



Budget Work Session 2

FY 2020 Proposed Budget Discussion

August 29, 2019



Today's Agenda – Budget Work Session 2

- ✓ Hotel Occupancy Tax Overview
- ✓ First Responder Mental Health Calls for Service (*Meadows Report*)
- ✓ Homelessness Funding
- ✓ FY 2020 Budget Update
- ✓ Financial Policy Changes (appendix)



Hotel Occupancy Tax Overview

Austin Convention Center
Economic Development



In Support of Strategic Direction 2023

 **Economic Opportunity & Affordability**

 **Culture & Lifelong Learning**



Chapter 351 HOT Allocation – Proposed Budget

(without additional 2¢)



7¢ Allocation	Description	FY 2020	From ACC	Use of Funds
4.5¢	Austin Convention Center	\$50.9 M	\$9.9 M	<ul style="list-style-type: none"> Debt Service Maintenance and Operations Capital Improvements Tourism and Marketing (Visit Austin)
0.4¢	Tourism and Promotion	\$4.5 M		<ul style="list-style-type: none"> Tourism and Marketing (Visit Austin)
1.05¢	Cultural Arts	\$11.9 M		<ul style="list-style-type: none"> Economic Development Department staff Artists and Arts Organizations
1.05¢	Historic Preservation	\$11.9 M		<ul style="list-style-type: none"> 70% for City of Austin facilities and sites 15% for potential future historic acquisitions or major preservation projects 15% to the Heritage Grant Program

Chapter 351 HOT Allocation with Future Amendment

(with additional 2¢)



9¢ Allocation	Description	FY 2020	From ACC	Use of Funds
6.5¢	Austin Convention Center	\$71.9 M	\$9.9 M	<ul style="list-style-type: none"> Debt Service Maintenance and Operations Capital Improvements Tourism and Marketing (Visit Austin) Additional funding for cultural arts and historic preservation (15% of 2¢)
0.4¢	Tourism and Promotion	\$4.5 M		<ul style="list-style-type: none"> Tourism and Marketing (Visit Austin)
1.05¢	Cultural Arts	\$11.9 M		<ul style="list-style-type: none"> Economic Development Department staff Artists and Arts Organizations
1.05¢	Historic Preservation	\$11.9 M		<ul style="list-style-type: none"> 70% for City of Austin facilities and sites 15% for potential future historic acquisitions or major preservation projects 15% to the Heritage Grant Program

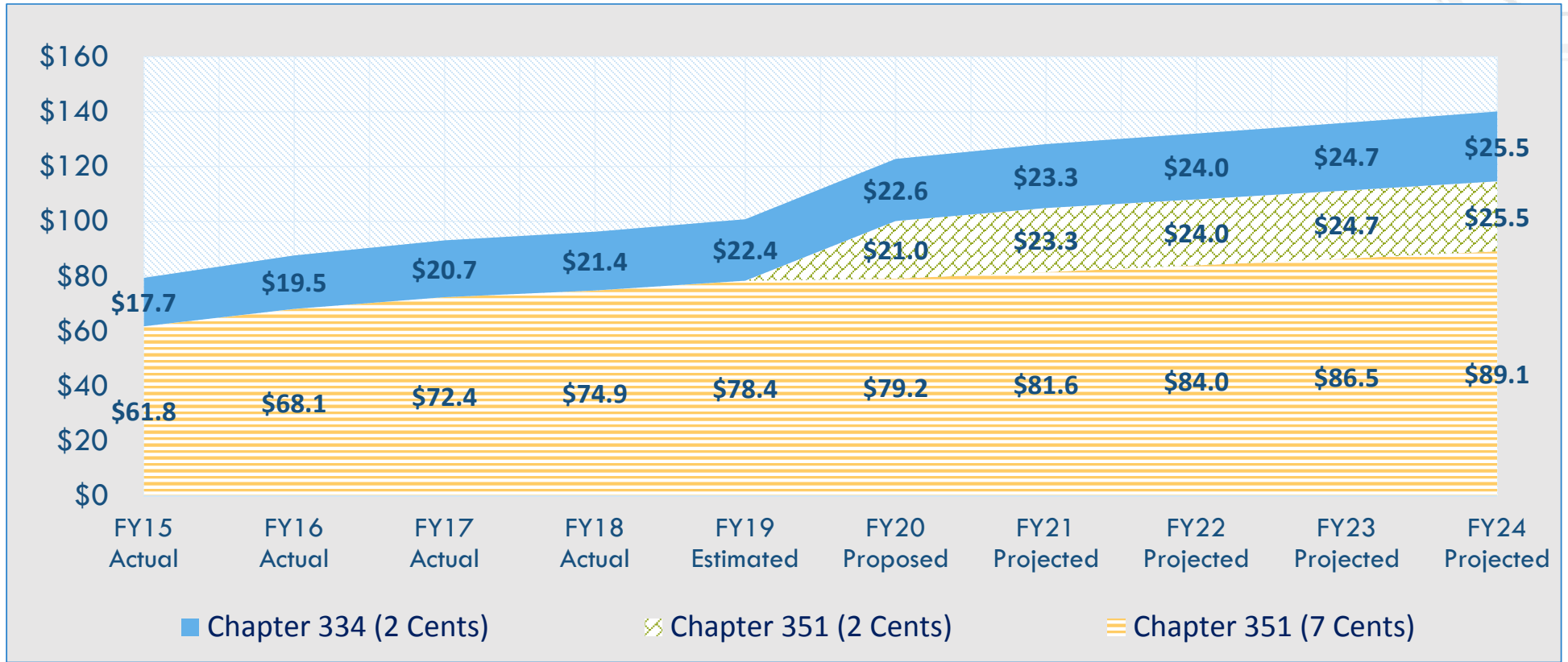
Budgeted Chapter 334 HOT Allocation



2¢ Allocation	Description	FY 2020	Use of Funds
2¢	Austin Convention Center	\$22.6 M	<ul style="list-style-type: none">• Debt Service• Capital Improvements related to the northside expansion

HOT History and Revenue Projection

(millions)



Convention Center Capital Fund

(including additional 2¢)



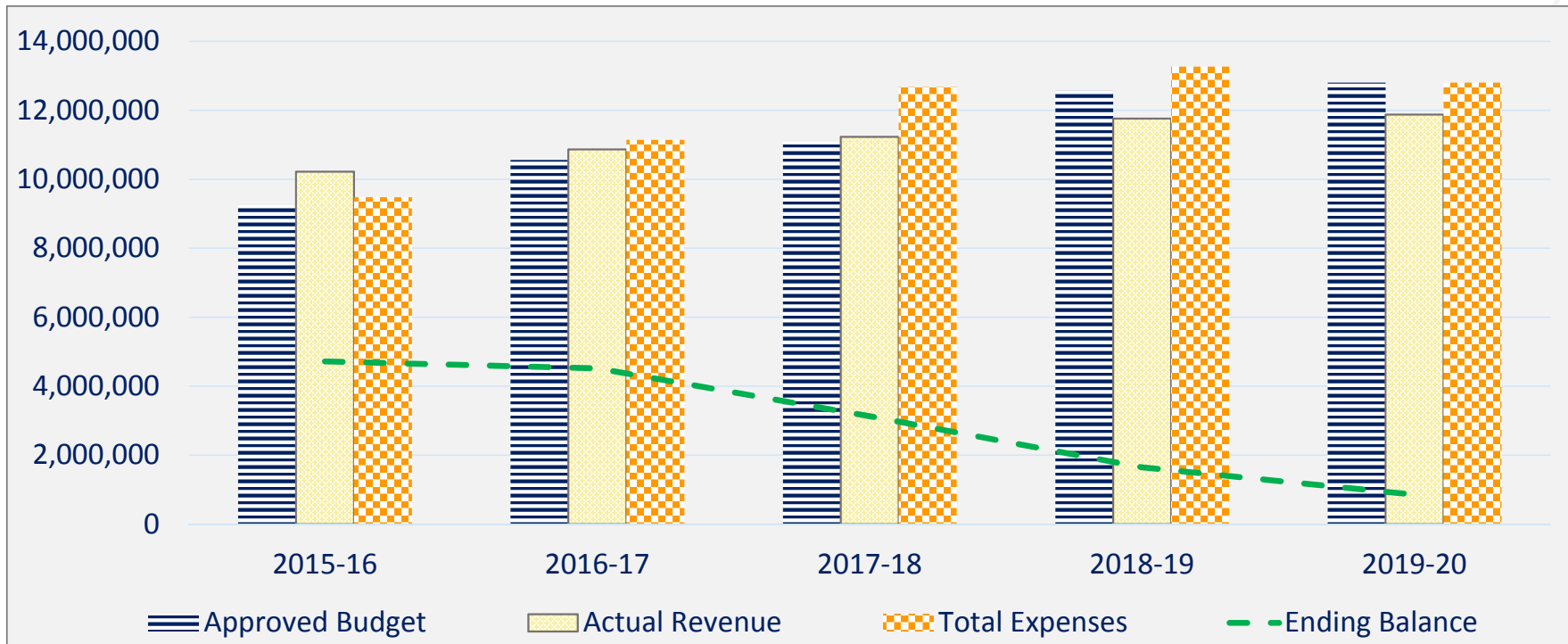
- ✓ Created to transfer the excess of available funds over total requirements, less a reserve for future operating expenses, from the operating funds of the Convention Center on an annual basis

Description	Projected FY 2020 Ending Balance
Austin Convention Center	\$ 44.9 million
Venue Project Fund	\$ 54.8 million
Austin Convention Center – Expansion	\$ 21.0 million
Palmer Events Center	<u>\$ 12.8 million</u>
Total	\$133.5 million

Cultural Arts Funding Five-Year History



- ✓ Established to encourage, promote, and improve the arts, including expenditures for administrative costs incurred directly in the promotion and servicing of the arts



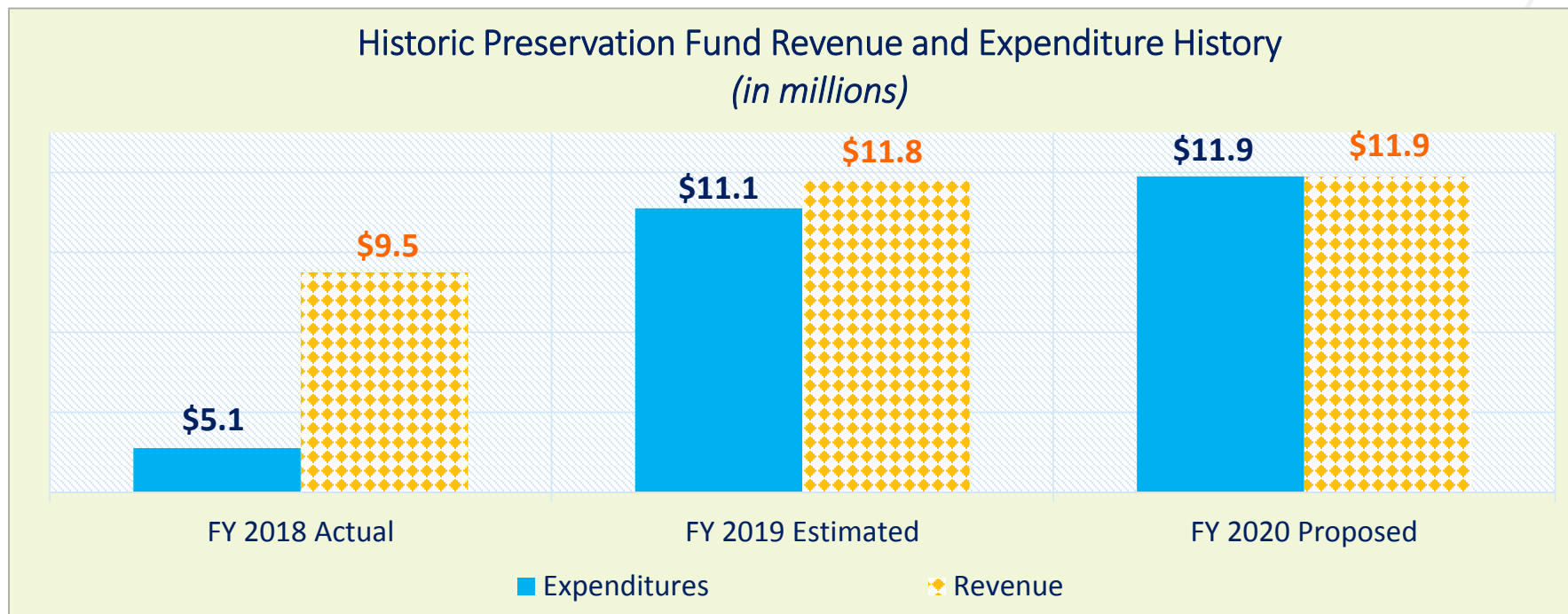
Cultural Arts Contracts Five-Year History



Historic Preservation Fund



- ✓ Established to promote tourism through preservation, restoration, and rehabilitation of historic properties



Historic Preservation Four-Year Projections



Description	FY 2021	FY 2022	FY 2023	FY 2024
15% Transfer from Hotel Occupancy Tax Fund	\$12,240,000	\$12,600,000	\$12,975,000	\$13,365,000
70% for City of Austin facilities and sites	\$8,568,000	\$8,820,000	\$9,082,500	\$9,355,500
15% for potential future historic acquisitions or major preservation projects	\$1,836,000	\$1,890,000	\$1,946,250	\$2,004,750
15% to the Heritage Grant Program	\$1,836,000	\$1,890,000	\$1,946,250	\$2,004,750
Total	\$12,240,000	\$12,600,000	\$12,975,000	\$13,365,000





Hotel Occupancy Tax Overview

Discussion

Recommendations for First Responder Mental Health Calls for Service

Austin Police

Emergency Medical Services

Community Partners



In Support of Strategic Direction 2023



Summary of Recommendations



- ✓ Travis County Behavioral Health & Criminal Justice Advisory Committee (BHCJAC) to serve as advisory body to the Chief of Police
- ✓ Mental health training for call takers
- ✓ Mental health integrated dispatch
- ✓ Sustainability of EMCOT, including telehealth expansion
- ✓ Collaboration with APD Crisis Intervention Team and Community Health Paramedic Program
- ✓ Community outreach in collaboration with NAMI Central Texas

Recommendation

Travis County Behavioral Health & Criminal Justice Advisory Committee (BHCJAC) to serve as advisory body to the Chief of Police

- ✓ **Budget: No additional funding necessary.**
- ✓ **Progress towards implementation:**
 - APD is currently a member of BHCJAC
 - Meadows report briefed to BHCJAC on 8/9
 - First report due to BHCJAC by APD on crisis calls in 4th quarter 2019



Recommendation

Mental health training for call takers

- ✓ Budget: No additional funding necessary.
- ✓ Progress towards implementation:
 - All communication personnel receive Texas Commission on Law Enforcement (TCOLE) mandated Crisis Communication course as part of licensing as well as 20 hours in continuing education every two years.
 - TCOLE training currently under review, to be updated by mid 2020.
 - Internal review completed. Meadows recommendations will be added to curriculum. Future classes co-taught with Integral Care and Central Texas National Alliance on Mental Illness (NAMI).



Recommendation

Mental health integrated dispatch

- ✓ Budget impact: \$300k estimated need for two Expanded Mobile Crisis Outreach Team (EMCOT) clinician positions (unfunded)
- ✓ Progress towards implementation:
 - Work space changes to accommodate staff to be completed early September
 - Funding needed to add 2 licensed clinicians to assist with call triage
 - Operating procedures and training needs of clinical staff in development between APD and Integral Care



Recommendation

Sustainability of EMCOT, including telehealth expansion

- ✓ **Budget impact: \$2.8 million total estimated need.**
 - EMCOT: \$1.8 million funded in FY20 by City of Austin and Travis County
 - Telehealth expansion: \$1.0 million estimated need (unfunded)
- ✓ **Progress towards implementation:**
 - Continued EMCOT funding at current levels vital to all COA mental health programs and the foundation for the telehealth expansion.
 - Telehealth pilot between APD and Integral Care began August 1st. Integral Care funded software platform/equipment and used only 2 existing EMCOT staff.
 - Policies/procedures written. Current agreements amended to include service. Technology and logistics tested. Program outcomes and data tracking established. (Small pilot/soft launch in one sector of the City for limited time.)



Recommendation

Collaboration with APD Crisis Intervention Team and Community Health Paramedic Program

- ✓ **Budget impact: No additional funding necessary.**
- ✓ **Progress towards implementation:**
 - Homeless Outreach Street Team (HOST) moved under APD's Crisis Intervention Team (CIT) Leadership
 - Current relationship leveraged when needs indicate
 - APD CIT procedures amended – EMCOT required on follow-ups



Recommendation

Community outreach in collaboration with NAMI Central Texas

- ✓ Budget impact: No additional funding necessary.
- ✓ Progress towards implementation:
 - NAMI Central Texas and APD CIT collaborated to produce first set of materials (How to Make 911 call) in Spanish and Vietnamese
 - NAMI Central Texas and APD CIT developing plan to utilize APD Office of Community Liaison to provide workshops on navigating mental health crisis in Spanish and Vietnamese
 - Ongoing community engagement to include NAMI material/training





Recommendations for First Responder Mental Health Calls for Service

Discussion

Overview of Homelessness Services Budget

Neighborhood Housing & Community Development

Austin Public Health

Downtown Austin Community Court



In Support of Strategic Direction 2023

 **Economic Opportunity & Affordability**

 **Health & Environment**



FY 2020 Budget for Homelessness Services



Funding Type	General Fund	Other City Funds	Grants	Total
Ongoing	\$25.3M	\$1.6M	\$11.9M	\$43.8M
One-Time	\$17.3M	\$6.6M	\$0.0M	\$18.9M
Total	\$42.6M	\$8.2M	\$11.9M	\$62.7M

Neighborhood Housing



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Tenant-Based Rental Assistance (TBRA)	HOME (federal) & General Fund	\$626,954	\$570,254
Tenant-Based Rental Assistance - General (TBRA) HACA & Salvation Army contracts	HOME (federal)	\$547,000	\$36,700
Public Facilities	HOME (federal)	\$1,804,669	\$1,804,669
Low-Barrier Permanent Supportive Housing Assistance (Echo Contract)	HOME (federal)	\$950,000	\$650,000
Rent Availability Program (ECHO contract)	Housing Trust Fund	\$156,200	\$0
Permanent Supportive Housing/Continuum of Care Consulting (ECHO contract)	Housing Trust Fund	\$160,000	\$0

Neighborhood Housing



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Rental Housing Development Assistance (RHDA)	Budget Stabilization Reserve Fund (BSRF)	\$5,000,000	\$5,000,000
Prevention Services – Renter and Homeowner Assistance	CDBG & HOME (federal), GO Bonds, Housing Trust Fund, BSRF	\$11,635,000	\$4,283,654
Total Neighborhood Housing & Community Development		\$20,879,823	\$12,345,277

Austin Public Health



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Permanent Supportive Housing Contracts: Wraparound supportive services for PSH residents	General Fund, Federal, & State	\$3,209,081	\$62,444
Emergency Shelter Contracts	General Fund & Federal	\$8,247,237	\$251,647
Homelessness Prevention Contracts: case management, financial assistance, legal services	General Fund & Federal	\$4,279,604	\$13,973
Rapid Rehousing Contracts: case management, housing location and placement, financial assistance	General Fund, Federal, & State	\$3,007,318	\$170,961
Planning Contracts and New Projects: prioritizing & implementing strategies to end homelessness	General Fund	\$479,239	\$0

Austin Public Health



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Outreach & Navigation Contracts: PATH Team expansion, housing navigators, temp work pilot	General Fund	\$535,179	\$0
Crisis Intervention and Contract Mgmt. Staff	General Fund	\$762,383	\$0
Youth Homeless Services	General Fund & State	\$315,354	\$0
Pay for Success: PSH project with multiple partners	General Fund	\$4,800,000	\$4,800,000
Ben White Shelter Operations Contract: staffing, services and operations for new shelter	General Fund	\$1,300,000	\$1,300,000
Salvation Army Shelters: \$1M to new Rathgeber Center, \$500K to downtown shelter	General Fund	\$1,500,000	\$1,500,000
New Projects: funding transferred from EMS	General Fund	\$593,258	\$287,991

Austin Public Health



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Alternatives for Temporary Housing	General Fund	\$1,500,000	\$1,500,000
ARCH Improvements	General Fund	\$1,265,000	\$1,265,000
Contract to Establish Performance Criteria	General Fund	\$250,000	\$250,000
	Total	\$32,043,653	\$11,402,016

Downtown Austin Community Court

Intensive Case Management and Direct Client Support



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Intensive Case Management (ICM) including: <ul style="list-style-type: none"> • Dedicated case manager on HOST • Direct client assistance – identification documentation; rent and deposits for housing and utilities; debt resolution • Associated program costs 	General Fund	\$1,603,999	\$219,971
Social Service Contracts to support ICM clients <ul style="list-style-type: none"> • Permanent Supportive Housing (PSH) • Rapid Rehousing • Peer Support Specialists • Substance Use Treatment Services • Mental Health Services 	General Fund and Emergency Solutions Grant	\$2,691,284	\$474,990
Total		\$4,295,283	\$714,961

Downtown Austin Community Court Outreach and Mental Health Response



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Homeless Outreach Street Team (HOST) • Contract with Integral Care	General Fund	\$327,354	\$20,000
Expanded Mobile Crisis Outreach Team (EMCOT) • Contract with Integral Care	General Fund	\$1,147,229	\$0*
	Total	\$1,474,583	\$20,000

**Funding was including in APD's budget in FY 2018-19*

Other Departments



Homelessness Effort	Funding Source	FY 2020 Proposed	FY 2020 Increment
Encampment Clean-ups	Watershed, Public Works, Austin Resource Recovery, Austin Transportation & General Fund	\$1,025,000	\$220,000
Homeless Outreach Street Team	General Fund (APD and EMS portion)	\$733,905	\$3,809
Social Workers at Central Library	General Fund	\$185,914	\$6,000
Workforce First Program within PARD	General Fund	\$50,000	\$0
ARCH Garage Renovation	General Fund	\$222,000	\$122,000
Security Services at ARCH*	General Fund	\$0	(\$187,488)
Innovation Team (I-Team)	Bloomberg/Robert Wood Johnson Foundation Grant	\$0	(\$500,000)
Tenant Temporary Relocation	Austin Code	\$1,642,500	\$1,642,500
Cleaning Portable Toilets	Public Works	\$132,960	\$0
Total – Other Changes		\$3,992,279	\$1,184,821

**One-time pilot conducted by APD in FY 2018-19*



Overview of Homelessness
Services Budget
Discussion

FY 2020 Budget Update

Budget Office



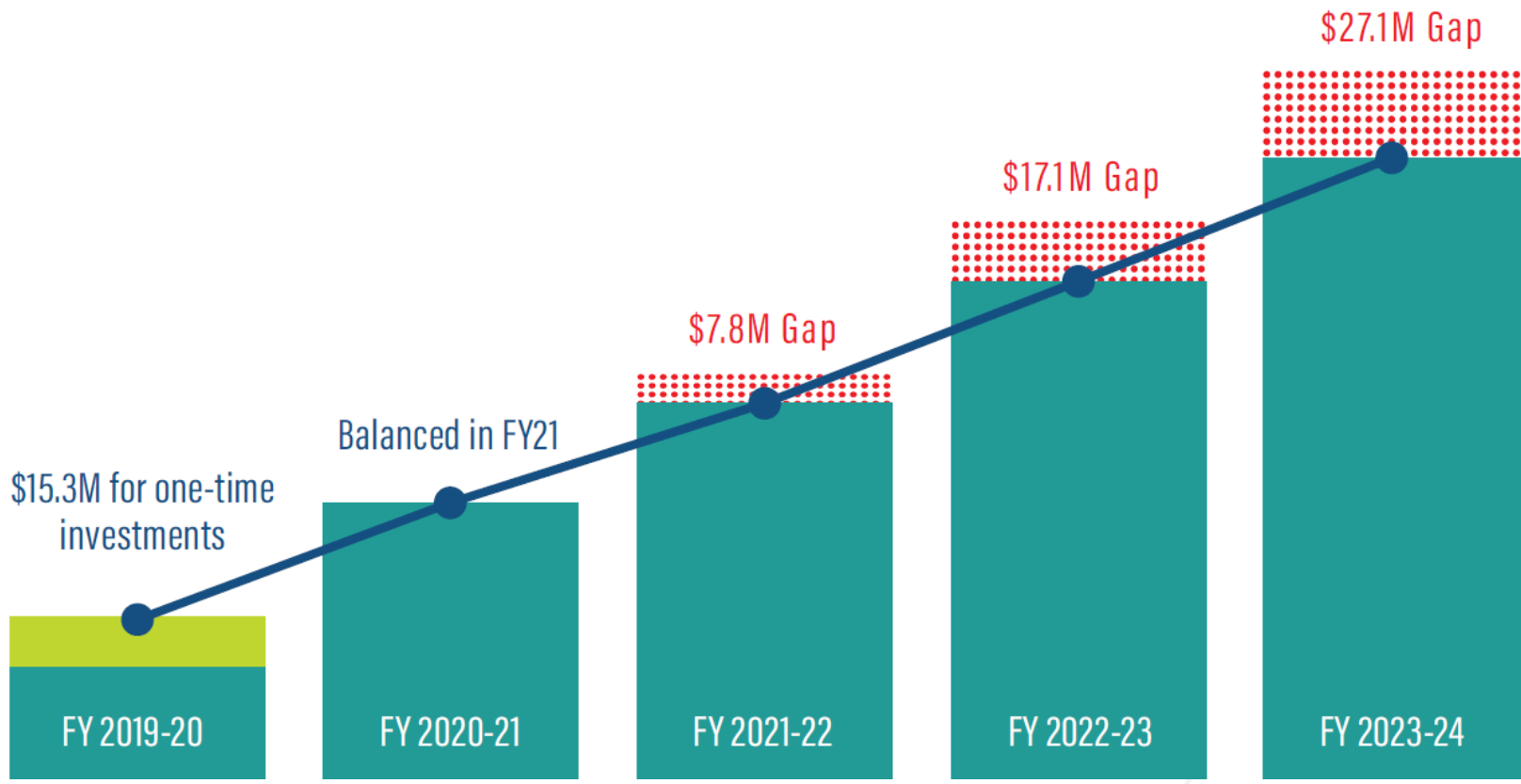
In Support of Strategic Direction 2023



Government that Works



Proposed Budget Forecast



Post-Certification Property Tax Changes



	Proposed Budget Based on TCAD Estimate	Budget Adoption Based on Certification
Total Taxable Valuation	\$167.0B	\$166.1B
New Construction Value	\$3.3B	\$3.4B
Median Home Value	\$323,060	\$317,938
Rollback Tax Rate	\$0.4386	\$0.4431
Tax Rate to Balance to Proposed Budget Expenditures	\$0.4386	\$0.4416
Additional Revenue at Rollback	-	\$2.5 million



FY 2020 Revised Major Rates and Fees

	2019 Monthly Rate	2020 Projected Rate	Monthly Dollar Change	Typical rate payer defined as:
Austin Energy	\$86.72	\$88.05	\$1.33	<i>Residential customer usage of 860 Kwh</i>
Austin Water	\$79.20	\$79.20	\$0.00	<i>Residential customer usage of 5,860 gallons of water and 3,800 gallons of wastewater</i>
Austin Resource Recovery	\$24.30	\$24.95	\$0.65	<i>Residential customer with a 64-gallon cart</i>
Clean Community Fee	\$8.95	\$8.30	(\$0.65)	<i>Per single-family home</i>
Transportation User Fee	\$12.79	\$12.79	\$0.00	<i>Per single-family home</i>
Drainage Utility Fee	\$11.80	\$11.80	\$0.00	<i>Residential customer with 3,100 sq. ft./37% of impervious cover</i>
Property Tax Bill	\$109.76	\$117.40	\$7.64	<i>Projected FY20 median non-senior homestead taxable value of \$317,938; assumes rollback tax rate</i>
Total	\$335.11	\$342.49	\$8.97	<i>Combined FY20 increase of 2.7%</i>



FY 2020 Budget Update Discussion



APPENDIX



HOT Overview

- Legal Framework
- Historic Preservation Projects



Legal Framework

Texas Tax Code Section 351 (7 cents)

- ✓ HOT expenditures must promote tourism and the convention and hotel industry, and
- ✓ Be for an authorized use as listed in the Tax Code
- ✓ Allowable uses key to this presentation:
 - Construction, operation, and maintenance of convention center facilities
 - Costs related to the registration of convention delegates
 - Advertising and promotional programs to attract tourists and convention delegates
 - Encouragement, promotion, improvement, and application of the arts (Maximum of 15%)
 - Historical restoration and preservation in proper locations (Maximum of 15%)



Legal Framework

Texas Tax Code Section 351 (7 cents)

- ✓ HOT funds may be spent for day-to-day operations, supplies, salaries, office rental, travel expenses, and other administrative costs only if incurred directly in the promotion and servicing of authorized expenditures (i.e. promoting tourism, conventions and hotels and for a use on the list)
- ✓ HOT funds may not be used for general revenue purposes or general government operations

Legal Framework

Texas Tax Code Section 351 (7 cents)

- ✓ **Specific to Historical Restoration and Preservation**
 - Funding must be used for historical restoration and preservation projects, advertising, or conducting solicitations and promotional activities that encourage tourists and convention delegates to visit preserved historic sites or museums
 - Historic sites or museums must be at or in the immediate vicinity of the convention center or located elsewhere in the city or its vicinity that would be frequented by tourists and convention delegates



Legal Framework

Local Government Code Section 334 (2 cents)

- ✓ Hotel Tax is also authorized to fund certain venue projects
- ✓ Venue projects must be approved by the State Comptroller
- ✓ Use of Hotel Tax for a venue project must be approved by voters
- ✓ Voters approved the City's current Hotel Tax Venue in 1998





Legal Framework

Texas Tax Code Section 351.1065 (additional 2 cents)

- ✓ Eligible Central Municipalities may impose an additional hotel tax up to 2 cents under Chapter 351 for the expansion of an existing convention center
- ✓ Austin meets the definition of an eligible central municipality

Historic Preservation FY 2020 Proposed Projects – Capital



Project Description	Department	FY20 Proposed Budget
Brush Square Rehabilitation Phase I Implementation Design - Construction	Parks and Recreation	\$2,550,000
Elisabet Ney Window, Door and Masonry Restoration (Mechanical System design and construction)	Parks and Recreation	\$1,400,000
Sunken Gardens Design and Rehabilitation (Phase I)	Parks and Recreation	\$1,000,000
Interpretive and Wayfinding Signage at Historic Sites	Parks and Recreation	\$50,000
Austin History Center Interior and Exterior Improvements	Library	\$500,000
Comprehensive District 5 th Street Tourism Wayfinding and Signage	Economic Development	\$375,000
Heritage Tourism mobile tours/heritage interpretation	Planning and Zoning	\$15,000
Capital Improvement Project Total		\$5,875,000

Historic Preservation FY 2020 Proposed Projects – Operating



Operating Project Description	Department	FY 2020 Proposed Budget
PARC (\$1,55,751) and EDD (\$155,751) Operations to manage fund and projects related to program	Parks and Recreation; Economic Development	\$1,666,781
Wayfinding Design Strategic Plan / Project	Economic Development	\$250,000
Heritage Tourism Plan (Request for Proposal Issuance in FY 2019 to develop a Plan with Community Stakeholders)	Economic Development	\$150,000
Promotional, Education and Outreach	Economic Development	\$50,000
Detailed Historic Building Survey – Downtown, Central South, Allandale/Brentwood/Crestview, and North Central Austin	Planning and Zoning	\$204,660
Citywide Historic Building Scan (Phase 2)	Planning and Zoning	\$120,000
Heritage Tourism mobile tours/heritage interpretation	Planning and Zoning	\$15,000
Total Operating Projects		\$2,456,441

Historic Preservation FY 2020 Proposed Projects – Grants



Project Description	Department	FY 2020 Proposed Budget
Grants/Land Appropriation		
Heritage Grant Accepting Applications	Economic Development	\$1,782,094
Heritage Land Acquisition	Office of Real Estate Services	\$1,782,094
Grants/Land Appropriation Total		\$3,564,188
<i>Total Requirements (Capital, Operating, and Grants)</i>		<i>\$11,880,629</i>



Financial Policy Changes



Austin Resource Recovery

The Austin Resource Recovery Fund shall ~~establish and fund a reserve to~~ provide for the closure, ~~and monitoring~~ monitoring, and all post-closure care of the City's landfills in compliance with Federal and State regulations.

~~Note: ARR uses CIP and operating budgets.~~



Employee Benefits Fund (EBF) Reserves

An individual-specific stop-loss policy shall be maintained for the City Health Plan. In addition, the Employee Benefits Fund will maintain ~~a stop-loss reserve in an amount recommended by the City's actuary. Further, the Employee Benefits Fund will maintain a~~ a reserve equal to 10% of the cost of employee and retiree medical benefits and a cash balance equal to anticipated end-of-year claims incurred but not paid and other current liabilities.



Summary of Tax-Increment Financing (TIF) Policy Changes

- ✓ Increase the cap on the percentage of City taxable value that may be included within reinvestment zones from 5% to 10%
- ✓ Formalize current practice of requiring that all tax increment reinvestment zones (TIRZ) undergo a rigorous “but for” analysis
- ✓ Mandate that any housing development related to a TIRZ project plan provide at least 20% of the units at rates affordable to households earning at or below 60% of MFI for rental, 80% for ownership
- ✓ Creating a separate financial policy governing the use of Public Improvement Districts (*Anticipate policy change coming to Council by the end of the calendar year*)



Audit and Finance Committee Recommendations

- ✓ Approve landfill and employee benefits fund policy changes (*passed 5-0*)
- ✓ Advance tax-increment financing policy changes to the full Council (*passed 5-0*)