

City Manager's Proposed Budget

Fiscal Year 2002-2003



July 31, 2002

Mayor, Mayor Pro Tem and Members of the City Council:

I am pleased to present to you my proposed FY 2003 budget and look forward to working with you on it during your deliberations.

Bridging the Gap Together

We are not alone. At all levels of government across the country, political jurisdictions are having to prepare budgets for next year that are greatly reduced in size and scope. My FY 2003 proposed budget is likewise modest in scope compared to those of the last several years. I am nevertheless satisfied that I am presenting to you a budget that provides all of the basic services our citizens depend on and that mitigates the effect of budget reductions on employees.

Many cities in Texas and in other states have already resorted to layoffs and pay cuts and many others will soon do so. Many cities will likewise be forced to raise taxes. We have avoided those actions because we have been preparing for this budget for more than a year now.

In presenting this FY 2003 proposed budget to you, I want to highlight especially the cooperation I have received from all of the stakeholders in the City's budget process. I am truly grateful for the expressions of solidarity and for the spirit of "sharing the pain" that have been evidenced in the discussions I have had with people on the budget. However, no group has touched me more with their willingness to help carry their part of the load than our work force, the employees of the City of Austin.

Having come up through the ranks of this City's workforce, I know how challenging it is to make ends meet next year on this year's salary. However, I also know that being assured of having a job and knowing that your colleagues can also be assured of their jobs is a paramount consideration. This is the sentiment I have heard repeatedly in my

many meetings with employees, and I am therefore very proud to tell you, Mayor and Council, that we are all *bridging the gap together*. We are all bearing some part of the load and we will all work together to provide the citizens of Austin with the services they depend on us for.

Stating the Problem – from Windfall to Shortfall

To state our problem in plain English – we are spending more than we are making. Our expenditures are outstripping our revenue.

A status quo budget next year, one in which we appropriated all of our FY 02 ending balance, would give us a *virtual* budget, not a *real* budget. If we appropriated all of our funds on hand, Council would be approving a budget that could not be implemented. The day after that budget passed, we would have to *immediately* begin freezing budgeted funds and positions.

In fact, budgeting next year as we did this year would leave us with a \$74.7 million shortfall – it is hard to understand the magnitude of that shortfall.

Excluding enterprise departments, which pay for themselves, and holding public safety first responders harmless, expenditure cuts would have to come out of only the \$236 million that would be left in the General Fund budget. To absorb a \$74.7 million cut out of the remaining \$236 million would mean a 32% reduction in non-public general government services such as parks, libraries, and public health.

Looking back at how we got to this point, we went from *windfall* to *shortfall* in three steps:

- First, Austin experienced phenomenal population growth in the 1990s. With growth came an increasing demand for city services. The General Fund budget doubled in the 1990s. Of special note is the increase in demand for public safety services.

In this proposed budget, we will spend 54% of General Fund revenue on public safety alone. That means that 95% of all our sales and property tax revenue will go to fund public safety.

- Second, the City leveraged the economic boom of the 1990s to reduce its property tax rate.

The City understandably began to rely more heavily on the phenomenal growth of our sales tax revenue – a more volatile revenue source – to provide property tax relief.

We reduced the property tax rate approximately 30% by lowering the rate eight out of

the ten years of the 1990s. We did this to help us rebuild the local economy after the bust of the 1980s and to mitigate soaring property valuations that created larger and larger tax bills for Austinites.

Because of lowering the City's tax rate during the 1990s, the City of Austin tax rate currently comprises only 18% of the overlapping property tax rate.

- Third, the precipitous climb from the 40th to the 15th most prosperous city in the nation during the 1990s has been followed by a dizzying fall. Correspondingly, the sales tax revenue growth is now gone and is, in fact, negative.

We recognized that our windfall growth in sales tax would come to an end, so two years ago we began to plan for the loss of sales tax through aggressive vacancy savings and reduction of capital expenditures.

Fixing the problem is not rocket science. We are doing what any Fortune 500 company would do or what any household would have to do in the same circumstances.

In budgeting for FY 2003, we must now find ongoing revenue increases and ongoing expenditure decreases.

Preparing for FY 2003

In January of 2001, it became clear to City management that the economy was beginning to slow at the national level and that Austin would be affected by this slowdown. We began working with departments at that time on the hiring of additional employees, cautioning directors that they should not hire employees whose jobs might be in jeopardy in the near future if the slowdown continued.

In August of 2001, we formalized this concern by implementing a "business review justification" process, which required department heads to submit a business justification for hiring employees – that is, to justify the need for new hires based on the effect on the department's business plan and its performance measures if the position went unfilled. At the same time, we "froze" the purchase of unbudgeted capital – departments were not allowed to purchase any capital items that had not been budgeted.

In October of 2001, in the wake of the events of September 11, we notified departments that the business review justification would remain in place until further notice, effectively throughout the rest of the current fiscal year, FY 2002. At that time, we also required departments to prioritize their budgeted capital for FY 02 and to prioritize their cash-funded CIP projects, in effect freezing the lower-ranked half of budgeted capital and placing the lower-ranked cash CIP projects on indefinite hold.

In November, we held an all-day department director retreat at which we trained directors on the criteria City management had established for distinguishing among the services the City provides. The application of the core service criteria to existing City services allowed these to be classified according to their relationship to the “core” City services a municipality would typically provide as funds became available: fire, police, emergency medical, building inspection, flood control, recreation and culture, and so forth.

After the November retreat, departments began preparing their FY 03 business plans from this core service perspective.

In December, we provided the Council with an economic forecast focused on our “structural imbalance.” A structurally balanced budget is one in which current, ongoing revenue sources are sufficient to fund ongoing expenditures. Correspondingly, a budget that is *not* structurally balanced is one that relies on one-time revenue sources such as fund balance to cover ongoing expenditures. Such a budget cannot be sustained realistically for more than one year – it is a *virtual* rather than a *real* budget.

We also discussed with Council in December the need for the City to issue a tax anticipation note to fund some of the unbudgeted homeland security costs we were incurring.

In January and February of this year, we presented Council with updates on our economic forecast and with further information on our budget tools – our core service analysis and our initiative to review and revise General Fund fees. In February, Council approved the issuance of a \$4.8 million tax anticipation note.

In March, with a continuing decline in sales tax revenue, City management “officially” froze 148 positions that had been strategically held open through our business review justification process. The positions that were frozen had all been vacant for some time, and management’s determination was that there was no justification for filling them, given their extended period of vacancy and the projected shortfall.

In April, we held a worksession on our core service initiative to provide Council with a complete view of our criteria for the classification of City services and the results of our core service analysis. There has been much discussion of this initiative, which I have welcomed. Contrary to some expectations, the analysis we performed showed that by far the largest part of the budget is spent on core services. This initiative, therefore, did not result as much in entire program eliminations as it did in establishing a way to analyze and discuss our core programs themselves. It provided us with a framework for determining within our core programs which elements were not as critical to the provision of basic services.

Finally, in May we provided Council with our five-year forecast and held two retreats at which we received invaluable input from the Council on its policy issues and its priorities. The forecast we presented to Council was prepared on a “status quo” basis, meaning that we made no presumptions as to policy issues such as the tax rate and the level of utility transfers to the General Fund. The worksessions were intended to elicit from Council the policy issues that I should use to guide me in preparing my FY 03 budget.

A Different Budget Process

Prior to my confirmation as City Manager, I received a great deal of feedback from the Mayor and Council Members on what changes they believed should be made to strengthen communication and cooperation between the Manager and the Council. One of the messages I heard consistently was the need to open up the budget process, to make it more collaborative than it had been in previous years.

I believe I have heeded that advice – rather than presenting Council with a policy budget at the end of June as has been done in prior years, we instead held budget retreats with Council to hear firsthand from Council Members their positions on the policy issues that are needed to provide a framework for the preparation of my budget. That is, rather than presuming a policy framework and presenting it to Council Members for their validation, I have involved Council in the development of that framework from the beginning.

I further believe that the result of this change in the budget process has been beneficial to both Council and me. Council can be assured that I have prepared a budget in accordance with its desired policy goals, and I was provided earlier rather than later with an understanding of those policy goals.

Council Policy Decisions

The retreats in May provided me with a clear idea of Council’s policies, the most important of which are summarized below:

- Use only one-half of the FY 02 ending balance. We will end this year with an unreserved balance of at least \$26 million. In previous years, we appropriated the entire unreserved balance in the following year, and were we to continue with that same policy in FY 03, we would be passing a budget that we essentially could not implement in FY 03. I am delighted that Council agrees that we should retain at least one-half of the \$26 million to help us balance the budget in future years.
- Increase Austin Energy’s transfer to 9.1%. Austin Energy is now transferring 8.8% of its revenue to the General Fund. Council approved increasing this to 9.1% in FY 03,

which will generate an additional \$2.6 million for the General Fund. This increase is prudent and necessary given our economic environment. The transfer from Austin Energy is a way for Austinites to receive a “dividend” from our utility that we are fortunate to have. However, this change takes the transfer to the maximum allowed under Council’s 1999 resolution.

- Establish a public health reserve of \$33 million. For several years now, the City has had a balance of approximately \$33 million in the Hospital Fund due to receipts of excess lease revenue from Ascension Health (Seton) and from tobacco settlement payments. The excess lease revenues are due to the continuance of the disproportionate share revenue program, which has continued far beyond the expectations of either party. This \$33 million balance will fund the Primary Care Department for three years if disproportionate share revenue goes away, allowing the City to find and implement another revenue source to fund indigent primary care. Further, the City expects to receive an additional and unbudgeted amount of lease revenue of approximately \$6.3 million in FY 02, which will be used to help close our FY 03 gap – the use of this \$6.3 million will still leave us with enough to fund the \$33 million reserve in the General Fund next year.

- Increase General Fund fees in line with inflation. One of the initiatives we undertook in preparation for the FY 03 budget was to have a consultant prepare and update a database of all General Fund fees. Each fee was analyzed and documented as to its origin, the underlying mandate (e.g. State or Federal) for the collection of the fee, history of revisions to the fee, and whether the fee was intended to cover the cost of the related service. This fee study has resulted in the identification of a number of fees that should be increased to bring them in line with inflation or the cost of service, and these increases will provide additional, ongoing revenue of \$1.6 million annually. It is important to note that we considered very carefully the effect on our stakeholders of increasing these fees.

It is also important to note that in addition to fee increases, there is only one rate increase proposed in this budget – related to the second-year planned implementation of the Drainage Utility cost of service study.

- Affordable Housing. Council’s clear direction to me in the May worksessions was to continue our commitment to affordable housing in FY 2003. The S.M.A.R.T. Housing capital improvement program is therefore included in the proposed budget at the \$3.1 million level approved by the Council in the current year. These funds will provide additional resources to assist in addressing our housing needs through supporting our housing development in Colony Park (\$600,000 repayment to Austin Energy for the purchase of the land), implementation of the S.M.A.R.T. Housing Program (\$500,000 to support a special S.M.A.R.T. housing review team in the Watershed Protection Department), and funds to increase home ownership (\$1,000,000) and rental opportunities (\$1,000,000). The housing review team will
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greatly expedite the review process for affordable housing projects, thereby reducing their cost and bringing them on line more quickly. The remaining funds will continue to place Austin in a leadership role in aggressively enhancing the existing federal resources designed to serve low and moderate income families.

- Social Services Contracts. Council also gave me clear direction to include full funding for all social service contracts in my FY 2003 proposed budget. In addition, funding for the \$500,000 in basic needs funds provided to the Community Action Network this year is recommended, if Travis County likewise commits to matching this amount.

City Manager Budget Objectives

In preparing my proposed budget, I followed these objectives:

- First, recognizing that it will take at least two years to reach structural balance, I set a goal of closing 60% of the gap through ongoing revenue increases and ongoing expenditure reductions.
- Second, I set the goal of operating as lean as possible administratively. This was done to demonstrate to the community that we would first cut administration before cutting direct services.
- Third, I will require each department to work more efficiently – through process improvements, through consolidations, or through further automation, I intend to be sure that each department is pursuing innovative ways to maximize its delivery of service.
- Fourth, I wanted to balance the budget without layoffs. This was a priority for me, one which I believe the Council shares.

Closing the Gap

As presented to Council in the May worksessions, the structural gap we faced going into the budget process was \$71.8 million, significantly higher than any gap the City has faced in the past. This gap was further widened by a reduction in July in our assessed valuation for FY 03 – total assessed valuation declined by \$2.9 million, thereby widening the gap we were working to close to \$74.7 million. Following are the highlights of how we closed this gap.

One-Time Sources

My goal was to close only 40% of the gap through the use of one-time sources. I have not quite achieved that mix; however, I intend to continue in FY 2003 looking for further decreases in ongoing expenditures to help me achieve that mix. For this year, I am proposing use of the following one-time sources, among others:

- \$13 million from using only 50% of the FY 2002 ending balance;
- \$6.3 million from excess hospital lease revenues; and
- \$3.9 million in savings from deferred non-public safety vehicle replacement;

In addition, we are deferring the purchase of the Triangle Square parkland and deferring the opening the Del Valle fire station.

Revenue Strategies

In closing the gap, I have included the following revenue strategies in my proposed budget.

- Increase the Austin Energy transfer from 8.8% to 9.1% for an increase of \$2.6 million in ongoing revenue.
- Increase General Fund fees in the amount of \$1.6 million, also an ongoing revenue source.

I have prepared my proposed budget using the nominal tax rate, .4597 cents, in order to mitigate the effect of rising assessed values on property owners. Although Austin's tax rate is the lowest of all the major Texas cities, the amount of tax the owner of an average-priced home in Austin pays is high in comparison to other cities.

Expenditure Strategies

The largest single amount in closing the gap came from reductions in ongoing expenditures. This was also the most difficult part of closing the gap and the last part of the budget strategy to fall into place. Following are the methods we used to reduce our ongoing expenditures.

- Eliminating 50% of Frozen Positions. In working to close the gap, departments were given instructions to eliminate an amount of ongoing expenditures equal to 50% of their frozen positions. Departments were able to do this without affecting services because these positions had been held vacant for a significant period of time, in some cases more than two years. Eliminating these frozen positions will enable us to cut \$6 million from our ongoing expenditures.
- Reducing Administrative Costs. Departments were given instructions to reduce their internal administrative expenditures by five percent, which provided \$1.6 million towards closing the gap. I am also proposing further reductions in our administrative costs through a reduction of \$8.5 million in our Support Service Fund departments. In fact, when looking at reductions overall, we have reduced our administrative costs by almost \$17 million.

In FY 2003, I will continue to aggressively pursue reductions in administrative costs, through the implementation of additional efficiencies, through e-government strategies, and through consolidations of administrative functions where it makes sense to do so. Again, my goal is to further reduce ongoing expenditures, particularly in administrative functions.

- Further Reductions in the General Fund. Finally, I instructed departments to prepare scenarios for a further ten percent reduction in expenditures, that is, on top of the elimination of 50% of their vacancies and in addition to the five percent reduction in internal administrative costs. This requirement and management's subsequent review of the scenarios the departments produced was the most time-consuming task in this year's budget process. However, the results were fruitful – we achieved a further reduction of \$12.1 million in ongoing expenditures, some of which was through further administrative cuts, some of which was through further elimination of positions that had already been frozen, and some of which was through *strategic* reductions in programs.

In fact, we did not take a ten percent reduction from all departments because my intent was not to cut across the board, but rather strategically, i.e. mitigating the effect on the department and its constituency. In several cases, particularly in the Parks and Recreation Department, the Austin Public Library, and the Health and Human Services Department, we added back funds that reduced the department's percentage decrease – in effect, we adjusted their targets upward. Nevertheless, in

some cases, we ultimately had to balance one department's needs against another's and to balance the needs of one constituency against another. However, I want to stress that we did not accept a reduction recommended by the department unless we were certain of the effect of that recommendation.

- Defer funding pay for performance. As you know, we have invested heavily in our employees over the last several years, through pay for performance and market studies – in fact, we spent \$29 million over the last five years in market adjustments alone. These pay strategies have enabled us to be competitive in recruiting and maintaining employees and were the right thing to do during the period of rapid expansion we experienced at the end of the last decade. However, I believe that the right thing to do at this time is to defer funding for these pay strategies in FY 03. I have therefore prepared this budget based on no increases in pay. Deferral of a pay for performance package for FY 03 will reduce our ongoing expenditures by \$3.8. In addition, I am putting on hold any market studies in the upcoming year, which will further reduce our ongoing salary costs.

Results of Efforts to Meet Our Budget Objectives

I believe we achieved most of the objectives we set for ourselves in this budget process. However, there is still some work to be done.

- I wanted to reduce the budget without layoffs and I achieved this. We have eliminated 9% or 321 positions out of 3,610 General Fund non-first responder positions, for a savings of \$14 million. Only a small percentage of the positions being eliminated are filled. Employees who are notified that their jobs are being eliminated as part of the budget reductions will simultaneously be offered a reassignment that provides for no loss in pay.

Cutting employee pay raises and market adjustments was a difficult decision but it allowed us to guarantee that all City employees would keep their jobs. Our proposed budget has no layoffs and no employee takes a salary cut.

Further, in order for City employees not to lose ground in a year without pay increases, we are recommending that the City absorb any incremental cost increase in health and dental benefits that occurs in 2003.

Additionally, we are recommending adding one additional paid personal holiday annually for employees to reward them for their partnership in balancing our budget.

All other benefits, including stability pay, stay the same.

To stay competitive in the job market, we stand committed to bringing back both employee pay increases and market adjustments in 2004.

- I set a goal of closing 60% of the gap through ongoing revenue increases and ongoing expenditure reductions. We did not achieve that goal but we came close – we closed 59% of the gap in this proposed budget through a combination of ongoing revenue increases and ongoing expenditure reductions.
- I set the goal of operating as lean as possible administratively. We put heavy emphasis on this goal and in fact achieved a reduction of almost \$17 million in ongoing administrative costs.

One example of the emphasis we placed on reducing administrative cost is the reallocation of Infrastructure Support Services functions. Changing the model for the delivery of administrative services to the infrastructure departments enabled us to reduce two executive-level positions and reduce the number of City departments.

- I will require each department to work more efficiently in FY 2003. Every department will produce at least one major process improvement in FY 2003. Additionally, we have five corporate consolidations being planned or piloted in FY 2003, in the areas of law enforcement, purchasing, fleet, inspections, and project management.

FY 2003 Highlights

Public Safety

Foremost in importance among the services the City provides to its citizens is public safety: police, fire, and emergency medical services. Highlights of our public safety departments' FY 2003 budget are as follows:

- Transition to 2.0 officers per 1000 residents. Augmented by grant funding, this five-year goal will be achieved ahead of schedule in fiscal year 2003 and will add 60 new officers to the APD force.
- Two new area commands. The additional officers added through achieving a ratio of 2.0 officers per thousand population will provide the ability to establish two new area commands to improve response time in the North Central and South Central areas, which have the highest crime and highest call volumes in the City.
- Walking Beat on 11th & 12th Streets. APD will deploy officers to form a walking beat in the high crime areas in the 11th & 12th street area of East Austin. Traditionally, walking beats are used to enhance crime fighting capabilities of police departments. This new service will not only augment traditional policing efforts, it will be part of a

comprehensive effort to enhance community and police interaction in the area. Ultimately, involving the community in keeping their neighborhoods safe helps officers in the street understand the distinctive needs of an area and builds trust between officers and the community--a combination that we know helps reduce crime and improve quality of life.

- Public safety internship program. Funding is included in the FY 03 budget for the implementation of a public safety internship program piloted in the Fire Department to assist with diversity and recruitment.
- Task force staffing. The proposed budget for the Fire Department includes fully funding the continuation of task force staffing.
- Additional paramedics. Ten additional paramedic positions are included in the FY 03 budget for the Far Southeast station.
- Public safety capital replacement. Replacement of all critical capital equipment for public safety is included in the proposed budget.

Americans with Disabilities Act Initiatives

In FY 2003, the City will retain its strong commitment to fund programs and initiatives that help the disabled.

- ADA summer youth employment coordinator and adaptive technology. An employment coordinator position working within the City's Youth Employment program is included in the proposed budget. This position, and related adaptive technology, will be dedicated to working on coordinating summer employment for youth with disabilities, a key strategy of the Mayor's Committee for People with Disabilities.
- ADA sidewalk and curb cuts CIP. A total of \$1.6 million is available for the continuation of capital projects related to ADA sidewalks and curb cuts, including \$250,000 in new funding.
- ADA comprehensive sidewalk and curb cut master plan. \$500,000 funding from the City's allocation of the Capital Metro ¼ cent is proposed to be used for developing a master plan for sidewalk repairs and curb cuts.

Primary Care and Health and Human Services

In FY 2003, the City will continue its commitment to provide indigent care to the Austin community. The City will likewise retain its commitment to opportunities for youth and to those who need assistance in securing temporary employment.

- 24 X 7 health clinic. In FY 2003, the Primary Care Department will perform a study of the costs and effects of opening and operating a 24-hour, seven day-a-week health clinic on or near the Brackenridge Hospital campus, to help alleviate the overflow from the Brackenridge emergency room.
- Maintain youth employment and assistance programs. By streamlining the administration of these programs, we were able to include funding in the proposed budget to maintain current service levels in the number of youth participants in the City's youth employment and service programs, including: Urban Youth Corp, Strategic Intervention for High Risk Youth, Summer Youth Employment program, and the Graffiti Abatement program.
- Full staffing for peak demand periods at the Day Labor Site. Three full-time positions are retained to staff the Day Labor Site. Based on demand experience, Sunday hours of operations, currently from 7:00am to 11:00am, will be discontinued due to greatly reduced demand during those hours.
- Increase in pharmaceutical co-pay. The proposed budget includes an increase in the prescription co-pay for all City Medical Assistance Program enrollees, from \$5.00 to \$10.00. This is the first pharmaceutical co-pay increase since November 1996, despite large increases in the cost of pharmaceuticals in recent years. This change will result in an expense reduction of \$328,462 but most importantly will allow us to meet the demand for pharmaceutical services in this population without any changes to the income eligibility criteria.

Parks and Recreation and Libraries

All facilities in our Parks and Recreation Department and in the Austin Public Library will continue to provide high-quality services to our citizens in this proposed FY 2003 budget. No facilities in either department will be closed or have reduced hours of operation.

- Keep all pools, playground sites, and recreational facilities open and operational at current year levels. Park facilities will continue to operate at normal hours, and all key youth programs will continue to be offered, including maintaining our fiscal year 2002 levels of free programs offered.
- Provide mowing of key arterials. Staffing and contract mowing funds are included in the proposed budget to perform mowing at approximate 17-day intervals and also to

provide mowing for new key arterials, such as South First and Howard Lane. The current mowing cycle will increase by three days.

- Restore normal operating hours for all libraries. The Faulk Central Library and all branch libraries will be staffed to be fully operational during normal operating hours.
- Provide full funding for book budget and cataloging. Full funding for books and cataloging will be provided in the FY 2003 budget.

Transportation Initiatives

Through the 2000 transportation bond election and our partnership with Capital Metro, the City will continue to fund important transportation initiatives in FY 2003.

- New transportation related projects. Regional mobility and safety, sidewalks, bicycle projects, traffic signals, roadway construction and improvements, intersection improvements, and Great Streets are anticipated to be funded by the second year of the ¼ cent sales tax revenue from Capital Metro.
- \$15 million from the November 2000 Bonds. The City will appropriate another \$15 million in FY 2003 for the purchase of right of way related to State project SH 45 and US 183a, to continue the City's commitment to the Central Texas transportation project.
- 1998 Bond Projects. The capital budget continues the 1998 bond program for street reconstruction projects by appropriating \$14.5 million.
- Transportation engineering. Funding for transportation engineering and staff resources for signalization and signs and markings will allow the City to meet its current performance measures for safety and improvements to the transportation system.

1998 Bond Projects

The following facilities whose construction or renovation is being funded by bonds issued from the 1998 bond election are expected to open during FY 2003:

- EMS far Southeast station – September 2003;
- Ruiz branch library – July 2003; and
- Caswell Tennis Center.

The following 1998 bond projects are expected to begin construction or renovation in FY 2003:

- Carver Library expansion and Carver Museum;
- Terrazas branch library expansion;
- A.B. Cantu/Pan Am Recreation Center;
- South Soccer Complex; and
- Central/East Austin Police Substation and Forensics Facility.

Other City Initiatives

In addition to the highlights provided above, following are a number of City initiatives that will be accomplished in the proposed FY 2003 budget.

- Green Choice power for City facilities. For the first time, during FY 2003 a number of downtown facilities and several neighborhood health clinics are planned to be enrolled in Austin Energy's Green Choice program, including City Hall, Town Lake Center, One Texas Center, the RBJ Building, and the DeWitty Center in East Austin.
- Increased water quality pond maintenance. Two additional crews and equipment are being added in the Watershed Protection Department to enhance maintenance of the City's water quality ponds.
- Automated low-water crossing gates. For the first time funding is included in the FY 2003 capital budget for the installation of automated low-water crossing gates to be strategically located in areas that experience high flooding.
- Geographic Information System (GIS) mapping. Funding for a flyover to update the 1997 digital aerial mapping of the City is included in the FY 2003 capital budget.

This high-resolution mapping is an important tool for environmental planning and management, infrastructure management and development, public safety mapping, and other critical land use and analysis functions.

Summing Up

To sum up, we are not alone in having to adjust our spending and our business plans. Individuals and families have been affected by the downturn, local and state governments are struggling to carry out their missions, and private sector entities are likewise struggling, in some cases for their very survival.

Our role in all of this is in many ways similar to everyone else's – like individuals and families, like other governmental bodies, and like the private sector we must find ways to do what we must do with fewer resources.

However, our role and the role of government in general is quite different from that of the private sector, and for that reason, our response must also be different. For example, unlike the private sector we are not able to eliminate basic services. A private business can decide to cut an entire product line or eliminate an entire service if it is not profitable, but the City cannot say we will not pick up garbage this year or we will not open the public pools this year.

In fact, our customer base is very different from that of the private sector and our customer demand is the opposite of the private sector – in most businesses, when the economy stagnates, demand also diminishes. Conversely, for the City customer demand goes *up* in an economic downturn: citizens rely more heavily on all our services in a sluggish economy, especially those services related to health care and to parks and libraries.

Given that our role as a service provider in a troubled economy is crucial to the well being of the community, we have therefore prepared this budget to protect public safety and to provide basic services, while making substantial headway towards a structurally balanced budget.

Again, I am proud to present this, my proposed FY 2003 budget, to you for your deliberation and I look forward to our continuing discussion.

Respectfully submitted,

Toby Hammett Futrell

Approved Budget

The FY 2002-03 Proposed Budget was approved by Council on September 9 and 10, 2002, including all the approved amendments as shown on page B1.