

# City Council Budget Work Session Transcript – 08/02/2017

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>> Mayor Adler: All right. Are we ready to begin? All right. It is 10 minutes after 9:00. Today is August 2, 2017. It is our first budget work session. The purpose of today is for the manager to lay out her proposed budget. And this will start us in our -- on our process. Manager would you like to say something in introduction before we start? >> Thank you, mayor. I do have a few opening comments, I have a guideline here so I'll stay on track. It is my pleasure to deliver to you today our proposed budget for fiscal year 2017-2018. Preparation for this year's budget began with -- the journey began last summer when we were in the budget deliberations and we heard that the council wanted more. Council wanted more time to work on the budget, more information on which to base their decisions and more opportunities for early input. In response we designed a different approach to this year's budget development. An approach that included indepth department reviews and policy discussions with council in work sessions to gain council's input in advance of finalizing the manager's recommended proposal. These department reviews were limited to general fund departments because over the past two years the pressure points in our budget decisions were primarily involving general fund functions. Also last year during September the staff provided council during deliberations a fairly sobering look at the next year's budget indicating

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it would be extremely limited in additional funding. The goals of our department reviews were two-fold. First, educational to provide additional information for the [inaudible] Decisions and second to provide an opportunity for policy discussions among council members to reaffirm policy decisions prior councils had made and to provide input on priorities for staff to consider in drafting the proposed budget. From February to [inaudible] We had seven department review work sessions with 11 general fund departments during which departments provided that deeper look into their [inaudible] And operational

views that affected their budget. Along with the opportunity for councilmembers to ask questions and engage in dialogue about the departments. These department review materials included a presentation by the department director, activity pages provided for indepth review of the department operations as well as line item detail which had not previously been provided to council. During the presentation, staff reaffirmed that funding for new general fund initiatives would be extremely limited in the fiscal 17-18 budget, just as we had projected in September. In light of that challenge, I asked general fund and support services departments to bring their current year budget in with savings of at least one percent of their department requirements. By doing this we were able to off set a higher than anticipated overtime costs and also add to our reserves by \$7.4 million. Following the forecast presentation there were three council policy work sessions for additional discussion of policy issues and priorities

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of the council. General take-aways were a desire to maintain current service levels, concern over the Vick Sitzman and overtime costs, and so that's -- vacancies and overtime costs. Throughout this year's budget process, extensive efforts were made to gain input from the city council from boards and commissions and the community at large. The recommendations contained in this budget represent a culmination of that collaborative approach. I want to express my sincere gratitude to the council, the community and city staff for their important roles in this process. This budget attempts to strike a fair balance between those in the community who express a need for additional city services and those who are expressing a concern about the rising cost of government. Key highlights in this budget include a focus on maintaining service levels and minimizing rate increases to our citizens. Staff enhancements have primarily been limited to areas that are most impacted by growth in workload. We are investing in this budget in our civilian workforce with a 2.5% wage increase to begin in mid-december and in criering the living wage for permanent employees from \$13.50 an hour to \$14 an hour. Our public safety labor negotiations remain unknown at this time. Negotiations are currently underway. And we will be bringing back to council late in August two executive sessions for further discussions of the cost impact and the status of those negotiations. And I'm happy to announce that we have been able to identify and set aside \$5 million in

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this budget for council's strategic outcomes. As you know, we embarked on a strategic planning process this year. Council has identified six outcomes, mobility, economic opportunity and affordability, safety, health, cultural and learning opportunities, and government that works. This \$5 million is available for council to allocate to these strategic outcomes or in lieu of that to reduce the tax rate. We are proposing

a budget at the state defined roll-back rate of 44.51 cents per hundred dollars of taxable value. I believe this is a fiscally prudent course of action in light of the risk of lower revenue caps that may be imposed in future years by the state and those discussions are ongoing. I would emphasize this proposed budget remains grounded in best practices, funding recurring expenditures with recurring revenues and maintaining our reserve levels. As we transition from the budget proposal process to the budget adoption process, I look forward to continuing the collaboration that has thus far been a bench mark of this budget process. I look forward to delivering this recommended proposal to the council for you to review, for you to question and for you to amend through your budget adoption process. The budget is now yours. We have passed the baton to the council. We hope that we have provided for you a good basis to start with. Part of the work that we will ask you to do is to prioritize how you would like to use the 5 million that we have set aside for your strategic initiatives. In conclusion, I want to thank

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the council again. I want to also thank all of my executive staff, department directors and financial staff for all the work and their leadership, their financial stewardship and also their support throughout this process. It has been a process this year. I think it's been rewarding for us to hear your feedback and I hope that we've delivered a budget you find acceptable. I also want to express my sincere appreciation to the people on the third floor. The budget staff, they know I love you. [Laughter] They worked tirelessly for us and I'm so proud of them. They are my friends and my co-workers and they make me cry. [Laughter] But they are so wonderful. We will have 300 questions that they will answer within five days. They work their hearts out for you guys, but they love what they do. And I just need to let them know they mean a lot and they do a lot. With that said and me calming down -- [laughter] -- I want to invite he had van eenoo, more fondly known as the budget man, to present our budget overview. Thank you. [Applause] >> Thank you. >> My goodness -- >> Kitchen: Before we proceed and you probably are going to do this or if not you can do it at a later time, I want to thank the city manager and the staff for all that you are doing and are going to do. And I appreciate the reference to the dollars specifically for council strategic outcomes. I'm going to be asking and you may not -- I don't know if you have it today or it's a later activity, but I'm going to be

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asking how our entire budget relates to our strategic outcomes. I understand, of course, that we're not finished with the process by any means in terms of our retreat, but I'm going to be wanting to have some understanding of how our budget as a whole relates to our strategic outcomes. So I'm just letting you all know that now. Don't have to answer it today. That can be a later activity, but I feel like that's

important and I know we all do and you all have been working on that, but I think it's important to let the public know how our budget relates to the strategic outcomes. >> I think there's a section in this presentation where you will begin to see that transition. As you know, we said we couldn't make the full transition this year, but we expect to integrate it fully into next year's budget and we are making those work plans now. >> Mayor Adler: Let's go ahead and hear this presentation. >> I just have to start by being humbled by Elaine's comments and wanting to let her know we all love you very much too. It is truly a blessing to have such a wonderful and supportive boss. >> Mayor Adler: And we love you both. >> We got that out of the way. Let's get busy. Start talking numbers. Welcome back, council. I hope you had a nice break. I see you've been playing musical chairs over the break so going to take me a while to get used to the new seating arrangements. If I refer to councilmember Flannigan as councilmember Houston I'll get up to the speed. Councilmember Garza has moved to the right some and councilmember troxclair has moved to the left. >> Mayor Adler: We've already made progress. This should take us a day and a half. >> Elaine already thanked department directors and staff and budget staff. I just want to reiterate those things. It's a lot of work for us to get here. I also would extend my thanks to the community. We're going to talk about our public engagement plant and we

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had a lot of fun getting out in the community and talking about the budget as well as the city council for all the work you've done to get it to this point. As I go through the presentation I'm going to thank a few individual people and right on this first slide I want to thank Robert from my office who is an analyst in practice but apparently a graphic designer at heart. He designed our budget cover and a document for the city of Austin, something just feels like Austin and kids playing and dogs run, lizards climbing, that feels like Austin to me. Great job on the cover, Robert. The plan for today, talk about public engagement, try to keep it short, we'll be providing to council. I'll try to go fast because Elaine talked about what some of the key take-aways were. We'll give you a view of the overall budget, general fund, news and expenditures. A few slides and then we are going to get into our budget highlights by strategic outcomes. This is kind of our baby steps , our first steps of trying to move this large budget being focused on the strategic outcomes you've defined. Then we're going to spend a little time talking about next steps, where we are today to you all adopting a budget on September 11th. In regard to the time line, essentially those Orange buckets, that was all the work sessions. I think if you add up all those council meetings we had 13 work sessions on strategic plans and department reviews and work sessions and financial forecasts throughout June and are July is when we were really doing our public engagement activities and working with the departments to craft a budget

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recommendation. And now we're into this kind of the green section of the budget, those two green bubbles over on the right. And you can see up there we have the proposed budget that we're giving to you today. I mention that public engagement report. Friday. Earlier if we can but we're still compiling all the information we gathered. We have four budget work sessions, August 9, 16, 23 and another one on the 30th. That's the time we have with council to try to incorporate your comments and feedback into the budget. On the 9th we're going to be asking you to set the maximum tax rate. So that's -- that's an important date because that will be the date where by state law you have to set the maximum tax rate that you will consider during this budget process. And then we added up here too on August 23rd and the 31st we anticipate we would be having a executive session with the city council about labor negotiations because this is that time, every three to four years we have that period where labor contract annexation are overlapping with -- negotiations are overlapping about the budget. On the far right we think the earliest we would get to council with potentially labor contracts for your consideration and approval would be a September 28th. All right. >> Excuse me. >> Mayor Adler: Ms. Houston. >> Houston: A quick question. Isn't that after we adopt the budget? >> It is. >> Houston: Contract approval. So you have some way to do that after the fact. >> We do. We do. >> Houston: Okay. >> Mayor Adler: Okay. >> Okay, so before we really get into this, I want to touch

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on some of the highlight and Elaine hit on some of them. It was a budget we crafted and intended to be focused really on maintaining service levels at their existing levels and minimizing rate increases. In fact, when you look at our general fund and support functions collectively with two exceptions, if you look at those departments collectively, there's no new positions being added to any of those departments. The two exceptions being development services where there is a significant add that we're proposing. That add is being fully off set by increased developer fees. And then, of course, in Austin fire you all approved the consolidation of esd4 service delivery into our model so 30 positions for that. Those are fully being reimbursed by the esd. No new positions in general fund or support functions. Most of the staffing enhancements that we're proposing are in the enterprise and they are focused on areas that are really impacted by growing workload and/or the continued implementation of council initiatives. Workload related, aviation department, you look at development services in terms of some council initial activities. We're proposing some staff increases to code compliance in regards to short-term rentals and enforcement of universal recycling and other council priorities. In five of the seven departments that assess user fees, the enterprise assessed user fees proposing no increase to the base rate. We'll talk more about that later. Elaine talked about the 2.5% wage increase we're proposing for civilians and those contracts remain an unknown. \$5 million has been reserved for council's strategic outcome. While they remain unknown, we'll have included funding in the budget for the eventual resolution of those contracts, but I'm going to tell you up front we're going to be intentionally vague about that because, you know, if you are negotiating with somebody

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about the price of the vehicle and they knew how much you were willing to spend on that vehicle it kind of compromises the negotiations. We are anticipating successful conclusion in this budget but the details wouldn't come out until September 28th on our current time line. So I'm going to talk about public engagement. This is just one of the things I wanted to do this year is make sure that our public engagement plan was assigned with the recommendation of the community engagement task force that you put in place and the recommendations they came out with. And so this is what they said they wanted to see in public engagement throughout the city. They wanted to be clear, easily accessible. Some of the specific things they talked about is using simple methods and simple language that people can understand. Multi-lingual tools. Of course we have a multi multi-lingual community. Reports on engagement results to be published online. Need to make it easier for people to give input and it shouldn't just be about coming down to a formal council meeting and during your public hearing and getting three minutes. They wanted surveys and in-person activities. We did all of those things. Explained how the input will be used and somehow how the input had an impact. The community input really did shape our budget proposal. Ensuring everyone who cares about an issue has an opportunity to engage and that was really -- having opportunities beyond just council meetings and boards and commissions. So in regards to some of the activities that we [inaudible]. I'm going to go around this. On the top right emc research is a research firm we hired to do a budget prioritization survey. We report the results to council in February. Satisfaction -- it's not exactly the same as what your

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budget priorities might be so we brought in this research firm to give us some objective specifically found data about what people's budget priorities are. We did town hall meetings, did some in-person discussions. We were out in council districts and in six of those we used this new poll everywhere tool whereas we went through the presentation not only was it me talking to people about the budget and answering questions, we were also able to poll the audience in regards to their feelings about different aspects of the budget. You can see on the bottom right we did a lot of advertising in print, but also social media to let people know about the town hall meetings and try to increase attendance. You can see councilmember Garza down there with her bull horn talking about district 2's town hall. The animal services one there, that's our new budget video that we did. We're really pleased with that. The primary purpose of that was short introduction to the city's budget and let people know more about how they can get engaged and provide input. We are closing in on 50,000 hits on our YouTube video, which to me is astounding, 50,000 people learning about the city's budget and how to get engaged. If you had asked me six months ago what an a ma is I would have said that's the American medical association but

apparently it's ask me anything. A picture of our esteemed budget ready that did a Reddit ama and responded to 150 plus comments and questions. Board and commission meetings, that's just one picture from the swac. In the middle our budget simulator. That was our I don't know line tool where you can be the city manager or city council and say I don't like how you all allocated the money to these different programs and I think more on this and less on this service.

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We had over 1,000 budgets submitted through our budget simulator tool. And finally up in the left I'm going to talk about that a little bit later, even do a demo of it. That's our new open budget atx tool. A lot of times even from this body we get questions about line item detail and more specific information. This is an interactive tool where you can go in, it's intuitive, you can click around into the data and get information to your heart's content. All right, just real quick by the numbers, you can see there 17 boards and commission meetings, 53 ask me anything comments. 285 is our estimate of the number of attendees at town hall meetings. We did our budget priority survey and over 800 responses. That a statistically valid random sample. Over 1280 budgets submitted there our online budget simulator. The satisfaction survey that you saw back in February had a larger sample size of almost 2100 respondents. And again, our budget basics video closing in on 50,000 hits on our video. Finally I would just say again that that public engagement report is due out August 4th it's going to be a lengthy report, probably close to 200 pages. There's a lot of things we want to report to you all. Then you can gauge how well you think the budget proposal reflects the community's values. My assessment it reflects those values very well and there's a link to where you will be able to get the report. kind of the conclusions is generally people have a very favorable opinion of city services and feel they get a good value for the tax dollars they pay. In fact when we asked people through our survey how good of a job do you think the city is doing with customer service, we ranked 23% above the national norm of other large

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cities. People feel we do a really good job with customer services. Parks and rec, police, libraries, code enforcement, all of these services are 10% or more above the national norm. When you ask people how is the city doing, they generally say you guys are doing pretty good. In regards to taxes and fees, this gets to our budget prioritization survey. 51% of the people said they would prefer to keep city services, taxes and fees at existing levels. The alternatives there were increasing services but knowing that would result in higher taxes and fees, 19% of the people chose that. Or decreasing services knowing that that would then result in lower taxes and fees, and 28% chose that. And that's kind of a theme we heard a lot is generally I think people are saying we feel like we like city services, they are at about the right level

and to the extent you can hold the line on taxes and fees, we appreciate that. Traffic congestion consistently rated as a top concern regardless of location or demographics. It doesn't matter how or where you are asking the question or who you are asking the question of, traffic floats up to the top as a concern. As does affordability. Although on affordability, the interpretations do tend to vary between different groups of people with some people landing on affordability more being about the access to governmental services such as health services and housing services and in the other camp folks that view affordability more in terms of taxes and fees that they are assessed. Okay. So I am going to now take us away from the presentation just briefly and pop up this new open budget atx tool. I'm going to take no more than two minutes to demo it. We are going live with this today. It's perhaps the most exciting thing from my perspective we're dealing with this budget. I think it's going to result

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in a dramatic increase in the transparency of the budget. If you want to drill down to an individual unit of the city's budget, you can very easily do that. We used to publish the data. It wasn't easy to interpret, I'm telling you. It was thousands and thousands of records of data that was hard to make any sense of. This makes it really easy. Before I move seats and do the demo, I do want to talk about we really are kind of viewing this as a -- as a beta version and there's a couple reasons for that. There's a couple of things we're still working on. One of them has to do with this kind of accounting business of transfers in and out. So you look up here and you'll see \$5 billion is what it shows as operating budget for fiscal year 17. We report our operating budget for 17 as \$3.7 billion. Why the difference? Well, you have inter fund transfers that if you don't account fund transfers you essentially double count the money. When Austin energy transfers \$180 million to the general fund, that's an expense, that's a transfer expense in Austin energy. Shows up as a transfer in in the general fund where it gets spent on police, fire, library services so you have it in the budget twice. It gets double counted if you just show the general fund and Austin energy. We take into account all that transfers in and out and that double accounting. The system is not quite ready to do that. We're working on that. We have ideas how to address that but just know that. That's why you are seeing that result. And then the other aspect has to do with the system defaults to the approved budget. We don't have an approved budget yet for fiscal year 18, that's why it defaulting to the 17 budget. That's fine for purposes of the demo. We're working on that so the fiscal year 18 budget as we go through this process will work with this more seamlessly. Just a couple other thank

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yous. There's a the look of people that went into making this complicated system work. Bruce niche as well as I.T. Staff with our communications technology and management department. And then specifically I want to call out Kim, our chief performance officer from the office of performance management who really is our expert who identified this tool and the value of it and really made what you are about to see happen. I wanted to thank her. I'm going to show you what it can do. Okay. So you have revenues and expenditures. I'm going to play around with the expenditures a little bit. And you can just click on here and say, okay, I want to know more about city expenditures. It pops it up and shows that \$5.2 billion spread out by funds. I'm going to say I'm interested in the general fund. That's a lot of times where people are interested. Boom, you can see that general fund budget. You can see it for police, fire, emergency medical services, et cetera. As I hover over stuff you will see these little boxes pop up. That's showing you that the police department budget for fiscal year 17 is 386.57 million. And as of today they've spent 302.63 million. That's the light green bar is the budgeted amount and that dark green bar is the actual expenditures to date. As we go through the year you would expect the dark green bar to get closer to the end. Hopefully not being longer than the light green bar. That would mean they went over budget. From here you can click around. So I think what I wanted to do is kind of show you in Austin public health, what's Austin public health spending that money on. They primarily spend it on social services contracts, transfers and other requirements, disease prevention, et cetera. That might not be the most convenient way to look at that

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information, so on the right you can choose a pie chart. Where is the health department spending its money. Mostly on social services contracts. Another nice aspect is the ability to say, hey, I want to look at this over time. How has it been changing over time. You can click on there and see the health department's budget from fiscal year 12 to 17, how it's changed over time. That it craters in fiscal year 18 because we don't have an approved budget for 189. The amend budget, I want you to show me the proposed budgets and it fixes it. We do have a proposed budget for fiscal year 18 and it's comparing versus all those other years. Pretty powerful tool. If you want want to see social service contracts, I can bring those up and see what's happening with social service contracts. I can see what's been hang with transfers and others. Right there is an interesting story. We often talk about why would the city's budget increase this much from physical year 14 to 15. I've told you it's about the change in how we accounted for transfers. We used to account for them at the fund level, then in fiscal year 15 we started accounting for them at the department level. So you can see from 14 to 15 there was a big spike-up in transfers because of that change. It gives you a real easy way to see what's going on in the budget. If I come back to the snapshot, boom, I'm going to drill down a little more and we're going to take a look at disease prevention. I think I want to come down maybe and look at vital records. You can get pretty granular with this. This is how much we are spending on vital records, \$491,000 and we spent 401,000 of that. What are we spending it on? Mostly personnel. About delivering

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services. To the bottom here, even for personnel that's not enough detail for you, you can click on personnel and how much are wages, how much is for insurance, how much is fica. That's there for you and it's not just thousands and thousands of rows of information. I would say up here personnel, 2017, I can say I'm interested in seeing 2015. There's 2015 data. The money they had on these categories in 2016. You'll see a search function up here. For example [inaudible] See a bunch of [inaudible]. That's what's going on in the park police unit. I hope you'll have as much fun as we've been having playing with the tool and thanks to Kim and all the staff that pulled this system together. Oh, I almost forgot, she would be mad at me, this system is live as we're talking and the website is [budget.austin.texas.gov](http://budget.austin.texas.gov). >> Kitchen: Just a quick question and I apologize if I should know this, will there be training for our staff on how to use this? >> We would be happy to train your staff. It is very intuitive and easy, but we would be happy to do a training for staff. >> Kitchen: It might be useful. They can probably figure it out but might be useful for just a quick -- I don't know if other councilmembers would be interested in having their staff participate in that. >> We'll send out an offer and make that happen. >> Casar: This is very cool.

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Thank you for working on it. >> Mayor Adler: I agree, very cool. >> All right. Going back to the presentation. Okay. Elaine talked about this quite a bit, but you did these three council retreats. We found them very valuable. Six strategic outcomes, developed indicators and that's where we are. That's why you are seeing us taking our first baby steps. Kind of got to walk before you run and I would say right now we're crawling. But we are taking our first steps. You are not going to hear me going department by department, we're going to talk about the cool and interesting things we're doing around health, around safety, around government that works. As we go towards fiscal year 19 budget you are going to see that complete and full integration councilmember kitchen is hoping to see. I think you are going to see a different budget presentation, budget process. But can't put the cart too far out in front of the horse and we don't have a strategic plan yet. It's not been completed. It's being worked on and is ready for target in the fy 19 budget. In regards to those department reviews, we gave you guys a the look of information in department reviews. You demographic and optional information. Key performance data. Operating and capital budget summaries. Prior council actions. Activity page highlighting. Budgets, staffing, key outcomes, services that the different activities provide, et cetera, et cetera. We even got down into line

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item detail. On the bottom right that boring looking excel spread sheet, that's what line item detail used to look like like that snazzy open budget tool. Those six departmental review sessions led to an additional three work sessions centered around policy discussions. So these are the things the council said, okay, we've talked to the departments about the specifics of what they do. These are things we would like to have more information on. Wellness, ems cost recovery levels, special event fee waivers, golf enterprise fund, level of tax support for that. We came back and gave you more detailed information on. The general take-aways from those work sessions from our speaker perspective was that generally we heard a desire from council to maintain service levels at their existing level. I keep saying that level twice, but desire to maintain current service levels. There was definitely concern from the group about the level of overtime in the fire department that's being caused by their high number of vacancies. And then I think there was some mixed interest. I would word it mixed interest in regards to taking a more extensive look to get additional efficiency from the model. Now, we are proposing in this budget \$250,000 to do that study and we also are proposing some changes in the fire department to reduce overtime costs. All right. Finally at long last we get into some numbers here. Get into the all funds overview budget. We are proposing a budget of \$3.9 billion. Some of the biggest drivers of that overall increase from fiscal year 17 to 18, of course, has to do with employee pay and benefits. Increases in Austin energy fuel. Kind of the wild card in the government that runs its own

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electric utility is fuel costs. We're seeing an increase in those fuel costs and regulatory pass-through costs and we'll talk more about that later when we start talking about ae billing packs and their power supply adjustment. Transfers to cip are going up as Austin energy in particular is looking to cash fund more of its cip and, of course, the \$5 million that we set aside for council's strategic outcomes, all part of that overall increase. What I want to do on the rest of this all funds section is talk about some of those big what we call corporate cost drivers that affect all of our departments. One of them being employee pay. We've talked about the 2.5%. This puts it into dollar figures, \$14.3 million increase resulting from that. For the all funds in the general fund it's a \$3.6 million increase. We're proposing a December start date. That's really because we're trying to get that pay increase to better align with the increase in health insurance costs that typically come in January and having it happen later in the year works better for our payroll and accounting staff who have to implement those changes. It's harder for them to do it at the same time they are closing out the prior year's books. That's what we're proposing. But when you look at fiscal year 19 there is some additional costs in fiscal year 19. When you delay the start day of something, you create a bubble for costs in the next year. So just to be transparent on that, in fy 19 we're projecting an additional \$3.5 million would be needed to annualize that cost. So the total cost of that 2.5% over the course of a year is really 17.8 million, 14.3 million this year, then we'll have to bump

it up a little next year. Living wage is going from 13.50 to \$14 an hour. You can see a comparative data for our large Texas cities and

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other jurisdictions and we rely heavily on the world at work salary data for the stacks in -- state of Texas and what kind of pay increase we need to offer a competitive posture in that labor market. Looking at our employee benefits in regards to the city contribution, which is not the same as premiums, but in regard to the city contribution, we are looking at a 4% increase in the city's contribution to our health insurance plans. That's the lowest it's been since fiscal year 2014. Typically we've been seeing it closer to the 8% range when we talked to you in April we were projecting a 5% increase and we've continued to see improvements in overall experience bringing it down to 4%. In regards to our active employee premiums, those are projected to go up 4.7%. We're proposing no major plan design changes in fiscal year 18. You can see the numbers in regards to how the employee benefits fund is funded. City of Austin in fiscal year 18 will contribute \$202.4 million, that's a \$12.6 million increase in regards to the active employees and their department interests and retirees and department interests, you can see each of those groups will be increasing by \$2 million. City contribution going up 12.6 million. The overall contribution to our employee benefit fund going up 16.6 million when you take into account contributions. Then the bottom, I don't know if it's something you've seen before, but this is what our current kind of cost sharing city subsidy is for our active employees and their dependents. If you are an employee pretty much all but all of your health insurance cost is paid for. 99% for the ppo, 98% for the -- and the consumer driven health plan, it's 100%

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covered. Your dependents, the coverage is lower at 55% for the ppos, 64% for the hmo and 62% for the cdhp. The raises are about 80% for the retire rear themselves, the sub I did I -- sub subsidy. >> Increase the percentage increase. >> It's a 4.7% increase. So if you are covering a plus one or a family, it's a 4.7% increase. If you are an employee only, there is no increase because, as you can see, the city's share is 100% essentially. >> Thank you. >> Kitchen: I have a question quick question. I don't want to interrupt too much. When you talked about the living wage increase for permanent employees, does that include part time? >> It doesn't. I'm glad you brought that up. It would be an additional \$600,000 to the budget to extend the increase in the living wage to temporary employees. What we're proposing in this budget is to do the increase just for the permanent employees. >> Kitchen: Does permanent include part time? That's what I'm not remembering. >> It could. You can be a 40-hour a week permanent, you could be a 30-hour a week permanent or perhaps a 20-hour a week period of time, but in all those cases you are

getting benefits as opposed to to a temp. You are largely looking at summer seasonal staff or working a few months out of the year. >> Kitchen: So who increase covers all full time which includes full time and part time if they are permanent. If they are temporary it doesn't and that would cost another 600,000 to extend to temporary. >> That's correct. And we are continuing to March

[9:54:51 AM]

towards council's stated priority of getting to \$15 an hour by fiscal year 2020. Our intent would be to propose another 50-cent increase in fiscal year 19 and another in fiscal year 20. All right. Let's talk about our retirement systems. This is giving you data. It's not something we've typically done but it's a significant cost drivers. Starting out on the bottom you can see that with \$172 million total contribution for retirement costs in fiscal year 17. In fiscal year 18 it's going up, a 12.4-month-old increase -- -- I'll take that being back. That's the city's contribution based on the percentages shown in the blue graph above. So far the employee retirement system, it's a 18% contribution. For the police retirement system it's a 21.3% city contribution, and for the fire retirement system it's a 22.05% city contribution. And that drives out those dollars below. So about \$12.4 million in our contributions to our retirement systems. We just showed you some additional information about what the employees' contributions are for the different plans, the funding level, the amortization periods and the multiple flyer. Austin ems, the civilian employee retirement system there's been a lot of actions taken to try to improve the fiscal health of that plan. Up there we've created a second tier. That's why the multiplier is listed at 2% or 3.5%. For newer employees the per year multiplier is 2.5% so it's a lower cost benefit. The city also increased its contributions over that time from 8% to 18%. The retirement systems also

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has been doing its part to make sure this remains a financially sound retirement system. There's been no Colas for retirees, no cost of living adjustments since at one time. This will be the 15th consecutive year retirees have not received a cost of living adjustment. They've also developed and established a new funding policy that really lays out funding requirements for the retirement system and when Colas could be allowed. Under our current policy and actuarial assumptions, it is going to most likely be another 15 years before we could really start putting Colas back into play for the civilian retirees. Looking a little bit at our police retirement system which has also had financial challenges and has started to see its financial position improve, they have had no cost of living adjustment for their retirees since 2007. They've lowered investment returns so taking a more conservative positive from what they actually expect and they've implemented some benefit changes to ensure certain provisions of their retirement system are going to be cost neutral instead of a cost. You can see on the far right I think that's the most

important metric, the amortization period, and all three of the systems are within the 40-year amortization period guidelines of the state of Texas pension review board. That's what the pension review board says is you need your amortization period, it needs to be 40 years or less. The highest is 40 years, well within the 40 year a year guideline. We do have some staffing increases that would be proposing in this budget so to set context we wanted to show you this five-year trend of population growth in the city. Again, staffing increases and they are both trending at exactly 2% annual growth.

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This is a very busy slide, looking at some details, one story I want to tell is that story of no net increases to the general fund and support services functions. If you net out those 51 positions in dsd, which are fully offset by revenue and the 30 positions fully offset by esd4 reimbursements. If you take those blue bars, the general fund, and the green bar, which is all of our support functions, and add them together, you get zero new positions. None of those changes. Again, that was by design. Most of the staffing adds in our enterprise departments, 47 infrastructure and transportation, 75 in Austin energy and Austin water, those are the major utilities. That says major utilities and other enterprise funds. I apologize for that. That second Orange bar should just say major utilities, 75 new positions in Austin energy and water. Then 60 positions in all of our other enterprise departments, which includes the convention center, Austin research recovery, aviation code, are the large ones there. Overall, bottom right number 261 new positions are being proposed in this budget, which is significantly lower than what we've been bringing forward in the last couple budget cycles. This is a perennial favorite of the budget presentation, a major rate and fee changes. I talked a little bit about how most of our enterprise department base rates are being proposed with no increase. Austin energy is one of those departments that has proposed no increase to its base rate, but nonetheless, we're projecting a bill increase of \$3.22 which is being driven by their power supply judgment and their regulatory charges, both of which are passed through expenses, really outside of the -- outside of the city's control on psa, in fiscal year '17, the power supply

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judgment charge was below market because they had overcollected in prior years and they wanted to refund that overcollection to their rate payers, so they purposely were below market in fy17. Now that market has moved up, now in fy18, they have to get caught back up to market. It's double whammy leading to the \$3.22 increase for a typical customer. Water, we're really excited about, this is the first time in more than a decade that the water utility has had no increase to its base rate. And it's really a testament to all the work the water utility staff has done to contain costs in recent years, to improve the revenue outlook, to restructure their debt so they cash fund more of their debt, which improves, you

know, what they have to carry for debt service coverage, all of those actions have resulted in the zero rate increase this year. And as you look forward for the water utilities projection, they're not projecting zeros every year, but they're projecting additional years of round numbers in the future as well. >> Mayor Adler: First time since when? >> It's at least ten years. I actually think it might be 15 years, but it's -- you know, I've got tables going back ten years and I couldn't find a zero on there for at least the last decade. >> My recollection is it's 15, and their forecast is every other year rate increases, so the odd years, they would have no increase. >> We are projecting an increase in Austin resource recovery rate, the 85 cents reflects increase for a 64-gallon cart, that due 100% to the continued expansion roll-out of the curb side organics collection program. Ninety-cent increase is being proposed in the clean community fee, specifically for the code enforcement side of the community fee, and I'm going to talk a little bit later on about what the code department is proposing for additional staffing that's driving that needed rate increase. No increase in our transportation user fee that pays for public works and

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Austin transportation department, no increase in the drainage utility fee that pays for the watershed department. In regard to property taxes, we're seeing a pretty steep increase in the median home values as reported by Travis central appraisal district. 305,510 is for median year 2018, up in fiscal year '17, so continued escalation of home values in the area. The tax rate that we're proposing, which I'm going to talk about here in the next couple slides, you would see a typical big increase of \$9.84, which is higher than we've seen in past years. That's number of factors behind that. One of the factors being that we're not proposing any increase to the homestead exemption this year so that plays into the rate increase. We're also seeing an increase in our debt service rate, so in recent years, we've actually seen our debt rate come down as the values have been going up. This year we're actually seeing an increase in our debt service rate, which was anticipated with the various bond elections that the voters have approved and the debt that issuing to implement those bond programs, we've anticipated as part of bringing those bond programs forward to the community and the council, we had talked about that there would be rate increases down the line, expecting them to stay within about half a penny, though. So this is about a three tenth of a penny increase in the debt portion of the tax bill. So the final academic, a little ahead of myself here but I promise I'll cut it short in the next slide where I really should be talking about it, the difference between what we're seeing in single-family property family growth and commercial property growth, it's much closer. So in previous years, we've been seeing a much more stark difference, like maybe 15 to 20% increases in commercial values, and 8% increases in residential values. This year we're seeing them much closer. They're all going up, but they're much closer. That all goes into what's driving the the \$9.84 monthly increase in the tax bill.

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>> Houston: Mayor? >> Mayor Adler: Yes, Ms. Hughes. >> Houston: May I ask a quick question before you leave the Austin resource recovery, is the one dollar composting charge baked into the 2430? >> The organics program is all baked into that, yes. >> Houston: Okay. Okay. >> Yes, it is. >> Mayor Adler: Yes, mayor pro tem. >> Tovo: Could you spend just a couple minutes on the property tax bill? The appraisal information that you just cited? So in the past couple years, the commercial increased a lot, or more than the residential, if I understood what you were saying. And part of that was because of their increased research and the work that the city did to encourage them to do so. So can you help me understand what's happening this year? >> I can. I shouldn't have brought it up on this slide. >> Tovo: Okay. It's coming up later? >> It's on a slide and I've got a graphic to show it. It'll be much easier. >> Tovo: Okay. Thank you. >> So let's talk about general fund revenue now. This is just a general fund piece of our all funds budget, which is approximately 24% of our all funds budget is the general fund. We're going over a billion dollars this years, 1,000,000,033.9 million is the general fund. Fiscal year '18, roughly 44% of that revenue coming from property taxes. You can see on there sales taxes at close to 22%, utility transfers now down to 15. I've got a slide to show you how the utility transfer has continued to drop as a share of the overall general fund bucket. For the first time we have carved out development revenue as its own pie slice. It's become a significant individual source of revenue. We thought that was warranted, 54.9 million in development revenue is projected for fiscal year '18. I'm now going to kind of go through those individual pieces in a little bit more detail, starting with property tax. Here's the slide I promised. So for the last four years, you can see the growth rate and overall property values has been in the double digit

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range. You can see our total taxable value has gone from 98.7 billion in 2015 to just now three fiscal years later in fiscal year 28, we've seen significant growth in our tax bait, growth from -- growth in existing property values and from new properties being added to the tax roll. You can see the -- also the new property value, that's a key metric. Anything over 2 billion is a pretty big number. So if you look at fiscal year 15, 1.7 billion of new property value is pretty typical. The last three years or last couple years we're over 3 billion, in fiscal year '18, we're at 2.7 billion. So, you know, that's all the cranes you see downtown, all the work you see happening down south Lamar and throughout the city, all that new construction value is being captured there. And then you can see the different tax rates. For fiscal year '18, we are project -- or proposing a slight upparticular in the tax rates, 3-tenths of a penny, from 4418 to 4451. Again, that increase is really due to the increase in the debt portion of the tax rate. The o&m piece is basically staying flat. And that is rollback tax calculation. We recommend that to council, think it's a prudent action, since there's an increasing likelihood in future years we're going to be dealing with a much lower revenue cap, and I've got a slide later on to show what that's going to look like for the city. Over on the right then, councilmember tovo, is the av increases by property type. So this is where you

can see for fiscal year '18, single-family category of properties -- this is both new properties and growth and existing properties, it's going up 10.9%. Over on the multifamily slide, or the multifamily bar, it's 13.1% for land,

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10.7% increase, and for commercial, 12.2%. Personal property is actually decreasing a little bit in fiscal year '18. So personal property is a lot of times the equipment and supplies inside of manufacturing plants. And that number can move around a lot, just depending upon what Samsung is doing. If Samsung puts some new equipment into their fabs, that can be 10% growth, or if not, you can see it decline because of depreciation. I don't want to put it all a Samsung, but they can really move the needle on that personal property thing. If you look back to previous years, though, I don't have that slide in front of me, but in previous years you would see single-family more like in a single digit, 8 to 9%, and you might have seen commercial and multifamily in high teens. So that's the dynamic I'm talking about. Commercial and multiple family, still both projected to grow more so than single-family residential, just not as much more so as in the last couple years, which all plays into that typical homeowner tax bill calculation. >> Mayor Adler: Yes, mayor pro tem. >> Tovo: Thanks. That's really helpful. I just want to be sure I'm understanding. So the single-family increase has typically been in the single digit, and so it has -- the percentage increase is higher this year. >> Yeah. >> Tovo: And it wasn't clear to me, because you talked about multifamily and commercial to it wasn't clear to me whether multifamily is actually experiencing a bit of a decrease in the rate of increase, or if -- because you had said high teens. >> Going off my shaky memory, multifamily probably is a little bit of a decrease, might have been more like mid teens, but definitely in the last two cycles when tcad was really, really pushing the commercial appraisals, we were seeing increases maybe close to 20%. And so I think it would be interesting data, I'd be happy to put that out there. >> Tovo: That would be interesting. >> Over the last three, four, five years about how the increases have occurred by class. >> Tovo: That would be

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great. Thank you. And then commercial as you said, had been higher, the percent increase is lower this year. >> Absolutely. I don't remember what it was, I just know 12.2 is a decrease because, you know -- I know some subcategories of commercial property are going up as much as 30%. There was a significant increase in commercial valuations the last couple years. >> Tovo: Thank you very much. >> The increased percentages includes both the increase in valuation of existing properties and new properties added to the rolls. >> It does. >> Flannigan: That breakdown is not shown by single-family and multifamily commercial. To what extent are those making up that 2.7 billion? That might be interesting

to know. >> I'm pretty sure we can add that to the information. We'll put that out there as a budget question. >> Alter: I was wondering if you could break down the o&m versus the debt portion and for our residents who are trying to understand how the mobility bond might be playing into the tax rate, since we haven't issued all of the debt, if you could help us understand how that's playing into the tax rate at this point as they're thinking about what we're doing with the tax rate. >> Oh, so that three-tenths of a penny isn't being driven by the mobility bond. I do anticipate there will be a slight uptick in the debt portion of the tax in future years as that mobility bond debt is issued but that hasn't happened yet. The increase I've been talking about is about the earlier bond programs and debts that we've been issuing dependent to those bond programs. >> Alter: So next year we will begin to see the mobility bond captured into this rate. >> Right. >> Alter: So that next year will be higher than -- assuming we -- >> I think it will be. You know, a lot of that plays into what's happening with property valuations. If property valuations go up

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significantly, it might not be higher. There may just be enough growth in the tax base to cover the debt issue without needing a rate increase. >> Alter: Okay. Thank you. Are. >> I would like to also add the amount of debt we pay off every year will balance against how much debt service is being added on as we issue additional bond, so there's a balance of paydown of debt and the new debt, so the increase in the debt rate, tax rate, may be very small. >> And I will say that that debt rate has come down pretty significantly over the last four or five years, you know, we've been seeing significant property value growth, the trend has been down in the debt rate. This is the first time in many years where we've seen a slight uptick in the debt portion of the overall tax rate. So one of the things we like to track is we like to look at that -- median tax big, and how does the median tax bill compare to ability to pay it, we use median family income as a measure to see how we compare to other jurisdictions. This is a five-year history from '13 to '17. We can't put fiscal year '18 on here because the median family income data that we use for this won't be available until February of next year. So we update it, as soon as we have all the data to update it, but this has been the five-year Trent, and in the city of Austin over the last two years, you've actually seen that ratio of the tax bill as a percent of median family income, starting to come down, which is largely table, I think, to the increase that has been implemented for the homestead exemption. So we're back now to about 1.6%. If you think about median family income, it's about \$78,000 a year. Don't quote me on that, but I'm not too far off. And this is saying that 1.6% of that median family income

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is needed to pay the tax bill for a median family homestead. Around then we compare how we look relative to other jurisdictions, and you can see all the data up there. We've actually now fallen below Fort Worth on that metric and are closing in on San Antonio. Okay. Of course that's just for city taxes, which is the piece that this body can have some control over, but there's other entities that also assess taxes. There's a school district. We always use aid as our school district because it's about 75% of the population is served by aid. The community college central health and Travis county also assess tax rates. Over on the left is what the rates look like and how the rates are changing from '17 to '18 for those different jurisdictions. Over on the right is taking those rates and applying it to that median home value of \$305,000, and driving out the tax bill. We are projecting, overall, that the overlapping cumulative tax bill for that median homeowner is going to go up \$531 next year, which the bulk of it, as it's been in recent years, being due to the school district increase of \$319. Now, we have a number of slides in here that talk a little bit about the school district and recapture system. I didn't feel like -- I just couldn't say \$319 of your tax bill increase is due to aid aid without talking a little bit about the state recapture system which is really drew behind that and which is really driving it. So we're going to shift gears a little bit and become like Austin school district and showing their recapture to the state. For the last four-years, what's predicted for '18. In are '14, \$124 million of local tax revenues are recaptured by the state to be distributed to other areas. That's a lot of money, but

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here we are, you know, four fiscal years later at \$537 million. I feel that's a point where I really need to start talking about that because the total amount of tax revenue that the city of Austin collects for general fund services, for o&m is about 450 million. I had it on a previous slide. Let me actually just get that real quick. 454.1 million is the city of Austin's operating and maintenance property tax collections to run our general fund. The state recapture payment next year will be 537 million. So when the community starts sending more money to the state to be redistributed, the city is actually collecting to provide services, I just think it's noteworthy. >> Alter: Can you repeat that, please? >> \$454.1 million is the city of Austin's tax collection from local taxpayers to provide general fund services, police, fire, parks, libraries. 537 million is the state's recapture payment. If you look at the cumulative amount over the last five years, it's \$1.5 billion that have been pulled out of this community's tax revenues. I like to look at things in terms of an individual tax bill. You start talking about millions and billions and it's sometimes hard to get your head around. So if you actually just want to look at it in terms of a tax bill, that's what we did here. So you'll see some of these numbers over on the right, the \$6,007 in fy18, that's what we're predicting in '18, this shows the history. In '14 the tax bill was about -- now we break it into components, like I would, the biggest growth in tax bill has been because of aid, but that only tells you part of the story. For aid we break it out into what they retain. Of the tax bill, you're pale how much does aid retain, versus how much recaptured.

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The recaptured amount is light blue bars on the left, and just visually, you can see that the biggest increase in your tax bill has been the result of the state recapture system. This looks at it over a four-year period, so from fy14 to fy18 of the tax bill you pay, aid actually retains about -- for this median taxpayer, I'm talking about, not you, but for this hypothetical median taxpayer who owns a median value home, aid actually retains \$66 less now than they did in if fy14. The city of Austin is collecting \$210 more. Travis county, the community college, and central health combined are collecting \$250 more. And \$1,024 of your tax bill increase is going to the aid recapture payment. That's from '14 to '18, that's the change. >> Mayor Adler: So before you go forward on this, I just want to bookmark this, too, because I'm happy that you pulled this out, as I think this is critical. What we're hearing right now explains why property taxes are so high for Austin taxpayers. Over the last four years, what you've just told us is that for every dollar that city of Austin property taxes have increased, the state has increased its tax or its share by \$5. That means for the very first time, the state of Texas share of property taxes is going to be more than what the city of Austin taxpayers get. Only four years ago, the state got one-third of what the city got. Only three years ago, the state got one-half of what the city got. And next year, for the very first time, the state will be taking more than what the

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city of Austin gets. So to be clear, property taxes are no longer a local property tax. From this day forward, let's call it what it really is. Ours is a state property tax. And the recent increases by the state of property taxes has been extreme, geometric, and irresponsible. Yet in this "Alice in wonderland" world, state leaders are blaming local governments for their property tax increases, and that is simply not true. It's not appropriate. As chairman bonnen has said so clearly, chair of ways and means in the house, the attempt to cap local property taxes has nothing to do with property tax relief, and to suggest otherwise is inaccurate, and it's harmful. If the legislature wants to do something about our increasing property taxes, they need to fix their increases in our property tax. They have to hold down this out of control state property tax that the citizens and residents of Austin are paying. If the legislature wants to do something about increasing property taxes, they need to fix our broken school finance system, and that's the only thing, the real thing, that people all over this state want our state legislature to do. And it appears to be the only thing they are not doing this special session. The numbers I pulled out of this report, were they accurate? >> That's what I meant to say, mayor, what you just said. That's what I really meant to say.

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They were very accurate. >> Mayor Adler: Okay. Mayor pro tem. >> Tovo: Mayor, thank you. I completely agree and I appreciate the eloquence of which you stated it. I wanted to commend our staff for putting it into perspective in this way, I think it's very helpful. I would suggest, too, though, the word recapture is not terribly transparent to the public, and so I would even suggest that on future slides, when we're talking about the extent that -- or the dollar figures that Austin independent school district retains, I think I might change recapture to "Sent to state," or something like that, that's very explicit to those who don't follow kind of the ins and outs of what the lingo is within municipalities and school districts, just so people are really clear what it means when that money is recaptured. >> Mayor Adler: Okay. Thank you. >> Okay. We're going to leave property tax now and talk about sales tax. Which the state takes most of as well. So, in regards to our sales tax revenue trend, this is our six-month rolling average of monthly sales tax changes. This is just to show you that it's a pretty volatile revenue source and remind you that it's wise to be conservative on this, because while one year it might be 5 to 10% growth, the next year it could be 5 to 10% decline. That's just the reality of how the economy works and what happens to sales tax revenue. Over the last 20 years, our compound annual growth rate, that's what that means, has been 4.8% growth, just a shade below 5%. You can see as you look over on the far right, the tail end of this graph, we've been below that in recent years. And I've got a chart in the next slide to kind of -- that looks more just in the last year and a half. But as a result of that trend, we are -- right now we're anticipating we're going to end fiscal year '17 with 3.25% overall growth in

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our sales tax revenue. That's below what we had in the proposed budget, but we have additional revenues coming in in other areas, so that's not a huge concern. Again, I think the bigger concern is to try to maintain a conservative posture for fiscal year '18, and we are proposing 3% growth for fiscal year '18. This graph helps you understand why we're proposing 3%, particularly when you look at, for fiscal year '17, this is showing the month over prior years, saying month growth in sales tax receipts for what we call current period collections. So that's actual, true collections from retail businesses. It cleans up all the noise that's created about you a variety of adjustments that the state comptroller makes to the data corrections and the adjustments they make through their audit process, so this is true current period collections and for fiscal year '17, we've been averaging 2.9% growth over the prior year. And so that's why we're proposing 3% for this year. The reason we're projecting a little more than that in fy '17 goes back to the adjustments that are made on a regular basis and thus far they've been in our favor, so a little bit more than 2.9% for this year. Okay. Taking a quick look at the utility transfer, just to show you what the projected increases are for both the Austin energy and the Orange bars, and Austin water in the blue bars and how that looks as a percent of overall general fund revenue. So this utility transfer has been going up from fiscal year 12 to 17. Compound growth rate has been 2% growth. And as a % of the overall general fund, it's come down from over 20% now to 15% of our total revenue. We're

projecting that downward trend is going to continue over the next five years. If you actually go back another decade or so on this graph, you would actually see Austin energy or the combined utility transfer is

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high as 24% of the general fund. So the general fund is becoming less and less reliant on the utility transfer, which is, by design and intent, of some actions that the city council has taken to change how the transfer calculations happen. Development revenue, this will be the, I don't know, the 8th or 9th year that I've said this is going to be a new record high for development revenues. So for fiscal year '18, we are projecting \$54.9 million of revenue. That's a \$5.9 million increase from what we're estimating to end fiscal year '17 at. I do want to note that these revenues are based upon, for '18, the projections are based upon a new cost of service study that the development services department is bringing forward that will be -- that is incorporated into our proposed budget through the fees, and it's been designed to fully offset the costs of those services with a few exceptions that I'll talk about as we get into the expenditure side of it. There are certain things that we can't recover through the fees, but everything else that we can, from development services department, we are recovering. I wanted to take a look, finally, at our other revenue. This is just everything else in the general fund, it's projected at 143.8 million in fiscal year '18. That's a \$4.1 million increase from fy17. There's some other changes going on in there, but basically the \$4 million increase is attributable to the esd4, remember that we're going be taking over that service. We're adding 30 positions to our budget for it and they're going to be reimbursing us for it. All of that increase is really coming from them. It's about a \$4 million increase. If you look back over time, these revenues have typically been growing about 1.8%. We are starting to see franchise fees come down a little bit as people are cutting their cable lines and cutting their land lines, those franchise fees that we collect for those

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services are starting to come down as well. So that's just something we're going to have to continue to Walmart I'm going to move on now to expenditures. And this is our fy18 proposed budget. Again, 1,000,000,033.9 million, you can see the portion that goes to public safety, which has been a topic of conversation for several years with council, it's at 66.5%. That will be the third consecutive year that it's come down. You go back a couple years ago, three years ago, it was 69.7, I believe, and now we're down to 66.5%. So it continues to fall as an overall percent of the general fund. I don't want you to underestimate, like the difference between 3%, it might not sound like much, 69% to 66%, big deal; right? 3% of a billion dollars is \$30 million so it actually ace pretty big deal and pretty big shift in the

priorities of where the council is putting its general fund dollars. Looking at the overall increase of what we're proposing for fiscal year '18, it's just short of \$60 million, \$59.8 million, which is a pretty significant increase. To things that have to be talked about as part of that, though, is, again, this esd4 deal, 30 new portions and cost of that, close to \$4 million, all being reimbursed by the esd. And then the significant increase that I want to talk about in a couple other slides to dsd. So we are looking at a \$20.9 million increase in our development services department budget. The very next slide, I'm going to get into some details about that and I'm not going to get ahead of myself this time. Then you can see the other increases. The significant increase in transfers and other requirements of five million dollars, that's where we put the -- the funding that we set aside for council's strategic outcomes. That's the only reason transfers and other requirements is as large as it's showing there. In Austin public health, a 2.2% decrease this-year. That's because in fiscal

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year '17, council approved a number of one-time funding items of \$2.9 million. And so when we have a one-time -- when council funds something on a one-time basis, staff removes it in the fiscal year '18 budget. There's no cut to the core base services but those one-time items are being removed from the budget. >> Kitchen: Mr. Mayor, I have a question. On the A.P.D., you can talk about now or later if that's more appropriate, but I wanted to understand how we're showing an increase here and we're still in negotiations. So it was a question councilmember Houston asked earlier, I'm wanting to understand the relationship there and what's driving this \$17 million increase, if I'm reading this correctly, and how that works with the timeline for our negotiation. >> Yeah. What I would suggest is if you go in your budget document to the police pages, there will be a page that lays out like the significant changes, and it'll show you where that \$17.1 million of changes are coming from. Some of it is due to our anticipated resolution on the labor contracts. Again, we're trying to be purposely vague in regards to the amount because we don't know exactly what's going to happen, and depending upon what happens, that will determine, you know, ultimately what we have to have in the budget for that. And, you know, we may need to come back to council for a budget amendment once those -- maybe on September 28th there might be the first budget amendment of the year, either increase or lower the budget, depending on what happened. >> Kitchen: Okay. I would expect that 17.1 is personnel, staffing. >> Yeah. Always a big piece of it is related to panhandle and staffing. >> Kitchen: Okay. >> Your base wages increase, step increase increases or any other provisions. Health insurance increases are going to be in there. They do have -- you know, actually, they're one of our largest civilian workforce in the general fund, they're

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the largest workforce, but one of the largest civilian with over 600 civilian workforces so those wage increases are in there as well. >> Alter: I have a question. >> Yes. >> Alter: You mentioned the Austin public health. So if that -- I understand that you're saying it's not really a decrease, it's just taking out the one-time funds, but aside from that, there's no increase to any Austin public health initiatives, with this proposed budget. >> There's no increase being proposed for social service contracts or for enhanced Austin public health services. There are increases just related to wages are going up and health insurance is going up, but not for, you know, true enhancements to services. >> Okay. >> Okay. So I wanted to spend a slide talking about that development services increase of \$20.9 million. And so these are the components of it on this slide. They're fiscal year '17, approved budget is 37 and a half million dollars. The first item on there, this transfer in of environmental review and inspection services from watershed protection department, so if you were to go back in time, you would see a time where development services was part of the watershed protection department. And then they got moved over to the planning and development review department, and then those departments got split up, and so now you have a development services department. But through that transition, the certain review functions and environmental plan reviews and drainage plan reviews, in particular, the funding for those stayed in watershed, and it's appropriate for things like environmental plan reviews and drainage plan reviews to be paid over the drainage utility fee. What we're appropriation in fiscal year '18 budget is take that funding that's been coming from the watershed department and build it into cost of service model for development services and have the applicant pay for

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those functions. And so that it's -- the funding will no longer come from the development utility fee. So that's -- and that's not -- we're not -- you know, that's just moving the deck chairs around, instead of paying for it out of watershed, we're now going to pay for it out of development services and have the applicants pay for it. \$800,000 is related to city cost drivers for wages and benefits. A few slides on I'm going to be talking about our proposed budget includes 51 new positions for dsd staffing enhancements, and office equipment and office space that they're going to, you know, need to actually effectively operate, that comes to \$7.3 million. They have a number of one-time costs for vehicle replacements; right? They have a lot of inspectors and those vehicles need to be replaced. We're starting to treat them -- not starting to we're treating them more and more like an enterprise department, so we're building into their budget the cost of replacing the vehicles so they can bill the applicant for replacement of those vehicles, computer upgrades as well. In fiscal year '17, council approved new positions for dsd but the hiring of those positions was delayed for five months. It wasn't really delayed, just when you add 30-some positions it takes a while to get them all filled. We built in vacancy savings. We need to analyze those costs in 18, one and a half million dollars. The final one is everything else, 3-\$4 million increase. Some of the big chunks of that is \$1.8 million of consulting fees related to the implementation of the codenext, and the 311 system. They have some increased parking costs. They have to pay for these new employees to have parking spaces, \$400,000. And then they do have money in there as well for third-

party services. So part of the strategy here is they're increasing their budget is to put some of the increase into temporary employees and contract staff so that when the cranes start to come down and they need to down scale their services, they can do it

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through temporary staff reductions and reducing their contractual costs and trying to avoid having to impact permanent staff. So that gets you to the \$58.4 million budget. Again, we're projecting a new record high for development revenue of \$53.2 million, partly coming through the increased activity, partly coming through the new cost of service study, and going to 100% fee recovery for this unit. That leaves a net cost of \$5.2 million, and you can see in the footnote, there's just a number of things that are not eligible to recover through charges to development applicants, including fee waivers. So from time to time when fees are waived, we can't recover those costs. Google fiber, we are limited in what we can recover from the Google fiber that's being installed and the inspection services that are related to that because of how the state franchise works. We're getting franchise revenues from them, and we're precluded from them also charge them for those services, and we can't bill that into what we charge other people so it has to be a general fund cost. Finally the urban forestry program moved from parks to ds did. It's not something that can be built into our cost of service model. So with the exception of those unrecoverable costs, everything else in dsd is being recovered. That was a lot, but it's a big increase, so I wanted to make sure y'all understood it. And we will be having development services, Ronny will be coming here on August 9th, and he's going to be talking to you in more detail about what all these people are going to be doing, the kind of performance improvements that we expect to see as a result of it, how it ties into the Zucker study report, et cetera, et cetera. >> Alter: I wanted to just clarify, when you say there's a transfer in of environmental review and inspection services from watershed protection department, that those people are not actually transferring from watershed to be under development, it's just an accounting -- >> It's just accounting. They're already a development services

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employee -- employees, but the drainage utility fee, the watershed protection department has been paying the bills for part of those employees when they're doing work related to environmental reviews and drainage reviews. >> Alter: So someone who spends a lot of time on these will be -- I thought he was in watershed but maybe I'm wrong. >> Chuck is in watershed, but we're talking about that there's actually -- people doing the inspections and doing the plan reviews that are in dsd are being paid for out of the drainage fee. >> Alter: So there are other people, then, like Mr. Lesniak, and the folks in pardon, who spent a huge amount of time on development services related that are not captured in this study,

in this approach? >> This study that was done by a third-party consultant matrix, I think[indiscernible] May have a say in this but the next step would be to reach out to park and perhaps watershed. We'd have to look, but any other departments to see what they're currently charging and if they're currently fully recovering their costs. But this slide here gets you to where -- this is where the bulk of the costs related to development services are in getting this taken care of, and then our intention would be to then look at parks and to see if there's -- you know, how are they doing with their cost recovery, should they be increasing their fees, or not. >> Alter: So if you can make sure that Mr. Gonzalez covers that when he comes back to us on the 9th so that we have a better idea of how that will be handled, moving forward, because there are departments that are spending a lot of time on development services like parks, like watershed -- >> The fire department. >> Alter: And, you know, we should be recovering those costs. >> And they definitely charge fees. I just don't know -- I can't tell you right now if they're recovering 100% of their fees. And it may be that we need to have some of those department staff come back and talk about -- like fire

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department would be one of the bigger ones who do inspections and plan checks for new development things, and how are they assessing their fees, and are they being 100% recovered. But this study that was done was specific to the development services activities. >> Alter: And. Also is there a line in the budget to do those cost studies for the next year if they're not captured now? Presumably, we have to justify those and have a study just like they did now. >> Yeah, they have to be justified and have a study done. I just had somebody hand me a note saying that watershed protection actually was part of that matrix analysis, and so they should be in this budget as well, fully getting -- fully recovering their costs. >> Alter: Okay. I would welcome more details on that. Thank you. >> Okay. >> Mayor Adler: Okay. >> So this is -- I'm going to bring it all up. It's one of those ones that comes in -- I'll bring it up here. This is our forecast. We always like to show council the budget, not only for '18, but looking at least four years in the future to see what we're projecting as growth in the basic expenditures and how that stacks up to what we view as being our ability to pay for it. We want to be sure the budget is not only balanced 24 year but structurally sound into the future. You can see the one billion, \$34 million budget for fiscal year '18, we project that will grow to one billion, \$83 million in fiscal year '19, et cetera. These growth numbers are all, just what we call baseline expenditures, we're not projecting growth to implement a whole lot of council initiatives or additional costs maybe related to staffing increases, the departments might like to implement this is really focused on what we're projecting for employee wages, for health insurance increases, et cetera. Just base cost drivers. Then we like to look at that against this green line, which is our revenues at the

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8% rollback rate, so you can see for fiscal year '18, we're balanced, that revenue line is right at the top of our expenditure bar. And we're balanced. We're projecting we're also going to be balanced in fy19, albeit again right up by the rollback rate. And it's really not until the later years of the forecast that you start seeing a little bit of gap between the revenues and the expenditures, where we might start being able to build in funding for additional initiatives. This red line is what it looks like under a 5% revenue cap, and the short story here is that a 5% revenue cap that would go into effect in fiscal year '19, we're not projecting it would be enough revenue to cover our base cost increases. Then finally, just what the effective tax rate revenue would look like. So, you know, budget at the effective tax rate would look like pretty significant reductions to city services. And our current projections within the current 8% rollback calculation, we're projecting a structurally sound and stable budget. I've just got a few slides to give you some lie level overview of the capital budget. Here we're showing appropriation and spending for the last five years -- >> Mayor Adler: And again, I want to pause just for a second on the last chart you have. What the legislature is looking at right now is a cap that would have us to where that red dotted line is. Is that right? >> I think on the senate side, they're still pushing a 4% cap, and I believe what came out of the the health ways and means was 6% cap, so we just kind of split the water at 5%. We still don't know exactly what we'll be -- >> Mayor Adler: In order to be able to meet that, we would have to cut current programs. It's not a question of not being able to add new ones, we would have to cut something that we're currently spending money on. >> Yes. >> Mayor Adler: Okay. Thank you. >> Mayor? Does that ask the city of

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Austin to ask voters for additional revenue to go above that line if we have -- >> Under current law, it's called -- it's a petition, so there has to be, I believe, 5% of the registered voters within 90 days of setting a tax rate beyond the rollback rate. That's current law, it requires a petition to hold the election. The laws that are being proposed would make it a mandatory election that would have to happen in November. >> So is it accurate to say it's not a limit to that, if the city of Austin wants to go above that red line, we just need to go to the voters and ask for that approval? >> That's right. >> Thank you. >> Mayor Adler: And just for the record, I think you're absolutely right, it's not a limit because you can certainly ask the voters. My concern is, as a practical matter, because the legislation applies to all the taxing districts, I just don't see a world where every year there are five local elections for the citizens to take a look at budgets. I think that by and large, the practical impact would be that cities, Austin included, would -- would recognize voter fatigue and would wait for those opportunities when it would go to the voters, for something that would be like a bond, as I think that we would on those -- on those big items. Even recognizing that every year you could go to the voters, it would make it difficult to enter into a long-term contract or facilities agreement because you couldn't be sure that in year two or three or four of that agreement, the voters would approve it in that given year, which I think would have an

impact. And also, you know, even if it was in the position where city government could then go to the people in any given year and to defend what a higher budget would be, that would make it more reasonable. As we know, the legislature has provided that in the event we have any of those

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kinds of elections, the city can't take a position in those elections. So in those elections, the city can provide information, but wouldn't be able to make an argument to the people in the community. So for all of those reasons, while the right or opportunity exists for cities to take it to a vote of the people, I just believe as a practical matter, it's not something that we would be seeing very much. Ms. Troxclair. >> Troxclair: And I guess I would respond by just saying that the reality is, is that the vast majority of cities and counties in our state are nowhere near the existing 8% rollback rate. So when you're talking about having multiple entities, including Travis county, who, by the way, has adopted an effective tax rate over the past recent years and used as an example of a local government doing something right by the legislature recently, so when you're talking about all the taxing entities having to go every year to the voters, actually the vast majority wouldn't have to, it's only the most egregious violators of our -- of the insane increase that we've seen in our taxes that would be put in a position that they might have to consider bringing in less revenue. And, you know, I guess -- and to your point about not being able to have a position for or against, that's existing state law, and that certainly hasn't stopped the people who are interested in city bonds, like the transportation bond from advocating for or against them, just like in any other election. So we'll see, I guess, what happens. I guess my question to -- I

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mean, would you -- both the city manager and -- and our financial budget guy -- what's your official title? >> That's it. >> Troxclair: Budget guy? And the mayor, I think have made reference to this legislation and the fact that it's prudent to go up to the very maximum 8% tax rate this year because of the potential that that legislation would pass. So am I to assume that, mayor, you would propose a lower tax rate, or that the city manager or budget officer would propose a lower tax rate if that legislation wasn't pending? And I ask because the city has chosen to adopt nearly the maximum tax rate of 8%, year after year for seven of the impact that it would have on next year,,

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because you can't tell from year to year what the exigent circumstances are going to be. So, yes, I think this does change the calculation considerably. And, you know, even in the situation where -- where other taxing entities in any given jurisdiction, while there could be five elections, where the citizens are being asked to decide budget decisions for multiple taxing entities, it's entirely possible that it wouldn't be multiple, that it would just be one or more, but for people in Austin, it's really important to understand the impact on us because as we see here, only -- less than -- I mean just over 40% of our property tax -- of our revenue comes from property taxes, which means almost 60% of our revenue comes from things other than property tax. We've just gotten the forecast that our sales tax are going to go up by 3% in the future year. Our development fees are going up considerably, but it's a small part. Our dividend from our water and wastewater is projected to go up by, what, a point, point and a half, other by a point, point and a half of, and if 60% of our revenue is going up by significantly less than 3%, even if we want to maintain 5% across the board, or even 4% across the board, our property tax is the only tool we have to be able to deliver a 4 or 5% increase. So it's something that we're going to repeatedly run into here in the city of Austin. And I think it's also really important for the taxpayers of the city of Austin to know and for the media to report that this is a city that has been -- continuing word you used was -- I don't remember what the word was you used about people who are violating the principle of -- I don't remember the

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word you used -- egregious, was the word. But the property tax rate in the city of Austin right now is about 44 cents. The property tax rate in San Antonio is about 55 cents. The property tax rate in Houston is about 60, 60% cents, in that range. The property tax in Dallas is about 80 cents. The property tax in fort Worth is 80 -- almost 86 cents. All those are cents. Austin is at 44 cents. This is a city that has a history of councilmembers that have fought hard and worked really hard to keep property taxes low. Now, I recognize that people in the community feel like property taxes are going up. 75% of the property tax increase that we're feeling here in this city last year comes from one source only. It's the increase in property tax in the state's property tax, that it taxes our local citizens to pay for public schools in areas other than in Austin, Texas. 75% of the increase. And don't look at aid as being an irresponsible party because they're getting less dollars from every taxpayer today than they were getting four years ago. But meanwhile, the state's take from the citizens of Austin, with its property tax increase, that's the egregious element. It is the state's property tax, taxing our citizens to pay for public schools that is virtually the single cost for what people in this community are feeling as the increase in property taxes. Ms. Troxclair. >> Troxclair: And to mayor pro tem tovo's point earlier

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about the way that we refer to that system, as you know, it's often referred to as robin hood, which is robbing from the rich and giving to the poor, the idea that you take from people who have more and give it to those who are less fortunate. And that's a principle that the city of Austin has more or less endorsed in our own policies. We're doing it in everything from subsidized housing to living wage policies, et cetera, and all of a sudden when the city of Austin is on the other side of the equation, and the city -- the state is looking to the city of Austin and identifying the city of Austin as a rich school district, as a rich city, and asking for some of those resources to be redistributed to the rest of the state, then all of a sudden I guess it's not such an attractive principle. So -- and I'm not -- I'm not defending the robin hood system. I don't know that it's -- that it's the best way to make sure that kids in Texas are educated. But it's hard for me to reconcile the difference in ideological approach, when it seems like the city has no problem in applying that same ideology to a lot of other policies that we put in place. And to be honest, it's the same way, the way that you feel right now is the same way that a lot of my constituents feel. They feel that the city of Austin has identified them as so rich that they have extra money to give back to the city, to the tune of, you know, an extra hundred dollars, just in this year's budget alone. And yet they feel like, well, wait, I'm just -- I'm just struggling to get by. I'm struggling to -- you know -- whatever, get my kids to school and keep my job, et cetera. So it -- I understand your frustration because I think it is the same frustration that a lot of my people -- the people in my district and across the city feel towards the policies that the city council puts in place. So we will respectfully

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disagree on the attitude, I guess, that you've taken and the stances that you've taken towards some of these -- some of these policies. And I hope that -- you know, I will take you at your word that you are open to considering a lower tax rate if the new sb 1, if the rollback rate legislation doesn't pass, and I would look forward to working with you on that. >> Mayor Adler: And I appreciate you raising the issue of the question about the robin hood plan, because I think it gives me an opportunity to address that, so I appreciate that. I support robin hood, and I support the constitutional provision that provides that every child in our state should have an equal, equitable opportunity to get a good education, and it's constitutionally mandated in our state, and I support that. But when the state collects all the money from everybody and then it redistributes all the money, it's supposed to redistribute that money in an equitable and fair way. It costs more to educate a child where English is not spoken at all. It costs more to educate a child who is on a subsidized lunch program or comes from a disadvantaged background. The state takes that into account, and when it gathers all the money and it sends it back out to the districts, it has weights that it uses to make sure that the school districts have a little bit more money in order to be able to educate those more expensive students. That becomes particularly important in a city like Austin where we have much higher than the average percentage in our school district, in the aid, of kids that are from homes where English is a second language. We have a much higher than average number of students in our school district that are in poverty than not.

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The problem is -- the problem is and I know the problem because in 1997 whether I was working at the legislature I was trying to modernize those weights to make them reflective of the true costs. And in 1997 the measures the state was using was -- I was unsuccessful in 1997 in my efforts as a staffer in getting the state to actually make those measure reflective of actual costs. Do you know what measures the state is using today? Exactly the same measures that I was trying to work to change in 1997. So that was one of the issues that went before the district court. When the district court found the current system unconstitutional, it was found unconstitutional in part because of the weights the legislature had mandated be used. And when it got to the supreme court, the supreme court says that doesn't make sense, you guys should fix it. It's not unconstitutional so we're not going to make you do it but even the supreme court pointed that out as a problem. If those weights were corrected, and I don't know this number exactly, but I have heard if the weights in fact reflected the true costs, our school district would have over \$300 million more it's either a year or biennium to use on our school system. If robin hood were done fairly, can you imagine what aid could do with the additional recurring \$300 million? That's the problem. There's not an intellectual inconsistency in that at all. That is what it means when we say you need to fix the school finance system so that it is equitable and it's fair and it doesn't create this property tax crisis that this area is feeling virtually solely because of the state's failure to fix the school finance

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system. Other people have their lights on, want to talk? Mayor pro tem? >> Tovo: Thank you, mayor. I was just going to highlight the numbers for aid for last year. And this just picks up on the point that you made about the high needs within the Austin independent school district that are not reflected in the current redistribution system, and that is limited English proficiency within the Austin school district is 28% and more than half of the students within aid are classified as economically disadvantaged. That number is 53.3. So while Austin is classified as a property rich school district, we clearly have lots of needs that I think aid does a tremendous job educating students within their district, but they are up against really tremendous financial challenges that the state should be addressing. And just I want to underscore really what the mayor said, I think this council and previous councils have done a very good job trying to meet the needs of a growing and diverse population of Austin residents, and, you know, when we have a budget before us that as councilmember Garza points out does not include much needed increases to our public health department, yesterday there was a presentation about the needs with our [inaudible] Which are much loved, much needed within our -- within our city. We have so many needs from public safety to other areas. Almost every day I get an email from a constituent asking for

increases to social services that would provide an expansion of the services we're able to provide to those experiencing homelessness. You know, from those kinds of emails to emails asking for more staff for graffiti to emails asking that we really increase funding within our library system so that Austin too can have the kind of per capita spending per -- that

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other major cities enjoy, you know, every day we all get those kinds of emails asking for increases in one area of the budget or another. And we're very rarely able to meet those requests. Including in really critical areas like health and human services. I think this council and again previous councils have done a -- and with our expert staff's help have done a very good job of keeping that rate as low as possible while still meeting needs of Austin residents as possible. I think again the mayor has outlined for us where those increases are really coming from. >> Mayor Adler: Mr. Renteria. >> Renteria: I would like to say that, you know, when 51% of the people of Austin say they think that they are getting a fair deal out of the service and that they are getting from their tax money that they are paying for, then I don't think it's right for the state to come in and tell us, you know, with 19% they wanted to increase the service and fees on top of the 51 that said that everything looks really fair. And for the state to come in and say okay, we're going to reduce your -- your rate of increasing our rate to meet our budget and they are going to decide our budget here in Austin, then I think it's totally unfair. They are actually playing with people's lives here by not letting us provide the service that we know that the citizens want here. And then to force us, you know, it's to have elections every time -- every year, that's just ridiculous. You know, I -- I've always felt that, you know, I've been slapped on the face twice with sb 4 and now with them keg our budget down to -- cutting our budget down to maybe 5%

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growth. And we can look at the chart and know exactly what we're going to be doing and it's going to force us to lay off people and not complete our projects like we want to see like fixing the pool, taking care of our homeless population. This is just an assault on Austin and especially the poor and the minority and people of color and that's all it's been. They hate us and that's when it comes down to just pure mean, ugly hate. >> Mayor Adler: Ms. Houston. >> Houston: Thank you, mayor. I agree about the recapture in the formula and how out of date it is, and the most egregious thing and I'm going to ask Mr. Van eenoo if he knows the answer, all the money we send to the state does not go to education. Some of that, I don't know what the percentage is or what the amount is, just go to the state's general fund, so it is in fact a tax because it doesn't go to the people that it says it's supposed to go to. Do you have any idea or can we find out how much of that money that the sent to the state goes to school systems

and how much goes to other things that the legislature decides they need money for? >> We can work on that for you. I definitely have heard that same story from the school districts' chief financial officer that some of the recapture money is actually going to supplement the state's general fund. Not actually being used for the educational purposes intended. >> Houston: Could you check with her and see? Thank you. >> Garza: There's not much more I could add that hasn't already been said. I'll just say that I think it's important to concentrate on facts and the fact is if anything is egregious it's

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slide 30 that shows this is in fact a state tax. And what's egregious is a special session that is also wasting taxpayer dollars concentrating on issues that are of zero importance to real everyday Texans. And so -- robbing from the rich and giving to the poor, I wouldn't say Austin taxes do that. People get a good value. We don't rob from anyone. We provide excellent services, and to compare city of Austin to Travis county to the different taxing entities is also not fair because we provide a very different level of services. Travis county does not have to provide a fire department. They have esds and those are taxed differently. There's no apples to apples comparison trying to compare jurisdictions and saying they are not close to the rollback, why are we? They are very different taxing jurisdictions, organizations, different revenue streams. I appreciate any reasoned, fact-based argument, but let's stick to the realities. I hope we can stick to the realities and the facts. >> Mayor Adler: And if you would, would you please send to me and to others, I'd like to have slide 30 as a single page PDF, and if you could change the word "Recapture" to "Sent to the state as recommended" so people could understand that. I would like to have that slide as a PDF. >> Kitchen: I want to thank the mayor for the way that you explained the numbers that are on slide 30. And I think some of that explanation would be helpful to have on slide 30 because I agree with councilmember Garza, we need to speak from the facts. And the facts are that the impact on folks on property taxes is the state's fault.

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And, you know, we do what we can, but there's only a very small portion that we can impact, and I think that we owe it to the public to tell them the truth about what is happening with taxes so they can add their voices when they talk to the state and add their voices to the state to say -- to say hey, they are hurting and they are, to say that they are hurting, but they need the help of their state legislators, not to -- I mean what the state is doing is renegeing on their own responsibility for property tax and trying to point blame in the other direction, ignoring the facts and not telling the public the truth. So I think it's important that we tell the public the truth so that they can engage their voices with the state. And as you said before, thank you also for explaining robin hood. Nobody here is against robin hood. That's not

what this is about. This is about the state not stepping up to the plate with their level of responsibility and the state not applying robin hood in a way that is fair across the state. >> Mayor Adler: Mr. Flannigan. Zan Zan. >> Flannigan: Do you know how much it costs to run election off cycle? >> Just doing some finger math with the clerk, about 800,000 or 900,000 if we're on our own. >> Flannigan: Round up 2 million bucks to run a tax election in this November because we wouldn't have anything else on the ballot. >> I think 800,000 to 900,000. Is that right, Jeanette? >> For for an election like

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this year probably about \$900,000. >> Flannigan: Are there costs to add a second item? If we were doing a tax rate election would there be additional tax costs shared across jurisdictions? >> There would be minor cost increases because there might be different increases in publication costs, but it would be minor. >> Flannigan: So the off cycle would have a merely million dollar hit -- >> It's nonelection years that we incur the bulk of the cost. >> Flannigan: Excellent. Thank you for answering that question. Ed, my other question, do you know in a round number what we would have to cut from the general fund budget to have a zero impact on property taxes? >> Yes, so at the effective tax rate, the effective tax rate we still would get a little bit more revenue because of growth, but assuming at the effective tax rate it was a 46 million-dollar less revenue at the effective tax rate in fiscal year 18. >> Flannigan: If we wanted to have a budget that had a zero impact to property taxes, fees, we're not talking about fees, those are different, we have to find \$46 million to cut out of the budget. Is that right? , Roughly? >> Yeah. The library's total budget is \$40 million to give you context. >> Flannigan: Yes, it would be very difficult, nearly impossible. That's why I ask the question. >> Mayor Adler: The state mandated election tax of almost a million dollars would really only be leveled -- levied every other year. Is that right? >> Yeah, in nonelection years. >> Flannigan: Because we have to have an election anyway. >> Mayor Adler: But in those years we would effectively be paying the state election tax. >> Flannigan: That's what it would cost win or lose. You would have to add that into your budget if you went down that road. >> In some years there might be -- [inaudible] >> Mayor Adler: Only every

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other year would that state impose cost be something we would have to pay almost a million dollars. >> Mayor pro tem, are you saying in the years it's not mayor there would be additional costs because we're only running in five districts? >> Mayor Adler: That could be. That's right. [Laughter] >> Flannigan: I hadn't considered that. That's a good point. >> Tovo: Unless our county -- there are a lot of factors to do it, but when the mayor is not running, then -- >> It would be a shared cost, but so there may be some increases depending how many polling places we wanted to have. Even in the district base we typically

try to find since we use the polling places where you can vote anywhere regardless of your district, so even in like last year's election where we just had the five districts, we still had polling places throughout the city to accommodate citizens. So there may be some increase, but it wouldn't be as drastic as in a nonelection year. >> Mayor Adler: Even if it was only every other year there are plenty of better uses for almost a million dollars than to hold another election. Yes, Ms. Alter. >> Alter: I appreciate the mayor and the colleagues and our budget man for raising and highlighting this issue because I think it is very important. I wanted to just note two things. With the recapture in 2018, if we gave that all in a tax cut, which I'm not arguing for, that would be \$1,378 in tax relief versus the \$100 that we're raising for the city. So I think we need to keep these in perspective. That's also an awful lot of money that could go to help our students here in Austin. I think these numbers though don't tell the whole story because we stopped at 2018.

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So Mr. Van eenoo, if you happen to know off the top of your head 2019 and 2020, I believe there's enormous increases. So 2018 is scary at 500 and some million dollars, but it was an enormous increase, I don't remember the exact number so that it's something like maybe 700 million in 2019, that's an enormous amount of money to be sending out of our city when we have students here in Austin who are not getting the services they need to succeed. So I think it would be helpful to also show that projection over time if the legislature does not choose to find a way to fix this, this is going to be even more of a problem for our residents and our students and our city than it is now just looking at 2018. >> We have aisd's projections on that so we'll put that out as a budget question as well, but that graphic on 28, that kind of steeply upsloping just continues to go up. >> Mayor Adler: I think that number was over 800 million. If you would please check that. Ms. Troxclair, then Ms. Houston, then Ms. Kitchen. >> Troxclair: I do have a question, but I was going to say first I know that I'm -- that y'all, the rest of the dais often doesn't agree with me, I assume you all say ditto when somebody else makes a point. Everybody doesn't have to feel obligated to chime in to refute what I said. But anyway, my question was when -- on the slide that councilmember Renteria referred to that you said 51, I don't know which slide, but 51% of the citizens voted -- or said they want -- that they don't want a tax increase, does that assume the -- I'm

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assuming that means they want to keep taxes and services the same, the same as they were last year and don't support an increase, are you Republican saying they support the effective tax rate or 8% at the rollback rate. I think maybe we interpreted that differently and I want to make sure I understand. >> That was on slide 9, the second bullet. The question was actually which of the following best describes

yourself. And one of the options was that you would prefer to -- your preference is to keep city services, tax and fees at their existing levels, and 51% said yeah, that best describes me. >> Troxclair: I mean to me -- >> Their interpretation of that. >> Troxclair: To me answering that question I would think that I'm saying that I don't want my taxes to increase next year. Right? Do you interpret that differently? >> I think that's probably how they interpreted it. It's either tax rate or tax bills, just where it is, keep taxes and fees at existing levels. >> Troxclair: And then just to -- I guess a question on the sb 1, is -- what was inflation in 1980 when that first went into effect that set the 8%? >> I would guess close to double digits if not double digits. It was still pretty high back in 1980. >> Troxclair: And what -- I don't know whether the rollback rate went into effect. I need to look. I think it was 1979 or 1980 or actually I think it was higher than that and in 1980 it was reduced to 8%. And what's inflation today? >> Oh, 1%. >> Troxclair: Because I think as we're talking about facts that's an important fact that's sometimes left out of the conversation is there is an existing rollback rate that

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has been in place in Texas since 1980, for the past 37 years. It went into place at a time when inflation was in the double digits. Now with inflation as low, the rate hasn't changed. And to me it's not necessarily, you know, I, of course, disagree on -- with some of the characterizations that have been made. To me it's an up dating of state policy that has worked relatively well to be more in line with current economic times. So that is just my two cents on that. >> Mayor Adler: Ms. Houston. >> Houston: And again, this is -- not to beat a dead horse or anything, but not only do we send property taxes to the state, but the city also in vests over \$3 million if not more to aid to fund some of their things. So I mean it's like we're getting double dipped something. I'll come up with a better word, but they are hitting us twice because the limited general fund dollars that we do get, then we're also sending them to the district in order to help shore up the services that they need. Double hit. >> Mayor Adler: Ms. Kitchen. >> Kitchen: I just was going to add I think the other thing that's important has been something folks in the public have really tried to do, particularly the last few years. Is really say to the state as a local entity we need more options in terms of what we do with our homestead exemption. Right now we have a blunt instrument and we have our hands tied and have not been able to do very much in terms of homestead exemptions because it's just across the board percentage. Whereas other states have done things that allow them to target their exemptions more to low-income folks. And despite repeated requests from the public as well as from legislators, the state has failed to allow us more --

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more flexibility in terms of how we handle things like exemptions and I think that's an important piece of this puzzle too. >> Mayor Adler: Mr. Flannigan. >> Flannigan: Just a couple of points that inflation is somewhat irrelevant to what drives the cost of government because our primary driver is wages, but inflation is only goods. So it's not really a relevant number. Not to mention the increasing costs of health care which the state actually does have a role in addressing which it doesn't, which is a separate conversation. Austin uniquely in the state of Texas has significantly -- has significant amounts of high oval land that goes untaxable because of the state presence. Ed, do you know if that's ever been measured? If that acreage which right now is state land in the central core, how much that acreage would generate in revenue in it were in Houston or Dallas? Do you know if that number has ever been ball parked? >> I've never done the calculation, but we certainly have all the state properties in the downtown area and they do value them. So we could do the math for that. >> Flannigan: I don't know that it's necessarily an answer that means much of anything, but there are things about Austin that make us -- that challenge us in ways that other cities in Texas are not challenged. And it was brought up when you came out to my district and did this budget presentation, I had constituents bring up that fact too. >> Mayor Adler: We have 20 more slides and 40 minutes. >> I'm feeling really good about finishing. I don't expect the capital budget will be quite as controversial as property tax discussions. So on the capital budget -- >> Kitchen: I'm sorry, I have to request a question because we got off on -- a question about the senior exemption. Is that in in a later slide?

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>> No, it's not. We're undesignated contracts okay of moving on from the -- kind of moving on. >> Kitchen: Did we keep it flat or allow for any adjustment considering cost of living and -- and things like that. >> Flat at \$82,500, same as the fy-17 level. But the deadline for that hasn't passed yet so council could still elect in looking at strategic outcomes you can increase that as part of the budgeted option. >> Mayor Adler: And similarly will you be coming to us with a greater explanation what a tax swap might be with aid? That might have as one of its elements [inaudible]? >> Yes. >> Mayor Adler: Ms. Pool. >> Pool: A quick question on the new ftes and development services. What slide was that on? >> We are going to get to that. That's going to come up on -- oh, my goodness. Slide 49. Is where we'll -- >> Pool: We haven't gotten there yet. I will talk to you then. >> When we do the strategic highlights, we're kind of -- can't really talk about them department by department anymore so we'll talk about them when we get to the economic opportunity section, which is where we categorize our development services activities. Again, it's still a little high level and Rodney is going to be here on August 9th to get down into the nitty-gritty with you about the staff needs and adds and the rationale behind them. >> Pool: That's good, and then what I can do is submit the question and he can address it when he comes and makes his presentations to us. Thanks. >> This is a look at your capital budget, five-year history, appropriations and spending. The only story here to tell you in the last two years both appropriations and spending have ramped up significantly and the reason can be seen on this slide where we're looking at appropriations where the

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water utility for the second year in a row is proposing a very significant appropriation and that has to do with a lot of capital work they've been holding back on during the drought and some of their fiscal challenges while they are trying to do the best they can to keep rates down. They are able to delay some of their capital work but now they are moving that work forward and that's for the water utility, it's significant capital work. Large dollar amounts, and they need to have the appropriations in place before they can begin in a work. That's the story behind that large Austin water appropriation. Then you can see on the right is the spending. How much we're actually planning on sending in fiscal year 18. And 33% of it is coming from the airport. Austin water and Austin energy are also large portions of it, but there is just a ton of capital work occurring right now at the airport and there's going to be a lot of spending in fiscal year 18. The other point I make on this slide is while there's often, and I think appropriately so, a lot of conversation and attention folks I.S.D. On the voter approved bond programs including the 720 million-dollar mobility bond. In a city that operates its own airport, water utility and energy utility, it's only about 13% of overall cip spending. This lied is -- slide is projecting out for five years. So it's a graph to see what the overall capital spending for the next five years. Austin Austin energy and Austin water's is fairly typical. Because of all that capital work itself talking to you about, but those are highly capital intensive operations. When you think about power plants and transmission lines and substations and chiller plants for the energy utility and in Austin water you are talking about big treatment plants and all that infrastructure under the ground, it takes a lot of capital investment in order to keep it all working.

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Aviation, if anybody has been to the airport you know there's a lot of stuff going on and that's projected to start wrapping up by fiscal year 2021. You'll start to see those expenditures coming down. The other category at the top is primarily the convention center and the watershed departments capital program. Again I just show you the voter approved bond. Elaine touched on it earlier that the 2006, 10, 12, 13 bonds are going to start taping down, but the 2016 mobility bond is going to start taking up the slack. We're projecting voter approved bond expenditures to stay relatively flat over the next five years, but with more and more of that being from the mobility bond. Just in anticipation of a question, it does not include any future bond elections. So if there's another bond election in 2018, that would change with that blue piece of the chart looks like. >> Mayor Adler: Ms. Alter. >> Alter: That was my question. >> It's like karnak. >> Mayor Adler: You made three lights turn off. >> I'm going through some of these highlights. This is where we're starting to look at what's interesting and exciting in this budget as it pertains to the six outcomes that the council landed on as being your strategic outcomes. Starting with the mobility outcome, and I don't think there is anything bigger or more exciting to talk about than our

mobility bond program. You can see some of the activity that's happened. So far \$28 million appropriation this body approved in December, they came back with an additional appropriation of 39 million in 2017. Council also approved a staffing complement in order to ensure the mobility gets delivered as quickly as possible. In this budget we're proposing an additional \$16.5 million propagation although we think we need more. The plan is probably come back

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in the January, February time frame with an additional \$50 million appropriation request for the corridor program, but per the contract with the voters that appropriation can't occur until the corridor has been approved by council. >> Kitchen: I have a timing question. Yesterday we were talking some about the -- we confirmed that the next traunch of projects would be coming back, and I'm for getting the time line for review or approval or feedback from council. So the 65 million includes some of the next I would think. And I can dig into the details. If we approve the 60.5 million, I want to talk about what are we approving it for because we haven't had -- we don't have the list yet for the next traunch of projects. I guess my question is we can deal with that when we look at the 65 million. Remembering correctly when we approved the budget and approved the amount in the budget, we're doing that with a list of projects. It's not just an open-ended 65 million. Is that right? >> That's correct. They have details behind this. >> Kitchen: Okay, so I think we have a little disconnect potentially in our timing. Does my question make sense? >> I just think we need to get you the detail of what's behind the 60.5 million and we can look at a way, an appropriate way to get that information to you. >> Kitchen: I think what it means is we have to bring back to the council earlier the list of the next traunch of projects. Because what we said yesterday

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is that we were going -- that the staff would be presenting to us the list of the next projects. We've already provided minutes on that. I'm not talking about the early out projects. I'm talking about the next traunch. >> Mayor Adler: I think that begins with identifying the backup for what are those 60.5 and then let's look at that 60.5 and circle those things that need to come to council that haven't come to council if that's on that list. >> Kitchen: But it needs to be in line with what the staff is recommending. Maybe it is, but the staff -- when we talked yesterday with Robert, Robert talked about the fact he would be bringing back a list of the next traunch of projects. Maybe that's already in the 60.5, we need to have the review and discussion earlier. >> Mayor Adler: I'm agreeing. That's the place to identify to the degree there's a disconnect, genetic a backup will -- >> Kitchen: Maybe we need a presentation. We can talk about it afterwards, but I think we need to be real clear on what is a list of projects for our next

traunch of projects and which ones are included in the 60.5. >> I think we can provide that clarification. I think the detail is already in the budget, but if it's not at the level you would like, we can do a presentation but we'll follow up on it. >> Kitchen: Thank you. >> Mayor Adler: Ed. >> So -- so in this next slide we just provide a bit more detail. I know it's not the level of detail councilmember kitchen is looking for, but it looks at the life of the 2016 mobility bond. This is looking at spending as opposed to appropriation. Appropriation is the authority to spend and the appropriations need to be in place before staff starts doing the work or bringing contract back to council to approve, we need to have the appropriations in place. But this is the money out the door spending that we're

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projecting. You can see that in fiscal year 17 we're projecting to end the year with \$14.7 million expended and then ramping up \$60.4 million of spending projected for fy-18. Just a coincidence that's very similar to the appropriation that's also be requested for 18, but they are not necessarily -- they are not connected. And then you can see the programs ramping up, up over \$100 million by the time we get to fiscal 20, peaks in 2022 and starts tailing off anticipating we get the entire program delivered by fiscal year 2025. So that's kind of the burn rate for the mobility program. >> Mayor Adler: Yes, Ms. Kitchen. >> Kitchen: One other comment, I don't know if this will be different, but just to remind my colleagues that we have another bond coming up in 2018 for other subjects like housing and flooding and things like that. So this -- I don't know, we'll have that conversation later, but this could look different when we start talking about other needs. If we pass another bond, that doesn't mean we wait until these are all expended when we start spending on other needs. >> I don't know if this slide will look different because this is specific to the mobility bond. The slide might be this one if we get that 2018 bond approved. >> Kitchen: I guess maybe I'm operating not correctly thinking that we only have X amount within our bonding authority within any given year. So that X amount would not necessarily only be spent on mobility depending on what might happen with the additional bond. But maybe I'm operating out of a misunderstanding that we only have X amount to spend every year. >> Well, this is the -- >> Kitchen: To issue every

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year I guess is a better word. >> We don't necessarily have just any X amount to issue. We were looking at what's our capacity to issue additional bonds within the tax rates that we are projecting. >> Kitchen: That's what I'm talking about. >> When council approved the mobility bond, they actually anticipated there might be a future bond election and hold back some capacity for that. I don't think an additional bond election jeopardizes or changes the potential changing for the mobility bond. >> Kitchen: The

other point time trying to make is the additional needs we may address in the next bond election don't have to wait until after we're done with the mobility bond. >> That's right. >> Kitchen: Thank you. >> Okay, the budget includes 18 new positions for the Austin transportation department for their traffic management programs, right-of-way management, parking management, engineering services. And also just to help them support the ongoing transportation initiatives like the strategic mobility plan and the implementation of the bicycle master plan, those types of initiatives they need additional staffing for. We have 2.2 million in the budget for additional engineering, contract services to do traffic impact analyses. This is an area where the department is really wanting to use contract services as opposed to staff services for what's more of a cyclical need. \$1.4 million and additional \$4 million in the capital budget for vision zero initiatives. And \$800,000 for additional contract funding for Ada ramps, curb and gutter improvements. >> Mr. Van eenoo, with the 18 new positions and the 2.2 million come out of the general budget? >> Transportation user fee and it's coming out of that fee. There's no increase proposed in that fee.

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They are going to be able to absorb additional costs without increase to the fiscal year 18. >> Alter: Then those positions weren't captured in that other color bar then? >> Well, that -- yes, they are in there. >> Alter: Thank you. >> Houston: Excuse me mayor, one quick question. The 1.4 million in operating budget for vision zero initiatives, are those outlined someplace so that we know what that money is -- >> The specific projects being done? >> Houston: Uh-huh. >> I don't know that we would have that level of details. It might be discussed a little bit in the Austin transportation department's highlight section of their budget. I just can't say for sure if they got into that level of detail, but we would be happy to provide you information about what they are planning to do with those funds. >> Houston: I would appreciate that. >> Sure thing. Just one more slide on mobility. This is also captures our airport and obviously there's a lot of mobility things going on at the airport. A total project cost of \$378 million for the aviation terminal and apron expansion. You can see the terminal on the bottom left. The current terminal, the Barbara Jordan terminal was designed to serve 11 million passengers annually. We recently tipped the scales on 12 million passengers. With this expansion the airport will be able to handle up to 15 million passengers and give the ability to continue to grow their passenger traffic in the years to come. In regards to the parking garage and administrative building, that's \$250 million project. A picture of it there on the bottom right. Just like it sounds, provide additional parking capacity as well as some administrative space. It will allow them to move some of their administrative people out of the terminal building out to that building and free up more space for the airlines to use. And with everything that's going on out there the airport

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is proposing 33 new positions at a cost of \$3 million. Mostly for facilities management and security, but also additional financial and human resources staff for support service functions. Moving on to our economic opportunity and affordability theme, this is where we talk about the additions to our development services department. 51 new positions proposed and on top of those 51, \$1.4 million for temporary staffing. So again this idea that they are trying to address this high level of workload they have using some combination of new staff and temporary staff and consultant staff so that, you know, in the likelihood that in the future there may be less workload, they will be able to scale things up or down through their contract and temporary staffing. You can see kind of the goals they have for this staffing plan to improve plan review turn-around times, just to keep pace with the growing demand for inspections, to increase capacity for the development assistance center and the arborist program as well as departmental support functions and italicized there because I think it's important all of these costs are recoverable and through increased development fees. Also in development services a million and a half dollars in the budget for a variety of technology improvements coming from their technology fund. That's a surcharge that they assess and will allow for improvements to our permitting system Amanda as well as the transition to electronic plan reviews which is something they are really excited about. And Austin energy we have a district cooling satellite plant which is going to be constructed at the community college high land campus, a \$32 million project. A couple other project highlights. Different departments, of course, but 19 positions being proposed for the Austin

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convention center, similar to the airport they have a lot more visitors, a lot more events and they are feeling the growing pains and needing staff to help keep pace with that. I will say that 12 of those 19 new positions is to transition current temporary employees into permanent -- into a permanent job. Some projects that are occurring in our neighborhood housing department, we have a rehabilitation and renovation of our Rebecca baines Johnson independent living center. The city's portion of this project is \$3 million, and this is a center that provides independent living for seniors and people with disabilities. It's going to -- this project when it's done will nearly double the amount of beds that are available to 491 beds. >> Renteria: I also want to say that it's next year would be the 50th year anniversary of Rebecca baines Johnson and we're planning to have a big ceremony down there with our housing conference summit that's going to happen in April 2018. >> I'm glad you mentioned that 50-year anniversary because I mentioned the additional beds this money is going to allow for, but it's also going to renovate the existing facilities, which at 50 years old needs some renovation. The final one is housing first permanent support I have housing project at oak hill, \$3.9 million city contribution which is going to allow for 50 furnished housing efficiency ants. The project also will have a integrate health clinic that will offer primary care and behavioral health service to its residents. Moving on to safety, we talked earlier

about the 27 new positions that are being proposed for our code compliance department. This is another department that we're going to have to

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bring back to council on August 9th to get into some more details about their staffing plan and what the idea is behind here so I'm not going to go into a lot of detail, just highlight some of these bullets that they are wanting to expand enforcement hours. That will improve service. They are implementing a new code effect phone line so if customers have technical questions about code violations they will have a lot line they can call and get quick responses. And then they are looking to enhance enforcement of a number of changes such as short-term rentals, rooming and boarding houses and the repeat offender program. And again, they will be coming back on the 9th talking more detail about that. We have \$7 million, a project for the women and children's center. It's Gooding to add -- or allow for capacity of an additional 34 clients. It's also going to address emergency access and Ada compliance issues. We're currenting projecting the day care center portion of that project is going to open this October, October 2017, and projecting the main facility will be complete in February of 2018. This slide is all about the fire department. 30 positions being added for the esd 4 consolidation fully reimbursed. The onion creek fire station is going to be under construction. That's a \$9.8 million project, projecting that's going to be opening in the fall of 2018 so the staffing complement you are not going to see that in this budget but in 2019 you will see the staffing complement for that new fire department. In regards to overtime expenditures that we spent a lot of time talking to council about during departmental reviews, we had seen rapidly escalating increases in fire

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overtime costs as a challenge right now with a high number of vacancies and staffing model that calls for four people per apparatus, having to use a lot of overtime. Staff believes the four-person staffing is a very important operational factor for our firefighters' safety so we're not proposing any changes to the four-person staffing model, but we are proposing reductions in overtime costs of \$2.6 million by redeploying 21 sworn personnel from staff duties back into combat operations. So what that does is it lowers the need to backfill slots when there's vacancies to some degree. They are also going to be reducing their team lead ratio for cadet training. We've been able to lower overtime numbers by \$2.6 million. Another topic we've asked the fire chief to come back and provide you more details on that -- on what they are going to be doing. The longhorn dam is going to be transitioning the operations of that dam is going to be transitioning from Austin energy to Austin water in fiscal year 18 budget. So Austin water is adding the positions needed to properly maintain that dam and provide engineering services,

pipeline operations and water resource management. I should actually say that those ten positions aren't 100% for the dam. I have a picture of the dam up there, but that's part of what they are going to be doing is doing the maintenance on the longhorn dam. In the watershed department there's \$7.2 million of spending planned in fy-18 for the continuation of flood buyout programs in various flood-prone watersheds. And then also four positions in the watershed protection department to provide gis flood mitigation support, storm water management reviews, and to properly inspect retention ponds. Austin energy is in the process of implementing a new

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scada system. The supervisory control and data acquisition management system monitors energy supply and protects electric grid from overloads of equipment and failures. And meter upgrades to modernize our electric grid throughout the system. Taking a look at some highlights in our health outcome, Waterloo park, alliance children's garden play area, \$6 million project. The montopolis rec center and community center is a \$15.5 million project. These are all on the capital side of things. Right now all of those projects are currently in the design phase. Let's see, we've got another capital project here with the Betty Dunkerley campus and additional kennels, that's \$7.7 million project we're anticipating will be completed in fiscal year 18. You see there \$4.5 million for the expansion of the curbside organics collection program to an additional 38,000 customers. That's what's driving that roughly 85-cent increase in the typical customer's rates this year. Then fleet services, not a huge dollar amount comparatively, but a service we think is exciting is they are going to begin their first of three installments of electric vehicle chargig stations. By the time that project is done, there will be electric charging stations at 15 different sites with over 100 stations for the charging of city vehicles that are electric vehicles. I'm taking a look at some of those Austin water

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expendituresment we talked some about the larger appropriations and these are some of the projects they are moving forward. Upgrades and enhancements to some of their aging wastewater plants at the south Austin regional wastewater plant as well as the walnut creek plant have upgrades and enhancements going on. The Davis water treatment plant, similar story there. Just kind of necessary upgrades to the Davis treatment plant, \$52.3 million. And then the palmer lane interceptor project will allow us once that project is done to decommission the Anderson mill wastewater treatment plant. And that project is anticipated to be done in the -- before 2022. All right. I think I've got one more slide here. 355,000 for additional temporary staff and aquatics. There's a legal requirement we have to have dedicated staff to supervise access points of our pools. We've currently been relying on lifeguards who

have other duties to provide that oversight, but legal requirement there needs to be dedicated personnel to monitoring the access points to our city pools so we have money in budget to comply with that legal requirement. \$743,000 additional for the opening of the sprite center. That total project \$1.1 million. We anticipate it opening in may of 2018. Sobriety. And increase general fund support from \$500,000 currently to \$1 million to improve the long-term financial sustainability of our golf enterprise. Looking into cultural and learning opportunities, I don't think there could be any bigger project the last few years and more exciting project than the opening of our new central library. Budget includes nine positions to complete the staffing

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complement and additional \$1.9 million of operating costs. There's also \$3 million for branch library improvements. Things like fire sprinkler upgrades, foundation repairs and miscellaneous renovations to our branch system. And then finally \$1.6 million for increase in our cultural arts program. That's the program also that we fund cultural arts contracts out of and with increasing hotel occupancy taxes their share of that has been going up in recent years allowing them to fund more projects. >> Houston: Mayor? >> Mayor Adler: Yes, Ms. Houston. >> Houston: Mr. Van eenoo, do we know when the central library is going to open? It's almost like mopac. [Laughter] >> It's anticipated to open this year. I got Sara saying October. It's opening in October. Before Halloween. >> Soft opening. >> Soft opening. >> Houston: Thank you. >> They are moving shelving in now and putting the desk together. >> Mayor Adler: It's exciting. >> It is exciting. >> Mayor Adler: We're all counting on that, Ms. Houston. >> In government that works, we put this graphic together because we think it's important. Forbes recently listed Austin as the number 9 on its list of best employers, we're number 9. And, you know, you can see pictures of our great workforce that provide all the services to our community. We are proposing in this budget for that workforce a 2.5% increase to base wages. Increase in the living wage that we already talked about. The city health insurance increases to continue to fund their health insurance needs. And then the final item on this slide that I'm excited about is we've included in the

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proposed budget \$250,000 for -- to expand the city's lean six Cigna program and improve operational efficiency. You know, lean six sigma is a process improvements process. This is a process to help us do more as a city and to do it better with less expense. One of the success he is they've recently had in implementing that program is with our lifeguard hiring process for the parks department. You may recall in the last several years we've never been able to get our lifeguards hired sufficiently in order to open all the pools in time for the summer swim season. This is the first time in my memory that we've been able

to do that. And I think one of the huge reasons we've been able to do that is we put some of our lean staff out in the parks department to look at hiring process, to look at the number of steps they went through to on board a lifeguard, look for waste in that process and improve efficiency. This is the first year we've been able to get all those lifeguards by improving the process, just by improving our current processes we were able to get all the lifeguards on time to open all our pools in time for the summer swim season. One more slide in government that works. Just short of \$900,000 for nine positions in public works to meet growing demand for capital demand delivery services. When you think of all that capital work and the water utility and aviation and mobility bond, these are the folks that we need to deliver those services. And building services, we continue to try to invest money where we can in our aging city facilities including chiller replacement and Ada compliance improvements. You can see some of the highlights there. Finally \$2.4 million if our planning department to finalize our codenext update. That concludes the highlights. We've got five minutes left.

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I just wanted to talk about next steps. On August 9th we're going to be coming back to council. That's next Wednesday with these five topics. These are five topics we felt were so significant that council needed a more detailed briefing than what I was able to do here today. We'll have Austin code on that agenda to talk about staffing increases and related service enhancements. Aviation department will be coming to talk about their significant capital expansion that's going on, giving an update on that as well as the staffing needs that they have. Development services will be doing similar to talk about their ongoing implement station of the Zucker study recommendations, staffing increases and service enhancement plan. The fire department to talk about the strategies to address overtime costs and then the human resources department will be getting into more details and rig more context for what we're recommending for civilian employee pay and also taking a closer look at our benefits plan. As we look ahead past that, there are three additional council work sessions, August 16th, 23rd and 30th. And we're viewing those as really being the opportunity for the city council to prioritize your own strategic outcomes. At the bottom of the slide in yellow I highlight some of the things we know have been priorities for council in past years either through council resolutions or things this council chose to fund on a one-time basis in fiscal year 17. Things like we've already talked about, increasing funding for public health and social service contracts. That increase is not currently in the budget, but we've set aside funding to do some of these things. The housing trust fund is another item where council has said we would like to find ways to put more money into the housing trust fund and you've passed resolutions on that. The funding needed to comply with those resolutions could be put in the budget in that \$5 million. Just to give you a flavor of

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some of the things we watch in the budget office, priorities you've put in place and I think also notably I'll end with some of the one-time things being the funding for the aid parent support specialist and prime time programs. The quality of life initiatives and snap education and outreach. Those are all things council chose to fund on a one-time basis in fy-17 and are not in the 18 budget at this time. >> Mayor Adler: Ms. Houston. >> Houston: So >> Houston: Regarding the community policing and 12 unfunded officers, when we talk about police on this prior page, has that been included in -- >> That was not included in the fy18 budget. The 12 unfunded officers, in fy17, council elected to add 12 positions to the police department, 12 new officers to the police department, but you also elected to not increase their budget, to not provide funding for those 12 positions. They remain unfunded in the fy18 budget. In regards to the community policing, that has to do with the study council asked to be done and to look at how many staff would have to be added to implement the community policing model, and that was reported to council. I don't remember the exact numbers, but it was a significant increase in policing -- police staffing that would be needed to go to a policing model. >> Mayor Adler: In that regard, though, not to get into any specifics because it's involved in negotiations, the levers on the budget would be increased salary, or pay, or benefits to officers, versus giving those officers also what they've asked for, which is increased number of officers. So there's like a plug number right now in the budget that doesn't differentiate between those two things. So staying within that plug number without impacting the budget number, there are things we could do to increase officers or increase salary or some blend

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thereof. None of those things are before us today to really be discussed because that's the kind of thing that we're ultimately going to discuss, I think, probably in executive session, but that's the issues that are being discussed now in negotiations. Let's go to Ms. Kitchen, then Ms. Alter, then back to Mr. Casar. >> Kitchen: I'm sorry, I missed what you -- the first few of what you said, but I'm not certain we have to stay within the plug number. >> Mayor Adler: And we don't. >> Kitchen: Okay. I just wanted to make that clear. I don't know that we have decided that as a group. I would also like to point out that I understand that -- I think we got recently that our community policing report has been delayed. So we're not going to have the benefit of that as we consider the budget. >> Mayor Adler: And my point was just that Mr. Vanino we were not increasing the number the of officers and I was pushing back at that a little bit, it may very well include that, depending what council decides with respect to the other items, but certainly with that element or any other element of this proposed budget, in addition to that, we don't have to stay within the -- what has been proposed. >> Kitchen: Yeah, that's fine. I just wanted to make sure people understood that because maybe they didn't. And I also just wanted to point out my disappointment that we don't have that community policing report because I've always felt like, and I said in previous years, that that's important to us, how we implement the -- how we implement the report on community policing is an important consideration as we consider the budget. >> Mayor Adler:

Ms. Alter. >> Alter: Thank you. >> Mayor Adler: Dr. Alter. >> Alter: Thank you. Just to follow up on with a councilmember kitchen said, we can also go down on that number, we don't have to go up. So we have leeway -- we've been handed the budget, and now it's our budget to move forward with, and all of its elements.

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I was wondering if you could tell us what the deadline is for senior homestead tax exemption and making that decision and whether you had any numbers that we could be looking at to understand the budget implications of our options with respect to the senior homestead exemption. >> , The deadline, I don't want to say deadline, but the practical last day you would adopt it would be with budget adoption. So the last several times the senior exemption has been increased it's been done by council as part of budget adoption, so this year that would be September 11th, as part of that discussion, is to where you would take action to increase it if you so chose to. >> Alter: Okay. And we'll submit a question to request that. Thank you. >> Casar: So on this prioritization of council resolutions, could the staff provide us the list of which of these are council resolutions, which of these are just unmet needs that the department is bringing up as an unmet need, and which ones are one-time funded items that are not funded, and just break those down into those three categories? Because I think that would be helpful for us to differentiate, which ones are resolutions, which ones we funded, and which ones are just departmental needs. And then finally, also provide us how much it would cost to meet the council's ask in the resolutions or the department's need and if it's just departmental need, and -- or to just fully fund what was just one-time funded. I think having that breakdown would be very useful. >> So in terms of the first question, the things on the left, I organized them just how you described. The things on the left were all resolutions, those were all items of council resolutions or were passed by some majority of the full body. The items on the right are all actions that council has taken. So you took action to request a community policing study be done, and this was reported back to council, but I'm not aware of

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a resolution that said go forth and do it. Same with officers, you took an action in the '17 budget to add those positions but not fund them. Bottom three with all one-time items council took action to fund on a one-time basis. >> Casar: In each of those I think there's probably some relevant backup this council has dealt with, so on the unfunded officers, you know, the budget action that we took being packaged with that and having the resolutions for each of those, just so that we can have sort of a reminder for what we've put out there for each, I think, would be -- would be helpful, because, again, my assumption is that these things can't all fit into this \$5,000,000, even under the rollback rate, and so it will be

important for us to figure out what the gap is in each and how we can manage each of those. I would say that from my perspective, you know, the commitments and what we've pushed for from those resolutions is really critical to me because those are essentially a lot of the strategic outcomes we've decided we want to derive change in. So it would just be helpful for us to see what the gaps are in each of those. I'd also say as a reminder on the -- on the one-time funding of quality of life initiatives, I would want to, when we get those broken down, which ones are funded and unfunded, to sort of set as a reminder at this point, during last year's budget we said we were going to try to move more towards a grant based system where we talk about what the needs are we want funded. As an example, what I really care about, legal services and deportation defense, I know a couple of agencies that do that work, I would like to shift more towards a system where we put up money for that purpose, to be rfp'd out for organizations to apply to. So I'm supportive of us figuring out how we address some of those one-time funding issues, but would -- really wanted to deal with that, get to the point in

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the last budget, and hope that this budget we figure out how to get to a grant-based program from a good government perspective. >> Mayor Adler: I hope so too. Pretty quickly, one way you're going to report that back to us is, very quickly, if not nearly immediately, you're going to give us a consent menu that's broken out by strategic area that will list these and their associated costs and the like. Is that correct? >> Yeah. And I have the numbers in my head if you want them, but we were going to do that too. >> Mayor Adler: Okay. Mayor pro tem? >> Casar: I guess what I'm adding on that, if you could attach to the council and the public what the direction is, I think that will be clarifying is to the housing trust fund number is this, because it's for all city and state owned land, so people have that, so people understand what it means. >> I think the third part was departmental needs, I want to clarify there's nothing as a departmental need, everything on this list is resolution from council or prior council budgetary action that you took. >> Mayor Adler: That's just the initial population. So if you could get to, council, the departmental need so they could see that so if a councilmember wants to elevate that into that section, to do that easily, it would be helpful. Mayor pro tem in. ? >> Tovo: I think that -- I have a couple of random questions, and I think that was one of them. I don't think we've gotten an unmet need document as part of this so -- >> We did not. That was the direction from the city manager at the beginning of this budget process. I mean, you know, at the end of last year's budget process and then again during our financial forecast, we knew this was going to be a budget that was going to be pegged at the rollback rate, just to pay for our built-in cost drivers. We didn't see any room to fund new departmental requests, and so they weren't even asked for. For -- >> Tovo: Okay. I think, mayor, is that what you were asking for, unmet needs from the staff? I'm sorry, city manager -- >> I just wanted to say the direction to the departments was that if you wanted to add something, you had to take something away. So they had the opportunity as directors to prioritize within

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their own budget anything new, that -- that they could take away something for. So they should have a small list. If it was "Alice in wonderland," they would have a very large list of unmet needs, but they should have met their own needs within their own budget submittal. That's what we asked them to do last years, as well as for '18. >> Tovo: And does the budget that we have received this morning, does it include an indication of which programs they've eliminated to make way for any new expenditures? >> I don't believe it does. >> Tovo: Okay. So we might today to figure that out through questions and answers if we're interested in specific budgets. Okay. Thank you. And just -- I appreciate the list. They are two different sets, but -- and this may have been what councilmember Casar was indicating. I'm pretty sure we have an existing resolution for aid after-school programs, for snap and some other things, so some of those were the subject of resolutions at one point, though they were different from the left-hand column in that they were funded through one-time funds last year. So just -- I think that backup is important because there were -- I'm fairly certain -- several aid resolutions with regard to -- from this council and previous councils. Does the budget that we received -- does the proposed budget have any consideration for the vehicle issue that the police department is facing? >> It does not at this point. We're still trying to resolve whether we would have the vehicles repaired. It does provide for replacement vehicles. We would have to make a decision about what we would be buying. And at this point, I think Ford has stepped up and said that they would offer to pay for repairs to the existing vehicles, so we're still in that

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no man's land of not knowing exactly where we're going to go with it. But we did not provide additional funding. >> Tovo: Okay. >> And the vehicles were not cash-funded this years, they were debt-funded. So it's the amount of money that we've set aside, what we can then afford, if it's a different vehicle model that we choose. >> Tovo: Okay. Thank you. >> And I think if there was did you understand, if there was a need to do something significant or more aggressive, we'd be looking at a debt issuance to deal with that, so it wouldn't necessarily have an immediate impact on fy18 budget, it would be debt service over the course of next five years, starting in fiscal year '19. >> Tovo: Okay. Thank you. I did not the information about the pool supervision of access point that you provided. >> Essentially, when you have a pool with a gate fence around it and a gate, that gate under Texas law is required to have a dedicated attendant to supervise the people coming in and out of the pool area, and we've not had those dedicated positions in our operating model to date. A law brought to our attention that we weren't complying with so we were addressing it. >> Tovo: I see. That was really the substance of my question, whether this was new or something we learned -- >> It was something we should have been doing that we haven't been doing. It's not that we haven't been supervising the access to the facilities, we just haven't been doing it with a dedicated person who's not also doing other duties. >> Tovo: Okay. And

then the host team, probably when I get upstairs, I'll be able to find the answer to this, but I just -- I'm wondering whether this year's proposed budget includes funding for the continuation of the homelessness outreach program. >> It does. >> Tovo: Great. Super. >> We tend to highlight incremental, if something is

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increasing or if something was cut, that's what I'm trying to highlight here. If didn't you hear about it, it's probably because it's just continuing on. >> Tovo: Well, I understand that, but we didn't increase the resources for it last year. It was done on a pilot basis with existing resources, and the departments who were involved said that they were not going to be able to continue that into future years without -- without an influx of resources. So either they've managed within their departments to balance out those resources or there is an increase of financial resources into those departments. I'm not sure which. >> Or they've reallocated things. We can get back to you on the details of what's going on, but I can tell you we're not proposing to stop that program. >> Tovo: Great. And then my last question, and this may need to be a budget Q and a, let me express my surprise at the 51 positions in development services. I understand what you're saying about the fees and whatnot, but I guess it would be useful at some point to have a report along the lines of the Zucker report for health and human services because we have used that report to justify lots of increased investment in our development services area, both staff last year and this years, and a new building and some other things, and not to say that's not an important area of our budget, but it is -- it is getting quite an influx of resources, and has possibly for the last five years. Have you done any -- do you have an analysis of how the projections that were brought forward last year -- I think last year there was a substantial increase in staff as well, and the assessment was made that -- or the assumption was made that the increased fees would pay for those positions. Do you know whether that's been born over the course of the last fiscal year, and could you provide us with those numbers through the budget Q and a? >> We can. And it has, and then some. >> Tovo: Okay. >> So we absolutely can do that. >> Tovo: Great. Thank you. >> Mayor Adler: Ms. Garza.

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>> Garza: I'd be interested, and I can have my staff do -- some of these -- the resolutions, there was a different direction. Like for the fire stations, the direction was something like, and bring back, you know, budget options -- I know there was -- what's it called? -- The p3 discussion over fire stations, and I think we all know that most fire stations are funded through bonds. You know, you're going to hear this a lot from me, but I appreciate all the hard work that our budget staff has done. I know these are very difficult decisions. But I'm very disappointed in the zero increase to public health when I would love --

you know, this issue has had not just one, I think three or four council resolutions from past councils, and then reemphasized by this council, the need to have those incremental increases, because even though I appreciate that nothing's been cut, the social service contracts are not able to help the same number of people with risings could. So -- with rising cost. So in effect, if we keep it the same, we're still helping less people. And with regard to -- I also really appreciate the 4 million and 1 million, but I think it's also important that we all know that that's not what we're limited to on these things listed here. We have the ability to move the entire budget in any way that we would like to, to fund some of these priorities. So I again think -- I know this is a hard, tough budget, but I just really hope we can see an increase to the public health part of that. >> Mayor Adler: Okay. Ms. Pool and Mr. Renteria. >> Pool: Thanks, and I was going to bring up the piece about the resolution on the fire stations, too, knowing that most of that expansion has to be carried by bonds, and I expect that that will be part of the conversation that is going on with the bond election advisory committee. But in here, is this talking

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about o&m increases? Because we have the new station, so we need to have the ftes, is that it? >> Yes, it is. >> Pool: Okay. >> And it's not only the bonds, they're also looking at the private/public model of like fire stations, which would require them not to be part of a bond program. But this need I'm identifying here, if we were to decide we need to build fire stations through a private/public model or by including them in a future bond election, it's going to take, you know, about \$1.8 million per station to actually run it on a basis. >> Pool: Did you say 1.8 or 5.8? >> 1.8. 1. >> Pool: Let me just add in, in making sure we have fire stations where they're needed, where they don't currently exist, I've been supportive of that from the very beginning. On the development services, the new ftes that was brought up already, I think that also includes the shifting of the neighborhood assistance center over into dsd, and so I guess we would have fewer ftes where nac is moving from. So that was my question for economic development that I'd like to have answered. On the aid one-time funding, I'm pretty sure that -- so we funded the aid after-school programs and the tutorial -- victory tutorial program and some other things for fiscal '16, and then in '17, and I was pretty sure we were trying to make that a recurring amount of money. Was it in the recurring column at one point, and then we shifted it over, back over to one-time because we were running short -- we weren't sure we were going to have additional monies to continue that on? >> Tovo: And I think it's been -- we've probably funded it

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since fiscal year 2015 on or 2014 on, but you're right, there's been an interest in making it recurring. We've not been able -- the previous council wasn't able to and this council hasn't been able to. >> Pool:

Because the burden has grown on school finance taxes being taken back by the state, we have stepped in to try to help. I know those services are really, really helpful and important and necessary, so I'll be looking to find a way to continue them. I think aid is counting on us and our families are counting on us for that. We had an eye opener of a report yesterday on the state of affairs with our aquatics program, and I want to drill down a little bit when we get to parks & rec department on which operations and maintenance pieces are targeted to -- for fiscal '18 for aquatics, and then where we would go with further funding under bonds or some other public partner, whatever the creative ways we can look at funding. We can't leave our neighborhood pools any longer without funding them at a level to keep them in good -- good states. And then the last thing I had, we've been having ongoing conversations about the hotel occupancy tax, and I think to the extent that monies are fundable, if we are able to shift around some programming monies that are tourism-based from the hot revenue, including adding a couple of pennies to that amount that we're able to tax, because I don't think we're taxing at the top rate that we can, that should be able -- that should allow us to free up general revenue monies that are already funding some programs. And I'll just pick one and say maybe zilker park or the Mexican American cultural center, both of them being tourism draws,

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maybe could be funded from hotel tax revenue to free up general revenue which otherwise would be going to those programs that we could then shift to some other programs that we can't take care of under the hot revenue scheme. So I'd be looking for conversation on the dais and help from our financial services and department staff to try to help us work through that. I think there's some good ground to be plowed there. And it would include, mayor, your concern, which is shared by all of us, I think, that homelessness was one of those top issue items that we identified back in December when we had our first retreat, and then we talked about it more in January when we came back and talked more about homelessness, and I would like to see us be able to shift money around using the occupancy tax revenues. We might be able to find some margin no are the homelessness initiatives. >> Mayor Adler: And I would support exploring that, too. I don't see that as inconsistent with anything that I've otherwise suggested. To back up on -- though, on what councilmember pool said, you've identified presentation, staff presentations that will be made coming up here, and if we're adopting the maximum tax rate on August 9th, that would be the day for us to give ourselves the ability, should we ultimately decide to take it, to go above the rollback rate in order to provide a net tax savings -- net tax savings to people in our community, as well as to fund not only some aid social service programs, but also programs in other school districts in our city, as well as potentially to fund a senior exemption. So it seems that one additional presentation that you need to make on the 9th is with

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respect to the tax swap possibility, since we would have to make that -- we would have to keep the door open by the action we take on the 9th if we wanted to keep that door open. So prior to the 9th, it would be helpful, manager, if you could touch base with aid to see if that's something that they're interested in keeping the door open on. If they're not, then we don't have to worry about it. If they are interested in that and a briefing from you on that and direction as to what we would be doing on the 9th in order to keep that door open, but laying out what the elements of a tax swap might be in terms of what net tax savings we could give to people in the community, how much more money we could keep here, how we would equalize that across school districts going beyond aids, how we would fund perhaps a senior exemption in order to offset any other impact they might be facing, and whatever else you think is important, because we're going to have to make that decision on the 2nd. Not whether to do it or not, but whether to keep the door open to doing it when we set our maximum tax rate on August 9th. Does that make sense? >> Alter: May I ask a procedural -- >> Mayor Adler: On this question? Go ahead. Then we'll come back to. >> We have a budget work session on the 9th and we're going to be voting on the tax rate, I'm just wondering -- we've never taken a vote on a work session so I was just wondering -- >> Mayor Adler: We have sometimes, if we've noticed it that way. It's been unusual. We haven't done it over the last six months. >> I was just curious how that works. >> Mayor Adler: We just post it that way and we can. I will say with respect to posting that we're going to post budget conversation on every meeting we get together as a council so we're just going to add it on the work session agenda so that if people wanted to use that as an opportunity to

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talk to one another about the constant menu of ideas, they're going to be able to do that with another agenda. Is that okay for us to do? >> The only thing I would add is we've already posted the council meeting for 8/10 so we can post it for the work session next week, 8/8, then skip one meeting, then do that, if that's your preference. >> Mayor Adler: Okay. Yes. Let's do that. Let's post-every other opportunity we have from here on out, let's post that so we can put that on the agenda. I'll go to Mr. Renteria, then work our way down. >> Renteria: Thank you, Mr. Mayor. The reason I'm -- what's going to happen is, I'm going to be out of town next week. I've got a conference that I have to go to. And I know in the past, we have been able to post items on the concept menu and we had at first started with one, then you needed two colleagues to get together, and are we going to do the same thing? How's it going to work? >> Mayor Adler: The proposal this year is posted on the message board, anyone can post anything they want to post, and then we've turned it back to staff and said, staff, if there are things that get posted that you think are going to take an inordinate amount of time or a special period of time, if something seems problematic, either with the Q and a or with the concept menu, we will bring that back to council. But just to post it, anybody can post anything. Ms. Kitchen has raised an issue on that with respect to how we handle things at the back end. I think your point was really well taken. >>

Kitchen: Okay. >> Mayor Adler: We'll just figure out some other way to do the council's will on that and come back with a proposal, but I thought your points were very well taken on that. Mr. Renteria? >> Renteria: Yeah, because I'm going to be gone, like I said, next week, and I do have -- I want to let my colleagues know that I have a conference that we've been working on, the housing conference that we're going to host it here in 2018, and I'm looking for a very small amount of funding 75,000, so --

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we're going to be raising the rest of the money, but it's going to be a very important event because of what hud is doing in discussing about cutting our budget, and I think that we need to really get the people to come to the summit with the understanding that, you know, we're going to be asking congress that, you know, we need our funding, and we're going to get all the housing applicants from all the surrounding areas and the state and surrounding states to come down here so we can lobby to make sure that -- you know, that congress would hear us, that we really need that funding for our affordable housing and all the other programs that gets funded under that federal money. >> Mayor Adler: Okay. As an addendum on that, you're not going to be here on August 10th. Have U.S. Conference of mayors has called a leadership meeting for individual states and I too will be gone next Thursday because I'll be going to that leadership meeting. The mayor pro tem will be running that meeting. Ms. Kitchen, and then back to Mr. Casar. >> Kitchen: Two quick items, on the -- when we're looking -- when you're preparing the list, you know, of the council resolutions that we talked about a few minutes ago, I recall that we also provided some direction when we adopted the budget last time, so I forget what we called them, but we had -- we had budget directions. So I just wanted to remind you of that. You may have already recommended remembered that, but I'd like to make sure those are included as budget directions. I think the one we did on A.P.D. Included in it language related to the community policing, so that's just a highlight on that. And then second thing, I wanted to -- does that make sense? >> It does. >> Kitchen: Okay. Second thing I wanted to ask, just clarification to our city

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manager. When you were talking about how the unmet needs were -- you know, how you -- instruction was done with the staff, did that mean within existing budgets, so if they were -- I understand that they managed their own budget and they were not to ask for anything new unless they took something out, but my understanding is that that -- is it correct to assume that that was within their existing budget? So if it was a department that had some rationale that their budget needed to grow, then the budget did not grow, so none of these -- none of the budgets grew, and what they were doing was managing within their existing budget? And is that the case for all budgets, or just some of the budgets? >> For the

general fund and support services departments, which is non-enterprise primarily -- >> Kitchen: Right. >> -- They were -- they got their 17 budgets, minus any one-time funded items. >> Kitchen: Okay. >> Plus the cost driver. So they had a bigger -- in essence, a bigger -- most of them got a bigger budget, depending what the size of the one-times were. >> Kitchen: Okay. >> So that was the pool of funding they had to work within. So they did not prepare reports to us. >> Kitchen: Okay. I thought I saw that some of the departments have increased staff, so that would have grown their budget. >> Development services did grow their budget, but all of their ftes are funded through their cost of service study, including their revenue, so it was a net zero cost to the general fund. So I'm talking primarily general fund and support services fund. We treated the enterprise funds differently because their fees and rates cover their operations. >> Kitchen: Okay. >> They're stand-alone funds. >> Kitchen: Okay. So for the non-enterprise funds, all of those -- but I thought also that the police went up by a certain dollar amount, too, they're not an enterprise fund. >> They all went up for the cost

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drivers for the salaries, the health benefits, and if -- well, and the contributions. Based on the salary increases, the retirement contributions went up, too. So they got the standard cost drivers. >> Kitchen: But not new staffing. >> Right. >> Kitchen: Okay. So the budgets that we're seeing, none of the departments that are not enterprise departments, none of the departments that are general fund departments have any increase in their budget for anything other than cost drivers. >> That's generally correct, right. The library got nine new ftes that we already had planned. >> Kitchen: Yeah. That was already in the -- >> For the central library. >> Kitchen: That was already in -- >> The fire department got 30 new positions for the esd4, but they're fully reimbursed by esd4, so with those exceptions, there were really no increases. I think the health department added one fte, but they already had the funding for it. >> Kitchen: Okay. The reason I ask is that -- well, anyway, we'll have this conversation as part of discussing the whole budget. I continue to remain concerned -- I just feel like we have somewhat of an imbalance with how we handle our health and human services. But that's a conversation that we have as a group. So the last thing is then the concept menu. So my question really was, on the concept menu process, I had suggested in my response on the message board that we have a date for beginning the discussion process for the concept menu. And really all that means is I just want to know what meeting we're going to start talking about the concept menu. I thought that -- I thought that what the mayor laid out in terms of a way to discuss the concept menu was helpful, and useful. I just wanted to know when we were going to start that, so that we would all know and be on the same page so that if we wanted to make sure that our concept menu items were on the list when we started the

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discussion, that we would know. >> Mayor Adler: So there are three times when the emphasis of our meeting is to discuss the concept menu. >> Kitchen: Okay. >> Mayor Adler: That's August 16th, August 23rd, and August 30th. >> Kitchen: 16th, 23rd, and -- >> Mayor Adler: And 30th. >> Kitchen: Okay. >> Mayor Adler: There will be work sessions in between that, that are work sessions for meetings, and I'm going to put that on the agenda. >> Kitchen: Okay. >> Mayor Adler: So that once we've taken care of the work of the work session, if somebody wants to be able to address the entire council, because we don't have very many -- we're going to try to give people the opportunity to do that. >> Kitchen: But we're not going to start before the 16th. I just want a start date. >> Mayor Adler: I think it's entirely possible that it could be on the work session agenda for the Tuesday before the 16th, which would be the 14th. But, again, we wouldn't have a lot of time to spend on that it's more like -- does anybody want to say anything quickly about something that they've posted on that agenda or a concern they want to raise. >> Kitchen: Okay. The reason I was asking that is because one of the things we had suggested was that we might spend some time actually going through the whole concept menu, which I think is great, and I just want to make -- for me, I may want to make sure that the things that I'm interested in are on the concept menu, so my deadline is really not the 23rd if I'm concerned about that. >> Mayor Adler: Yeah, I think -- >> Kitchen: The 14th. >> Mayor Adler: I think so. Really the 16th, because the 14th we're not going to have a lot of time to look at that. >> Kitchen: Okay. I got you. >> Mayor Adler: And nothing will get moved on and off at that point in time. >> Kitchen: Yeah. Okay. Thank you. >> Mayor, just to clarify that because I can feel a ripple at the finance people, on Tuesdays and Thursdays when you put on, we're talking about the budget, just mean the councilmembers. >> Mayor Adler: Correct. Well, on Thursdays, it would be just the council, but -- with us, be with us for those in case there are questions. And it's for you, it's really the 16th, the 23rd, and the

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30th. The off session would be more just us having the opportunity, when we can't talk to each other, to be able to talk to one another. So yes. Okay? Ms. Houston -- Mr. Casar was next, then Ms. Houston. Mr. Casar? That's all the hands that went up. >> Houston: No, I had my light -- I went to the bathroom and came back. My light's been on since we started with Mr. Renteria and came back. I just have somewhere to be at 1:00 and I have to leave soon. And I'm quicker than most of the other people here. >> Mayor Adler: All right. Ms. Houston, why don't you go. >> Houston: There are just a couple of things, and thank you, councilmember Casar, for letting me go ahead. I appreciate the city manager finding the four or five million dollars. My question is, did you all consider with what can happen at the federal level that we don't have a budget yet from the federal level that might impact some of the draw downs that we have to provide funding for us, health and human services program, and did you also look into what may happen, other than the cap, what's going to happen at the legislature doing this special session, so that's one thing, because I think that \$5,000,000 might need to be put aside until we see what happens at the federal level. If we don't get the draw down from the federal government to fund some of the programs that we're funding, then we'll be back in a hole. So that was that question about that. And then on your

prioritization of the resolutions that we've -- are these the main ones that you pulled out? Because I'm sure there were some others that were not included. So these are the ones that rose to the top. >> We weren't trying to prioritize them on that list. >> Houston: No, not prioritize, but these are the only ones that had a dollar amount attached to them. >> Yeah. You passed many resolutions asking for many things to be done. These are the ones we are aware of that are still outstanding that haven't been funded in this

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budget. >> Houston: Thank you. Thank you sir. >> Mayor Adler: Mr. Casar. >> Casar: My question is super fast. Ed, can you rattle off the HHS gap, housing trust fund gap, and the living wage gap to the \$14 as we had -- you said you had all those numbers on hand. >> I do. In the health and human services, our calculations of what it would take to comply with the health and human services resolution would be 7.3 million of additional funding, some of that going to health and human services, some of it going to social service contracts. The housing trust fund, we are still estimating what the increase would be. I think we're going to be pretty close, but \$1.7 million, and that would reflect both of the resolutions, the resolution you brought forward to increase the percentage from 40 to 100%, and councilmember tovo's resolution to expand it to beyond just city properties. The living wage for temporaries would be \$600,000. >> Casar: Thank you. >> Mayor Adler: Councilmember alter. >> Alter: I share councilmember Houston's concern about our resiliency in the face of changes at the federal level. I understand there's a report that our neighborhood centers' funding may be at risk, and that one seems a little bit more, I don't know, uncertain, but it's a million something. So I'm just curious what kind of planning we have for that. That is our way of delivering a lot of our social services. Do you have any information on that and how we're planning for that? >> I don't have information for that and don't know which report you're referring to. I think from housing we're good on cdbg and home grants for '18. >> Alter: This is not housing, it's -- >> I understand. I just don't know which grant it is. Again, I'm not familiar with any grants, federal grants at this point in time, where we've been

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notified that the funding is going to be reduced. So if you want to share that report with me, I could follow up on that for you. >> Alter: Sure. >> Mayor Adler: Okay. >> Garza: What is the general fund dollar amount? I saw the revenue but I didn't see the expenditures. >> 1 billion, 33.9 million. >> Garza: Okay. I thought that was the revenue. >> It's in balance. Figures are the same. >> Garza: Okay. >> Mayor Adler: Anything else? You did a phenomenal job on this. You did a phenomenal job on the budget. This whole process beginning January has been so different than it's been in past years, and really, I feel so

much more informed on what is relevant and important in this process thus far than I have in the last couple years. Also, I thank you for that, and for the obvious work that's gone in both, manager to you, and Ed, to you also, but also to the broader budget staff, that with rings under their eyes, were handing these things out onto the dais here this morning, so thank you very much for that. We'll stand then adjourned.