

City adopts lower property tax rate

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Written by Eric Pulsifer and Candace Birkelbach Friday, 24 October 2008

While the U.S. economy is experiencing turbulent times, the City of Austin projects that the local economy will continue to grow during the current fiscal year, but at a more moderate rate.

City economist John Ransom-Nelson said economic trends at the local level do not necessarily mimic those at the national level.

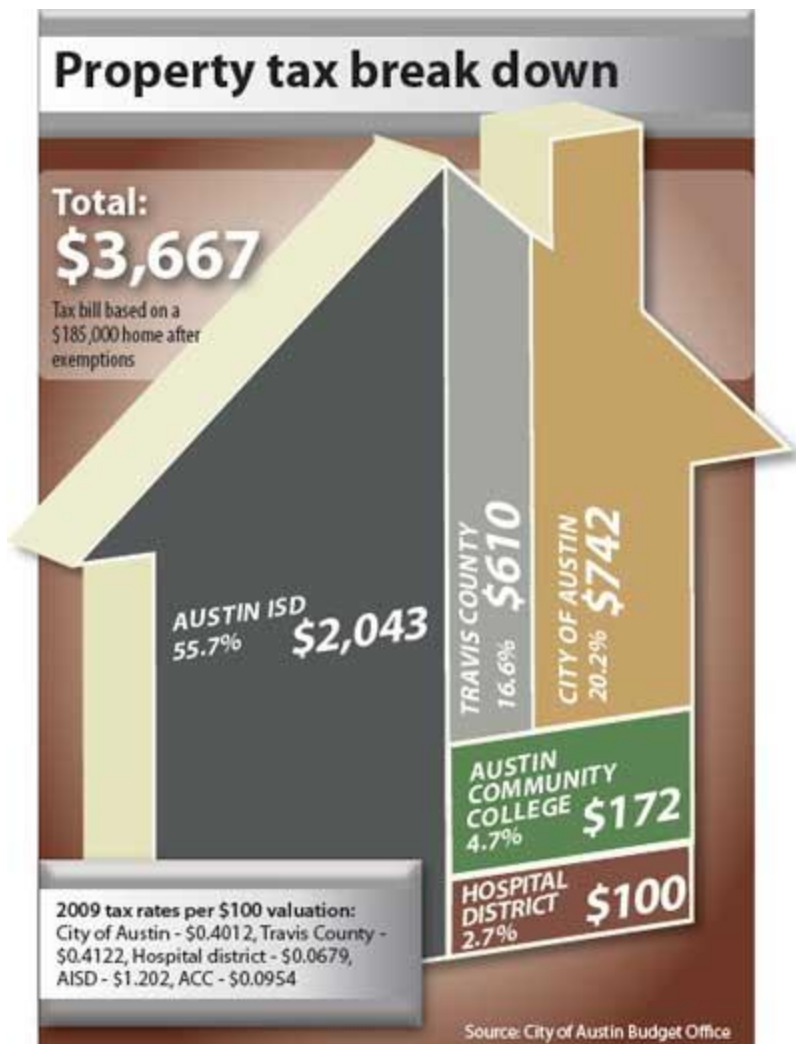
"It depends on where [a city is] situated when the economy does better or it does worse," he said.

Because Austin is in a growth mode and expanding regionally, Ransom-Nelson said the city is less likely to experience the slowdown that is plaguing other areas.

"Austin is building a bunch of apartment complexes, and the real estate market is strong at the time," he said. "It's eventually going to affect us, but not as much."

The city is also made up of sectors less susceptible to economic slowdown.

"You've got a state government here and a university that are, to some extent, recession proof," Ransom-Nelson said. "It doesn't mean that it's totally recession proof, but it's a large component of the makeup of Austin."



Cost-cutting measures

On Sept. 8, the Austin City Council approved a \$2.8 billion budget for the 2009 fiscal year, which began Oct. 1.

Deputy Budget Officer Marisa Cortinas said the recently approved budget is the most conservative the city has seen in the last five years, with an increase of \$24.6 million in general fund expenditures.

"It is a lower increase in expenditures because we had to hold the line back," she said. "We determined that we couldn't add or expand as many programs."

Cortinas said the city will maintain the current level of services, but many departments were forced to make cutbacks for this year's tighter budget.

"Every department through the general fund and the support services fund had to look for cost-cutting measures and do their best at implementing those measures to minimize the impact as much as possible to the citizens."

The Austin Public Library will save money by closing all branches for one day a week. The closures will alternate between Thursday and Friday and will result in nearly \$420,000 in savings for the fiscal year.

Tax rate decrease

With city-owned utilities making transfers to the general fund and substantial sales tax revenue, Austin is able to keep the property tax rate lower than other major cities in Texas.

The 2008-09 fiscal year tax rate of \$0.4012 per \$100 of property valuation is lower than last year's rate of \$0.4034, but since home values are still climbing, the average homeowner will pay around \$80 more a year to the city at tax time.

Ransom-Nelson said the average home price in Austin is up approximately \$21,000 from last year to \$246,352. Based on that valuation, a homeowner would pay \$988.36 in property tax.

While the escalating property valuations will equal more tax revenue for the city this year, expenditures are increasing as the city tries to keep up with the growth.

Population and public safety

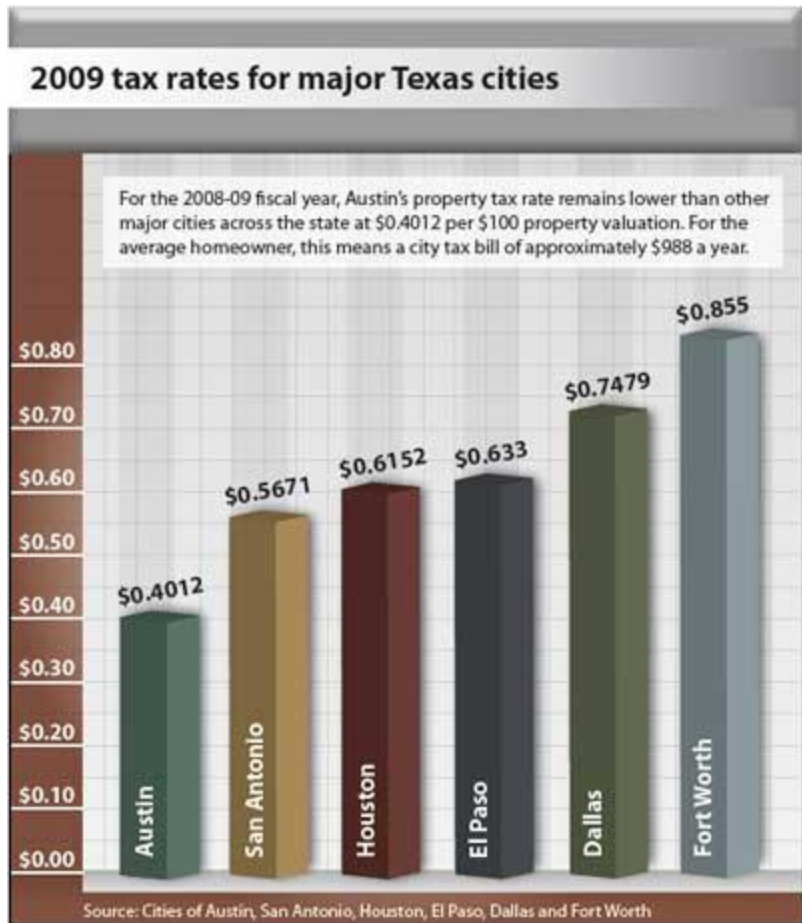
Each year, the city estimates population growth by studying local trends. With 13,000 new residents expected during this fiscal year, public safety is one of the only areas receiving more money under the current budget.

Public safety makes up the largest portion — about 65 percent — of expenditures from the general fund budget. This includes police, fire, emergency medical services, public safety and emergency management. Public safety departments will see a combined increase of \$18 million over last year's budget.

To cope with continuing population growth, the police department is taking on new officers to maintain a ratio of two officers for every 1,000 citizens. For the fiscal year, 24 officers will be added to the police force for a total of 1,538 sworn officers. The police budget of \$233.2 million includes replacing 61 police cars.

In a statement released during the budgeting process, Austin City Manager Marc Ott said the city will have to continue to keep a close eye on revenue in the coming years.

“Like most cities across the county, we continue to face increasing costs for services and more demands for quality programs in the face of an increasingly inadequate revenue base,” Ott said. “In the future, we will continue to face higher energy and labor costs, aging infrastructure, as well as mobility and air quality issues from our continuing growth.”



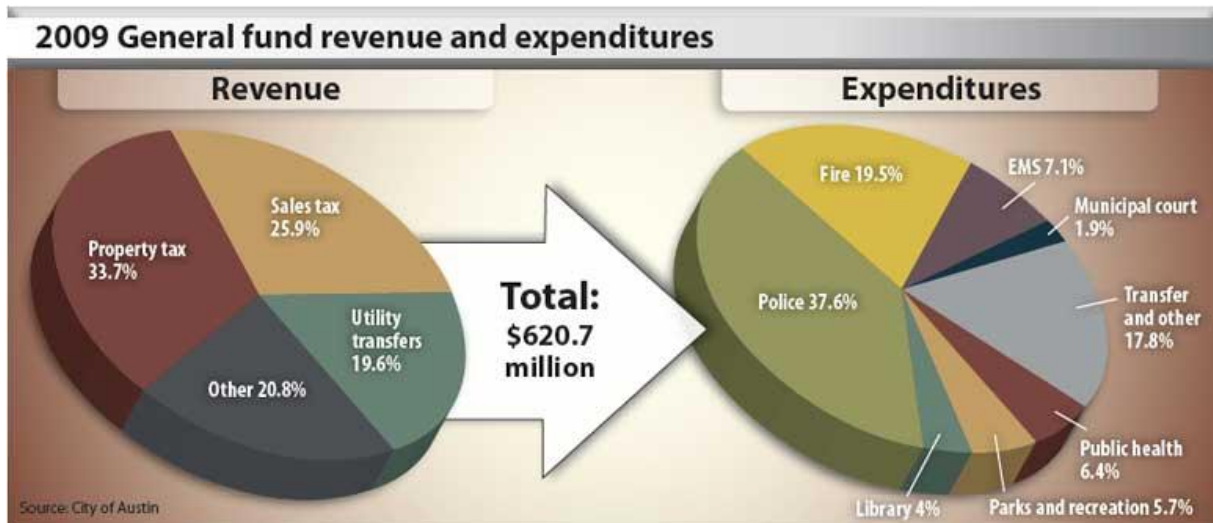
Trash and water rates increase

This year's budget increased trash and water fees for residents. Water rates climbed 9.7 percent for an average increase of \$4.25 a month, wastewater rates rose 4.5 percent and electricity rates remained the same.

Residents also saw the first increase in trash collection fees since 1997. The \$66.6 million solid waste services budget includes a fee increase for customers using larger trash cans. The new monthly costs are \$4.40 for a 30-gallon can, \$6.15 for a 60-gallon can and \$6.90 for a 90-gallon can.

The fee increases are part of the city's efforts to encourage recycling. By making the smaller trash cart the most affordable option, the city hopes more people will toss recyclables into the new, larger, 90-gallon recycling cart.

Streamline recycling was introduced to the city this month. The upgrade to 90-gallon carts for all recyclable materials will replace the need to sort materials into separate 14-gallon bins. The budget also includes an addition of 17 new employees to the solid waste services department and a long-range operating and capital costs associated with the Zero Waste Initiative.



Parks and recreation

The parks and recreation department experienced more cutbacks than any other in this year's budget. No positions have been eliminated, but several will be frozen, or held vacant until funding can be increased.

Following a prediction of tax revenue decreases in April, the department froze 17 vacant positions. Seven additional positions have been frozen since. The department has a total staff of 470 people.

Stuart Strong, acting director of parks and recreation, said the cutbacks will only have a minimal impact on service.

"We will cut back material costs by 4 percent," he said. "We will focus on core services, like trash pick up and providing clean restrooms, but painting or fixing things may take a little bit longer than it used to."

Parks and recreation is one of the largest departments in the city, but Strong said it has managed to stay resilient throughout budget cutbacks over the years.

"We've gone through other dips in the economy, and we understand how to do it," Strong said. "It's not our first choice, but we can hold back and still get the important things done."

The department's budget from general fund support is \$35.8 million — \$100,000 less than last year. The balance of funds was shifted around from different sources, with increases for fuel and healthcare costs and a decrease of more than \$900,000 for staffing. The department is working to reduce reliance on the general fund and utilize more special revenue funds.

The cutbacks in the general fund for parks and recreation will not affect new projects and renovations in Northwest Austin funded from the 2006 bond election. Renovations in Northwest Austin include expanding the Northwest Recreation Center on Northland Drive. The design for this project is ready and construction has an expected completion in 2010. The covered basketball facility at the park will be enclosed to create a gymnasium.

Courtesy of JB Goodwin