

City Council Special Called Budget Work Session Transcript – 5/20/2015

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[9:19:21 AM]

>> Mayor Adler: Are we ready to begin? Let go ahead and start. Good morning. I'm Steve Adler, mayor of the city of Austin. Today is Wednesday, May 20th, 2015. We're in the Austin city council city hall at the boards and commissions room, 301 West Second Street, Austin, Texas. The time is 9:20. This is the special called meeting for the purpose of discussing budget issues both as relates to the forecast as well as to the general homestead exemption. We're going to start with a briefing on the financial forecast. I want to preface that discussion on the financial forecast because I know you've taken us through what the budget steps are associated with that forecast and where we need to go. Yesterday there was a separate conversation about a possible challenge and we had some timing questions which impact the conversation ultimately that we're having on the budget financial forecast. And we almost had a -- almost had a quorum present at the Unitarian Church, which was my first opportunity to physically be with the appraiser for -- the chief appraiser for the appraisal district here in Travis County. And as it relates to our conversation about the budget forecast and the timing that we have, the messaging I think -- and the mayor pro tem was there as well as councilmembers Pool and Kitchen.

[9:21:22 AM]

What we talked about was the fact that the chief appraiser has spent at least the last 12 months and probably more than that, but every time I've seen her over the last 12 months talking to the citizens of Travis County about the tough job that she or any appraisal district has because of the limited data that's available in this state. Her belief has always been that she could get to fairer numbers if she had better data. We've all gone to the legislature trying to seek changes or improvements to the process so we

could end up with fairer Numbers and it looks like we're going through a session where very little of what she asked the legislature to give us -- does not like like it's going to happen. So the conversation that we had yesterday that I hope we can build on was to recognize that if what she has been saying is right, that she can come to fairer Numbers if she had better data, and recognizing that the challenge petition that we had is based on a report that had 800 virtually pieces of data, that 90% which of was not available to her. That if she's correct that she could be fairer with more data, this is the opportunity for us to lock arms and work together to make that demonstration to the community and because -- and maybe because we're not the appraisal district we had access to experts who had access to additional data and my hope is that we can join together not only us and Travis county and maybe the large school districts, but also the Travis county appraisal district to embrace this moment to be able to demonstrate that if we all had better data we could be a fairer place.

[9:23:33 AM]

The second thing that I think puts us all in concert or on the same page is that -- and again, the chief appraiser has spent a year talking about the problems with the uniform and equal challenges where someone comes in and challenges their ad valorem tax value not on the basis of it's not market value, but on the basis that somebody else has a similar property is valued lower, so I want to be valued lower too. That ends up with a downward spiral where every time someone gets a lower value because other people had lower value then their lower value can serve as the precedent for somebody else's lower value. And that this challenge may provide this system that we have with an opportunity to true up, to get everybody back up to the place where everybody's uniform and equal, also happens to be at market value. So my hope is that the -- as the community discusses this, as the chief appraiser discusses this, we don't see this as adversarial. I said to her and to the assembled 10 or 12 people from the appraisal district I think based on the data they had available to them the job they were doing may well have been doing the best job that anybody could possibly do so it's not a reflection on that department or the work, but if we're going to give meaning to some of the things that the chief appraiser has said over the last 12 months this may provide the opportunity to be able to do that. So I hope that our legal staff -- I know you've been engaging and having conversations with the appraisal district lawyers. I know I talked to David Escamilla with Travis county and he also is willing to throw in and help, but I hope this will be a community effort from lots of different places to get to a place where we can add some additional fairness into the process we have. So I just give that report as it relates to our discussion about the forecast and the timing questions associated with that that we were talking about yesterday.

[9:25:41 AM]

That said then we'll move forward then with a briefing on the five-year financial forecast. And are we -- I don't know if you actually have a presentation to make. Okay.

>> Not a presentation, but some comments, mayor. Ed van meanio, deputy financial officer -- ed van eenoo. One of the things we've heard about our financial forecasts is that this is a lot of information and we do not provide that. We've provided you with a three and a half inch binder of our information on the financial forecast complete with base cost drivers, looking at all of the enterprise operations, wage assumptions, all those different factors. Looking at funding requests from the various departments and also looking at a menu of budget reductions that was created at council direction as part of the homestead exemption analysis. We've put all that information out there and what we've heard from council is it would be helpful if we could have some type of fact sheet, some type of cliff's version of all that information. That's what we've been spending the last week working on and we distributed that all to you yesterday evening electronically and provided hard copies to each office it's still a bit lengthy. It's still 33 pages, but we have created this document called forecast fact sheets that should now be sitting at the front of your financial forecast binders. Maybe I could take you through one of the fact sheets so you know what we're looking at. If you were to open to that first tax the general fund, you will see something called fact sheet general fund. And there on the first page it talks about the significant expenditure changes. So this information is embedded in the financial forecast report. It was also highlighted in our presentation to council, but we're trying here to give you a one page look at what's happening on the general fund in terms of expenditures.

[9:27:46 AM]

And in the hope that that would help stimulate your conversation on these topics. So you can look on that list that we're projecting 49 and a half million dollars of cost increases in our general fund next year. Again, it's really important to keep reminding everybody that this isn't a budget, it's not a recommendation, but given the information we have at hand, this is our forecast. And one of the largest items is three percent wage increase for civilian employees and implementation of a market study. That's \$6.9 million. We also have \$9.9 million for wage increases for sworn staff per their various labor contracts. So we're trying to really highlight in a very summarized fashion what are the major cost drivers that we're forecasting for the general fund and then of course we're here to answer your questions about those items. On the back page of each of these sheets is what are our major assumptions about the revenues. For the general fund, which by law needs to be balanced every year, we're projecting 49 and a half million dollars of additional revenue through a combination of sales tax growth and changes in the property tax rate and assumptions about assessed valuation growth. So you can see right on the first bullet we're projecting \$49 million of additional revenue from property taxes as a result of a tax rate of 4750, assuming projected av growth of nine percent. So again, the idea here is to try to give you a very quick synopsis of what's happening in the general fund budget so that you can

more easily maybe ask questions about some of those things and we can dig into the details at your pleasure.

>> Mayor Adler: What is the av in av growth.

>> Asised valuation growth, growth in property values. And finally, we have just put down what I would consider to be some potential discussion topics. This is by no means intended to be a comprehensive list, but these are some topics that are embedded in the 100 plus pages of information we've given to council to review.

[9:29:50 AM]

So you know, in the general fund obviously the level of wage increase we've already heard some discussion about that so that's a potential discussion that council may want to continue to talk about. And we have staff from the human resources department that can help respond to questions about why we are forecasting a three percent increase in wages for that group. I'm here if we want to talk about our sales tax assumption. That's a key assumption we make in every budget process and how comfortable is council with being more aggressive on that number, assuming higher than five percent sales tax growth. There's consequences to being overly aggressive on assumptions. So we want to maybe have that conversation with council. So that's just for the general fund. As you continue on from there we've done a similar fact sheet for our various other funds, for Austin energy, Austin water, Austin recovery, we have the same fact sheets and other potential discussions. That's what we put together for council, you received it last night and we hope it helps facilitate our understanding of the forecast and the discussions we might have about it.

>> Mayor Adler: I found this to be very helpful and I want to thank you and the staff for pulling this together. I know all this information was elsewhere in the stack of documents that we have, but the focus on the bigger levers, the bigger changes I think is great and I would have questions then going through this. So I appreciate that. Ms. Kitchen?

>> I just wanted to say thank you also. I like the way this is laid out. It's very helpful. I think I understand, but -- I can see -- I'm just looking at the general fund right now. I'm sure the rest of it will become apparent. I'm seeing the assumptions for revenue and I'm assuming the expenditures that these are assumptions. These are items that could be varied.

[9:31:51 AM]

For example. For example, you have the three percent wage increase so that tells me the assume is a three percent wage increase. That tells me that. 13 percent health insurance that tells me the assumption is that our expenditures will increase by 13% for health insurance. Some of the others is more difficult for me to understand but I can ask questions as we go through them. Would it be fair to say that these are in the nature of assumptions both for expend captureds and -- expenditures and for revenues. I'm defining assumptions on revenues that can be varied.

>> In almost every case that could be true. Only one case, like the analyzed cost of officers and firefighters added each year. These were positions added to the budget last year, but not until midyear. We only had six percent in@the budget. We need full this year. Those positions have already been approved by council, so that might be an item where it's not really an assumption. It's pretty much a hard number. But just about everything else could be varied depending on what we hear from council.

>> Kitchen: And there's more detail to dig in behind each of those, but I guess we can go through a process of asking questions.

>> Mayor Adler: I would and I would -- my request would almost be to follow the issues that are raise bid this because I think it's a good way to get into the budget.

>> At the very top you will see things that are italicized. Three percent wage increase, 13%, fuel savings. These are things you're going to see in every fund. To the extent we want to have a discussion -- the three percent wage increase I think you would just want to have it once as opposed to repeating it with every fund. You will see those on every fund, but it's really a citywide topic is why they're italicized.

[9:33:52 AM]

>> Mayor Adler: I would suggest while we have you sitting here and you're more on the revenue side as opposed to the people who will be attesting to expenditure side to ask questions about the revenue side.

>> I'll be here all day.

[Laughter]

>> Mayor Adler: I meant while you were sitting there.

[Laughter]. Relating to the salary increases, because the firefighters are now moving forward having a contract, do we have a time frame for when you think that any adjustments in the salary will come through because I know without having a contract for the last two years the firefighters did not receive any changes to their salary levels.

>> Ott: I think the percentage of pool is about 94% so we're in the process of bringing that to you for your consideration, for council's consideration. Difficult to talk about the particulars, but I think some of the cost from a ways standpoint associated with the tentative agreement that we have would impact -- look at ed. I think it would be in effect at the time the contract is executed without getting into the specifics and then the rest of the wage impact obviously would impact next year's budget.

>> I think what we've forecast here is in line with what's in the contract. Certainly in regard to the wage increase Numbers that I have seen. There are things, other things in the contract beyond just the straight percentage wage increase that we still need to analyze, but certainly within the wage increase assumptions that we made in this forecast I think we're in alignment with what the the contract is going to ultimately call for.

[9:36:07 AM]

This \$9.9 million, which is inclusive of all of our labor contracts and our assumptions about the fire contract I think we're why rollback comfortable with that 9.9 million, knowing that there are other things that need to be analyzed with regard to this forecast.

>> Pool: And I appreciate all the work the staff has put into this document. It's really helpful.

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Thank you, Mr. Mayor. Our office posted on the message board in case anyone has seen it we posted a resolution and of course it's the first time for us to do it so we're asking questions here on how that's done, but it was a policy proposition to say that we as council instead of doing a three percent Wayne increase or instead of wearing ourselves to other cities or government entities, that we should look at the bureau of labor and statistics, and we should look at Austin and the immediate vicinities. There are a lot of ways to chop up the statistics, but you could do it -- wage increases are very small in comparison to city government wage increases. The number we got from the bureau of labor and statistics was 0.18%, substantially lower than the three percent. So three and a half times lower. It's the kind of high level policy discussions that we ought to have going with the budget. If anybody had any questions or comments, I'd like to hear it, -- it would probably reduce that pretty dramatically.

>> That would be a linear function. If it's a one percent increase it would be one-third of that amount. So I'd be happy to run the Numbers at any given percent, but we can do that one --

[9:38:08 AM]

>> That would cut it down to one and a half to two million or so probably? One million, if it's less than a one percent increase?

>> Zimmerman: There are two empty chairs sitting there and the people that are not there are the taxpayers in this city. The people that represent them that say, you know, we have cost drivers, our health insurance costs are going up, our taxes are going up. Our cost of living is going up. We have cost drivers that make this budget, these budget increases unaffordable to us as taxpayers. Those two voices are missing so I guess I'm bringing those two chairs right here in my district 6 chair.

>> Mayor Adler: Are the human relations folks here?

>> Morning, mark Washington.

>> Mayor Adler: Thank you. So the current issue that has been raised on the bulletin board as well as a couple of different meetings that we've had you've been here while it's been raised, in setting salaries for staff one factor you can look at is setting wages in the general community. Another one is to look at what a wage needs to be to be competitive in -- within a field. Mr. Zimmerman has brought to us what the base wage is. Is that across all wages?

[9:40:12 AM]

I don't know if you have that same number. That number sounds right now.

>> I've had -- we are, mayor, we did hear the concern at the last work session and we've been working with the budget office. We have a budget response that is being vetted now to respond to the particular question on how we set and establish salaries and who we compare with. I have had a chance to look at the data that councilmember Zimmerman is referring to and there are a couple of differences in why an employer would not use that metric as a sole benchmark because the bureau of labor and statistics looks at all jobs, all households in the city that includes those that are working at restaurants, gas stations, movie theaters, wage owners of every household, as well as those who are professional and high earners. But we feel as an employer the best way to establish a competitive salary that would allow us to recruit and retain high performing employees is to look at people we compare with. If we're hiring someone from an airport we want to look at what other airports are paying. If we're hiring people to work in water utility or Austin energy we would look at what the salaries of those industries are both locally and nationally if possible. And determine where it makes sense. We also had a chance to look at other government employers both the state, county and the school district and their wages both projected -- historically and projected for 2016 seem more in line with two to three percent. So the .8%, if the policy of this organization was just to have a salaries that would index with the average wages of its citizens, it may be an affordable option, but it will not allow us to be competitive in terms of recruiting and attracting the kind of people we like to work for the city.

[9:42:16 AM]

>> Mayor Adler: When you have the bureau of labor and statistics, does that -- that's an average. Is that one person, one wage increase.

>> If you have a population that is disproportionately engineers, does it reflect salary increases in that market if you have a labor force that is disproportionately service employees, does it reflect that? Do you know how that is done?

>> There's a lot of statistics. They've broken it down a lot of ways. That .801 is the median. It was not the average, but the median. So the average can be skewed by a lot of very high income wage earners, doctors, lawyers earning a quarter of a million a year. That would tend to skew the average up. If you look at the median I think that better takes into account a lot of the base wage workers, restaurant workers, retail. Again, I think the debate here and deliberation is very good and you're mentioning competitiveness maybe with other government entities. So if somebody were going to work for the government, have public job, they could look at San Antonio versus Austin. So that's probably the competitiveness that you're thinking about. I think the people who live here think about it having a growth problem. We don't have a problem attracting people here. We have too many people coming here. So when you say that we have to pay this three percent to be competitive, the rest of the taxpayers, because everybody is paying these taxes, right? We're all paying the taxes, collectively. So I look at the unaffordability, and the unaffordability especially affects the people that are below the median. It affects them harder.

>> Mayor Adler: So with respect -- putting aside the policy question for a second. Just trying to get the data out. Is there a written study that you do internally where you look at what the salaries are at Travis county and at the school district to compare them to where we were that you said indicated an increase if we were going to be -- is that an internal written study?

[9:44:26 AM]

>> Yes, we do have a pay analysis which we survey other employers and we compile that every year to find out how far we are from the average of the market, our market competition externally. We also use private sector data as a comparison for some jobs, particularly those that we would compete with in the medical field or technology, and we have survey data from the private sector. And the survey data that we have as well shows that the private sector salaries are also proving about three percent as well.

>> You said that you're preparing a report. Is that kind of data either appended to or included in the response or the report that you're preparing on this issue?

>> It is, it is.

>> Mayor Adler: That would be really helpful for me.

>> In terms of the budget response that I alluded to earlier.

>> Mayor Adler: That would be helpful. I can tell this is something that we'll probably be drilling down on it's a big number. There's an articulated policy issue. So as much as of the data that we can have I think it would be helpful.

>> Zimmerman: Before we go on, a finishing thought here. Again, if I could have two experts that would present the argument that we should not go to a three percent, that there should be a different way to do our salaries, I don't have that voice. It's like everybody that's here is -- here's why we need to spend more money, spend more money, spend more money. I wish I could have voices up here presenting the opposite argument and for the taxpayers and say we just can't afford it. I would like to have those voices out there if I could.

>> I'm going to sound like a broken record, but just a reminder that this is not the budget. This is a forecast. And the value of this conversation with council is that your insights, your perspective, your concerns, your priorities as we come to understand them will help us as we prepare and craft our budget recommendation for you -- for your consideration later on in a couple of months.

[9:46:41 AM]

So when we see 3% and some of the other things here, they're here in the context of providing a forecast. This is not a budget recommendation, and in the course of our efforts, my deliberations with the members of the budget team, we may conclude that the recommendation in regard to wages needs to be something different. Perhaps even lower. So while the conversation is helpful to us, I think it's important to remind everyone that this is a forecast and this is not a hard recommendation.

>> Mayor Adler: At this point I'm asking for further comments on this issue before we move into the next issue. So Ms. Kitchen, Ms. Pool and then Ms. Troxclair.

>> Pool: I think Ellen had her hand up before the rest of us did.

>> Mayor Adler: Ms. Troxclair because her hand has been up forever.

[Laughter]

>> Kitchen: I think there were resolutions in the past from previous councils related to the question of pay equity, and so -- I apologize I'm not up to speed on whether you did produce a report on that. My question is will that information be part of the backup? And what were the findings?

>> Okay. In answer to your first question, we did do a disparity study of pay in 2014 in response to the direction from the previous council. And we typically have some information relative to affordability and the living wage, if you will, according to budget. But that study specifically directed us to look at disparities among protected classes.

>> Kitchen: That's what I was asking.

>> So the findings of the report. We can make sure we get a copy of it. Is that the disparity of income compared to a white

[indiscernible] Protected classes is a national issue, national trend.

[9:48:44 AM]

And the results were that even though that there are disparities that exist in our workforce, our comparisons are better than the national average. So the gap, the differential between the groups is not as wide as it is compared to the national data that was presented to the last council. So we're happy to provide that information.

>> Kitchen: I'm not sure that the national data is my benchmark. I'm glad we're better than the national, but I'm not sure that that's what we're aspiring to. So I'm happy to dig into the details if you can provide that. I just want -- I want -- my other question was were there any changes in this forecast based on those findings?

>> No. This forecast has -- we don't forecast pay based on gender, race, ethnicity. The disparity study is based on -- the forecast is based on market information.

>> Kitchen: But what I mean is so we did a study based on disparities and we found some disparities, but it sounds like the decision was made that they weren't significant enough to make any adjustments. Is that what you're saying?

>> That's not what I'm saying. I'm saying we did the disparity study to inform us where we stood relative to other employers. The information is very helpful in moving forward and analyzing opportunities to improve diversity and evaluate our practices as an employer, but to your question whether or not the disparity study informed the financial forecast, that was not informative of the financial forecast.

>> Kitchen: Okay. Then my last question is -- again, my apologies.

[9:50:44 AM]

The resolution I don't recall whether it asked for information to be brought back to the council. I'm assuming that this information hasn't been brought back to the council.

>> Let me defer. Judy Wallace, assistant director, is the one who led the study and provided it last year. I think there's an annual review that's required and I'll allow her, if the manager will allow us to address it.

>> Okay. Thank you. Thank you, Judy Wallace, assistant hr director. And yes, first let me just say that the resolution last year did address specific other benchmarks to which we were to compare ourselves. So that's the reason that the disparity -- the disparity study that was produced last may did compare ourselves to other national data because that resolution specifically addressed those sources. And actually, it directed us to look at males versus females, but to Mr. Washington's point we included all of those protected classes, so we did breakdowns by gender, as the resolution requested, ethnicity and age. And it was provided to council. And of course we can get a copy to you. And we are in the process right now -- my team, my compensation team, excuse me, is in the process right now of gathering updated data to see what changes have occurred in our workforce relative to benchmarks, if you will. The other thing that I do want to say is we did put in -- in our response last year that there are certain things behind the data that we are not yet able to fully address because we do not have the systems that allow us to. We were trying to make sure that we put in there whether experience played a part in it, whether previous -- whether performance played a part in it and so on.

[9:52:46 AM]

And our plan is to get there eventually, but because we don't have a robust hr data system THR management system, we're not able to necessarily put all the facts, the story behind the story, if you will, on some of those Numbers.

>> Kitchen: Okay. So we can get a copy of that, I assume then. When was it completed?

>> It was may of last year.

>> Kitchen: To presented to council last year.

>> That's correct.

>> Mayor Adler: Ms. Troxclair.

>> Troxclair: When you are compiling the information responsive to councilmember Zimmerman's request that helps us kind of see the Numbers behind the decision that may be before us, can you also

include a comparison when we're talking about public sector versus private sector and how we're benchmarking ourselves against -- against the private sector. I certainly understand that we want to attract the best and brightest, but can we include a comparison of the retirement benefits and healthcare benefits that the city offers as well as maybe not just initial starting salary, but also automatic assumed pay increases? Because I would think that that's part of the package that a person considers holistically when they're considering a job offer as all of those things that are included, not just the initial starting salary.

>> So that's a very good point in terms of the total rewards that the city provides given either compensation or health and welfare benefits. The answer is we could do that. We have done that on occasion, but because the retirement benefits are based on actuarial evaluations and the types of it, we can get that. It may not be readily available by the time we have another financial update because we would have to work with the retirement office and our consultant in helping to create value to those benefits.

[9:55:00 AM]

Some offer defined benefit programs, some offer defined contribution programs. So it's not as easily comparable apples to apples as compensation \$ but we can certainly work on that.

>> Troxclair: And I understand that data might be hard to get in a short time period, but even if it's a general summary of assumptions, even if it's not an exact dollar amount, but just to give us an idea of the entire package. Thank you.

>> Mayor Adler: And if you can't do a total study of that, even if you could do a sampling of that, take the universe that you had and pick 20 that were otherwise ranked as comparable and look in those instances to compare the benefits package, that might be some indication.

>> Absolutely. We'll make sure we work on that.

>> Mayor Adler: Ms. Pool.

>> Pool: I wanted to add a couple of two cents or three on the subject of salary levels for city employees. And maybe in the array of information, the data that you provide to us, Mr. Washington, we can get a sense of how many people we have at lower levels of pay. I think it's key to focus on whether the city is paying a liveable wage to our lower tier pay staff. And try to be very mindful of whether how we manage their salary package or the salary they receive is enabling them to stay in the city and keep this job or if we are covertly running them off by not having sufficient wages. Austin we know is getting more and more expensive and that hits all of our staff directly. And I think it's incumbent upon us as a council to be aware of that and remember that a lot of the folks that we don't see everyday are out

there doing the work for us, and it's our responsibility to recognize that and ensure that the compensation that we provide to them is well sufficient in order for them to continue to do the work.

[9:57:20 AM]

Many of it is unsung. So I just want to get that out there. I'm really concerned that the conversation may be going in a direction that will disproportionately hurt our lower waged staff than anybody else, a .08% increase is very small to someone who makes 30,000 a year. It's a lot larger if you make 250,000 a year. Maybe that's a conversation that we have, but I do not want to do anything to harm our lower wage staff. And I think we have quite a few of them. So I will be very reluctant to move away from a meaningful salary increase for the bulk of our employees.

>> Mayor Adler: How long has it been since we last gave a pay raise to city staff?

>> Last budget a pay increase was given to all regular budgeted positions, and we adjusted the living wage from \$11 to \$11.39 for the lowest paid employee. And there's a pending study, as you are aware of now from a living wage stakeholder group that makes additional recommendations to increase the wage floor. I think the initial recommendation is 13.3. And then -- 13.03 and then eventually get to 16.83 by 2020 is their recommendation for council consideration.

>> Mayor Adler: What was the pay increase last year?

>> It was 3.5%.

>> 3.5%.

>> Mayor Adler: Okay.

>> And the previous year --

>> Mayor Adler: Go ahead.

>> If I might add, the previous year it was 3%, but the council voted to do a midyear increase that was a lump sum so that the lower-paid employees saw bigger percentage of their salaries and increase.

[9:59:27 AM]

>> Mayor Adler: Ms. Kitchen and Ms. Tovo.

>> Kitchen: I think this may be inherent in what you already responded to. I want to verify, when we get the information that councilmember Zimmerman has asked for he that we get it by pay level, so we can understand how many people are at the lower wage levels because that can make a difference. We don't have to treat them all the same. I'd also like to understand the disparity analysis that you did by pay levels also. I don't know if it's the right term, pay levels or the -- the classification.

>> Protected areas.

>> Kitchen: I know. But I'd like to know, you know, just an aggregate comparison doesn't tell me anything. It doesn't tell me whether the lower-wage workers were further apart than the higher wage workers or not. I don't want an average. I'm wanting across all the classifications.

>> We'll get you the study provided and take a look at if we can segregate that information even further. We do have a question, I believe, from councilmember Zimmerman's office to evaluate wage bands, and he's provided a specific range of salaries in the band.

>> Kitchen: Okay.

>> So we're currently working on that as well.

>> Could you share that with the rest of the councilmembers?

>> Absolutely. It will come through the budget q&a process.

>> Mayor Adler: Okay. And I same that's for all kinds of these requests you share that information?

>> Elaine hart, cfo. Just a reminder that our budget questions, ed will sign a transmittal memo that says questioned X, Y, Z are ready and out on the website and he will provide a link to that information. It's accessible to the public as well as all the councilmembers. So any time we have a budget question, we push that data out to everyone.

[10:01:29 AM]

>> Mayor Adler: Okay. Ms. Kitchen.

>> Kitchen: I had other questions related to H.R., I don't know if we should go on, if other people are still asking about this. My questions relate to health insurance.

>> Mayor Adler: I think we're done orb oops, Ms. Tovo.

>> Tovo: I think it session waits into the questions councilmember kitchen is going to ask. I just wanted to say that part of the discussion we've had in previous budget years is the extent to which health insurance coverage was going up for our city employees, and so their pay increase was in large part to

offset the increase in costs in health insurance. I believe a lot of that information is probably captured in the budget q&a from the previous years. That would be my guess. I think you answered some of those questions in our budget q&a, but also it would be part of last year's budget documents as well. But if you happen to remember off the top of your head what those health insurance increases are, that would be maybe useful information to add into this discussion.

>> I will have to get the specific increases and looking for staff to get that information, but last year I think we held the employees harmless in terms of their cost share, the city's costs went up, but in previous years that was not the case. So one of the other thing -- as the manager indicated, the forecast is a forecast giving everything being the same. What we have not provided to the council relative to the health insurance increase is beyond just, you know, what we assume to be the premium increases for the employees, but there may be other changes that we recommend, in terms of plan design, increasing copays, deductibles, more creative cost control, cost-containment methods, utilizing our healthcare network and limiting the amount of providers that perhaps could steer employees into low-cost providers that could result in a lower increase than the 13% that we're trending at point.

[10:03:36 AM]

>> Tovo: So I guess I would say I wasn't making that as a formal request. I appreciate your willingness to provide that information. I think it may already be available in the budget documents online from the previous years, but thank you for that reminder about last year as compared to the previous years. And just because you raised it, I just want to ask a follow-up question. Are you -- that part of what you expect to bring forward in the proposed budget, some plan design changes that are more significant?

>> Well, so the answer is yes. I mean, we have a couple of those plan design changes directed for us to consider by the council. Some of them are -- therapy for children with autism, but there are also other plan design changes that are being reviewed, contemplated at the time that may be used to mitigate costs, and so those are still in formation at this point.

>> Mayor Adler: Okay.

>> Mayor pro tem, just to emphasize, I think, one of the points you were making, as we make the final recommendations towards the end of June and we have a better sense of what the plan -- hedge benefit plan cost will be and if there is an increase to the employees, we do look at the lowest paid employee, what their increase would be with -- if it were a 3% increase, what their salary, your net pay would go up, versus what the health benefit increase for them would be so we don't use all of their compensation increase with a health insurance increase. So want to make sure you understood that analysis is done towards the end of June.

>> Mayor Adler: Ms. Kitchen?

[10:05:36 AM]

>> Kitchen: So the 13% health insurance increase, what should I look to or perhaps it would be best if I just asked the question, I'd like to understand the basis for the 13%.

>> So there are a variety of factors that contribute to cost increases, to include, as we review our historical trend, and I think in reference to your question, we did prepare information for your office about some of the assumptions that are used in forecasting healthcare costs, and in that, in part was review of the increases over the past 12 months, our trend over the past 12 months. I don't have that right in front of me as well as some of the utilization of prescription costs that's been driving healthcare increases. And I'm going to have to ask -- give specific Numbers because I don't want to misquote that.

>> Kitchen: I can go back and look but is it based on an actuarial analysis? What are you relying on? What's the analytical analysis to come up with the 13%? That's really what I'm asking.

>> Part of it is actuarial, part of it is trend. For instance compared to 2013-14 we had a 28% increase in claimants, the number of large claims over \$500,000 increased by 71%. The number of large claims due to parryinatial costs and newborns increased 164%, hmo costs up by -- inpatient costs up by 66% --

>> Mayor Adler: Hang on a second.

>> Kitchen: That's really not my question.

[10:07:36 AM]

I'm sorry. When you say the 13%, did we have an actuary, for example, give us an opinion on what they thought the health insurance increase would be? I'm trying to get at the process.

>> Yes.

>> Kitchen: Understood, what are we -- what did -- did we have an actuary give us their opinion and then we took that information and -- you took that information, looked at other information and came up with 13% or does the 13% track back to an actuarial analysis? That's what I'm really trying to understand.

>> It does. So the actuary did inform us of our medical cost trend with recommendations for increases and plan design changes.

>> Kitchen: Does the actuary come up with the 13%?

>> The actuary -- staff brings forth the recommendation based on the actuary feedback.

>> Kitchen: Okay.

>> The actuary supports the recommendation of the 13%.

>> Kitchen: Does the actuary have a number in it, in terms of their suggestion -- or not suggestion, but their forecast in terms of health insurance increases?

>> Yes. Let me ask assistant director tommy tucker to respond to the actuarial projections.

>> Kitchen: Okay.

>> The forecast uses actuarial projections for our claims as of February 28th of this year. It's broken up into three populations, our active employees, our retirees over 65 and our retirees under 65. They do a projection based upon the historical trend and any other adjustments to assumptions and come up and project the increases in rates for all of those populations, both for medical and for pharmacy.

>> Kitchen: Okay.

>> Our staff then takes that together --

>> Kitchen: Okay.

>> -- And applies it to our fund summary, and the 13% is the increase in city contributions that would need to be -- cover the expenses of the funds.

[10:09:46 AM]

>> Kitchen: Okay.

>> So that 13% as the charges to the departments for medical insurance.

>> Kitchen: Okay. So the actuarial report, that backup that we can get a copy of? Okay.

>> Mayor Adler: Thank you. Further questions about the health insurance increase? The wage increase for the sworn staff, those are set per contracts. Is that right? What is the rate increase in those contracts as compared to the 3% for non-sworn employees?

>> I think -- I don't know if we're at liberty to disclose the pending one at this time. I'll defer to the manager.

>> I think y'all can provide data in terms of the wage increases pending for police and ems. You should have that data.

>> I do. In the forecast on page 4, the sworn ems and Austin police employees will receive base wage increases of 1% and 2% over the next two years respectively.

>> Mayor Adler: Thank you.

>> I see our manager for labor regulations just stepped in. So I know that, as I indicated before, that the fire union has had their vote, and I believe approved the Ta by a percentage of about 94%, if my recollection serves me correctly. And I think, by virtue of that and by virtue of the fact that labor negotiations have been open to the public Devin, the fact that they've voted, in effect, means the terms of the T.A. Are public.

[10:12:00 AM]

>> Yes.

>> So if you would, please, with that in mind indicate -- I think we can indicate what those terms are, tentatively, what the tentative terms are relative to the agreement, the T.A.?

>> Yes, sir.

>> Unorthodox as it is to do in this forum.

>> City regulations office. Mayor, council, in terms of the fire contract, it's actually broken down into three pay increases. The first one would become effective almost immediately if council were to approve the contract. There are some legal steps that both sides agree to would have to be -- take place as far as the dismissal of the DOJ lawsuit and things like that which we anticipate would happen in short order. Wince those -- once those steps are done the firefighters receive an immediate 1% pay raise assuming council approves the contract and in October 2.5% increase and next year 2%, the same as police and ems receive next year. In terms of the other two contracts, police and ems, previous contracts with our unions had a clause in there which said, we, the police, would get X percent but if you give your civilians more than X percent in this year then we get the additional whatever you give the civilians. In 2013 what we negotiated with the unions, based on their status in the market and where they were and relative to where our civilians were, they offered and we accepted to eliminate the -- what we call the me-too clause, and the union's rationale was we want to give the city an opportunity to catch up to civilians, and so we eliminated the me-too clause in 2013.

[10:14:02 AM]

So for police and ems, they received four-year deals with the first year being a 1.5% increase, second and third year 1% increases and next year 2% increase, next year as in October of 2016. Yes, sir.

>> Troxclair: So I have a question. So you said to give the -- the sworn employees wanted to give the city an opportunity to catch up to what the civilian -- for civilian pay. So did -- and that was in -- remind me the year.

>> '13.

>> Troxclair: 2013. So that was -- is that the impetus behind the 3.5 or 4% pay increases we've seen the past couple of years?

>> Mayor Adler: Before you answer, let me ask a question. Only because I'm nervous about having -- we have a vote that's been taken but we don't have a contract that's been signed yet. Should we be concerned at all about the questions we're asking on this area relative to having this conversation in another month when we're actually at the budget stage?

>> My preference would be -- I know that you asked a specific question. I think it's been answered by Mr. Desai. That in mind, my difference would be an another occasion for you to hear the presentation in regard to the T.A. With the fire department in its full context. I'm just concerned about a more piecemeal conversation causing confusion. As this council knows, we spent a lot of time trying to -- a lot of conversation among ourselves trying to get ready because we all wanted to be successful in these negotiations just like the fire department. And I think that that's where we sit. So I would rather have council have the benefit of a full presentation regarding the T.A.

[10:16:07 AM]

At the appropriate time rather than --

>> Mayor Adler: Okay. What I would suggest, Ms. Troxclair -- that's a really good question. I want to know the answer to the question you were asking, but I would probably defer to say let's have that conversation in another month, if that's okay.

>> Troxclair: Sure.

>> Mayor Adler: Okay. So I would then move off of the sworn staff contracts. Does anybody have any questions about some of the other items that are on the page, working down the list? Mr. Zimmerman?

>> Zimmerman: Yes, I'd like more explanation of the fourth item there, transfers to support services, C.T.M. Contingent reserve and accrued payroll. Maybe if you can break those out a little more. That's a pretty sizable, 7.7 million. There's four things listed here, so that would help -- when you say contingent

reserves, is that talking about additional money coming into the pensions or is that contingency for debt repayment?

>> That's -- councilmember, that's part of the general fund reserve policy. It is the contingency reserve portion of it that requires that 1% of expenditures be held in a contingency reserve. So as expenditures grow, that portion of our reserve has to grow as well. So that's the incremental increase for the increase in expenditures that were forecast.

>> Zimmerman: Okay. That kind of makes sense. I guess still if you could break those down that would be helpful. That's a pretty large number there, 7.1 million.

>> We can. We can get that information for you.

>> Mayor Adler: Okay. Thank you. Ms. Tovo.

>> Tovo: I'm good, thanks.

>> Mayor Adler: You're good? Okay.

>> Tovo: Mayor, I have a general question that is not specific to the fact sheets, but I think I may have missed this point, but are we contemplating postponing the homestead exemption that's on our agenda on Thursday to our special called meeting?

[10:18:16 AM]

>> Mayor Adler: Yes. I don't think we're going to vote on homestead this week.

>> Tovo: Okay. That was my understanding but I had a few constituents asked me about that so I appreciate you allowing me to go out of order and ask that question now. Thanks.

>> Mayor Adler: Yes. Okay. Ms. Kitchen?

>> Kitchen: I'm not sure if this is the appropriate place to ask this, but that has to do -- you know, I'm thinking in terms of what you highlighted in terms of potential discussion topics. So my question really relates to -- I'm trying to think of how to characterize it. There's been questions in the past about the degree to which we keep unfilled staff positions and the amount of dollars that are in that fund. Are there changes to that? Or is that just inherent in the information that's here to us -- you understand what I'm asking about?

>> I think so.

>> Kitchen: Because that's been an issue that's been discussed in the past.

>> It has. We have and do keep track every payroll of our vacancy rate. So if you have a large workforce, all the positions are never all filled.

>> Kitchen: Right.

>> So you'll run a vacancy rate.

>> Kitchen: Right.

>> During the budget development, we will peg an amount called vacancy savings, which basically assumes a vacancy rate, and so that is budgeted as a negative. You'll have the full cost of all the ftes and then you'll have the negative for a vacancy saving. So the total budget for your, say, 12,000ftes will be not the full cost of the 12,000 will you will be assuming a vacancy rate. So departments are charged with keeping positions vacant sufficient to achieve that budget savings.

[10:20:24 AM]

Once they've achieved that for the year they're free to fill their vacant positions. Then coupled with that, as part of our budget development, we do an analysis of old -- of long-term vacant positions. And those positions typically may be reprogrammed, may be transferred to another department that has identified a need for new staffing, new staff to support programs, demand for services, or they may be eliminated. Much of that work is done in June, is finalized. It's intensive analysis for that period of time and then is incorporated into the manager's recommended budget. And I hope that answers your question. It's a little bit of detail and process for you, but did that answer your question?

>> Kitchen: No, that does. I'm just trying to think through the implications of that for the budget because essentially ear -- we have a fund to cover -- anyway, that's enough for right now.

>> It's not an individual fund. It's across all departments.

>> Kitchen: Okay.

>> In each fund.

>> Kitchen: Okay.

>> Each department is responsible for their own management of their workforce and the related vacancy savings.

>> Mayor Adler: Okay. I have questions for APD with respect to the levels that we have in terms of the new officers and also the question about the cost of doing the community policing that we do. And we do that in certain areas and just to talk about that program and what it would cost to scale that program.

>> I know we have APD staff here so I anticipate they're walking over from the staff bullpen right now to respond to that question.

[10:22:24 AM]

>> Mayor Adler: Okay. While they're walk over, can you talk about the transfer for the lone star rail issue that is in the budgeted at 2.4?

>> So that was a council -- council action, I believe in December, that was taken to increase the increment of lone star rail. It had been set up at 0% initially and council took action to increase to 50% but that 50% was contingent upon certain triggers being hit, certain legislative changes made. Back when putting our forecast together we chose to include in our budget forecast that we would be transferring money to lone star rail contingents to that 50% tax increment financing plan. Every indication is right now, we're very, very late in the legislative process, every indication is that legislative change and some of the other triggers that needed to be met will not be met. So it is most, most likely at this point in time, when you see a proposed budget from staff, it will not include that \$2.4 million transfer but that's why we included it. We were early in the process then. We're now much later in the process and almost certain we aren't going to need that funding.

>> Casar: May I slip in one question briefly before we hand it over to the chief? Is that \$2.4 million an increase to what we're -- you're saying that \$2.4 million may not be included and that's an increase but is that the total budgeting for the tipping of the lone star rail, is that the \$2.4 million increase you referenced that would occur if there were those triggers hit but there's still that other money being tif'd, regardless? Let me verify my question. How much money do we expect to tif under lone star rail if everything goes as we expect things will go tow slash and those changes aren't made at the legislature?

[10:24:28 AM]

Is the number 0 will be tified, set aside as increment?

>> Yes, zero.

>> Casar: So there will be no money set aside.

>> The tif will still exist but no money satisfied side.

>> Casar: That's what I'm trying to decide, if it will go from 50 to zero.

>> 50 to zero.

>> Mayor Adler: 2.4.

>> Casar: 50% to 0 percent.

>> Pool: If I can add in on that conversation, councilmember Gallo and tovo have been following the lone star tif as it has an effect on the bull creek road property purchased by milestone community builders and there's some other aspects of it that we're also digging into but that was where we were going with the encumbrance of the money for the tif as well, was not to fund it until possibly the lone star rail process itself is a little further down the road and more of the communities along the line have joined in. So far it's only Austin in that -- in that group.

>> Casar: And have we set money aside in other budget years from that tif or would this be the first --

>> Pool: This is a new tax increment financing district, and I don't believe any money has yet flowed into it from -- well, the city is the only member of it so far.

>> Casar: Okay.

>> Pool: Am I hitting all the right notes on that one, Mr. City manager?

>> I think you are.

>> Pool: Okay.

>> Casar: Thank you.

>> Kitchen: Can I ask the question N? Help me understand, you've been looking at that as part of the committee process or is this something else?

>> Pool: No. This relates to the zoning on the bull creek road property I've been intimately involved in for almost three years, and the last year and -- Kathy can speak to this a little more specifically, I think, council put in place the tax increment financing district at the request of lone star rail in order to help with the development of that, including the station.

[10:26:31 AM]

>> Kitchen: Right.

>> Pool: And at that time a radius was drawn from a particular point around 35th street and it included all the properties within that circle. It touches on an edge of the milestone property, but because of the elements of the tif, it takes in the entirety of the property, even though about 10% is in there. So we had some conversations about that just to get ourselves up to speed on it. And then there was some

legislation filed -- I don't know the status of that specifically right now. I think Greg may have been talking about it. Yeah. So --

>> Kitchen: So did I hear you say there's some question about whether or not that payment should be made to lone star rail?

>> Pool: Right. There is -- so it would encumber the money, there would be no payment, the money would be put aside into a fund, it's a saving account, essentially. But until lone star rail has all of its stations online and all of the communities involved and that they have passed their financial portion, our -- no payments are made snoop.

>> Mayor Adler: I understand it's anticipated when the budget comes out that the \$2.4 million is going to disappear. Are you saying anything that would be inconsistent with that?

>> Pool: No. That's what I'm talking about.

>> Mayor Adler: That's my understanding. Ms. Gallo.

>> Gallo: Further clarification for you, the conversation has come up as part of the milestones discussion because the -- just a corner -- there's several issues with the ordinance agreement with lone star that I feel like just within this dialogue we felt like we needed to address, and the mobility committee would be the place to do that.

>> Kitchen: That's what I'm getting at.

>> Gallo: I think that's what you're asking, is and I would definitely say that discussion needs to be in mobility.

>> Kitchen: Right.

>> Gallo: What we were told is there's a provision in the ordinance -- evidently with this legislation, if the legislation, depending on what happens there, it may be a moot issue with what happens.

[10:28:39 AM]

And so we -- before we proceeded suggesting that the mobility committee take this on, it made sense to see what happened to the legislation because if the legislation doesn't pass, the agreement that we have with lone star goes away.

>> Kitchen: Yeah.

>> Gallo: And the city manager can address, but there are several issues attached to that if it proceeds forward needs to be addressed to mobility. One of them was the fact that if that -- that diameter circle

barely touches a property, the entire property is considered in the process and then all the other but I was sensing that your concern was that this needed to be a discussion for mobility, and absolutely it does.

>> Kitchen: You're right, that really was my question. Because if we're talking about the impact on lone star rail, we immediate to run that through the mobility committee.

>> Gallo: Absolutely.

>> Mayor Adler: Sounds good. Further questions on lone star rail before we get to -- yes.

>> Zimmerman: From a really high policy viewpoint, I've got constituents really upset this thing was put on a December agenda just right on the heels of a pretty major defeat of railroads at the polls and I guess they took some offense to it. It looked like it was circumventing the voters to be allocating right after a big election knocked it down. The question, from a high viewpoint, what could voters do if they wanted to overturn the tif and abolish the tif as a refer endumb action? How would you get rid of the tif? If there's no money that's gone into it, it wouldn't be that complicated to undo it, right? Money hasn't been collected collected and distributed. How would they go about abolishing the tif?

>> I suspect in part the question is a legal one, but generally speaking --

>> Zimmerman: We have a lawyer here, right.

>> And I'm about to get to corporate counsel, but generally speaking what council does, affirmatively, they can undo, and you want to add to that council created a tif and established as a district, what can they do if they want to back away from that.

[10:30:46 AM]

>> We'd be happy to look into that for you councilmember, and that's something we can talk about outside of this forecast conversation.

>> Zimmerman: Terrific, thank you.

>> Mayor Adler: Chief, you want to come up and join us? Let me begin by thanking you, as we thank all staff for -- I recognize that you're now just making it to the table, but you've been here on numerous occasions over the last several weeks, and we appreciate your time as we do all of the staff members who have been coming up here. I wanted to give you a chance, you haven't been in front of this council talking about your budget, talking about staffing levels, having just come off the campaign. All of us or most of us all of us, the recurrent issues that come up in the community relate to -- this is a big part of our budget, how do we get to the staffing levels we get to. There's a knew -- new officers coming in, whether you think those officers are a sufficient number and how you get to that number, to talk about

-- I think everybody enjoys and celebrates the ranking that the city has with respect to the least violent crimes of major cities, but at the same time, we don't have that same kind of ranking with respect to personal property, so then to address that. We have had the opportunity to look at rundberg and that's been in front of us with the community policing program, to talk about that program and whether that's a good program and whether that program to be scaled or increased in other areas. So I'm giving you a really big question since it's your first time really to talk to us about your budget.

>> Thank you.

>> Thank you, mayor. Okay, there we go.

[10:32:46 AM]

Good morning, mayor. Thank you so much. City manager, councilmembers. Chief of police, and chief Manley was our chief of staff number 2 person in the department. Thanks for this opportunity to speak with you on our budget and our forecast. One of the challenges that Austin has is that it's the fastest growing city. I was at the airport, coming back from my son's graduation in Dallas and what ends up being on the news, CNN, Austin international airport, fastest growing in the country tore the fastest growing city. Staffing is a challenging for us. We have a tremendous amount of, I would say, special events here, a lot of growth, and if you look at where we've been as an organization, per conducted about three or four years ago now a report that showed we were about 257 officers short where have we need to be based on their independent review of the department. What we have looked at, one of the things that I think is really critical for our department, is having an understanding that we are a lean organization as it relates to resources. We focus our efforts on violent crime by design. We try to save lives and protect people. One of the biggest challenges that we have, because of our staffing levels, is truly our community engagement. Part of our community engagement, proactive policing is really able to be in the neighborhoods, getting to know people, building relationships, what fits in, what doesn't fit in, so our officers have those relationships, more importantly know what to be looking for in specific neighborhoods. What we've been looking at is really our uncommitted time, which is our time that we have outside of actually being tied up in taking calls for service, arresting people, things of that nature. Our uncommitted time is at about 19%, actual uncommitted in 2014 was about 19%, which on a national level, the preferred and optimal would be 35 -- anywhere from 35% to 50%.

[10:34:54 AM]

So what you have before you, in terms of that five-year forecast is a plan that by year five would get us to hopefully an uncommitted time of about -- of about 30%. We believe with that 30% uncommitted

time we'll be able to see more police officers in neighborhoods, engaged in the community, especially in today's environment, where law enforcement is somewhat under fire on the national level, building those relationships, more importantly be in view patrol and we'll believe we'll be able to disrupt a lot more of property crime and have a greater impact. That five-year forecast where you see the 82 officers is based on a plan that would increase our current real number of 19% in 2014 of uncommitted time to 30% by year five in 2019. And so that's the crux, I think, of what we're trying to achieve, and we really believe that the city and the taxpayer would get a great value. As I spend a lot of time in communities, going to Austin neighborhood council or community meetings, one of the biggest issues is police visibility in neighborhoods where there isn't a violent crime challenging, where there might be a burglary challenging or property crime challenging, and although we try to address those, again, we believe that with this five-year plan if we were able to enact and fund it that you'd be able to see some tremendous results for all of our neighborhoods. And not just in violent crime but also on property crime, which is a huge, huge problem in Austin.

>> Tovo: Chief, thank you. Councilmember Zimmerman.

>> Zimmerman: Thank you, chief. We appreciate you and Brian being here. Thanks for coming again. So, you know, what's new here, I guess is our 10-1 geographic representation so I think there's been some conversation about breaking out the statistics, right, per district to kind of see what our issues are per district.

[10:36:56 AM]

I know in the northwest side I constantly hear about property crimes. One of my neighbors very close to me just had her home completely ransacked by burglars and APD was out investigating but, yeah, different needs in different parts of the city. So if we could see those statistics as to what crime exists in what part of the cities, that might give us, right, maybe guidance. There's also -- a number of people have asked for maybe a property crime unit in the northwest part of the city that, as you said would not focus on violent crime but would be property crime investigation mostly.

>> Councilmember, I can actually speak to that point. With the positions we receive -- Brian manly, chief of staff. What we did with positions we received out of last year's budget, we actually took ten of those officer positions and have dedicated them to be a property crimes it was because we too see the need. Some communities, some parts of the city greater than others. We know that property crime is our challenging so we have dedicated positions to that and are currently in the process of trying to put staffing in those positions. What you will see in our request for this year, actually, is a corporal position and sergeant position to provide supervision for that team. We felt it important enough to take the early step and dedicate ten positions out of last year's staffing to that purpose.

>> Zimmerman: Are they stationed, I guess, at the downtown police department or --

>> We're currently putting this team together so it's not functioning yet but it will have a city-wide function. Where they're housed, many of our property crime units are housed out of Rutherford as a location but their operations will be city-wide.

>> I would like to add about two budgets ago we actually put together a city-wide property crimes unit, burglary unit that as a result of their efforts city-wide we've seen a reduction, where we've actually crept up in terms of our standing on a national level of big cities. So we are trending in the right direction, but we have a long way to go. The other thing that we did this year, I don't know if y'all recall but we had three homicides last year, very violent homicides that resulted in the death of three austinites, an elderly couple and a retired school teacher.

[10:39:08 AM]

And one of the things that we did, we sounded the alarm in terms of repeat offenders, where we make arrested for folks in connection with property crimes because we understand that every time you have a property crime, especially in a residential burglary a potential exists for an aggravated assault or homicide. And the district attorney took what the data showed is that the -- when these things -- these repeat offenders were going to trial at -- in front of a jury, they were giving them some significant, significant sentences, up to 45, 50 years for repeat offenders. But what the data showed is that a lot of repeat offenders, there was a lot of apply bargaining going on where it never went in front of a jury and they were getting light sentences. Consequently what the D.A. Has done is put together a process where we're paying more attention to those repeat offenders to make sure they get the type of sentences that they need before they end up victimizing our folks.

>> Just -- I think there was another part to your question about data reporting, given we're district-based. So can you talk about our ability to do that as well, please?

>> Yes, sir. Same answer. What we've done is as the city charter changed or the -- to create the district based -- district-based representation, we -- and I think we're ready to launch it. We actually are -- changed our data so we can look at data in terms of crime and police activity and police service, things of that nature based by district. Because I know that everybody is under pressure here, the councilmembers for your own districts, but seeing as we are a lean organization, we make our decisions. We're real data driven, intelligence led so we felt strongly we need to give you information on your specific districts so your -- the people that you are -- you all answer to, we answer to everybody in the city, but the people you answer no your districts can have data specifically on their area and your area of responsibility.

[10:41:12 AM]

So we should have that available -- is it available now?

>> I'll check. Information specific for any of your districts, please just forward a request and we'll get that do you.

>> Tovo: Thank you. Councilmember Houston.

>> Houston: The lights on. Thank you, mayor pro tem. Thank you all for being here today. We would like that for our districts. I've got, in district 1, I've got four sectors in district 1. So I know that's going to be complicated. But the small business owners in district 1 complain about lack of follow-up on property crime so that's a big issue. When I walked on 12th street to the barber shops, they don't know who their patrol officer is. The district reps get pulled to do other things down in the middle of the city when we've got special events. So there are a lot of issues. And we've had these issues for a while, and every time there's an increase in number of -- or request for officers, we say it's going to get better, and it doesn't get any better. So people are still complaining about the things that we paid for officers a couple of times ago. They're still complaining about that. So I just need y'all to know that as we increase the force, people are not seeing any kind of increase in visibility or access or follow through. So just be mindful.

>>> And I would just say the things that we said we were going to do with the positions in the past, in terms of putting together the property crimes unit, things of that nature, that if you look at our follow-up, we've actually followed through with that. But the truth remains that when you look at the police department, Austin police department, in terms of contrasting our levels of staffing on the national level, you know, we're about 800 police officers below the national staffing level nationwide, if you look at FBI data that we looked at last time, about three years ago.

[10:43:29 AM]

So we are a lean organization, but I completely understand what you're saying, councilmember, and 12th and Chicon, in that neighborhood we've had great results with the dmi program, drug market intervention.

>> Houston: Excuse me, chief. You've had some great movement from off of 12th street but they live on 13th street now.

>> Right.

>> Houston: So we've moved the problem to 13th street because I go by every morning and I wave at the same people that used to be on 12th street.

>> When you look at the actual dmi results in terms of crime, not just on 12th, but in that area, it's actually had good results and we'd be really happy to share those with you.

>> If I can add you're talking about staffing levels and we add new officers, they're not always seen on the street. We have in some years created some it was and different groups that are having an overall impact that are doing things you wouldn't see necessarily, as far as additional patrol officers but last year we received 59 positions in the budget, 57 went straight to patrol, other ten went to this it was we talked about and we only had two we needed for other positions. What you're seeing in fronted of you how is our plan for the next five years, with the main priority being the front line patrol, and these 82 positions you're seeing in the forecast are front line patrol or the supervisors to supervise the addition to the front line patrol. So there is a commitment to increasing the presence so that we can get to the 30% uncommitted community-oriented time that we immediate to so that we have an opportunity to walk in the barber shop and meet the people that work there, we have the opportunity to meet the business owners and do things that we should be doing.

>> Houston: So it would be helpful if you would give me that kind of information so when I walk in the shops I can explain what's going on and y'all -- somebody could go with me perhaps.

>> I'd love to go with you to the barber shop, that would be great. I'd love to walk over there with you. Mayor pro tem tovo has been with me in the past. One of the things you have in here by the way we haven't mentioned is really we've added officers over the years but really haven't added supervisors, and when you look from an accountability standpoint, you've got to make sure that we continue to have an appropriate ratio of sergeants and supervisors to front line officers.

[10:45:43 AM]

The last thing you need is to have officers that aren't properly supervised, and so one of the things that we have additional sergeants that we really haven't had any.

>> Tovo: Let me say if you do walk with the chief you're going to be stopping every couple minutes for photographs.

[Laughter]

>> Gallo: Just kind of to tie into what councilmember Houston said, we -- and you have been most gracious in your staff about attending two of our town hall meetings our district because, as all of us know, police presence really is a large topic of conversation. But one of the -- I just might share with you, one of the questions that was asked was about when the patrol officers take time off to write up their reports, could they be at a location doing that that is more visibly present to the public? And that just seems like a really small tweak that could be done that puts that police car on a -- where people can see them and I think just the thought process that goes and the impression that goes with that is really

substantial. The response that was given back to that question was that the police officers need to be in an area that's not active so they can concentrate on their reports, and I understand that also. But I just think that we have time that we're missing being visible, and if that -- that possibly could be addressed with maybe a policy change and just see that it works. I think it's an opportunity to have a police car sitting somewhere that's very visible, the public will then know it's in the neighborhood on a busy street. That might help address some of the presence issues.

>> That's a great suggestion, councilmember. I think a lot of police officers do the write their reports, under a tree somewhere and they'll sit there on their MDC with their mobile digital computer and write their reports.

[10:47:44 AM]

The challenging comes in when you have a case that involves evidence because the last thing we want is for officers, in terms of chain of custody and some other legal requirements, you've got to get that evidence book booked. In those instances those are the instance where's the officers are pretty much precollided, you don't want the evidence lost, say you left the evidence alone in the car, things of that nature. A lot of the report writing does happen in the field and we should be able to capture that and actually address that with our officers and capture how often they are writing in the fields. Some of our reports are very simple to get done and the last thing you want is ten short reports stacked up than just doing them really quick and going to the next call. We'll make sure we look at that as well.

>> Tovo: Councilmember troxclair.

>> Troxclair: I just wanted to say that the district representative, I guess, for at least a part of my district, has done a really great job. I see him all the time at neighborhood meetings. The community loves --

>> You see?

>> Troxclair: Yeah, yeah. They love having -- they can put a face to a name and know who to call if they have a question or concern and he has done a really good job in helping some of my neighborhoods to establish neighborhood watch programs that -- where, you know, the community has taken it upon themselves to drive around the neighborhood with a neighborhood watch sign on their car. At least in my neighborhood I know that it has led to a reduction in property crime. Unfortunately, that property crime is now being pushed into circle C so now circle C is trying to get together to establish their own neighborhood watch program but I just wanted to say I appreciate having that -- having the visibility in my community and the -- the ability to -- for us to capitalize on individual citizens' willingness to take time to address crime in their neighborhoods outside of us depending solely on the police force.

[10:49:48 AM]

So . . .

>> Just so y'all know, I have tasked my team. We've got, right now, councilmember Houston is one of our citizen police academy Aten tease, we have 90 graduating, she's graduating valedictorian Thursday. Give her a hand for that.

[Applause]

>> Tovo: Maybe we should give you a proclamation.

>> Valedictorian.

>> There's no test.

>> Houston: I told him I wanted my gun and my shield Thursday night.

>> I'm going to propose getting that gun for her. One of the things they really want is more opportunities to volunteer. One of the challenges that I've tasked my team with in the last few weeks is we need to identify some things that members of the community -- we have a large, significant retiree population in the city. One of the things I always tell them if they really want to impact public safety, economic vibesy, national security is to be a mentor and to be a tutor for young people in underachieving schools, especially schools in economically challenged parts of our community. That's one thing they can do that will make an impact. A lot of folks also want to know what they can do for the police department. In the next four toating weeks I hope to come back and let you now how we've expanded those volunteer opportunities, whether it's tabbing reports on the phone. I don't know what we can do. We've got to look at the legality of some of it but we're working, councilmember troxclair, on expanding opportunities for our community members that have the time, and inclination to help the police department and we'll be reporting back in the next couple months, I hope.

>> Councilmember troxclair, as well as that, officer vici is well-known in your area, people appreciate that. That is kind of the purpose of the purpose to get our uncommitted community time forever our patrol officers to the level where it needs to be so that you're not only having the benefit of that from your assigned district representative, but every officer that's patrolling your community should be able to have a relationship and be known to the people in the neighborhoods, not just our district representatives.

[10:51:56 AM]

That's the importance of getting our uncommitted community time to the level where we need it to be.

>> Renteria: Mayor? I just also want to thank y'all because east Austin was a prime example of what community policing can do for a community because, you know, we have a lot of crime going on, and about 20 years ago, they implemented the community policing program in my neighborhood and it really -- I mean, it just was a total complete 180-degree change. I mean, as you can see now, you know, we're -- the community doesn't have as much gang problems as we were having at that time. You couldn't even go to the park without the fear of getting shot. And it's one of these kind of things that they have officers that came out, [indiscernible] Was one of the first ones that actually said was about 60 kids that were the hardest gang members in our community. Let me tell you, through those programs, all but one graduated from high school. So, you know, these programs can make a big difference and just imagine the money you've saved by not having these kids becoming productive citizens in Austin. So it's something that we really should invest in. And I really want to thank the police department for all the hard work that y'all have been doing.

>> Thank you, councilmember.

>> Mayor Adler: Ms. Gallo.

>> Gallo: I'm really excited to hear about the volunteer program that you're trying to implement. I mean, I think that empowers the citizens to be able to do something to address their concerns about policing and police presence. District 10 has one of the largest senior populations and I just think that would be incredibly successful. So let us know what we can do to help with that, but we anxiously await what that program will be and where we can let people know that they can help.

[10:54:02 AM]

And it helps our budget.

>> Get them in the schools, get them in the schools. I always say a lot of children don't have a choice where they're born into, the condition they're born into, and I think if you look at the difference between successful kids and not successful kids, it's the educational opportunity and the support examples -- systems they have in place. We're really in favor of the pre-k funding, my kid is a first grader. In kindergarten they were reading, doing math, things I didn't get to until third or fourth grade. Anything we can do to help children, encourage them on behalf of the police department, to get them into the aid aid and really help kids.

>> Gallo: I think that is important, but there are potential volunteers that don't want to work in schools because they have a preference of doing something else. If we can find volunteer positions for them I think that's a wonderful idea.

>> We're working on it now.

>> Mayor Adler: Okay. Ms. Houston and Mr. Zimmerman.

>> Houston: I just want to say one other thing. If people are interested in understanding the totality of what the police department does many this city, the citizens police academy is a wonderful way to do that and some of the things that the -- the ways the police interface with our citizens that we don't even imagine, we don't know about, not everybody knows that, but that's a way to get in and get involved and participate. So thank you.

>> And thank you for taking the time to be there every week at the end of your workday. I really appreciate it.

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Thank you. Quick question on overtime. Some of our more affluent neighborhoods certainly they'll have homeowners association or neighborhood associations and they can afford to pay for off-duty law enforcement, right, to patrol their neighborhoods. Is there -- is there any policy with APD? How do you guys manage -- is everyone allowed to do these off-duty jobs?

[10:56:04 AM]

How does that work?

>> Most of the neighborhoods -- I'm not aware of our folks working patrol and overtime in neighborhoods. That's usually constables and -- junior sheriffs?

>> Primarily constables so we really aren't -- pretty much not in that business of patrolling neighborhoods, being paid by neighborhoods. They go to the constables. They're cheaper and actually do traffic enforcement.

>> Zimmerman: I'm mixed up. Do you have some off-duty officers that get off work and spend a few hours patrolling?

>> We have officers do off-duty contracts, working at the theater or you'll see them at whole foods but that's actually -- they go through the Austin police association and sometimes you'll see dps troopers or deputy but the patrol aspect you're talking about, councilmember Zimmerman, most of that is really constables that are performing those duties throughout the city, and there aren't that many neighborhoods doing it. In terms of our use of overtime, we consider overtime dollars to be -- we try to leverage them for two things. One, for proactive initiatives based on data against -- based on data and intelligence and, two, for the end of shift things and unanticipated things that come up. And so we don't just willy nilly use up that overtime. We actually try to be very thoughtful on how we use those precious dollars.

>> Mayor Adler: Ms. Gallo.

>> Gallo: Excuse me. Do -- I know one of the discussions we had that kind of comes into this department is the fee waivers that we do for public safety presence at some of our public events, our public events, both nonprofit and for profit. Do we have some type of report we can get from the police department that shows man-hours and cost for fee waivers that we have waived those? I mean, it just seems like as we're talking budgeting and we've brought up this discussion before with fee waivers, that this should be a part of the budget discussion.

[10:58:14 AM]

>> We do for a significant -- south by southwest, but the little neighborhood ones, we don't track those but we could track those moving forward. But we can give you information like south by southwest, and some of the bigger ones.

>> Gallo: So if, I guess, the way to do that would be when we've been asked for fee waivers, if we could track the actual cost that has gone into that waiver. I'm not sure how the process works, whether in doing the fee waivers you have to -- your department has to let us know what the cost would be incurred and then we actually do a fee waiver for that amount? Is that kind of how this process works?

>> Yeah. The -- this -- assistant director over finance. The special events unit actually gives that information back to y'all based on your fee waivers. So we can actually look at some of them, probably have some of that data up but it's probably not 100%. We don't have 100% of the data but most of it.

>> Gallo: The majority. So that becomes part of the conversation in the budgeting process now? When do we -- this goes back to my question is when do we have the discussion of what the council's policy would be related to fee waivers because that policy is going to impact the budget in those.

>> You're not on. Okay. I think now as -- as a -- is a good time to do that. To take a look at the policy in happened and the way that we have -- in hand and the way we've dealt with fee waivers in advance, make a decision as to whether or not we want to continue on that path or some different path that may or may not entail less support in that regard.

>> So I guess, mayor, the question would be, is that a policy area that we need to address and how would you suggest that we move forward on that?

[11:00:15 AM]

>> Mayor Adler: I would probably suggest if it was a significant policy issue that it be brought to one of the committees to discuss it. My problem, again, and -- manager, I'll go back to its hard for me to give you a policy direction in the absence of knowing the budgetary impact. So it would be hard for me to say on a lot of these questions, again, it's kind of a cart and horse type of question. You want to know what the policy is to be able to develop the budget. I want to know what the budget implications are in order to develop the policy. So we're going to need a lot of time at the back ends of this and there are going to be lots of questions relative to the budget where the council is saying you've told us this, but what are the other two or three options associated with that, so that we can -- because at that point you'll be able to talk about what the budgetary impact is, for us to be able to do that kind of thing.

>> You know, in this particular case, with respect to fee waivers, it's fairly complicated because there are relationships that we have with some special event organizers that probably the most notable one is south-by-southwest. And the previous council took some action that resulted in a level of support for that -- for that annual music festival. There are fee waivers that are given based upon ifcs that have come from councilmembers in the past requesting to waive a fee for this or that. So it's -- it's a -- it really is a very complicated issue. I think what we can do is I think what we have done in the past is to provide council with data about the cost impact of fee waivers across the, you know, across the organization and across these events on an annualized basis so in that way you can see the level of expenditure on an annual basis relative to fee waivers and then collectively make some judgment about whether or not we think that that's -- you all think that that's too much relative to other priorities that you have to consider.

[11:02:28 AM]

I mean, we all recognize that physically we always operate in a fiscally constrained environment so we have to consider fee waivers and other things with that in mind and make tough -- tough priority choices.

>> Is that something, data that you can give to us broken out by for-profit and not for profit activities as well as identifying individually the big -- big users that -- the most significant fee waivers and then --

>> I think so.

>> So the -- the question would be is -- is the budget that you're going to bring forward going to assume that we're going to operate in the same manner we have been, which is granting pretty substantial fee waivers or will it be a budget that's assuming that fee waivers will not be granted?

>> Well, that's a good question. In some cases, I think, as I used the most obvious example of south-by-southwest, council took specific action in regard to the previous council in regard to south-by-southwest that -- that resulted in a particular level of funding. So in that case in the absence of alternative direction, the answer is yes, I would make that assumption, you know. And the various council offices,

you know, your budgets have -- allow for some prerogative in those instances where you make requests, a councilmember makes a request to waive a fee. I would not be so presumptuous to -- without the direction from you, to eliminate that from the budget, but certainly it could be that prerogative that you -- and previous councils have enjoyed. That's certainly an option.

>> Well, I mean, I think as you compare the two, if you look at the council fee waivers we're talking about --

>> Big difference, huge difference.

>> 66,000 close to a million dollars with south-by-southwest.

>> Huge difference.

>> Gallo: So I guess my sense is that the budget will be presented as based on what's happened in the past.

[11:04:34 AM]

For fee waivers. If that's the case, then I think it really is critical for us to get the information that the mayor asked for.

>> I'm happy to do it. We'll do it as quickly as possible. We look forward to the conversation. Again, because of what I've said before in regard to these conversations, they will help inform us as we prepare our budget recommendations. So --

>> Gallo: Thank you.

>> Houston: Mayor?

>> Mayor Adler: Ms. Houston?

>> Houston: Thank you for that, because I was going to ask for that as well. Non-profit and for-profit. The other thing that I think is important, I thought there was some conversation with some of the larger events that they would begin a process of picking up some of these costs themselves, but maybe that was just something that I said to the largest event, that as a for-profit entity, you need to start picking up some of your -- that didn't happen?

>> Well, I can't -- I haven't been involved in the specific conversation like that. But it's possible that staff has, so I would just have to look into it.

>> Okay. Well, obviously, you all know where I am. So ...

>> Ms. Kitchen and then Ms. Tovo.

>> Kitchen: I just wanted to remind the council that we did create a parkland task force and now that's not instead of this conversation but just additional information. One of the items, the scope of that task force is to look at how the parks are used and the relationship between the cost of the parks and the fees that are paid. And I just would like to take this time to plug, put in a plug that task force has not started because not all of the appointments have been made. So please, please, please, look and see if you -- if you don't -- if you're not sure, if you don't have someone that you would like to appoint, I would be happy to contribute some names and I will try to get that done. But the work of that --

[lapse in audio]

[11:06:41 AM]

--

>> Mayor Adler: Okay. Ms. Tovo and then Ms. Pool.

>> Tovo: I appreciate that plug. I think that we had asked that group to come back and report to us back in June so we would have that information available to us to consider our fees for budget, so clearly they're not going to be able to meet that timeline. Thanks for that plug. I think that I put this on the message board maybe back in January, but the council did a series of resolutions and was -- I was involved with all of them, I think, but we did ask the staff to come back to us with information about fees and costs and so that information -- some of that information does exist and it is as the city manager said pretty complicated. I mean, the \$6,000, each office has largely goes toward foregone revenue for venues like parks, you know, I used mine a couple of years ago so that a girl scout troop didn't have to pay to use the parkland to set up a booth to raise money for Austin pets alive. Some of that is -- is \$150 of forgone revenue and then some of it is policing costs, but in my looking at fee waivers that council offices do, it's very rare that we are actually waiving public safety costs. But all of -- I'll be interested in relooking at that data if that's different. But there has been some discussion and I hope we can get back to it to making some distinctions between, you know, whether we want to support large events for economic development reasons versus, you know, small fees that we're charging groups to be in our parks and then there's a whole middle body of events that get actual, you know, that get what I would call kind of moderate fee waivers and those are things like the veterans day parade, the mlk parade. So, you know, it really is across the board in terms of fee waivers and other kinds of financial support for that. But I think some of those -- some of the reports back from the resolutions captured that information. Where we didn't get to was some good ideas for funding streams for some of those events that we might want to support for economic development reasons.

[11:08:52 AM]

But, also, city manager, I know you talked about previous council action. The previous council action, as I remember it for south-by-southwest, was to provide fee waivers for this year, for 2014 and I believe this council will be considering that issue, I think, I thought it was June or July.

>> Yes, I think that you will be taking it up again, just the action of the previous council, if I recollect right, it resulted in a specific level of funding for south by. I think we had I want to say in the area of what, as a co-sponsor, 900,000 or so, is that accurate, ray?

>> [Indiscernible].

>> I think that was broken into two components. Fee waiver piece and then an actual kind of a hard cost piece associated with staff time reimbursement.

>> I think you're right. That was for -- for this past music festival and I think the -- with the understanding that there was going to be a subsequent conversation about that.

>> Ms. Troxclair?

>> I -- this may be an appropriate conversation for us to take up in the economic opportunity committee. I mean, I think there's clear interest from all of the councilmembers on the specific fee waivers that we are currently getting -- giving and assumptions that are going to be made in the budget that may need to happen in front of the full council and outside of the committee. But we can also take a a little bit deeper look into special events fee waivers and how they contribute to economic development in general and try to follow-up on mayor pro tem tovo's comment that there may be further -- even though we have identified, we identified maybe an issue, we haven't necessarily identified a potential option. So we could take that up as a policy issue.

[11:10:53 AM]

>> Mayor Adler: I think that makes sense. We will send that to your committee.

>> Sorry.

>> Mayor Adler: Mr. Casar and then we'll come back.

>> Casar: I was about to make a similar comment for the public safety committee. Just because the large -- the obvious elephant in the room is the south-by-southwest festival and there are real public safety reasons that needs to be well policed and there are many complications --

[lapse in audio] Complications about what events are -- [lapse in audio] That -- that considering the large level of interest that there probably would be that conversation that whether it's put on one committee

agenda or another, that we can work it out such that those interested in the public safety aspects along with part of the economic development conversation with all be present because I think that with that festival in particular, it will be a -- a complicated process that may go beyond this one budget cycle.

>> Mayor Adler: Mr. Zimmerman?

>> Zimmerman: Mr. Mayor pro tem, I do have that penciled in for the public safety committee. But I wanted the advantage of going through a budget cycle to try to quantify some of those expenses. But we are going to have a major conversation and bring in south-by-southwest people and I think one of the issues with it is somebody needs to decide what the additional security has to be. That's a judgment call, right, based on experience. How many people do we need. Where do they need to be.

[Lapse in audio] Is it underaged drinking. All of these judgment decisions are very important. South-by-southwest might come back and say, well, if you are going to have us pay for this additional security, we want to have a voice in what that security is. We want to have some input in what the overtime hours should be, how many people do we need on the ground, so that's a good policy discussion. I would like to have in the Q 3 or Q 4 this year.

[11:12:54 AM]

So that's just a heads up.

>> Mayor Adler: Okay.

>> Mayor Adler: Anything else on this?

>> Troxclair: I have a question. When you said that the city of Austin is understaffed when it comes to police versus other cities, what are -- what kind of challenges or do you face any challenges in having -- in having people who are interested in becoming police officers in your hiring processes, finding people who are qualified and interested? Or not? I'm just curious.

>> Well, what happens happening at the national -- perception of policing right now, recruitment is a challenge, I think, across the country. When people see 800 police officers being people with disabilities with a very broad brush, there's some hesitancy right now and I think it is creating some challenges in terms of recruitment. Having said that, this is a great city, it's a great city to work in. This police department is considered one of the best in the country. So we are meeting our recruitment, but we are actually looking at increasing our recruitment effort as we prepare for this budget to make sure that if we're fortunate enough to receive the additional resources, to ensure that we get not just the Numbers, but the right people. We don't want just anybody coming through those doors. We have very high standards and we want to keep it that way. The last thing that I just want to throw out in terms of this conversation is, you know, the only concern that I always have, south-by-southwest operates for

profit. We're a non-for profit. We operate for safety. So they're always going to push back to have fewer people. When something goes sideways, it isn't south-by-southwest that's on the hook, it's the taxpayers and people here in Austin, for example, this rot rally coming up, I was on the phone with the sheriff, department of public safety, we're going to have to increase our intelligence, our boots on the ground. The last thing that we want in the city of Austin is a Waco type of event either at the exposition center coming up next month or downtown Austin.

[11:14:58 AM]

Well, you know we're going to have thousands of motorcyclists, the majority of them are law abiding professionals who just happen to like motorcycles. But we know amongst those will also be outlaw motorcycle gang members. That is again, another special event where I'm not sure we get any specific funding for anybody for rot rally, it's still our responsibility as a city to maintain public safety. So that is part of the challenge, part of the conversation that we have to have.

>> Mayor Adler: Ms. Houston?

>> Houston: Thank you, mayor, that would be helpful to know other big events we contribute to because of the need for planning commission and safety that are not helping to fund the costs.

>> Mayor Adler: Okay. Further questions of the chief? Thank you.

>> Thank you.

>> Mayor Adler: Thank you, chief. You as well.

>> Mayor Adler: I have a question about the library and also the economic incentive reserve fund.

>> I'm sure that we have library staff on the way over. I may be the person to respond to the economic reserve fund question, just depends on what the question is.

>> Mayor Adler: Why don't you describe what the reserve fund is.

>> So the economic incentive reserve fund is where we account for the funds that flow into and out of -- into the fund for our economic incentive chapter 380 agreement. So we have a chapter 380 agreement with Samsung, it's our largest one. That one -- that agreement is that the property taxes that are paid by Samsung are -- are abated by the city of Austin and so we do those calculations, we look at what the value of Samsung is, we look at what their property tax number is and then based upon all of those calculations, we transfer money from our city's general fund to the economic incentive reserve fund and then from that fund, those chapter 380 agreements are paid out of.

[11:17:03 AM]

So we are able to account for the inflow and outflow of dollars there. So we have a number of economic incentive reserve agreements, chapter 80 agreements, Samsung domain, smaller ones, but those are the two largest.

>> Mayor Adler: Help me understand what the vehicle was with Samsung? Samsung is part of their agreement, not responsible for paying property taxes?

>> Yes.

>> But we still pay those taxes? Is that -- do we actually write -- do we actually -- how does that work?

>> We have economic development, do you want to respond to the details of how it works?

>> Captain Johns, director of economic development. The way the incentives work is that we run the idea, first the company is recruited with the chamber of commerce, if it looks like a good fit with Austin, they will put together a response to a matrix of community values. That has been established by the mayor and city council. After they do that they will be scored. In the rating is at least 60%, then the project will go forward. After that is an analysis of the costs and benefits of the company to see whether it would be any value to them actually coming to Austin. And so we use the Georgia tech web loci analysis which tells us essentially how much money not to give. So we only deal with the profit so that if in our evaluation through this physical tool, we look at after the police department is paid for, after the fire department is paid for, after all of the city government expenses are paid for, associated with if this company comes, then above that is essentially what is considered our profit.

[11:19:15 AM]

And so we will negotiate what that is with the company. And in the case of Samsung, actually all of our seven remaining agreements, the negotiations are done with the mayor and city council after its gone through the law and the finance department and the agreement that is then made requires the company to pay their taxes, and after they paid their taxes, there will be an independent evaluation as well as the city's evaluation. And we evaluate whether they have met their requirements. So they have to have paid their taxes and then they have to be evaluated and we make sure that they have done what they said they are going to do. If that's the case, then the city will -- will refund them the amount that was agreed to and then the process starts again.

>> So this fund is where the money that's been received from the taxes goes into that account and then gets paid out of this account once it's cleared the study to make sure that it's --

>> That's correct.

>> Mayor Adler: With respect for Samsung in particular, does Samsung pay -- [lapse in audio] --

>> Development and -- and fy '15 it's estimated that we will pay about \$11.1 million.

>> Mayor Adler: How much do they pay -- so they pay the property taxes and then they get some portion of it back?

>> Exactly.

>> Mayor Adler: What -- is there a percent that they are paying?

>> We can provide that detail in terms of the contract, it's all on our web, the contractual agreement is listed on our website. So we can provide you a link. To it.

>> Mayor Adler: That would be helpful, thank you.

>> Property tax payments are received into the general fund and then amount that is due to the incentive fund is transferred over to the other fund then the incentive is paid out of the incentive fund but the full property tax bill, the collection, comes into the general fund first.

[11:21:33 AM]

Just wanted to make sure.

>> So all of the projects are performance based, no money is ever paid in advance.

>> Mayor Adler: I understand. Further questions on the economic reserve fund, Mr. Zimmerman?

>> We did a little bit of checking on this. You can correct me if we're wrong on this, but those payments if you talk about the contractual details, if those payments are not made, does the city face a breach of contract lawsuit? If the moneys are not paid out?

>> I think that's always a possibility. We try to make our evaluations ironclad. The law department is very thorough. We have an independent evaluator go to the company, look at their finances to see if they have hired the people they have said they're going to hire and to look at their budget and see if the capital investment that they said they were going to make was actually made and we go down the list in terms of the economic development department of everything that is in the budget. In terms of other requirements, there are other requirements from other departments. But I think we've done a -- a very good job when companies have had to -- we're not able to provide the documentation. The funds were cut off. So -- so. I don't think we've been sued.

>> I don't recall being sued in the 10 years that I've been here on a 380 agreement.

>> The point is if you give them all of the money they would never sue you. But if they did not they might have a cause to come back.

>> We have gone through the analysis to determine they don't deserve the money --

[multiple voices]

>> How much have we withheld from companies in say the last five or 10 years that they had expected to receive but we did not pay them for whatever reason?

[11:23:35 AM]

Have there been some holdbacks of those incentive moneys being paid out?

>> We can get you that information, yes.

>> Zimmerman: I would also like to have the copy, I presume it's all public, these contracts, the incentive contracts with Samsung, if you could send those to our office.

>> They are all online. There is a --

>> Zimmerman: I want to look at them carefully.

>> There is a global watch dog called good jobs first, I believe. That does an evaluation of -- it hates incentives and it's done an evaluation of all of the incentives in the United States and evaluated the cities and how they respond and whether they are transparent and how they react to the use of incentives and they have rated Austin as 100% transparent, the top in the country. You have find everything that you have asked for is on the web. If you see there's something missing or some question not answered by that, we would be delighted to get that. But we feel it's 100% transparent. There's now, as you know, a -- a -- two-week, two council person evaluation process, plus all of the information a week in advance is put online, so all of the citizens can see it. There's a public hearing, very, very transparent. So the information that you have asked for is online, but we'll get you the paid, so you will have that information. It is online, but we will be happy to get you that information, a little duplicate.

>> Ms. Tovo? I thought it was a question that was settled in the courts that the city of Austin has the ability to stop incentive payments if those funds are not allocated by the city council. I think we had a citizen group that contested that in the court system with regard to the domain subsidies.

>> We did have an issue about domain, I'm not quite remembering it exactly that way.

[11:25:39 AM]

But I'll report back to you about that.

>> You're the attorney, so I would rely on your interpretation of that obviously. So -- but that would be interesting to know because that's a question that I have wondered about. I will just say special lay because we're talk -- especially because we're talking about property taxes and because it came up in the discussion last night, that the prior council did consider a resolution that passed in a much weakened format, but it was to require that -- that companies receiving property incentive, property -- excuse me, receiving incentives or entering into chapter 380 agreements agree not to protest their commercial tax valuations because we have had, if I'm remembering correctly, two companies that are - that are current chapter 380 involved in current chapter 380 agreements, they have gone and contested their commercial property valuations. So that came forward last fall, backup information as part of that council agenda that may be of interest. I hope that's an issue that we can revisit with our current council. I'll just say with the rationale being if the council makes a decision to enter into a chapter 380 agreement, based on the financials, some of that has to do with their expected property tax that they're going to bring in. So if they go and contest their valuations, that changes the financial assumptions on which those agreements were based.

>> Of the \$2.2 million that we have estimated here, do you know about how much of that goes to Samsung and how much of that goes to the other six agreements? That we have?

>> We'll look that up.

>> I'm leaning forward not to answer, because I do think we're going to have to look into the details of it, I want to jump in on the word estimate.

[11:27:40 AM]

This is a number that we can change significantly if we get a certified tax roll. Samsung is the single largest property value in the city, it's by a long shot it's well in excess of a billion dollars and so that number, that initial estimated number and going through the protest process, it can change significantly and then that changes these estimates significantly. So I just wanted to jump in on that. This is a real preliminary estimate.

>> Okay. And just on the contract question, I can go look the a the contract, but I thought you might know off the top of your head if there was a specific disagreement that we have with all of these companies? Are they into perpetuity or is there a specific end date?

>> They're a -- they're 10 year contracts.

>> Troxclair: Okay.

>> Zimmerman: When does the next one end?

>> When does it ends, 10 year contract ending when? Samsung, talking about Samsung?

>> We'll look that up.

>> I think Samsung is actually a longer contract. I think we need to get the details of that contract. It depends on when each of the contracts started and how much time they have left. We will get that all of that to you in a budget question.

>> Troxclair: I guess the answer to this might be in response to mayor pro tem's question about the legal issues. But I know, you know, in a lot of our purchasing contracts, there's some language in there that says, you know, subject to the appropriation, to appropriation by the city council, you know, so that -- so there -- it is a yearly -- even though the contract may be long-term, there is something that speaks to the city council having -- appropriated that money or making the decision on a yearly basis to continue that program. Do you know if that --

>> Yes. That is the case. I think that we've had this discussion with previous councils and I think the point of the matter is that we have deliberately recruited companies to fill holes in our economy.

[11:29:45 AM]

And once that they have been recruited, they have moved their employees invested sometimes hundreds of millions of dollars to Austin on our word. And so based upon what we feel are good contracts, you know, we're -- we're -- it's Austin's word to live up to that, unless they do not live up to their part of it. So while it is I think the prerogative to -- to -- of any mayor and city council to -- to question that, I -- I would just say that these companies have made major investments and are good stewards and that the top in the country or top in the world. Apropos of the economic incentives conversation, I wanted to just lay out an area that I would like to kind of shift a little bit of direction. We have a small business development office and I think there's some conversations that I hope to have additional ones with you, Mr. Johns, on the local business aspect of it, that would include franchises, for example, that may be national companies, but the owners live here in Austin and so I would -- I would categorize them as a local business. So I want to have a conversation soon, I hope, on how better to support local business, maybe shift the terminology that we use away from the word small to use the word local. I think that sends a real direct message to the community that we do support the efforts of people who live here. And who have small businesses and those enterprises are a huge revenue engine in an accumulated way and have -- support a lot of employment in our -- in the city. And I think staff will be talking with y'all to set up a time to have the conversations, in advance of budget, but I do want to urge that conversation at the dais to shift away from talking about small business to local small business.

[11:32:00 AM]

>> Mr. Casar and then Ms. Houston.

>> Casar: One quick question, in the \$2.2 million forecast for the reserve funds, I imagine that does not include payments that we no longer have to make to companies like dropbox, for example, that we signed an agreement with, but then decided to come anyways but is not participating in the agreement or I understand that U.S. Farathane is no longer participating and receiving rebates, that money they are paying goes directly into what you all calculated as the general property tax revenue and is not included in this forecasted reserve fund?

>> Sylvia [indiscernible] Again. We work closely with the budget office once we determine if a company is no longer within the program. We adjust the required transfer in to meet the obligations that are before us. So we work closely to make sure that there's no excess there. Within that funds.

>> Okay. Thank you.

>> Mayor Adler: So that was a yes, Ms. Houston?

>> Houston: Thank you so much. I had a question about subsidies that we had previously given to the domain. It's my understanding that the domain has been sold; is that correct? I saw that in the business journal. So perhaps that's not right. But --

>> I know multiple pieces may have been sold.

>> My question is on those multiple pieces that may have been sold, does our agreement with those multiple people stay intact or do we parcel it out to the original group?

>> We'll have to do some research on the portions that have been sold, but we were -- our agreement was with the original phase. So we can do some research on that.

>> Houston: Please do, thank you.

>> Mayor Adler: Mr.

[11:34:01 AM]

Zimmerman.

>> Zimmerman: I will have another question later. Let me go on with some others.

>> Mayor Adler: Okay. Any other questions here? Thank you very much.

>> Thank you.

>> Good morning, mayor and council, [indiscernible]

>> Mayor Adler: Would you talk to us about the 48 new staff, with an eye to introducing the council to the new library.

>> I will.

>> Mayor Adler: How it's going to open, how it's going to be different, what we should expect.

>> Be happy to. The new central library will open November of '16, next year. It will be a state of the art; high tech, green intelligent building, which will need some specialized staff. A lot of staff is public service and will be providing direct service to the customers. This building is two times the size of our current central library. The current central library is 100,000 square feet. The new central library will be 200,000 square feet. It -- the -- the current central library has no public spaces at all. No meeting rooms, no programming rooms, no special events center. The new central library will have 25 public spaces. It will have a 350 feet special events center, we'll have -- we'll have -- small study rooms, they will have large meeting rooms, and spaces throughout the library for programming, cooking demo area, a youth programming area, also have some outside spaces, a -- an area for outside music or programming.

[11:36:13 AM]

The current central library has 31 public service staff members, which is probably the lowest in the country, if you compare us to -- to libraries, central libraries across the country that are equivalent in size, population, cities that are equivalent in population. And I can tell you that we have scrubbed the Numbers, we started out with an ideal number of positions, we scrubbed the Numbers, twice. What I'm asking for is exactly what we need in my opinion to manage and use this -- utilize this building to capacity. We're -- we have phased in the request over three years for staffing so that it doesn't hit all at once. We're asking for 48 positions this year, 11 next year and then I believe it's nine the third.

>> Nine.

>> The third year. Happy to answer any questions that you might have.

>> Mr. Zimmerman?

>> Zimmerman: I hardly know where to start. I was a hard core opponent of this library as a pretty -- almost offensive and obscene gesture of excess and waste, seeing that library attendance around the country has been declining. One of the things that was brought out in the propaganda campaign was library of the future.

[Lapse in audio] Accessible virtually anywhere. So the whole rationale for this extremely expensive new library building, with -- with all of the people added in here, it's -- I don't hardly know where to start. As far as the staff goes, from 31 staff to you said 48 plus 11 plus nine. My aggie math says that's 6 new people.

[11:38:17 AM]

>> 31 is the public service part of the library, part of the request for the 48 is, as I mentioned, specialized people to handle the -- the specialized areas in the library. The maintenance and the security. We are tripling the entrances. We have one entrance to the current library. We have three to the new one. We need additional security to handle that. We need additional maintenance to keep the building -- building safe and -- and -- it's a gamut of types of employees from public service to security maintenance, people to handle the equipment. An onsite person who will be responsible for nothing but taking care of the mechanical parts of the building, it's a very complicated building, very complex building.

>> I'm sure it is. That's part of the reason it's so unbelievably expensive. But we've opened a local district office in northwest Austin and the first thing people say when they come in to visit me on Anderson mill road out there, I'll never drive downtown. The majority sentiment in my district, which is the furthest away from the city, they will never set foot in this building. But they are being forced to pay the taxes for this. I just see some tone deafness in this exorbitantly expensive new library from city government. That's a message from my district 6 constituents, you know, not happy about this. I will do everything that I can to try to control some of these really outrageous costs.

>> Mayor Adler: Ms. Gallo?

>> Gallo: Thank you for being here. I want to try to understand the staffing for the full library program city-wide. If you could help me with that. Let me just ask you a question about this. We currently have 31 staff members.

>> Public service staff members. If you realize that the central library is also the hub or the headquarters for the entire system, so all of our support staff are -- are housed at the central library as well.

[11:40:26 AM]

So there's really 31 is just the direct public service staff that's going to be added for this building.

>> Gallo: I'm going back to my question. At the current library, we have how many staff members?

>> It's 120.

>> Gallo: 120. Okay. And how many staff members will we have at the new library? I'm just trying to keep it simple here.

>> After the phase-in of three years, it will be 190.

>> Gallo: 190. So the 31 -- what was the total?

[Lapse in audio]

>> Current central library.

>> Of the 120 current staff members at the current library, how many of those will be part of the 190 that will be at the new library.

>> All of them.

>> Gallo: All of them, okay. Thank you. Then how many other staff members do we have city-wide at the other libraries?

>> S how many libraries are there?

>> There are 20 libraries, and -- and -- 120 -- total.

>> Gallo: Does that number fill all of the positions that we need in all of those libraries or do we have vacancy that's we don't have budgets to fill?

>> No, that's -- we have -- those are active positions. >>

>> Gallo: So all of our neighbor libraries are fully staffed and are they opened -- will the central library be open every day of the week?

>> Yes.

>> And are our neighborhood libraries open every day of the week.

>> Yes, there are three neighborhood libraries open every day of the week.

>> Gallo: Not all of them are open every day of the week?

>> Yes. I'm sorry, no. We have never had Sunday hours at all of the branches, we've only had them at -- three on Sunday.

[11:42:31 AM]

>> Gallo: 3 of the 20 are open on Sundays and the others are open every day except for Sunday?

>> Correct.

>> Let me ask you a question. Because it seemed like that the tarrytown library is closed one day of the week, not Sunday, the tarrytown, the Housen library, are there neighborhood libraries closed during weekdays?

>> No. You -- last budget year, we reopened on Thursday or Friday. We were closed either Thursday or Friday, we paired branches for a previous budget cut and we paired branches so one was open in an area on Thursday, one was open on Friday. The previous budget cycle we were allowed to open all of the branches on Thursday and we opened late on Friday. At every branch.

>> Gallo: Okay. So currently, that was what was happening, but now what I'm hearing is that all of the neighborhood libraries are open every day of the week except for Sunday.

>> That's correct.

>> Gallo: But three of the largest regional libraries are also open on Sunday.

>> I was just corrected. We added a fourth. So we now have four open on Sunday.

>> Gallo: Thank you.

>> Mayor Adler: Ms. Troxclair?

>> Does the 270 staff members that you said that we have across the city, does that include the 120 staff members that we have at the downtown library?

>> No. No. That's in addition to. The 120 that are at the downtown library.

>> Okay.

>> Troxclair: So -- so okay, I'm trying to understand you said that the -- that the 120 -- we have 120 staff members at the current downtown library. The new library will have a total of 190 staff members. So that's a difference of

[lapse in audio] -- 70 but the budget item is over three years.

[11:44:31 AM]

>> Next year we'll add 11, the next year we'll add nine ...

>> I'm sure there is a list of -- of the -- of the staff titles somewhere. Can you tell me where?

>> Yes. In our financial forecast, correct?

>> Right.

>> Financial forecast.

>> Yeah, it will tell you what we've asked for this year, what we've asked for next year and then the following year.

>> I just want to be clear what your question was, you said staff titles?

>> Well, the 48 new staff positions, what they're going to be.

>> You won't find the specific details of each of those in the forecast. We will be happy to give you those details, though, through a budget question. The job titles you're talking about, the number of librarians, custodian, supervisors. That level of detail is not in here, but we will be happy to get it to you.

>> Mayor Adler: Ms. Kitchen.

>> Kitchen: I wanted to follow-up on councilmember Gallo's question, did you say all positions are filled, no vacant position.

>> I don't think.

>> I think we do.

>> Kitchen: Their positions are in the budget, in other words,.

>> Yes.

>> Okay.

>> Kitchen: Has there been any identified need to -- to expand in any of the neighborhoods -- in any of the neighborhood libraries that are not in this budget?

>> To expand facilities?

>> Kitchen: Positions. In other words, is there a need for additional positions in the neighborhood libraries that are not part of this budget? Has there been an identified need for additional -- am I clear?

>> Not at the time, not at the time. Not at the current time.

>> Kitchen: Okay.

>> Mayor, if I may, again this is the forecast. Any needs that the library or any other department may be looking to include in the next budget would come during the budget development process. So -- so this is just forecasting what we currently have into the future.

[11:46:36 AM]

>> Kitchen: I'm not sure that I understood that. What I'm trying to understand is do we have identified needs out there that we're not addressing with this forecast?

>> That wouldn't be in this forecast. It would be -- there would be initial requests for the library for funding, which would be in the forecast, and I don't know if they have any specific, but this is not -- not the so-called budget.

>> I know that. I'm really trying to get at are there identified needs for the neighborhood libraries? Today.

>> I did not submit -- if I'm understanding your question, I did not submit any requests as an unmet need for any positions in the branch, branch libraries.

>> Well, are you aware of any needs in the libraries? I mean, has it come to y'all's attention in any way for additional staffing needs?

>> They occasionally do ask us for additional staff and I -- and I did not include any this year because I thought 48 positions was enough to ask for. It doesn't mean that next year we won't ask for a few to include in the branches.

>> Kitchen: Is there any kind of survey or analysis done of the staffing of the neighborhood branches that would be useful information for us to understand the extent to which they're staffed and the extent to which there might be additional needs?

>> Yes, every year we analyze what our workload is, what our demand is. And what the current staffing level is. And quite honestly, our current central library is one of the least well staffed facilities in our system.

>> Kitchen: Okay. Is there a report or something that we could review if we wanted to look at that would just give us an understanding of this analysis, of all of the libraries, including the neighborhood libraries?

>> We could probably pull something together for you.

>> Mayor Adler: Thank you, Ms. Gallo.

[11:48:37 AM]

>> Gallo: I thought of another question, too, what might be helpful along with councilmember kitchen's request, if we could have something that showed the hours of the neighborhood library's opening and the hours of the downtown and proposed new library. Did I hear that downtown library will be open on Sundays?

>> Yes, it currently is.

>> Gallo: So since the vast majority of our neighborhood libraries are closed on Sunday, could you help me understand the policy decision of staffing a downtown library to be open on Sunday and not staffing neighborhood libraries to be open on Sunday? I'm just trying to understand that because it's different. We're treating the libraries differently, so I just --

>> The central library has attendance of something like 500,000 people a year. The branches have quite a bit less. Can I give you all of the statistics, if you want. I have them by customer visits, by location, I have circulation by location.

>> Gallo: That would be great. I think that would be really -- particularly as we travel into our neighborhoods and we're asked these questions, the more information that we have that helps us -- convey the message of why decisions are made, policy decisions are made is helpful. So is the fact that the downtown library is open on Sunday driven by the number of people that attend, that are there on Sunday? Is that how you make the decision of whether or not a library is open on Sunday?

>> That's one of the things that go into the decision, yes.

>> Gallo: Okay. Seems like we have such a working population now that weekends would seem to be the days, that people were going to visit the library in the neighborhoods, the Saturday and Sunday would be the days that they would need to be open. I mean that's just kind of my --

>> And I can tell you that the attendance or the usage or visits at the central library far exceed the branches on Sunday.

[11:50:38 AM]

>> Well, the branches aren't open on Sunday.

>> Well, the three or the four that are.

>> Gallo: Okay. I would love to see that, that would be really helpful.

>> Mayor Adler: Putting aside for a second the priority questions that have been raised, I was in the Seattle library two weeks ago. On a weekend and it was an incredibly vibrant location. The number of people that were coming in and out. What was happening in the corners of that facility and I looked at it probably a little bit closer eye than I would normally because I knew that we were having one open up. But there were sections that were happening where people were being taught how to file for earned income tax credit. That probably had 100 people. There were a series of meeting rooms where different organizations in the city had reserved space and had people coming in. There were computer banks that were set up with a lot of citizens, probably half of which were kids, but half of which were not. That

were using the -- the computer terminals and there appeared to be a line and people wanting to be able to -- to access those facilities. It was -- it was open. And the energy that you could feel in that space was -- was unlike libraries that I had grown up with or that I was used to as a pretty spectacular experience in that library. Further questions? Ms. Pool?

>> Pool: Could you address the fact that what led to having the libraries be closed on Sundays and have the branch libraries -- libraries paired for reduced hours? And when that started.

>> That was a previous budget cut.

>> Pool: It was related to a great recession, if I remember.

[11:52:41 AM]

>> Mid 2009. It was our attempt to -- to impact everybody as little as possible. So we closed every branch one day a week, but we paired branches so that if you lived in a particular area, you would have access to a branch. So one was closed to Thursday and one was closed on Friday. That way if you lived within that area, you did have a branch that you could go to. When the branches were closed.

>> Then last budget cycle, what changed about that?

>> We opened on Thursday, every branch and we opened partially on Fridays. So we opened later on Fridays.

>> And that was a result of funding being identified by the city council during the final.

>> Restored, yes.

>> During the final budget actions, is that correct.

>> That's correct.

>> Pool: All right. When was the last time that the branch libraries were open on Sunday?

>> We've never -- I've been here almost 40 years, we've never had -- other than three or four open on Sunday.

>> Pool: Which three or four are open on Sunday?

>> It's our regionals, little walnut, the Yarborough, manchaca and Ruiz.

>> Pool: As well as the central library.

>> As well as central library.

>> Pool: Which will be moving to Cesar Chavez next year.

>> That's correct. Yeah. In November.

>> Pool: So I think providing us with attendance and circulation Numbers will be really helpful. I -- I recognize and have for a long time known that raising a child in the city, that the -- that the schools rely on the libraries and the libraries rely on the schools. There's a lot of -- [lapse in audio] -- About my interest in increasing the budget for a number of community assets that in my mind have not been sufficiently funded at the levels that they deserve and that supports the value that our community places on them.

[11:54:52 AM]

And the libraries are one of those, parks are another and pools as well. So I'll be hopefully working with my colleagues around the dais to find ways to continue to keep the branch libraries open as much as possible and I would almost like to see some work -- budget work to find a way to have more of the branch libraries open on Sunday. And then to institutionalize and go back to the way it was prior to 2009 when we had a big -- the great recession is what council was responding to, the economic downturn. We don't have an economic downturn now. And I think it is a really good time for us to re-evaluate our treatment of the libraries. Support them going back to levels of service, pre-great recession and possibly expanding them. It would be good to have some Numbers to see a way forward to do that, if staff would help us with that and that would include, of course, the hard data, the Numbers of people that come through the doors, level of programming, circulation and of course placement of where the libraries are around the city.

>> We can give you that.

>> Pool: Thank you so much.

>> Mayor Adler: Ms. Troxclair?

>> Troxclair: I'm sorry if I missed this earlier but you said the current downtown library has 31 public service staff. How many of the new -- how many staff -- how many public service staff will the new downtown library have?

>> We will be adding 22 positions. To the central library services. We'll also be adding two -- two positions to the youth services. I would consider both of those public service.

>> Troxclair: So 54 total? Is that right?

>> Yes.

>> Troxclair: Okay. Thank you.

>> Mayor Adler: Anything else? Thank you very much. Thank you.

>> Thank you.

[11:56:53 AM]

>> Mayor Adler: I have a couple of questions about the revenue side of the page. I'm just trying to get a feel for flexibility here, what the tolerances are. How often does the -- as you go through the budget process, let me back up a second. In the email that you sent us yesterday, where you sent out these sheets, you also identified two case studies that you were going to present at some point today, I think you said. Can you describe generally what those are?

>> Um ... Generally what we try to do with council on those case studies is to look back at the last two budget development processes, starting at the financial forecast, going through all of the process that we're going through now, leading up to staff proposing a budget to council and then council going through all of their deliberations on the budget, ultimately leading to a budget adoption and we've kind of just tried to do it like a case study to try to provide some context for the council about how previous budget cycles have -- have played out. So that's what you're going to be seeing. There are about four or five pages each. There's a lot of figures in there, so we just wanted to make sure that the figures were all ticked and tied and checked and double checked before we circulated those, but I think that will be done and we'll get those out today.

>> Mayor Adler: Did those case studies address things like how often or frequently or if at all, as it goes through the budget process, there's a change in --

>> Yes.

>> Mayor Adler: In the sales tax assumptions or the revenue assumptions, the percent

>> Right. Yes, they do, at those three junctures. They're going to say we brought forward a financial forecast and here's kind of what staff was seeing in regards to the local economy. Here's our starting point for assumptions about sales taxes, av growth, property taxes and revenues. By the time we got to the proposed budget, here's how the judges evolved.

[11:58:54 AM]

And ultimately when we got to the city council, here are final decisions that the council made moving some of those levers around. So I think it does what I out all of that kind of information.

>> Mayor Adler: In the budget forecast that you have, we had the effective rate, and then we know that if we go eight percent above the effective rate, we fall into a rollback situation where there could be a vote of the people. Is that correct?

>> That's correct.

>> Mayor Adler: And you are -- your forecast rate was just over six percent. Is that correct?

>> Yes.

>> Mayor Adler: In your -- in your experience in the past in the city, does the council come in higher than the forecasted rate? How often does it vary from the forecasted rate?

>> Typically, what we've seen is we've seen that forecast rate come down, from what we forecast to what staff ultimately proposes, and I think you've heard me say this a number of times, tcad is very conservative on their av assumptions. In general, the equation works if your assessed valuation grows, those tax rate calculations and effective and rollback calculations are going to be lower, and the tax rate we need to generate the property tax revenue to balance our budget, it's going to be lower. And so that is generally how it plays out. We get early estimates from tcad. They're very conservative. We get a certified tax roll in January -- other or, I'm sorry, in July. The values are typically a bit higher. Then we redial in our tax rates and usually our tax rates are lower. That's getting us from forecast to proposed, at least in my experience in this city, going from a financial forecast -- I'm sorry, going from our proposed budget to an adopted budget.

[12:00:55 PM]

I can't think of there ever being a time when the final action was to approve a tax rate higher than what had been initially proposed.

>> Mayor Adler: In the proposed?

>> In the proposed. I mean, typically we either end -- we propose a tax rate of this amount and it just stays there -- I think it was last year -- either last year or the prior year, or maybe both of the years, council didn't like the tax rate that was proposed, and so after a lot of deliberations and discussions, the tax rate was actually brought down from what it was proposed. But at least in my six, going on seven years of doing the budget for the city of Austin, there's never been a time where council has elected to increase the tax rate beyond what had been brought forward in the proposed budget.

>> Mayor Adler: Okay.

>> I just wanted to check with you very briefly, since I actually have some time to stay, I wanted to do a time check to see if we were going to touch base on homestead exemption issues. It seems like some of

this questioning leads generally in that direction and other directions, but I don't know what folks' schedules are like. And considering that the timeline is approaching on that issue, I did want to be able to share a couple of comments with my colleagues around new Numbers that were given to us. So I don't have to speak on that now, I just wanted a time check if others had to start on -- if or when we would get to that discussion today. I president Obama to be brief.

>> Mayor Adler: I'm fine moving through that. I've just been working through the sheets here. I'll ask one real quick question, then I'd be comfortable moving in that direction. The sales tax growth rate of five percent, if it was five and a quarter percent, it would add another \$600,000 in revenue, in an arithmetic straight line. Right?

>> I think that might be a little high, maybe 450 or 500,000 for a quarter percent.

>> Mayor Adler: Does that number change, going from the forecast to the proposed?

>> That has changed. It's laid out in the -- in those case studies.

[12:02:57 PM]

It's one of most many Numbers I'm talking about.

>> Mayor Adler: Okay.

>> But that is my memory, that in previous budget cycles, where council is looking at what staff has proposed, a they're also looking for a way to address some of their funding priorities that weren't part of the budget proposal. We as staff are responsible for trying to help you find ways of getting you where you want to be. That's one of the things we've always brought forward, where you could be for aggressive on your sales tax assumptions. I can't remember the exact percentages, but I certainly can remember a year where council elected to do that, maybe instead of three, they went with four, four and a half to bring up that revenue projection and used that to offset the cost of some funding priorities.

>> And for the time that we do the proposed budget, we have two or three more months of actual experience to base our estimates on, so we have a better basis for making those estimates than you have at forecast.

>> Mayor Adler: Okay. I'm comfortable at this point going to the second things on the agenda, which was the homestead, since Mr. Casar has something that he wants to address with respect to that, if that's okay with the group.

>> Casar: Can I just ask the process question? We finished with the general fund. There are fact sheets like this with all the general departments, I assume since your going to move on to the homestead, I

assume it's okay for the staff in attends to leave the building? Are we maybe going to go back to the forecast discussion?

>> Mayor Adler: Let me ask the panel. I don't know how long a conversation we would have on the homestead. You don't have anything new to present other than the pages that you had handed out?

>> That's correct.

>> Mayor Adler: Earlier? Which I think Greg wants to discuss. Does anyone want us to maintain the staff here on the other funds? No, I think the sense is that the rest of the staff can go. Thank you, the to the staff I can see, as well as the staff I can't see that I know is somewhere out there waiting for us, we appreciate the diligence and the patience with us.

[12:05:08 PM]

And lunch, by the way, will be moved back into that room at 12:30, in case people want to grab that, depending on how we're doing here. Mr. Casar, you want take talk about homestead?

>> Mayor, I do have a couple of questions that relate to the general fund, and I mean I'm trying to look at these fact sheets quickly since we just let the staff go. But this is our last scheduled time that we would have staff here to talk about budget.

>> Mayor Adler: It's our last noticed budget session, but we could -- we could set additional budget sessions if we -- if the council wanted to do that. And moving to the question that was identified with respect to the homestead, that does not mean that we can't come back. But we just let the staff go on the other fund question probings I guess can I just ask one question on the general fund before we move off the general fund? Can you give us more -- and I'm sure this information is probably, Jr., but I had someone ask me this week about the city surplus revenue, or -- and can you -- can you tell us kind of a general overview of where -- where our surplus revenue is and where it comes from and how much -- how much surplus we've had over the past few years?

>> Sure. Let me just try to talk about -- when we talk about a surplus, at least from staff's perspective, how that's defined. So as we're going through our budget development process, one of the things we have to do is we have to work with our departments and do revenue estimates to make a projection how we're going to end the fiscal year. So we're couple, in fiscal year '15, as projecting our budget we are going to determine how will we end our current year.

[12:07:09 PM]

Will the departments end the year with some savings, will our revenues exceed our projections? And if they do, then we look at those -- at that surplus, essentially, for example, if we're projecting the departments are going to end below what they've been budgeted to fend and we're projecting the revenues are going to end the year \$5 million ahead ahead of what we budgeted, that would be ten million dollars. That funds get put into the equation of developing the fy '16 budget. We've talked about the reserves for the general fund, one of those being the budget stabilization reserve. In that case, as we're doing estimates, we'd be estimating how much money is going to flow into this budget stabilization reserve. I'll just make you be Numbers that are easy for me to manipulate in my head. Say it's \$20 million, and we're projecting we're going to end the year with a \$10 million surplus, now we're projecting \$30 million in the stabilization reserve. The council policy about the use of those reserves said those stabilization reserves should really be used for one-time type of expenditures, and that they should not be drawn down by more than a third in any one year. So as we're developing our fy '16 budget in this example I'm making up, we would have \$10 million of the reserves that we could draw down, within our financial policies, to fund a lot of the one-time capital equipment that our departments need. You see the police chief today and the fire chief and emergency medical services, those are capital-intensive operations. They require a lot of expensive equipment for them to safely do their jobs. That's a source of funding we tend to look for to fund those types of things.

>> And is that assumption included in the budget forecast that we're drawing -- that we would spend up to a third?

>> It is. It is.

>> Okay.

>> But what happens then is when we actually close the year, because council will adopt the budget in September, based upon those projections, but they're just projections, and now when we actually close the fiscal year, when we go through all of our year end closeout process and usually around January all -- everything has really started to come to a final close from an accounting basis, we typically will when to the audit finance committee and provide them with a year end report.

[12:09:32 PM]

In that report, we might say, based upon or conservative estimates, we had estimated we were going to end fiscal year '15 with \$10 million of additional funds, but we actually ended the year with \$15 million. And so that's, I think -- tends to be what people start hearing about, is a surplus. We ended the year \$5 million better than what we had projected. And, you know, again, that's usually the case. We're trying to take a conservative posture so when we come back to council, the story is, we ended the year a little bit better than what we projected, as opposed to the opposite of that, which is, we thought we were going to end the year with a \$10 million surplus, we spent it all, but lo and behold, we only ended the year

with a \$5 million surplus. That creates problems when you're trying to finance a city's budget in a sustainable way. That's why we always take that stervetive posture, at least every year that I've been here, we ended the year a little better than what we expected. In other words, we had a little bit higher surplus than what -- than what we had anticipated.

>> Troxclair: Do you know what in your example, that \$5 million number, do you know what that has been?

>> In the last two years I think it was 12 and 14, or 14 and \$12 million for the general fund.

>> Typically it's about half from revenue, more revenue than we estimated, and then savings in the departments, that he came in under budget, so it's about half revenue and half expenditure side.

>> Mayor Adler: Okay. Thank you. Yes. Ms. Kitchen.

>> Kitchen: Did you finish, councilmember troxclair?

>> Troxclair: Yes. Thank you so much.

>> Kitchen: Could you point us would where we could find out some more information about this -- about the fund? Did I hear you correctly to say that the -- any surplus or whatever the correct term is, then goes into the fund, and up to a third of that could be used as part of the budget? Did I hear that correctly? The next year's budget? According to our policies?

>> According to your policy.

>> Kitchen: And do our policies also set an amount that we want to keep in that fund, a target amount?

[12:11:35 PM]

>> Well, there's other funds where it does do that. So, you know, you're looking at three reserves, an emergency reserve, the policy sets at \$40 million. It's been \$40 million, it hasn't increased or decreased for many, many years. A contingency reserve, which is set at one percent of your operations budget. That's about seven and a half million dollars, currently. That does go up a little bit every year as your budget grows, that one percent grows. And then the stabilization reserves is just any unexpended funds or excess revenues from a year, they just fall into the budget stabilization reserves. And that can fluctuating, you know, dramatically.

>> Kitchen: So there's not a target amount.

>> There's not a target for that one.

>> Kitchen: Okay. But has it increased -- it would seem that it would increase every year because what we're saying, to the extent there is a surplus, you can't spend all of it in the next year, you can only spend a third of it. So that means you're going to -- that means your fund is going to keep going up. Right?

>> It all depends on -- on your forecast. I mean, another way to look at it, if you had \$60 million in there and you spend a third of it the next year, now you've only got -- you spend 20, now you've only got 40 left. If you have 13 million, now you only have 27 million left, if we end the year with a surplus, the fund got up, but depending to know what the one-third draw down is, it goes down. Any given year it could go up or down.

>> Kitchen: So it's the whole fund, not the surplus from the previous year. I was hearing that wrong.

>> The reason it's called a budget stabilization reserve fund, it gives us a little bit of liver lever when you're in a great recession, you're ending the year with less revenue than what you had anticipated, so in those years there's not money flowing into the fund, but you're still able to draw down bay third, and it gives you a little bit of cushion to ease yourself through those down turns until the next upswing comes.

[12:13:37 PM]

So it does do a nice job of stabilizing our general fund through those -- through those economic down turns.

>> Kitchen: Okay. Well, where should I look to to get information about each one of those three funds that you mentioned, the contingency, the -- I forget the names of them. The three that you mentioned that are basically the three funds that we use that provide us, you know, some -- some backup, some protection in case things go differently, so what I'd like to know is information about the -- about the policies that impact those, what levels they're at right now, what thistles they've been at the last few years.

>> We'll send you all that information. It's all contained in our budget document. The policies are defined in the budget down payment. A little bit of definition and description of what those funds are is described in the budget document. Then on the general fund fund summary, we put the dollars at the very bottom. You'll see all three of those Numbers over time in our projections for the future. But it's a big budget document so we'll you will that

-- we'll pull that outand get it out to you all.

>> Kitchen: What's the number in that budget stabilization fund?

>> 64.7 million is the estimate for the end of fiscal '15.

>> Kitchen: I'm sorry, 64.7?

>> \$64,680,000 is the estimate for end of fiscal '15, September 30, 2015.

>> Kitchen: So that would include what you all know right now about what may be a surplus from this year. Is that correct?

>> That number is actually the approved budget amount, so she's reading from the budget document, and so any savings or risens above what we had projected in the budget would be on top -- or revenues would be on top of that.

>> Kitchen: I got you. So about 64 million. Then the forecast, does the forecast anticipate using a third of that? Does this forecast already incorporate a third of that into it?

>> It does.

[12:15:41 PM]

>> Kitchen: Okay.

>> Mayor Adler: Anything else? To shift gears, Mr. Casar.

>> Casar: I just wanted to speak briefly to clarify some comments that I made on past work sessions, and I'll also make sure that my colleagues had seen the new Numbers sent out about the reduction in homestead tax burden that I was pleased to -- to get and understand that the reduction in tax burden is different than what we had been speaking about beforehand. It's -- it was e-mailed to us two days ago, I believe.

>> What page are you --

>> Casar: I don't know if we received that hard copy. We received that hard copy new to my office, I think, and others --

>> We circulated it to all the offices.

>> Casar: It's on page 24.

>> Page 24 of the homestead exemption presentation.

>> Okay.

>> Tovo: And also 17.

>> Casar: Sure. So there are new Numbers there, and I just want to -- you know, having seen these particular Numbers when it calculates out, I know councilmember Garza and I did have a conversation about the change in her district which shows that the median homeowner would save a dollar a year under this homestead proposal. And really, since I think we've been trying to compare apples to apples, keeping it per month brings it down to about eight cents a month. In my district, 66 cents a month. District 1, 80 cents a month. And you know, in other districts, still several other districts, two dollars or less than two dollars a month. And I just want to articulate, again, like I said, that that puts us in a difficult situation, when you're getting one 52nd part, our even less, my district is one out of every \$52 or so, going to benefit our district, and that puts us in a difficult situation where I want to be a good advocate for my district, but I do want to also clarify that I know that we vote every single week on items that benefit others, districts, much more directly than our own.

[12:17:59 PM]

So I don't want to make that comment lightly, that just because my district is not benefiting as much from this current proposal, therefore, I should not support it. It just is whether we like it or not, this is really, I think, being seen by the public as sort of a plage ship affordability discussion that's being currently had by council. And so that makes it very difficult that, you know, to be able to support a proposal where going back to my district, you're receiving eight cents a month, knowing that others in other parts of the city -- a 30% of my district that are homeowners are a median person saving eight cents a month -- I just wanted you all to understand the difficulty in that position, but then also to let you know that I'm committed and working and want to continue conversations about compromise in places that we can make sure that we move the ball forward for everyone because, you know, this -- this being sort of the focal point of how we're going to help people with affordability in this city, with this being a proposal on the table, I think is difficult considering that we have, you know, people in apartments where the rent is going up \$200, kids are having to move from school to school, people -- affordability is a challenge for many in the city, but I just urge my colleagues to -- as we have this conversation and then greater conversations beyond this one, that there are many people that are facing affordability as a challenge, but there are others that are truly suffering and truly making -- having difficulty making ends meet. So I hope to be able to find some compromise where we can be committed to relief on the property tax side, but then also bring in other elements. And so I just want to make that clear, that when I talk about the stark disparity and how much each district will be getting, that's not in my way to say that I in the future don't want to be voting on items that don't directly benefit my district.

[12:20:03 PM]

But because of the level of -- that the public is taking this as a communication from the council as to what we're committed to do, on affordability, it just becomes very difficult to support a proposal when the differences are so stark. And I just want to honestly let you all know that's where I'm coming from.

>> Mayor Adler: Ms. Kitchen.

>> Kitchen: I want to thank you for it, councilmember Casar, because I think you've pointed to a difficulty that we're altogether, and I think a part of it has to do with just the nature of the way that things -- you know, there's so much to do. We cannot -- I think that we cannot have our affordability discussion be limited to homestead. It absolutely cannot. We all recognize that the homestead exemption is not the only tool piece for affordability. It can't be. Because of what you just pointed out. It's not fair. Property taxes are not fair. And if we only look at a homestead exemption and only an initial first-year phased in homestead exemption, then we're not getting anywhere near affordability, and we're not looking at affordability across the whole city and across all income groups. So I think we need to challenge ourselves, and I know it's a huge -- a huge hill to climb, but we can't -- I don't think we can come out of this budget discussion only doing a homestead exemption. I think that we've got to look at a whole package of things. So I hope to help contribute to that. And I think we need to have that conversation with the public so that the community understands that we are not just talking about a homestead exemption, and we shouldn't just be focusing on that because that cannot get us where we need to be in terms of affordability. It's just the nature of the beast. If we start talking about it, narrowly, as solving our affordability problems, we'll never get there. I appreciate you bringing that up.

[12:22:05 PM]

I'd like us to have a conversation about what is our package for affordability and looking at everyone. We had some discussion the other day about drainage fee. And that's one piece. That's again only one piece. So I'm not sure what our form is for doing that, but I'm committed to sit down and talking with you and other councilmembers about what are the other pieces that we can bring forward, in addition to this.

>> Mayor Adler: Ms. Gallo.

>> Gallo: You know, and thank you for saying that because I think it is -- it is the broad picture and the whole picture, and so as you mention things like that, as we get into the discussion of utility bills, you know, keeping control over the increasing utility bills is one place that impacts everyone much more broadly than probably anything else we're going to do. So I think there are areas that we can address all the different pieces. A quick question, where are we on the legislation? Do we -- have I missed the update on --

>> Mayor Adler: With respect to the flat tax?

>> Gallo: Uh-huh.

>> Mayor Adler: The word that we got yesterday is that it hit some bumpy ground.

>> Gallo: Bumpy? Sometimes that's good, sometimes that's bad.

>> Mayor Adler: This is -- this is not good bumpy ground. But still hasn't been decided yet. And it's in flux right now. We're all pulling for our senator Watson and representative Rodriguez to hopefully pull that -- pull that out.

>> Gallo: Do we get a sense of where the opposition to that is, coming from? I mean, what's the reason that people would be opposing that?

>> Mayor Adler: I think -- I think that -- I don't know the answer to that.

>> Gallo: Okay. I just didn't know.

>> Mayor Adler: I don't know the answer to that.

>> Gallo: And so we can't do any type of flat tax, even if we did it for seniors, so we have -- the school district does an over 65 exemption, or actually what they do is they freeze the taxes that are paid when you reach 65. Could we -- can we enact that.

>> Mayor Adler: Yes. There are options that we have to be able to do those kinds of things, too. Once they're granted, they can't be changed.

[12:24:06 PM]

Some of them. I mean, there are -- they're involved with the law, but just like council last year increased up to \$70,000 the deduction, that's something that this council could also do.

>> Gallo: Because I haven't heard that be part of the conversation at all, and we have such a large senior population that that might be worth --

>> I thought the city did provide an over 65 senior exemption.

>> Yes, but we don't do the free --

>> I'm talking about the freeze, the school district does a freeze when you reach 65, the taxes that you paid -- my understanding is that the taxes that you paid that year, that is the mum level of tax amount that you would pay.

>> We do a 70,000 --

>> Gallo: Value, right, but this is actually a tax bill freeze.

>> Right.

>> Mayor Adler: And I know that entities -- and we can bring them in probably to talk to us, like center for public policy and priorities, argue very strongly against doing that because there's not as direct a correlation between need and age, although we have a lot of elderly people in the community and a lot of the elderly people have a need, that, overall, with respect to -- there's not that measure of correlation. And because it can take a -- an ever-growing amount of your tax roll potential off of your tax roll, and with respect to a freeze, because I think there's a statutory provision that says you can't undo it, it's something that just grows. Kind of like the bill that they did in California when they did something not too dissimilar to this, that people looked back on it later and had great misgivings about. But it's certainly something we could ask staff to present, what, you know, the entire universe of exemptions might be, and what the different kinds are, and what impact they might have, that might be a good conversation.

>> Gallo: I think it would be good. Maybe from the appraisal district we could get an evaluation or report of where that over-65 population is, relative to property values.

[12:26:15 PM]

Because I think it would be interesting to see where the majority of those property values are within that age group, so ...

>> Mayor Adler: Okay. So it would be helpful to get --

>> I wasn't panicked, it's a good off the can you have, but we did a lot of work on the over 65 last year. The general answer to your question is that over 65 population lives in more valuable homes than general overall median. I don't know the exact Numbers, but it was definitely a higher median nos over 65 population than the broader population.

>> If I may, Ryan Robinson has put maps up under one of the -- on one of the city sites, maybe for his office where a lot of the demographic maps are, and it shows populations over 65, it shows populations under the age of 12. Councilmember Gallo?

>> Gallo: I'm sorry, excuse me, we were resolving [inaudible]

>> Mayor Adler: In which case we'll just sit by here for just a second. We'll let the two of you figure this out.

>> I was just saying that there is some -- there's some maps available to us on the city website that Ryan Robinson's outfit has done that show over 65 population. It doesn't show valuation of homes, but gives

you a sense where they live. Also, underage 12 or 6, I can't remember what the lower cohort is, but it shows a really good array of all the different bands of age, and then there's income. There's a whole lot of really great maps available for us. And if I knew a specific site, I would mention it, but I bet it's -- but I know it's on the city website.

>> Mayor Adler: And I would say, too, Greg, that I want to join you also in trying to figure out, with the whole council, the ultimate compromise here. At a big level, I look at this and I say we're going to have an effective tax rate, whatever or effective tax rate is.

[12:28:19 PM]

It's set for us because it's the tax rate that we charge, that we generate the same amount of money that we had last year. We can't -- we can go eight percent over that, but only with a potential for a rollback election. My sense is, is that the votes are not going to be on the council to approve a tax rate that would lead to a rollback election. I also -- I also have concern -- my concern -- my perception also is that this council, coming after the affordability election that we just ran, will not come in with a tax rate that is just under eight percent, that we increase spending up to that eight percent. So I -- there's some number less than eight percent that I think, politically, and where we come from representing our districts, where we'll be. I start at the other end, and I don't think we can come back in on the effective rate, for all the reasons we just talked about here in the -- in the presentation that we had. The new library that's opening up, the increase in public safety salaries, the increase on health care. So we're going to be some -- we're going to be somewhere above the effective rate, somewhere below eight percent. And I don't know where that number ultimately is going to be, because the forecast rate we have is just over six percent above the effective rate. And it wouldn't surprise me if that's kind of where we ended up. Is that about right, where that number is? About six percent above the effective rate, more or less?

>> Yes.

>> Mayor Adler: My sense is, is that it's going to be hard putting aside homestead exemptions or anything else, that it's going to be hard for this group, in having come through the election we did, to go north of that.

[12:30:24 PM]

I know there are going to be a lot of voices or some voices on this council that are going to be urging to come in at a tax rate that is lower than that six percent. And I think we'll have a rigorous conversation

and debate on where our tax rate should ultimately be, probably somewhere north of two of the effective rate, probably somewhere south of the six and a quarter, wherever we are right now. And we will have people that are saying, hey, let's cut this and turn up more revenue. We'll have other people that say this is an important program. We have the social programs that are -- that are important to a lot of us. We're going to have probably costs related to dealing with the Zucker report and making the permitting process work long-term. We're going to get all that stuff coming in. And we're going to beat each other up. But my guess is that we're going to be somewhere in that two to six percent range. Just my guess. I've never been through the process before. I'll find out. In my mind, the decision that we'll make next week, probably next week, or the week after that, with respect to the homestead exemption, is a question of ultimately, do we want to use one of the tools that we have in order to shift the tax burden in this city if homeowners to non-homeowners? And as just a general principle, because I believe that there's a disproportionate burden on homeowners, I would support that as a general proposition because I think that if you own income-producing property, you have the ability to be able to cover a rise in taxes because you can charge more rent or you can sell more widgets, but there are a lot more people living in their homes and you don't have that corresponding ability. So I'm in favor of that kind of general proposition.

[12:32:25 PM]

I also like the being able to provide within our system what is now, you know, a median tax decrease of \$26 associated with a six percent homestead exemption, which I think would be a good thing for us to be able to do. The tax rate at six -- the tax is paid by the median home at the six and a quarter forecast rate is \$75. This would be a chance for us to reduce a third of that. So, in my mind, what I'll probably be looking at and trying to figure out is, if I really believe that this council, putting aside homestead exemption, would not go above six percent, above the effective rate, if I really believed that, because I have to anticipate where I'm going to be, come September, but if I really believe that even in September we're not going to do that, then I'm okay putting a homestead exemption on top of that, because it results in that shift, and it results in the drop of whatever our tax rate would have been, it's going to be \$26 -- whatever our taxes would have been, it will result in us being \$26 less than that. I would suggest that if people think that, we will go north of six and a quarter. If they think that this council will approve a tax rate which is closer to the eight percent rollback rate, then probably you would vote against doing a homestead exemption because you wouldn't want to use up that ability to be able to go to close to eight percent. I just question whether on this group we'll actually have the votes to be able to do that. To me, that's the question. If I think we will approach that, then I recognize that people that believe that might very well not vote for a homestead exemption or to preserve that space. If, on the other hand, we think that wherever we're going to be, we're going to be somewhere six and a quarter, whatever that number is, and less, then I would do the homeland exemption because it has to say two those two attractive features and no impact to the budget.

[12:34:38 PM]

It doesn't require us to cut anything, it doesn't change any of the services. Wherever we are in that range, it requires us to cut nothing. Now, I recognize that there is the debate about that this is unfair to renters, and I think that's unfortunate. I think that that grew out of the campaign, and I don't think that it's true. Because I have yet to see any evidence, no matter how much it is taken as a foregone conclusion or as an consumption of what's real, and everybody just accepts it as if it were true, I have yet to see any evidence or data or any proof that this would get passed on to renters. So I know people are -- some people are accepting that as if it were true. I've seen no evidence to back that up. And I think that it is especially not true in a situation where the increase for the -- for the average renter -- and I would point out, is 50 cents a month. And I would point out that in your district, for example, the average renter in your district is paying less rent than the average renter is paying in the city. So I don't know what the increase would be for the average renter in your district. It would presumably be something significantly less than 50 cents a month. So, I mean, I want to work with you because I want to make this the best budget it can be, but ultimately, I -- at this point, I would support that faith in six percent homestead exemption because I think it's an important message to send. I agree with councilmember kitchen that we can't look at dealing with affordability by having each thing that we do pass a litmus test that requires it to provide affordability to everybody in the city because, quite frankly, we're not going to find very many tools that are going to be providing affordability to everybody in the city, recognizing that everybody in this city needs a tool or some combination of tools, everybody does.

[12:36:57 PM]

I'm encouraged that we're about to approve, I hope, the drainage fee realignment. We had to do something by law. I am very supportive of the way that we're doing it. That would give the average renter -- not even just the average renter, but renters in your district, the same deduction that the average renter in the citywide would get of three and a half dollars of savings a month on their -- on their bill. So I would urge us and everyone in the city to not put everything we do under a litmus test that required it to be the answer for everything, but that we look at everything, hopefully, that we're going to be doing as a council to providing increased affordability to everyone in this city. And then I would conclude with, I am just always reminded of the fact, as we look at the homestead exemption, that half of the homes in this city are worth \$227,000 and less. Half of the homes. 70% of the homes in this city are worth approximately \$400,000 and less. And a lot of those people who have homes that are worth 350 or 375 are not people who paid 350 and 375 for their homes. They paid 125, or less. And now they've watched their ad valorem tax value cheat up -- "Cheat" is the wrong word, it's pejorative. Move up to that range. That's because it doesn't require us to cut anything that I think we would otherwise

have agreed to, and enables us to move -- that at this point, as we're kind of laying out where we are right now, that's where I am.

[12:39:02 PM]

But I look forward to working with you to find new ways and new compromises.

>> Casar: I accept your challenge.

>> Mayor Adler: Thank you. Ms. Tovo.

>> Tovo: I have a question for the staff, then I wanted to make a few comments as well. So, Mr. Venino, I know you and I had an opportunity to talk about what made a change in the Numbers, and I just wanted to be sure because I've had a couple people in the last few days ask me about this. And I wanted to be sure that I'm understanding it properly and that others who are trying to work with this information do as well. The median family -- the median valued homestead is 227272 after the existing \$5,000 homestead exemption. Is that correct? So actually, the median valued homestead is 232272, and that's what caused the discrepancy in the Numbers.

>> Yeah, that's right. The Numbers we were previously showing, it's a bit of a simplification, but the Numbers we were previously showing kind of showed what a six percent or a 20% exemption would result in, compared to if we didn't have anything in place currently, but since council has already approved a one-one hundredth percent exemption, ostensibly a flat exemption, we needed to account for that. So the new Numbers are showing the additional change in tax burden relative to what's already in place.

>> Tovo: Thank you. Can you help me understand why, then, on page 24 -- so if the existing exemption results in \$24 per homestead, and the original Numbers on this district chart on page 24 -- a. From a, district 1, the median reduction is \$32, it's now 10, can you help me understand why it's in the a straight -- the median -- but these -- let me ask --

[12:41:03 PM]

>> The \$22, it should be essentially \$22 for all of these. It's -- at that tax rate, that's kind of the reduction in tax burden of the \$5,000 --

>> Tovo: Okay.

>> -- Exemption.

>> Tovo: I guess where I am, especially after looking at the new Numbers, let me begin by saying district 9 is -- has a lot of high-valued homes, and certainly there are a lot of property owners within district 9 who will benefit from a homestead exemption of six percent. I'm one of them. And my home is beyond the median -- would be beyond the median valued home. And, you know, in looking at some of the Numbers, the median valued home by staff's calculations and my own would be paying about \$1,079 in city taxes, with the existing exemption under a six percent, and an increased tax rate, it'll be paying about \$1,053. As the staff has said, that's a differential of \$26. Well, you get to a half-million-dollar home in district 9, and I use some actual home values, that -- that homeowner is going to save about \$90. And then when you get to million-dollar homes, of which there are some in district 9, and I've run a few of the examples, they're going to save about 200 -- almost \$220. And so, you know, I think that's certainly one concern that's been raised in the past about percentage-based homestead exemptions. The people had benefit the most in terms of getting the most value are those are the highest dollar homes. And it is a concern to me, and I know we can talk about it, and we will probably have to agree to disagree on its impact on renters, but for me, it is a concern that we are contemplating a homestead exemption that, while it will save property owners -- homeowners varying degrees of -- of money, it's also doing so by shifting a good deal of that cost to our non-homesteaded properties, of whom renters are a significant component.

[12:43:25 PM]

And so we have taken a few steps that I think are useful. We have a new city exemption which is admittedly not saving homeowners a great deal of money, it's saving them \$24 off their taxes, but as we're look looking at this plan, district by district, you'll see, as councilmember Casar pointed out, districts like 2, they're only going to save an additional dollar for the median valued homestead. I also think that we haven't -- we have the possibility still of potentially having a flat -- a flat amount for an exemption, and I am very eager to see whether we can get some relief for homeowners through the challenge petition. I think there's a good possibility that we can. And that does not have the impact of shifting the burden to renters. And, again, I think we're going to have to agree to disagree on whether property owners are going to pass that on to renters. I will tell you, having talked to renters, they say their landowners do. When the property values go up, and those tax -- and their taxes go up, they have had rental increases. Now, whether that's due to market, I suppose, is a matter of debate. But for me, it is -- it is an issue of concern, and I will say it's certainly something that I'm hearing from some people out there in the community, so it's not -- it is not -- it is, I think, a real issue that we need to contend with, that this may have the impact of driving up rents. And that there will be property owners out there who will pass those costs along. In fact, mayor, you even acknowledged that when you said that -- that there -- that commercial owners and property owners have the ability to raise their rents. They certainly may. And many of them will, I fear.

>> Mayor Adler: Just to respond real quickly, and then Mr. Zimmerman.

[12:45:28 PM]

When I was talking about it in the context of theoretically, that when property taxes are raised for commercial properties, they have the ability to be able to do that. In this particular case, because it is so tiny, I don't think that it would happen. Mr. Zimmerman.

>> Zimmerman: Well, thank you, Mr. Mayor, and I have to express concern with the mayor pro tem's concern that we do have, I guess, a diametrically opposed definition of fairness. Diametrically opposed. There's nothing more unfair saying if your home is on the tax rolls at a million dollars, you deserve less from a homestead exemption. I don't know how to say it other than that. It's a diametrically opposed position. It's fair that you get a break in proportion to what you pay. That's fair. But I want to ask Mr. Vanino, if you could put together maybe a simplified view of what would happen in the sales tax rate, if we were to draw down the sales tax rate, maybe increments of a quarter of a percent, you know, what would be the revenue impact of that. Because I think -- but, see, even with sales taxes, somebody could say, well, you know, sales taxes is not fair because all the tourists we have that come in from outside the city, all those tourists get a, quote-unquote, tax break. They don't live here. They don't pay the property tax burden. So if we cut the sales tax, which I'm not opposed to doing -- I think we should do both. I think we should have a homestead exemption and a sales tax, you know, drawdown. But, but, somebody can say, well, that's not fair to the people that live here because all the tourists that come in, they're paying less sales taxes, and we want to capture more of their money. But I would appreciate it if you would give us some rough idea of some metric we could use. And also, if you could address what I just said about what percentage of sales taxes are paid by people who are residents here, versus sales tax paid by visitors.

[12:47:39 PM]

That's another interesting number; right? And maybe you already have that.

>> I don't have that data in my head. We can try to do some research for you, check with maybe Ryan Robinson, our economic development folks might have some data that we could share with you. I don't have that off the cuff. Just to be clear in your question, you're talking about the one percent city share of the overall sales tax rate? If that were to come down to three-quarters of a percent --

>> Zimmerman: Right.

>> That part I can certainly do.

>> Zimmerman: Is it expensive to change that? If you change the tax rate, all the businesses, right, are going to have to recalculate the tax rates that they charge. Every point of sale, so that seems like that's more complicated than having the county appraisal district simply modify the tax bill that goes out. Because, you know, we're already used to paying a tax bill, whatever it is. That seems administratively a lot less expensive to change the tcad bill than it is to change the tax rate, administratively.

>> Tovo: Mayor?

>> Mayor Adler: Yes.

>> Tovo: I just need to express my concerns about the concerns that councilmember Zimmerman raised about my concerns because you misstated my comments. And I'll just leave it at that. But I'll also say, you know, one additional concern that I probably didn't articulate was that with the -- with the measure that we hope will pass through the legislature, we will then be locked in to the decision that we make. If we raise -- if we increase the homestead exemption to six percent, the homeowners that receive that will be able to do that, as I understand it, for the next ten years. So if we adopted -- if we had the ability come fall, in next year's budget cycle, to do a flat amount exemption of, say, 25,000 or -- and we decided to do 25,000 or 50,000, those homeowners with million dollar homes would be locked into that rate of six percent. That concerns me, just to the point where we may be getting an additional tool, will be -- we'll be limiting ourselves in terms of our options, for certain property owners.

[12:49:48 PM]

>> Mayor Adler: Ms. Kitchen.

>> Kitchen: I just wanted to clarify and circle back. Did we ask for staff to come back with information about the tax freeze?

>> Mayor Adler: Would you do that, please?

>> Yes.

>> Mayor Adler: That option and the implication, over 65 tax freeze?

>> Yes, we can do that.

>> Kitchen: Okay. I just wanted to clarify.

>> Mayor Adler: Ms. Gallo.

>> Gallo: I just -- you know, I wanted to address the concerns with renters and rents going up, and I want to address it based on the fact that I've been a landlord for the last 30 years. And what we have to remember is, that is a business, to the majority of landlords. And rents are more driven by the market

than any other factor out there. So when we talk about trying to build affordability into rents, it's also trying to make an impact on the market so that there is supply and demand-driven decisions. So as the supply is lessened, which it is in this town, our supply is really low, the demand is high and continues to build. And so landlords will move the rents up because of the limited supply. And so the thing that we can all do to most address the issue of increasing rents and affordability is to help increase the supply. So that has more of an impact. I mean, landlords will -- will -- the majority, and there are different business models for everyone, but the majority of landlords will move the rents to the market. As the market indicates higher rents, they're going to move the rents up. And it really isn't a decision based on where their taxes are or where their insurances are, or where the repair costs are. Because, obviously, as the market goes down, and the rental market goes down and rents go down, even if a landlord's taxes and insurance and expenses are high, those may be higher than what they can get in the market. So that's really the opportunity, I think.

[12:51:50 PM]

And we talk about that as we talk about affordable housing, we talk about that as zoning cases come before us to build more market rentals, that that really, truly, is the place that we can impact and help renters the most, is by increasing that supply. So there are other places, but that's what has the biggest impact.

>> Casar: Mr. Mayor?

>> Mayor Adler: Yes.

>> Casar: Just to respond, while I respect the mayor pro tem's comments on this issue, for me it is less about pitting the homeowners against renters, and one necessarily losing on the homestead exemption question, the question before us again being if we have \$5.2 million that we are willing to raise from the tax -- from the taxpayers and as part of the tax base. Part of the issue between renters and homeowners was, as councilmember Troxclair mentioned to me, don't you want to help 30% of the people in your district, where the median of that 30 percent gets helped with 60 cents a month. My question is, what's the best use of that \$5.2 million if we're willing to raise it, and are there ways we can help those that feel burdened by their property taxes but also help others that are -- have been struggling to make ends meet. And so that's part of what I will be thinking through as we continue the discussion.

>> Mayor Adler: Yes. Ms. Troxclair.

>> Troxclair: Mayor pro tem Tovo brought up the potential challenge to the commercial tax rolls, and I just wanted to say that I'm excited to work with her on that possibility, and for me, I see that as another tool -- when we're talking about a package of tools that we can use to help affordability in the city to meet, in addition to the homestead exemption, that is another potential tool in our toolbox. And so

that's why I'm willing to pursue all the options, as well as the drainage fee, as well as, you know, any other ideas that maybe councilmember Casar proposes.

[12:53:58 PM]

I mean, I think -- I think that it is incumbent upon us to pursue all of the potential opportunities. And I thought it was an interesting comparison because that's another situation where, you know, each of us in our perfect world might have an idea of what the legislature could do to improve the appraisal situation. But we've taken it upon ourselves, doesn't it -- doesn't it action or inaction of the legislature, we have the ability to move forward with the protest, if we show choose, with all the complications that it poses, and we're choosing to do that without really an answer or resolution on the legislative side. And so I hope -- and for me, with the outcry that we've seen about affordability in the city as a whole, it would be very hard for me to go back to my district and say, well, we really -- we really hoped that the legislature would have done this, and we're just going to keep hoping that they do this, and then we'll move forward on a potential homicide exemption. I mean, I just -- I don't think that that -- I don't think that that would be an acceptable answer to me as a citizen when the city council does, in fact, have the opportunity -- although it's not maybe the ideal situation, I think that we do have the tool in front of us, we do have the opportunity to do something. So I just -- I hope -- I know it's a difficult timeline for us, with the ending of the -- with the end of the legislative session coming, but I hope that we move forward with the opportunities that we have to continue having this conversation and pursuing this, regardless of the decision of the legislature.

>> Renteria: If we establish the six percent deduction, does that mean that what's going through the state legislature, and if it passed the fixed amount, are we going to be stuck with six percent?

>> Mayor Adler: We would be stuck with six percent for those property owners, so long as they held their house.

[12:56:05 PM]

If they sold the house, it doesn't transfer, with what I understand is a cap of ten years. If it was six percent, if it was -- and I don't know what the flat tax would -- the flat exemption would be, but if it were the equivalent of \$60,000 on a million-dollar home, then the homes between did you understand, up to a million dollars would be grandfathered at the same rate that the six percent would be. But homes that were a million dollars and excess would be grandfathered as to that excess. Do you know how many homes we have that are worth more than a million dollars?

>> We've requested that data from tcad, and we have a few questions for them, but the initial run was about 2000. But based upon our questions, I suspect it's going to come down from there. So I'd say the high end of it is 2,000 homes, taxable value above a million dollars.

>> Mayor Adler: And how many homes do we have in the city?

>> Homesteads, 130000 homesteads.

>> Mayor Adler: Again, it goes back to the conversations I had when I was talking to people with homes that were \$200,000 or \$300,000 or 350, and I would say to them -- they would come to me and they would say, I want you to do everything you can do to lower -- because I'm faced with losing my home. And I would say, you know, I wish I could do more, but the tools we have, they're not going to do -- they're not going to do as much as we'd like. And they look at me and they say, do everything that you can. All right? And add them up. Do everything that you can, everywhere you can, and maybe it'll add up. If there's something you can do, do it. But then I say, you know, there are up to 2,000 people in this city that will get a windfall. And they look at me and they say there are 65,000 homes in this city that are worth less than \$200,000.

[12:58:06 PM]

Those are the people that need this relief. And when I talk to them and I say 70% of the homes in the city are worth less than \$400,000, that's -- that's more than 90,000 homes in this city with that amount and less. And I say, you know, but if I give it to you, then I'm going to give it to this 2,000 people that are going to get more than what they should get. And those people who are facing losing their homes, they look at me and they say, wait a second, you have a tool that can help me and you're not going to use it because of those few people? Use your tool, is what I've heard. They say to me, use your tool to help me. It's because it's so few people. Ms. Gallo.

>> Gallo: May I ask a question? So if the discussion of what we do, being grandfathered in, is a discussion that is important if the legislation passes, but if the legislation doesn't pass, we can do something for this year; is that correct, with no effective grandfathering, if the next legislative cycle a flat tax would pass?

>> Mayor Adler: That entirely depends on what the bill looks like that could pass.

>> Gallo: I'm saying if the bill does not pass this year.

>> Mayor Adler: Then there's no law. Then you're asking me to tell you what the law might look like a year from now. I mean, there's nothing -- you're right --

>> Gallo: Okay.

>> Mayor Adler: I mean but if the bill doesn't pass, and we pass ours, but what if two years from now there's another bill that comes in that does the same thing, will we have people that are grandfathered - it depends on --

>> Gallo: So it depends on how the legislation at that point would be written and what would be grandfathered as part of that legislation in the future.

>> Mayor Adler: Right.

>> Gallo: Okay. So I understand that. But for now, if we do not -- if the legislation doesn't pass, we could do this and risk and argue against grandfathering in the future.

[1:00:09 PM]

>> Mayor Adler: Correct.

>> Gallo: Okay.

>> Mayor Adler: And that's the position that we'd be in.

>> Gallo: Okay.

>> Mayor Adler: And we've been asked to let our staff know by June 4th whether we want to do a homestead exemption. We would hope that the legislative session will be over by then. So we'll know whether that bill made it past the first stage. Then we'll need to find out whether the governor signs it in whatever form it is that finally passes. We won't have that information available to us, and then if it does pass and gets signed by the governor, then it will be put to a vote in November, and two-thirds of the people in the state have to approve it. We won't have that information by the time we have to make our decision as well.

>> Gallo: But at what point would we know that the legislation would be dead and not moving forward at all?

>> Mayor Adler: If it doesn't pass the legislature, if it gets vetoed by the governor.

>> Gallo: So if it doesn't pass the legislature, that would be --

>> Mayor Adler: Then it's over.

>> Gallo: A date. If it passes and got vetoed by the governor, it would be a date. It just seems like that piece of it is an important part of this conversation.

>> Mayor Adler: A lot of people are watching it.

>> Gallo: Uh-huh.

>> Mayor Adler: Do we have further questions while we have the budget people here? Ellen, I don't want to take away your opportunity to ask more questions if you wanted to do that. I don't know if that's something you want to do, or whether it makes sense for us to pick another Wednesday in June and -- and make these guys come back and talk to us again.

>> Troxclair: Yeah. I feel bad that we've had the staff here so many times and we haven't really gotten a chance to talk to them. So -- I mean the depth. So I hate to have everybody come another time, but at the same time, I think that our financial staff has done a really good job of trying to boil the budget forecast down as much as possible and providing us with one-pagers on each different fund, and even still, I'm just a little concerned that we haven't, really, as a council, gone through --

[1:02:18 PM]

>> Mayor Adler: Tell me, there's something we could do, for each of the council meetings we have coming up, rather than have the whole staff sitting here, we could just pick an enterprise fund at each of these next council meetings and devote 15 to 30 minutes to that. We could release that staff there rather than having everyone. Would something like that work?

>> It would. But I'm just going to reach out there and tell you I'd welcome the opportunity to come back, actually, in this setting.

>> Mayor Adler: Okay.

>> Just listening to your conversation today. I was particularly struck by, you know, the larger conversation about affordability and someone articulating that when you talk about affordability, it's not just a property tax issue, that it's larger than that. And it seems to me -- I guess I'd like to have the opportunity to work with my staff to see, to help you with your conversation, to see if we can -- hopefully we can get it all, we may not, but to see if we can create a frame, and within the frame, in my mind at least, would exist the larger issues that, you know, you need to grapple with, such that you're dealing with affordability, not just in property tax, not just in terms of fees, but the variety of other elements. And at the end of the day, it affects the individual citizen's pocketbook, so to speak.

>> Mayor Adler: That would be great.

>> I'm really reaching when I say this, but I'd like to be able to have that discussion and give it our best shot of trying to do that for you, to help with that next conversation. If that makes sense to you all.

>> Yeah. I think that would be really helpful, and I think even just having this fact sheet on the general fund helped guide our discussion today and did bring up some new topics that we hadn't talked about before.

[1:04:19 PM]

So I think just going through these fact sheets on the rest of the funds that we have would probably be helpful to all of us to kind of flush out the conversation a little bit. And I would absolutely love to hear some feedback on other avenues we can pursue. So I do think that would be had he feel to come back another day.

>> Mayor Adler: That would be great. Then let's go ahead and set another special meeting to be able to do that. Ms. Pool.

>> Pool: I think the next piece of information, though, that's missing is what -- and we -- you know, we've got a time frame to get it, is the actual revenue that's coming in and the budget that comes from the city manager, so that we can start looking at realities. We're talking, still theoretically, about a homestead exemption and how much that would look like, and who it would hit the most, and it will be theoretical until we get some more clarity and some real Numbers on the budget and we start working on that. And those two have to dovetail, because the programs that we continue or -- and the budgets for each of those departments is going to be in large way determined, I guess, after the July work time when staff puts the budget Numbers together. Right? And the budget from the city manager will hit in August? Is that right? We'll have our first budget briefing on the budget?

>> Mayor Adler: I think the recommendation is at the end of June?

>> End of July.

>> Pool: End of July. Right. And so to the extent some of this conversation will have to remain at a bit of a theoretical level because we haven't -- we haven't dug into what the budget is, and we don't know, in fact --

>> I guess I would flip that a little bit and say we're going to have to get as -- or you all are, as close as you can, to settling in some places in order that we are in the position to present a budget recommendation that -- where we've done our very best to account for --

[1:06:24 PM]

>> In those parameters. I think that's really -- I think that's really helpful.

>> Something like that.

>> Mayor Adler: But you're talking about giving us a primer if someone were concerned about affordability, what are the levers in the budget that are available to be able to do that, which is what I understand you're kind of talking about. Is that how you see that?

--

>> Excuse me. I just need to make sure that you know you're not necessarily posted to set another special called meeting, so you may want to continue the discussion of that date and the agenda for that at your -- on the message board.

>> Mayor Adler: We weren't setting a meeting.

>> Okay. Just to give you a heads-up.

>> Mayor Adler: Right. The vision of what you were describing, that you were beginning to map out, talking about affordability and budget, is that --

>> Just -- again, just -- and someone articulated it already, just what I was struck by the fact that -- the observation that when we talk about affordability, we're talking about more than simply the property tax. And I think we all know that there are a number of other things that we do that we're responsible for that you all get to make the decisions about, that at the end of the day, affect somebody, individually, their pocketbook. Now, there are some other things that affect their pocketbook that we don't control, how much food goes up and other kinds of things, but there are some that we do. And so -- so when I think about those, and I think about, you know, the other issues that are on the table like will there be a challenge, property tax -- the homestead exemption, you know, I -- in my mind at least I visualize a frame and a collection of issues in there that you absolutely need to talk about in order to address the larger question of affordability.

[1:08:29 PM]

I don't know that I can say it any better than that today without talking with my staff. But we'd be trying to create that context and have as many of those issues in the frame for you, and whatever we have to say about them, for you, for your next conversation.

>> Mayor Adler: I'm going to go ahead and set us another special meeting to talk about budget, maybe even two, so that they're on a calendar. Because my sense is -- I think these pages you gave to us were great, helped us frame conversation, and I think we'll just continue down that road and give you the opportunity to give us that map as well.

>> Okay.

>> Mayor Adler: Any further conversation here?

>> I would hope that special meeting would be after the first -- at least after the first of June so that we know that the session -- what happened, you know, the final legislative session, so ...

>> Mayor Adler: We're going to be busy next week on the challenge thing, anyhow. All right. Nothing else?

>> Thanks to everybody for all the work.

>> Mayor Adler: We stand adjourned.