



City of Austin

MESSAGE FROM THE MANAGER

Dear Mayor, Mayor Pro Tem and Members of the City Council:

The past few months have been about change. And no one is more familiar with change than the City of Austin. From its days as a remote, wildly beautiful outpost on the edge of the western frontier to a growing Capital City, from a wonderfully weird and laid-back college town to a thriving metropolis and incubator for the tech industry, Austin continues to remake itself. All while managing to preserve the culture and character that has made it famous worldwide and continues to draw visitors and new residents each year by the thousands.

The most recent change – the change that you initiated – has not been years in the making. In fact, it has been a series of decisive and transformative advancements in a few short months to position the City to deliver the services that Austinites deserve, to remove obstacles, solve problems, and move our City forward. This City Council has been clear that you want change at City Hall. You want Austin residents to be able to count on their City when disaster strikes and emergencies happen. You want solutions to complex challenges like affordability, homelessness, public safety, and mobility. You want smart growth, opportunities for economic development, and for City of Austin departments to be an engine for innovation, not an obstacle to progress. You want to deliver on generational projects that are foundational to a world-class city and will prepare Austin for the future.

Adopting the City's budget is one of the most powerful tools you, as elected officials, have at your disposal to cement your priorities and set expectations for the level of service the City provides. The proposed Fiscal Year 2023-24 budget was developed with your priorities as the central focus and with the goal of addressing pressing challenges while minimizing the impact for Austin taxpayers.

This year's \$5.5 billion proposed budget is firmly grounded in our core values with a sharp focus on essential City services, mayor and council priorities and investments that support transformational change. The tax rate is 0.4242, which represents a decrease of 3.85 cents from 0.4627. However, due to rising property values, the typical Austin homeowner will still see a 1.5 percent increase in their tax bill – the equivalent of an additional \$2.16 a month, or \$25.91 a year – and the City's General Fund will realize a 3.2% increase in property tax revenue, or \$19.8 million.

The General Fund proposed budget is \$1.3 billion and includes a reserve of 17 percent, a fiscally responsible benchmark – and Government Finance Officers Association (GFOA) best practice – which prepares us for economic uncertainties and allows us to navigate through disasters



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without impact to the operating budget. Recently, ARPA (American Rescue Plan Act) funds helped bridge the gap, but we cannot be assured that federal resources will be available in the future. This 17 percent builds fiscal resilience into the budget.

We also focus on the heart and core of our organization – our people. Without skilled, professional, and dedicated staff members we could not deliver the services our customers expect and deserve, nor could we tackle the transformational projects that will prepare Austin for the future. This budget establishes a \$20.80-per-hour living wage and a 4 percent wage increase for civilian employees.

Back to Basics

The FY 2023-24 Budget we are proposing is Back to Basics in the sense that we are refocusing on the core services our residents need and expect. We are ensuring we have the staff and resources necessary to keep our facilities like parks, libraries and recreation centers safe, clean and inviting; investing in emergency services to be able to respond more quickly and effectively to calls of medical distress; evaluating service delivery at the Austin Animal Center; and overhauling systems and processes to better serve Austin residents. The proposed budget also includes an investment in digital transformation efforts to evaluate, prioritize and implement cutting-edge technology platforms within city operations in departments such as Development Services and Human Resources.

To ignite and foster a Back to Basics culture, I moved quickly to evaluate and fundamentally shift the organizational structure of the City. We went beyond an organizational chart – we carefully and critically assessed issues that represent our most significant community challenges, like emergency response, capital project delivery, homelessness and affordability, defining the City's role, as well as the roles of partner organizations. If the City is to effectively tackle these complex problems, we, as professional municipal administrators and subject matter experts, must clearly articulate roles and expectations of all stakeholders and define success to ensure that our outcomes are efficient, practical, and grounded in sound analysis and research. City government cannot do this alone. To truly make progress on the societal challenges we face, we must work in concert with other governmental agencies, as well as community and faith-based organizations and advocates.

Delivering on Mayor and Council Priorities

Responding to Mayor and Council, who in turn are responsive to the concerns, needs and aspirations of their constituents for the city we all call home, is paramount as we develop the budget. This budget is responsive to ongoing needs and soaring ambitions of what Austin can become. It is also reflective of the values of our City, including a commitment to equity, caring for



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the health and well-being of the most vulnerable, promoting sustainability and resilience in our communities, fostering the culture that is uniquely Austin by supporting cultural and historic preservation programs, and protecting and improving parks, pools, libraries and other recreational facilities that make our City a wonderful place to live. Substantial investments in this budget directly respond to Council priorities, many in the critical areas of **affordability, resiliency, quality of life, public safety**, and ending **homelessness**.

Affordability

Affordability is a crucial issue for Austin as more and more residents face tremendous displacement pressure. Home prices, rents, and property taxes have rapidly become less affordable to low- and moderate-income households. More than a third of local households are cost-burdened, meaning they pay more than 30 percent of their income for housing. Many factors contribute to affordability challenges, and many forces – both public and private – influence those factors. To make an impact, we must define the levers at the City’s disposal to address affordability. Those primarily include land use, streamlined permitting, and direct investments in affordable housing and incentives. This budget includes a number of investments to tackle affordability, building on the recent creation of a stand-alone Planning Department to allow for equal focus on the importance of affordable housing and planning in our community. And because planning efforts must prioritize and advance the City’s established resilience, sustainability, and climate equity goals, we have also consolidated the Offices of Sustainability and Resilience into the Planning Department. More examples specific to the issue of affordability include:

- Improving the internal processes related to permitting and development review through integration of Code Enforcement into the Development Services Department and launching a deep and thorough external analysis of capability, finances, operations, staff resources, customer experience, and more to inform a strategy for organizational transformation.
- Funding a comprehensive study that takes a deep dive into affordability issues, including an examination of all housing programs, to determine if we are using public dollars as effectively as possible. The study will help determine an action plan moving forward.
- Creating a revolving loan fund aimed at lowering barriers of entry for creation of affordable housing developments.
- Partnering with the Austin Economic Development Corporation to incorporate affordable housing and other community benefits into city redevelopment projects.



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- Continuing investments in workforce development and long-term job training, creating new pathways to good jobs, well-paying careers and wraparound services, including childcare.
- Supporting and expanding the availability of affordable, high-quality childcare and early education through social service contracts and interlocal agreements with multiple partners and through direct Austin Public Health program services. Partners include Workforce Solutions, Child, Inc. Austin ISD, Del Valle ISD, Any Baby Can, Texas Association for the Education of Young Children, and more.
- Expanding eligibility for childcare benefits for City employees.
- Significant expansion in the Planning Department, including seven new staff positions, to expedite proposed changes to the Land Development Code and a comprehensive update to Imagine Austin.

Resiliency

Factors such as climate change, cybersecurity attacks, economic inequality, housing shortages and many others are threatening cities across the globe. In order to prepare, protect and recover from these threats – whether sudden, such as a tornado or cyberattack, or slow-moving, like extreme heat, drought or the effects of aging infrastructure – we must focus on resilience to prepare residents, businesses and communities to continue to thrive no matter what disruptions threaten our way of life. This year, the following investments will continue to build upon Austin’s resilience and sustainability:

- Expanding climate resilience and adaptation efforts to prepare, respond, recover and adapt to climate-related hazards. This includes formalizing the partnership with The University of Texas at Austin on all climate-related work, including joint research projects on issues like heat mapping and climate change effects on the City’s water supply.
- Continuing to fund the Resilience Hub Network – community-focused facilities that offer day-to-day services and support the community before, during and after a disaster.
- Targeted investments in preparation and response for wildfire disasters.
- Updating the emergency management strategic and hazard mitigation plans.
- Significant, ongoing investments in Austin Energy’s Distribution System Resilience Program to harden the distribution system against wildfire and extreme weather events and address overall system reliability. The program will incorporate all facets of overhead distribution system maintenance, upgrade, and resilience through grid technology enhancements.
- Equipping City facilities with generators to ensure power in the event of a weather emergency.



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Quality of Life

Whether new to the city or a life-long native, Austin residents are fiercely loyal and proud of their city's global reputation as a place of natural beauty and rich culture. Maintaining and improving our parks, libraries, and recreation facilities, preserving historic sites and venues, and ensuring every Austinite has access to the resources they need to thrive are core priorities for both City staff and Council. Projects in this year's budget to improve quality of life for Austin residents include:

- Expanding the conservation rebates, energy efficiency, and electric vehicle programs at Austin Energy.
- Funding a new position dedicated to marketing opportunities for Cultural Arts, Music and Entertainment, and Historic Preservation programs.
- Preserving historic music and entertainment venues through investments in the Iconic Venue Fund.
- Expanding the Enhanced Library Card program to three new locations for citywide access.
- New shade structures at parks throughout the city.
- Upgrading several Austin Public Health facilities that provide services to the community, including HVAC and roof repairs and replacements and security improvements.
- Substantial completion of hallmark Austin Public Library projects, including the Faulk Building and History Center archival renovation.
- Completing improvement projects at Brownie Neighborhood Park (D4), Duncan Neighborhood Park (D9), and Highland Neighborhood Park (D4) and launching a series of new park developments. Projects expected to begin soon include the East Williamson Creek Greenbelt (D2), Little Walnut Creek Greenbelt (D1), Oertli Neighborhood Park (D1), Ridgeline Neighborhood Park (D6), and the Scenic Brook Pocket Park (D8).
- Beginning design for several new parks and improvements at existing parks, including Walter E. Long Metro Park (D1) and John Treviño Jr. Metro Park at Morrison Ranch (D1). Construction is expected to begin in Fiscal Year 2024-25.

Public Safety

Nothing is more vital to the success of a City than the safety of its residents and visitors. Everyone should feel safe to live, work and play in their community and know with assurance that help will be there when they need it. We have several initiatives, projects and investments underway to ensure those that serve and protect have state-of-the-art training backed by social research, that our firefighters and emergency medical responders have resources they need to provide the best



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possible care, and that we are strategically positioning throughout the City to optimize response times. Examples of investments for the upcoming budget year include:

- Investing in research-based curriculum for the Austin Police Department's Cadet Training Academy, including hiring nationally recognized experts in the field to fundamentally change how we train the next generation of police officers.
- Funding 11 new positions to implement the Kroll report recommendations to improve and revamp the APD's Cadet Training Academy.
- Restructuring recruitment efforts for APD by creating a commander position overseeing the recruitment division and employing intensified recruitment strategies. Already new efforts are showing results. This September APD will welcome its largest Cadet Academy class in two years.
- Partnering with Workforce Solutions to enhance recruiting efforts for 9-1-1 call takers.
- Creating career progression for 9-1-1 call takers and dispatchers to improve retention.
- Redesigning/upgrading/expanding several joint EMS/Fire stations and stand-alone EMS stations across the city.
- Building a new Fire/EMS station at Goodnight Ranch to meet needs in the area to meet acute need and reduce response times.
- Creating three new positions in EMS to expand the recruiting division to address sworn staffing shortages and, similar to APD's Cadet Training Academy initiatives, invest in including nationally-recognized experts in the field to support delivery of training curriculum to EMS cadets.

Homelessness

The City of Austin and multiple community partners have long been committed to making homelessness rare, brief, and nonrecurring here. This Mayor and City Council have urged a refocus to address the continuum of needs – from initiatives to prevent homelessness to emergency shelters to permanent supportive housing – providing both immediate support and the resources for long-term success. The FY 2023-24 proposed budget includes a \$55.8 million appropriation in four core components: Public Space Management, Reducing Inflow, Crisis Response, and Housing Stabilization. We are also closely examining all funding and resources across several departments that the City is currently investing to fight homelessness. That deep dive includes identifying key partnerships with private and non-profit organizations to create a comprehensive and targeted community strategy with clear measurable objectives. A few examples of investments addressing homelessness in the proposed budget are:



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- Consolidating homeless encampment cleanup services and developing a systematic and frequent clean-up schedule for high-use areas such as under bridges, in parks, and along creek beds.
- Earmarking Rental Housing Development Assistance (RHDA) funds to build permanent supportive housing units.
- Providing housing vouchers for eligible residents.
- Funding staffing, services and operations for bridge shelters.
- Ongoing funding for City partners providing emergency shelter. Partners include the SAFE Alliance, the ARCH, the Salvation Army, the Austin Shelter for Women and Children, Casa Marianella, Foundation for the Homeless, and others.
- Funding rapid rehousing contracts administered by Austin Public Health's Homeless Strategy Division, which provide housing location and placement services to vulnerable members of the community.
- Funding three new positions in Austin Public Health's Homeless Strategy Division to meet growing demands for solicitating, negotiating, and managing homelessness social service agreements.
- Continued funding for the Homeless Outreach Street Team (HOST), a cross-departmental initiative that offers a proactive approach to addressing an individual's needs by referring them to appropriate resources before they reach a state of crisis, thereby reducing arrests, emergency room visits, and admissions to emergency psychiatric facilities.
- Investments earmarked for case management, financial assistance and legal services will help those on the brink of homelessness stay in their homes and for integrated mental health and substance use disorder treatment.
- Increased funding to bolster the capacity of the Downtown Austin Community Court's intensive case management and rehabilitative services.

Leading on Generational Projects

For the first time in modern history, the City of Austin is making major investments in several generational projects at the same time. While these are massive, marquee projects individually, they are indisputably interconnected, and the simultaneous investments will vault Austin in its quest to prepare for the future.

Just six months ago, Austin was ranked second on the list of fastest-growing U.S. economies, but growth is nothing new here. As you know, looking at population, Austin has been one of the fastest-growing large cities in the country for the last 11 years and that growth is expected to continue. By 2040, the Austin metro area is expected to surpass the San Antonio metro area in



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population. We must and will invest in these generational projects to prepare for continued growth and ensure Austin remains a vibrant, livable city that is safe, affordable and resilient. This budget includes significant investments in hallmark projects that include the expansion and modernization of Austin-Bergstrom International Airport, a multi-year project to expand the Austin Convention Center, and bringing light rail service to Austin through the groundbreaking Project Connect partnership.

- **Airport Expansion:** In 2021, the City announced a transformational expansion program at Austin-Bergstrom International Airport to address the immediate need of more capacity for record-breaking growth and delivering new facilities and modern infrastructure to support the next 50 years' worth of airline and passenger activity growth. The overall budget and scope are currently in development but will be a multi-billion project funded through airport development funding sources, such as airport cash reserves, current and future airport revenues, future revenue bond proceeds, and Federal Aviation Administration grants. No local Austin taxpayer dollars will be used to fund the program. Near-term airport improvements through the expansion program are currently underway, including the installation of a new checked luggage handling system, TSA checkpoint remodeling and improvements, and a 30,000-square-foot concourse expansion. Long-term improvements are currently in the pre-design and programming phase.
- **Convention Center Redevelopment and Expansion:** The City of Austin has grown rapidly into a top-ten preferred convention destination since opening the Austin Convention Center in 1992 and expanding it in 2002. However, the existing Convention Center has insufficient space to accommodate the growth in event demand at the Center, while the facility itself creates a barrier between east and west, with no ground level interaction for the local community and visitors. The massive project of expanding the Convention Center, through a 2 percent increase in the Hotel Occupancy Tax rate approved by the City Council in 2019, begins this year with \$19.8 million in spending of an estimated \$1.6 billion total budget. The new Convention Center will nearly double the available rentable space at the Center, positioning us to compete for the next tier of convention business, and the new exterior of the building will be integrated into the fabric of the surrounding Palm District, reopening street grids, attracting visitors and locals alike.
- **Project Connect:** Project Connect – an innovative partnership between the City of Austin, CapMetro, and Austin Transit Partnership – will expand and improve our public transportation network for the entire Central Texas region, including a new light rail and accessible bus system to better connect neighborhoods in and outside our great city. This upcoming year is a major milestone for Project Connect, with an implementation plan



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approved last month by the tri-partnership following months of public input. This year's budget includes \$165.7 million of the voter-approved property tax revenue that will flow through the City of Austin to Austin Transit Partnership in accordance with the terms of the approved inter-local agreement.

A Bias to Action

When you selected me as Interim City Manager, you tasked me with making transformative change and doing so quickly. My focus is on delivering basic city service with excellence and reliability; supporting Mayor and Council's highest priorities and ensuring we are making meaningful progress; ensuring the success of once-in-a-lifetime generational projects; and emphasizing the values of teamwork, encouraging innovation, and promoting high standards for public service.

Doing this requires a bias to action, and already sweeping changes have yielded significant results. The proposed budget for Fiscal Year 2023-24 continues that important work and provides the City of Austin with a blueprint for the future. The budget before you secures the financial health of our City, while investing in the crucial areas that not only matter most to our community but are paramount if Austin is to live up to its longstanding legacy as a worldclass city.

Respectfully,

Jesús Garza
Interim City Manager