

Closed Caption Log, Council Meeting, 04/18/12

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>> Mayor Leffingwell: Good morning.

I'm mayor lee leffingwell.

A quorum is present so I'm going to call this budget meeting to order on wednesday, april 18, 2012.

9:09 A.m.

We're meeting in the austin city hall, austin, texas.

Today to give you an idea of what we're in for, it's kind of an all-day operation.

But we're planning a break at 40 for lunchtime and be back 00 to continue on and finish.

This is our first look at a budget forecast for next fiscal year.

This is what we normally do.

We have kind of a preview opening estimates of what it's going to look like.

And, of course, I want everybody to keep in mind all of this can change in the next months.

And prior to the adoption of the budget that will occur in mid september in a three-day cycle.

We look forward with great interest and this year I don't think very much trepidation about reports on our economic condition and our economic forecast for the city of austin.

With that, I'll turn it over to a city manager to give opening remarks.

>> Thank you, mayor.

I think you've already done quite a good job of framing up our discussion today.

We're really pleased as we are every year to have the opportunity to engage the council on the development of the -- of our budget for next year.

The only thing I would add today and I usually wait to give the budget recommendation to you.

I want to start this season off by complimenting my staff.

They have already done a whole lot of work to get us to this point today, to make the forecast presentation and you can see elaine serving in an active capacity.

She stepped into the fray of coming from austin energy.

And we appreciate her leadership as we set out on the plan for budget 2013.

The members of the financial staff seated in the audience and a lot of people who aren't there who work real hard and their service throughout the organization.

They worked hard already and they have a lot of work they're going to be doing.

Thank you very much.

I appreciate all your effort.

With that, mayor -- well, the mayor was there.

I know he's there.

He's back there.

So with that, so with that, we're at your service.

Good morning.

>> I assume we're posted so we can talk about the work session, with us having council meetings, council work sessions, ae work sessions and budget sessions, are we not broad enough to talk about that?

>> Mayor Leffingwell: I think so.

I'll let the city attorney weigh in.

>> Doesn't look like you're posted for this meeting for that.

Tomorrow you're posted to talk about schedule and in talking about schedules, you can talk about the issue of how these meetings impact the schedules for those meetings.

But I look at these two postings today, I don't believe t that -- the postings allow you to talk about scheduling items on this agenda.

But you can have that discussion tomorrow.

>> Good morning, mayor.

Mayor pro tem and councilmembers.

I'm Elaine Hart, interim financial officer for the city.

This will be the first of three council meetings, work sessions to present the city's economic output and financial forecast and reports on the departmental conditions.

As the mayor indicated, today will be an all-day session.

This is the agenda for today's work session.

We'll have opening remarks, cover the agenda for the next few meetings and I'll cover my lights in the general fund forecast.

I'll turn the presentation over to John to do the economic forecast.

And then he'll turn the presentation back to Ed who will cover the general fund financial forecast in detail.

And at that point, we'll begin departmental presentations.

As you recall, last year in April, the council approved a resolution that provided guidelines outlining the budget-related information that would be presented early in the budget cycle for the council to consider.

So following the general fund forecast, these departmental reports begin.

They'll cover major accomplishments of the departments, the core objectives, their key performance measures, both for the prior year and the current year estimates.

Their citizen survey results.

Some forecast highlights.

As well as the horizon issues, progress and any new issues that they have identified.

A session on the reports and they'll have an opportunity to discuss any other departmental issues that they need to bring to the council's attention.

We will have a break for lunch and resume the departmental reports and plan to finish about 4:00 today.

Next week on Wednesday, we will resume the financial forecast presentations and departmental presentations.

We'll begin with the two largest enterprise funds for the city, austin water and no carrier ring connect 57600 with a menu report of potential reductions in the event that we need to offset with budget reductions elsewhere.

In June we'll provide a report on the outcome of our community engagement process.

I'll talk a little bit more about the schedule for that on the next slide.

And our schedule for budget that was approved in -- in November by the council calls for a budget presentation on August 1 this year.

It's a little bit later.

But there are no council meetings in July.

All of these detailed reports are available to the public.

On our website, cityofaustin.org/finance.

All in all, between the finance work sessions and the budget

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work sessions, there will be 26 hours scheduled for council, discussion, and input on the FY-13 budget process.

I talked about having a number of opportunities for stakeholder engagement.

We actually already scheduled 15 public meetings during May and June with coordinated scheduling of the board and commission meetings so that those commission meetings for each department can be the primary public hearing for the budget suggestions.

We worked with the boards and commissions in scheduling these meetings so that they're early enough in the process that the feedback is useful and earlier than the decision making.

And so that has been, I think that will be helpful.

In addition, this year we plan to advertise these meetings a little bit broader than we have in the past.

We'll put advertisements in the austin american statesman to make sure we do notify the public, where they can provide their input.

And, again, we'll do a report on the outcomes of this input in June.

Following that, we do have public hearings on the budget, the tax rate, and the utility rates scheduled for august 23 AND 30th.

Other avenues for public input is an on-line speak up austin community forum where they can rank our unmet needs that are reported and potential cuts.

And something we're currently working on that we hope to roll out this year is a new on-line budget priority setting application.

It is still in the trust process right now.

We have not got it ready to roll out.

But we're still working on it and we hope to get it out soon.

It will be web-based.

And similar to the council budget question and answer process, we are going to roll

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out a new citizen question and answer process this year that will work much like the council's process.

Our goal is to be inclusive and transparent and data driven in making our budget recommendations this year.

Now I'll cover some highlights of our general fund forecast.

This is a fairly good news forecast.

Ed will cover the details.

Following the economic outlook.

8 cent increase in the tax rate to maintain a structurally balanced budget for fy-13.

If no tax rate is approved, there will be a \$15 million shortfall.

As you've heard in the press, the economic recovery is under way, but we do still have a few challenges on the revenue side.

Some good news for us on the sales tax side, we are seeing 7.3% growth in the current year.

And that is -- that is really good news.

Our sales tax for the month of april just reported was an 8% over the prior year.

So we've actually increased our 3% year-to-date.

In addition, our property values came in with a 5% increase or 5% growth in valuation.

Prior to the completion of the budget, we will update that again.

These are just fresh numbers from the -- from the appraisal districts.

On the challenge side, the transfers from the revenues have leveled off a little bit compared to prior years.

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And with austin energy, that's part of the proposal with their rate case for the early years.

Also seeing departmental revenues that are not experiencing growth or are declining despite the fact we're seeing growth in our development revenues.

We heard of cuts we're expecting now in our federal grants program.

It's a bit of a mixed bag.

We have good news on the property tax side, the appraisal side, and the sales tax, there are offsetting reductions in other areas.

And just to give you a sense of the unmet needs that will be reported today, there is about \$25 million of unmet service needs in the departments and these are not included in the forecast models.

Just be mindful that they're not included in the forecast.

And with that, I'll turn it over to john hockeynose.

>> The microphone is not on.

Hi, good morning.

mayor, city manager, members of council.

Thank you for having me here.

We had a chance to chat and we were discussing this in meteorological terms.

The forecast is partly to mostly sunny.

20% Chance of rain.

The mayor told me if a meteorologist tells you it's 10% chance of rain there's no way it will rain but he's covering his butt.

I think the chance of rain is a little larger than that, but not much.

As we typically do this, I think I'd like to walk you through some of what's going on nationally translated to how it looks in central texas and then talk just for a second about some stuff we always do, again, as part of this process, looking

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at the outlook for sales tax revenues.

And all of this is really designed to provide some context, obviously due to the conversations you all are having to afford from here, as well as con textural and external look for the folks on your staff who are preparing their detailed forecast for the individual revenue streams.

So, to the national level economy, let's see.

Am I running this or -- okay, cool.

I think it's fairly common knowledge that the economy is recovering.

There's certainly been some improvement recently in the labor market.

But in terms of creating new job, we've seen a significant drop from the unemployment rate to its peak.

That's usually the last thing that happens as an economy and a recovery cycle.

So I think there's very little doubt that in the aggregate, the national economy is improving.

The rates of growth have actually begun to abate a little bit in part because you're measuring against a stronger base.

When you come out of a recessionary period, you get fairly rapid rates of growth because the base at which the growth rates are measured is depressed.

As that picks up, the growth rates slide down a little bit.

But no doubt that the situation is substantially better than it was a year ago and a year ago substantially better than it was the year before that.

Having said that, not so much here, but even to some degree here, the public sector is lagging in many cases.

And in part across the country because a substantial number of cities and states have tax codes that are not reflective of the changing structure of the economy and are not picking up much of the benefits of the improved overall economic situation.

And certainly, we have some of that here in Texas as well, we tend to tax transactions and physical property.

And in the wake of a real estate bust, that's tough.

Many people will struggle for a year or two.

That's not unusual.

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The public sector tends to lag what's going on in the rest of the economy as well.

So we're moving through the process as we should, be uh we're not out of the woods yet for sure.

One of the questions I've been asked about is what's the impact of energy prices?

Specifically higher tax prices?

The overall inflation rate has picked up a little bit.

But it remains below the level where it begins to change people's decision-making processes.

I remember clearly my father who was a small businessman in the Midwest making decisions of buying supplies for his family based on the fear that the prices would be higher in the next six months when I was a kid growing up.

My dad experienced the magic of 18% interest rates when we had to build a new facility.

Nowhere near that situation.

Inflation is at the 3% range.

Even taking energy out of it, it's 2.5%.

That's not enough to change people's decision making.

It's also not enough for the Federal Reserve to change policy.

The federal reserve does everything in its power not to change policy in an election year for obvious reasons.

Overall it's improved, there are structural issues we touched on here a little bit.

Having an influence.

The situation is better this time this year than it was this time last year and things are moving in the right direction.

Pictures to illustrate all of that.

Again, this is gdp growth.

Saar is not a swedish company.

It's a seasonally adjusted annual rates is the acronym for that.

And fairly evident there.

Quarterly data through the end of last year.

And this is personal consumption expenditures.

You see the curb there in the

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wake of the recession.

The latter part of 2010, abate in 2011.

I would expect we'll see patterns as proof that the economy is tempered by the fact that consumers are still nervous going forward.

I wouldn't expect to see a huge growth in expenditures.

Fixed investment growth is basically the temperature of what are we going to put in the investment forum.

This is buildings and plant equipment, including real estate.

It's bounced around a bit.

It's modest growth in 2012 and 2013.

But not the high levels of expansion you saw in the past.

Go ahead.

Then government, you see the trend there is clear.

Government growth, all segments of government across the united states.

Logically, this can do nothing but be negative for the foreseeable future given the conversation that's occurring in washington around the deficit and by extension, the debt.

Go ahead.

Then this one is interesting.

This is total employment across the country measured on a 12-month change basis and you can see a positive trend from the depths of the recession, 2009, but I put that text box there to the side to give you a frame of reference, even with the improving situation in recent months and rep cent quarters, we have fewer people working across the country as of the end of last year than we did ten years before that.

Good news but not as good as we like it to be.

This is prices -- consumer price index.

The blue line are -- overall inflation.

Then the orange line is inflation removing energy.

Again, you can see it's bounced up, but it's not at an absolute level that's begun to have a material impact.

The limit there is somewhere between four and five.

Somewhere in that range, people

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begin to change decision making.

People change decision making on automobile purchases, I used to be it's \$3 a gallon, I think it's \$4.

When gas prices got above \$4, people made a big shift on their purchasing patterns for automobiles for what that's worth, go ahead.

We show this every year to reinforce the point that's made.

The orange lines are the west south central region, four states including texas.

The blue line, the united states as a whole.

We tend to follow the national situation and we tend to be more confident.

To some degree, that's independent of the energy crisis.

We're a segment of the national economy.

You think the higher energy prices the gap would widen a little bit.

Texans get more optimistic if you get right down to it.

It doesn't seem to change.

This is a longer term view.

I showed you this chart before.

This is updated.

An overall industrial capacity utilization.

IT GOES BACK TO THE LATE 1960s.

The point of this really is one, it's a challenging chart to read.

But when you see the blue bars there, the blue bands, those are recessionary periods for the overall economy.

Two messages, one we've begun to recover from what was a recession which is no surprise to anybody.

The second thing is if you fit a trend line, you can see there's a change in the structure of our economy and here you're no longer as oriented toward making things as we used to be which is, of course, when industrial capacity measures.

We'll see more of that when we look at some of the economic development things that have happened here in austin, some of the new companies that have relocated here.

It's striking how few of them are engaged in the production of tangible things.

Next chart.

And then this one, I do find interesting.

Depending on who you ask, small business is the engine of the economy or something.

But it's striking how sharply small business optimism

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declined.

This is a longer-term chart to show you the change.

While it's recovering, it's not back to where it was.

And it speaks to the overall level of uncertainty out there that remains.

In spite of objectively better news, people across the country are concerned and small business owners in particular for a variety of reasons which could be a longer conversation are cautious at this point, maybe more optimistic than they were in the depth of the recession but still not where they have been in the past.

So I alluded a little bit to some structural issues.

There's been a lot of conversation about the level of debt and deficit that the federal government is experiencing.

To me, the right way to think about this is to look at spending and revenues as a percentage of our overall economy as we would think about our level of personal indebtedness as a percent of overall income.

The blue dots are revenues as a percentage of gdp.

It's relatively balanced up to THE LATE 1970s, INTO THE 1980s, There's a gap.

REBOUNCES AGAIN IN 1990s AND THE Gap has obviously become quite substantial in recent years.

And so, again, I'm not sure this is new information, but it's an interesting context to think about.

We clearly are spending far more than we're taking in, not a surprise to anybody.

But if you look at the next chart, which is interesting, there's factor that's masking the impact.

This is federal interest payments as also as a percentage of gdp.

The white dots are forecasts from the -- from the congressional budget office, the orange dots are actual numbers.

You can see our capacity to service that structural deficit remains pretty good, because interest rates are so low.

Conventional thinking is that the entire system will collapse.

If this measure gets to somewhere between 8% and 10%.

So we're a ways away.

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Anyway, to give you a frame of reference, the white dots show interest rate up because cbo thinks the interest rates will rise in the next three, four, five years.

See what happens in the wake of the presidential elections.

The national forecast, gdp will remain positive this year in the 2% to 2.5% range.

It won't reach the potential until the issue uhs are resolved.

There remains -- I want to focus on the third one, global economic trends and foreign conflicts.

A lot of potential surprises out there.

So far, we have not had a significant negative surprise that's had a durable effect.

The equity markets, obviously, bounce around based on the news of the day coming from overseas.

There could be a negative surprise.

I can't forecast what it would be.

But I would have to say that if I thought there was going to be a big surprise that would have a durable effect on us, I think it would more likely be negative than positive at this stage in the game.

Longer term outlook, best case, we do find a way to get people comfortable with reducing our deficit/debt in a way that doesn't, of course, blow up current levels of activity.

Global issues get somewhat resolved.

We move toward job growth.

The dollar is attractive in supporting that.

As well as we remain the world safe harbor.

In an unsafe world, people continue to buy our debt, which is surprising given our interest rates.

Worst case, global crisis goes viral.

Interest rates rise sharply, growth comes off.

My best guess, some version of the best case.

But I'm not going to bet the ranch on it, as they say.

All right, how does it translate to austin?

2011 And on to 2012 are positive years on the private sector job growth side.

Very encouraging to see a gain

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of 24,000 net new jobs over the last year.

That's -- I would argue -- and i haven't looked at every single community, but it's got to be one of the most rapid job growth rates in the nation, particularly a community of our size.

And what's also encouraging about this is every major sector but those related to the development including manufacturing have seen a rise in the payroll employment in the course of the last year.

It's nice to look at manufacturing employment and see it's up almost 5%.

It's been a long time coming since we added manufacturing jobs in the austin area.

That's very encouraging.

At the same time, I spent a fair amount of my conversation with you all last spring worrying about the public sector side of the equation.

So far, in 2011, the numbers don't reflect a significant level of job losses on the public sector side.

However, in a newspaper article recently.

I did the math, in the jobs lost in 2012 in the austin area, i got my iphone out and calculated it, 1300 thus far in the austin area, thus far in 2012 for school districts added together.

I think what's happened is some of the losses that we may have anticipated were deferred a little bit into this year and probably next year as well.

I don't see anything happening.

It's very preliminary at this stage of the game to suggest that anything is going to change at the state level.

Consumer spending is showing some improvement.

3% year to date.

That's positive.

I think we moved back to what are long-term trend levels on that in the area here.

I was here last winter talking about the denty stuff.

We showed you a chart on multifamily being the first sector coming out of the

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section.

Updated the chart to include more data.

Nothing has changed.

City the case, venture capital is doing well.

And tourism is great.

At least in terms of the economy.

We can all debate whether or not we felt like paying \$40 for a parking spot in south by southwest downtown.

But a record year for hotel revenue.

All in all, trends are positive here.

Pictures illustrate that.

This is total job growth on the 12-month-change basis.

The fourth quarter data from the texas workforce commission is always a little wonky.

I wouldn't focus too much on that.

On that individual data point.

It will change when the data is revised.

Go ahead.

And a break down of the employment again.

Private sector versus public sector.

Private is blue.

The private sector is the engine.

Go ahead to the next slide.

This is a table showing changes both actual jobs created and then percentage changes.

I put annual data up for 2006 and 2011 to give you a frame of reference.

Yes, manufacturing is down 15% from where it was in 2006.

It's up almost 5% over the last year.

That's a very, very positive sign.

It's nice to see overall, like i said, with the exception of construction-related activities that things are moving in the right direction.

But you also see there, if you look toward the bottom of the list, starting with the professional and the services on down, service-related activity is increasingly the engine of what we do here.

And, again, that's not unusual.

That's happening all over the country but it's in some focus here in austin for sure.

Go ahead.

So one of the questions I was asked was, well, what about economic development.

So I did what good consultants always do and steal stuff from other people.

This is straight from the opportunity funds annual report for 2011.

They report the level of direct jobs associated with their activities about half of which is attributable to relocations.

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And it's interesting then, to look through the sectors that companies have relocated to austin find themselves in.

And again you can see not much going on there that's hard manufacturing, lots of technology-related service stuff.

So, again, pretty positive.

Go for it.

Sales tax, I just had -- I did not have the april information.

That's done on a 12-month-change basis.

That's data.

They didn't get it from the city.

They pulled it from the comptroller's office.

There might be slight variations.

You see the improvement there overall, go ahead.

Hotel occupancy is back to pretty much where it was in the 2006, 2007 period with the substantial addition of the hotel rooms.

As a result, hotel revenue had a record year in 2011.

I expect 2012 will be a record year again.

I said this all to you before, I'll say it again, back for a second on the hotel revenue, it's the most tax intensive sector of the economy.

For some ways, from the public sector point of view, growth in that is good.

So tell yourself when you can't find a parking place.

Venture capital, also one we pay attention to, very, very positive.

In the recession times, it's tough.

It's amazing any venture capital was invested in in 2009.

Back to where it was in what i call the postboom period.

In 2000, we had \$2 billion in metro investment in the austin area.

It's unrealistic.

This is based on the real stuff.

This is how it should function.

Again this, is quite positive.

Forward, please, next slide.

So a frame of reference for us on the real estate side.

This is the change in the average home price for us for the comparison of the peak in 2007 to 2011.

And, again, a comparison from '10 to '11.

You see that the texas markets are stable.

While other markets around the

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country have begun to improve a little, there's still enormous losses.

And this obviously is very, very positive for this region.

Really, austin and to some extent, houston, are the leaders of the country in terms of stability and growth and home prices.

Go forward.

Home sales across the metro area back to where they were, I would say consistent with the pre-boom era, the 2005, '06, '07 boom area.

If you compare it to the next slide, which is building permits, you can see the building permits are not -- this is further evidence, they're improving at least in the region to have a shortage at some point in a not so distant future.

Demand is moving faster than supply is being created.

Which based on I believe some sophisticated thinking tells us at some point we may have a shortage here.

Next slide.

This is the one on multifamily units again updated on the fourth quarter.

The trend hasn't changed.

This is the city of austin.

Orange lines are the units approved but not started construction on review.

Blue is construction happening.

And what we see there is the pipeline is full and construction should pick up there until '12 and '13, moving a lot of stuff through the process of construction commencing.

So the forecast, clearly we suffered a little less than the rest of the country.

I'm inherently probably a little concerned someone accused me once of forecasting the way out of the last two recessions.

Given everything I see going on nationally, I don't think we should quite sustain the pace of overall job growth in 2012 and 2013 that we saw.

I think the private sector will expand in rates of around the 3% range, but I think we're going to lose a fair number of public sector jobs in '12.

[09:44:00]

I think we lost some, I think we'll lose some more in '13.

I think per what I said other measures of the economy should reasonably stay on track.

So overall, again, I think that the forecast is pretty positive.

I think what we've essentially done is we will probably spread out the negative public sector stuff in two or three years rather than one to two.

But on the private side of the equation, there's no doubt that things are moving in the right direction.

That's how it rolls up.

Again, 3% plus on the private sector side.

Close to 3% negative on the public sector side.

Of course, the private sector is five times the size of the public sector.

So we were talking about overall job growth rates in the 2% range from this year on to next year.

Go ahead.

Personal income, slightly slower growth, but fairly positive.

Then this is the detail by individual sector and I've extended the projections on out to five years, to 2016.

On the sales tax side of the equation, it remains the case that sales tax growth correlates strongly with regional employment growth.

That relationship remains pretty solid.

If you look at this, there's a rising share of e-commerce going on.

Fourth quarter of 2011, 5% of all national transactions are now e-commerce.

This is money directly out of our pocket as a city.

A couple of factors here on the next slide.

Too far.

I think the translation this year and on to next year, sales tax growth will be 5% to 6%, which means it will be down

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slightly year-to-date.

I wouldn't be surprised if it came close to this.

Then a slight slowdown next year.

Having said that, he used to be the city manager in san antonio taught me when I was much, much younger that didn't mean because that was my very best forecast but that should be the basis on which policy is made.

He said, look, let me explain this to you, if I miss it on the low side, it's cool.

If I miss it on the high side, city manager, I got it.

I understand.

What I would say there is that i think it's prudent to make policy decisions based on being more conservative than your very best guess of what's likely to happen.

With that, partly sunny, a couple of clouds on the horizon, nothing serious.

Good day for a picnic.

Thanks.

>> Mayor Leffingwell: I think we can pause here.

See if you have any questions.

Anyone?

Decline of public sector jobs.

I know a big thing here in austin.

But about how many public sector jobs do we have?

>> I can't keep all of the numbers in my head.

As of 2011, 148,000, a provider base of 623,000.

>> Mayor Leffingwell: That includes the university, the state, the county, the city.

>> School districts.

>> Mayor Leffingwell: About 120,000-some odd.

Okay.

Bill?

>> Spelman: I'll try to keep it short.

You haven't talked about the unemployment rate and migration rate.

>> Nationally or locally?

The unemployment rate is stubbornly high here.

What you've seen, again, a number of people whose skill sets are not matched up to the needs of the modern economy.

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We were creating bifurcated job, high volume of low-level service jobs.

We're creating jobs that require frankly some fairly sophisticated skill sets and we're short on the in between stuff.

I mean, the old days of being able to put nut a on bolt b for \$12 for what is now \$15 to \$20 an hour are somewhat gone.

That is an issue.

I have been surprise bid the migration side by the capacity of the people who move to austin.

We had a conversation about in the depth of the real estate bust, the challenge associated with people who perceived austin as a desirable place to be couldn't get out of their housing situation.

And population growth here has been relatively rapid.

The word is out that always tin is a oasis or a better opportunity for many people than many other parts of the country.

That puts pressure on the unemployment rate.

Again, people are coming here saying I heard things are good saying no, I don't have a job.

>> One thing I noticed is the peak in the unemployment rate happened locally in july of 2011 even though we had a couple of years of job growth before that.

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>> This is a technical thing.

The unemployment rate is based on people calling you at home and saying, councilmember, do you have a job?

The answer is yes or no.

What we're showing is a survey done to employers.

What happens is as the structure of the economy changes, how many people do we know in austin who had 9:00 to 5:00 jobs anymore?

I'm kidding to make the point.

But people find interesting ways to pull together an income that really aren't traditional and we're seeing a lot of that going on here.

[09:50:01]

>> >> Spelman: IS IT SAFE TO Say as the economy remains relatively good here, is it your point that the economy will be better than most of the country for the foreseeable future?

We'll continue to see more migration at a higher rate than elsewhere too?

>> At a rate consistent with what we're seeing?

>> Spelman: Yeah.

That unemployment number is sticky.

Even though we're doing a good job of producing jobs, we have people coming in just about as fast as we can help them?

>> That's right.

>> Spelman: You mentioned a lot of the growth in the last few years have been service jobs.

That's a nationwide trend too.

Is it different here than elsewhere in the country?

>> It's interesting.

I didn't put this chart in because I showed it to you in the past.

The definition of service here is not just people parking your car.

It's -- we've seen a real shift in -- within the technology sector between the breakdown between production and services.

So the peak in 2000, we lost about 20,000 technology jobs.

And we've seen a tremendous amount of growth on the services side of technology on the gains on the production side of technology.

>> Spelman: Okay.

>> I think if you go back to that slide for an opportunity fund, you look at the sectors where they've had relocation, we still are a center of applying knowledge to creating economic value.

But it's less about knowledge embedded in a smart phone, a pc, some physical device, and more about knowledge embedded in a service that's offered.

>> Spelman: Okay.

>> That's particularly true obviously with the rise of social media and business activity.

>> Spelman: We're not making iphones, we're telling them how to use them.

>> Correct, or writing the software and the apps to go in them.

>> Spelman: This is a nationwide phenomenon.

We're riding the same wave?

>> I think we're leading it.

There are relatively few communities.

It's a nationwide phenomenon, but it's really happening in areas like austin, the bay area,

[09:52:00]

like boston, where you have that concentration of the workforce we talked about around the creative conversation.

>> Spelman: That's good news, i guess.

>> Mm-hmm.

>> Spelman: You mentioned venture capital was up, is there a way of tracking where venture capital was going?

What kind of sectors?

>> Yeah, it's consistent with what we've seen on the relocation side.

I would go back -- price waterhouse coopers does a survey with moneytree.

They track it deal-by-deal.

I think we'll try to dig out the segments.

Not sure you'll get that specific to austin we might be able to.

You'll get it rolled up.

You can see people investing in be sectors of the economy where people have figured out how to modify content to go with technology.

Things like that.

>> Spelman: We've been focusing a lot of attention to that.

>> Yes, we have.

>> Spelman: Multifamily recovered a lot more quickly than the single family.

Single family in the doldrums and this is part of a nationwide trend too because the generation of people just now forming house holds for the first time seem to be less wedded to the idea of a single family house and more comfortable with the condo or the apartment?

Is that a nationwide trend?

>> It's a nationwide trend in part reflects what you said.

It also reflects a substantial tightening of underwriting standards when you go get a mort kbanlg.

The old days of putting 20% down evaporated for a while, now they're back.

>> Spelman: Right.

>> So guess what?

Maybe all of the people we pushed into single family homes in the real estate boom, many of them no longer qualify.

It's particularly true in a market like austin where people have not been able to beg, borrow, steal, and ask mom and dad for the 20%.

>> Spelman: It used to be 5%.

[09:54:00]

>> Institutional money is driving this.

And institutional money, like lots of other people, sells themselves on stories.

The story in austin, job growth, population growth, young population willing to live in multifamily, let's go.

>> Spelman: Consistent with the multifamily story in a way that's not consistent with the single family.

>> Correct.

>> Spelman: Thank you.

>> Mayor Leffingwell: I want to clarify something.

Maybe I heard you wrong about unemployment rates here?

>> Yes.

>> Mayor Leffingwell: And I saw some data recently that say that we have the fourth lowest unemployment rate among the top -- among our peer cities, the top 50 metro areas.

, oklahoma city, and raleigh having lower unemployment rates.

I thought I heard something contrary to that, but maybe i heard --

>> it's true, relative to other people, our unemployment rate is fairly low.

It's higher than it has been in the past, certainly the recent path associated with economic recovery.

That's because of a lot of things that councilmember spelman and I were talking about.

Relatively speaking, it's good.

But it's higher than it has been.

>> Spelman: --

>> Mayor Leffingwell: In the larger context, the state of texas is very, very low considering all that's going on.

>> Yep.

>> Mayor Leffingwell: Mayor pro tem?

>> You called the hotel tax the most tax intensive --

>> tourism.

>> Because I noticed that we were approaching the 2006 levels.

And we're we have been having discussions about convention center hotels, having larger hotels.

I wonder if you had a comment based on this economic outlook?

>> Yeah, I think that the -- the brand, austin, as a tourist destination has probably never been stronger.

Everybody and their poodle is

[09:56:01]

thinking of coming to austin -- austin for vacation.

[Phone ringing] sorry about that.

I'll just -- obviously for the revenue stream for the city is good, you charge a lodging tax, tourists pay sales taxes.

A dollar of the economic activity in the tourism sector is more tax intensive than any other dollar with all of the stuff.

>> Roi is higher?

>> To me, that's not the only thing you use in thinking about this.

But it's something to consider.

And to the extent that you have a capacity here to take advantage of that would be expanding things like convention center and hotel, you want to do it.

I don't notice people not wanting to come to austin.

I worry that they come to austin and the situation is unworkable enough they don't want to come back.

From an economist's point of view, that would be a concern.

>> When you talk about venture capital invested, what how does that fit in the picture?

Why is that important?

>> Venture capital takes the company from here and allows it to accelerate.

So companies that receive venture investing, they're not brand companies, they're companies that have been around for a while and willing to go from a handful of people going to 50 or 100 expand sales activity by five, six, seven, eight times.

That's a sign -- you get the real acceleration phase.

The life cycle of any company is like an s curve, it goes like this.

It succeeds, hopefully, and levels off.

Venture funding is correlated with companies that are ready to take that sharp upward tick and that means substantial job creation and that's good for us in the region.

>> The last question I have, we spend a lot of time being concerned about affordable housing.

[09:58:00]

>> Mm-hmm.

it looks like your grasp, that is increasing, our average home prices.

Now, can you talk about the correlation between that and a strong economy and how in trying to get in front of that --

>> affordable housing is really a proxy for availability in workforce.

And one of the things that if you don't have affordable housing, what you end up doing is you end up pushing your workforce away from the core city which creates lots of issues that people have to drive two hours to get to a relatively low-skilled job or, for example, a job teaching at the elementary school or what have you, you potentially have some problems.

So when I think about affordable housing, where, again, my economists had, I think about making sure that there are housing options here to make sure we have the workforce we need to take in all different skill levels to take advantage of all of the things we're trying to create.

>> Cole: all right, thank you.

>> Mayor Leffingwell: Councilmember morrison?

>> Morrison: I have a question on the e-commerce slide you showed us.

No surprise, number 42 that percent -- the share of total retail sales is increasing and i think we can expect that to continue to increase.

Which has, in the long term, had a significant impact on the structural reliance on sales tax.

So two questions about that.

Is there anything in the outlook about how some of the e-commerce laws might change?

>> Not in anything I've done, no.

>> Morrison: So what that means -- I presume -- I'd like your thoughts -- are needing to wean ourselves off of sales tax for more reason?

>> I would say so.

That's really challenging because it would be the ideal range of policy negotiations associated with that.

Being aware of that is important to the extent that the city can add its voice to whatever efforts are out there to change the law now.

I think it would be a positive thing.

Because that number is logically going to continue to increase.

Where will it level off?

I'm not sure.

I don't know if it's 10% or 12% or 8% I can't tell you that.

But that trend line is fairly evident.

And I certainly don't see anything out there that suggests people are going to stop, you know, painting the amazon.

>> Morrison: There is some discussion about amazon and taxes.

But that's a different.

>> Maybe that's a bad example.

>> Morrison: Well, but it's an interesting one.

We have to watch how it turns out.

At the federal level, we're not seeing any action on that?

>> I haven't seen anything that suggests it will change any time soon.

There's a very, very -- you guys know this as well as I do, change things is hard.

There's an entrenched group that is fighting that change very, very hard.

>> Morrison: But this is something that's going to be affecting anybody on sales tax?

>> Yes, and in Texas where we've been on sales tax and property taxes so heavily, it has a disproportionate effect on us.

>> Morrison: Okay, thank you.

>> Mayor Leffingwell: At the state level, especially.

You're right.

Three times as vulnerable as we are.

Because of relative tax rates.

Anything else?

Thank you.

>> Thank you, Mr. Mayor.

>> Mayor Leffingwell: Partly sunny.

Only 10% chance for rain.

Go ahead and finish.

Ed?

>> Next on our agenda is the city's five-year financial forecast for the general fund.

And we're going to start off here with a look at the general fund revenue and the major category where we received that revenue.

For fiscal year 2012, we're estimating total revenues of \$697.2 million.

In the forecast we're presenting to you early is just that, it's looking ahead more so than it's a forecast for 2012.

I would take a moment here to 2 million general fund revenues we're 4 million greater than what we brought forward in the budget, you know, when we began the fiscal year in october.

So right now we're projecting revenues exceeding what we budgeted.

That's good news.

40% Of the revenues coming from property taxes, 23% from sales taxes, our utilities remain around 20% of total general fund revenues.

And then this other category of 17%.

It includes things for charges for services that are assessed by parks and recreation, health and human service, emergency medical services.

And we have the permitting and inspection fees in there, development revenues, traffic and fines, all sorts of revenue sources comprised other revenue piece of the pie.

One thing we wanted to do new this year is to give you a perspective on how those have changed over time.

And so this is what this slide does.

It shows you the distribution of revenues across the four categories and how it's changed through the previous eight years with sales tax and other revenue beginning to drop in fiscal year 2008 concurrent with the downturn of the economy.

Where utility revenues have remained stable over that time frame and property tax revenue grew substantially as a percent of total fund revenue with no small part of the relevant real estate market here where other cities are seeing significant drops in property values, austin has thankfully been able to 1% growth in home prices since 2007 compared to 30%, 40%, 50% declines in other parts of the country.

Taking a little closer look at property tax revenues and what's happened in there, key component and what drives our property tax revenue is the tax base.

The appraisal districts are projecting an overall increase in the tax base of 5%.

All the comparisons on this slide are relative to the 2012 certified tax roles so you can see a -- a slight decline, 1% as being projected for single family residential homes.

But that's being offset by large increases in multifamily residential properties up and commercial property values.

On the next slide --

>> Mayor Leffingwell: I hate to interrupt.

But that one personal property decline is a large number, unusual number.

Is that a one-time event or the beginning of a trend?

>> I don't think it's the beginning of a trend.

Out of all of the category, land and personal property, first of all, I mentioned they're much smaller parts of the tax base than other areas but they tend to bounce around a lot.

I believe last year you would have seen that number being positive, you know, 8%, 9% is my recollection.

The year before that, it was negative.

This includes inventory and big box retailers and includes cars on car lots.

So when the economy is suffering, that inventory is being shrunk.

When the economy is rebounding, it's being built back up.

It includes equipment and major industrial companies such as samsung which is really expensive equipment.

When that equipment comes in, you can see a big spike but it's depreciated very rapidly.

I don't think it's a trend.

It's just the nature of that -- of that property category that it bounces around a lot.

And I don't think there's a negative trend to be implied necessarily by that.

>> Mayor Leffingwell: Just seems it's in large part to what's on hand at the moment and how we figure, how we value that.

>> On hand as of january 1 of the year.

Just that snapshot point in time.

Okay, the next slide, the projected growth and tax base and the projected tax rates for the five-year forecast horizon.

The tax rates on this slide have been calculated at the level necessary to keep revenues in balance with the projected growth and the city's built-in cost drivers.

It's worth noting that all of the rates on this slide are below the estimated rollback 8 penny increase in the tax rate projected for fiscal year 2013 in an average 8 cents projected over the forecast horizon.

Again, I just mentioned as you know, it's a forecast, it's a starting point.

But given our projections for the growth and the built-in cost drivers, essentially the cost of doing business as we currently are doing in the tax levels, we're projecting to maintain those service levels.

Comparing the tax rates in the city of austin over the last five years to the other four large texas cities, austin continues to have the lowest rate, by a considerable margin, nine pennies lower than the second lowest rate, in san antonio.

In 2012.

That is the current year, we're 11 cents per \$100 of assessed value.

The next closest is the city of san antonio at 56.56 cents.

At the top of the pile is the 5 cents per \$100 of taxable value.

While austin continues to have the lowest tax rate among the five largest texas cities, it continues to have the highest home values of the city and it's the combination that drives it tax bill in the city of austin and our median assessed value is \$182,198.

Dallas, houston, san antonio all in the \$150,000 range for the median valued home in those cities.

In ft. worth, \$110,000.

So what we try to do on this slide is take into account not only the tax rates, but also the price of housing in those markets to give an apples-to-apples comparison of tax bills and you can see austin on this list is second at \$877 per year for the owner of an immediation-priced home.

It's also important to keep in mind when considering a tax rate that the city of austin is not the only taxing jurisdiction in town, the county school district, hospital district, and community college also assess property taxes that I like to focus in on this slide is the table down in the bottom right showing the total tax bill to the owner of an immediation value homecoming in at \$3,900 with 50% of that going to fund the school district at \$2,000.

The city of austin shares about 22%.

The county is a little lower than that.

The school district and the hospital districts are considerably smaller pieces of the property tax revenue pie.

Moving on to sales tax and looking at the six-month rolling average trend for the last decade, two takeaways from this slide.

First, sales tax revenues are highly volatile.

It gives you a real good picture of -- as to why so many cities that are highly reliant on sales tax revenue go through this feast or famine budget cycle.

Cycles where, when the economy is moving up, we're adding to our budgets.

And then as soon as the economy s south, we have to make budget cuts.

The borderline jurisdiction on sales tax because of this volatility.

That's the tpe of budgeting cycle they go through.

So that's an important takeaway from this slide.

The second takeaway is consistent with what john is talking about, consistent with what you hear and the media and the conventional wisdom is that the recession we just came through was deeper than previous recessions we saw.

The downswing was deeper and the upswing has been slower.

The rebound has been slower than we've seen following previous recessions.

Moving on to the sales tax projections, 5% in 2012 and 3% growth in fiscal year 2013.

These numbers are conservative relative to our year-to-date 8% in the same period of the prior year.

It's also a little more on the conservative end of the economic projections that john hockeynose brought forward projecting in the range of 5% to 6% of 2012, on the lower end of his projections.

He's projecting 4% to 5% for 2013.

We're projecting 3%, actually, on these -- you know, on the low side of, you know, what he would be looking at as well.

Again, this is a forecast, this is the starting point.

I think this is a good conservative base for, you know, looking forward.

But certainly will be giving more data over the next three months as we move from a forecast to a budget.

And this is in all of these are numbers that we may want to rethink and re-evaluate as we bring our proposed budget forward to council.

Looking into the out years, we're also maintaining 3% growth just slow steady growth projected for the out years.

If you go back to the previous slide and do the math, we've seen an average annual increase over the previous ten-year period of 2.5% per year.

But it's important to keep in mind that the previous ten years including two recessionary periods, one of which is being referred to now as the great recession.

And that's unusual to see such a deep recession and two recessions in a ten-year period.

We feel it's likely that we'll see a better growth in the future than we did in the last decade.

But we're being conservative at 3%.

Moving on to our utility transfers, we want to give you a new slide since there's been a lot of discussion about the utility transfers recently.

The blue bar is the changes in the austin utility transfer going back to 1996, 1997.

The red bar on top is the transfer from the austin water utility.

You can see pretty steady regular growth in the revenue sources.

But I think the most important takeaway from the slide is the green line which shows the utility transfer is a percent of the total fund revenue to 24%.

In '96, '97, it dropped down to fiscal year 2001.

Stayed level.

Bobbed around the 19%, 20% range in the last decade.

We're currently at 19%.

We're projecting that to decline slightly over the five-year forecast horizon to 18.4%.

By 2017.

I would just mention that we said many times before, this is something that's viewed very favorably by the city rating agencies.

Both concerns with the consistency and the transfer 1% for 2% for the water utility, but also a consistency of a percent of total general fund revenues both viewed favorably by the rating agencies.

The next slide shows austin energy and water utility transfers in the next five years.

I want to mention that the austin energy transfer on this slide has been calculated using the methodology of 12% of nonfuel revenue with the floor being set at \$105 million.

This reflects a change from the 1% of total revenue.

There's a lot of discussion to be had on the transfer policy.

We know it's being evaluated currently as part of the rate review process.

That's how we calculated on this slide in anticipation that that policy may change.

The water utility transfer has 2% of growth revenue.

And the last thing I mentioned on this slide, elaine talked a little bit about the fact that despite the economy improving and we're having positive revenue trends that we're still experiencing revenue challenges.

One of the significant challenges from the general fund funding perspective is all of the zeros you see in the middle column of numbers where we project the energy transfer to the general fund to remain constant.

In '12, projected to stay flat in '13, '14, and '15.

That's a revenue source that's been typically growing by \$5 million a year over the previous five years.

So going from a \$5 million per year growth to flat is definitely putting some strains on our general fund.

Looking at development revenue, we've shown this to you before.

I've talked about theish to me, the story here is not how much revenue has declined in recent years, but it's really the bubble that was created in fiscal year '06, '07, and '08 in the building boom we've experienced and we're just now returning back to more normalized and sustainable levels of development activities and development revenues.

We're projecting revenues to level off in the range of \$12 million to \$13 million annually.

And if you're to take the bubble out of it and look back historically, the current level of development activity and development revenue being generated is higher than what we had seen

between the period of 1990 and 2005 where our revenues have kind of fluctuated between \$8 million and \$12 million we're projecting over this forecast horizon they'll be in the range of \$12 million to \$13 million.

Just wrapping up with the other revenue categories.

I don't have any pictures to show you here.

Just numbers.

The development revenues i talked about.

Charges for services include things such as emergency medical services, parks and recreation, health and human services, the services that they provide to the community and the fees that they charge for those services.

Those revenues are projected to drop from fiscal year 2011 5 million.

Projecting a \$1 million drop there.

That drop is really related to -- you may recall that back in 2010, emergency medical services had experienced a backlog in their building and they were able to change their building practices, get additional staffing onboard, and they're able to clear that backlog.

And so we had an influx of revenue, so to speak, in our emergency medical services that occurred in 2011 and in 2012 now that that backlog is being cleared and our billing is back on cycle.

We're back to a more normal level of \$43.5 million.

Franchise fees are projected to remain consistent around \$33 million in the next several years.

Moving on to fines and penalties.

Traffic fines and parking violations, court and arrest fees, penalties for violation of city ordinances and library fines.

We're experiencing a decline in revenue here from 2011 to 2012.

We're projecting \$1 million decline in revenue.

That's predominantly related in a significant drop of the number of traffic citations.

We talked a little bit about this to our presentation to the audit finance committee.

I'm not going to talk about it here because our police department will be presenting later in the day and they'll be able to address any questions you may have about what's occurring.

>> Mayor Leffingwell: I would have guessed the big drop in library fine, myself.

>> My wife is doing everything she can to support the library fines.

There's no drop in our house.

Interest and other earnings.

The slide of interest earnings for a number of years.

Continuing to occur.

9 million and levelling out in '13.

So I think it's easy to get lost in the weeds of all of the revenue forecast numbers I've hit you with.

I think it's really important.

I think it's a good idea to come back up to a 50,000 foot level and give yourself a dummy check and see if the numbers makes some degree of sense.

We try to put on here that the total revenues of the previous five years of where we are now and what we're projecting to the future.

The actual revenues in the last five year, annual average growth 5% and that includes a period being referred to as the great recession.

Looking ahead, we're projecting revenue growth over the forecast horizon.

And that the tax rates we projected a 5.4%.

So we're in right in the ballpark of what we've seen in past years and I think the revenue estimates collectively are what I would characterize as reasonably conservative.

>> Another break point for questions?

>> Going to move on to expenditures.

But if you would like to talk about revenue, we could.

>> Mayor Leffingwell: I may have questions on the revenues.

I just want to clarify a couple of things.

First of all, if you look at the chart, I believe it's on 52, overlapping property tax rate.

And I think it bears some explanation if you look at the county versus the city tax rate, the rate of the counties is higher than ours as a percentage.

And as a bill, it's lower.

That's a significant number.

I guess that's due to the fact that the county has a high homestead exemption of 20% reducing their taxable value as opposed to the city of austin.

Is that correct?

>> That's exactly correct.

>> And the second question is when we talk about in your forecast, increased property tax, I was kind of -- you're talking about the actual rate this year versus the rate next year.

Have you calculated what the effective rate -- the pivotal rate would be, though, would be for next year?

>> We have.

So, again, the tax rate we show 9 -- maybe I should go back.

The current tax rate is 48.11.

What's referred to as a nominal rate, 48.11.

No change in the tax rate.

It's necessary to balance the budget based upon the built-in cost drivers.

Nothing new.

No unmet needs.

The built-in cost drivers is 49.95.

The rollback rate is 50 cents on the nose.

>> 50 Cents to -- 50 cents even?

>> 49.95.

That's what you're proposing was the effective rate?

>> Effective is 47.79.

>> Mayor Leffingwell: So it's actually dropped?

>> It's dropped because values have gone up.

>> Mayor Leffingwell: Making their present rate of 48.11.

It would show still a tax increase and you have to provide notification.

>> Riley: If I might, even with respect to the rate, it's not our proposal yet.

We haven't gotten to that point.

>> Mayor Leffingwell: Right.

Mm-hmm.

>> So moving on to our expenditure projections beginning with fiscal year 2012 8 million.

Previously the revenues were projecting for fiscal year '12 are in excess for that as we've seen positive sales tax growth.

55% Of the general fund budget is allocated to public safety services, includes police, fire, and emergency medical services.

Roughly 10% funds are parks and recreation department of library.

6% Is allocated to health and human services.

3% To planning and development review and it's worth mentioning that a large portion of that expense is offset by revenues generated by the department of activity.

They provide to the community.

And municipal court is at 2% of the general fund budget.

The transfers and other category includes things such as the general funds share of our support services costs, community and technology management costs, it also includes our economic incentive payments, worker's compensation cost, accrued payroll, things budgeted at the fund level.

Those items are collectively 14% of the general fund budget.

We wanted to look at the slices of the pie historically and see how they've changed and they've been pretty stable, it at least since 2005 public safety has been pretty consistently about 2/3 of the general fund budget allocation.

The other departments are also pretty stable.

There was some bouncing around that occurred.

Prior to 2005 down there on the transfers and other requirements and public health, those changes have to do with the creation of the hospital district and moving that out of the city's general fund.

And then increases in the public safety that occurred over that period must have been related to contractually negotiated wage increases and other enhancements to public safety.

Looking ahead, these are some of the basic expenditures of some that drive the forecast numbers you're going to be looking at.

Assuming the existing programs and service levels are maintained.

Currently authorized positions in the budget, we fund all of the positions moving forward and we back out a small amount for anticipated vacancies for all levels.

The civil service and noncivil service employees.

And we also have included funding for increased contributions to the various employment retirement systems.

We've experienced a little bit better our insurance experience is better than expected this current year.

And we're projecting a 7% increase in 2013 which is really a good news story.

This is an area where we've seen 10% increases in the past.

This is an area where many jurisdictions are seeing 15% to 20% annual increases, so even though a large number, that is a good number, you know, being able to have some more control over our insurance decisions and some of the wellness programs that have been instituted by our health -- our human services department.

Seeing improvements there.

The outlier is 7%.

We're projecting a 10% increase in the out years as it this time.

We included the inflationary nation increases for fuel and other commodities.

Another positions that added in the fiscal 2012 budget didn't start until mid year so we need to analyze those.

Police officers that were added in april of 2012 annual yuleizing those costs.

We're continuing council staffing guidelines related to two officers per 1,000 and four-person staffing.

The two officers per 1,000 would generate a need for 22 officers in fiscal year 13.

We included that in the forecast.

That's what we've started in the last several years so we're forecasting what it's going to be again in '13.

We're looking at the one additional ladder company to four-person staffing.

That would happen late in the fiscal year.

The forecast includes four pay periods with salary for that and leaving us with two ladder companies still to convert.

Annualized costs in fiscal 2013 and we had the travis county integral care contract approved by the city council.

This resolution provided an additional six months of funding in fiscal year 2012 and need to get a full year of funding in the budget for fiscal year 2013 for the main contract which is a total of \$1.6 million.

We have the costs in the forecast as well.

A lot of numbers, a lot of data on this slide.

This gives you the one-slide picture of what's driving the cost increases.

These are things that characterize as built-in cost drivers not costs associated with enhancing services or implementing new programs.

This sh the cost of doing business.

As we currently are doing it.

And implementing current council policies and staffing up for opening of new facilities and annexations.

A total of 4.5 million.

\$20 Million of it coming from the form of our uniform personnel.

The implementation of police, fire, and ems contracts, the longevity and death pay.

You mentioned the 22 officers we're forecasting to maintain two officers per thousand conversion to one more ladder company to four-person staffing.

Overtime costs, annualized positions in fiscal 2012.

Health insurance, a little less of \$11 million of cost increases projected for nonuniform personnel, civilian wage and adjustment funding being two large pieces of that.

We have included in the forecast six positions for parks and recreation for opening of the asian american resource center and another two positions for the opening of the genealogy center at the museum.

Another \$3 million of costs in this category.

This includes outside contractual increase, one of the bigger ones being the contract we have with the county to provide jail services.

That's a contract that's gone up 10% per year.

That's going to continue.

Facility openings.

Several parks we're opening, four ground maintenance staff to maintain the parks.

The atic funding I mentioned, fleet and fuel maintenance cost increases.

And there have been new regulations in regards to the inspections of pe protective equipment in the fire department.

We added a couple of fte's and contractual money to the fire department to implement those inspections and do the work of ensuring that the turnouts that the firefighters wear are safe for them to use and are up to all of the requirements.

>> Doing a similar thing that we did on revenues but on expenditures, in looking at the expenditure trends over the previous five years and how that stacks up to the expenditure projections for the next five years, between fiscal year 7 and 12 we experienced averaging 9%,

looking ahead, we expect the rate of the budget to growth 5 and a half percent, to slightly lower growth expected in the next five years than we had the previous five years.

Move on to conclusions and i will forewarn you that my next slide is called conclusions but I have five or six slides after it.

So the pseudoconclusion, basic expenditure projections, forecast assume existing levels will maintaining, staffing increases and forecast have been limited to annexations, opening of new facilities, new parks, four person staffing and two officers per 1,000 population.

We are expecting slower overall expenditure growth during the forecast horizon.

8p increase in the tax rate being needed, in order to maintain a balance structurally budgeted due to current expenditures and we 1 million it is there were no tax rate increase and it's very worth reminding council that the 6 million of unmet service demands that have been identified by our departments are not included in this forecast.

Those are things that would have to be considered and added as we go through the process and with the recommendation that we will be bringing back to council on august 1st.

So before I hit on some of the highlights of what's in that 6 million of unmet needs, i wanted to introduce a new segment to our forecast presentations.

We are kind of debating upstairs whether we want to call it forecast flashback or perhaps the ghost of forecast past.

[Laughter] I stamped this big thing across this slide called fiscal year 2010 forecast.

This is not this career's forecast.

For those of you on the council then, this is an actual slide from my first forecast presentation as your budget officer on april 22nd, 2009 and it didn't look pretty.

The green lines here are revenue projections over the period of fiscal year '10.

Fiscal year '14, blue line is expenditure projections and what we are telling the city council is even at maximum tax rate, rollback tax rate we were expecting 30 million-dollar budget deficit in fiscal year 2010 and even more troubling, that those lines never met.

They never even got closer together, that what was a structural systemic budget gap and that correcting it would require structural systemic ongoing solutions, and so that's exactly what staff sets the task of doing and these are more flashback slides.

This is going on to the budget that we presented to the city council in july of that fiscal year, and some of the steps we took, some of the structural actions, some of the structural solutions that we

put in place in order to not only balance that budget in fiscal year 2010 but to ensure that we had a sound structural footing, move going the future.

We 105 positions from the budget and one thing we are proud of and from three years ago, we want to make sure people are aware none of the 105 positions we cut were filled.

They were all vacant earlier in the fiscal year following in the wake of the collapse of the financial markets, when it became clear that our revenues were going to be way down that year, the city manager implemented a hiring freeze to respond to that reduction in revenue and that hiring freeze generated a lot of vacancies and gave us the flexibility to manage through if financial crisis without having to resort to lay-offs.

Another thing worth mentioning is that no frontline public safety positions were cut.

We made no cuts to that area and, in fact, the majority of the of the recommended cuts were two support service functions and management positions.

Another real key factor, i wanted to mention --

>> mayor leffingwell just to clarify because somebody looking at that slide would look at it and say, okay, we cut 41 positions in the general fund.

Those were vacant positions, no employees were laid off in any of these bullet points that you have here.

I think a public relations point, that point needs to be made very strongly in your presentations in the future.

>> Will do.

And it's also worth noting, i think it's -- we are in the unusual position of being able to say that the city I came from has cut nearly 25% of its workforce.

You have seen what the school districts had to do.

The city of austin has been very proactive in managing in crisis and has been able to avoid any lay-offs not only if fiscal year 2010 but any fiscal year as we have been going through the great recession.

Another key component of allowing us to do that, another key component that can't be overlooked in allowing us to achieve that, are employee givebacks and I think noticeably in fiscal year 2009 we capped pay for performance that year at 2 and a half percent.

That's a number that had gone up as high as 5%.

It was capped in fiscal year 2009.

In fiscal year 2010 it was eliminated completely.

Also in fiscal year 2010 our police and ems employees, despite the fact that are under a contract and were entitled to pay increases stepped up and deferred those pay raises, all of which helped bring those lines together, helped us bring those revenue and expenditure lines together, not only fiscal year 2010 but also in '11, '12, and on into the future.

Now we are back to -- back to the current thing -- back to the present and we have a very different picture of what we were looking at three years ago.

The structural budget solutions we implemented back in 2010 and even in 2011 have worked and we found ourselves in much firmer financial footing today as a result.

The blue line on this chart shows projected expenditures over the five-year forecast horizon and then I have three different colors on the bars.

The blue bar -- dark blue bar shows what our revenue projections would be at the nominal rate.

In other words, if we never that we project having and clearly those bars are all below the expenditure line.

The light blue bar is the revenue that we projected, calculating a tax rate that would be needed to balance our budget and then the black bar is on top of that, reflect the additional revenue that could be generated at the rollback rate, so compare that to the slide from three years ago where we had at the maximum tax rate for all five years of the forecast horizon expenditures exceeded by \$30 million to the present day, in light of the structural corrections that we made, we are looking at five-year financial forecast where we are balanced each year the forecast period at a rate below the rollback, with the discretion of increasing the rate, if council wanted to do so to fund additional services, so very starkly different story than what we were looking at previously.

This is actually the conclusion here.

No paid conclusion this time.

I am at not going to spend a lot of time on it because we have department presentations that will be following me and will be talking more about the unmet needs but, again, the forecast 6 million of departmental unmet needs and is ask for 222 positions.

I think some of the highlights are that you are going to be really concerned about are some of the funding reductions, you are going to hear about, on coming from the federal level again to our cbgd and the home grants and impact it will have on cuts of our services if we aren't able to find alternative fund is services.

You see expiring grant positions in the health and human services department and you will here story from reduced granting funding several departments of 4 million of those requests are related to anticipated declines in grant revenues.

There is also need that our 9-1-1 call center, one stop shop is struggling to keep up with the booming development activity we are seeing and so there is a lot of needs in the organization and I am going to leave it at that, because, again, our departments will be coming back to talk to you more about some of the details there.

I put this slide in for your reference.

I think you are all very familiar with our budget calendar so I am not going to go through it but it's certainly there for your reference and if you have any questions, I will be happy to answer them.

>> Questions?

Council member martinez.

>> Martinez: Thanks, mayor.

I want to start with the end here.

The last comment you made about the grant positions that no longer will be funded and, therefore, there is a request in the budget to continue funding them.

Of these positions, when we accepted the grants, was there also an acceptance by the council knowing full well at the end of the grant cycle we would have to roll them in to our general fund, moving forward?

So in a cop's grant situation we obviously know that is an agreement that obligates us in later years if we accept a grant.

Are these positions in that same manner?

>> They are not.

I think the cops moore grants are the only grants I can think of where the grant actually requires those positions to be maintained after a certain number of years after the grant expires.

All of t -- all of these other grants are are annual ones without stipulations so there is no commitment we have to take these positions and bring them into the general fund.

>> Is so would each departments that affected by this request for funding these grant positions explain to that during their presentations?

I would like more detail as to what they are, what positions they are, what services are providing to our citizens.

>> Yes, I think we get that done.

>> Martinez: Thanks, mayor.

anything else?

City manager.

>> Generally, with respect to grants, the city manager has a fairly conservative perspective about that, particularly when those dollars are directed towards ongoing program service delivery and certainly the hiring of personnel.

Because of the very point that council member martinez is making, and when we come to the end of the grant cycle, typically there is always a service or program expectation that's been set and so it becomes really difficult, then, when the grant funding runs out and you have that added stress, then, on the general fund in this case to continue the program.

So we -- we maintain a fairly conservative posture in that regard, but some of which you are going to hear is about grant funding that has been in place for a number of years and, you know, now we have reached the point where -- I mean, it should an obvious conclusion at the time when we started the grant program that this day might come, and in some cases, we are there and we are just going to have to make some tough decisions.

council member morrison.

>> Morrison: Thanks.

I have just a couple of questions.

Can you help me -- I want to make sure I get my arithmetic right.

If we are talking about 738 million-dollar general fund budget right now with -- just 8 cents increase, what does that -- can you tell me what that takes the average -- i guess we use median house price in austin, from what to what?

>> I can -- we -- assuming the 182,198 stays the same, which currently that's the best data i have for a median home value until the tax roll is certified, I won't get a new number.

>> Morrison: Right.

>> But globally expecting 1% decline so it shouldn't change too much but sticking with that the 877-dollar annual tax bill would go up to \$910, so a 33-dollar per year increase is what we project for that median valued home.

>> Morrison: Okay.

And you were -- we are going to 5 million in unmet needs.

Can you relate that to how much of -- how much of an additional tax increase would be required to achieve 24 million or you can just tell us one cent, for instance, what does it get you

>> one penny gets you about 8 million so you look in the neighborhood of 3-penny increase over and above the 4995 we are projecting to maintain existing service levels, about another 3-cents would be needed to meet all of these unmet service demands.

>> Morrison: I think you said that 50cents is the rollback rate.

>> Yes.

>> Morrison: That would sig us significantly above the rollback rate?

>> Yes.

>> Morrison: That's pretty significant.

Let's see.

And then just to specific questions, on slide 65, you were talking about the increase in our health insurance costs for city employees being 7%, which relatively speaking, is pretty good compared to other cities.

You mentioned -- I am curious about how we achieved that.

You mentioned the heather programs and -- the health programs and all but do we have a healthy and getting healthier workforce or -- or what else is -- can you explain that?

>> I wish I had the details on that.

I don't know if our human resources director is with us or if there is somebody who has more, you know, details on exactly what those programs are.

I know we are looking at smoking cessation type programs, trying to help the employees who smoke to stop smoking which keeps them out of emergency rooms and things of that nature.

And so my -- my knowledge, i know of things is more general, but general health and wellness programs and trying to provide employees with lunch yoga classes and I have employees who walk around the lake, things of that nature, but maybe somebody else has more details.

>> Morph of us should destress at lunchtime.

>> Yoga classes, that's it.

>> I will be interested in more information on that because that's a really good marker for us, and it's -- it shows how some of our programs have paid off and we need to make sure we focus on that.

>> I think that's the general answer.

We have a wide range of programs directed towards the health of our employees and I think that's what it is.

But we will be happy to provide more information to council regarding that.

>> Morrison: I appreciate that because it is a significant savings, I gather.

And then just lastly, we are looking at projected -- or you are assuming projected increases in wages and retirement system contributions.

Can you remind me when our contracts are up with our public safety folks and when they would be renegotiated?

>> I believe they are up the end of fiscal year '13.

>> That's correct.

We will probably start that process closer to the end of this year, you know, begin taking some initial steps to renegotiate contracts.

>> Morrison: Okay.

Thank you.

And thank you, ed, and all of your staff.

anything else?

Council member tovo.

>> Tovo: I have a couple of quick -- excuse me, a couple of quick questions.

Let's see.

The first is on page 66.

You mentioned -- you ran us through some of the cost drivers and I didn't know if some are in our packet, we have got additional information about how the bullet items underneath each category make up that a total and in particular, I was curious about the -- under transfers and

other requirements, what the -- what the reduced transfer to transportation would be, and, also, what -- what the total is for the economic incentive reserve fund.

YOU HAD?r.wé/Oó.MO##Ag.çbbnhhyaPç#3 That accounts that the economic incentive reserve fund accounts for increased transfers for samsung and the domain, I think you mentioned?

>> Yes, we have the economic incentive reserves are in the '12 budget, budgeted at 13 million and we have those going up to \$14.3 million.

A lot of those are driven by property values and they will continue to move around and so we are estimating working with the appraisal districts to estimate what the various properties would be worth and we also have to estimate what tax they will be paying which is babessed upon the tax rate which is on estimate.

So a lot of estimates in here but we projecting to go to 3 million and the reduction that we are budgeting in the transfer to transportation fund, they currently receive a transfer of \$1.6 million.

We would be forecasting to reduce that transfer by -- in about half, we would reduce it by 814,000 to \$850,000.

And there is certain activiies that transportation department does that really aren't eligible under the transportation user fee that funds the rest of those services and so we have taken a hard look at that and are really trying to budget our general fund transfer to those units to be at the level and only the level it needs to be in order to support those functions that are not eligible for funding through the transportation user fee, and so that's what that reduction reflects.

Historically it has been higher than that.

A few years ago, as high as 8 and a half million dollars so there was additional general fund support for street maintenance and things of that nature and progressively they have weaned themselves off of general fund support and have moved more their activities towards being supported through the transportation user fee.

>> Tovo: Thank you.

On page 56 and 57, I am sorry, just 56.

With regard to the utility transfer, I know you based these figures on the possibility that we would approve a new calculation of the general fund transfer at 12%.

Can you -- do you have a sense of where and with a floor of 405 million, which of these -- in years 2012 to 2015, I see it's at 105.

Do you have a sense of where it comes in?

>> If we were to stay with the 9.1%, do you know?

1 would put it under the floor?

I assume it is under and it's being rounded up to the floor.

1%, 2013 would be 102.

2014 Would be 101.

2015 Would be 102.

2016 Would be the same as at the 9 -- as at 12%.

It would be 109.

2017 Would be 116.

2016 And 2017 are being affected by the rate increase coming in with the three-year averaging, you have the full rate increase impact on the transfer by 2017.

>> Tovo: What rate increase are you estimating?

-- Are you estimating?

You say you are estimating a rate increase in here?

>> The phased in approach with 7 -- with the 70 some odd million the first year and with the full impact by the third year.

>> Tovo: Okay.

>> When the contracts expire.

>> Tovo: Thanks.

There was a discussion -- i missed one of your comments, ed.

You were talking about -- i thought I heard you say something about a strain on the general fund transfer and i missed the context for that comment.

I don't know if you remember it.

>> The context was between fiscal year 2006 and 2011 our average annual increase in the transfer from the energy utility to the general fund, it grew by 1% transfer policy.

Over the course of fiscal year 2012, '13, '14 '15, we are projecting it to grow 0, so if we were seeing the 5 million-dollar growth we had typically seen in the previous five-year period over

that -- over that period between '12 and '15, we might expect to see \$15 million of revenue growth.

That's the kind of growth the general fund had been seeing and had been expecting to some degree, and now it's flat and so it's, you know, some of the adjustments we have to -- we have to make.

>> Tovo: Thank you.

I have one last question.

Sorry.

On page 58 and 59, you talked about revenues from fees and fines and charges for services and I wondered if any of those estimations included any kind of contemplated increases or if those are our forecasted based on our current structure.

>> They are forecasted based on the current fee structure but i am really happy you asked that question because I had in my speaking points to mention to you that our planning and development and review department is in the midst and near the end of doing comprehensive look at their planning fees, 90% of which have not been updated since 1993 and we know from having looked at the data that they are all on the very, very low end on what comparable jurisdictions pay for so I think that's something that council will be seeing during this budget process is what that fee study looks like and what staff's recommendation is as a result of that study and so that will be a significant change potentially, by the rest of our departments, for the most part, are within the existing fee structure, although typically when we bring a budget forward to council, we will ask departments to take a look at those fees and make inflation area adjustments here and there but it is not going to be anything on a significant scale like the planning fees may be.

>> Tovo: Thanks.

That was my last question.

anything else?

Okay.

Going to the next tab?

>> Yes, we will go on to the next tab which will be a by our planning and department review department and director greg guernsey.

>> Mayor leffingwell: welcome.

>> Thank you mayor and council.

>> Mayor leffingwell: go ahead.

>> Greg guernsey, director of planning and review department with sue edwards and lisa nicols the department's financial manager for planning department and review.

I wanted to go through some of our major accomplishments.

The imagine austin plan, we are in the final stages of the imagine austin plan.

As you probably already know and we have had over 18,500 participants in the planning process.

Your citizens advisory committee has endorsed the plan and it was recommended to you by planning commission last week in a 7-0 vote and we will be bringing to you for briefing next week.

The downtown austin plan was also adopted last year and we are currently working on regulatory plan.

The department conducted over 166,000 inspections last year and this is about 11% increase over the prior year.

We issued about 96,000 permits and this is an increase about 6% over the prior year.

We completed four street scape improvements and we also, with your help adopted the heritage hills and windsor hills neighborhood plan which we received strong support by the northeast neighborhoods and was adopted unanimously.

Our key performance measures, here to date, for the commercial plan reviews completed within the code mandated at 21 days is unfortunately 30%.

The total number of commercial building permit applications are up 15% from this time last year and new construction applications are up 52%.

With this additional development, it is attributable to mainly commercial plan reviews and those include departments and hotels.

This lag in review time can be explained by the number of plans that have been submitted.

That number being increased, and our growth.

In fact, the city demographer said we are the second fastest growing city in the united states right now and we are the fastest big city, that's with a metropolitan area over 1 million, according to a recent census report.

The second graph that you see actually looks pretty good.

These are for on time inspections but we are doing this with temporaries and overtime employees.

And that's how we are able to maintain that.

But as the bottleneck from plan review passes on through, i expect our permit staff and inspection staff will see an increase in their workload as well.

Under our forecast highlights, right now, based on projected revenues, we see about 3 million, and our requirements of approximately 22 million.

Our horizon issue, first is implementation of imagine austin comprehensive plan.

Once the plan is adopted we will align city services to meet your goals and your policies and it will help form the smaller area plans like downtown plan and neighborhood plans and then necessitate the update to our 25 year old land development code.

The second is the it support.

It support is necessary to identify our existing deficiencies and designs from improvements and hopefully utilize some new software that will adjust code changes and technical advances and hopefully some of our growth that we are experiencing in the department.

Currently our department lacks, our internal it staff that would help us really identify some of those critical software and needs that we have and making improvements on a timely manner.

In the near future, we are hoping to implement electronic plan review, online applications and online payments, which should help us save some time and money and also reduce our paper storage.

We have a lot of paper storage, and also our paper waste.

The final horizon issue is our fee study.

And over the past year, we have been working with public financial management, or pfm on this study.

The study was necessitated because 90% of the department's related development fees have not changed since 1993.

90 Percent since 1993 and inflation hasn't helped.

That's gone up 44 and a half percent since 1993.

The fee study has been completed.

We are reviewed over 420 fees associated with zoning, site plan develop assistance center fees and building and trade fees, and it really does need to be implemented, some changes to our fees.

The fee study looked at the cost of service analysis, inflation analysis and comparable jurisdictions and as you can see, from the charts that we have up, we looked mainly at new single family residential and commercial construction fees and we looked at as probably being something typical in austin and we compared those to comparable cities, both outside of texas and in -- within the state itself, and so you can kind of get an idea, especially on the residential side that we are much lower than a lot of our neighbors and what we charge.

The consultant recommended the fees that are currently below the cost to provide a service need to be increased and this new fee amount would be a blending of the cost of service comparable cities and inflation, and so we would take that all into consideration.

However, the consultant also recommended that we wouldn't increase any fee by more than 25% of what it currently exists today, so the impact is not felt by our customers all at once.

We do consider change coming up in our next year to do phase two, and these would mainly look at site and subdivision infrastructure and subdivision sees and we will come back with you in addition to bring you additional information on the fee study in the next two months.

Now to my unmet needs.

Right now, to address the development activity, the planning development redepartment is requesting additional positions.

Land development applications are up as I noted and the department needs to maintain a level of service that can keep up with the increasing demand.

Pdrs and unmet needs mainly relate to the one stop shop functions.

These one stop shop functions are those that deal with basically site plans, subdivision, building permits and inspections.

Basically those are the thing that is really drive development and getting it out -- something on the ground so that you will eventually realize property tax from that.

The list of unmet needs that i have mentioned, really addressed those key performance measures i spoke of earlier in this presentation.

So I am requesting additional positions in commercial plan review.

Also in our development assistance center, this is the first point where customers come in and really can ask, I want to build a new store, I want to develop my land with something new and the caseload for site plan worker down there I have has gone up 79% -- or -- since 2009 and the walk in draft pick is up 63% in the past five years.

This is the first point where they come to us and say they want to build something and this translates to zoning cases, subdivision cases and site plan and so if we see that much traffic up front we assume we will see more later down the road.

To assist with horizon issues and if we are requesting additional positions in this budget to help us do some analysis and to really address those things that we need to respond quickly to, like the pop-up shops that we did last year.

We did that very quick, but we -- it took us a while to catch up to implement those into our computer systems and in getting those up on board for fee schedules and things.

On the positions that are outlined in the imagine austin comprehensive plan, these would actually help us do the annual reviews in the five-year updates, to coordinate with all of the different departments so we are making sure we get it right, that all of the departments are in sync with that and probably a big piece of that is managing the implementation of the new code.

It's not an easy process and will take a lot of coordination with stakeholders, with other departments, making sure that we are all clear on where we are going and how we get there.

And the finally, let me talk about the cip.

It is not unexpected that under the cip is the land development code and land development code, we are outlining costs about \$2 million to do an update to the land development code.

This would probably utilize a lot of city staff, both in our department and outside of the but that is probably the big item that really needs to be done.

When we did the last zoning ordinance, which was back in about 1980, and I have spoken to dick lowly about this who is the planning director at the time, we took about three and a half years to implement just the zoning ordinance and now we have watershed regulations.

We have compatibility.

We have commercial design standards.

We have mcmanion regulations, we have ncdds.

We have overlays.

We have transit orient development districts and since that time.

, Austin was only about 340,000 people.

Now we are 825,000 people.

Back then we were only about 123 square miles.

Now we are 308.

And this is all being done in that context, so we think this is a very significant process -- project and we want to make you aware of that.

We are working on existing projects.

The airport form based code.

Some things we learn from that may be helpful in addressing improvements to the land development code.

The second street district street scape improvements, downtown wayfinding and our great streets program which is a tremendous success.

If you have questions I will be happy to answer them, if I can at this time.

I have a couple of quick ones.

The land development code update, which I agree with you is badly needed, but I want to assume that it's not solely to accommodate new programs, like imagine austin, et cetera, but that while we are doing this, that we also take a close look at eliminating some -- some of the problem areas that we have discovered over the years, provisions for grandfathering old projects and that kind of -- that kind of thing.

I assume this is going to be a comprehensive look, to modernize our code and get rid of a lot of the glitches that people complain about all of the time.

>> That's the --

>> there is a standing ovation going on in some office hearing you say that.

standing ovation by me, too.

The other thing, you talked about unmet needs and I think this is probably one of the critical areas because as our economy continues to recover, as we talked about in the first part of this session, we have already experienced a lot of complaints about delays in the review process and obviously the solution to that is to fill these unmet needs you described but at the same time, you also talked about increasing the fees to the point to be bring them up to date with inflation and with our peer cities.

Would those adjustments pay for the unmet needs?

Or is this in addition to that?

>> It would help offset if we were to implement in the first year the 25% increase in those fees that we are talking about.

It would generate, I think, 3 million dollars of revenue in that first year, but, mayor, you are right, the -- our codes really need to be looked at and in a comprehensive manner, because they are difficult for our customers to use, whether you are just the homeowner or a business owner and for my staff, as well; to explain what the code means is not easy task to do and when i hire new staff and review the codes, it makes me even longer to train someone to get them up and returning and it's times like these that I actually lose staff because the development community may be able to pay more than what the city might be able to do in some cases and then attract them away.

So -- I can't say this strongly enough, i think that's a really high priority, because we don't want staff in our rebounding economy with bureaucratic stuff that slows it up.

I was looking at that picture of that 89 there, the picture of the new commercial submissions and waiting review and I think that very well makes the point that I am talking about.

>> Mayor, if I may, sue edwards, assistant city manager.

I am glad you brought up that picture.

We took several pictures out because we didn't want to be, you know, scaring anyone but the fact is you have three reviewers -- greg didn't talk about that really -- but you have three reviewers who are reviewing 180-200 plans and when you see the plans, those are just a very few of the whole room about this size filled with site plans, so it is a pretty astronomical picture and one that we need to correct as soon as possible.

>> Mayor leffingwell: yes.

Absolutely.

And that's scary enough, a that picture right there.

But I would also just comment that the complexity of the review process right now is dictated, I think, in large part, that dictates delays that we are receiving now as well as the shortage of personnel to deal with them.

Looking way ahead, I know it won't help this year but looking way ahead if we can simplify the code, make it easier to comply with and easier to review, that will also help.

>> Martinez: Mayor.

council member martinez.

>> Martinez: I appreciate the comments and the presentation.

I wanted to, I guess, throw a few more comments out there as to some concerns that -- that we hear when you think about raising fees to 325%, inevitably the response will be will our service increase by 25% or will our turn around time increase by 25% so I want us to be able to -- maybe not scientifically but somehow quantify what we are asking for not only meet existing demand that we see coming but also still improve on that turn around and the service we are providing through the don't review process and the plan reviews.

The other plan we want to make is that while we have benchmarks and want to try to turn around within 24 hours, I think we need to maintain those standards, but do we know of areas where - - obviously everybody thinks their project is the highest priority for the entire community and they think their project is the best one, but if there is a case where it actually is a pretty high priority, do you know of a city or a process somewhere that will allow someone to have an expedited review, let's say, if they pay, I don't know, an additional fee, double the fee, for turn around?

>> Under smart housing, we do try to push those projects under some of the other ones that come in.

We try to do that today.

We do have accelerated like site plan process that, in the past, we had people go through a test and make it certified and then go through -- it is a little bit more difficult to do with building plan review.

We actually looked at and see if we could maybe use staff from other cities as part to help out with this, also the code review council that we work with that does our baseline codes, we contacted them and actually there are jurisdictions that are around us that use that, but we have certain things that are built in within our local ordinances that make that difficult to use.

You know, for instance, like commercial design standards that we have lighting standards that might be different than what you would find on a regular code, or the placement of buildings and those types of things, so it's not something that we can easily farm out to those.

But, on the point that you made about expecting something in return, I think -- I think there is -- we talked with some of our stakeholders, reka home builders, remodelers and asked them about, if we undertake this, what would their reaction be, and they understood that our fees are lower as well.

I think there is an expectation that we meet our goals as far as time lines, but they are not necessarily opposed to that, as long as we can get those projects out.

So it's important to know, i think, that our development community is understanding.

There are projects that certainly come in, whether they are samsung or, you know, in the past it was 3m or plied materials or amd,al of those projects, I know mark's predecessors and are will look at and mark as well that we would put emphasis on making sure those those projects come

in and they look to our development process being for instance, samsung, when I was speaking with them, they look not our development process and if we can get something out a in a timely manner, then they will make a decision more likely to go here than maybe build in germany or korea or some place like that, so, yes, there is expectation of meeting -- of improvements, I look at our it area.

I just came back from a conference in los angeles.

There were many vendors that have electronic plan review and electronic payment.

In fact, I was drooling over some of the things and there are even jurisdictions that are around us that utilizes today, but right now I don't have the time as far as staffing to really look at those different things, to try to put those in place.

That's why I am asking for it improvements so we can make these changes and that way, if we go to electronic plan review, maybe somebody is handing me a usb drive rather than bringing in a set of plans about this thick that's about the size of a typical 300 unit apartment in austin.

And so that would save them money.

It would save me money and hopefully in the end they get out quicker.

>> Council member to respond to your initial question, there are cities that charge a higher fee for an inspection that would be expedited.

We could look at it and can talk about it but in order to do it we have to have enough staff to be able to do that.

Right now when we have a big project come in and it needs to be expedited, greg and his group does a great job of trying to make that happen but when you've got five big projects and they all need to be expedited at the same time, you areing it with the same staff you are doing looking through all of those plans you saw in this picture.

So I think it is two things, one a need for additional staff in order to do that and then looking at what we can do to specialize in certain areas which we are looking at right now.

>> I agree and somewhat that is my hesitancy of throwing that out there, not only are you using resources to expedite a project but you have put other projects put in queue in waiting for the inspection and slowed them further and their turn around time.

I understand there are competing issues here and competing issues but I absolutely believe -- when I look at the photo, while i realize it is frightening for a lot of folks, specifically for you haul because of the workload, to me it looks like opportunity, as long as it fits in with our principles and values and neighborhood planning process and comprehensive plan, that, to me, is a tremendous amount of opportunity for our community.

The next comment I want to make and I am absolutely appreciative of this.

I am very appreciative you kept your fees low and perhaps you shouldn't have, taking a 25% jump in fees, the concern I have with that is it simply passed on to the buyer, and it -- you know, a fee here and a fee there impacts affordability and we have major goals in this community and values surrounding affordability, and while I don't think this will make a home unaffordable, if we increased fees for new home permits, I do just want us to be mindful of that, as we add additional fees, many of them will become pass-through fees not necessarily developer owned fees, if you will, they will be passed on to the citizens who are taxpayers as well.

>> When we come back and present you a fee study, the majority of the fees we are talking about are for new construction, not fees that would speak to remodeling, whether it is commercial or residential, so merely the fees that are suggested for an increase are those that are something new, something that has not been constructed before.

council member riley.

>> Riley: I want to thank you for the presentation.

It does highlight a number of troubling issues that we are dealing with, with respect to development review.

I want to start on page 85, on the performance measures.

First thing that is striking about that first graph is that -- is that the goals we are looking at for the current fiscal year -- the land development code generally mandate that the initial review of commercial building plan be conducted within 21 days and our -- as of this fiscal year, our goal more meeting that standard is now to 65%.

Why would we have a goal of 65% if the 21-day period is mandated by land development code?

>> This is not a goal.

>> No.

What we are trying to do is actually improve that number to get it back up to the point where the number is a reasonable number.

Sixty-five is not one that certainly I am proud of.

If I can get back up to 80 or 90, that would be great.

But right now, I can't even break the 40 mark in reality, ..

>> Council member, I think in response, also, what he is actually saying is if we do not -- if we are not able to get more staff, then this is really it wouldn't be our goal but it is really reality, so if we had more staff, it could be 90% or 100%.

>> The goal can go up.

>> Absolutely.

>> If it is mandated -- in an ideal world, the goal one 100% of the time frame that's mandated by the land development code and in terms of the goal for the next few years, in terms of adding staff, revamping procedures, so on, I hope we can all keep in mind the goal of establishing processes to allow us to meet the time standard that's set by the land development code, so the goal really ought to be 100%.

I understand that in the short term, we are working within the constraints we have today and we have to be realistic, but ideally, we really need to try to focus on getting that up.

Turning over to page 88, where we see austin lagging behind other cities on fees and largely because we haven't raised our fees since 1993.

It kind of brings to mind another situation we have been dealing with.

[Laughter] and I don't know, after, '93, '94, we stopped raising things, I don't know.

[Laughter] why is that, that we waited so long to -- how did we get here?

>> Well, one of the -- probably the main things is when we are working with pfm, the first recommendation before any others were to simply, you need to active fee policy for your department so you look at your fees every five years to be able to make adjustments and if we don't do anything else, that wouldn't cost any money.

That was the first thing that they recommended, and then they actually started talking about the number of fees, so I think it's one where we just didn't do it.

>> There wasn't something that compelled us total tax do that.

>> So who would set the fee policy, that would get us to periodic updating of our fee structure?

>> Well, it is probably -- first it's me as far as the department is concerned and it may not be the same in every department because depending on what that activity is, but for plan department reviews, as far as land development fees, they expect every five years.

>> Who asked for that.

>> Pfm.

>> Riley: So do you expect a policy to get us there?

>> Right.

We already talked about that.

>> We will talk about that when we come to talk about the fee study.

>> I was glad to hear you went to the conference -- in loss panel last and saw more processes.

And I hundreds the process the point that would be easier to do if we had adequate staff.

Has there been any study that looks at our processes in addition to looking at our fees?

>> Go ahead.

>> Well, is part as part of doing code are rewrite, you would look at the process as well as staffing levels and equipment that you have, so dealing with the code is probably a step and then implementing that would be the second step.

When we did implement the original revised zoning ordinance, there was a lot of training that occurred at the staff level and how they would be implemented.

In fact, when they did the old zoning rewrite and they actually operate under two codes for a year and two months which was kind of a nightmare for staff because to explain that you are actually enforcing two codes at the same time, I don't recommend that with this when we do -- when we go forward, yes, you look at the processes, the equipment, some of the innovations that we saw in the field was there is abilities, rather than for inspector to type out everything, that they can similar take an iPad and talk to the iPad and it would translate on to the inspection report and then it would immediately be seen by somebody back at the office or out in the field or online and then they could also look at the other comments that might be coming in from another inspector.

That is something that wasn't around last year, but it's something that is being used by some of the other communities that are out there.

>> And, also, council member, one of the other things we are doing is we have put together -- we are putting together right now a list of individuals out in the community, stakeholders, who are engineers, interested people, home builders, home associations and looking at and interested in a what we are doing in terms of process right now and give input and feedback on that.

Think go through the -- they go through the process every day and have good ideas on how we might be able to look at changing the process now and not waiting just until we change code but doing that right now, and so that's one of the things that we are in the process of doing right now is that.

I think there are some changes that we can do that would streamline what we are actually doing right now, and one of the things that I want to mention, also, is that this is just not planning development review.

The fire department is on the other end of that who does the fire reviews and if they -- right now, we are about a month behind and they are about two months behind and if we don't correct that fireside of that, we still have a bottleneck in terms of what we are doing so the police -- I mean, the fire chief and I have have been talking about going in together and working with all of the star to look at different processes to see if there is something we couldn't do immediately and i think she will bring that up when -- when she presents, talking about the bottleneck that it has to flow all the way through in order to be successful.

>> Turning over to the unmet need on page 89, I think adding the staff here would move us in the direction of meeting all of our goals and time lines and would enable us to devote some energy to updating our processes and fee structures and so on.

Will we still be short with these or have -- can you just -- can you help me understand the basis for the particular numbers s you have outlined here?

>> Well, as far as the commercial planning are review and building inspection, that's really addressing a need, i think, that has been there.

In particular it would allow us to process the quick turn around permits and get those in on out quickly and those are occupiers suites, more simple permits and so small businesses, utilize those and to moving something that's already in existence, and then, actually, to freeze up more time for other staff, my other reviewers, not many of them, granted to do the more detailed review without being distracted.

The inspection just comes from the plan review, because if you have all of these plans out there, you will have to have more people out in the field to actually do these reviews on the ground.

The information technology, i have already discussed that.

Development assistance center, that really is to try to deal with this influx of people that are overwhelming them.

Right now they are taking two, three, maybe four days sometimes to get back to people who are calling in because they have too many people that are just calling in.

I mean, we are very popular down there right now.

The land use review and site subdivision, these are supports -- the land use position is really one that supports the teams that we have that do subdivision and site plan review.

It's important to have that reviewer be able to do the review but if they are taking time to compile the reports and get that together at the same time, making sure that the appointments are set

appointments are set up and having people come in from the public, because the public likes to be involved with site plan review process, revision review process we need to get back to them in a timely manner to answer their questions or get them reports as well.

The site subdivision, right now we have a person, when we get a subdivision in, we are looking at the construction, infrastructure, we have to do in a very short period of time, kind of an analysis of what is there in their fiscal needs and we really have very few staff that do this, but there is so many of them that are coming in, that this person that's really dealing with this activity is just overwhelmed because there is so many people coming in.

Imagine austin positions are critical, I think, in the long run.

It will help us out to be better -- to better manage that process, whether it's implementing the comprehensive plan so when you come back and you do your annual review or we do our five-year update, we will have someone whose task is focusing on that.

We will be looking very closely with our cpo or the -- the capital projects office to make sure that cip projects, our codes are all in alignment with the imagine austin and to work on the plan itself, to have a project manager that would be the main liaison within our department with other departments within the public.

But after that, as we make changes and I am sure we will make changes to the land development code even beyond that, to help organize those and move those forward, too, so that's a summary of what all of those positions are doing.

>> Riley: Okay.

Looking at all at of the positions proposed for the one-stop shop, those numbers add up to something just under a million dollars.

Have y'all done any kind of calculation as to the impact of bringing our fees in line with peer cities?

And do you have any numbers as to where that would get us in terms of revenue?

>> The first year, in 25 -- if we were at 25%, it is a little over million dollars.

>> Riley: So I guess the question is, if you brought our fees in line with other cities, we would have the funding there to support the requested staff for the one-stop shop.

So I guess the one question is, do we really need to wait for the next fiscal year?

What is your sense of the time line on moving forward on this?

Does this have to be done on the fiscal year cal door or would it be possible to make adjustments sooner than that?

>> Are you speaking of the increase in fees?

>> Riley: Both increase in fees and adding staff.

>> It could -- it --

>> Riley: And I ask because we are still almost -- I mean, we are talking about putting it off at another 6 months at a time when the economy is getting back in gear.

There is a lot of development activity.

And I understand the concern of raising the fees but I hear from the folks our delays in processing reviews is costing them money, and so -- and, i mean, it is costing -- they are being required to carry a land and so -- I am not sure that we -- that raising these fees would necessarily be passed on to the consumer because in many cases, the lack of staff to review these is costing money.

[One moment, please, for change in captioners]

>> we also offered overtime to some of the staff too but they're already doing a lot.

I completely understand the demands put on staff and they've done a great job of performing in difficult conditions, and i don't fault staff for what's going on at all, but to the extent we can bring them additional help sooner raer than later I would certainly support that.

And it seems like a first step would be to move as quickly as we can to put a fee structure in place that is more reflective of current reality and that is in line with other cities.

And seems like that would be a first step toward fixing this problem because then with additional money coming in, we would have some resources to support the additional staff that could do all the other work that's needed, that you've outlined today.

van denone and mark and steven and see how quick we can bring you the fee study.

>> Riley: one last question.

On the land home and code up-to-date, do you think that would be done in house or would it be a contract?

>> It would be a contract.

>> Okay.

>> If I could just -- I want council member martinez to know that our reaction to council member riley, again, does not ignore the point that you made earlier.

thanks, I know we're going to try to finish up in five minutes.

I'm going to try and be very quick.

With regard to the staffing problem at the -- and not being able to get through things, this was raised last december, and I think we all knew what was going on, and at that point I understood that we had vacancies we were trying to fill.

Were we able to fill some have we improved --

>> yes, we've been filling or they -- at the same time I have probably in the last month lost folks to law firms, developers, other jurisdictions.

So yes, we're filling them as quickly as I can get them filled.

In fact, we brought back a bunch of resume when I came back from los angeles on some of the positions, but we're also losing people at the same time.

>> Morrison: I understand.

So that's what you're up against.

And with regard to the recommendation that we only raise fees at most 25%, are some of them without -- without that cap would some of them be significantly more than 25%?

>> Yes.

so do we have any plans in play to do it -- fee raises, increases, in a couple of phases or anything like that?

>> That's correct.

because I'm particularly concerned that we make sure we bring those fees up to the cost of service.

Otherwise we're out there subsidizing with everybody's tax dollars that job.

Okay.

That's one way to look at it.

With regard to staffing and imagine austin, I guess I'm a little confused because right now we have a huge group of people -- I mean, some good, strong team working on imagine austin now.

They will no longer be working on imagine austin.

So where will -- where will they be moving to that would make us need to hire a couple of extras?

>> Well, if you were, we just pretty much stopped our whole neighborhood planning process, and so what I would end up doing is getting back and utilizing another team to go back and start the neighborhood planning process.

Again, that's something i committed to the neighborhoods before we started the whole imagine austin process.

Some of the staff that would be involved also coordinating imagine austin.

I'm still going to use small area plans.

We have -- like airport boulevard, we have some TODs THAT HAVE JUST KIND Of stopped happening.

If you've noticed we haven't been planning those either.

I would try to resume those activities.

>> Morrison: right.

>> In light of that.

well, and i think the news that neighborhood planning is going to be able to reach all the neighborhoods that haven't been reached yet will be good news, at least for some people.

[Laughter] I do want to talk -- with regard to the rewrite of the land development code, you know, that's going a lot of discussion within the realm of imagine austin at this point, and I think we need to be very, very careful as we approach that that we have a well-defined process because I think there was some mention previously of the glitches in the code.

Well, one person's glitch is another person's carefully crafted compromise, and we can't just go -- we need to do a really strong job of identifying why things were in there before we just toss them out, because -- because they're cumbersome.

Fully respectful that there are ways to improve things, but we need to be very careful about that, and i think that our ability to articulate that and to describe what kind of process we're going to have in place to ensure that we achieve that is absolutely critical in the next month discussion of adoption of a comprehensive plan, because that's a -- that's an area that people are very concerned about.

and I'm sure the public stakeholders, everyone will be just as engaged if not more so as the land code rewrite as they were in the -- I think it would be good to put our heads together, whoever is

interested, and talk about -- at least get some kind of framework for how that process is going to work.

>> And I think framework is probably a more apt term to ski what practically speaking can get done in that regard between now and the time that you are, you know, in a position -- going to make your decision about the comprehensive plan.

and then just two more quick comments.

One is that with regard -- i think it's terrific that we're going to try and bring our pdr up to the 21st century in terms of automating as much as we can and improving things.

It's going to make things much more efficient.

I think that in terms of implementing new it tools and have folks working -- is a good to go.

On the other hand, I think we need some real innovation leadership in technology that has experience in developing these overall mature systems.

So I think -- and pdr is not the only place in the city.

And we've had a discussion about this before, myself and the city manager, and this is exactly the kind of place that I could see some real innovation expertise coming into play.

Last comment, I promise, and that is, we recently had a good discussion about the neighborhood adviser positions and the audit and finance committee there was an audit done, and a couple of things came out.

One is they're in high demand and we need to make sure we don't raise expectations too high because there's so much they could be doing, but another issue that came up was that they're actually supporting enterprise funds too.

So I hope that it will be possible to look at getting some enterprise funding to those positions that would be able to add a third position, and that -- i think the fte is already being carried on the books.

>> [Inaudible]

>> morrison: okay.

[Laughter] we'll stay away from that.

But I hope that you might be able to look at that and see if that's -- how practical that might be because, you know, we've got code compliance and all sorts of other ones.

Thank you.

>> [Inaudible] oh, any other comments?

We're going to adjourn the 30, not 30 -- recess the meeting.

Recess the meeting until 1:30, not 1:00.

Without objection we are adjourned.

We are recessed.

>> Mayor Leffingwell: Good afternoon.

We're out of recess.

I believe, now, we have austin police department briefing, assistant chief david carter.

>> Good afternoon, mayor, council, city manager, david carter, chief of staff for apd.

I'll quickly go through the slides on budget, and I'm representing the chief today.

First offer, start with the major accomplishments.

As council is aware, we did it -- on top of what's not on here is we did a recent restructure of the department focusing on four regions with a region chief, the concept being trying to take efficiency accountability and also increase accessibility at the executive level for the department and that's been recently instituted.

The major accomplishments is the real-time crime center as well as the cameras added for the hot spot camera systems that we have downtown as well as in the runberg and four in the ware house district and looking at working with the public and private sector to expand.

That produced results we're measuring in terms of success of the camera project.

The next major accomplishment that's currently underway is our digital audio individual wall camera system, referring to the in-car cameras, the patrol cars basically need to replace the old vhs system.

We now have about 160 of those new camera systems installed in 550 of the patrol vehicles.

Over the next course of the next several months, we expect to actually bring other areas of town online in terms of the servers as well as having camera systems on all of our motorcycles.

Currently, we have 70 motor cycles and there are 23 new camera systems installed on those motors.

Also, a big deal for us is the crime rate, the decrease in the crime rate.

The next slide performance measure highlights talks about the apd key measurers.

Violent crime rate, we had an improvement from 2010 and fy2011, reducing the rate from 49 crimes per thousand and is a reduction in the rate.

242 Fewer violent crimes, even though the population for austin during that same time period grew by the order on a little over 20,000 people.

Likewise, for the property crime rate per thousand, there was also a similar decrease in the 6%, which constructively meant that, in that year, there are 2,649 fewer property crimes during the same reporting period measured against the year before.

We also looked at the issue of part 1 crimes that are being cleared.

In other words, cases actually brought to our attention and actually investigated, cleared being basically solved, and we improved the number of part one crimes in that last fiscal year by more than 280, moving up, which is as discussed during the year was a big issue to the community in terms of our solvability, because being able to solve a crime is one you can prevent and hopefully deter somebody from committing another crime.

So that's certainly an improvement.

Our current year estimate at mid year, again, on background, 4% of the budget, which is we're under budget by .6%, \$1.6 million.

When you get the number like that, it could change between now and the end of the year.

Our overtime this year was higher than projected due to issues at city hall in monitoring "occupy austin" and there were also issues we dealt with involving rent increases and real estate costs for planned facilities.

Performance measure outcomes, one thing we were particularly proud of is the fact that we did have exceeded national averages in terms of the 2011 citizen survey results.

Satisfaction to have the overall quality of police service increased from 74% in 201 to 76% in 2011.

Obviously, there is room to improve there, but that's one of the facts of policework we're currently looking at.

Then we break it down in terms of the time of day and location of town.

Generally speaking, all areas reported feeling somewhat safer between 2 and 4 points over the year, so that exceeded national average.

Budget data slide.

Going over budget data, there were basically the variants moving forward is 15.3 million.

As you see there, the bulk of that is based on increase of sworn police officer positions at 22 and then one civilian fde at this time.

The budget excludes any grants and expense and asset forfeiture.

Also, the one thing to note on our civilian or non-sworn FTEs, THAT ALSO INCLUDES 118 118 Cadet positions.

Our regulation of sworn civilians is 1 to 3.4.

However, we highlighted the fact 118 are actually cadets that will become police officers when they graduate academy.

2001, We had 496 civilians and 1215 sworn.

In 2012, we had 507 civilians and 718 sworn.

Just highlights the areas that we are looking at in terms of civilians.

The main increase in the civilians that we've actually received over the years was basically with support and dispatchers that came with the consolidation of the public safety and emergency management which is our airport, parks police and city marshals departments some time back.

Forecast highlights, the population increases 2.0.

That's under staff review.

That study should come back to address that, but assuming that, there is 22 new officers to start and the costs are here at 1.187000.

2 Million for funding of new officers.

Fy12 is 1.7 million.

If you look here you can see the forecast, one of the things we want to high light is the forecast for the 22 new cadets, actually doesn't start till mid year.

So those only get half-year funding for the 22 new officer or cadet positions.

We also note that there is a market study increase of -- for the cadet position that indicates the current 32,000 that market increase is suggested at 42,000 and that's not actually included in the forecast.

This forecast also includes trueup of funding for the new officers that started mid year in fy12.

Forecast includes 3% for both sworn and non-sworn employees, and the vehicles are budgeted with fleet in the wireless office.

Horizon issues, next slide.

Progress is proactively responding to crime trends.

I think you can see we're trying to capitalize, as much as we can, using technology and developing a real-time crime center, working with the office of regional intelligence center and also things such as the digital mobile audio video systems in the cars, working together, putting all those together, making concrete -- having concrete results for us in terms of reducing crime.

The areas we're still challenged in somewhat is support services, we still feel like we need additional crime analysts.

Forensics, crime scene technicians.

That's an area we've talked about over the years and continues.

Another challenge we had this year is the legislature cut the law enforcement officer standards education funding which was about \$100,000 per year.

So we have to absorb that.

Staff still needs specialized training, and that funding is actually to help train the officers in different areas.

Equipment and vehicles continue to need replacing, and then everybody's aware of the additional facilities due to departmental and city expansion.

The next slide is unmet needs.

Total of ten items here.

The amounts are listed here, but I'll basically go quickly through ten of the 22 new officer positions.

Would like to see upgraded to detectives.

Again, that improves our case load response.

Clearance being a big issue this past year and our ability to try and solve those crimes was something we felt was important.

Regarding aric funding, the agreement between the ten different agencies and jurisdictions basically stipulated if the original grant funding was lost, each of the different agencies would then participate in keeping the center actually going.

Grant positions, we actually have a recovery grant that ends this year for 12 people that are actually call takers or dispatchers.

About eight call takers and four dispatchers, specifically.

And there is no replacement grant funding available that we can see in that area, and if we were to lose those particular positions, we've had an inspection report suggest we need to staff up in communications a little bit more, but if these were not particularly funded, then two things would happen.

What we see is we would have some increase from a receipt of the call to dispatch, increasing overall response time from sending an officer or somebody else, some other emergency call taker -- or call responder on the street to having to use overtime funding to make up the difference, which we're pretty close to being tapped out in that currently.

The -- as I mentioned, also, the additional communication staff or inspection report basically indicated we probably need something on the order of 29 to 30 additional people to help release some of these dispatchers, call takers to their original functions.

Maintenance and equipment for software that's already been purchased, that's something that's an ongoing need.

Firearm supplies and monthly qualification for practice for shooting.

Firearms qualification is a big deal for us.

It's a high-risk, low frequency kind of issue and we don't want to get behind on it and important we focus on that.

Address lost funding in the legislative session.

We used that frequently to train officers in a variety of different areas.

We also have a paid internship program that is an unmet need.

We're hoping to improve diversity in recruiting and other things and that's what the point of the paid internship programs do.

Hopefully interns would come on board and eventually be able to apply to the police department.

And then, finally, each year the sworn staff, we've talked about this a little bit, has remained somewhat relatively constant and takes on a greater workload, and that includes the top 29 positions out of the 59 that we have requested.

And that's a quick overview, and I'm happy to answer any questions if I can.

>> Mayor Leffingwell: Questions?

So 1740 sworn officers?

>> Yes, sir.

>> Mayor Leffingwell: And what is that in a manning ratio?

>> That would be based on the 2.0 formula.

>> Mayor Leffingwell: Exactly 2.0?

0 And a small consolidation number is what we're going for.

>> Mayor Leffingwell: Any other questions?

>> Spelman: Mayor.

>> Mayor Leffingwell: Council member spelman.

>> Spelman: Congratulations on reducing the crime rate by 6%.

That's a terrific achievement.

What kind of things did you think you guys did to accomplish that?

>> I think the thing that made the big difference for us is, number one, we had to have an awareness of what the crime issues were.

In other words, when we talk about intelligence in policing, which we've tried to work for in the past two or three years, intelligent policing is where you understand where the issues are occurring, why they're occurring in those locations and deploying resources in a timely fashion to address that.

That's half the equation, and a very vital one is to take your available resources and put them there.

The other thing is that we also look at our community policing and our drug type programs, the ones that are effective and successful such as the one we see working with some of the

downtown areas and some other outlying areas, and encouraging and trying to empower those folks to continue down that.

But, at the same time, that area commander is responsible to look at the issues that are occurring, be aware, come up with something to address that particular concern and sometimes that requires a tactical redeployment and sometimes it requires kind of a community engagement or a combination thereof.

So I'd say the technology -- I'd say the awareness, the intelligence, the analysis, and also just the community engagement played a big role.

Notwithstanding the actual police officer is the one that makes the difference at the end of the day.

His or her contact with the citizens.

>> As you know, the more specific, more focused police officers activity is more likely to get results.

>> I agree with that and that's kind of the direction of our intelligent policing programs is when a police officer -- now an individual police officer shows up for work on a patrol shift, then they're given more and more information, their sergeant gives them more and more directions, like this is a problem area here, we need to focus on something in this particular neighborhood or go over here and deal with these people, and I think policing has just evolved to that point, and apd is there, too.

>> Spelman: It's the core of the whole operation is paying attention to where crimes are taking place and what it is you can do about it.

>> Our comstat program runs every two weeks and we're looking to use technology to the point where eve briefings that use analysis and detect trends much more frequent than that, maybe on a daily basis, in some cases.

That's the next direction we'd like to go.

>> Spelman: Did you find crimes went down throughout the entire city or there were particular places where it was higher or lower?

>> I will have to look specifically at that, in general.

You look at the -- when we measure the location and measure the city divided, in general, I believe they all have fluctuation in reporting periods.

So if we see the trend is down city-wide but we notice auto thefts are up, you know, in region 3, then the commands there basically say take a look and give us your best guess and develop an initiative.

We actually drive down into the particular kinds of kind, whether violent or property, and more specifically ask the commanders to come up with the actual game plan and follow-up is critical to our success, also.

I think we're doing a pretty good job in terms of that.

In other words, if we just announce an initiative but we don't actually look at the success of whether it's successful or not, then we haven't really accomplished anything, so we come back and then look at the numbers in an an initiative that sees a reduction, we'll look at that.

If we have an initiative and there doesn't seem to be a change, we'll look at that as well and say that may not have worked and try a different configuration.

>> Spelman: It helps you identify a problem and helps you figure out whether you solved the problem, whether it's time to move on or still have work to do.

That's terrific.

Thank you.

I have a couple of technical questions.

Your citizen survey results look really great.

Overall satisfaction improved and people feeling safer.

How big a sample size do we use on that citizen survey?

>> Actually, that's actually done by the city.

>> My recollection is about 1,400.

>> Terrific.

>> Spelman: I'll take a look.

Thanks.

One of the things that you have been saying, david, is that we're increasing the number of sworn officers pretty regularly, and I'm just looking at this -- I don't think you put this up on the board, but it was sitting here waiting for us.

Since fiscal year 2001, the increase in sworn officers, which the blue line seems to be -- be oh, it's afd.

Never mind.

We'll talk to somebody else about that.

[Laughter]

>> Mayor Leffingwell: Chief, would you control your outburst from the gallery?

This is apd's time.

[Laughter]

>> Spelman: I think the same issue probably applies based on what you said a few minutes ago.

We're getting an increase or you're asking for an increase in sworn officers.

You're also asking for an increase, even though it's not in the proposal formally, it's an unmet need for civilian support staff, communication staff for generally -- I guess probably not all civilians.

The dispatchers are usually sworn officers, aren't they?

>> Not in apd.

We don't have any sworn dispatchers.

>> Okay.

So you're talking about additional civilian staff to do communications, and then conversion of grant-funded positions, which I believe I understood from your discussion a few moments ago, those are also communication staff.

Is that accurate?

>> 12 Of the 12 were from a grant that are currently grant positions that we will lose, but we're asking to retain those conversions.

>> Spelman: Makes sense.

You want to convert the grant-funded positions but need more communications from staff on top of that to answer the calls and dispatch the officers.

>> Yes, sir.

>> Spelman: And put more officers on the street so they can travel faster even though we can't dispatch them as quickly as we'd like to.

>> Yes, sir.

>> Spelman: It would be cheaper to have people in the up front to reduce dispatch time than the travel time of the officers on the back end and more support staff, generally.

To my understanding, this has been a common problem for apd for a few years is we're consistently increasing sworn officers, but we are not increasing civilian staff.

Has this been a long-time coming or just the last couple of years?

>> This has been ongoing for quite some time.

I couldn't tell you exactly how many years, but several.

>> Spelman: One could argue that there is a certain number of civilian officers you need to support a certain number of sworn officers.

You increase the number of officers, you have to increase civilian support staff pretty much consistent, so we would be talking about roughly parallel lines.

What civilian support staff are embedded in that \$2 million on the bottom of those unmet needs?

What would those people be doing?

Unmet need number no carrying connect 57600 I'm sorry.

We have crime analysts, the crime analyst records and management folk, forensics we talked about.

Additional crime scene specialists.

That's the bulk of the categories there and there's some administrative assistance as well.

>> Okay.

Would it be fair to say that if you had the support staff, that you're asking for here, the work of the support staff would be more effective?

>> I would hope so.

Police officers need the -- police officers, there's more flexibility.

But they'll have -- if you're using them for nonsworn functions, you're certainly not getting, you know, what you hired them for.

You're not getting the bang for the buck so to speak.

And we have specialists that can handle those kinds of things.

Rather have the officers on the streets.

>> Spelman: Someone who's going to collect the evidence, a sworn officer, a civilian, going to be done better by a cerulean who's trained to handle evidence all the time, for example.

>> Yes.

>> Spelman: I imagine the same is true for the communication staff in the following way.

Read this idea to you and let me know what you think if it will work.

If you have experienced call takers where enough call takers to actually give sufficient time for the call.

They don't have to get off of the call quickly and pick up the next phone ringing, then they're more likely to get a better handle on what it is that's actually going on.

Less likely to make mistakes about where to go.

And so the officer responding to the scene is more likely to get accurate information about officer safety issues, about citizen safety issues.

More likely assign it to the appropriate level of priority.

Is it likely to be fair?

>> That's fair.

>> Spelman: Okay.

So in addition to saving us time and reducing response time, it's going to improve our ability to respond effectively because we'll have a better idea of what's going on up front.

>> Yes, I agree with that.

>> Spelman: Okay.

I want to also thank you from the bottom of my heart that you do not have any helicopters on this list.

And my apologies to chief acevedo.

I know he wants helicopters badly and kind for you to tell him to back off and I'll tell him to his face the next time i see him.

>> I'll let you communicate that, sir.

>> Spelman: Okay.

>> Thank you, sir.

>> Mayor Leffingwell: Anyone else?

Councilmember tovo?

>> Tovo: You may have explained this in your presentation.

If so, I missed it, what are part I crimes?

>> Part I crimes are basically the crimes that you think of -- most people think of the burglaries, the robberies, the major crimes when there's a burglary or arrest or vehicles.

High level type offenses.

In other words, not necessarily quality of life type crimes or lesser petty offenses.

>> Tovo: And did I hear you say that even with the occupy austin expenses that were unanticipated that you are, at this point, under budget?

For the year?

>> Yes, we're under our budget.

We're over a little bit -- or close to at that point in terms of our overtime dollars dedicated for sworn.

But our overall current year estimate we're underbudget by .6%.

>> Tovo: You said that equates to --

>> that 1 point --

>> Tovo: 1. Something.

You said that could change.

>> Yeah.

>> Tovo: So looking at page -- let's see, where we were looking at the increases.

So in terms of the forecast highlights, it looks like somewhere in the neighborhood of 3 million are for pay increases, is that about righting?

The first warning increases to 6.3?

>> Yes, ma'am?

>> Tovo: 3 million of the 15 million increase is pay increases?

Is that about right?

>> For sworn, yes.

>> Tovo: Can you provide a little more information about the paid internship program?

>> Pay internship program is a program that we're looking to give opportunities to diverse groups of young people to come to the department and work and understand the department and what the hopes of trying to encourage folks from diverse backgrounds to actually apply for the police department and we see it as a good opportunity to not only even if they don't actually ultimately apply then it become aware of the department and work with the department and in their communities and in helping to understand what apd is about.

>> Tovo: What age range are you recruiting?

From high school or where are you finding the people?

>> As far as the actual age range, I'm assuming we're talking about high school graduates level folks, but they're not -- remember you have to be 21 before you're talking about folks that are maybe not quite old enough to become a police officer.

Or fairly close to it.

I don't want to --

>> Tovo: A program, it's not something -- it's not a program run through any of the high schools since they are several years away.

>> No, it would be -- it's a program strictly within the department, not run through the high school.

>> Tovo: Or done in coordination with --

>> I couldn't answer in terms of the coordination piece.

But I'll certainly find out more about that.

>> Tovo: What kind of numbers are we talking about for 120,000?

How many individuals would that include?

>> It's four that rotate throughout the year.

So I think it's four in there -- they're there for five months.

Done with their five-month internship, another four would come on.

So it's a rolling door at all times, temporary staff.

>> Tovo: I'm sorry, how often do they rotate in and out?

>> Quarter -- every five months.

>> Tovo: So you're dealing with, you're dealing with ten per year?

>> Yeah.

You can have more in ten month, start five more.

>> Tovo: Is it a fulltime commitment in that period of time?

The intern?

>> Around 30 hours and it's temporary with no benefits at this point.

>> Tovo: Have you had anything like this in the past?

>> Apd many years ago had different variations of this over the years and I would be hard pressed to give you the details -- specific details.

But I can get you that historical background.

To my knowledge, we haven't had this in the recent past.

But we -- there's been variations of this many years ago.

>> Tovo: So what we're really talking about here is a program that doesn't at this point exist?

>> No, it does not.

>> Tovo: Are you exploring other ways to create a program like that that would be potentially lower cost or could be paid for through --

>> one of the things that --

>> Tovo: Universal budgets or anything along those lines?

>> Councilwoman, one of the things -- the recruiting section is always looking at different avenues, police department in general are looking for different ways to engage and have outreach.

This is simply one mechanism.

There's others that are done based on things such as your police athletic league or other kinds of things such as that that we hope to also draw people of interest -- draw people in so it's not strictly this.

There's other kinds that are not impacting the budget.

>> It seems like a good idea.

There are universities in town that require internships of their students and that is another option that may be open to recruiting.

Recruiting from those who are in college -- existing college programs.

Okay, thanks.

>> Mayor Leffingwell: Councilman martinez.

>> Martinez: Thank, mayor.

I wanted to ask what the vacancy rate was throughout this cycle this year, the budget cycle?

>> As you know, the vacancy rate cut changes depending on the time of year and the next cadet class comes in.

In general, apd on an average loses about four officers per month.

If you look at -- that's 48 a year is about what the normal attrition rate is.

And there's always a good give and take to that.

We've -- this past year have done fairly well in terms of, you know, right now, for example, and I'm sorry, I can't tell you the exact vacancy rate.

We're doing fairly well at the present time.

It's a small number based on the fact of the number -- probation officers that are actually riding.

They're not actually cut loose to go out and handle calls on themselves.

So the actual vacancy rate may be relatively small currently.

That always changes over a period of time if there's a sudden influx of people who retire or leave for whatever reasons.

But I don't have -- I don't have a specific number I could tell you other than that is about four a month is where we lose.

>> Martinez: Trying to determine how much that factors in to the .6 underbudget.

>> In vacancy savings?

>> Martinez: Yeah, yes.

So for me going a little further down the rabbit path, the rabbit hole is obviously we have had some vacancies throughout the year.

We always have vacancies.

So we run short in terms of sworn staff and what's allowed.

But yet we've also been able to improve in our violent crime rate, our property crime rate, our response times and other areas.

So I just want to point that out that, you know, we're doing -- we're improving slowly but surely.

But at the same time, we still do it with a number of vacancies on the books on any given day where we have to back fill with any period of time and/or shift some services around.

So I want to commend you for that.

I wanted to ask, though, in your requests, I don't see anything related to a conversation we've been having seems like forever, but maybe just over the last year or so.

Related to the enforcement of found ordinances downtown or in the entertainment districts or higher entertainment areas like south congress, east sixth street.

I wanted to know guess what the philosophy of the police department was?

One of the things that we hear often is that it really just depends on who's on duty that night during that call as to who responds to address the issue.

There's kind of a lack of constitutional knowledge being created in history.

Would it be prudent to make a request through the budget cycle to not necessarily have a sworn officer, but have a dedicated employee to things like the sound ordinance enforcement?

>> Sound ordinance enforcement is an ongoing issue and one of the things that primarily affects but not exclusively is region one in the downtown area.

There has been a number of innovative things that the folks working -- the officers working the downtown area under the guidance and direction of the chief even to the point of looking and dedicating certain officers so you have expertise issues.

That's something that is ongoing, that remains a challenge at times.

But there are a lot of good ideas out there.

Some of that involves whenoff ear looking at the number of officers that come in in the future, as long as you're doing good on the response times, we may be able to carve out niches for some of the additional folks to address those kinds 067 issues along with the dr program.

We recognize that.

We recognize that's certainly a challenge in the downtown.

We hear about it frequently.

And the chief has guys that are dedicated on a semiregular basis to address that particular issue.

So I appreciate your thoughts on it -- it's on our mind as well.

>> Hopefully we can continue the dialogue through the budget process because I would like to take a look at whether or not it's prudent and have sworn personnel responding.

It's a priority for folks who live downtown and are affected by it.

But is it a priority for us to pull the officer off of the ?

>> I'll carry that conversation back.

I have not thought about the nonsworn component or places where that would be effective.

>> Martinez: The vehicle fuel increase is that just projected costs?

>> Based on our fleet of cars.

>> Martinez: Travis county, is that a normal growth in bookings and not associated with a cost associated with some change?

>> No change, every year there's an increase based on the additional costs to run that -- I think it's 10% every year.

>> Martinez: Thank you.

Thanks, mayor.

>> Mayor Leffingwell: Okay, thanks a lot.

Bms is up next.

If they're not here, we can go to fire department and pick them up later.

Looks like that's what we're going do.

>> Thank you, mayor, council.

I communicated with chief acevedo yesterday afternoon and I opted to do his budget presentation for him.

He emphatically said, no thank you.

There we are.

And I have sort of tried to decide -- I hope you'll appreciate this.

I'm not going read through the slides because I know all of you can manage to do that.

But we're going to comment on some of these bulleted items.

The wild fire response.

And why we listed it as an accomplishment is not because there was devastation, but because during the mitigation over the period of time that these occurred other than the bastrop fire, there was significant homes that were saved.

I'm going to pick the pinnacle fire because that was the one within the city boundaries.

There were 160 homes that were threatened with only ten that were totally destroyed.

And 11 others that had some type of damage from mild to moderate.

So the success story is we did save a number of home, more than were lost.

Following that event, a week after, we started a door-to-door grassroots campaign and distributed during a period of time over 44,000 door hangers that had ten tips to protect your home from wild fire.

So we did take positive action and had significant accomplishments in that.

And there were probably thousands of face-to-face contacts made, meetings, homeowners events.

Firefighters walked neighborhoods and spoke to the homeowner, walked around the property with them.

Helped them make certain decisions on that.

On the firefighter wellness program, we were one of ten initial cities that got into the venture of this wellness/fitness initiative.

I believe I asked the question the other day.

And about 15 years ago, it was started.

And just about four months ago, we had a review completed by a combination of the international association of fire chiefs and the international association of firefighters who are the program benefactors.

And they rated our program as the one to be the benchmark for all other departments.

So we were pretty excited about how far our program has come and how well it has developed.

The third about the business intelligence.

We took a program called "click view," and we created our version of what police use as their co'mstat.

The statistics will be a little different.

We look at the trends, we look at performance measures, for us, it would be things like turnout time.

That's the time it takes firefighters from the time the alarm comes in to the building until they are actually dressed and on the truck and put that information in the hands of our front line users.

And have seen operations performance improvements.

We've also used this business analysis for our budgeting.

And we have found that we have much greater involvement in our budget and better controls.

And better knowledge throughout the whole department.

So we're pretty proud of that accomplishment.

And getting that information realtime into the hands of the people who really need it.

The fourth on there was the flu shot program.

And that was to all city employees that was run by the fire department and initiated out of the wellness center.

And we initiated or administered over 4400 flu shots, and the cost was \$7.27 per shot.

It was about a \$12,000 savings over what it would have been had we used a contract administrator.

And then it's -- there's two other things that made that beneficial.

One was that it's a good practice for pandemic flu administration, your know, that's a good.

The program, how well it worked.

And the other part is that we accommodated city employees' work schedules where private administrator may not have done that.

We went to many different work 00 in the morning to accommodate those schedules.

So our goal is to try to get a healthy city workforce.

So part of our collaboration.

The next on our performance measure outcomes, they're pretty clear there.

Know that plans development.

We talked about our plans review and not being completed on time.

And we are part of that one-stop shop.

Every plan that goes through has to have a sight review.

Part has to be done by the fire department and then if there's any fire life safety codes, they have to be reviewed for that as well.

So we do know that planned submittals nearly doubled since 2010.

Review times have increased.

I know you all know that from an earlier presentation.

But it also connects to be reviewed and inspection plans need to be completed.

We'll speak to that in one of the unmet needs.

The budget summary, the actual increases includes the transitions from one ladder company to three going to four-person staffing.

And the council resolution covered the engines and the ladders.

That still leaves us to do three remaining what we call our rescue trucks.

And I just wanted to speak a little bit about why the continued high cost of overtime the vacancy sort of the same has, let's say the class of 40 which is the max maximum we can put in class at a time to be effective is in class for a 28 week period.

In that time, there are more resignations -- not resignations, but retirements.

Most of the time, the net gain during that 28-week period is not the 40 that went into class.

But it's more like the maximum of 23 and could be as low as 15 by the time the class is graduated.

So, because we didn't have a class for two years, we're still trying to play catchup to get to the point where we're just at that tipping point where if the vacancy rate is not excessive.

But it still is and right now we have 90 vacancies.

And we forecast that we will be even in 2014.

On the 2013 forecast highlight, we still have the wild fire as a key public safety threat.

And we are taking steps on that front.

But it is a driver and part of the forecast and it's part of the back fill and the vacancies.

I mentioned the gain on the fire academy.

I don't have to do that again.

The tcfp, that's the agency that certifies firefighters both as a basic firefighter and also in other certifications that are mandated to perform certain tasks such as fire inspection of buildings.

Those fees have more than doubled.

They went from \$50 to \$80.

Then those fees are projected to even increase to more than that in the future.

That's been a very big cost driver for us.

We are appreciative of the fact that during the forecast, the budget trajectories and the development of this budget, the budget office has really been recognizing what our challenges are and we have been able to supplement or increase our forecasted budget because of basic needs that have gone unfunded previously.

And then -- the horizon issues, our current vacancies are 90.

Projected vacancies will be about 65 after august 2012.

And our cadet graduation, classes are going well.

Civilian staffing, we added the four positions.

Infrastructure, about 14 stations are getting replacements.

That's a big thing for us.

It came through austin energy through the stimulation fund -- stimulus funds, rather.

So we're excited that we're going have that occur and hopefully as sooner rather than later.

I don't think I have to read through all of those since they're all pretty clear.

The horizon issues and the challenges and that's where this chart comes into place with the red line and the blue line and that pretty much explains it or at least pictures it.

The blue line is the sworn staffing.

This is over the last ten years.

You can see that the sworn staffing the has increased and that the redline is the support staff and that has remained pretty much flat.

And then on the top, the boxes, of course, are the addition of stations and there are, I think, six stations that were added in the last ten years, plus the public safety training facility and then some of the other boxes there are programs that were added or positions that may have been added as we went along.

So it demonstrates the need for an increase in the civilian staffing.

That -- I just thought the graph paints the picture pretty easily.

And then in the growth and density market and growth and planning, the downtown density, we're informed there are 21 high-rise, I think, on the books to be built.

That just adds to our workload and not only in the planned side, but also in the response side as well.

The urban interface coverage.

How do we manage that and do a program that will at least build some resiliency within the city and create what we are calling fire adaptive communities.

Quickly about our infrastructure, there's a bullet there about the 25 stations that have been evaluated in the facility assessment.

Just as a point of reference, 13 of our stations are 50 years old, four are at least 80 years old and one of the stations, station four is 107 years old.

So you can imagine the challenge of maintaining those facilities at that age.

And on the unmet needs.

The number one ask is that we accelerate that four-person staffing and add the ladder companies.

The cost there would be for four pay periods.

We would not implement the four person staffing until after the class graduated from the academy.

So that would be after the 28 weeks.

I have a very quick video that we are going to show you.

30 that I think clearly demonstrates the need for the additional staffing.

And it will show you why we have to have well, it wasn't added --

>> here we go.

And what you see is a legacy room and today's modern room furnished exactly the same and the fire is growing in the modern room at a much more rapid rate.

You'll see in a little over three minutes it flashes over and the legacy room has barely caught fire.

And the reason that is is because in the legacy room, everything was cotton.

And it was solid wood.

Today it's all press wood and lots of plastics and glues.

And in our furnishings and construction, the type of construction and we can't even get on scene before a room is actually flashed over.

So it becomes really important to get as many people on scene in as quick a time as possible.

And I just think this is such a compelling video that just shows how quickly fire grows in today's modern buildings.

In rooms and construction.

We can -- you can see the dark black smoke rolling out of the top of the window.

I don't know if you can see it or not.

But it's amazing how quickly that can occur.

Thank you.

Okay.

And then on our unmet needs continued, our second ask is for prevention engineers.

We're asking for three additional engineers to help meet the increased demand.

And that's probably clearly communicate in a previous presentation.

And I explained to y'all that we have engineers in the fire prevention side that are separate from those that are working in the development review.

In the community outreach coordinator, I'll have a slide in the presentation, the last slide that shows the diversity or the demographics of our latest applicant pool.

And we hired an outreach coordinator as a temporary position that has overseeing not only the diversity but all of the efforts.

She looks at marketing and those things and how we can best reach our applicant pool and how we can best reach the community in regard to fire safety.

The -- I think the only comment I want to talk about is the admin payroll is a demanding complex process.

We work on a 19-day pay cycle.

Sometimes you have an individual that works a 24-hour shift.

One half of their shift is in one pay period and half is in the other.

It's complex, very demanding.

So we're asking for additional money to help us get our payroll done accurate.

We can say that 100% of the time we pay them on time, but we are not accurate 100% of the time.

And we're not happy with that.

And obviously our firefighters aren't happy with that.

But they -- they certainly understand.

We want to make some improvements in that.

And we're also using, trying to get some software to help us with the process as well.

The next unmet need is a special events captain and a civilian admin senior.

To help staff the citywide one-stop special events shop.

And I just have a few statistics.

You may have already heard these.

But I note that we had over 328 events and 37% of those required on site inspections.

So that takes away from the individuals that are -- that are doing these events.

So we want some help in that.

And then I know that in south by southwest alone, there were 5,000 events that occurred in that ten-day window.

So it's a -- it's very demanding on staff.

And so we want to be a part of the special events one-stop-shop.

And in regard to the prevention lieutenants.

I mentioned earlier there's an increased demand on the lieutenants, not only to assist in following up once the plans are reviewed.

And they are permitted.

Then they have to be -- they have to be inspected as those buildings are either being refurbished or renovated or built, inspections have to be on going and our inspectors can't keep one the demand with the current staffing we have.

We adopted the 2009 international fire code.

Which also meant there are more inspections that need to be done.

The mobile food vendor, 1600 of those need to be inspected.

So we -- and we have also dedicated staff to special projects.

And I think I heard earlier, the samsung project, we had one inspector and one engineer on that project fulltime for almost a year.

So, again, not enough staff to keep up with the demand.

And so there for the austin regional center, it's an interface between law enforcement and fire.

Better two-way communication.

The bumper statement is in a we're proactively connecting the dots.

And the classic example of that is, of course, the failures at 9/11.

There wasn't that communication.

One that's very local and very recent, in austin, there was some equipment that was stolen from a construction site.

It sort of bubbled up at the fusion center and the p.d.

Didn't realize that this piece of equipment that was stolen actually had radio active material inside which could have been extracted and used in an ied.

So having a fire presence there benefits all of us, really, and helms to keep our firefighters safer and provides information to them out in the field.

It also helps our law enforcement personnel.

On the capital improvement program, the locker room project is probably our most significant.

We are nearing the end of phase four.

It's nearly complete.

We have one fire station, fire station 29, we're working on the final punch list to get that off.

But there are still two other phases.

There's phase five and there's phase six.

Phase five has been completely designed.

But it is -- we don't have adequate funds to finish -- to do the construction of that.

Phase six would be the last phase and that would be the most difficult because that is the oldest stations are the ones with the biggest challenges.

Some of our other capital improvement programs are -- there's driveways, there's seven of those that need to be repaired.

Our driveways were originally designed for lighter, smaller apparatus.

And they are cracks and holes in them.

Some of our driveways we even have big steel plates over them to provide support to the fire apparatus.

The other department issues.

Time and attendance, our current system is not sustainable and it does not meet our needs.

Remember I mentioned earlier, we're asked for one of our unmet needs was a payroll technician.

But we also need to use software and a system that will help us help everybody get paid more accurately and do a better job of time and attendance.

The wildland urban interface i mentioned earlier that we're trying to become resilient.

That we want to become a fire adaptive community and we -- as y'all know, we have a task force that's working on that and we have suggestions that we're going to pass forward through the city manager in the near future on that.

And we're also working on regional service delivery model.

And then, this is the last slide I referred to in regard to diversity representation.

And I just do want to make a comment that this uses only the application that were received in just this past april.

And those 4,9 -- 4,749 applications were in a four-day period.

And it was not with a broad marketing, it was a very targeted marketing plan.

There were significant improvements in the application period so we're hoping it will have an impact on the final class when we get that started.

That concludes that we have any questions.

>> Mayor Leffingwell: Councilwoman morrison?

>> Morrison: I appreciate that.

You guys had quite a year.

One of the things that's so interesting now is that because of the amazing things we've been through in the past year, i think the community has woken up to the whole issue of wild fires and how it can really affect the people in the city of austin.

You mentioned some of the work that you're doing that your folks had done in that area.

I guess my question -- I have a couple of questions about that.

Obviously, it really pays to invest in that.

Because you can mitigate -- if there is a fire, you can mitigate what the impacts are significantly.

Do have a sense of -- you gave a measurement of how many door hangers and things like that were passed out.

But do you see changes in the community, the neighborhood -- the pinnacle neighborhood -- i bet you do.

And what about the other neighborhoods that are at risk and haven't been hit yet?

>> You know, we don't have any specific met rix.

But we do know that there have been some successes and that people have -- like I said, we'd make numerous visits to neighborhoods and communities.

Many, many of the people we visited have made changes and have tried to create the green space or the defensible space around their home.

So it does work.

If you have a fire-wise community or a fire-adaptive community, it does help in the wild fire.

>> And how much in our budget here is dedicated to that kind of work?

>> Well, that -- and I don't have that exact amount.

You know?

But it's involved in our base budget in regards to our community outreach coordinator.

That was part of the unmet need to help us with those programs.

There's other unmet needs that we have that we didn't highlight here.

And some of those do include additional folks in public education.

And our -- our goal is really that we have 900 people that work in operations, combat operations that can be our ambassadors which are how we're handling that.

And we hired those people to be firefighters, not program development and not program coordinators.

So we're trying to get people hired that can help develop programs and help lead some of those programs.

And consequently, have a greater outreach.

So really most of that ask is included either in the base budget, or they're also in part of our unmet needs

>> Morrison: They're like the ambassadors but don't have to do the program and the managerial?

>> That's correct.

>> Morrison: There is a new program initiative.

Can you remind me what it is.

The rates?

>> Ready set go.

>> Morrison: How could I have forgotten the name of that?

So that's a great start too.

>> And it is.

We're having more and more conversations about -- not only about ready set go.

But there's a program called community wild fire protection plan.

And so that half -- you know, it's getting voluntary efforts to make your community safe and to protect your community.

>> Morrison: Thank you.

>> You're welcome.

>> Mayor Leffingwell: Councilman martinez.

>> Martinez: Thanks, mayor.

I won't ask a bunch of questions, chief.

We have a long time to go in the process.

Things do come to mind.

I want to lay them out there.

I have talked to the city manager about this briefly.

If you talk about the regional response service and regional coverage, its's an exciting opportunity.

I firmly believe at some point we will be a regional response agency.

What comes to mind, though, is what ability do we have if any.

And what ability do we want to go in and ensure that the facilities that we are responding to and the structures that we're constructing outside of the potential uniform fire codes we adopted within the city, what ability do we have to ensure that the firefighters are going into the safest possible environment built up to code and standards as we start gobbling up unincorporated areas where we know building has occurred outside of building code applications.

>> I don't know if there's any real assurance.

But the way to respond to that is about training and preparation and about prefire planning and it's about being aware of the circumstances.

And no matter where the firefighters go, no matter what building, no matter where they are.

They're responding now to those under mutual aid and automatic aid, that we make sure they follow our policies and protocols and that we train them and that they follow the same procedures no matter where that building is, protected, nonprotected.

That's the best way we can keep them safe.

>> And when we are having conversations with the outlying areas who we may enter into agreements with, are we having the full conversations about full person staffing and the other policies we have in place as the austin fire department.

SOME OF THE ESDs DON'T HAVE THE Funding to staff a fire engine with four firefighters 24/7.

Some staff it three, some down to two at times.

How are those conversations going as to how they're going to meet that standard that we have in place?

>> The discussions have been and will continue to be that we will staff with four-person staffing.

So that is part of the consideration.

It's particularly in the financial part of it.

>> Martinez: And is there -- would it be on the supplemental basis that we would use -- i don't want to separate them.

They'd all be afd firefighters or travis county firefighter, whatever we end up calling them.

Would we take existing personnel and supplement a unit out in those outlying areas?

Apqc.

>> Somebody has to be there and that's why, over time, it's always going to be a significant issue in the fire department.

We try to minimize it as much as we can, but when we have policies like four person staffing, if someone is on vacation, if someone's -- if someone is on vacation and someone's child is sick and they are not each, we must have each person policy so with we have that staff and I want to talk about as over time, we want to minimize the impacts but in response agencies like the fire department, they are going to exist as long as we stick to our policies.

>> That's correct.

And thank you, just as a point, there are 231 seats that have to be filled every single day in order to meet those staffing minimums.

So -- and I -- just keep in mind the video that we saw, how important it is to make sure that why we do have four people and why I am asking for those additional personnel.

>> Martinez: You provided us information on the return of spontaneous circulation after cpr.

One of the other -- and i appreciate that.

I think you are doing very well.

I am very pleased with seeing the success rate.

One of the other performance measures that used to be presented to us that I haven't seen recently, and the video that you showed us reminded me to ask this question is, what is the percentage of fires that we are mitigating in the room of origin?

>> We do have it as one of our performance measures.

I don't believe we included it in here and I am afraid to give a number, but I think it's --

>> Martinez: We can --

>> I can get it back to you, but it is the percentage of fires confined to the room of origin and I know we have done very well with that.

We continue to do well with that and we meet icma's standard.

We are very high on that.

I will get that number to you.

I don't want to tell you and be wrong.

>> Martinez: I appreciate that because as austin grows, as traffic gets worse, as density increases, as high-rises are developed and as you saw as equipment changes in terms of construction of furniture equipment, it is harder and harder to stop a fire in the room of origin.

You have to be on the spot right away to do it and that's why i think it's important that you continue to highlight that statistic, because I know it's a very high statistic that really will show that we are -- not only are we providing the same service but our service is actually improving because the demands on our service are only increasing and we are still achieving mitigation at the room of origin at a very higher rate.

>> Thank you.

We will include that.

I think it is a very important metric to include.

>> Martinez: The last point i want to make is on the unmet needs, I really appreciate you keeping these in that knowing they are unmet needs because we talked about potentially morning increasing our staffing as it relates to the planning review process, engineering reviews, things of that nature, and if we as a council vote on a budget to increase those areas in other departments and we don't support you in those same areas, we hit the same problem.

We can speed everything up until it gets to afd and then we hit the bottleneck and now we are back to the same position so i want us to keep that in mind and I will work very hard to try to ensure that we look at the prevention engineers, the prevention lieutenants and the special events captain positions that are in your unmet needs, because, again, we will just end up being successful on one end but showing no success in the outcomes because we have this bottleneck at the end of the fire department.

>> And it's correct, and you can talk to the engineers from either department and they will tell you how important they are to each other and that they really -- you are right.

You can't have that bottleneck.

It won't get through.

>> Martinez: Thank you.

>> And I was just handed the fire's contained to the room of origin is at 81%.

thank you very much, chief.

>> Mayor.

council member tovo has some questions.

>> Tovo: A couple of quick I want to pick up on the special events staffing needs.

Can you encapsulate for that again please?

>> The numbers I mentioned, you mean, or just what it would do?

>> Really the numbers and i guess I am interested in knowing is how well -- how well the fees were assess -- we are assessing special events are covering the costs of the personnel required to manage them.

>> I don't know how quite to answer that question but what i could do is try to capture some of that data and get it back to you so that -- I would really have to coordinate with the -- we don't charge the -- well, we do charge a small fee but not a large fee, but I know that one of the numbers they gave there was there were almost 400 events a that we had to do, 37% of those needed on site inspection, and I know that there were over 5,000 separate events within south by southwest and we are part of the overall pace team, the public assembly code enforcement team

and they are out, you know, during big events, big nights, you know, south congress night, those kinds of things.

Working, coordinating with code compliance and police and so I -- you know, I don't know how to relate the time to the fees assessed, but we can certainly work with pdr and get you a number on that.

>> Tovo: That would be great.

Thanks.

I think that is something that we should continue to consider because there are a lot of city costs associated with special events and my sense from looking into it is that we don't -- we don't recoup a whole lot of those costs and at least I think we should be aware of what that gap is.

>> We will try to get you some metrics on that.

>> Tovo: Thanks.

I appreciate that.

I wanted to ask you about the applicants that are noted.

Do you also track how many of the applicants are from the local region versus outside of the region?

>> Yes, we do have those number.

>> Tovo: Great.

Maybe we can communicate about those.

>> I will be happy to get some greater data on the applicant pool, where they came from, those type of metrics and then we will also continue to track, as they move through the process, you know, as we move through the process and as we employ them.

>> Tovo: Right.

Thank you.

just following up on that, I am assuming you don't consider residence, when you are consider applicants?

Does that influence your decision?

>> You mean, do we give any points for austin residents?

We do not.

I think that would be contrary to state law, if I remember correctly.

I am not sure of that.

>> Right.

We do award veterans pref race points but it doesn't happen until the end.

>> You are saying no residence is required?

>> No, we do not.

>> Mayor leffingwell: okay.

Thank you very much.

>> Thank you.

>> Mayor leffingwell: ems.

>> Their budget.

there you go again, chief.

>> Always trying to get more money.

>> [Indiscernible]

>> okay.

Great.

Thank you very much forgiving us time this afternoon.

John, if you could up rate that, for me.

We've got some major accomplishments that we want to share with you before we get started on our actual budget presentation.

We have been working really hard to actually implement the ambulances that we have been funded to do.

We have added an av ranch ambulance that is fully staffed and operating and also in the bee caves region.

That's out in the county and on Kelly Lane, in Pflugerville.

One of the things we do as EMS is we operate as a regional system.

You will hear me from time to time talking about city ambulances and county ambulances and regions that are outside of our city limits but we operate as one big system.

Another thing that we really spent a lot of energy working on this year is to develop our first ever EMS strategic plan, and you can look along the left of the slide to read some of the elements of the strategic plan.

Our key focus is we are people driven and patient focused.

We selected pillars of evidence in the areas of people, service, quality, finance.

Those are the key areas we have to excel at or we can't exceed.

Our core result areas are the care we provide to our patients, building our clinical practice to support that care and to produce positive outcomes for our patients in our community.

We also adopted the city's pride values, for our organization.

One major thing that we are really proud of is we improved our billing processes and as a 4 million in revenue.

That's increased over prior years.

That's something that we knew we were going to see an increase but we didn't expect that big of an increase so we are very proud of that.

We also have begun to implement the changes to our staffing configuration.

We are going through our first hiring process right now, and we started building the community health fairs program.

As you recall last year, you gave us two positions.

We are very thankful for those.

Those are both filled and they are working.

In addition to that, we also have received a grant for that program from the Saint David's Foundation, \$186,000, for equipment and supplies.

We've submitted for an additional collaborative innovation grant with the Seton system, so the hospitals are jumping in and helping us out pretty readily and we are really excited about that.

We also were requested to meet with representative armando martinez of weslaco and he is consideration legislation that would support and promote community health care medic health care programs throughout the state of texas and looking using us as a model so that is another thing we are excited about.

Key performance indicators, we are doing well in areas of performance.

In terms of calls answered in less than ten seconds in communication center, goal is 95.

We hit 96.

That's very good.

Percentage of patients from cardiac arrests from cardiac causes that are delivered to a facility with a pulse, our goal was 33.

We had about 32%.

We are lining up.

Percent of patients with cardiac arrest from cardiac causes discharged from the hospital.

This is the measure.

This is the thing that makes all of the difference.

Our goal was 8.7.

We hit 12.9%.

That puts us in the top 5 in the nation with survival from cardiac arrest from cardiac causes and it is attributed to our medics and the medical director and all of the work they are doing together.

Also, the percentage of the life threatening calls we respond to in less than ten minutes we are doing good there.

Goal is 90%.

We are at 92.

So doing quite well.

As for the budget requests that we are making now, next year's costs for the current level of service are going to increase.

s in this budget, \$49 million with 4 million in revenues so support that.

Next year in 2013, that's increasing to \$52 million.

We are anticipating 5 million in revenues for the same level of service we provide now.

Some of the major cost drivers that are going to increase those costs for us, we have wage increases that are related to our contracts and we have a new stipend that is going to go into effect also related to our contracts.

Also have nonuniform wage increases we are anticipating, increases in health insurance, and we are going to annualize the funding for our ems miller station, so we are going to fund the whole year, and we have increases in fuel and fleet maintenance and medical supplies that are coming.

So that's the cost of next year, but on a positive note, because ems has a revenue stream from health care reimbursement, we are really excited about what we are doing in the area of reimbursement.

More than half of the costs of funding our ems system are actually being returned to the general fund, so that is a good thing.

Our revenues include \$12 million from travis county, \$350,000 from the hospital district for indigent care, \$150,000 for standby events.

That's the cost of paying the staff that are on ambulances at those events.

And \$23 million in patient billing which includes funding from medicare, medicaid, and private insurances.

So we are really excited that we can say that we are in the 60 to high 50 percentile when it comes to paying for our system from revenue.

On the horizon issues, we have a few things that are coming at us.

We are anticipating a need for additional stations and demand units.

Demand units are the 12 hour ambulances we add to the system during the busiest periods so that we can accommodate the volume we are anticipating.

You guys have provided several of those units for us in the previous years.

They are very helpful and I will give you a few more details about those in a second so you can see why they are important to us.

Another thing that is coming is our population is getting older and that has a huge impact for ems.

We are anticipating by 2020, 20% of our population will be greater than 60 years old so it means we need to investigate what services we provide, how we provide them, the way we train our medics, how we prepare for response and all of the injury and illness programs we currently provide.

So that's another area and that 2020 number is produced by the health department.

We are also looking at constantly evaluating improvements for service delivery and one of the most recent things that we did, looking at staffing configurations, is one but also looking at the community health care paramedic program is another.

It's an innovation that addressing a specific need in our community.

Also looking to develop new relationships with organizations.

We are connected already to a large number of social service programs throughout our community and as I said before, the Saint David's Foundation and Seton system are also helping us out, some with funding, some with other in-kind contributions.

We also are a regional training center.

We provide advanced classes for anyone in our region who wants to take advanced clinical classes and we partner with the fire department and we provide rescue training throughout all of the emergency service districts.

As far as some of the needs that we are still waiting on, we have some needs in our warehouse staff so that we can keep our ambulances stocked and ready to go.

We have a fairly large warehouse, and we've only got one supply tech in there so we could use another one.

Currently we supplement that with overtime and we use uniform personnel in there when we have them.

Also, the other areas are electronic patient care record.

When we implemented that system, we anticipated we would need to help us with it, a tech support person, a web programmer that can help distribute data from that system and an analyst to help drive that system.

Right now we don't have all of those personnel.

We have one, and so what happens is we either utilize overtime to fund that or we get behind in updates and other things that really tend to hold us back on some progress.

The ePCR, electronic patient care record, is the tool that we use to make medical records.

It is what drives our \$23 million in revenue.

That's what creates the bills and it also drives our qi system and to give you a -- an idea of how important it is to us, it used to take us 45 days to develop a medical bill by hand.

so that's a huge reduction in time and in proven efficiency.

We are also focused on quality.

That's something that is very important in medicine and in the mass.

But one thing that we run up against is in texas and in ems as an industry, that's not a strong point for ems.

One of the things that we want to do is we want to become an industry leader in that area and we want to develop the texas ems improvement collaborative, something that would bring organizations from all over this state together that we can start talking about how we can do ems better and find better ways to benchmark against each other.

We also have already started participating in industry and clinical operations research.

Our most current research was a research study that was done on seizure patients.

We participate ad in that and -- we participated in that and we were one of the highest contributors to that study.

Challenges in health care reimbursement are coming.

Reimbursement, we believe, is going to become a whole lot more performance based in the future.

There is going to be a need to collaborate with hospitals, and that's going to be extremely important for us, so we are developing those relationships now.

The last thing that we are anticipating is we will see some increase in costs.

They are going to be related to the civil service implementation.

There is going to be some wage increases in costs of add aing new features to hiring that we don't currently do today.

We will need some legal services, more than we currently use right now because it's new to us and we have to figure out how to do it right.

Also, probably because it is newer, we are anticipating some arbitration costs as well, but that's coming down.

I think overall, though, the implementation, where it is at, will be positive for the organization.

We just need to know there is going to be some costs related to it.

Unmet needs, we have got a couple of areas in our city.

We have medic five and medic 14.

Where they are beginning to exceed their workload ratios.

One of the things that we do is we monitor how hard and how frequently our personnel are working throughout the day and we use a measure called unit hour utilization.

For that, we looked at a range 5, in other words, 30-50% of the time they are engaged in work.

That allows them to have some down time, some break times and time to breathe and prepare for the next call.

We begin to worry, when we hit the .5 mark and above.

Right now we are hitting in 5 to .8, so as high as 80% of the time they are either working or posting or transporting or getting supplies or cleaning their gear or doing something to prepare.

We are worried about that because when you start getting those high levels of ratios, you start seeing fatigue and injuries and accidents and turnover.

We don't want any of those things to happen in our system.

So those are the areas for need in string ups and coverage.

And so we also are going to need some overtime dollars to expand continuing education and training program, and what that does is allows us to have an additional 12 hours of training for each medic and allows us also to add some community health training to all of our paramedics, continuing we also want to add an additional six hours of overtime per employee so that we can get more engaged and involved in our wellness and fitness program.

We partnered with the fire department to develop a wellness center that we currently operate.

We provide an exercise physiologist for that, and we contributed at the beginning of the program.

Ems hasn't done as good a job of getting involved in that.

The biggest challenge that we have is we can't put units out of service and send them there, so the only way to do this is to bring people in on their off days so they can go to the fitness

assessments and go wellness and fitness assessments so they can get the wellness designed for them.

This is important right now we are spending over \$300,000 a year on workers comp injuries.

That's just too high.

Now, I can say it's a dollar thing, but really, it's not.

one of the things that is important to us is all of our employees as I am sure is true throughout the city want to have a good quality of life.

We want them to be able to go home and pick up their kids and if they have a injured kid, they can't do that.

So we think it is worth \$86,000 to bring down the 300,000-dollar cost over the long haul.

We are looking at there.

Another area I mentioned before, is the support staff for warehousing and epcr.

Like I said before, we are using overtime or get behind in those areas and neither of those are the best solutions.

As for capital outlay, we began to replace our cardiac monitors because the monitor that we use right now is no longer being produced.

We want to keep the same monitor throughout the whole system to reduce the potential of errors in use of that device and also to control our maintenance and engineering that we have to provide for that system.

Currently our monitors are obsolete.

There is new technology available that can help us a lot in improving our cardiac survival outcomes.

We began the solicitation process.

There were some dollars earmark for that in last year's budget so what this is doing is taking those dollars and adding the difference of what we would need to complete that project.

We also have some unmet needs in Travis County.

I think it's fair that I share these with you because any time that we do something in the county, there is a cost increase to the city.

Currently the county pays about 26% of the costs for this system and the city pays a difference of that.

So any time we add an ambulance in the county, there is going to be an increase to the city.

So what we are asking for is that we need a 24 hour unit in the pflugerville area.

This is up in the northern area where we are having a large number of late calls right now.

Our compliance with our response time goals -- city goals for that right now would be about 79% and that's an area we need to improve on.

We also need a 24 hour unit in the 969 area which is the austin colony area.

There is a large population growing out there, call volume is increasing.

We have been watching that for about two years now in preparation.

Now is the time to get that staffed up.

As I said before, we did staff up twelve hour unit in bee caves.

We need to convert that to 24 hour unit.

We need to do the same thing in the kelly lane unit which is in pflugerville as well.

So those are our unmet needs for the county.

Like I said, they will have an impact to the costs.

Questions?

council member riley.

>> Riley: I want to congratulate you on all of the achievements y'all have -- you have given this year.

You had impressive results in your performance measures and i know you have dealt with major transition issues so if you had performance from all of those changes it speaks well from the department.

>> Thank you.

>> Riley: I want to mention a couple of things indicated under major accomplishments.

First on staffing configuration, you mentioned you are going through the first hiring process right now and that's -- that's -- to shift from having two paramedics to one paramedic and one emt.

>> Yes, sir.

>> Riley: Remind me, what is the time frame for full implementation of that shift?

>> That will probably five years.

One of the things we submitted to is we will do that through natural attrition.

Right now we have about 50 vacancies.

We want to fill those with any of those positions we call medic one position.

The medic one position can be filled by emt, emt1 or a paramedic so any one of those levels can fill that position and in the current process we are in, I believe there is at least four, five paramedics that applied and so we will probably see some -- all of those in that seat.

>> Riley: Any issues coming up so far in terms of going through the hiring process.

Any difficulties we expected?

>> The only difficulties we had is we didn't have enough advertising time.

The process that we had to go through to get everything approved took a little longer than we anticipated so we lost a month of advertising time.

>> Riley: I know there are a good reasons for that change in the staffing configuration, in terms of actually improving performance but there is also aspects of significant cost savings in the long term.

Is that right?

>> There is cost savings we will see, I think maybe a 3-dollar difference between the pay rate of the paramedic and the entry pay rate of this position, but like I said, it's going to take 3-5 years before we see that.

>> Riley: So in the short term, you don't really expect that to have a meaningful impact on the funding?

>> Yes, sir, and also, I also talked to other directors in other systems who have done similar things and one of the first things they point out is don't anticipate saving money to be a big deal out of this.

Generally they end up spending the money in other areas, other improvements.

So there is not a lot of costs to them.

>> Riley: Okay.

Another transition underway is the building of the community health paramedic program.

>> Yes, sir.

>> Riley: Can you elaborate a little bit on how that's going.

>> It's going very well.

We did another test sample of the group that we are currently working with.

There is -- I want to say about 20 or 30 patients in that group and working with them to channel them into some of the existing programs throughout the city has reduced their dependence on ems by 84% so the outcomes of these are remarkable.

>> Riley: As we look ahead to this coming budget, michael, in the future years, do you see that program expand something.

>> Yes, sir, I do.

Right now we just finished doing the staffing of the two positions we got in last year's budget.

Our goal now is to come up with a rotational base is cis for medics to rotate through the program.

The reason for that we think the sustainability will be better, more likely than coming back for specific positions, we will probably come in for overtime dollars or something to expand that program, using this course.

>> Riley: Okay.

Now, as you -- as we look at the -- I am trying to figure out how both of those shifts, in terms of the staffing configuration and the evolution of the health paramedic program, how that will impact the growth of these in general, like in pflugerville and the austin colony, are we also looking at other opportunities to meet service needs through community health -- I assume as you add a community it would reflect the new staffing configuration.

>> Yes, that's correct.

>> And are you also looking at -- I didn't see on the unmet needs, I didn't see anything in terms of expansion of the community health paramedic program.

>> Yes, the expansion we see this year is in the continuing education program.

One of the visions we have for this program is we want to be one -- we did this today, we would be the only ones doing this if we did this today.

We want to train our entire paramedic community health.

We want to understand what difference to health care barriers make.

We want them to understand how they can conduct environmental assessments in order to take these folks and channel them into programs so that we prevent things from happening.

So if they are going in and taking care of, let's say, an elderly couple, maybe a diabetic situation, while they do that, they also scan their environment and if they see things like trip hazards and fall hazards, we channel them in a program to prevent things from happening.

That's important because the number one cause of death in elderly folks is falls.

So little things like that.

They seem like they are minor that's the training we want to do and that's part of the importance of adding those additional hours of continuing education time for our medics so we can bring them all up to speed many community health.

>> Riley: It seems like if that program is successful, it could free up some resources to do things like expand, for instance, for the unit in the pflugerville area and austin colony, that it would -- that you would actually see -- you could see some savings?

>> There may be.

It would take a while before we begin to see those kinds of things.

I think down the line what we may be able to do is look back and see were we able to save adding an a ambulance because we channeled some of the population a different way, but it is too early to tell right now.

And I don't know -- I wouldn't want to put that right up front and say that's a goal because i am not sure we can actually get there.

Too many things -- dynamics can change.

>> Riley: But you see that community health paramedic program expanding the next few years.

>> Yes.

>> Riley: Concurrent with the staffing configuration so it will be interesting to see how that affects the financial needs of the department, whether it does have any impact on them -- on the budget.

I hope you will keep us posted.

>> This is truly an innovation.

Very exciting.

>> Riley: Thanks.

council member martinez.

>> Martinez: Thanks, mayor.

Likewise, congratulations on some terrific outcomes.

In our unmet needs, though, i wanted to ask a question and depending on the response, just point out what I think is missing, and that is, when you show us your -- your budget on page 104, you talk about the cost recovery rate and it's above 50%.

>> Yes, sir.

>> Martinez: But in your unmet needs, when you show us you would like to implement two new twelve hour demand units and essentially two new 24 hour units, that recovery rate is not reflected in the cost.

That's the full annualized cost?

>> The full cost of those.

>> Martinez: So ma what we can assume is that -- so what we can assume is that as long as we meet those same goals next year, if we were to implement this, it would actually be cut by potentially 50% or more?

>> There is a -- when we look at the -- to calculate that, just so you understand how we do it, we look at our total revenues and our totallal costs.

>> Martinez: It may not be 50% but there will be a significant reduction in that cost, whether it's 30%, 35%.

>> We see it at the end of the day because of course you fund us up front and then we work throughout the year and then we return dollars that go into the general fund and then those get redistributed butta that's how we -- but that's how we operate that.

>> Martinez: I wanted to point that out because while it is a costly item, it is also a needed response for our community, but there is also a return on that investment to a certain extent, whether that's 30, 40, 50%, bottom line, this is a full annualized cost without the recovery reduced of that number.

>> One thing we look at, sir, is look at the total expenditure of the system is and we look at the ratio of subsidy versus payment from users and 60/40 is actually pretty good.

We are very close to that.

Several years ago we were the other way around, where most of the funds were purely subsidy.

Because of the improvements in collections, we moved it the other way around, where some folks using it are paying a greater portion of the costs.

>> Martinez: In the two areas here in austin colony and in pflugerville, where you are requesting, or at least it is in your unmet needs the 24 hour communities.

>> Yes, sir.

>> Martinez: You said response time was 79% and is that 79% at 10 minutes or is that another variable?

>> That 79% is the 10 minute goal in the pflugerville area, just that one area, the zone.

>> Martinez: Over time, have we seen a negative trend because of increased demand and/or other issues?

>> It's variant.

Believe it or not, it is actually getting better.

Our response time is getting better, I should warn you.

But it is getting better on the backs of our people and we can only push that so far.

In these areas, we can't push any put.

We need to provide staff, because I don't want to hurt employees.

>> Martinez: Sure.

Thanks.

council member spelman.

>> Spelman: Thank you, sir.

I want to be sure I understand what the impacts would be of adding the demand units and adding the two new county units.

Would we be responding to any more calls if we had more units out there?

>> I missed your question.

>> Spelman: You have two -- on unmet needs we have two 12 hour demand units, 5 and 14, and two 24 hour units, one in pflugerville and one in austin colony.

If we add these units, are we going to be able to respond to any more calls or answer any more calls we can't answer now or are we answering all of the same calls will be able to get to them faster and better.

>> Two things, we will be able to get to them on time.

>> Okay.

>> That's one.

The other piece of that is -- the other piece of that is not only are we going to be on time but also we will reduce the dynamics of this system.

Currently our system -- because we operate as a whole system, we have unit and county units responding interchangeably and because of the lack of the county units, some of the city units are having to respond out and so about 46% of the calls currently that are occurring in the county are answered by the city here.

And so one of the things that we expect is by providing additional ambulances to the county, that that will begin to balance itself back out, and so by two ways, we think we will see a difference.

One is we will have a unit there, primarily to make the response time.

And the other piece is that we aren't moving units as much and that should reduce the tempo of post moves and also distribute the call volume better.

>> Spelman: To some extent, what you are doing -- what you have to do is respond to where people are and where your calls are.

>> That's correct.

>> Spelman: But to some extent your -- are you establishing stations in those places or are we --

>> well, the call volume, we start up with the start up station in the morning and then they move throughout different locations throughout their shift.

>> Spelman: And moving places to like parking lots where --

>> it could be a parking lot.

It could be an intersection.

>> Spelman: Okay.

How about the 24 hour units?

Are we going to establish a station for them?

>> Twenty-four hours at that station.

>> Spelman: Part of what we are doing is establishing stations because we think we will need a ambulance here for the foreseeable future and part of it makes sense to me that we would establish stations where there is a lot of population growth and in the next few years we can expect there will even be more of a need for a station there.

I can imagine that having an effect on the exact location of the is station, each slightly away there our current population center, but in the middle of where we expect our growth to be over the next ten years.

Does that make sense?

>> Right.

What we do.

A lot of the growth is occurring in suburban areas so we work with the county to identify locations where we don't have to actually build a station.

For example, over in hudson bend, there is a sheriff's department building.

They are allowing us to use a portion of that building as a 12 hour station.

So our crews will actually station there, which is handy because it -- they are a swat crew and they can get familiar with the swat team at the sheriff's department so it is an added benefit.

We also have a hospital that is going up in lake way.

They are making space for us in one of their buildings as well.

So we try to do cooperative things like that, because exactly -- you are exactly right.

The community is still growing out there and we don't know which direction exactly it will go all the the time so we try to borrow and collaborate to put stations in place is so we can easily move and dismantle if we

>> Spelman: That way you don't have to commit yourself and then it is clear where you need to go and you do need a station you can commit yourself.

>> Yes, we have a station we established on the east -- in manor on the shopping center.

we can move away any time we want.

We have another one in east, 183 near elroy, it is affordable trailer and the whole unit can be moved.

>> Spelman: You mentioned in presentation that 26% of the total cost of the system were borne by the county and 76% by the city.

Did I get that right?

>> That's correct.

>> Spelman: How is that established?

How do we know 26 and 74 are the right numbers?

>> Well, that's a great question.

It is something we are discussing with the county right now.

I can tell you how we developed that over time.

This was many years ago when this was developed and it was developed by the number of ambulances in the county, that the county bought compared to the number of ambulances in the city, that the city bought, and those are the percentages.

>> Spelman: It is based on number of ambulances located outside of the city limits versus located inside the city limits.

>> That's correct.

>> Spelman: Not on number of calls that all of the ambulances have to go to.

>> That's correct, or the population.

>> Spelman: Okay.

Would it be safe to say that the percentage offal calls for service that are outside of the city limits is higher than 26%?

>> It's growing.

I don't know if it's higher than 26%.

It is.

In fact, yes, it is, quite a bit higher than 26% because right now the city units are responding to 46% of the call volume out there, in addition to what the county ambulances are currently responding to.

>> Spelman: Sometimes the county ambulances are come going the city limits, I presume?

>> About 3% of the time.

>> Spelman: Three%.

We are going out 46 and they are coming in 3.

>> Correct.

>> Spelman: I can do the math but it sounds like more than 46% of the calls nor the service have to be out in the county, what is is the protocol for re-establishing or revisiting this contract?

>> Right now we are going through a process, you know the county requested an ems ground study, so we took that information.

We also are continuing an internal assessment with the county.

We are in the middle of that.

In fact, I had a meeting this morning as part of that and one of the things that we want to do is revisit the entire system funding design.

We need to ask those questions.

The question being, is 25% of the costs efficient for 46% of the work?

That's an important question.

And that -- I mean, we are regional systems and there are benefits to being part of that system and that includes that we back you up.

And we do that to a degree and the question is, well, how far does that go.

>> Spelman: Some of, right now, our deal is with the county but I can easily imagine the city of pflugerville, city of lakeway deciding they want to have a little more control over where the ambulances are located and may want to pay a little bit to make sure they have a ambulance located directly inside their city limits.

Have we ever talked about contract services with cities within travis county or only with the county?

>> Only with the county up to this point.

One of the concerns the county has is when an area actually becomes a small city and they develop a tax base, where does the county's responsibility end and that municipality's responsibility start and that's part of this conversation as well.

>> Spelman: And presumably the county would like to get cities like pflugerville and lakeway engaged in that discussion?

>> Yes, sir.

And they currently meet with all of the city managers of all of those communities.

>> Spelman: Revisiting the contract now, is there any reason to believe that we are going to have a lot more to say about this contract over the course of the budget cycle, or is it going to take longer time to do that?

>> Not for this budget cycle.

We are anticipating that everything we discuss now will come into the next one.

>> Spelman: So fiscal year '13 we may have adjustment -- or '14 we may have adjustment but '13 we are stuck with 2674.

>> Yes, sir, and I may be policy questions we need to bring back to council regarding the whole structure.

>> Spelman: That sounds very sensible to me.

Thank you, sir.

>> Martinez: Ernie, I want to follow up on that.

I appreciate the conversation and I am glad we have had time to talk about it.

The only concern that comes to mind when I hear things about should we begin negotiating with individual entities such as an incorporated community is that that may work for that community, but as you mentioned, we are a system-wide service so in areas that are -- where the socioeconomic status is depressed, is such as in southeast or far eastern travis county, they will never get the service if we don't look at it as regional basis, if we just enter into agreements with those that have money and the reason i bring this up is because it is exactly what we face on the fireside.

>> That's exactly right.

>> When we look at the esd model everybody gets taxed at the same rate but if your values don't generate that revenue you are driving 20 year old fire truck with two firefighters on it and I doubt the service we went from ems being provided to all areas of the county and I want to throw that out.

>> Yes, sir and I should clarify that our goal and what we have agreed to with the county, is that regardless of whatever funding mechanism we create, we want to have a region wide system, not one fracture and divided into different groups.

>> Martinez: Sure.

Council member tovo.

>> Tovo: A quick question.

On page 104, you talk about the rate of revenue coming in versus your expenses, that it's about half or a little bit beyond half, I guess.

Do you have a sense of how that compares to peer cities?

>> To other cities.

Actually, we are ahead of most over cities.

Mos 30-40% range and we are in the 50-60% range.

>> And one thing I was struck on the south by southwest, one or two evening, how packed it was and how creative to have golf carts in the areas of business so you could transport people from congested streets on to the off street where is there were ambulances waiting.

>> Medics really like driving those, too.

>> Tovo: Do they.

I think in addition to the performances in here, that struck me that that is a very creative way to make sure you are looking out for health and safety of austin residents during the challenging time.

>> Martinez: Great.

Thank you, ernie, look forward to continuing discussion throughout the budget process.

We have one department left.

The two remaining tabs are more informational purposes.

If you have questions for staff now at the end of the next tab, we will allow those questions.

This will be the last department of the day.

It has been a long day.

Welcome.

>> Thank you.

I will try to keep this very brief so you have plenty of time to ask your questions.

I want to start off -- well, obviously I am not able to work this.

One of the things we are most proud of recently with the annual citizens survey and i know other departments have mentioned this is that we actually came out number one ranked across other cities our size.

That is, comparing austin parks and recreation to other cities and the only area that we probably were a little bit low was in our athletic fields and the quality of both fields and so we have worked on that but , again, number one is a very big deal for us abwe are excited about that.

And it still means we have some work to do, though, and because the percentage and the numbers are still not as high as we would like.

The next page is our key measures.

That is basically where we also have -- we are staying steady but we are not showing a huge improvement in some of the areas.

Our goal was 85% for satisfaction of appearance of parks ground.

We anticipate at the end of the year, it will be around 70%, number of acres per thousand population and our percent of pip projects and then on down, we have gotten a little better, but, again, still struggling and we will continue to try to bring our numbers up.

Our current budget is 45 million esand forecasted 48 million with s showing increase in our budget and some of that, of course, is through employee wage and employee adjustments through market salary survey and also insurance, but also, we have some items that have been included, one of which we are very proud of is the asian american resource center that we will be opening up and the fact we will have to have new staff for that facility but it is also a partnership with our asian community and will help work as more of a neighborhood center versus a community or a recreation center, and afford opportunities for everything from working with

egrs and our library departments, health and human services and bring a multitude of opportunities there.

The other additional staffing that we are asking for and the budget office has agreed to work with us on is the northwest district parks which is in the northwest part of the city.

We have additional parks coming online, and that would be two full-time equivalents.

This is the southern walnut creek trail area which is trail maintenance.

Thal der brooke park and the yett creek park which would include mowing, mulching, rest room servicing, things such as that.

The northeast district would be one position, and that is for the additional area of 969 park which is part of the colorado walnut creek greenbelt and then of course copperfield park which is about 9-acres and again, that includes the maintenance of the trail areas, picnic areas, fountains and rest rooms.

And then we have the south district which also is an additional area of two parks, parker lane which we are excited to obtain recently, in particular the neighborhood and del curto, off of lamar avenue and again, this is a service entity to help us service those two parks.

We finally finished the field expansion and one area that is a big surprise to us in addition to the fields being renovate said the sand volleyball courts are a huge success and becoming more popular so that may be something that we look at in the future as far as trends, is the outdoor volleyball courts.

There is open play and then there is tournaments that go on.

Another addition we are pleased to show is the genealogy center right there by the carver exam which was the first public library and adding additional staff there because we are renovating that facility and being able to bring it online now with two additional staff members to really operate that and meet the needs of the community.

As all of the other departments have mentioned to you, we have horizon issues as well, and it's no different from any of the others, with aging infrastructure and facilities.

One of our biggest problems is the fact that we have aging air conditioning units, boil systems and irrigation, and while we are have asked for additional funding in the bond program to address areas under capital item, one of our byckest problems is being able to maintain these and being able to keep them up -- one of the biggest problems -- and it has been a reactionary mode where we have to go in and take care of something or replace it because we haven't been able to spend the money to keep it updated.

We are also seeing issues relating to staffing.

One of our priorities is the mexican american cultural center, and as we added on the additional wing, we were not able to keep up, due to certainly the economy, but weren't able to keep up with the staffing needs.

We find ourselves, then, in there at this facility is lacking at staffing and being able to offer the programs that the community needs, but also, lacking in staffing and being able to facilitate the events that are being held there.

Contract management is being too holistically from all of the departments and from a city perspective and we have one person that oversees 360 plus contract agreements, and that's just not sufficient and we -- we have the opportunity to where we really need to be able to maintain these contract, review contracts to bring them back to the parks and recreation board so that we look at a more fluid contract and certainly look at the best benefit for the city, and so we are -- we are in a need mode there for additional two positions, at least one administrator and a specialist to help us to make sure we are monitoring and renegotiating and working with the board and council as we move forward.

History arts and nature, we are in a situation there where we have several programs that, over the years, without additional funding, we have seen -- we have a gap, a gap in revenue and a gap in service of about \$200,000, and the insufficient staffing there is requests for money to be able to plug that hole.

Park maintenance is ongoing issue of course and I wanted to highlight the planning and development area.

We were fortunate and you were able to give us a position last year that made a huge difference for us in our partnering efforts.

The other gap there to mention to you is the cip versus the general fund.

We have a plethora of activities that we at the end on a basis every evening that have to do with public meetings, like the nor wood park, the off leash advisory task force, navigational issues, austin independent school district meetings and in fact, we were there the other night and the staff that go are cip funded.

So we have an issue there where we need to have a staff member too, from a planning perspective that attends the meetings that are not from a cip perspective, because there are no cip projects associated with some of the meetings that we have, and it's -- it's been recommended that we look at funding more of a general fund position versus trying to figure out how you take that from a cip position when there is no cip position.

And then, finally, occupational health and safety.

This is coming from a report from the corporate hr office, where we are way behind in ratios of occupational health and safety staffing in relationship to our employees.

We have a total of almost 550 full-time equivalents and if you add seasonal and part-time we encompass lifeguards and others, we are at 2,000 total positions and that equates with one safety person.

We are probably one of the lowest departments that have a safety officer and that -- that has shown from our numbers when it comes to occupational issues.

The other one, which I know you are already aware of, is the austin cemeteries issue and we have asked for dollars in relationship to the cip funding and bond program, but we also have the needs in the area of master planning this site and being able to establish goals and objectives so that when we come forward, which will be very soon, through the parks board -- parks and recreations committee, as a recommendation, we will be able to move forward in establishing some goals and some improvements that will really make a difference in the cemeteries.

Again, I am not going to go through the numbers.

This gives you top priorities from dealing with contract administration to facility improvements and I do want to highlight, though, our accomplishments.

And this is certainly not all encompassing, we have a great group of staff who have worked very hard.

The bmx facilities skate park located near cross austin recreation center, northwest recreation center expansion, fanny davis gazebo, in addition to the construction renovation, that we were able to renovate the macbeth center, which serves people with disabilities and the river park which we are working on which will be a plus for the community and the projects you see below, for in progress we were working on from renovation from the connie center to us working with the y.

Also we are working with deep eddie.

We had to drill another well but we are looking forward to developing barthalmou and moving forward with the public square.

At this time.

We will take questions.

>> Martinez: Thank you, sarah.

First of all, the highlights are great and we did view some wonderful things this year, but what came to mind was, where are we master planning process of festival beach?

>> I have to refer to david juarez but I know we selected a group to help facilitate the public comments and work forward and we are ready to go with public meetings and begin process of master planning.

>> Martinez: Thank you.

On the bmx skate park, it's just -- I remember the opening.

I remember the comment that i made and I thought I would live to regret this comment but it actually seems to have held true, and that is that it's probably going to be our most popular and most used facility, even above and beyond barton springs pool, at least in that demographic.

>> Martinez: It certainly is.

But the bottom line is, folks love it and it's young kids to, you name it.

One of the gentleman that is very passionate about the park, more in my demographic but he is a bmxer, he is concerned -- he brought this to me -- he runs austin land and cattle and donated the food for it.

His name is scottie miskal and he provides foods to the kid when they come to the restaurant.

His concern is at night, when you get down into the bowl, it's very dark and, again, it's just a safety concern, and wanted to reare lay that information if we could get a spotlight, maybe one or two, nothing major, no football stadium lights, but something to light up the shadowed areas, you know, down in there, that there have been some pretty significant accidents, and I just told him i would brick it to you for discussion.

>> I will certainly work on that and we will discuss that because it is something I can do as an easy fix.

>> Martinez: I appreciate that.

I think that's all I have right now.

Any other questions?

Council member morrison?

>> Morrison: First, I just want to comment on a couple of things.

I am really excited about the sandy davis gazebo, I was completely unfamiliar with that wonderful facility and its history -- fannie mae -- and i think we reaching out and working with you and we will probably do is celebration of it, because women construction in the '70s really.

There is great photographs of women in their big tractors on their pearls and everything.

>> It is awe.

>> Morrison: It is awesome and i am looking forward to that and i appreciate you working through that and I wanted to congratulate the department on finishing the krieg field renovation.

I know how much that means to people because when it's raining 00 o'clock on sunday arrange and I asked my husband is he going to play softball and he said, yes, those new fields, they drain in no time which is really cool because more people out there on the field getting exer sizes and we have on the horizon, very soon, the boat house opening, just a lot of exciting things going on.

>> A lot and the partnerships we have been able to form have been a real plus for us.

>> Morrison: Yes.

A couple of questions on what we are looking at or what you think we might be looking at, in terms of changes -- potential changes to operations that you might have to propose in the budget.

You know, last year we had a lot of conversation about some proposals and so I want to see if we could get some of those out there.

Anything you are thinking out there on the table so maybe we could have a calmer confrontation.

>> I understand.

We will continue to look apt and continue to work with the parks board and council in opportunities for partnering because we also know, and I was watching all of the other departments and all of the needs and we know there is never going to be enough money and so for us, it's all about how we recreate what we can do and how we find what our core services are and how we work with other entities, nonprofits and others, to keep them viable and then we offer the things that we offer best and so I think for us, some of the things are, we looking at -- through the efforts of children and family task force and asset mapping and who is offering what and how are they offering it and finding out where the gaps are and where we fit in and not compete against the boys or girls club or the y and I think the same goes for other entities.

We are looking for the opportunity to look at the operation of the botanical garden and is that the best thing for as and recreation didn't to -- for parks and recreation to that or is there a nonprofit foundation that can operate it and keep it the same as it is or maybe put more money and energy into it?

The other things are continuing to work with our youth sports groups and finding ways to make sure we are meeting the needs of our young people keeping active, but also making shsure that if there are other entities that are offering those services, then we don't necessarily need to be in the business, as long as we facilitate that and make that happen.

That may mean that we only put in capital dollars to help with a set of fields and that we are a part of it but we are not operating it, managing it, maintaining it, similar to the y -- the agreement we have with the y.

I think that is one of our biggest focus, just to make sure that we can try to offer services and keep them as affordable as possible and the other thing that is exciting, we are working very closely with the austin parks foundation and the downtown autosomal compliance and friends of wooldridge square and the county and looking at how to keep invigorating, infusing excitement into the three squares but not necessarily out of one pocket of money, meaning how can we work with all of our partners to reinvigorate what we need to do at wooldridge we may not be a lot to make sure that it's viable for us.

Second phase of republic square came from money, as you know, from the federal government and being able now to pay for that work.

Brush ware was a huge partnership with the austin parks foundation so for us, i think, -- and the mantra across the country in parks and recreation as ernie was talking about the future in emergency medical services, the future for us in partnering and offering quality services to our community members, but not necessarily always thinking it has to be us that does it.

>> Morrison: Right.

I think that -- I appreciate your perspective on that and that that is appropriate sometimes.

I think we learned over the past year or so that if we are looking at potentially privatizing something or partnering and turning turnover the operation of something to another organization, that that can elicit a lot of community conversation.

>> Oh, sure, yes.

>> Morrison: And so I think we need to be real --

>> careful.

>> Morrison: -- Real up front about that and be clear when we are thinking about it and if we are going to do it, see if we can find good pals to do it.

So should we expect proposals -- since this is sort of the status quo, I understand what we are looking at and then the unmet needs beyond that.

Should we expect any changes in what's being proposed for next year in terms of recreation centers operations changes?

>> We are not recommending at this point, but we will be coming back through the parks and recreation board and up to have discussions about if we have opportunities for partnerships, we would bring that forward as a discussion item, but at this point, we are not putting something in the budget for that very purpose.

The only ones that we are investigating now are things that I mentioned previous -- last year, actually, which was talking about the issues related to the beau tan cam gardens and looking at -- well, with the dotty jordan center, we would be there and partnering with other entities.

We would be operating but we will bring in other entities to help us operate it and we are still looking at how best to serve the public when it comes to austin recreation center and bring that forward.

Other than that, no, there is no laundry list of things at this point.

But it doesn't mean -- sorry -- well.

>> Morrison: There is?

>> Well -- well, the millennium youth center will be coming up in two years.

The agreement will have to go back through another -- if council approves, another request for proposals because the end of the contract and the extensions would be up, so, thank you, core, that's one but there is not a laundry list of things we are targeting to say let's do this and this.

>> If I might, one of the things that staff and I have talked about and we are going to work we are always trying to think of new and better ways of being creative but sometimes when we are just having those conversations, you know, the word can get out before, you know, anything the issue is mature at all, we are sort of brainstorming and that does happen sometimes and we are going to work harder to do what we to make sure that doesn't happen so you don't get surprised or hear about something and think we are way down the field when we really are not.

I know that's happened in the past.

They are aware of it so we are going to try to do a better job of that.

>> Morrison: Yes.

I think we learned some lessons the past couple of years.

>> Oh, yes.

>> Morrison: Also I want to talk about pooms a little bit.

So can we expect there won't be any proposals you are aware of right now, to decrease pool hours or shut any pools down or anything like that?

>> There is nothing in our budget -- the current budget to decrease pool hours.

They will stay as they were from last year, the hours that we have and the pools that we have open, so that -- and we fortunate not to be in a reduction mode, thank goodness.

>> Morrison: And you mentioned the age of our -- average age of our pools is 44 years old which sounds sort of young to me, but -- personally speakin but -- which -- and I heard a figure of how much can capital investment we could make in our pools if we bring them up, something like 25 million.

Is that about what we are looking at?

>> Yes, and more probably because they are -- that goes back to the issue of the antiquated infrastructure, it is significant.

>> So what we really need to do theoretically is invest the capital dollars to bring it up to speed so we can restore it to its 44 more years and then make sure we have the maintenance money.

>> That's correct.

The maintenance is the key.

>> Morrison: Right.

And so is there -- in terms of the staff recommendation for the capital, for the long project, how does that affect the \$25 million?

>> We asked -- we requested \$15 million.

>> Morrison: For pools or for all facilities?

>> It went from all facilities so it was around -- I have to look.

I don't want to give you a number but I know we upped the amount for the pools before we submitted it because of the significant need and we have tried our best to stress the importance of the pool and even had a speaker at one of the wound meetings to talk about -- the bond meetings to talk about one of the issues related to neighborhood pools and so our hope is that we will be successful and I will get you that number.

>> Morrison: I appreciate that because, you know, if we don't invest the money as much as we possibly can this time around, we are going to wait six more years.

>> I know.

>> Morrison: And I think we have learned a lot more like in Bartholomew where something went wrong and perhaps if we are on top of it we can avoid a huge expense in trying to --

>> and shutdown.

>> Morrison: And shutdown, yes.

>> Right, which is what eventually happened.

>> Morrison: Thanks.

>> Martinez: Council member tovo.

>> Tovo: I wanted to talk a little bit about fees, and something I have been trying to term lately is whether or not we have thing -- have fees that are different for city residents versus out of city residents with regard to venue rentals, things like zilker cabin, the clubhouse, things of that sort.

Are there different fee structures for in-city residents versus out of city residents?

>> Yes, there are.

We have taken a look at that the last several years of determining how we will go about charging fees for out of state residents or city residents and it is something that we have not can completely completed.

There are a few fees in the fee schedule that a allows for additional charges for out of city residents.

>> So it sounds like some -- there are different rates for certain activities but not across the board?

>> That's correct.

>> Tovo: What are the specific activities that have different rate structures?

>> I believe there is a special events area.

I have to get the specifics to you.

>> Tovo: Thanks.

I would welcome that.

When you say special events area, that is renting a park for special event but not necessarily renting the zilker clubhouse or mayfield park or something like that.

>> That's correct.

>> Tovo: In my very limited research it looks like a lot of the fees are the same.

>> That's correct.

>> Tovo: If I want to enroll my child in summer camp as out of city resident, I pay the same rate as in city resident and no priority for in city residents and there is a fairly high demand for all of those activities.

>> They are absolutely correct and that's one of the reasons why -- that, I think, is a perfect -- ernie mentioned some policy decisions that I think this is a good policy discussion that I think really would need to take place because from a professional point of view, you know, I do feel like there are -- we have waiting lists sometimes on our events and activities --

>> Tovo: I have been on them.

>> And we don't know, right knew if someone as a resident gets priority over a resident -- someone as a nonresident gets priority over a resident and we feel strong that we ought to give priority to our our residents in austin, which means that the nonresidents will pay more and wait a little longer to get into the program.

Now, that, again, is a policy decision, but from our perspective, we -- we hear quite often from residents who say, i know there are people in here that are in this program that are now in it.

They live in round rock and i live in austin and pay my taxes in austin and I am -- I didn't get in.

>> Tovo: Sure.

I think that's a valid argument.

And it seems -- and, really, i have to say that's part of why i started thinking about i, in the context of the austin energy discussions.

So do you have a sense of how recently your fee structures were looked at?

>> Well, and I -- when I first arrived in austin we were tearing everything down and not through yet and we are evaluating all of our fees, some adjust looking stronger at like when it comes to rentals like theater space and how we compare with center because we want to be reasonable and not push people out because if we are more expensive than the long center, then we have a problem and so we are looking at that now but we have adjusted some and I would say anjela if you want to chime in, there is some more we need to adjust.

>> Yes and looking at a different fee methodology on how we charge our current fees.

It is taking some time.

We noticed a lot of fees haven't been updated.

We are looking at analyzing each fee for cost of service and ensure we will receive a full cost of recovery based on the cost of service or a portion thereof.

>> Tovo: I assume that includes special events, too, where you have cost of the city of making that space available to a special event?

>> That's correct and the maintenance costs that occur after that.

>> Tovo: Great.

Do you have a sense of when you might have that completed?

>> We should have that by the summer.

We have been working on it all year.

We have a draft fee policy for the parks and recreation department and we hope to have all of that completed by the end of the summer.

>> Tovo: Great.

So a couple of other things i wanted to talk about and I know our time is limit and we are scheduled to wrap up so probably this is a longer discussion, but we talked at our retreat about youth programs and certainly in last year's budget discussion, we talked about the reductions to the summer playground program and I was real pleased at our retreat to hear that some of those had been shifted and there was an ability to offer more playground programs than initially contemplated but one of the concerns I have had is there are some internal budget reductions that don't come before the council for discussion but certainly impact our constituents sometimes in very big ways, and we learn about them by hearing about them.

One of them is the creativity club.

Another was the senior center, which I understand is a different circumstance, but in looking through, you know, i requested some information about youth programs and senior programming specifically, in terms of internal budget reductions that were contemplated, and some of them are really of concern to me and they are for the summer and, you know, in a couple of cases, some of the programs are being reduced and will have minimal attendance.

One example would be the c camp at dotty jordan recreation center is being is centered to a free drop in center, I assume, but in others, it was a demand that exceeded your existing resources, one was comacho reck areiation center where the center always exceeded allocated budget and will be reduction in terms of summer camp from 72 children to 24 children.

That is a huge reduction and to go down -- to cut by two-thirds will impact the children in that area and I see that in a lot of our -- in a lot of the centers that were listed here, so i thank you for that information, and, again, I want to express my real concern about them and i want to make my colleagues aware of them and I want to just ask you, what -- what can we do and how soon can we have a dialogue about those, because I think it's really critical that as we look at funding and start to talk about budget that we are aware of the items that may not come up on our budget

highlights but will really impact the kinds of programs that are -- our constituents throughout the city have access to, including in some high need areas, that i would identify as high need areas.

[One moment, please, for change in captioners]

>>>

>> we have to meet ratios of the number of children per staff members.

As those costs continue to increase, , it's -- it's an inflation thing.

You know?

Equipment costs more, the dollars that we're paying our staff are increasing slightly.

You have the static budget, a budget that doesn't increase, but you are not increasing costs.

So in order to -- to keep within the budget that you are allocated, you need to do something to make sure that they don't exceed that particular budget.

And what had happened in the past is that the camacho had exceeded their budget to the detriment of some other camp and so we had to make some decisions about how are we going to best serve the larger majority of the community and stay within our allocated budget.

So you are absolutely right.

Without more resources, we can't serve the same number of kids at camacho, but in order for us to make sure that we stay within our allocation, our general fund allocation, there were some hard choices that had to be made.

>> Tovo: Again, I want to tell my colleagues that wasn't the only example.

Rosewood, betty jordan, austin recreation center, hancock, sounds like hancock it was space constraints, too.

But these are really decisions that I think we need to contemplate as a council.

If the allocation is such that the -- that the demand -- we can't satisfy the demand of the children in certain areas, I think we really need to have a discussion about whether we need to allocate resources somewhere else in the budget.

>> You do make a good point.

In some cases it's about putting too many children in a particular location.

For example, it's hard to put 120 children in a space that really only serves 84.

It's not a safe environment.

>> Completely agree.

>> I wanted to point out hancock because it was an outlier in that.

But I mean I tried to map this, gus garcia, camacho, carver, in terms of the geographic spread, a lot of the impacted recreation centers were on the eastside.

Gus garcia, I think, is one of the closest recreation centers to an area that the police have focused a lot of energy and attention on and resources on.

Some of us attended the greater crime commission presentation where we were talking about -- they presented a project they were doing around rundberg lane and, you know, I was -- I would say that probably a high priority should be to keep our youth -- I think this was a program aimed at teens, a teen summer program.

That would seem to me kind of a high priority to try to keep going a teen summer program as it relates to an area of town where we have got a lot of focused energy and crime reduction.

>> Councilmember, kimberly said it really well.

That's -- the bottom line it's catching up to us.

Where we have had years of stagnant budgets, not being able to move up, cost of utilities and everything else has gone up.

Now, you know, we're at a point where even when we have others we want to serve, we don't have that ability to do that.

We're having to make the reductions to meet our budget.

The truth is I think it will help us, through the families and children's task force, the focus on youth, the discussions, the policy discussions that will be taking place and the priorities that will be set, but it also goes back to the other programs I think.

I think councilmember martinez brought it up in the work session of the holly program, the programs related to the youth, that we're going to have to figure out ways to make sure that these priority programs that are in areas of high need, but that we are also providing these services across the city, that we have ample resources to be able to do that.

Then if we have to make tough decisions in other areas, that we make sure that council is involved in that decision making.

And in this case it was a matter of year, in the middle of a year, expenditures are higher than we're supposed to be, we're having to make adjustments because of that.

>> Tovo: I want to say i really acknowledge just looking at the last couple of budgets that it's -- you know, your department is under extreme stress.

But I really think that we -- I don't have a solution.

But I really do want to have a fuller discussion about what the scarcity of resources is, what the impact is going to be on those communities.

In a couple of cases, again I want to emphasize, it wasn't a lack of interest.

It was the fact that there were so many children interested that they were exceeding the budget for that recreation center.

So that means there are lots of families in those communities who are going to be impacted by the lack of programming this summer.

Sop assistant city manager, I know that you are working on a process for -- for leading us in a discussion of youth services, that may be a good time to have this discussion.

So I wonder if you could just update us on that.

>> Sure, bert lumbreras, assistant city manager of services, the values in terms of what you envision as youth services, versus what was discussed at the retreat which we are going to facilitate very quickly.

In terms of what sarah talked about, mapping out youth services, the whole continuum of services for the youth for everything that we are actually delivering in terms of the 300 plus programs that we already have in the organization, staff has already gotten a great start to start mapping that out.

We have actually started to look at the costs associated with the delivery of those programs, seeing where we see the redundancy and the gaps.

That is very much underway.

We have a great staff team that has been working on that already.

And my goal is to come back to city council, the first step would be to have that initial discussion with council at the policy level on the values.

As a matter of fact, robena jackson who facilitated the retreat is going to be working with us on that.

She's going to help us on that first piece.

The second piece will be on coming back with you and looking at the variety of programs that we already have in conjunction with the work that's already been happening with the holly good neighborhood, which is then also something that councilmember martinez brought up.

So our plan would be to do the initial discussion on the values.

We will have that fairly quickly, then also move forward and come back with the specific recommendations.

Understanding that in that whole array of everything that we're delivering, you know, staff is going to be prepared to make some recommendations about the programs that are certainly going to be very beneficial, you know, that are really being cost effective and at some point I'm sure there's going to have to be some discussion about whether we are investing in right areas or whether we need to invest in different areas or where the gaps are and the needs are.

But, you know, the plan is to try to do this in conjunction with the budget as much as possible.

>> When you say very soon, do you think say in the next month or so we might be having that discussion?

>> Yes.

On the values piece, yes.

Because my goal with that would be to get robena to start visiting with council, at some point hopefully at a work session, I know council's schedules are pretty tight, but seeing if we can get an overall discussion and really nail down the values.

That would then help to give us, the staff, the ability to look at everything that we are doing in terms of our programming.

And then start coming back with a set of recommendations.

So -- so I'm hoping that we can do that here fairly quickly.

>> Great.

Sounds like the work that you are doing, threing at duplication.

>> That's correct.

>> Really, really going to be valuable.

I guess that I would like to say thank you, but also, you know, as we continue in the budget process, to whatever extent you can, it would be great for us to be aware of what some of the ramifications are going to be on our programs.

So that, you know, it really becomes part of the budget process to know that, you know, if we fund the parks department at this level, it's going to mean that the program that you have outlined here are going to disappear in the next year.

>> And city manager, I guess what I would like to add to that is obviously I support councilmember tovo.

But when I this I about other areas of the budget, let's take as an example that happened a few years ago, we adopted a fleet budget with a certain amount for fuel for that year.

Well, when fuel prices spiked we didn't cut fuel and we didn't cut services, we came back to the council and said, okay, fuel is now running over what we budgeted.

With he need a mid year -- we need a mid-year budget adjustment.

Therefore, council, can you tell us do you want to adjust the budget, is that in line?

What kind of budget policies are we contemplating if any that speak to those issues?

For me when I voted on the budget, I voted on a pard budget that said xyz.

If demands are exceeding costs that's a decision we have to decide at council whether we want a mid year budget to fulfill that demand or accept the cuts that are being proposed.

>> Well, I don't know that -- it all depends on the circumstances.

Clear cut answer, once you adopt the budget.

I have -- I can manage that, if it becomes clear that expenditures are exceeding the revenues authorized for us, I will take steps as i have in the past.

To -- to come back in line on what -- I've had to do that in the context of the entire budget.

We told you that we were going to do, how we were going to do it, didn't necessarily require council to take any action.

Just part of the responsibility that I have as the city manager and chief executive officer.

We certainly need to be sensitive so in the fuel example that you gave, we are letting you know what the situation is.

How we intend to handle it.

I think that same set of circumstances apply here.

I don't have a good explanation.

I think that I alluded to it earlier where sometimes we are taking steps, thinking about things, we need to do a better job of advising you all before we take those steps, particularly when they have the kind of programmatic and service implications that councilmember tovo alluded to.

So all that I can really say is that we're going to try to do a better job to make sure that we're communicating with you.

When we feel the fiscal stress of trying to maintain programs and services when those costs are, you know, significantly increasing.

>> Martinez: Thank you, i appreciate that commitment.

Councilmember riley.

>> Riley: I'm sorry, i want to thank you for how you're doing, you and your staff are taking on an awful lot of work with very scarce resources, I appreciate everything that you are doing to stretch those resources as far as they can go.

I know we are focused right now principally on operations.

But I wanted to ask about support for capital improvements.

Given that from the public's perspective people often don't make that distinction, they just see conditions in their parks or a need for parks and they would like to see improvements.

In the first presentation that we have this morning, this is a very encouraging hockenyos about the multi-family sector.

How many units are in the pipeline, how that appears to be the first sector coming out of the recession, I want to ask about parkland dedication fees and the extent to which -- the multi-family sector progress to -- to result in some additional fees being available for capital improvements.

Have you looked at that and considered like how we've been doing with the parkland dedication piece, how much we have, how much we can expect to get in the near future?

>> I know that -- that councilmember riley we are looking at that right now currently.

Actually, it was a request of the parks and recreation board to go back and look at sort of a survey of where the parkland dedication money currently being generated highest areas, how much do we currently have.

In some areas we have to piece it together, might be a really, really small amount.

Doesn't benefit it enough to do anything.

We do expect -- the money can only be a current state in the radius of around two miles of where the money is generated.

As this point the staff is doing studies to look at current mounts, where it's located, best and highest use coming from a request to the parks and recreation board.

>> Okay.

That would be helpful to get a better understanding of how we are doing on that, what we might expect to see in the near future with respect to the parkland dedication.

Because obviously there are a lot of improvements that -- that would be useful in -- in all of the areas where you see multi-family activity and then so -- it would be -- it would be helpful just to get an understanding of what resources we can expect.

To know exactly what -- what -- what that looks like in terms of the money coming in.

>> I will do that.

I will send a report through the city manager's office to -- to -- to council.

>> Great, thanks.

>> Councilmember, any other questions, comments?

City manager?

Any closing comments?

Thank you very much, thank you to all of the staff for your work today, I really appreciate it.

Good start.

A lot of work to do.

Without any objections, there are no other items on the agenda, so we will stand adjourned.

, 4:15 P.m.