

## **PLANNING AND BUDGET OFFICE TRAVIS COUNTY, TEXAS**

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314 W. 11th Street  
P.O. Box 1748  
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July 20, 2006

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 2007 Preliminary Budget

Enclosed is the Travis County Preliminary Budget for Fiscal Year 2007. This document serves as a platform for the Commissioners Court to receive comments from the public and county departments on FY 07 funding priorities. It contains the recommendations from the Planning and Budget Office (PBO) for a balanced budget within the policy and fiscal directions provided by the Commissioners Court and the current information available. The final budget is scheduled for adoption by the Commissioners Court on Tuesday, September 26, 2006.

Travis County is in good financial shape. Its finances are relatively stable and the County has recently had its AAA bond rating reconfirmed by the two national credit rating agencies. The County has managed its resources carefully and has established reasonable reserves and fund balances. These preparations, along with historically careful spending, relatively low reliance on fluctuating income sources, careful adherence to a set of adopted "Financial and Budgeting Guidelines", and avoiding the use of one-time revenue for ongoing costs have all paved the way for a fundamentally sound FY 07 budget. While the County still faces budgetary challenges for FY 07, it does so with officials prepared to control costs, and implement improved efficiencies while meeting the public's demand for services.

This Preliminary Budget first has endeavored to meet the County's existing contractual and programmatic commitments, along with providing some resources for health benefit and compensation increases while maintaining the County's reserves infrastructure.

There has been some opportunity for limited programmatic growth in priority areas that meet funding criteria established by the Commissioners Court, along with some responses to critical workload demands. Recommendations to accommodate workload issues have been made when the situation can be clearly shown to be extraordinary and compelling and where harm would be done if funding is not established. As in the past, departments have continued to be encouraged to: (a) look internally within their

existing resources; (b) foster increased non-property tax revenue; and (c) not rely on increased property taxes.

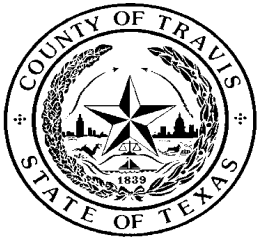
The Chief Appraiser for the Travis Central Appraisal District has indicated that the total property value will increase from \$63.5 billion certified in FY 06 to \$73.0 billion in FY 07. This includes \$2.552 billion in new property value that has not before been on the tax rolls. In addition, the average homestead value will increase from \$203,526 in FY 06 to an estimated \$225,000.

The Preliminary Budget is balanced at a lower tax rate than the FY 06 Adopted Rate. The proposed tax rate is \$.4516, which is 4.77 cents lower than the current tax rate of \$.4993. This rate is equal to the Effective Tax Rate. At this rate, the average of all homesteads will see no change in their County tax payments (totaling \$813 annually in both FY 06 and FY 07).

To meet the County's capital needs, a total of \$72,868,488 is included in the Preliminary Budget from four basic sources: the General Fund Capital Acquisition Resources (CAR) account (\$10,000,000), and debt from short-term Certificates of Obligation (\$10,875,000), Other Funds (\$1,903,488), debt from long-term bonds authorized by the voters in 2001 (\$19,175,000), and in 2005 (\$30,915,000).

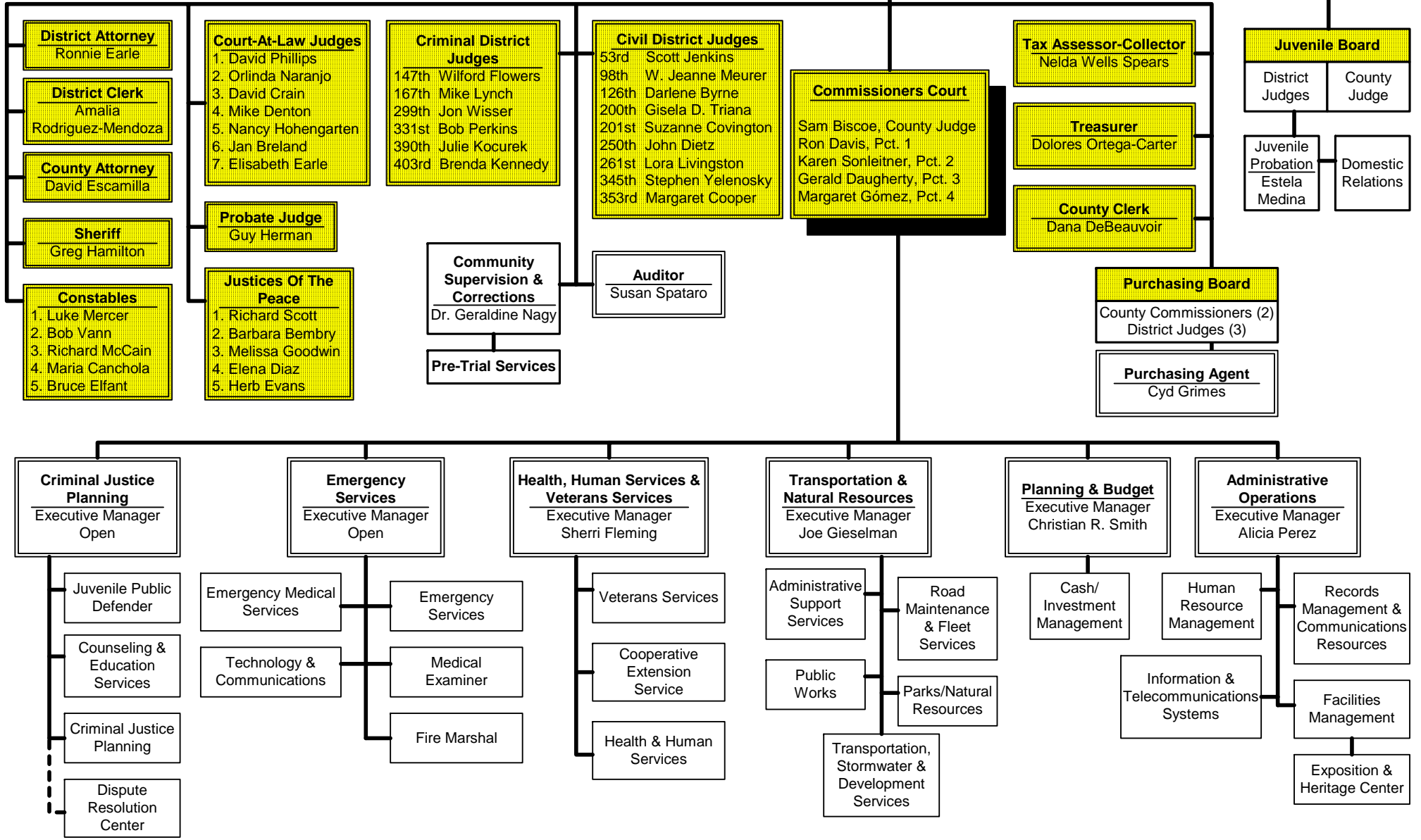
This Preliminary Budget represents a sound financial plan for FY 07. The budget has been filed with the County Clerk for the public's review. Additional copies are available in the Planning and Budget Office in the Ned Granger Administration Building, 314 W. 11<sup>th</sup> Street, Suite 540. It is also posted on Travis County's external web site, ([www.co.travis.tx.us](http://www.co.travis.tx.us)) and on Travis County's internal web site.

FY 2007 PRELIMINARY BUDGET  
EXECUTIVE SUMMARY



# TRAVIS COUNTY

## Travis County Voters



Elected Officials

**I. BASIC COMPONENTS OF THE FY 07 PRELIMINARY BUDGET**

The basic approach taken in building this FY 07 Preliminary Budget is to continue to use restraint and caution in:

- using existing resources to meet new needs;
- recommending resources for contractual, statutory or programmatic obligations;
- directing funds for previously identified priority areas;
- meeting workload needs that are clearly extraordinary and compelling, where harm would be done if not funded, and
- supporting programs where new non-tax revenue is available.

A recapitulation of the FY 07 Preliminary Budget is found in Appendix I. The FY 07 Preliminary Budget total for all funds is \$595,636,885 compared to the previous year's FY 06 Adopted Operating Budget for all funds of \$542,395,332. Below is a table summarizing the budgetary changes in key funds from FY 06 to FY 07.

**FY 07 Preliminary Budget – All Funds**

	<b>Adopted FY 06 Budget</b>	<b>Preliminary FY 07 Budget</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund (1)	\$361,882,212	385,780,225	\$23,898,013	6.6%
Road and Bridge Fund	23,528,220	23,293,057	(235,163)	1.0%
Debt Service Fund	70,017,033	73,295,536	3,278,503	4.7%
Internal Service Funds:				
Risk Management Fund	13,595,388	16,860,819	3,265,431	24.0%
Employee Insurance Fund	48,807,721	58,863,588	10,055,867	20.6%
Other Funds (2)	34,720,588	48,327,251	13,606,663	39.2%
Less Transfers	(10,155,830)	(10,783,591)	(627,761)	6.2%
<b>Total</b>	<b>\$542,395,332</b>	<b>\$595,636,885</b>	<b>\$53,241,553</b>	<b>9.8%</b>

(1) From 3rd Revenue Estimate

(2) Excludes the two internal service funds (Risk Management Fund and Employee's Insurance Fund) but includes Other Funds Not Approved by Commissioners Court.

**General Fund**

The remainder of this Executive Summary focuses on the General Fund budget, which is the primary platform for operational and policy decision making in the County. The FY 07 Preliminary Budget contains General Fund expenditures and reserves totaling \$385,780,225. This represents a \$23,898,013 increase, or 6.6% above the FY 06 General Fund Adopted Budget of \$361,882,212. General Fund revenue is based on the Auditor's Third Revenue Estimate, which assumed a projected appraised value of \$73.0 billion and a tax rate of \$0.4516. This tax rate represents a decrease of 4.77 cents from the current tax rate of \$0.4993 and is at the Effective Tax Rate.

**II. DEPARTMENTAL BUDGETS IN THE PRELIMINARY BUDGET**

Appendix I contains a comparison of General Fund departmental budgets from FY 05 through the FY 07 Preliminary Budget. The Adopted Budgets for all departments, excluding CAR amounts, increased from \$288,874,929 million in FY 05 to \$311,273,657 in FY 06. The FY 07 Preliminary Budgets for all departments total \$324,063,843 excluding CAR amounts. Appendix I contains a table entitled “FY 07 Summary of Budget Requests” that lists the 410 individual budget proposals and indicates their status.

The following table summarizes the major components of the General Fund budget.

<b>FY 07 Preliminary Budget – General Fund Revenue, Reserves and Wages</b>				
		<b>Preliminary Budget FY 07</b>		
	<b>Adopted Budget FY06</b>	<b>One-Time Expenses</b>	<b>On-Going Expenses</b>	<b>Total</b>
Beginning Fund Balance	49,005,848	54,900,366		
Property Taxes	248,444,473		259,428,720	
Other Revenue	64,431,891		71,451,139	
<b>3rd Revenue Estimate</b>	<b>361,882,212</b>	<b>54,900,366</b>	<b>330,879,859</b>	<b>385,780,225</b>
Unallocated Reserves	37,082,419	37,715,712		37,715,712
Capital Acquisition Resources (CAR) Account	8,891,219	10,000,000		10,000,000
Regular - Allocated Reserve	3,244,139	2,545,726		2,545,726
FACTS Reserve	850,000	260,000		260,000
Sheriff's Jail Overcrowding/Out of County Reserve	307,040	312,800		312,800
Southwest Metro Park Reserve in '06	233,738	0		0
Inmate Pharmacy Reserve		0	248,000	248,000
Annualization Reserve		626,851		626,851
Imaging Division Reserve		285,063		285,063
<b>Sub-Total</b>	<b>50,608,555</b>	<b>51,746,152</b>	<b>248,000</b>	<b>51,994,152</b>
<b>Departmental Base Budgets</b>	<b>286,143,96</b>		<b>311,962,968</b>	<b>311,962,968</b>
<b>Wage Requirements:</b>				
Health Benefits Increases	2,386,550		2,467,775	2,467,775
Compensation – Rank and File	5,607,808		4,607,158	4,607,158
Compensation – Peace Officers	3,918,608		665,000	665,000
Career Ladders	210,145		260,582	260,582
Elected officials' salaries (excluding judiciary)	136,823		52,588	52,588
Judicial salary increases			367,343	367,343
Retirement contribution & retiree COLA – net in 06	161,835		1,329,673	1,329,673
Retiree CPI-based COLA			232,693	232,693
Offset to State support for Judges' salaries	(364,535)	0	0	0
<b>Sub-Total Wages and Benefits</b>	<b>\$12,057,234</b>		<b>\$9,982,812</b>	<b>\$9,982,812</b>

<b>FY 07 Preliminary Budget – General Fund Other Expenses</b>				
		<b>Preliminary Budget FY 07</b>		
	<b>Adopted Budget FY06</b>	<b>One-Time Expenses</b>	<b>On-Going Expenses</b>	<b>Total</b>
Sheriff's Office		160,500	1,984,700	2,145,200
New Criminal Court (excludes Sheriff shown above)			1,072,989	1,072,989
Balcones Canyonland Preservation transfer			1,063,590	1,063,590
Constables (includes 5 Execution Specialist Teams)			1,013,583	1,013,583
ITS maintenance of current effort			791,794	791,794
EMS interlocal			789,508	789,508
Juvenile Justice initiatives			696,745	696,745
County Attorney Trial & Criminal Intake teams			541,456	541,456
New Parks			533,068	533,068
Fuel cost increases			499,615	499,615
Health/Human Services obligations and services			441,768	441,768
New ITS staffing			430,887	430,887
Justices of the Peace			431,379	431,379
Utilities for general county facilities			372,502	372,502
Maintenance and custodial for new facilities			295,695	295,695
Indigent Attorneys & Other Mandated Fees			261,940	261,940
Medical Examiner			221,667	221,667
Facilities Mgt. new project staffing team			157,417	157,417
Mental Health Public Defender grant match			125,000	125,000
District Clerk's office			106,475	106,475
Pretrial Electronic Monitoring Program			106,040	106,040
CTECC and Regional Radio System			95,009	95,009
Pretrial mental health caseload			94,305	94,305
Postage			60,000	60,000
Offsite Storage			60,000	60,000
Various office moves		55,232		55,232
Starflight compensation match			52,688	52,688
DA funding for Center for Child Protection		47,700		47,700
Counseling Center instructor staff			45,997	45,997
Pretrial Ignition Interlock program			45,799	45,799
Fuel and repair for new vehicles			39,475	39,475
Reduction for third party claims administrator			(99,500)	(99,500)
Leases			(983,846)	(983,846)
Other increases among various depts. – net			229,116	229,116
<b>Total Increases</b>	<b>13,072,461</b>	<b>263,432</b>	<b>11,576,861</b>	<b>11,840,293</b>
<b>Total Expense</b>	<b>361,882,212</b>	<b>52,009,584</b>	<b>333,770,641</b>	<b>385,780,225</b>
<b>Net</b>	<b>0</b>	<b>2,890,782</b>	<b>(2,890,782)</b>	<b>0</b>

**III. PERSONNEL CHANGES**

The following table reflects a summary of position changes in the General Fund. The details on each position are contained in the Appendix under “Positions Changes List” Table 3.

**General Fund Position Changes**

General Fund	Added	Removed	Total
County Attorney Trial & Intake Teams	8	0	8.00
ITS Additional Staff	6	0	6.00
Constable Writ Teams	10	0	10.00
Sheriff	21	0	21.00
JP Collections	5	0	5.00
Maintenance for New Bldgs & Custodial Improvements	10	0	10.00
New Court	15.5	0	15.50
New Parks	9	0	9.00
Juvenile Detention	14	0	14.00
Juvenile Justice	6.25	0	6.25
Other Maintenance of Current Effort	10	-5	5.00
Other New or Expanded Programs	4	0	4.00
<b>Sub-Total-New Resources Needed</b>	<b>118.75</b>	<b>-5</b>	<b>113.75</b>
Revenue Related	15	-7	8.00
FY 06 changes approved Mid year	16.5	-2.8	13.70
Internally Funded	22.12	-5.09	17.03
<b>Total</b>	<b>172.37</b>	<b>-19.89</b>	<b>152.48</b>

A total of 172.37 new regular FTE are added to the FY 07 General Fund, and 19.89 FTE are removed, for a net increase of 152.48 FTE. Of these positions, 8 are associated with new revenue, 17.03 FTE were internally funded by the departments and 13.7 are increases that were approved by the Commissioners Court midyear during FY 06 and incorporated into the FY 07 budget.

113.75 of the FTE required additional resources for the departments. 48.5 of the new positions are to staff new buildings, courts and parks, which are initiatives to be completed for FY 07. These positions consist of 15.5 FTE associated with the opening of a new District Court, 14 FTE to staff the first pod of the Juvenile Detention expansion, 10 FTE to provide maintenance for new buildings, and 9 FTE associated with the opening of the new parks. 21 FTE were added to the Sheriff’s Office primarily for increased communications staff, law enforcement, and a mental status assessment team. 15 FTE were added in the JP’s and Constables for increased JP collection efforts and Constable Writ Teams. The County Attorney received 8 FTE for expanded trial and intake enhancements. 6.25 additional FTE were added to Juvenile Probation for increased grant and workload needs. Information and Telecommunications Systems (ITS) received 6 FTE to manage the increasing computer needs of the County. A net 9



additional FTE were added to a variety of departments for other maintenance of current effort and programmatic needs.

#### **IV. MAJOR FY 07 FUNDING ISSUES**

The following section provides further details regarding major funding issues that are addressed in the FY 07 Preliminary Budget. Aside from ensuring that the County's reserves are adequate and that compensation and benefits keep up with current market conditions, most of the remaining increases in the FY 07 budget are:

- established to meet existing legal, contractual or programmatic obligations or to keep existing service levels ("Maintenance of Current Effort");
- consistent with priority program areas established by the Commissioners Court to address the mentally ill in the jail, substance abuse, and workforce development;
- workload increases that are extraordinary and compelling and where harm would be done if not funded; or
- associated with revenue to support them.

The Maintenance of Current Effort increases address prior commitments of the Commissioners Court, such as various interlocal agreements, unit cost increases in critical operating expenses, and other contractual and programmatic obligations. The largest of these increases are outlined in the following sections of this Executive Summary.

#### **A. Sheriff's Office Increases**

The following provides a general outline of increases to the Sheriff's Office budget contained in the Preliminary Budget.

##### **1. The Current Situation**

This FY 07 Preliminary Budget is predicated on the assumption that the inmate Average Daily Population (ADP) in the jail complex will be at 2,675 inmates. This inmate count represents 100 more inmates than is currently expected to occur in FY 06 and is the same level as was originally budgeted in FY 06. (A total of 42 more corrections custody staff were added in FY 06).

Between FY 00 and FY 02 the ADP rose to a level that was unsustainable within the existing staffing pattern and jail bed capacity. In FY 03, a number of jail overcrowding initiatives were put in place. This had the beneficial effect of reducing ADP by 458 inmates, to 2,263. Since that time, the inmate ADP began to grow upward again, but in 2006 the rate of growth started to level off due to further initiatives to control the jail population.

An analysis of monthly variations in jail population over the last 5 years was developed to establish a reasonable prediction of jail population in FY 07. In the absence of any further direct interventions to reduce this population it was necessary to answer the question, "At what inmate level should the Corrections Bureau be staffed if current trends stay the same?" This analysis revealed that the predicted

average jail population throughout all of FY 07 would be 2,675, an increase of 100 inmates over FY 06. The additional staff and operating resources in this budget are predicated on the accuracy of this projection.

## **2. Pharmaceutical and Medical Services**

The management of the pharmaceutical and medical services budget represents a very substantial fiscal challenge for the Sheriff in both FY 06 and FY 07. The pharmacy program funding has been increased in the Preliminary Budget due to increased spending in this area. This budget will be exceeded in the current year and additional resources will be needed in FY 07. Poor health conditions among inmates, prior existing conditions, and increasing medical costs have all contributed to this situation. A total of \$559,712 has been added to the pharmacy program, composed of \$311,712 appropriated to the Sheriff's Office and a \$248,000 Pharmacy Reserve. This reserve is intended to be evaluated in early FY 07 to determine whether to contract for this cost or to use 3.5 County FTE for this purpose. The addition of \$311,712 will bring the total Sheriff's Office pharmacy line-item budget to \$1,284,000. Expenditures in the medical services budget have also been above budget and a total of \$284,283 has been added to the Preliminary Budget for medical services. The total medical services line-item budget will be \$1,332,713.

## **3. Out-of-County Reserve**

The Preliminary Budget contains an Out-of County Inmate Reserve of \$312,800 in recognition that the number of inmates is not in the direct control of either the Sheriff or the Commissioners Court. The inmate population is the result of a complex set of conditions and decisions that exist within the entire criminal justice system, composed of the police, the prosecutors, the defense lawyers, and the courts. While the inmate population is budgeted at the same 2,675 level as was originally budgeted in FY 06 (and 100 higher than is currently expected to occur in FY 06), it is currently planned that the new jail reconstruction project will eliminate one of the jail buildings in FY 07 (Building 4, or its equivalent). While this may not happen due to delays or other changes, it is reasonable to budget for the removal of this building from the complex. This will require the inmates who would normally be located in Building 4, or its equivalent, to be moved to an out-of-county location. A reserve of \$312,800 represents the out-of-county costs for 85 inmates for 3 months over the summer at \$40 per day.

## **4. Communications Section Staffing**

The Sheriff's Communications Section is responsible for the dispatching of all calls coming into the Sheriff's Office at the Combined Transportation Emergency and Communication Center (CTECC). The Sheriff's Office is the only entity at the CTECC that does not have 24/7 supervision, and call volume has been increasing. The last increase in dispatchers was in 1997. The Preliminary Budget contains funding for two additional Communications Supervisors and seven Telecommunications Specialists at a cost of \$389,417. This cost may be able to be offset through additional revenue charged to other jurisdictions for dispatching services; however, agreements with such jurisdictions have not yet been fully developed.

**5. Central Booking Intake Officers**

The City of Austin has requested two additional Corrections Officers at Central Booking for intake control. These officers would supervise prisoners during the prisoner property inventory process during peak hours. The City would provide 80.5% of the resources to fund these positions under the current status of negotiations on the Central Booking interlocal agreement. The Preliminary Budget has included them based on the City's request at a cost of \$105,991 (composed of \$103,291 for the officers and \$2,700 in capital).

**6. New Law Enforcement Positions**

Seven new positions are included in the Sheriff's Law Enforcement Bureau, at a cost of \$244,542 in the General Fund and capital of \$127,013 (totaling \$371,555). These seven positions are for the following purposes:

- 2 Deputy Sheriffs for the Community Services and Outreach unit to participate in proactive programs in the community, at a cost of \$105,889 in the General Fund and \$105,071 in capital;
- 2 Detective positions in the Criminal Investigations section, to focus on child abuse and white collar crime, at a cost of \$146,753 in the General Fund and \$13,842 in capital (totaling \$160,595). Two of the 90 patrol vehicles scheduled for replacement will be retained for these Detectives; and
- 3 Deputy Sheriff training positions in the Patrol Division to allow probationary Deputy Sheriff's to continue their training while riding with another Deputy Sheriff in areas where back-up is frequently required. These positions have a net cost of zero, since their cost is funded internally through a change in the Sheriff's managed vacancy savings.

**7. Other Sheriff's Office Staffing and Operating Costs**

A Risk Safety Specialist and a Carpenter position in the maintenance area have been added and two Corrections Officer positions have been removed. These functions were previously performed by Corrections Officers and making the positions full time civilian positions will eliminate the discontinuity of rotating ad hoc Corrections Officers. (This results in a net savings of \$918.) In addition, a Senior Planner/Management Research Specialist was added in the General Fund for one year in anticipation of additional grant funds coming to the office. The total cost of the Senior Planner is \$59,213 (\$55,942 in salary and benefits and \$3,271 in capital).

The new 427th Criminal District Court will require two security officers serving as bailiffs and performing other duties. These positions are referenced below under the discussion for this new Court. The total annualized cost of these two officers is \$104,441 plus \$5,400 in capital for a total cost of \$109,841. The new Criminal Court is also expected to generate additional inmate transportation obligations. As a result, an additional Transportation Officer (annualized at \$52,246) and a transport van (costing \$40,200) and radio equipment (costing \$2,700) have been included in the

Preliminary Budget. Increased utilities costs in the jail have also resulted in adding \$230,311 in the Preliminary Budget.

Three technology-related programs are also in the Preliminary Budget. The first is \$148,725 to improve the wireless data transfer in each patrol car that uses a mobile data computer. The original modems are a nine year old technology and recent improvements will allow the County to offset this operating cost through lower replacement costs in less than 5 years. In addition, the Preliminary Budget contains funds for the acquisition of a computerized management maintenance system and a new scheduling system (costing \$142,500) that can be funded internally through a reduction in overtime cost of \$139,840, for a net cost of \$2,660 for both systems. Other changes include a decreased transfer to the Courthouse Security Fund of \$100,807 based on the financial status of this fund. Finally there are minor increases for inmate tactical gear and operating changes of \$17,225, and continuation of the after hours and weekend security coverage at the H.E. Sweatt Courthouse of \$16,357.

**8. Summary of Increases Related to the Sheriff’s Office**

The following is a summary of the increases (totaling \$2,145,200) related to the Sheriff’s Office budget, excluding the two special reserves for the Sheriff under the Commissioners Court.

Communications Section staffing	\$389,417
Pharmaceuticals	311,712
Mental Health Status Assessment Team (see below, explained under mental health initiatives)	309,325
Medical Services	284,283
New Law Enforcement positions	244,542
Utilities (described below in utilities section)	230,311
Wireless Data Services	148,725
Central Booking Intake Officers	103,291
New Court Security Officers (see new Criminal Court section below)	91,747
Finance/Research and Planning	55,942
Transportation Officer	41,388
Corrections tactical gear and minor operating changes	17,225
H. E. Sweatt Courthouse security coverage in lieu of Facilities Mgt.	16,357
Two Computerized Scheduling Systems (net cost)	2,660
Maintenance section staffing	(918)
Decreased transfer to Courthouse Security Fund	(100,807)
<b>TOTAL</b>	<b>\$2,145,200</b>

In addition, a Pharmaceutical Reserve totaling \$248,000 and an Out-of-County Inmate Reserve of \$312,800 has been established under the Commissioners Court. Five nursing positions added are internally funded (at a cost of \$436,402) by a dollar-for-dollar reduction to outside contract nursing services to allow an opportunity to have more flexibility in managing this cost. Further, a lead accountant and a

conversion of two half-time chaplains are added and funded from the Sheriff's Inmate Welfare Fund.

The above table does not include \$665,000 to fund the Peace Officer Pay Scale approved step increases (discussed in the compensation section below). The table also does not include \$887,292 in various capital costs (including capital for new FTE) and \$3,195,750 to replace 90 patrol cars and other vehicles and equipment. The total Sheriff's Office capital funding is \$4,083,042, as reflected in the capital section of this Executive Summary.

**B. New 427th Criminal District Court**

The Preliminary Budget anticipates the future operation of the new 427th Criminal District Court. This Court was created by the 79th Legislature and will be the seventh Criminal District Court in Travis County. It is effective January 1, 2007. It is expected that the Judge for the new 427th District Court will be appointed and the courtroom fully operational by that time. The Preliminary Budget includes \$1,662,450 for this purpose in the following budgets:

Department	Purpose	FTE	Cost
Criminal Courts	District Judge, Court Reporter, Judicial Aide personnel & operating	3	\$69,935*
Criminal Courts Legally Mandated Fees	Indigent Attorneys Fees and other mandated fees		401,750**
District Attorney	Prosecution Team and support personnel	9.5	532,495
Sheriff's Office	Security Officer for bailiff functions	2	91,747
Sheriff's Office	Transportation staff	1	41,388
District Clerk	Court staff	2	66,787
CSCD	Operating costs		2,022
<b>Sub-Total, Depts. in '07</b>		<b>17.5</b>	<b>\$1,206,124</b>
Annualization Reserve	To fully budget annual costs in FY 08		262,841
<b>Sub-Total, Ongoing in '08</b>		<b>17.5</b>	<b>\$1,468,965</b>
Various Depts. – Capital	One time Capital & new court technology		193,485
<b>TOTAL</b>		<b>17.5</b>	<b>\$1,662,450</b>

\*After internal reallocation of \$52,261 from temporary Jail Overcrowding Courtroom.

\*\*After internal reallocation of \$20,250 from temporary Jail Overcrowding Courtroom. The \$401,750 amount includes \$397,000 in indigent attorneys' fees; the remainder is other mandated costs.

**C. Indigent Attorneys' Fees**

In 2001, the 77th Texas Legislature passed the Fair Defense Act (FDA) to reform the way court appointed legal counsel is provided to indigent defendants. Based on FDA requirements, the Criminal District and County Court-at-Law Judges adopted a new fee schedule for attorneys representing indigents as well as standards to determine indigency of defendants. These changes, along with increased caseload and other factors, have resulted in increased expenditures for these mandated costs.

These expenditures are expected to remain within budgeted resources for FY 06, but are expected to require an additional \$174,000 in FY 07 for the Criminal County Court-at-Law cases and \$75,000 for Civil District Court cases (along with \$12,940 in other legally mandated court costs). An additional \$397,000 has been added for the new 427th Criminal District Court (along with other mandated fees of a net \$4,750 for a total of \$401,750). With these increases, a total of \$3,275,495 in on-going resources has been added to the Criminal and Civil Indigent Attorney Fee budgets since FY 02 (\$1,029,495 in FY 03, \$1,100,000 in FY 04, \$200,000 in FY 05, \$300,000 in FY 06 and \$646,000 in FY 07). Due to the potential for considerable fluctuations in these expenditures, earmarks against the Allocated Reserve for the Criminal and Civil Courts have been included for a total of \$400,000 for court mandated expenses.

#### **D. County Attorney's Office**

The FY 07 Preliminary Budget includes \$541,456 to provide additional prosecutors for the office's growing criminal caseload in the County Courts-at-Law and Justice Courts. This consists of \$349,019 and five FTE for a Trial Team that will add four additional prosecutors and one investigator for the office prosecutor staff for the County Courts-at-Law. The Trial Team will focus the preparation of additional cases on the docket. These are primarily the result of an increased number of Driving While Intoxicated (DWI) cases filed with the goal of increasing the number of dispositions in FY 07. The budget for the Trial Team also includes an additional \$52,730 in one-time capital costs. Another \$35,951 has been included as a grant match for the office's Comprehensive Underage Drinking Program to discourage alcohol consumption by teenagers. This amount includes \$18,351 that was funded with County Attorney Processing Site Order Fees (CAPSO) transferred to the General Fund..

Also included is \$192,437 for a Criminal Intake Team consisting of two Attorneys and one Paralegal to address the pending criminal caseload at the Justice Court level. The budget for the Criminal Intake Team also includes an additional \$18,788 in one-time capital costs.

The FY 07 Preliminary Budget also includes 3.5 FTE to provide legal support to Transportation and Natural Resources (TNR) related to the County's bond program. The funding for the TNR Support Team (totaling \$218,014) has been fully offset by an adjustment to the office's budgeted salary savings since the expenses incurred from the team will be reclassified and charged against the appropriate bond funds.

#### **E. Juvenile Justice Initiatives**

The Preliminary Budget includes a total of \$696,745 in the General Fund for juvenile justice initiatives. The opening of eight newly constructed detention beds as of May 1, 2007 will require \$302,918 in personnel (14 FTE) and operating funds along with \$33,577 in capital (for a total of \$336,495). In addition, a total of \$276,052 is included in an Annualization Reserve so that funds will be available in FY 08 for a full twelve months of operations of these detention beds and to avoid a "ratchet" of expense in that subsequent year. These resources will increase the detention capacity of the Juvenile Justice Facility from 96 to 104 beds.

\$163,583 is included for two grant programs. The first is to replace lost state grant funding being used to support the Intermediate Sanctions Center, which is the residential treatment component of the Juvenile Justice Facility. The second is to provide the fourth year of a five year grant match for a Guardian Ad Litem for children whose parents are in protective order litigation.

\$74,820 is included in the Preliminary Budget to continue to supplement salaries and benefits beyond what the State provides to support the Progressive Sanctions program, which is consistent with practices in prior years. In addition, \$95,281 is included in the Preliminary Budget for two additional Juvenile Probation Officers in the Intermediate Sanctions Program to increase the number of juveniles who can be deferred to supervised probation, rather than sentenced to detention. Also, \$60,143 is added to the Preliminary Budget to address additional computer technical support needs.

#### **F. Mental Health Initiatives**

There are three mental health initiatives included in the Preliminary Budget in three different offices that all endeavor to have a beneficial impact on mentally ill persons within the criminal justice system. The cost of these initiatives totals \$528,630 and they are outlined below.

##### **1. Mental Health Public Defender Grant Match**

Travis County was awarded a grant from the State to establish a Mental Health Public Defender (MHPD) Office. This office will aid in the County's quest to provide continued legal representation and assistance to mental health defendants. The MHPD will represent clients in their criminal cases, while at the same time attempt to connect them to available services and treatment options. In addition, the MHPD will support the existing court appointed counsel in their efforts to provide this type of holistic approach to the representation to their clients. The MHPD Office also will seek systemic solutions to get and keep defendants with mental illness or mental retardation out of the criminal justice system.

The total annual budget for the program is \$625,000, with the state funding \$500,000 and the County funding \$125,000 for a 20% grant match requirement in FY 07. Matching funds will increase in future years. This is a pilot program with internal and external evaluation components. The Commissioners Court will review the County's grant match commitment for the program during the budget process each year. Should the program not fully reach the stated objectives, changes can be made to this pilot project or the program can be discontinued. It may take two or more years for the full benefits of the program to become evident and fully measurable.

##### **2. Mental Health Pilot in Pretrial Services**

In FY 06, two Senior Pretrial Officers were added as part of a pilot program in Pretrial Services to specialize and focus on the release and supervision of mentally ill offenders pending case disposition. The senior officers specialize in the area of mentally ill defendants and have credentials and experience working with this population. A review of the results of this program has revealed that the pilot is

having its intended outcomes and that the two positions should be made permanent. Two FTE and \$94,305 is included in the Preliminary Budget for this purpose.

**3. Mental Health Status Assessment Team**

A Sheriff’s Mental Health Status Assessment Team (MSAT) is included in the Preliminary Budget. This team is intended to identify and diagnose inmates with mental illness within 48 hours of intake at Central Booking through a comprehensive Mental Status Assessment (MSA). These MSA diagnoses would quickly provide relevant information to Court Administration and the County Attorney’s Office to prevent inmates from being misdirected to the mental health section of the Criminal Courts and more correctly assign them to the regular jail call docket. This will allow a quicker disposition of these cases which should result in shorter jail stays and fewer jail bed days. Additionally, the MSAT program is intended to more effectively link appropriate inmates to the resources, therapies, and treatments designed to have a positive impact on their recovery. The MSAT will require reassignment of seven existing FTE and the funding of seven new FTE’s at a net cost of \$309,325 plus \$7,157 in capital, for a total of \$316,482.

**G. Information Technology**

The Preliminary Budget contains additional resources in the Information and Telecommunications Systems department (ITS) as summarized below.

**1. Information Systems Support**

A variety of professional service and maintenance agreement increases and computer-related upgrades are included for information systems support requirements in the Information and Telecommunications Systems Department (ITS). These total \$791,794 and are summarized in the table below.

Maintenance agreements	\$293,069
Telecommunications systems upgrades	291,000
Major computer systems upgrades	154,500
Civil Courts Document Management System	28,225
Evercom contract temporary employees	25,000
<b>Total Operating Budget increases</b>	<b>\$791,794</b>

An additional \$2,717,399 of one-time capital is included in ITS. This amount is comprised of \$1,933,399 for major computer system and file server replacements, \$413,000 for Ethernet and Telecommunications Systems scheduled upgrades, \$140,000 for Mobile Data Computers and maintenance software, \$100,000 for computer room flooring repair, and \$131,000 for other scheduled hardware and software replacements. This capital is outlined in the capital section of this Executive Summary and is also listed in detail in the Appendix.

**2. Information Systems Staffing**

There are six positions included in the Preliminary Budget for ITS that will allow the department to maintain its current levels of effort. There are four Systems Engineers



to support a dramatic increase in the number of users, servers, applications, and databases in the County over recent years, one Customer Support Specialist to respond to a dramatic increase in help desk obligations, and one Accounting Clerk to help manage and control the assets of the department and free up higher level staff to perform duties more consistent with their expertise. A total of \$458,353 is included in the Preliminary Budget for these purposes, composed of \$430,887 in personnel and operating and \$27,466 in capital.

#### **H. Justice of the Peace Offices**

The Preliminary Budget includes funding of \$215,797 for one Court Clerk in each of the five Justice Courts to handle workload related to the Central Collections Program. In addition, funding of \$84,038 for two new Court Clerks in the Justice of the Peace, Precinct 2 is included based on additional revenue of \$113,783 being certified by the Auditor's Office. A new Business Analyst I position is funded in the amount of \$76,829 for all the Justice Courts out of the Justice Court Technology Fund. This position will be budgeted in Justice of the Peace, Pct. 3, but will serve the five Courts much as the current Accounting Team does.

Justices of the Peace, Precincts 2 and 5 also include funding for temporary salaries of \$14,910 and \$15,145 to handle accounting workload and criminal warrant processing, respectively. Other funding totaling \$14,000 is provided for adjustments to the visiting judge line item to account for increases in the Justice of the Peace salary, upon which the visiting judge pay is based. In addition, funding of \$19,583 is included for additional visiting judge days for the Justice of the Peace, Pct. 2, based on workload levels in that precinct.

Justice of the Peace, Pct. 3 had \$60,000 in funding restored for the continuation of the third party collections vendor for another year. The County Auditor will certify that amount of revenue for FY 07, making it cost neutral.

A series of smaller increases for ongoing expenses total \$7,906 across the five offices.

#### **I. Constable Offices**

Each of the five Constable's Offices is funded for a Writ Execution Team consisting of a Sr. Deputy and an Accountant Associate. These teams will serve as specialists in the serving and processing of writs of execution, which are legally and financially complex judgments. This funding totals \$507,766 in ongoing operating expenditures as well as \$187,901 in one-time capital across the five offices. In addition, each of the five Constable's offices is funded for cellular air time and software related to the Mobile Data Computers funded by Commissioners Court in FY 06. This funding totals \$40,200 in ongoing air time costs. The five Constable's Offices are also receiving capital funding for six replacement vehicles and new vehicles and equipment for the new staff.

Constable, Pct. 2 is funded \$55,070 for a Court Bailiff position as well as \$195,180 for two Warrant Teams consisting of two Deputies and two Court Clerks. All five positions are revenue positive, as the County Auditor will certify revenue of \$259,076 for these

positions. In addition, Constable, Pct. 2 is funded a total of \$18,195 for a records filing system, training funds, subscription services for skip tracing, and printing of updated ticket books.

Constable, Pct. 3 is funded \$55,393 for a new deputy related to the Shady Hollow MUD interlocal agreement along with equipment for a replacement vehicle. This expense is reimbursed by the Shady Hollow MUD. In addition, this office is funded for a bailiff at a cost of \$52,808 and \$10,000 for subscription services for skip tracing. Some of the skip tracing services used in this office allow staff in other offices to use the service also. Constable Pct. 5 is funded for the continuation of the Disabled Parking Enforcement Program. The funding for one Deputy Constable, temporary salaries for a Court Clerk, and ongoing operating budget of \$73,771 is completely covered by revenue. This program began as a volunteer-driven program and was funded as a pilot program in FY 06.

#### **J. Ignition Interlock Staff**

The Ignition Interlock Program provides for a device that is installed in a car as a condition of release under state law. This device requires individuals to have their breath checked for alcohol content before they can turn on the ignition. This can be an especially effective tool for those in a pretrial status as well as those convicted of Driving While Intoxicated (DWI). A change in the law and an increase in DWI offenders in pretrial status have fostered a substantial increase in the program caseload. An additional pretrial officer has been included in the Preliminary Budget for this purpose at a cost of \$49,240 (\$45,799 in salaries and operating plus \$3,441 in capital).

#### **K. Electronic Monitoring Pilot**

Pretrial Services has had an Electronic Monitoring Pilot program in place during FY 06. The Preliminary Budget includes \$106,040 for two FTE to continue this program, as the results in reducing the inmate count have proven to be worthwhile.

#### **L. District Clerk's Office**

The Preliminary Budget includes funding of \$73,130 in General Fund resources and \$2,199 in District Clerk Records Management Fund (Fund 055) resources for the continuation of the Business Systems Analyst position that was previously funded by the County Clerk through the County Clerk Records Management Fund (Fund 028). With the implementation of FACTS, I-Jury, e-filing, and the Document Management System (DMS) in this office, this position continues to be needed.

In addition, this office is funded for two new Court Clerks for the new 427th District Court as well as \$20,512 for a half-time Bond Accountant. The Bond Accountant will handle new workload being undertaken by this office. This office is also funded \$51,820 in capital for 20 new PCs to be used by the public in its public research areas. Currently, hand-me-down computers are used that cannot support the new FACTS and DMS programs concurrently.

The District Clerk's Office is internally funding the additional benefits costs related to granting two temporary Imaging Production Techs permanent status. In addition, another \$12,833 was added in order to fund approved compensation increases through a transfer from the District Clerk Records Management Fund.

**M. New Park Opening**

In 2001 voters approved the acquisition of a new metro park in the Southwest region of Travis County. In 2005 voters further approved the acquisition of 2,406 acres including 513 acres of existing parkland in Southwest Travis County, called Reimers Ranch. A special reserve of \$233,738 was established in FY 06 in anticipation of operating this park as well as an earmark on the CAR Reserve totaling \$68,245. These funds were transferred to the Transportation and Natural Resources department in late Fall after the purchase of Reimers Ranch. For FY 07, the Preliminary Budget includes funds for three more Park Maintenance Workers (\$235,618 in personnel and operating funds) and another \$118,250 in capital in the General Fund to operate this park.

In addition, the East Metro Park also officially opened in FY 06. The Preliminary Budget includes funds for six additional Park Maintenance Workers (\$297,450 in personnel and operating) plus another \$228,550 in capital to support this park. (In FY 05, a total of eight park workers were funded for the initial operation of this park).

As in previous budgets, the resources for new park staff are established at a similar level as what has been approved by the Commissioners Court for the other Metro Parks.

**N. Medical Examiner's Office**

The Medical Examiner's Office has been undergoing a variety of major changes in its staffing patterns and operations, with a goal of being certified by the National Association of Medical Examiners. Among other things, this certification requires that the workload of the physicians and related staff be managed and staffing provided to ensure that the appropriate standards of quality are maintained. During FY 06 seven FTE were added to the department to move the department toward meeting this certification goal. The FY 07 Preliminary Budget contains increases to the General Fund totaling \$221,667, which includes \$44,733 for the addition of a Quality Control Analyst, \$42,018 to hire an additional Forensic Tech position, \$86,777 in additional operating expenses and \$48,139 to reorganize the department to create a Deputy Chief Toxicologist as well as allow several investigator positions to be upgraded.

The Preliminary Budget also contains \$226,606 in capital equipment to support the office, including \$185,470 in equipment improvements, \$36,795 for a new vehicle, and \$4,341 in computer equipment for the Quality Control Analyst position.

**O. Health and Human Services Contract Obligations and Programs**

There are interlocal agreements between the County Health and Human Services Department (HHS) and the City of Austin for health services. These agreements outline the various services and costs related to health service programs. A total of \$318,626 is

included in the Preliminary Budget to fund increased HHS costs from the City of Austin. \$218,626 of this amount is related to a modification to the manner in which costs are allocated between the City and County. Another \$100,000 is related to the County HHS staff performing contract monitoring and management responsibilities that were previously performed by the City. Also included is an expansion to the Healthy Families program and the Children Providing Families with Intervention Referral Support and Training (Children FIRST) program. This expansion adds 2 FTE to Health and Human Services and \$111,712 to provide increased support for children's services programs provided by HHS. Both programs have been shown to be very effective at preventing and mitigating the harmful effects of child abuse in the community.

**P. Reduction for Third Party Claims Administrator**

The FY 07 Preliminary Budget includes a reduction of \$99,500 in the Human Resources Management Department (HRMD) that was budgeted as a transfer for the Risk Management Fund for a third party claims administrator contract. The contract will not be renewed and the services will be provided in house with an additional FTE budgeted directly in the Risk Management Fund that will be paid by interest earnings in the fund.

**Q. Facilities Management Planning Design and Construction Staffing**

A total of \$157,417 has been included in Facilities Management for two additional staff (Project Manager and Senior Architectural Associate) and associated operating expenses to provide for increased workload related to the implementation of the Travis County Correctional Complex Design/Build Project.

**R. Other Maintenance of Current Effort Requests**

**1. Utilities**

Utilities costs are budgeted in the Sheriff's Office for the Correctional Complex and downtown jail and in Facilities Management for all other county buildings. Both have experienced increased utilities costs. The Facilities Management FY 06 utilities budget totals \$2,979,333, and it is expected that there will be a current year shortfall due to increased expenditures, due to increased fuel costs as well as new buildings. It will be necessary to make a transfer to cover the FY 06 utilities budget deficit. The FY 07 Preliminary Budget includes \$372,502 in the Facilities Management utilities budget along with a \$115,000 earmark against Allocated Reserves for increased utility costs. It is difficult to predict summer utility usage due to the volatility of weather in Texas, and a two-pronged approach of an appropriation and an earmark allows some flexibility for the department to update the Commissioners Court on this large expense throughout FY 07. The Sheriff's Office utilities budget totals \$2,095,802 and \$230,311 has been added in the Preliminary Budget due to similar circumstances.

**2. Fuel Cost Increases**

Continued increases in the price of gasoline have been widely publicized throughout the country. This affects the County's fleet of automobiles and trucks in a similar fashion as it affects all who purchase gasoline privately. While Travis County has a special contract for fuels, it too has been affected by recent price increases. A total of

\$499,615 is included in the Preliminary Budget General Fund for Transportation and Natural Resources in order to fund these projected price increases which are projected to be at least 30% over FY 06 budgeted price levels, along with a projected increase in the annual number of gallons used. Due to the potential that this appropriation will not be sufficient for the entire fiscal year, an earmark against the Allocated Reserve of \$151,013 has been included for further fuel price increases of approximately 20 cents a gallon. Another \$39,475 was added for fuel and repairs for new vehicles added to the fleet.

### **3. Leases**

The Commissioners Court and Facilities Management have had a long term multi-year strategy to increase the amount of County-owned space and decrease the amount of leased space for county programs. In FY 07 a variety of county departments will be moving out of leased space into new county owned space. In addition, the County purchased the Precinct Two Office Building and a building on South Congress that were previously leased. A total savings of \$983,846 is included in the Preliminary Budget to reflect these changes. Depending upon the allocation of space for various programs, it may be necessary to secure additional lease space in FY 07.

### **4. Maintenance and Operation and Custodial Costs for New Facilities**

The County will occupy additional space in FY 07, including 42,000 square feet of added space at 5501 Airport Boulevard, 58,000 square feet of newly acquired space at 5555 Airport Boulevard, 18,800 square feet of space at 2501 South Congress Boulevard, and 22,392 square feet of added space at the Precinct 2 Office Building. A total of \$295,695 in custodial and maintenance costs is included in the Preliminary Budget due to this additional space as well as increased custodial staffing due to workload issues. An Annualization Reserve of \$87,958 has been included since some of the space will not be operational until after the beginning of FY 07. A total of eight new custodians plus two new maintenance personnel are included along with related operating and capital costs.

### **5. Postage**

The Preliminary Budget includes \$60,000 in ongoing resources for postage increases, to meet FY 06 increases in the US Postal Service rates along with increases in countywide mail volume. In addition, an earmark of \$80,000 in the Allocated Reserve is included to cover the rate hike approved in May 2006 by the US Postal Service (USPS) Board of Governors to adjust postal rates in spring 2007 to cover increasing USPS operational costs.

### **6. Offsite Storage**

Travis County has a contract with a vendor for the storage of records from all County departments. The total budgeted cost of this contract in FY 06 is \$477,948 across three funds. Over the last three years, the County has been experiencing an increase in off-site storage costs, and this is continuing into FY 07. The Preliminary Budget includes \$60,000 in the Records Management and Communications Resources

Department for this purpose. In addition, an earmark on Allocated Reserves is included for \$55,000 in the event that offsite storage costs continue to rise.

#### **7. Emergency Medical Services Base Contract with the City of Austin**

Travis County partners with the City of Austin for the provision of emergency medical services (EMS) in the County. The County's cost to provide this service is estimated to increase by \$789,508 in the General Fund. These increases are contractually required and are largely due to the cost of annualizing FY 06 costs, performance based pay increases, and the establishment of a new peak load ambulance crew. These increases are mitigated by estimated additional revenue of \$915,000 above FY 06 levels. The EMS budget also contains \$542,064 in capital costs to replace three ambulances. In addition, County Starflight employees have their performance based pay salary increases matched to their City counterparts and \$52,688 is included for this purpose.

#### **8. Transfer to Balcones Canyonland Preservation Fund**

A total of \$1,063,590 has been added to the Transportation and Natural Resources (TNR) Preliminary Budget for an increased transfer to the Balcones Canyonland Preservation (BCP) Fund from the General Fund. This amount represents the increased estimated tax revenue in FY 07 from new construction on BCP lands as compared to prior year tax revenues, along with other adjustments. The total FY 07 transfer from the General Fund is \$5,919,530.

#### **9. Increased Costs for the Combined Transportation Emergency and Communication Center (CTECC) and the Regional Radio System**

The Combined Transportation Emergency and Communication Center (CTECC) houses the emergency communications network for Travis County, the City of Austin and other local public safety agencies. The Regional Radio System (RRS) is the County's portion of the costs to maintain the Countywide 900MhZ network, which is monitored/controlled through the CTECC facility. There is an interlocal agreement with the City of Austin that controls these programs. The budgets for CTECC and RRS are adjusted annually by the partner agencies. For FY 07 the CTECC agreement will require \$327,859 in additional funding. This is composed of \$96,974 for CTECC personnel increases and the security costs provided by Travis County. There is also \$232,850 provided in the Preliminary Budget for one-time CTECC capital related to software, servers and printers. The radio portion of the agreement decreased by \$1,965 since a slight increase in salary costs was balanced with a slight decrease in contract costs.

#### **10. District Attorney Fund Switch for Center for Child Protection**

The FY 07 Preliminary Budget includes \$47,700 in the District Attorney's General Fund Budget. This amount is for the portion of a contract with the Center for Child Protection that was moved to the Family Protection Fund in FY 04. At the present time, the Auditor's Office is not prepared to certify any revenue for the fund, so the \$47,700 was restored to the General Fund budget of the District Attorney's Office in order to fully budget the contract.

**S. Office Space**

The Preliminary Budget contains some new positions that will impact the office configuration in the downtown complex and at other county facilities. It has been several years since major renovations or substantial improvements have been made to the buildings in the downtown campus. As increases in county staff have been approved over recent years, expansion space internal to departments has been utilized to support the new FTE, and such internal flexibility is now more limited. The Commissioners Court should anticipate the need to make major shifts in building configurations in the downtown complex over the next several years in order to appropriately accommodate the growth that is occurring in the departments housed there. In addition, there are some Precinct Offices that are experiencing occupancy issues that will need interim accommodations for new FTE while longer-term projects are completed or while a project is developed for execution in the near future.

The following is a list of facilities that will likely need office reassignments or space improvements in order to accommodate new FTE. Interim accommodation plans are also likely to support the more immediate requirements of the 427th District Court, the collections program in the Justice of Peace Offices, County Attorney and District Attorney prosecutorial staff, and other on-going workload demands in various departments:

- Ned Granger Administration Building
- Blackwell-Thurman Criminal Justice Center (including the N.L. Gault Building)
- Hemann Sweatt Courthouse
- Precinct One Office Building
- Precinct Two Office Building
- Precinct Three Office Building
- Executive Office Building
- Forensic Center

**V. WORKFORCE INVESTMENT****A. Background and History**

Each year, the Commissioners Court determines whether there are resources to fund a variety of employee pay adjustments. Since FY 97, there have been three years of compensation increases in the 3% to 4% range and four years in the 5% to 6% range. There were two years when no compensation increases were available and one year when 1.5% was available. In addition to performance based pay awards, the Commissioners Court was also able to fund scheduled increases to employees within the Peace Officer Pay Scale (POPS), along with increases to the POPS scale itself, special augmentations for skill based pay and targeted increases for Sheriff's Law Enforcement employees over multiple years.

The economic circumstances in FY 06 allowed for compensation increases and the Commissioners Court adopted a 3.0% Cost of Living Adjustment (COLA) for all rank and file employees. The Court appropriated another 2% for performance-based awards

and other compensation needs, for a total 5.0% increase in FY 06. In addition to rank and file increases, the Court approved in FY 06 a multiple set of compensation increases for those employees on the Peace Officer Pay Scale (POPS) equal to \$3,918,608.

**B. Compensation Reserves**

During FY 06, The Human Resources Management Department conducted a market salary survey of all administrative support positions in the county, along with general maintenance and skilled trades job titles, finance, and medical positions. The administrative support job family contained 821 of the total slots reviewed and this group had not been reviewed since FY 01. The study was presented to Commissioners Court in early May, 2006. It revealed that a variety of positions needed to have their pay grades increased when compared to the market for such positions. A variety of employees were being paid below the entry level for their new pay grade, a status that compensation analysts call "Green Circled". In some departments with a large number of administrative or clerical positions, the magnitude of "Green Circle" employees was larger than what might reasonably be expected to be resolved through the department's traditional compensation resources.

The increase of administrative positions' pay grades also resulted in a phenomenon called "Compression", which results when the pay differential between employees with measurably different job responsibilities or experience becomes very small. Should existing employees who are "Green Circled" get a pay increase, then this can sometimes result in "Compression" in relation to other employees performing similar duties to their supervisors. Such compression can exist at different times and can be simply a part of an office's salary structure or can cause internal equity problems.

In addition to the special circumstances uncovered through this market salary survey, there is a need to include compensation increases in the Preliminary Budget for rank and file employees outside of the job titles referenced above. Such increases might represent either performance based pay or cost of living adjustments or a combination of the two.

The Preliminary Budget has established one Compensation Reserve that includes some resources to address all three of the salary issues referenced above – that is, some funds for general compensation increases, some funds for "Compression", and some funds for "Green Circled" employees. The following principles were established in the calculation of this Reserve:

- It was assumed that it will take at least two years to fully address the various "Green Circle" and "Compression" related salary issues.
- Positions vacant since April 1, 2006 were removed from the list of "Compression" employees for the purpose of calculating the size of a compensation reserve, while all vacant positions were retained in the list of "Green Circle Employees". Green Circled positions are being market adjusted regardless of whether they are filled or not and therefore vacant slots are not removed. However, "Compression" issues are



typically more focused on the employee rather than the position and thus vacant positions have been removed from the base used for calculations.

- The total for both of these categories of employees was \$2,538,187, as adjusted for vacancies. This is composed of \$1,888,187 for green circled employees and \$650,000 for compression employees. Taking two years to implement these increases results in a need for \$1,269,094 (one-half of \$2,538,187).
- A 2.85% compensation adjustment (either performance based pay or COLA or a combination) was calculated for all current employees hired previous to April 1, 2006. This calculation resulted in a need for \$3,338,064. (Each one percent increase in compensation for rank and file equals \$1,171,251).

Using the principles established above, a Compensation Reserve of \$4,607,158 has been included in the Preliminary Budget. This amount is composed of \$1,269,094 for Green Circed and Compression Employees and \$3,338,064 for a 2.85% compensation adjustment for all employees hired previous to April 1, 2006.

Clearly, this amount is an estimate based on the current data available, and may need to be refined. Furthermore, there will likely be discussions during the budget process about the principles used to calculate a Compensation Reserve, as well as the rules that are to be followed by departments in awarding pay increases during FY 07. There are also likely to be discussions about departments addressing their individual compensation problems through the use of existing resources, including removing filled or unfilled slots and/or modifying programs and using those resources for compensation, along with the difficulties of having common standards for defining what is unacceptable "compression". Naturally, the amount that the Commissioners Court believes is appropriate for compensation increases may change as a result of such discussions (either up or down). But at least some resources have been set aside and there should be sufficient time for the Commissioners Court to determine how it wishes to address the various compensation issues before the budget is finally adopted.

During FY 05, the Commissioners Court commissioned an independent expert study of the POPS compensation program, and a relatively extensive series of consultations occurred with representatives of POPS employees as a result. The Court approved the use of an annual step increase for POPS employees, and this amount is included in the Preliminary Budget, totaling \$665,000.

### **C. Health Benefits**

Travis County began a self-insured health benefits plan in FY 02. Under a self-insured program, the actual insurance claims made by employees are paid directly from County resources with an insurance carrier hired to administer claims processing. The primary benefits from being self-insured are that the plan can provide a better level of benefits for employees and provide more control over increasing health premiums for the County. Despite this control, self-insurance does not necessarily reduce overall health care expenses. Due to rising medical and pharmaceutical costs being experienced nationally, along with the demographics of an aging population, the County began to see its employee health care costs rise well beyond historical trends. As can be seen

below, the Employee Health Insurance Fund was first established in FY 02 at \$18.3 million and rose to \$48.8 million by FY 06. The Auditor's 3<sup>rd</sup> Revenue Estimate has established this fund at \$58.9 million.

**Employee Health Insurance Fund – FY 02 to FY 07**

<b>FY 02</b>	<b>FY 03</b>	<b>FY 04</b>	<b>FY 05</b>	<b>FY 06</b>	<b>FY 07</b>
\$18,334,435	\$22,162,255	\$31,585,857	\$38,342,713	\$48,807,721	\$58,863,588

During spring 2006, an Employee Benefits Committee, in close coordination with the County's external actuary, reviewed various options, costs, and affordability of different plans for FY 07. The Commissioners Court voted to continue a three-option plan, which allows employees to choose medical benefits in accordance with their medical needs, financial means and family situations. However, the basic benefits level of the various health plans was not modified. The Court approved increases for health care premiums for employees and retirees under 65 for the majority of plan options, with higher increases in the Exclusive Provider Organization (EPO) option. This plan has experienced higher growth in cost relative to the other two plans. Since Medicare is the primary payer of benefits for retirees over 65, the rates for these plan participants are adjusted.

The Preliminary Budget contains \$2,467,775 in the General Fund for the increased cost of health benefits. The Employee Health Insurance Fund increases from \$48,807,721 in FY 06 to \$58,863,588 in FY 07. This represents a \$10,055,867 increase, composed of a \$7,500,000 increase in the beginning fund balance, \$2,467,775 contribution from the General Fund (\$893,820 for regular employees plus \$1,573,935 for retirees) along with a \$88,092 increase from other sources. These preliminary numbers will be updated after open enrollment for FY 07.

**D. Retirement Benefits**

According to the Texas County and District Retirement System (TCDRS), Travis County's contribution rate per employee for retirement benefits will increase from 9.74% of salary to 10.54% of salary to maintain the same level of retirement benefits. This increase is mainly due to an actuarial study commissioned by TCDRS that revealed employees are remaining in Travis County longer than originally predicted and male employees are living longer than originally predicted. The total cost of these revised assumptions resulted in \$1,329,673 being included in a Preliminary Budget reserve for this purpose. This figure will need to be adjusted once all the final salary decisions have been made for the Adopted Budget.

Historically Travis County has awarded to retirees a "Flat-Rate COLA", or Cost of Living Adjustment. The 10.54% figure referenced above does not include any COLA for retirees. Retirees were approved a Flat-Rate COLA of 3% in FY 02, FY 03, FY 05 and FY 06, but did not receive any COLA in FY 04. Discussions with TCDRS representatives have revealed a certain inequity between long-time retirees and recent retirees when a Flat-Rate COLA is used. This is due to the fact that individuals who retired a long time ago only recently received an annual COLA and their retirement

income has not kept up with inflation. The actions of the Commissioners Court over the last 5 years have allowed more recent retirees to keep up more effectively with inflation.

This Preliminary Budget proposes to alter the method by which a retiree COLA is determined. TCDRS allows a government to award a "CPI" (Consumer Price Index) based COLA which awards larger increases to long-time retirees whose retirement benefits have been eroded by inflation, while giving smaller increases to recent retirees who have seen less erosion of their benefits. Various levels of CPI-based COLA are available. A 70% of CPI COLA is included in the Preliminary Budget, costing \$232,693. About two-thirds of all retirees would receive an increase. While the average increase would be 2.75% for all retirees, the longer term retirees would be receiving a larger increase than the more recent ones. This technique in essence attempts to make up for the lack of COLA increases for County retirees prior to FY 02.

If the Commissioners Court decides to grant this 70% CPI-based COLA, the Countywide retirement contribution rate will be 10.68%. In future years, the fiscal impact of the unfunded liability for future County retirees will likely be an important topic for the Commissioners Court to address.

#### **E. Elected Officials' Salaries**

A Compensation Reserve for Elected Officials is included in the Preliminary Budget totaling \$52,588. This amount is sufficient to fund a 2.85% increase for elected officials (the same percentage as for rank and file). In addition, the Citizens Advisory Committee on Elected Officials' Salaries conducted a special review of a number of officials' salaries that were requested by those officials. This resulted in the committee recommending an increase to the Sheriff's salary (totaling \$6,103) and no increase to the salaries of the Treasurer, Constables and Justices of the Peace. The committee also recommended that any salary increase awarded to other elected officials also be awarded to the elected officials that the Committee reviewed. The \$52,588 does not include increases for Justices of the Peace as outlined below.

#### **F. Judicial Salaries**

The Preliminary Budget contains \$367,343 to implement salary increases for the Judiciary (District and County Court-at-Law Judges, Probate Judge, Associate Judges and the Justices of the Peace). The proposed increase for District Judges is \$7,500, to bring these officials' salaries to \$140,000. The proposed increase for County Court-at-Law Judges and Probate Judge is also \$7,500. The salaries for Justices of the Peace and Associate Judges are proposed at \$105,000 and are based on 75% of a District Judge's salary. An additional \$3,407 has been reserved for a Probate Court Associate Judge budgeted in the Judiciary Fee Fund.

**VI. 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 through an election, except under the following circumstances:

1. The expenditure is legally required of the County, where penalties or fines could be imposed on the County if the expenditure is not made. Or,
2. When a financial analysis demonstrates that during a stipulated term Travis County would spend significantly less. Or,
3. The voters have previously approved the issuance of general obligation bonds but, for valid reasons, certificates of obligation must be substituted for such bonds in order to carry out the voters' authorization. Or,
4. When the expense is for necessary planning services or acquiring options for a future capital project that will be submitted to the voters.

**VII. CAPITAL RECOMMENDATIONS**

To meet the County's capital needs, a total of \$72,864,672 is included in the Preliminary Budget from the following basic sources - the General Fund Capital Acquisition Resources (CAR) account (\$10,000,000), debt from new short-term Certificates of Obligation (\$10,875,000), other funds (\$1,899,672), and debt from long-term bonds authorized by the voters in 2001 (\$19,175,000) and in 2005 (\$30,915,000).

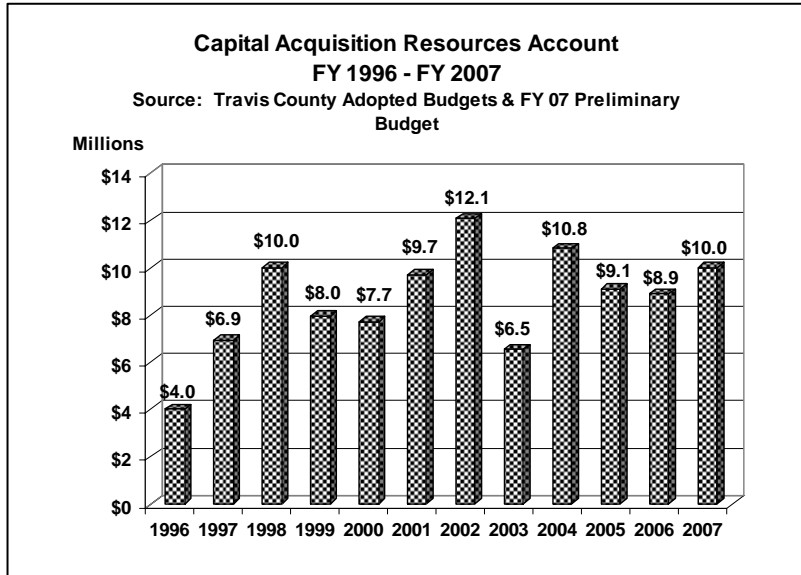
As is the case with on-going expenditures, the County is facing financial constraints on the availability of resources for capital expenditures. The Preliminary Budget has addressed these limitations by including those capital projects and equipment for funding that meet the following criteria:

- Projects either in the middle or end of their multi-year phased implementation;
- Projects where there is little choice but to fund them for health and safety purposes or to avoid future expenses that would be greater (such as elevator refurbishments and fire alarms);
- Equipment which needs replacement and is part of a replacement plan, (such as personal computers or vehicles);
- Equipment that continues the maintenance of County wide information systems infrastructure (such as file server upgrades and major computer system upgrades);
- Projects which have already been partially funded by the Commissioners Court or have a contractual obligation to implement (Eastside Service Center);
- Projects which have revenue certified to cover their cost; or
- Projects that the Court has already provided directions to include for funding (5555 Airport Boulevard).

**A. General Fund (CAR)**

The General Fund Capital Acquisition Resources (CAR) account is used for the purpose of funding capital equipment and facilities. This account has been quite variable over the years, driven by economic circumstances, capital needs, and other sources and constraints on debt financing. In the last 10 years, it has ranged from a low of \$4.0 million in FY 96 to a high of \$12.1 million in FY 02.

The FY 07 Preliminary Budget establishes the CAR account at \$10,000,000, which is \$1.1 million higher than in FY 06. This amount excludes any CAR resources appropriated in FY 06 and proposed to be rebudgeted in FY 07, since a complete list of such resources had not been identified, analyzed or



recommended by the time the Preliminary Budget was filed. Rebudgeted CAR projects represent capital that was approved and funded in FY 06 but is not anticipated to be encumbered or expended prior to the end of the fiscal year and yet will still be needed in FY 07. PBO has included an incomplete list of FY 06 CAR funded capital requested by departments to be rebudgeted as part of their budget submission in the Appendix. A complete list of such rebudgeted projects will be provided to the Commissioners Court in September as part of the budget process.

A summary of the equipment and facility projects funded from CAR is shown on the following page. The detailed list of individual equipment items or facility projects for FY 07 is located in Appendix I.

**Capital Items Funded by the Capital Acquisition Resources Account (CAR)**

Type of Project/Department	Amount
<b>Vehicles and Equipment (\$3,129,500):</b>	
Replacement Sheriff's Office vehicles (Remaining replacement patrol vehicles in CO's)	\$2,973,500
New Parks Equipment	87,000
New Patrol Sedans	69,000
<b>Technology and Computers (\$2,582,065):</b>	
Replacement Computers and Printers	1,353,076
Other new servers, hardware, software and phone	801,650
New Computers and Printers	252,339
Computer Room Flooring	100,000
Replacement Election Phone System	75,000
<b>Sheriff's Office Projects (\$753,369):</b>	
Correction Facilities Repairs, Equipment and Infrastructure	597,069
Various Law Enforcement Equipment	142,550
Other Sheriff's Office Capital Items	13,750
<b>Facilities Modifications (\$568,670):</b>	
Other Infrastructure Repairs and Improvements	269,670
Upgrade Courthouse Fire Alarm System	224,000
Medical Examiner's Facility Planning Study	75,000
<b>Emergency Services (\$297,243):</b>	
CTECC Capital	232,850
Various Other Emergency Services Capital Items	64,393
<b>TNR - Non Vehicle and Heavy Equipment (\$213,150)</b>	
Fuel Management System (Remaining amount funded from Road & Bridge)	127,900
Parks Equipment (non Vehicle and equipment related)	85,250
<b>Other (\$419,793):</b>	
Other equipment and projects among 10 other departments	162,715
Civil Courts Equipment and Repairs	146,063
Medical Examiner Replacement Equipment and Upgrades	111,015
<b>Sub-total</b>	<b>\$7,963,790</b>
Reserve for Cost Escalations (FM Projects)	1,382,902
Reserve for Smith Road Improvements	153,374
CAR Reserve	499,934
<b>Total</b>	<b>\$10,000,000</b>

A Reserve totaling \$1,382,900 has been included in the FY 07 CAR Reserve to serve as a placeholder for possible future facility management project cost escalations due to increasing construction costs that exceed the approved project contingency amounts in project budgets. This reserve is intended to be tapped only in the event that the Commissioners Court agrees to such increases in lieu of project scope revisions. It also provides the Court with an opportunity for improved visibility and information about the cost of the County's various construction projects, along with an opportunity to change the scope of a project to fit within a budget

**B. Other Funds**

In addition to the resources provided through the General Fund Capital Acquisition Resources (CAR) account, other special funds have a total of \$1,903,488 for various capital needs. These funds include the Road & Bridge Fund and the Lower Colorado River Authority-Travis County (LCRA-TC) Capital Improvement Project Fund in TNR, the County Clerk Records Management Fund, and the Justice Court Technology Fund that supports JP technology maintenance and improvements. Projects funded in these funds are summarized in the table below.

**Projects and Equipment Funded from Other Funds**

Type of Project/Department	Amount
<b>Road &amp; Bridge Fund 099 (\$1,474,405):</b>	
Hot Mix Asphaltic Concrete (HMAC) & Alternative Paving (remainder in CO)	\$1,386,678
Fuel Management System (Remaining amount funded from CAR)	37,727
Guardrails	50,000
<b>LCRA-TC CIP Fund 029 (\$43,277):</b>	
Park roads and parking lot maintenance	43,277
<b>County Clerk Records Management &amp; Preservation Fund 028 (\$265,000):</b>	
Computer hardware, software and reader/printers	143,000
Electronic Document Management System (Phase I)	122,000
<b>Justice Court Technology Fund 050 (\$116,990)</b>	
New and replacement IT equipment	116,990
<b>Elections Contract Fund 056 (\$3,816)</b>	
New and replacement IT equipment	3,816
<b>Total</b>	<b>\$1,903,488</b>

**C. Debt Financing**

The final funding source for capital equipment and projects is using debt, either in the form of Bonds or five year Certificates of Obligation.

**1. Previous Bond Authorizations**

Since 2000, there have been three separate bonds authorizations that voters have approved, as outlined below.

**a. November 2000 Bond Authorization**

In November 2000, voters authorized the Commissioners Court to issue \$28 million in General Obligation bonds for the following projects:

Project	Original Authorization	Issued in '01	Issued in '02	Issued in '03 – '06	Remaining Authorization
State Highway 130	\$20,000,000	\$0	\$20,000,000	\$0	\$0
Loop 1 (MoPac) North	4,000,000	4,000,000	0	0	0
US 290 West *	2,000,000	0	0	0	2,000,000*
State Highway 45 North	2,000,000	0	2,000,000	0	0
<b>Total Nov. 2000 Bonds</b>	<b>\$28,000,000</b>	<b>\$4,000,000</b>	<b>\$22,000,000</b>	<b>\$0</b>	<b>\$2,000,000</b>

\*Remaining authorization not scheduled to be issued in FY 07.

**b. November 2001 Bond Authorization**

A citizens committee was established during FY 01 by the Commissioners Court to provide advice and counsel on a roads and parks bond election in November, 2001. A total of \$184,955,000 in projects was submitted to the voters in four separate propositions and every ballot proposition passed. The table below shows the amount of the original authorization and how much was issued through FY 06.

Project	Original Authorization	Issued Through FY 06	Proposed Issuance in FY 07	Remaining Authorization
Prop. 1: Local roads, drainage, bridges and pedestrian access	\$57,430,000	\$35,115,000	\$19,175,000	\$3,140,000*
Prop. 2: County park projects	28,600,000	28,400,000	0	200,000**
Prop. 3: State Hwy 45N and FM 1826 Right of Way	32,725,000	32,000,000	0	725,000***
Prop. 4: State Highway 130	66,200,000	66,200,000	0	0
<b>Total for November '01 Bonds</b>	<b>\$184,955,000</b>	<b>\$161,715,000</b>	<b>\$19,175,000</b>	<b>\$4,065,000</b>

\* The remaining authorization includes \$950,000 to be issued in 2008 and \$2,190,000 of projected savings due to a CO issuance in 2006 in lieu of road bonds for the Flint Rock project.

\*\* The remaining authorization will not be issued. Instead, savings from an existing CO was used in FY 06.

\*\*\* The remaining authorization will not be issued. Instead, savings from a previous issuance is proposed to be used.

**c. November 2005 Bond Authorization**

A citizens committee was established during FY 05 by the Commissioners Court to provide advice and counsel on a bond election in November, 2005. A total of \$150,875,000 in roads, parks, and jail projects was submitted to the voters in three separate propositions, with all three passing. The table below shows the amount of the original authorization and how much is scheduled to be issued in FY 07.

Project	Original Authorization	Issued Through 06	Proposed Issuance in 07	Remaining Authorization
Prop. 1: Roads, road-related drainage, right-of-way	\$65,225,000	\$12,765,000	9,910,000	\$42,550,000
Prop. 2: Parks and open space parkland	62,150,000	31,550,000	6,930,000	\$23,670,000
Prop. 3: Jail facility replacement beds and renovations	23,500,000	9,425,000	14,075,000*	0
<b>Total - November 2005 Bonds</b>	<b>\$150,875,000</b>	<b>\$53,740,000</b>	<b>30,915,000</b>	<b>\$66,220,000</b>

\*Excludes any long term CO's (with an original budget totaling \$40,000,000), resulting in a total approved jail project budget of \$63,500,000. The size of a long term CO for FY 07 related to this project has yet to be determined as of the publication of the Preliminary Budget.

**2. FY 07 Certificates of Obligation**

The amount of total debt proposed to be issued through short-term Certificates of Obligation in FY 07 is \$10,875,000. This debt supports projects eligible for Certificate of Obligation (CO) funding that are appropriate for 5 year CO financing. The details of



funding from five-year Certificates of Obligation in FY 07 are summarized in the following table.

**Projects Funded from FY 07 Certificates of Obligation**

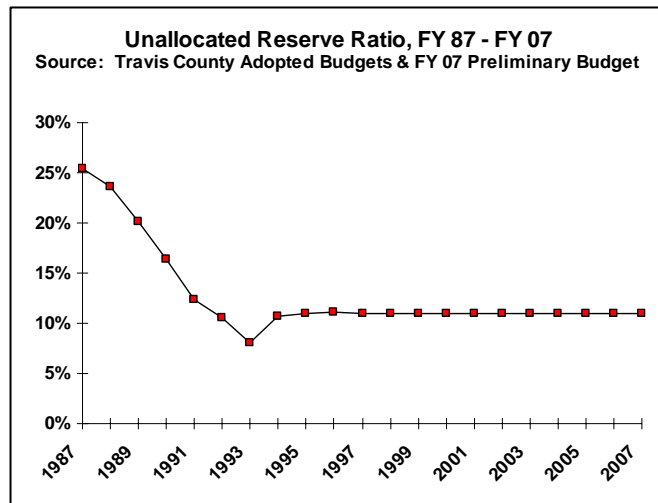
Centrally budgeted vehicles in TNR, plus heavy equipment and 7 replacement patrol cars	\$3,001,014
Information & Telecomm. Systems (ITS) upgrades and projects	2,420,554
Eastside Service Center (Phase II)	2,000,000
Hot Mix Asphaltic Concrete (HMAC) & Alternative Paving (remaining funding in the R & B Fund)	1,815,868
Improvements to 5555 Airport Boulevard	555,720
Elevator Refurbishment	495,000
County Owned Roads and Parking Lot Improvements	200,000
Traffic Signals (New)	200,000
Gas Chromatograph/Mass Spectrometer for Medical Examiner	80,000
<b>Sub-Total</b>	<b>\$10,768,156</b>
Issuance costs	\$106,844
<b>Total CO</b>	<b>\$10,875,000</b>

**VIII. RESERVES**

There are three types of regularly budgeted reserves: (A) Unallocated Reserve, (B) Allocated Reserve, and (C) the Capital Acquisition Resources Reserve (CAR Reserve). There are also special Departmental and County-wide Reserves established for a special purpose and do not necessarily remain in the budget from year-to-year. Each of these reserves is summarized below.

**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 much 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 started to draw down its Unallocated Reserve beginning in 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 to a low of 8.12% in FY 93.



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%). In FY 93, the reserve ratio was 8.12%. During the last eleven years, the Commissioners Court maintained the Unallocated Reserve ratio at 11.0%. The total FY 07 General Fund Unallocated Reserve in the Preliminary Budget is \$37,715,712.

The County's Unallocated Reserve calculations are based on budgeted expenditures (excluding transfers) in three funds: the General Fund, the Debt Service Fund, and the Road and Bridge Fund. As has been done since FY 00, the General Fund Unallocated Reserve in the Preliminary Budget for FY 07 carries the majority of the reserve requirements for the Road and Bridge Fund. In addition, the transfers from the General Fund to the BCP Fund and the transfer from the Road and Bridge to the General Fund have been removed from the base for calculating the Unallocated Reserve.

The historical 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 contained in Appendix I.

#### **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. There are potential claims against this Allocated Reserve. These potential 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. The Earmarks are not appropriations and departments should not consider them as departmental resources. These Earmarks total \$995,680. A listing and summary of these proposed Earmarks against the Allocated Reserve is listed in Appendix I.

The FY 07 Preliminary Budget includes an Allocated Reserve of \$2,545,726, which is smaller than the reserve level in FY 06 of \$3,244,139. The total of this reserve represents 0.6% of the General Fund.

#### **C. Capital Acquisition Resources (CAR) Account Reserve**

The Capital Acquisition Resources Account 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 capital projects. The Preliminary Budget includes a CAR reserve of \$499,934, as well as a \$1,382,900 reserve for further project cost escalations beyond approved contingency amounts and \$153,374 for Smith Road improvements (which will be allocated to Facilities Management with Commissioners Court approval of the Smith Road plan). The Earmarks against this reserve total \$62,200, as outlined in Appendix I.

**D. Special Purpose Reserves**

There are five Special Purpose Reserves in the Preliminary Budget. Two of these reserves have been discussed earlier in this Executive Summary. These are the Sheriff’s Pharmacy Reserve and the Out of County Inmate Reserve. In addition, there are three other special purpose reserves that are summarized below. These are the Annualization Reserve, the Imaging Division Reserve, and the FACTS Reserve.

**1. Annualization Reserve**

An Annualization Reserve totaling \$626,851 is included in the Preliminary Budget. It contains the resources necessary to fund programs or initiatives that will be operational for less than 12 months in FY 07. This budget technique will avoid a “ratchet” of expenses in FY 08 when a full twelve months of funding will be necessary. There are six parts to this reserve, as shown in the following table.

<b>Department</b>	<b>Purpose</b>	<b>Amount</b>
Juvenile Court	Staffing for Juvenile Detention Beds to open 5/1/07	\$276,052
District Attorney	Staffing for new 427th Criminal Court to begin 1/1/07	177,028
Criminal Courts	Staffing for new 427th Criminal Court to begin 1/1/07	40,000
Sheriff’s Office	Staffing for new 427th Criminal Court to begin 1/1/07	23,552
District Clerk	Staffing for new 427th Criminal Court to begin 1/1/07	22,261
Facilities Mgt.	Maintenance workers & custodians for new buildings opening at various times throughout the fiscal year	87,958
<b>Total</b>		<b>626,851</b>

**2. Imaging Division Reserve**

The Preliminary Budget includes a Records Management Imaging Reserve of \$285,063 to allow Commissioners Court to determine which imaging and archiving capabilities should remain in-house within Travis County. These capabilities and core functions include work on projects that have been delayed due to the Imaging Division’s focus on County Clerk projects. These items include:

- Commissioner's Court media tapes archived to DVD;
- District Clerk civil and criminal case files microfilming;
- District Clerk civil and criminal minutes microfilm digitizing;
- TNR Septic files and construction drawings microfilming; and
- TNR Septic files and construction drawings microfilm digitizing.

Previously, funding for the Records Management Imaging Division came from the County Clerk’s two Special Revenue Funds (Fund 028 - Records Management Fund, and Fund 057 - Archival Fund). These funds were used since the division was working on digitizing projects exclusively for the County Clerk. Beginning in FY 04, the County Clerk discussed with the Commissioners Court and PBO her desire and plan to fund this imaging work on a project basis and that these special revenue funds would decrease support of Records Management over several years. This has

occurred and the County Clerk has advised that she wishes to contract with an outside vendor for archiving work and has chosen to discontinue funding any new imaging projects in FY 07 and beyond. The Imaging Division Reserve is established to allow the management of Records Management and the Commissioners Court to choose the degree to which the General Fund supports these county functions.

**3. Reserve for IJS/FACTS**

ITS anticipates complete implementation of the Fully Automated Courts Tracking System (FACTS) in FY 07. The Preliminary Budget includes \$260,000 for a FACTS Reserve to provide operating resources as FACTS is implemented in the Criminal Courts, District Clerk, Justices of the Peace and County Probate Judge. Since this system has experienced a variety of delays and implementation challenges over its history, this reserve will provide operating resources for FY 07 as final implementation processes and affected departments determine the impact of the system on staffing, workflow and operating protocols.

**IX. PROPERTY TAX RATE**

The total taxable value for all Travis County property has seen an increase from \$63.485 billion in the FY 06 Adopted Budget to \$73.0 billion for FY 07. This is the final amount expected to be certified by the Travis Central Appraisal District (TCAD). The following data, as well as the overall Preliminary Budget, is based on expected TCAD certified values. Should these values change, they could impact the calculations made for the Effective Tax Rate. The new property value totals \$2.552 billion, compared to new property value of \$1.9 billion in FY 06. The table below depicts the impact of the proposed tax rate of \$.4516 per \$100 of taxable value on the average residential homeowner declaring his or her house as a homestead. This rate is 4.77 cents below the current tax rate of \$.4993.

**Impact on Average Homestead**  
 (All homestead values per Travis Central Appraisal District values as of 7/14/06)

	<b>FY 06</b>	<b>FY 07</b>	<b>Difference</b>	
Average Appraised Value of all homesteads	\$203,526	\$225,000	\$21,474	10.6%
Taxable Value after 20% exemption	\$162,821	\$180,000	\$17,179	10.6%
<b>Tax Rate</b>	<b>\$.4993</b>	<b>\$.4516</b>	<b>(\$.0477)</b>	<b>(9.6%)</b>
Average Tax	\$812.97	\$812.88	(\$.09)	(.01%)

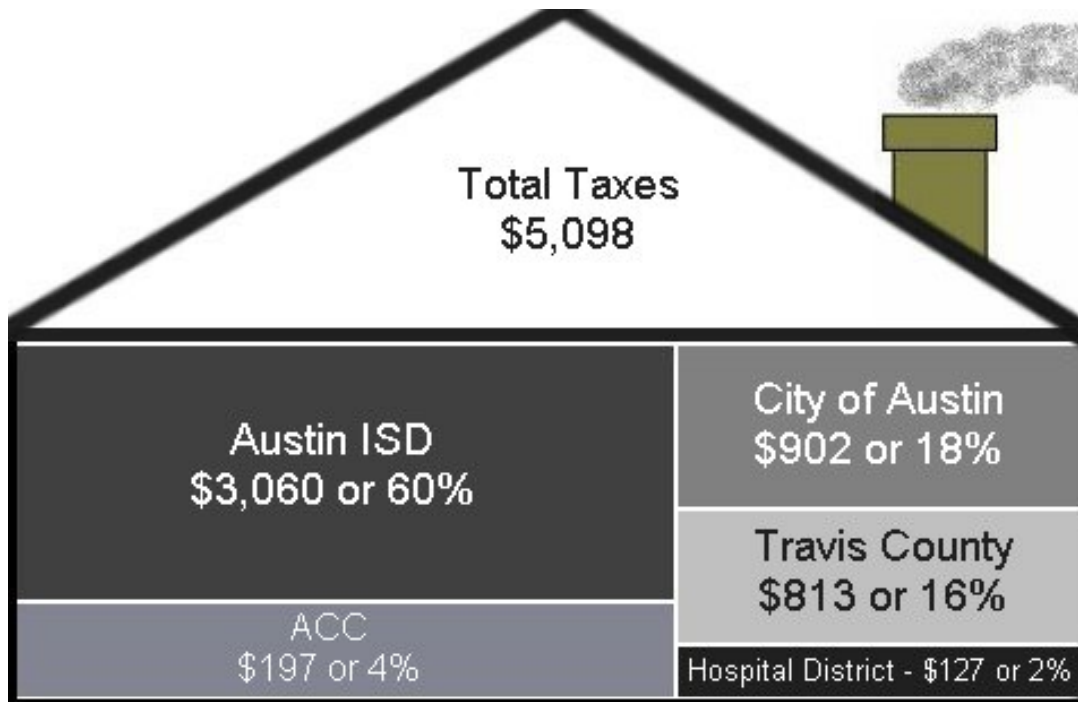
The figures in the table above are those that would be required to be placed in a newspaper ad and represent the averages for all homesteads (which reflect an increase from \$203,526 to \$225,000). This means that the tax impact on this individual homestead at the lower tax rate of \$.4516 is an annual tax of \$813, which is the same as the year before. An ad is not required if the tax rate is the Effective Tax Rate and this budget is balanced at that rate. The rate represents a decrease of 4.77 cents in the Tax Rate from the current \$.4993 per hundred of taxable value, equaling a 9.6% decrease.

The following is the breakdown in the tax rate between the operating portion and the debt service portion, which must be separately calculated and approved.

**Preliminary Budget Tax Rates For Travis County**  
(Cents per \$100 of Appraised Value)

	<b>Adopted FY 06 Rate</b>	<b>Preliminary FY 07 Rate</b>	<b>Difference</b>	<b>% Change</b>
Operating Rate	\$.3994	\$.3626	(\$.0368)	(9.2%)
Debt Service Rate	\$.0999	\$.0890	(\$.0109)	(10.9%)
<b>Total Tax Rate</b>	<b>\$.4993</b>	<b>\$.4516</b>	<b>(\$.0477)</b>	<b>(9.6%)</b>

**FY 06 Property Tax for Average Travis County Homestead Valued at \$203,526**



The above graphic representation shows the relative impact of the various local taxing jurisdictions on the average homestead owner in FY 06. (FY 07 tax rates are not yet available). Travis County taxes in FY 06 totaled \$813 for the average homestead valued within Travis County at \$203,526. This is based on the adopted tax rate of \$.4993 per \$100 of appraised value and the 20% homestead exemption provided by the County. The City of Austin tax rate is \$.4430, but since the City does not provide a homestead exemption, the City taxes on this same value average homestead would be \$902. The Austin Independent School District tax rate is \$1.623 and with their homestead

exemption of \$15,000, their taxes on this homestead would be \$3,060. ACC has a \$.0991 tax rate and their homestead exemption is \$5,000, resulting in an average tax of \$197. The Hospital District added a \$.0779 tax with a 20% homestead exemption, for a cost of \$127. Travis County's portion of the overall tax bill of \$5,098 (without reference to other taxing jurisdictions such as an Emergency Services District or a Water District) is 16% of the total.