



City of Austin 2021-22 BUDGET

Budget Overview

Ed Van Eenoo | August 25, 2021



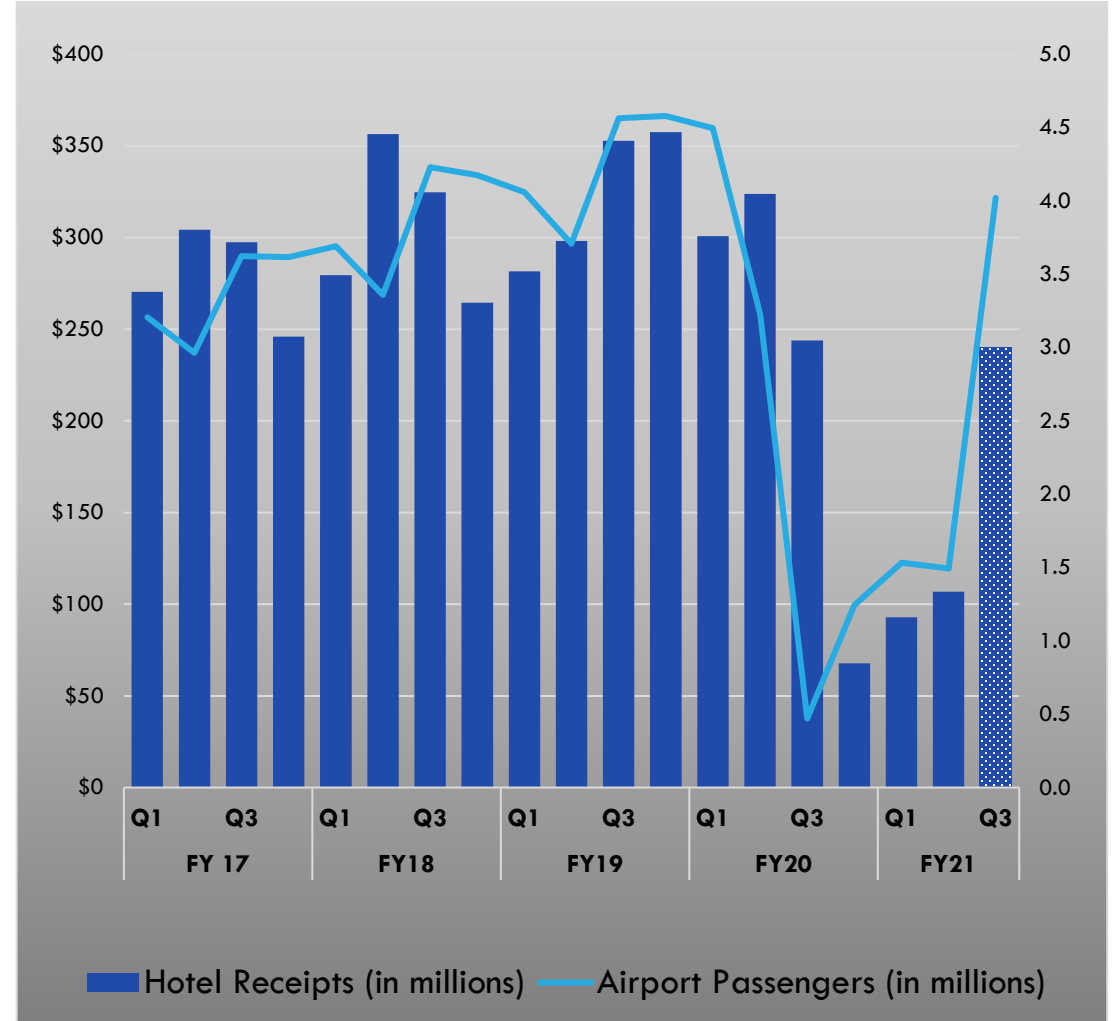
COVID-19 Financial Impacts and Fiscal Response



Airport Passenger and Local Hotel Impacts

- Airport passenger traffic fell to under 500k in Q3 of FY 2020 after hovering around 4.5 million pre-pandemic (nearly 90% drop)
- Over 4 million passengers in Q3 of FY 2021; only 12% below peak pre-pandemic passengers
- Lag in actual hotel receipts; Q4 of FY 2020 bottomed out at \$68 million after peaking at \$358 million pre-pandemic (over 80% drop)
- Positive outlook; *projected* jump in Q3 of FY 2021

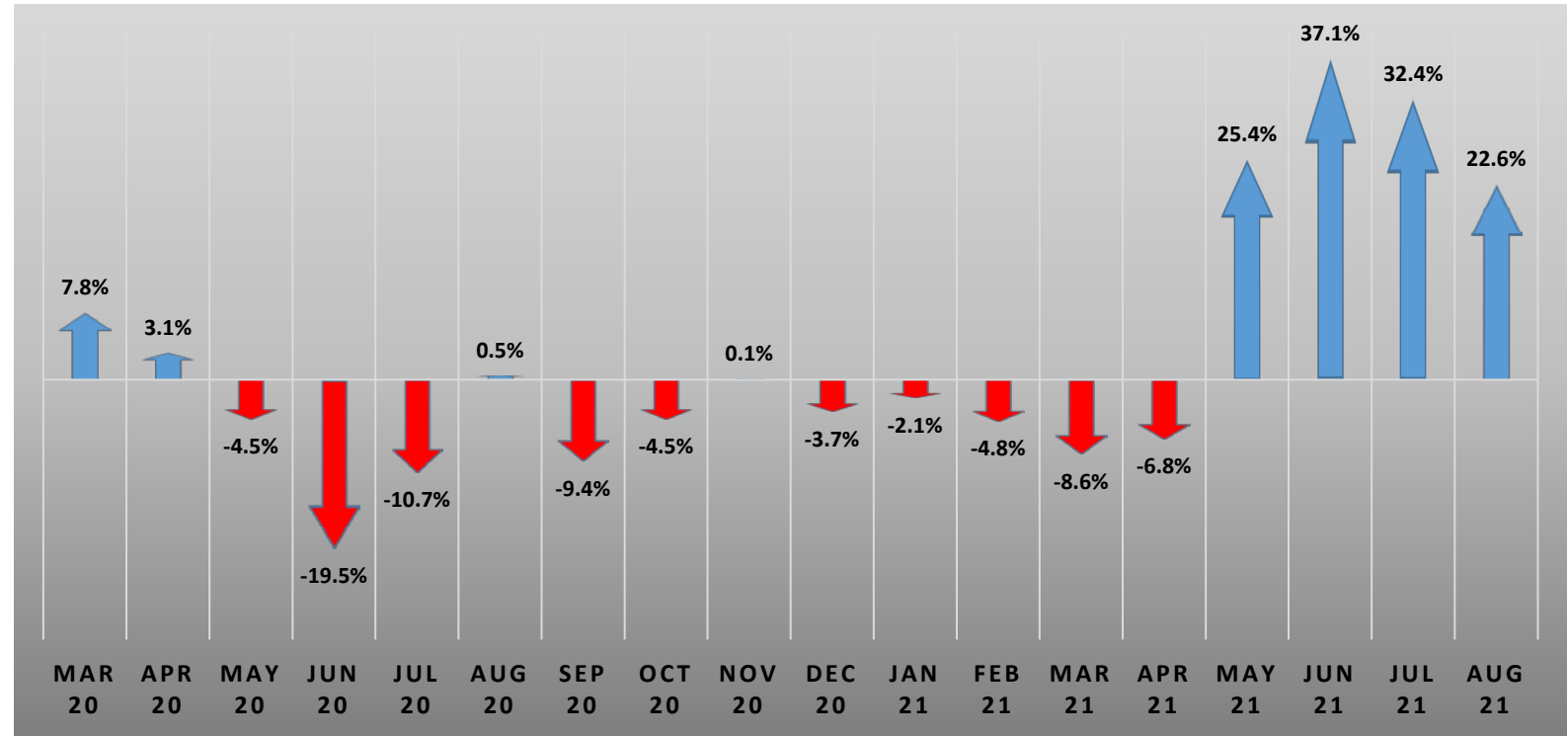
Austin Bergstrom Passengers & Austin Hotel Receipts



Sales Tax Impacts

- Significant sales tax retraction during pandemic following decade of growth
- Not as negative as initially expected
- Sharp increases in sales tax growth in recent months following mass vaccine adoption, economic re-opening
- Positive outlook though monitoring potential impacts of resurgent COVID cases

City of Austin Year-Over-Year Sales Tax Growth



COVID-19 Spending Framework - \$449.9 Million

Uses of Funds

Emergency Response: \$126.2M

Emergency operations, public safety and public health department expenses

Medical and Public Health Needs: \$129.4M

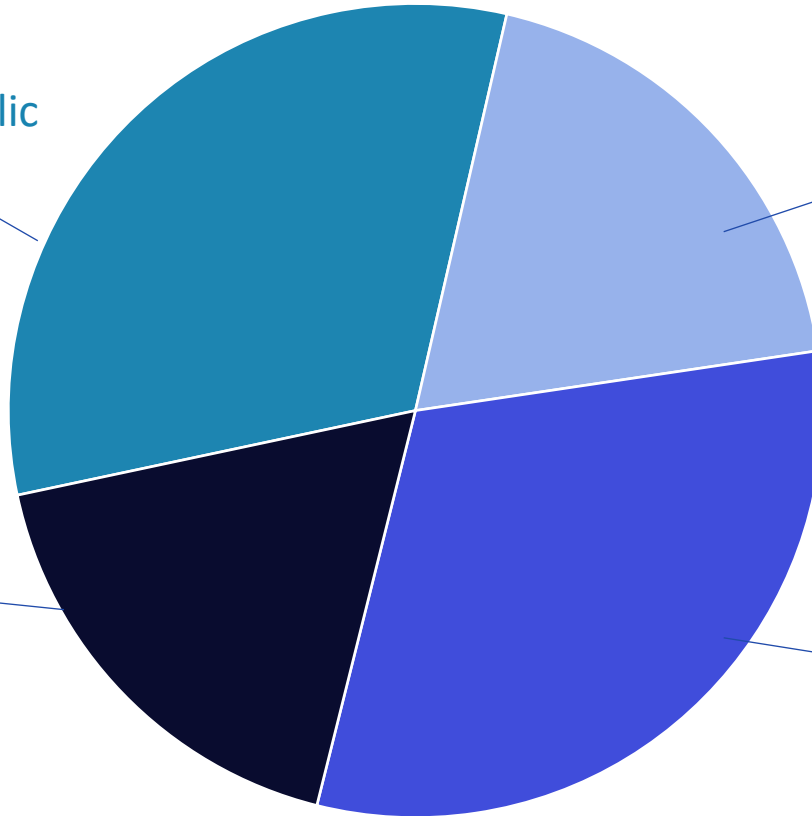
Protection of vulnerable populations; Public health and safety measures; Shelters and quarantine facilities; Epidemiology response; Planning and research; and Testing

Economic Support: \$128.3M

Financial and other direct support; Small business assistance; Non-profit assistance; Creative sector assistance; Technical assistance; Childcare service provider assistance; Worker and customer safety; Food assistance; Rental assistance; Utility bill assistance; Workforce development

Other: \$66M

Airport operational, capital, and debt service expenses



Primary Funding Sources: State and Local Fiscal Assistance, FEMA, HUD, General Fund reserves, Airport Improvement

American Rescue Plan Spending Framework - \$245.0 Million

Program Area	Amount
Homelessness	\$106.7M
Public Health	\$44.3M
Emergency Relief	\$42.0M
Workforce Development	\$21.0M
Creative Sector	\$12.0M
Childcare/Childhood/Family Connects	\$11.0M
Resilience	\$6.0M
Colony Park Sustainable Community Health Center	\$1.5M
Community Navigators	\$500K

TOTAL \$245.0M

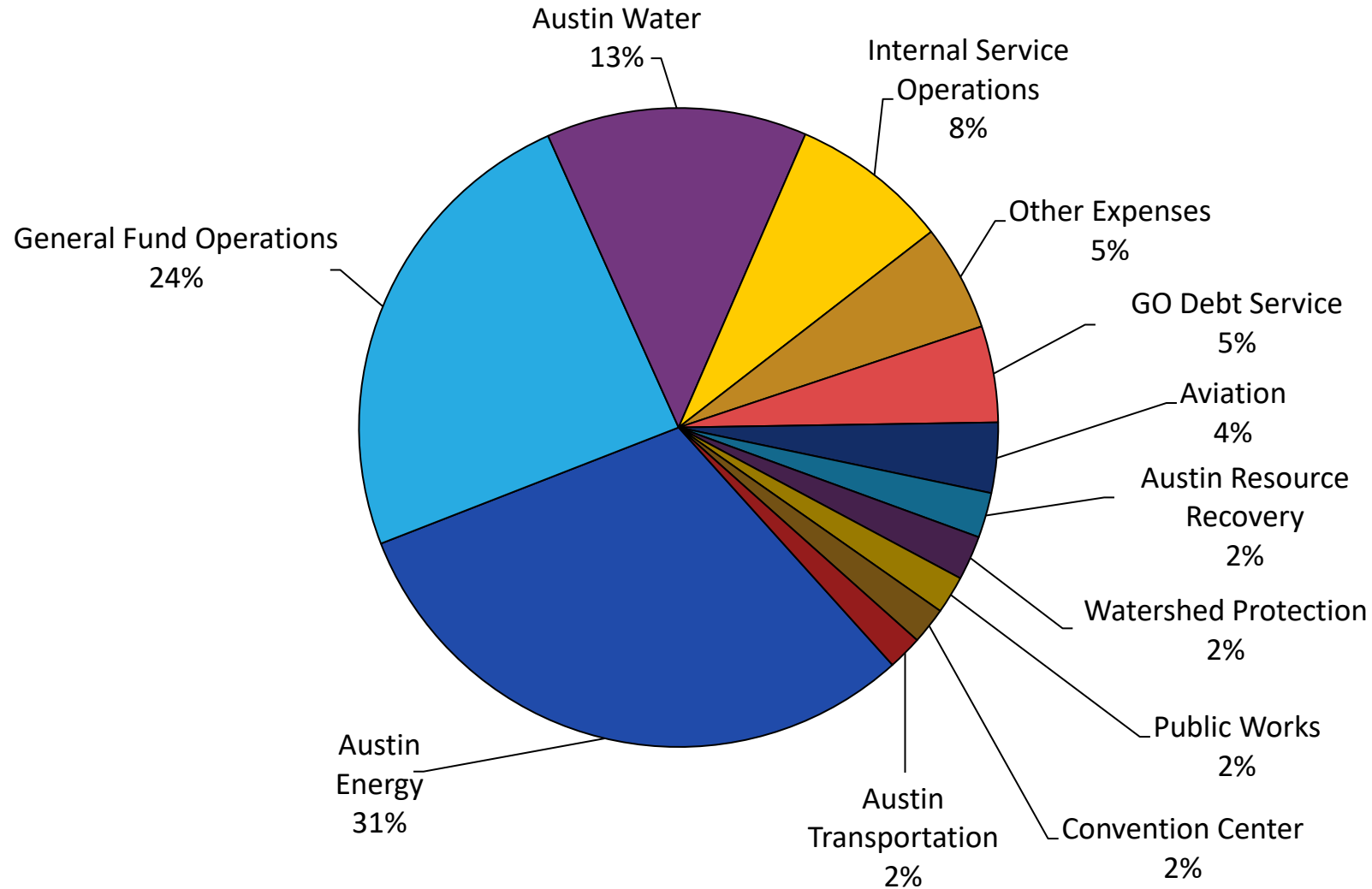
Approved by City Council in June 2021

Primary Funding Sources: State and Local Fiscal Assistance, Emergency Rental Assistance, HOME, General Fund reserves

FY 2021-22 Budget and Forecast

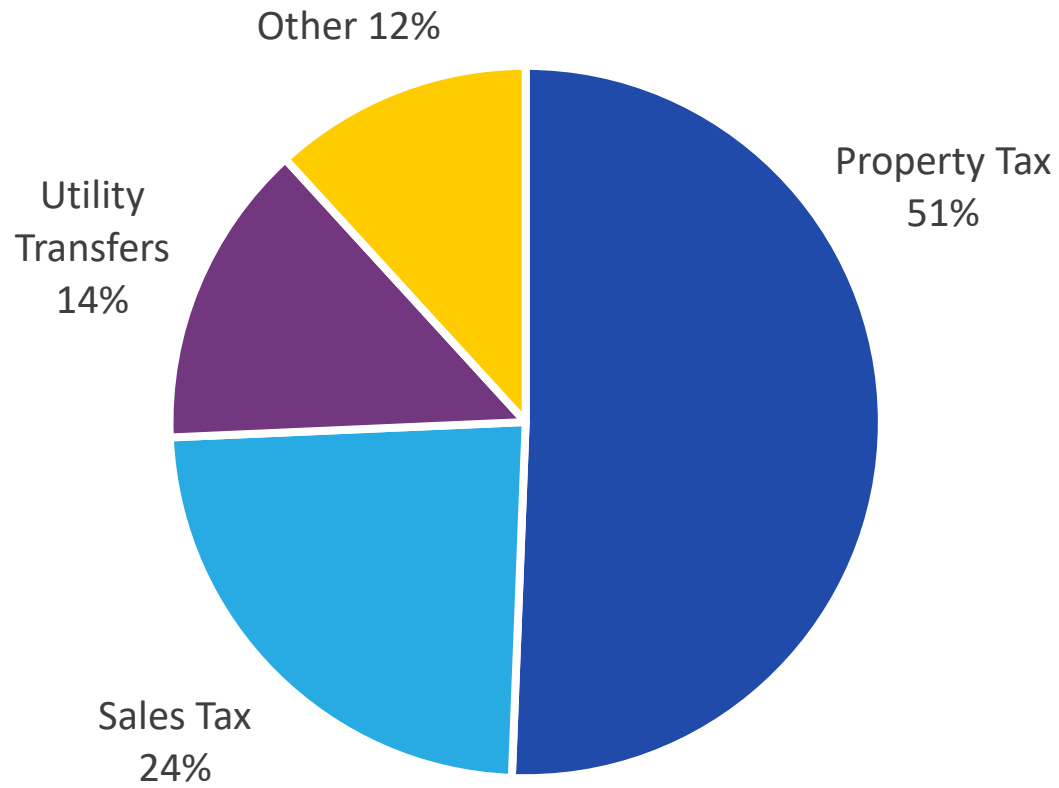


FY 2021-22 City All-Funds Budget – \$4.5 Billion

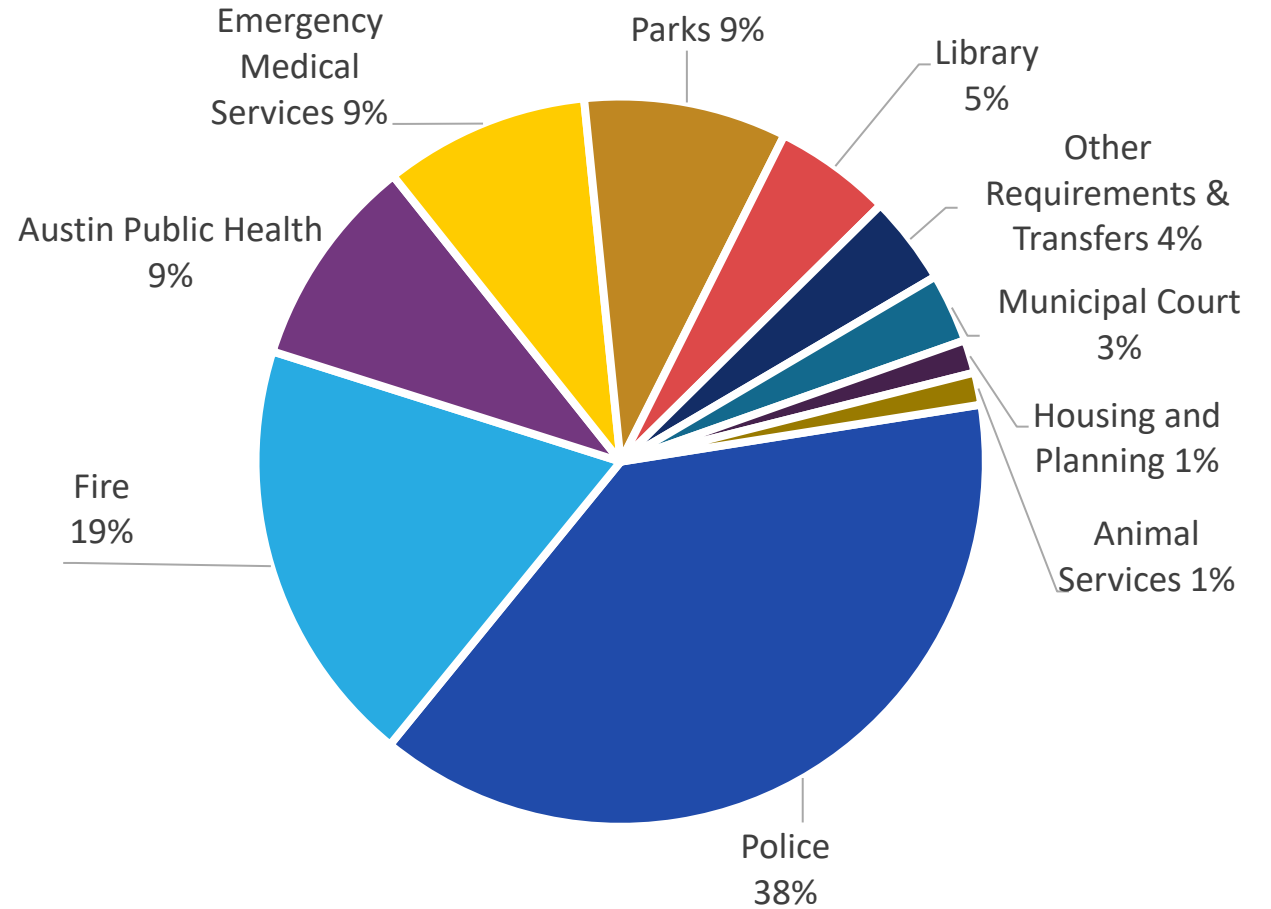


FY 2021-22 General Fund Budget – \$1.2 Billion

FY 2021-22 Source of Funds



FY 2021-22 Use of Funds



House Bill 1900

HB 1900

- Catastrophic financial penalties for municipalities that reduce Police budget:
 - Property tax revenue frozen, local sales tax revenue reduced, utility rates and fees frozen, mandatory dis-annexation elections

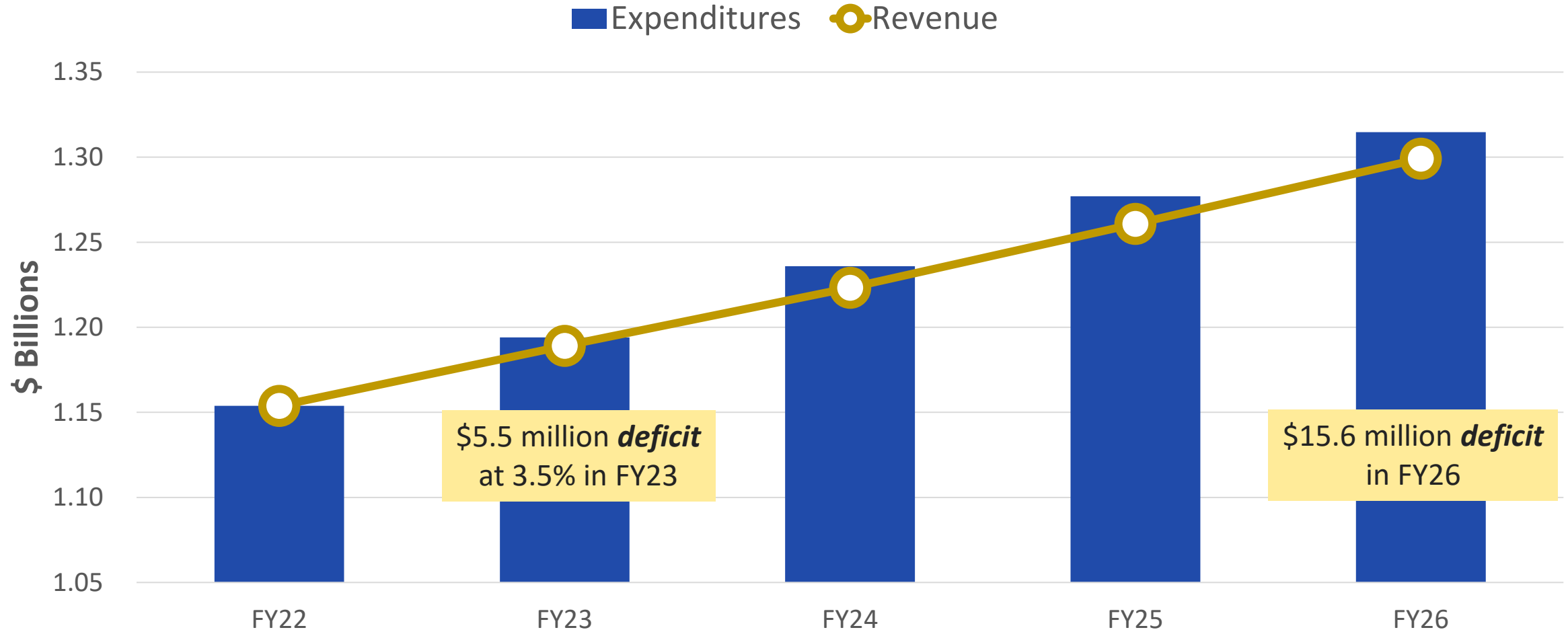
Category	Increase
<i>APD FY20 Amended Budget</i>	<i>\$434.5 million</i>
APD FY21 Amended Budget	\$309.7 million
Emergency Communications, Forensic Science, Decouple Fund, & Reimagine Safety Fund back to APD	\$107.4 million
Cadet Academy Classes	\$6.2 million
Sworn & Civilian Wage Increases	\$6.2 million
Austin Police Retirement System Reform	\$6.0 million
Other Base Cost Drivers (<i>administrative support, RMS, radio maintenance, etc.</i>)	\$7.7 million
APD FY22 Approved Budget	\$443.1 million

Taxpayer Impact Statement – “Typical” Residential Ratepayer

	FY 2020-21 Yearly Rate	FY 2021-22 Approved Rate	Annual Dollar Change	<i>Typical Ratepayer Defined as:</i>
Austin Energy	\$1,015.20	\$1,015.20	\$0	<i>Residential customer usage of 860 Kwh.</i>
Austin Water	\$969.48	\$969.48	\$0	<i>Residential customer usage of 5,800 gallons water and 4,000 gallons of wastewater</i>
Austin Resource Recovery	\$330.60	\$348.60	\$18.00	<i>Residential customer using a 64-gallon cart</i>
Clean Community Fee	\$107.40	\$111.60	\$4.20	<i>Per single-family home</i>
Transportation User Fee	\$156.48	\$179.52	\$23.04	<i>Per single-family home</i>
Drainage Utility Fee	\$141.60	\$141.60	\$0	<i>Residential customer with 3,100 sq. ft./37% of impervious cover</i>
Property Tax Bill	\$1,747.28	\$1,730.16	(\$17.12)	<i>FY22 projected median non-senior homestead assessed value of \$399,760, net of 20% general homestead exemption</i>
TOTAL YEARLY IMPACT	\$4,468.04	\$4,496.16	\$28.12	<i>Combined projected increase of 0.6%</i>

- Using same valuation assumptions as above, residential property *without* homestead or senior exemptions is projected to see \$221.28 increase in property tax bill, resulting in overall yearly impact increase of 5.7%

General Fund Budget Forecast



Prop A Petitioned Ordinance Details

- (A) Increase Sworn Staffing Strength
 - “Employment of at least two sworn officers for every 1,000 residents...maintaining not less than 35% community engagement time”
 - (B) Three full-term cadet classes annually
 - Until staffing reaches FY 2020 levels
 - (C) Training
 - Additional 40 hours annually for all officers
 - (D) Program to enhance recruiting and retention
 - (1) Language stipend*
 - (2) Mentorship program stipend*
 - (3) One-time honorable conduct stipend every 5 years of service
- *These would need to be negotiated through the Meet & Confer Agreement*
- Provisions of the petition would have significant fiscal impacts. 5-year cost between \$271.5 million and \$598.8 million equaling an average annual cost between \$54.3 million and \$119.8 million.

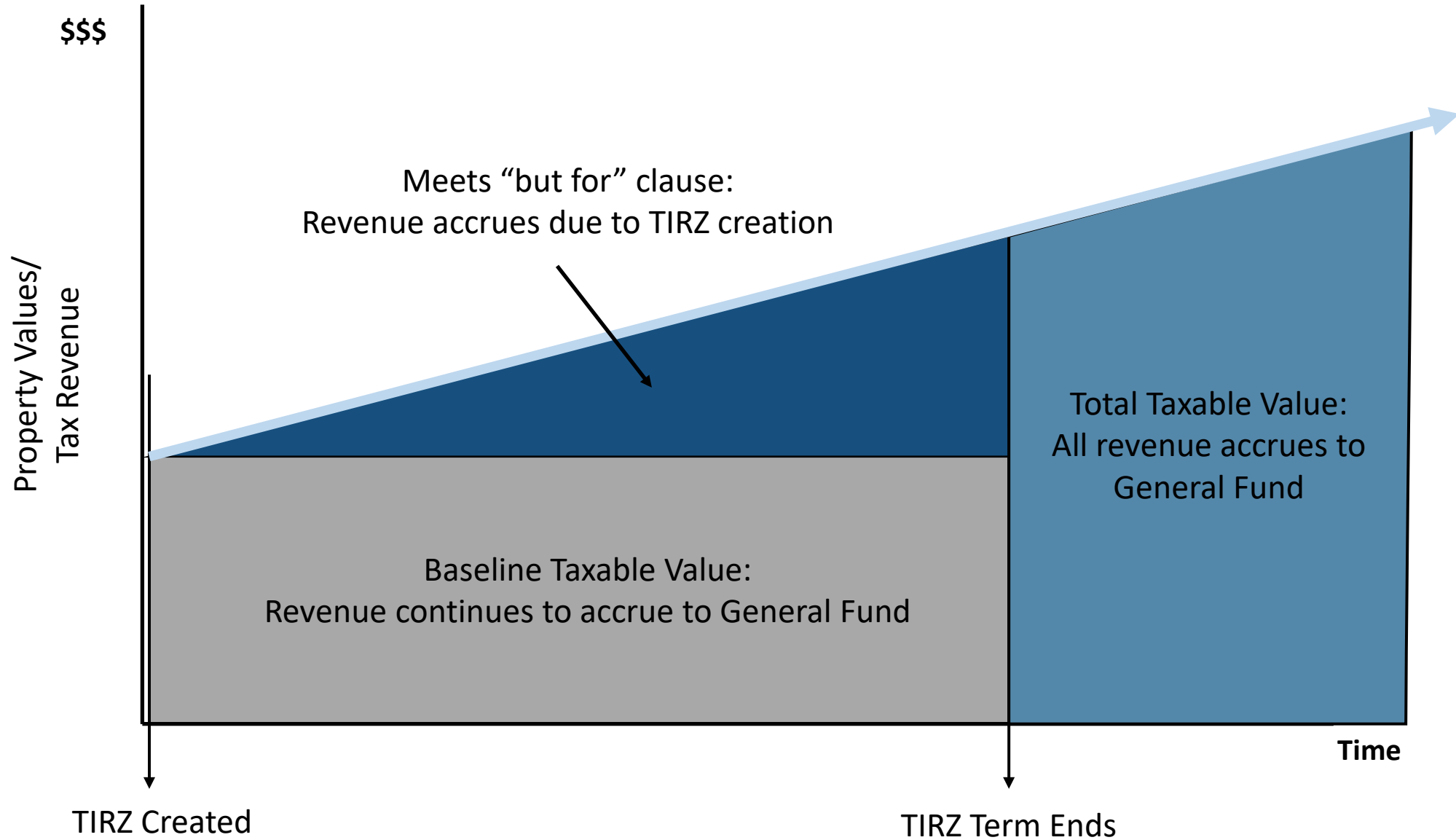
Tax Increment Financing



Tax Increment Financing Overview

- Popular financing tool to encourage economic development within a **defined geographic area or zone**
 - Various Texas Code sections allow reinvestment zones
 - **TIRZ** (Tax Increment Reinvestment Zone) - Texas Tax Code
 - **TIZ** (Transportation Infrastructure Zone) - Texas Transportation Code
- Purpose - set aside property tax revenues due to assessed valuation growth in zone to use for specific purposes in zone
 - Usually public investments that stimulate economic development
- **“But For”** the TIF subsidy, economic development would not occur at proposed level solely from private investment in the reasonably foreseeable future
- In Texas, a city or county may designate a reinvestment zone

Tax Increment Financing Overview



City of Austin Current TIFs

TIF	FY 2022 Projected Revenue	Purpose
Homestead Preservation Reinvestment	\$4.6 million	Prevent the involuntary loss of homesteads by existing low-income and moderate-income homeowners living within the Reinvestment Zone.
Mueller	\$10.4 million	Finance public improvements associated with the redevelopment of the former site of Robert Mueller Municipal Airport.
Seaholm	\$2.0 million	Finance public improvements associated with redevelopment of the former Seaholm Power Plant.
Second Street	\$100,000	Maintain the plazas, streetscapes, and other public improvements constructed and installed within the Reinvestment Zone.
Waller Creek	\$12.3 million	Finance development of Waller Creek Tunnel, as well as tunnel operations and maintenance during term of the TIF; amended in 2018 to add park improvement projects within Reinvestment Zone.

Questions?

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



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