



Austin City Manager FY2021 Budget Message
(as prepared)

Virtual Video Presentation
July 13, 2020

City Manager Spencer Cronk: Mayor Adler, Mayor Pro Tem Garza, Council Members, and Austin residents. Each year, I stand before you in awe of how this community comes together in response to crisis after crisis. Together, we've endured bombings, unprecedented floods, and toxic green algae. While we are nowhere near the end of this COVID-19 public health crisis, we can now add global pandemic to the list of crises our city has had to face. The stories you just heard offer proof of how what we do as an organization can positively impact our neighbors, the members of our community.

Last summer, we focused on making essential investments in affordable housing, homelessness response, and improving the equity and efficiency of service delivery across the City while facing new limitations by the State on our ability to generate property tax revenue at a 3.5 percent tax cap. At the time, our toughest challenge appeared to be developing a plan for maintaining these investments and ensuring the long-term structural sustainability of our City operations within these new constraints.

Today, our community faces not one, but two momentous crises, each more immediate and more profound than the path of our future revenue constraints. As we know all too well, Austin remains engulfed by the global COVID-19 pandemic, which has caused tragic loss across our community, upended our way of life, and triggered an unprecedentedly swift economic contraction. At the same time, the City is taking new steps to confront and end the long history of systemic injustices experienced by people of color by our public safety institutions. In times of crisis, a budget acts as a path forward, helping us use our limited resources wisely and purposefully. The proposed fiscal year 2020-21 Budget meets these crises head-on, building on the tireless work of our public health team and countless other city staff in combatting COVID-19 and helping our community recover from its effects. This budget also accelerates the process of reimagining our public safety system to ensure justice and equal treatment for all Austin residents.

I want to commend the foresight and leadership of our elected officials and public health team. I also want to thank our first responders and staff from across so many City departments for their tireless efforts to mitigate the impacts of the pandemic. Although we remain in a precarious and uncertain position with respect to the spread of the virus, without their selfless work, the impact on our city would have been far, far worse.

While you've received numerous briefings from our health professionals about the impacts of COVID-19 on our community, I would like to invite Assistant City Manager Chris Shorter to share how our organization is grappling with the effects of the pandemic and planning for the future with a keen eye on serving our most vulnerable populations.

Assistant City Manager Christopher Shorter: Thank you, Spencer. As many of you know, the COVID-19 pandemic has tested our community in so many ways, and like Spencer, I would like to take a moment to thank the countless City employees, County employees, and community volunteers who have stepped up to lend a helping hand throughout this crisis. This pandemic has shined a light on the critical difference our City, County and community partners can make in the lives of our most vulnerable populations.

Many community members, who just a few short months ago saw homelessness as a human tragedy in desperate need of a solution, are now struggling to make ends meet themselves and are at risk of

homelessness becoming their own personal reality. And those already living unsheltered -- our neighbors with the least -- are uniquely vulnerable to contracting COVID-19 and experiencing harsher effects from the virus.

Thanks to the strong support and leadership from our Mayor and Council, our City and community partners acted swiftly to respond to the tragic intersectionality of homelessness and the pandemic, quickly working across sectors to stand up critical programs that keep people experiencing homelessness safe and able to meet their basic human needs and access critical services. Through the strong leadership of Austin Public Health, Real Estate Services, Downtown Austin Community Court, Neighborhood Housing and Community Development and countless other City staff and service providers, we quickly leased and set up operations for an isolation facility and four protective lodges to keep our most vulnerable safe and prevent greater spread among our neighbors experiencing homelessness. When we experienced our first cases at shelters, these facilities provided safe lodging while shelter operators cleaned and made the necessary changes to their own operations to mitigate risk and prepare for residents' return. And when leaders from homeless outreach organizations and providers reported that the people they served were losing access to food during the shelter in place order, again City staff from Austin Public Health, the Office of Sustainability and our Parks and Recreation Department, in collaboration with community partners, organized and stood up an unprecedented collaborative food distribution program.

The Eating Apart Together, or EAT, initiative started distributing thousands of meals each week within a month of the initial stay at home ordinance. To date, EAT has served more than 150,000 meals, provided food to community kitchens that are stretched to their limits, and equipped outreach organizations with food, water, masks, information about COVID-19, and hygiene supplies. When the pandemic subsides, we will continue to leverage all that we've learned about serving people during a crisis, and how partnerships, collaboration, and coordination can and must be part of our efforts to ensure homelessness is truly rare, brief and nonrecurring in Austin.

Because of our ability to quickly adapt to the challenges of the COVID-19 pandemic, the City has continued making strides on ending homelessness. Key accomplishments since the pandemic began include:

- Opening the Salvation Army's Rathgeber Center in February with financial support from the City of Austin, other community partners, and local philanthropist Dick Rathgeber.
- A nearly 1 million dollars to contract with ECHO, our partner agency in ending homelessness in Austin, for a Low Barrier Permanent Supportive Housing Voucher Program.
- Adopting the Motel Conversion Strategy, guided by a Housing First approach, to convert motels into safe living spaces to help people experiencing homelessness access the stability and care they need. In April, the City closed on the purchase of the Rodeway Inn, and began renovations, improvements, and collaborations with Motel Conversion Strategy partner participants.
- Expanding access to Permanent Supportive Housing through the Downtown Austin Community Court in partnership with Front Steps and bringing on additional opportunities for Permanent Supportive Housing through Foundation Communities to City Council in May.
- Partnering with Front Steps to provide 27 units of Permanent Supportive Housing annually, with wrap around services, and case management.
- Maintaining hand washing stations, portable toilets, showers, electronic charging stations, and food access sites, all of which became scarce during the pandemic; and
- Thanks to Austin Resource Recovery, opening a storage facility for Austinites experiencing homelessness.

Austin Public Health, our lead department in response to BOTH homelessness and COVID-19, has been working fast and furiously to address a pandemic and its impact on our most vulnerable residents. I want to again take a moment to express how impressed and grateful we all are for the staff at Austin Public Health and the many public servants across our City Departments who stepped up to staff and support the Emergency Operations Center and the Joint Information System. We've been in emergency operation mode for the last four months and eventually, we will need to shift to a sustained response. Until then, we are fortunate to have a strong team of employees willing to work so hard to protect and improve our community's health.

City Manager Spencer Cronk: Thank you, Chris. You are right. It is nearly impossible to overstate the magnitude of the challenge that COVID-19 has presented, not just for our organization, but also for our community; the loss felt in our community, the strain it has placed on everyone's resources; including its adverse financial strain. Across all City funds, we anticipate ending the current fiscal year over 200 million dollars -- or nearly 5 percent -- below budgeted projections. As a result of travel and tourism-related mandates to mitigate the spread of the disease, our airport and convention center have been particularly hard-hit, with these departments anticipating revenue shortfalls of approximately 30 percent.

At the same time, we feel unprecedented demand for additional resources to respond to and emerge from this crisis. To help meet this demand, and in accordance with your guidance, we are leveraging federal funding provided through the CARES Act to support the 272-million dollar framework for the City's COVID-19 response that you approved in June, which includes planned expenditures of 106 million dollars for emergency response; 63 million for medical and public health needs; and 103 million for programs providing economic support.

Despite these challenges, I am proud to present to you today the Budget of a remarkably resilient city; a feat possible because of a long commitment to prudent fiscal management. Our robust reserve position accumulated through years of conservative revenue projection, responsible budgeting, and proactive financial management, has prevented the layoffs and furloughs required in other cities. Instead, we re-prioritized our staff to maximize the breadth and effectiveness of our COVID response. Our strong financial position has allowed us to put the community first. And because we cannot know how long this crisis will last, or when the next will strike, this Budget doubles-down on these principles to ensure our continued resiliency. Even in the face of COVID, this Budget projects restoring General Fund reserves to a healthy 12 percent level. Importantly, it achieves this without resorting to significant increases in taxes and fees at a time when so many of our residents are experiencing financial strain. When looking at the City taxes and fees paid by a homeowner in our community, this Budget proposes only a 3.5 percent effective property tax increase for General Fund maintenance and operations—the lowest such increase since fiscal year 2004-2005. Rates charged by City enterprise departments are likewise being held at a minimum with proposed increases in Austin Resource Recovery and the Transportation User Fee being offset by a decrease in the average Austin Energy bill. Collectively, a typical Austinite can expect to see a combined tax and fee bill increase of only 1 dollar per month.

This modest tax rate proposal recognizes the possible November tax rate election to fund Project Connect, the transformative new multi-modal transit system that the City has been developing in partnership with Capital Metro. Although COVID-19's financial impacts to the City's budget are dire, we must also recognize that they are temporary. Weathering this crisis should not jeopardize our once-in-a-generation opportunity to revolutionize our transportation infrastructure.

COVID's impacts have created historic levels of volatility in the economy and City revenue sources that are likely to persist for some time. This Budget includes measures to improve the City's long-term resiliency to these conditions, and to crises in the future. We continue to streamline operations to improve efficiency of service delivery by reorganizing and consolidating the functions of several departments and offices. This will synergize missions, streamline our management structure, and provide greater clarity to residents and stakeholders as they navigate City administration.

Most notably, this Budget creates a new Housing and Planning Department, replacing and improving upon the services previously provided by our Neighborhood Housing and Community Development Department and Planning and Zoning Department. Beyond efficiency, this change reflects our recognition of the connection between affordable housing and land use across the city.

Next, I am adding a resiliency position in the Equity Office to inform the City's efforts to support community members in overcoming acute crises like the COVID-19 pandemic and more long-term, chronic stressors, like poverty and a shortage of affordable housing.

To improve the City's defenses against data breaches or other compromises of our network or applications, I am converting the Communications and Technology Management's -- Office of Cybersecurity into an independent Information Security Office with an infusion of \$2.5 million and four additional positions. The pandemic has highlighted how greatly the City's operations depend on technology, as we have migrated to virtual meetings and remote access to critical City systems. This office will ensure these systems remain safe and secure as we become ever-more reliant upon them. Ultimately, all of our proposals to increase resiliency require the hard work and dedication of the thousands of public servants who turn these ideas into reality. This Budget includes a 2 percent wage adjustment for all City employees, and, I am proud to say, a third-straight year with no increase in the health insurance premium contribution by either the City or by plan members. Finally, in this time of such great uncertainty, our employees deserve to know that the City is taking every necessary step to shore up the long-term sustainability of their retirement systems. Although our discussions about this issue in the coming fiscal year will be difficult and necessitate some hard choices, I am reserving 11.3 million to help fund the solution we will arrive at together.

Reevaluating how we provide services in our community and ensure our community's resilience requires us to confront the systemic and inequitable treatment communities of color have experienced for generations, most visibly and tragically in the name of public safety. The recent deaths of Mr. George Floyd in Minneapolis at the hands of a police officer and our own officer-involved shooting death of Mr. Michael Ramos have amplified the call for justice in our community in ways we cannot ignore.

The City has started down the path toward ending this injustice. We've established the City's Equity Office to recognize and guide us through addressing disproportionate treatment of people of color in City operations. We've restructured the Office of Police Oversight to provide impartial oversight of the Austin Police Department's conduct, practices, and policies. In doing so we have improved accountability, increased transparency, and created more sustainable partnerships throughout the community. But we have further to go. We must stay the course to redefine public safety in Austin.

Our community and those of us in this virtual space have engaged in conversations about moving to a more holistic model of public safety in our city. We share a vision for an Austin less invested in traditional enforcement, prioritizing actions to address interconnected causes of crime such as poverty, homelessness, mental illness, and limited economic opportunity. Over the past six years, the City has meaningfully reduced the portion of its General Fund budget dedicated to the three traditional public safety departments. And we have redirected those dollars to investments in programs aimed at addressing health disparities, eliminating homelessness, creating more affordable housing, and increasing avenues for economic opportunity.

This Budget continues to look at public safety holistically by reducing the planned number of police officers by 100 and reallocating just over \$11 million in Police Department funding to other community safety needs including:

- Additional staffing and resources for the Office of Police Oversight and the Equity Office
- Full implementation of recommendations for a clinician-based approach to mental health

emergency response including an Expanded Mobile Crisis Outreach Team contract and 7 new community health paramedics;

- Expanded funding for mental health, family violence prevention, and immigrant legal services in the Austin Public Health department;
- More funding for the Housing Trust Fund;
- Additional police officer training on trauma-informed response, unconscious bias, racial and cultural sensitivity, and on the use of Naloxone for people experiencing a drug overdose; and lastly
- The creation of a new Civil Rights Office housed within our Law Department.

This Budget opens the door to a broader discussion about how we resource ourselves with public safety in mind. Reimagining public safety is an important endeavor for both our community and our officers. There are many responsibilities currently shouldered by police officers that could be taken on by others, allowing officers to focus on their core mission – to protect and serve everyone. There is urgency in the task ahead and we will need community involvement to redefine how public safety works in Austin.

I've asked Deputy City Manager Nuria Rivera-Vandermyde to share our plans to lift up voices from all corners of our community with the goal of co-creating a more equitable, more just, and ultimately safer future for all Austinites.

Deputy City Manager Nuria Rivera-Vandermyde: Thank you, Spencer. I'm honored to be here today, especially to discuss the opportunity we have before us. We are at a pivotal moment in our history, a moment where we can choose to take steps towards incremental reform or a moment that allows us to truly lean in to create sustainable and transformative change, affording us an opportunity to right the wrongs of our past. That time is now, and for many, it is long overdue. We choose to do the latter, listening to the voices of so many in our community that ask us to re-envision a public safety system designed for all. A public safety system that dares to rethink traditional police response and instead centers lived experience at the core of its design. A public safety system that is accountable to the historic and disproportionate impact policing has had on our Black and Brown communities that has resulted in the dramatic overrepresentation of African American and Hispanic/Latinx individuals in our criminal justice system. And a public safety system that aims to shift the responsibility of responding to this nation's social challenges such as mass homelessness and the increased prevalence of mental and behavioral health issues in our society to professionals in our community who can best leverage existing and future response resources to achieve better outcomes through more holistic crisis intervention and outreach.

As if the need to address the historic issues of racism and injustice pervasive in all our institutional systems, including policing, were not enough, reimagining our public safety system will also benefit the many sworn and civilian staff that make up our current Police Department. As the City Manager mentioned, police officers across the nation have taken on more and more responsibilities that could best be served by other professionals, and national statistics on the high prevalence of depression, alcohol abuse and other medical conditions such as diabetes and heart disease within police forces generally would seem to also call for much needed change to better address the physical and mental health of our police force who have such critical interactions with the public.

As a starting point, we've identified numerous programs and functions currently housed in the Police Department that are worthy of broader community discussion. These programs include:

- Crisis intervention and mental health first response
- Emergency Call Center and Police dispatch;
- Forensics lab operations;

- Vehicle licensing;
- Nuisance abatement;
- Protection and security of governmental assets (for example, Park Patrol, Lake Patrol, and security at our airport);
- Administrative or management functions;
- Officer Wellness
- Internal affairs;
- Protective services;
- Victim services;
- Officer Training; and
- Governance

Importantly, however, this is neither a final nor an exhaustive list as we hope to work with, and hear from, community and internal stakeholders on these and other areas that we may need broader discussion on to truly reimagine our public safety system.

To tackle this challenge, the City Manager has assembled a multidisciplinary leadership team which includes Assistant City Managers Rey Arellano and Chris Shorter, Police Oversight Officer Farah Muscadin, Austin Police Chief Brian Manley, Equity Officer Brion Oaks and myself. The team will evolve as we tap into additional expertise throughout the organization, including from within Austin Public Health, Emergency Medical Services and Austin Code Department.

Additionally, as the City Manager shared, we are clear that our work must be developed and co-created with the community. To that end, we have preliminarily outlined a framework that includes a City-Community Reimagining Task Force composed of members from the leadership team as well as key community organizations. We know there are many who would like to contribute to this Task Force, and there will be many opportunities to engage in this process, but it is our express intention to center the voices of those who have been most impacted by police violence and institutional racism within our systems on this Task Force. We have already begun to take the first steps to reach out to key community stakeholders to gain a better understanding of concerns, expectations, and interest in how they wish to participate and help frame this work moving forward. As we finalize those initial discussions and are able to then formally meet and collectively identify the most immediate areas for action, the City-Community Reimagining Task Force will then convene the appropriate Advisory Working Groups composed of representatives from advocacy, faith, public safety, and business community organizations as well as City staff from a variety of disciplines to dig deeper into specific topic areas such as Use of Force/De-escalation, Alternatives to Policing (including mental and/or behavioral health response), Training and Homelessness Response and Outreach.

Throughout this entire process, we will also rely on listening sessions with the community, within the police department, with policymakers, and with our Boards and Commissions to gather feedback regarding their vision and priorities for reimagining public safety. Later this month we will pilot our first listening session with the Public Safety Commission, Joint Inclusion Commission, and our Quality of Life Advisory Commissions. We will also be working on ways to share our progress publicly to provide increased transparency throughout the process, a critical element in continuing to build trust with the community we proudly serve.

Over the course of this fiscal year, these conversations with the community will inform the deliberations and recommendations the City-Community Reimagining Task Force will bring forward to make our collective vision of public safety for the City of Austin a reality. This is a complex and multi-faceted challenge and we are fortunate to have so many creative, passionate, and innovative people – both on staff and in the community – ready to work together to bring about the truly transformative change we all know is so badly needed.

City Manager Spencer Cronk: Thank you, Nuria. The magnitude of demonstrations in support of police reform show that we have the momentum and community support to make significant changes that will improve our city and ensure that public safety in Austin reflects our community values. At the same time, we must remember that this is not just a law enforcement issue. This is a public health issue. This is a social services issue. This is a social justice issue. And this is very much an issue of trust and accountability. This effort takes us further on the path to creating an Austin that is safe for all. And, as Justice Ruth Bader Ginsburg says, “Real change, enduring change, happens one step at a time.”

This 4.2 billion dollar Budget before you recognizes that our responsibility to ensure equity does not end with public safety—it requires a comprehensive vision that encompasses the full breadth of city services and functions. Inspired by your leadership, this is a responsibility we have taken seriously in years past, and we will emerge from these crises with an even sharper resolve and deeper commitment to promoting justice and equity across our community.

I look forward to our discussions about this Budget as we continue to realize a better future for our entire city.

####

