

Art: Creativity and Culture: A Celebration / Creatividad y Cultura: Una Celebración by Werllayne Nunes

Budget Work Session

July 30, 2024



City of Austin
**2024-25
BUDGET**



Today's Agenda – FY25 Proposed Budget



- I. Enterprise Department Discussions
- II. Facilities Update
- III. Next Steps



Enterprise Department Discussions



GoPurple

- Approved by Council March 7, 2024, funded through a new Community Benefit Charge set at \$0.15 per thousand gallons
- \$1.47 per month projected increase for typical customer as of June 2024

Investment Area	Annual Amount
Incentives & Grants: Up-to \$500,000 per project for onsite water reuse systems or installation of reclaimed water lines	\$4.0 M
Capital Program: Expansion of Austin Water's centralized reclaimed system	\$6.5 M

Transfer Station Update

- An economic feasibility study is underway, expected completion Fall 2024
- Results of study will determine future funding needs

Household Hazardous Waste Collection Program

- Two additional positions proposed in FY 2024-25 to support citywide household hazardous waste on-call collection services beginning January 2025

General Fund Transfer: Key Considerations

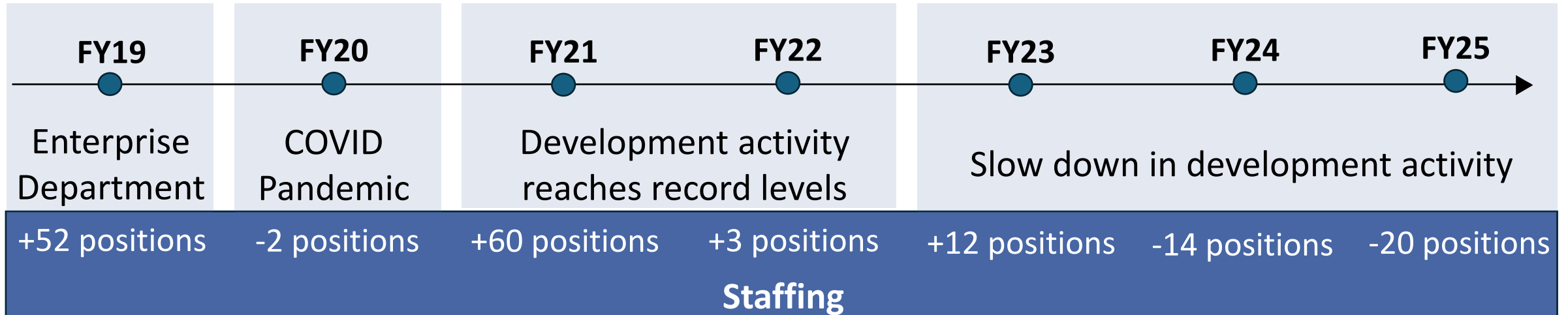
- 2022 Rate Case set general fund transfer at \$115M, establishing the 11.6% transfer rate
- Potential for further credit downgrade
- Impact on key financial metric

General Fund Transfer Amount*	
FY24 at 11.6%	\$115 M
FY25 proposed at 11.6%	\$125 M
FY25 at 12.0%	\$129 M

Days Cash on Hand Target: Minimum 150 days						
	FY24	FY25	FY26	FY27	FY28	FY29
11.6%	126	133	130	138	143	154
12.0%	126	132	128	134	139	149

*Per financial policy, transfer amount is up-to 12% of the three-year average of non-power supply and non-district cooling revenue

Staffing and Fee Adjustments



- Annual staffing adjustments based on development activity trends
- Department reviews cost-of-service when setting fees

General Fund Transfer

- Supports costs that cannot be passed on to other customers

	FY25 Proposed
City Council-sponsored fee waivers	\$4.8 M
Urban Forestry program	\$2.0 M
Telecom, small cell, and alarm permitting	\$2.1 M
Notifications to residents	\$0.8 M
Total Transfer	\$9.7 M

AUS-Med

FY23 Created AUS-Med pilot to provide emergency services during peak hours

FY24 Maintains AUS-Med with three paramedic positions

FY25 Maintains AUS-Med with three paramedic positions

Key Considerations:

- FAA standards require aircraft rescue firefighting
- Primarily receive priority 4 or 5 calls
- High transport refusal rate
- 2024 data through June, average 4.7 calls per day, 75% during peak hours



FY25 Major Rate and Fees

Projected Combined Increase of 5.4% for Typical Resident

	2024 Monthly Rate	2025 Monthly Rate	\$ Increase	% Increase	Typical rate payer defined as:
Austin Energy	\$119.26	\$121.96	\$2.70	2.3%	<i>Residential customer usage of 860 Kwh</i>
Austin Water	\$84.99	\$91.20	\$6.21	7.3%	<i>Residential customer usage of 5,800 gallons of water and 4,000 gallons of wastewater</i>
Austin Resource Recovery	\$31.35	\$33.40	\$2.05	6.5%	<i>Residential customer with a 64-gallon cart</i>
Clean Community Fee	\$9.70	\$10.15	\$0.45	4.6%	<i>Per single-family home</i>
Transportation User Fee	\$17.87	\$19.43	\$1.56	8.7%	<i>Per single-family home</i>
Drainage Utility Fee	\$12.17	\$13.38	\$1.21	9.9%	<i>Residential customer with 3,100 sq. ft./37% of impervious cover</i>
Property Tax Bill	\$148.46	\$156.98	\$8.52	5.7%	<i>Median non-senior homestead, net of 20% exemption</i>
Total	\$423.80	\$446.50	\$22.70	5.4%	<i>Projected combined increase</i>

Vacancy Rates – Downward Trend

- 10% City-wide civilian vacancy rate, down from 14.0% at beginning of FY24
- 7.5% City-wide turnover rate, down from 9.9% in FY23

Compensation Study Implementation

- Aviation: 43 job titles reviewed, approximately 237 employees
- City-wide: 364 job titles reviewed, nearly 1,900 employees

Facilities Update



Strategic Administrative Office Plan

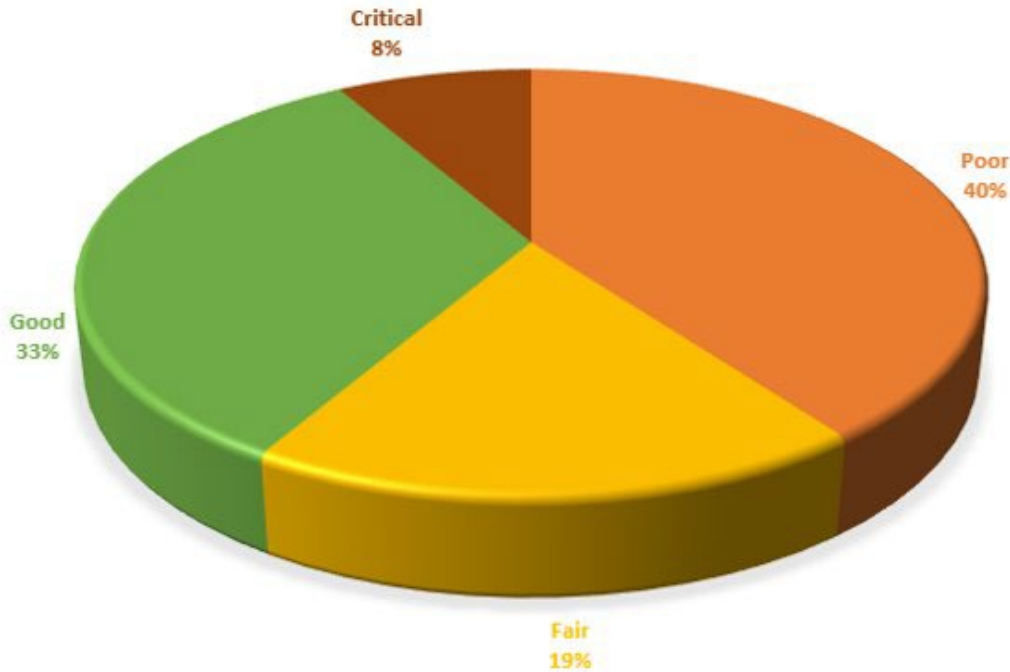
- Plan completed in 2019 in partnership with CBRE (CoA Real Estate Advisor)
- Key Takeaways/Recommendations:
 1. Move toward a primarily owned versus leased portfolio
 2. Organize for greater efficiency
 3. Make a commitment to the long term
 4. Make strategic decisions about key assets
 5. Implement and enforce workplace strategies
 6. Perform departmental adjacency and programming analysis
 7. Scale up process for development of new buildings

Implementation

- Since the pandemic, staff has eliminated multiple leases through more efficient space utilization in owned facilities and new acquisitions
 - Estimated savings from terminated leases approximately \$8M
 - Additional \$3M-\$4M in savings with impending lease expirations
- Favorable market conditions for acquisition
 - East Ben White
 - Tokyo Electron
 - Infinity Public Safety Warehouse
- Create opportunities for reuse/redevelopment
 - Town Lake Center renovations
 - Downtown properties

Condition of City Facilities

Percentage of square ft in each FCI category

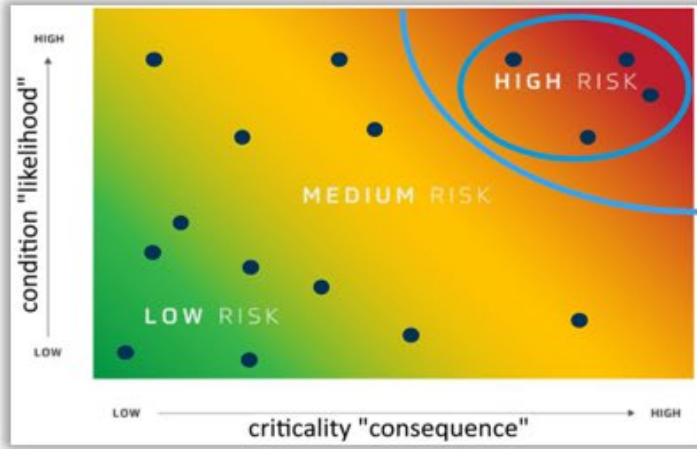


FCI Description

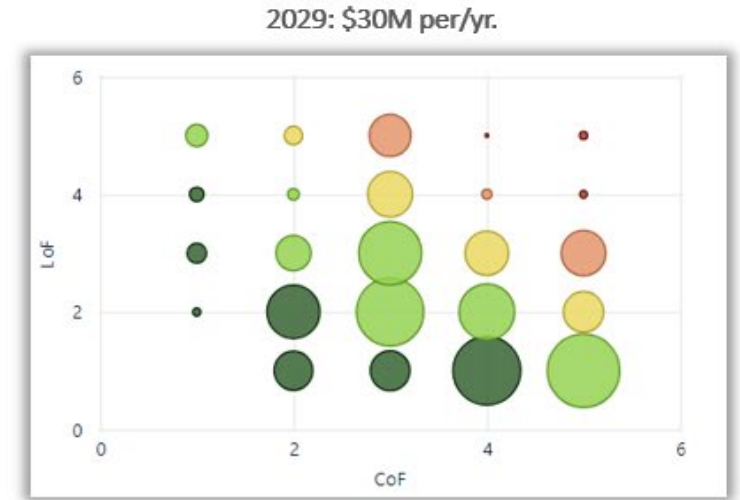
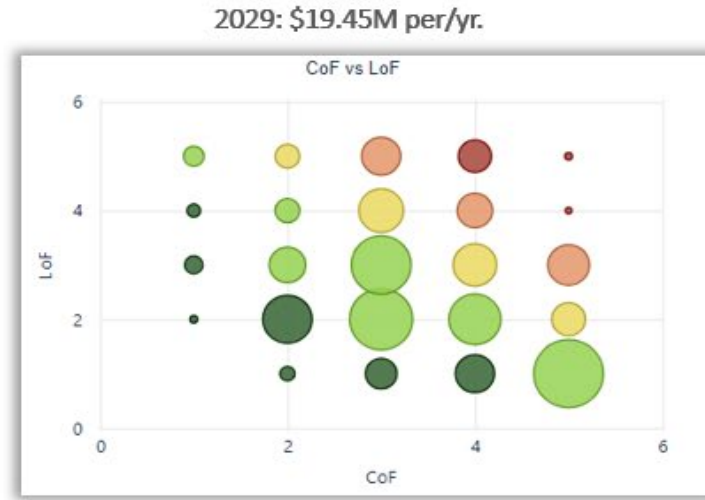
- **Good:** 0 – 5%: (Facility new or well maintained)
- **Fair:** 5 – 10%: (Facility is satisfactorily maintained)
- **Poor:** 10 – 30%: (Facility is under maintained)
- **Critical:** 30%+: (Facility should be considered for significant renovation or possible replacement) *Facility is still safe but more cost effective to replace than to maintain.

FCI = deferred maintenance ÷ current replacement value

Risk Mitigation



- Asset replacement is prioritized by their risk level, focusing on the higher risk assets first.
- The risk level is determined by the LoF (Likelihood of Failure) and the CoF (Consequence of Failure) of the asset.
- The size of the dots represent the amount of assets in that risk level. (The larger the dot the more assets are in that risk level.)



Municipal Building

- Multiple building components in poor condition
 - HVAC
 - Ceilings/Lighting
 - Windows
- Electrical obsolete
- Roof membrane requires replacement



APD Headquarters

- Functionally obsolete
- HVAC in poor/ fair condition
- Fire alarm/ detection and suppression systems beyond useful life
- Electrical obsolete
- Plumbing deteriorated



Deferred Maintenance Statistics

Study Scope:

- 174 Facilities managed by Building Services Department

Current Deferred Maintenance for all locations:

- \$130,248,939

Current Deferred Maintenance for top 10 locations:

- \$56,045,046

Working with Strategic Facilities Governance Team to make refurbished vs. replaced decisions

Update

- 2012 Bond program included funding for land acquisition and initial design of a 20,000 sq. ft. northwest Austin police substation
- Closed on 16.72-acre purchase in December 2018 for \$4.0M
- Design work began in 2021 utilizing 2006 and 2012 Bond funding
 - Request for construction dollars will be included in a future bond program
- Fire/EMS station at Canyon Creek is scheduled to open January 2025

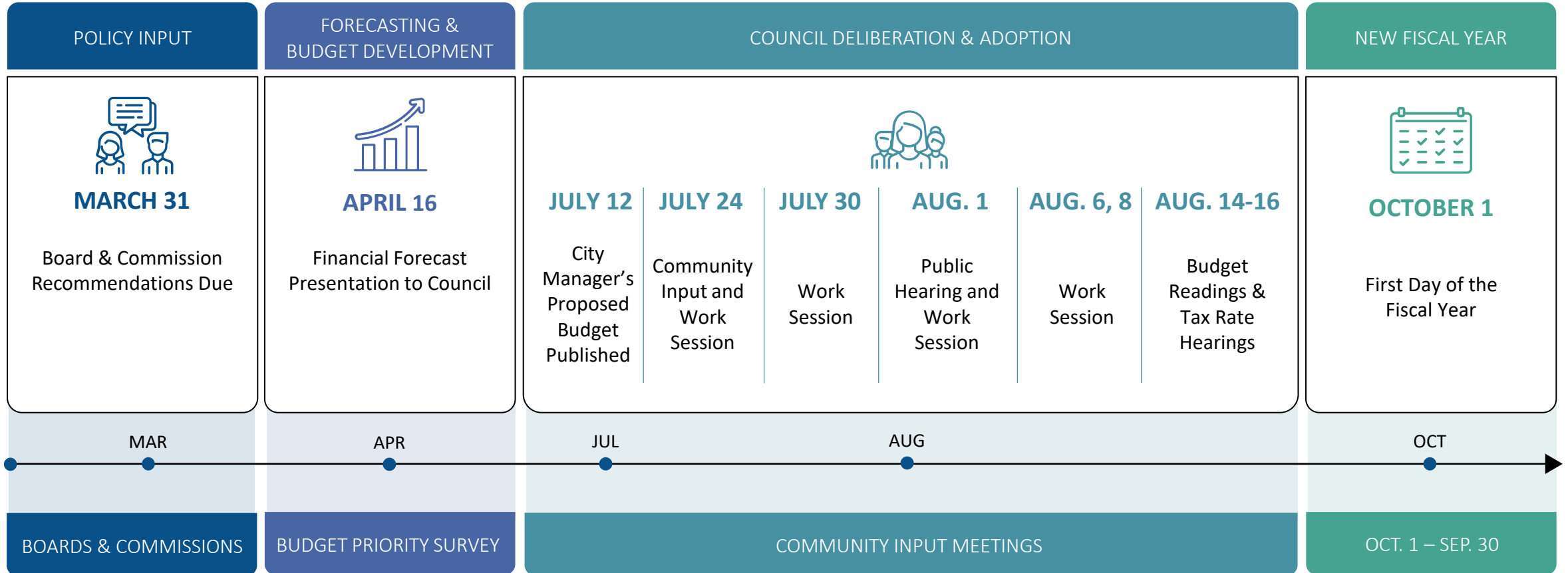
NEXT STEPS



FY 2024-25 Budget Timeline



City of Austin
2024-25
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Questions?

For more information on Financial Services | Budget Office:

[AUSTINTEXAS.GOV/BUDGET](https://austintexas.gov/budget)

Art Featured:

Creativity and Culture: A Celebration / Creatividad y Cultura: Una Celebración
by Werllayne Nunes

Creativity and Culture: A Celebration, is a project of the Economic Development Department's Art in Public Places program. This four-paneled painting pays homage to the vibrant cultural arts of the African American community in East Austin – past and present, where the work is sited. It was created as part of the East Seventh Street Corridor streetscape, which includes a series of wayfinding obelisks (obeliscos) located at eight intersections.

