

November 27, 2000

To: Members of the Commissioners Court, Travis County
Elected Officials, Appointed Officials, employees and constituents

From: Christian R. Smith, Executive Manager, Planning and Budget
Leroy Nellis, Budget Manager

Re: Fiscal Year 2001 Adopted Budget

Enclosed is the Travis County Adopted Budget for Fiscal Year 2001. This budget was adopted by the Commissioners Court on Tuesday, September 26, 2000, and will serve as the basis for the County's budget from October 1, 2000 through September 30, 2001.

The County tax rate will decrease by slightly more than 3 cents, going from \$.4988 per \$100 of taxable value to \$.4670 per \$100 of taxable value. The drop in the tax rate reflects increased property values. However, the rate of increase in the value of a homestead this year is greater than the rate of decrease in the tax rate. This means that the owner of a homestead valued at the average of all homesteads will see a \$16.33 increase in their tax bill (from \$546.58 per year to \$562.91 per year). This represents a 3% increase.

This budget provides resources to operate new facilities that were constructed through bonds authorized by the voters in 1997. These new facilities are a health services facility at the Travis County Correctional Complex and the new Intermediate Sanctions Center at the Gardner- Betts Juvenile Justice Facility. A total of \$4.7 million is included in the budget for these two programs.

The budget also continues the expansion of programs that were initiated in prior years. These programs include funding a new Criminal District Court authorized by the State Legislature in 1999, and opening a new Emergency Medical Services (EMS) station in the Jonestown area along with other enhancements to the EMS program. A total of \$1.9 million is included in the budget for these two programs.

The budget provides necessary resources for employee compensation and benefits adjustments. These include increased health and retirement benefit costs (\$2.2 million); 6% of FY 00 salaries for performance based pay and market adjustments for regular employees (\$4.8 million); and a "Livable Wage" adjustment (\$189,000) to ensure that no regular employee makes less than \$8.50 per hour. The Peace Officer Pay Scale (POPS) also received an adjustment to align the POPS scale with Austin Police Department salaries and a new skill-based pay program established effective May 1, 2001 (totaling \$3.1 million).

Another area that received considerable funding was the Sheriff's Office. Funds were provided for additional law enforcement personnel, along with matching funds for the Sheriff's COPS grant. In addition, the Sheriff's Office received funding for an enhanced correctional visitation program, background investigators, and support for the new District Court. These enhancements totaled \$1.1 million.

Other large programmatic increases include:

- (1) \$850,000 reserve to meet the new financial reporting requirements of GASB 34;
- (2) \$787,000 for computer system and facility maintenance enhancements;
- (3) \$680,000 for a variety of human service programs;
- (4) \$656,000 to maintain indigent health care services;
- (5) \$450,000 to enhance substance abuse treatment programs for youth;
- (6) \$187,000 to microfilm records temporarily stored in the historic Courthouse; and
- (7) \$147,000 for increased parks maintenance.

The County's Unallocated Reserve is established at 11% of expenditures, as it has been for the last six years. The Allocated Reserve has been established at \$3.4 million, and includes \$1.4 million for special one-time Risk Management needs. The Capital Acquisition Resources account (CAR), used to fund capital expenses in the General Fund, is established at \$9.7 million. A \$956,000 reserve to annualize FY 01 expenditures in FY 02 has also been established.

A minimum of \$10 million in Certificates of Obligation has been identified to meet other capital needs for FY 01, along with the issuance of \$5,632,000 in 1997 voter approved bonds for road projects. In addition, \$3.4 million in road and bridge projects and equipment will be funded from the Road and Bridge Fund. However, the Commissioners Court had not yet determined the final size of the CO issue when the FY 01 budget was adopted, and is scheduled to do so prior to January, 2001.

Travis County received a AAA bond rating from Standard and Poor's in FY 00 and continues to enjoy an excellent Aa1 bond rating from Moody's. These ratings are exceeded in Texas by only Dallas and Tarrant Counties, which have a AAA rating from both rating agencies. This high rating saves taxpayers money on the amount of interest paid when funds are borrowed to implement capital projects such as those approved in the 1997 bond election. In June, 2000 Moody's upgraded Travis County's rating outlook from "stable" to "positive" based on the fiscal integrity of the County.

This Adopted Budget represents a sound financial plan for FY 01. The budget has been filed with the County Clerk for the public's review. Additional copies are available within the Planning and Budget Office in the Travis County Administration Building, 314 W 11th Street, Room 540. The budget will also be available on the Travis County web site at www.co.travis.tx.us.

We are happy to answer any questions you may have about this budget. We are also proud of how the budget process was conducted, and look forward to a productive and rewarding year.

**Travis County, Texas
FY 01 Adopted Budget**

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**PREFACE FOR READERS UNFAMILIAR WITH THE STRUCTURE
AND ROLE OF TEXAS COUNTY GOVERNMENT**

Texas County government focuses primarily on the judicial system, health and social service delivery, law enforcement, and upkeep of County maintained roads. In contrast to other parts of the country, Texas counties seldom have responsibility for schools, water and sewer systems, electric utilities, and commercial airports. County governments in Texas have no ordinance-making powers other than those explicitly granted by state legislative action.

The state's 254 counties have similar organizational features: a governing body (the Commissioners Court) consisting of one member elected County-wide (the County Judge), and four Commissioners elected from geographically unique precincts. The County Judge is so named because he or she often has actual judicial responsibility. In urban counties, the County Judge is primarily an executive and administrator, in addition to being the presiding officer of the Commissioners Court. Other elected officials in each county are the County and District Clerks, the County Tax Assessor-Collector, the County Sheriff, a District and/or a County Attorney, the County Treasurer, and one or more Constables. All judges (District Judges, County Court-at-Law Judges, and Justices of the Peace) are also elected. The State District Judges in each county select the County Auditor, who serves as the chief financial officer for the County.

The Commissioners Court serves as both the legislative and executive branch of county government, and exercises budgetary authority over virtually all county departments, including those headed by other elected officials. The high number of elected officials, including many with judicial authority, creates an organizational structure unlike more familiar public sector designs, which usually contain a Chief Executive or Operating Officer and a Board that focus on broad policy matters.

County services in Texas are financed primarily by (a) an ad valorem tax on real property and business inventory, and (b) a complex array of fees, fines, service charges and state payments. The County Commissioners Court sets the property tax rate annually, subject to a public hearing. Most of the other revenue sources are established in state law and may be changed only through legislative action.

Section One
Executive Summary

THE ORGANIZATIONAL STRUCTURE OF TRAVIS COUNTY

This Fiscal Year 01 Adopted Budget is organized around the following four basic program areas:

- **Justice and Public Safety**
- **Health, Human and Veterans Services**
- **Transportation and Natural Resources**
- **General Government and Support Services**

The next page shows the approved organization chart for Travis County as of the adoption of this budget.

THE VISION, VALUES AND MISSION OF TRAVIS COUNTY

The following statements have been developed by the Commissioners Court in an effort to describe Travis County's vision, values and mission.

A. The Vision for Travis County

We envision an open, diverse community where all people are safe and healthy and can fulfill their hopes and dreams; one which provides a good quality of life and protects our natural resources for ourselves and future generations.

B. The Values that Guide Travis County Government

Taking responsibility, public trust and accountability, good customer service, excellence in performance, sound fiscal policy, respect for the individual, honesty and openness, caring, collaboration and cooperation.

C. The Mission of Travis County

For the people of Travis County, our mission is to preserve health, provide a safety net for the needy, ensure the public safety, facilitate the resolution of disputes, foster an efficient transportation system, promote recreational opportunities, and manage county resources in order to meet the changing needs of the community in an effective manner.

Travis County org chart goes here

MAKE SURE ORG CHART FITS WITHIN THE MARGINS

I. BACKGROUND TO THE BUDGET SETTING PROCESS

The development of the FY 01 Travis County Adopted Budget began with the Commissioners Court's direction to departments that they submit their FY 01 proposed budgets at the same level as their FY 00 Adopted Budgets. (Adjustments were made for one-time costs, funding from the annualization reserve, corrections and certain centrally funded expenditures). This amount is called the department's "Budget Target." In order to meet this target, departments frequently needed to reevaluate and sometimes reduce expenditures to make way for other increases.

At multiple times, the Commissioners Court expressed an interest in fostering a climate where departments think about their budgets in a different way. Departments were encouraged to be creative and innovative in spending a fixed amount of resources and to rearrange existing resources internally. The Court expressed interest in hearing about any unacceptable consequences of having to live within the FY 01 Budget Target Level even with increased discretion on how to direct those resources.

At the same time that departments were asked to "live within their means," they were also invited to present programmatic and operational needs that could not be met within their Budget Target. The Commissioners Court had been briefed on multiple occasions about the significant staffing requirements in FY 01 for the two new voter approved facilities that were opening in the Travis County Correctional Complex and the Juvenile Justice Center. These staffing requirements were in addition to staffing needs for the second new (403rd) criminal District Court authorized by the legislature in 1999. Furthermore, there was a recognition throughout the year that compensation needs in Austin's highly competitive and rapidly changing job market were going to represent a major budgetary challenge in FY 01.

Thus, the new funding in the Adopted Budget represents a continuation of responsiveness to the rather unusual growth in Travis County, and a recognition of the Court's responsibilities to secure the resources necessary to meet the challenges of such rapid growth.

II. BASIC COMPONENTS OF THE FY 01 ADOPTED BUDGET

A. All Funds

FY 01 ADOPTED BUDGET - ALL FUNDS

	<u>Adopted FY 00 Budget</u>	<u>Adopted FY 01 Budget</u>	<u>% Change</u>
General Fund	232,497,977	\$264,452,930	13.7%
Road and Bridge Fund	18,406,772	18,713,880	1.7%
Debt Service Fund	59,143,180	59,564,821	0.7%
Capital Projects Fund	41,312,405	47,958,378	16.1%
Other Funds	22,899,149	24,440,672	6.7%
Other Funds not approved by Commissioners Court	800,000	753,754	(5.8%)
<u>Less Transfers</u>	<u>(4,754,912)</u>	<u>(5,490,362)</u>	<u>15.5%</u>
Total	\$370,304,571	410,394,073	10.8%

A recapitulation of the FY 01 Adopted Budget is found in the Appendix. The FY 01 Adopted Budget total is \$410,394,073, compared to the previous year's FY 00 Adopted Operating Budget of \$370,304,571.

B. General Fund

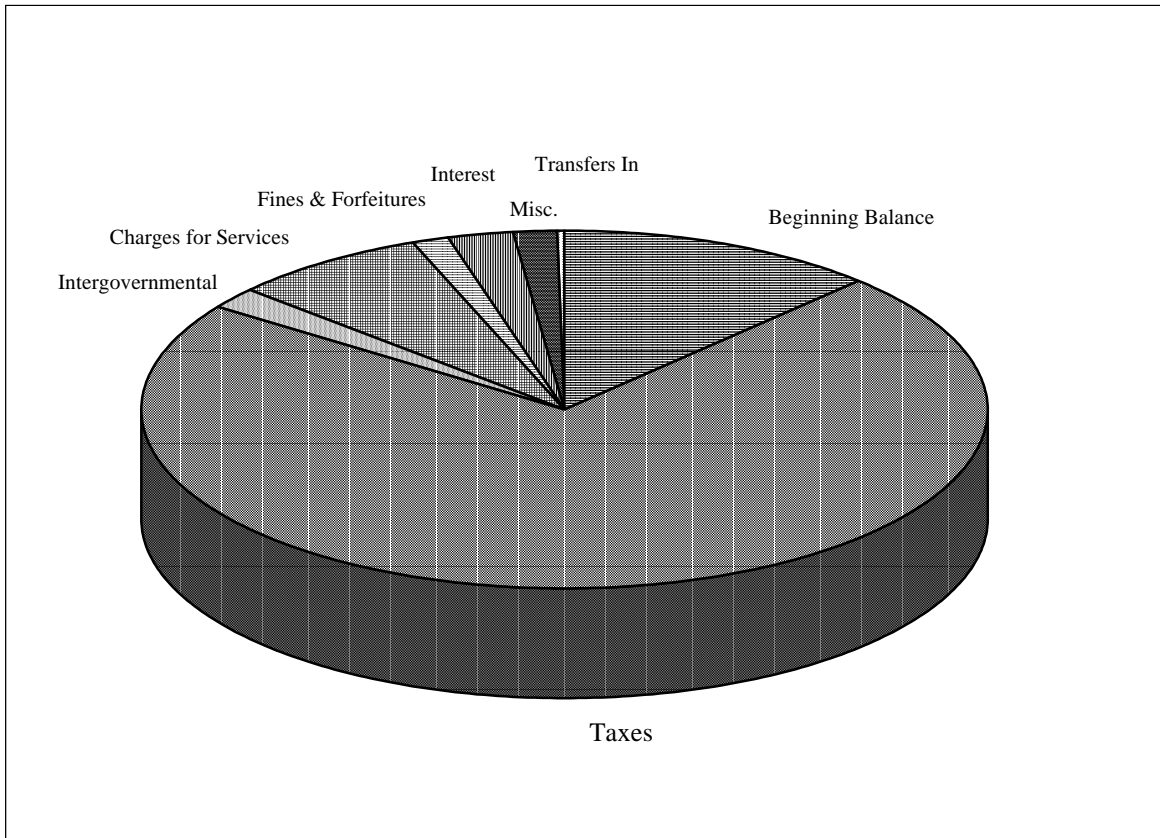
The General Fund budget is the primary platform for operational and policy decision making for the County.

The FY 01 Adopted Budget contains General Fund expenditures and reserves totaling \$264,452,930. This represents a \$31,954,953 increase, or 13.7% above the FY 00 General Fund Adopted Budget of \$232,497,977. The table on the next page summarizes the major components of the General Fund budget.

FY 01 Adopted Budget Parameters - General Fund

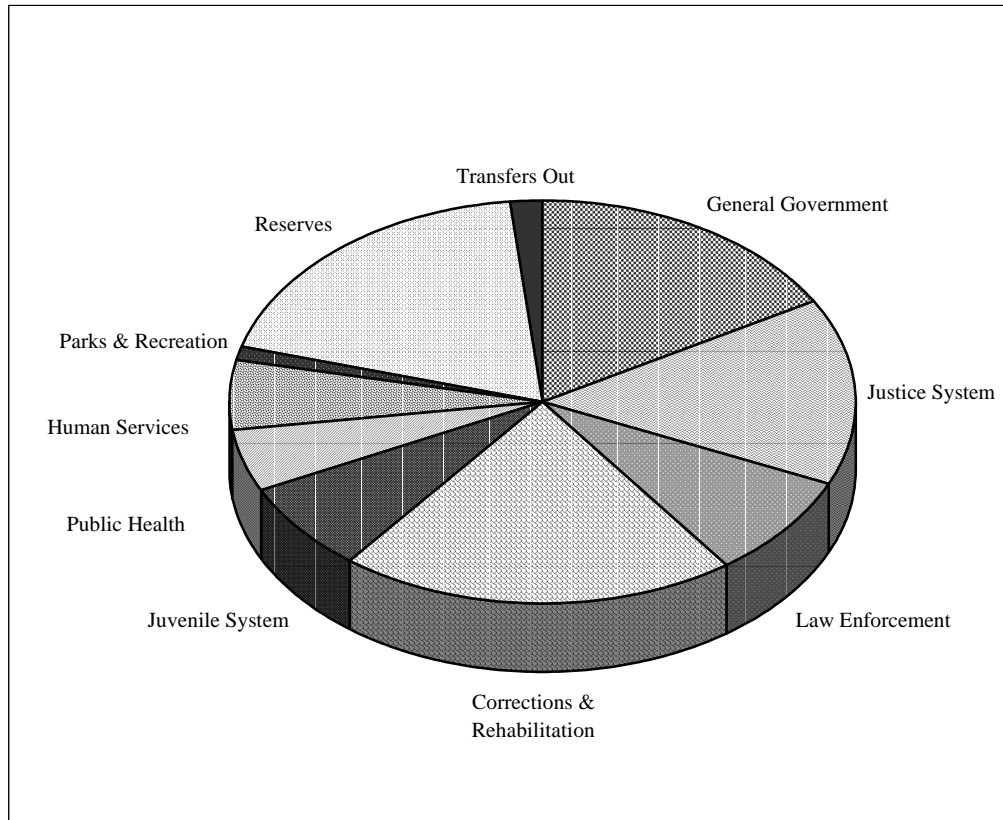
	<u>Adopted Budget FY00</u>	<u>Adopted Budget FY01</u>	
General Fund Revenue			
Beginning Balance	\$28,380,481	\$32,074,387	
Property Taxes	161,204,884	184,143,436	
Other Revenue	<u>42,912,612</u>	<u>48,235,107</u>	
Tot. Gen'l Fund Revenue	<u>\$232,497,977</u>	<u>\$264,452,930</u>	
<u>Gen'l Fund Expenses</u>			
FY 00 Operating Budgets	\$194,904,307		
FY 01 Dept'l Budget Submission		\$199,848,856	Includes transfers out
<u>Transfers Out</u>	\$3,669,853	<u>In Above</u>	
<u>Reserves</u>			
Capital Acquisition Resources	\$7,720,109	\$9,710,422	
Allocated Reserve	2,329,393	3,434,492	Includes \$1.4 special risk mgt. reserve
Unallocated Reserve	20,834,353	23,857,825	At 11% level
GASB 34 Reserve		850,000	For County-wide needs
Reserves for annualizing expend.	1,469,390	956,927	For '02 increases
IJS Contingency Reserve	500,000	500,000	
EMS Reserve	1,061,849	914,829	Unspent '99 EMS funds
Compensation reserve for POPS		2,737,027	For APD parity
RIF reserve	<u>8,723</u>	<u>0</u>	
<u>Sub-Total – Reserves</u>	33,923,817	\$42,961,522	
<u>Wage Requirements</u>			
Health Benefits Increases	In budgets	\$1,896,824	
6% Compensation allocation		4,848,247	To depts. for compensation issues
POPS Skill based pay		364,539	Effective May 1, '01, all POPS depts
Retirement increases		283,088	Base increase plus COLA to retirees
Livable Wage		<u>188,779</u>	At \$8.50 per hour
<u>Sub-Total – Wages</u>		\$7,581,477	Excludes \$2.7 million for POPS, above
<u>Programmatic Highlights</u>			
New District Court		880,543	Divided among various offices
Open Del Valle Jail health bldg.		2,769,644	Operating new bond funded facility
Opening Intermediate Sanctions		1,973,553	Operating new bond funded facility
New law enforcement officers		286,214	Authorization subject to new revenue
Enhanced corrections visitation		184,389	New visitation facility
EMS enhancements		1,068,989	Includes 6 th new EMS station
Health/Human Service programs		680,518	
Youth substance abuse treatment		450,000	In HHS & Juvenile Court
Indigent health care requirements		656,086	
Grant matches or replacements		594,049	Largest is COPS grant
Technical budget adjustments		776,170	Salary Savings, FICA, career ladders
Computer & facilities maintenance		786,783	
Transfers to Special Revenue Funds		725,371	Courthouse Sec., Road/Bridge, BCP
Additional Parks maintenance		147,265	
Microfilming records		187,464	
Other obligations		<u>1,894,037</u>	Divided among 31 departments
<u>Sub-total – Program Enhance.</u>		<u>\$14,061,075</u>	
<u>Total Expenses</u>	<u>\$232,497,977</u>	<u>\$264,452,930</u>	
<u>Balance</u>	0	0	

**Where Does the Money Come From?
General Fund**



	FY 2000		FY 2001	
	ADOPTED BUDGET		ADPTED BUDGET	
Beginning Balance	\$28,380,481	12.21%	\$32,074,387	12.13%
Taxes	167,756,134	72.15%	\$191,704,586	72.49%
Intergovernmental	4,678,479	2.01%	\$5,387,727	2.04%
Charges for Services	19,186,531	8.25%	\$19,631,978	7.42%
Fines & Forfeitures	3,478,581	1.50%	\$4,174,958	1.58%
Interest	4,918,580	2.12%	\$6,565,992	2.48%
Miscellaneous	3,014,132	1.30%	\$3,844,510	1.45%
Transfers In	1,085,059	0.47%	\$1,068,792	0.40%
Total General Fund	\$232,497,977	100.00%	\$264,452,930	100.00%

**Where Does the Money Go?
General Fund**



	FY 00		FY 01	
	ADOPTED BUDGET		ADOPTED BUDGET	
General Government	16.65%	38,718,966	17.06%	45,120,306
Justice System	16.65%	38,716,160	15.76%	41,682,355
Law Enforcement	9.04%	21,028,882	8.49%	22,457,826
Corrections & Rehabilitation	21.77%	50,622,148	21.02%	55,576,562
Juvenile System	7.02%	16,327,922	7.15%	18,914,441
Public Health	5.06%	11,771,924	5.47%	14,471,750
Human Services	6.26%	14,551,721	5.73%	15,149,711
Transportation & Roads	0.00%	0	0.00%	0
Parks & Recreation	1.36%	3,166,584	1.40%	3,696,887
Reserves	14.59%	33,923,817	16.25%	42,961,522
Transfers Out	1.58%	3,669,853	1.67%	4,421,570
	<u>100.00%</u>	<u>232,497,977</u>	<u>100.00%</u>	<u>264,452,930</u>

1. Departmental Budgets in the Adopted Budget

The Appendix contains a comparison of departmental budgets from FY 99 through the FY 01 Adopted Budget. The Adopted Budgets for all departments increased from \$191,265,898 in FY 99 to \$224,228,435 in FY 01, an increase of almost \$33 million or 17.2% over this two-year period. These increases include the Compensation Reserves transferred after the beginning of the fiscal year in FY 99 (\$1.0 million) and again in FY 01 (\$2.7 million).

2. Personnel Changes

A total of 204.3 FTE were added to the General Fund and 21 FTE were removed. Another 19 FTE were authorized for more law enforcement officers in the Sheriff's Office; however, these positions were not funded in anticipation of additional inter-local and grant revenue to be received during the year.

A detailed listing of all positions added and removed, along with other changes are contained in the table in the Appendix entitled "New, Removed, and Transferred Positions in the FY 01 Adopted Budget." This table shows where departments have reallocated existing FTEs internally, resulting in new positions but with no net increase in FTE. This table also highlights other FTE changes supported through Special Revenue Funds, as well as existing FTE that were supported through grant funds in FY 00 but transferred to the General Fund in FY 01.

The majority of these new positions were to support the following three programmatic enhancements:

- the opening of the Del Valle Health Facility building (76 FTE)
- the opening of the Intermediate Sanctions Center at the Gardner-Betts Juvenile Justice Center (49.5 FTE, plus another 19 FTE funded through a Texas Juvenile Probation Commission grant)
- the new District Court (19 FTE)

In addition to the three areas noted above, the following list summarizes departments where more than two FTE net staff were added:

- Sheriff's visitation program (5 FTE), background investigators (2 FTE), and law enforcement officers (3.5 FTE)
- Improved parks maintenance (6 FTE)
- County Clerk accounting and case coordinators (2.5 FTE net)

Another 10 FTE with certified revenue to support them were added in the offices of the County Attorney, District Clerk, Justices of the Peace 3 and 4, Constable 1, and Community Supervision and Corrections.

C. Major Funding Issues

The following proposals have been incorporated into the FY 01 Adopted Budget.

1. New Second District Court

The State Legislature approved two new Criminal District Courts for Travis County during the 1999 legislative session. The new Courts are needed to accommodate increased caseloads, as the population of Travis County has significantly increased since the last Criminal District Court was added in 1983. The first Court (the 390th District Court) began operations in October 1999 and the second Court (the 403rd District Court) is scheduled to begin on December 1, 2000.

The FY 00 Adopted Budget included \$454,710 for 11 new FTEs divided among four offices for the new District Court (390th). This was minimal staffing for the operations of the court. It was recognized that the second new District Court would likely require greater resources, primarily due to the District Attorney's ability to internally reallocate resources for the first new District Court and this department's need for an additional prosecution team once the second new District Court became operational.

The FY 01 Adopted Budget includes 19 new FTEs and operating expenses at a total cost of \$880,543 to support the new second District Court. These resources are divided among the Criminal Courts, the District Attorney, the District Clerk, Community Supervision and Corrections (CSCD), and the Sheriff's Office as shown in the table below.

General Fund Operating Resources Dedicated to the New 403rd District Court
(Excludes one-time capital)

Department	Personnel and Operating	New FTE
District Attorney	\$478,705	9
Criminal Courts	232,975	4
Sheriff's Office	82,971	3
District Clerk	84,142	3
Community Supervision & Corrections	1,750	0
Total	\$880,543	19

2. Opening Del Valle Health Services Facility

In FY 01, the Sheriff's Office will be opening a new Health Services facility constructed through voter approved bonds at the Del Valle Jail. The new facility reflects a nationwide trend of improving health-related services in jails and prisons. It is scheduled to be fully operational during FY 01. The FY 00 Adopted Budget included 12 new health related staff and operating expenses totaling \$669,010. This staff included physicians' assistants, medical clerks, and certified nurses' assistants. The largest portion of the operating expenses was for utilities. For FY 01, the Sheriff's Office received additional

staffing primarily for Corrections Officers in this facility. These officers are intended to supervise inmates with health-related issues, including mental health problems.

The average daily population for the entire correctional system has increased to over 2,500 inmates. This is projected to increase to over 2,600 inmates in FY 01. This population represents the greatest number of inmates in the system since 1993.

A total of \$2,769,644 is included within the Adopted Budget for increased staffing and operating expenses at the Health Services Building. This amount includes funding for 76 FTE, 68 of which are either Corrections Officers or Sergeants. In addition, the Sheriff's Office is reallocating 11 FTE from within the Del Valle complex to help staff the new facility.

The Sheriff's Office and the Commissioners Court jointly developed a plan to phase-in the new positions between October 1, 2000 and January 1, 2001. The funding appropriated to the department matched this staggered hiring schedule, and was an exception to the Court's practice of providing a full year's funding even if positions will not be filled for an entire year. The total incremental cost that will need to be added to the Sheriff's Office to maintain these positions in FY 02 is \$314,857. When the annualized cost is not fully budgeted, this has been called a "ratchet effect" due to the impact on the next fiscal year. This technique was also utilized with the funding of the Intermediate Sanctions Center staff and the Peace Officer Skill Based Pay program, as described below. A reserve was established to help address these increases in FY 02.

3. Opening the Intermediate Sanctions Center

The Intermediate Sanctions Center (ISC) at the Gardner-Betts Juvenile Justice Center was constructed with bonds approved by the voters in 1997 as well as with a State grant. The total project cost of constructing the expansion at Gardner-Betts was \$21.7 million, and sections of the facility will begin opening in Fall 2000. The only positions funded in FY 00 related to this facility were through a Juvenile Probation Department special revenue fund.

The new facility has two purposes. The first is to provide an additional 24 detention beds, increasing the number of individual detention beds to 88. The second is the creation of an in-house residential treatment program of 107 beds to address the varied and multifaceted problems of juveniles in the community.

The Adopted Budget contains \$1,973,553 for staffing and operating expenses of this new juvenile justice facility. Juvenile Court received \$1,608,268 from the General Fund for staffing this new facility in FY 01. This represents 49.5 new FTE. In addition, Juvenile Court will fund another 19 FTE out of a Texas Juvenile Probation Commission grant. Furthermore, \$345,580 is included in the Adopted Budget in the Facilities Management budget for ISC utilities and move-in costs, and \$19,705 is included in the Records Management and Communication Resources budget to lease copiers.

The Juvenile Court and the Commissioners Court jointly developed a plan to phase-in the new positions between October 1, 2000 and April, 2001. The funding appropriated to the department matched this schedule, and was an exception to the Court's practice of providing a full year's funding even if positions will not be filled for an entire year. The total incremental cost in FY 02 that will be necessary to add to Juvenile Court to maintain these positions is \$438,918.

4. New Law Enforcement Officers

Nineteen additional law enforcement officers were authorized but not fully funded in the budget. The funding for these positions is subject to the Sheriff's Office success in receiving a \$475,000 Federal Grant from the COPS program, and establishing a \$177,000 contract with the City of Bee Caves for additional law enforcement support. Should these resources be unavailable in part or in whole, then the number of positions that can be funded will be adjusted accordingly. However, in anticipation that such funding will be fully available, an additional \$286,214 in General Fund resources was provided to support these additional law enforcement officers, as summarized below:

General Fund Support toward Additional Law Enforcement Officers

Deputy Sheriff's Officers grant match	\$85,066
3 Sergeants	168,664
Existing 0.5 FTE Lieutenant previously funded through a grant	32,484
Total	\$286,214

Funding the operating expenses and capital related to all new law enforcement positions (including all new vehicles) will be handled internally within the Sheriff's Office's existing resources.

5. Enhanced Corrections Visitation Program

Included within the new facilities at the Travis County Correctional Complex is an Information and Visitation Center. This facility is intended to enhance the ability of inmates to meet with members of their family, friends, and legal counsel. Four Corrections officers and one receptionist were funded to meet this objective and allow for more frequent visitations at a total cost of \$184,389.

6. Emergency Medical Services Enhancements

In FY 99 the Commissioners Court made a significant investment to expand Emergency Medical Services (EMS) outside the City of Austin. By the end of FY 00, five of the originally planned six new EMS stations had been funded. The FY 01 budget includes \$635,539 to fund a sixth new station located in the Jonestown area. In addition, \$103,521 was provided to ensure the base level of services are maintained through the interlocal with the City of Austin, along with \$110,468 for communications personnel and \$55,294 for information technology staff. Further increases in the EMS program include \$93,001 for STARFlight operations and \$70,166 for overtime. Over \$1 million was included in the Adopted Budget for these EMS enhancements.

7. Health and Human Services Programs

A total of \$680,518 was added to the Adopted Budget for a variety of Health and Human Services program enhancements. The table below summarizes these increases.

Health and Human Services Program Enhancements

Program	Funding
Community Action Network monitoring and evaluator position	\$48,162
Safe Haven – homeless program	53,904
At-Risk Youth and Families Assessment Center	95,156
Emergency Shelter – funding for housing teen runaways	78,096
Work Based Learning – Youth	100,000
Blackstock Clinic funding for additional medicine and tests	40,200
Women, Infants and Children (WIC) enhancements	38,000
Healthy Families – contract to expand parental education & mentoring	50,000
Austin-Travis County Mental Health and Mental Retardation funding support*	177,000
Total	\$680,518

*It should be noted that the Preliminary Budget contained a \$120,000 reserve established as an endowment from the Tobacco Settlement funds received by the County. The Commissioners Court utilized this reserve as part of the \$177,000 in funding support provided to Austin-Travis County Mental Health and Mental Retardation (MHMR). The Commissioners Court indicated that this support was for one year only, and that the Tobacco Settlement Endowment will once again be established as a reserve in FY 02.

8. Youth Substance Abuse

The Adopted Budget includes \$450,000 to increase funding for juvenile substance abuse programs. A total of \$300,000 was included in the Juvenile Probation Department budget (and included funding for 2 FTE) and \$150,000 was included in the Health and Human Services budget for this purpose.

9. Support for Indigent Health Care

During FY 00, the management of Health and Human Services briefed the Commissioners Court on multiple occasions about the fact that the Rural Medical Assistance Program (RMAP) was insufficiently funded. This program is intended to provide basic health services to indigents in the County at the County health clinics and elsewhere. During FY 00, the Court approved a variety of operational and service level changes in order to bring the expenses and revenues closer together. However, such changes were not sufficient to operate the current program within existing resources. In order to maintain the current program level, and consistent with Commissioners Court action to provide additional funds to the program in FY 00, the FY 01 Adopted Budget contains an additional \$656,086 for the RMAP budget.

10. Additional Parks Maintenance

The expansion of the population and of the parks program has resulted in a need for increased maintenance of the County's parks. An additional \$147,265 and 6 FTE was added to the budget of Transportation and Natural Resources to better meet parks maintenance needs.

11. Microfilming District Clerk records

The top two floors in the courthouse used to house a jail. For the past several years, this space has been used to store District Clerk files. However, this space is not well suited for such purposes and the FY 01 budget includes \$187,464 for a contract to microfilm these records coordinated through the Records Management and Communications Resources Department.

D. Other Requirements and Obligations**1. Grant Matches and Restorations****a. Sheriff's Office**

In 1997, the Sheriff's Office received a grant from the Federal Government for 10 new law enforcement officers under the COPS program (Community Oriented Policing Services). This grant was later amended to add 2 more officers for a total of 12 new officers. The terms and conditions of this grant require that an additional \$465,934 for these existing officers be funded in the FY 01 Adopted Budget.

b. Drug Court Grant

The Criminal Courts received a \$209,196 grant from the U.S. Department of Justice to support the Drug Court. This grant was for a two year period and will expire in December, 2000. The Criminal Courts administration indicated that there was little or no likelihood that the grant will be renewed or extended. The department requested that the Drug Court be supported through General Funds and to have a portion of the grant funds replaced (\$80,082). Given the impact and outcomes of this program, these resources have been added to the Adopted Budget.

c. HHS Grant Match

Health and Human Services (HHS) received four grants in FY 97 as part of a Juvenile Crime Initiative. These grants are for the Del Valle Safe Schools, St. John's Safe Schools, Gang Intervention, and Neighborhood Conference Committee. The increased grant matches for these grants total \$48,033 and generate a total of \$31,266 of additional resources. Funding for these grant matches is included in the Adopted Budget.

2. Technical Budget Adjustments

a. Salary Savings

If a department has 100% of its personnel costs funded for the full year, the department will typically be over budgeted due to staff turnover. The savings created from these temporarily empty positions is called “salary savings.” A conservative estimate of salary savings is budgeted so the funds can be recaptured by the County to fund other priorities.

Typically, PBO has used historical figures for each department to develop a budget for salary savings. Some departments have higher salary savings than others due to historical trends. In FY 00, PBO did not review historical information to modify the salary savings rate due to overall funding limitations. As a result, some departments have salary savings set at a rate higher than historical rates would suggest.

In FY 01, a review of selected historical salary savings rates revealed that a few offices had salary savings that were out of alignment with historical outcomes and \$490,514 needed to be included within the Adopted Budget to ensure that these salary savings targets are realistic. The majority of this increase is in Health and Human Services, which required an additional \$372,287 for this purpose.

b. Transfers to Special Revenue Funds

There are three transfers from the General Fund to Special Revenue Funds that have increased from the FY 00 Adopted Budget. Those changes included in the Adopted Budget are summarized below.

Increased Transfers to Special Revenue Funds Over FY 00

Sheriff	\$300,445	Increased transfer from General Fund to Courthouse Security Fund for existing Courthouse security staff
TNR	91,762	Increased transfer to Road & Bridge Fund
TNR	333,164	Increased transfer to Balcones Canyonland Preservation Fund representing estimated tax revenue from new construction on BCP fund
Total	\$725,371	

3. Computer Maintenance Agreements

Information and Telecommunications Services required an additional \$572,903 for maintenance costs on existing hardware and software, including those systems that will no longer be under warranty. These resources are for new maintenance costs associated with the implementation of the Integrated Justice System and the County

Clerk's Deed Indexing System, as well as cost increases on existing maintenance contracts.

4. Facilities Maintenance

As a way to address funding limitations in FY 99 and 00, Facilities Management reduced the amount budgeted for County-wide facilities maintenance. Given the importance of maintaining the County's facilities infrastructure and the previous reduction in the maintenance program due to funding limitations, the Adopted Budget includes \$213,880 to restore this funding to Facilities Management.

5. GASB 34 Reserve

The Government Accounting Standards Board has issued its Statement 34. This is the most significant and comprehensive change to state and local governmental accounting and financial reporting in many years. The intent of these changes is to improve governments' accountability in financial reporting and provide additional financial information. Not meeting this requirement could have a negative impact on the County's bond rating. It will be necessary to develop a team of central and departmental financial staff to implement GASB 34, which includes calculating the value of all major capital assets, depreciating them, and keeping all expenditure and revenue information on a full accrual as well as on the modified accrual basis.

A reserve of \$850,000 is set aside for this effort, to be appropriated among the Auditor's Office and other departments. Such funds will be able to be allocated to departments once an assessment of County-wide needs is completed and a staffing and execution plan is approved by the Commissioners Court.

6. Other Obligations

There are a variety of other requirements or contractual obligations that are built into existing departmental programs but not highlighted above. Those changes greater than \$50,000 are summarized in the following table.

Other Departmental Requirements – General Fund Operating Budget

Individual Changes Totaling Less than \$50,000 Are Not Listed
(Excludes one-time CAR funded expenditures)

Department	Amount	Purpose
County Clerk	229,866	For increased support to elections (\$137,393), an additional accountant (\$48,036) and 1.5 FTE Clerk Case Coordinators (\$44,437)
Criminal Courts	169,997	One Drug Court Counselor (\$47,445), a computer technician/network administrator (\$43,772), and required expenditures from first new District Court (390 th) added in FY 00 (\$78,780)
County Auditor	147,982	For two new financial staff related to workload increases and the restoration of a prior reduction
Facilities Management	132,058	For reorganization of department, adding 4 FTE and eliminating 2 FTE
Information & Telecomm. Systems	123,360	For two additional staff to support the 911/RDMT project
District Clerk	104,633	Four new positions, established with corresponding new certified revenue for Title IV-D child support processing
General Admin.	84,000	Estimated costs for redistricting based on 2000 census (\$60,000) and legislative liaison (\$24,000)
Sheriff	79,656	Two Background Investigators for one year
Health and Human Services	76,346	Interlocal agreement requirements with City of Austin and Texas A & M
TCCES	77,921	Temporary staff to support alcohol and drug classes and assessments, public intoxication classes, and IJS support
Constable 1	71,488	Two staff to work criminal warrant backlog, offset by additional criminal warrant revenue
TNR	70,420	To operate and maintain the 290 Landfill as required by state and federal regulations
Probate Court	68,658	Family Eldercare contractual requirements
Medical Examiner	62,760	Move a half time position to full time, based on FY 00 Court action

E. Workforce Investment

The FY 01 Adopted Budget contains a total of \$10,675,835 dedicated toward an investment in the County’s workforce, as outlined in the following table. A summary of each of the changes follows.

Health benefits increases	\$1,896,824
Compensation allocation for General employees (6% overall)	4,848,247
Compensation Reserve for POPS parity with APD	2,737,027
POPS skill-based pay	364,539
Elected Officials salaries (transferred from Allocated Reserve)	71,675
Livable Wage	188,779
Retirement changes for existing employees & 5% COLA for retirees	283,088
FICA and Career Ladder increases	285,656
Total	\$10,675,835

1. Health Benefits

The cost to the County for health insurance benefits will increase in FY 01 by \$1.9 million, primarily due to increased claims on the policy for medical and prescription costs. FY 01 represents the last year of the four year contract with Blue Cross. After some considerable discussion with the Commissioners Court, the basic terms and conditions of the contract with Blue Cross were continued into FY 01. It will be necessary to re-bid a new contract for health benefits in FY 02.

2. Performance-Based Pay and Other Compensation Adjustments

Over recent years, the Commissioners Court has been able to include a 3% annual appropriation for performance-based pay increases. However, the FY 00 Adopted Budget contained only 1.5% for all General Fund employees eligible to receive such performance-based pay. In addition, since the last major salary adjustments for market conditions in FY 98, the Austin labor market has become much more competitive. As a result, departments have experienced a variety of difficulties in recruiting and retaining employees due to fast-moving market conditions.

For FY 01, the Adopted Budget contains General Fund resources equal to 6% of each department's FY 00 Adopted Budget for salaries (excluding the Peace Officer Pay Scale, elected officials, and temporary employees) to address the departments' compensation needs. These needs include Performance Based Pay, restructuring, market adjustments, reclassifications, reorganizations, internal equity adjustments, and other personnel needs. The Commissioners Court expressed interest in allowing departments to develop individualized plans on how to best allocate their portion of this appropriation to meet their unique circumstances. These plans were approved by the Commissioners Court and Human Resources Management developed general guidelines on the implementation of these plans.

A total of \$4,848,247 is included in the Adopted Budget General Fund allocation to all departments for both the 6% salary adjustment and related benefits.

3. Peace Officer Pay Scale (POPS) Increases

The County has a Peace Officer Pay Scale (POPS) program for sworn peace officers in the Sheriff's Office, Constables' Offices, District Attorney's Office, County Attorney's Office, Juvenile Public Defender, and Transportation and Natural Resources (TNR). For FY 00, there were 883.5 employees on the POPS scale. This pay scale establishes certain criteria for when peace officers receive pay increases.

It has been a desire of the Commissioners Court and the Sheriff's Office to benchmark the County's POPS compensation plan to the City of Austin's compensation system for its police officers in order to ensure that the County is competitive in recruiting and retaining qualified officers. A total of \$2.7 million is included in the Adopted Budget as a reserve for this purpose. This amount represents an overall average increase of 5.9% for the officers.

In addition, a skill-based pay program was approved for all employees on the POPS scale. This program will be implemented in two phases. The first phase will be effective February 1, 2001 for Field Training Officers. This provides extra compensation (\$125 per month) to experienced officers engaged in the six-month training period with new officers immediately after they graduate from the academy. The second phase of the skill-based-pay program will be effective on May 1, 2001. This will provide extra compensation for those POPS employees licensed by the Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE). These licenses are at different levels (masters, advanced, and intermediate) and compensation will range from \$50 to \$150 per month for such licenses. Extra compensation will also be provided to those who are bilingual as certified by testing through the University of Texas (\$125 per month for all language skills and \$60 per month for verbal skills only).

4. Elected Officials' Salaries

There is a statutorily determined process for elected officials to receive pay increases. The Commissioners Court is the agency that makes such a determination. On September 26, the Court adopted an order that would have resulted in no elected official receiving a salary increase. This action resulted in 14 elected officials submitting a grievance to the County's Elected Officials' Salary Grievance Committee. This Committee voted unanimously to recommend salary increases to these elected officials. In accordance with the law, the Commissioners Court is required to accept a recommendation that is unanimous and include the resources necessary in the Adopted Budget. A total of \$71,675 was transferred from the Allocated Reserve in early October to implement this recommendation. A listing of the FY 01 elected officials' salaries is contained in the Appendix.

5. Livable Wage

The Commissioners Court has expressed an interest in ensuring that all employees receive no less than a "Livable Wage," given the considerable growth in the local Austin economy and the cost of living in the area. This minimum wage amount was determined to be \$8.50 an hour. A total of \$188,779 was included in the General Fund for this purpose, and represents the cost to the General Fund for regular employees and some temporary workers (seasonal TNR employees, school crossing guards, and elections workers).

6. Retirement Changes

An additional \$283,088 is included to fund increased costs from the Texas County and District Retirement System for current employees along with a 5% Cost Of Living Adjustment (COLA) to retirees. The last time a COLA for retirees was made was in 1995.

7. FICA and Career Ladder Adjustments

A total of \$285,656 needed to be added to departmental budgets to fund the increased FICA level in FY 01 (\$15,163), as well as increases in existing career ladders (\$270,493).

III. DEBT POLICY

The Commissioners Court has established a debt limitation policy that is intended to maintain a prudent approach toward the issuance of debt. Among other things, this policy indicates that the Commissioners Court will not issue long-term debt (i.e., with a repayment period in excess of five years) without the approval of such a bond issue by the voters at an election. There are three exceptions to this limitation on non-voter approved long term debt:

1. When the expenditure is legally required, and/or where penalties or fines could be imposed on the County if the expenditure is not made;
2. When the issuance of the debt results in an actual overall tax savings to the voters during, at least, the life of the bonds;
3. When the voters have previously approved the issuance of general obligation bonds but, for legal reasons, Certificates of Obligation must be substituted for these bonds in order to carry out the voters' authorization.

An exception was made to this policy in FY 00, and 20 year debt was authorized using Certificates of Obligation for certain critical capital needs.

IV. CAPITAL RECOMMENDATIONS

Capital equipment and facilities improvements are funded from three basic sources - either from the General Fund, the Road and Bridge Fund, or from debt, as summarized below.

A. General Fund (CAR)

The Commissioners Court has established a Capital Acquisition Resources account (CAR) in the General Fund for the purpose of funding lower cost capital equipment and facilities. In FY 98, the amount appropriated to CAR was \$10.0 million. It was reduced in FY 99 to \$7.9 million, and it was \$7.7 million in FY 00. The level of CAR in the Adopted Budget is \$9.7 million. This includes \$1.6 million of rebudgeted FY 00 CAR resources. These rebudgeted projects represent approved capital that was funded in FY 00 but was not encumbered or expended prior to the end of the fiscal year due to a variety of scheduling issues.

A summary of the equipment and facility projects funded from CAR is shown below. The detailed list of individual equipment items or facility projects for FY 01 is located in the Appendix.

Capital Equipment and Projects Included Recommended to be Funded by the Capital Acquisition Resources Account (CAR)

Type of Project/Department	Amount
New and replacement vehicles and heavy equipment	2,008,250
County-wide computer hardware and software	2,861,818
General Facilities maintenance and renovation projects	441,691
FFE for the Criminal Justice Center	331,667
Onion Creek Drainage Study	200,000
Structural issues in Exec. Office Bldg. Related to TNR files	100,000
911-RDMT project management	446,400
911/RDMT radio licenses and communications equipment	204,000
911-RDMT Radios	1,127,000
Sheriff's Office needs, including jail facility renovation	302,669
Systems furniture for District Clerk	195,000
Other equipment among 16 other departments	398,834
Sub-total	8,617,329
CAR Reserve:	1,093,093
Reserve for office space reconfigurations	703,472
Reserve for other capital needs during the year	389,621
Total	9,710,422

B. Road and Bridge Fund

In addition to the resources provided through the General Fund Capital Resources Acquisition account (CAR), the Road and Bridge Fund has \$1,624,000 in TNR vehicles and heavy equipment recommended for funding out of this special revenue fund along with \$1,772,500 in road and road maintenance related projects. These Road and Bridge Projects are summarized in the table below.

Road and Bridge Projects and Equipment Funded from Road and Bridge Fund

Vehicles and heavy equipment	\$1,624,000
Hot Mix Overlay	1,668,000
Pavement Condition Survey	100,000
Shop Equipment	4,500
Total	\$3,396,500

Furthermore, the Road and Bridge Fund has \$646,418 remaining in its Allocated Reserve for the rebudgeting of FY 00 projects not fully completed in FY 00. These projects total \$737,400, and the difference of \$91,022 will be addressed as part of the FY 01 Certificate of Obligation issuance. Another \$16,300 in capital needs at Pace Bend Park is recommended to be funded from the LCRA CIP Fund. The Appendix contains a list of the road and bridge related equipment and capital recommended to be funded out of the Road and Bridge Fund.

Please see Section Two for a more detailed description of the Transportation and Natural Resources budget, along with the Road and Bridge Fund dedicated to road and bridge projects and totaling \$18.7 million.

C. Debt Financing

The third funding source for capital equipment and projects is using debt, either in the form of Certificates of Obligation or Bonds. This Adopted Budget includes the issuance of the following debt in FY 01:

- A minimum of \$10,000,000 in Certificates of Obligation, and
- \$5,632,000 in Permanent Improvement and Road Bonds authorized in 1997

1. FY 01 Bond Issuances

a. November 1997 Bonds

In February 1997, the Commissioners Court established a 25 member Citizens Advisory Bond Committee. Their charge was to make recommendations on the size and content of a bond election for capital projects needed for the next five years. The Citizens Bond Committee recommended projects to the Commissioners Court. Using parameters established in the County’s debt policy, the Commissioners Court decided to authorize a bond election for a total of \$96,050,000 in projects. This amount was determined to be fiscally prudent, and allowed the County to remain within its debt capacity guidelines.

The bond election resulted in seven out of eight of these propositions being approved by the voters during the November 4, 1997 election. The total authorization approved by the voters is \$94,430,000. Of this authorization, \$86,128,000 has been issued already, either in the form of Road Bonds, Permanent Improvement Bonds, or Certificates of Obligation in lieu of bonds. The only amounts remaining to be issued

are \$2,670,000 for State Highway 130 Right of Way and \$5,632,000 in Road and Bridge projects.

The FY 01 Adopted Budget includes the last installment of the November, 1997 voter approved bonds of \$5,632,000 for the remaining Road and Bridge projects (excluding State Highway 130). If a traditional time schedule were followed, such bonds would be authorized in December 2000 and issued in January 2001 with funds received by March 2001. The status of each of the various bond propositions is shown below.

Bond Proposition	Amount Originally Authorized	Amount Issued to Date	Amount For FY 01	Remaining Authorization
1997 Voter Approved Bonds:				
Proposition 1 – Roads/Bridges	36,015,000	30,383,000	5,632,000	0
Proposition 2 – Parks	19,110,000	19,110,000	0	0
Proposition 3 – Juvenile Justice Center	16,045,000	16,045,000	0	0
Proposition 5 – State Highway 130	4,000,000	1,330,000	0	2,670,000
Proposition 6 – State Highway 45	3,525,000	3,525,000	0	0
Proposition 7 – Starflight Hangar	2,035,000	2,035,000	0	0
Proposition 8 – Del Valle Improvements	13,700,000	13,700,000	0	0
Total for 1997 Voter Approved Bonds	\$94,430,000	\$86,128,000	5,632,000	\$2,670,000

b. FY 00 Certificates of Obligation

A minimum of \$10,000,000 in funding from Certificates of Obligation is included in the FY 01 Adopted Budget. The majority of this funding is for the 911-RDMT project, totaling \$7,913,397. (Another \$1,777,400 for 911-RDMT is to be funded from the General Fund CAR account). The balance of recommended funding is for other capital needs in County departments, as shown in the table below.

Projects Funded from FY 01 Certificates of Obligation

911-RDMT Project:	
Combined Communications Center construction	\$4,582,952
New towers/upgrade existing towers for 911-RDMT project	3,200,000
Land for new towers	130,445
Total 911-RDMT	\$7,913,397
County-wide computer & telecommunications equipment	385,000
General Facility rehabilitation projects	305,000
Correctional Complex repairs and equipment replacement	355,001
County-wide vehicles and heavy equipment	737,321
TNR projects and equipment	251,000
Issuance Cost	53,281
Total CO	\$10,000,000

During the FY 00 budget process, the Commissioners Court provided the 911-RDMT project with initial funding and a direction to proceed into implementation. This project will result in the replacement of all emergency communications among multiple agencies and the development of a central command facility for local emergencies. FY 01 will represent the second year of substantial capital investment in the 911-RDMT project, which has a total estimated cost to Travis County of \$22.6 million. Programmatically, the project is comprised of four basic parts, as follows:

- Computer Aided Dispatch (\$658,000)
- Mobile Data Communications (\$3,400,500)
- Combined Communications Center (\$6,072,428)
- Radio Project (\$12,451,697)

The basic funding for this project through FY 03 is summarized in the following table.

Funding Plan for the 911/RDMT Project FY 00 – FY 03

	FY 00	FY 01	FY 02	FY 03	Total
Computer Aided Dispatch					
Infrastructure	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
Equipment	\$ -	\$ -	\$ 258,000	\$ -	\$ 258,000
Total CAD	\$ 400,000	\$ -	\$ 258,000	\$ -	\$ 658,000
Mobile Data Comm./Auto Vehicle Location					
Infrastructure	\$ -	\$ -	\$ 342,500	\$ -	\$ 342,500
MDC Equipment (NOTE 1)	\$ 119,000	\$ -	\$ 941,000	\$1,318,000	\$ 2,378,000
AVL Equipment	\$ -	\$ -	\$ 340,000	\$ 340,000	\$ 680,000
Total MDC/AVL	\$ 119,000	\$ -	\$ 1,623,500	\$1,658,000	\$ 3,400,500
Combined Communication Center					
Phase II - A/E Specifications	\$ 457,000	\$ -	\$ -	\$ -	\$ 457,000
Phase III – Construction	\$ -	\$4,582,952	\$1,032,476	\$ -	\$ 5,615,428
Total Combined Comm Center	\$ 457,000	\$4,582,952	\$1,032,476	\$ -	\$ 6,072,428
Radio Portion					
New Towers/Upgrade Existing Towers	\$ -	\$3,200,000	\$1,337,632	\$ -	\$ 4,537,632
Land for New Towers	\$ -	\$ 130,445	\$ -	\$ -	\$ 130,445
Equipment – Radios	\$ -	\$1,127,000	\$5,127,000	\$764,820	\$ 7,018,820
Licensing	\$ 85,000	\$ -	\$ -	\$ -	\$ 85,000
Project Management	\$ 233,400	\$ 213,000	\$233,400	\$ -	\$ 679,800
Total Radio	\$ 318,400	\$4,670,445	\$6,698,032	\$ 764,820	\$12,451,697
Subtotal CO	\$ 519,000	\$7,913,397	\$7,755,108	\$ -	\$16,187,505
Subtotal CAR	\$ 775,400	\$1,340,000	\$1,856,900	\$2,422,820	\$ 6,395,120
Total 911/RDMT Project	\$1,294,400	\$9,253,397	\$9,612,008	\$2,422,820	\$22,582,625
NOTE 1: Assumes the need for \$119,000 in MDC equipment in FY 00 as match for COPS technology grant. The amount of the grant is \$350,000 and the equipment figures have been reduced by that amount as the grant will fund equipment.					

In addition to the \$10 million in Certificates of Obligation outlined above, an additional \$1.1 million was dedicated to F-Mix road reconstruction. The funds used for this project came from interest earned and savings on completed projects from prior year Certificate of Obligation issuances.

2. Additional Certificate of Obligation Debt for Roads and Other Capital Needs

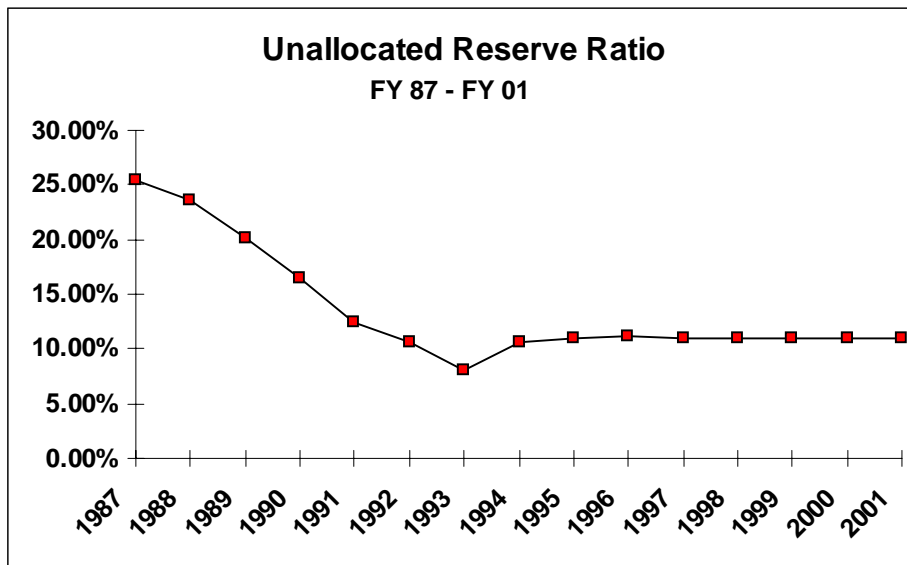
The Commissioners Court had not yet decided upon the full magnitude of the Certificates of Obligation to be issued in FY 01. It will do so before early January, 2001. It is likely that additional projects will be added to the \$10 million already included within the Adopted Budget.

V. RESERVES

There are three types of regularly budgeted reserves: (1) Unallocated Reserve, (2) Allocated Reserve, and (3) the Capital Acquisition Resources Reserve account (CAR Reserve).

A. Unallocated Reserve

The Unallocated Reserve is not dedicated for any specific expenditure and is not intended to be spent except in the case of a disaster or dire emergency. It sometimes is called "The Untouchable Reserve" and makes up most of the budgeted ending fund balance. The level of this reserve demonstrates the County's fiscal soundness, which in turn influences the County's bond rating. The County drew down its Unallocated Reserve during the late 1980's as a cushion to accommodate necessary programmatic requirements and economic conditions and to more closely match taxation with the timing of expenditures. Unallocated Reserve ratios declined significantly during that period.



The County's bond and financial advisors have recommended that the County maintain an Unallocated Reserve level of between 8% and 12% for sound financial management. (The Commissioners Court's Financial and Budgeting Guidelines state a goal for this reserve to be between 10% and 12%). With the general economy

improving, it is an excellent time for the County to ensure that its Unallocated Reserve remain healthy in order to accommodate any shortfalls or economic downturns that history indicates are likely to occur in the future, as long as operating needs are reasonably met.

In FY 93, the reserve ratio was 8.12%. During the last six years, the Commissioners Court built up the Unallocated Reserve ratio to approximately 11.0%, and maintained it at that level. The total FY 01 General Fund Unallocated Reserve is \$23.8 million. As was done in FY 00, the FY 01 Adopted Budget includes having the Unallocated Reserve requirements for the Road and Bridge Fund carried in the General Fund.

The County's Unallocated Reserves calculations are based on budgeted expenditures in three funds: the General Fund, the Debt Service Fund, and the Road and Bridge Fund. These are the County's three largest operating funds. This Adopted Budget continues the practice of budgeting Unallocated Reserves at 11% for the total of all three funds. However, the individual ratios for the three funds when viewed independently have not all been at 11%. In particular, the Debt Service Reserve has been historically much higher than 11%, while the General Fund has been lower than 11%.

Reserves in the Debt Service Fund can only be used for debt-related expenditures, while the Reserves in the General Fund are not as restricted and may be used for any lawful purpose. Thus, in the event of an emergency, the Commissioners Court has more flexibility with its reserves in the General Fund than in the Debt Service Fund. The Court's Financial and Budgeting Guidelines, approved in July, 1996 and reaffirmed in April, 1999, indicate that "it is the intent of the Commissioners Court that each of these two funds will eventually have reserves that are more equalized between the two funds." As such, the Commissioners Court has been taking steps over recent years to rectify this imbalance.

The Adopted Budget provides for \$4.5 million of the Debt Service Reserve to be utilized to make debt service payments, which results in a decrease of almost one cent in the Interest and Sinking (I & S) tax rate (this is also known as the Debt Service Rate). The Effective Tax Rate calculation adds the same amount to the Maintenance & Operating (M & O) tax rate. The total combined rate would neither go up nor go down. What this does is move the I & S component of the Effective Tax Rate down and the M & O component of the Effective Tax Rate up by the same amount.

The reserve ratios (per Standard and Poor's formula) showing the relationship between the Unallocated Reserve for the General Fund, Road and Bridge Fund, and the Debt Service Funds and the adjusted expenses for these funds are displayed in the Appendix.

B. Allocated Reserve

The Allocated Reserve is dedicated to known or potential expenditures and some or all of the reserve is likely to be spent during the year. The FY 01 Adopted Budget includes an Allocated Reserve of \$3,434,492. Of this amount, \$1.4 million represents a variety of one-time liability risks, hazards, and litigation that may be funding requirements in FY 01.

There are, however, potential claims against this Allocated Reserve. These claims are called "Earmarks" and are signals to the Commissioners Court that a department may have a justified need for a mid-year transfer of resources to their budget for a specific purpose. These "Earmarks" total \$1,227,548 and are likely to play a significant role for the FY 01 Commissioners Court's budget discussions throughout the year. A listing and summary of these recommended Earmarks against the Allocated Reserve are listed in the Appendix.

C. Capital Acquisition Resources Account (CAR) Reserve

The Capital Acquisition Resources Reserve (CAR Reserve) is similar to the Allocated Reserve, but is instead used for one time expenditures for capital items. It is for additional capital purchases or projects that are developed during the year or to pay for cost increases in already approved projects. The Adopted Budget includes a CAR reserve of \$1,093,093. This amount is composed of an undesignated reserve of \$389,621 (which is \$100,000 less than last year) plus \$703,472 for office space reconfigurations that are expected in FY 01. These space reconfigurations are due to the relocation of the District Attorney's office from the Stokes Building and are intended to address a variety of other space considerations. The earmarks against this reserve total \$65,000 and are outlined in the Appendix.

D. Other Reserves

The Adopted Budget has established a special annualization reserve of \$956,927 to ensure that resources are available in FY 02 that have not been fully funded in FY 01. This cushion will assist the Commissioners Court to absorb the "ratchet effect" of annualized increases next year that have been caused by only partially funding the new staff in the Health Services Building and the Intermediate Sanctions Center. The skill-based pay for the Peace Officer Pay Scale employees represents another "ratchet effect" of increased costs in FY 02. The amount of these increases is shown below:

"Ratchet Effect" in FY 02 Caused by Partial Funding of Increases in FY01

Staggered hiring of staff for Health Services Building	\$314,857
Staggered hiring of staff for Intermediate Sanctions Center	\$438,918
Skill Based Pay for POPS employees due to staggered implementation dates (February 1 for Field Training Officer pay and May 1 for all other skill-based pay)	\$430,344
Total	\$1,184,119

The Court may also choose to use this reserve to absorb any increased debt service requirement in FY 02 caused by any increase in the amount of the minimum \$10 million Certificate of Obligation to be issued in FY 01.

In FY 99, the Commissioners Court established a 1.5 cent tax increase for Emergency Medical Services. Due to delays in establishing new stations and hiring and training staff, not all of these funds were expensed. As such, in FY 99, the Commissioners Court established an Emergency Medical Services (EMS) reserve to be carried forward for future EMS needs. Of the original amount, \$914,829 is available to be again carried forward as a reserve in the FY 01 Adopted Budget for one-time expenditures. A total of \$232,049 was approved to be transferred from this reserve to the EMS department for one-time expenditures in FY 01.

VI. PROPERTY TAX RATE

Tax Base and the Impact on the Homeowner

The total taxable value for all Travis County property has increased from \$42.2 billion in 1999 to \$49.6 billion in 2000. The new added property improvements totals \$3.1 billion, compared to new value of \$2.4 billion in FY 00. These values continue the recent trend of a rebound in the County tax base as the economic recovery continues.

The table below depicts the impact of the Tax Rate of \$.4670 per \$100 of taxable value based on the average of all residential homeowners declaring their houses as a homestead.

Impact of FY 01 Tax Rates on Average Homestead Owner

BASED ON AVERAGE OF ALL HOMESTEADS

	1999	2000	Difference	% Change
Average Appraised Value of a Homestead	\$136,974	\$153,668	\$16,694	12.2%
Average Taxable Value After 20% Homestead Exemption	\$109,579	\$122,934	\$13,355	12.2%
Tax Rate	0.4988	0.4670	(0.0320)	(6.4%)
Annual Tax	\$546.58	\$574.10	\$27.52	5.0%
Monthly Tax	\$45.55	\$47.84	\$2.29	5.0%

The numbers shown in the above table are required to be published in the newspaper. However, there is law that places a cap of 10% on the increase in value that any one individual homeowner may experience. Since any individual homestead value may not increase more than 10% in any given year, the individual owning such a home that was valued at the average of \$136,974 will have their taxable value increase by no more

than 10% to \$150,671. As a result, this average homeowner will have a tax increase of \$16.33 per year (or \$1.36 per month). This is shown in the table below.

BASED ON 10% MAXIMUM INCREASE ALLOWED FOR ANY ONE HOMESTEAD

	1999	2000	Difference	% Change
Average Appraised Value of a Homestead	\$136,974	\$150,671	\$13,697	10.0%
Average Taxable Value After 20% Homestead Exemption	\$109,579	\$120,537	\$10,958	10.0%
Tax Rate	0.4988	0.4670	(0.0320)	(6.4%)
Annual Tax	\$546.58	\$562.91	\$16.33	3.0%
Monthly Tax	\$45.55	\$46.91	\$1.36	3.0%

The FY 01 Adopted Budget is balanced at a \$.4670 tax rate. This represents a decrease of \$.0318 in the Tax Rate from the current \$.4988 per hundred of taxable value, equaling a 6.4% decrease.

ADOPTED BUDGET TAX RATES FOR TRAVIS COUNTY
(Cents per \$100 of Appraised Value)

	Adopted FY 00 Rate	Adopted FY 01 Rate	Difference	% Change
Operating Rate	\$0.3861	\$0.3760	(\$.0101)	(2.6%)
Debt Service Rate	<u>0.1127</u>	<u>0.0910</u>	<u>(\$.0217)</u>	<u>(19.2%)</u>
Total Tax Rate	<u>\$0.4988</u>	<u>\$.4670</u>	<u>(\$.0318)</u>	<u>(6.4%)</u>

APPENDIX I

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