

Proposed Budget Highlights

Fiscal Year 2015 - 2016

City of Austin



Presented in this document are the highlights from this year's proposed budget. Action by the City Council to adopt the proposed budget will occur on Sept. 8-10. To review the full FY 2015-16 Proposed Budget, visit the City's website at www.austintexas.gov/finance.

This year's proposed budget of \$3.5 billion is structurally sound and maintains high-quality services while making targeted, high-value investments in core programs and City infrastructure. Citywide expenditures for FY 2015-16 are 1.1% higher than the FY 2014-15 Amended Budget. The proposed budget of the General Fund, which supports public safety services as well as our parks, libraries, neighborhood health centers, affordable housing programs, and animal shelter, is \$906.7 million. The FY 2015-16 Capital Budget includes \$629.0 million in new appropriations and \$800.7 million in planned spending.

TAXES AND FEES

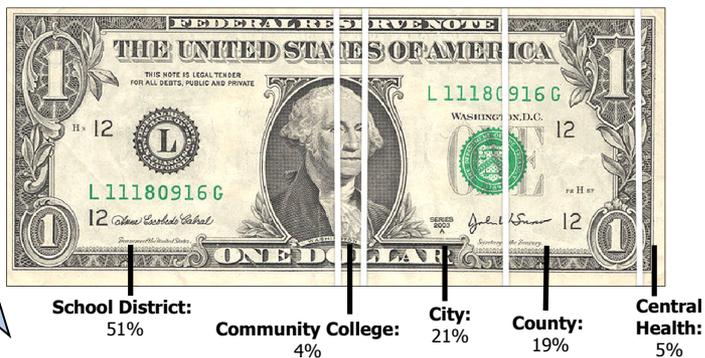
The City of Austin receives revenue from a variety of sources, including property, sales, and hotel/motel occupancy taxes; utility billings from Austin Energy and Austin Water; and various service charges including development fees, curbside trash and recycling collections fees, the drainage user fee, and the transportation user fee.

At 48.14 cents per \$100 of taxable property valuation, FY 2015-16 marks the sixth consecutive year that the proposed tax rate is below the State-defined rollback calculation (the rate required for debt service requirements and an 8% increase in the operating rate necessary to generate the same amount of revenue from properties taxed in the prior year). Combined with a 6% general homestead exemption, this translates to a monthly tax bill of \$87.59 for the owner of a median valued homestead, an increase of \$3.32 per month, or \$40 per year, for the "typical" homeowner.

The City of Austin comprises 21% of the total overlapping property tax rate assessed on a typical area homeowner. Other taxing jurisdictions include local school districts, counties, Austin Community College, and Central Health (See Figure 1). The City of Austin also receives one cent per dollar, spent on taxable items. The remaining 7.25 cents of sales tax per dollar is allocated to the Capital Metropolitan Transportation Authority and the State of Texas (See Figure 2).

Fig. 1

Total Overlapping Property and Sales Tax Rate



Total projected property tax rate is \$2.3390 per \$100 of taxable property valuation.

Total sales tax is 8.25 cents per dollar of taxable sales.

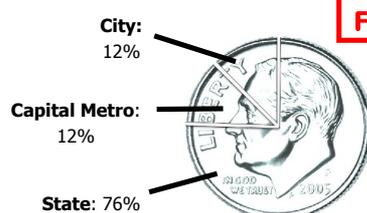
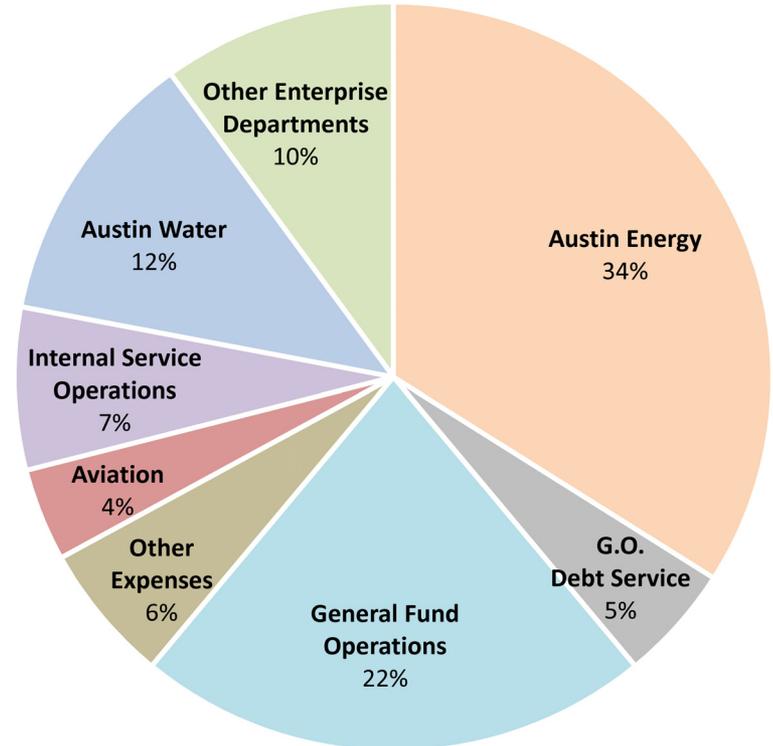


Fig. 2

All City Funds: Proposed Uses of Funds: \$3.5 Billion



Rate increases are proposed in FY 2015-16 by most major enterprises, including Austin Water (AW), Austin Resource Recovery (ARR), Watershed Protection, and Public Works/Transportation. Austin Energy (AE) is proposing no increase in its base rate and a net decrease in various other fees. More information on the proposed rates is provided in the following Department Highlights section. A summary of the estimated annual impact of the proposed rate changes on the "typical" resident is shown in the Taxpayer Impact Statement on the following page. (See Figure 3).

DEPARTMENT HIGHLIGHTS

Community Services

The **Animal Services** Office provides animal protection, shelter and prevention services. Its \$11.8 million operating budget includes converting 8 temporary positions to permanent status to maintain the Council-mandated 90% live outcome goal and to support the dog behavior program. The capital program will focus on the expansion of the Austin Animal Center.

The **Austin Code** Department provides education about and enforcement of codes and ordinances. Its \$20.1 million operating budget includes 8 new positions and 1 interdepartmental transfer to help keep pace with its growing caseload and improve customer satisfaction. In order to maintain financial stability, Austin Code's residential portion of the Clean Community Fee is increasing by \$0.25 per month, or \$3 per year.

The **Austin Public Library** (APL) operates 20 branch libraries, the Faulk Central library, Recycled Reads, and the Austin History Center. Its \$42.3 million operating budget includes funding for materials, electronic database subscriptions and the first year of a 3-year plan to fund the operation of the New Central Library,

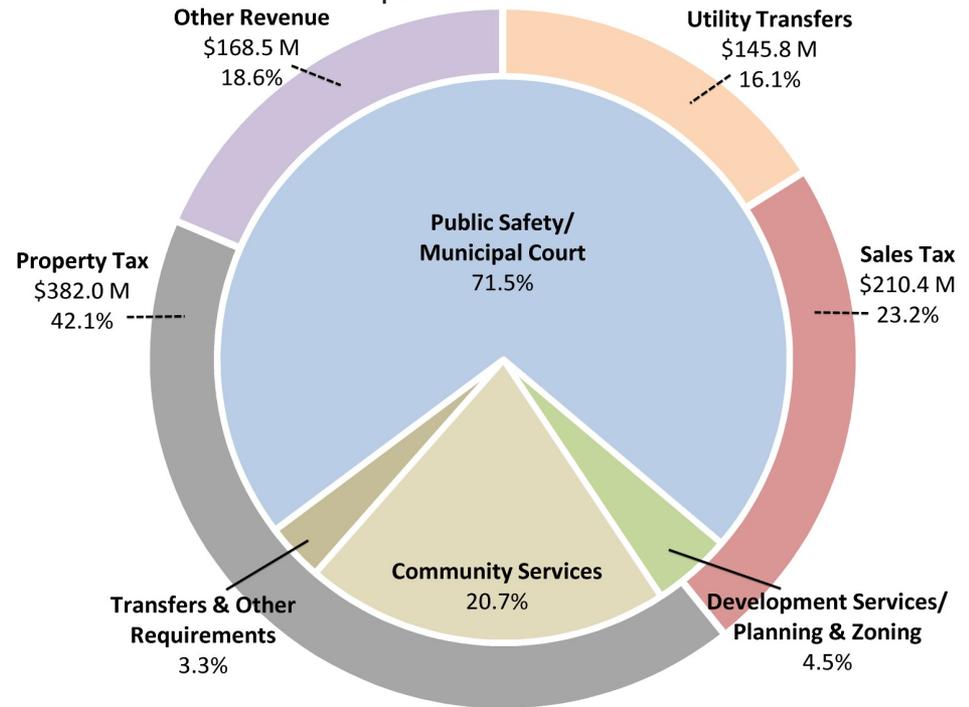
including 48.25 new positions. The capital budget includes \$5.6 million in new appropriations and will continue construction of the New Central Library and branch library renovation and improvement projects.

The **Health and Human Services** Department's (HHSD) \$79.2 million operating budget includes 3 new positions and the transfer of 5 grant-funded positions to the General Fund. Also included is a \$740,000 increase to provide rental and financial assistance to displaced residents. The capital budget includes \$2.6 million in new appropriations. The department will begin design of the Montopolis Recreation and Community Center and construction of renovations to the Women and Children's Shelter.

The **Neighborhood Housing and Community Development** Department (NHCD), with its \$17.4 million operating budget, offers assistance to small businesses, homebuyers, and homeowners and is funded primarily through federal grant awards. The capital budget includes \$10.1 million in new appropriations for various affordable housing projects, including rental, permanent supportive housing, home ownership, and repair.

The **Parks and Recreation** (PARC) Department promotes quality recreational, cultural, and outdoor experiences for Austin residents. Its \$85.3 million operating budget includes increased funding for utilities, maintenance supplies, and landscaping, plus 11 new positions to provide park maintenance, support the park ranger program, and community support to the recreation and cultural centers. The capital budget includes \$34.2 million in new appropriations. PARC will continue park and cemetery improvements, design for the Montopolis Recreation and Community Center, and renovations of the Govalle and Shipe Pools.

General Fund: Revenue & Expenses \$906.7 Million



Development

The **Development Services** Department (DSD), formerly part of the reorganized Planning and Development Review Department, serves Austin residents by providing comprehensive development reviews and inspections. Its \$39.7 million operating budget includes 6 interdepartmental transfers and 27 new positions to support staff's recommendations and those included in the Zucker Report. The cost of these positions will be offset by revenue generated from the implementation of fee increases that support achieving full cost of service recovery over the next few years. DSD's capital budget includes \$0.9 million in new appropriations for technology improvements.

The **Economic Development** Department (ED) offers redevelopment and cultural and economic development services. Its \$45.5 million operating budget includes funding for incentive agreements that will create jobs, increase the City's tax base, diversify the local economy, and provide a strong economic foundation for all residents. ED's capital program is centered on redevelopment and expansion projects, such as Austin Studios and the Seaholm Redevelopment Project.

The **Planning and Zoning** Department (PAZ), formerly part of the reorganized Planning and Development Review Department, serves Austin residents by providing planning, zoning, preservation, and design services. Its \$9.9 million operating budget includes increased funding for the Waller Creek Conservancy, the San Antonio Corridor Council, and the Improved Neighborhood Plan Process Pilot. PAZ's capital budget includes \$1.2 million in new appropriations for implementing projects under the Great Streets Development program and continued work on the CodeNext land development code revision project.

TAXPAYER IMPACT STATEMENT

Fig. 3

Estimated annual impact of proposed rate and fee changes on a "typical" residential rate payer:

	2015 Yearly Rate	2016 Proposed Rate	Annual Change	
Austin Energy	\$1,295	\$1,268	(\$27)	Residential customer usage of 1,000 Kwh
Austin Water	\$885	\$945	\$60	Residential customer using 5,700 gallons of water and 4,000 gallons of wastewater
Austin Resource Recovery	\$259	\$280	\$21	Residential customer using 64-gallon cart
Clean Community Fee	\$89	\$92	\$3	Per single-family home
Transportation User Fee	\$99	\$117	\$18	Per single-family home
Drainage Utility Fee	\$118	\$139	\$21	Residential home with 3,100 sq. ft./37% impervious cover
Property Tax Bill (City of Austin portion)	\$1,011	\$1,051	\$40	2015 Median homestead assessed value of \$210,279; 2016 Median homestead assessed value of \$232,272 before exemptions
Total Yearly Impact	\$3,756	\$3,892	\$136	Combined projected increase of 3.6%

Property Tax Rate and Bill Comparison (City of Austin portion)

	Annual Bill	Tax Rate
FY 2014-15 Current Property Tax on 2015 Median Value Homestead of \$210,279	\$1,011	\$0.4809
FY 2015-16 Proposed Property Tax Rate on Projected 2016 Median Value Homestead of \$232,272 (10.5% projected growth in value)	\$1,051	\$0.4814
FY 2015-16 Property Tax on Projected 2016 Median Value Homestead at Projected Effective Property Tax Rate	\$982	\$0.4498
FY 2015-16 Property Tax on Projected 2016 Median Value Homestead at Projected Rollback Property Tax Rate	\$1,054	\$0.4826

Definitions:

- **Effective Property Tax Rate**—a calculated rate that would provide the taxing unit with about the same amount of revenue it received in the year before on properties taxed in both years.
- **Rollback Property Tax Rate**—the highest rate allowed by law without voter approval. It provides the taxing unit with about the same amount of tax revenue it spent the previous year for day-to-day operations, plus an extra 8% increase for those operations, in addition to sufficient funds to pay debts in the coming year.

Infrastructure/Transportation

The **Austin Transportation** Department (ATD) serves Austin residents as an advocate for improved regional mobility. It also provides traffic and parking management services. Its \$43.6 million operating budget includes 22 new positions, including 8 that are transferred from the Public Works Department. ATD is largely funded through the Transportation User Fee (TUF), the department's share of which is proposed to increase by \$1.11 per month for a total of \$3.17 for a typical residential household. The capital budget includes \$13.8 million in new appropriations. ATD's capital program will focus on further implementation of the signals program, mobility improvement projects, and completion of 40 miles of new or improved pedestrian and bicycle facilities.

The **Public Works** Department (PWD) is responsible for maintenance and design of streets and bridges, as well as delivery of capital improvement projects, sidewalk infrastructure, and school zone crossings. Its \$84.2 million operating budget includes a reduction of 12 positions through interdepartmental transfers and continued support for school safety education and crossing guards through the Child Safety Fund (CSF). PWD is largely funded through The Transportation User Fee (TUF), and the department's is proposed to increase by \$0.41 a month for a total of \$6.60 for a typical residential household. The monthly combined fee is \$9.77, or \$117 per year. The capital budget includes \$25.0 million in new appropriations for improvements to City streets, roadways, urban trails, sidewalks and other infrastructure.

The **Watershed Protection** Department (WPD) serves Austin residents by maintaining and improving water quality, reducing the impact of flooding, creating stable stream systems, and maintaining the City's drainage infrastructure. Its \$86.7 million operating budget is primarily funded by the Drainage Utility fee, which is currently being restructured using improved data and technology. The fee will be based on the impervious cover of each property. The budget includes funding for 2 new full-time positions and temporary financial staff to assist with implementation of the new fee, which is estimated to increase \$1.79 per month (\$21 annually) for a typical residential customer. WPD's capital budget includes \$25.7 million in new appropriations. WPD will continue the buyout program in the Onion Creek area, implement water quality projects, and improve the biological function of the Lake Austin shoreline.

Public Safety

The \$77.0 million operating budget of the **Emergency Medical Services** Department (EMS) includes funding for cost increases per the meet and confer staffing agreement and a new unit, consisting of 12 sworn positions, an ambulance, and related equipment. The capital budget includes \$3.1 million of new appropriations for station improvements.

The \$180.4 million operating budget of the **Austin Fire** Department (AFD) includes annualized funding for the 36 positions transferred into the General Fund in FY 2014-15 from the Staffing for Adequate Fire and Emergency Response (SAFER) grant, 4 new permanent positions, and personnel costs for the Collective Bargaining Agreement for sworn employees. The capital budget includes \$0.8 million in new appropriations and will continue efforts for the Onion Creek Fire Station, drill tower renovations, and additional women's locker rooms.

The \$25.0 million operating budget of the **Municipal Court** includes funding for managing over 360,000 anticipated new cases filed at the Municipal Court and 100,000 anticipated cases docketed at the Downtown Austin Community Court (DACC). In addition, the FY 2015-16 budget allows for an increase in contract funding for the Road to Recovery program and 1 new position at DACC.

The \$394.0 million operating budget of the **Austin Police** Department (APD) includes funding for 85 new police officers and 21 civilian positions, of which 19 are for the 911 Call Center. The APD capital program will focus on facility improvements for Mounted Patrol, the Park Patrol/Rangers Joint Use Facility, and the NW Substation.

Utilities and Other Enterprises

The **Austin Convention Center** Department (ACCD) maintains and operates the Austin Convention Center, Palmer Events Center, and 3 parking garages. Its \$93.0 million

operating budget includes funding needed to operate its facilities, 16 new positions, and transfers to its capital budget for ongoing capital requirements and future facility expansion. ACCD's capital budget includes \$28.9 million in new appropriations for building improvement projects and a potential marshalling/warehouse land purchase.

Austin Energy (AE) provides retail electric service to over 455,000 customers in a 437-square-mile service area and has a \$1.4 billion operating budget. Due to lower power supply (fuel) costs, the average AE customer will see a decrease of \$2.22 in the monthly electric bill (\$27 annually) in FY 2015-16. AE's capital budget includes \$262.4 million in new appropriations for infrastructure additions and improvements.

Austin Resource Recovery (ARR) provides a broad range of services, including curbside collection of trash, recycling, yard trimmings and brush and bulk items, as well as street sweeping, household hazardous waste collection and dead animal pickup. Its \$89.6 million operating budget includes funding for equipment and 15 new positions. A proposed rate increase in base customer charges would increase both residential and commercial rates by \$1.70 per month, or \$21 annually. ARR's capital budget includes \$6.1 million in new appropriations for equipment upgrades and facility improvements, notably for the citywide launch of a new organics collection program.

Austin Water (AW) provides retail water, wastewater, and reclaimed water services to a population of approximately 890,000 retail and wholesale customers over more than 500 square miles. Its \$524.6 million operating budget includes funding for one new position which will be jointly funded by the City of Austin and Travis County. Its annual combined rates are projected to increase by \$60. AW's capital budget includes \$40.9 million in new appropriations for replacement and rehabilitation of critical assets.

The **Aviation** Department services the Austin Bergstrom International Airport (ABIA). It receives revenue from airlines, parking, concessions, rentals, and other fees. Its \$141.5 million operating budget includes funding for 37 new positions to meet demands from overall growth and the expansion of the Barbara Jordan Terminal and the Consolidated Rental Car Facility. The capital budget includes \$134.9 million in new appropriations for the ongoing terminal and apron expansion and continued work on the new parking garage, all of which will support the airport's increasing numbers of passengers and aircraft operations.

DEBT SERVICE

General obligation (GO) bonds provide funds for infrastructure projects, such as building new libraries, police and fire stations, or purchasing and improving parks. As of September 30, 2015, total outstanding GO debt will total \$1.303 billion. GO bonds are backed by the full faith and taxing authority of the City. The main source of revenue in FY 2015-16 to service these bonds is property taxes paid by property owners, which is supplemented by additional transfers from various funds. Debt service requirements for GO bonds are \$164.1 million for FY 2015-16. The City's GO debt as a percentage of assessed valuation is 1.48%, well below the City's policy to not exceed 2 percent.

The City's GO bonds receive the highest possible ratings from all three major credit rating agencies. The ratings represent the strength of the City's credit and the safety of investing in City bonds. This top bond rating reflects sound financial management and allows the City to borrow money from investors at low interest rates.

COMMUNITY INPUT

In the spirit of open government and increased transparency, the budget process includes many opportunities for stakeholder input, including a citizen survey, work sessions, public meetings, *Budget-in-a-Box*, the Budget Basics video, and access to the budget documents and related reference materials.

In addition, the City will hold multiple public hearings on the Proposed Budget and utility rates prior to their adoption in September. These hearings will be held at City Hall, 301 W. 2nd Street, Austin, TX 78701.

- **Thursday, August 20th**: Budget/Utility Rate Public Hearing (**4 p.m.**)
- **Thursday, August 27th**: Budget/Utility Rate Public Hearing (**11 a.m.**)