



*Parallel Shift: Agustina Rodriguez*

# FY 2023-24 Proposed Budget

July 19, 2023



City of Austin  
**2023-24  
BUDGET**



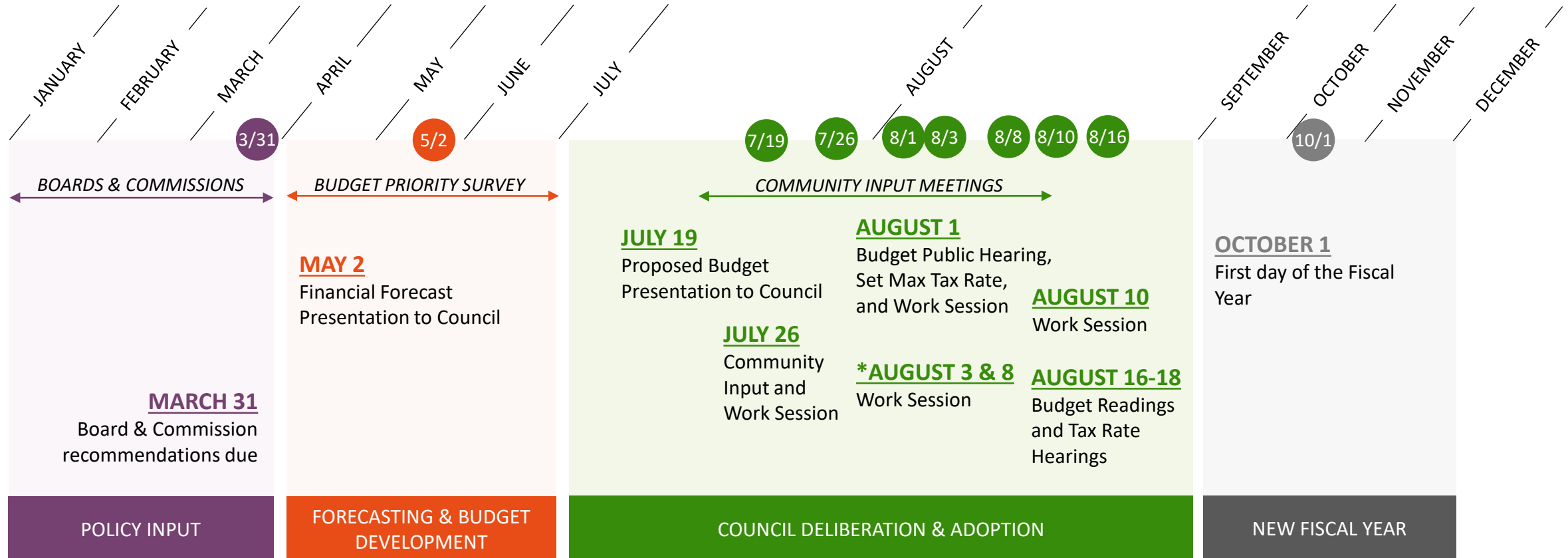
# Today's Agenda – FY24 Proposed Budget

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- FY24 Budget Timeline
- All Funds Overview
- General Fund Highlights
- Capital Budget Highlights
- Next Steps



# FY24 Budget Timeline



*\*subject to cancellation*



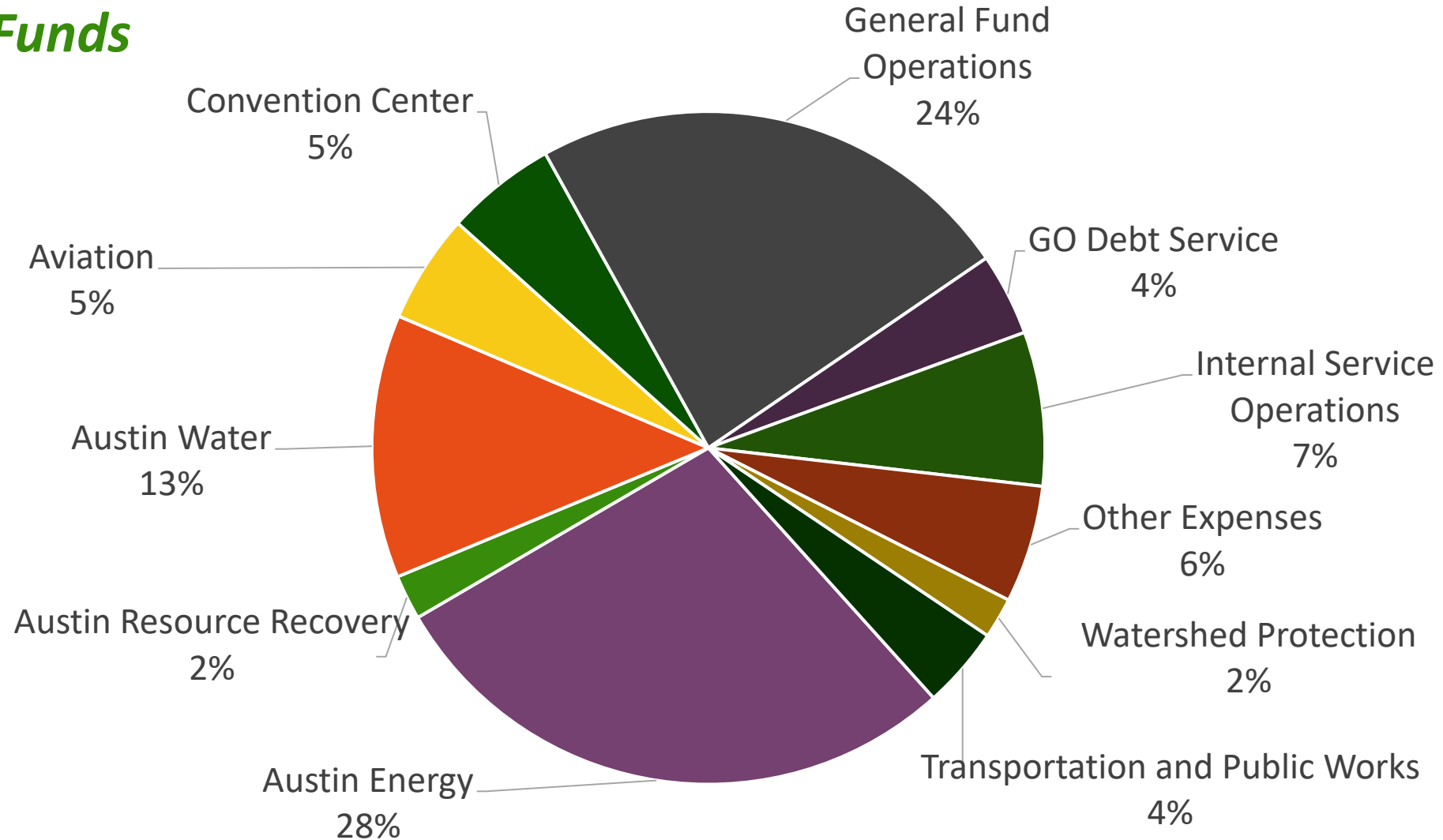
# All Funds Overview

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# FY24 All City Funds - \$5.5 Billion

## Uses of Funds



# City-wide Cost Drivers

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## *Employee Wages*

### Highlights

- 4% base wage increase for civilian workforce
  - Along with FY23, highest increases in over twenty years
  - \$39.0 million City-wide cost; \$8.0 million General Fund
  - World-at-Work median: 4.0% increase
- Living-wage increasing from \$20.00 to \$20.80 per hour for permanent and temporary employees
  - FY24 living wage increasing by 4%
  - \$1.5 million City-wide cost; \$1.1 million General Fund
  - Budget addresses pay scale compression-related adjustments from FY23





# City-wide Cost Drivers

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## *Sworn Compensation Costs*

### **EMS**

- \$2.9 million included in FY24 for full-year cost of wages for one-year agreement signed in early FY23
- Negotiations ongoing for contract for FY24 and future years

### **Austin Police Association**

- \$12.5 million included in FY24 for full-year cost of changes implemented in April:
  - 4% across-the-board increase
  - 3% Year-23 step increases
  - Lump sum incentive payment of \$2,500 in January 2024
- City working toward renewing discussions aimed at reaching a long-term agreement

### **Austin Firefighters Association**

- Arbitration process pending

# City-wide Cost Drivers

## *Employee and Retiree Benefits*

### Highlights

- Employee & retiree premiums remain flat; no increase in 5 of last 6 years
  - City launching a new Medicare Advantage plan for retirees over the age of 65: lower premiums, equivalent or better coverage and deductibles
  - No other major plan design changes
- 10% increase in City's per-FTE contribution to health insurance

### **Total Contributions to the Employee Benefits Fund (millions)**

Contributor	FY 2022-23 Amended	FY 2023-24 Proposed	Change
City of Austin	\$210.7	\$239.5	\$28.8
Active Employees	\$48.7	\$49.5	\$0.8
Retirees	\$26.9	\$25.1	(\$1.8)
<b>TOTAL</b>	<b>\$286.3</b>	<b>\$314.1</b>	<b>\$27.8</b>



# City-wide Cost Drivers

## Retirement Systems Review

### Recent Changes

- City of Austin Employees' Retirement System (COAERS)
  - Recently approved City and employee increased contributions to take effect January 1, 2024
  - Actuarially determined contribution rates to address unfunded liability
  - COAERS member increase from 8% to 9%
  - City contribution increases as part of transition to legacy liability payment model

### City Contributions to Retirement Systems

Retirement System	FY 2023 Amended	FY 2024 Proposed	Change
City of Austin	\$177.0 M	\$198.8 M	\$21.8 M
Police	\$49.5 M	\$56.8 M	\$7.3 M
Fire	\$24.6 M	\$24.9 M	\$0.3 M
<b>TOTALS</b>	<b>\$251.1 M</b>	<b>\$ 280.5 M</b>	<b>\$29.4 M</b>

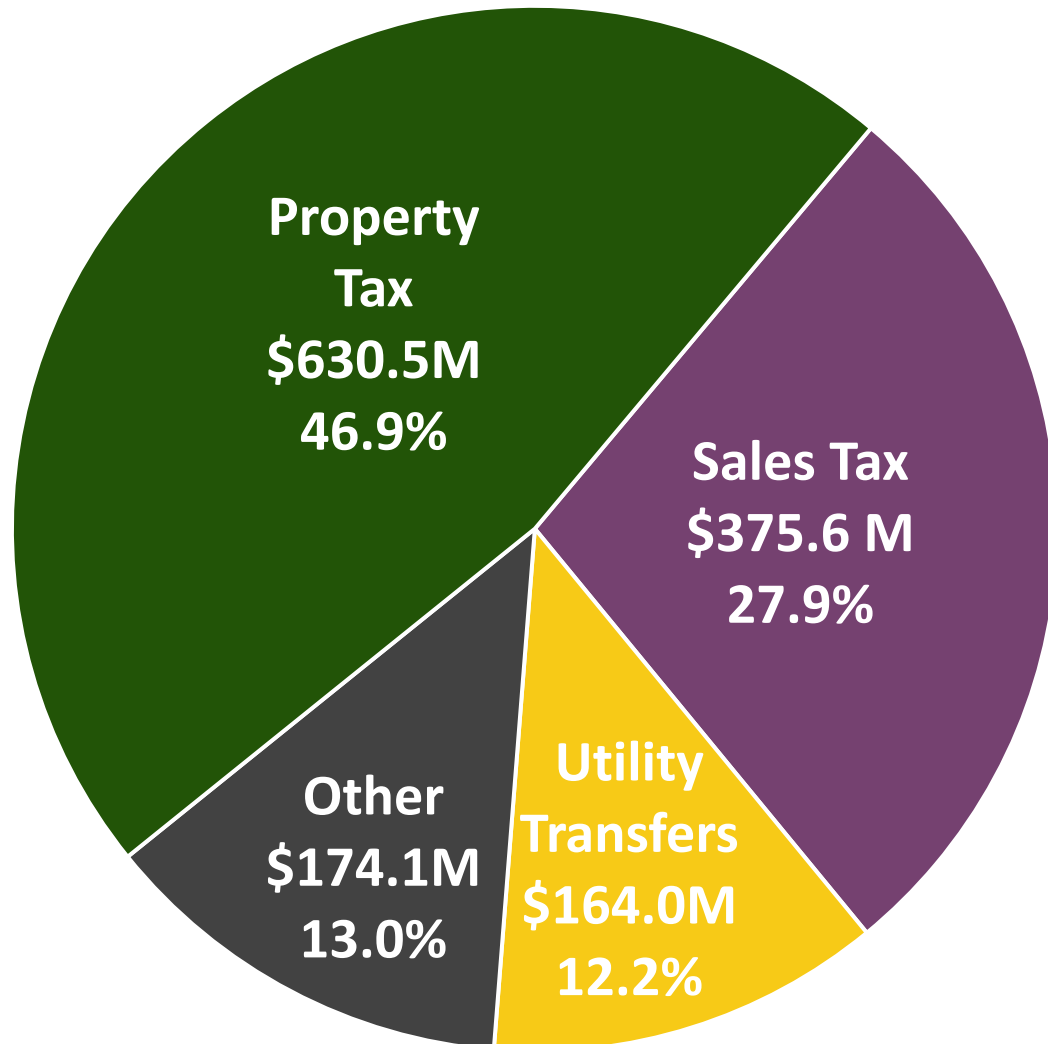


# General Fund Highlights

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# General Fund Revenue

***FY24 General Fund Revenue - \$1.3 billion***



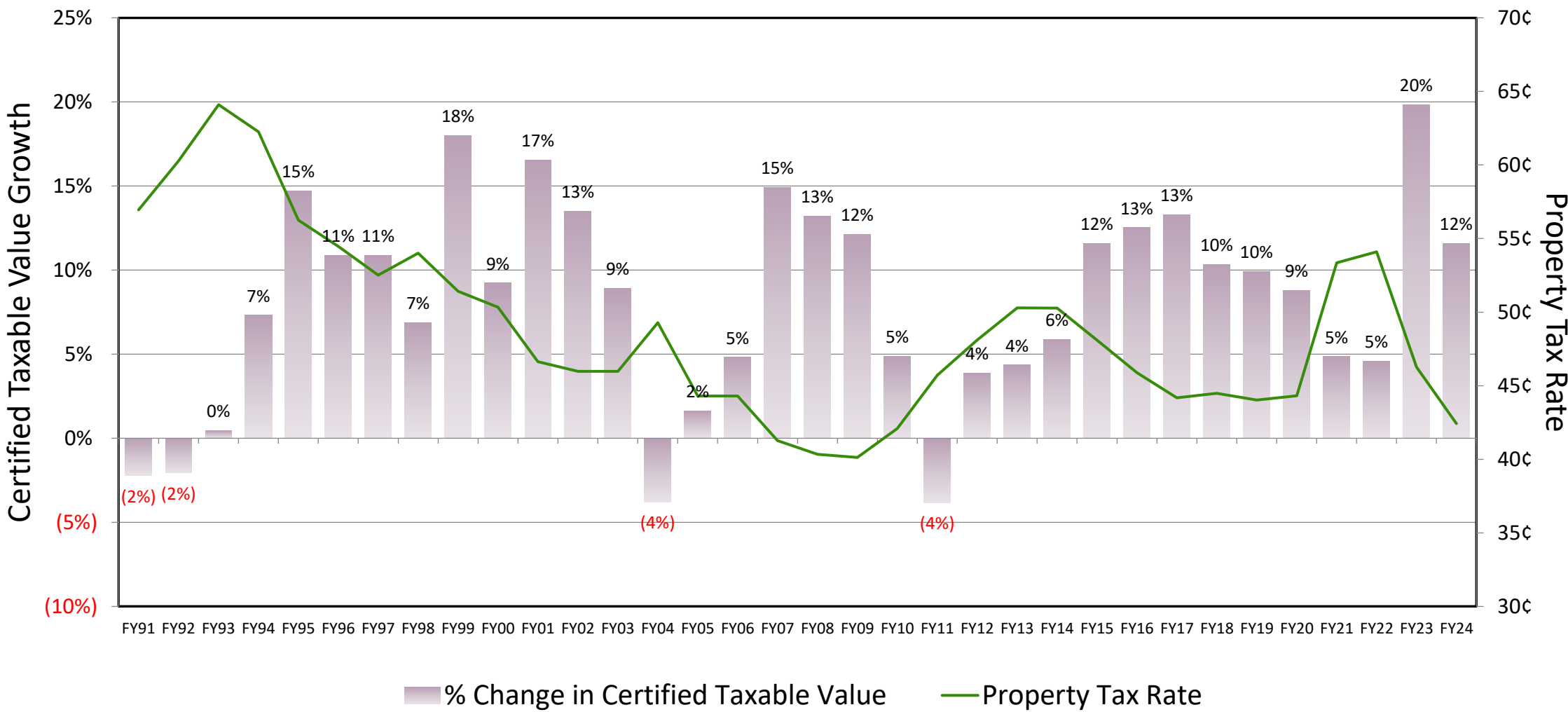
**General Fund Revenue  
FY 2022-23 Estimated to FY 2023-24 Proposed**

Source	FY 2022-23 Estimate	FY 2023-24 Budget	Change
Property Tax	\$610.7 M	\$630.5 M	\$19.8 M
Sales Tax	\$362.9 M	\$375.6 M	\$12.7 M
Utility Transfers	\$152.0 M*	\$164.0 M	\$12.0 M
Other Transfers and Revenue	\$175.3 M	\$174.1 M	(\$1.2) M
<b>TOTAL</b>	<b>\$1,300.9 M</b>	<b>\$1,344.2 M</b>	<b>\$43.3 M</b>

\*reflects projected one-time \$10M reduction in Austin Energy transfer

# General Fund Revenue

## Certified Taxable Value Growth & Property Tax Rate



# General Fund Revenue

## Property Tax

**Proposed FY 2023-24 Property Tax Rate = 42.42¢**



	Growth Rate	Total Certified Taxable Value	New Property Taxable Value	Tax Rate
FY 2021-22	4.6%	\$182.2 Billion	\$4.3 Billion	0.5410
FY 2022-23	19.8%	\$218.3 Billion	\$3.1 Billion	0.4627
FY 2023-24 Projected	11.6%	\$243.6 Billion	\$2.6 Billion	0.4242

# General Fund Revenue

## Property Tax

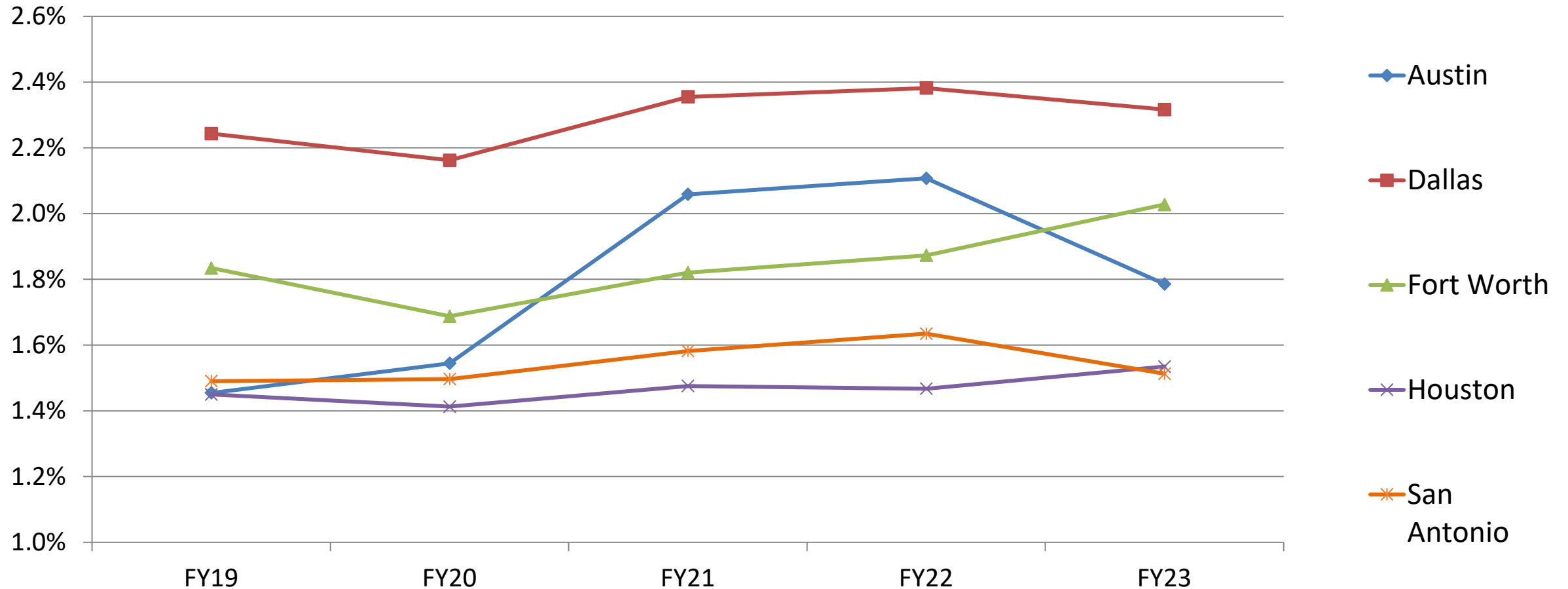
### Projected Property Tax Bill

- City Council increased senior and disabled exemption from \$113,000 to \$124,000 in June 2023
- Projected annual bill for both categories of homeowner remains *below* FY21 level

	FY 21 Approved		FY 23 Approved	FY 24 Proposed	Annual Increase	% Change
<b>Non-Senior Homestead</b> FY24 projected median assessed value of \$502,544, net of 20% homestead exemption	\$1,747.28		\$1,679.52	\$1,705.43	\$25.91	1.5%
<b>Senior/Disabled Homestead</b> FY24 median assessed value of \$485,491, net of 20% general homestead exemption and senior/disabled homestead exemption	\$1,443.76		\$1,104.12	\$1,121.55	\$8.31	0.7%

# General Fund Revenue

## *City Property Tax Bill on Median-Value Home as a Share of Median Family Income: FY19 – FY23*



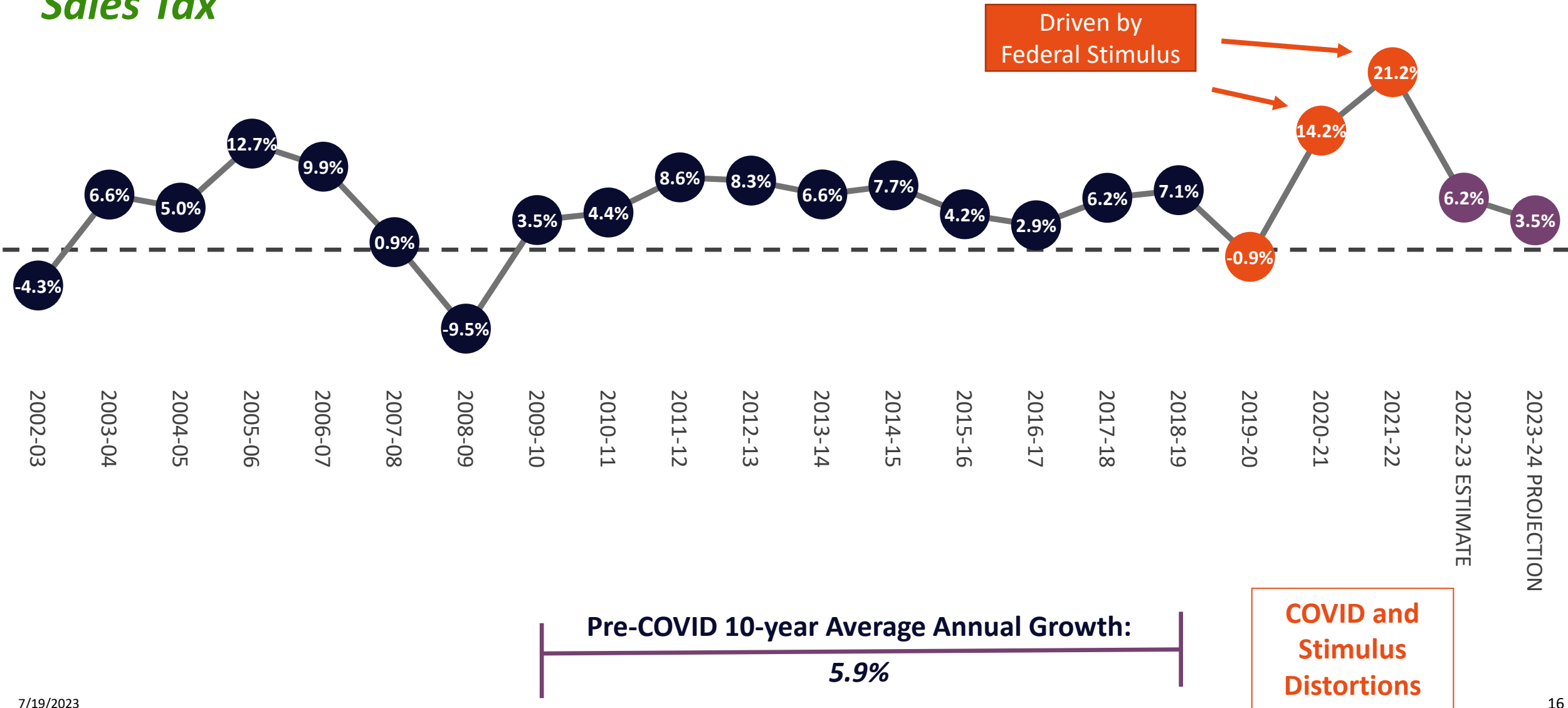
Net of homestead exemptions. Median home sales data from the Texas A&M Real Estate Center. Median family income from U.S. Department of Housing and Urban Development.





# General Fund Revenue

## Sales Tax



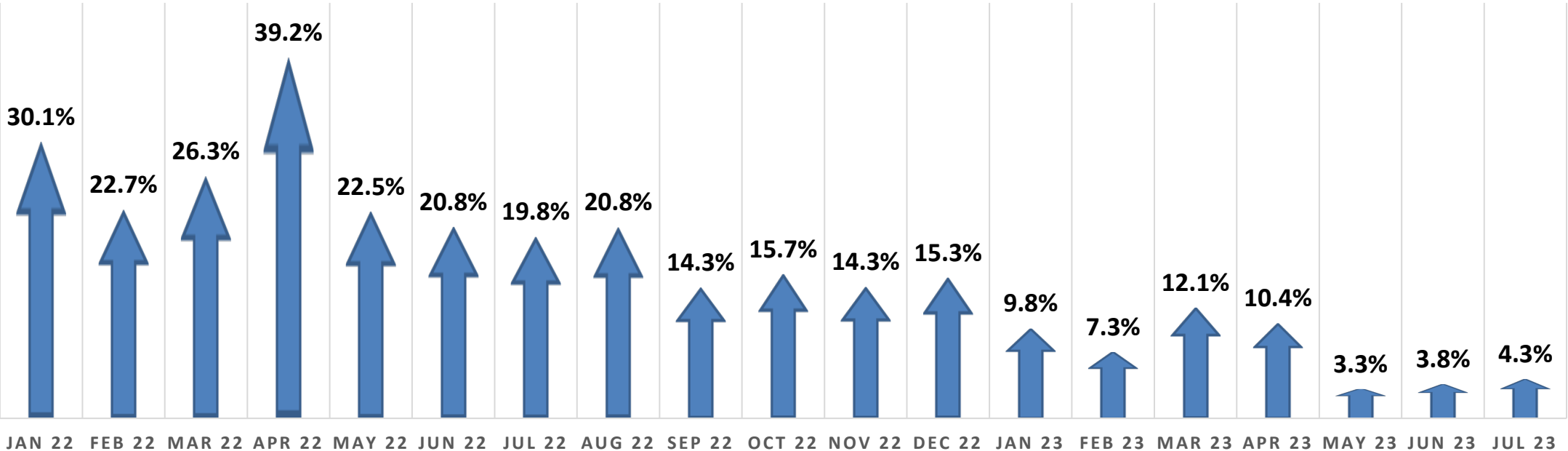
# General Fund Revenue

## Sales Tax

### Highlights

- FY23 sales tax collections projected to end year 6.2% over FY22 receipts
- FY24 sales tax growth budgeted at 3.5%

CURRENT MONTHLY SALES TAX GROWTH (EXCLUDES ADJUSTMENTS)



# General Fund Revenue

## Utility Transfers

- Austin Energy transfer set at \$115M in FY 2023-24, held flat at FY 2022-23 budgeted amount.
  - Future years calculated based on 11.6% of the three-year average of non-power supply revenue
- Austin Water transfer set at 8.2% of the three-year average of gross revenue

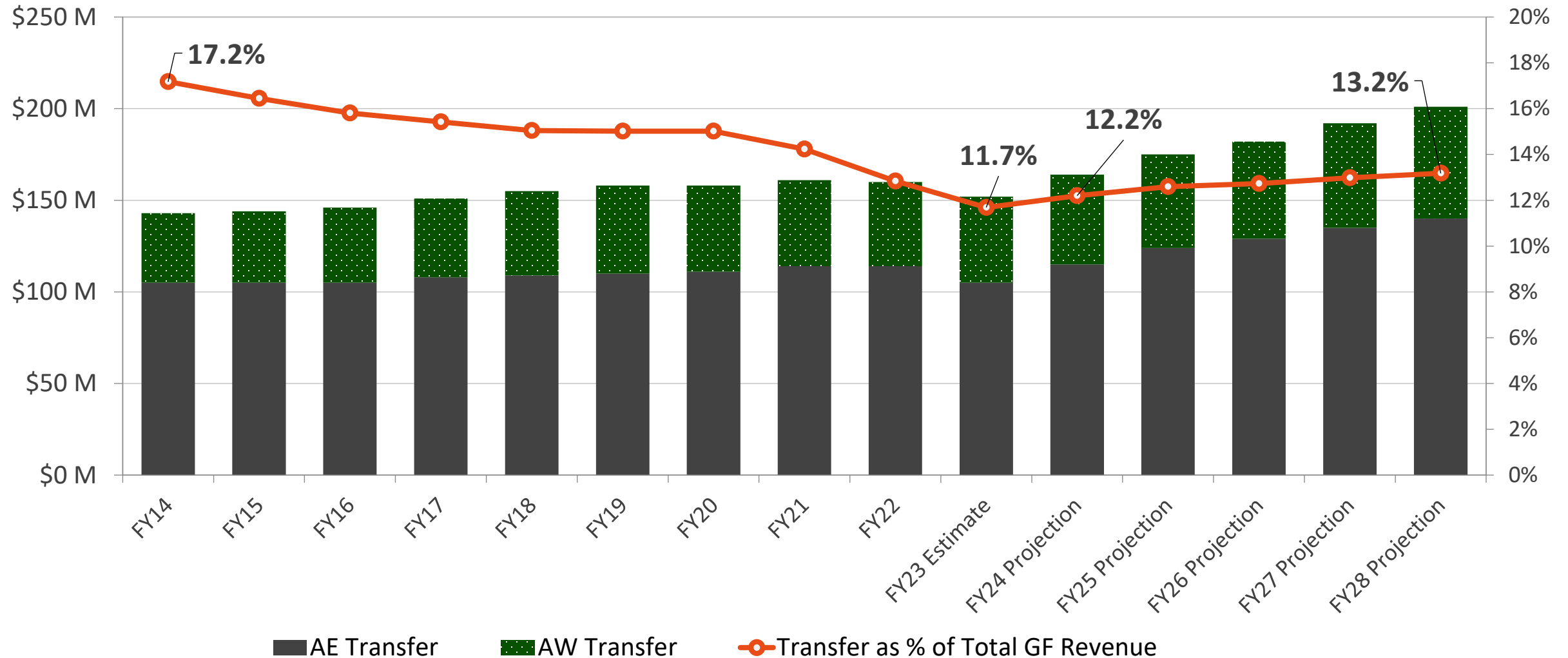
Fiscal Year	AE Transfer	AW Transfer	Total Increase
<i>in millions</i>			
FY 2019	\$110.0	\$47.6	\$2.7
FY 2020	\$111.0	\$47.5	\$0.9
FY 2021	\$114.0	\$46.5	\$2.0
FY 2022	\$114.0	\$46.4	(\$0.1)
FY 2023 Estimate	\$105.0*	\$47.0	(\$8.4)
FY 2024 Budget	\$115.0	\$49.0	\$12.0

\*reflects projected one-time \$10M reduction in Austin Energy transfer



# General Fund Revenue

## Utility Transfer to the General Fund



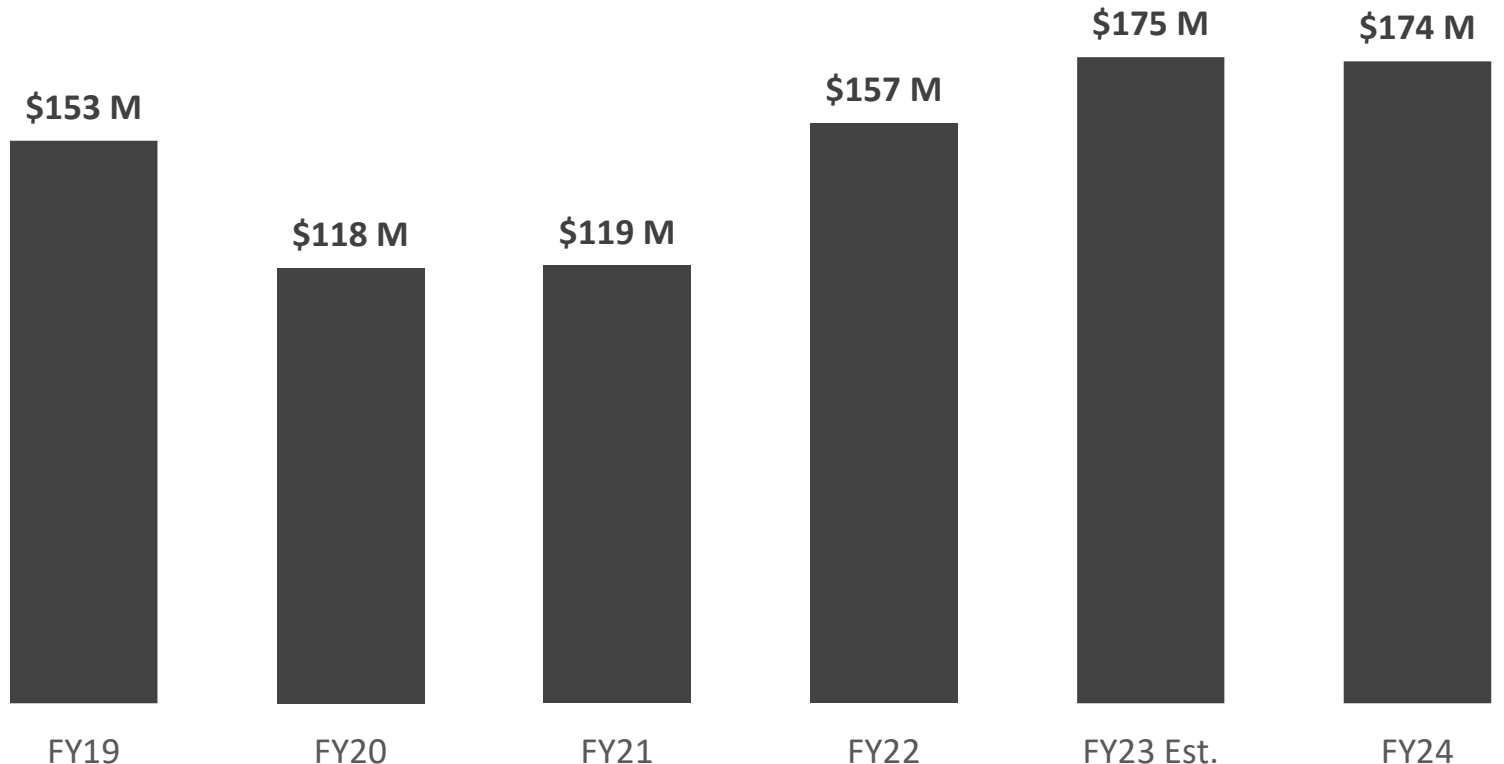
# General Fund Revenue

## Other Revenue

- Elevated interest rates driving growth in FY23 Estimate
- FY24 reflects elimination of \$3.8 million transfer from DSD in FY22 and FY23 to repay loan to provide ending balance when new fund was established

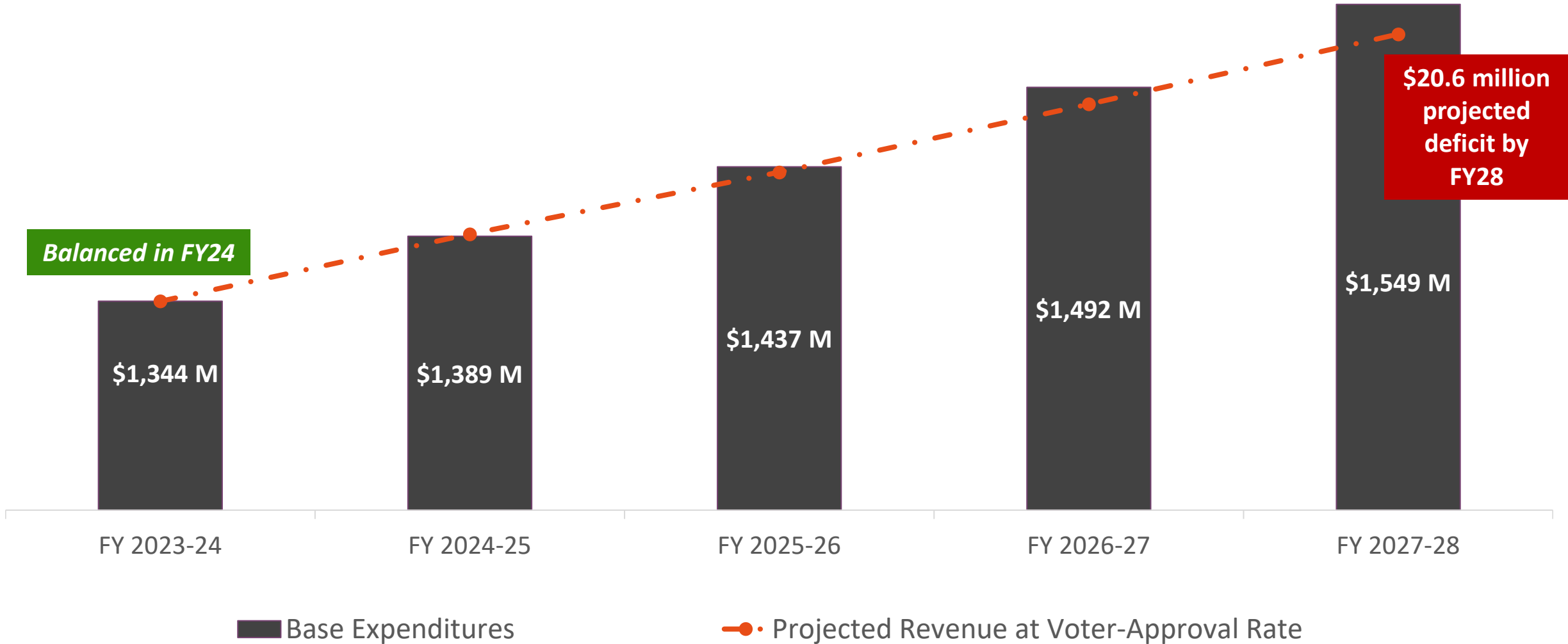
### Other Revenue:

- EMS charges for service
- Telecommunications, Gas, and Cable Franchise Fees
- Interest
- Public health and safety licenses, inspections, and permits
- Recreation charges for service
- Alarm permits
- Fines



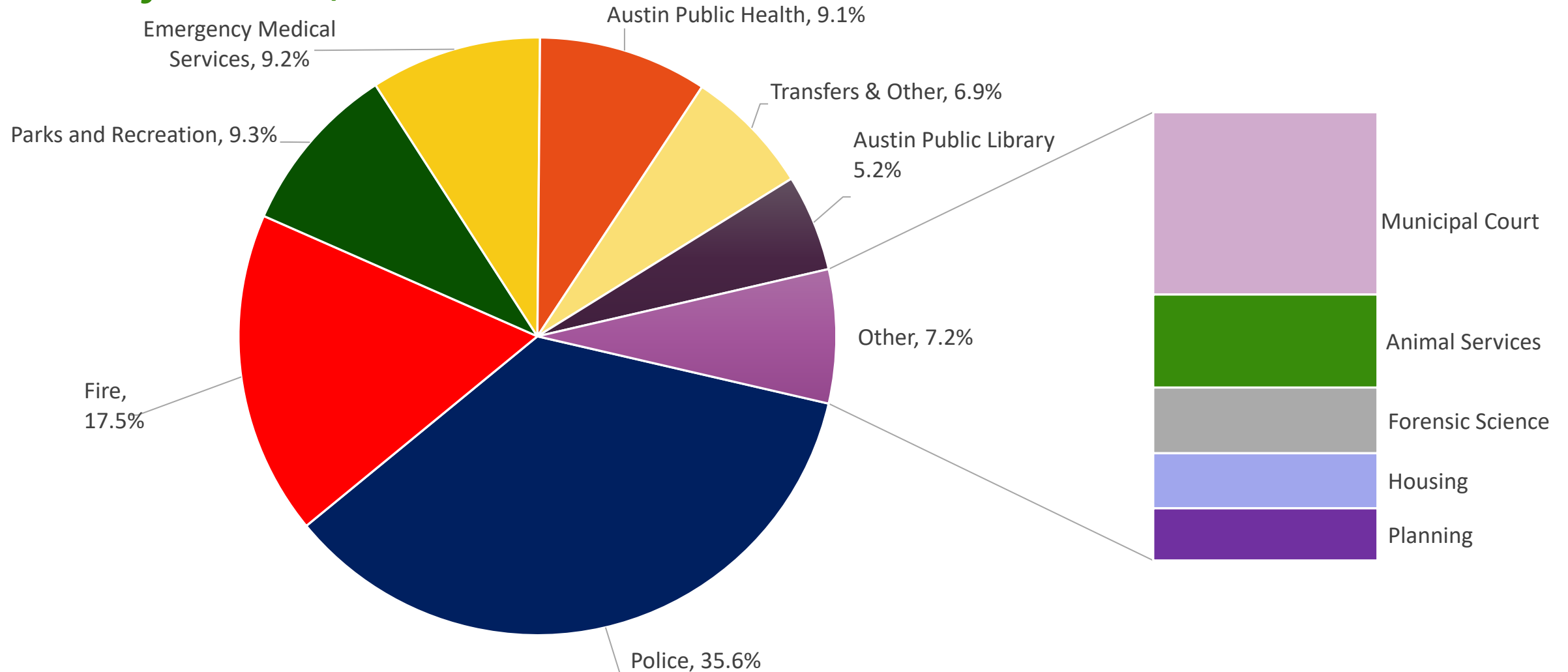
# General Fund Five-Year Forecast

## Five-Year General Fund Outlook: FY24 – FY28



# General Fund Highlights

## *Uses of Funds - \$1.3 billion*







# General Fund Highlights

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## *New Investments*

### **Austin Public Health and Homelessness**

- 7 positions and supporting budget to staff the Dove Springs Public Health Facility
- \$1.2 million to operate the Southbridge shelter

### **Municipal Court**

- \$644,000 to increase DACC's intensive case management and rehabilitative services

### **Animal Services**

- 4 temporary-to-permanent positions to improve daily care, cleaning and feeding of animals at Austin Animal Shelter
- \$100,000 in one-time funding for an Animal Behaviorist services contract
- \$100,000 to expand the dog kennel run at the Austin Animal Shelter
- \$150,000 in one-time funding for an animal management software upgrade



# General Fund Highlights

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## *New Investments*

### **Parks and Recreation**

- \$1.1 million for improved security, safety, maintenance and land management support in parks
- \$1 million in one-time funding for the Austin Civilian Conservation Corps
- \$800,000 in one-time funding for field lighting upgrades at multiple parks
- \$210,000 in one-time funding for shade structures in parks
- \$100,000 in one-time funding for an adult changing table at Zilker Park
- \$250,000 in one-time funding to replace the Deep Eddy Pool retaining wall



# General Fund Highlights

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## *New Investments*

### **Library**

- Expanding the enhanced library card program to three new locations
- 5 positions to increase security and improve cleanliness at branch libraries
- \$1.2 million in one-time funding for new furniture, fixtures and equipment for various branch libraries
- \$800,000 in one-time funding for capital improvements at the Carver and University Hills branches

### **Housing**

- 3 positions to ensure Housing is successful as a stand-alone department



# General Fund Highlights

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## *New Investments*

### **Planning**

- 5 positions to support planning efforts
- 3 positions to ensure Planning is successful as a stand-alone department
- \$3 million in one-time funding to update the City's comprehensive plans

### **Climate Equity Plan**

- 2 positions to improve the City's sustainability and resiliency efforts through outreach and by pursuing additional grant opportunities
- \$350,000 in one-time funding to conduct a sustainable purchasing plan, a study to identify funding opportunities, and a refrigerant inventory

# General Fund Highlights

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## *New Investments*

### **EMS**

- 3 positions to create EMS recruiting division to improve sworn recruitment
- Goodnight Ranch station opening in FY24 with 12 EMS positions
- 3 positions to respond to medical emergencies at the airport
- \$1.1 million in one-time funding to replace Zoll Monitors

### **Fire**

- Goodnight Ranch station opening in FY24 with 16 firefighter positions
- \$2 million in Fire sworn overtime to address short and long-term backfill overtime costs
- \$300,000 in one-time funding for automated external defibrillator (AEDs) replacements

### **Police**

- 11 positions to improve training and data reporting based on Kroll Report recommendations
- Funding for Kroll Report Phase D



# General Fund Highlights

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## *New Investments*

### **Other Critical Investments**

- \$7 million to fund a down payment on the purchase of the currently leased space at Ben White facility
- Funding to equip City facilities with generators to ensure power in the event of a weather emergency
- \$1 million in one-time funding to establish an emergency response contingency
- \$200,000 for cultural district planning
- \$500,000 for the City branding initiative

# General Fund Reserves

## *Budget Reflects Proposed Increase in General Fund Reserve Policy*

- General Fund Reserves budgeted to end FY24 at 17%
- Budget amends financial policy to increase reserve level from 14% to 17%
  - GFOA best practice is two months of reserves
  - Aligns with recent City Auditor report with regard to best practices for reserves
  - Utilization in response to emergencies has increased: COVID, Winter Storm Mara
  - Higher reserve levels viewed favorably by ratings agencies

Reserve Policy Summary: FY 2023-24	
Total Budgeted General Fund Reserves	\$225.5M
Reserve Level	17.0%





# Enterprise Highlights

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# Austin Convention Center

**Total Requirements \$141.7 million, 35.5%↑; 299 FTEs, 0.7%↓**

## Highlights

- \$8.8 million increase in operation expenditures to meet needs of the anticipated event schedule, including show security requirements, maintaining equipment and upgrading technology
- \$28.6 million increase in the budgeted transfer to the Convention Center Capital Fund, Tourism and Promotion Fund, Live Music Fund, and Historic Preservation Fund based on projected Hotel Occupancy Tax (HOT) and vehicle rental tax collections in FY24

## Revenue and Rates

- Total revenue \$131.1 million, increase of 29.5%
- City receives 11 cents of each qualified \$1 of hotel room receipts
- Hotel Occupancy Tax projected to increase 40% over the FY23 budgeted amount

Hotel Occupancy Tax (HOT)	Allocation	FY24 Revenue
Austin Convention Center	4.50 cents	\$62.3 Million
Venue Project Fund	2.00 cents	\$27.7 Million
Convention Center Capital Fund	2.00 cents	\$27.7 Million
Cultural Arts	1.05 cents	\$14.5 Million
Historic Preservation*	1.05 cents	\$14.5 Million
Tourism & Promotion Fund*	0.40 cents	\$5.5 Million

\*Not inclusive of the additional funding for tourism and promotion contracts with the Convention Center and the 15% of 2¢ for live music and historic preservation

# Austin Energy

**Total Requirements \$1.65 billion, 2.7%↓; 1,924 FTEs, 1.4% ↑**

## Highlights

- \$20 million increase in transfers to Reserve Funds: rate increase is focused on improving financial metrics
- \$4.2 million increase in funding for Customer Energy Solutions conservation rebates and incentives, energy efficiency service programs, and electric vehicle programs
- 33 new temporary-to-permanent positions; cost offset by reduction in temporary employee budget

## Revenue and Rates

- 2% increase in base rates
- Increase of 1% to the total monthly bill for the typical AE customer

Major Fee/Rate Description	FY23 Rate	FY24 Proposed Rate	Monthly Change
Typical Residential Customer	\$108.71	\$109.75	\$1.04



# Austin Resource Recovery

**Total Requirements \$126 million, 11.5%↓; 521 FTEs, no change**

## Highlights

- \$20.5 million decrease in one-time expenditures associated with Winter Storm Mara response
- \$1.1 million increase to fund temporary employees and overtime to maintain service delivery

## Revenue and Rates

- Total revenue \$124.7 million, 6.5% decrease
- 5.2% increase to the typical ARR customer total monthly bill

Major Fee/Rate Description	FY23 Rate	FY24 Proposed Rate	Monthly Change
ARR Residential Clean Community Fee	\$4.85	\$5.00	\$0.15
Typical Residential Curbside Collection*	\$29.70	\$31.35	\$1.65



# Aviation

**Total Requirements \$305.9 million, 21.9%↑; 674 FTEs, 1.5%↓**

## Highlights

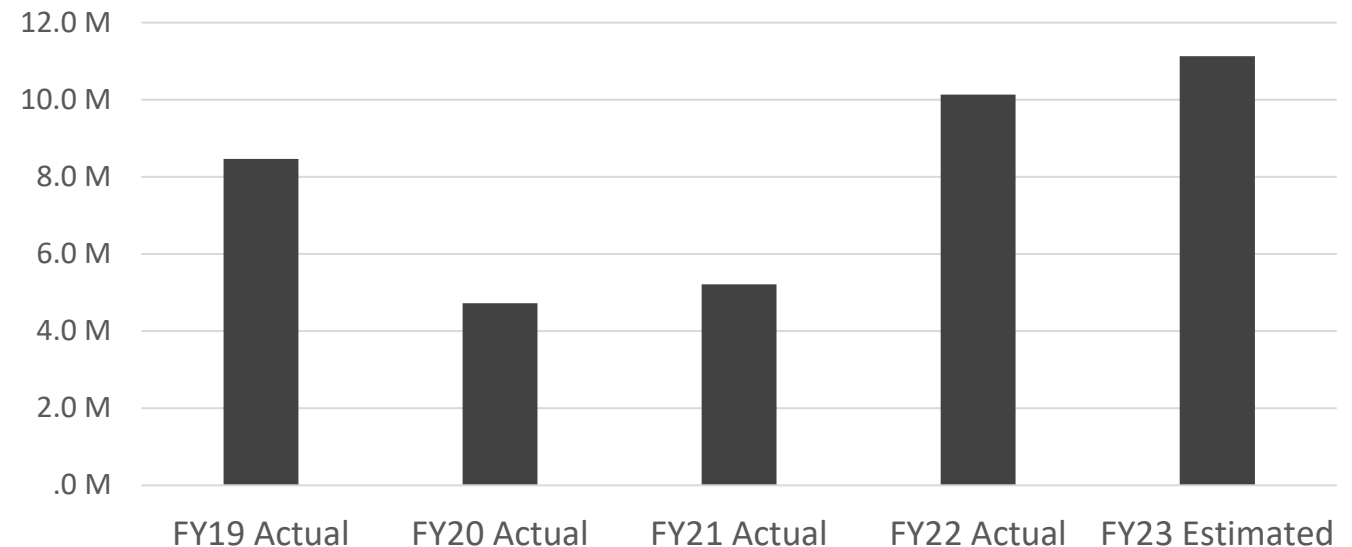
- \$30.0 million increase in operation expenditures, including parking and interfund transfers, previously reimbursed with COVID-era federal relief funding
- \$17.3 million for contractual and operational expenses from additional passenger traffic

## Revenue and Rates

- Total revenue \$305.9 million, 21.9% increase



Number of Enplaned Passengers





# Austin Water

**Total Requirements \$748.5 million, 9.3%↑; 1,381 FTEs, 1.5%↑**

## Highlights

- \$7.7 million increase in funding to continue employee recruiting and retention initiatives
- \$6.6 million increase in funding for chemical costs and projected usage of chemicals in the water and wastewater treatment processes
- 20 new positions to support customer relations, Water Forward, lift stations and remote facilities, and operations and facility safety

## Revenue and Rates

- Total revenue \$698.2 million, 3.7% increase
- First rate increase since FY17
- 3.3% increase to the typical AW customer total monthly bill

Major Fee/Rate Description	FY23 Rate	FY24 Proposed Rate	Monthly Change
Typical Residential Customer	\$80.79	\$83.44	\$2.65



# Development Services

**Total Requirements \$109.0 million, 2.1%↑; 636 FTEs, 2.3%↓**

## Highlights

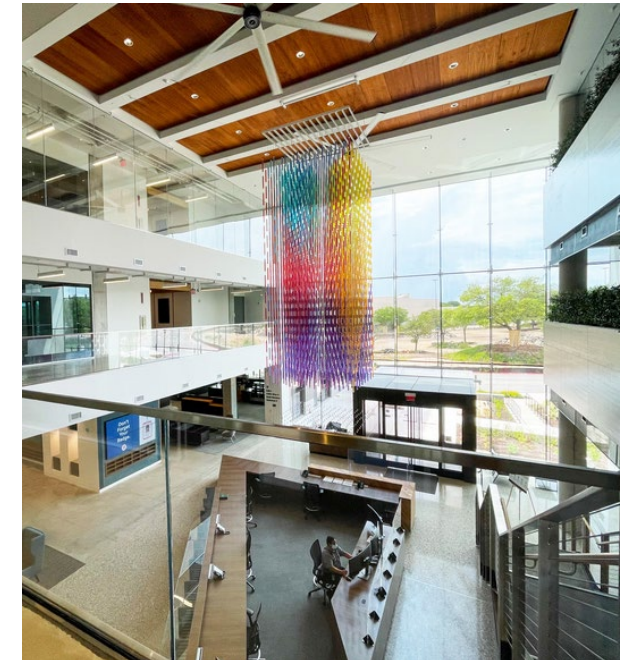
- Incorporating the former Austin Code Department
- \$2.5 million increase in funding for consulting services to implement permitting process improvements
- \$3.8 million decrease to back out the transfer to the Budget Stabilization Reserve Fund in FY22 and FY23

## Revenue and Rates

- Total revenue \$106.8 million\*, 8.7% increase
- 10% decrease in the typical DSD-Code customer total monthly bill

Major Fee/Rate Description	FY23 Rate	FY24 Proposed Rate	Monthly Change
DSD-Code Component of Residential Clean Community Fee	\$4.75	\$4.70	(\$0.05)

*\*not inclusive of General Fund alarm permit revenue*





# Transportation and Public Works

**Total Requirements \$227.9 million, 8.4%↑; 821.75 FTEs, 3.4%↓**

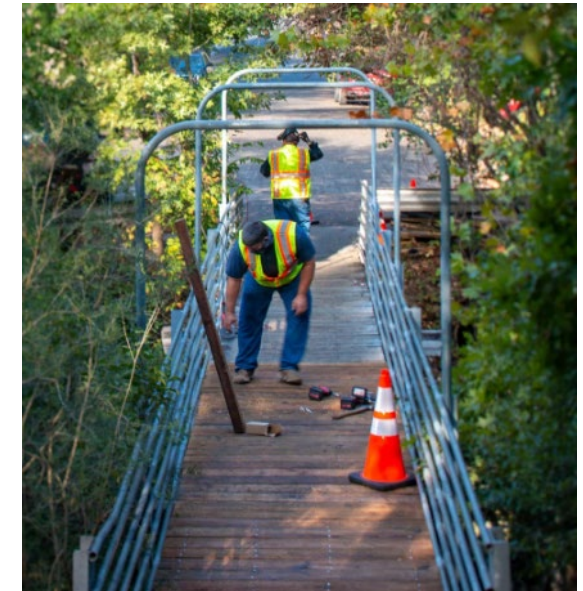
## Highlights

- Merging the former Austin Transportation Department and Public Works Department
- \$6.7 million associated with accounting change in charges to capital projects
- \$4.1 million in additional contractual and material expenses to meet additional demand
- \$5.5 million decrease: transferring 47 positions and supporting budget to the new stand-alone Capital Delivery Services Department

## Revenue and Rates

- Total revenue \$209.7 million, 4.5% increase
- No change in the typical TPW customer total monthly bill

Major Fee/Rate Description	FY23 Rate	FY24 Proposed Rate	Monthly Change
Residential Transportation User Fee	\$17.87	\$17.87	\$0.00



# Watershed Protection

**Total Requirements \$114.6 million, 1.8%↑; 442.5 FTEs, 2.7%↑**

## Highlights

- \$1 million increase for vegetation and creek cleanup contract costs
- 11 positions dedicated to creek cleanup, pond maintenance, storm drain modeling, and other critical initiatives
- \$5 million decrease in the transfer to the Capital Improvement Program

## Revenue and Rates

- Total revenue \$110.7 million, 8.7% increase
- First rate increase since FY17
- 3.1% increase in the typical WPD customer total monthly bill

Major Fee/Rate Description	FY23 Rate	FY24 Proposed Rate	Monthly Change
Typical Residential Customer-Drainage Utility Fee	\$11.80	\$12.17	\$0.37





# Typical Ratepayer

Service or Fee	Fiscal Year 2022-23 Monthly Rate	Fiscal Year 2023-24 Proposed Monthly Rate	Monthly Change	Typical Ratepayer Defined as:
Austin Energy	\$108.71	\$109.75	\$1.04	Residential customer usage of 860 Kwh.
Austin Water	\$80.79	\$83.44	\$2.65	Residential customer usage of 5,800 gallons of water and 4,000 gallons of wastewater
Austin Resource Recovery	\$29.70	\$31.35	\$1.65	Residential customer using a 64-gallon cart
Clean Community Fee	\$9.60	\$9.70	\$0.10	Per single-family home
Transportation User Fee	\$17.87	\$17.87	\$0.00	Per single-family home
Drainage Utility Fee	\$11.80	\$12.17	\$0.37	Residential customer with 3,100 sq. ft./37% of impervious cover
Property Tax Bill	\$139.96	\$142.12	\$2.16	FY24 median non-senior homestead assessed value of \$502,544, net of 20% general homestead exemption
Total Monthly Impact	\$398.43	\$406.40	\$7.97	Combined Monthly Increase of 2.0%

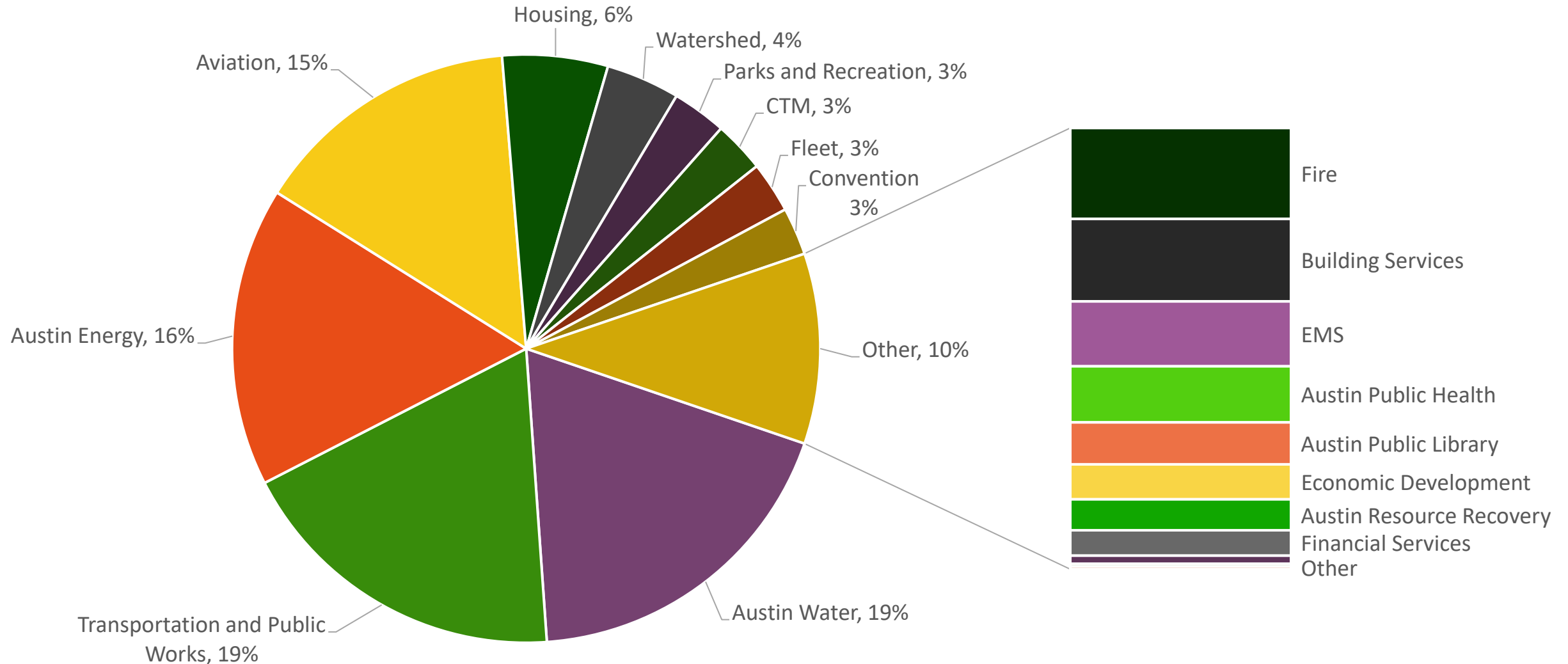


# Capital Budget Highlights

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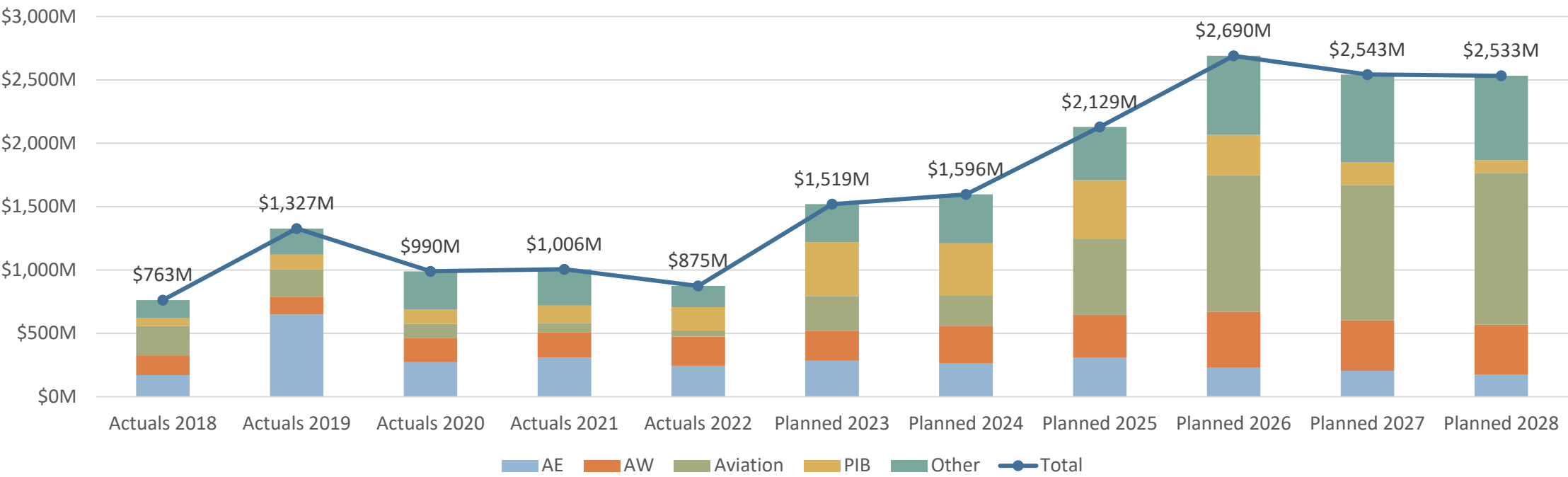
# Capital Budget Highlights

## *FY24 Capital Spending - \$1.6 billion*



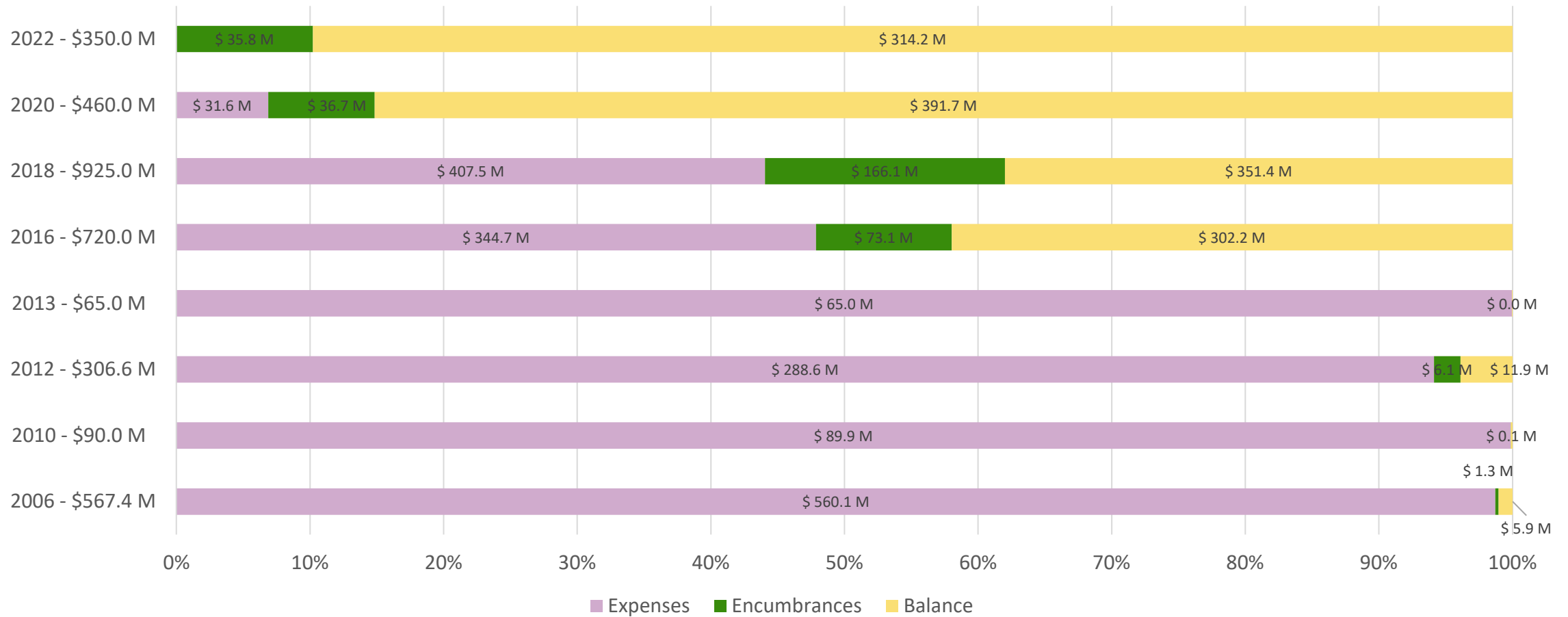
# Capital Budget Highlights

## FY24 Five-Year CIP



# Capital Budget Highlights

## Financial Summary of Prior Bond Programs





# Capital Budget Highlights

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## *Departmental Highlights – FY24 Budgeted Spending*

### **Aviation**

- \$69.5 million for Baggage Handling System Upgrades and Modernization construction services, \$273 million estimated total

### **Austin Convention Center**

- \$19.8 million for Convention Center Expansion, \$1.6 billion estimated project cost

### **Austin Water**

- \$17.3 million for Walnut Creek Wastewater Treatment Plant Expansion, \$574.7 million projected spending through forecast period

### **Austin Energy**

- \$117.1 million for various distribution and distribution substation projects





# Capital Budget Highlights

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## *Departmental Highlights – FY24 Budgeted Spending*

### **Transportation and Public Works**

- \$243.9 million for transportation and mobility funded by 2016, 2018, and 2020 Bond Programs

### **Watershed**

- \$14.0 million for The Confluence project at Waller Creek

### **Fire and EMS**

- \$16.4 million to start construction on Canyon Creek Fire/EMS with total cost at \$25.8 million
- \$11.9 million for Fire Station 1/EMS 6, Fire Station 3, Fire 22/EMS 12 with total cost at \$28.9 million



# Capital Budget Highlights

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## *Departmental Highlights – FY24 Budgeted Spending*

### **Housing**

- \$92.6 million Affordable Housing funded by 2018, 2022 bond programs and transfers from the Housing Trust Fund

### **Parks and Recreation**

- \$10.5 million for aquatics such as continued construction on new pool at Colony Park, Givens pool renovation
- \$8.2 million for Mexican American Cultural Center Phase 2

### **Various Departments**

- Capital Rehabilitation Fund – fully funded at policy level \$10.5 million
  - BSD projects guided by Strategic Facility Governance Team for BSD core facilities, public safety facilities, PARD, library and health facilities



City of Austin  
**2023-24  
BUDGET**