

City Council Budget Work Session Transcript – 7/19/2023

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[8:59:48 AM]

I will call to order the Austin city council for a budget work session. It is Wednesday, July 19th, 2023. We are convening at 9:00 in the morning in city hall , in the council chambers and city hall is located at 301 west second street Austin. And we have a quorum of the Austin city council present. As I indicated, this is a workession that is

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called for the purposes of talking about the budget. And with that, I will recognize our city manager. >> Let's see, is this on? >> It is. >> Mayor, members of council. I'm manager. You have more than three minutes. >> All right. Very good. Very good. But I'll try to. I'll try to give backhehe balance of my time to Ed and his staff. I'm very pleased to be able to present the operating budget for fiscal year 24 to all of you. Before I begin with, for some of the specifics, I just want to take this moment to thank all the department directors, the assistant city managers, financial staff within each of our city department. S of course, our mayor and council knell boards and commissions and especially our budget team and the financial services department led by Kerri Lang. This was truly be a collaborative effort to get us where we are today. The budget I'm proposing is really focused on three themes getting back to basics in city government

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services, advancing council priorities and shepherding critically important once in a generation, projects for our community and a sampling of the highlights that is in this budget that all of you began to see on Friday and many people have delved into that as once it went online on Sunday. But let me just kind of highlight what I think are some of the important initiatives that are in the budget. One is we're finding we're funding staffing to improve security and cleanliness of our libraries and parks. We are funding the staff to implement. To implement the crow report, Burt and to conduct phase to move us into phase D of that study, several positions in to expand recruiting efforts and to address the to address the pandemic vacancy rates expansion of enhanced library card additional shade structures for our parks staffing to open the good knight ranch fire station and ems station. 16

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firefighters and 12 ems cadets, ems paramedics, additional caseworkers and contract funding for the downtown community court funding to begin the improving of parkland open through a land management program. And what we've asked the staff is while this is a modest first attempt, is to try to begin to develop a five year program so that we can make we know what the subsequent investments will need to be over the next five years. We are proposing an increase to the general fund reserves from 14 to 17. And as you know, we've as we've talked to each of your offices, we're expected Singh to have additional disruptions to our city government in terms of weather related events. And it's important for us to get to those reserves, to the Wright level so that we can respond to the public's needs at that time, the investment in generational projects or the convention center project, kinect and airport expansion, the statistic that you all might be interested

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in is the San Antonio airport sees about 10 million passengers a year to the airport at austin-bergstrom sees over 20 million passengers a year. It is a phenomenal growth that that facility has experienced. I was here when we opened it up in 1999, and we now need to make a significant investment so we can keep up with that growth at that facility. A civilian wage increase of 4, we increase we increase the living wage from \$20 to \$20.80. And by doing it this way and we'll meet we'll meet the \$22 hour standard by 25. But by doing it, the manner in which we are recommending it keeps the problem of compression from taking place increased city contributions to the three pension system. There was legislation this year to fix the city of Austin pension system as well as that of police and our city employees will see a 1% increase from 8% to 9% to the pension system. One of the things that's always a difficult when we put a budget together is the health premiums. And this city has done a phenomenal job in managing its health care

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costs. So we're able to recommend no increases to the health premiums for our city employees. This is the fifth time in the past six budget years we've been able to do that . And the way we're able to do that this year is that we're going to create or have a program that's called medicare advantage. I'm a member of medicare advantage through a through a system that's private. And it's one that it helps. It will help our it will help our benefit fund by moving retirees into that because it saves a considerable sum of money. But we do this on a voluntary basis in 24, and hopefully we'll be able to make that permanent in 25. And this was something that afscme asked us to have time so that they could adjust to this standard. And so we'll I'll offer this on a volunteer basis and hopefully our retirees will take advantage of that, increasing the income limit to make it easier for city employees to access the child care benefit. The previous councils have allocated dollars a million dollars or so for child care and it has not been accessed at the rate that we

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thought it would. So we're going to change those eligibility limits so that we can have more of our employees access that fund to help them with their child care cost. And while the budget increases, the city taxes, we are proposing the budget at the rollback rate. A typical resident for Austin is going to have a 2% increase or about \$8 a month and Ed and his team will get into more detail about that. And if you're a retiree, if you're a senior citizen, as I am, we'll see even less of an increase in terms of your impact of this city increase and so before I turn it over to Ed and Eric for a more detailed presentation, let me state something that's really important. I want to stress the importance of continued fiscal fiscal discipline as we move forward with with your budget deliberations as while the proposed budget is balanced in 24, you will note that in future years we begin to run deficits as we begin to hit the constraints of the 3.5% limit that we have in our in our tax

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rate. And so as we choose what investments to make, we need to do it with that vision in mind of what it looks like two, three, 4 or 5 years out so that we can ensure that we can live within our means. And so what I would ask you to be very judicious in regarding new and ongoing investments and now we move the approval, is there a second? Let me turn it over to Ted. Go ahead. >> Good morning, mayor and council. It is a pleasure to be here today. My name is Ed Benigno, the chief financial officer for the city. And as your chief financial officer, this is always one of my most exciting points in the in the year. The day that we formally roll out and present to you the city's budget plan for the next fiscal year. I may be biased in this, but in my opinion, this is probably the most important document that council approves

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every year. It's a document that reflects your priorities. Policy priorities. And, you know, if we got it right, it truly will reflect the things that you have told us over the last year and in previous years that these are the kind of programs and policies you want to see implemented, this then becomes the funding that we have available to implement your priorities over the over the course of the year. And I know I'll hear from some of my colleagues that, hey, there's a lot of other important documents that we produce in the city. Don't know if the budgets the most important. So I'll be diplomatic and say it's one of the most important documents you will approve of in any given fiscal year. And we're really excited to present it to you today. I do want to make a few introductions. I'm joined to my left by our budget officer, Kerri Lang. And I just really want to say welcome back, Harry. We are super happy to see you and more happy than me to see you in that seat today. And to her right, my left is our division chief in our budget unit, Eric Nelson, who has really stepped up and done a

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great job getting us to this point. When Kerry was out for a couple of months. So yeah, so let me get into it. Let's go to the next slide. Just kind of talk about what we're have in line for you today. I want to first come off and talk about our fiscal year 24 budget timeline. It's a long timeline. I just want to give you a sense of where we came from and where we're going from today. I will talk about our all funds overview. This is the 50,000 foot overview of the city's budget that that total amount of money that we have spending, spending and kind of where we're allocating it to Eric will then come up and talk to you in more detail about our general fund but budget and highlights and then Kerry's going to wrap us up with our capital budget. And next steps we absolutely intend for there to be time available at the end of this for the city council to ask us questions and to just have a discussion on. Maybe

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before we go to the next slide, just hang on on this slide for a bit. Just want to talk a little bit about really what our hope and intention of today's meeting is. You're going to see in a second this is not the only work session, right? This is not the only time we're going to be here talking to you about the budget. We have multiple work sessions planned. And so really what we're hoping to get to today is kind of like setting the table. This is like setting the Thanksgiving table and seeing everything that that's available to us to discuss what we want to, you know, hopefully get from council today is, you know, what are your initial thoughts and reactions to the budget? Are there you know, we'd love to hear what you like about the budget, but too, there's things to the extent that there's things you'd still like to see, maybe addressed in this budget, we'd like to start hearing about those today. And this is not your only opportunity Katy to do that, but that's really what we're hoping to do today. So it's a little bit of a higher level discussion. Ann and of course we have our budget question process. It will be an opportunity for

you to ask more detailed questions about the budget. Of course, if you have questions today, we'll do our best to answer them. But just

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remember that we do have additional work sessions planned where we'll dive into the department budgets in more detail and we'll have those directors available at those meetings to specifically respond to your questions about individual department budgets. Let's do the timeline, which can probably be short because I think said most of what I wanted to say already on the next slide, you know, this is really just to say this takes a long time. This is not something we just, you know, did last week. Oh, gosh, we got to do the budget. Let's get it done and know we've been at this since January. Honestly this year we had a request from our joint inclusion committee to get started even earlier. And so we were doing Saturday budget discussions with our joint inclusion committee back in December of 2022, talking about the 2024 budget process in those early months, we do a lot of engagement with our boards and commissions, giving them an opportunity to provide feedback about where they would like to see this document go. You may recall back on May 2nd, we did our financial forecast presentation to council and that period of, you know, early May to middle of June is we're staff

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is really working with all of our departments to look at the policy input we received and trying to craft a budget that we feel is financially responsible, balanced this year, sustainable well into the future. And something that addresses your council priorities. And we're here today on July 19th, delivering it to you. Of course, you know, typically we would be posting the document online right now as I'm talking, we'd be putting it up online this year. We had some requests to GE that electronic version of the document out earlier. So we posted that actually on Sunday. And so I know many of you probably most of you have already taken a look at the budget and are going to be familiar with a lot of the things we're talking about today. As I mentioned, we have multiple work sessions scheduled. We'll be back on July 26th. The idea on that day is to dive into the next layer of detail on our general fund department. On August 1st, we'll do the same thing, but for our enterprise department. But you do see August 3rd and 8th on here.

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But as the mayor mentioned in his message board post, we're kind of looking at those as optional. We'll take input from you about whether or not you think we need those additional work sessions, but they may be canceled August 10th. The idea for August 10th is really just to not have staff presentations, but to have it to be your time to ask us additional questions and to have a discussion amongst yourselves about different budget amendments that may have floated up during that period. And

then on August 16th we'll be before you to seek your approval of the fiscal year 2024 budget, which will go into effect on October 1st. And we can advance two slides and jump into what is this, what is this total city budget look like? It's a \$5.5 billion budget that we're proposing for fiscal year 2024. Of course, that includes our general fund budget, which is about about a quarter of our total city budget. And Eric will get more into the general fund budget. You know, the largest portion overall of our budget, a little bit more than 40% goes to the fact that we own Eid

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electric and a water utility. Those are big, expensive operations to run. Not all cities run those operations, but in the city of Austin, we do. And it's 41% of our total budget. I won't read them all, but you can see we are we are a full service city. We have a lot of enterprises. We run a convention center. We run an airport. We have a transportation and public works department watershed, you know, drainage protection and water quality programs. So we truly are a full service operation. The internal services portion of this pie chart speaks to folks like Kerri, Eric and myself and Ann Morgan. All these support functions that support the entire organization is what's in that internal service function. And then, you know, you always have to have something to round out your pie chart, other expenses, some of the biggest funds in that area are our employee benefits for and our new project connect the Austin transit partnership and the money that we allocate to that program are the two of the

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biggest pieces of that other portion of the pie chart. Wright looking ahead on the next slide, these are what we call citywide cost drivers. So these are things that really flow through the entire enterprise. They touch all of our enterprises when we make these types of changes. So one of our biggest cost drivers every year is the employee wage increase. We are proposing a 4% increase for our civilian work workforce this year. That 4% we did last year was the highest increase we had offered in over 20 years. This will be the second consecutive year where we're at that 4% level. Of course, inflation has been very high recently and the labor costs have been moving up. So we feel this increase is necessary to keep us competitive in the labor market so we can continue to attract and retain the best quality employees that we can. Ann of course, we have been struggling in many areas to attract employees, but we believe that this will at least

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keep us competitive in the market. And we're not the only city that are struggling to attract employees right now. It is just a very tight labor market. But we are proposing to increase the living wage from \$20 an hour to \$20 an \$0.80 an hour. You may recall, for the first time in many years, we increased our living

wage. Did a substantial increase from \$15 per hour to \$20 per hour, effective October 1st of fiscal year 23. We're proposing to take that up another \$0.80 in fiscal year 24. We do project that by October of 23 we will get to \$22 an hour, which has been a priority of the city council. Let's move on to the next one. This is this is speaking about our sworn compensation costs. These are costs that are already incurred and are going to be flowing forward into the fiscal year 24 budget. So this isn't the money that we are anticipating will be needed for a labor contract. We're still in negotiations with all of our

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associations, but these are things that have already gone into place in fiscal year 23 that are carrying forward into fiscal year 24, including \$2.9 million in EMS for the full year cost of the one year agreement that was signed for fiscal year 23. And the police association. You may recall that there was an extensive discussion amongst the city about a one year agreement with the police department to hold them over until we can get to a contract with them and to provide Eid incentives for employees to come here and take jobs as police officers and for us to try to retain the officers. We have some aspects of that proposal where a 4% across the board increase and an additional step increase at year 23. Those things were approved in May, I believe, of last year. And so in the fiscal year 24 budget, we need to analyze those costs. This amount actually reflects the full year cost. But the

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incremental amount is that is the additional amount we need to put into the budget for those increased. And then also part of that pay incentive package was a lump sum instead of payment of \$2,500 in January 2024, the first of two lump sum incentive payments, the second one, though, will be hitting in the fiscal year 25 budget. We're currently working with the Austin fire association through an arbitration process. We're currently at the table with negotiating setting a long term contract and still having discussions about with the police association about getting back to the table to seek a long term contract with the police association and again, we do have money included in the general fund budget and anticipation that we will be able to get to labor agreements with all three. Associate Achan's let's go on to the next slide. Another big cost driver for the city in any year, but particularly in this year, but in any year when we have wage increases, when we increase the

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number of employees, we have and you'll see increases to our retirement contributions, we have three retirement systems, one for our police officers, one for our firefighters, and one for our general employees and paramedic X for the police system. We implemented the state legislature approved Ed really important reforms to the police system. Not this session. The prior session Ann that has

substantially improved the financial outlook for the police retirement system and oh, I'm sorry, I jumped ahead. One slide. Let's go to the next slide. We'll come back to this one. I apologize. My slides in front of me in reverse order. Can you advance it one? There we go. I'm sorry. Go back. We'll get it together. Yeah. So speaking about our police retirement systems, you can see on the table here a \$7.3 million increase in the contributions to the police retirement system. That is something that's required by state statute. I do want to remind the council that the police employees last year also saw a 2% increase in their

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contributions. So this is not just a one sided correction to these retirement systems. It's a multifaceted, Eid correction that resulted in increased city contributions, increased police officer contributions, lower benefit tier and other changes in the 88th session. The session that we just got through the city of Austin, Ann employees retirement system saw reforms Milar to what we did with the police department and so increased contribus to the city system asl. And the employees will see a 1% increase in their contributions to the system this year. And another 1% next year. So this is a good news story because it puts our retirement systems back on track to being financially sustainable and stable and ensuring that those important benefits are available to our employees who are either currently retired or who will be retiring. Now, let's go back one and talk about the employee and retiree benefits. We're really happy and just

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kudos to the health to the human resources department for the work they've been doing to look at plan design and how we can continue to provide a great benefit to our employees. But adjusting the plan design in ways that helps keep premiums down. This will be the fifth year in the last six that we've had a 0% premium increase. We did do a 5% increase in fiscal year 23, but the four years prior and for fiscal year 24 proposed no premium increase. Looking ahead, a big part of how we're getting to that no premium increase is by offering a new medicare advantage program to our retirees. So we're really excited about this. We believe it's going to provide a better level of benefits to our retiree fees at a lower premium for them. And it's one of those things that we can do to help keep those premium costs down for our retirees. You can see the city contributions to the system are going up substantially while active and retiree contributions are essentially staying flat. Now we can advance two slides. I think

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that concludes my comments. Eric's going to come up and talk to you in detail about the general fund, and I will be available to come back. If you had any questions about these slides. >> Mayor, are we. Are

we are we holding our questions till after the presentation? >> Well, I'll I'll ask them what they think is the best way to do that so that I was anticipating that's what we would do just in case you're asking a question that might be answered by future parts of the presentation. But I'm this is our work session, so however you want to approach it, it's fine with me. Okay. >> Well, I just had a quick question on on what you laid out, Mr. Benigno, the what is the city's current vacancy rate . For the citywide vacancy rates in the 15 to 16% range, I believe from the last report I saw. Okay. Thank you. >> I'll verify that for you. But it's in that range. >> Thank you.

[9:23:29 AM]

>> Good morning. Council members. I'm Eric Nelson, division chief with the financial services budget and performance. I'm going to take a deeper dive into the general fund portion of the budget. So we'll start with the revenue situation. As you can see, property tax continues to be our major source of revenue. So it's actually come down a bit as sales tax growth has accelerated and as a result of the legislature's revenue cap, but it still is our largest and probably most stable source of revenue. Other significant sources, again are sales tax, which we've seen pretty explosive growth in in the past several years. And we'll dive deeper into in a few slides. We have the transfers from our utilities and then we have our our catch all other category in terms of the year over year increments, property tax will grow by a little bit less than \$20 million. And that does assume the voter approval rate,

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which is the maximum rate we can go to without triggering an automatic election. One other thing I'd note is that that increment at the voter approval rate is pretty small. And again, that's a consequence of that state revenue cap. We just don't have the freedom anymore to generate as as significant amount of revenue. When we go to that maximum tax rate sales tax. Again we'll dig into more. But we're expecting a little less than 13 million in additional sales tax. The utility transfers line bears a little bit more explanation. We are estimating that the Austin energy transfer in fy 23 will be reduced by \$10 million for a one time change, and that will be on the agenda for you tomorrow. So forgive our presumptuousness. But in a budget we've estimated that that you will approve that tomorrow and that's why you're seeing such a large increase there.

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Without that change, it would only be \$2 million increase. That's all from Austin water as we are projecting that the transfer would otherwise remain flat. We'll dig more into the other revenue as well. But we're seeing a slight decline there and that's a function mainly of interest and a transfer that's going away. In total, we're getting about 3.3% revenue growth versus our estimate, which, you know, seems

fairly stable. But at when we look out at our projections for expenditures, just our base expenditures were growing at about 3.6% a year. And so as we'll see in a few slides, obviously trajectories are going to cross each other at some point and we'll run into a structural imbalance. Next slide, please. Digging more into the property tax and this slide just shows you a bit of the history with what we've experienced. First, with taxable value growth in the city, and it

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illustrates the fundamental dynamic with property tax, which is generally speaking, as values go up, the rate will come, will come down. Our property tax even with the one time jump in fy 21 associated with project connect has come right back down and is near its lowest levels in over 30 years. And the other thing to note is just that we've had some pretty remarkable property value growth in Austin over this time frame. Back in 1991, total value was \$17 billion. And this year we're projecting it will be over 240. And even in the last ten years, taxable values have almost tripled. For the rate itself. If we're projecting the actual tax rate will be at 42.4 \$0.02. That's a 3.85 cent decline. Again, it is at the

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voter approval rate. So it's our maximum increase, but the rate is declining as a result of the value growth which drives the rate down. A rate has three components. It's the o&m piece is the part we retain to fund general fund maintenance and operations expenditures. The project connect cronk were committed to transferring to every year to support that project. Burt and 8.4 \$0.04 goes to ser our debt and other eligible debt with respect to the value growth, we're projecting 11.6% growth this year. That's based on the noticed Ralls from the appraisal districts with an expectation Ann for some protest loss. I do want to note you may have seen the news about the recent bill passed by the legislature. I don't know how the appraisal districts are going to interpret and implement that in the next

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week before our certification is due. I think it's going to be challenging for them, but knowing Mario typekit, she'll figure it out. But that said, I would expect that growth rate to come down a little bit. Or, you know, our taxable value overall is very strong. However, our new property taxable value has declined by almost 40% in the last two years and we're are at the lowest level since fy 17 on that is imant for several reasons. One is just an indicator about the state of the economy, but two, that is what I like to call our free money because it's not subject to the legislature revenue cap. So we're getting our full, full tax rate applied to that new value. And it's not being capped. And so when that comes down, that's why that's part of the reason why that property tax increment is so surprisingly low. When we

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translate that rate and that value growth into an actual tangible impact for our taxpayers, we come up with these figures. We're seeing very modest increase projects Ed of only 1.5% for our typical homeowner, and that's someone who lives in a homestead, who does not receive the senior disabled exemption. The, the seniors and disabled homesteads. It's an even pardon me, an even smaller increase, less than 1. And that's the year over year change. But I think what's interesting is that these levels are both still below where they were in fy 21. And we picked fy 21, not just because it makes us look good, but because that was the year that project connect was approved. And so we had almost a 20% increase in the tax rate that year. So it'd be tough to get below that level. But since that time, based on your actions on the tax rate, homeowners in Austin are paying

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less than they were three years ago. Part of that's been due to your action on exemption as the general homestead exemption was increased to the maximum 20% in fy 22. At that time, the senior exemption was increased to 113,000. And as you know, in June you increased it again to 124,000. And those actions have real consequences in terms of restraining the growth in people's property tax bills. This is trying to put the size of that property tax bill in context versus our peer cities in Texas. Again, you can see the impact of that one time jump in fy 21. Associated with project connect, but pegged versus income. You see, we've come right back down and Austin's in the middle of the pack in terms of offering a reasonable bill, given the level

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of homes in the community. Now we'll move on to sales tax. My main purpose in this slide is to remind everyone that sales tax can and does go negative during the financial crisis, we had almost 10% year over year decline after a year of almost no growth and we were very blessed during covid. But even then we did go slightly negative by almost a percent. Of course, since covid things have exploded, there's been a lot of quantitative easing, extra dollars circulating in the economy and Ed that drove, drove an explosion in sales tax revenue. We're seeing that come down very quickly. Now we're projecting ending the year at this year, fy 23 at 6.2. And

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we're looking at a 3.5% growth rate. For fy 24. Now, 3.5% may seem low compared to some of those recent numbers. But again, we're really seeing some significant distortions because of covid. If we look at this chart, this shows what we're getting every month in terms of our payments. We our recent peak was back in April of last year because we were still comparing versus a prior year that was suffering from some effects of shutdowns. But since that time, these numbers have moved in almost a stairstep pattern. Ann every four months you can sort of see the level step down and in the last three months we've seen that fall to the 3% range. When we developed the budget, we didn't have the July payment. It just came in last week. And to be honest with you, I was extremely relieved to see that it had a four at the beginning instead of another three or worse. So you may remember I'm

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sorry, could we go back? My bad. You may remember during the forecast presentation, we had John Hawkins preparing an analysis, and he was pretty pessimistic about the state of the economy. He I think we're starting to see that with the lack of new value on the property tax side. And now we're starting to see it play out in the actual sales tax receipts. You know, inflation will help sales tax in the short term because people don't change their behavior. But prices are higher. But when it starts to eat into real income growth, then people do change their behavior and we start to see a steep drop off. Thank you. Thankfully, utility transfers tend to be a much more stable source of revenue, which is nice for those of us who have to forecast these things. We've discussed how Austin energy, we're assuming there will be this one time reduction in 23, but had there not been that

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reduction, we're assuming it would be flat in fy 24. At 115 million as your as a body worked out with when you were discussing their latest rate case? Austin water has some proposed fee increases and we'll see their their transfer tick up about \$2 million in fy 24. Thank you. This just puts those numbers in context. We've seen utility transfers decline as a share of the general fund. That 11.7% number is a little bit distorted by the one time change, but we're projecting it will be 12.2% in fy 24, down from 17.2. The transfer has grown about 15% in the last ten years, and that's compared to sales tax. That is about doubled and property tax that's grown close to 90. So the transfer really hasn't kept up and

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therefore it's declined as a share. Looking into the out years because of some rate increases and population growth and Ann, the fact that we don't think sales tax will be as rosy and we don't think or we no longer have the capability to generate as much property tax revenue, it will creep up a bit. We're projecting as a share but still remain far, far below where it was ten years ago. I do also want to note

that financial policy sets a cap on the transfer at at 12% of average three year revenue and based on your discussions with we're actually calculating out into the future at only 11.6% this is digging a little into that other revenue category, a bit of a catch all. The main story here has been the explosion in interest rate growth and therefore revenue that's really skyrocketed. You see that in the

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fy 23 estimate that we also have other city operations have really returned to full strength and full utilization after the pandemic. And so we've seen this revenue jump up looking at fy 24, however, we're losing Lang, a \$3.8 million transfer from that. We've had for the past two years. That was to repay the general fund reserves for essentially a loan that we gave them when we established as an enterprise department to give them some ending balance cushion as they got going. Thankfully they've done very well as the economy has boomed and development fees have come in and so council asked that they repay that loan. So we did that over a period of two years, but now we'll be losing that \$3.8 million transfer. Thank you. So when we combine all this revenue situation with with where we're

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at in expenditures, of course we presented a balanced budget in fy 24. We'll always find a way to do that. But just for planning purposes and discussion purposes, we also forecast out where we think revenue and expenditures are likely to be. This represents a pretty base forecast. But just assuming what we're going to need to do to meet council priorities that have been established already and to keep the lights on as Ed likes to say, and we're balanced in 24. We have a slight surplus for 25, but then things start to go negative. And so we have a projected \$20.6 million deficit by fy 28. I don't think this is the same story we've been we've been saying for several years now, ever since the rate cap. And so it's a familiar dynamic and we'll continue to work to try to align our expenditure and revenue curve. So we reach

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structural stability. >> Can you can we interrupt you real quickly? Sure. Councilman roalson, thank you. >> Good morning. I was wondering what this assumes in terms of public safety staffing over time . >> Sure. It assumes the opening of another fire station in fy 25 and then Ann for the past 2 or 3 years, we've been assuming that we would start on the police staffing plan. So this includes 190 officers being added in fy 25 through fy 20. >> So it includes 190 police officers starting to be. And if you fiscal year 25, although not all 190, correct? >> Yeah, it's a stereotype. I think it's 35, 45, 55, 55 and Eid, if you remove those, I think we'd be roughly balanced by 20. Another way to look at it, if you didn't want to devote

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that to the staffing plan, you'd have about a. Four, \$4.5 million a year. But then you would have the deficit or if you don't add anything beyond what it takes to just meet basic spending tire wage insurance projections, then then hopefully we would be roughly in balance. >> Thank you. And I was simply asking what the assumption was on that so that I would understand that. Thank you. >> Move. Moving over to the expenditure side, we saw the all funds pie chart where the general fund was about 24% of the city as a whole, and then this digs into what the components of that general fund slice are. Our public safety departments take up a large chunk. And then of course we have parks and municipal court animal services and the other departments that I'm sure you're familiar with. >> Can we interrupt it again?

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Sure. It's my understanding councilmember harper-madison has a question. >> Actually, mayor, I didn't have a question. I actually just wanted to encourage my colleagues to just hold their questions to the end. I think it would be helpful for us to just get through the presentation and Wright jot down our questions and ask them at the end. >> Thank you. >> So digging in a little bit about what's new and what we added in Austin public health, we're going to be adding seven positions and the supporting budget for the dove springs public health facility. And we've also added \$1.2 million for full year operations of the south bridge shelter and municipal court. We've added about 650,000 to increase. Case manager Swint and rehabilitative services at the dac and animal services. We're trying to make an investment there to improve their operations. There's four temporary, two permanent

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positions being contracted and that will allow more time spent on just the daily care and feeding of the animals as we all know, the shelter is always operating at or near capacity. There's \$100,000 in one time ING for an annual animal behaviorist services contract that we're going to try that for a year. And based on how it goes, then we may try to hire that on a full time basis. There's \$100,000 in the dog excuse me, from the capital rehabilitation fund to fund a dog kennel run at the shelter. I just want to point out also that the capital rehabilitation fund transfer from the general fund is fully funded per financial policy this year at \$10.5 million. And this is just one example of the projects that we're able to do because we're meeting that policy just to keep up the facilities. We actually have. And finally, there's some

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money in there so that they can upgrade their Shaw management software at the shelter. For part, we're adding over \$1 million in funding for improved security and safety as well as for some grounds maintenance and to begin implementing a land management plan. There's \$1 million in one time funding for the Austin civilian conservation corps that's been rolled over from the prior year. There's \$800,000 in one time funding for field lighting upgrades and we also have another 210,000 for shade structures. That's in response to an ifc from new council. There's 100,000 for an adult changing table at Zilker Park, which several boards and commissions have been asking for several years. So we're happy to finally be able to fund that. And finally, there's a quarter

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of \$1 million for a retaining wall at DPD. Pool that is in a state of disrepair and creating a safety issue. So we're going to get that fixed right away. At the library again in response to recommendations from a number of boards and commissions, will be expanding the enhanced library card program to three new locations, and we're adding five positions. I think it's two security positions. Burns for library facilities and Ed three maintenance and custodial positions to improve security and cleanliness at the libraries. And we have about \$2 million in total capital expenditures to make up for some shortfalls in some capital funding and to do some roofing hvac projects at other locations. Housing will be adding three positions as they transition to a standalone department. That's really

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restoring position burns that were eliminated when housing and planning merged. But now that they're going back on their feet, we're adding some support staff back for housing, for planning. Again, they're getting three positions to provide some administrative support as well as five planning positions to help them with their core mission. We also have \$3 million in one time funding to do updates to the city's various comprehensive plans, including imagine Austin within planning. We have some funding for the climate equity plan, including two positions and then some one time funding for a number of initiatives that were recommended in that plan. Ann and our public safety departments, we're adding staff in both fire and EMS to staff the Goodnight Ranch. Some positions at the airport, 1.1 million in funding for zo monitors, which are defibrillators and ambulances. With respect to police. As the

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city manager mentioned, we have 11 civilian positions being added to improve training and reporting at the academy, and that's in response to a Kroll report recommendation from an earlier phase. But we also have funding to institute or excuse me, to conduct Kroll report, phase D, some other things we're planning to do. We have \$7 million as a down payment on the purchase of the Ben White facility. We

have the funding to complete the city's purchase of generators, which will come before you tomorrow as well. We have some funding to have a contingency for any emergency emergency response and supplies we may need. We have 200,000 out of the general fund for cultural dict planning. That's in response to a commission recommendation. Ann and we have 200,000 for the African-American cultural district, phase one. And then we'll also be doing phase two of the Mexican American heritage corridor out of the historical preservation

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fund. Finally, about half \$1 million for implementing the city's branding initiative. As Jesus mentioned, we have the general fund ending Lang scheduled to end the year at a 17% reserve level. This represents an increase from 14 to 17. The current policy is 14. However gfoa best practice is two months. We have a recent report from the city auditor that recommended a two month reserve level. As Ed mentioned, we've seen utilization of our reserves increase. Of course in our response to covid, but as recently as a couple months ago, council approved a transfer from the reserves to Austin resource recovery to fund its budget overages associated with winter storm Mara and finally, higher reserve levels are always viewed favorably by ratings agencies,

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and especially in an environment of higher interest rates. It's important to get those ratings as high as we can. So that concludes the general fund portion. We'll be moving on to enterprise. I don't know if you want to pause here. >> Wouldn't be a bad time. Councilmember Fuentes. >> Thank you. The three positions for to respond to medical emergencies at the airport is that the expansion of the ems unit at the airport? Correct? >> Yes. >> Okay. Is that now going to be a funded activity at the airport or will it still remain as a pilot? >> It's going to be funded by the airport. So ems will be made whole, but the staff will be at the airport. >> At the airport. Okay. But that'll be a program, a staffing structure at the airport moving forward. >> That's my understanding. >> Great. Well, that's great news. I'm glad to see that included in the budget we have seen already instances where having at the airport has made a

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life saving difference. So I'm pleased to see that included in the budget. The other question I had is on the 1 million for emergency response contingency. Can you elaborate a little bit more on what on the details of that? >> Sure. Well, because it's a contingency we don't have a specific budget, but it's meant to address any emergency supplies that may need to be purchased. We've just experienced these challenges in the last few years with the winter storms. And when that mes up, we need supplies for our resiliency centers. Or I know we've had instances where we've brought water in and this provides us an

easy budgeted source of funding to tap if that happens, if not, it could be rolled over and maintained in a future year. >> Okay, great. Well, city manager, I'm very happy to see such focus on resiliency in this proposed budget and wanted to highlight that as another positive step forward, because we know that with climate change

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worsening, we're going to have more disasters in our city, more extreme weather events. So I'm pleased to see that also included. Thank you. >> Thank you. Councilmember. Councilmember Harper-Madison. >> Thank you, mayor, for recognizing me. Appreciate it. Thank you for your presentation. Really appreciate it. It's been very thorough. I'm happy to see you carry, so, a couple of questions. Animal services specifically, we, I have heard some really extreme stories about animals being injured. One was a dog that was kenneled for 23 hours and then becoming behaviorally problematic and then unadoptable. So I had a specific question about this kennel run thing that you made mention of. And what does that mean exactly? >> Well, I don't know much more detail beyond what's here, but think it's an expansion. So I would hope it would help with those issues because it will provide more space for dogs to exercise and therefore not be

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confined in as small of space as exist. Now that would be beneficial because what I'm not seeing is we're not adding a lot of staffing and or volunteer opportunity. And so if you know, these dogs are locked up for 23 hours a day, of course they become behaviorally problematic. >> Wright the other question I had about that was one of the things I wanted to just mention to you about the animal shelter is we're right now engaging someone to do a thorough review of the shelter. >> That's fantastic. All the issues that need to get addressed, that's fantastic. We've placed funding in this budget to help with the dog management or the. >> So does that speak to this animal management software? I don't know what that means. Well, it's in effect to try to deal with some of the issues that people have raised in all those e-mails that we've gotten. >> And as soon as that report gets done, we'll share that with council to kind of show you what it is that we've identified that needs to get done. And then we'll begin to systematically address it. >> Thank you. I really appreciate that. Then the other

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question I had Ed the new fire station. Where is it located? >> I think it was a good knight ranch is d2. Good night. Okay. Southeast. Southeast >> Okay then my last question. So the phase one for our area that you mentioned, can you speak to that at all? >> I really can't, to be honest with you. I can get. >> Is that something I could get some follow up on? >> Yeah, of course. >> That'd be great. Just want. I'm

sorry I lied. I do have one more question. The carver and university hills, those are obviously in district one. Ann we already have some funding that's been allocated, to both of those. So I'm just curious about what the additional funding looks like for both like university hills library, for example. We just had a grand opening, grand reopening. I'm

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curious what else is happening there. >> Don't quote me on which ones which, but I believe one is an hvac replacement and one is a roof repair issue. >> My guess is the carver is the one with hvac because it's been system a problem. Okay. Oh. Crow report. Can you expand on that at all? >> Well, we have the 11 civilian positions being added and that's in response to recommendations from earlier phases of the crow report. >> They're going to be focused on improving training at our academy. And then Creola report phase, I believe, is focused on looking at messaging and communications to understand underlying attitudes in the department. Who executes that? >> Council member? What several things. One is we know that there needs to be a lot of attention on the academy so that Spencer for what it's worth. >> Manager you know, the crow

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report was is a direct, reflective of a piece of policy that I brought forward when we had a problem with our police academy. And so I'm very curious to know exactly who, what, when, where. I would just like to have more details. And that's something that you can follow up with me on. You spend a lot of time coming by my office, I think. >> So. All the offices I know, I know. >> So that's information that I would really like to have more information on. >> I'd be happy to provide that. >> Thank you. I appreciate it. >> And mayor, I'd like to just real quick, just wanted to mention that we're taking really good notes on this council member. And so some of these topics that are really more operational, we're going to have our operational experts here on August 26th, and we're going to have additional presentations July 26th. I'm sorry for that on July 26th. And so just want to make sure we're going to get back to some of these specific operational questions that you have either at that work session or through the council budget question process. >> I appreciate it. The other

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the other question that if you wouldn't mind taking some notes on is the R allocation. I know that there's been some conversation about doing a combination of Austin resource recovery and another one of our departments. I can't recall which one fleet services to take a space at and do like a co-located thing. So I'm just wondering what are the implications there for this R allocation? So if you just want to jot that down also and have that be something you follow up with me on. >> Sure. I mean, the real quick

answer, though, is that's not in this budget we're working on that. That would be the joint fleet in Austin resource recovery center at the Johnny Morris site right. We can speak more about that if you would like. But we are we are still working on that. We're moving it forward and do hope to have some funding and recommended funding in a future budget or mid-year to move forward with that project. >> I'd like that very much. And

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for what it's worth, you know, as the chair of the housing committee, I would I would encourage that if that's something that you have before our next meeting or the following meeting, that that's something you could present there. So you don't necessarily have to keep it exclude missive to the budget process. >> Okay. >> Thank you. Give you a quick update on that. >> Appreciate it. Thank you. >> Thank you. Councilmember councilmember Ryan alter. Then the mayor pro tem and councilmember Fuentes on slide 28, the new investments you identified 7 million to fund and down payment on to purchase the Ben white facility. >> I'm just curious why we're using general fund instead of some Seo or other. >> My understanding is that that purchase is not debt eligible because think because we're already leasing it. I can speak to it better than I can. >> Yeah. So under house bill 1869, you remember that passed last year, it put restrictions on what cities and counties, not

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just Austin but across Texas, can issue certificates of obligation for an administrative uses. We can no longer issue certificates of obligation for. And so we need to look to other finance mechanisms or we would have to wait until we knew or do our next bond election Ann to get voter approved to do that. You know, given how expensive it is for us to lease property, we're really looking for ways that we could get out of leases , get into purchase property and Ed that lease money we used to spend is, you know, money that we're using to pay down the new facility. So that's what the 7 million is for. Obviously, the facility is going to cost us more than that. If we're able to acquire it. But this gives us think needed flexibility in order to try to come up with a financing structure that will work with the constraints we have to work within. >> Got it. >> And quick question, which facility is it? >> This is the facility that the city currently leases. It's the one off of Ben white. Ben white to 90 near the Mexican consulate . >> Okay. Thank you. >> And I'm curious what we are

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doing. Singh no manager mentioned in the your your your overview letter in the budget. But as it relates to 911 call takers, what is in the budget if anything new or additional knell to address our 911 call taker challenge Paige so we don't have additional funding in the in the budget. >> You know, beyond the

funding that's needed to run the center. But our police department, our assistant city manager over public safety and H.R. Department are working on a on a career progression plan, like a plan to address salaries and staffing shortages in that area. I don't know that we have an update for you right now about where we are with that, but it's possible we'll be able to put that in place even prior to the beginning of the fiscal year. Don't not for sure. But we are working on it actively. We may need to put additional funding in the budget in future years to

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pay for it. But given the extraordinarily high vacancy rate rate they have right now, there's a sufficient savings for us to implement that even midyear. If we can get it, get it ready in place. But, you know, really a plan to incentivize our, you know, critically important 911 call takers to stay in that profession for a long time. And this may be a July 26th question. >> If so, I'm happy to wait. But as it relates to that particular topic, we had a meeting a while back about, you know, we are paying the rate, we're paying for our call takers, but then Ann, we're hiring or we're we're employing our sergeants at over time rates that are basically three times what we're paying our call takers. Was there any kind of analysis done on if we increase the wage that we might actually have a net savings because we're not going to be spending time and a half on our sworn police officers? Did we do any kind of cost benefit Wright on that or are we trying to see if the current pay structure

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incentives will get us where we're trying to go? >> Well, I can say if we've done it, I've not I've not seen it. It's not been led by my department. Let me circle back with human resources and our over that function. Bruce mills and we can provide more information at the next briefing on the 26th. >> We can provide you more detail, but the preliminary results we've because the house was a little on fire, we went to the emergency basis. We are dealing stuff with pay and we can get you that detail in terms of the pipeline is beginning to get filled with what the pay structures were putting in place. But there's more detail that we can provide to you on the 26th. >> Perfect. >> Thank you. >> Mayor pro tem. >> Thank you, mayor. I have a question on slide 26, the five positions to support planning efforts are those any of the positions that were specified as itod planning? >> I'm not sure I'd have to get back to you. I know that they're all planners, but I'm not sure which specific areas they're going to support.

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>> Okay. I know we had chatted about that, so it's on your radar. The planners. I know that our planning director had specified the needs for the work that we're doing with project connect to do the planning. >> We'll get you that detail. >> Okay. That sounds good. And I had questions about the land

management planning for the parks, the parks foundation had said there was a need for four ftes. Do we if that's how many have been included? >> We haven't added any ftes. We have the funding so they can apply to temporaries in the short term and then we can look in future years to try to find funding for full time positions. >> And councilmember, this this is one of the things that we continue to work with our departments. The parks department has vacancies and because this is a priority, we will we can go back and reclassify positions to deal with that issue. We do have funding to deal with the issue of land management, what it

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takes. We also ask them to go back and connect that work to what's being done at the balconies canyonlands preserve, and to connect with that with the water department has a substantial amount of land so that when we do that, we kind of have the synergy from that, that effort to get the land back to where it needs to be. So it does this nature intended it for and so and think that five year plan that the parks department will come forward with over the course of this fiscal the fiscal year you're about to 24 fiscal year is we'll know what the investments have to be in terms of people and in terms of resources and contracts or if it's what's needed to be able to do the capital investment. So that those things get done. >> It's really good to hear because I know we've been able to purchase a lot of acreage of land over the years, but I know there's a lot of concern for the wildfire risk as we've seen, you know, through some of the planning that our fire department's doing. And our parks department really cares. But there's a lot of areas of my district having park space and that water quality protection land where the debris still hasn't been cleaned up and people are very scared as we see

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heat routinely over 100 degrees these days about you know, what exactly does that plan look like ? Do we have staff to be able to implement those plans? And so I feel like the clock is really ticking and can't wait till next year. But I realize that's what this budget process is about and we can bring those reports when they're done in mid-year. >> Just so you kind of know how what our thinking is about that. So your council is connected to that. >> I appreciate that. And my last question will be about the security staff measures for parks and libraries. Is there a comprehensive list or should we just ask through q&a of exactly what those allotments are expected to be? >> Yeah, I think both. >> We're happy to give you the list through the q&a. Okay >> I'll ask for it. Thank you for the public's F for purposes of E public. >> There's a Q and a and I'm not going to be able to, off the top of my head, give you the site. But when you keep hearing when you hear us refer to the Q and a and hear staff or you hear council refer to the q&a,

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there's a question and answer Singh Ann set up so that the council can ask questions. That is viewable by the public. So if the public wants to see what's being asked and see what the answers are to those questions, and before the end of this work session, I'll make sure I announce that in a way that that people will be able to look at it as well. So thank you for that, mayor pro tem. >> I appreciate that. And just before we move on to the next person, I wanted to flag that I have another question or request about ftes in general, but since there's more presentation to be had, I will hold that until the end in case it's going to be answered. >> Thank you. I'll recognize councilmember Fuentes, then councilmember qadri, then councilmember Allison alter. >> Thank you. I just had one more question for staff on the living wage. I'm glad to see that the proposed budget includes an increase which has as its 2080. Again very proud that we have one of the highest municipal minimum wages in the country and that shows our

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commitment to our city workforce. We've seen progress in reducing our vacancy rate, but it's still at 15 to 16. It's still pretty high. What is the plan to get to 22? I just want to clarify, think Ed you mentioned this earlier, but for, for those who are watching, we would be at \$22 in October of 2024 for fiscal year 25. Or is that in I think it's at October of 2025 for which would be fiscal year fy 26 six. >> So staff's recommendation would be that we increase the living wage in line with the across the board Eid one that gets you to the \$22 level and just two more years and Eid two it avoids a lot of distortions and complications with the compression issues that had some challenges with last year and instituting such a big leap to the \$20 hour per hour living wage and wanted to share.

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>> Councilmember real quick, just think it's such a great news story and appreciate your question, but just wanted to bring up this graph since the beginning of the fiscal year, what's been going on with the citywide vacancy rate? It was, as you know, nearly 18% at the start of the fiscal year. And we brought it down to just 14.4. So was saying 15 to 16% because that's where it's been. But we continue to make really strong progress to getting that vacancy rate down to where, you know, traditionally would be in a normal labor market. We would be in that 8% range. We're not there yet, but we're making great progress. And I think the you know, the pays that know pay increases, we've been able to do increasing the living wage has helped bring down those lower wage Paige vacancy rates and the things we've been doing in the call center et-cetera so we're making progress on it. You know, but we're not quite where we want to be yet. And think Eric mentioned this, but in regards to the plan to getting to the \$22 an hour, it's working with our human resources department, trying to figure out a way to get there while at the same time

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dealing with the various kind of significant and expensive compression issues that occur. Shaw you know, if we try to do it too rapidly. And so that's why we're proposing to ratchet it up each fiscal year a little bit because that helps us in the context of other wage increases , avoid the compression that that causes the price tag of increasing the living wage to go up very rapidly. >> And councilmember, the other the other thing is sometimes you have to use forcing mechanisms to get to get attention. And I think when the when Ed and the budget office did a any vacancy older than 24 months is going to get swept. That created an enormous incentive for people to get off the dime. And begin to figure outch were the most key positions so that they could move with quickly. One other thing we'd mentioned that we've been working on with the human resources department, Rebecca Kennedy and Joe kanellis, is that we're going to want to address some of the civil service rules so that we can move quicker are not consistent with what the basic regulatory requirements are, but we can do

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that function so that we can add staff at a faster clip than we've been doing in the past. And that's a that's a venue that's an opportunity for us to come back to council at the appropriate time with good deal. >> Thank you. And I'm very happy to see the progress on us reducing the city, reducing the vacancy rate. And that just gss to show the impact that we can have as we continue to raise our living wage. >> Thank you. Thank you. Councilmember qadri councilmember alter, then councilmember Vella. >> Thank you, mayor. Just a quick question. Does the this the five year, five year forecast include the decreased property tax revenue from the bills that that were passed in the ledge during the special session? >> So as I understand it and we're still processing it, but that that bill should not affect our revenue. It will have a slight effect on the distribution and values between residential and other forms of property, but it should not affect the city's revenue. What

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you might see even in 24, is a slight uptick in that in that typical ratepayer bill, we're at about 11.9% projected growth and homesteads are currently capped at 10. This bill would cap other property at 20. So you know, maybe overall growth comes down by a few tenths of a percentage point, but we think that would be pretty minimal. And again, it won't affect city general fund revenue, as I understand it, at this moment. Great, great. >> Thank you. >> Councilmember Allison alter, then councilmember Vella. >> Thank you. My colleagues have brought up a lot of issues that are important to me as well. So thank you for your questions. Councilmember Fuentes want to add that if we were adding \$0.80 a year when we got to fiscal year 26, we would be above 22. So I don't know that it means that we're exactly at 22, but we would be reaching that goal in that year. I don't

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know if that's the rate we would be increasing it at, but I think that's just something to keep in mind as we're as we're assessing the progress that we're making. I wanted to, echo councilmember Harper Madison's desire to have more information about the specifics that go into the 11 positions for the academy and the plan there moving forward. We lost our director. There's changes going on, and I really appreciate and excited to see the resourcing and the emphasis on fixing the academy. We have a real retention issue and I think part of that is getting the academy Wright and doing the teaching at the level that we need it. But I would like to hear more about that. Like councilmember Reynolds have been having lots of conversations about 911 and really do want to see kind of the plan together, the plan for the steps and the progression, but also all of the pieces kind of together for

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that. You know, that is fixable. And as my colleague mentioned, we are spending a lot of money to have, highly trained officers in those roles and, the wear and tear. Et cetera. Of that has problems as well. And so it'd be much better to get people into those into those Luz roles. With respect to the, the police department as well. There is funding from the victims of crime act for victims services, counselors Luz, that supports sex crimes, domestic violence and crisis response. I understand that grant is expiring for those ten positions. Can you tell me what the funding plan is for those ten people? >> And I'll have to give you a fuller break. I thought it was five we were going to be able to cover three with their existing budget. But if you're telling me it's ten, I'll have to get back to you.

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>> I would like some clarity on that. We had understood that there were ten positions. Burns Ann that they were likely to be able to fund five, which leaves five positions unfunded. That D be serving victims of sex crimes, domestic violence and crisis response dance, all of which have high levels of incidences in our community. And we want to make sure that we're providing those services and that the people who are in those roles are able to continue in their jobs, as we've already invested in them. We've already recruited them, and we absolutely need these services. And we made promises with respect to victim services when we did settlements with the sexual assault survivors. And I believe that as part of those settlements, there's a requirement to be providing these types of services. So I want to make sure that those positions are accounted for. So if we can hear about those on the 26. I've also asked about it

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in the Q and a on that. And then for parks, if we can make sure that on the 26th or one of these other sessions, we do a deep dive into the parks budget. Also I'm particularly interested in the maintenance and operations side what we're doing to keep our parks clean and maintained and safe. But then there's also an upcoming cliff for our parkland dedication, money and understanding how those fees are being handled in this budget. And what what are the assumptions in the budget in terms of funding for parkland dedication and how we're handling that, which is a little too complicated for a q&a question, but I think it's really critical for us all to understand moving forward. And then also I've requested in the q&a that we be able to see the

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unmet needs for each department, but on the 26th, I would particularly be interested in understanding the unmet needs for the EMS department was pleased to see some investments, the, you know, making the airport more permanent and the Goodnight Ranch, investment, etcetera. But I think there were several other needs that are really important if we want to keep our response times down. Ann such as the for the hotline. Ann making sure that we are funding those positions because those allow our ambulances to stay in circulation. Ann but also some training stuff so that we can end the vacancies. And then finally, I'm not sure this is a budget conversation, but I do want to flag that. One of the things we have been doing is changing our H.R. Leadership and our HR department processes and procedures, recruiting and retaining folks is not just about the wage. It's also about

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the process for hiring Ann. And so I would like to hear more about that, if that's inappropriate. As part of the budget discussion, we can move that to audit and finance. But I think we should really have a conversation because it's not just, you know, what we're paying people, it's also how they come into the system, how long it takes, where the balls are being dropped. Et cetera. So I think that would be important moving forward. >> Yeah. And my preference would be since that's an operational item, is to be able to talk to you about how we are from an operational standpoint are trying to deal with that and we can do that at the finance. >> Thank you, councilmember councilmember Bella. Just a quick couple of comments. >> I just want to say I appreciate the treatment of city employees in the budget. I think that's a real highlight for percent raise minimum wage going

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from 20 to 20, \$82.5 million I that number is correct in the compression to get those kind of, you know, just above the \$20 to a fair amount. No increased medical costs. You know, just think in terms of the way that we're treating our city employees and hopefully the impacts that it will have on recruitment and retention. I just wanted to give you all props. Think that that those are really strong efforts and they're greatly appreciated. Homeless funding, breakout, just hard to see because I know it's just a multi-departmental approach. And if we could get that, I know there's not a kind of a question for now, but you know, if we could get just a better idea of what we're spending on homelessness, it's just there's so many buckets that we're we're struggling to really kind of itemize it. And then what is our current reserve level? >> It's 14% of ongoing general

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fund expenditures. >> And so going from 14 to 17, what is that dollar figure? >> It's about \$40 million. >> That's about a \$40 million investment, huh? Okay. >> I would say just it's not where transferring that money into reserves, it's more we're capturing more of what's already sitting there. Yeah >> And the other for money for rental assistance. I know that was a real big item last year and I can't remember the exact totals, but I think we were at about 6 million, \$7 million in providing, you know, rental assistance. Where are we this year in terms of that money? >> I think that was a one time item. And I'm not sure if it was expended Ed and so we don't have that in as a one time spend from the general fund, but we could get you a breakdown from housing of what they plan to spend on rental assistance. >> I would like to see that and make a comparison to next year. I mean, I know that that you

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know, rental increases have have slow Ed, but we're still in a real tight situation. And I know people are still struggling to stay I their in their homes. And just like last year, the same conversation we had kind of see that as a anti-homelessness funding, you know, probably honestly the best in terms of value to, you know what I mean? If we can, you know, keep people in their apartment. Sure seems to cost a lot less to, you know, give them a couple months rent than it does to take care of them at, you know, one of our emergency shelters. And then Ann in terms of spay and neutering, also, I'd like to see where we are with spay and neuter, how much we're investing in in that area, how much we're putting that area. I know that the number of spay and neuter procedures that was done over the pandemic, it really dropped out. And I think that that that's connected to the

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explosion of animals that we have right now. And the struggles that the Austin animal center is having with capacity. And so I really think we need to we need to get that program back on track. I'm also

hearing from constituents that, you know, we're looking at, you know, think with emancipate and some of the other folks that we work with, we're looking at, you know, month long, maybe multi month long appointments for spay and neuter, you know, and we've really got to, you know, get people get let their pets, you know, when they're ready to go. We got to be ready to help them. And hopefully ease some of the pressure on them. Austin animal center. Ann I think that is all the major questions I have for now. And just one quick comment. I know that I'm looking at the sobering center. I'm on the to the board via the city council for the sobering center and that's another place where, you know, I think that's an excellent partnership. I know that they're reaching out to central health for additional funding for, you know, potential substance abuse. I just want to

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make sure that that, you know, we are giving them enough money to breathe and making sure that we're funding them enough so that they have the capacity to go out and get private grants and to go out and negotiate that, you know, arrange with central health. It's a it's a great organization, a great facility. I think it's been very successful. And I just want to make sure that, you know, that that we help get them to kind of the next level as we tackle the substance abuse challenges and homeless challenges. >> Thank you. Thank you, councilmember. We're getting ready to go. Councilmember Fuentes. >> Thank you. My question is related to general fund operations. So before we move to enterprise and this question is for the city manager or manager, there are some proposed structural changes within Ann. This part of our budget, including the moving of the equity office, the S and R office and the civil rights

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office, and wanted to see if you could speak publicly as to the rationale behind the changes in those structures. >> Let me what happens in an organization when you have offices that are relatively small, it's hard for those offices to get air time. And I can tell you, in the six months I've been here, that's the nothing could be truer than that. I mean, it just it's they don't have the gravity to be able to push an agenda that needs to get done within an organization. The bringing together of the equity office, the civil rights office and the office of or the department of small business, minority business affairs is to bring some kind of mass to that that effort, all in the same vein of trying to open doors where doors have been closed in the past, responding to complaints where people have been discriminated against because of the either because of their race, creed or faith. And also when we talk about equity, it's how can we preach the gospel of being open as a community to all people and not not see it through any

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specific lens. Those are the that's the work that needs to get done. Some of it is economic, some of it is social, but I think it'll give us focused attention. We'll hire a director to orchestrate how those three offices should work together. We hope to get some synergy that can get us some progress into those specific areas where maybe it's been resistant to getting that progress made because we simply have not had enough mass with respect to sustainability and resilience. It's a great opportunity. We're going to be developing plans and I think there plans to be developed in the context of what we need to do as a city, as an as a as a community. But to think about that in a sustainable way and think about that as a resilient city so that we can come up off the turf when those events happen. That are going to happen more readily here in the future. So that's the intent of it. And Eid, and I'm looking forward to answering the questions that have been raised by those individual advocates that are concerned. And this is the beginning of that conversation. Ann and I just will say one thing in terms of what has been our history in the past, and I'm trying to reorient us in the in

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a in an era that I was here before we developed as a professional staff recommendation Luz and then that began the community conversation , Asian community engagement. We call it now. I think we somehow got that inverted and we did community engagement as a blank, as a kind of a whiteboard. And then we developed a program from that. That's not a process that I'm familiar with and I don't think it gets us much benefit because what you end up doing is boiling the ocean and nothing gets done. So how can we be direct? What needs to get done and let's get after it? And there are many things that that have languished because we simply haven't had the right focus. And I'm hoping to get that done over the course of this next fiscal year. >> Thank you for those comments. Manager and certainly appreciate you sharing that this view, these changes as the beginning of a conversation. You know, equity is a value near and dear to my heart and to what I do as a policy maker and one that I know that the ten one era of this council, all of this city's

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chapter has brought to the forefront. We've seen a more equitable pool Austin as a result of the change in representation. Ann. And so I want to make sure that as we move forward as a city, that we continue to prioritize equity and inclusion and, and ensuring that we're having inclusive conversations. >> I mean, I've heard some comments about about me specifically, and I'm not going to say it's a fan club necessarily, but I want want it to just a little bit. I don't like to reflect on my past because, you know, it's hard to do that. But I was born in 52, in Brownsville, Texas, and in Texas, hispanics didn't exactly get a fair shake. And I'm familiar with that. I experienced it myself. My family members experienced it. I remember my dad getting frustrated because he couldn't get promoted, not because what he didn't know enough, because he was named Garza. I'm familiar with that Wright. And I intend to make suhat we focus these three departments in the direction that needs to get done. And when people have

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questions about either my moral compass or my own ethics, I ask them to just make an appointment and let's enter into that conversation. Ann thank you, councilmember harper-madison, thank you for the recognition. >> I'll try to keep it brief. I wanted to just say I'm really appreciative and want to highlight my appreciation for the additional funding for the deck. I think it's critical. Wanted to ask, are there any other council requests that were not included in the general fund? New investments? And if so, what were they? >> I can provide you a breakdown. I would just say yes. There are several. Partially. That's because, the costing on many of them is still under development. But frankly, there are just some that we couldn't afford to fund. But we can provide a, a breakdown of all of the outstanding ifcs in their status. >> That'd be great. I guess q&a is going to be nice and thick and so then, you mentioned 17%

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earlier and I'm curious if you can talk about the historic relations between our reserve funds and our historic fiscal ratings, and how does that relationship look over time? >> Let me step into that. So you know, reserve levels are certainly something that the rating agencies look at, going from 14 to 17% is not going to get us back to triple a rated overnight. Okay. In recent years, we've had two rating agencies, Fitch and Moody have downgraded us. We were one of the few cities in the nation that was triple rated by all three agencies. But as a result of growing pension liabilities, which I've talked about earlier and we've taken aggressive steps to remedy that as a result of those growing pension liability liabilities, but also so specifically in our Fitch downgrade references to the lack of expenditure flexibility that we now have under our a binding fire arbitration that the rating agency viewed that as a significant cost driver for the city that this body the binding

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what arbitration? I'm sorry, fire arbitration, the binding fire arbitration where either the fire or city can ask for a binding arbitration Ann if we can't get to a contractual agreement. But that was specifically referenced, as you know, that's a big cost driver in our general fund and the city council. No longer has control over that cost driver because of the binding arbitration process. So those are the two factors that really were called out in our in our downgrade. But as we look for a way to get back to a triple a rated credit with all three of our rating agencies so that we can get the lowest possible interest rates, you may have heard this this number being talked about 1.8 billion of unissued voter approved bonds. The higher our interest rates, the more money that costs our taxpayer to service that debt over time. And so that's a that's a big number and a potential big savings if we can keep our credit

rating high. And so we're looking for everything we can do to get back to that triple a credit and increasing our reserves isn't

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going to do it on its own. But it's a it's a it's part of what the rating agencies are going to look at. Council member received by them when the cost of borrowing goes up. >> That means when we're trying to scope a project you've got to make adjustments to that project. So that you can fit with the budget. That's why it's important to for those rating the rating agencies and what they say to it. We secure a better interest rate with the with a better credit rating. And also the fact is, is that when we put the 3.5% cap, as was done for by the legislature, that also led to some skepticism by the rating agencies of whether we had the financial wherewithal. We're trying to build the reserve fund up. We're also building up the reserve fund for Austin energy, and we looked at and know we're going to get into the enterprise fund here in a minute. Those were those were not in the shape that we needed them in. Given what our I hate to interruptou, but that leads me to the question. >> What was our rating when we had triple a, like when we were at the top and those rated years, what's the difference between what our reserves are

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now and what they were then? >> Sure. >> Again, that's a question that you can follow up with. I mean, it's just something want. >> Why don't we do the analysis and then come back and talk? >> That'd be great. Appreciate that. And then I have one last question. Our additional, planning staff. So during our most recent housing and planning committee meeting, we worked with city staff to develop this prioritize action chart and a timeline for ldc amendments. I want to know how these additional eight positions within the planning department will impact the current timeline reported by staff for completing the initiated code amendments and will staff be able to expedite those ce amendments? >> Good morning. Council Veronica Briseno assistant city manager over the planning department. So the current plan with the five additional staff and well, I'll preface it with, as you know, working with your you said eight I'm sorry, did it is a total of eight there are three that would make the planning department whole from the separation of planning and

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housing. And then there's an additional five new ftes. So the initial three are to help with that administrative support in the separation of the departments. Initial five are planners as they will be assigned throughout the organization. Ann and was going to preface with absolutely the code amendment process that we've been working closely with the housing and planning committee on, as

well as the full council is our priority and we will continue to expedite Wright those amendments and prioritize with the with the guidance of council, the five positions that they are that this budget has included would include one principal planner and one senior planner for the zoning team, which has been significantly understaffed and has had some some vacancies as well as well as long range planner, one principal planner for long range planning and one senior planner for the code amendment process specifically also. So one senior planner for the code amendment development. So we will be focusing two of those five on code amendments

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and the additional three will go to help the other planning priorities in the department. And of course all of our planning staff is focused on the on the code amendment process. >> Thank you. I really appreciate that. And then my last question is about, salary compression. Ann I'm not sure who's the best person to speak to that. I appreciate the tremendous work that you guys have been placing on raising the minimum wage for city employees, and we can see the immediate impact. I mean, with so many of the roles that we once struggled to hire for. But I keep hearing over and over and over about our staffing shortages. And so this is something that's super important to me, I'd like to say is there a way to measure how we handle the impact? It's that these wage increases have on salary compression. Are we doing a good job? Have we addressed some of our projected compression issues? And I'm particularly interested to know,

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considering we discussed this during our last budget process, how far have we come between that process and this one for salary compression specific quickly. So in January, hr instituted the compression adjustments associate with the move to the \$20 an hour living wage. >> So obviously 15 to \$20 an hour is a 33% increase. We can't afford to give everyone in the city a 33% increase. So they had to pick a spot to kind of fade that compression out to now they could provide a more detailed breakdown. I think it's in the neighborhood of about a \$70,000 a year mark. And so from the living wage up until that spot, they made adjustments to increase salaries and maintain some distance between supervisors and grades. So that was all instituted in January. The funding that council member

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Vella mentioned, that's in this budget is for the annual ization associated with that. You may remember, think here's initial number was \$10 million for the compression. Last year we were able to provide 7.5 million in funding on the dais. We started in January, so we got 75% of the year and now we're adding the next two and a half to get to that \$10 million annual cost. With respect to the move to \$20.80, again,

a nice thing about doing the 4% is we don't drop another pay grade. So the compression issues are much less severe. >> Thank you. I appreciate that . >> Councilmember qadri, then councilmember Allison alter yeah, I'll make it really quick . >> I noticed that I didn't see any funding for the, for the mental health diversion center for the pilot. So I guess my question is just the thought process behind behind that I'm not familiar. >> Oh, sorry. >> Let me. The diversion center is something that the county has

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asked to develop. So it's my understanding that it that the detail of what that's going to be and how it's going to work is in the process of being worked out. What I've indicated to the people that have asked Eid whether the city is going to have dollars to appropriate for th center is I've asked I've indicated to them that that is a in my judgment, a health care cost and it's a health care cost that the county has the complete responsibility for. So in this instance and that they have an agency that they approved their budget, they come forward to them every year to approve a tax rate for central health as well as their budget, and that that source of funding is there. Should they be willing to work with central health to get that done? And then the city is willing to consult, provide professional expertise, how this should work, how should we should cooperate? Because in in the end, it's a public it's part of our public safety function, but don't know that it would be appropriate for us to fund something that we think they're completely capable of doing. %

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>> Great. >> Thank you. >> Councilmember Allison alter. >> Thank you. I just wanted to speak as chair of audit and finance to the reserves. Question we've been talking about it a little bit in, in the committee. My vice chair and I initiated a special project with the auditors to give us a view at what other cities were doing. And I think, you know, for me, I initiated that because I needed more information because it sounded like a lot of extra money to be putting into the reserve. But I would really encourage folks to read that special project report if you haven't read it. I think it is very important to understand the importance of getting to that 17, which is two months worth of reserve. This is not an arbitrary number that our staff picked out and said, oh, we've got this extra money, let's let's scroll it away. It is really an accounting stance

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ordered that is out there. Several of our peer cities are at that or exceeding that level . So, you know, if we are going to have a conversation about the reserve policy, it would just really encourage folks to make sure that they read that special project and digest that the, you know, the ratings of the city is not something that we take lightly. And I will say that ours were downgrades Eid later than other cities

because we had the triple a rating. But in part because of the arbitration Ann issue and the pension issues and the 3.5. And so things that we can do like this reserve, which really is about, you know, not spending money that we don't have, are important for getting us back up to triple a, we have a lot of bond Ed issuances that are out there and the ratings do

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affect things. My hope is that we will reach an agreement with the fire association and perhaps that will also ease some of the pressure on the ratings from the rating organization burns. If we can demonstrate that we can navigate through the binding arbitration with the supreme court rulings. Et cetera. There are there are some different dynamics there. And so I think this is, you know, at this point, absent fully understanding, you know, what we're not funding that. We need to be funding, which we have to have that conversation. I do think that we should take very seriously see this recommendation and would encourage all of you to read thatcial project report that the auditor's office did for myself and the vice chair of finance, councilmember pool. >> Yeah, just to tag on to what my colleague and chair of the audit and finance committee said , I was really glad to see our status in that special audit. It

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was really important. That's our savings account and it's unnecessary reserve for us to have. And I would point to the fact that for me, I don't think that two months of reserves is really that much, but it's what we're aiming for and it's what is considered to be best practice. But when you look at the size of our budget and the fact that there's really little we can control when the economy takes a nosedive, two months could be spent very quickly. So I appreciate having that reserve as a hedge, and I would urge everybody to think about it as as our savings account. Thanks. >> Thank you. As we go into th discussion on enterprise highlights for the public is watching this and wants to follow along on the budget. We have a series of meetings that we're going to be talking work sessions that we're going to be talking about this and you may have heard reference a couple of times to the 26th, the 26th, the way this is going to be done is on July 26, we're going to be

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able to take a deeper dive into the general fund. And then on August 1st, we're going to take a deeper dive into enterprise fund. So this is the first day to have the conversation. I think it's been a it's the way a work session ought to work. We've had a lot of questions and a lot of feedback and also we will see have the opportunity purposefully set up. So that we will have have additional answers and more detailed answers come back to us for the public. Note July 26th and August 1st, for those two different work sessions, they will also begin at 9:00. In addition, you've heard reference to the message I'm sorry,

you've heard to the q&a, you've heard reference to the Q and a number of times that process has already started where council can ask questions and get answers in a public forum. And the Q and a is a living document. It it will continue until a budget is passed. So if

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the public is interested in that , you can also go and look at those. But I'm going to ask the trying to get to that is not an easy thing. Lang and so I'm going to ask the folks from finance, if you would, to if you can right now. And if not, we'll come back later. But give the site so that people can go to that site. And what I'll do, too, is I'll also for those that pay attention to the message board, Ed, which is something that the council is able under the public information act, open meetings law to communicate when we're not in session, we post things on the message board. I will put on the message board that q&a site. But we'll we'll announce it a little bit later in this meeting. And then after the meeting or maybe during the meeting, maybe somebody on my staff will go ahead and put that up there. So with that filibuster on work sessions,

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I'll turn it back to you and mayor and council on the enterprise funds, just so you know, because going to be a little different. >> We've asked in interest of time and because we know your time is valuable, we want to get to your questions. Eric's going to go through this in much more summary fashion so that we hit the highlights and then we can get an opportunity for you guys to ask us questions about the various enterprise funds. So with that, Eric, you're set to go and you've got five minutes convention center. >> We still have one next. The one thing well, a couple of things here, but one, there are decreasing because the city manager instituted a long term vacancy reduction process. It resulted in 30 positions that had been vacant for longer than two years being eliminated. It saved the city \$3 million overall. And it's part of what's driving our success with getting that vacancy rate down. Other than that, convention center is gearing up for their expansion. And we've seen a big recovery in hotel occupancy tax, which

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translates into all the various funds that benefit from that. Austin energy is proposed a 2% rate increase this year, mainly to continue targeting their financial metrics, their on track now to get their reserve funds fully funded by fy 26 and reached their operating fund reserve goal by fy 28. Because fuel prices are expected to decline that 2% increase in rates is only adding about 1% to the typical ratepayers monthly bill for energy on the expenditure side, they'll be adding several positions, but they're all converging of temporary to permanent positions and there will be cost offsets for that. Austin resource

recovery is still emerging from its response to winter storm Mario their expenditures are going down because they had such a large one time expenditure

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this year to respond to that storm. They'll be increasing their rates even though the general fund did give them over \$15 million. That represented 75% of their total spend on winter storm Mario they have a fund balance deficit. They need to make up associated with that other 5 million. That's a big reason for the rate increase is it's about 5.2% to the typical customer. They also have a share of the clean community fee, which is going to increase a little bit for activities like street sweeping because of their normal cost driver trajectory. Aviation. They've seen a big recovery in passenger growth and they're planning their terminal expansion. They have a ramp up in expenditures was associated with both of those and their revenue tends to track that because they bill out to T concessionaires and airlines as . Austin water, you may recall, commission and external review that reported back in January

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about improvements the utility could make to become more resilient. They are proposing a rate increase this year and they're going to use the proceeds from that to target these resiliency improvements they have a real focus on recruiting and retention for their employees and getting some new engineers they have other investments to the system itself to make it more resilient. Now that rate increase is actually the first one since fy 17, and then we decreased rates in fy 18. So that proposed rate for the typical typical customer pardon me, \$83.44. Well it was \$83. Even in fy 17. So you know, over seven years, that's that's very moderate growth. Development services merged with the code compliance department this year . You can sort of see the results of some efficiencies from that where code is objecting it can reduce its

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clean community community fee slightly. There's \$2.5 million in for a study to continue working on process improvements so that we can make make that permitting process faster transport station and public works have merged into one new department. They are not projecting any increase in their transportation user fee. And we also want to point out on this slide that we're transferring out 47 tions from these departments to create a new capital delivery services department. Kerri will get into the capital budget later. But you can see we have a very aggressive ramp up in appropriations over the next several years. And that new department is going to help us deliver it. Watershed protection excuse me, watershed protection is also proposing its first rate increase since fy 17, which will lead to about a 9% jump in their

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revenue. They continue to have creek cleanup costs and they're also going to add 11 positions to work on cleanup and their infrastructure projects. This is finally a summary of pretty much everything we've seen so far in terms of the cost to a typical resident. You know, if we skip down to the bottom line, very moderate increase of 2. We've talked about the fee increases and the respective enterprise departments and we have that that very moderate increase in the property tax bill overall, it's tracking to two to a pretty moderate year for our typical resident. >> Good morning, council Kerri Lang budget officer I am happy to be in front of you all today and I'm just going to take a

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little point of privilege to again thank Eric and the budget and performance team for doing an excellent job while I was out. I appreciate you all so much and I will with that, I will get going with the capital budget highlights. As Eric said, we do have a robust capital budget program and this slide in particular talks about our spending plan. I do want to note that each year for the capital budget, we do show new appropriations in the in the budget process and get those appropriations approved for each fiscal year. The actual appropriations for fiscal year 24 that we're proposing is \$1.8 billion. But as you can see when we look at our spending plan was actually planned to be spent for fiscal year 24, is at 1.6 billion. Austin aviation Austin energy and Austin water continue to be the largest portions of our spending plan. As you as Eric mentioned, the expansion of the airport as well as ongoing work at as well as Austin water

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shows that increase. But you'll also see an increase in in some of our public improvement bond spending, our transportation and mobility in particular is showing some increases. There and so we'll go into a little bit more detail about that over the next couple of slides. This slide in particular wanted to show you all and talk to you all a little bit about some of the history and show how we've been spending historically compared to what we're anticipating over the next five years. Over the last five years or so, we've spent about 922 million on average in capital spending. But when you look forward over the next five years, we're anticipating about a \$2.5 billion average annual spend. Again, we have a number of public improvement bond programs that are being ramped up and we're starting to see the spending, transportation and mobility and primarily, but when you look at those out years, you'll see aviation expansion as well as the convention center. And these are the generational

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projects that the city manager has mentioned in his remarks on things that we're trying to do to make sure that we're doing improve butts to our infrastructure, that will impact us for several years, the team has talked about this slide in several different instances where we talk about an Ed mentioned our authorized but unissued fund balance of 1.6 billion, it will be 1.6 billion after the September 2023 sale. So we want to make sure that we kept this discussion Ann in front of you as we looked at what our active bond programs are doing. And just to give you all a reminder, that 2022 bond that is our housing bond, that was \$350 million. We still have a number of dollars a healthy balance for our transportation and mobility bonds. The 2018 bond was the comprehensive bond that included libraries, parks, things like our public safety areas, transport, Ann and flood mitigation. And so when we look

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at where we are and how we're spending, we want to make sure we keep this in again in the forefront of your mind as you see the increased spending plans over the next couple of years, it's because we're trying to draw down and spend these bond dollars in a meaningful way and get these projects completed. And we will be putting a slide up toward the end of this presentation to show zo Austin finance online website talk about the council budget questions. But there's also a website attached to that that shows our capital delivery and wherour our capital programs and bonds are being our projects are showing some progress. And so you can go there and track data, track what progress we're making and updates on those programs through that website. >> And I'm sorry, councilmember Vila, I'm sorry to interrupt. Just real quick. The 2020 and 2022 are the housing Lang bonds, is that correct?

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>> 2020 and 20? 2020 is the housing 2022 excuse me, is the housing bond. 2020 is transportation? No. Excuse me. Transportation and housing. >> Transportation and housing. >> No. 20. 20. 2460 million is the bike lane and active mobility one. It's butts 2022 is a housing, 22 is housing and 18 had some housing Lang 18 had housing as well. >> Okay. And then the 2020 is a transportation active mobility, transportation and mobility. >> Got it. That one is. >> Yeah. And project connect had also anti-displacement dollars, but that's probably not in this chart. Right. >> The I will have to double check to make sure. I'm not sure . I'll check and make sure and get back with you on that. Thank you. >> Just want to clarify. >> Next slide please. So this is just a quick overview of some of the capital spending highlights for fiscal year 24. Again aviation is beginning their expansion projects and that includes their baggage handling system. This system is

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anticipated to increase the screening capacity at the airport and will increase functionality and security construction is anticipated to begin this fiscal year. So they're just starting that excuse me, in fiscal year 24. Likewise convention center is starting their expansion project in fiscal year 24 Shaw as you all know, in 2019, council approved a 2% increase to the hotel occupancy tax rate, and that is what is used to fund these. This expansion in particular. Austin water, the waller creek walnut creek water treatment expansion. This original bill was in 1977. It's had two major expansions since then. This expansion will increase the current. 75 million gallons per day capacity to 100 million gallons per day for that treatment plant. And then Austin energy, the their 117 million spending plan Ann is for their resiliency program, about 6

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million of that for fiscal year 24. And then the north the new southeast substation for 80. When we look at transportation and public works again the 2016, 2018 and 2020 bond program is the transport, the transportation and mobility programs. That includes a number of projects, Bartz street rehabilitation, urban trail expansion, safe routes to school, sidewalk rehab and new construction, and intersect improvements bikeways and vision zero. So there are a number of different projects included in our transportation and mobility fee. And then when we look at the watershed, the confluence project that that construction began N may of this year, may 2023, an it will restore creek health and functionality fire and ems continue to have their fire and ems stations. The canyon creek is anticipated to start construction with completion in fall of 2024, and then stations one, three and 22.

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Those construction burns are ongoing. They all begin in 2023 and will continue through either this later this year or through the 2024. For those. Three stations. So then as we look at housing and their spending plan, the affordable housing portion of their spending plan includes \$30 million of the 2022 bond dollars and then the housing trust fund anticipates \$16.4 million for displacement prevention in parks and recreation has a number of projects that they will be spending on in this next fiscal year, including their aquatics vision plan, which includes a pool at colony park reconstruction and renovations for gibbons pool. And then in addition to that, the cultural center, the Mexican American cultural center phase two is beginning construction with completion anticipated in fiscal

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year 2025. And then finally, I believe Eric mentioned earlier that the capital rehabilitation fund is fully funded per policy level for fiscal year 24 at 10.5 million. It includes a number of projects across several different departments, including some renovations for Austin public health. Some security improved

Bartz parks and recreation continues to have some improvements in systems mechanical and engineering system assessments, window replacements at Gus Garcia and then library has various projects across their facilities through this capital capital rehabilitation fund. Again, building services. They they manage a number of the projects that will be happening across the city for our our infrastructure and facilities Luz and work very closely with the several departments to make sure that these projects take place in a timely manner. >> And councilmember councilmembers, let me just that's a great presentation, Carrie, just as a kind of a note

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that we need your help on, we stood up a capital delivery department office this year, and one of the things that we've been able to recognize is that when we've done estimates for some projects that it ended up on a bond program, it didn't have nearly enough adequate funding because there wasn't enough preplanning that what needed to be done so that when we committed to the voters that we get a facility completed, we find that we're short, short on funds and we've got to go back and ask for more bonding authority to complete it. So we're going to work with the Ashley part of our capital deliveries to work with departments to make sure that when we do have a bond program, the estimates are done in a rigorous way so that we know exactly what it is that the voters are voting on so that we can deliver that product. We'll work, obviously with the there's a bond oversight committee that will work with et-cetera and the other thing is we mentioned housing bonds. We've already begun. We haven't brought them on board yet. But there's going to be an audit of our housing department in terms of how we

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spend those dollars. And it will be programmatic as well as financial, so that we can understand how all those dollars are used toward bending the cost curve. With respect to affordability, I don't have an answer for you yet, but it seems to me that that's something that's that's needed so that we can at least understand whether we've got the right roadmap to get the work done that needs to get done. Those are just a little bit two things that are related to our capital delivery. >> Thank you, councilmember vela, then councilmember Fuentes and councilmember harper-madison . >> I just wanted to say that I appreciate that those observations and comments about the bonds, thinking back and I hope I'm but remember when we first tried to do the mexican-american cultural center that was vastly under funded and it just took years because at first estimate was off. And then I know we've discussed various public safety projects that got delayed. Administra I think that's a problem for the city from the voters perspective. I think it really becomes an issue because it's like, did we vote for these bonds and wasn't this supposed to be a part of it? And

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people, you know, so I just appreciate those observations and it's definitely something that needs to be addressed. >> Thank you. Councilmember councilmember Fuentes, then councilmember harper-madison and councilmember Ryan alter. Thank you. >> And to build off of councilmember vela's comments, you know, colleagues, I certainly appreciate that the city manager's attention and prioritized action of moving our bond projects as quickly as possible. We know that we have billions of dollars of needs in our city with sidewalk connectivity Katy with having a robust transportation network. So we all have a vested interest to ensure that we're able to deliver these projects in a timely fashion. So austinites can see the improvement in their neighborhoods and so that we can get more projects in the pipeline. Ann and so part of the effort, city manager, that I appreciate your leadership on was the creation of this capital delivery services department can now that, that division is out of the enterprise Luz funding or out of the enterprise department, how is the capital

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services delivery division being funded at this point? >> It's being funded by the project, so it's similar to how how we've managed them prior to it being a department, you the capital delivery department will charge back to the projects that it is supporting. And there is a methodology and allocation that's put in place to establish what those what those charges are. Back to the project. >> Okay. So that work I currently underway. Yes. >> And it's being it's we're funding it the way it was funded before. We've just pulled it out of the department where it was created an office. And it's the same funding mechanism we've used in the past. >> Okay, good. >> And so does that have an impact to the cost of service? >> Yes, it should have all I mean, wouldn't wouldn't think so. >> It should not have an impact because it was calculated in the cost of service when the projects were created. And so as the city manager mentioned, it's just pulling that function out

[11:01:07 AM]

into its own department to better manage the project separately. Okay. >> Thank you, councilmember harper-madison and councilmember Ryan alter. >> Thank you for the recognition. Mayor but the problem with going third after two brilliant colleagues is that they already asked all my questions. And so my questions have been resolved. Thank you. >> It may take brilliance to notice that. So there you go. So three brilliance in a row, then we'll go to councilmember Ryan alter. You've got a lot on your shoulders now. After that, not not very brilliant. Councilmember Allison alter, I have a question regarding dsd. >> Don't know who can take. But really my question is. Well, two questions. First, on the five cent decrease increase or the decrease that we're that that's in your chart, what is the total cost? What does that net out to in terms of how much that fee decrease if we kept it static, how much more would we have?

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>> I don't want to quote you a number off the top of my head. I have one in mind, but I'm not sure it's accurate. I'd rather just get you a response in the q&a. The other thing we have to be careful of, especially now that they're in dsd, dsds very careful with its fee model because we have we can't have our our fees exceed our cost of service. And so when code ran its version of that model for their division, that that's the number that that shot out. So that's why that's part of the reason they're decreasing it. So if you wanted them to keep the money, you might have to have them add expenses to justify it, too.
>> Sure. Well, and that kind of leads to my second question on when was reviewing the a more detailed spreadsheet in the budget dsd is getting for the first time in five years, at least as it's in one table knell a four plus million dollar general fund transfer, although there their fund itself has been

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getting general fund every year. But in in the mid section Ann table it shows basically zeros and then a46. How come? >> Wright yeah, I, I understand what that's confusing. >> So on the one hand they're transferring out to pay us back where we had lended them funding out of reserves. However, there's an annual transfer, so this isn't the first year that may be the incremental increase, but the general fund transfers funding to every year because as I said, they have to be very careful, their cost model. So when we waive fees or they have functions like urban forestry that don't generate revenue through fees, the general fund does a transfer to cover those costs. >> Okay. Well, and it's on page 220, so if y'all could just also, as we get to next week, I would just like to understand why they are getting such a significant general fund transfer when in the previous it had been basically zero zo Ann and backing up and looking at our our enterprise funds as those in theory are supposed to

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be holy contained, right? They're supposed to be separate from the general fund. So what is it? Is it just fee waivers that is driving this? Or why is different than our other think we can get you a detailed answer. >> Here's the my best guess. I bet there are some general fund functions that is doing that. The general fund is obligated to pay for. Got it. And not not our development fees. But we'll go back and verify that and get you a more complete answer. >> That's all I got. >> Thank you. Thank you. Councilmember councilmember Allison alter and then councilmember pool. Thank you. >> A couple of questions. I'm pleased that we are fully funding the capital rehabilitation policy where would we find the list of projects for that capital? >> We have project listed in the past. >> It was in the budget. >> I'll have to check. I'm not

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sure if it's itemized in the budget, but we'll check and if it's not, we'll do a q&a to make sure you have the full list. >> Great. And that policy that, you know, we started to fully implement, I think my first year on council has been really, really critical for us to do the maintenance across the board for a lot of departments. And so I'm really interested though in seeing the specifics there on that. When we do the enterprise size discussion on August first, if we can have watershed protection talk about how this budget aligns with what they're planning for their strategic plan. Rainey to water or I'm not sure exactly what the plan was called, but, want to make sure that we're, we, we've got the fee level at the Wright level to be able to address strategically what they think they need to be doing to protect our watersheds. So I would like that at that

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meeting, I just want to flag for my colleagues that I am somewhat concerned about the rate increase for Austin energy coming Singh so quickly after for the past rate increase. I understand the desire to spread this out over time, but I do have a question of whether we should be waiting on that, at least until next year or until we see if the psa charges are going to go down. I do support doing that over time, but but we did just raise rates substantially there. So I want to look at that more carefully and then does the budget for Austin resource recovery address the air conditioning challenges that we've been experiencing for our drivers? >> I will have to check with R at are you aware? >> Go ahead. >> Yeah, we'll have to check on that. Actually, I started

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thinking about the air conditioning challenge with the fire trucks, which is a fleet issue and they are addressing that, but we'll have to check on that. My O issues, we'll go back. >> We'll double check. But I think the memo or the email saw a thought that was we're down the road to try to get that matter addressed, but we'll get that. >> I knew there was a plan and we had had the discussion last budget, but I think there was some further discussion about maybe that wasn't addressed. And so I just wanted to make sure that if there were capital needed in order to address that challenge Paige you know, given the heat we're having, I wanted to make sure that okay, so I don't need to add anything else to the Q and a, you guys will. We'll check back to me. Okay great. Thank you very much. >> Councilmember pool. >> Thanks. I just wanted to go back a little bit to something that councilmember Vella was saying and had walked off the dais and was coming back. And you were talking about the cadence for the bonds issua. Could could you just catch me up on the piece that I missed? I

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think that was, is basically that we'll pass a bond. >> But then because of, you know, concerns or like, oh well we bonded 20 million and actually it turned out to be 30 million. And so how are we going to fill that gap, you know, and then 12 years later, we're finally, you know, getting the project going. That's been I mean, as a civilian, you know, I noticed that like it's a years ago and now as a council member, I've seen it happen in the district a couple of times. Thankfully, we were able to resolve those with some CEOs. But but just appreciate the identification of that as a problem. And the search for solutions. >> Thanks for bringing that up. I had noticed that, too. I served on two citizen bond review committees at the county level back years ago. And then one for the city. And there was a distinct difference between how the city lined up its bond proposals versus how the county did and the county also turned dirt faster than the city has

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historically. And I think it might be tied up in the fact that the county wouldn't greenlight a bond for a project until it was ready. So for me to have the dirt turn so that they weren't selling the bonds or even going to the community saying that they needed it really far in advance. So and I do think city manager that would be a useful thing for us to look at the methodology and the process there. >> Yeah. >> You know, it's hard for me to hear that the county's doing something better than the city, but the so, but but that that is an issue. That's an issue that I think we do need to address. One of the things just because you're going you will get maybe some political pushback at some point, at least it's my understanding some of our city bond advisory committees, we would make recommendations for what the funding needed to be in order to include more projects. That was just a red line done to say we can only give you this much money. And I've told the staff that were that to happen

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again, we're not that we want to be disrespectful. We're going to simply say when we go to the Austin city council with our recommendation, it's going to be with the funding that's required, not what you're recommending, but something different than what you're recommending, because otherwise what you're ING to end up doing is we're going to approve something and then it's not going to get done. >> So essentially we'll true things up more in advance. >> So there's more understanding and expectation and more accurate understanding in the community what the time will be and the costs involved. I think that's great. Thanks. >> And just a quick follow up comment. My apologies, mayor. The school district, I mean, I think the 2018 bond, they have just about, you know, done. I'm just thinking about the different schools and the renovations and the projects. And that was like \$1 billion bond that they've basically, you know, dropped that billion dollars. And like I said, I'm not sure if they're 100% done, but they're getting pretty close to it. Yeah. Yeah >> Councilmember Fuentes, then the mayor pro tem. >> Yeah, I would just, you know, there are my district is on the outer edge of the city, so I

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interact quite a bit with the county and mobility needs and, and the area and I can tell you there's a lot of needs in the county that have gone unfunded. So I would caution us against using the county's model of how to fund projects. You know, what we want is to ensure that our community see progress and improvements in our neighborhoods while we are actively implementing new strategies to be able to deliver our projects in a timely fashion . I think that, you know, if the if the council would have held back from coming forward with bond projects, we wouldn't see the progress that we're seeing to date, even if it's a little slower. I would want us to focus on how do we iterate, how do we get better and getting the bond projects out the door, you know? Case in point, the 2020 bond, mobility bond that that the mayor pro tem brought forward that had crucial funding for Ross road out in del valley. And that construction Ann we're already seeing progress on that work. And so had we waited and

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said, let's wait till everything is, you know, has a pr with it, we wouldn't be seeing that progress. So I just wanted to add that context, especially for communities that have been long time under, invested in long time neglected that we're trying to make whole these bonds truly matter and make a difference. >> Mayor pro tem, I've got to jump on the bond bandwagon. >> I'm loving this conversation . We had a presentation a couple of months ago at the mobility committee trying to look at our bonds most specifically around transportation. But obviously there's a lot of other needs that are being covered by voter approved bonds. And I was surprised to learn there were some from 2006 that hadn't gotten out the door yet. I keep hearing about the east 51st street project. I don't know if that's one that you're referencing. Councilmember Vella, but people are very excited about that. Think that one came from 2012. The trail the white oak hill to Barton creek is something that my district cares a lot about and is it's hit snags along the way

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that are no fault of the transportation planners the folks trying to get that project completed. But the cost does go up and it gets harder and harder to fulfill some of these projects. We also have started seeing some questions about how our increase in minimum wage affects our contracts, and I think that's something that the city manager was pointing to earlier about the need to make sure that as we expect our contracts to fulfill the needs of minimum wage, that that affects the bottom line of some of the bids that have gone out in years past. But I want to end by kind of mentioning that even though we have really, really high profile bonds that people are very excited about, we sometimes even have to do code amendments and make sure they're getting through the permitting process quickly. And so I think that's something that maybe other entities, depending on where they're located, may not necessarily have to, you know, go through our development services process. And so I'm excited. That's something that the

mayor and manager have identified and are working through. But I also wanted to make sure I flagged before we move on to other topics that I

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had brought up earlier, the, the ftes list. I know Paige 618 has a really, really good summary personnel chart of like which ftes are in which sections. So you can kind of follow the math of if they're being moved from one department and moved into another one, you can kind of follow that paper trail. But I wasn't sure if there's a more concise method of understanding exactly where those moving parts are. >> That Paige again, 618, it's called the personnel summary and it's a really good list. >> Let me see if I still have it open. I moved my window somewhere along the way to look at something else, but it goes through general fund, full time employees or full time positions, at least enterprise funds, internal services, special revenue and grants. So it's a really easy way of tracking Lang you know, where positions have gone like the code department has been moved within development services. There's some going on with capital delivery. And so they don't always add up exactly. But it kind of gives you a good

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picture of if something's been zeroed out, it probably got moved somewhere else, but it does flag them into exactly which fund they're coming out of. So I found that summary to be helpful. But it might need a little bit more clarification on that on that topic before we get to voting. >> Thank you, mayor pro tem councilmember Ryan alter completely unrelated to bonds. >> I just wanted to ask the manager kind of in the vein of the conversation we had yesterday related to homelessness, as you talked about, about the dollar not being the performance metric. Wright just just investing isn't doesn't mean success. And so, what I am curious about is kind of how we are, are pointing these investments towards goals Wright you know, what are we, how are we going to measure the success of this budget? >> Wright well mean think every department ought to have a set of performance metrics that's so those investments are driving

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toward a an outcome. Ann and, and to the degree that we those metrics are fuzzy, we need to be more concrete and more specific. And then we need to through the, you know, the oversight function that the council plays, which is vital, which in a day we used to go before audit and finance and work through the metrics of each department, we would do them all at the same time, but we would do those methodically because then departments understood that, you know, they were being measured against that standard. Eid I some somewhere along the way, I don't think we've been as, as we haven't focused enough attention on that. So I think we want to try to focus more attention on that during this course of this next fiscal year. The second thing I'd say when you have these major programs, Luz, for instance,

housing homeless as an outsider looking in, it looked to me that the measurement of success was the dollars that we secured dollars for some function and thought we always had. We had insufficient

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knowledge to know what is it that caused homelessness. Why were we when we spent this kind of money? What was the expectation that it would bend the curve with the number of people that experienced homelessness? I never saw reports about that, but I think we need to get better about working on that with respect to housing, what are really the elements that cause a problem with affordability? And Reynolds subsidies and all the like are important, but what component do they play in the overall exercise to make this city more affordable? That again, is going to get part of a study so we can understand that. And then we know the Lang we're in and that's where we make investments and we know that there are other either the private not for profits that are playing in that space that can help us or the private sector can help us. So we just need to figure out the role for each and not necessarily only send the signal to the entire community that we can solve all these problems on our own. Yeah well, I think it would be really helpful if departments do have what they

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believe these additional investments will help them with. >> For instance, let's Leslie Wright the amount the review time is six months and we think with this additional investment we're going to get it to five months or, you know, pick your department Wright just just so we know kind of what we're buying here. And then when we come back in a year to review, we can see how we did. I think and you pick one of the things that I've that I've mentioned to the direct and some of the employees is they should see themselves as a key component. >> If of a of a review process that adds additional housing units to our community. They are part of the affordability equation and to the degree that they see themselves as trying to bend the curve with respect to that, that that takes them out of the regulatory mode. And then I'm in the business of moving projects through my system or through their system so that we can get multifamily or single family out done faster or office

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buildings. The case may be, and think sometimes we it just it's changing the lens of how they see their jobs, the capital delivery. They they are not just building libraries and they're building a great city and they need to think of themselves in that. I'm contributing to a great city and what it and the livability of that city. So it's to take that kind of ownership and that's we just need to change that attitude and think the last comment I'd make is builds on what you said in terms of kind of picking our lane. >> Yeah, some of our lane will be within the city structure, but some of our lane is, is to your point, the discussion of

the county Wright some of the things the county's jobs. And so the degree to which we can have that regional buy in Wright. I know we'll just continue those conversations. >> Ed but more to come on metrics, we'll definitely do that. >> Could I just take a quick moment for just Ed here, just a little bit of shameless marketing on this topic because a lot of you on the dais will remember what we called strategic direction 2023. That was the first released to any of our memories. That was the first

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organizational strategic plan that's been put in place for this organization, individual departments and individual projects had had plans, but we didn't have one as a city, and it was a great first start, but it wasn't perfect and the city auditor's office recently did an audit about str 23, made a lot of great recommendations about you know, recommendations about how we set goals, how we monitor progress, how we report on that , and how we incorporate it into our budget process, how we follow up and hold ourselves accountable for results. And we're really excited by it. We're implementing all of those changes, you know, 23 rounded out that last budget cycle. And so we're in a transition process right now. You'll see a little bit of this in this document, but when you look when we get to next year, when you get to the fiscal year 25 budget, we've already started working on all this. But certainly by 25, I think you're going to see a budget document where that that connects Ann between organizational goals and performance and how we're budgeting and how we're improving is going to be much clearer in the next budget as we

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as we fully implement those audit recommendations. >> Great. Thank you. >> We're done. >> Would you all like to close? >> Sure. Just to reiterate that we will be back before you on Tuesday to talk about to do a deep dive into the general fund and general fund departments will be here. We'll be talking about the budget, some more detail of what's included. We've heard your comments and your questions. And we will make sure to incorporate some of those responses and then we'll come back on August 1st with the enterprise departments where we'll do the same kind of deep dive for those enterprise departments. I believe we have a slide that shows the website that is available if not, we'll get that up very quickly as soon as possible so that you all can see. >> So again, okay, that website has been emailed, the website has been emailed, we will make sure we do some community Ann so that the public is aware of, of

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course of what those websites are so they can see the council budget questions, so they can see the capital projects website as well as on Austin finance online, the proposed budget. >> If they have not

seen that it is available electronically online. My staff and I are happy to work with you through these next several weeks, along with the city manager and the city departments to get us to the end game of August 16th, where we will be where you all will be approving the fiscal year 24 budget. And with that, that is all that we have from the financial services department. >> Great. Thank you. And I'll mention that on the message board, I've put the link for the Q and a if anybody wants to do that and or my staff has put the link. So if anybody, if any member of the public wants to do that by looking at the questions and answers that council members have are asking and what the answers are, did you have your hand up? All right, councilmember alter mayor, I

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just wanted to ask if you could clarify the timing for the public hearing portions that are coming up. Don't have that right in front of me, but the on the first yeah, the first we have that ill be at 10:00 is my, my memory. We tried to schedule this so that people that might not be able to be available at 10:00 would be able to be available in the afternoon. So on the first it's at 3:00. So so we try to create a morning and an afternoon again to be convenient to the public. The you can just because it's a general fund topic on the 26th doesn't mean you can't talk about enterprise funds. It is to allow people to give input on any pect of the budget on the first Eid it is my memory is that on the first we are also going to be is it the first that

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we vote on the maximum tax rate ? Yes on August 1st? We're also voting on the maximum tax rate. The law requires that there be a specific public hearing for that at that doesn't mean you can't talk about other things, but that's why we've set it on the first that is set for 3:00. We will have a public hearing on the maximum tax rate, but also allow for comment. Even if you don't want to talk about the tax rate, that will be part and parcel of what we do at 3:00 with regard to anything in the budget. So let me say that again. July 26th at 10:00, public, there will be a public comment period. We'll start with a public comment period on July 26th as to any part of the budget on August first at 3:00, we will have a public hearing on the maximum tax rate and any

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public comment that someone wants to provide with regard to the budget overall that help. All right, councilmember Fuentes, thank you. >> And just wanted to provide some comments to staff for next week's presentation. Burns. What I'm hoping to get a deeper dive on is the housing and planning budget and to talk through what those investments look like. So know Kerri you mentioned or maybe it was Briseno. You mentioned Ed the division of roles within the planning department and the focus on the

land development code update. So just think having a focused conversation on housing and planning, I specifically want to hear more about our anti-displacement initiatives and what we're doing to help austinians stay in their homes. Also wanted to have a focused conversation on childcare and what we're doing on that end. So just wanted to flag those two big ticket items for discussion. >> Thank you. One other thing

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want to make sure was clear about is when I said that on August 1st, the public comment would be the hearing and the public comment would be at 3:00 PM the meeting will start at ten. We will have the meeting begin at ten. But we wanted to give people an opportunity if they were not available in the morning Lang they could talk to us in the afternoon and so we set a date for that. If they can't talk to us in the afternoon, they can come in the morning. We wanted to set a date for that. So I anticipate Burt that on the first we will probably be done and have to take a recess and come back at 3:00 for that public hearing and public comment. And after the public hearing, we will vote on the maximum tax rate because we're not going to vote on that before we have the public hearing. All righty. Without objection, the by the way, very good work session and thank you

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to the staff. Very collaborative work session. Thank you to the manager and the staff with regard to all we've heard today and with that objection, the city council is adjourned. It's 11:27 A.M. Thanks, everybody.