

City Council Work Session Transcript – 4/16/2024

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We are a-t-x-n the City of Austin's Government Access Channel to order the city council work session for the city council of Austin, Texas, it is Tuesday, April 16th, 2024 at 9:00 am. We are meeting in the Austin city council chambers located at city hall, which is 301 west second street in Austin, Texas, this is a work session, and what we're going to do is we're going to

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going to do is we're going to the order that will go in today will be the two briefings. And then we have, some pulled items so that that are, council items of interest that we will get briefings on and discussion. And then we have some executive session items. We will go into executive session after the briefings and the discussion on the pulled items. The first briefing item is a briefing on Austin's five year financial forecast and economic outlook. And I will turn it over to the city manager. >> Yeah. Thank you, mayor, you know, as as we begin the day, it's, today is the beginning of presenting the financial forecast to begin the budget process for fiscal year 25. And the forecast will take us through 29. So you'll be able to see what the revenues and expenditures look like over the next five years. It sets the foundation for our budget and is a starting point for your budget process, it's intended to it's intended to give you a guide, the guiding principles in terms of how you develop the budget. And in a moment, I'll be turning it over to Carrie Lang and Ed Benigno, they'll be working hard

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Benigno, they'll be working hard over the next few months, along with our budget staff, to prepare this budget, which will get delivered to you in about mid-july. I'll be watching it on atx and, and looking to see what, kind of the presentation looks like, it's a very different forecast than we had from last year. What you'll see today is a budget deficit resulting, throughout the forecast period as a result of economic changes that we are experiencing this change, this change in the fiscal environment requires us to have fiscal discipline so that we can maintain solid finances in this organization, sales tax, as we

mentioned to you, in the midyear, the sales tax remains to be a challenge for us as, and that the additional complication is the 3.5, cap that we are all subject to. Inflationary pressures are impacting cost across the organization, including the enterprise departments and our capital. Capital spend the same inflationary pressures have resulted in a slower development and as a result, the development services fund has, experienced

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services fund has, experienced challenges as well. The utilities, the financial viability of our utilities continues to be a focus throughout the forecast period. And this body will be asked to be making some very tough decisions that impact Austin energy and the general fund for the foreseeable future. So the assumptions, the baseline forecast, we recognize the need to remain marketable, marketable in terms of employment in a very tight employment market. And as a result, we've included, wage increases for civilian employees and increase to the living wage at the it's part of, council's existing policy. In addition, we've included, sworn wage increases for ems, fire arbitration award and the anticipated police contract. There's a deficit, as you will see, in just a few minutes, the anticipated deficit will limit our opportunity to fund any new initiatives, program enhancements or additional staff, although we are required. Although we may be required to propose reductions in this

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propose reductions in this budget process, we'll also include the department's unfunded needs will allow the staff to provide this body with a full understanding of the funding opportunities, should additional dollars be identified. Let me just make a couple of points about this, one of the things that's related, that we talked about over the last few months has been the underinvestment in our facilities. We have a long list of unmet needs with our, facility management that needs to be that we need dollars for you experience that with the, the maintenance yard out there off of pleasant valley where we showed that it was in poor condition. Well, that's just an example of other, other facilities that we are in need of investing and will be able to provide the council at some point in the future what that roadmap looks like in conclusion. In conclusion, it's important to recognize the challenges ahead as we navigate the financial waters and transparency will be our guiding principles. And, over the next several months, you're going to have a lot of fun going through the budget process. This is the most important document that

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most important document that you, evaluate and adopt for us. And we take it seriously, but we want to make sure that we answer the community's questions as well as yours as we go into the future. And

with that, let me turn it over to the financial staff. >> Good morning, mayor and council. Kerri Lang, budget officer with the financial services department. >> Miss Lang, I'm going to ask you to pull that microphone close to your face. >> Is that better? >> That's a lot better. Perfect >> Thank you, again, Kerri Lang, budget officer with the financial services department, before we dive into the financial forecast for the city, we have John Hockenjos here. You all are very familiar with John. He's going to give an economic outlook for, based on the reporting that he has done and provide us some, some insight on, what we are forecasting or what he is forecasting for the region, with that, I'll just turn it over to John. >> Or should I wait for council member to get on back up there? >> Go, go for it. He can walk and talk. Listen at the same

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and talk. Listen at the same time. >> Yeah. See if we can walk and chew gum at the same time. Mayor. Members of council, once again, thanks very much for having me here. I appreciate appreciate the opportunity to do this every year. And, in particular at a time like this where there are these interesting crosscurrents going on which city manager referred to. So the way this typically is done, we'll do it this way this year is I'm going to end with my view on sales tax. But to get to that place, I'm going to give you some contextual thoughts on both the national economy and international economy, how it translates down to central Texas, to the city of Austin, and then how I think it translates in terms to of a very important part, obviously, of your overall budgeting process. And that's the outlook for sales tax. So the presentation has some words in it. Lots of pictures. I promise. No equations, I will make it a little bit more consumable. And as I said we always start really at the top. Now I'm kind of a glass half empty guy. So I've been saying a recession, a recession. Well, it hasn't

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recession. Well, it hasn't happened. And in fact, the national economy continues to grow at a relatively rapid pace. The thing that's really top of mind for most people, most businesses and individuals out there in the world is inflation. It's better than it was, but it's stubborn and it continues to be stubborn. Most of that really in my opinion, can be traced back to two things. One, and this is a little bit in reverse order. We are still having some global supply issues. It's still challenging to get a full range of goods to markets situation in Baltimore certainly didn't help that any, and then beyond that we are short workers. We are short workers, certainly in central Texas. We are short workers all across the United States. That puts upward pressure on wages. Well, obviously for individuals, that's good, because there's been a long time when economic growth, the benefits of economic growth really weren't fully distributed to wage earners. But the implications, at least in the short run, are it has some upward impact on prices. Not surprisingly, as inflation has been stubborn, our good friends

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been stubborn, our good friends at the fed have continued to raise interest rates. I mean, 525 basis points is a fancy way of saying over five percentage points every body says cuts are coming. But the question is when now my observation has been that we if are lucky, may get one cut in 2024. And the reason for that is in part because inflation is a little bit stubborn, but also, at least historically, the fed has been quite sensitive about the idea of putting their thumb on the scale during an election year, and you get past about the 4th of July. They're going to feel pretty nervous about taking action that could be cast as having political implications. So I would say if we'll be lucky, we'll get one cut this year, probably more next year. But needless to say, I mean, articles abound about how expensive the money is out there. You know the phrase we're using a lot these days is no project pencils at 8. It just doesn't work when the money is that expensive and you see articles. I think even out as

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articles. I think even out as recently as today about homeowners being essentially trapped, stuck, locked in, whatever you want to call it. Folks have got such attractive mortgages that if they were to go and sell their home and in by extension, an increase the supply of housing out there, they're going to find themselves in an awful position. They can't afford to buy a new one because of the price of the money is going to be about twice as high. So that's all a consideration. You know, I mentioned capital availability. One of the things that as the money has gotten more expensive, expensive underwriting requirements have changed as well. People on project finance are asking for greater evidence of equity. You're looking at higher ratios. Commercial real estate is in real trouble. Specifically office. I mean, it's hard to hear that when you look out the window and you see cranes everywhere, you look. All those projects were financed a couple years ago going forward, it's going to be very, very tight. And of course, you know, we see the headline news, obviously, that Tesla laid off about 10% of their workforce. They did not

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their workforce. They did not give us specifics around whether it's going to be proportionate or disproportionate in central Texas. Assuming it's proportionate. That's around 2200 people for frame of reference. When they came, they committed to creating at least 5000 jobs. If they lose 2200, they'll be slightly over 20,000 jobs. So yes, it's unfortunate and particularly unfortunate for all those individuals who have lost their jobs. On the other hand, there at forex, what they committed to on the very same day that's announced that through the chips act, Samsung is getting a little over \$6 billion. That marries up with them, committing to invest \$40 billion in the Austin area, not in Austin, up in Williamson county, according to the white house. That creates 21,000 more jobs. So our production side of the economy is in pretty good, pretty good shape moving forward. So the longer form factors and we'll get into all this again, I said it before global supply issues still a

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global supply issues still a factor. We're still having challenges. Certainly conflicts overseas make that more challenging. It's obviously the Middle East is a challenge. The ongoing problems in Ukraine have a real have real implications on global supply. But I think the most significant variable as we look out into the distance is labor force. And some of that is about people's willing to participate. Some of it is about resolving our immigration issues. Every single economist you would talk to would tell you we desperately need a guest worker program so far politically, that doesn't appear to be viable. And so we struggle to have enough workers to do the jobs we need to get done. So some pictures to illustrate all this I, I personally like to look at the national economy simply on a 12 month change basis. I'm not super enamored of the way the commerce department does seasonal adjustments, and that is not a conversation you want to have with normal human beings, because they will instantly look away and try to walk away from you. Just trust me. I'm not crazy about it, but

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me. I'm not crazy about it, but but 12 month change is pretty clear. How did we look in the fourth quarter of 23, for example, here, compared to the fourth quarter of 22, well up 3. That's pretty good. And you see it's consistently positive. This has defied expectations. Expectations were that this would tip negative at some point. Part of the reason why things are going relatively well is compensation is rising. And these are two different series here. One is wages and salaries. One is benefits. This is the growth rate in these things. So you see really post pandemic you've had a very strong upsurge in compensation. It's the growth rate is tapering off a little bit. But as of right now it's probably ahead of the rate of inflation. And so if you are a person working a wage a wage job where you're getting paid by the hour, that's a good thing. That's good news for you. And inflation has calmed down again, this is 12 month percentage change. This chart was made a little bit a while ago. The most

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little bit a while ago. The most recent number was a little bit higher than this, but it's moving along in that sort of 3% range there relatively consistently. But this is the one I keep talking about. This is labor force participation Ann as a share of the overall civilian population. What matters is the trend, the sharp drop there is covid obviously. And you see it's come back, but we're still not back to where we were prior to covid. This is the one that I'm paying attention to because we really do need more workers. And just to bring it locally to sort of, you know, what does it mean here in river city? How many of your favorite restaurants aren't open on Mondays anymore? And maybe two days, and maybe not for dinner on Sundays because they can't find workers. They could find some people. They can't find enough workers to justify being open. That's what's that's a real world implication of this. So having said that,

this is interesting too. This is an index of consumer expectations of folks up at the university of Michigan. Do are things are improving and have been

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improving and have been improving really since last fall. This is a hidden story that doesn't get a lot of media attention, but people's outlooks are definitely headed in the right direction now, you know, pretty bad, for a while. There are certainly very negative. Through last year, I would suggest this is directly correlated with people's perceptions of prices and inflation. So when inflation is really high, people's outlooks are really poor as inflation begins to feel slightly better, at least growing not as rapidly as it was, people start to feel a little bit better. And this is consistent also with most people who want a job have one. So the conference board is a group that does projections you can get as much eye strain on this as you want. The bottom line here is, and I agree with most of this, inflation is going to get better. We're not going to go into a deep recession. Lack of workers I keep harping on this keeps unemployment relatively low and interest rates peak last year. And then will fall. When to be determined. So how does it translate to Austin? Well, the

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translate to Austin? Well, the first three bullet points I replicated from the national thing because they all directly apply, having said with one one additional thing on that right now in Austin, our real estate market is this interesting kind of bifurcation. Yes, office is having real problems. Yes. We don't have enough single family homes for sale. We aren't building enough single family homes. But on the real estate side, industrial space, doing very, very well, lodging doing very, very well. Entertainment is still good, at least for now. So you have a separation in the real estate market here, that's pretty interesting to pay attention to on. Again, sort of tack back a little bit to the Tesla story. The Tesla story is indicative of what lots of technology companies, particularly platform. Technology companies, did. They overhired in the pandemic. They looked at what was going on in their world right then. Remember

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their world right then. Remember the days when we all sat there like this all day? Because there wasn't anything else to do, and they overhired there is some rightsizing going on around that. In Tesla's case, they're right sizing around the fact that demand for electric vehicles has stagnated, and there are lots of reasons for that, not the least of which is and something that there's a whole separate conversation. We have challenges right now meeting the demand for electricity overall. So Tesla has ramped up rapidly, pulling back a little bit. That's pretty consistent with what a lot of other technology companies are doing right now. One of the other things that's happening is we are about to have too much multifamily

housing in the city of Austin, and that's partly because, again, we've had all these projects funded in the past. Once you get to a certain point in the cycle of a project, you've got to go forward. You can't back out. And we've got I'm positive we have a number of people out there, said, god, if I could only just take the wayback machine a little bit, I wouldn't do this deal. There committed. That's going to

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committed. That's going to create an oversupply. We're already seeing that. We are already seeing rents coming down from extraordinary highs and occupancy beginning to fall. All this comes together and consumer spending in Austin is beginning to slow down, at least in terms of growth. So here's our job change. This is again for this, the five county area metropolitan statistical area, Caldwell, bastrop, hays, Travis and Williamson counties, you know, exceptional growth in the wake of the pandemic and really exceptional growth is far back as history could see. I I have been skeptical for a long time that we could sustain growth rates in the high threes and fours, just because of the ability to have enough people to do it. Well, guess what? Everybody in their pool decided to move to Austin as you all may have noticed somewhere along the way, and so with new workers coming in with in-migration, we had the capacity to find people to do jobs. That's certainly been the case post pandemic. And you can see that in the job

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you can see that in the job growth numbers there. But unemployment is beginning to tick up now. Again, frame of reference. And this is city of Austin, full employment traditionally is considered three and a half, 4. There's always friction in the market. People looking for new jobs, people for whatever reason, pausing out. So we're still at pretty close to full employment. There was a time when these numbers actually dipped below 1, which meant literally, if you could fog a mirror, you could get a job and so then this is the actual job growth on a five year basis and a one year basis by these major categories. You see, it's pretty strong all the way across the board, very strong actually. Information, which is a relatively small piece of the of the picture over there in the last year, slowed down a little bit, but grew tremendously over five years. So it's been broad across the board growth here throughout the msa. And then you start talking about housing prices. Behr is board of

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housing prices. Behr is board of realtors. I had to kind of squeeze it in to get the headline to fit. And this is the median, not the average, but the median, the midpoint price done in thousands. This is taking a snapshot from February. Each one of these years. You see the extraordinary ramp up through covid. And now it's begun to back off a little bit. So the median price is actually down about \$30,000 from where it was two years ago. And same story with the average price again down \$25,000. Averages get skewed by

some guy selling a \$10 million house that'll skew the averages a little bit. The median is a little bit more accurate, but all of this sort of tells the same story. And then months of available housing supply. Again, look at 22, 3/10 of a month I guess that's what ten days Massimino's. I mean, and now we're up to three months again for a frame of reference, historically, folks over at the Texas A&M real estate research

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Texas A&M real estate research center considered six months supply the sign of a balanced market. So we're still well below that. But the trend is getting a little bit looser. You may actually not get into a bidding war to try to buy a house in Austin. These days, this is the apartment vacancy rate in the city, pushing toward 10, up from a little over 7.5% first quarter of 22. So again, it's beginning to rise. And this is this is millions of square feet. Net office absorption essentially negative for the last four years since the pandemic. Yes we had a positive year in 22. But you roll all that together and it's essentially negative. And that's why it's not surprising. The vacancy rate right now for office is at 23, as compared to less than ten prior to the pandemic, but sorry, too far. And so the job forecast again you know, I put these paltry numbers up there in comparison

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numbers up there in comparison to the recent past. But the combination of slower economic growth, certainly on a national basis. And, you know, relatively a slowdown in in-migration makes me think we're going to have relatively slow job growth in the msa. Things like Samsung definitely help, but it's all not going to happen in the next year. It's all not going to happen in the next two years. That's a ramp up process for them as they invest that \$40 billion. It's interesting that we have gone back as a community for a while. Back when dinosaurs roamed the Earth, we were hard tech, right? We had Dell, we had IBM. We actually made things. And then we went to soft tech where we marshaled ideas and added value on platforms. We're still doing some of that, but now we're going back to making things again, which is pretty great. I mean, in part because it creates employment opportunities for people who don't necessarily have four year degrees. But having said all that, I think you've got to be looking at relatively modest job growth for the next couple of

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growth for the next couple of years. And I think specifically, again, you can drill into it. I think what job growth you see is going to be somewhat on the production side of the economy and somewhat business and professional services is now intertwined with production. So you see some of that as well. Again specific detail on individual employment sectors. So let's talk about sales tax. Again I rolled it together by quarter. And then I just took the 12 month change. And that's the trend. That's pretty clear. Now I

understand. And I think it was literally yesterday we got some new numbers in and they're pretty good. I think by the time you stripped out one time payments and adjustments and all that up a little, about 5.5, that's a positive thing that may help pull up this year's number a little, but this stuff is volatile. It moves around on a month to month basis, in part because you do get one time adjustments or somebody protest gets settled or what have you, or somebody pays late or some, you know, there are some factors

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you know, there are some factors in there. You look at this trend, it's pretty clear now growth in sales tax in the 20s, extraordinary help growth in the teens is extraordinary. So normally you would expect this if things were going well kind of in the six 7% range. So we've shoved a lot of growth into the last couple of years. It's beginning to slow down pretty sharply and one of the things I changed this some I used to historically look a lot at the relationship between job growth and sales tax. That kind of got thrown out the window during the pandemic, and it tends to get thrown out the window when you're in periods of high inflation. Because all other things aside, high inflation raises prices. Higher prices means more sales tax revenue. So that's the silver lining. If you're a municipality or if you're the state of Texas, bad for consumers, but it's good for public sector bodies. I actually think where you're back to this relationship having some meaning again, and that's part of the reason, as I see slower job

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reason, as I see slower job growth, I see slower sales tax growth, I'm a little more negative than city staff. That is not the first time that has happened, it's not always the case. Sometimes I'm a little more positive. I don't think we are far apart in terms of how we see it, but my expectation is that you would see about a \$10 million decline for fiscal year 24 compared to fiscal year 23. And then essentially hold steady for fiscal year 25. And so, in conclusion, here are the significant factors kind of condensed down into a few bullet points. Inflation bolstered sales tax revenue got huge project finance challenges and slow demand. That all adds up to we've seen the construction. We're going to see an office for a while, and we haven't even talked yet about whether or not hybrid working is permanent. I believe it is. I do believe people do want to see folks back in the office, but I think for at least on the private sector side, most people are able to

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side, most people are able to negotiate. Let me work from home on Monday, let me work from home on Friday. I'll come in on that constrains demand a little bit. When I say recession hitting the tech sector, I'm specifically talking about the platform companies and to some degree, obviously, Tesla. There is

continued manufacturing job growth from major projects. Tourism here remains solid. You know, if we could just get an eclipse every year, that would be really a nice little bounce, and then we worry about labor force. And over the long term, it's really about capacity. That's the dirty little secret of economic forecasting. Short term is about demand. Long term is about capacity. And so what's our capacity as a community? As a region to accommodate the talent, we're going to need to continue to grow. And all those things have an impact on that. And then related to that, obviously, is continued growth in our primary job sector. Primary meaning folks who export their products or their services away from central Texas. That's a lot. In a short period of time, I've

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a short period of time, I've been told not to be my normal verbal, verbose, chatty self. And so with that, I'll take any questions. >> Members, if you have questions or comments, we'll do it the old fashioned way because for some reason this is not working today. To tell me if you sign up. So if you if you've done that. So I'll start with the mayor pro tem and I'll just make sure I get everybody. >> Mr. Hawkins, it's always good to see you. You too, thanks for the really insightful presentation. I just had a question about when do you think that the numbers on job force increasing? Because people know there's a lot of work happening here. And if we continue the trend that was in the in that one slide that you had, that was transportation and infrastructure growing, which was like 289 or something like that. When do you see those numbers and those people coming here or coming here? And then the need for housing kind of melding, because if there's a fall off or an oversupply of

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fall off or an oversupply of apartments, for example, eventually that's got to kind of shift and blend. >> I think. Let me see if I can give you some. I think implicit in what you said is a good point, which is the word gets out that Samsung is hiring. You'll see guys show up from all over the place right. You'll see people coming in and they will actually help consume some of that oversupply on multifamily. So I'm not so worried about multifamily. Single family is the issue right now. And then part of the reason being is what we talked a little bit about earlier on is so many people in Austin right now have mortgages in the twos and the threes that they can't let go of them. And because of that, it's this chicken and egg problem. Prices haven't dropped enough. Where okay, I'll eat the 6 or 7% mortgage because the price of the house went down \$200,000, or buy something at the same price. >> Right. >> But smaller or and that's the other thing. Construction costs. I'm involved in a lot of different stuff right now around development, not here in Austin,

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development, not here in Austin, but in other places. Cost of construction is eye watering and it's just really, really expensive, in part because of higher wages, higher interest costs and inflation. All those things come together to drive up the price per square foot. We're looking at some higher education, construction up in the Dallas Fort Worth area right now, 1200 bucks a square foot, 1,200 usd. Right. And we're doing everything we can to whittle it down to 1050. Wow. That's where that's at. So that creates a challenge, right? As we're going forward. But I think you've implicitly made a good point, which is as the word gets out about these projects, I mean, that's national. It's international news about Samsung. People will show up and want to work either to help build the facilities or ultimately to take the jobs at the plant. Thank you. You bet. >> Thank you. Mayor pro tem, other questions or comments for Mr. Hockenos. We appreciate you. Thank you. >> Good to see you all.

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>> Good to see you all. >> Thanks. That comment that you made about people that are working on multifamily that are saying, I wish it I wasn't this far along. Now I because what I took away from that was our permitting process was so efficient that it's put them in a in a bind, but but that may just be me. That may just be me. So thank you, Mr. Hawkins. We appreciate, all the work you do for our community, not just here today. So thank you. Thank you. You bet. >> I'm sorry. That's all right. >> I didn't know what you were doing. It's all right. Alright. It's all yours. >> So thank you all, and before I get started, I think I have to, and I want to. >> I want to ask you again, and I apologize for interrupting you, but is that better? That is better. >> Okay, so before I get started with the presentation, I do want to first thank, the financial services staff, the budget team

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services staff, the budget team in particular, and the department's, because all this information that you see here is a show of the work that has been happening across the city. So the financial staff across the city have worked really hard to help us prepare this. And I want to thank them in advance of giving the presentation. Often when we think about the financial forecast, there are several items that we want to discuss today, in in addition to looking at, financial update for this fiscal year, we'll talk about the budget timeline, and give you all a refresher on what items or what what dates we are going to be coming back to you all for discussion. The citywide cost drivers that we are assuming for this forecast period that affect both general fund and enterprise funds, then we'll do a deep dive into the general fund forecast. We'll talk about our enterprise departments and then give a capital improvements program highlight and then finishing up with some policy discussion. So jumping right in I wanted to kind of have a have a

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kind of have a have a conversation about our fiscal year 24 general fund estimate. When we visited you all in February, we talked about the potential revenue shortfall, primarily based on the sales tax revenue trends that we were seeing. We are projecting a \$3.8 million shortfall for this year. Based on those the most recent updates that we've received, sales tax remains, flat through five months of collection. We anticipate that will result in a \$16.9 million, less revenue than budget for our sales tax. But then we have other revenue that is showing some increased interest earnings at 9.8 million above budget. As John mentioned, rates are still high. The federal rates are still high. We are watching really closely to see when those rates, or when the federal reserve will give guidance on those cuts and then property tax and other fees are showing slightly higher than budgeted, and so we are we are anticipating that those revenues

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anticipating that those revenues will be about \$6 million higher than what we've budgeted. And then again, finally, franchise fees will be less than budgeted at 4.6 million due to you know, the warmer winter, lower natural gas costs that we've experienced . Looking at our 24, estimate for expenditures, our general fund departments are anticipated at this time to come in at budget. They are seeing the inflationary pressures that many of us are facing. They are seeing it in the cost of their contractual and commodity expenses. And so among that, as well as the implement implementation of the citywide markets, we feel like the departments will come in right at budget, they are realizing less vacancy savings. And we included the vacancy report updated vacancy report in the financial forecast report. We've had very successful hiring efforts. And so those vacancy savings that were budgeted, we're seeing less of that

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we're seeing less of that savings coming in for this fiscal year. So when we think about we look forward to think about the timeline. Staff started working on this forecast presentation in January. So we started the budget kick off in January. From a staff perspective, we have already received the boards and commissions recommendations. Those were due to us, in March, the end of March, and the departments are currently analyzing those boards and commissions recommendations and creating their responses to those, after today, we will come back to you all in July, July 12th, which is a Friday, we will be presenting the city manager's proposed budget. Beyond that, we will begin the conversations with community input sessions and work sessions, July 24th, August 1st, August 6th and eighth, and finally budget approval and adoption on August 14th and 16th. So thinking through the cost drivers, we

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through the cost drivers, we always start the forecast period and looking at the forecast, thinking of, looking at our assumptions on baseline cost drivers, and so when we think about our baseline cost drivers, we anticipate health insurance increasing, 10. The cost for wages, we're looking at a 3% assumed wage increase, but we are looking at the 1% adjustment for the anticipated, increase in retirement contribution in January of 2025. The market study that was implemented earlier this year, the cost related to those market studies, will be included in the forecast for next fiscal year, as well as an increase to living wage based on the current policy that is in place, we are anticipating a reduction, again, as I mentioned, the success of the hiring process is across the city. That has a budgetary impact. So we're adjusting the vacancy savings budget for the next fiscal year, that impacts the bottom line for most of

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the bottom line for most of these departments, as far as their total appropriation, availability, and then when we look at the, process that we've put in place over the last couple of years, we work to make sure we scrubbed positions that were vacant for longer than, two years. It's interesting enough. And when we started this process last year, I think we ended up with close to 100 positions that were, we were looking at for elimination. This year was down to four positions across the entire city. That were older than two years. And then the final thing that we look at when we're looking at the vacancy rate, we have implemented, if departments have vacancies, vacancy rate that's higher than 15, then we will not be, they will not be approved for additional positions in the next fiscal year, continuing to the cost to the other cost drivers. This is our shared allocation. So we look at our internal services departments and, we try to make sure we give those

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to make sure we give those allocation or those increases that we're anticipating because these internal funds, impact the entire city and other enterprises as well as the general fund. So when you think about support services, communication and technology management and fleet management, we are all anticipating a 5% increase for those funds. And then fuel costs 3% for the next fiscal year. So moving forward to the forecast and the information or and what we are anticipating for the general fund revenue, as you can see, and we've talked about this several times, the breakout of the general fund revenue sources, property tax continues to be our largest revenue source for the general fund, it is at \$637.7 million in revenue that we're anticipating for this year. Sales tax, again, our second largest at 26.6, is at 358.7 million. Our other revenue includes revenues for franchise fees, costs for services and

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fees, costs for services and things like that. And that's about 14. And then finally, our utility transfers, which represents the transfers that we receive from Austin energy and Austin water utility at 12.1. On this slide, we really want to just show how our revenue has transitioned over the last 14 years or so. When you look at 2010, the amount of reliance of the general fund on the on property taxes was only 37.6. We have grown in how we rely on property taxes to fund our general fund services. However, we're still dealing with the 3.5% revenue cap that that we have since the state changed our, our, voter approval rate that we can go up to. And so when we when we think about this slide and we think about what we have transitioned over the last 14 years, we just wanted to show that the increased, reliance on

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that the increased, reliance on the general, on the property taxes can be a challenge. When we look at that, that tax cap, our sales tax continues to be about it. Has it, increased much as far as our reliance on it? But the fluctuation of sales tax have a larger impact because of the volatility of that resource. And then our utility transfers, we used to rely heavily on our utilities at 20.7. As you can see, that has gone down to 12.1. When we look at this fiscal year . So I'll dig a little bit deeper into all of our revenue sources, to show more on the trends that we're seeing. Again, Austin energy and Austin water, represent 12.1% of the general fund revenue, and when you think about those those revenues, it is an 11.6% average gross nonfuel revenue for Austin energy, 8.2% of average gross revenue for Austin water, when

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revenue for Austin water, when you look at this slide, it shows that there is a one time dip in fiscal year 23, when we made the decision to use some of the Austin energies transfer to cover, some of the electrical resilience projects across the city, including purchasing some generators, and then when you look at how we are transitioning or what we are anticipating for the energy transfer for over the next five years, we are anticipating or assuming 11.6% transfer in fiscal year 25. That transfer will be, capped at 2% growth over the remainder of the forecast period. And we are we are recommending that because we are focused on making sure that we are working on the financial viability of the utility, and we'll have some more information about that a little bit later on in the, in the presentation, for the water utility, we are anticipating them remaining at

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anticipating them remaining at 8.2% of a transfer into a general fund for the life of the forecast period. So when we look at our other revenue sources I mentioned, it includes is charged for services such as

ems charges, parks and recreation charges, it also includes our franchise fees, alarm permits and fines. This revenue and also interest. I guess that's a big part of that that we want to talk about. But this revenue remains relatively flat, as you can see, a 0.6 percent growth over the next five years. That's the compounded growth that we're anticipating, the charges for fees and services and franchise fees have remained or have rebounded from, what we've seen pre-pandemic. However, they are anticipated to remain flat. The, interest earnings that we have seen this year, the higher interest earnings, we do anticipate those going down, which offsets any growth that we

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which offsets any growth that we are seeing in the other charges or other fees that we may have. Moving forward to sales tax, we'll say this over and over again. The volatility that we're seeing in sales tax has a real impact on our general fund and how we are proposing or projecting our general fund revenue. However, what what this slide really shows is that over the last ten years we have seen we saw a 5.9% average growth. We see that big spike during the, post pandemic period, but we are anticipating slowly getting back to that 5.4% growth over the life of this forecast period. And then when we look a little bit deeper into what we're seeing with sales tax through five payments, we do have 1.4% growth for this fiscal year, we are we were budgeted at, 3.1% growth for fiscal year 24. But

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growth for fiscal year 24. But because of the 23 actuals being less than our anticipated budget, we anticipate estimate we need 4.8% growth in order to meet this current year's budget for our sales tax revenue, we are excuse me, we are showing, year to date growth of 1.5. And then what we really need to focus on is when we're thinking about the rest of this forecast period, the rest of this fiscal year, we are optimistic that we are going to start seeing some growth. We are anticipating remaining flat for the remainder of this year, but in future years, we're looking at about a 2% growth for fiscal year 25. Looking at property taxes again, I mentioned the 3.5% revenue cap that we have. We're looking at we're showing you both the no new revenue rate as well as the voter approval rate. However, I want to make sure that we all

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want to make sure that we all understand that because of the revenue cap, we are including the voter approval rate throughout this forecast period, and even with the voter approval rate in our forecast, we are still showing some deficits, throughout the life of the forecast. So we are anticipating \$2.4 billion in new construction in fiscal year 24, and then we're projecting, based on the tcad, notice roll that we recently received, a \$5.5 billion, new construction for fiscal year 25. That's the largest, new construction

roll that we've, we've received. And so that will have some impact. At the voter approval rate, if you look at the, homestead exemptions for non senior and seniors, you'll see the increased cost to both the non seniors and seniors. If there is a desire we would look at what adjustments we would be. We would need to make to make the senior disabled homestead. Homestead flat for those who are

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Homestead flat for those who are in that category. So when we look at our uses of funds for the general fund or our expenditures, you see that we have ten general fund departments, public safety remains our largest expense for the general fund at 63. That includes our police, fire, ems and forensic science departments. Our community services departments make up 30% of that budget. And then that 7% transfers and others includes transfers to things like the housing trust fund, our capital rehabilitation fund, including other transfers. The base cost drivers for our general fund is listed here. This includes what we anticipate for the civilian wage increases, that 3% plus 1% adjustment that I mentioned earlier, we include increases in health insurance. And then we look at the increased cost for

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look at the increased cost for the labor contributions, the labor contracts with fire, ems, and what we anticipate will be, hopefully a contract that we receive with the police department, the police association. Excuse me, we include that 10.3 million that accounts for the internal services allocations, that 5% that I mentioned earlier for our internal services funds, and then canyon creek station will be opening, where we will we will increase the fire, ems, staffing to operate that fire ems station. We are anticipating an increase in the Travis county booking interlocal based on the current agreement that we have in place, with the parks and recreation department, colony park pool, as well as the renovation of giving pools will have an increase. And the expansion of the Mexican American cultural center. And then finally, the animal shelter, has had a large increase in costs because of inflation. And so that 400,000

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inflation. And so that 400,000 represents funding for them. But as you can see, these are very small, very, this is a very short list of cost drivers. And so when we think about, you know, what we are anticipating over this, for fiscal year 25 and over the life of the forecast, this base forecast, doesn't include any more any additional personnel, any additional programs, increases for the departments in the general fund. So these base cost drivers that I just mentioned, they they're looking at an average of a 4% increase for the life of this, forecast period. So when we think about our revenue, our revenue is growing about 3.3. And our expenditures are growing at 4. That is the structural imbalance that we've

talked about year over year. When we're thinking about our property tax revenue cap, the fluctuation in our sales tax, and really just looking at our base cost drivers, the things

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base cost drivers, the things that we must do as a city, the things that we must continue as a city, we are structurally imbalanced when we when we look at the forecast period and I think it's been mentioned before, this isn't something we can cut our way out of. We have to look at how we can change the way we do business, so that we can curb the cost of the general fund and really, really look at how we can reduce how fast we're growing as far as our expenditures and what options do we have to increase our revenue. Now, as the city manager mentioned, this forecast does look different than the conversation that we had even as we were approving the fiscal year 24 budget. And so when you think about that, what what has changed? We want to kind of let you all see what items have changed, what circumstances have changed from that time until now, and when you look at the approved labor costs for our sworn associations, those labor costs were higher than what we anticipated. And so when you

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anticipated. And so when you look at the ems labor contract, as well as the fire arbitration agreement, that was higher, when we think about the health insurance, our actuary is recommending or is suggesting that there will be higher costs for insurance, and then our city's contribution to our retirement system, that increased contribution. Again, these are things that we must do, be so these higher costs, were not, were not, in our forecast for fiscal while we were creating this the, the previous fiscal year forecast, then we have the lower sales tax. We were very conservative. We thought we were very conservative with a 3% sales tax growth for this fiscal year. But as you all can see, that growth has remained flat or minimum at 1.4. And so those are some of the minor changes. And then as I mentioned earlier, we are really working with Austin energy, working as a city to try to make sure we bolster up, Austin energy's financial knell,

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energy's financial knell, viability. And so and so in the out years, the general fund transfer is at an annual 2% year over year growth. So then if we think about general fund reserves as even as we're looking at this full picture, we're thinking about general fund reserves. We have a number of reimbursements that are coming into the reserves, we continue to receive the covid reimbursements from the county that's anticipated at 19 million for this fiscal year. FEMA reimbursements that we are receiving, we are receiving 16.5 million for winter storm Mario in this fiscal year, and we anticipate an additional 13.8

million in projected, reimbursements primarily related to covid reimbursed rates in 2025. So with these reimbursements, we're we're receiving or we're anticipating, we do anticipate being higher

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we do anticipate being higher than our 70, vacancy, excuse me, financial policy level that we have budgeted, and so that 16.5 million above is something that, you know, we need to be excited about. However, we need to also understand that it does not reflect the cap or the gap that we are anticipating in our operating cost, it does not reflect any one time expenditures that we may need to , use these dollars for. And so we have to be really careful in, our plans for this, for this, surplus, because we are still in a situation where our operating costs are higher than our revenue. So before we ask for questions on general fund, I did want to kind of give a little bit of a arpa update to you all to let you all we talked about what was happening with arpa, what the spending was looking

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what the spending was looking like for arpa, and with the American rescue plan act, we received \$188.5 million. We all recognize that those were one time dollars that we that we received. And we've spent all but 31.4 million as of January of this year. We had 30 projects that were approved in the spending framework, eight of those projects have been implemented and completed. We have about 15 projects that anticipate completion by fiscal year 25. And then we have several longer time projects that will be completed by fiscal year 27. The forecast does not include the expanded services that were implemented through arpa, and the forecast is really saying that these projects were ramped up. The anticipated to be one time projects, and the staff is ramping these projects down, so that they can be expended by the December 31st, 2026 deadline that is given by the federal government. So when we think

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government. So when we think about addressing the structural imbalance that we are seeing, the next two slide kind of talk about what we are continuing to see and what we anticipate. Doing to address these structural imbalances. So long terme, we do think that, you know, we, we have a forecast that reflects only our baseline cost drivers. So we need to think about what the rising cost , will do compared to our revenue cap, we need to look at, you know, whether or not, how the max, the max revenue rate still ends up with a \$59.9 million deficit by the end of this forecast period. We need to think about the impacts of sales tax and how the weakened sales tax puts a bigger strain on our general fund revenue, and so we really are thinking about, you know, how this economic

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know, how this economic environment continues to, to bring us into a space where we really have to look at how we're changing our costs, how we're curbing our costs, how are we looking at, you know, what we can do differently as a city? So for immediate response, I told you all earlier that most departments are anticipating coming in at budget. We will be having conversations with departments to identify what savings or efficiencies they think they can generate in the short term, we will be analyzing department fees to see if there are any spaces like we do a cost of service analysis to see if there's anywhere where we could potentially increase fees to offset some of these, the, some of the gap that we're seeing. But I think there's also going to be an ongoing or a longer time conversation that we have to have with you all on whether or not we need to consider a periodic tax rate, elections to offset the rising costs that we're seeing as a city, we need to have a longer conversation about the general fund transfer and what we want to do with the general fund

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to do with the general fund transfer, with Austin energy in the long term, and then and then when we look at bending the city's cost curve, looking at how we're how we could revamp some of our health care costs and benefits, looking at how we are, partnering with some of our local partners and co laborers and government, do we need to renegotiate some of those agreements and think about the level that the city is in investing and what our partners can do to help us during this time. So I've said a whole lot, and so I want to see if there before we jump into the other areas, are there questions that we can answer for our general fund? >> Next part of the presentation is related to our enterprise funds, but let's pause for just a second and see if council members have questions or thoughts, with regard to the general fund presentation that you just heard, councilmember Allison alter, good morning. >> Thank you for the, presentation on, on slide 18, it notes that there are, sorry, I'm

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notes that there are, sorry, I'm looking at the wrong part here. Annualized costs for EMS. I think it was EMS, fire and part expenses. Could you provide a little more insight on what that covers under fiscal year 26 to 29, forecast? >> Sure. >> It was in there as occluded items. >> Hi. Good morning, Eric Nelson financial services department. Usually when we add new positions, for instance, for the opening of those EMS and fire stations, we add them for, I believe, three quarters of the year. So that annualization just, reflects adding that additional 25% of the total ongoing cost in a future year. Okay. And similarly, for, for pard and the, Mexican American cultural center. Resources. >> So for part, does that include the cost of maintaining the land that they brought on or only the facilities?

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only the facilities? >> This is just for that specific project, or excuse me, those three specific projects that are listed, the Mac, Givens pool and the new colony park pool. >> Can you say that one more time? The Mac and what else? Givens. >> Pool and colony park pool. >> Okay, so I'll just flag for colleagues that for pard, we went through a whole analysis. We're going to go over it at our next audit and finance committee, that we have not been adding maintenance folks along with the land that we've been bringing on, and the numbers are something on the order of that. We need 14 additional people just to get back to the quality of service we had in 2014, we need 70 to get up to the quality of service that the parks department would like to be at, we have added a lot of land, but we have not been able to maintain it, so I'd invite you to come to that and understand some of those, implications,

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some of those, implications, what have you assumed in terms of police staffing, over this time period or for fire or EMS in terms of numbers of staff? >> So we have not increased, in the forecast, any additional, police force staffing. I think in last year's conversation, the thought was because of the amount of vacancies in particular for police, we needed to, lower that vacancy rate before we looked at increasing staffing for the police department in particular for, the fire, the fire and EMS increases are just those related to, the opening of the new fire EMS station, Canyon Creek. >> Okay, and then I wanted to just flag that from the analysis that we went through over the course of the last year for the EMS revenues, that there were increased revenues that were not attributable just to the changes in the charity charges that

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in the charity charges that there were additional revenues than expected that have come in last year and I believe are coming in this year because of the work that we did to improve how revenue was coming in, so maybe at some other point in time we can go through that, but when we initiated the changes to the revenue collection system and that process and we staffed that so that we bring in more revenue, we also did a cost of service charge, which shows that we are undercharging for our ambulances, and I understand under the current structure of the insurance payments that we may not get, additional revenue even if we raised the fees, but I think that there's a lot of work that our intergovernmental relations office can do in working with our delegation to try to change some of those rules at the federal level, I'm not going to be able to articulate them all at this point. But actually, the state of Texas has changed those rules. But for insurers that are national, they don't apply, and we need to change them at the national level as well. And

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national level as well. And there is a lot of revenue there potentially, if we can fix that process, so I think we may need to do some investment in trying to see whether those rules, can be changed so that we can appropriately charge people like blue cross, blue shield, etc. For the use of our ambulances. And that will bring a lot of revenue and is important, I think, over time. Okay. Thank you. >> Thank you. Councilmember, mayor pro tem. >> Carrie. Eric, it's really great to see you guys and thank you for the presentation. I wanted to, just get a little bit more pointed on. I think it's yeah, page 21 where it says, surplus of 16.5 million versus 17. Financial policy level does not reflect closing. A budget gap of 13.2 million. And doesn't assume any one time expenditures. Could you expand on that? Some, including telling

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on that? Some, including telling me what specifically, if, you know, we need to have a balanced budget. So what is the actual number that we'd be looking at. >> Yeah. So the reserve calculation is based on ongoing expenditures. So we're looking at what we have in the forecast for ongoing expenditures taking 17% of that. And what we project to be sitting in reserves is 16.5 million greater than that. But it doesn't reflect that on the revenue side right now of our normal ongoing budget, we have 13.2 million less in projected. Revenue. So we're in kind of this in limbo in terms of sorting out how we'll solve that, and generally we do budget some one time expenditures, but we haven't assumed any of that yet. So assuming we get the general fund balance somehow by adding revenue and keeping expenditures the same, there would be 16.5 million available. If expenditures come down, then that whole calculation would change and you will have a better sense in another couple of months. >> I guess when we get to June, what the actual, what our bank

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what the actual, what our bank accounts will look like? >> Yeah, absolutely. I mean, we're under a charter requirement to present a balanced budget and we'll find a way to do that. Right >> And then I wanted my last question, mayor had to do with arpa and it's the 31 million that needs to be encumbered. I think if I'm understanding right, 31.4 million remaining as of January 2024, does that mean it hasn't yet been encumbered? But you have plans. We have plans for it. Or help me with that number. >> Yes, those have not been encumbered yet, but the departments have plans to have all the funds encumbered by the deadline of December of this year. And so but some of those longer time projects they know will go into the, fiscal year 27 and they just haven't encumbered them to date. >> And so that long tail is fine. It's the encumbering of the funds that must be completed

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the funds that must be completed by the end of this year. Correct? Okay. Great. Thank you. Mayor >> Thank you. Other. Yes, councilmember Fuentes, thank you , first and foremost, thank you for today's presentation and the memo that was sent yesterday. Manager, I think this is the most comprehensive budget forecast we've had. So I'm really appreciative of you and your team's work, certainly a lot of information for us to dig into. And I appreciate you flagging the policy considerations, particularly as it relates to the Austin energy general fund transfer and I think that might be a good topic for us to take up at a future Austin energy committee meeting for us to dive deeper on that particular topic alone, my question is piggybacking off of the mayor pro tems question on the arpa, framework. So we have 31. You mentioned 31 million unencumbered, but at this point, their staff has plans to allocate those dollars. And I remember council passed a spending framework for all of our arpa dollars. And so what at this point, can we get an update as to how those projects have

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as to how those projects have moved forward, if there have been any I know that there's been a couple revisions or tweaks or adjustments made to some of the projects that we had allocated for funding. There have been changes in how much we funded them, but I would like some more information, more detail on where those adjustments were made and perhaps even knowing these seven longer term projects, like what can you share with us some examples of what those projects are to be completed in 2027? >> Sure, some of the projects include the public health it project. And so if you all remember when the pandemic happened, our public health department was primarily using fax machines to respond. And so in that time frame, they, started purchasing a software to so that we were not relying on fax machines to provide this information. And this it project is to expand that. I believe it's salesforce. I have to double check if that's the

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double check if that's the correct, software, but to expand that so that we can be paired happens in case, you know, just so we can respond to these health concerns, using technology, current technology. So that's one of them, the public health department has a communications project that is related to informing people, when, when there is some health concerns. So there's a large communication project that they have, they plan on implementing. It includes early an additional project is early, early care and education and early childhood support. The food security and food access project, and then high quality affordable child care is another project that is long term, public health staffing and support. And finally,

Austin civilian conservation corps created for creative workers. >> And councilmember what we'll do is we'll crosswalk the policy with what remains to be done. So you can see the tick and tying

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you can see the tick and tying between the policy against what we plan to spend. Wonderful. >> Thank you. And, last question real quick here, in the memo you sent last night, you, which I thought was great and I appreciate you listing out all of the previously passed council resolutions that remain unfunded at this time. Any any sense of if we were to add up the funding allocations through those previous direction, how much that would total out to council member. >> You're jumping ahead of my presentation. Oh, am I okay. >> All right. >> We will talk about the unfunded ifc's, a number of them are still, being reviewed and analyzed. So we don't have the total cost of them, because departments are still kind of trying to figure out how much it would cost to implement a good number of them. And so that's something that we'll continue to work on, but today I don't have a total okay. >> Thank you. >> Other questions or comments, councilmember Ryan alter, I just want to get a clarification on what the actual deficit number is on the slide three, you say 3.8 million below.

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3.8 million below. >> Then as the mayor pro tem was talking about the \$13.2 million number, I know that we have some, you know, some better than expected, some worse than expected. Can you help reconcile these numbers for me, please? >> Yes, sir. 3.8 million is the current deficit that we're seeing for this fiscal year. And so we're showing a bit of a shortfall this fiscal year, we'll have conversations with departments on how we can address that, the 13.2 million is for fiscal year 25. >> Got it. And then the reserve balance is that for this fiscal year or next fiscal year. >> So we anticipate being at the end of fiscal year 25 with a increase 16.5 million of additional reserves. So when we look at how the how the year ends for fiscal 23, what we anticipate in this fiscal year that impacts the reserves for fiscal year 25. And when we're presenting you all the budget,

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presenting you all the budget, if there's any surplus, we do it based on reaching the fiscal year 25 reserve policy. >> Got it. >> When we look at the sales tax figures, how to cover just this year, that 3.8, what is the how much better do we need to do than what we're forecasting. Is it point 1, point 5? If well, the 3.8 million represents the net total of all anticipated revenue results. >> And we're actually about 16.5 million worse on sales tax alone, the, the, to make up that 3.8 million would be a little bit about more than half a percent of sales tax or, excuse me, 1% of sales tax. But to make up the whole 16.5

million would be, over 5% sure. >> No. And I, you know, we have the other netting. I just curious how how much better we would need to do in the out

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would need to do in the out months. And then I'm the last thing for now. We had talked a while back, both as a body and one on one about the strategic performance measures and how we are going to use those to craft our next budget so that we can invest in outcomes and have our dollars point towards achieving that. So I'm curious where we are in that process, how that gets integrated into this process. >> Council members, you're jumping ahead too. All right. But we will give a brief overview of the, strategic plan, the citywide strategic plan, what we've created to date, will have information that will push forward in the budget process that that spells out the strategies we've created, as well as the measures that we think is going to help move us forward in addressing some of these some of these very important topics.

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important topics. >> Well, I look forward to seeing it in a moment. Thank you. >> Thank you. Councilmember. Councilmember Bella. And I can't see councilmember harper-madison , if you could, I want to make sure I don't miss her. Thank you, councilmember Bella, you have the floor. >> The current reserve policy is 17% of general fund, revenues, right, is what is the historical reserve policy? Is that our historical base or, and excuse me, but I cannot remember exactly our actions from last year budget cycle. >> 14 so, prior to last year, budget adoption, we were at a 14. Reserve policy, we staff recommended increasing it to 17% based on gfoa recommendations, and standards. Best practices from the government finance

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from the government finance officers association. And so council approved increasing the policy to 17. However in the approval of the budget, we approved the fiscal year 24 budget at 16.7. >> Okay. >> But the numbers you're presenting are reflecting the 17% full, 17. Got it. I also just want to echo, councilmember Fuentes comments. This is really excellent. Both the brief that we got last night and the presentation today, were very, very informative and really appreciate the analysis and the depth of the analysis, the proposed wage increase for the city employees, if I'm reading it right, that we are budgeting a 3% wage increase for city employees. >> So when you look at it overall, it's the a 4% increase. Okay, the 1% though, offsets the

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Okay, the 1% though, offsets the 1% increase in, retirement contributions that will be happening in January of 2025. And so, you know, that 1% kind of remains flat because we're doing that increase. We're looking at the 3% overall. >> In other words, we're charging them 1% more for their retirement contributions. Burns we're giving them a 4% raise. So it nets out to a 3% increase, which, if I remember correctly, is exactly the same as last year. >> This year, yes, and that, raise would cost the city. And again, I'm, I just want to make sure that I'm reading this correctly. \$17 million is. >> 8 million in the general fund. >> 8 million out of the general fund. And then the remainder, I think, might be from the enterprise funds. Got it. The, interlocal with Travis county. Do we have that? I know it

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Do we have that? I know it hasn't come to council for final approval. Or did I miss it? No it's done. Then we have already assigned a final agreement. Right. Okay. Excellent. I think that's all I've got. I just wanted to also thank the city manager and the various department heads, directors and city staff for getting that vacancy rate down from. 15.9% to 11.9, that has been a very stubborn vacancy number. And to move it four percentage points in a year's time is impressive, and I just wanted to thank y'all and say it's greatly appreciated. I mean, we're not going to deliver quality services unless there's people in those positions, working. And that's a really a great achievement. So thank you all.

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thank you all. >> Thank you. Council member I just want to for the council is, because this is just the beginning point, but I think one of the most, sobering slides that are presented by Kerri and the budget team is slide 19, where we have that structural mismatch of revenue against against expenditures, you know, the 3.5% begins to manifest itself in terms of our finances and it begins to demonstrate itself in that in the forecast. It's not a doomsday, doomsday. We've got to work through it. But it's one for you just to call attention to that. That is a that is something we need to continue to focus our attention on for the long term. >> Councilmember Allison alter, thank you, I wanted to ask for the health premiums. You said that the cost to us was going up 10. Are you forecasting any changes to premiums for the employees in this budget at. >> So we're working with the hr department, and I don't have an answer today. I think there are

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answer today. I think there are some we are looking at making some adjustments, but I don't know what those are at the moment. >> Okay. Is that relevant? I think it's on this week's agenda for like administrative Ann from blue cross blue shield. Is that are those linked at all or is that just the administration? >> That's just the administration. We're the benefit fund. And what we end up doing for increases for the employees or something that will have to noodle with as we develop the budget and bring it to you in mid-july. And, as I recall, the issue that we were going to experiment with was if we moved to a certain kind of benefit package for medicare advantage, which is a ppo lookalike, saves the benefit fund a good sum of money. And we chose to experiment with it for one year rather than to implement that. That'll be another item that we'll have to come talk about. We have to work with the associate burns and other folks that are stakeholders in that, but it's likely that we would recommend doing that for the benefit of making sure that we have,

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making sure that we have, increases on the benefit side that are manageable for our for our associates. >> Thank you. I'll just express that if possible, I would very much like us not to be raising those premiums. And I imagine my colleagues feel the same way, I did want to ask on the vacancy rate, and I don't know if this is the time or after the enterprise funds. So the sometimes we have the discussion about the vacancy rate for the department, but there are particular elements of the department that are still experiencing higher than we'd like. Vacancies. Can you speak to the 911 call center and what those vacancies are like right now? Because I've always been higher than the police department as a whole. >> I don't have that information in front of me, but let me see if I can get it. While we are working through enterprise, the enterprise departments and follow up okay. >> And then I'll just foreshadow for the enterprise and maybe we can have an answer during the enterprise, during our Austin water oversight committee, we had discussions about the Ulrich plant. So we were told that the

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plant. So we were told that the overall vacancy rate was on the order. I want to say 10. But then when we drilled down to Ulrich, it's still a 30% vacancy, and so there's just some key things where we may need to be disaggregating these vacancy rates to get at really important critical services and making sure that we're addressing them. And maybe we have addressed them, but but they have, you know, from what I had heard throughout the year, at different points, they were still stubbornly very high, although they were improving, in the case of 911, so if we can get that information, that would be great. >> Thank you. We're on. >> Were you going to add something? >> I just said we're on it. We're on finding the information. We're on it. >> Okay, great. >> I wanted to ask about FEMA reimbursements. How long do those typically take to come in? And, you know, I know we talked about this with the reserve level previously. So could you kind of walk us through the process of from when we spend the money to, to assist with disasters and when we might get

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disasters and when we might get FEMA reimbursement. Is that same year is that a different year over year kind of process, it's a it's rarely in the same year, when we, we pulled together the information provided to FEMA. It can be in two years. I think there's I believe it's the 2013 floods that we are still waiting on FEMA reimbursement for. And so, we don't have a lot of control on when they will give us reimbursements. They've been very responsive in things like covid reimbursement. So we've had a lot of back and forth with them on covid reimbursement. I don't think we anticipated the Mario reimbursements from our, budget projections until fiscal year 25. We're receiving that this fiscal year. So there's really no real rhyme or reason, we just try to work closely with, through our, emergency management department, we work

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management department, we work try to work closely with the FEMA delegation to try to make sure we have all the information to them, and then we work with them to and waiting on them to tell us what projects will be funded. >> Okay. Have you heard of any changes in policy, given that there's more climate related disasters happening, more frequently across the country? Are they looking at bringing on more staff to be able to analyze these reimbursements, or are you aware of any policy changes that might be coming through FEMA? >> I'm not aware, but we can work. We can ask our, emergency management team if they've heard anything and get back to you on that. >> Okay. Thank you. >> Thank you. Council member. Anything else before we go to enterprise funds? Great. Thank you. Council and laws, back to you. >> Thank you. So when we look at our enterprise departments, we have eight major enterprise departments, similar to our last year, last year forecast period,

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year, last year forecast period, we asked the enterprise departments to look at a base, forecast scenario where that looks at them just maintaining their current service level, and also give us a prospective enhancement scenario. So where they look at adding programs or increasing service levels, and so many of the presentations that you'll see will give you an idea of what the cost will be, associated costs associated rate changes based on two scenarios. However, when you look at there are some departments that don't have, multiple scenarios because of the things that are happening with those departments. So when I start with the convention center, as you all know, the convention center will be closing next fiscal year in March of 2025 for full renovation and expansion in, the forecast that is included in the report shows a reduction in revenue and expenditures related to operating the convention

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to operating the convention center, however, the anticipated loss is anticipated is, believed to be offset by what we believe will be a 1% annual growth in hotel occupancy tax collections, the department will continue to operate the palmer event center and garage operations during the forecast period, and anticipates that the new convention center will open in the in the second quarter of fiscal year 2029. Austin energy's forecast, includes, really trying to look at the long tum financial health of the utility, this slide indicates the, what we're seeing and what I believe. There have been a number of conversations about getting the utilities days cash on hand back to over 150 days, as well as addressing the debt to capital ratio, the utility is anticipating a 2% annual rate increase for the course of this fiscal, forecast

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course of this fiscal, forecast as well as looking at, the projections for the general fund transfer to show a 11.6% increase in fiscal year 25 and capping that increase to 2% in the out years, and so when we think about what we are trying to do in supporting the utility, we're really working with them to try to make sure that that, their financial health as one of, as our largest department, as our, one of our largest assets, that their financial health is viable over, not just the course of this, this forecast period, but through in the foreseeable future, and so this is what this forecast represents for the energy department. Austin resource recovery, they're based forecast includes nine new positions in fiscal year 25, a total of 31 positions over the forecast period to support the household

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period to support the household hazardous waste program, operate the furniture reuse program and then additional increases, in the forecast period for the northeast service center debt service and maintaining the department's fleet. The baseline increase results in in a \$1, \$1, 55 cent increase in fiscal year 25 for the typical ratepayer and that increase is anticipated to increase to \$6.60 by the end of this forecast period. When we look at their service enhancements that they, were were projecting, that would be an additional 29 positions, for a total of 60 throughout the forecast period. And that will result in a \$7 and 35 cent increase to their rates. The Austin water utility, their baseline scenario shows a decrease in operating required rates. However, that is offset by which is which offsets the increasing cost drivers. So they

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increasing cost drivers. So they are anticipating, doing a reduction in debt service and easement costs. Their forecast shows an increase in the out years to meet their cash funding requirements. When they look at their cash to debt ratio, they are anticipating a 9.3% increase in their rates in fiscal year 25. That's getting to \$7.76. And subsequent years, they anticipate a 5.9% rate growth over the forecast period, which will end the rates at \$111 and \$0.83 in fiscal year. Excuse me. Their service enhancements would increase 110 new positions over the forecast period, which will ultimately increase the rates to \$113.80 by fiscal year 29. The aviation department anticipates landing fees and terminal fees revenue, with the annualized

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revenue, with the annualized growth of 15.9% over the forecast period, their expenditures will support the airport expansion and development programs, including 80 new positions, across the forecast period, as well as increasing debt service and contract costs. They are continuing to see record breaking passenger traffic, and so that revenue from that increased passenger traffic supports the ongoing costs that they are anticipating with the expansion of the airport. As the city manager mentioned early on, the development services department has experienced a slowdown in revenue as permitting and development has slowed, and so they are looking at, reducing some of their operational growth. So the \$2.1 million reduction, in, in fiscal year 24. So they're currently

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year 24. So they're currently scrubbing doing some, some savings of vacancy freezes and savings to try to, to try to mitigate the impact of the reduced revenue that they're anticipating, on the code side, the code division is actually increasing their portion of the clean community fee \$0.30, and this is part of their baseline. And this will, allow for them to maintain existing service levels for enhancements. The code division is increasing ten positions, to expand short term rental and neighborhood investigation programs, that will further increase the development services department clean community fee, \$0.30, with a full increase of \$0.60 by fiscal year 29. The transportation and public works department anticipates a 90 \$0.01 increase in the transportation user fee to

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transportation user fee to maintain existing fee levels, they do not anticipate new positions over the life of the forecast period and their enhancement they are proposing. That was the baseline projection for their enhancements. They are proposing 35 new positions, which would result in a \$4 and four cent increase in the tough by the end of the fiscal financial forecast. And then watershed protection. They are anticipating 11.9% rate increase in the baseline forecast projection, that will manage increasing

operating costs. If you all will remember, the drainage utility fee remained flat for several years prior to fiscal year 24. And so the projected increases will address what we're all seeing as far as inflationary costs, the department does not plan to increase staffing over the forecast period in their, in their baseline proposal, in their contingency or in their enhancement. They are looking to

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enhancement. They are looking to build their contingency funding as well as increase their funding for green infrastructure maintenance and contracts, and that is for watershed owned and maintained power properties, which include things like vegetation management and restoration efforts. So we show this chart, as we think about the rate changes, and the increases that departments are, proposing or anticipating in this forecast period. When you look at the comparative to fiscal year 24 to fiscal year 25 and our forecast, you'll see that we're anticipating a 4.7% annual increase. When we look at all the rate increases, when you look at our ten year average for these same rates, it's about 2.8. And so this increase that that departments are, anticipating is for our baseline scenarios that we mentioned. And this addressing the, as, as

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this addressing the, as, as we've all talked about the inflation that these departments are experiencing and to cover their, their costs to continue and maintain current service levels as. Would you like me to go forward to capital improvement? >> Does anyone have any questions on these slides. And then we'll continue forward. Thank you. >> Sorry, mayor pro tem, one quick question. >> You bet. Council member fowler, with regard to the northeast service center, debt service payments, where is that on the timeline? >> Does that are, on page 29? And I'm assuming that that refers to the I don't know if R is here for to answer the question might be better for them, but I'm just wondering where that falls on the timeline. And I'm assuming that refers to the, the lord. The name escapes me, but basically

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name escapes me, but basically building a yard where we can take the, garbage collection and then transfer it more efficiently down to the dump down south. And I was just wondering if there was any more detail on a timeline with regard to that. >> So you're speaking to a transfer station? This is not about a transfer station. This is about a new, yard for our fleet services department and for our Austin resource recovery. So this would be a joint fleet and Austin resource recovery project. We anticipate, coming forward to council in the near future with approval for the for the construction contract to move that project forward. It's about a \$200 million project, and this would be reflecting the general funds portion of the debt service on that. Exactly. When the debt is going to be sold and when that fits into the

forecast period. I don't have the exact date is where it fits into this five year forecast. But I would anticipate and council member probably 26. >> We still owe you the we realize that there was an item

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realize that there was an item from last year's, budget that there was a focus on a transfer station. I know that Mr. Mchale is working on that. I think Stephanie and Richard, at some point during the course of the of this summer, might be able to present, give us some insight in terms of exactly where they are and how we'll handle the facility issues around that. But that's not included as yet. >> There is a relation, though, in the sense that the when we have this new yard, it allow resource recovery to move out of their Todd lane facility up to the new yard. And then there is discussions about the Todd lane facility becoming a transfer facility for the south area. We still would need one in the north, of course, not northeast, but the over in the saint Elmo yard. >> And got it. >> Got it. The service center refers to the vehicle service center, not the transfer station. Got it. Thank you. >> Mayor pro tem and council member Ryan alter, let's see, page 28 is the forecast for Austin energy and we have a 7% bump in fiscal 28 with a 2% in the other years. Is that because

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the other years. Is that because there's some significant infrastructure expansions or what? What is the explanation for that? >> I'm sorry, I should have mentioned that during the during my discussion. So, as we're talking about and Austin energy is really focusing on increasing their, financial metrics and increasing the increasing the, the, I'm having trouble with this microphone today. Okay. As Austin energy is really working to increase their financial metrics and, and look at the financial stability, we are anticipating in fiscal year 28 a 7% increase based on the five year timeline, to do a rate hearing. And so I think the conversation was every five years, the utility would come back. So fiscal year 28 would be when that rate hearing would take place. And we're anticipating 7% based on that. >> But we also might be able to mitigate that somewhat by adjusting maybe a little bit higher in the earlier years, for example. So there wouldn't be the stress of a of a 7% when the other years had been more like

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other years had been more like 2. So you're sort of forecasting trying to catch up and, and that sort of thing. Great. Thank you so much. And mayor council I think on Austin energy, I think we at some point, perhaps before the budget, is presented, we're going to need to do a deep dive in terms of its finances. >> The finances are not where it needs to be, there's been a period, you know, there's a great economist once wrote that wages and prices should be sticky downward. And there is at least several funds where we, we adopted a budget with reduced rates. And that's begun to manifest itself in terms of its finances,

not just for the electric utility, but we talked about development services earlier. That's another fund that has suffered the same the same set of issues. So we need to bring you a deep dive in terms of Austin energy, what its finances look like, what its capital spend needs to look like, what its days cash on hand need to look like, its debt to ratio, debt to equity ratio needs to look like so that there's a full understanding of

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there's a full understanding of what we need to do to bring that energy fund back into some level of health. >> City manager, I really welcome that. And I want to also stress the point that as a society, we are moving away from other forms of energy like natural gas, for example, which tends to be cheaper, but we're moving over toward electricity, which as we know at the state level, is increasing the pressures on our existing resources and our grid. So clearly that will manifest itself in our costs, and we will need to shoulder them as and I appreciate the ability now to start looking toward that. I won't be on this dais, when a lot of these decisions will be made. I entrust it to my colleagues here, and I'm also really grateful that we'll start actually looking at the specifics and the details now. Thank you. >> If I could just add to that, to that conversation. So the forecast, the rate forecast carries showing you is based upon prior conversations with

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upon prior conversations with the city council about keeping Austin energy's base rates to under 2% annually outside of a base case, a base rate year, or a rate case year, which is what we're anticipating for fiscal year 28. The 7% in 28 is really reflecting that the 2% limit we've imposed on ourselves is really not enough to maintain the utility, and it shouldn't be a surprise when you think back to carries cost, drivers of wages going up 4, health insurance costs going up 10, retirement costs the city of Austin employees retirement system cost those. Those are going up in order to sustain that. So with with most of their inflation's at, you know, 5 or 6% with most of the costs going up well beyond 2, it probably isn't the most financially sustainable policy is to, to limit annual increases to 2. So I think that is a great policy discussion for this budget cycle. In the future. >> I completely agree with that. And it may be that we need to revisit that. It feels like an

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revisit that. It feels like an arbitrary cap on our decision making at this point, and we do want to ease, ease the transition into the larger numbers. So whatever we can do now will help us in the future. Thank you. >> Thank you, mayor pro tem council member Ryan alter. >> Yeah, that's exactly what I was gonna hit on with, with the mayor pro tem and the managers talked about, you know, really diving into some

of these numbers and especially as we look at the timing of some of these decisions, just like with a tree discussion, the earlier you do something, the more benefit you get in the out years because we've raised the floor. And so having that discussion now rather than in year five when we find ourselves so far behind the eight ball, we can manifest some of those us, gains. Just bake it into the equation. So I really look forward to having that discussion to really understand. You know, it's a pretty significant policy shift to implement that 2% cap in the general fund transfer. You know, you say to the tune of \$18 million and by year five. And so

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million and by year five. And so I think we have to really understand what that gets us with the utility, but also what that costs us in terms of the overall budget. So I look forward to that conversation. Thank you. >> Thank you. Councilmember. Councilmember Ellis and, councilmember Allison. >> Thank you. Mayor, can you go into a little more detail on transportation and public works? Slide number 33. It talks about the 8.8 million decrease in the operating budget. I see that it's listed as there were some one time costs that will not need to be factored into the next round, but could you go into a little more detail about that number going down, and does it have any, association with the creation of the new capital delivery services department, or can you go into a little more detail? >> So we'll probably need to get transportation to give us some, give you some good detail about what that offset is. But my understanding is that, of course they have their ongoing cost

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they have their ongoing cost drivers that we've mentioned earlier today, but this one time vehicle acquisition cost, that was in their capital, I mean, that that was in their operating to cover, vehicles in the last fiscal year that that will be reduced for next fiscal year, and then realigning identified efficiencies as transportation and public works combined as a department. So there, there they are seeing efficiencies in their operations because of that, they were two separate departments. So you can imagine two separate financial teams. And so as they're doing operations efficiencies as one team, they're seeing some savings from their okay, sounds good. >> I think we can dig into that a little bit more over the over the coming months, but I'm really excited to see that there's been some operational efficiencies happening, and in addition to having new positions, I love the call out to improving signals, sidewalk street maintenance, and parking compliance. I know we just talked about, expanding and creating more opportunities for ticketing and bike lanes, and so I'll be excited to dig more into

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I'll be excited to dig more into those numbers as we move forward. Okay. >> Thank you, councilmember. >> Councilmember Allison alter, thank you for the enterprise funds. Some of them were doing compensation studies this year because they were still having challenges with their vacancy. Is, does this budget include raises based on those compensation studies? >> If those compensation studies have been complete, then the department's likely included that those increases in their forecasts, I will double check with the departments that had those compensation studies to make sure we understand what that impact is to their rates for fiscal year 25. >> Thank you. And could you also check at what rate. So my understanding is that there was a policy, although I've never seen it codified, that we would do a compensation study. And then Ann set the market to 50% of the market, which is not really very realistic for

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really very realistic for Austin. And this was the case when we had nine, 11 issues originally when we did the compensation study that we asked for, one of the challenges we had was the policy was supposedly something like do it at 50% of market, which really wasn't reflecting Austin. And we had to change that for that. But I understand, you know, we have a vacancy rate of 20% plus at aviation, I'd love to know if you were able to get the numbers for water for specifically the Ulrich plant, which has been, the source of challenges, but a lot of that has to do with being able to compensate folks who are in this market across these enterprise funds that looks a little different than than other parts of, of the organization. And so I'd like to know more about how the compensation studies were included. And, and what we're doing about those vacancies, that are persisting, in key areas. >> So I do have an update on Ulrich.

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Ulrich. >> Ulrich vacancy rate is currently at 17.14. Okay they were up to, I believe around 25. So they are going down good, and the department actually, the last update was at 20. We're getting live information right now. The last update was at 20, but it's down to 17.14% at the moment. So the department is working on addressing that at Ulrich. We're still working on, the call center information. So I'll just give us a couple of minutes. It'll be coming in soon. >> Great. Thank you, and then for the, Austin energy discussion on, when we have that, if we could also understand whether it matters for the financial viability, whether we're putting that 2% in the customer charge or in the rate, you know, we had a lot of debate over which one to do. And our staff very strongly, suggested that we put it in the customer charge. But we put it in the rate in the ultimate vote

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in the rate in the ultimate vote , I'd like to understand, you know, if it matters for the ultimate financial, stability where we're, where we're putting that those increases. Thank you. I don't expect you to answer that now, but when we have when we have the. >> Thank you, councilmember. Anyone else have any questions or comments at this point? Okay. Turn it back to you to do whatever it is next. >> So now we'll have a discussion on our capital improvement program to give you all an overview of what we are seeing in our capital improvement program, departments do a capital improvement plan when they, give their proposed budget. And so this is the plan that was approved for fiscal year 24. We'll have an updated plan for you all when we present the proposed budget in July. This slide here just shows the overall cip spending, that we've seen over the last several years

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seen over the last several years as you can see, our utilities are a large portion of our capital improvement program as well as with the, expansion at the airport, the aviation department is a significant portion of our improvement program, the public improvement bonds, which we'll talk about a little bit more over the next couple of slides. You can see the spending that that we've done over the last several years, and we anticipate larger spending in this fiscal year and fiscal year. 25. And then that will ramp down, over the remainder of the forecast period. That other the other section at the very top includes , certificates of obligation, contractual obligations that we have. It also includes the convention center. So a large portion of that is the convention center, renovation and expansion. And as you can see, those those dollars are high over over the forecast period. We anticipate it's not showing here, but in the next, as the convention center is completed in 29, we'll see some

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completed in 29, we'll see some of that go down a little bit based on those. The closure, the ending of that, renovation project. So when we think about our public improvement bonds, our voter approved bonds, this slide just shows the history of our of our bond program, and, and it breaks out whether or not it was a comprehensive, package or if it was a specific infrastructure specific package. As you all know, 2022 focused on affordable housing, previous to that, in 2013, that was the next affordable housing specific, bond package, a number of the bond packages that you see here focused on transportation and mobility, that's 2020, 2016, and then the 2020, 2010 bonds and then 2018 and 2012 were the comprehensive bond packages that included multiple departments and projects. So when we think when we look at our public

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when we look at our public improvement bonds and where we are today, when we see the spending on these bonds, we have right now, our active bonds is a 2022 housing bond, which is beginning to show some spend the 2020 and 2016 transportation bonds have expanded 17 and 54, respectively, and the 2018 comprehensive bond has spent up to date to date, 56. We have \$1.63 billion of total authorized but unissued, bond dollars and the capital delivery services department will be coming to this body, in the coming weeks to discuss our bond program, and the anticipated implement of these of these bond projects. Almost there. As I mentioned, we earlier on, we wanted to have some policy discussion. And in that, and as was asked about we have had Ed,

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was asked about we have had Ed, 84 council resolutions since June 22nd that we anticipate will have some financial impact. Staff is really is currently you know, they're at several phases of being analyzed to see what that impact is, this slide here just shows a small sample of those items that were, resolutions from, from council. None of these items, none of the 84 currently included in the forecast. And so when you think about that, you know, the list that you have in the back of the report, that's some of the conversation that we'll continue to have over the, creation of the of the proposed budget. But we want to make sure we have this conversation with you all because as we have talked about how tight the general fund is in particular, we really would will have to have some very frank conversations about which one of these ifc's are what ifc's we can, consider including in the in the proposed budget for

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in the proposed budget for fiscal year 25. And then finally, council member Ryan alter asked about the strategic plan. Staff has been working really hard on creating the citywide strategic plan, we had this conversation very briefly with the audit finance committee back in December, but we've created, policy priorities. And you can see them here in these, these seven different areas that we have, created goals that we feel like align with council direction that we received. Even though we mentioned the ifc's, 243 ifc's over the last two years, 225 or 93% of those are aligned with the strategic plan. That is not the only lever that we looked at. We have listened to conversations with council. We have looked at what, what items we have as far as plans that we have in place, plans that you all have approved, and

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that you all have approved, and how that will inform the citywide strategic plan. We are in what we have called the pilot process, where we have taken a handful of the, measures and strategies and worked with departments. And these goal teams to create these measures and strategies and refine them so that it's something that we can, report on and implement and integrate into, not just the

budget process, but integrate into our operations and operationalize and show how these measures, these overall strategic measures, touch the department's, touch their operations. And then we're creating a dashboard that will, allow for us to report back to council, so that you can see the progress that we're making. We anticipate that this plan will be kicked off in fiscal year 25. So a number of the measures may be baseline measures, but it's also a living plan, a living document that as we see progress being made on strategies or measures, we may come back and

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measures, we may come back and say, well, this strategy, we can check the box off on that, but what else do we need to continue to work on as a city? Is there a new strategy? Is there a new, measure that we need to create? So we are hoping that this is a live and breathing document that helps inform council of the progress that staff is making based on your priorities and also allows for staff to see how these priorities are being operationalized at the department level. And with that, there we go. >> Thank you. And I'll echo before we go to some more questions, I'll echo what's already been said by a couple of council members. And I think I speak for everybody that that really nice presentation and we deeply appreciate how deeply you get into it. So thank you, council questions councilmember Allison alter, followed by councilmember Fuentes. >> Thank you. Mayor, I wanted to just, call your attention to some a resolution type that's not, in your in your list, which

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not, in your in your list, which is for funding the sexual assault response, project, the collective, the CFCM, so when we adopted the lawsuit in January of 22, we were told we had to put it in as direction because it was a lawsuit settlement. But the council agreed to prioritize , funding the lawsuit, so settlement terms as well as the what was then called the per report, which was the report related to improving our sexual assault response model. We have an item on our agenda, this Thursday that essentially asks you to fund some of the remaining items on that, but I just did want to call your attention. It's understandable because it was direction, but I just I want to make sure that as you're going through your process, that that we include, that that priority as well, we have, you know, 40 some folks from across the city and across our community who've been

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our community who've been working really hard on really rethinking how we respond to sexual assault. And they have a model and they have some funding commitments already from APD that they will fund parts of it. But there are some aspects of it, that are not the women's commission also, you know, voted in support of that. So if we can make sure that we're adding that as well, that would be great. Thank

you. >> Yes, councilmember Fuentes, thank you, councilmember Ryan alter, mine's more of a comment. >> I would like to follow up with staff to have a more detailed conversation on the unfunded council resolutions. I think there's a bit of discrepancies. For example, the child care grant program that, that we allocated a budget amendment to secure funding for that last cycle is listed on there as an unfunded resolution. Ann. I think the issue has been is, is getting the grant program off the ground, last I heard, the economic development department would be moving forward as the main entity to coordinate that, also, the tenant relocation ordinance is listed and that the changes have been codified already. There was

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been codified already. There was no funding requests associated with that resolution. And the, the mural at armadillo park is another area that we've been in conversations with with Austin water staff in that project is moving forward. So I just there are a couple things I want to help, address in an offline conversation. >> Thank you. Councilmember. Councilmember Ryan alter, as it relates to slide 39, your public improvement bonds, just based on adding everything up, the this is inclusive. >> Your your 1.63 number is inclusive of cos and cos correct . It's beyond just the general obligation bond approvals, that number is just the voter approved bonds. The public improvement bonds. >> Okay. Well maybe, maybe I'm missing something when I added it up. I have 1.485 of your unspent, and so I'm just trying to find where that delta is and

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to find where that delta is and maybe I'm missing something, but, we can talk about that another time. I when we look, there's not an exact sync up between the timing of when Oney is spent and the bonds are issued. >> The bonds are usually lag when the when the project expenses have have been incurred. And we do it on a reimbursement process. So I wouldn't expect them to be exactly the same. I would expect there to be a little bit of a lag between when the money is spent and when the bonds catch up to it. Sure >> And then when we when we talk about encumbrance, is there a time limit that we think about that I'm just thinking about the, some of the presentations we've had from director snow about here's our, you know, five year spend plan and or you know, we know we're going to spend on these infrastructure projects over the next three years. They seem to be fully identified. Ed, but where where do we draw the line of encumbered versus just planned, if that makes sense. >> Encumbered simply. We have a

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>> Encumbered simply. We have a contract in place, there's. And dollars have been encumbered to fulfill that contract when the contractor does the work. >> Got it. Okay. That's helpful. Thank you very much. >> Thank you. Councilmember. >> And I would also add this is a snapshot I think, you know, so we do a snapshot. We will get an updated plan from departments when they present their proposal when they get the proposed budget. So you'll get a full updated plan with updates in the proposed budget process. >> Okay. >> Thanks. Other questions or comments? >> I do have some information, so we have 31 total vacancies in the 911 call center, 22 vacancies and police 9119 vacancies in ems, 911. >> And so out of how many? So we do we know. >> Hold one second. Thank you. >> And while we're waiting on that, I can say that those numbers are down and they've been moving in the right

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been moving in the right direction. So that's good news. But we'll get to that. Sure. >> They're they're absolutely down. I just want to make sure that that that we finish, making sure that we're able to provide those services in a timely manner. >> Do you want to wait on this or can we go to the next item, we can go to the next item. Thank you. >> Okay. Well done. We're very we're all very, very appreciative, members, we look forward to this process. This is, you know, obviously the kickoff of this budget cycle. I will, like, as we did last year, if you'll recall, we had a process that we followed where and we've already set the meetings as part of our original vote to set meetings. What I'll do is shortly send out a message board, post that also walks through a potential process for us to get from today to a vote on the budget, because it worked pretty well last year and but we'll have input and see what people think about. But it

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people think about. But it mimics and I've worked with the manager's office and, the budget office to make sure it mimics what we did last year and gets them what they need in terms of being able to provide us the information. So, look, look for that to happen today or tomorrow. Again, thank you all very, very much. Well done. That'll take us to item B two. Which is a presentation regarding recommended revisions to city charter from the charter review commission. And city staff. Would be helpful. >> Good morning. Hopefully everyone can hear me. >> It's a little quiet.

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>> It's a little quiet. >> All right. >> Good morning. Thank you. For being here. >> Thank you. My name is wajiha Rizvi. I'm an assistant city attorney with the law department. We're here today to talk to you about recommended amendments to the city charter, through two sets of recommendations, one from the city staff and one from the charter review commission. Both operated on parallel paths, for the better part of the last nine months or so, and the resulting recommendations are the two reports that

you see included in your backup materials, so just to kind of orient this discussion a little bit, whichever charter amendments you choose to move forward with will be placed on the November 2024 ballot. And we'll be coming to you on may second as a discussion item for you to consider. The proposed amendments. Then on may 30th, it will be posted as an action item for you to decide which recommendations will go on that

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recommendations will go on that November ballot. And we'll talk about more. We'll talk about process and timeline a little bit more shortly. So for now, we'll start off with a presentation from the charter review commission, in terms of their recommendations and we have the chair of the charter review commission. Jessica Calvino, here to address those recommendations. After that, I'll present the city staff recommendations. And we also have representatives from the auditor's office, finance, planning, the clerk's office and economic development here to discuss any questions, that they that you may have about those suggested revisions today. And I just want to thank them all for their contribution over the last nine months in getting us this, this far. So now let's turn it over to the charter review commission. >> Thank you, miss Rizvi, can you all hear me? >> Okay, really lean into that microphone. I will do that. I think the way that I think the way our system is set up and

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way our system is set up and this is me guessing, but I think the way the system is set up is the speaker's really do a good job for everybody out there, and we have a little bit of difficulty if you're not really into the microphone noted, I will speak up. >> Please let me know if you're not able to hear, so as miss risbey said, my name is Jessica Palladino. I'm here on behalf of the 2024 charter review commission, and our role in this process, we all were created by by your body, by the council, to review certain things within the charter and propose recommendations ahead of the November election. Our final report is contained in your materials, and I'm not going to go into those recommendations. And a lot of detail today, unless you all have specific questions, but we did want to provide a high level overview of our work and the recommendations that we are proposing, the members of the charter review commission, there were 11 members, one of them appointed by each of you. So some of these

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by each of you. So some of these names may look familiar to. We do have two commissioners here with us today, commissioner van manen and Altamirano, who are behind me. And then we have several other commissioners who are watching via the webcast today. We were specifically tasked, in the resolution that created us to look at five specific issues which are shown there on the screen, and then

also to consider other potential recommendations for charter amendments that either members of the public or members of the commission brought to our attention. Our final report does contain recommendations related to each of the issues that you asked us to propose recommendations for. So all of the five items on the screen are addressed in our report, and we will go through those recommendations briefly in just a moment. We also considered several items that were brought to us by members of the public or by fellow commissioners due

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or by fellow commissioners due to time constraints, we weren't able to take up all of the issues that were brought to us, but we did consider some of them. For example, you'll see there's a recommendation related to appointment of the city attorney that we considered. And, we tended to take up issues that had been vetted and researched by prior charter review commissions. The issues that were raised by the public or by other commissioners that we did not have time to address. We did include in an appendix to our report for potential topics for future charter review commissions. So a little bit of context for how we developed our recommendations. We first started meeting in September 2023. So we had about 6 or 7 months to complete our work, and we broke into five working groups to ensure that each topic received a thorough review. So each of the working groups that's listed on your screen, research, they talk to various subject matter experts and then

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subject matter experts and then reported back to the full commission for debate and discussion, which ultimately culminated in recommendations from the working groups, some of which were voted up, some of which were voted down, I wanted to point out we did have a working group specifically devoted solely to public outreach, and this was an important component of our work. We wanted to make sure that we provided plenty of opportunity for public input on the recommendations. So in addition to our 13 regular meetings, we worked with city staff to create a speak up Austin page and conduct a public survey on charter review amendments. The results of which are included in our final report. Most of our meetings were broadcast on at sun, and we also held two open houses for public comment, which were very valuable in forming our final recommendations. So these are the nine recommendations that are contained in our final report. As you can see by the vote

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As you can see by the vote counts, we had broad consensus for some of these recommendations and others were more divided, the first recommendation relates to, hopeful plea, resolving some confusion regarding ballot numbering. So currently each election cycle, we start over with proposition a. And this

has created some confusion year to year, so the recommendation that we have, would require ballot propositions to be labeled sequentially through the alphabet. So if we have, propositions a through C in this upcoming election, the next election would start with proposition D. And we felt that that was within the bounds of the law and would help to resolve some of the confusion, related to propositions, the second recommendation relates to a durable signature threshold for citizen initiative and referendum petitions, this was an item that council specifically asked us to review, and we are recommending a 3.5% signature threshold. That's 3.5%

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signature threshold. That's 3.5% of qualified voters, which equates to approximately 20,000 voters, 20,000 signatures. So I think it's notable that this is not an increase in the current signature threshold, but the signature threshold could increase over time as the number of qualified voters within the city increases. And this was, I will say, our most debated recommendation. You can see by the vote count, that this was a fairly divisive and much discussed issue among the commissioners, recommendation three are administrative requirements for citizen initiated petitions. We are recommending a notice of intent and some specific forms and other administrative requirements to help make that process go a little more smoothly, recommendation four would require elections on citizen initiated petitions and charter changes to be held on municipal general election dates every other November, which

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every other November, which would align those elections with the highest turnout. Elections for the city, item number five. Recommendation number five relates to conflicting ballot initiatives. If two propositions are passed, are both passed by the voters and they are conflicting. The proposition with the highest number of votes would be implemented. That is our recommendation. There recommendation number six and seven are both recommendations that relate to recall petitions, recommendation number six, our disclosure and contribution limits. Essentially, we're attempting to align recall election and regular election disclosure and campaign finance reporting requirements, item number seven also relates to recall petitions. And it would increase the signature threshold for recall petitions from the current threshold, which is 10, of a district's qualified voters , to 15. And then finally, we

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, to 15. And then finally, we have two recommendations related to the city attorney. One is that the process would essentially stay the same where the city manager would appoint the city attorney and remove the city attorney, but both of those actions would be taken with council's consent, and then the second recommendation is to appoint a specific attorney within the city attorney's office to serve as a

liaison for counsel. And both of these recommendations were formed as best practices taken from the national civic league's model city charter, and also from a review of practices of our peer cities. So that is an overview of our recommendations. Some some key points I wanted to make. Some of the recommendations, for example, related to some of the administrative requirements and the notice of intent may not require a charter amendment. We included them as charter amendments in our report, just

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amendments in our report, just because our view was, you know, we are the charter review commission. So we should propose charter amendments. However, we worked with the city attorney's office to identify areas where there may be alternative implementation options, and we have highlighted those in the report, and as I mentioned, the durable signature threshold was the most debated recommendation. Ann. This was the recommendation that we got the most public comment on. And so our report contains a detailed overview of the discussions that we had as a commission, both from those from the perspective of those who voted in favor of a durable signature threshold and those who voted against, to be sure that the council had a full view of the debate on that issue. And I believe that that concludes my report, and I welcome, any questions that you all have. >> Great. Thank you. And thanks for your service. So, members questions, comments. Councilmember Ryan alter, first,

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Councilmember Ryan alter, first, I just want to thank you all for your hard work on this. I know there were a lot of discussions and deliberations, and so I really appreciate the thoughtfulness that went into this. And, fortunate enough to have my appointee here. I really appreciate his hard work, throughout this, I'm really curious as it relates to recommendation number four, the moving of the election to our general municipal election dates are I just for clarity, general municipal elections? That would be either a presidential or gubernatorial year. Correct would that be odd number or odd number years? That's correct. >> And I'm going to look at commissioner Altamirano, because if I get anything wrong, this was his working group topic. So I may call him up to help answer some questions. >> Okay. And what I want to make sure that we, also address here, and I'm not sure if it's covered. And maybe, the law department can help us out. I

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department can help us out. I know there's a subtle nuance that because charter elections can only occur every two years, and when general elections are ordered based on the calendar, you could end up having, let's say it, go from November 10th to November 8th. That we have interpreted to interpreted

two years to be 730 days. And so you would run into this weird situation where it's 728 days or something of the like, is that issue captured here so that we can make sure that it's just at that next kind of at what we would think of as a two year cycle, even though on a day schedule, we would actually have to push it another two years. That issue is highlighted in the report, and I think the way that the language is currently drafted and current practice, we would be able to work around that.

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that. >> That impediment. >> Okay. I just want to make sure we don't need to make any tweak to the language here for that, well, like I said, a really good work. I think, you know, we went into this trying to make sure that our citizen petitions represent, when it gets to the voters, represent a broad swath of the voters, both in terms of putting it on the ballot. But then once it is on the ballot, that everybody we have the maximum participation. And so I think you all have really done that here. And so I really appreciate those efforts. >> Thanks, my question, I think might be related to staff's recommendation is, is there a presentation going to be okay. All right. Well, mayor, we'll come back to my question when that happens. Thanks. >> Councilmember Fuentes. >> Thank you. Yes I have most of my questions are for city staff, but I do have one question for the commissioners. And thank you all again for your hard work on

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all again for your hard work on on compiling these recommendations of the ones that you are recommending today, are any of these achievable by ordinance or are they all by charter amendment? >> Yes. There are a few that are achievable by ordinance, or at least components of them would be achievable by ordinance and we've highlighted those alternative implementation. Options in their report within the report. >> Okay. Thank you. >> Thank you. Council member. Why don't we you want to do this now or you want to let staff do it? Go ahead. Council member Vila, just a quick question on the, the recommendation with regard to the signature thresholds, I understand that the, thresholds for an ordinance , this, petition are set by the city, but the threshold for a charter amendment petition are set by state law. Is that correct? >> That is correct. And that was one of the issues that were raised by several commissioners,

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raised by several commissioners, and voting against a change to a durable signature threshold because you could potentially have a situation where you needed fewer signatures to implement a change to the city charter than you needed to implement a change by ordinance. >> And what is the threshold for that state law sets for a charter amendment petition. >> The charter amendment is the lesser of 5% or

20,000 voters. >> Okay. And from a legal perspective, is there a difference between an ordinance petition and a charter petition, or would they? In other words, if you wanted to, do you know, a, B, and C, does it matter whether you amend the charter or you amend a city ordinance? >> I'm looking to Mr. Rizvi to see if there's anything else, but I believe it's just going to be the two year window is the major difference in terms of when you hold the election. >> That's right. And I think also, you know what what is placed into charter, you know, is, is there's a higher, higher barrier to being able to change it because you are limited to only being able to change the

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only being able to change the charter every so often. So if it's put in place as an ordinance, there's a little bit more flexibility, if you'd like to account for additional nuance and make amendments to that, it's, it's a little bit of a lower burden to do to do that. >> Thank you. >> Thank you. Councilmember. Anything else before we have the staff presentation? Okay. Thank you. Council. The floor is yours. >> Okay. >> So this portion of the briefing will address the city staff charter review process. We'll discuss some of the substantive recommendations and talk about the timeline for both sets of recommended revisions to the charter over the next few months. So just to talk a little bit about process, we kicked out the outreach to staff departments in August of 2023. City departments got back to us with both substantive and non substantive cleanup type edits. The non-substantive edits included things like removing

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included things like removing transitional text, addressing unique issues that were specific to the implementation of the charter at its adoption, and other small language updates. All of the final recommended amendments in both non-substantive and substantive are included in the staff charter red line, which is appended to the staff report, so hopefully you'll you'll be able to see all of that there. And there is a breakdown in the left side, margin to kind of help you connect some of the substantive, issues that we were addressing in the report to the actual red lines themselves, notice that the city staff report is a summary of only the substantive changes for efficiency purposes. So moving on to some of those substantive changes, I'm going to touch on each of these briefly. And if you have any additional questions I'm happy to discuss that with you. And then of course, we've got our, our folks, our experts from the various departments here to

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various departments here to address your questions as well. So regarding the disposition of city property, various departments across the city currently hold possession of goods that may be damaged or have no value for the purpose for which the goods were originally intended, or they may have

property that's not valuable for the city's needs. And so this recommendation just adds very broad language to the charter to allow the city to pass an ordinance related to the sale or the disposition of that salvage or surplus property. So, again, the details would be laid out via an ordinance. This would just be broad language allowing the that process to start taking place, moving on to annexation. So during the 2019 legislative session, the annexation process was revised to require landowner approval for city annexations. And so as a result, the current charter language needs to be updated. It currently states that the city can annex for

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that the city can annex for general or limited purposes, with or without the consent of inhabitants of that annexed territory, and so this revision would simply be to comply with that legislation by removing references to consent. Next, moving to redistricting. So there are a few changes here. And we'll start off by adding a dish, an additional, definition in the definition section to what we mean by the word independent in reference to the icrc, which is the independent citizens redistricting commission, essentially stating that they can still use city staff assistant assistance in their work, similar to other boards and commissions. The next edit expands the exceptions of when the redistricting commission can, come together to draw district lines outside of the traditional time period. And that traditional time period is just the year following, the decennial census between March and November. So currently, the charter allows for certain exceptions to that traditional

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exceptions to that traditional timeline. So, for example, if there's a judicial decision that invalidates some or all of the existing map, or if the city's election dates are moved. So this recommendation would essentially add an additional exception to that list to allow for the icrc to come back together and draw district lines when redistricting may be required due to annexation or dis annexation. So moving on, an effective date was created to clarify when the boundaries go into effect. There's been some question about that in the past, and so this would essentially put it at a 30 day deadline after the icrc adopts the final plan. So the last two redistricting related changes are fairly minor. It updates the process, the process for member selection to increase the pool of applicants for the redistricting commission to allow for, essentially. Well, it increases the pool of applicants

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increases the pool of applicants and then also addresses how vacancies are filled to allow for a different process based on whether the redistricting plan has been adopted or not, presently, there's a 5050 day requirement for filling a vacancy on the icrc at any point during the commission's ten year terms so that,

for reference, the icrc becomes inactive after the adoption of a redistricting plan, except for when they need to come back together. When necessary. And so this recommendation would acknowledge the fact that there's a little bit of a differential in the need of the urgency of, of, you know, filling vacancies and so it would keep that 15 day requirement in place when Ken, before a plan has been adopted, and then it would then alter the process for after a plan has been adopted. So essentially allowing them to fill in that vacancy as the at the next general meeting or special called meeting of the icrc. The final redistricting related,

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final redistricting related, recommendation is to allow the commission and the staff to communicate with or receive redistricting, information, outside of a meeting of the commission. Obviously, the requirements of the Texas open meeting act would absolutely still be in place, similar to any other board or commission. The current language in the charter states that commission members and commission staff may not communicate with or receive, information from anyone outside of a meeting. And so this essentially allows for them to be able to speak with council, individual members, to be able to speak with council or rely on commission staff to be able to gather information between meetings. With Toma still applying, of course. So moving to elections, the first recommendation is to defer to controlling state law when it comes to holding a special election for a council vacancy. You know, the charter currently

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You know, the charter currently says that it should be held on the next available uniform election date. But the Texas constitution has in place a 120 day limit for holding the election after the vacancy occurs. In practice, we've always been following state law. It's really just a matter of bringing that language in the charter along and up to date. Next, we have a recommendation revising the deadline for ballot applications by removing a reference to the 45 day deadline. Again, similar to the previous recommendations, we follow state law here, which is a ballot application window of 30 days leading up to the 78th day before election day. So again, this is just bringing the charter in line with current practice and the law. We also refer to petitions in lieu of filing fees. That's something that the city offers again in accordance with the requirements of the election code. And so this recommendation would be to change the charter to include a reference to that. So moving to

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reference to that. So moving to election fundraising matters, we've included a recommendation here to set the contribution limits at the beginning of the year. So as you're familiar, the charter currently

directs that the amount of the contribution limit will be modified each year with the adoption of the budget to increase or decrease in accordance with the most recent cpi us city average. So that means waiting until August, when contribution limit guidance has already been disseminated to candidates, when the brochures have already gone out. And so, for clarity and efficiency purposes, the recommendation is to make this modification at the beginning of the year rather than changing it midstream. And finally, the final recommendation we have with regard to elections is to do with the time restrictions on fundraising for general elections, as well as disgorgement language regarding the distribution of campaign

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the distribution of campaign balances, these are being these references are being removed from the charter to comply with a fifth circuit ruling in 2018 that found a six month timeline, a six month time restriction, rather for fundraising and disgorgement provisions to be unconstitutional. And so there's currently that six month, time restriction there. So that would essentially just be removed from the charter. Now moving to council meetings, the current language sets weekly council meetings to. And so this would essentially just be updating that language to, as you're well aware, the current cadence and practice of council meetings. So regarding municipal courts, we recommend updating the resigned to run requirement for municipal court judges to align with the Texas constitution. Ann. So currently the charter says that if a municipal court judge has, you know, a year, I believe it's, over a year left of their

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it's, over a year left of their judicial term, they automatically resign once they declare candidacy, this revision just brings that language in line with state law, which says that you have if you have one year and 30 days left of your terms, then you automatically resign your upon declaring candidacy. So again, just an update for state law here and moving on to the finance section. So revisions were made to bring the language in line with gap accounting regarding the recognition of revenue. Also. References to department work programs have been removed to be consistent with current practice. The finance department is also recommending revisions to purchase procedures to reflect best practices and to bring outdated language in line with state law. In addition, there is a recommended increase to the city manager's authority to execute and amend contracts with a value of 150,000 or less. So these are the last, last set

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So these are the last, last set of substantive recommendations. And then we can move on to timeline and process going forward. So regarding personnel, this is these are changes to article nine of the

charter. The city auditor's office recommends removing appointees or employees of the city auditor's office from the municipal civil service with an eye towards upholding investigative Independence, in the current charter draft, there's, as you know, a list of roles within the city that are exceptions to the mix, including council and their direct staff, city manager, acms, that sort of thing. This recommendation would add appointees or employees of the city auditor's office to that list of exceptions. In addition, there's a change to the retirement system language to refer to controlling state law, which delineates the various municipal police, fire, retirement statements and the details of their administration. And finally, from general

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And finally, from general provisions, there is a recommendation that we remove the requirement for notarization of written notice of claim that are made with the city or made against the city, rather. So that is it for substantive recommendations. I'm happy to pause here to answer questions, or we can go straight to timeline. Why don't we pause a second and I'll recognize the mayor pro tem, thanks, mayor. I just have a couple of questions for you specifically on the employee retirement system piece, and I'm actually looking at the red line where a lot of the language is simply removed because it's unnecessary. But the one piece that I want to ask about at the top of page 34, where, we're talking about benefits payable to any member upon retirement, shall be based upon the amount of contributions made on behalf of such member. And then these words are removed and shall be determined on an actuarial basis. Can you,

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actuarial basis. Can you, explain a little bit why that phrase is proposed for removal? >> I'm going to invite our folks from finance to come help out with with this question. >> That seems fair . We have grab that microphone and please identify yourself for our record. >> Good morning everyone. I'm Diana Thomas, deputy chief financial officer with the financial services department. The changes that we were proposing to the employee retirement system was mainly to consolidate everything, to align with what's already reported in state law. And I believe the actuarial analysis of how those calculations are made are already included in the state law for each of the three retirement systems. So we felt like it was duplicative to

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like it was duplicative to include it here. >> Gotcha. I just didn't want to lose the fact that the actuarial basis was significant and really important. So we're not actually eliminating that. We're just removing redundancy. Correct. Great. Thank you, miss Thomas. And then on purchase procedure, which is

subsection 15 and I'm looking at the summary here, I was just curious when, you know, the city manager's authority changes over time, it fluctuates. And is this the sort of thing where we could, instead of putting a dollar figure on it, we could simply refer back to what state law allows and so that we wouldn't have to come back in and change the charter or an ordinance language. When things change. Since we are going with what state law allows. >> Well, I think that that state law is more flexible. And so we were trying to establish a baseline and then and then that baseline would grow with cpi, grow or shrink with cpi, as it

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grow or shrink with cpi, as it currently does today. Okay. >> So what is what does state law require then if it's not the 150? Because I thought we were tracking state law. >> No. But let me just look to my left and see if Mr. Scarborough happens to be here. >> Here comes Mr. Benigno. Oh, and Mr. Scarborough. All right. >> Financial officer, in regard to the city manager's authority to approve a contract without council approval, there's nothing in state law about that. That's strictly through the city's charter, we could set it at zero. It's currently set at \$43,000, indexed by cpi, which has raised it over the years to the current 76,000, to staff. And looking at it, it feels like a low amount for a city with a \$5.5 billion budget. We estimate about 30 to 40 small dollar amount contracts, contracts below the 150,000, but above the 76 could be removed from the council agenda every year. If council was comfortable giving

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council was comfortable giving that little bit of additional authority to the manager to enter into a contract without this body approving it. >> Mayor, I think this is a really good change. I did think that it was tagged to something in state law, which was why I thought it was, you know, at 43,000, which has struck me for a long time as being too low. And I know as a member of the metro board, their minimum or their break piece is 150,000. So this would be more money. But thank you for that information. I actually didn't realize this wasn't, this wasn't directed by state law. Thank you. >> Now that you flagged it for me, it may be next session, but, councilmember Fuentes followed by council member Ellis. >> Yeah. So we know they like to watch our council proceedings. So. >> Yeah. >> Yeah, what we say on the dais does have impact, the question I have for staff with the recommendations that you all are proposing today would they be consolidated into one ballot item, one ballot proposition, or how would we break those out? >> So I think a lot of this

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>> So I think a lot of this depends on what the council decides to move forward with. But they have to be in order to comply with state law and provide clarity to voters. Is this they would need to be

separated out with enough clarity and by subject to be able to clearly, you know, allow for voting on one without having to if you don't agree with another component of it, you know, not having to vote on all or nothing, and so obviously the details of that would need to be hammered out, but when we were, we would come back and we'll talk a little bit about this more, but when we come back for at the council meeting to order that election, it would include, you know, the ballot language and all of that for you to take a look at, to see kind of how that would look. >> Okay. >> So you all will come back to us to brief us on what that the potential language could look like. >> Okay, mayor pro tem asked my question about raising the spending threshold for the city

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spending threshold for the city manager, Mr. Benigno mentioned that about 30 contracts on average is the amount that council has typically approved between that 43,000 to 150,000 price range, the other question I had around purchasing is changing the competitive bidding requirements to anything over 5 million to be subject to state law can you share a little bit more about what is the state law requirement and the associated dollar threshold? >> Good afternoon. Council members, James Scarborough, financial services department, the amount established in statute is associated with competition. So the amount of staff that is being discussed here is a is for the authorization of the contract. So if the if the estimated value of the contract is going to exceed \$50,000, then state law prescribes that they be competed subject to the requirements in

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subject to the requirements in state law. But there's no mention of the authorization of those contracts because that could differ from one jurisdiction or one local government to the next. >> Okay. >> Thank you. Thank you sir, thank you. >> Council member. Council member Ellis. >> Thank you. Mayor, I have a question about the disposition of city property. Could you tell me what is salvage or surplus property? Are these old vehicles or other sorts of office furniture, or is there something else like property that this might apply to, like city owned property. Yeah. >> So it's defined really broadly in the government code salvage and surplus. I mean it can vary by department. It's the broadest definition is that it's anything that's not, real estate. So you know, that could be you know, I think, you know, salvage property, could be goods that are no longer usable for their original intended use. And then obviously, surplus is, you know, goods that or property

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know, goods that or property that is no longer the city has no valuable use for, but I, you know, I, I, we have folks here from the economic development department to help provide examples of what that

could be, but my understanding is that it is not just Ed, but several departments across the city that have all sorts of, pieces of property that are in storage that currently are indefinitely sitting in storage. >> Okay, okay. And so all this would do if it were approved is allow the city to create what that plan and program would look like. It doesn't it's not going to define it when people vote at the ballot box. But it would say that the charter allows for our departments to come up with a plan. Is that correct? >> That's right. I mean, the exact words are that it it would allow the city to pass an ordinance related to the sale and disposition of the city's personal property. So it essentially is as broad as it can be so that the details can be hammered out. You know, via ordinance, with the, you know,

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ordinance, with the, you know, expertise of the various departments kind of contributing my understanding is that certain departments may have informal, you know, processes in place. But to really have a wholesale approach that's citywide and more holistic, it seems on its face that is good for our charter to be able to allow us to do. >> I think the actual nitty gritty of what is that property and what would that policy be like for instance, if there's anything that's been confiscated, you know, through the police department, we may want to have different controls on that than things like office furniture or retired vehicles or things like that. So thank you. >> Thank you. Council member, mayor pro tem. >> So my last question is, will we get a list of items that we could change by, through our action versus the things that have to go onto, charter election or are all of these required to go before the voters?

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voters? >> All of these are at your discretion, however, if it would help, you know, certainly that's that's done in the, the charter review commission's report, there's a separate section that says alternative implementation options. And they list out when an ordinance can handle, some of the changes that are being discussed, but happy to provide more information about some of the staff recommendations that can be changed for the most part, you know, this is all really at your discretion of what you would like to move forward with, obviously, as you know, the state law, you know, would be controlling no matter what, and so a lot of these are just efforts to make sure that the charter is a living document and is consistent with where we are state law wise. >> That's great. And if we're able to be more efficient by doing, for example, the housekeeping, list, then I do think we should move forward with that, but it would be really great to get your input staff on which items you think we could execute here as a dais. Thank you.

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Thank you. >> Thank you. Mayor pro tem, council member Allison alter. >> Thank you. Mayor, so when for the items that are under 150,000 and between the current limit, is it possible to get a sample from the last year or two of what those contracts would be? So we have a sense of what we'd be giving up authority over, and then I assume if you know a number that you're throwing out that you know what contracts those would be so you could provide those. >> Yeah. He's indicating. Yes. Great. >> Thank you. And then that applies only to the spending authority, not to the receipt of grants. Is that correct? >> Correct. It's spending authority. >> Wright spending authority. Correct. Okay, and then there is a part under the finance section that says revised purchase procedures to reflect best practices and create efficiency. Can someone speak a little bit more to what that involves? >> Janet can you handle that one? >> Mayor. Council member. Alter

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>> Mayor. Council member. Alter that was a fairly minor revision to the purchasing procedure section in the charter, there was a reference to professional services contract, that was repetitive of what state law already requires. So that was just a little clean up there. But for the most part, it was the language was more of a clean up to, not stipulate information that wasn't necessarily, you know, applicable. So the procedures that were addressed were not such attentive, so to speak. It was really more of a minor cleanup. The more significant element in the proposed changes to the purchasing procedure were the were the manager's authority, as we've already been discussing. >> And what was the argument for removing a requirement for the departments to submit annual work plans? >> That wasn't me. >> Yeah, that may not have been you. >> Sorry that wasn't me.

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>> Sorry that wasn't me. >> Thank you, Mr. Scarborough, please. >> So. >> So with regard to the budget, we used to ask departments to break their budget down into the monthly allotments, to identify how much they plan to spend in October or July or April. We no longer do that. We hold departments accountable for the annual budget and to stay within their budget, within the year. And because we don't require that as part of our current business practice, we thought it was a good clean up effort to remove that. >> Okay, just some of these are listed under substantive. So I'm just trying to understand the difference here, I may have more questions later, but thank you for another day okay. >> Anything else? Thank you all very much, we appreciate everybody's participation and your being here, and we appreciate the service of the, of the charter review commission . And thank you very, very much for taking the time to do that. Appreciate y'all, with that, we will go to the next agenda item.

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will go to the next agenda item. And those are items that have been pulled, for discussion. And, the items that I have that are pulled are item 28, item 32, and item 34. So, item 28 and item 32, I believe, relate to aviation. So if the folks going to make that presentation will come forward, I will, recognize council member Fuentes, who pulled those items. >> Thank you, this should be a quick briefing. But, colleagues, I just wanted to put a spotlight on our airport. We're undergoing a massive airport expansion program, and we now have a new permanent director of our airport. Just Lang badawi, thank you for joining us. And so I thought it might be helpful for us to just have an update about the expansion program. We have a few big items on our agenda for Thursday and a few more coming up in the coming months. >> Thank you. Council member, please. The floor is yours. Good morning. And this and welcome. This is your first time here as, the director. So we're

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the director. So we're appreciative and glad you're here. >> Thank you. Good morning, mayor and council. I'm ghizlane badawi, CEO of austin-bergstrom international airport. I'm happy to provide a high level overview of all the projects, and I would like to start with aws current deficiencies. Program overview. Then going into all the components. As you can see in this chart, aws is deficient in every operational area except the airfield. And those are our runways and taxiways. Prior to the pandemic, we were growing fast, but at steady pace. We served 17 million passengers in 2019 and we entered the pandemic as a medium hub airport. In 22 and 23, we served 22 million passengers and exited the pandemic as a large hub airport. These changes dramatically out impacted our facilities and we did outgrow our facilities as as much faster than expected pace.

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much faster than expected pace. So I'm going to go over the near term projects, then the long term projects. This chart provide an overview of our program, we currently have three projects under construction, three in design and five in procurement. These projects are interconnected and we cannot start building some projects until we complete the other ones. The perfect example is the midfield taxiways. Those are the highways that we have at the top of the charts. We have to complete that project before we can start construction on the concourse, because the concourse will be built on the top of the current taxiways. The same thing with our new arrival and departure hall. We have to demolish the red garage so we have to add the parking capacity before we can move forward with that project and to provide cooling and heating for all this new infrastructure, we have to add the utilities were maxed out

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add the utilities were maxed out on all our utilities, the active projects. Those are all short turn projects that we started during the pandemic, trying to take advantage of every available square footage that we have and optimizing the current Barbara Jordan terminal, the west gate expansion. This project broke ground in 20 last year and will be open in the first quarter of 26. This project will add three new Gates that will be offset with the closure of existing three Gates. When we add the tunnel, we will add modern Gates with new amenities, new concessions, and new public art installations will also add new quiet space for solitude, prayer or meditation, and an outdoor public patio that our customers can enjoy. All the views of downtown. For the young and young at heart, this project will deliver the airport's first interactive playscape. The next important projects, what we call

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important projects, what we call an enabling project is our new baggage handling system. We broke ground in 22 and will begin screening the bags this summer, ahead of our original timeline of the end of this year. This project will give us the capacity to process 4000 bags per hour. Currently we're only able to process 1600 bags per hour, and this project also will meet the demand for 30 million annual passengers. It will replace the outdated system that's basically past the life cycle and is no longer providing the needed reliability. The west gate expansion. This is an example of a project where we are filling an outdoor open space. We will be expanding checkpoint three, which is in the shape of a bridge right now. We will demolish the bridge and expand the processing capacity

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expand the processing capacity from two lanes into maximum of eight lanes, and also will provide us the additional space for phase two of our baggage handling system. Atrium infill is another project where we are infilling an open space. When you walk into our concourse, there is an open space overlooking the baggage claim. Between the two checkpoints, we will infill this and create the needed queuing space. You guys saw in the news last week. Due to the passenger volume from the eclipse, we had customers that were queuing outside and that's due to the limited space that we have inside the terminal. The current queuing space, an area for ticketing, is. The original area is the original square footage that was built in 1999. So this project is really needed to provide the adequate queuing for our customers and improve the

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our customers and improve the passenger experience. International arrival improvement is another project where we're focused on enhancing the customer experience. Our international facility and process is in critical need for both near term as well as long term improvements. We've been

fortunate to secure new international airlines and flights, and we wanted to continue growing our international offerings. So with this, with the new near term improvement, we will remove the current carousels that you see in the picture and it will provide a skewing for over 600 passengers, and we will add additional carousels next to the domestic area. And this will help us provide the much needed Eid capacity and will help us also in situations where our international flights are either late or early by 15 minutes. And they do cause us crunch in the facility midfield taxiway is an

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facility midfield taxiway is an is at 90. Design. This project is needed to provide the infrastructure needed for the flights to reach the new concourse. As you see in this picture, we have a bridge. This. This is similar to the bridge that you see at large hub airports where we will have double bridge under the taxiways to provide access to the staff at the tower, and also provide access to this to the staff at the arff station, our AFD staff. This bridge will also facilitate the construction of the new concourse. Now we'll go ahead and move into our long terme expansion project that our in the procurement process. Currently, the central utility plant. We're bringing this, item to council this Thursday. This project is critical to the to

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project is critical to the to providing the cooling and heating for our infrastructure, and it will help us enhance our sustainability and environmental stewardship goals. The current cup is the original facility that was constructed in 1997 and is nearing the end of its 25 life expectancy, and has reached its peak reliable cooling output and the current cup does not have sufficient capacity to meet the. The increased demand of an expanded airport. We will design, construct and commission a new, appropriately sized cup utilizing your utilizing current and new efficient infrastructure, equipment and operational processes to provide the reliable, redundant and resilient services for the existing infrastructure as well as the new infrastructure. This project is at the forefront of many of our sustainability and environmental rental goals and will help us reduce our carbon footprint and also provide

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footprint and also provide benefits to our community, the use of the heat recovery chillers as the primary source of hot water, rather than natural gas boilers, will reduce our carbon emissions drastically from our current operation, we will be utilizing electric heat recovery chillers that will allow us to generate both hot water as well as chilled water in one process, and we are also planning to utilize a reclaimed water as the primary source for cooling water in the cooling towers, and this will reduce the load on the potable water resources for the entire region. The use of the terminal energy storage also

will reduce the impact and the load on the electrical grid. When demand is at its highest peak and will shift to the load to the periods when demand is lower and where the generation sources is typically renewable energy, such as wind. So being a good steward of the environment and community resources, aws will implement a

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resources, aws will implement a plan to optimization plan that will ensure that the most efficient equipment and configuration that's utilized every day will provide the benefits to the airport and to the community by reducing the load on the grid, reducing the water consumption, and providing a comfortable environment for our passengers and employees. The utility infrastructure, campus wide, we are maxed out currently on all the infrastructure here and have to add reclaim the water main extensions, storm drainage, dike and pounds will add also the hydronic piping that will link the new central utility plant to all the new infrastructure. Redundant electrical power. We're working with our partners and Austin energy to establish new new power station at the airport and provide redundant electrical power and also information technology and telecom duct banks. The west

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telecom duct banks. The west garage is a critical project that will give us the opportunity to build the new Eid hall that's needed to improve our passenger experience. Building this new garage will offset the closure and the demolition of the red garage, and meet the current and future needs of our passengers as well as employees, and we are targeting over 7000 parking spots. The new concourse B and tunnel the main. This project will design and build a minimum of 20 Gates to meet the airport's long terme passenger activity levels and demand we use for casts and we use trigger models to determine the number of Gates and also working with our airline partners. This new concourse will add amenities like concessions, live music, stages, art, all of the things

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stages, art, all of the things that our passengers love about our airport and also the Gates will give us the opportunity to extend our nonstop flights. The new add and arrival hall. This is critical project for our journey with aws. It will modernize the front door of our airport, which is the front door of Austin and the front door of central Texas. We want to improve the experience that all the visitors, all our residents, and all central Texas Texans experience when they visit our airports. The departure hall will include ticketing for the airlines space for security, screening and operational space to support our airline partners and the arrival hall will feature a new domestic baggage claim area. In addition to the operational space as. This map shows the footprint of the new

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shows the footprint of the new add hall. We will build new roadways and the red box is the footprint for the add hall. This also will help us improve the experience for our customers that use taxis and rideshare, because this will be in front of the pickup area and improve that process for. So in conclusion, we need council's help to make sure that this effort moves forward. And this includes legislative support, but also helping us manage the expectations with the community. The airport will be going through a significant growing pains over the coming years, and the passengers will certainly feel those impacts look ahead. We will be focused on working with our airline partners to ensure that we can achieve the vision of our airports. We cannot do it alone. We are. We are in negotiations with the airlines and we need their help

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airlines and we need their help because they will be funding this program through the rents and the fees that they pay. The aviation departments. We will also work will be also working hard to put processes in place to ensure positive experience for our traveling public. While the airport is under construction, we will be basically building a new airport on top of an undersized airport. At the same time, our department of aviation teams across the airports are working hard every day to provide a good customer experience and keep the airport running, and they should be commended along this, over 7000 airport employees that work on the airport campus. This is the upcoming rca's that we will be bringing to council this summer, and our hope and goal is to hit the ground running this summer. Once we onboard, the designers and the construction companies and try to make up the time and

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and try to make up the time and improve the passenger experience as quickly as possible, I just want to highlight some of the benefits of our expansion and journey with aws. The development of new airport facilities is not about just handling more passengers, it's about enriching our communities. Economic social and cultural fabric. We focus on enhancing the passenger experience by adding more space, new amenities, increasing the connectivity for our community. We want to continue adding nonstop flights to domestic destinations as well as international destinations, and provide the connectivity that both our business and leisure travelers require. We're also focused on creating economic growth opportunities with all the construction activity, we will be creating jobs. We will be adding new airport staff as well as concession staff,

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well as concession staff, hospitality staff and airline staff to provide the needed services for the new infrastructure and community engagement. This is important to us. We want to make sure that we are delivering an airport infrastructure that our community is proud of, and we want to engage with our local community through outreach programs, educational initiatives and partnerships. Any questions? Great. >> Thank you for the presentation. Very thorough, councilmember Fuentes, I'll recognize you first. >> Thank you. >> Just, you know, I appreciate the high level overview, and it's an exciting time for us here in Austin to have the airport expansion. I appreciate you highlighting that. It is also a time of growing pains for us. We are building a new airport on top of an existing operating airport, and we're getting so many new amenities and new parking garage and new concourse, expanded TSA, so I thought it was important that we

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thought it was important that we had some time just to get an update on it. And lastly, I do want to give a congratulations on receiving the FAA. Our airport has been selected as one of the first airports to receive a new runway safety technology. As new airfield surveillance system will help us ensure a safer airport. And so I'm excited that we were selected for that and thank the FAA and of course, our congress delegation for their support. >> Thank you. >> Thank you, councilmember. Thank you for bringing everybody's attention. Any other questions or comments? Great. Thank you very much. Appreciate you and appreciate all the work you're doing. And again, congratulations. >> Thank you. >> With that members we will go to the next agenda item. And that's item number 34, that item was also pulled by councilmember Fuentes. I'll ask staff to come forward. To be prepared on that. Okay. My notes indicated you'd also pulled one related item. 34, the marshaling yard. Okay

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34, the marshaling yard. Okay then I'll recognize you. >> Thank you, thank you. Colleagues, as you all know, I'm chair of our public health committee, and so we wanted to ensure that we have time to have a conversation with our city staff regarding the continuation of operations at the marshaling yard, which, as you all know, is set up as emergency shelter. And so we wanted to get an update on how things are going. And also have some questions for staff regarding the continuation. >> Mr. Gray, I'll recognize you. >> Thank you, Mr. Mayor. Good morning. Council members David gray, homeless strategy officer for the city of Austin. And I'm joined by a few of my colleagues. I'll let them introduce themselves really quickly. >> Kelly, I'm the program manager and I oversee contracting and budget for homeless strategy office. >> Jade Roy, contract manager in the zo office. >> Greg McCormick and I work with our shelters. >> We do not have a formal presentation for you today.

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presentation for you today. We're happy to answer questions regarding the marshaling yard operations. What I will say, just at a high level, is we are seeing better outcomes from the marshaling yard back in January, we presented some data that showed that our positive exit rate from the marshaling yard was at 10. As of last month, we've doubled that positive exit rate to 20. In general, we're seeing longer stays at the marshaling yard as well. Clients are finding a lot of value in being in shelter and receiving the services that we offer. And as some of you seen, a few weeks ago, we announced a new partnership between endeavors, which is our facility operator, and the central Texas food bank. So now we have healthy, nutritious, locally sourced food being served to our clients three meals a day, five days a week. So we're excited for the work that's going on at the marshaling yard. We see great value in the potential to continue operations beyond July of this year and extend those operations through March 2025, but like I said, I've assembled

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but like I said, I've assembled the team here, so we will be prepared to answer any questions that you might have for us at this time. >> Councilmember qadri, I appreciate you all being here. >> It's great to hear about the partnership and making sure we get healthy food there. I had a few questions on, I guess, finances, and then I just had some more rural questions and I'm sure you guys could answer, the budget. Sorry the, it's calling for an eight month extension for about \$1 million, which is obviously less than the initial one year, you know, I think it was like a \$9 million, contract. Obviously, to me, I think the reason probably is it was getting the building, probably renovating the building, making it livable. But but is there any other reasons why it's so much less expensive. >> Sure. I'll start and then I'll invite Kelly, who oversees our budget and contract units to add. And if you want Kelly, so in the early stages of the marshaling yard, excuse me, we had, sorry. Excuse me. In the early stages of the marshaling

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early stages of the marshaling yard, we had some lower than expected expenses in part because it took us a while to ramp up. Also because per council direction, we cap capacity at 200 before proceeding with 300. And so there were some early cost savings that allowed us to stretch the initial funds that were allocated for this contract. We also identified some one time funding in our budget that we were able to use to pay for some of the start up costs ourselves, for example, some of the cots that are at the marshaling yard, the city owns those. And so we were able to allocate those instead of paying for those through the contract, Kelly, did you want to add anything in terms of the cost at marshaling yard? >> Yes. Looking at their current, spend rate right now, you know, they haven't fully expended all the money

that's allotted to them. So they're a million that we're asking for. Will just elongate the time that we can keep it open. And at the same time, add to the money the funds that they have right now. So. Yeah.

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So. Yeah. >> Great. >> And then I had I in the last time there were speakers, that were here, speaking about their experiences with the marshaling yard. I know you guys had highlighted some issues. I think at the time it was people had talked about the food situation, which you already highlighted. People had some safety concerns. I remember there was a gentleman who had talked about his stuff being, thrown away. And then we've heard recently about issues with restrooms. Is there any updates on any of those issues and where we might be with upgrades to the facility, sure. So I'll invite, Greg to talk a little bit about the ongoing operations at the marshaling yard, what I will say is that we do have a process to receive grievances and questions from our clients, I also have staff who are my staff on site, almost every day who frequently interact and engage with clients, we've been able to alleviate all the concerns that we've heard of thus far. We have looked into matters of, people stuff getting thrown away, that hasn't turned out to be true. In

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hasn't turned out to be true. In fact, even when clients leave marshaling yard and don't return, we still store their stuff and we store those stuff on site until we're able to reconnect with those clients. But, Greg, do you want to talk a little bit about some of the facilities improvements that we've made at marshaling yard? >> Sure. >> We've continued, we've continued to work with endeavors very closely as David mentioned, we're huddling with them, what we call twice a week, if not talking with them every morning about any issues that are coming up, trying to work through them, see what we can do to help with them, one thing that we have worked with them on is getting an area for pets so that individuals that are bringing in pets, there's a climate controlled conex that is outside, that is a safe place for the pets to be. It's monitored so that the individuals who are there, who have pets are attending to them, taking them walking, and we're providing food and everything that they need, the restrooms are ongoing that we're working with. But everything that we've talked with, endeavors as far as

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talked with, endeavors as far as them being cleaned, attended to, are people waiting in line or having to wait for restrooms. And the response has been that everything is running as smoothly as possible with the usual hiccups that will happen with those kind of operations, but we're working closely with them to remedy all of those. >> Great. Thank you. I got three more questions, but I'll try to make them as quick as possible. What is the average number of residents at the marshaling yard? I know there's about 300

beds. Is that correct? >> So we have 300 beds and our utilization rate averages around 95% in any given night. What those beds that aren't being utilized, those are typically beds that are reserved for respite care or some other special purpose. >> Great. Thank you, and then does the contract, the new contract include transitions to permanent housing as, as in a transition plan when the marshaling yard eventually does close. >> So I'll pass that to Kelly and jade if you want to chime in as well. >> So part part of that will include when, as we get closer

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include when, as we get closer to that March date, we will be working with the, agency to. As for transition to other shelters that we have, but yes, that is part of the plan that we will have. >> Great, and then my last question, unfortunately, I know I heard about the unfortunate death that happened, the overdose that happened at the marshaling yard. Are there any additional training or support to prevent future instances like that from occurring? >> So yeah. >> So we, as you were, made aware, we have, recently experienced another death at the Marston yard. This will be our second death, for clients in our care, out of the 600 who we've served our staff at, at the marshaling yard are trained on cpr. They know how to use narcan. We have narcan on site. We have ads on site, this was an instance where a staff member noticed that the client was in distress and proceeded to provide life saving procedures immediately, while 911 was

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immediately, while 911 was notified, it's very unfortunate that in this case, those lifesaving procedures were not successful in this instance, what I will say, just as an extension of that question, council member is on the back side of whenever we lose a client, we do provide counseling services. We do provide clergy, we had clergy on site the same day within a matter of hours of that client passing. And that's just to make sure that the other members of, of our community at marshaling yard receive the type of care and support that they need as they're bereaving the loss of a colleague, we have not made that our client's name public yet. Pending notification of that individual's families. >> Great. >> Well, I appreciate all the work that you do, that all of you all do. And thanks for answering my questions. >> Thank you. Sir. Council member, council member Ryan alter. >> Thank you very much. Mayor. As we look at this, you know, I, as we've talked about, both here and in the public health committee, you know, we're really interested in the

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really interested in the outcomes. What are we doing for the individuals, whether they're in shelter or on the streets, ultimately getting them to a positive outcome. And looking at that 20% number of

housing outcomes, while that is, an improvement, I'm glad to see that it is an improvement. You know, that's 80% not in terms of the positive outcome. And so when we, you know, coming off of the heels of the budget presentation, we just had of how we have to be very judicious with our dollars we are spending in this case, a lot of money for a small number of people to ultimately get that positive outcome. And so, you know, I went back and looked at the contract itself. We have with endeavors and the target that they provided as their performance metric for clients going into housing with 70. And we're at 20. And so to me, our

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we're at 20. And so to me, our vendor is not fulfilling what they said they were going to do within this contract. And I think that's problematic, I also, you know, when we look at the how the dollars have flown have flowed to today, you know, as councilmember qadri mentioned, and you answered, we did not spend as much in this first year. And so we have that's why it's going to be so much cheaper, because we have all that, balance to carry forward to the next year. But you know what? We have to weigh alternatives or what what could this money accomplish? Elsewise. And when you presented to us a couple months ago about the various programs the city is running, I kind of think of it in three tiers, right? We have a 98 plus percent success rate where individuals don't go into housing, but it's incredibly expensive, kind of the rapid, more middle tier. We have just over 50% success rate, middle

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over 50% success rate, middle expensive. And then we have here with shelter and that lower, success rate. And so thinking about deploying these dollars in a manner that gets more people into housing, even though it's a smaller number of people served, you could take the dollars left over just the 3 million, assumedly from this contract, and give 250 people rent for the next eight months and have them all be housed. Or you could do 300 project based vouchers for that amount of time. And so I am struggling in this regard to look at how we are spending the dollars to the outcomes we're getting and the outcomes that we want to see. And I totally understand the need for shelter within our system. But we when we approved this back in August, we knew that potentially we were going to hit this end date in at

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going to hit this end date in at the end of July and that we would have 300 people who would have to find somewhere else and there are not 300 new shelter beds available. Pool. And so I am very concerned that all we're doing is kicking the can until next March, where there won't be 300 new beds available. And once again, we'll be faced with this potential cliff of what do we do with 300 people in, in

shelter and so, you know, I think to myself, we spent \$15 million on the, the 58th street shelter and we have now 168 beds, but we have those permanently here. We could potentially spend \$10 million for just shy of two years. And in the end, we had a short term band-aid, but no long term, solution like like the a three shelter. So I

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like the a three shelter. So I just wanted to kind of raise this because I think it's something we're going to face in the future. And I am concerned that we are taking dollars that we don't have and putting it into something that is not achieving what we were told it was going to achieve and could potentially achieve more elsewhere. And I don't know how fast we can stand anything else up, but I just, I feel that's an important thing to raise today, council member, I mean, and David, please add to this, but, on this question, I had a I was able to reflect on my, my experience at in the hospital system, the in a hospital system, you have emergency rooms, you have step up, which is intermediate care, med surg and icu. You need all those elements of the system to take care of people who need care. The

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people who need care. The emergency room and the icu is arguably the most expensive that you have in the system, those are the individuals with multiple co-morbid comorbidities that take a lot of, expense to, to get them. Well, and while this is not exactly on point, you need you need all three. You need emergency shelter. You need transitional housing. You need permanent supportive housing. We have a lot of people today that are still living in camps, in camps. That's where they are today. They're in camps. This, this shelter allows central health as well as community care to come tend to the needs of this population to ensure that they get their meds, to ensure they get three square meals, to ensure they get the things they need. So that they can work. And it costs us about 34,000 a person, no matter which system you use, and the fact of the matter is, is that you the, the

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matter is, is that you the, the issue of that success rate and David, can elaborate on this about the 20% versus the 70, I would venture, is because the beds haven't been available or the client isn't ready to do that. So it's because this is a this is a population that's much more difficult to address, and it's not going to go away. And so there is no one size fits all. And, and so I just think you just need to it's, it's the continuum. And really the expert I this is I just wanted to give that as an introductory comment about how, where we find ourselves and how difficult it is to serve this population. >> Mr. Gray. >> Thank you, Mr. City manager. >> Thank you, Mr. Mayor. So just to respond to those comments, council member, so first, in terms of the outcomes, you know, the marshaling yard is Austin's first venture, at least in recent

history, into a congregate style setting. And nationwide, usually about 10% of clients in this style of shelter

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clients in this style of shelter exit positively. When we set that 70% target that that is a goal. But it's also somewhat of an estimate. And just to maybe compare it to our bridge shelters, which are our most successful form of shelter that's associated with heal the positive exit rate from bridge shelter is around 50% to 60. So 70% for a congregate style shelter is a great goal. But it is estimate. And what we've done through the hard work of staff like jade and Kelly and Greg is work with endeavors. When we noticed early on that we were not even close to the goal that we established while we were trending with national peers, we weren't trending well enough for ourselves because we've taken those steps to double that positive exit rate, and we really believe that we're hitting our stride with the congregate style setting and will continue to see improvements in our positive exit rate. I think the city manager is correct. That part of the challenge with all of our shelters is having places to positively exit people to, one of the beauties of the budget

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of the beauties of the budget forecast presentation today that made me smile, at least, was the fact that the rental market is becoming more affordable for families, now, I know that might not be the best news from a overall city budget perspective, but it makes me smile because that means that we have the potential to positively exit clients out of shelters like Marshall yard into more units. Coupled with that, as you might recall from a work session presentation that we gave earlier, this year, we are making strategic investments in the other parts of the system. When marshaling yard opened, we did not have the H street shelter online. As of today, we have 168 beds there. We have an immediate opportunity, through our partnership with the other one's foundation, to bring on up to 100 beds in their phase two expansion, and we're working with two to explore that. And then we also have 400 permanent supportive housing units that will be coming online this year, the first of which will be coming online to begin leasing up in a matter of weeks. So we

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up in a matter of weeks. So we are making the strategic investments in the other parts of the system. But as the city manager alluded to, the marshaling yard is essentially the emergency room, and we would not support a health care system that only had inpatient cares, but no ers for people to go to and their immediate moment of crisis. I can be 100% honest and say that if we did not have the marshaling yard open, these 300 individuals would most likely be on the street where they don't have connection to

services for their pets, where they don't have three guaranteed meals a day, where they don't have showers, they don't have laundry, they don't have the ability to get case management in-house and secure environment to get connected to housing. And the outcomes for that are much lower than 20. So we are doing our best to be good stewards of the public resources. And this is why we meet almost daily with all of our shelter operators. I definitely hear you in terms of the cost, but until we're able to build up the other parts of

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to build up the other parts of our system and our system capacity, there is a real and urgent need for us to continue the marshaling yard operations. >> And I guess what what I'm trying to better understand is it sounds like to me you are making the exact argument that we need the things beyond shelter so that we can have individuals not just get to shelter, but ultimately move forward. Right. So if we have I'm just going to make these numbers up. But let's say we have 100 people at the arch and they're all waiting on, some type of housing placement, whether that's a voucher or psh or just something, if we were to fund them to get off the waitlist and into a home, that would then create 100 new beds that are available to the public just as if we had spent those dollars on 100 new shelter beds to begin with. And so it's whether or not you pull people

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whether or not you pull people through the shelter system or you expand the shelter system that I am struggling with in this particular expenditure, I hear you, but I also think about you know, when del Ed was created or Seton, the idea was that it would be a smaller hospital where they did the triage and then pushed people out to where they would go. And so it seems to me you can't do that unless you have that part two. And if we can bolster that second piece, then our shelter footprint can be smaller because we're able to almost create new beds by moving people through. >> And we are. Would you comment on that, please? Yeah. >> I think the point is that it's a both and you really need both. And again, we are bringing online 400 new permanent supportive housing units this year. Without those units, it doesn't matter how many vouchers you have, you have you still don't have any places to put people. And so we are making the investments to do that. I'll

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investments to do that. I'll also say we're making more investments now on the front end to do homeless prevention work for the first time. As long as I can remember, we finally put an rfp out on the street to help prevent people from entering homelessness or to quickly divert them from homelessness. Once they do. You know, the fact of the matter is, is that we need all the interventions. Council member,

we, our system as a whole is insufficient to meet all the demands of the folks who we're trying to serve. So we need to continue to sustain our shelter capacity as we work to build the capacity and the other parts of the system that you're referring to, which is the psh. And as well as the rapid rehousing. Okay >> Thank you very much. >> Thank you sir. >> Members. Anything else? Councilmember vela, a couple of quick questions. >> What's the monthly burn rate for the, the marshaling yard? >> I'm defer to Kelly on that one. >> So, council member right now, we're averaging about 500,000, about 500,000 a month, and then how are we doing on the third floor of the a street shelter? I remember that was not finished

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remember that was not finished out yet, but, and what's it going to be? The capacity of that? And honestly, just a brief kind of where are we on the street shelter. >> Sure. I'll defer to Greg, because that's been Greg's baby since we opened it. >> So, yeah, the third floor is open as of today. We just opened , I think, in 30 additional beds. And so the target, I believe, was 150 when we first looked at it and we were trying to scale it out again, looking at how it was being utilized previously, which included families in the past and other things and kind of repurposing it, 150 was definitely doable. We've surpassed that, and we're at 168 beds now, and that's including the third floor. >> Great. And just for clarification, the third floor is a top floor, right? >> Yeah, I always get confused with that as well. So bottom floor middle floor top floor okay, it's built on that hill so you never know where you are. >> That's exactly right, and, in terms of the population, at what are the, women, men, families, what's the breakdown there? >> So it's women and transgender are the target populations for

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are the target populations for that, and, currently we have about 25 or 30 beds open with the new beds just opening up. I met with the outreach teams this morning, and they're identifying individuals to move in as of today. And so we're actively filling the beds. >> Got it. So a man would be at the arch or at the marshaling yard. And then women, would there be any families with no children. Right correct. Okay. Got it. Thank you. >> Thank you. Council member Allison alter. >> Thank you, so, so for the item on our agenda for the contract with endeavors that extends it for eight months, what is the current plan from staff for that March period? What are what are you looking ahead to? >> Sure. So under the status quo , if this item was not approved, we would begin the process tomorrow of starting to exit our 300 clients from the marshaling yard. And what that would mean is we would have to halt heel activities as well as other street outreach intake into our

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street outreach intake into our other shelters to ensure we have sufficient capacity for the 300 clients who are currently in our care. If this extension is approved, we'll continue on with our street outreach activities and other planned heel activities while we work with our current clients to help them to develop housing plans and transition them into housing, once we get about 5 to 6 months out from that March date is when we'll begin transitioning again to severely limiting our new intake to clients who have a dedicated housing resource so it becomes much more tailored to a certain client profile. And, frankly, clients who are, don't have as serious conditions because they already have a connection to a housing resource , we believe also by that March date, we'll have the additional shelter capacity in the psh capacity online, too, so we'll feel more comfortable transitioning people out. What I will say also is just like we did with this go round, once we get about 5 to 4 months out, we'll speak to our colleagues at

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we'll speak to our colleagues at the convention center department. Kind of reassess the system capacity to determine whether or not a ramp down is still necessary at that time, or if we were to propose an additional extension. It's just at this point, it's we're too far out from that March date to know, so in terms of the budget, how are you thinking about planning? >> So that's a great question. >> So, you know, initially the city committed to operating this temporary shelter for a year using arpa funds within council's currently approved spending framework. We have \$1 million for emergency shelters that has not been allocated. And that's the money that we're proposing using to extend this operation, if we were to reevaluate eight months from now and make a recommendation around an extension, we would have to look deep into the budget to figure out how to finance that. >> Thank you. >> Thank you. Council member, mayor pro tem, are we able to use arpa monies? >> The money that hasn't yet

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>> The money that hasn't yet been encumbered, but that needs to be encumbered by the end of this fiscal year. Is that a possibility? >> Mayor pro tem, the plan for us would be to encumber the arpa money before the end of the calendar year. Right. And then that money would be expended by March 2025. >> And so you're looking at using some of the 31 million that's left for this effort. >> Yep. >> So we have we have \$1 million that council, has already allocated to shelter that has not been allocated to a specific project. So that's the money that we're specifically talking about for this investment. >> So you have your eyes on the funding source. >> Yes ma'am. >> Okay. Great. Thank you. >> Thank you. Mayor pro tem. Thank you all very, very much. Appreciate you. Mayor I appreciate your work. Members at this time that covers all of the items that have been pulled. So the city council will now go into a closed session to take up two items pursuant to section 5.51076 and 551089 of the Texas government code. The city

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government code. The city council will discuss information security issues related to item E three cybersecurity matters, including assessments and deployments of personnel and devices, audits, network security, information and information technology resources, and critical infrastructure. In addition, pursuant to section 55107, one of the government code, the city council will discuss legal issues related to item E four, a case styled save our springs alliance, inc. And bill bunch versus Kirk Watson et Al. Clause number d1gn. 24 002168. In the 200th district court of Travis county, Texas, is there any objection to going into executive session on the items announced hearing none. The council will now go into executive session at 12:27 P.M. To those, members of the public paying attention, I will come back in at the end of the executive session. There's no

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executive session. There's no other business on the agenda for this work session of the Austin city council. And once we have concluded the executive session, I will come back into open session and unless there's objection, but without objection, I will, adjourn the council meeting or the work session. At that point in time. It's 12:28 P.M. We are going to executive session. Adjourned. It is 1:56 P.M. On

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Adjourned. It is 1:56 P.M. On April 16th, 2024. Thanks, everybody We are a-t-x-n