

CITY COUNCIL PRIORITIES

AND

BUDGET INITIATIVES

Report on

CURRENT STATUS

and

FUTURE RESOURCE NEEDS

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The Vision

The City of Austin's vision of being the most livable city in the country means that Austin is a place where all residents participate in its opportunities, its vibrancy and its richness of culture and diversity. Austin residents share a sense of community pride and a determination that the City's vision is not just a slogan, but a reality for everyone who lives here. Local government plays a critical role in determining a city's quality of life. Local government services can make a resident's life easier or more stressful and turn non-residents away or invite them to join in Austin's future. When Austin is viewed by others, it receives high marks. Austin's rankings reflect a City government that keeps its vision in the forefront while planning for the future.

City Council Priorities

Austin's City Council has been defining its policy priorities since the early 1990s. Council priorities support the vision and provide an organizing framework for planning and service delivery. Beginning in June 1993, the City created a report called Strategic Choices which noted that while setting priorities might seem simple at the time, few governing bodies did it. These priorities were updated and supported by a series of issue papers in 1997 that outlined policy priorities to position Austin for the future. Those priorities were Youth, Family and Neighborhood Vitality, Public Safety, Sustainable Community, and Affordability.

In November 2006, the City met to reassess the City's vision and priorities. Council reaffirmed the long-held vision of being the most livable city in the country. After a follow-up worksession to wrap up the work begun in November, Council adopted new four priorities, supported by strategic goals, in April 2007:

- Rich social and cultural community
- Healthy, safe city
- Vibrant urban fabric
- Sustainable economic development and financial health

These Council priorities continue to serve as an organizing framework for how the City does business, providing the continuity and direction needed to develop business plans that build upon each other, year after year, to help achieve longer-ranging goals. Corporate planning processes help tie department efforts together into a cohesive inventory of plans that achieve specific purposes, yet also meld to support the City's overarching vision of livability. A report on each of the new council budget initiatives follows.

Council Priority: Rich Social and Cultural Community

Council Budget Initiative: Begin work on the Waller Creek Tunnel.



Proposed Inlet at Waterloo Park



Proposed Outlet at Town Lake

Project Description

The Waller Creek project is a stormwater bypass tunnel that will include the stretch of Waller Creek from Waterloo Park (12th Street) to Town Lake. The project will take more than 1 million square feet of prime downtown land out of the floodplain and allow denser development. The tunnel will be 22-feet in diameter and almost one mile long.

Status

In March 2007, the Travis County Commissioners Court voted to join the City of Austin in the creation of a Tax Increment Financing (TIF) District to fund the construction of a bypass tunnel along Waller Creek.

The project has received the endorsement of community and stakeholder groups, including the Austin Chamber of Commerce, Austin Chapter of the Associated General Contractors of America, Austin Convention and Visitors Bureau, Austin Parks Foundation, Austin Revitalization Authority, Downtown Austin Alliance, Downtown Austin Neighborhood Association, Greater Austin Hispanic Chamber of Commerce, Austin Hotel and Lodging Association, Livable City, Pecan Street Owners Association, the Real Estate Council of Austin, and the Women's Chamber of Commerce of Texas.

An internal project management team has been formed under the joint leadership of the Public Works department and the Watershed Protection and Development Review departments. An executive steering committee

led by an Assistant City Manager will monitor the progress of the project. Periodic briefings are planned to keep the City Council and Travis County Commissioners Court fully apprised of the status and progress of the project. A citizen advisory committee has been formed and convened for its first meeting in May 2007. The committee will be in effect throughout the life of the project to help master plan the development along Waller Creek that will now be possible as a result of the tunnel project.

Staff has been refining cost and other estimates as part of the project and financing plan required for establishment of the TIF, including the completion of additional economic analysis and modeling of debt structure. The current estimated project cost is \$127,547,000 plus operations and maintenance costs that will be incurred after the tunnel is constructed. The project will be funded with the City contributing 100% of its tax increment and other resources as required, and the County contributing 50% of its tax increment over a 20-year period. All risk that the tax increment will not be sufficient to pay for the tunnel will be assumed by the City. The TIF District would stay in place for 20 years, after which time the City alone will pay all tunnel costs.

Preliminary Milestones and Target Dates

Refinement of project and financing plans – May and June 2007

Creation of TIF – June 2007

Execution of interlocal agreement with Travis County – July 2007

Begin 2-year design process – September 2007

Issuance of debt to fund project – Date not yet determined

Begin 4-year construction process – August 2010

Estimated New Funding for Fiscal Year 2008

Interest earnings on venue bond proceeds \$ 3.5 million

Due to the complex nature of a tunnel project, design is expected to take approximately two years, with design tentatively planned to begin in September 2007. Venue project funds of \$28.5 million are currently available and are earmarked for the tunnel project. \$25 million has been previously appropriated for the tunnel project with funding derived from venue bond proceeds. \$3.5 million will be proposed in the fiscal year 2008 CIP budget, to be funded by interest earnings on the venue bond proceeds. These funds will pay for design (\$27.6 million) and a portion of estimated project administration costs (\$0.9 million).

Estimated Resources Needed Beyond 2008

The remainder of funds needed to complete the tunnel project is projected at \$99 million in today's dollars. These funds will be appropriated and debt issued to back the appropriation as the date for construction nears, currently estimated to start in late summer or early fall of 2010.

Council Priority: Rich Social and Cultural Community

Council Budget Initiative: Improve downtown quality of life.



Description

The City of Austin and the Downtown Austin Alliance provide a wide range of services in downtown Austin. In addition to customary municipal services in the downtown area, the City of Austin also contracts with the Downtown Austin Alliance (DAA) and the Pecan Street Owners Association (PSOA) for managing the Downtown Austin public improvement district (PID) and the East 6th Street PID, respectively. The PIDs are primarily funded by a supplemental property tax assessment of 10 cents per \$100 of valuation for property owners within the district.

Status

A report was presented to the City Council in March 2007, which outlined funded and unfunded recommendations for making improvements to cleanliness and code enforcement. The full report, entitled “Recommendations to Improve City Services to Downtown Austin 2007”, is available at www.ci.austin.tx.us/redevelopment and is located in the special reports section.

Cleanliness, Pedestrian Safety, Attractiveness An interdepartmental City taskforce is actively working with the DAA to implement cleanliness improvements and to research opportunities for further enhancements. Current City resources of approximately \$2.1 million are already dedicated to these efforts. Planned implementation efforts emphasize litter abatement, sidewalk washing and repair, alley reconstruction and cleanliness, graffiti removal, tree grates, and bike racks. Research areas include a pilot program for installing and maintaining news racks and regulation of automated teller machines. Additional funding recommended for fiscal year 2008 totals \$50,000 to purchase and install additional ashtrays to help reduce litter from cigarette butts. Capital improvements funding of \$200,000 will be allocated to sidewalk repair in fiscal year 2008 and \$300,000 to reconstruct 5 downtown alleys. The

estimated cost of these efforts was included in the City's recent five-year forecast.

Code Enforcement Staff continues to emphasize code enforcement in the downtown area. Enforcement of the City code is a broad undertaking, ranging from health inspections, traffic and parking control, managing code compliance by special events, to fire inspections. An inventory of current City resources already dedicated to these efforts is supported by budgeted funds totaling approximately \$900,000. Additional funding recommended for fiscal year 2008 totals \$200,000 for 2 additional inspectors for right-of-way management to monitor the growing number and frequency of events in downtown Austin and 1 additional sanitarian for downtown restaurant inspections. The estimated cost of these positions was included in the City's recent five-year forecast.

Policing The City provides patrol services for the downtown area. The Austin Police department's downtown area command covers 3.68 square miles and is staffed by 120 police officers and 13 civilians. Funding for the downtown area command totals \$2.6 million. The DAA funds and operates the Downtown Ranger Patrol program. APD funds a civilian position to supervise the program. The Rangers do not have arrest authority and have a split responsibility of 80% safety and 20% ambassador duties. Staffing currently includes 8 full-time equivalent Rangers. They are on duty 7 a.m. to 8 p.m. Parks patrol is also funded by the DAA and secures parks and green spaces within and immediately adjacent to downtown. The Parks patrol operates seven days a week and consists of four assigned officers from the City's Public Safety and Emergency Management Department. No additional policing resources are proposed for fiscal year 2008.

Estimated New Funding for Fiscal Year 2008

Cleanliness	\$ 0.1 million
Code enforcement	\$ 0.2 million (includes 3.0 FTEs)
Downtown alley reconstruction	\$ 0.3 million
Downtown sidewalk repair	<u>\$ 0.2 million</u>
Total	\$ 0.8 million

The estimated cost of these efforts was included in the City's recent five-year forecast.

Estimated Resources Needed Beyond 2008

Current annual resources of \$5.7 million will continue to be budgeted for the downtown area in addition to new positions proposed for fiscal year 2008 that will carry forward into the future (estimated at \$200,000 for right-of-way inspectors and sanitarian).

Council Priority: Rich Social and Cultural Community

Council Budget Initiative: Complete the downtown master plan.

Project Description

As a city, Austin is already seen as one of the best in the country, with a long and growing list of “bests,” including:

- 1st place - “Best Large City for Relocating Families” (The Worldwide Employee Relocation Council (ERC), Primacy Relocation and Sperling's BestPlaces, June 2004)
- 1st place (for the second consecutive year) – “Top 10 Cities for Hispanics to Live In” (Hispanic magazine, August 2005)
- 2nd place - Top Creative Class Cities (The Rise of the Creative Class, Richard Florida, 2002)
- 2nd place - "Ten Greenest Cities" list. (Vegetarian Times' July/August 2005)

At the heart of all these accolades are Austin’s citizens, their love for the City, and in a very tangible sense, downtown. Downtown Austin is the city’s central business district, the entertainment hub, the primary tourist destination, and home to City, County and State governmental activities.

Downtown Austin, however, is in a period of transition. On the one hand, downtown is experiencing tremendous growth in the housing sector as demand for downtown housing continues to increase. On the other hand, downtown is struggling to maintain its retail and office market share as office buildings and shopping centers are being built further away from downtown in order to accommodate a growing suburban population. The downtown master plan will help achieve the City’s vision of a downtown that is livable, walkable, and affordable.

Status

In December 2005, the Austin City Council adopted a resolution directing staff to initiate a planning process for Downtown Austin. The resolution called for the hiring of a national consultant with downtown expertise to develop the Downtown Austin Plan, working with stakeholders, including but not limited to state, federal and local government, Capital Metro, downtown neighborhood associations and downtown business groups, affordable housing advocates, parks groups and environmental organizations. The resolution called for the consultant’s scope of work to include the following:

- Implement ordinance modernizations, including but not limited to FAR standards and procedures for modifying where appropriate; height standards and procedures for modifying where appropriate, and; funding ordinances for infrastructure.
- Identify right-of-way for passenger rail and dedicated bus thoroughfares.
- Develop a program and procedure for the sale and development of government-owned land.
- Identify east-west and north-south rail lines and dedicate station locations downtown.
- Integrate the Downtown Neighborhood Plan and the TOD Ordinance Convention Center Station Area Planning effort into the Downtown Austin Plan and Ordinance.
- Identify strategies and best practices for affordable work force housing in the downtown area.

In August 2006, staff issued a request for qualifications for a consultant with extensive experience in urban downtown planning and financial modeling, to assist the City and the community in the creation of a vision for the development of downtown Austin for the next 20 years, and to develop strategies to achieve that vision. On October 5, 2006, the City Council selected a consultant team lead by ROMA Design Group. In early May, contract negotiations were completed and work has begun.

Preliminary Milestones and Target Dates

The first phase of the plan, which is underway, will analyze baseline conditions, articulate a community vision for downtown, and identify priorities for achieving that vision. The expected completion for the first phase is October 2007.

The second phase, which is expected to take about one year, will undertake implementation of the highest priority items identified in the first phase.

Estimated New Funding in Fiscal Year 2008

Consulting services to address major priorities in the second phase of the master plan	\$ 0.4 million
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Estimated Resources Needed Beyond 2008

Additional resources may be needed in the future depending on the recommendations in the completed downtown master plan.

Council Priority: Rich Social and Cultural Community

Council Budget Initiative: Improve hike and bike trail lighting and connectivity.



Description

There is a 1.1 mile connectivity gap in the Town Lake hike and bike trail on the south side of Town Lake along Riverside Drive and lighting along the trail is needed.

Status

Trail Connectivity There is currently no capital funding identified to connect the gap in the Town Lake trail. Staff in the Parks and Recreation department (PARC) is working with property owners who are redeveloping within this 1.1 mile stretch to secure easements, park improvement agreements, land dedication and construction to facilitate connecting the gap with private investment.

The Town Lake Trail Foundation is providing \$40,000 for an investment study for a Riverside board walk project. The current estimated



construction cost of a boardwalk above the water is in the \$12 - \$15 million range. The investment study will be used as a comprehensive resource for all stake holders, provide a needs assessment to identify how to close the gap, and provide tools for fundraising

and increasing community outreach.

Lighting PARD is partnering with Austin Energy to provide low level lighting to reduce hazards for bikers and joggers along dark areas of the trail. PARD received an allocation of \$100,000 in the fiscal year 2007 budget and is currently moving forward with the installation of lighting along the Town Lake trail section near the Four Seasons Hotel. The lighting project is intended to assist trail users in identifying trail conditions rather than fully illuminate the trail, consistent with efforts to reduce light pollution around the lake.

The additional 4 sections of trail identified for lighting were: Shoal Creek Peninsula, Railroad section, Rainey to playscape section, and in front of the Radison.

Preliminary Milestones and Target Dates

- Completion of Town Lake Trail Foundation investment study – August 2007
- Completion of the first phase of trail lighting – August 2007

Estimated New Funding in Fiscal Year 2008

Trail lighting	\$ 0.3 million
Preliminary design – Town Lake boardwalk project	<u>\$ 0.1 million</u>
Total	\$ 0.4 million

Five trail sections were identified as needing lighting. An additional \$250,000 is included in the forecast to continue the planning and installation of additional sections.

Additional funding of \$100,000 is in the forecast to allow the city to begin the early steps of preliminary design for the Town Lake Boardwalk project.

Estimated Resources Needed Beyond 2008

The full implementation of lighting for all 5 identified trail sections will require an additional \$350,000 beyond fiscal year 2008.

The design and construction of the boardwalk to complete connectivity is estimated between \$12 million and \$15 million and will require a coordinated public-private fund raising effort.

Council Priority: Rich Social and Cultural Community

Council Budget Initiative: Improve maintenance of parks and public space.

Description

The Parks and Recreation Department is responsible for maintaining over 16,000 acres of parkland, over 1.2 million square feet of park facilities and 110 playscapes. As Austin continues to grow, the demands on these parks and public spaces will increase accordingly. The maintenance of parks and public space includes not only parkland maintenance, but also maintenance of its many buildings, including recreation and senior centers, and playground maintenance.



Chestnut House

Status

Funding that was cut during the economic downturn has not been fully restored, yet Austin continues to grow in population and in park amenities that need to be maintained. Investment in this area will help the department achieve the staffing needed to protect and preserve parks, facilities, and public open space at an acceptable level. Current parks and facility maintenance resources include \$9.2 million and 149 FTEs. The 3 areas below are components of the facility and parks maintenance activities.

Facilities Maintenance The PARD facilities maintenance group has been in need of additional employees since the downturn. In 2004, the facilities maintenance division operated with 28 employees; in 2000, staffing was as high as 39 employees. The current staff of 28 employees must maintain over 75 facilities and there are several new facilities coming online over the next few years, including the Turner-Roberts Recreation Center, the Gus Garcia Recreation Center, and the Mexican American Cultural Center and the Town Lake Park. The addition of 7 employees in fiscal year 2008, at an estimated ongoing cost of \$380,000 each year, would result in a 25% increase in scheduled preventive maintenance, as well as fewer unscheduled repairs.

Playground Maintenance PARD currently has 110 playscapes. State and federal laws specify minimum safety standards that must be maintained in the parks systems. Although these standards are addressed through the efforts of current parks maintenance crews, these crews are stretched thin and additional resources are needed. The addition of 4 employees, at an estimated ongoing cost of \$175,000 each year, would provide additional resources that would help address playground maintenance needs.

Trail Maintenance There are 100 miles of trails in the Austin park system, including approximately 30 miles of granite gravel trails. The 10-mile Town Lake hike and bike trail has the highest profile and is the most used. Repairing ruts after rains and resurfacing worn areas are accomplished through the efforts of 3 employees and usage continues to grow. Some trail conditions are left waiting for repairs for up to 5 days. The addition of 4 employees will allow ruts to be repaired in half the time it currently takes. These additional resources would also allow trail resurfacing to be completed annually rather than simply responding to spot repairs for trail hazards or heavy rains. The estimated annual cost of these additional resources is approximately \$180,000.

The need for all of these additional resources was included in the City's recent five-year forecast.

Preliminary Milestones and Target Dates

Not applicable.

Estimated New Funding in Fiscal Year 2008

Facilities maintenance	\$ 0.3 million (includes 7 FTEs)
Playground maintenance	\$ 0.2 million (includes 4 FTEs)
Trail maintenance	\$ 0.2 million (includes 4 FTEs)
Renovation and rehabilitation in bond package	<u>\$ 7.0 million</u>
Total	\$ 7.7 million

The estimated cost of these efforts was included in the City's recent five-year forecast.

Estimated Resources Needed Beyond 2008

The bond package approved in November 2006 will provide funds totaling \$36.6 million to continue renovating parks amenities from 2009 to 2013. Funding is focused on replacing or rehabilitation of existing infrastructure that has a severely impacted life expectancy; including roof and HVAC replacement, playscape renovations and improvements, pools and major renovations to various PARD buildings.

Council Priority: Rich Social and Cultural Community

Council Budget Initiative: Begin implementation of the Barton Springs Pool master plan.

Description

The goal of the Barton Springs Pool master plan is to return the site to its former glory, when the water was cleaner and the experience of the pool was more enjoyable.

In early 2007, the City hired Limbacher and Godfrey Architects to develop a short and long term needs assessment that will be incorporated into the master plan by the end of August 2007. The firm's



assessment includes the historic bathhouse, a new south gate, upstream and downstream dam modifications, grounds and landscape modifications, as well as the restoration and modifications of Eliza Springs, Old Mill Springs and Zilker ponds. The final master plan will include recommendations for additions and renovations to the

swimming pool, buildings and surrounding grounds that respect the fragility of this unique natural and historical setting and also accommodate the significant user demands on Austin's most popular park amenity.

Status

On October 19, 2006, the City Council adopted a resolution confirming its intent to appropriate \$500,000 in the annual capital improvements program until the full implementation of the Barton Springs master plan. This annual funding could be used for debt service depending on the total funding requirements of the final master plan.

The first town hall meeting to receive input on the master plan was held on April 16, 2007, at City Hall, and 42 people signed up to speak. Representatives of the following groups attended the hearing – Austin Neighborhood Council, the Polar Bears, the University of Texas, the Sierra Club, Barton Springs/Edwards Aquifer Conservation District, the

Boy Scouts, Friends of Barton Springs Pool, Save Our Springs and the Save Barton Creek Association.

Preliminary Milestones and Target Dates

Meetings with stakeholder groups – ongoing throughout the summer
First public hearing to receive input on preliminary plan – April 2007
Presentations to boards and commissions and City Council – May and June 2007
Report on preliminary design – June 2007
Second public hearing to receive input on preliminary report – August 2007
Update on preliminary report to boards and commissions and City Council – July and August 2007
Final report issued – September 2007

Estimated New Funding in Fiscal Year 2008

Barton Springs Pool repairs and improvements \$ 0.5 million

Funding of \$500,000 for projects identified in the master planning process. The estimated cost of these efforts was included in the City’s recent five-year forecast.

Estimated Resources Needed Beyond 2008

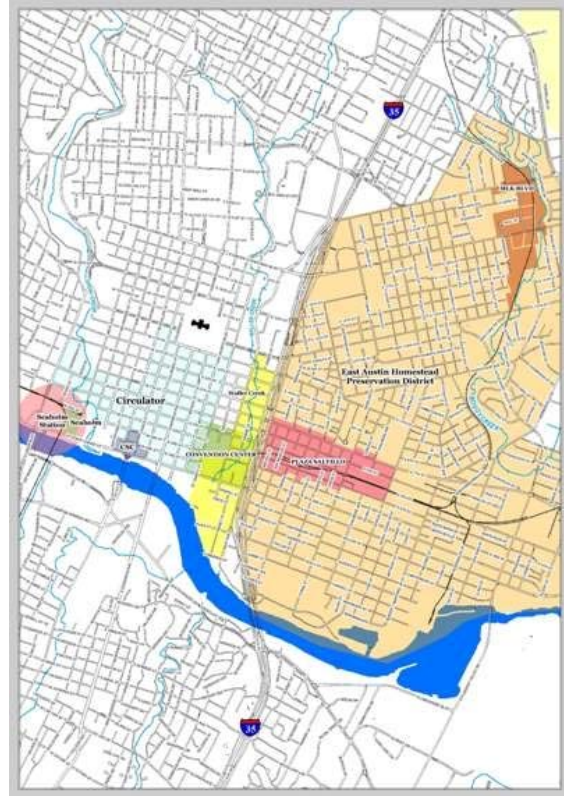
The City Council has resolved to appropriate \$500,000 each year until improvements recommended by the master plan are implemented. As the final plan nears completion, staff will develop a plan to finance the recommended improvements for Council’s consideration.

Council Priority: Vibrant Urban Fabric

Council Budget Initiative: Analyze available funding sources to respond to City- planned projects, as well as requests for transportation and infrastructure projects from outside entities.

Project Description

For quite some time, the City Council has been considering how anticipated growth in the population of Austin will impact the City and how to position the City to deal with the demands created by this growth. One of the outcomes of these discussions has been a question about how to finance transportation and other infrastructure as well as how to provide affordable housing opportunities in a denser urban environment. Further, the City has received requests from the Capital Metropolitan Transportation Authority and the Austin San Antonio Rail Corridor to help fund circulator and rail projects, respectively.



Map of potential TIF districts in central Austin

The most frequently suggested source of funding for these costs is a Tax Increment Financing (TIF) district. As a first step, Council directed staff to develop an inventory of potential projects and a comprehensive financial analysis with the goal of helping to understand the City's financial capacity and collective impact to the long-term financial condition of the City.

Status

On May 8, 2007, staff presented to the Audit and Finance Council Subcommittee an inventory of projects that are now or might in the future be funded by future TIF zones, an analysis of the impact of creating of a number of such TIFs in the City, and an inventory of other financing vehicles that could be considered. The presentation concluded with a proposed policy on when TIFs should be established.

To provide background and context, the presentation included a 20-year history of General Fund revenues and expenditures along with an explanation of how the effective tax rate is calculated. In addition, an inventory and analysis of funding vehicles ranging from TIFs to public improvement districts to issuing public improvement bonds was provided.

The inventory of asks included every project or request that could be identified at this time. The projects shown in italics do not yet have estimable costs. The inventory of asks includes: 1) existing TIFs and commitments, including Mueller, Waller Creek, Seaholm and the City Hall TIF; 2) external requests from Capital Metro for a downtown circulator and from the Austin San Antonio Rail Corridor for participation in commuter rail along the I35 corridor; 3) *the downtown master plan*; 4) *nine transit oriented development station areas*; 5) future densification outside downtown, such as SH 130 and North Burnet Gateway; 6) *the Homestead Preservation District*; 7) Green Water Treatment Plant redevelopment; and 8) *corridor plans including East 7th St. Phase II, Riverside, South Lamar and South Congress*. For the projects that have estimable costs, staff identified over one-half billion dollars of infrastructure needs in these areas. Further, annual debt service related to these costs is estimated at \$29.3 million and operations and maintenance at \$4.5 million for a total of almost \$33 million. At current tax rates, the City would have to raise its tax rate by 5.21 cents to cover the identified costs. Again, not all costs have yet been identified.

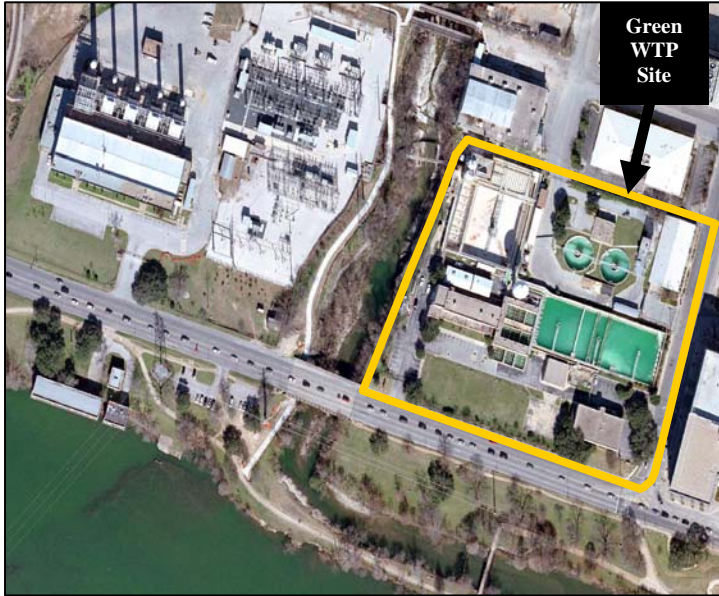
Summary of Commitments and Asks for Transportation and Infrastructure Projects

	O&M	Debt Service	Total
Current commitments:	\$ 2,050,000	\$ 9,001,777	\$ 11,051,777
Uncommitted:			
Asks from other entities	\$ 4,555,556	\$ 9,074,963	\$ 13,630,518
Internal projects	\$ -	\$ 20,246,092	\$ 20,246,092
Subtotal – Uncommitted	\$ 4,555,556	\$ 29,321,054	\$ 33,876,610
Impact of uncommitted asks - estimated increase (in cents) to tax rate @ \$6.5M per cent	0.70	4.51	5.21

Presentation to Audit and Finance Council Subcommittee – May 2007
 Address questions from the Subcommittee – June 2007
 Subcommittee considers proposed financial policy – June 2007
 Council considers financial policy as part of annual budget – July 2007

Council Priority: Vibrant Urban Fabric

Council Budget Initiative: Expedite redevelopment of Green Water Treatment Plant and Town Lake intake structure.



Project Description

The City of Austin currently operates the Green Water Treatment Plant in downtown Austin. The plant was constructed in 1924 and its current average capacity realized is 18.5 mgd. The plant's source water is from the Colorado River and includes water from Barton Springs and surface water flows from the Barton Creek

Watershed. Because of plant conditions, operational and maintenance reliability risk, site congestion, and uncertainties in meeting future Safe Drinking Water Act (SDWA) requirements, the City Council has decided to decommission the existing plant in the near future. The Austin Water Utility's demand and treatment capacity projections indicate that the City will need to replace the existing plant's capacity by the summer of year 2011. To meet this need, the City plans to construct a new plant to replace the existing plant, which will provide unique redevelopment opportunities in downtown Austin once the plant has been decommissioned and demolished. It is envisioned that the Town Lake Austin Energy intake structure will also be included in future redevelopment plans.

Status

In August 2005, the City Council passed a resolution directing the City Manager to create a timeline for the decommissioning and demolition of the Green Water Treatment Plant and to recommend a planning process for appropriate future uses of the property. In October 2005, the Council further directed staff to begin the process of relocating Austin Energy's Energy Control Center with the long-range goal of increasing the amount of developable land in the central business district. In February 2006, the Council resolved to designate a site for the development of a new central library on the Green Water Treatment Plant property.

In addition to decommissioning and demolition, the major elements of redevelopment include stabilization of about 400 feet along the stream bank of Shoal Creek. Necessary street extensions starting with Nueces Street from 3rd Street to Cesar Chavez and then 2nd Street from San Antonio to Shoal Creek will be constructed as well. Great Street standards will be incorporated as part of these extensions, working with the chosen developer to coordinate the street work and parking needs in the most efficient manner. The Public Works department has assigned 4 employees to manage the street projects and design is underway. The current estimated cost of the street improvements is \$6.5 million and the project is expected to be completed by August 2011. General obligation bonds approved in 2000 provide the funding for the street extensions.

Total infrastructure costs are expected to be \$27.5 million and include Shoal Creek bank stabilization, roadways, electric utility relocation, water and wastewater utility relocation, and decommissioning and demolition. All costs other than roadways are expected to be reimbursed from future land sale or lease proceeds. A feasibility study is underway, including review of affordable housing and density options.

Preliminary Milestones and Target Dates

- Decommissioning and demolition – April 2007 to February 2010
Includes water main relocation to allow reliable east-west water flow prior to decommissioning, planning, preliminary engineering, design, bidding process, decommissioning and demolition
- Street extensions – November 2005 to August 2011
Includes preliminary design, final design, bidding process and construction
- Issue request for proposals for redevelopment – Early 2008
- Council selects developer – Fall 2008
- Complete negotiation of master development agreement – Early 2010

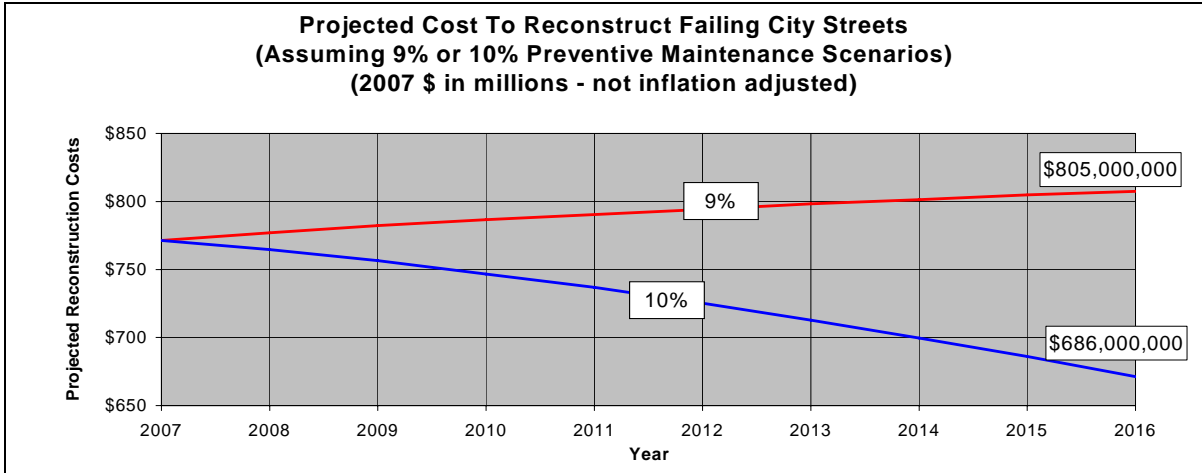
Estimated New Funding in Fiscal Year 2008	
Decommissioning	\$ 12.5 million
Street extensions	<u>\$ 0.9 million</u>
Total	\$ 13.4 million

The infrastructure costs of the Green redevelopment project are estimated at \$27.5 million. \$8.3 million has been already budgeted. \$13.4 million will be proposed in the capital improvements program in fiscal year 2008, primarily for decommissioning.

Estimated Resources Needed Beyond 2008
The remainder of funds needed to complete the infrastructure is projected at \$5.8 million in today's dollars. These funds will be appropriated as the date for decommissioning and demolition nears, currently estimated to start in 2009.

Council Priority: Vibrant Urban Fabric

Council Budget Initiative: Increase annual street maintenance of lane miles from 9 percent to 10.0 percent.



Project Description

The City's street network is currently comprised of approximately 7,150 lane miles of streets. The Public Works department maintains a comprehensive inventory system which assigns a quality rating to each street and lane mile in the City's inventory (A - Excellent, B - Good, C - Fair, D - Poor or F - Failed).

Operating funds are normally used to provide street maintenance, while capital improvement funds are used on streets that have degraded below fair condition and must be reconstructed. It is cheaper to maintain a street than to reconstruct it. Currently, about 27% of the network is in the poor to failed condition category.

Status

One of the biggest challenges facing us in increasing the amount of preventive maintenance we do on our street network is our current reliance on one-time funding, including remaining funding from the Capital Metro quarter-cent program, the Capital Metro Build Central Texas program, and a refund in 2007 from the Liability Reserve Fund. The total available one-time funding in 2007 is \$7.2 million; however, in 2008, this available one-time funding drops to only \$4.4 million. This difference in 2008 will be covered by a transfer from the General Fund that was included in the 2008 forecast of \$2.9 million.

A further challenge in doing increased preventative maintenance is the mix of maintenance methods available to us. Public Works currently performs about 60% of the preventative maintenance program through

sealcoat, which costs \$11,000 per lane mile. However, there are no additional lane miles in the network that need to be sealcoated – any additional lane miles in the program in 2008 must be done through overlay, which costs \$61,000 per lane mile on average. In addition, our overlay costs are increasing because we have to rely on external resources to perform additional overlay. The cost per lane mile for our recently approved overlay contract is \$88,000 per lane mile.

In fiscal year 2008, we will analyze the cost of funding that would be required to perform more in-house overlay, which would include start-up costs: the cost of a new service yard, the cost of additional equipment, as well as additional personnel costs. This analysis will determine the best mix of resources used in the overlay and in our overall preventative maintenance programs.

In fiscal year 2007, the Public Works department will spend approximately \$15.2 million and dedicate 82 FTEs to achieve our preventive maintenance goal of 9.0% of the City street network.

This \$15.2 million is funded by \$8.1 million in operating funds – from transportation fund revenue and general fund transfer and by \$7.1 million in one-time funds, primarily Capital Metro ¼ Cent & Build Central Texas CIP Funds.

For fiscal year 2008, we are proposing to increase our preventative maintenance goal from 9% to 9.5% through an additional \$2.9 million in General Fund transfer, through a 12.8% increase to the transportation fee, and through increased efficiencies in the preventative maintenance program. The increased transportation fee will generate an additional \$2.6 million and will mean an increase to a single family residence of 48 cents per month.

Preliminary Milestones and Target Dates

Not applicable

Estimated New Funding in 2008

Increase General Fund transfer \$2.9 million
Additional \$2.6 million in transportation fee revenue

Council Priority: Healthy, Safe City

Council Budget Initiative: Complete external audit of police to manage sustainable increases in costs over time. Evaluate consolidation of police services.



Selected photos from the Austin Police Department's recruiting website.

Project Description

The Office of the City Auditor and an outside consultant are conducting an evaluation of the operations and administration of the Austin Police Department, the Office of the Police Monitor and law enforcement groups within the Public Safety and Emergency Management Department. The project includes evaluation and analysis of operational performance measurement, benchmarking, staffing, assessment of deployment methods and models, as well as cost drivers, barriers and opportunities for reducing costs. In addition, the project will include an evaluation of the viability of consolidating all law enforcement functions across the city, including the airport police, parks police and city marshals.

Status

In February 2007, the City Council approved a contract with the consulting firm MGT of America, Inc. in an amount not to exceed \$315,243. The consultant is currently completing field work, supported by staff in the Office of the City Auditor. The Council's Public Safety Task Force was created in December 2006 to advise the Council on all matters related to public safety and will include in its meetings regular updates on the progress of the assessment from the consultant and the City Auditor. The City enters into contract discussions with the Austin Police Association in the fall of 2007. In preparation for labor contracts that expire at the end of fiscal year 2008, it is anticipated that this report will provide valuable data and analysis that can help make labor discussions more productive for both parties.

Preliminary Milestones and Target Dates

Regular updates on audit progress to Public Safety Task Force

Consultant issues report – September 2007

Presentation to Audit and Finance Committee – December 2007

Follow-up on implementation of recommendations – to be scheduled approximately six months after issuance of audit report

Estimated New Funding in Fiscal Year 2008

Pending the results of the audit, new funding needs for fiscal year 2008 will be determined

Estimated Resources Needed Beyond 2008

At this time, no additional resources are estimated beyond fiscal year 2008.

Council Priority: Healthy, Safe City

Council Budget Initiative: Approve and Implement Structural Water Conservation Policy.



Project Description

On May 3, 2007, the Austin City Council unanimously approved a resolution directing the City Manager to implement the recommended measures developed by the Water Conservation Task Force. Over the next ten years, these measures are expected to save over 32 million gallons a day in Austin's peak season.

Since the City's Water Conservation division was created in 1992, the estimated cumulative savings numbers achieved through conservation and water reuse efforts are 11 million gallons per day (MGD) average day water savings and 15 MGD peak day water savings. To meet the City Council's Water Conservation Task Force goal of a 1 percent per year reduction in peak day water use over a 10-year period, aggressive and strategic conservation policies will be necessary. This is a total savings goal of 25 MGD.

Status

A few of the key conservation measures included in the Structural Water Conservation Policy are highlighted below.

Indoor strategies:

- Accelerating the replacement of old plumbing fixtures through mandatory retrofit requirements;
- Requiring the use of submeters for water billing in multi-family properties;
- Changing the plumbing code to prohibit inefficient equipment; and
- Establishing efficiency standards for commercial clothes washers.

Outdoor strategies:

- Expanding the Water Use Management Ordinance;
- Requiring new residential irrigation systems to meet design standards and permitting requirements; and
- Requiring regular irrigation analyses of automatic irrigation systems at large commercial, institutional, industrial, and municipal properties, as well as high-volume residential properties.

City and Utility conservation strategies:

- Providing funds for leak detection contract and reclaimed water projects;
- Adjusting utility water rates to encourage conservation.

Current resources include a \$75,000 contract for leak detection services to survey 600 linear miles of distribution system pipe to further reduce water loss. Other efforts, such as the winter leak detection and the wholesale customer conservation programs, are currently underway using existing staff. In addition, the Utility has budgeted \$4.9 million, including 25 FTEs, for continuation of conservation and reuse programs.

Preliminary Milestones and Target Dates

Issue a rule designating the twice a week watering days – June 2007.
Revise the Water Use Management Ordinance to make the watering days and times mandatory – August 2007.
Revise the Water Use Management Ordinance to require the retrofit of inefficient fixtures – November 2007.

Estimated Funding in Fiscal Year 2008

Operations and maintenance	\$ 2.1 million (includes 9.0 FTEs)
Rebates	\$ 1.2 million
Reclaimed water projects	<u>\$ 7.9 million</u>
Total	\$ 11.2 million

The operating, capital outlay, and CIP funding will be used for the implementation of the following programs: the Expanded Water Use Management Ordinance, residential irrigation standards and permits, expanded commercial and multi-family irrigation standards, routine irrigation system analyses, audits for high-volume residential customers, leak detection contract, CIP funding for reclaimed water projects, wholesale customer conservation, and a comprehensive public education program. Rebates are associated with plumbing fixture retrofit requirements and the pressure reduction program. The estimated cost of these efforts was included in the City’s recent five-year forecast. Operating costs include a reallocation of 9 FTEs and \$700,000 from other areas within the Utility. In addition, \$875,000 has been included for public education including \$150,000 for the Water IQ program, an increase of 50% over the current year.

The estimated water savings from these measures are calculated to be peak day 1.17 MGD in fiscal year 2008.

Estimated Resources Needed Beyond 2008

The recommendations adopted on first reading by the City Council’s Water Conservation Task Force will require additional funding over ten years of approximately:

- \$0.6 million for annual operating expenses, including 8 FTEs
- \$5.6 million in additional rebate funding
- \$250,000 in capital expenditures for hybrid vehicles
- \$15.4 million in accelerated capital improvement program expenditures for the reclaimed water system

Note: The total CIP spending of \$23.2 M. is \$13.5 M. higher than the Task Force recommendation due to additional investments in the water reclamation initiative.

Council Priority: Healthy, Safe City

Council Budget Initiative: Develop long-term landfill plans, including economic development and recycling opportunities.



Project Description

On January 12, 2006, the City Council approved a resolution adopting guiding principles for the delivery of solid waste services in accordance with a long-term regional solid waste management plan. This comprehensive plan, emphasizing reduction, reuse, and recycling of waste, will encompass a priority of actions based on an analysis of the projected impact on landfill capacity and related issues in Travis County. The establishment of a multi-faceted solid waste management facility could be managed and operated by the City of Austin (in cooperation with other governmental entities in the region), by a private landfill operator, or by some combination of these entities. This facility would be organized into an environmental enterprise zone to foster local and regional economic development. Additionally, the facility will promote waste diversion (recycling) methodologies to decrease the City's and this region's reliance on landfills, and to meet the Council's Zero Waste Initiative. After the plan is developed and approved by Council, Solid Waste Services (SWS) will request the funding requirements.

Status

In conjunction with the Long Range Solid Waste Planning Task Force and an ad hoc committee of the Solid Waste Advisory Commission (SWAC), SWS is drafting a Request for Qualifications (RFQ) to secure the services of a consultant to provide a framework for Austin to meet its long-term solid waste management strategic goal, as well as the Council's Zero Waste Initiative, while assuring that the City of Austin continues to maintain adequate disposal capacity within the region. SWS included funding of \$65,000 in the five-year financial forecast recently presented to the City Council for consulting services to complete the plan.

Other issues being considered concerning long-term landfill plans are:

- remaining capacity within existing permitted facilities in the region,
- availability of suitable land within the region for permitting of new facilities, and
- assurance of competition or other means of controlling costs if new competing facilities are not available.

Preliminary Milestones and Target Dates

Presentation of Zero Waste plan to SWAC & Council – June 2008

Estimated New Funding in Fiscal Year 2008

Consulting services for waste management strategic plan	\$ 0.1 million
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The estimated cost of these efforts was included in the City’s recent five-year forecast.

Estimated Resources Needed Beyond 2008

At this time, additional funding has not been estimated beyond fiscal year 2008.

Council Priority: Sustainable Economic Development and Financial Health

Council Budget Initiative: Support cutting edge businesses, emerging technologies and Austin's creative class as the key to our present and future economy.



Project Description

The City Council is committed to actively addressing how the City of Austin can continue to diversify its economy and build on its reputation as a center of high technology by focusing on emerging technology. There are a number of emerging technology areas that would enhance our economy, such as gaming, wireless, clean energy, biotechnology, and digital convergence. Austin is well suited to capitalize on these areas and on creative industries such as film and music. The City Council has identified support for cutting edge business, emerging technologies, and Austin's creative class as one of its key objectives for developing economic opportunities and economic diversity in Austin.

The Emerging Technologies Subcommittee of the City Council meets monthly to consider emerging technologies public policy issues and provide direction to City staff on implementing the emerging technologies initiative.

The City's Small Business Development Program (SBDP) hosts a variety of networking and educational events for small business owners. SBDP includes classes and events tailored to Austin's creative class, such as artists and musicians, because they contribute to the economy as small businesses. In the current fiscal year, two SBA loan workshops for musicians and business legal classes covering copyright and intellectual property and entertainment legal contracts were conducted.

Status

In the current fiscal year, the City continued its support and promotion of emerging technologies and small business development by its on-going participation in a number of strategic public/private agreements including Create Austin, ATI Clean Energy Incubator, ATI Wireless, Opportunity Austin, and Skillpoint Alliance. In the fiscal year 2007 budget, approximately \$1.4 million and 1.5 FTEs are allocated to these efforts. In addition, \$650,000 was appropriated to begin working with

the Austin Film Studio to implement capital improvements, such as digital convergence and other technology improvements, soundproofing, security and fire suppression. Ultimately, the City will invest \$5 million in the film studio as approved by voters in the bond election this past year.

The City Council approved the creation of an Emerging Technology Coordinator position with the adoption of the 2007 budget. This new position, which has been recently filled, will work with the Creative Industries Development Manager to lead efforts involved with the emerging technologies initiatives and provide support to the Emerging Technologies subcommittee.

Preliminary Milestones and Target Dates

- Complete the strategic plan for implementing the emerging technology program, including strengths, weaknesses, opportunities, threats (SWOT) analysis to determine Austin’s competitive advantage in emerging technologies. Coordinate research efforts and resources with other entities wherever feasible.
- Conduct research into organizations, including international opportunities, that provide early stage start up capital (angel investor organizations and venture capital organizations) to emerging technology companies and communicate this information to the emerging tech community.
- SBDP will also begin hosting quarterly educational seminars for small businesses in emerging technology-related fields.

Estimated New Funding in Fiscal Year 2008

Sponsorship, conference and seminars	\$ 25,000
Austin Film Studio improvements	<u>\$ 4,350,000</u>
Total	\$ 4,375,000

EGRSO will provide a sponsorship to the Austin Technology Council (ATC). ATC is a non-profit whose goal is to help technology firms grow in Austin. Included in the sponsorship is participation in the Center of Innovation conference at an estimated cost of \$15,000. SBDP will also propose funding of \$10,000 in the proposed fiscal year 2008 budget for emerging tech seminars.

\$4.4 million in 2006 bond proceeds will be appropriated to continue and complete the \$5 million Austin Film Studio Project as approved by voters in the bond election this past year.

Estimated Resources Needed Beyond 2008

This is a new initiative that is intended to increase the City’s competitiveness in emerging technology as compared to other high technology regions in the country. Accomplishing this initiative may at some point involve tools, such as incentive packages, to attract companies in various emerging technology sectors, but the cost of these tools cannot be estimated now.

Council Priority: Sustainable Economic Development and Financial Health

Council Budget Initiative: Focus on small business development and support women- and minority-owned business enterprises.



Project Description

Small Business Development Program (SBDP) The SBDP is a division of the Economic Growth and Redevelopment Services Office that functions as an information portal for small business owners doing business in the Austin area. It provides its customers with “How To” information and referrals to small business services. It provides access to technology, business software, and other resources through the *Business Solutions Center*, and it also provides technical assistance with starting a business, successfully operating an existing business, or preparing to apply for a commercial loan. The SBDP operating budget is \$1.6 million and includes 10.0 FTEs.

Department of Small and Minority Business Resources (DSMBR)

DSMBR administers the City’s Minority and Women-Owned Business Enterprise (MBE/WBE) procurement program, which includes certification and contract monitoring. DSMBR also manages the Disadvantaged Business Enterprise (DBE) program for projects and programs that have oversight from the federal government. In addition, DSMBR provides contract monitoring services for small and minority businesses in construction related industries and manages the on-line plan room. The DSMBR operating budget is \$2.2 million and includes 24.0 FTEs.

Status

Small Business Development Program SBDP will continue functioning as a small business information portal in fiscal year 2008, and will expand the program for assisting small business owners to navigate the City’s development process within existing funding. This effort began in 2007 with the reassignment of an employee within the division to serve as the first full-time outreach coordinator. An aggressive schedule of presentations to local business and community groups has been

developed, and this effort will continue to grow during 2008 as the outreach coordinator integrates the periodic support of other division employees into the outreach plan. Additional resources were included in the City’s recent five-year forecast of approximately \$84,000 for a “getting connected” information fair and a new event coordinator to plan and host up to 40 networking and educational events annually. In addition to these resources, the division will propose funding of \$120,000 for a small business needs assessment study to gather updated information about the needs of small business owners and will use the information to ensure that services are structured to meet these new and changing needs.

Department of Small and Minority Business Resources The City resumed the function of determining the eligibility of small businesses for participation in the MBE/WBE procurement program in 2007. Since that change, internal processes have been reassessed and adjusted, and staff has been realigned to provide more resources for vendor certifications and contract monitoring. During the transition, DSMBR has been using temporary employees and will propose the addition of 5 permanent positions for fiscal year 2008. Staffing would include 4 business development counselors and 1 associate. Additional funding will also be proposed for staff training related to certification and contract compliance, estimated at \$15,000.

Preliminary Milestones and Target Dates

Complete small business assessment study – Summer of 2008

Estimated New Funding in Fiscal Year 2008

Small business outreach	\$ 0.1 million (includes 1 FTE)
Small business needs assessment study	\$ 0.1 million
MBE/WBE certification, contract monitoring and training	<u>\$ 0.4 million</u> (includes 5 FTEs)
Total	\$ 0.6 million

FTEs include 1 new event coordinator for the small business development program and the addition of 5.0 FTEs in the MBE/WBE certification program.

Estimated Resources Needed Beyond 2008

The results of the small business needs assessment study proposed by the Economic Growth and Redevelopment Services Office for fiscal year 2008 will help determine how services should be structured and delivered in the future and what resources will be needed to deliver these services effectively. Current annual resources of \$3.8 million for both organizations will continue to be budgeted with new positions proposed for fiscal year 2008 estimated at \$0.6 million that will carry forward into the future.

Council Priority: Sustainable Economic Development and Financial Health

Council Budget Initiative: Implement a climate protection plan through measurement of carbon emissions and development of reduction plan.



Project Description

The Austin Climate Protection Plan, as passed by Council on February 12, 2007, directs staff to take the following actions to make Austin a carbon neutral community by the year 2020:

Municipal Plan

Make all City of Austin facilities, fleets and operations totally carbon-neutral by 2020.

Utility Plan

Implement the most aggressive utility greenhouse gas reduction plan in the nation through dramatic increases in conservation, efficiency and renewable programs. Require carbon neutrality on any new generation. Establish a CO² cap and a reduction plan for all utility emissions.

Homes and Building Plan

Make Austin building codes for both residential and commercial properties the most energy efficient in the nation.

Community Plan

Develop a comprehensive plan to reduce greenhouse gas emissions from sources community-wide.

Go Neutral” Plan

Provide mechanisms for all businesses and individuals to reduce their carbon footprint to zero.

Status

Austin Energy will provide renewable energy for all city facilities by 2009. Fleet is developing a baseline inventory of all city vehicles and will endeavor to make all future vehicle purchases flexible fueled or biodiesel. Austin Energy’s baseline greenhouse gas inventory is complete and certified by California Climate Action Registry; Austin Water Utility is working with Austin Energy to create a similar baseline inventory. All

other inventories of City facilities will begin in FY 2008.

Communications and Technology Management is developing a website with a carbon calculator that will include Austin-based climate offsets for purchase.

Staff is actively working on additional advertising of energy efficiency programs, research and development of new renewables and carbon neutral generation, and the establishment of voluntary carbon caps. The first set of code changes to make all new construction more energy efficient will come before Council in August.

The Municipal Energy Management program continues to work with departments on their Departmental Energy Reduction Plans. Purchasing, Austin Energy and Fleet staff have begun preliminary meetings to develop departmental inventories and emission reduction plans.

Preliminary Milestones and Target Dates

Website launch – June 2007

Hire additional staff for program implementation – October 2007

Begin departmental inventories and emission reduction strategies –
November 2007

Report to City Manager – March 2008

Estimated New Funding in Fiscal Year 2008

Program administration	\$ 1.2 million (includes 8.0 FTEs)
Solar roof installation on City facilities	<u>\$ 0.1 million</u>
Total	\$ 1.3 million

Eight additional employees will be required for the implementation of the plan. Five of these employees will develop and maintain the inventories and databases, research and implement the use of alternative products and processes, develop outreach and recognition campaigns, provide educational activities, and build business cases for new processes that will bring Austin to a carbon neutral future. One new employee will work in the Green Building program on the Commercial Energy Code program, and two new employees will be needed in Demand Side Management to assist with the increase in the solar program.

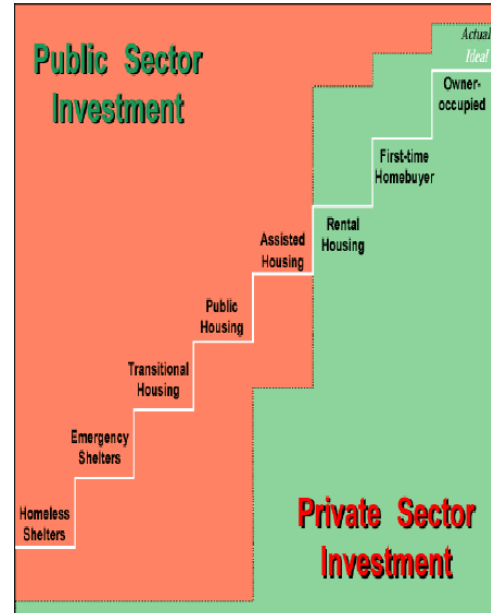
Estimated Resources Needed Beyond 2008

CIP funding for solar roof installation on City facilities will total \$10 million over a five year period. Future budgets in Austin Energy will absorb the additional CIP costs for carbon neutral generation and the additional energy costs due to City facilities being served by renewable energy. All City departments may see an increase in building costs due to green building technology for construction of new City facilities, higher capital outlay costs for flexible fuel and hybrid vehicles, and additional O & M costs for carbon-conscious contracted services, and waste reduction. Energy management programs may reduce the amount of energy required in City facilities over the long term.

Council Priority: Sustainable Economic Development and Financial Health

Council Budget Initiative: Focus on affordable housing initiatives, including implementing density bonuses and the housing bond program.

The Neighborhood Housing and Community Development department (NHCD), through a service agreement with the Austin Housing Finance Corporation (AHFC), manages housing gap financing programs and direct housing services programs under the framework of the Housing Continuum and S.M.A.R.T. Housing. In addition to building on these successful efforts, the City Council has taken action to enable the creation of new and additional tools to achieve deeper affordable housing levels with the following major initiatives. NHCD has requested support for these activities in their base request as well as a continuation of the Housing Trust Fund for the ninth year.



1) Affordable Housing Incentives Task Force

Project Description

The City Council created an Affordable Housing Incentives Task Force comprised of real estate professionals, private and nonprofit housing developers, affordable housing advocates, academics and neighborhood representatives to explore ways to provide incentives for the construction of affordable housing in Austin.



Mural at 11th & Waller

Artist: John Yancy Artisans: Luis G. Alicea and Steven B. Jones

Status

On May 17, 2007, the task force presented its report to the City Council, followed by staff recommendations. These include key core values of deeper affordability targets, long-term affordability, and geographic dispersion, as well as zoning incentives. Recommended zoning incentives

in the downtown area are targeted at floor-to-area ratio bonuses, fast-track development review, and the waiver or reimbursement of all City and development fees. The recommendations also included incentives designed to promote affordability of multi-family and single-family residences. Developments that achieve core values would receive additional fee waivers and other incentives.

Staff indicated they would return to Council at the budget policy discussion for fiscal year 2008, outlining a high-level implementation plan for the upcoming year and identifying additional resource needs. This conceptual plan is summarized briefly below and staff will continue to update Council as they refine the plan, working with the task force and stakeholders.

- Implement a one-year pilot program in 2008 with a budget cap of \$750,000 for development and other fee reimbursements, in addition to the existing S.M.A.R.T. Housing™ fee waiver program.
- As part of the pilot program, implement a per-unit cap based on the type of development, such as central business district, downtown mixed use, and vertical mixed use.
- Implement a reimbursement policy for 2008 projects that access the \$750,000 pilot program funding (S.M.A.R.T. Housing™ will continue to operate on a fee-waiver basis). Reimbursements are projected to occur in 2009 and beyond.

The proposed pilot program will enhance affordable housing tools that are currently available, help expedite affordable housing efforts in the downtown area, and allow staff to gauge the level of participation during this first year. Program requirements will be formalized with developers through the execution of agreements that will be monitored for compliance and performance. In addition to the funding outlined above for reimbursement of fees during the pilot period, the forecast included additional employees in the Watershed Protection and Development Review department that can help expedite review throughout the development process.

Preliminary Milestones and Target Dates

Council to consider amendments to S.M.A.R.T. Housing™ resolution, incorporating tools recommended by the task force – June 2007

Council to consider additional action as implementation plans and criteria are refined– September 2007

Estimated New Funding in Fiscal Year 2008

Affordable housing incentives pilot program

Housing market study \$ 0.3 million

Estimated funding of \$0.3 million includes approximately \$300,000 for a housing market study to provide the underlying data needed for effectiveness.

Estimated Resources Needed Beyond 2008

Additional resources may be needed in the future for implementation of recommendations to be presented to City Council in September 2007. The reimbursement of fees under the \$750,000 pilot program is expected to occur in 2009 and beyond. Funding of \$200,000 is recommended in 2009 for a housing strategic plan, recommended by both the African American Quality of Life committee and Bond Oversight Committee. Estimated costs of the employees to manage these new programs will also be ongoing in the future.

2) General Obligation Bonds



Project Description

In November 2006, citizens of Austin approved the use of general obligation bonds to increase homeownership and rental opportunities for low-to-moderate income households. The bond package includes \$55 million for affordable housing. The bonds will be apportioned into a \$33 million allotment for affordable rental housing and \$22 million for

homeownership over a 7-year period. Rental projects assisted with general obligation bonds must serve households with yearly incomes of no more than 50% MFI, and with a goal of assisting households at 30% MFI and below. Homeownership projects assisted with general obligation bonds must serve households with yearly incomes of no more than 80% MFI, and with a goal of serving households between 50% and 65% MFI.

Status

Council approved a process for allocating housing bond funds and three categories by which bond funds can be accessed, within prescribed limits:

- 1) Initiatives directed by the City Council,
- 2) Acquisitions that are time-sensitive, and
- 3) Quarterly competitive process.

AHFC will issue a Notice of Funding Availability (NOFA) once each quarter, through which applications will be accepted for proposed affordable housing developments.

Members of the Housing Bond Review Committee, which includes five public citizens, including two Community Development Commissioners and three persons representing housing and/or finance related fields, were appointed and recommended the first project for the housing bonds, the Stoneridge Apartments. The Stoneridge redevelopment project, approved by the City Council on April 19, is a vertical mixed-use rental project that will provide 10% of developed units at 80% MFI for 40 years under the vertical mixed-use ordinance. By infusing general obligation bond funds of \$710,000 and leveraging a \$398,000 fee reimbursement agreement, the City will be able to “buy-down” rents for 10% of the units (at least 30 units) from 80% MFI to 50% MFI for 40 years. The total investment is \$1.1 million, or about \$37,000 per unit.

The housing bond program will be managed by five employees, with funding for oversight provided by bond proceeds issued each year during the program. The annual cost of the program is estimated at \$306,000.

Preliminary Milestones and Target Dates

AHFC will issue the first competitive NOFA – June 2007

Estimated New Funding in Fiscal Year 2008	
Program management	\$ 0.3 million (includes 5.0 FTEs)

Estimated Resources Needed Beyond 2008	
Program management	\$ 0.6 million (includes 10.0 FTEs)
In addition to the 5.0 FTEs proposed for fiscal year 2008, additional employees will be needed in the future as the housing bond program progresses. Additional monitoring will be required to manage anticipated development projects.	

3) Other Council Affordable Housing Initiatives; including, Vertical Mixed Use Developments, Affordable Housing Partnership Agreements (Green Water Treatment Redevelopment), Transit Oriented Developments, Downtown Affordable Housing.

Vertical Mixed Use Developments and Affordability

The commercial design standards ordinance was adopted by the City Council on August 31, 2006, and included vertical mixed use standards that provide incentives for affordable housing. Housing staff is working to draft rules and the appropriate ordinances, as well as developing guidelines for implementation. Housing is working with the Neighborhood Planning and Zoning department (NPZD) to educate neighborhood groups on vertical mixed use standards.



Status

The vertical mixed use ordinance will provide for affordable housing in four categories for developers that choose to receive the increased zoning entitlements, as outlined below:

- 1) The developer must provide 10% rental units affordable to 80% median family income (MFI) or less, or neighborhoods may opt-in/opt-out to require affordable levels as low as 60% MFI or less.
- 2) The developer must provide 5% of ownership units reserved for households at 80% MFI or less, plus 5% of units reserved for households at 100% MFI or less.
- 3) AHFC will have the right of first refusal on an additional 10% of rental units.
- 4) AHFC will have the right of first refusal on an additional 10% of ownership units. A code amendment is required to accomplish this and will be drafted for Council consideration.

A senior property agent and a senior planner in AHFC are recommended to manage these programs as well as the pilot incentives program at an estimated cost of \$144,000, and will coordinate with the senior planner. Together, these two AHFC employees will be able to implement and monitor affordable housing development agreements, and provide support for City projects that are either planned or currently underway, such as the redevelopment of the Green water treatment plant, the Rainey Street area, the downtown master plan, public utility districts, and transit oriented development, just to name a few. Additionally, House Bill 470 was passed in the recent 80th Texas legislative session, which improved the viability of a homestead preservation district as a potential tool to promote affordable housing. The district will be located in east Austin and will give the City the authority to create a community

land trust, a land bank, and the ability to utilize tax increment financing for affordable housing. The establishment of the homestead preservation district will require City Council and Travis County action to implement.

Preliminary Milestones and Target Dates

Neighborhood “opt-in/opt-out” deadline for applications to NPZD, which provides a process to identify which parcels in which neighborhoods are eligible for the program and at what affordability levels – June 2007

Estimated New Funding in Fiscal Year 2008

Senior property agent and senior planner for program administration and special projects	\$0.1 million (includes 2 FTEs)
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Estimated Resources Needed Beyond 2008

Additional resources may be needed in the future depending on the results of the opt-in/opt-out option for neighborhoods and developer participation in the program.

We want Austin to be the most livable city in the country.

Council Priorities

Rich Social and Cultural Community

Health, Safe City

Vibrant Urban Fabric

Sustainable Economic Development and Financial Health

In millions of dollars	Budgeted - 2007		Additional Resources - 2008	
	Operation	CIP	Operation	CIP
<u>Rich Social and Cultural Community</u>				
Waller Creek	0.0	25.0	0.0	3.5
* Downtown Quality of Life				
Cleanliness	2.1	0.0	0.1	0.5
Code Enforcement	0.9	0.0	0.2	0.0
Policing	2.7	0.0	0.0	0.0
Downtown Master Plan	0.0	0.2	0.0	0.4
Hike & Bike Trail (lighting & connectivity)	0.0	0.1	0.0	0.4
Parks and Public Space Maintenance	9.2	6.0	0.7	7.0
Barton Springs Master Plan	0.0	0.5	0.0	0.5
Subtotal	14.9	31.8	1.0	12.2
<u>Vibrant Urban Fabric</u>				
Funding Future Development	0.0	0.0	0.0	0.0
Expedite Green Water Treatment Plant Redevelopment	0.0	8.3	0.0	13.4
Increase Annual Street Maintenance of Lane Miles from 9% to 10%	15.2	0.0	5.5	0.0
Subtotal	15.2	8.3	5.5	13.4
<u>Healthy, Safe City</u>				
Complete External Audit of Police to Manage Sustainable Increases in Costs	0.3	0.0	0.0	0.0
Approve and Implement Structural Water Conservation Policy	4.9	12.0	1.3	7.9
Develop Long-Term Landfill Plans	0.0	0.0	0.1	0.0
Subtotal	5.2	12.0	1.4	7.9
<u>Sustainable Economic Development and Financial Health</u>				
Support for Cutting Edge Businesses	1.4	0.7	0.0	4.4
Focus on Small and Minority-Owned Business Development	3.8	0.0	0.6	0.0
Citywide Climate Protection Plan	0.1	0.0	1.2	0.1
Focus on Affordable Housing	0.0	5.0	0.0	10.0
Subtotal	6.9	5.7	1.8	14.5
Total	42.2	57.7	9.7	47.9

* Downtown Quality of Life does not include ongoing funding provided through the Downtown Austin Alliance in the amount of \$0.6 million.

