintenance repair and further investment is maintenance major streets and sidewalks. My question when was the last time the city really invested in major infrastructure improvements on our streets, bridges and sidewalks?

>> It's really a continual thing. The last major bond program was the 2012 program. I don't remember the millions of dollars.

>> Zimmerman: 147 million.

10:56:20 AM

>> 147. There was 90 million in the 10 program for streets and bridge maintenance, infrastructure. In the 2006 bond program likewise had in excess I'm sure of \$100 million allocated to streets --

>> Houston: But yet I hear that's still a problem, that there's sti a need. And so then my second question is what happens whether adopted master plans bump up against what the community

is saying they want and what the departments are saying they need? Maybe that's not a question for now, but you can listen.

>> I'm trying to anticipate the bump-up because I think the community is saying we need to spend more on streets and roads, the master plan and council saying we need to spend more on streets and roads.

>> Houston: But there's some other master plans that rub up against that. Some of those moneys could be used to -- might be used to do other things and I guess that's not a question for you, but that's where I'm thinking if everybody is saying that yet we have master plans in

10:57:21 AM

place that divert money and funds to other areas, how do we reconcile all of that at some point?

>> So when you say other master plans, you are talking about master plans other than infrastructure related master plans.

>> Houston: Correct. Mobility master plans.

>> Ott: It's that whole conversation about allocating resources across a range of priorities. And you know, I might construe from what you're saying is that there needs to be a conversation about whether or not there needs to be some shift relative to priorities. And you may have some different once in terms of how dollars we allocate in one area might be reallocated to other kinds of things. Am I getting that right?

>> Houston: You are reading my mind again.

>> Tovo: All right. Sure.

>> Troxclair: Your response to her question just now about street and bridge preventive maintenance and repair, you mentioned the bond program.

10:58:22 AM

But was this -- wasn't the -- weren't these results specific to a survey that focused on the general fund? General revenue?

>> The budget simulator tool was more along the lines of operating budget items. The survey was agnostic. It didn't say operating budget or capital budget, it was funding in general.

>> Troxclair: But on this slide this is specifically from the simulator.

>> The table with the green column at the heading is street and bridge preventive maintenance, but you also see the number one priority from the survey was maintenance for major city streets and sidewalks.

>> All services, not just general fund.

>> Uh-huh.

>> Tovo: I would propose we move forward. Unless there are other burning questions, we're about two hours in, we have one hour left and by my account we have

10:59:22 AM

I think a 40-page section on all funds. The all funds analysis. To be followed by a capital budget section and a next steps section. Is that about the overview we've got before us?

>> We'll pick.

>> We'll pick it up.

>> If we're trying to hit our goal of 12 to 12:15, we need to move more quickly.

>> Back to me again. The city is a full service city providing a wide range of public services. We keep track of our different business activities by accounting for their financial transactions in a fund. The general fund accounts for those traditional public services like public safety, parks and libraries and health. And human services. We also run a number of businesses that include Austin energy, Austin water,

11:00:22 AM

and many of our enterprise funds. This really begins the section where we start talking about a lot of numbers. This is a pie chart that gives you an overview of all funds of the city, what the total requirements are, the total budget for -- proposed for '17 is \$3.7 billion. That is an increase of 108 million over the prior year budget. Or about a three percent increase. It's interesting to note that Austin energy in the blue and Austin water in the purple, the light blue for Austin energy on the right, the two of them together, Austin energy and water represent about 50% of the total city budget. And when you add the general fund, which is 22% of the budget, those three funds make up about three-quarters of the total city budget. As I mentioned earlier when

11:01:24 AM

you look at the lower budget across the type of expenditures, about a third of it is for personnel cost. We've covered this information, some of this on previous slides. I feel like I have a couple of slides on what we call citywide cost that will affect all funds. For the civilian pay we're proposing a two percent performance based pay for all funds that cost is \$9.8 million. For the general fund it's 2.4 million. I won't read all these numbers but I'll let you look at them so we can go through these slides a little flatter. The 29 cents per hour across the board implemented in January is a 4.6-million-dollar cost and the annualized market adjustments are 8.2

million across all funds. With respect to how our proposed budget compares to other Texas entities and what they're proposing for their 17 budgets, you can see the chart on the top left. Dallas is proposing a three

11:02:28 AM

percent, Fort Worth proposing 3.5%. Houston 4.1. San Antonio, we just got an update on those numbers. It they're proposing a range of 2 to 4 percent. Travis county proposing three percent. Aisd, the school district, proposing four percent and Austin is the two percent plus the 29 cents per hour really works out to about \$600. And then we also look at salary and budget information and coming up with these recommendations from our source that we use is the world at work. We also provided some information for comparison for the last four years, for the state of Texas. There are actuals and they're projected for 2016 in the range of three percent on their increases.

11:03:28 AM

>> Casar: Mason county, for simple -- mayor pro tem, for simple math sake I think it's pretty difficult I believe. I like to look at percentages, so if somebody can correct me if I'm wrong, but you're talking about then it's about three percent if you're a 60,000-dollar a year salary and a four percent if you're at a 30,000-dollar a year salary and obviously between two and three percent if you are above a 60,000-dollar a year salary, just calculating that plus 600 so we know what that means in terms of percentages.

>> You just made hr staff very happy because they wanted me to add that to the slide and I didn't.

>> Casar: It's only because the \$600 is a simple number.

>> I mentioned that the 29 cents is implemented in January. I think that 600 may be for full year. I think I'd have to go back and do the full math. Is that for partial year?

>> It's an annual amount.

>> It would only be for the nine months. We would have to back off the number by three months.

11:04:29 AM

>> You have to bring in Spelman to do that math that quick. I don't know that one. [Laughter].

>> I just wanted to mention that in case there are employees listening and looking at the number. We didn't catch that earlier.

>> For our sworn personnel, we are continuing in compliance with the contracts, which call for a two percent pay increase, total cost of -6z .8 million for all three public safety agencies. That

also -- the budget also includes the contractual -- their step and longevity pays that totals about \$1.9 million. And I will remind the council that this is the final year of four-year contracts for them so we will be going into negotiations later in the year. Just to compare how growth in new employees is -- contrasts with the growth in

11:05:29 AM

population, since 2013 we've grown from 843,000 population to 937,000 population. That's an increase of 11.1%. Our workforce complement has grown from 12,371 in fiscal '13 to 13,806 for proposed 2017. And that's an 11.6% increase over that time frame. We are proposing a net increase of -- in the workforce across all departments of 434.75 full-time equivalents this year. And that concludes my slides. I'll turn this back over to Ed.

>>

>> So we're going to get into more details. If there was questions about that section, it would probably be better to hold them off until later anyway because I'm on now going to get into more details about the general fund and then Elaine will get into more

11:06:30 AM

details about the enterprise funds that may answer the questions and you can ask them maybe at that time. Moving on to the general fund, our first talk about the general fund revenues and I'll move on to expenditure highlights. The fiscal year 17 proposed budgets includes revenues of \$969.2 million with 39% of that revenue coming from property taxes, 23% from sales taxes, 19% from other taxes, which typically that historically had been our smallest category of revenue, but it's now third on the list. And just short of 16 percent coming from the utility transfer. If you were to look at this graph over time, say five or 10 years, you would see two notable trends. One that the property tax share of the general fund pie has been going up and the utility share has been going down. And it was just a short six or seven years ago where the utility transfer was well above 20% of the general

11:07:30 AM

fund revenues. I'm now going to go through in more detail each of those four cats. I'll talk first about property tax and give sales tax information, talk about the utility transfers and close it out with some discussion of our astounding revenues and the growth we're experiencing there. First in regards to property tax the graph at the top shows our assessed value equation growth. I'll take that back, it's not projected. 15 and 16 are actuals and 17 is based upon the certified tax roll. So whereas 11% growth in 2015 was pretty impressive, 2016 didn't want to be out done. They saw a 12% growth in 2016 and 2017 is going to one up that at nearly 14 percent growth in assessed valuation. The new property values is even more a press sieve, \$1.7 million of new property came on to the tax role in 2016. That grew in 2017.

11:08:32 AM

And \$3.21 billion in new value coming on to the city's tax roll. That's the result of all these cranes you see everywhere around Austin. What we typically see and have seen over the last few years is the values have been raising, the tax rate is falling. So in fiscal 15 the tax rate was at 4809. It's currently at 4509. And in physical 2017 it is at 44 .11 cents per \$100 of taxable value. That is split to an o&m piece and debt piece you can see on the slide there. And I will say that the revenue projections from our property tax do include an increase in our general homestead exemption from six percent to eight percent as part of our March to an eventual 20% in accordance with the council ordinance that was passed on that topic. And we are also proposing -- I'll say the homestead instead exemption is already

11:09:32 AM

approved by council so that is set in stone for 2017. The senior exemption is proposed to be increased from 80,000 to \$85,000 to help mitigate the tax bill increase for our senior citizens. For a typical non-senior homestead, we are estimating a three dollar 66-cent per increase in the tax bill which I think comes out to \$44 a year if I've doing the math right. This shows you history of av growth, while that av growth has surely been impressive, it's not unprecedented. If you look at the period of time leading up to the great recession we were seeing three consecutive year of double digit growth and really in the late '90's, early part of the new millennium we saw even greater av growth, 18 percent one year. So it certainly has been rising and seems

11:10:33 AM

unprecedented, but it's not. Austin has been enjoying the successes if itself for many years. And then you can see on the red line is the trend. And just that story of typically as we're experiencing strong av growth, the tax rate comes down because less of a tax rate is required to generate the revenue necessary to keep the budget in balance and then one nice aspect, certainly from a financial perspective of the tax rate is when valuation growth dips, when the economy dips, we can adjust the tax rate up to keep the revenues up at a level needed to balance our budget. Of course we want to keep an eye on the cost of our city government and the amount of money we're taking from tax and utility payers. Elaine showed you that one slide already that shows the projected increase for your typical utility and tax bill payor. We think one of the really key metrics for us to keep track on in regards to the

11:11:35 AM

cost of government, the cost of local government relative to our citizens' ability to pay for it is the metrics shown here on this slide. This shows you the property tax bill, just the property tax bill piece for a typical customer as a percent of family income and that's something we can get data for and calculate for other large Texas cities and see how we compare. I want to overemphasize the relative positions of the lines on this graph because there is a difference in the services cities provide. You see Dallas is hands down the highest portion at roughly 2.2 percent of median family income goes to pay that city of Dallas tax bill. If you look at the county, the Dallas county, that the city of Dallas resides in, their tax rates are very low and I think it's reflective of what services does the city provide versus what the county provides. I want to over emphasize the relative positions of the lines in this slide.

11:12:35 AM

I think what's most important is the trajectory of them where all Texas cities have seen this upward swing in the percent of median family income that is allocated to pay for the local city tax bill. That's one exception to that. The city of Austin has been flattening out and in fiscal year 2016, the first year of this city council, we actually saw a downward trend for the first time since we've been tracking this and that metric. And I won't say that's 100%, but pretty darn close to 100% the result of the six percent general homestead exemption that the council approved last year. And I think another interesting point is just to note that when you're looking at individual budget in regards to their median family income it's about 1.6 percent of that income that goes to pay your city of Austin pack bill. That's not the only tax bill that's coming out of that budget. It's not the only taxes that are coming out of that

11:13:36 AM

budget. But the city of Austin property taxes right now is about 1.6% of median family income. I just mention that we're not the only taxing entity in town. There's several others and this table shows who they are. Over on the left you can look at the tax rates in fy16 and dollar we understand it today the tax rates that would be proposed for fiscal year 17. The total tax rate is currently \$2.38 roughly per \$100 of taxable value. Collectively amongst all the jurisdictions there is going to be in the neighborhood of a 6.7 cents decrease in the tax rate, down to \$2.22. A decrease in the tax rate when you have property values growing as much as they're growing currently doesn't necessarily result in a decreased tax bill. The net result of those two things is still an increase in the tax bill. Over on the right we take the tax rates from the

11:14:36 AM

different jurisdictions, apply the various exemptions that are offered, apply those exemptions to a median family home and drive out what a median valued homeowner would pay in fiscal year 17 for their tax bill and how it's changed over time. I'll just focus on the bottom line in fy16 we estimated the tax bill for a typical homeowner at a thousand \$142. In fiscal year 17 we're projecting it to grow to 5,135. That's more than a 392-dollar annual increase with the bulk of that coming associated with the Austin independent school district. There's of course other school districts that we could use, but aisd serves most Austin residents so we choose to use them on this graphic. So then we kind of do a similar thing, the previous slide just showed you the city of Austin. I think it's important to kind of highlight the difference. When you look at just the city of Austin as a tax bill

11:15:39 AM

as a percent of mfi. You see the leveling out of the trajectory and then it starts to go back down. When you lump that into all the taxing entities in Austin, you can see the up and down trajectory in terms of the overlapping in the tax bill continues. I know it points to and what I've heard and the city manager has stressed before is the city of Austin can only do so much in regards to bending the curve on the trajectory of tax bills as a percent of mfi in terms of the

cost of government and the impact of affordability or one player among many in the region. This is what the city of Austin's share looks like, but when it puts it all together this is what the slide looks like and how it compares to other jurisdictions. Let me move on to sales tax now. This gives you a roughly 10 year history of sales taxes. You can see it's a fairly

11:16:39 AM

volatile source of revenue. You can see the volatility if we expand it further. This has only one graph of negative. It does highlight that it can swing pretty significantly over the course of the last decade have had a high of seven percent growth to a negative. That's more than a 12% swing from top to bottom. And if you put it in terms of dollars that's close to \$50 million swing between a 20% swing between these two is about \$50 million. This is a very volatile source of revenue, one that we need to be cautious of and reserve active on. And as the manager mentioned we feel that the budget has proposed takes a step in the direction of restoring some of our conservative budgeting principles. In the current fiscal year the budget was proposed or adopted by council at a sales tax growth rate of

11:17:40 AM

5.7%. We're currently estimating we're going to end the year at 4.6 percent. Our sales tax continues to grow, but not as aggressively as it has in recent years. That one percent delta from what the budget was approved by council at and what we're currently estimating is about \$2.4 million less revenue. Of course, we're looking at the whole big picture and you can rest assured we're going to be okay. We have other revenue sources that are coming in ahead that will help mitigate the impact. I think the real story with regard to that delta is you may be used to years where we project it conservatively three or four percent and we came in at seven or eight percent. Then when I do my year end report to council, we say we ended the year with six million dollars of additional sales tax revenue than what we budgeted. That will go to our stabilization reserves and help us pay for one time equipment needs and the vehicles and that nature.

11:18:40 AM

We just don't have that source of funding this year. So as we get into this presentation a little bit more and as we hear from departments in August, a lot of equipment that we would normally be able to cash fund out of our reserves in compliance with our financial policies because must not was available and we'll have to be issuing debt, a lot of vehicles we'll be issuing debt for this year because of that result. Again the more conservative posture gives us a lot more flexibility if we can adhere to that in the future. For fiscal year 17 we're projecting five percent growth. You may recall at the time of the forecast, our economist John Hockenjos is projecting 6%. We want to be on the conservative side of that. I wouldn't overreact to the 7.6%. It's not -- this has not been a great year for the city of Austin in regards to the various adjustments that happen. There's two things that happen on your monthly sales tax collections from the

11:19:40 AM

comptroller. One is your period over period collections and the other is a variety of adjustments that are made as the controller goes through their audit process and the adjustments has been far less favorable for us this year than in past years. If you strip away the noise caused by the adjustments I think five percent is still a good conservative estimate for us for physical 2017. Real quick in regards to the utility transfer, the 2016 budget, for the first time in five years we'll have an increase in the transfer from the general fund or from the Austin energy utility to the general fund. Increase from 1,058,000,000 to 108 million. The water still we're projecting a 2.1-million-dollar increase based upon the council approved transfer policy in total 58.1-million-dollar increase in the transfer from the utilities. Although that dollar amount is increasing as a percentage of total general fund revenues, the story continues to be that that

11:20:43 AM

percent declines. Back in 1997 24% of general fund revenues came from the utility fund transfers. Even though it reduced over time it only represents 15.6% of the general fund sources and we are anticipating that will continue to decline at about 15% over the last four or five years. This is our development revenue and if we hadn't adjusted the scale of the chart it literally would have been off the charts. So this shows you the blue bars, shows you the annual percent changes in our development revenue going back a good 20, 20 plus years and then the dark blue line shows you the actual revenue amounts. A lot of volatility in this source, sales tax, something we need to watch closely and be cautious about. We are projecting we will end fiscal year 2016 at a new homework high. I think this will be a third or

11:21:43 AM

fourth year in a row. I think we'll end the year at a new homework high, but we're projecting 16 will reach \$13 million and in 2017 we're projecting the budget at \$42.1 million. I do need to explain that a little bit. That's a tremendous increase. And a big chunk of that is due to an accounting change. As you can see on the subbullet I put down there, 6-point three million dollars of that growth is just due to a change in how we account for revenues that are currently collected by the Austin water utility that get transferred to development services department for development related work they do for the water utility. As part of us moving development services to being an enterprise operation we want to clean that up. We want to have the fees, all the fees that they charge for the services that they provide be directly in their budget. So that's going to result in \$6.3 million more revenue being reflected in the department's budget, but it will also result in a lower

11:22:44 AM

transfer payment from the water utility. So that's just an accounting change. The real growth is this \$2.8 million. As Elaine has already mentioned we're proposing 39 new positions in the fiscal year 17 budget. That additional staff will give us an expanded ability to address some of the backlog of work load that they have and get more plans and more inspections and more work through the pipeline that that will generate additional revenues. You will see the almost imperceptible blue bars for 17, 18, 19, 20, 21, that's essentially showing that we're anticipating based upon consultant work that's been done, we're anticipating this high level of

development activity to remain at Current levels for at least the next four to five years. So that's why we're forecasting our revenues at this level. Again, we have to be cautious of this. We have to watch it very closely. It almost inevitably a truth at at some point in time we will see this revenue start

11:23:45 AM

to come back down and we have to be ready to respond to that. In responds to how we use the funds, the budget is bass proposed as balanced so it's \$961.2 million in expenditures, which is in police, fire, municipal services and the municipal court. Nearly 22% gets allocated to our community service departments. That's parks and recreation, health and human services, the library, animal services and neighborhood housing. 4.8% is for development services and planning and zoning and just 3.2 percent is in the transfers and other requirements. Kind of the fund level stuff that goes on. Note the colors here, we have blue for public safety, green for community services, red for development services. When we come to this slide we stick to those color schemes. This is showing you the overall budget for fiscal

11:24:47 AM

year 17, the general fund budget is proposed to grow \$56 million over the fiscal year 16 levels and this shows you where the dollar increases are. And again, the color scheme matches the previous slide as what we're doing here. So one way to look at it is in regards to the dollar increases that are occurring. Shouldn't come as any surprise that your largest departments, Austin fire and Austin police department, with the largest staffs when you have wage increases and staff increases to those departments they will have the largest dollar increase. Another way to look at it is in terms of the percentage increase. Even though the police department is getting a 13.8-million-dollar increase in its budget, that equates to about 3.7% say in contrast to development services who with a 5.5-million-dollar increase in their budget that equates to a 16.7% increase in their budget as they're continuing trying to staff up to keep space with this unprecedented level of development activity and to improve the overall customer

11:25:49 AM

experience in the development services department. And I do have to at least note there that that \$5.5 million of increased expenditures being fully offset by increased revenues by the department. The acronyms show you what they are as well. I'm trying to go through the highlights very quickly because I think Elaine has largely already touched on them. We have already additional department to improve our proactive policing efforts. 12 of those are officers. 21 of those are civilians, but I think the important net result is this is going to allow the police department to get 33 more sworn positions on to the streets because they will be taking on some of the civilian duties currently performed by sworn personnel. We have implementation of the 42 hour work week. 11 additional positions for the new central library plus the annualization of the cost of running that

11:26:51 AM

library. That's \$3.4 million. And then we have some positions in the animal control office as well. I already talked about the 39% in dsd so I won't keep beating that drum. We have \$600,000 in the budget for housing first permanent supportive housing. \$380,000 for the sobriety center start-up. 250,000 in our downtown Austin community court to really expand the number of rehabilitation services, number of customers that they can serve, clients they can serve and \$154,000 for two positions associated with the codenext and long range planning activities. I know that was fast. We can come back to it if you have questions about those slides. I wanted to spend a little bit of time on this because of course when we're delivering a budget to you as a council we want to make sure it's not only balanced for fy16 but that it's structurally sound, sustainable, out into the future. What we're doing on this

11:27:51 AM

graph, the purple bars show our revenue projections over the past five years. The gray bars are the expenditure projections over the next five years. Of course we want them to be in balance. By law we need a balanced general fund balance and they are in balance. These expenditure projections are all based upon the known cost drivers associated with our existing programs, wages, insurance, those kind of standard things, as well as anticipated annexations and any new facility openings, but I want to be clear that the projections on this slide don't include any new initiatives that council may elect to adopt. The green line shows our projected tax rate R the tax rate we would need in order to generate the revenue to keep us in balance. We are projecting that we will continue to see strong assessed valuation growth, so we think we're going to continue to see a drop in the tax rate in response to that. The Orange dotted line is the rollback rate and I think that speaks a lot to

11:28:53 AM

the sustainability and maybe even more importantly the resiliency of the city's budget. And I can tell you when you look at fiscal year 17 and '18, while it's balanced it's not terribly resilient because we are proposing the budget for 16 at the role back rate and we are projecting right now based upon the cost structure that is in place, we are projecting we will be at or near the rollback rate in fiscal year 18 in order to balance the budget with the cost drivers we're having to account for. As we project out, as you get into 19, 20 and 21 you start to see a divergence, a separation between the tax rate. We'll need to balance and the role back rate and that gives us the resiliency that you'd want to see in a budget. It gives us the ability to respond to a potential economic downturn, a develop in sales tax, et cetera. So it's a good financial picture for us. Inch it's a strong financial picture, one that we should all be proud of.

11:29:53 AM

And so I wanted to make sure we talked about this. This is something we will continue to monitor in the budget process as council is having their discussions about how you may want to alter your budget, new funding initiatives you want to launch. We'll be looking at not only the implications of new initiatives for the fiscal year '17 budget, but also longer term and how do those affect our ability to fund them over time. That is a great stopping point for questions if there are any about the city's general fund budget. Okay. I'll just move on. A couple more slides

for me and then you can hear align's voice again. I have a couple more slides about internal service funds. We have three categories here. We have our support services fund which pays for humorous rhos, financial -- human resources, financial services, the city clerk's budget. Those all get accounted for in our service funds and the

11:30:54 AM

costs get allocated out to the revenue generating departments. Similar for technology, management and also for fleet services. You can see the total budgets on this slide are those three different internal service funds. And what the projected increase is. These are all the same cost drivers we've been talking about. Wage increases, cost increases. That's the bulk of the increases in these departments as associated with those things. You can see compared to some of the other departments we've already talked about, 13 positions in our support services department fund collectively, which is probably 10 to 12 departments are in that fund, so a total of proposed new 13 through positions, nine new positions in communications and technology management, six in fleet services. I'll hit on some of the highlights. These are what the new positions are for. We have three in the city clerk's office related to the new campaign finance and disclosure requirements.

11:31:55 AM

We also have an election coming up, which I know some of you are cleanly aware of. \$750,000 for that November 2016 election. We have funding. We're in the final year of our four year contract with our public safety employees and we have \$425,000 in the budget for the contract negotiations. Coin approved a fair chance hiring ordinance. We have three in the humane society department to enforce that ordinance as well as one additional position to conduct criminal background checks, which they are having a heart time keeping up with. Last year council amoved a new equity office and city management has been heavily involved in crafting that new office and recruiting the new equity officer. So this is the onlyization of the cost of that office which we think will be fully off the ground in fiscal

11:32:57 AM

year 17. A couple of positions in real estate services just due to the tremendous work load they're dealing with. Two positions, contract compliance positions and purchasing, to conduct living wage reduce related to city contracts and living wage that now applies to city contracts to make sure companies are in compliance with those requirements. One position in capitalling for bond oversight and development and one position in building services, which is actually a transfer. I'll move on to ctm. A lot of their budgettory increase is related to projects more so than staffing. So we have a very rigorous I.T. Governance process. There's a whole bunch of people throughout the city that participate in the process of I.T. Governance and makes recommendations for new it initiatives that are needed. And this is just some highlights. Relocation of the city's rate data center which is old and outdated to a new

11:33:57 AM

facility. Upgrades to our permitting system, Amanda, additional public safety storage expansion, all these cameras come with a lot of video and video takes up a lot of space. So every year we're having to expand the amount of storage that we have to hold that video, regional mutual aid to ensure that we always have our closest public safety responder going to calls and funding for electronic health records are just some of the I.T. Governance projects that will be coming forward in fiscal year 17. \$3.1 million for just general hardware and software maintenance contracts to support our existing systems. Five and a half million dollars is being transferred to the capital program for other critical core K backbone infrastructure stuff such as servers, more storage, voice over internet protocol is what that video stands for, -- voip stand for. Really backbone infrastructure needs. All of them are in alignment with what you see in typical

11:34:58 AM

years for I.T. Investments just to keep the lights on in regards to all our technology. And while some things are going up, there's other projects that were funded for fiscal year 16 /that you/thaw now coming out of the budget. So there's a decrease of 13-point four million dollars in transfers to cip for the wills projects that were approved last year through I.T. Governance. So it's a net increase there in ctm. And finally for fleet, we're reducing the fuel budget by two of in million dollars to align with current fuel prices, proposing six new positions to promote customer departments, particularly in public safety. We've added a lot of public safety vehicles over the last years and need some additional staff to make sure all those vehicles are maintained properly. \$1.3 million for compressed natural gas equipment and site improvements. And I mentioned this one a little bit. 255 new and replacement vehicles for our general and internal service funds.

11:35:59 AM

This is in all our vehicles. The enterprise departments fund the vehicles separately. But for our internal service departments we have 255 new and replacement vehicles. Again that's about a standard number. You think about it we have a lot of police cars, a lot of equipment in our city. 16 and a half million dollars in a typical year we would be able to look to our reserves to fund those one-time type purchases, but in this year's budget we're going to be proposing the use of contractual obligations to fund those needs. And I think next we'll move on to our enterprise fund highlights.

>> Tovo: I think we have a few questions for you before you do that. Councilmember Renteria?

>> Renteria: I have a quick question. When I was looking on page 47, the projected baseline expenditures and revenue, when we're looking at the year 17 and 18; that so close because of what the goal of the city council of

11:37:01 AM

20% you wanted exemption?

>> It's not. We're not projecting in our projections we've not included an increase in that exemption. We've not included an increase in the senior exemption or any of the other policy initiatives. We think that 2018 will be a very tight budget and there won't be a lot between the rollback rate and the rate we need to balance. It will be difficult to increase --

>> Don't the -- isn't there a percentage that you can go up on your tax rate from year to year?

>> The rollback rate allows you to go up eight percent on your o&m side.

>> All the added programs that we added, it's because of the increase of the eight percent?

>> It's -- yes. A new central library coming online. There's costs associated with that. Fire stations coming online, costs associated with that. So this is us projecting for you for 2017 for known cost

11:38:02 AM

drivers, including wages, insurance, et cetera. That's what we're currently projecting.

>> And how do we get to that projection on 2019? What's going to cause that gap where we get back to the point where we have some -- what's driving that?

>> Part of what will make that a reality, this is just a projection based on our existing budget as it's being proposed by staff, that gap is really determined upon the amount of physical restraint that's ultimately in the amount of physical discipline it's ultimately part of adopting the fiscal year 17 budget. If there's commitments made to certain programs that gap will go away, but this projection is based on status quo. So when you carry that forward you do tend to see it growing apart, but as you start adding things it comes back together. S.O.S. That where I'm saying we will really watch and monitor this as we're going

11:39:02 AM

through the budget process as council is chewing on decisions about service areas you might want to spend more money on, what's happening to the resiliency, to that gap between roll back and --

>> Renteria: So because of where that projection is on 2017 and '18, does that mean also that if we wanted to include different programs like community policing, outreach, that would basically go up and get higher or it would increase the rate where we would have to go past the rollback.

>> That's correct.

>> Renteria: Thank you.

>> I have the same question on that page, what the projections are based on. There's anticipated annexations. So I'd like you -- it's not particularly urgent, but if you could send me

what those anticipated annexations are, just some detail. From a high level are those

11:40:03 AM

anticipated annexations, do they in the calculation, are they neutral or do they bring in extra revenue or do they cost us extra?

>> They're typically neutral or extra revenue. They don't have to be. That's a council decision. Typically when we're doing our fiscal analysis and looking at them, if we're doing an annexation it will usually trigger additional officers to patrol the areas, depending upon what type of parks and open spaces it will trigger additional staff to maintain those, but typically when we've been involved in looking at annexations and the fiscal consequences and they go to council they typically show a net positive. The revenues would also be baked in.

>> Zimmerman: So the reason for the question obviously is if we cease annexations, going back to what councilmember Renteria was saying, if we had a policy of simply not increasing annexations, then that curve would look different. So in other words, the separation between the

11:41:05 AM

curves is anticipating more revenue coming in from future annexations.

>> Tovo: All of these do include the homestead exemption, the increase to the homestead exemption. Do they also include the increase to the senior -- the proposed increase to the senior exemption?

>> They do.

>> Tovo: Okay, thank you.

>> But not further increases. Just the levels -- the eight percent and the 85,000.

>> Tovo: Councilmember Houston.

>> Houston: Thank you. As we think about annexation and additional public safety services, you would still be talking about or have a report back regarding esd 4. I want to remind everybody that Austin's colony and the part of the esd 4 off of 290 anotus contain aren't in the city so there won't be any

11:42:05 AM

revenue associated with those if you are to bring them into the city. The city fire service.

>>

>> Tovo: Further questions on this? I guess we'll proceed on. Thank you.

>> As I mentioned when I talked about the all funds, the city also runs a number of businesses. And these are called enterprise funds and they account for their operations generally in the same manner that a private business would. Their revenues are generated primarily through juror charges or rates and so -- user charges or rates and so we have nine enterprise fund and I'll go through a very high level summary of those. As those department directors will be coming back to more detailed presentations later in August. The three largest are Austin energy, Austin water and the

11:43:05 AM

aviation department. The three of those represent 53% of all the city's, the entire city's budget. And Austin is unique among cities because most cities do not have their own electric utility. They may not own an airport. And they may not have a convention center which Austin has all three. So we're a little bit more complex than some other large cities. A lot start with Austin energy, which is our largest enterprise fund. Their total proposed budget is \$1.3 billion. And a workforce of 1700 and 18 full-time equivalents. The highlights of their requirements in some of the changes you'll see in their budget are conversion of 45 temporary and contractor staff to full-time staff for

11:44:06 AM

call center response. For a net cost of 1.8 million. There would be a reduction in contact cost to offset a portion of this. Their budget also has a reduction in the power supply cost of \$72.9 million, that has already -- that will flow through to the revenue side as well. It is a pass-through cost with no profit added. They are seeing an increase in their cost in not only the rate, but also the cost for the statewide grid and that is usually costs that are spread across all utilities in Texas. They're proposing an increase in 4.2 million for their information technology consulting and staffing. They're proposing to begin funding a non-nuclear decommissioning reserve with a transfer of \$10 million.

11:45:08 AM

Their proposed budget includes a decrease of debt service of \$11.6 million which is related to a prior year bond refunding, savings that are being passed through. They also are projecting a decrease. As you know, since 2012 they've been trying to restore their reserves and so they're seeing a decrease in the transfer to reserves this year of 26 million, bringing their transfer to 19,000,000.9 for their strategic reserve and 10 million for their repair and replacement reserve. As Ed said, their general fund transfer formula calculates a transfer this year of 108 million or an increase of \$3 million.

>> They are proposing a base revenue decrease, based on their proposed rates, proposed rate reduction that

11:46:08 AM

they delivered in January of 2016. That was the basis for the rate review. They've been going through for the last six months. Again, you see that power supply revenue coming down by the same amount as the power supply cost is going down. They are proposing to pass through one of the charges, the regulatory charge, where they recover the cost of the -- offer rot that are -- offer rot that they're being charged and that -- and they're seeing an increase in the number of infrastructure attachments and so the revenue is expected to go up by 3.3 million. I won't go into detail on the chart at the bottom other than to describe it and say that it shows you where a typical residential monthly bill, how it compares with the proposal they outlined in January to

11:47:12 AM

their 2016 rate. You can see that they're proposing no change in the customer charge, which is currently a flat fee of \$10 per month. But you can see the different changes that. So a proposal is \$1.74 increase over their 2016 monthly bill. Which is a 1.1% increase. On Austin water we'll move on no them. The second largest surprise fund. Their proposed budget is \$571.6 million. They have a workforce of 170 full-time equivalents. With the restoration to a position of more financial strength they are needing to add positions to transcription inc. Some internal controls and customer service.

11:48:12 AM

They have cut back on position adds the last few years, but needing to add some new now. They're also proposing nine new positions for pipeline operations and also to staff in annexed areas for about \$755,000. They will experience electric cost savings of 3.3 million by moving to a new commercial energizer rate and they are also seeing a -- they are expecting an increase in their debt service of \$5.2 million. They're increasing their cash funding of capital projects by 10.7 million and also they are proposing 2.1 million for refund payments related to wholesale rate case. The water department is proposing a systemwide rate increase of three percent, which will generate \$12.8 million in new revenue for them. This is about a \$2.95

11:49:12 AM

monthly increase for the typical residential customer and they are not proposing a change in their revenue stability change. It will remain at the 19 cents per thousand gallons. The chart shows you the break down between water and wastewater of the \$2.95 proposed monthly increase. The aviation department has a proposed budget of \$146.3 million with 446 full-time equivalents. To be able to meet the growing passenger load and the demand of the new passengers to be able to staff opening new facilities, and provide for improved project management, they are adding new positions, they're proposing 41 new positions for \$3.3 million. And they've also got \$2.7 million in increases related to the new expanded

11:50:14 AM

facilities. And maintenance of those facilities. To keep up with the technology they're proposing \$1.3 million for upgrades and implementation of their information technology master plan. With respect to their revenue, their revenue is primarily either from airlines, 45.4%

comes directly from the airlines. And 44.6 is from non-airline sources like parking and concessions. Total revenue is expected to be up \$10.9 million. This is based on a conservative passenger growth estimate of 4 percent, although currently we're experiencing through may about a 10% increase. Again, they prefer being conservative. Convention center is a combined budget of \$102.2 million with 276.75

11:51:16 AM

full-time equivalents. Their operations include the convention center, palmer events center as well as three parking garages and they provide convention event facilities and other services as well as the parking Emmitt related to them. They're proposing 11.75 new positions for a cost of one million dollars to provide service to meet their event growth and customer demand. They're also proposing a 9.3-million-dollar transfer to their capital program and that money would be coming from the convention center, the town lake venue and the palmer events that would. That would be used for building improvements and future facility improvement. 63% of the convention center revenue comes from the hotel occupancy tax and they're projecting a three percent increase in the hot and humid tax over their -- hot tax over their fiscal 17

11:52:18 AM

estimate. The proposed hotel occupancy tax for fiscal 17 is \$90.3 million. Of the hotel occupancy tax, the city receives nine cents of every dollar of the hotel occupancy rent. Of that nine cents, four and a half cents goes to the convention center for operating and debt service requirements. Two cents goes to the venue project fund to provide debt service for the 2002 expansion of the convention center as well as the waller creek tunnel. Funding. And 1.45 cents goes to the tourism and promotion fund for the contractual payments to the Austin and visitors bureau. The remaining 1.05 cents funds the cultural arts program, which provides grants to artists and cultural agencies.

11:53:18 AM

Austin resource recovery has a proposed budget of '99 .1 -- 99.1 million. They're proposing 12 new positions, plus operational expenses for the first of a five-year -- first year of a five-year implementation for the organics program for a cost of 1.18 million. They're also proposing seven additional positions for increased customer demand related to the population growth. There's a one-million-dollar increase in the payment for the northeast -- northeast service center land. And they're proposing additional funding for equipment and vehicles of \$700,000. Their transfer to the general obligation debt service fund for funding debt service will decrease by 2.1 million and they are not in compliance with our

11:54:19 AM

reserve -- their reserve policy for the fund, but they expect to be compliant by physical 2018. They're one and a half million dollars short. They're funded by -- potentially by the clean community fee as well as the charges for curb side trash collection. They are proposing increases in the clean community fee both for residents and commercial businesses. A 40-cent

monthly change for the residential clean community fee, \$1.75 change for commercial clean community fee, plus a dollar increase for the residential customer's 64-gallon carts. They have a workforce of 117 ftes. They are -- their budget

11:55:20 AM

will see a \$436,000 reduction for removing a one-time -- one-time expenditure that occurred in fiscal is 16 for equipment and vehicle purchases. They're proposing no additional ftes in this budget, however, they will consider a midyear budget amendment that they would bring back to council subsequent to departmental reviews that are currently underway. They are also funded by a portion of the clean community fee and they are proposing no increase in the residential clean community fee. That would remain at a monthly rate of \$3.35 for residents. And they are proposing a reduction a reduction in the residential clean community fee to make it the same as the residential community fee. Public works, total proposed budget is '99 .3 million with a workforce of 506.25 506.25

11:56:25 AM

equivalents. They are proposing a net increase of 15 positions for a cost of \$1.1 million to support their roadway maintenance and repair activities, additional overlay work and alley maintenance as well. They're increasing their -- in addition to increasing crews for this work, they're increasing their faultover lay -- asphalt overlay contract in the proposed budget. They also have an increase of \$670,000 for street and bridge, contract and survey support. They are primarily funded by the transportation user fee. They are proposing increases for both residential and commercial that will generate an additional seven million dollars in revenue to fund? Of the additional costs that they're proposing. The monthly charge -- the monthly fee, excuse me, for the residents would increase

11:57:27 AM

by \$1.25 to \$7.85. And the commercial is in the chart as well. Austin transportation department has a proposed budget of \$42.1 million with a workforce of 232.5 full-time equivalents. They're also proposing in line with the emphasis on mobility, included in council's priority they're also suggesting an additional 12 positions for a cost of -- plus \$1.2 million. And those ftes will work on traffic signal maintenance and timing, and programs that will enhance mobility and right-of-ways. There is also proposed additional cost of \$583,000 for fingerprinting, for transportation network companies and chauffeur licenses. And they're also increasing their contracts by 1.1 million to address improvements in safety,

11:58:28 AM

mobility and signal improvement. There are also -- they are also funded by the transportation user fee and they expect -- they're proposed rate increases to generate three million dollars in additional revenue. They also get revenue from parking meters, transportation network company fees, permits and licenses. They expect 924,000 in new revenues from these sources. Their proposed increase in their portion of the transportation user fee is a monthly increase of 50

cents per residents, bringing the proposed rate to \$3.67. And they are not proposing an increase in the downtown hourly parking rate. And last but not least, our last enterprise fund that we're presenting today is the watershed protection department. With a proposed budget of 93.3 million and a workforce of 311 folks. They are proposing 26 new

11:59:30 AM

positions to support work on our open waterways, stream bank stabilization, storm water and drain programs for a cost of \$1.8 million. They're also proposing four new positions to improve customer service relating to implementation of their fee structure which was new last year. Approved by council last year. And they're also proposing they are also proposing a \$300,000 increase to help reduce storm drain construction backlogs. Much of their additional costs are focused on the storm line drains they have to maintain. With respect to their funding sources, they get 98% of their revenues from the drainage utility fee. They are, as I said, you approved in June of '15 a new

12:00:33 PM

fee structure for them and related to that there was a single-family discount in fiscal 2016. In fiscal '17 they are proposing that -- well, that the single-family discount will expire and so that is resulting in the increase in the monthly charge of 98 cents for the drainage user fee. And their proposed new rate is \$11.80. And that concludes my section on enterprise funds, if you have questions. Again, these departments will come back and you'll see lots more detail in their presentations as well as the proposed budget document.

>> We can come back to that if people come up with questions.

>> Tovo: I have a few but

12:01:34 PM

I'm going to hold them in the interest of moving on. Anyone have a burning question before we move on? Councilmember Houston [inaudible]

>> Zimmerman: I've got one that burns. On page 56, the very bottom of page 56, the refund payment, 2.1 million. Is that the four mud districts of northern Travis county that sued the water utility for overcharges and I think they got a \$6 million award for overcharges, is that what that's part of or -- it says wholesale rate case.

>> I believe that is what that is part of.

>> Zimmerman: Okay. Thanks.

>> Tovo: Are you sure?

>> Zimmerman: It says wholesale rate cases. That's where we got sued by the muds.

>> Tovo: Capital budget highlights.

>> We just have a few slides

12:02:35 PM

on our capital budget highlights. This whole presentation and certainly the capital budget is just intended to be high level overview, throughout August we're going to have departments come through and give you more details. At a high level this is what your capital budget looks like. We are proposing \$1.1 billion of new appropriation across city departments. And for, you know, any nonmathematician, 1.1 billion is a big number. You can see where it's going to. Kind of our big three enterprise departments are all capital intensive, Austin water utility comprises 48% of that appropriation, Austin energy is about 18%, aviation another 18%, and then all the other city operations combined are about 15% of that new appropriation. And considering the capital budget, it's always important to keep in mind the difference between appropriation and actual spending because capital appropriations are

12:03:38 PM

multi year in nature, many of these projects take multiple years to complete. So while there's appropriate base of \$1.1 billion you are not going to see spending anywhere near 1.1 billion in fiscal year '17 but the appropriation is needed for the city to enter into the construction contracts. And particularly in water where there's a 545 million-dollar for fiscal year 17. That's the dynamic you are going to see. The water utility has many basic maintenance and infrastructure projects that are going to be moving forward over the course of the next several years and they need that influx of appropriation in order to support their projected capital spending over that time frame. I'm just going to give you a few highlights from the bigger departments. Again, we'll have more details as we get into the departmental presentations in August, but for Austin energy their capital program really revolves around power

12:04:39 PM

production projects, transmissions and distribution proxies. Some of the projects include the sand hill center, relocation of their environmental lab as well as on site generation upgrades at the domain plant. There is transmission circuit upgrades and distribution growth as well as reliability projects and some substation upgrades. That's in the category of the transmission. In regard to distribution, we have a 1.6-megawatt commercial battery storage project going on at the Mueller development. If folks are wondering what shines stands for, shines is the sustainable and holistic integration of energy storage. That's a fancy way of saying batteries. And then they are also upgrading their telephone system. This is the system that their customer care center uses to I want to act with Austin energy customers, big upgrade to that system, and a new enterprise

12:05:40 PM

work management system. Again, very high level for the water utility, but their significant

capital program for the next several years is going to focus on replacement and rehabilitation projects, everything from pipes to valves, treatment plants, pump stations, reservoirs, lift stations, a lot of capital in running a water utility and it needs to be routinely maintained and upgraded to keep it all working. And \$62 million appropriation for their reclaimed water purple pipe program. If anybody has not been out to the airport recently, you should go out there. There's a lot going on at the airport. We have a \$200 million appropriation proposed for airport improvements including terminal and apron expansions. The apron that's currently under construction is projected to be completed by the summer of 2019, and the terminal expansion will open in the fall of 2016. They are also continuing their

12:06:40 PM

design work for a much needed and new west lot a parking lot. So that's 84% roughly of your appropriation is just to those three big departments. I just wanted to give you the highlights departmentwide of where the rest of the appropriations are and you can see convention center at \$50 million, watershed protection at \$31.6 million. Most of that fleet appropriation pertains to the purchases of new vehicles, communication and technology management, we've already talked some about the various I.T. Governance projects that are coming through the -- through the proposed budget. And \$14.1 million from neighborhood housing and community development, that's mostly bond money associated with affordable housing projects, and then on down the list. I was going to avoid going into a bunch of details, a, because I don't have them, I have some but not all of them and our departments are going to be coming forward in August to get into the details of

12:07:41 PM

their spending plans and capital budget. But I did want to at least highlight that's fundamentally the action council takes in adopting the proposed budget would be to authorize an additional \$1.1 billion of appropriation that will support the various capital needs of our departments over the next three to five years. Close this out with some next steps in our football graphic that kind of came with mixed reviews in regards to the football graphic, but we changed it so it's clear we're going to make the field goal as opposed to maybe not. I don't know if that will make people happier with it, but worked really hard to get the footballs to all rotate like that.

>> [Inaudible].

>> That's right.

>> Who says budgeting is not fun?

>> So we're here, this is kind of giving you the layout of the land, the schedule from today on through to October when the new fiscal year begins. We're presenting the budget here to you today on July 27

12:08:42 PM

and August is going to be a busy month both for staff and the city council. The dates we're showing on this calendar for August are just the budget work sessions and the ae rate work sessions. We didn't include the council meetings, the council work sessions and the council committee meetings. This is just budget and ae rate related. The ae rate related work sessions and -- in green, the budget related ones are in the black text. You can see on August 1st, I'm not sure we'll make that, but we're going to try our best, get that public engagement report. It will be lengthy and extensive and I promise very interesting as we unfold the results, district level results of our budget simulator exercise and provide some additional highlights from our community survey. On August 3rd, that will be our first of four departmental work sessions and we'll talk about the departments that are going to be presenting at those on the next slide, but also on August 3rd we'll be coming to council to adopt the

12:09:44 PM

maximum tax rate. And staff will recommend at that time that council adopt the maximum tax rate at the rollback rate. That is not approving the tax rate, that's not setting the tax rate, but once you adopt a maximum, you can't go above that amount so that's a state law requirement that we - that council adopt a maximum tax rate, and again staff will recommend that at the rollback rate of 44.11. I mentioned the work sessions we have on August 3, 10, 17 the same time those are happening on the budget you'll be entertaining Austin energy work sessions on the 8th and the 15th. Our first of two public hearings on the budget and utility rates will happen on the 18th. You will have a different public hearing for Austin energy rates on the 22nd and 25th. Work session on Austin energy rates, a final work session on Austin energy rates on the 29th, and then on the 31st

12:10:45 PM

we do call it the pre-budget adoption workshop. We don't have any more department preparations on the 31st, but this is our final chance to check in with council in regards to your feeling about the budget and preparations for budget adoption on September 12th through 14th. Our final public hearing on the budget will happen on September 1st in advance of that. So that's the plan. For the dates. N. Fiscal year begins October 1st. These are all the departments. Those four work sessions, these are all the different departments staff is proposing to bring forward and the time lean we're proposing to bring them forward on. If there's other departments that council would like to see, I meantime is one consideration, we only have so much time on the calendar and it's already a pretty full calendar, but these are the departments we felt were the most important for council to hear from, but certainly we could entertain additional departments if that's what council would like. I will mention that this is a very thick binder, but you'll see there's additional tabs and we're going to start

12:11:47 PM

filling this binder up with the additional presentation materials from these variety of departments as we move through the process. So in advance of the August 3rd or at the August 3rd work session we'll have presentations from all those departments that can fit right into your August 3rd

tab of this budget binder. Oh, and I just wanted to close with the fact that while I've been talking you've all received your nice two-volume bound copies of the city's proposed budget and we'll have a second copy coming to your office because I know staff would like to have their own copy. We'll have a second copy by the end of the week, about out the copies delivered to you are probably still a bit warm if you get my drift.

>> Tovo: Thank you so much. Colleagues, I just want to remind you that mayor Adler did post an outline for the budget development process we had used in June and may online on the council message board, and so right now we're in that period where any of us

12:12:47 PM

can submit a concept for the budget concept list without any additional sponsors and that changes after about August 2nd. So that's again outlined on the council, that merge board. Any last thoughts before we conclude? Councilmember Zimmerman.

>> Zimmerman: One last thought. If you back up to the kind of eye-popping number of the Austin water capital expenditures on page 68, \$545 million, it's a staggering amount of money. So that money is coming from where?

>> That will be a combination of debt and cash.

>> Zimmerman: So it's about how much debt and how much --

>> Here's Austin water.

>> Zimmerman: It's just a huge number. Half a billion dollars. People ought to get excited about half a billion dollars in one year.

>> Well, it's appropriation of one year. That amount of spending won't

12:13:48 PM

happen in one year. Because the capital appropriation council approves are multi year in nature so that money will get spent down over a number of years. We have Greg Meszaros from water utility.

>> What was the question again?

>> Zimmerman: It's a huge amount of money, \$545 million, just an eye-popping amount of -- a large number. And so we're trying to figure out how many years that might be spread apart and how much of it is debt and how much of it is cash that the utility already has. And for the debt part, I made a point of this before, that we have a section 11 and 12 in the city charter that talk about long-term debt and how it needs to be voter approved debt unless there are revenue conservation bonds. I'm trying to figure out where the money is coming from.

>> I think Ed explained that, appropriations are different than annual expenses so this would be capital

12:14:49 PM

appropriations over several years. Our five-year cip average is about 8 to 900 million so this would cover several years of our cip. We have several large projects so for example council recently approved approximately 20 to \$30 million of projects at Davis. We appropriate all that money at one time, not just for that year spending. That's a three to four-year project. That's what drives appropriations. We have been working off of older appropriations. We've been working through those as we completed some of our larger projects and are now gearing up for the next few years. In terms of the debt to equity mixture, it's approximately across that next few years, David, what, about a 70/30 mix?

>> Real close.

>> So 70% would be debt and 30% would be cash.

>> And the Austin water utility and Austin energy no longer issue revenue bonds, they use commercial paper which keeps their interest costs lower so they are a shorter-term instrument.

12:15:50 PM

They have a commercial paper program with a maximum dollar amount and so that's why you'll see them do a refunding, issue revenue refunding bonds to convert that short-term commercial paper to long-term debt periodically, usually around every 18 months.

>> Zimmerman: So this is a good time to let you know that looks like a circumvents of law. In short that it's illegal. You are circumventing the Austin city code by issuing commercial paper instead of going to the voters to approve debt. We'll talk about that some later, but just giving you a heads up.

>> Tovo: And I think I and others disagree but this probably isn't the right time to have that discussion. Councilmember troxclair, did you have a question?

>> Let's thank our city manager and city staff who have provided this information and you've done so in a clear and thorough way and we thank you for the extensive public

12:16:51 PM

engagement as well as taking into serious consideration the Carolina of priorities our council set. Councilmember Houston.

>> Houston: I'm sorry, I just had one question because I'm new here. Has there ever been a time in the history of the city of Austin that we go back to not about these last enterprise funds or anything, but back to the people who are asking us for money and say this is going to be a short

year, could you relook? I'm talking about people outside the city. I know we've done that for the city departments, but for the people that we provide funding to, could you go back and assess your needs this year and see if you could cut back 3%? Has that ever happened to ask the people we fund to take a look at their budgets?

>> There have been times when we have indicated to various organizations that we fund that things are tight and we may not be able to keep up the same level of funding or that they, you know, should

12:17:52 PM

anticipate something different, they should be looking for other revenue sources that our funding an indefinite set of circumstances. We've made those comments from time to time to organizations. Sometimes -- I heard you use the word some begin to think it's an entitlement and it is not that.

>> Tovo: All right. Thank you so very much. We stand adjourned at 12:17.