

## City Council Budget Work Session Transcript –07/30/2015

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[10:05:59 AM]

>> Mayor Adler: I think we have a quorum, so we'll gear those up. Good morning, it's July 30th and we are in the board and commission room. It is 9:35. With this meeting we kick off the budget process. We start off with the kickoff of the manager with his budget. We have some housecleaning matters to discuss, but I don't think we'll start with those right away. I think we'll just get straight into the presentation of the budget so we can get started. Manager, do you want to kick us off on this process?

>> Sure, thank you, mayor and good morning, councilmembers. The first council meeting since the break. Are you ready? What a way to start, with the budget. It is a pleasure to be here this morning to do one of the most important things that a city can do that you will do as the governing body. I would start by I think really just noting something that all of us already know, and that is I believe that our great city is at a crossroads. It is a great perspective and policy that the council has this opportunity to reset. Council, had you a unique opportunity in that regard to take a look at the vision that the city has and either to affirm it or change the path forward. Adopting a budget as I said at the outset is one of the most important and primary

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things that any governmental body does. It's an opportunity, of course, to establish the priorities and the goals that will move the city forward. It goes without saying that Austin is a full service city. We provide the full range of municipal services that of course contribute to the vibrant culture that we enjoy in Austin, the very liveability and quality of life that people have come to expect, maintaining those services in a city as large as ours, the 11th largest city in the country and one of the nation's fastest growing cities as you've come to know already, has become increasingly more difficult. Since 2010 or population has grown by about 100,000 residents. If you go to the airport you know what that's like in -- in terms of passenger traffic we are setting new records every month. We just did it again this past month. And just in terms of residential units we have of in a relatively short period of time seen about 38,000 new residential permits that have been given. The question becomes why are we growing so fast and I think that there are many reasons why Austin is growing as fast as it is. That fast growth obviously brings lots of opportunity for us, but it also brings stresses that we have to contend with. But the reasons are often for the fast growth and people that come here on an increasing basis are often times declared by others, and some of the examples might include Austin being known as the best -- having the best economic performance of big cities,

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the next boom town, the best city for job seekers, the best U.S. Real estate market, the best U.S. Metro for attracting families, the top city for future job growth. And I'm just naming a few of them when it comes to those top 10 place lists. We exist at the top or very clear the top and so there are lots of people that want to come to Austin. You've all heard the daily figure that we get, people coming here, not just passing through, they've made a decision to come to Austin and live here and take advantage of the high quality of life and the vibrant culture that I spoke to earlier. With all of that growth as I've mentioned before it does put stress and strain on the things we do as a municipality. We also know that there's a bit of a divide that we talk about here in Austin between have's and have not's and we have many austinites struggling to make ends meet. In considering our affordability challenge we are also at the crossroads in terms of having to make some very difficult decisions and we certainly had to do that in the course of developing the budget recommendation that's before you today. The question becomes do we continue to provide this full range of services at a level that our citizens expect and demand, or do we reduce tax concerns? Is it possible to balance what our seemingly becoming priorities? I have been, as I'm sure, have been struck by it that

[10:12:00 AM]

daunting challenge providing world class services in an affordable manner and we have been focused on that. That has been much on my mind as we prepared our budget recommendation for the 2015-16 fiscal year. So the document before you today represents what I think you already know and that is the culmination of departmental business planning, economic analysis, financial forecasting, operational needs assessments. Our discussions with you and public outreach. And you know our public outreach is quite extensive. I would venture to say second to none. This budget is sound and sustainable. It also addresses the numerous operational needs resulting from our rapid growth and the service areas that the public has come to demand. And perhaps most notably in this budget is for the first time in the city's history it reflects this council's decision to implement a six percent homestead exemption resulting in an aggregate savings of \$7.3 million for those qualified homeowners. This budget totals in the area of about three and a half billion dollars. [Indiscernible] \$900 million. When we talk about affordability it's important to me that we not -- and that I not forget about our employees because they are -- many of them faced with the same challenges that others in our community are facing when it comes to their own personally strained resources. So this budget -- in this budget we try to account for that, as you know.

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Our employees are in fact in my view our most valuable asset and we have roughly 13,000 employees [indiscernible]. As with any municipal organization there is little that we could accomplish without their collective knowledge, expertise, professionalism. And I truly believe selfless dedication to serving Austin to the best of their ability. So as we focus on affordability we must not as I said, forget about our employees affordability challenges as their neighbors do. So this budget reflects and includes funding for three percent base wage increase for civilian employees in addition to a midyear implementation of a market-base wage increases. The data shows us that about 30% of our civilian jobs are below market salaries, some significantly so, making it for us increasingly difficult to provide highly qualified individuals that make up our organization. This budget likewise includes funding pursuant -- [indiscernible]. A one percent increase for sworn police and E.M.S. Personnel as well as two and a half percent increase for our firefighters. Finally I would tell you that I'm really confident about this budget. I think that in fact that it does strike an appropriate balance between securing and improving our financial

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health while maintaining what I think are important investments in our programs and services as well as our infrastructure investments that we're going to talk about in the course of our presentation today. I talk about this in the context of [indiscernible], but I think as you know there are lots of people that are involved. I spoke to it and acknowledged them back in April when we had the financial forecast. It's important to pause to do that again and I want to begin by acknowledging our financial leadership team, and they are seated right in front of us. Fierce lane hart our chief -- first Elaine hart our chief financial officer, Mike van eenoo, our budget guru as he's come to be known. Kim springer, program and investments. I think Greg canally is in the room hiding someplace. There he is. Chief deputy -- chief financial officer as well. There are lots of people that stand with that leadership team. Some I see are here in the room today, but there are some that are not here who work very hard to help us manage our financial affairs and have a great deal to do with our responsible and sound budget recommendation to you. I also want to acknowledge the members of my executive team, all of the assistant city managers, the chief of staff, I certainly want to acknowledge all the departments. Of course they're all represented in the -- their departments are represented in the budget recommendation as set before you today. There are lots of people that stand behind them and

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their efforts on a day-to-day basis and certainly in terms of the formulation of their specific budgets. I think it's worth noting that what we are doing today is we are delivering our recommendation to you today. Again, the culmination of a lot of work. There will be, as you know and you will hear about it at the end of the presentation, several occasions upon which you will hear from department heads. They will talk specifically about, you know, the -- their budget requests. Certainly an opportunity for you to engage to the extent that you need to to be as well informed as you need to be to make your decisions about -- [indiscernible]. With respect to that, I think that we are ready to present the budget. It will be presented at about the same level as our presentation was. We are prepared to answer your questions today. So with your permission, I will make a lateral pass to our chief financial officer, Elaine hart. >> Mayor Adler: Before align starts, manager if I could, just a couple of quick starts as well and Elaine you can get started. A budget like -- a budget is an expression of values and priorities, and I think that is what we'll be doing here as a group and I think that's what the community is expecting us to do. And at the end of this process the budget as approved will be our collective expression of what our priorities and values are. That kind of begs the question of whose values and priorities are we talking

[10:20:03 AM]

about? I think it is important to note that this is the first city of Austin budget that's going to be crafted by a 10-1 council. So with each of the councilmembers representing a district as well as the city, it's going to be the first time that we have council trying to reflect their leadership on both of those issues, the district as well as the entire city. It's important that everyone here be an advocate for their districts because that's who elected them and sent them here. It is also important that everyone here be an advocate for the city because at the end of the day we either all rise together or we will fall together. I am sure of this panel's ability to do that as we did collectively over the first six months so I am anxious to get into this process. We're going to be looking at not only what we provide in terms of services, but we will be looking at what we are doing costs to the citizens of our city because at the end of the day we'll be doing both, we'll be setting out a road map for what we do and we will also be, by our actions,

requiring our citizens to step forward and pay their fair share of whatever it is we decide to do. Previous on the things that we do I think it's real important that we are diligent about preserving and protecting a growing economy because it is in that growing economy that we have the resources and the

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power to be able to provide for everything else that we want to do in the city. So we begin there. We also have to take a look then on the power, the services and the tools and the resources that we're providing to the community in terms of programs. And I think in doing that we'll be real clear about what it is that we are paying for, what are the services being provided, what are the tools, as well as what are the services and tools that are not included because we're making those choices here as a group. And then with respect to how much it costs, again, being very clear about what it costs our citizens. When we were involved in the campaign last year there was some concern at least in the campaign I was involved in as to the difference between tax rate and taxes. The city has in the past been able to lower tax rates, but in a raising market of values that has resulted in increased taxes that are paid. We need to look at both those Numbers because obviously they're interrelated. What I'm going to be looking for and asking for is some statement or understanding of what a typical household in Austin was paying and what a typical household in Austin will pay after this budget is done. And in asking for that my hope is that staff, in reporting those Numbers, the rates that we're talking

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about, but the items against which those rates are applied so that when we look at what we're doing with the property tax rate -- [indiscernible]. Because at the end of the day what does the typical homeowner pay in taxes, property taxes, relative to what they paid last year. Similarly with respect to fees and expenses. I'm going to want to look at the typical homeowner and say this is what they saw on their bills and this is what their bill should say -- should show because I want to know at the end of this process as applied in the home how will the bills that the homeowners and residents see, how will those bills change? So I'm excited to go through this process. It's our first. I'm sure we'll be leaning on the mayor pro tem who is someone among us who has gone through this process before and I'm happy we're going to go through it. I will note that councilmember Renteria will be with us, but he is out of town. Ms. Gallo is watching us now as we're -- as we're on, and I understand, Ms. Troxclair, that she has provided or will communicate through you the questions that she might have. This is the beginning of the process. When we receive the budget then a lot of work for us to do over the course of August as we decide and between us find the values and priorities that collectively we can represent on behalf of a city which is made up of 10 districts, but is one whole. So with that, Elaine, do you want to start us off?

[10:26:06 AM]

>> Sure, thank you. Well, first, it's an honor to be here today with you to present the city manager's proposed budget. This is our official launch of the council's review of the proposed budget, and the purpose today is really to give you the initial governing body level high level review of what's in voluminous documents that we will be delivering to your offices following the presentation. You will be getting two volumes which constitutes our proposed 2016 budget. It's about 1500 pages. It is in a concise format. There is a new guide on how to read the document, which will be in the inside folder, which I think will be helpful to you new councilmembers as well as to the public. It's something that we've done new this year. So we will also post on the city's website available for the public both of those values as well as this presentation sometime during the presentation. And they will be available with

other budget documents that are already out there. The forecast and other documents we've given as well as the council's budget -- budget questions and our responses to those. So we have a website link at the end of the slide deck. I did want to also add that we have time built into your calendar over the next six weeks for deeper discussions and with the department directors about their specific budgets so this really will just touch the highlights. So you will have the opportunity to have the department directors and the staff come before you. We've got two work sessions planned currently for August 10th and 12th. And that will be your first opportunities to actually have those department directors present to you. We scheduled those a week or so after you got the documents to give you some time to let us know the

[10:28:08 AM]

specific things that you would like the department directors to cover, if you have particular interests, if you can let us know in advance, that would be great. If not we have some standard template presentation, standard information for every department that we'll be presenting. As we go through the process, understand that staff stands ready to provide you any additional information that you may need that would help you in making your decisions. As mark says we do have a lot of staff that are not here, that are really our army of financial folks who are just ready to respond to whatever you've got in terms of questions and additional information needs. So it's not just the three of us up here. But we are ready and there will be many, many opportunities for the council to have inquiry, further discussion and look deeper into this budget. >> We'll be visiting council offices after today? >> Yes, sir. Ed and I are trying to schedule one on one's with each councilmember to -- and the mayor and mayor pro tem to walk through the budget document, make sure you know what's in there, where to find it, answer any questions that you may have on a one on one basis. And we're going to try and get all those scheduled before the 10th. So we're working on that right now. We do have a fairly lengthy presentation, sections of it. You've already heard some of the comments from the manager. We'll touch on those briefly and move through them briefly. This is styled much like the forecast. We start at the very highest level and then go down to furthest details. I'll cover budget highlights and then turn it over to ed for a discussion of our public engagement process, then he will turn it back to me, I'll give you the all

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funds overview -- thank you -- and talk about some city-wide cost drivers. Ed will talk about the general fund, the tax rate. I'll cover enterprise funds and other funds. And then Kim will wrap up with our capital program and investments and infrastructure. Again, we've got two work sessions, they're all day work sessions, 9:30 to 4:30 on August 10th and 12th. We have public hearings currently scheduled for budget hearings and utility rates. On August 20th and 27th. And our budget adoption, what we call budget readings, when the council actually takes action to adopt the budget, are scheduled for September 8th through the 10th. [] With that I'll move into budget highlights. >> Mayor Adler: Elaine with respect to the schedule that you just laid out, when we did the forecast the council grabbed a couple extra days because we were moving through that. There's a gap between the first set of meetings and the end of the month meetings. If we needed to, could we -- [indiscernible] Next Tuesday and Thursday or if this council wanted, or monday-wednesday, which I guess would be like the 17th and 19th? >> I think the monday-wednesday will work. We have a calendar at the end of the slide deck, but I think the monday-wednesday will work. The tuesday-thursday are council work session and council meeting day. >> Mayor Adler: But you will get to that later? >> Yes, we are. It's the last slide. >> Mayor Adler: Sorry to interrupt you. Thank you. >> And I will say many of the points that I'll cover in this section the manager has touched on and we will cover some of these in more detail in a later section. As the city manager said,

this proposed budget does for the first time in the city's history provide for a

[10:32:10 AM]

six percent general homestead exemption. That is an aggregate tax savings of about \$7.3 million for qualified homeowners. It continues a 70,000-dollar senior and disabled exemption that was approved last year and it also adds \$740,000 for tenant based rental assistance. In order to keep pace with our rapidly growing city and provide the services that our customers are demanding to staff new facilities coming online and to address council priorities, we are having to add additional staff positions. We're adding in total across the city 347 positions, which will bring our total workforce to 13,321 positions. Of that 347 positions, 220 of them are in the general fund and we'll provide you some additional detail later. In order to value our most valuable resource, the employees of the city and the workforce that actually delivers the services to our citizens we are proposing a three percent civilian wage increase. We're also proposing a midyear amendment for the market adjustments. Early studies are showing that about 30% of our civilian workers are under market by 30%. And we're also including the pay increases for the sworn personnel, which are per their labor contracts. We've also added benefit enhancements for applied behavioral analysis, which is for autism [indiscernible]. This budget maintains our outstanding financial stability. We've got our credit ratings for all of our major credits up there, our general obligation bonds are rated

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the very highest at a aaa -- highest with a aa by all three ratings agencies. We're having a bond sale on August 20th so we'll be meeting with the agencies in a month. We also have the opportunity with this budget to increase our general fund reserve from 12 percent to 12 and a half percent. Austin energy as well with its 2012 rate increase is able to continue replenishing its strategic reserve fund. They're transferring \$36 million to that, with a plan to fully -- be fully funded in their reserves by 2018. The Austin water budget has been stabilized through a rate increase and their continued cost containment measures. With plans a couple of years ago they actually have a volumetric charge that is building a stability reserve for them, and this additional revenue source will provide 9.2 million to add to that reserve so they will have sufficient liquidity balances in the event that we have a situation like we've recently had with the drought. And that will bring their total reserve fund to 27 and a half million by the end of fiscal 16. Some good news in a follow-up, completed a bond refunding and that provided 41 million to the savings for the current year. It provided more savings for that, but in the current proposal it does provide \$14 million in savings. And again, the water utility is a very large operation. They had a -- couple of years ago they had a five-year plan for additional staffing. That plan because of the drought and the financial condition the utility was in has been on hold.

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And continues to be on hold another year. This budget also reflects our growing community. We've already talked about the growth in the customers coming through the airport, the implane.s. The aviation department will be adding 32 new positions to staff its facilities and address the terminal expansion as well as be able to serve the customers coming through there. Austin code will add a total of nine positions, eight new and one transfer from another department, a repurposing of an fte to handle increasing code investigations citywide. These sources of input we use in developing our budget ed will talk about the engagement and the sources of that information and the results of that. But what we heard clearly is from many sources that folks want the city to invest in mobility improvements as

well as our parks and libraries. And ed will show you some very interesting information on that. To address those additional investments, in the mobility area we are adding 22 new positions for about two million dollars, which will improve their programs to address increased and less congested transportation around the city as well as staffing for some rental parking activities. >> Should we ask questions along the way? >> Mayor Adler: [Inaudible].

[10:38:12 AM]

>> Okay. It's a question about the water lawsuit and how it affects the bullet on the previous page. Does that affect anything? >> Mayor Adler: Let's hold that kind of question. [Inaudible - no mic]. >> We'll have a parking lot and come back to that. We also have \$47.7 million in our public works capital program spending plan for streets, bridge, bridges, urban trails and bike and ped improvements. In addition, the Austin transportation capital program includes \$15 million for corridor improvements, pedestrian hybrid beacons and new signal installations so all these things would serve to improve the city's mobility. [Indiscernible]. Around the area we are adding 11 positions for recreation specialists, park ranger supervisor and equipment and maintenance workers. We also have staffing that we're addressing for the new central library that will come online in November of 2016. This is a multi-year plan for staffing the new library. The initial staffing will be 48.25 positions. And we have some one-time costs for relocation as well in there. We expect additional staffing to be added in future year budgets. Other investments in community values, public safety is always at the top of the list for our citizens. We're adding new -- 85 new officers, police

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officers, to increase our proactive community engagement time. We're also adding staff on the civilian side, 21 total with 15911 call takers being added. As you know the development services department, was established as a separate department this year, and they will be implementing many of the recommendations that came from staff and the Zucker report. In order to do that we have a two year plan. The current plan the initial funding will include 27 positions for \$2.8 million. In addition we have a grant expiring and we are adding those five positions to the health and housing budget. That is for the chronic disease prevention and control program that we would like to continue even though the grant is expiring. And we've already talked about the 740,000 that we're adding to social services for rental assistance. To value our most important resource, our employees, as we said we've got a three percent salary increase for civilian employees proposed, a one percent increase for police and E.M.S. Sworn per their contract. Two and a half percent increase for our fire sworn per their contract,, implementation of a civilian market study six months into the year -- [indiscernible]. And non-sworn jobs that are currently under market. >> This may be another parking lot item that you're related to now and that is the addition of some amount for health coverage for the temporary employees. So I have a question about whether that's included or not. >> All right. We have also brought our full time employees up to a living wage of

[10:42:18 AM]

13.03. >> Pool: And the fire, does that catch up for previous years when we had the consent decree or is this the accumulated? >> That is. That goes back the one year, I believe. >> Pool: Thanks. >> Then we have some benefit improvements that we're adding that the staff had been looking at for transgender surgery and applied behavioral analysis. I think this is a traditional slide that we include in our presentations. This shows you major rate and fee changes. It is our attempt to get to the impact on --

the collective impact of all our rates and fees on a typical residential ratepayer. So when we define typical residential ratepayer, we look at the average usage for each of the specific utilities. We look at the median home value typically in this particular year because we now have a six percent homestead exemption, we're now looking at including the median value homestead as a minor change in this schedule. What this shows you based on the average usage for Austin energy it would be a thousand kilowatt hours. For water they have revised down their average usage [indiscernible] Seen continued decline in the average usage over the last three or four years, and they've actually adjusted this over the last two years. So on the water side it does show both years at the 5700 to get an apples to apples

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comparison. So the bottom line is there is an \$11.37 increase per month, which is a combined increase of 3.6%, compared on the same basis to 2015. >> Mayor Adler: Was the usage -- again, I'm trying to see if this is the number that I'm looking for in terms of what people saw on their bills. You have the property tax bill going up even though you're projecting a rate that goes down, is that right? And that's because even though the rate is projected to go down because the property values you're projecting the actual tax bill that people will pay will go up for the typical home about \$3.32. On the Austin water entry, we're in a market where water usage is going down in part because I think of the city's with respects to acknowledging conservation and water reuse. The programs that we have, the fact that we're not quick to change our water [indiscernible] So water usage is going down. Would it be fair to say that the typical residential ratepayer saw the \$73.78 on their bill last year? In other words, is the 5700 gallons that you're projecting for 2016 what we actually -- what people actually saw on their bills in 2015? Do you understand? >> I do. >> In working with our water department over the last few days, they've been looking at this fairly closely over the last couple of years. Their current year

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estimate for 15 is not showing the 7,000 gallons that they reported with their proposed budget this time last year. They're actually showing about a 6,000-gallon [indiscernible] Usage. >> Mayor Adler: What I would like to see as you go through this, that would be helpful for me, again, I want to know what a typical person [indiscernible]. So if you could judge that effort so when we look at 2015 and when we see what someone was paying for the typical person, I'd like to be able to see what they were typically actually paying. And then in the next column whatever it is that you're predicting people would be actually paying next year with this budget. So at the next meeting or emailed to us if you have it, I would like to know -- because that to me is the real apples to apples comparison. That's the one that shows us what people were actually paying on their bills, and that takes into account not only changes in rates but it takes into account changes in water usage, it takes into account changes in property values. Bottom line, I'd like to know, if you could, what this chart -- because as I look at this chart I think that the \$11.30 probably is not a reflection of what is the actual change that people were seeing in their bills because you've assumed a water usage number in the first column that's not equivalent to what we think the actual water usage was. So if you could -- for my purposes and for the council, if you could take a look at this chart and maybe email it back to us with what the actual Numbers are so that we can actually see a snapshot of what people actually paid last year and what we think people will actually pay next year. >> What we're using here

[10:48:26 AM]

is 2015, which is a year that's not finished. So that will be based on current usage through this portion of

the year. So it is still an estimate. >> Mayor Adler: And I understand, but just the best estimate of what is the actual bill. >> Sure. We'll be glad to do that. I think with respect to water it is a bit of a problem over time to get an apples to apples comparison because they have been in a declining consumption pattern. And this issue came up last year when they revised their consumption from 8,000 to 7,000.

[Indiscernible]. >> Mayor Adler: I don't think it's apples to apples to compare two years with a common water usage if water usage is not common. Again, I don't want to assume the property values are the same in 2015 as they were in 2016. If we think property values are changing from year to year, then the bills are changing from year to year. So what I am most concerned about, what I would really like to see, is an apples to apples comparison where the apples that I am comparing are what people are actually seeing in their bills and not an assumption as to one of the elements. >> And you want them all red apples, not red and green. >> Mayor Adler: Please. >> Thank you. >> Mayor Adler: And by that, by all red I don't mean picking a common property value and applying or a common water. Let's use what we project to be [indiscernible] For both of those years. >> Sure. I will add also that this is a considerably lower number than you saw in your forecast, so we have worked, we have heard your affordability message and we have worked on getting these rates as reasonable as possible. I will point out Austin energy the forecast was projecting an increase

[10:50:26 AM]

of 1.11 cents in their rate so they're currently showing a \$2.22 reduction, which is a swing of \$3.33. For a residential customer using a thousand kilowatt hours per month. That swing is not due to a base rate decrease. They're base rate is not changing. That is primarily due to a reduction in their fuel costs, their power supply, which may not be sustained over the long haul. It's subject to annual changes in power costs. So we are biting from adequate generation supply in the ERCOT market as well as low natural gas. That was a really nice -- that was really nice to see that reduction. I wanted to point that out to you early in the process. >> Mayor Adler: Hang on a second. Mr. Casar? >> Casar: I didn't mean to interrupt. I had a brief comment if we could have it now just because I think it's the appropriate time. Mayor, I appreciate your comments at the beginning of the presentation and then now I'm understanding the impact and the cost of government to a typical resident. I note that there are challenges to do the analysis, but I'm also going to be looking and working with my colleagues to think about the -- how Progressive versus regressive the funding of our government is and where it's reasonable and just to think through not just the typical resident, but how we can best think about folks' ability to pay as we decide how to fund our operations. I've seen lots of analysis on different states and pretty -- it's pretty regularly Washington state, Florida and the state of Texas that are ranked amongst those that fund their governments approximate most regressively. And I appreciate the work that we do here in

[10:52:29 AM]

the city and in Austin with our health and human services contracts. [Indiscernible]... Towards closer to the middle, but I think that's a constant mark and there's lots of work to do and we can always do more work when you're ranked in the bottom three to make sure our government is funded as progressively as we can. I'll be looking towards that typical number because of course that's important, but then when and how we can to think about folks' ability to pay as we figure out the structures for both our fees and our tax rate. Revenue. >> Mayor Adler: I think that's good. Ms. Houston, did you want to say something? >> Houston: Yes. I have a question for Ms. Hart. On Austin resource recovery, if a person downsizes to a 24-gallon container, that would go down as well? >> Yes, ma'am. >> Houston: And the same thing for residential customers with impervious cover that's 31,000 square feet and if the median value of your home is less than, they would also see a reduction? >> That's true. That's very correct. >> Houston:

Thank you. >> That concludes this section. I will turn the presentation over to ed to talk about public engagement if there are no questions. >> Mayor Adler: Okay. >> We wanted to take a little bit at least to talk about our public engagement efforts. Public engagement is truly [indiscernible]. And I think this year's effort is our best to date. It was tremendously helped by your input, as council we went and talked to you individually about our public engagement plan, sought your input, got very valuable information about how to best outreach to your constituents in your districts, the best places for us to hold and best times and locations for us to hold our public engagement activities. So you will see on this first slide our public engagement Numbers are

[10:54:29 AM]

up significantly from what we've ever seen in previous years, 212 [indiscernible]. Anybody watching may not know what it is, but we did have a lot of participation in it. We did 30 staff facilitated budget in a box sessions throughout the city. We distributed 80 budget in a box -- we distributed more than that boxes. We had 80 boxes returned to us, so we had 80 group participants through the city doing this activity. We also crafted a very easy to use and really very nifty online web app version of our budget in a box activity. We had over 1500 participants in that. These weren't the only activities we did. We also were having a whole bunch of budget conversations with our board and commissions. Those were of course all open to the public, 18 of them in total. So lots of opportunities so far in the process for the public to get involved. We'll talk about later on when we get to the next steps there's additional opportunities for the public to get involved still. We also do an annual citizens survey and we always -- we have historically done very well in this survey in terms of municipal service provider [indiscernible]. Looking at our performance relative to other large cities, over 250,000 population that participate, we exceed national norms in 31 of those 46 service areas. We just put a few highlights on here. 61 percent of our residents say they're satisfied or very satisfied with our overall quality of services here in Austin. That's 11 percent higher than the national norms. At the same time the people are very satisfied with our level of service, we've heard a lot already in this presentation about affordability and so we also ask how satisfied are you with the value that you receive for the tax dollars you paid.

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40% of our respondents to the surveys stated that they were satisfied or very satisfied with the value they received for the tax dollars paid. That's about four percent above national average. This isn't one of those measures that typically trends really, really high. I mean, people generally are having a benchmark of how do we compare to other cities is very valuable. 40 speaks say they're satisfied or very satisfied. That's better than Normal. That's better than national averages. On the down side we had 30% express that they were dissatisfied with the value that they were receiving, but, you know, that still is -- and then of course the remaining 30% were just neutral to the question. So, you know, 70% of the respondents were either neutral or satisfied with the value they received for the taxes paid. >> Pool: Real quick question. The distribution of responses to the survey around the city and among the 10 districts, was it fairly -- were there hot spots and maybe some areas that weren't as well represented or was it evenly distributed? >> It was evenly distributed. We have a very lengthy report online about this survey and it actually shows a map with dots of where all the participants were. At the time we did the survey last year we didn't have the district form of elected representatives yet, so we still reported the results regionally and we show citywide where the respondents were, but the consultants do a great job of making sure that geographically, demographically that the survey is well -- well representative of our city of Austin population. In the next survey, the rfp that we've released for our next survey, we will be tracking the results by districts and reporting on them. It will be interesting to see. If you look at the

result of this survey and you look at the determine -- the geographic cross tabs where we kind of do more like northeast, northwest, central, east central, southeast, southwest, those are the

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six districts we look at. There really isn't a huge variation in people's satisfaction with services between the districts. Our consultant always tells us surprisingly little variation compared to what you might see in other cities. And we see the same thing in the budget in a box activity. And I'll get into those results in a little bit. 83% of residents said they were satisfied or very satisfied with Austin as a place to live. So obviously people like living here and that's a big part of why we have so many folks continuing to move here to become part of the Austin experience. This is just a -- >> Troxclair: Can you tell me how many responses we received for the citizen survey? >> I believe it's in the neighborhood of 1200. And I should have mentioned that, that this is done by a third-party national -- survey firm. It's randomly sampled. Statistically significant. I believe to plus or minus 2.8%. But the sample size is 1200, 1250 is what we pay for. >> Troxclair: Is it online or phone? Do you know how it's done? >> There are surveys that are mailed out, both in English and in Spanish. And then there are follow-up conversations. So if they don't get responses back when they randomly sample the addresses and they mail out the responses, they're trying to get a random sample blink. So if people don't respond and they need that demographic to meet the random sampling, they will pick up the phone and call the folks again both in English >> One more question on the slide. 30%, 36% is the national average for large cities who are satisfied. >> Yes. >> Do you have number for the same percentage of respondents who are dissatisfied? >> I don't. I'm sure we can get it from the consultant. Just the report they give us

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shows how we compare in the satisfied and very satisfied. I'm sure they have it in their data. >> Thanks. >> So all we're showing on this slide is in regards to those 41 service areas that we bench mark, these are the service areas in which the city of Austin is 10% or more above the national average and there's eight of those service areas. And then it shows the two service areas where over 10% or more below the national average. In general we get rated very highly in terms of quality of our services. One of the things we're most proud of and I think is a testament to the job the staff does and the manner in which they do their job is 28% above the national average. So we are like kind of off the charts, way above the averages in terms of how satisfied residents are with the quality of the customer service that they get. Safety, how safe people feel in their neighborhoods and city parks we do very well. That safety in city parks has really improved in recent years with the implementation of the park ranger program so that's a good success story there in regards to customer satisfaction. The condition of the [inaudible] But in terms of the condition of the streets, we do very well. Folks are satisfied with that. Curbside recycling and collection services, trash pickup, we rate significantly higher than national norms. And then, of course, we have a very good biking and walking trail system in the city and we rate very well in that area as well. We do have two areas we're struggling, probably not a big surprise, the city manager mentioned with all the growth experiences there's opportunities but also challenges with it and we have rated below national norms in regards to traffic flow on major city streets as well as how the city is planning for growth and I think those two are tied together. When you think about people stuck in traffic and thinking about all the people moving

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here, they naturally I think tie together. The frustrations they have with traffic flow with how well the

city is planning for growth. In terms of our budget in a box activity, I mean the setup for this activity was really to take a group of people who were interested in participating in the city's budget to take them from ground zero, walking them through the services we provide and what it costs to provide those services and how we fund to having them as a group or individual craft their own budget recommendation and then see the results financially of what that budget would look like. And so we divided the city into eight different categories and essentially the ask was for each of these different categories for the services we provide, this is service area where you as a resident would like to see additional spending by the city. Is this an area where you would like to just keep the spending levels the way they currently are, or is this an area you would be willing to see reductions in spending or would like to see reductions in spending. These are the citywide results. Again, it's close to 2,000 individual participants here. You know, very tied in with what we saw in the citizen survey. 71% of residents saying they would like to see the city spend more on streets and infrastructure to improve the quality of that service. The other two areas where there was a majority of respondents saying they would like to see additional spending was in the areas of parks and library and health and housing. We had four areas, emergency response, clean community. The clean community is our code compliance department and on our resource recovery department and these things are made clear in the activity. The water and energy services, all those areas we had a majority of respondents said to leave the funding levels where we currently have them in the budget. You can see for planning and economic development it was a little bit all over the map, but we still had the largest

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number of respondents, 37% said leave [inaudible] Said to decrease it. So that was the service area where citywide we had the most dispersion of results. We are going to be putting out a more detailed report on these activities, our citizen survey, all this information next week, but there was surprisingly little variation between districts. And so we did at least two facilitated events in every district. We tracked which district people were in when they were reporting online. And in terms of the top three categories, in every district the number one priority or funding initiative was streets and infrastructure. In every single district, parks and library were number 2 and 3, but in every district it was 2 and 3. Both citywide and by district there was no service area where a majority of respondents to this reduced spending. That's not to say there was nobody who responded that way but there was no service category where that was the majority of the response. One of the things we did in this activity was at the end of it folks could actually see the budget they've put together, what are the tax and utility bill implications of that, whether higher or lower level of service, one of the key outcomes what was it going to cost. The setup was a combined taxing utility bill of \$3,872 represented on this graphic by that black bar. And then this shows the distribution of all the participants, the range of the tax bills that we got back from them. The range was from a low of \$3,700 to a high of \$4,100. And then the blue bar is the -- the height of the blue bar represents the number of people that turned in a tax bill at that level. And I think kind of the bottom line here is you had 58% of

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our residents who participated in this activity actually turned in a budget in a box that had a higher level of spending than what we currently have. Now, this is my final slide on public engagement to give you the summary results, that the top three priorities in terms of the budget in the box as you already saw on the previous slide, streets and infrastructure, parks and libraries, health and housing. In terms of the citizen surveys, the one aspect I didn't talk about, they also not only look at how satisfied are you with this service but how important is the service to you. Then they do this statistical analysis of importance

versus satisfaction and they then make recommendations about service areas where they feel additional investment would have the most bang for the buck in regards to customers' perceptions and satisfaction levels. And so the result of that analysis, the consultants, the survey consultants were recommending additional investments in the areas of maintenance of major city streets and sidewalks, planning development and review, inspection services and public safety services. And I want to mention on public safety services, that's an area where when you look at the survey, people are very satisfied with the police response, fire response, emergency medical response, the quality of the services. The satisfaction is very high, it's just that the importance they place on it is so high that when you do this importance satisfaction analysis it still floats up as a priority area for investment. >> Back to page 15 where it shows emergency response and clean community under total citywide results is either keep the same or -- I mean it's in the lower tier of add more, but then it's the top third. Is that because you have clumped them from page 15, they are clumped on page 17?

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>> The -- you are looking at the -- on page 17 it's the green bar table at the top or the summary results of the budget in the box activity and the red bar category at the bottom is citizens survey. We've got two different kind of ways we're looking at community input T questions being asked are all so different so we're just trying to provide you both of the results. At least in terms of the first two -- first priority, you know, streets and sidewalks, it's a big priority for the city. >> I guess maybe in the budget in a box you are actually working with a total number that you know if you are going to exceed it or go below. The one that's a citizen survey is more kind of a -- doesn't have those specifics and it's just a general feeling of how well you feel, how well you think the city is doing and where you would like additional investment? >> I think so. And I also think when you look at -- you know, I have lost track of where I am. We've done a number of citizen survey efforts over the year and I think the one thing that you [inaudible] People rate that service extremely important. But to the budget in the box, you see 54% of the people said just keep the funding level the same. Basically I'm pretty happy with this level of service, just keep it the same. I think it's also pretty common though when -- if we were going to spend more money, what would you like us to spend more money on, even though public safety is so hugely important, a lot of times you hear people saying parks and libraries and restoring hours, we hear that as a spend more money. And then sometimes if we do the questioning in another way in regards to what are the areas we need to make reductions in, lot of times it's still parks and libraries. People when looking to make reductions they don't want to

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touch public safety. So a lot of these results have to do with what question you are trying to get at and what are you asking. [Inaudible] Really was asking people relative to what these services cost and taking into account the current level of service, are there areas where you would like to see additional investment or spending. At least what we heard back was the only three areas where there was a majority response yes was streets and infrastructure, parks and library and health and housing. So I think the next section we're going to move on to is all funds and turn it over to delaine for that. >> This actioner, as ed said, will cover all funds, and the city is a full-service city. It includes the typical things, the traditional things that a general fund [inaudible] Ems, libraries, health. But it also includes a number of additional businesses, some of which other cities don't have. Those businesses include Austin energy, Austin water, the airport, convention center are some examples. The all funds is the total of every fund that we include in the budget that we appropriate for. It's \$3.5 billion this year. It's reflecting an increase of \$39 million or 1.1% over the '15 approved budget. And if you look at the pie chart which shows you

the makeup of the all funds, two-thirds of this budget is Austin energy, Austin water and the general fund. And Austin energy alone is one-third of the budget. So that will give you a perspective of what is included in the all funds. The next section I will go through covers some of the cost drivers that affect every fund and we'll cover them in this section so that we don't

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have to talk about them at every fund when we go through them. As you know, we've proposed a 3% wage increase for civilian. The total cost of that is \$18.9 million and 4.6 million in [inaudible] Funding for a mid-year market adjustment. For all funds the impact will be 5.8 million and for the general fund 2.3 million. In arriving at the proposal for the 3%, we looked at a world at work survey and budget survey. We looked at what other Texas entities are doing and we looked at what the state has been doing. We've got several charts there for you to look at, but that was -- some of the data that we looked at in making our recommendation for the 3%. The next slide I won't go over. It's for your information. The total column at the bottom ties to the -- this shows you where the 18.9 is spread amongst all the funds. The labor contracts for the public safety associations, the 1% for police and ems is a total cost of 2.4 million. The two and a half pay increase for sworn fire personnel is a \$2.7 million cost with step and longevity increases of 2 million. So the total cost for these contracts is \$7.1 million proposed in this budget. I'll switch to employee benefits. As you know, the city is self-employed for health benefits for its employees. For our fund forecast, we were projecting a 13% increase in the city's contributions. We've reduced that down to a 12% increase in this proposed budget. You can see the breakdown by fund, the impact on each fund over on the right-hand side. The 12% amounts to

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\$17.6 million. This proposed budget also increases the employee health insurance premiums. For those [inaudible] Plus one family plans, there will be a 10% increase in their premium payment. And for employee only there will be a \$10 per month increase. >> Is this the appropriate place to ask, I was trying to determine whether or not there was some level of additional dollars for the temporary employees. The health insurance coverage. I just need to know whether it's included or not. >> In a is not in the [inaudible]. >> >> Mayor Adler: Ms. Tovo. >> Tovo: I missed what you said about whether there would be an increase for family coverage. >> Yes, family plans will see a 10% increase. >> Tovo: And do you have a sense of how much will be passed along to staff? The premium that they pay for their partner and children? >> Right. I don't know the exact premium. We can get that for you. >> Tovo: I'll submit that. >> The final slide in this section is a summary of personnel. We have 13,000 employees in the current year budget approved [inaudible] As we mentioned earlier add 337.4 positions. We've deleted two positions in this budget and then we have a net transfers column which shows you the repurposing of positions would be zero resulting in total proposed workforce of \$13.3 million. This is really for your

[11:16:48 AM]

information, but it does give you the breakdown by fund. And we'll [inaudible] For these funds. The next section, I'll turn it back over to ed and he will do a briefing on the general fund. >> Before I do the general fund, I was just consulting with our H.R. Director in regards to the dollar [inaudible] \$50.85 per month so multiply that by 12 it's about \$600 a year is what the increase would be if you are covering a family. >> Tovo: So just the increase alone is going to be \$600 a year for families? >> Yes. >> Tovo: Wow, that's a lot. Okay, thank you. >> And I would just mention, Elaine hit on that, that's a 10% increase in the

employee's contribution, the city's contribution is going up 12%. >> I have one other question about that, we'll get into the details later. Is that based on the assumption about the increase in costs that we talked about when we were talking about the forecast? I think there was an assumption [inaudible] In that assumption or is it the same assumption? >> Well, at the time of the forecast we were assuming the city's contribution was going to have to be -- >> I don't mean the contribution, I mean the -- I mean the percentage rise in cost. >> Right. >> We can get that information later. >> These Numbers, the premium [inaudible] An experience to date. How that experience to date has changed in the last few months since the last time we

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had this conversation, I don't know, but we can certainly get that for you. >> Yes. Experience to date would help set the assumptions going forward. And I can get that information later. [Inaudible]. >> In insurance costs. Is what we're trying to manage. One way or other we pay for it on employee. >> That's why I was asking because that seems higher than we talked about during the forecast. >> Well, I think it's -- that the family -- you know, if your premium that the employee pays and then the city's contribution [inaudible] So I don't think we add the percentages together looking at the overall increase, it's just that the employee's share is going up 10% and the city's piece is going up 12%. The overall increase is going to be between 10 and 12 not adding them. >> Mayor Adler: Just give us the detail on that. >> Yes, we will. >> Mayor Adler: Please continue. >> In regards to the general fund, we are bringing forward a city manager budget recommendation of \$906.7 million for our general fund and this shows where the funding will come from. 42% is coming from our property tax revenues, 23% from sales tax, 18.6 other revenues, fines and fees charged throughout the city, municipal court fees, ems or [inaudible] Of the big ones. The table over on the right just shows the changes from the revenues we're estimating. These aren't budgeted Numbers, these are the Numbers we're estimating in fiscal year 2015 with, then you can see the amount we are budgeting for

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2016. Looking a little more closely at our property tax revenue portion, that's, again, the largest piece of general fund revenues at 42%. We are forecasting 7-point -- not forecasting, I guess we're still forecasting [inaudible] 7.6% growth in our property valuation for 2016. And a tax rate of 0.4814. That is a slight uptick from the current tax rate of 48.09. The graphic shows you the separation of that tax rate into the operations and maintenance piece and the debt portion, and the debt portion came in at 11.11 cents. We've talked about this already, but that the -- the net combination of that small increase in the tax rate and the changing property valuations and the 6% homestead exemption that this council has already approved is a 3.32 per month impact for what we define as a typical homeowner, somebody who owns a homestead of \$232,232. \$272. I won't spend much time on this. It's just to give you some history of the changes in assessed valuation over the years. Those are the blue bars versus how the tax rates varied over the years. So you go back into the early '90s we had a tax rate over 60 cents per hundred dollars of taxable value. When property valuations were growing rapidly over the years that rate has come down. In the wake of the great recession we've seen the rate tick back up and now it's on its way back down as valuations are growing. So there tends to be this correlation between the level of valuation growth and the -- we always like to highlight that the city of Austin is not

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the only nor the largest taxing entity in town. [Inaudible] For 2016 collaborating with the other taxing

entities, the Numbers on the left show the combined projected tax rate for the city, the county, central health, the school district. Here the school district is aid and the community college that we're projecting a total tax rate of \$2.33 per hundred dollars of taxable value. Over on the right we take that tax rate and apply it to the median valued homestead, take into account all the different levels of exemptions these jurisdictions offer and a typical tax bill of \$4,920. This is the all in tax bill of which is city's portion of that all in tax bill is about 21%. The largest piece, 53%, goes to the school district. We think one of the best ways to keep track of the cost of government and the extent that it affects people's pocketbook is to look at that total combined tax bill for the city of Austin and then to look a percent of median incomes. If median incomings are relatively flat, the percentage that goes to pay that tax bill would be rising. I think that's largely what we see in this graphic. The blue line shows the metric for the city of Austin in F.Y. -- In F.Y. 2008 it came in a little over 5%. It's grown to about 6.5% now. And then it shows that metric relative to other major Texas cities. Moving on to sales tax, this just shows a history of sales

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tax. It's something we like to caution council on as a result of its volatility. In good years it could be double digits high, years of 12.7%, sales tax growth. We've also seen years of almost double digit declines. It's a volatile source of revenue that's dependent on the city's economic cycle so we like to caution council about want to go remain conservative in its posture on sales tax projections. The growth rate has been 4.9%. We are projecting to come in at 5.8% in 2015. We have a lot of data year to date behind that so based upon where we are year to date and our projections for the future [inaudible] We're projecting we are estimating an additional 5% growth in 2016. If you remember way back into April, John hockenyos was projecting this number I believe in the 6 to 7% range, but he gave you this [inaudible] On the low side of the -- of the economic projections. In regards to utility transfers, we are projecting for 2016 a Austin energy transfer of \$105 million. That's flat. That's the same level as it is in 2015. And in fact that will be the fifth consecutive year that the transfer from the utility [inaudible] At \$105 million. The water utility is projecting a \$2 million increase, the calculation models approved by council for those transfer rates. Historically the portion of the general fund that's paid for by the utility transfers has dropped significantly and it's projected to continue to drop. In the late '90s, 1997, the general fund transfer from the

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two utilities, Austin energy and Austin water, was 24% of total general fund revenues. [Inaudible] And we are anticipating that it's going to continue to decline by the end of our five-year forecast and we think that the utility transfer will only be 15% of the total general fund revenues. Development activity [inaudible] I think everybody knows this and this graph really shows just how significant it has been. The solid portion of that line are actual revenues. For the last couple years I keep saying that this is an historic all-time high and then next year I say this is another historic all-time high. Well, in fiscal year 2015 we're projecting to end the year at an historic all-time high for development revenues. This will be the third year consecutively that we've raised the bar on that measure. [Inaudible] And even further increase in development activity. We anticipate the high level of development activity we're currently experiencing is going to maintain, but we are proposing in this budget increases in a whole variety of development fees that moves them closer to the full cost of [inaudible] And that additional revenue of about \$3 million is fully off setting the cost of the additional development staff that we're adding to improve that service area. >> Mayor? Question [inaudible] But do you know what percentage they are at of costs? >> I don't know what percentage they are at at cost. It depends which fee we're talking

about.

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The plan here though is for any fee below cost of service, it might be \$100 and the cost of service is 120. The plan is to close half of that gap this fiscal year, so in other words we would take that fee up to 110 and close the remainder next fiscal year to get them to full cost of service on their fees. So that those development activities are fully funding themselves. >> Tovo: I'll ask some followup questions. I'm pretty interested in looking at what the additional revenue would be that we would bring in if we brought those -- if we escalated that and brought those fees up to cost of service since we're already asking taxpayers to fund those extra positions. So I'll submit that to the committee if I haven't already. >> I think we should probably handle it through the Q and a because they are complicated, but it is a bit of a moving target because here we're increasing revenues to help pay for additional staff need to do address the backlog, but by increasing the staff that moves the target on the cost of service so I think it's something best to handle through a C and a -- Q and a process. >> Tovo: There's been a practice of bringing those fees up to cost of service so we're at least asking people to say the full cost of their water hookup or electrical hookup and I think we need to be consistent with our development as well. But I'll submit those followup questions. >> And then an additional question, and I think you hinted at it and that's how often do we reevaluate regularly each fiscal year updated. So if it is 120, then -- and you are taking half of it for next year, then is it \$10 or is it another \$12? To get to what is now 120, but ends up being 122 two years out. >> Yeah. >> Do we also actively update our cost of service to make them realtime? >> I would say that we

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actively update them but it's not annually. We're not looking at every fee in the city relative to its cost of service. I think it was three or four years ago when the planning and development department at the time, planning and development review department did their cost of service analysis and established the current cost of service levels. [Inaudible] For a while. But it's not something that gets updated every year. >> If you could give us a sense which fees are updated with what regularity, what kind of a [inaudible] Too difficult to compile? >> In general our goal for the general fund is to try to be on a three-year cycle. So regardless if it's the parks department or health department fee or the planning fees [inaudible] Every department's fees and take a fresh look at them once every three years to make sure that what we're charging stays in line with what it costs. You know, we want to be a little sensitive to constantly chasing our tail and if we're charging a \$2 entry fee to pools and next year it needs to be \$2.10, we probably aren't going to increase the entry fee by a dime, but after three years if it needs to be increased to 2.50, maybe we will increase it just for example. We don't want the fees people be constantly changing but we need to keep the fees up with the rising cost of delivering the service. >> That makes sense. If you could give us an idea about what fees are looked at, that would be great. >> My question was related. You had mentioned [inaudible] Looking at raising them by half this year and considering half next year. Does that apply to all piece? And I'm particularly curious about licensing type fees.

[11:32:55 AM]

Or is that across the board? For all the fees or just some of them? >> No, that was strictly for the development services areas, permits, inspections, plan review. >> Okay, then I will submit questions related to licensure and regulatory fees over things like str licenses, other kinds of licenses to see what

the assumptions are related to that. >> All right. I just have one more slide for that other revenue category, the other revenues, about 18% of our revenue. It includes things like charges for services, franchise fees, mixed drink taxes and fines and fees and forfeit yourself. We're not going to highlight everything here. I think [inaudible] I think we had it on the first slide is projected to increase by \$4.2 million. You know, so we're just highlighting some things here that stood out to us for you. There's more details in the budget document, but we're projecting a \$1.1 million increase in our cable franchise revenues. We're projecting a \$600,000 increase in our public health revenues, which is for animal services as well as increased number of birth certificates that are being issued. And then in the parks department, they are going to be proposing in this budget, they are proposing in this budget a new nonresident pool entry fee that's anticipated to generate \$400,000 of additional revenue, but at the same time they are doing that, they are projecting a reduction in revenue of about \$300,000 due to their discount program, discounted recreation fees to qualifying lower income individuals. I'm going to move on and talk about expenditures. The same \$906.7 million, but

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looking at it from the expenditure side, and we just are dividing that into the four big service categories in the general fund. 71% of the budget is allocated to our three large public safety departments and municipal court. 20% is allocated to the departments that we categorize as community services, parks and recreations, libraries, neighborhood housing and animal services. So I don't think you need to write all these down or try to remember them. Development services and planning and zoning 4.5%. Now, when you flip to the next slide, you are going to see a \$52.6 million overall increase in the budget from fiscal year 15 to 16 and it's color coded to match this pie chart. So, you know, you can see here on the pie chart the blue pie is 71% for public safety and muni court. On this slide you can see those blue bars are the bars that comprise that piece of the pie. That's what the colors are just trying to tie to your pie chart. We think it's interesting to look at the increase in the budget relative to the departments that are receiving that increase. And I think it's important that we look at it both in terms of raw dollars, but also percents because the police department and fire department are, you know, such large departments relative to animal services or planning and zoning that, of course, they are going to have much larger dollar increases. I think it's more informative to look at things from a percentage increase basis. There are a lot of acronyms on that table that we couldn't possibly get this table together without using them but we put a table up there to define what all those things mean. So I'm going to focus on the percents a little bit and I think a typical increase for a department that's not really adding any staff or any new services, a department that's just reflecting increased costs for health insurance, increased costs for wages and things of that nature.

[11:36:57 AM]

It's probably in the neighborhood of 5%. I'd like to focus in on some of the percentage increases that are significantly different than that. The first one is library where we're projecting \$4.8 million of additional budget, 13% increase. That's, of course, related to the opening of the new central library and the additional 48 positions we're adding for that facility. In development services, 16.4% increase and I think you've already heard about our recommendation to add 27 staff to that department. And with an additional \$3.1 million of revenue coming in to cover the additional staff so we're not covering all the cost increases with that fee increase, but we are covering the cost of additional staff we're adding through those fee increases. The transfers and other requirements, 13.7% increase there, that's largely being driven by I think we're in the third year now of transitioning how we allocate the costs associated with our economic development department and our 311 call center. So these are things that used to be

fully funded by Austin energy and several years ago we started moving towards having a shared cost model for those services between the Austin water utility, Austin energy and the general fund. And so these increases and transfers and other requirements are largely being driven by the change in those allocation models. Moving down a few to looking at, like, municipal court at 7.3%, planning and zoning at 8.2%, and even the neighborhood housing at negative 8.6%. What's happening there, negative 8.6%. All those percents are being driven by changes in our cost allocation models. We have models where we allocate support costs, we allocate those support functions out to our direct service providing departments through an allocation model. The allocations can swing from year to year depending upon the drivers we use to define

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how those costs should be equitably allocated. In a smaller department like neighborhood housing and municipal court and planning and zoning, those small changes of a few hundred thousand dollars have result in big swings. Municipal court, planning and zoning and neighborhood housing the swings are really the result of the changes we're seeing in those allocation models. The final one, animal services, 9.8% increase, we are recommending in this budget the conversion of eight temporary positions to permanent status. Those positions are really needed for what is at this point in time [inaudible] 90% live outcomes rate. And so that's what that increase is being driven by. Given that I think I've pretty much -- do you have a question? I gave you all the highlights. I'm not going to spend too much on the highlight slides, but police department and I think Elaine hit on a lot of these. Police department, 85 new officers recommended in this budget. 21 civilian staff in the police department, of which 19 are going to be at the emergency call center, the 911 call center, 15 call takers, two training specialists and two supervisors. We have 12 paramedics in the budget related to the relocation of an existing county unit so this is a county unit that serves the loop 360 area by Barton springs mall. That unit is going to be relocated creating service gap in that area for city residents so we are recommending a additional paramedic unit to service that area. 48 positions for the library. We've already talked about [inaudible] For rec specialists, park ranger supervisor as well as equipment operator and maintenance worker for our park maintenance activities.

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We have talked about development services. We only highlight neighborhood housing and community development because we are formally making them a general fund department this year. There's no impact to the general fund. Their local funding currently comes to the general fund, we just transfer it from the general fund to a neighborhood housing fund. Given that 100% of the local funding comes from the general fund, we just feel it's a more transparent way to present the budget to just present them as a general fund department so that's what we're doing in this budget. Health and human services, we are converting five positions that were previously \$129,000 to maintain chronic disease prevention activities. \$740,000 increase in social service contracts for rental and financial assistance related for displaced residents. And then I already talked about the animal shelter change. One of the things we always like to do in our budget presentation is not only look at F.Y. 16 and the fact that F.Y. 16 is balanced, but we also want to forecast out several years to assure council that as we look ahead we are recommending a structurally sound and sustainable budget. And so this shows you our projected increases and expenditures. You see that we are projecting balanced budgets over the full -- the five years of our forecast horizon, but we are projecting tax rates in the out years of the budget for fiscal year 18, 19 and 20 is going to main taken some tax rate increases. That concludes the general fund. I think we're going back to Elaine for highlights. >> Internal service funds are important because they

provide goods and services to other city departments or other outside agencies, but they provide them on a cost

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reimbursement basis. There is no profit. So to the extent that they would end the year [indiscernible] We use those balances to reduce the costs that are allocated in the next year to the other city departments. We have three major internal service funds. They are listed here at the top, communications and technology management, fleet services, and support services. Support services includes the city clerk, mayor and council, the city manager, financial services. Most of the administrative support functions of the city. Those departments are in the support services fund. The chart shows you what their total budgets are for communications and technology management, which we refer to as ctm, their budget is -- their operating budget [inaudible] Million dollars and adding three positions. Fleet services budget is \$3.3 million increase. Support services is proposed at 116 million with a \$10 million increase. For support services cost allocation plan including using a 5.5 projected [inaudible] There's a savings in the distribution to the other -- allocation to the other departments for this year. In addition to the operating budget for information technology, we are also projecting \$28.5 million for capital projects for critical infrastructure and approved projects through our information technology governance process. And for the fleet, fleet

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services department, there's really good news this year because of the volatility in the gas pricing, there is a \$9 million fuel savings that will be passed on to all departments. So they will -- on the opposite side they will see a cost savings or there will be a revenue reduction in the fleet services department. We do expect to see fuel costs go back up annually by 3%, and their projections -- they are relying on the energy information [inaudible]. A little more detail about the increase, the \$10 million increase for support services. This is probably the only place where we repeat cost drivers because 40% of the \$10 million increase is coming from the cost drivers for the salary adjustment, the market study and the health insurance costs, and it was [inaudible] Increase. We have proposed [inaudible] For mayor and council staff, one each information each councilmember office and three for the mayor's office at a cost of \$1.1 million. We're annualizing the cost for four new council offices to move to the 10-1 governance structure. [Inaudible]. We've included -- in addition, we've included 11 positions in seven different support services departments to address increased demand for services and increased work loads. At about \$782,000. Other increases are \$600,000 to increase funding for preventive maintenance of a variety of city facilities in the building services department. And we had two fairly large decreases so we would like to show you what was added and

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what was also a savings for the year. We reduced election funding for the city clerk in the '16 budget that's no longer needed by one million and reduced our transfer to the capital improvements program for accounting system software upgrades that are already in place. It was a one-time \$1.7 million increase. For our communications and technology management, they do have transfers to their capital program of [inaudible]. 9 million of that servers, networks and those kinds of things listed on the screen. In addition, \$13.5 million was approved through our governance process for approved projects. Information technology projects. A library radio frequency id system, continued implementation of that so that as you walk out of the library and you are holding your book, the magnetic field is in the book

and it automatically checks it out for you and keeps track of it in our system. Ultimately those systems as implemented across the library will mean our librarians and other staff can focus on other things besides checking out books. We also are implementing a program for electronic health records, a real estate inventory system, a new video wall for our combined transportation, emergency and communications center, commonly called ctecc. And then we've got \$6 million for equipment for new officers and vehicle wireless equipment for them. We've talked a little bit about the fuel reduction already. I won't repeat that information. We are seeing a proposal here of seven new positions in our fleet department and a marked

[11:49:03 AM]

implementation of a market based pay increase so they can continue to attract and retain sufficient fleet technicians. They've had particular problems over the last two years in getting trained technicians to work on the city's fairly large fleet. There's \$1.4 million for the market adjustments. There's also a small dollar amount for incentive pay plan for technician certification. And then we have a vehicle acquisition fund that's managed by our fleet services department. We have 12 -- a little over \$12 million budgeted in this fiscal year in this proposed year. 10.5 million is for replacement vehicles or there for general fund and support services departments. They've been through a rigorous review prior to proposal for replacement and then we've got new vehicles for the new added police officers of \$1.6 million. And those are funded from the budget stabilization fund of the general fund. I'll move on now fairly quickly and go through the enterprise funds. And I'll just remind the council that each of these departments will be coming back in our work sessions to provide you an opportunity to talk directly with those department directors and their staff. So we'll go through these pretty quickly. We've already seen that there's -- thank you. That there's a drop in power supply adjustment rate for the year. It's one of the adjustable, annually agist I believe rates that Austin energy has. This is due to a \$70 million drop in their power supply costs.

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Based on the tariff. Their total budget for the year is 1.4 million -- no, \$1.4 million and they are -- have a staffing, a workforce [inaudible] Ftes. They are not asking for any new positions in this budget. And as we mentioned for the water department, we did have a refunding in the spring and that provided some additional savings of \$3 million for Austin energy in the '16 budget but additional savings in later years. Because of the rates approved in 2012, they have the ability to continue replenishing their reserves, they are transferring \$36 million to their strategic reserve and expect it will be fully funded in a couple of years. They are also able to transfer \$9 million to begin replenishing their repair and replacement fund and this would be used for potential closure of fayette or revamping the decker creek plant. Their general fund transfer is proposed at 105 million, as ed said that's the fifth straight year in a row that it is the same amount. Based on policy. They are proposing no base rate increase. The 2012 rate increase, base rate increase was the first in 18 years. They are on a five-year cycle to look at rates. They may go up, they may go down, but we do have a policy now that requires a regular look at their base rate. Beyond the base rate, about 40 to 45% of their revenue is from annual adjustable rates. Those include the power supply adjustment, the regulatory charge, and the customer benefit charge. The regulatory charge is where they are recovering the costs

[11:53:06 AM]

for the transmission lines that were built out to west Texas that bring in the wind power to the

populated centers. That is a statewide push of costs to every utility in the state. And they are increasing that \$50 million, which brings them back to full recovery of that charge. They had been significantly under recovered and was a concern for our auditors. >> Question. >> I have a quick question. On the regulatory charge, could you provide information [inaudible] The share for each entity and how much the state itself pays, if any? >> I don't believe the state pays any and it's based upon your portion of the ercot market. We pay 4%, I believe. Yeah. But we can certainly provide you some information. >> Tovo: I have a question too about the reservess. You said earlier that this proposed budget would have -- would put us on the path to funding all of the reserves in Austin energy by 2018. And I know we've had considerable discussion current and in the past about which of those reserve funds [inaudible] In terms of what Austin energy has proposed. Could we just go over those a little bit more slowly? When you talk about the reserves being fully funded, you are talking about the strategic reserves, emergency fund? >> That is the -- that's the three pieces and that is the one that's fully funded, not the repair. >> Tovo: The repair and replacement will not be fully funded. >> Is my understanding. The strategic reserve is

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structured into three pieces. The emergency reserve. >> Tovo: And that one is currently fully funded. >> Yes. The contingency reserve and on top of that is a rate stabilization, budget stabilization reserve and I believe this -- this gets the contingency funded, I don't know how much if any it gets that third piece funded but we can get you that information. >> Tovo: I would like that information because if the third piece is the rate stabilization fund, that's the one we've had considerable discussion past and present about whether that should even be fully underred. I think Austin energy had proposed it be funded in the last rate case, the council decided not to increase rates to fund that because in effect you are collecting -- you are collecting money from current ratepayers toward [inaudible] Good path to be on. So I will submit some followup questions. I appreciate this detail, but I think we need to look carefully about the level at which we're funding -- we're replenishing those [inaudible] At least about that last one that hasn't been made. >> For the next rate review that you'll have the opportunity to look at that reserve policy before the next rates are implemented. >> Tovo: But are -- but are some -- does the proposed budget in front of us -- [inaudible]. >> But it's based on the 2012 rates that are in place. >> Tovo: Okay, which would not be funding then the contingency reserve. But I mean -- >> That last third. We can provide additional information. >> Mayor Adler: Mr. Zimmerman. >> Zimmerman: I wanted to follow up. I guess this is a policy question when it comes to reserve funds, there's two

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ways they could be looked at or used. There is certainly a conservative aspect of saving for a rainy day. But the other part that I see in politics a lot is these reserve funds end up being built up for a specific purpose and then a political pressure comes in and says, oh, we have this money sitting around, basically a reserve fund and it winds up being as a slush fund. And when you oppose the spending of that money is political argument is oh, well rates don't have to go up and it's not sitting in a reserve account. And from that point of view the reserve accounts are a very bad idea because they come to us as a good idea to be conservative and save for a rainy day, and years later these moneys are being used for something else with the argument, well, the money is already there. So I don't have a -- when it comes to government's ability to take money and fund its needs as they come up, I don't have a very positive view of these big -- big reserve funds. >> Part of the reason we have reserves for our two most volatile utilities is because rating agencies look at our liquidity levels and the reserves help support the liquidity levels required to maintain the high ratings we have on our consideration, so that is also a consideration but I do understand your point they can get too large and there are policy decisions about

how they get used. To the water department, they are continuing their cost containment efforts. In many ways the cost containment that they implemented last year was carried over. The reductions they had almost a \$30 million reduction in their operating budget to the '16 and continued on. They are again delaying their staffing plan a second year. They are proposing to add one new position for the balcones

[11:59:14 AM]

canyonlands preserve that is partially funded by Travis county and again that bond refunding we just completed provided significant savings that allowed them to continue to look at their rate proposal for the current year. They are proposing an increase of \$8.4 million in a transfer to cash fund a portion of their capital projects, to lower the amount of debt that they need to issue, and the revenue stability fund that was set up a couple years ago, they are adding 9-point -- 1.9 million to >> >>> -- To bring that balance up to 27 and a half million dollars by the end of the year. That is funded by a charge of 19 cents per thousand gallons and that charge is not being changed this year. They are proposing a system-wide increase of 4.9% as their rate proposal based on cost of service, that would provide them an additional \$19 million in revenue. And this translates to a 4.94-cent monthly increase for the typical bill based on the 5,700 average usage. >> Pool: Mayor? I just wanted to highlight the -- I'm the city's rep on the balcones canyon land coordinating committee. And our long time administrator Willie Conrad will be retiring and I think in fact the celebration or his retirement farewell is in August. So what the county and city have agreed to do is shift some of the funding around so the county will pick up half of the fte's and they'll split that position that Willie has encumbered

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into two. The work he's done of course in the many years he's been there has grown over time and he's a huge compendium of institutional knowledge and we're really going to miss him when he goes. It looks like we'll split the duties to necessarily focus and maybe the load wouldn't be so heavy on just one person. So that's behind that. We have a very good partnership with Travis county as we administer the permit. As you know, the federal permit is held by the city and the county. >> Mayor Adler: Got it, thank you. And while we're here on this again I want to make sure I understand, this says that the typical residential customer, the increase is \$4.94. Does that mean that if you looked at what the typical bill was that customers paid last year versus what we anticipate the typical customer will pay next year, that there will be a \$4.94 a month increase? >> This is based on the same chart that we talked about earlier in the presentation. This is based on the usage of 5700 gallons on the average consumption for 15 and 16 and we'll bring back that analysis for you. >> Mayor Adler: The question I'm asking is -- because it's a simple straightforward question and we can talk about the why's in a second, Elaine, do you believe if you look at what the typical person paid in a water bill last year versus what a person will pay in the water bill next year that water bill will be going up \$4.94? >> I do based on the information I heard from David anders last night. >> Mayor Adler: You assume the water usage is the same last year as it is next year. >> What he's telling us is his most recent --

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when he proposed last summer he thought the usage would be showing a current year estimate average usage of about 6,000 gallons. We've actually used 5700 because the slide deck was already prepared. So we can go back and change it to what he thinks the average customer will use this fiscal year based on today's information. Actually usage through today and what he thinks they'll use for the next couple of months. >> Mayor Adler: What I heard you say is while the \$4.94 assumes a constant usage amount this

year versus next year is that in actuality our information is that there's a difference between those two. >> Of about 300 gallons, yes. >> Mayor Adler: I say that only because we look back at historical stuff I want to look at that, but for people using these Numbers, and there are people already out tweeting Numbers based on this report. If we're going to be trueing up Numbers over time what people have actually been paying, which is both a function of rate and water usage. It assumed a common water usage that we know not to be true or we estimate not to be true, is that right? >> What we've tried to do show the impact of our rate and fee increase -- [indiscernible]. >> Mayor Adler: I know that other people in the past have asked for Numbers to be done in a certain way and are being true to how people in the past may have asked for Numbers to be done. So I'm asking a forward-looking question. It's not an accusatory question, it's not a question to ask you why could you have done this. I just want to make sure that I'm understanding correctly that the \$4.94 number is something that assumes constant usage from year to year and we in fact don't believe that is that is right. That there will be constant usage next

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year -- next year. >> Based on the financial water staff, no, we don't think the usage will be the same. And in fact I think for our utilities they're highly impacted -- the usage is highly impacted for both electric and water by the weather. And so you -- you will see a difference in usage because of weather. Our Numbers are based on an industry standard of a thousand kilowatt hours. Actual usage for Austin energy customers is lower than that. But we present the thousand dollars because that is what you compare to other utilities across the state. So we will have to go recalibrate all those historical Numbers. To the extent that someone is using tables similar to that that we've had in prior budget presentations, they can't go back to 14 because we've had a consistent methodology of trying to isolate the impact of the rate increases of the proposed budgets. So the reason -- we'll have to go back and make sure that we are -- we may have to restate all of these to get your apples to apples comparison. So I caution folks not to go back to prior budgets two and three years ago and add them all across. Because we have to -- we have to go back and do the scan that you've asked us to do. >> Mayor Adler: I think that's right. And I appreciate that and I know that it's different work and I know that it's kind of a different way that it's been asked for and looked at in the past. Just for our purposes so that we have that metric because people in the community have been talking more and more about not rates, not water levels, not property values, not rates, what am I paying? What does that bill look like? And I'm just trying to -- so when someone sees the \$4.94 number,

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when someone asks me about that, it would be accurate for me to say hey, hold off using that number yet because that assumes a constant water usage that we don't believe to be true, and we're going to -- staff is going to be standing back and try to take a look at what people actually paid year to year, which is a function of water uses plus rate, and also do that with property tax. What the rate was as well as the property value so we can see what people are paying. >> We'll be glad to do that analysis and bring it back to the council. >> Mayor Adler: Thank you. Yes, Ms. Troxclair? >> Troxclair: I wanted to say before we get too far away from Austin energy that to have such a huge utility and have no new positions requested and no base rate increase and to be one of the only line -- to be the only line item on our chart that has a reduction in our monthly dollar charge because of the fuel cost reduction is really I amazing and impressive to me. I just really appreciate Austin energy and the staff and everyone keeping us on track and making sure that we're keeping costs as low as possible. >> Mayor Adler: Thank you. >> Okay. I'll move on to the aviation department. Their total requirements this year are \$135 million. They have a staffing level of 415 employees. They're proposing 37 new positions to meet their customer

demand and staff their new facility expansions. That will cost \$2.8 million. There's also some costs associated with maintenance activities and operating the newly expanded facilities of about \$2.2 million. Logistic services for airport tenants and some information technology management services they've got amount to about 1.7 million. These are some of the

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increases that they're seeing over the prior year budget. Because we have issued bonds over the last several years not only for the con rack facility, but also for the terminal expansion, they are seeing an increase in their revenue bond debt service, but it is fully funded by airport revenue services. There's no funding from the general fund supporting this debt and so they're seeing an increase of about \$7 million in their debt service. Their revenues are comprised of 45%, primarily their sources from the airline and the remainder is from non-airline revenue. For Austin resource recovery their total requirements are \$89.6 million with a staffing level of 429 fte's. They are also asking for 50 new positions to meet growing customer base, the increase in the population and the need to pick up their trash services. They've got a million-one payment for the northeast central service center land in their budget, and additional funding for equipment and vehicles of about \$5.7 million. This budget does include a rollout and purchase of -- rollout of [indiscernible]. So there is a significant upfront purchase of the equipment needed for that, and we'll see staffing coming in over the next year of that program. They are not compliant with their reserve policy, which is a minimal -- I think it's a 30-day operating fund policy, but they're .5 -- they're half a million short. And they do have plans over the next two years to come in compliance with the policy. There is a summary for

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the next few departments, there's a summary below for their actual fee or rate changes for Austin resource recovery they share the clean community fee between Austin resource recovery and Austin code. On this slide you will see the arr portion of that, the residential community fee is not going up. The commercial fee will see a three percent monthly charge increase, but they are proposing an increase in the 64-gallon cart fee of about 1.70 a month to further encourage recycling. Austin code has requirements of \$20 million with a staffing complement of 117 employees. They are proposing nine positions to be added. Eight are new positions. One is transferred from the public works department. Four will be for additional case investigations, one for the short-term rental program, one for their multi-family program and additional staff for the repeat offender program. Their fees are increasing minimally. The residential community fee increase for code will be 25 cents per month and the commercial will be 50 cents per month. >> Pool: And Alain, I wanted to correct -- align, I'm not sure if everybody can see the slides, but when you were talking in the increase in fee for the commercial recovery, I think it's three dollars. >> It's three dollars. These are all in dollars. I apologize. The convention center includes the main convention center down on Cesar Chavez as well as palmer events center

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and the three parking garages that they manage. Their total requirements are \$67.6 million with a total staffing complement of 266 employees. They're also needing to add new positions, 16, so that they can serve understaffed areas. They've got a lot of new events and customer demand that they're trying to meet. Their proposed budget also includes a one-time five-million-dollar transfer from the town lake venue to a capital project for parkland development over near the Parmer auditorium. Our hotel

occupancy tax is really another indicator similar to sales tax of the condition of our economy. We're continuing to see very large increases in our hotel occupancy tax. They are projecting a four percent increase over the current year estimate. The current year amended was lower -- was even lower than that. [Indiscernible] Every dollar of the hotel occupancy rental. Half of that goes to fund the convention center for their operations and their debt service. Two cents is a venue project fund and the funding pays for the debt service for the convention center expansion as well as a portion of the waller creek tunnel. And then 1.45 cents is set aside to promote tourism and promotion and primarily that pays for the contract with the Austin convention and visitors bureau. Public works total requirements in public works includes both the operating fund, the capital management fund and the child safety fund that provides for crossing guards. The total requirements are \$78.8 million. Total staffing of 491 staff. These staffing Numbers

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are with the proposed new -- all across these enterprise funds they include the new proposed positions. They've seen a significant reduction over the last few years in the capital projects program. As we complete the construction of many of our outstanding bond programs. They've done a very good job of manage their vacant positions and in many cases they are transferring vacant positions to other departments for repurposing, so there are 12 that are transferred and repurposed to other departments. [Indiscernible] Transferred to the transportation fund, which is the public works operating fund from the project, the capital projects management fund as well. So there's a net impact there of zero. They are also proposing a lower transfer to their capital budget. They will see a four-million-dollar revenue increase. They also share the transportation user fee with the mobility or transportation -- the transportation department, which is the mobility fund. What is driving their revenue increases is primarily the cost drivers that we saw earlier in the slide deck. They're proposing a 41-cent increase for their residential monthly fee. Austin transportation department is responsible -- >> Houston: Excuse me, mayor, may I ask a question before we move on? >> Mayor Adler: Yes. >> Houston: You may not have this on you, but how much do we pay for crossing guards and how many of those do we have in fte's in the budget? >> I don't know off the top of my head, but we have a good number, but there's Howard. [Laughter].

[12:17:26 PM]

>> Public works director. The child safety fund budget is around two million dollars. In the fund we have [indiscernible] We have seven and apportioned full time equivalents and then we have 220 crossing guards and they are seasonal temps. Those revenues are primarily from vehicle registrations and moving vehicle violations in school Zones. It's a small amount of funding that gets transferred from the general fund to make up a shortfall, but it's primarily from those two sources. >> Houston: Thank you. >> You're welcome. >> Mayor Adler: Yes. >> Austin transportation fund, total requirements are \$41.6 million with 220 and a half fte's. They are benefiting from the transfer of some positions from public works. They're proposing nine new positions, specifically for mobility programs. Nine of these positions are new. Three of the 12 are transferring from public works. They're also proposing 10 positions for the parking activities, five of these are new and five are being repurposed or transferred from public works. They're also proposing an increase of \$4.9 million for their arterial management contracts to improve safety and data analysis related to mobility. Their revenues picture, they're getting new revenue to the city we haven't had before, 1.8 million in new revenue from the creation two new parking management districts and a downtown parking rate increase. They are also projecting a \$1.11 increase in their residential [indiscernible] Their

[12:19:27 PM]

portion of the residential transportation user fee. Again, they share that fee with public works. Again, this is showing where we have heard that we needed to invest more in our mobility. And the last enterprise fund is watershed protection, last but not least. Their requirements are \$85.5 million. They have a staffing level of 275 fte's. They're asking in this budget for two new positions to support the buyout -- the flood buyout program and other programs. They're also seeing a debt service increase, minimal one, of 1.9 million related to some of the buyout debt activity that we've had over the last two years. And then they've got some temporary staff they would like to hire. Their new fee structure was approved in June by the council. The fees are going to now be calculated based on the amount and the percentage of impervious cover on each property. The monthly charge for a residential customer, a single-family home based on what they view as a typical customer with 3100 square feet of impervious cover and 37% impervious cover, the increase would amount to \$1.79 per month. >> Mayor Adler: Ms. Kitchen? >> Kitchen: I just want to confirm the [indiscernible] Was -- I just want to confirm for the public so there's not any misunderstanding, what the council passed was not the rate but the methodology. And so determining what the rate is is part of this budget process. So my budget related -- I think I know the answer, but my question related to this budget

[12:21:28 PM]

proposal. Is the rate proposed an increase over a previous rate or is it the same? >> It was a fixed fee. >> The rates proposed in this budget are reflective of the methodology changes council has approved. In the fee schedule in here. >> Kitchen: The methodology change doesn't set the rate. The methodology change sets [indiscernible]. And that's built off of the budget. So I just wanted to-- we'll have much more detailed conversations about it. I just wanted to make it clear for the public that this is -- this doesn't -- this is not -- it's not all the pieces of what we approved. So I don't know -- if this is a longer discussion we can have this discussion at a later time. That would be fine. I just wanted to reconfirm for the public that we did not set the rate when we approved the change of methodology. So we could just leave it at that right now and we'll have a longer discussion. >> Mayor Adler: Thank you. >> That concludes my section. I'm going to turn this over to Kim Springer and we'll go quickly through the capital budget highlights. >> Before I dig into the details of the proposed capital budget for '16 I wanted to go over some key differences between operating and capital budgets as well as some terms that you will hear today. [Indiscernible] About the document as well. So first off with the difference between operating and capital budgets, the operating budget of course covers personnel costs, annual costs, and those funds are only available in the fiscal year in which they've been approved or appropriated. For the capital budget those funds are used for major improvements and expansions, facilities, infrastructure, but the significant difference between it and the operating funds is that it's multi-year funding. So the funds are

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available until exhausted over multiple fiscal years. It's not a use it or lose it situation like you have in the operating budget. Then there's appropriations versus a spending plan. The capital budget includes -- for '16 includes all new appropriations necessary for new and continuing projects and programs moving into the next fiscal year. The spending plan is reflecting what we anticipate for total spending in upcoming fiscal year so that spending plan will never match dollar for dollar your now appropriations in any given fiscal year because it's utilizing both prior year appropriations as well as new appropriations proposed in '16. And finally, your spending rates for projects and programs are going to vary significantly depending

on the phase of the project. And then also the time of year. Often times in the summer you will see increased spending rates versus during the winter months. The main funding sources that we utilize come from three different [indiscernible]. Cash, which can include transfers from operating funds, it can include contributions, donations and the sort. We also have grants. And then finally debt. There are five different types of debt that the city utilizes. First your public improvement bonds are typically 20 year life and they are voter approved bonds. This is the type of debt that we sell to support the appropriations authorized by the voters through those bond elections. You also have your certificates of obligation. You also have between 10 and 20 years -- typically we do it on the 20 year end. It's very similar to the public improvement bonds, but it's for non-voter approved debt. Now, we do have financial -- approved financial policies that guide the utilization of those Co's.

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Your contractual obligations or KO's are a much shorter term debt used for things like vehicles, pay stations, things that can be physically moved and also have a much shorter life-span. So that's why you see only a five to 10 year parks and wildlife for that debt. Your commercial paper is utilized only by Austin energy and Austin water. This is used for capital assets, but it's just very short-term debt. It utilizes an interim financing mechanism for their financial expenditures. And finally you have revenue bonds. And those are used for -- are the big three, enterprise Austin energy, Austin water and aviation. And they're used for refunding commercial paper as well as funding very significant system improvements. One of the actions that you will see provided to you during [indiscernible], so I wanted to provide a little more detail about what a reimbursement resolution does. First it allows the city to appropriate capital funds now or at any given time, but then issue the debt at a later date in order to reimburse itself. This is a procedure that's allowed by the internal revenue service and the city is required to take this action in order to preserve its ability to issue tax exempt debt. You have certain time requirements on when a reimbursement resolution must be passed. First, it has to be passed not more than 60 days after the date of the expense to reimburse took place. And then you also have time requirements on when you must issue the debt. It must be issued no later than 18 months after the expenditure occurred or when the project is placed in service. So example would be if you have a land purchase it's a one-time expense, then you need to be selling the debt within 18 months of that as opposed to a design

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construction project which can take much longer. And so when that service is finally -- that project is finally placed in service, then you need to issue the debt within 18 months. This graph provides you a little historical context of our capital appropriations as well as the spending for each year. You can see for fy16 we're proposing about \$629 million in new appropriation and anticipating just over \$18 million in spending for the year. You can see that in fy15 there's a significant jump in the amount of appropriations, and that's due to two main factors. One, the aviation department is implementing a very significant expansion through its terminal expansion, apron expansion, et cetera. Et cetera, which in fy [indiscernible] is \$241 million. You also had -- in the watershed department with the onion creek and Williamson creek buyout program to carry that program out. Those are your two big factors for that jump in 15. This pie chart gives you an idea of where those appropriations lie between all the different departments or types of programs. So again, \$629 million in new appropriation, 42% of that is in Austin energy with just over \$262 million. And 21% with aviation of just under \$135 million. Combined they account for over 63% of all new requested new appropriations for fy16. And you can see also that [indiscernible] Account for about 12% of new appropriation requests. So where is the funding coming

from to support that \$629 million? You can see that again

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our big three surprise operations with Austin energy, Austin water and Austin aviation, they have 22, seven and 19 percent respectively coming from debt sources. We also have voter approved debt, again 12 percent. And then 28 percent is funded through cash and only two percent is funded through other forms of debt that are not enterprise related. That's non-voter approved. I want to provide you some highlights of certain departments and bond programs. First F Austin energy, as I previously mentioned, they are requesting just over \$262 million in new appropriations. And that's spread out amongst four different categories. With your power production it's just under \$143 million. Your power production includes those projects that build and maintain the facilities that ae owns and then some of the projects they anticipate carrying out in 16 are upgrades to the Sam hill center and other upgrades to the federal air standards. >> Pool: Ms. Springer, hi. Real quick question. Is the natural gas-fired power plant number in here anywhere in the capital budget? >> I can find that information. I don't have the specifics, but also if Austin energy happens to be sitting here -- >> Pool: My thinking is it hasn't actually been costed out yet. >> Morning, councilmembers. Our current five-year cip plan does include the 500-megawatt combined cycle plant in there. I don't remember the exact amount of dollar funding. It's a very small amount for planning in the fy16 budget. The construction actually -- if approved would start in 17-18. >> Pool: Okay. As you get a sense of what [indiscernible]

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When you start getting estimates, please be sure to let us know. >> Yes. We can provide you for what's in that cip plan. It is an estimate. We haven't gone into the planning phases or contractor. It hasn't been approved yet. >> Pool: And real quick, the planning cost, do you have that at top of mind? You said it would be a small amount, but if you can give us that number as well. >> I can get that for you. >> Mayor Adler: Go ahead. >> For your transmission and distribution you have just under 40 million and just over 79 million for each of those. And those projects are things like your infrastructure, your poles, your wires, the stations, the things that are actually moving the electricity from those generating facilities to the customers. And some of the projects they anticipate for '16 include various circuit upgrades and transformer upgrades. Your support services is just under a million dollars. And that component of their program includes things like upgrades to their information technology and facilities and things that they anticipate in 16 include some internal network and data storage and cyber security improvements as well as a max mow upgrade, which is their work order management system. The aviation and capital budget is just under \$135 million in new appropriations and the majority of that is related to terminal and apron expansions as well as the new parking garage. With the it terminal expansion, you'll see additional Gates, ticket lobby renovations, security, exit lane improvements, baggage, claim level improvements and electrical structure improvements. With the expanded apron, that will allow additional acknowledged larger aircraft to be able to access the terminal building. And we're expecting the construction phase to be underway in 2016. And then your parking

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garage project, there's a significant need for additional parking at the airport. The garage would allow that additional parking, but in a much smaller footprint than the current parking setup at the airport. And we anticipate that structure to be complete in late 2019. Austin water is requesting just under \$41 million in new appropriation. The majority of that in infrastructure improvements and then also

reclaimed water. As they have completed some very significant projects already, they are -- they have put their focus on replacement and rehabilitation. That includes your horizontal assets, things like pipes, valves, vertical assets, which include your treatment plants, pump stations, so on. But also they're wanting to expand the reclaimed water services. So you'll see significant work in that area. Next with the bond program highlights, we have underway the last few remaining projects, programs from the '06 bond program as well as the 2010 bond program. 2012 and 2013 are the ones adding additional appropriation and association with the amounts the voters authorized. The 2012 bond program is requesting just over \$65 million in new appropriations and 2013 bond program, which was for affordable housing, is requesting \$10 million. Of the \$65.1 million being requested for the 2012 bond program [indiscernible] is associated with transportation, which is around \$31 million. And the parks department is about 39% or just over \$25 million. To combine transportation and parks account for about 87% of that \$65.1 million in new appropriations requested. Austin transportation will be working on a number of mobility

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improvement projects such as east 51st street improvements, the I-35 capital corridor, neighborhood traffic calming projects as well as installation of additional pedestrian hybrid beacons. The public works department is going to be working on street construction projects such as third street, [indiscernible] Multimodal trails. Of their 2012 bond appropriations, over \$10 million of that is associated with sidewalk improvements. The parks and recreation department has a number of projects going on with the 2012 bond program, but the one of significant importance is the Montopolis recreation and community center. This is a partnership with the health and human services department to replace the current recreation center with a multipurpose facility. Once they will begin design in 2016 and are anticipating to complete construction in 2019. The fire department is going to continue its work for the Onion Creek fire station. They anticipate they will complete design this fall and [indiscernible] construction in the spring and hope to complete construction in 2017. It's at that point that you will see additional personnel added to support that station. With the health and human services department -- >> Pool: Ms. Springer, excuse me. Is that the fire station that was approved in the 2012 bond election? >> Yes, ma'am. >> Pool: Thank you. >> The health and human services department, they also have a number of projects, but one of significant importance is the Austin shelter for women and children. They are renovating and expanding that facility. They are currently in the bid phase and they anticipate to complete construction in late 2017. The capabilities of the facility will be expanded significantly to better serve this population once completed. With the economic development department, part of the 2012 bond

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election included \$5.4 million to support expansion of the Austin studios. That project is addressing campus infrastructure issues, enhancing site access and also transforming the former national Guard armory into a creative media hub. And the economic development department is coordinating and partnering with the Austin film society to carry that project out. And then finally, we have neighborhood housing. They will continue their projects related to their rental, home ownership, home repair and architectural barrier removal programs. A project to note in 16 is they will have construction underway for the -- a 50-unit housing first permanent supportive housing facility to be owned and operated by the Austin Travis county integral care. Some other highlights that aren't bond related, first animal services. You'll see work underway for the expansion of the Austin animal center. As ed previously noted, they're constantly struggling to deal with the high influx of animals making their way through their facilities. So

the fy 15 budget included funding to expand that facility and they will be moving forward with that in '16. They've also combined efforts with a 2012 bond project for infrastructure improvements for the Bettie Dunkerley campus as a whole. By combining those two projects you're able to see great cost savings and efficiencies in only having to do one mobilization for construction efforts and one design effort and so on. So you're able to get a bigger bang for your buck. The convention center is requesting \$28.9 million in new appropriations and we'll be making a number of facility improvements. It includes a new elevator, the second street garage. They're also looking to renovate the Cass man

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bull house which is located along waller creek. By Reno evacuating that space it will provide a permanent outdoor venue space, a unique facility convention center to utilize its operations. And they also have a tasting kitchen facility for the food and beverage area and they're expected to complete construction on that in spring of 2017. Your planning and zoning department will continue plans for code neck. There's an additional \$500,000 in the it 2016 capital budget for that project. And finally your watershed protection department, last but not least, they will be continuing the construction for the waller creek tunnel related to the inlet facility. They will also be conducting significant [indiscernible] Parks and recreation department for the redevelopment of that district. They will be continuing the home buyouts program in the onion creek and Williamson creek areas. Just a quick \$629 million in a few minutes. >> Pool: Real quick question. We have talked for a number of months about expanding the Asian American resource center, adding a commercial kitchen. Is that in here anywhere or is that something that we need to talk about? >> They reallocated funding within the bond program to be able to fund that work. I know that they are working towards -- they have design work underway and they're hoping to begin construction soon. I don't have the exact dates in my head, though. There's no new appropriations. It's all from prior -- it's part of their spending plan. >> Pool: Very good. I'm glad to hear that. >> All right, mayor and council. We're on to the final two slides. Just a couple of things on next steps and we certainly appreciate your patience in listening to us for going on three hours now, but it is a big and complicated budget so it takes awhile to get through even a high level overview presentation. Again, I would like to reiterate that the whole

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purpose of today is to hand over to you the council, the city manager's budget recommendations for fiscal year 2016. When you get back to your offices you will have two thick binders, which is roughly 1700 pages of budget documentation that ties to this reader's digest 71-slide powerpoint version of it. So we're just trying to highlight some things that we think that are of particular interest that you would want to know about the ideas to then give you 10 days with the document to review it, sift through it, ask questions through the council budget process. And then we'll come back on August 10th and August 12th, and the mayor talked about additional time, but August 10th and August 12th for full day sessions where the department directors will come before council giving short presentations and more detail about their department's budgets and then of course responding to any questions you have about those specific departmental budgets. Again, those are happening on the 10th and 12th. Early next week on August 3rd we are projecting we will have our public engagement report out. I talked a lot about public engagement. We'll give you a lengthy report talking about all that work we did in the community with the budget in a box and the executive summary of the survey result, what we heard from board and commission members as well as just the raw unfiltered comments from our community from a variety of sources. That would be coming out on the 3rd. And then we're going to be putting out a vacancy report on August 7th. That's a new council resolution where we -- you have asked staff as part of the annual

budget process to report on all the vacancies currently in the city and to provide some details about those vacancies. So we'll be getting that out to you on August 7th in advance of those departmental budget work sessions. We have legally required public hearings that will occur on August 20th and 27th. As you know, we are in the process of

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challenging tcad commercial property appraisals and that's resulted in a delay, about a month delay in tax roll certification. Typically at this time in the budget we would have a certified tax roll and be able to say more definitively what our tax rate will need to be. Right now we're estimating it based on data we've received from tcad, but we do anticipate getting certification on August 28th. We've highlighted all those dates in red because that then slows down the process we need to go through, the truth in taxation process that we're required by state law to go through in order to adopt the tax rate. But we anticipate getting certification on the 28th. On September 1st we have another full day work session with the city council. We are recommending that that not be a fall back date for additional -- for additional departmental presentations. That's pretty late in the process. The idea behind September 1st is really to think of it as a prebudget adoption final work session with the city council. So you will be asked to adopt the budget on September eighth. We want to come before you one more time on September 1st, it's really an opportunity for you as a council one more time in a public setting to really talk about the budget and what you like about it, what you don't like about it, your desires, what you would like to see changed in it before you adopt it on the eighth so we can come forward on the 8th with as well prepared a budget adoption process as we can. As a result of the delay in the certification we're going to be going through this legally required step of setting the maximum tax rate on September 1st. That's not setting the tax rate. You as a council have to set a maximum tax rate that you will consider prior to adopting the budget. We'll be coming forward with that. Typically what we do is we recommend to council that you just set the maximum at the roll back rate. You're not adopting the rate at that level, you're just setting the maximum at that level so as you go through the budget process you have the flexibility to discuss which level of tax rate you will ultimately decide upon.

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We will could public hearings on the tax rate that are again required by law on the 10th and the 17th and we'll be asking to adopt the tax rate on September 22nd which will need to be a essentially called meeting that's not currently on your calendar. It's a little bit odd having to adopt a budget in advance of adopting the tax rate, but I can tell you we anticipate we'll have a fully certified tax roll in advance of September 8th. So on September 8th we'll be able to tell you this is the tax rate you're going to need to set in order to support the budget you adopt. You just won't be able to adopt that tax rate until we get through a few additional truth in tax station steps but you will know the rate when the day comes. These are the departments we are currently planning to have present to you on August 10th and August 12th. There are roughly 12 departments on each day. I can tell you from past experience I think it will be a challenge for us to even get through these departments on the list in two days and there's no internal support departments on here currently, which we've done in the past. In years parts we've allowed the budget documentation and the council budget question to handle your request related to those internal functions, human resources. We put it out there because it will be a challenge for us to get through these departments in two full days in my opinion and this is in all the departments. And that then concludes our presentation. >> Kitchen:, first off I want to thank you all and I especially appreciate your participation and your help with the budget in a box. I do appreciate that. My comment simply on the work session agenda is -- I guess we can wait and see what kind of questions you get but I may want to

talk to the hr department. I just put that in as a potential department that there may be enough

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questions and enough major issues [indiscernible]. >> That would be great because I'm guessing that the kind of questions you have are more about the benefits plan, the pay increases that affect all of our departments as maybe more so than an actual specific here's the hr department's budget and we're adding one fte for this purpose. >> Kitchen: That's correct. >> That's especialliful for us. We'll have them here. >> Mayor Adler: Does it make sense for us as a council just to block time on our calendars on the 17th and on the 19th? Which is the week after this? So that if we do want to come back, we have that available? In fact, I would just suggest that everybody do that to the degree that you can so that if on the 10th or the 12th and we see how that goes, we want to [indiscernible], at least some of us that are able. So I'm going to go ahead and let my office know that and I suggest everybody else do that as well. You guys did an incredible job. [Indiscernible]. You get a feel for the forecast now and having seen the work that the staff does to to get to this place in budget. I know it's a tremendous amount of work. I really appreciate it. I think this was very clear. I'm anxious to get the details so that we could get into that a little bit. I really appreciate that work. When we're done with this part of the process and we've all gone through this, then right after that I want to pick up the topic that was posted on the bulletin board, which is looking at some kind of departmental review over time. I don't know what that would look like, but we talked about it briefly during the forecast

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budget discussion. Just because that would give the council a little bit different and additional opportunity to do that rather than this five-week period of time when it all comes. I think that that might be helpful. But we can see what it looks like as we go through this and then pick that discussion up right after we finish this budget process. Ms. Tovo? >> I had just a couple of general questions too, if now is a good time for that. And thank you so very much for the tremendous presentation and all the information and of course all the information we're about to receive. When you did the forecast, the proposed tax rate was, as I recall, .475. And [indiscernible]. >> I don't know that I have the number here in front of me. >> Tovo: I think it was on one document as .457. And also as .4759. >> 4759 sounds more like what I remember. >> Tovo: And the rate poem today is .4814 higher. I wonder if you can give us a sense of what the main cost drivers were. >> The main difference there is that six percent homestead exemption. At the time of the forecast [indiscernible] A growth of 9.1 or 9.2% and now we're at 7.6% because the homestead exemption has brought our tax base down pretty substantially. So in order to -- there was a discussion about the homestead exemption and trying to keep the general fund revenue neutral through a tax rate increase relative to what it would otherwise be. So that's that whole dynamic, the forecast between then and now. >> Tovo: I assumed that was the case. That was a proposal to raise the tax rate to

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accommodate that 6% homestead exemption, but to achieve that gap through cuts in the city in various departmental expenditures. But the proposed budget that we have before us [indiscernible]. >> Yes. >> Tovo: And changing the reserve -- the -- I've suddenly forgotten its name, the stability reserve, the percent allocated for the stability reserve fund from 12% to 12.5%, do you happen to know what that dollar amount is? I'll ask it again. >> I think we can get that for you for sure. >> Tovo: And my last question for today and I'll submit the others through the Q and a process, we are, as I recall, going into

the health and human services contracts with a gap of about at least [indiscernible]. An increase in funding for health and human services, but as I recall I believe we have about a-million-dollar gap in our [indiscernible]. Do you happen to know whether that's been accommodated within the proposed budget or not? You I'm not familiar with what the gap is. I know the council asked for a resolution with a number of things related to the health and human services in the social service contract, it talked about indexing, population growth, indexing social service contracts by cpi growth. Those changes are not reflected in this [indiscernible]. 1.4 million if we were going to do those two things in that budget it would be about \$1.4 million. >> Tovo: I would have to go back and revisit the discussion. I think we had it at our first health and human services subcommittee meeting but it's been awhile. I need to go back and revisit the information. What I believe happened is that there was an

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additional allocation made last year to increase some of the -- during the rfp process there was an increase -- >> Right. That's a separate resolution. That resolution was specifically that in the 2015 budget -- it did -- 2017 budget -- it did take action in the 2015 budget, but there was an appropriation to occur in the 2017 budget under that other resolution that was passed by council. >> Tovo: Okay. So we may have a little time then on that one. >> Yes. >> Tovo: Okay. I'll go back and ask questions as appropriate. >> Mayor Adler: I want to ask a question question about the homestead exemption, going just a couple of other questions. So you were able to fund the homestead exemption by raising the tax rate and keeping it revenue neutral without having to cut any services, is that correct? >> That is correct, yes. >> Mayor Adler: Okay. If you did not have had the homestead exemption in this, do you know what the percentage would be that we would have gone over the -- let me ask it differently. If we didn't add on the homestead exemption at the end, so we had the lower tax rate, would people have -- would people be paying average taxes, the average homeowner? >> Yeah. I think if there wasn't a homestead exemption -- so there wasn't a 6% reduction in your bills, but at the same time your tax rate was lower, we would have been projecting an increase in the tax bill for that median valued homestead of \$6.94 as opposed to the current 3.32. [Indiscernible]. Higher tax rate, but a 6% exemption was a reduction in the bill of \$3.62 per month.

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>> Pool: That's about 50%. That would be about 50%. >> Mayor Adler: About 50%. So about half of the increase has been saved by -- in the -- proposed budget by virtue of the homestead exemption. >> I think it's worth noting too that there are hundreds of thousands of these homes so when you start looking at it in the aggregate it's about a 7-point 3-million-dollar reduction in the aggregate of the homeowner program. >> Mayor Adler: But that \$7.3 million was funded by the tax increase as opposed to a cut in any programs? >> Correct. >> Mayor Adler: Okay. Ms. Pool? >> Pool: Two quick questions. One at the last audit and finance committee meeting we sent forward an item for council that asked them to look at adding a 10%. It was \$7,000 to the 70,000 homestead exemption for seniors and people with disabilities. I just wanted to remind staff that that was out there. So we would look for information on that. >> I believe we sent a memo to council earlier this week or late last week, didn't we? >> We did, yes. We did just recently send out that memo. >> Pool: Great. The second question I had was the funding for libraries, does that continue the return to a full week daily schedule that -- last summer council was able to return the libraries to the full seven-day a week open schedule post-recession. Remember when we had to close and then pair up days with the libraries. >> We did not remove any funding related to library hours. >> Pool: So the libraries will continue forward to be open seven days a week or on the schedule that they're on pre the recession reduction. >> Kitchen: My noted a they were

adding eight hours back to the central library when it opens. So they have reduced hours there. >> Pool: Thanks.

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>> We can double-check with them. >> Pool: I want to ensure that we are returning our libraries to full service and being open as long as they were previous to the '08 recession, the last one that we had or the 2011 one, whichever it was. Thanks. >> Garza: Mayor? I just wanted to go back to the question I had about the water. If it's an executive session answer, that's fine too, how that affects the water -- the water lawsuit affects that. There was a slide on page five and it said the Austin water budget was stabilized through rate increase and cost containment measures and there were some bullets. I was wondering how that -- >> Councilmember, we will talk about the rate case in executive session, but I know that the director of the water utility is prepared to talk about how this affects or doesn't affect this calculation, but he will do that when he's here or we can provide that information to you [indiscernible]. >> Garza: That's fine when his department comes up. >> I think I can answer the question. The results of that rate case came out after these proposed Numbers were prepared, so I do not believe that's in these Numbers, but I will verify with the water department. But that happened as we were putting the 14-1500 pages together. We think we will be able to handle it with the water department. >> Garza: Two housekeeping, I'm happy to have more meetings because I will want to delve into this as much as possible but those two days are my committee chair days, so if we could reserve it for the morning because we have public utilities and affordability starting at 3:00 that Monday and on Wednesday. I also want to thank the budget in a box, came to my town hall and I know that the people really appreciated understanding. And I got a lot of positive feedback about people liking the process and understanding the

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process better. Just preliminarily thank you for everyone who has worked on this for the city manager to putting this together. My preliminary concerns would be I love the -- I think it's slide 37 that shows the general fund increases and changes. And preliminarily I have general concerns about our parks and our hsc being the lowest increases there because I really feel like those are important priorities for our community. So I look forward to the discussion on how we can change those percentages. But thank you for all your work thus far. >> Mayor Adler: Any further -- I'm >> First, councilmember Gallo wanted me to mention that she may want to have ctm available for one of those sessions. Ctm. And she had a couple of questions about transportation that she was going to do through q&a. I had a couple of questions my first question is about the employee, I guess, the -- the 30% of city employees that are benchmarked, I guess, below other cities, is that -- is that historically -- if this is a better q&a or we can take offline. My thought is if the city of Austin as well as other cities are consistently giving 3% across the board pay raises, do we consistently have 30% of our workforce that is below those benchmarks? And if so, why do we not, I guess, focus on the 30% of our workforce is that -- that is -- that we know is being, I guess, underpaid compared to other cities. I think there may be a resolution that kind of speaks to this coming soon, but just thought for historical perspective if you could -- if you could answer that question.

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>> Yes, mark Washington. The comparison for market to other cities are in addition to what would be annual increases that they provide for cost of living or affordability. So the 3% increase, other cities may -- [lapse in audio] And we will be further behind. In addition to 3%, so they may be increasing their

competitiveness for it positions or for engineers above the 3%, just for general cost of living. They may be increasing wage rates, you know, 5%, 10%, in order to be competitive with other employees in the private sectors. So the 3% increase -- is not a market adjustment. >> Troxclair: Sure, I understand that. I guess my question, I don't know if I'm explaining my question correctly. But if we know that 30% of our workforce is under those benchmarks, is that consistent like for the past, you know, two years, three years, five years, have we had 30% below those benchmarks? If so, why don't we focus our pay increases more directly on the portion of our workforce that is underpaid and, you know, during our vacancy position discussions, we had some discussions about not being able to attract some of the more specialized positions. So I was just thinking from a, you know -- from a wanting -- [lapse in audio] If we can't -- if the blanket across the board 3% is always the best way to go or if there's something different that we can do to make sure that everybody is on par with where they should be. >> So in the past they wanted to do more than just across the board increases in markets. But in years past we could not have afforded it and there was a plan that was put in place in 2008, I

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believe, to -- to address a third of the workforce every year. When the recession occurred, that plan was stalled. And so we're behind in addressing the increases compared to the market. Texrocs okay, thank, I -- >> Troxclair: Okay, thank you, I have two more questions not hr related. >> Pool: While we have mark -- >> This is to let you know I'm also interested in understanding. I understand what we are saying in terms of bringing some of them up to market, some degree up to market. I also want to understand pay equity because I know we did a memo on that and we showed some difference, so I would like to have a conversation about why we're not bringing them up and who that impacts and how much money we're talking about, so -- >> Mayor Adler: Thank you. >> Mayor, we are as I think I addressed this before, doing the forecast, working on final losing the updated -- finalizing the updated report for pay equity for 2015 and we should be getting that out before your next work session. >> Kitchen: Okay. So we will be able to address that issue as part of these budget discussions? >> You will have the information for your consideration. >> Kitchen: Okay. >> (Indiscernible). >> Mayor Adler: Okay, Ms. Garza. >> Garza: Human resources related. Did somebody say we don't have a day to just ask hr questions, our hr, is that what I heard? Because what I -- he just said we'll have the information available. I understand that we can read it, but we have the opportunity to have Mr. Washington up here to ask these kinds of questions, to delve more into some questions. >> Mayor Adler: We will make sure Mr. Washington is usually at all of our budget meetings because there's always a keen interest. It's a huge part of our budgetary costs that hr is always at these meetings to

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help appears those questions. >> Garza: Is there like an allotted time? >> We will make sure there is. I agree with you. We shouldn't plan on doing these meetings on those days after 3:00. So let's just count on not doing it. We will meet before that. >> Before 3:00. >> Yeah. Only,. >> Troxclair: Sorry, a couple more questions. This one in regards to slide 37 and just in general our increases in public safety, our police and fire. Do you know generally how that tracks with our population increases. I know public safety is a huge issue in my district, I've just gotten a lot of questions, it's been in the media a lot about the planned increases and police, et cetera. Do you know how this, you know, 6% increase or the number of police officers that we're adding tracks with our population growth? >> I don't have a number in regards to, you know, how many officers we're adding per the population growth. We can certainly give you the demographic projections for the population growth. I don't have the Numbers right now. But we can do that for you. >> Troxclair: I can follow up. If we are growing 10% and only

adding 1%, so I was -- adding 6%, I was curious how those Numbers track together but I can follow up with that. >> Zimmerman: The police chief just came in. Right on cue. >> Troxclair: Good timing. My last question is -- >> The question is about population increases. >> What? [Multiple voices] >> Standard that used to get applied here when I came, it's not unusual, it's on a per capita basis.

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Here it was like 2 per thousand. And the previous council had lots of conversation about that. Councilmember, former councilmember Spelman was particularly focused on that and as the chief and I and -- and our financial team have worked on, that the chief has really focused on not a justification based upon that particular metric, but, you know, justifying his requests for additional officers based on need. And the mission of the department. I think it was in the last budget, in fact, that his presentation, the context of it was not metric based in terms of that -- [lapse in audio] Standard. It was -- keep Austin safe along the lines of a whole range of issues that police departments are concerned about, but he can speak to that more if he wants. >> Thank you. >> Thank you, manager, you are exactly right. We did change the conversation. The mayor pro tem will probably remember over the years that we slowly moved away from a hard what is the growth of the city, what is the business needs of the city, what is the level of service that we want to provide to our residents. What we are looking at in this budget is really taking a look at what we call uncommitted time or (indiscernible) To be able to do something other than going from call to call to call. One of the biggest concerns at our -- that our community has, especially with the back drop in the national level with challenges of legitimacy throughout this nation as the relates to law enforcement is we want to get to -- the (indiscernible) Officers get to know our officers outside of that 911 call. We want to have a police

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department that is available to us outside of those conflicting, those incidents where there's always conflict. Which is not an opportunity to warm and fuzzy sometimes. It's an opportunity to build a relationship. That type of investment as it relates to the community policing time or uncommitted time is an investment that we believe, as we move forward with a five-year plan, will lead to some tremendous outcomes in terms of safety, in terms of legitimacy and more importantly, in terms of the relationship between the police department and the community that we serve. It's really interesting that if you talk to even some of the maybe members of the community that may be distrusting of the police department, I can't tell you how many times over the years that I've heard, you know, I'm not sure that I'm all with the police department. But I love my district representative, you know, don't you dare touch my district representative. I think that that provides somewhat of a case study of what we're trying to accomplish in terms of that relationship building, trust building and better outcomes that we want to have a staffing level that affords us the ability to be more proactive, more visible, most importantly have the opportunity to engage in community policing which ultimately will pay some great dividends. >> Mayor Adler: For what it's worth, chief, I just noted this past weekend I was in a couple of different churches on the east side of town, different days. You were present at one of those. Your officers were present on the other, probably a dozen strong. And you should know on the day that you weren't there, that they were -- the warmth with which they were received by that -- by that (indiscernible) So thank you. >> Thank you, mayor, thank you for being there with us. >> Thank you. >> Mr. Zimmerman. >> Zimmerman: Thank you, chief Acevedo for that. One of the buzz words is communities policing. When you talk about the

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statistic of the uncommitted time, how does the service like south-by-southwest, the additional security that we provide for that, how does that go into the statistic of uncommitted time? >> Well, the south-by-southwest, we've made a commitment as an organization, we don't want to in any special event we want to minimize the impact as it relates to a degradation of our first response capabilities. In other words, when somebody dials 911 our ability to get there in a timely manner. You know, we have a measures -- we have measures that we have, for example, hot shop we want to get there within seven minutes. South-by-southwest wouldn't impact this. Because what we do for south-by-southwest is we utilize our support resources. Detectives, metro track, district representatives. So uncommitted time speaks to for the time that we have for community policing time, speaks to the front line officers that are working patrol, patrol officers. And then south-by-southwest we basically don't touch patrol by design because we don't want the residents, when you dial 911 there's nothing worse when you are hide in this your bedroom, somebody has broken in downstairs, three minutes can seem like three hours, it's an eternity, so south-by-southwest does not impact that piece of our staffing. Having said that, it does impact obviously other service deliveries. >> We do have the police chief coming back to us on August -- 10th. >> Yes, sir. >> Mayor Adler: Ms. Houston, did you have something else? >> Houston: Not for the police, thank you. >> Mr. Mayor, something I think for the police chief. Briefly. I think will help me and I think help some of us for that day on the 10th. I do think that moving towards being able to tell

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our constituents what it is we are getting when we bring more police officers on is helpful, especially compared to perhaps the two per thousand. But it is a harder pitch to say that we are getting uncommitted time for police officers. Since they are getting community policing time. If you can help us understand some significant portion of that up committed time is actually committed to community policing, that would be helpful. Of course I'm not against officers getting a chance to -- (indiscernible) -- I understand that very well. But I think that being able to know that when we are getting some of that uncommitted time, we are indeed getting community policing and how you [lapse in audio] The dollars would be helpful from my understanding because I obviously trust that you all are coming up with a policy for that, it's helpful for us as we have this conversation because it is such a significant part of the budget increase. [Multiple voices] >> Well placed. We've had that conversation, the chief and I, so he will be prepared to talk about it. >> Casar: Thank you. >> Mayor Adler: Anything else. >> If I could just respond to that. >> Mayor Adler: I'm sorry, go ahead. >> I wanted to respond to the population question. The 2015 population city full purpose is 880,000 projected to grow to 908,000 in April of 2016, so that's a 2.3% increase in population projected. >> Thank you. >> Mayor Adler: Next few years here I think is the projection. Ms. Houston? >> Houston: Thank you so much. First of all, I want to thank you all for all that you have done to do more community engagement than has ever been done. Getting out into the neighborhoods. I actually heard Mr. Van noyse on KEZI talking about budget in a box.

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He got all kinds of questions in the community and he did a really good job, even when they started calling him van because they couldn't figure out that name. So they just called him van. [Laughter]. Thank you, you were very intentional about going to all of the districts to get input. I have two questions. First one is in the paper about police overtime and that situation, has that been captured somewhere in the budget if that police overtime has to be paid or is that something that we need to talk about in another session? >> With respect to the specifics of that budget, we have the police coming in

on Monday. Is there a quick answer to the question? I don't want to cut you off. >> That's okay. They will be able to address it later. >> Houston: Okay. You will address that later. The second one is about bond programs [lapse in audio] 66. Some of these bond proposals were passed prior to having representative democracy in this town and so for example the east 51st street corridors, the plans for transportation, that has to be spent for that route or is there some way, if the community decides that that's not what they in fact needed, they -- it can be spent in other routes? >> The bond funds have to be spent within the parameters set by the (indiscernible) Language, that's the main driving rule. >> Houston: Is it transportation or specific to a route? >> The bond language does not name specific projects, so it's just for transportation purposes. I can't remember the language right off the top of my head. But it allows for the funds to be used within that -- within that general purpose and then adjustments made

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accordingly based on needs, requests. >> Houston: Okay. I appreciate that. The reason I say that is because there was not geographical representation when some decisions were made about the bond language or where these bond funds would be spent and so -- so I just want to make sure that -- that if we spend funds and it's in transportation, then we're okay. >> Let us come back and answer more specifically, but I think the general answer is it has to be spent in a way that's consistent with the proposition language. In terms of transportation, whatever that proposition language says it has to be, it has to be spent in a way that's consistent with the purposes described. >> Okay. Thank you. >> Mayor Adler: Ms. Troxclair? >> Troxclair: Does the [lapse in audio] General fund affordability benchmark? Is that I would have to go back, I have that memo in here. I think that benchmark which was that calculation defined by the previous council came out to be somewhere in the \$40 million is what the allowable growth in the general fund under that benchmark would have been. I believe we're at \$52.6 million on this budget. >> Okay. So no. >> No. >> Troxclair: Thank you. >> Mayor Adler: Anything further? >> Houston: I have one more. We spent -- I spent, many of us spent three and a half years on imagine Austin. Does this budget track with the priorities set forth in imagine Austin? >> Well, I would tell you that I believe that it does. All of the departments, since imagine Austin is comprehensive

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(indiscernible), all of the departments are accustomed to taking imagine Austin into account even if their day-to-day decisions, certainly with respect to putting together their budgets. They are mindful of their goals and objectives associated with imagine Austin. But we'll ask them to talk about their requests not only in how they would otherwise talk about them, but to the extent that they can point to things that are consistent with the vision of imagine Austin, they will do that as well. >> Houston: Thank you. >> I think those connections are particularly apparent in regards to the capital program where there's a lot of planning efforts that go into developing a capital program that's consistent with the goals and priorities outlined in imagine Austin and as the planning commission is reviewing the city's five year C.I.P. Plan, that's the context, that's the lens that they are looking at it through. Does the C.I.P. Program that staff is bringing forward, does it support and help implement imagine Austin and their recommendation was that, yes, it does. They recommended support for the city's capital budget along those lines. But again we can -- we can certainly have the departments highlight those connections. >> Mayor Adler: Okay. Anything else from the council? Then this meeting will stand adjourned. Thank you all very much.