



MEMORANDUM

TO: Mayor and Council Members

FROM: Diane Siler, Interim Budget Officer

DATE: April 2, 2021

SUBJECT: Assessment of Fiscal Impact for May 2021 Charter Amendments

At the February 9, 2021 Special Called Council Meeting, the Mayor and Council approved Ordinances No. 20210209-001, 20210209-002, and 20210209-005 to establish the order and wording of the propositions on the ballot for the May 1, 2021 election. Prior to the election, each of the proposed charter amendments are noticed and published with a fiscal impact assessment. Summarized below are the list of charter amendment ballot initiatives in the order set for the ballot and the estimated fiscal impact assessment for each proposition.

Proposition A: Shall the City Charter be amended to give the Austin Firefighters Association, Local 975 of the International Association of Fire Fighters, the authority to require the City to participate in binding arbitration of all issues in dispute with the Association if the City and the Association reach impasse in collective bargaining negotiations?

This amendment poses two major issues for the City. First, because the local fire union will have the authority to require the City to participate in binding arbitration which may result in a collective bargaining agreement (CBA) that is not in the best interest of the City, there is a heightened potential for a downgrade from the rating agencies. This was evidenced in San Antonio when Fitch issued a downgrade as a result of the February 2020 CBA established through fire union-initiated arbitration. Given the current low interest rate environment, a ratings downgrade is estimated to result in a 3 to 5 basis point increase in future borrowing costs. This equates to \$315,000 to \$525,000 in additional interest payments per \$100 million general obligation debt issuance. There is the potential for this financial impact to increase if rates and credit spreads begin to move from current lows.

The second issue is the potential growth in Fire department costs at a rate which will eclipse the revenue growth of the City or at a rate in excess of what management and Council view as most appropriate. The binding arbitration may not take a wholistic view of the entire City budget and thus result in a CBA that constricts spending on non-public safety services. Because both EMS and Police salaries are governed by CBAs, and because the General Fund budget must be in balance—expenditures cannot exceed revenues—non-public safety services, such as public health, parks, libraries, and housing, may need to be constrained or cut to afford the increases in the Fire department budget. There is no fiscal impact to this item. It is a loss in management discretion.

Proposition B: Shall an ordinance be adopted that would create a criminal offense and a penalty for anyone sitting or lying down on a public sidewalk or sleeping outdoors in and near the Downtown area and the area around the University of Texas campus; create a criminal offense and penalty for solicitation, defined as requesting money or another thing of value, at specific hours and locations or for solicitation in a public area that is deemed aggressive in manner; create a criminal offense and penalty for anyone camping in any public area not designated by the Parks and Recreation Department?

No fiscal impact.

Proposition C: Shall the city charter be amended to allow for a Director of Police Oversight to be appointed or removed in a manner established by City Council ordinance, with duties that include the responsibility to ensure transparency and accountability as it relates to policing?

No fiscal impact.

Proposition D: Shall the City Charter be amended to transition the election for mayor from gubernatorial election years to presidential election years, providing that the mayor elected in 2022 will serve a 2-year term and then mayoral elections will occur on the same date as presidential elections starting in 2024?

No fiscal impact.

Proposition E: Shall the City Charter be amended to provide for the use of ranked choice voting in city elections, if such voting is permitted by state law?

Ranked choice voting is not currently permitted under Texas State law, making it difficult to provide an adequate estimate on the fiscal impact. The impact will be the result of costs passed on by the election equipment vendors or counties to the Office of the City Clerk. The cost will come as the result of costs associated with having the equipment recertified by the Texas Secretary of State's Office for rank choice voting and costs associated with additional programming of voting equipment, manual sorting of the ballots, and the various vote tabulations. A portion of these costs may be offset by cost savings due to not having to hold a runoff election.

Proposition F: Shall the City Charter be amended to change the form of city government from 'council-manager' to 'strong mayor-council,' which will eliminate the position of professional city manager and designate an elected mayor as the chief administrative and executive officer of the city with veto power over all legislation which includes the budget; and with sole authority to hire and fire most department heads and direct staff; and with no articulated or stated charter authority to require the mayor to implement Council decisions.

It is likely that this action will not have a fiscal impact, or the impact will be negligible. In other strong mayor-council jurisdictions, the City Manager position is replaced with a City Administrator.

Proposition G: Shall the City Charter be amended to provide for an additional geographic council district which will result in 11 council members elected from single member districts?

The operating cost for an additional Council office would be \$518,103. One-time capital expenditures of approximately \$125,000 would be needed to remodel space within City Hall to accommodate an additional suite of offices. Annual rent for the displaced City Hall occupant would be approximately \$80,000.

Proposition H: Shall the City Charter be amended to adopt a public campaign finance program, which requires the city clerk to provide up to two \$25 vouchers to every registered voter who may contribute them to candidates for city office who meet the program requirements?

The annual cost is estimated at \$2.3 million. This cost includes personnel, voucher funds, annual maintenance cost for the online voucher system, postage, marketing, barcoding capabilities for unique identification of vouchers, translation services, and supplies. In FY 2021-22, there will be an additional one-time cost of \$750,000 for the development and implementation of the online voucher system and

portal. The pro rata cost for FY 2020-21 for personnel and equipment from July through September is \$170,000. This cost estimate does not include space and furniture for the additional staff or the minor cost reductions naturally occurring in non-election years.

cc: Spencer Cronk, City Manager
Nuria Rivera-Vandermyde, Deputy City Manager
Ed Van Eenoo, Chief Financial Officer, Financial Services Department
Department Directors