

Travis County Juvenile Probation Department

Fiscal Year 2010 Preliminary Budget Presentation

Commissioners Court

Samuel T. Biscoe, County Judge

Ron Davis, Pct. 1

Sarah Eckhardt, Pct. 2

Karen L. Huber, Pct. 3

Margaret Gomez, Pct. 4

August 13, 2009

FY 2010 Request Summary

Budget Requests

- Juvenile ITS Needs **\$249,555**
 - 3 FTE's
 - 1 Project Manager
 - 2 Business Analysts

- Increased Pharmaceutical Costs **\$217,982**
 - 68% increase from 2006

- Capital Acquisition Reserve (CAR) Requests
 - Tile Replacement **\$65,000**
 - To replace tile in Gardner-Betts bldg. main floor
 - Carpet Replacement **\$50,000**
 - To replace worn carpet throughout the facility
 - Compressor Replacement **\$60,000**
 - To replace 2 compressors
 - First stage of a 3-year replacement plan
 - Vehicle Replacement **\$22,500**
 - To replace unit #2766 recommended by TNR

- COPE Mental Health Court **\$124,331**
 - 1 Program Coordinator
 - To replace grant funds that may not be refunded

Proposed Budget Reductions

- Family Preservation Program
 - **\$516,000**

IMPACT OF TYC

TYC Data for Travis County

	FY05	FY06	FY07	FY08	FY09 Projected
TYC Commitments	119	103	54	14	14

Fiscal year is the county fiscal year of October – September. FY09 thru July 2009, 11 juveniles have been committed.

IMPORTANT FACTS:

- Travis County reduced commitment activity significantly (48%) in FY07 upon learning of TYC concerns.
- Since FY 05, Travis County commitments have been reduced by 88%.

COST IMPACT of DIVERTING ELIGIBLE YOUTH from TYC

Cumulative for FY '07, '08, '09

	# Diverted
FY '07 (6 months)	54
FY '08 (12 months)	137
FY '09 (9 months)	84
TOTAL:	275

	Actual to-date
Paid Placement	\$2,022,132
Contract Services	\$1,114,339
ISC	\$3,494,506
Detention	\$1,657,053
Staffing/Overtime	\$3,285,971
<i>Does not include ancillary costs such as court time, administrative support, psychological, medical, food)</i>	
TOTAL:	\$11,574,001

Average annual cost = \$5,341,846.20

Funding Deficit

Projected Commitments w/no Diversions	129	@ \$140 per day =	\$ 6,591,900
TJPC Contract Actual Cap	25		
Total Projected Diversions	104	@ \$140 per day =	\$ 5,314,400
TJPC Approved (Grant "C")	7	@ \$140 per day =	\$ 357,700
Less TJPC Approved (Maintenance of Current Effort Grant)			<u>\$ 1,900,000</u>
Unfunded Diversions	<u>97</u>	@ \$140 per day =	<u>\$ 3,056,700</u>

How Has Travis County Juvenile Probation Managed the TYC Population?

- **Paid Placement has increased from \$936,406 in 2006 to an estimated \$2,829,531 in 2009.**
 - **# of juveniles served in FY '06 = 137**
 - **# of juveniles served in FY '09 (projected) = 189**

- **Direct Service needs for programs such as Sex Offender Treatment, Intensive Out Patient, Substance Abuse and Drug Court have increased from \$679,353 in 2007 to an estimated \$1,174,282 in 2009**

- **Increased the number of juveniles at the Intermediate Sanctions Center (ISC)**

- **Added capacity to the Day Enrichment Program from 16 to 40**

- **Held positions open to generate salary savings to meet the overall dept needs**

- **The department has had to increase the use of temporary employees and overtime (in Detention, Residential and Medical Services). These expenses have increased from \$1.3 million in 2006 to an estimated \$2.097 Million in 2009.**

**LOSS OF FUNDS
for FY 2010**

Actual & Potential Loss of Funds

	Grant Loss (State & Federal Grants)	IV-E Loss (Federal Funds)	General Fund Reductions
		\$ 2,642,021	\$ 516,000 Family Preservation
TJPC State Funds	\$ 323,200		
JJDP In Home	\$ 70,000		
SAMHSA Drug Court	\$ 400,000		
BJA Mental Health Court	\$ 246,662		
OAG COPE (DRO)	\$ 41,800		
TOTAL:	\$ 1,081,662	\$ 2,642,021	\$ 516,000

GRAND TOTAL: \$ 4,239,683

% of Total Department Budget: 10.9%

Texas Juvenile Probation Commission

FUNDS SUMMARY

FY '10

	FY '08	FY '09	FY '10	Overall
	<u>Amount</u>	<u>Amount</u>	<u>Amount</u>	<u>Gain/(Loss)</u>
				<i>from '09 to '10</i>
State Aid Financial Assistance	\$ 4,552,443	\$ 4,634,573	\$ 4,440,143	\$ (194,430)
Maintenance of Current Effort Funds "New"	\$ -	\$ -	\$ 1,900,000	\$ 1,900,000
Grant "C" "New"	\$ -	\$ -	\$ 357,700	\$ 357,700
<i>Sub-total :</i>	<u>\$ 4,552,443</u>	<u>\$ 4,634,573</u>	<u>\$ 6,697,843</u>	<u>\$ 2,063,270</u>
Title IV-E Enhanced Claim "E"	\$ (1,090,592)	\$ (2,642,021)	\$ 111,240	* \$ (2,530,781)
<i>Total :</i>	<u>\$ 3,461,851</u>	<u>\$ 1,992,552</u>	<u>\$ 6,809,083</u>	<u>\$ (467,511)</u>

* Projected

Title IV-E Funding FY '10 Commitment Summary

Prior Year Projected Rollover Balance:	\$ 2,769,319
Estimated Annual Revenue to be Received:	\$ 111,240
<i>Total Funds Available in FY '10</i>	<u>\$ 2,880,559</u>

Annualized Budgeted Commitment FY '10:

Total Direct Services	\$ 2,390,464
Total Support Services	\$ 666,966
<i>Total Budgeted Commitment</i>	<u>\$ 3,057,430</u>

\$ (176,871)

Projected FY'10 Year-End Balance 11



**POTENTIAL
GRANT
OPPORTUNITIES**

FY 2009 Grants Summary Outstanding Grant Applications

- **Total # of New Applications Awaiting Award**

10

- **Total Amount if Awarded**
\$3,339,928

**DESCRIPTION
of
SERVICES**

Description of Continuum of Services...

- **Intermediate Sanctions Center (ISC)** (post adjudication)
 - Focuses on behavioral and substance abuse disorders via three different components (secure, half-way house and aftercare services) based upon the juvenile's need
- **Residential Placement**
 - Structured residential setting that provides supervision, education, and specialized treatment matched to the needs and capabilities of the juvenile
- **Intensive Supervision Program (ISP)**
 - Provides community-based intensified supervision for juveniles at high risk for recidivism
- **Intensive Outpatient Drug Treatment (IOP)**
 - Employs a wide range of interventions including problem-solving groups, cognitive-behavioral therapy, and a twelve-step program
- **Family Preservation Program**
 - Provides in-home therapy and case management to juveniles and their families

Description of Continuum of Services...

- **Day Treatment Program**
 - Intensive outpatient chemical dependency program offering drug treatment which includes on-site education and frequent drug screenings
- **Special Needs Diversionary Program (SNDP)**
 - Six month intensive supervision that provides in-home counseling services for juveniles diagnosed with mental health issues
 - Alternative to residential placement
- **Sanctions Supervision Program (SSP)**
 - Community-based supervision which include contracted case management services for juveniles committing technical violations
- **Flex Detention**
 - Uses detention capacity to operate a day and evening program for technical violators

FY 2010 PRELIMINARY BUDGET

Department: Juvenile Probation (45) – General Fund

	Operating Budget			Capital	Total with Capital	FTE	PBO Comments	Pg#
	On-going	One-time	Total					
FY 10 Target Budget Submission	\$ 31,297,895	\$ -	\$ 31,297,895	\$ -	\$ 31,297,895	435.5		
<i>Internal Reallocations</i>								
PBO changes	(131,715)		(131,715)		(131,715)	(2.0)	Commissioners Court approved moving two Domestic Relations staff to the Civil Courts.	4
General Fund Transfer to Truancy Court (Fund 54)	15,800	16,000	31,800		31,800		For FY 10 projected needs	
<i>Recommended Requests</i>								
Pharmaceuticals	217,982		217,982		217,982		Based on current projections	7
Title Replacement	-		-	65,000	65,000		To replace 22 yr old tile	11
Carpet Replacement	-		-	50,000	50,000		To replace worn carpet	12
Compressor Replacement	-		-	60,000	60,000		To replace two compressors	13
Vehicle Replacement	-		-	22,500	22,500		To replace one vehicle.	14
<i>Recommended Reductions</i>								
Family Preservation		(516,000)	(516,000)		(516,000)		Fund shift for FY 10 & 11. Return to target in FY 12. No service level reduction.	15
Total FY 10 Preliminary Budget	\$ 31,399,962	\$ (500,000)	\$ 30,899,962	\$ 197,500	\$ 31,097,462	433.5		
PBO Recommended Increase/Decrease	102,067	(500,000)	(397,933)	197,500	(200,433)	(2.0)		

BUDGET REQUESTS NOT RECOMMENDED FOR FUNDING

Budget Request	Operating Budget			Capital	Total with Capital	FTE	PBO Comments	Pg#
	On-going	One-time	Total					
Juvenile ITS Needs	249,555		249,555		249,555	3	Unable to recommend	5
COPE	124,331		124,331		124,331	1	Unable to recommend. Potential grant funding may be available. Would like to explore other options to avoid service level decrease until resources are indentified..	9
Total	\$ 373,886	\$ -	\$ 373,886	\$ -	\$ 373,886			

BUDGET REDUCTION PROPOSALS NOT ACCEPTED

Juvenile Probation 5% Reduction Target:
Juvenile Probation 5% Reduction Submitted:

\$1,564,894
\$1,564,894

Budget Reduction Proposal	Operating Budget		Total	Capital	Total with Capital	FTE	PBO Comments	Pg #
	On-going	One-time						
Probation (Mentoring)		\$ (375,000)	\$ (375,000)		\$ (375,000)		Will explore these one-time reductions along with on-going reductions for FY 11. Reductions likely for 11 if fiscal environment continues.	15
SW Key O/T		\$ (318,840)	\$ (318,840)		\$ (318,840)			15
Children's Partnership		\$ (120,000)	\$ (120,000)		\$ (120,000)			15
Sex Offender Treatment		\$ (103,339)	\$ (103,339)		\$ (103,339)			15
DRO	\$ (131,715)	\$ -	\$ (131,715)		\$ (131,715)		Slots transfers to Civil Courts along with budget.	15
SubTotal - Proposals Not Accepted	\$ (131,715)	\$ (917,179)	\$ (1,048,894)	\$ -	\$ (1,048,894)	-		
SubTotal - Proposals Accepted	\$ -	\$ (516,000)	\$ (516,000)		\$ (516,000)	-	One-time reduction for FY 10 & 11	1

Budget and Programmatic Issue Analysis

The department submitted its budget at its target level of \$31,297,895, which is a \$296,328 decrease compared to the department's FY 09 Adopted Budget of \$29,225,193. The \$296,328 decrease is due to the following:

- An addition of \$385,068 for the annualized costs for staff for the third and final completed Juvenile Detention Pod funded for six months in FY 09;
- A reduction of \$663,000 for the removal of one-time capital funds; and,
- A reduction of \$18,396 for FY 09 one-time lump sum awards for red lined employees; and,

In addition, the Commissioners Court approved a transfer of two staff from the Domestic Relations Division of Juvenile Probation to the Civil Courts effective May 16, 2009. The department's budget submission included the two staff (slots 25 & 332) so there is a PBO change with a reduction of \$131,715 and a decrease of two FTE shown in the summary table on the first page to reflect the approved change.

The issues with the Texas Youth Commission (TYC) have impacted Juvenile Probation and Travis County. Due to publicized events, Travis County juvenile court leadership had chosen to limit the children committed to TYC since FY 07. The cost of this impact has been funded with existing General Fund, Title IV-E Funds and other internal resources. It appears that it will be difficult for this to continue given strain this has placed on existing resources. The department will likely not have any vacancy savings or operating savings at the end of FY 09 and anticipates that the growth for difficult to manage youth will only continue.

The department has been proactive leaders in the state working with the Legislation and other key stakeholders since these issues surfaced. During this time the department has also worked to determine the impact of the changes based on the best available information and informing the Commissioners Court and the Planning and Budget Office of the impact to the operations of the department. The department will be providing the latest update to Commissioners Court and PBO at a work session in August regarding the amount of State funding to be awarded to Travis County under a new pilot model to shift the responsibility of the majority of the difficult to manage youth that in past years were sent to the Texas Youth Commission to the local level. PBO would like to better understand if the types costs that have been incurred by the General Fund and other departmental resources over the last few years when full state funding was not available would now be shifted to the State and how this would impact the General Fund. However, it does not appear that the department will receive the amount from the State that was originally anticipated for FY 10.

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 1: Request Name: Juvenile ITS Needs

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs	3		
Personnel	\$233,189		
Operating	\$9,150		
Subtotal	\$242,339	\$0	\$0
Capital	\$7,216		
Total Request	\$249,555	\$0	\$0

Dept. Summary of Request:

The department is requesting a total of three FTE for a technology team. One of the requested FTE is currently budgeted with grant funds that would move to the General Fund under the proposal. The department has stated the new positions will allow them to develop new data management programs, improve service delivery, enhance operation of the courts, detention, placement, and supervision units, and fully automate other juvenile court processes.

PBO Recommendations & Comments:

PBO is unable to recommend funding for the Juvenile ITS Needs request. PBO is not authorized to recommend any new FTE's in the Preliminary Budget other than those that are (1) internally funded on a permanent basis for existing program needs, (2) supported by new revenue (including the departmental indirect cost rate above direct costs to account for administrative support, space, and associated infrastructure costs), or (3) related to the opening of new facilities. In addition, given the limited availability of General Fund resources and the number of vacant positions that have been unfilled for over 180 days as of April 2009, the department may wish to review the remaining vacancies from this list or other new vacant positions to see if one or some number of these vacant positions could be redirected on a short-term or permanent basis towards this stated need.

Budget Request Performance Measures:

Measure Name	Actual FY 08 Measure	Revised FY 09 Measure	Projected FY 10 Measure at Target Level	Projected FY 10 Measure with Added Funding
# of Technology Projects Requested	63	70	70	70
# of Hours Allocated to Implementing Projects	604	650	650	650
% of Projects Implemented by Established Timeline	40%	50%	50%	90%
# of Hours Allocated to Implementing Major Systems Application & Projects	2080 hrs	2200 hrs	2200 hrs	3500 hrs
% of Major Systems Application Projects Implemented by the Established Timeline	41%	78%	78%	90%
# of Requests for CASEWORKER Support	1995	2000	2000	2200

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 2: Request Name: Pharmaceuticals

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs	0		
Personnel	\$0		
Operating	\$310,000	\$217,982	\$217,982
Subtotal	\$310,000	\$217,982	\$217,982
Capital			
Total Request	\$310,000	\$217,982	\$217,982

Dept. Summary of Request:

The Travis County Juvenile Probation Department is requesting additional resources to fully fund the additional pharmaceutical costs associated with providing medical care for Juveniles under their supervision.

PBO Recommendations & Comments:

Travis County Juvenile Probation partners with the Travis County Sheriff's Office to provide prescription medication for the youth in their care. This partnership is beneficial for both departments as it allows for enhanced cost savings by combining our smaller needs of Juvenile Probation with the larger Sheriff's Office needs.

Beginning in FY 07 the Sheriff's Office indicated to Juvenile Probation that while they worked out a new pharmaceutical purchasing system, they would absorb the costs of Juvenile Probation's medications within their budget. Juvenile Probation received no bills until FY 09 and during that period the Sheriffs Office absorbed Juvenile Probation's pharmaceutical costs and exceeded their overall budget allocation for medications at some hardship to that department.

In FY 09 the Sheriff began billing Juvenile Probation for their pharmaceutical usage and the projected amount far exceeds the existing pharmaceutical budget in Juvenile Probation.

PBO has been aware of the projected pharmaceutical deficit and has been working with the department to identify savings to cover these costs. However, as the year as progressed it appears that a budget adjustment requesting to \$175,000 to \$200,000 from the Allocated Reserve will be presented and supported by PBO for FY 09. The low range of the estimate will

be based on projecting the average monthly expenditures to date for the remainder of FY 09 and the higher estimate is based on projecting highest expenditure month to date for the remainder of FY 09. It also appears that an on-going adjustment is needed to right size the department's pharmaceutical budget. The table below includes the current projection for FY 09 and FY 10 and is based on using the average monthly data as of May 2009. PBO recommends \$217,982 in on-going resources for FY 10 based on the data. In the event the estimate does not hold, PBO will work with the department to identify any potential internal savings that could be directed toward this need. If no funds are available, then PBO would support the department requesting funds for the Allocated Reserve mid-year in FY 10.

	FY 09	FY 10
Total Projected Expenditures (Based on average as of May)	\$227,142	\$231,531
Estimated trend factor for FY 10 is 18% based on 8% national pharmacy trend and 10% for changes in population or other factors	N/A	\$41,676
Subtotal	\$227,142	\$273,207
Less Budget	(\$50,000)	(\$55,225)
Projected Need	\$177,142	\$217,982

Budget Request Performance Measures:

Description	Actual FY 08 Measure	Revised FY 09 Projected Measure	Projected FY 10 Measure at Target Budget Level	Revised FY 10 Measure with Additional Resources
Average Monthly Pharmacy Prescriptions	N/A	280	308	308

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 3: Request Name: COPE Juvenile Mental Health Court

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs	1		
Personnel	\$57,443		
Operating	\$66,888		
Subtotal	\$124,331	\$0	\$0
Capital			
Total Request	\$124,331	\$0	\$0

Dept. Summary of Request:

Request funding to continue the COPE Juvenile Mental Health Court that is currently funded with grant resources that will end in September 2009.

PBO Recommendations & Comments:

The Collaborative Opportunities for Positive Expenses (COPE) is a deferred prosecution program that diverts youth ages 10-17 with mental health issues from adjudication and connects the youth and family with community resources, individual/family therapy, and psychiatric services. The COPE Coordinator has managed the COPE Mental Health Program since March 2007. The coordinator schedules weekly family meetings with the Judge, District Attorney, Juvenile Public Defender, parent/youth, juvenile probation officers and providers to review the juvenile's progress in treatment and compliance with their conditions of supervision. The COPE Coordinator is also responsible for identifying mental health providers in the community that the Department can contract with for treatment services. The COPE Coordinator also facilitates collaborative relationships with other agencies, and non-profit organizations in the community who can support the families once the juvenile's period of supervision is over. The probation officers provide intensive supervision through multiple contacts every week at home, in the office and school. The probation officers also report to the COPE Team how the juvenile is doing in school, and activities in which the juvenile is required to participate.

Prior to this program, non-adjudicated juveniles with mental health issues had difficulty accessing the mental health services offered through the Department due to long waiting lists. The therapeutic services developed by the COPE Coordinator has

reduced the waiting lists and expanded the variety of support provided to the families. An aftercare plan is established to ensure families remain connected to mental health services after the juvenile is discharged from the program. Please note that the department is applying for additional grant resources to continue this program. In the event we are successful, we will withdraw this request. The grant has been funded by the US Department of Justice. The grant was scheduled to end in February, 2009, however; a no cost extension was granted until September, 2009. TCJPD is requesting funding of \$124,331 to continue the program which includes funding for the COPE Coordinator and treatment funds. The department is applying for additional grant resources to continue this program. In the event they are successful, they will withdraw this request.

Given the limited availability of funding, PBO is not able to recommend funding at this time. However, in the event that grant resources are not renewed, PBO is happy to work the department before the end of the current grant term to explore short term options until other resources are indentified. Temporarily shifting an applicable program or staff to other departmental resources in order to free up General fund resources for COPE may be one option in order to avoid a decrease in service levels.

Budget Request Performance Measures:

Description	Actual FY 08 Measure	Revised FY 09 Projected Measure	Projected FY 10 Measure at Target Budget Level	Revised FY 10 Measure with Additional Resources
Number of juveniles and families served	85	85	0	132
Percentage of juveniles successfully discharged from the program	69%	70%	0%	70%
Percentage of juveniles re-offending within a year of discharge	N/A	65%	0%	65%

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 4: Request Name: Tile Replacement for the Gardner Betts Building

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs			
Personnel			
Operating			
Subtotal	\$0	\$0	\$0
Capital	\$65,000	\$65,000	
Total Request	\$65,000	\$65,000	\$0

Dept. Summary of Request:

Juvenile Probation is requesting the replacement of the tile flooring in the foyer and hallway of the Gardner Betts building. The current tile is 22 years old and we are not able to match the original color and design. As tile breaks and needs replacing, the replacement tiles do not match the current tile. This area includes the waiting area for all four of the courtrooms. This tile is not aesthetically appropriate and does not represent the professionalism of Travis County.

PBO Recommendations & Comments:

This proposal is to replace 3650 sq. ft. of ceramic tile in the GB building. The current tile is 22 years old and the department has stated they are not able to match the original color and design. As tile breaks and needs replacing, the replacement tiles do not match the current tile. This area includes the waiting area for all four of the courtrooms. The department has state that the tile is not aesthetically appropriate and does not represent the professionalism of Travis County.

PBO recommends \$65,000 in one-time funds for title replacement.

Budget Request Performance Measures:

The department did not submit performance measures for this request

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 5: Request Name: Carpet Replacement

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs			
Personnel			
Operating			
Subtotal	\$0	\$0	\$0
Capital	\$50,000	\$50,000	
Total Request	\$50,000	\$50,000	\$0

Dept. Summary of Request:

Interior items such as carpet show heavy use and need to be replaced. Much of the facility carpet has passed the normal life cycle of carpet and should be replaced this year.

PBO Recommendations & Comments:

Many areas of the Juvenile Probation department have carpet that has exceeded the normal life cycle of high-traffic carpet. Juvenile Probation is requesting funding to replace the carpet in these areas. Carpet has torn, become unraveled, bubbled up, and could be considered a trip hazard. PBO recommends \$50,000 in one-time funds for carpet replacement for FY 10.

Budget Request Performance Measures:

The department did not submit performance measures for this request.

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 6: Request Name: Compressor Replacement

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs			
Personnel			
Operating			
Subtotal	\$0	\$0	\$0
Capital	\$60,000	\$60,000	
Total Request	\$60,000	\$60,000	\$0

Dept. Summary of Request:

Heating, Ventilating, and Air Conditioning Equipment Systems are reaching their life cycle and the department has stated they should be replaced.

PBO Recommendations & Comments:

The department is proposing the replacement of six (6) compressors over a three year period. Two compressors will be replaced each year for the next three years. This proposal will spread out the cost over a three year period and will bring the heating and air conditioning systems up to standard. PBO recommends \$60,000 in one-time funding to replacement two compressors in FY 10. Requests for the replace of additional compressions can be reviewed on a year by year basis and any recommendations will be based on need and the availability of funds.

Budget Request Performance Measures:

The department did not submit performance measures for this request.

FY 2010 BUDGET REQUEST ANALYSIS

Req. # 7: Request Name: Vehicle Replacement

	FY 10 Request	PBO Recommendation	FY 11 Cost
FTEs			
Personnel			
Operating			
Subtotal	\$0	\$0	\$0
Capital	\$22,500	\$22,500	
Total Request	\$22,500	\$22,500	\$0

Dept. Summary of Request:

Request to replace unit #2766 due to high mileage and/or age.

PBO Recommendations & Comments:

The FY 10 list of vehicles eligible for replacement countywide totals \$5,609,475. Due to limited resources, PBO will be recommending only the highest priority of vehicles and heavy equipment that meet the meet the age and mileage requirements in the FY 10 Preliminary Budget. The requested vehicle is one of the vehicles meeting these criteria that is considered a high priority and has been recommended for the FY 10 Preliminary Budget.

Budget Request Performance Measures:

The department did not submit performance measures for this request.

FY 2010 BUDGET REDUCTION ANALYSIS

Red. # 1 -6: Reduction Name: Reduction Proposals

	FY 10 Request	PBO Recommendation	FY 11 Cost*
FTEs	2		
Personnel	(\$131,715)		
Operating	(\$1,433,179)	(\$516,000)	(\$516,000)
Subtotal	(\$1,564,894)	(\$516,000)	(\$516,000)
Capital			
Total Request	(\$1,564,894)	(\$516,000)	(\$516,000)

* If resources are available.

Dept. Summary of Reduction:

The department has submitted six reduction proposals totaling \$1,564,894 to meet their 5% requirement under the approved FY 10 budget guidelines.

PBO Recommendations & Comments:

The department has submitted six reduction proposals totaling \$1,564,894 to meet their 5% requirement under the approved FY 10 budget guidelines. Five of the six reductions propose to temporarily shift programs from the General Fund to Title IV-E Funds without service level reductions. The department believes there would be Title IV-E funding to support this change for one year, but the department has stated there would be a corresponding budget request the following year to move the programs back to the General Fund.

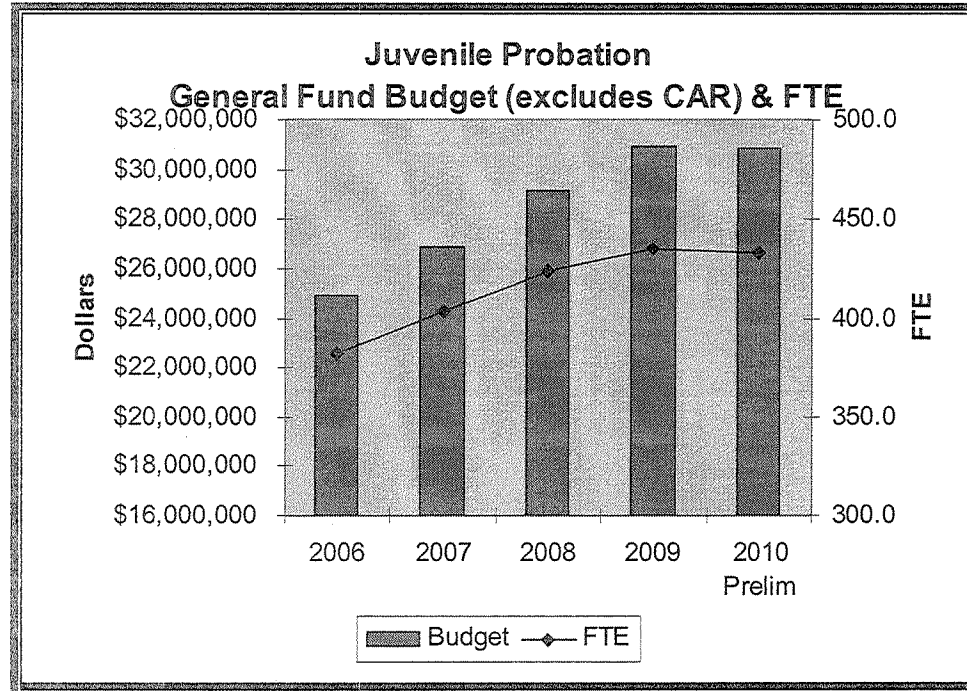
The sixth proposal notes that there has been a shift in funding for two departmental positions supporting Child Protective Services (CPS) Docket moving to the Civil Courts with the support of the Local Administrative Judge, Presiding Judge of the CPS Docket, Chief Juvenile Probation Officer, and the Director of the Domestic Relations Office. There is a reduction to the Juvenile Probation's budget, but no overall savings to the County since the budget is moving with the positions to the Civil Courts. The table on the next page includes the name of each proposal, a summary and reduction amounts.

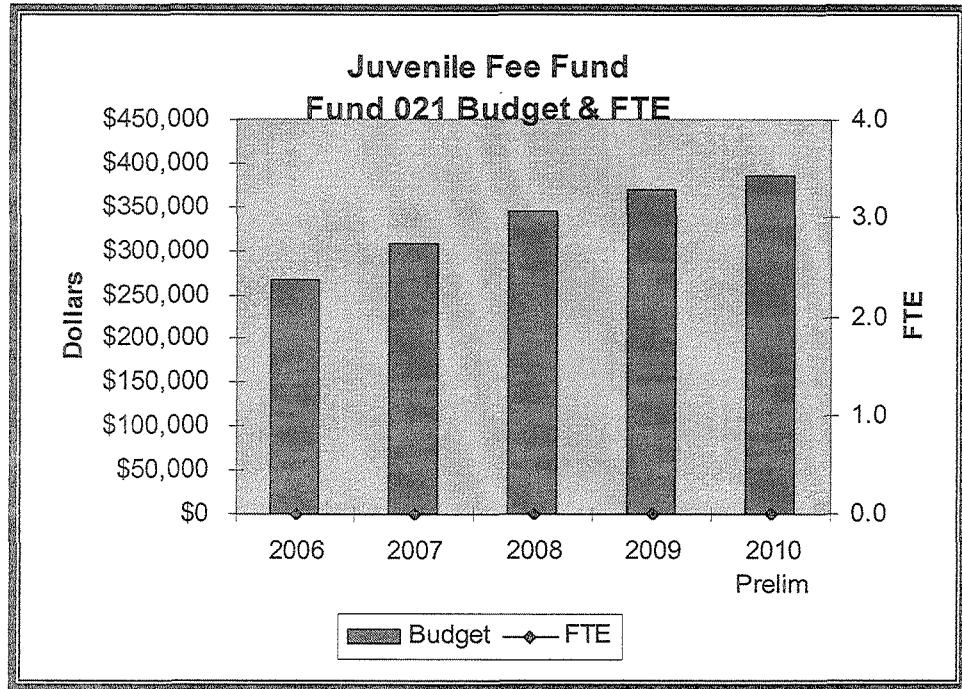
Proposal	Summary	Amount
Probation (mentoring)	Move mentoring contract (ATCAP) to Title IV-E Funds	(\$375,000)
SW Key O/T	Move Outreach and Tracking program to Title IV-E Funds	(\$318,840)
Family Preservation	Move Family Preservation Contract Program to Title IV-E Funds	(\$516,000)
Children's Partnership	Move Children's Partnership Contract to Title IV-E Funding	(\$120,000)
Sex Offender Treatment	Move Sex Offender Treatment Contracts to Title IV-E Funds	(\$103,339)
DRO	Transfer of DRO positions to Civil Courts. Budget will be in the Civil Courts for FY 10 so there is no savings to County just a shift to another dept.	(\$131,715)
Total		\$1,564,894

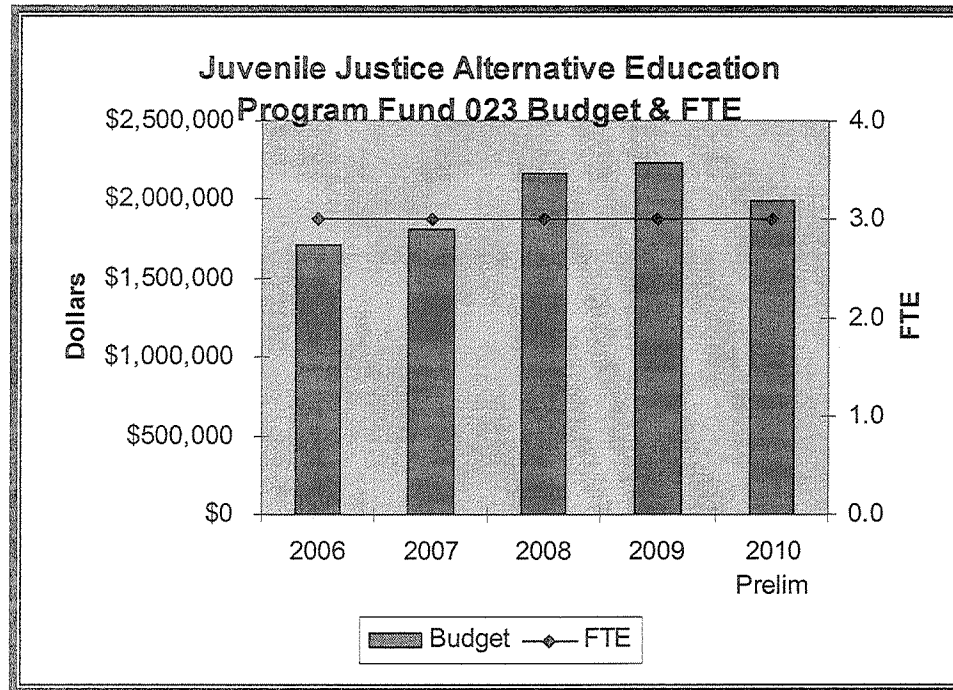
PBO recommends shifting the Family Preservation contract to Title IV-E funds for an estimated two year period (FY 10 & FY 11) should funds be available. This will result in a \$516,000 one-time savings per year for a two year period totaling \$1,032,000. The largest of the proposed contracts was chosen to limit the impact on the department from shifting multiple contracts for a one or two year period rather than fully accepting all the proposals. Other contracts totaling a similar number could be used as well if that was the department's preference. In addition, permanent on-going reductions or additional temporary one-time adjustments may be needed in FY 11 should the fiscal environment worsen as anticipated. If this is the case, it is likely that additional one-time shifts between all available resources such as the ones proposed above may have to be taken in FY 11. The fund shift proposals above do not impact service levels, but will reduce the fund balance of Title IV-E Funds. There have also been changes at the state and federal level regarding how Counties are reimbursed for eligible expenditures that will impact the fund balance. The current fund balance is projected to be \$2.7 million at the end of FY 09 by the department. It is now anticipated by the department that it will receive approximately \$111,000 in reimbursement revenue for FY 10 and expenditures could range from \$2.4 million estimated by PBO (\$1.9 million expenditure estimated provided by the department plus \$516,000 for the contract) to a little over \$3 million as projected by the department for FY 10. At the low end of the expenditure estimate there should be sufficient funding for the contract fund shift and at the high end there would not likely be sufficient funding within Title IV-E for the entire \$516,000 shift from the General Fund to Title

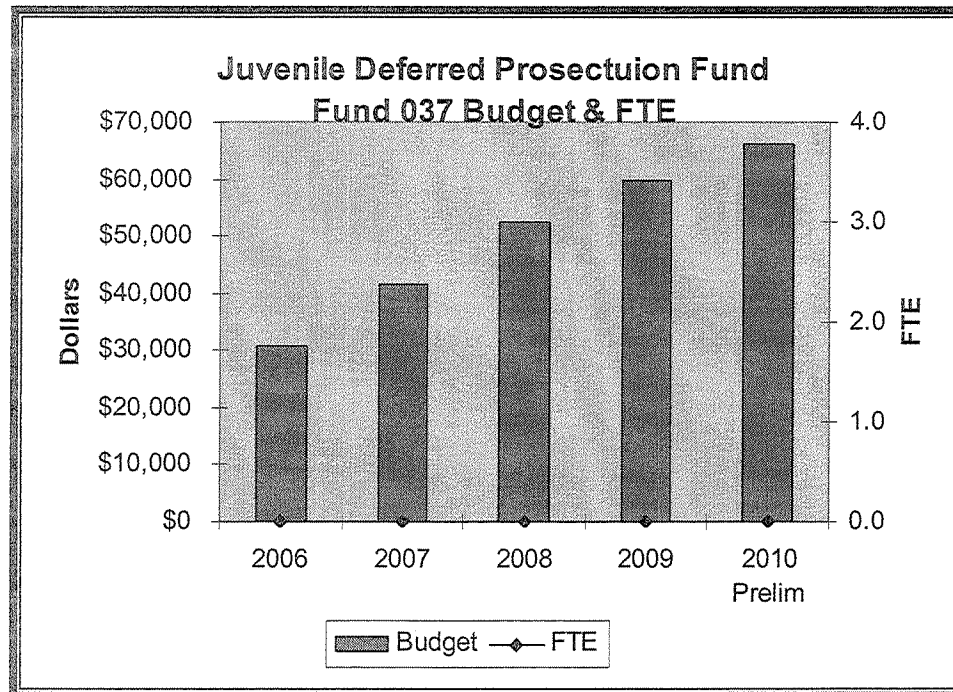
IV-E Funds. PBO's recommendation was based on the information regarding the fund balance and the potential for a larger reimbursement amount than now appears likely. After the details of the Preliminary Budget were finalized it appears that the amount received by the department could be 5% rather than 10% to 25% of past reimbursement levels so it appears there will be less available resources within Title IV-E Funds than originally anticipated at the time of the recommendation. PBO will work with the department to balance expenditures as needed between all available resources in FY 10 as needed.

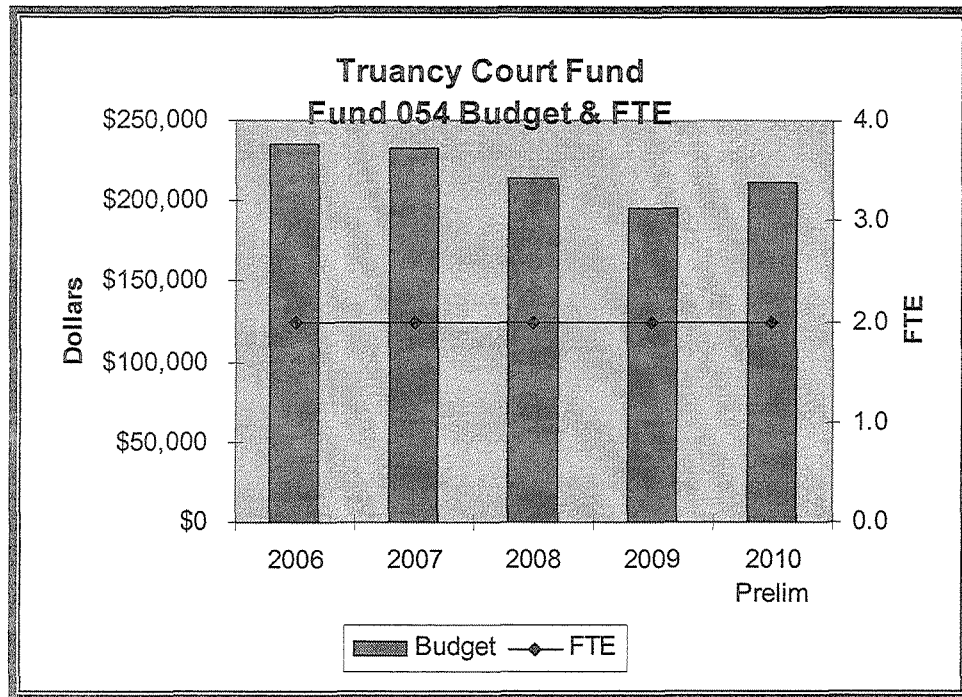
Appendix I: Additional Program Information











Performance Measures listed in the Adopted Budget:

Measure	Actual FY 07	Actual FY 08	Revised FY 09	Projected FY 10
Total referrals to Juvenile Probation (physical and non-physical)	5,687	5,789	5,905	6,000
Felony referrals	919	886	863	850
Percentage of juveniles successfully completing regular probation	78%	81%	85%	85%
Total number of juveniles detained	2,847	2,748	2,638	2,638
Average daily population	87	87	93	93
Total # of new Family Court cases assigned	326	308	325	340
Total number of juveniles on substance abuse supervision	214	162	150	160
Total number of juveniles on deferred prosecution	911	919	890	910
Total number of juveniles on regular probation	1,171	1,160	1,054	1,100
Total number of juveniles on intensive supervision	197	230	254	265
Total number of juveniles in Drug Court	81	98	118	120
Total number of adjudication hearings	4,858	4,178	4,070	4,100
Total number of disposition hearings	2,250	1,862	1,541	1,700
Total number of dispositions	2,672	2,311	2,067	1,700

Departmental Vacancy Report:

The department had twenty three positions on the 180 day vacancy list as of April 27, 2009. Thirteen of the twenty three have been filled with the remaining eleven in various levels of the hiring process or held open to create temporary savings to offset costs related to TYC issues.

Slot	Pos Title	Div_FTE	DaysVacant	System Info	Dept Notes
21	TRAINING EDUCATION COORD SR	1	222	Lateral Transfer, CC approv not required	Filled - Gene Wills 4/27/09
62	JUVENILE PROBATION OFCR II	1	186	Lateral Transfer, CC approv not required	Filled - Gary Marek 2/16/09
64	JUVENILE PROBATION OFCR II	1	187	Interdepartmental Transfer	Filled - Jason Mier 6/15/09
108	JUVENILE RES TRT OFCR III	1	191	Promotion Regular, CC Appr. not required	Filled - Yolanda Polk 5/1/09
134	OFFICE ASST	1	183	Termination	Will not be filled at this time to aide with offsetting cost related to TYC
148	COUNSELOR SR	1	281	Lateral Transfer, CC approv not required	Filled - Curtis Demps 3/1/09
154	JUVENILE PROBATION DIV DIR	1	672	Termination	Filled - Kathy Senecal 6/25/09
223	JUVENILE PROBATION DIR	1	492	Promotion Regular, CC Appr. not required	Will not be filled at this time to aide with offsetting cost related to TYC
245	JUVENILE RES TRT OFCR III	1	199	Promotion Regular, CC Appr. not required	Filled - Wilfred Morales 3/16/09
276	JUVENILE DETENTION OFCR III	1	212	Appointment	Filled - Vicki Mays 8/3/09
282	JUVENILE DETENTION OFCR II	1	253	Termination	Candidate selection process in progress
349	JUVENILE RES TRT OFCR III	1	180	Promotion Regular, CC Appr. not required	Filled - Aric Meyer 4/1/09
360	JUVENILE DETENTION OFCR III	1	297	Termination	Candidate selection process in progress
420	JUVENILE DETENTION OFCR II	1	297	Employee terminated	Filled - Godwin Ezeagbor 6/2/09
441	JUVENILE CASE WORK MGR	1	491	Termination	Candidate selection process in progress
471	REGISTERED NURSE II	0.5	236	Regular to Temporary (non-POPs)	Candidate selection process in progress
473	REGISTERED NURSE II	0.5	687	Lateral Transfer, CC approv not required	Candidate selection process in progress
501	CHAPLAIN	1	432	Termination	Will not be filled at this time to aide with offsetting cost related to TYC

557	CHEM DEPENDENCY COUNSELOR SR	1	252	Termination	Candidate selected - Packet pending
570	LAUNDRY ATTENDANT	1	923	Authorization added	Filled - Little Bell 3/31/09
587	COURT CLERK I	1	379	Termination	Filled - Pam Rodriguez 3/2/09
604	ACCREDITATION & COMP OFFCR	1	488	Authorization added	Filled - Brandy Baptiste 3/9/09
606	COOK	1	488	Authorization added	Candidate selection process in progress

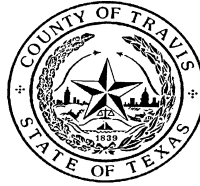
Summary of Departmental Status Reports:

PACKAGE NAME	APPROVED AMOUNT	PBO NOTES
First approved in FY 2008		
Legal Services Positions	\$125,525	All four positions are filled. Departmental performance measures show an increase in hearings and orders generated for FY 09 compared to the baseline FY 07.
Detention Build-out Phase II	\$856,152	Includes 15 FTE that has an authorized start date of April 1, 2008. For FY 08, \$498,176 was budgeted in the department and \$357,976 was budgeted in the Annualization Reserve.
GAL Program	\$50,855	Package includes one additional Guardian Ad Litem FTE to assist with the increased number of new guardian appointments coming from the District Courts. This position has been filled since 10/1/08. The average caseload per Guardian Ad Litem has decreased as the result of the additional staff below the optimal maximum caseload per GAL by 1.4 cases.
Juvenile Justice Reserve	\$750,000	Juvenile Probation has been using internal and grant resources to manage the TYC issues. The reserve was not spent and went to the beginning fund balance of FY 09.

First approved in FY 2009		
Progressive Sanctions	\$63,796	Amount is increase added for FY 09. Funding meets requirement of contract with State for staff under progressive sanction program. Incremental increase provides difference between State funding and County salary and benefits.
Detention Build-out Phase III	\$861,988	Includes 11 FTE that are authorized April 1, 2009. For FY 09, \$406,683 is budgeted in the department and \$406,685 budgeted in the Annualization Reserve. There is also \$48,620 budgeted for one-time capital. Positions are posted.

Appendix II: CAR UPDATE

The total CAR budget for the department in FY 09 is \$663,000. The department has stated the purchases for the \$21,000 for seven handheld radios have been made. The department is working with Purchasing to issue a contract for the \$642,000 budget for roof replacements.



August 13, 2009 Work Session Re: Tax Abatement Policy

Summary

The Economic Development Subcommittee was formed by Commissioners Court in December 2008 to explore options in replacing or updating our expired tax abatement policy which had expired by its own terms (as required by statute) August 30, 2007. The subcommittee consists of Commissioners Gomez, Davis and Eckhardt. The subcommittee met 8 times between January and July, 2009. The meetings were posted on Commissioners Court Agendas and open to the public (Attachment A contains a partial record of those who attended the meetings). Although all who participated deserve our thanks, three individuals – Jeremy Martin, Dave Porter and Mike Rollins from the Greater Austin Chamber of Commerce – deserve special thanks for their considerable attention and valued input into the draft Tax Abatement Policy developed by the Subcommittee (see Attachment E).

In addition to taking public input, the Subcommittee reviewed academic literature analyzing the types and effectiveness of tax abatements (see Attachment B for summary), looked at the policies of other Texas counties and cities (Attachment C), and gathered local and state statistics regarding employment and benefits practices (see footnotes embedded in Draft Policy – Attachment E). The subcommittee also identified some possible future charges to this subcommittee, to staff or some other body for consideration by the full Court (Attachment D).

The Subcommittee has reached a natural stopping point after identifying four policy options for consideration by the full Commissioners Court regarding a proposed Tax Abatement Policy, which was its original charge:

Option One – Take no action and move forward with no policy

Option Two – Renew the existing and expired tax abatement policy

Option Three – Adopt a simple tax abatement policy which grants Commissioners Court maximum flexibility

Option Four – Adopt proposed tax abatement policy directed toward identified industries and providing incentives for investments in support of social goals (employee health insurance, job training, locating within activity nodes, LEED buildings etc...)

Recommendation

The Subcommittee respectfully recommends the Court pursue Option Four and submits a Draft Tax Abatement Policy (see Attachment E) for consideration and further direction. Embedded in the attached Draft Tax Abatement Policy are comments highlighting areas deserving of special consideration, additional research, or specific next steps prior to implementation.

Options Comparison

Options	Description	Pro	Con
#1 Take No Action	n/a	<ul style="list-style-type: none">• Ease	<ul style="list-style-type: none">• TC would be statutorily barred from providing tax abatements
#2 Previous Policy	Directed exclusively toward large corporations	<ul style="list-style-type: none">• Larger positive economic impact if successful.• Clearly stated Court's policy preferences.	<ul style="list-style-type: none">• Inflexible - left out otherwise desirable smaller companies.
#3 Flexible Policy	Considers all companies of any type asserting that they cannot locate in TC but for a tax abatement	<ul style="list-style-type: none">• Maximum flexibility	<ul style="list-style-type: none">• Likely generate more applications for tax abatement than staff can process or that Court would wish to consider.• Provides no direction to business community regarding the Court's policy preferences.
#4 Draft Policy	Directed toward identified industries and providing incentives for investments in support of social goals.	<ul style="list-style-type: none">• More flexible - sliding scale approach to size of and social benefit provided by the company.• Provides direction to business community regarding the Court's policy preferences.	<ul style="list-style-type: none">• Although more flexible than our previous policy, it sets a threshold for consideration higher than some in the business community would prefer.

ATTACHMENT A (PARTIAL LIST OF THOSE WHO ATTENDED MEETINGS)

Travis County Economic Development Subcommittee

Meeting: 1/22/09

Name	Organization
Jeremy Martin	Greater Austin Chamber of Commerce
Tim Crowley	Frost Bank/Opportunity Austin
Jerry Heare	NAI Austin/Opportunity Austin
Rodney Gonzales	City of Austin
Brian Hamilton	City of Austin
Frances McIntyre	League of Women Voters - Austin

Meeting: 3/12/09

Name	Organization
Jeremy Martin	Greater Austin Chamber of Commerce
Craig Douglas	Real Estate Council of Austin
Janice Cartwright	Real Estate Council of Austin
Paul Bury	Greater Austin Chamber of Commerce
Mike Rollins	Greater Austin Chamber of Commerce
Dave Porter	Greater Austin Chamber of Commerce

Meeting: 4/16/09

Name	Organization
Jeremy Martin	Greater Austin Chamber of Commerce
Dave Porter	Greater Austin Chamber of Commerce
Chad Peevy	Austin Gay and Lesbian Chamber of Commerce
Ceci Gratias	Austin Gay and Lesbian Chamber of Commerce
Rebecca Melancon	Austin Independent Business Alliance
Sherri Fleming	TC HHS/VS

Meeting: 5/7/09

Name	Organization
Jeremy Martin	Greater Austin Chamber of Commerce
Mike Rollins	Greater Austin Chamber of Commerce
Rodney Rhoades	Travis County PBO
Ceci Gratias	Austin Gay and Lesbian Chamber of Commerce
Rebecca Melancon	Austin Independent Business Alliance
Christian Smith	Travis County
Jerry Converse	Fulbright and Jaworski

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Meeting: 6/15/09

Name	Organization
Betty Chapa	Travis County Purchasing Department
Tara Smith	UT - Ray Marshall Center
Tim Hendricks	Greater Austin Chamber of Commerce
Brian Rodgers	Change Austin
Brian Kelsey	CAPCOG
Dave Porter	Greater Austin Chamber of Commerce
Rodney Gonzales	City of Austin
Mary Etta Gerhardt	Travis County Attorney's Office
Feli Chavez	Commissioner Ron Davis' Office
Dusty McCormick	City of Austin
Jerry Converse	Fulbright and Jaworski

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ATTACHMENT B (SUMMARY OF ACADEMIC LITERATURE REVIEWED)

Building a More Sustainable Economy – Economic Development Strategy and Public Incentives in Austin prepared for Liveable City by Michael Oden, University of Texas, 2008

The Failures of Economic Development Incentives by Alan Peters and Peter Fisher, Journal of the American Planning Association, Vol. 70, No. 1, Winter 2004

The equity impacts of municipal tax incentives: leveling or tilting the playing field? by Laura Reese & Gary Sands - The Review of Policy Research, January 1, 2006

The Effectiveness of Economic Development Programs: A Review of the Literature and Options Pennsylvania Economy League, October, 2000

El Paso Property Tax Abatement Ineffectiveness by Thomas Fullerton and Victor Aragonés-Zamudio, Munich Personal RePEc Archive, 2006

ATTACHMENT C (LIST OF OTHER POLICIES REVIEWED)

- Harris County
- Dallas County
- Tarrant County
- Bexar County
- El Paso County
- City of Austin
- Proposed policy submitted by Greater Austin Chamber of Commerce

ATTACHMENT D (POSSIBLE FUTURE CHARGES TO THE SUBCOMMITTEE)

- Tax Increment Financing/Tax Increment Reinvestment Zones policy
- Tax Rebate Policy
- Countywide Economic Development Strategic Plan [outside consultant/RFP]

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Travis County Economic Development Incentives Policy Guidelines and Criteria for Tax Abatement

Whereas¹, Travis County strives to be an attractive location for economic development and enrichment for current and future residents; and

Whereas, new investment will benefit the area economy by providing needed job opportunities and generating revenue to support local services; and

Whereas, the criterion for any county economic development policy is to provide positive return on investment for taxpayers; and

Whereas, any tax abatement offered in Travis County would reduce needed tax revenue unless strictly limited in application to those new and existing industries that bring sustainable wealth to the community; and

Whereas, any tax abatement offered in Travis County would shift the tax burden onto other taxpayers, both residential and business, the Travis County economic development policy requires a clear benefit to the community which impacts many different levels and generations of the community, and not only the current business community; and

Whereas, any tax abatement should not have a substantial adverse effect on the competitive position of existing companies operating in Travis County; and

Whereas, tax abatement should not be used to attract those industries that have demonstrated a lack of commitment to protecting our environment, but should be used to encourage projects designed to protect or enhance our environment; and

Whereas, Texas law requires any eligible taxing jurisdiction to establish Guidelines and Criteria as to eligibility for tax abatements prior to granting any tax abatement, said Guidelines and Criteria to be unchanged for a two-year period unless amended by a three-quarters vote; and

Whereas, to assure a common, coordinated effort to promote our communities' economic development, any such Guidelines and Criteria should be adopted only after conferring with our many municipalities, and other taxing jurisdictions; and

¹ The "Whereas" section of the document is likely to be deleted in favor of the standard formatting of Travis County code provisions.

Whereas, the Travis County Commissioners Court has approved the circulation of Guidelines and Criteria to affected taxing jurisdictions for consideration as a common policy for all jurisdictions choosing to participate in tax abatement agreements; and

Whereas, Travis County acknowledges benefiting from the hard work done by other metropolitan counties, particularly Harris County, in crafting its economic development policy;

Now, therefore, be it resolved that Travis County does hereby adopt these Guidelines and Criteria for granting tax abatements in Travis County.

Approved by Travis County Commissioners Court, July XX, 2009

Samuel T. Biscoe, Travis County Judge

Ron Davis
Commissioner Precinct 1

Sarah Eckhardt
Commissioner Precinct 2

Karen Huber
Commissioner Precinct 3

Margaret Gómez
Commissioner Precinct 4

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SECTION 1 - DEFINITIONS

- (a) **“Abatement”** means partial exemption from ad valorem taxes of eligible property in a reinvestment zone designated for economic development purposes pursuant to Chapter 312 of the Texas Tax Code and Travis County Code.
- (b) **“Agreement”** means a contractual agreement between a property owner and/or lessee and an eligible jurisdiction granting or pertaining to an abatement.
- (c) **“Base Year Value”** means the taxable value as certified by the Travis County Appraisal District in the reinvestment zone on January 1 preceding the effective date of the tax abatement agreement, plus the agreed upon value of eligible property improvements made after January 1 but before the effective date of the agreement, or the sales price, if the property was conveyed subsequent to January 1, whichever is greater.
- (d) **“Competitively-Sited Project”** means a project where the applicant has completed a written evaluation for assistance by a governmental entity in another location in which expansion, relocation, or new operations are actively being considered by the applicant.
- (e) **“Convergence Technologies”** means the companies engaged in research and development activities, computer and other electronic systems and hardware design or testing, software development, testing, or publishing, wireless telecommunications, or related product manufacturing.
- (f) **“Corporate/professional headquarters”** means the main office from which a regional, national, or international organization is managed. Typical functions that occur in these types of offices include executive decision-making and strategy, sales and marketing, human resources, financial operations, advanced information technology operations, consulting, and training. The chief executive officer for the region for which this location serves as a headquarters must be based at the location.
- (g) **“Creative Media”** means the creation, development, production, and distribution of musical works, motion pictures, television, and other forms of video programming and content, video games, advertising and informational content.
- (h) **“Eligible Property”** means all property allowed under Chapter 312 of the Tax Code that is also allowed under the tax abatement policy of Travis County.
- (i) **“Employee”** means a person whose employment is both fulltime and non-seasonal, who is employed by the applicant for abatement for a minimum of 1,750 hours per year and whose employment is reflected in the applicant’s quarterly report filed with the Texas Workforce Commission (“TWC”);
- (j) **“Green Industries”** means companies engaged in clean energy and resource conservation. “Clean energy” includes research and development, headquarters, or manufacturing projects that involve any type of energy efficiency, energy storage, energy resource conservation, renewable

energy, or alternative fuel technology. “Resource conservation” includes companies involved in the research, development, and manufacturing of products focused on improved efficiency and availability of natural resources including clean air and water.

(k) “Healthcare and Life Sciences” means companies in the fields of healthcare, biotechnology, pharmaceuticals, biomedical technologies, life systems technologies, environmental, biomedical devices, and organizations and institutions that devote the majority of their efforts in the various stages of research, development, testing, technology transfer, commercialization, or manufacturing.

(l) “Manufacturing Facility”² means buildings and structures, including fixed-in-place machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

(m) “Median Family Income” means the income of Travis County residents as determined by the American Community Survey of the United States Census Bureau for the most recent year available at the time of the applicant’s request.

(n) “Regional Live Entertainment or Fine Arts Facility” means buildings and structures, including fixed machinery and equipment, used as a venue for live entertainment or the display of fine arts through the admission of the general public where a substantial percentage of users reside at least 100 miles from any part of the County.

(o) “Research & Development Facility” means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials, the production processes thereto, or current technology in biomedicine, electronics or pre-commercial emerging industries.

(p) “Taxable Value of Eligible Property” means the certified appraised value of eligible property, as finally determined by the Travis County Appraisal District (“TCAD”).

SECTION 2 – TYPES OF ABATEMENTS AUTHORIZED

Authorized Facility

A company may be eligible for abatement if it seeks to locate any of the following within Travis County:

1. Convergence Technologies Facility;
2. Creative Media Facility;
3. Green Industries Facility;
4. Corporate/Professional Headquarters;
5. Healthcare and Life Sciences Facility;
6. Regional Live Entertainment or Fine Arts Facility; or
7. Research and Development Facility.

² Although a definition of “Manufacturing Facility” is included here, manufacturing facilities are not included among the “Authorized Facilities” in Section 2.

Developments which are primarily for retail are not eligible for tax abatement.³

No abatement shall be approved if the applicant is indebted to the County for past due ad valorem taxes or other obligations.

Applicants not fitting these criteria but presenting extraordinary circumstances and/or opportunities may make application to the County Judge for an exemption. Any application accepted for assessment (see Section 3A “Application Process” below) under an exemption must be approved by a super majority of the full Commissioners Court (4 votes).

Abatement on New Value

Abatement may only be granted for the increase in taxable value of eligible property located in the reinvestment zone on or after the effective date of the agreement granting the abatement if the eligible property is listed by kind or type in an agreement between the County and the applicant, subject to such limitations as Commissioners Court and the Texas Tax Code may require.

Leased Facility⁴

If a leased facility is granted a tax abatement, the agreement shall be executed with both the lessor (owner) and the lessee of the land on which the facility is located unless exempted from this requirement by a super majority of the full Commissioners Court (4 votes).

Duration of Abatement

An abatement agreement between Travis County and an applicant (and, if applicable, the applicant’s lessor or lessee) shall remain in effect for up to but not more than ten (10) years.

SECTION 3 - QUALIFICATIONS FOR CONSIDERATION OF A BASE TAX ABATEMENT

To be eligible for consideration for a base tax abatement, a project must:

- Either:⁵
 - A. increase the appraised value of the taxable property in the proposed zone by at least \$25,000,000 by January 1 of the tax year that will commence immediately following the year in which the construction period defined in the agreement terminates, or
 - B. increase or prevent the loss of full-time non-seasonal employment for at least 50 employees within the time period or periods set forth in the agreement;
- Be competitively-sited;
- Not solely or primarily have the effect of transferring employment from one part of the County to another; and
- Have a human resources benefits policy of contributing to health benefits for all “employees” as that term is defined by this policy and their dependents that meets or exceeds the standard

³ Some in the business community have expressed concerns about this exclusion.

⁴ Prior policy specifically excluded leased facilities.

⁵ The increased taxable value/increased jobs threshold is considerably lower than that contained in the prior policy.

set by Chapter 1508 of the Texas Insurance Code [“Healthy Texas”]⁶. Applicant’s definition of dependents, for the purpose of providing health insurance must include domestic partners (including same-sex partners). Applicant must contribute not less than 80% of the health insurance premiums for all eligible employees and not less than 55% of the health insurance premiums for all eligible dependents.⁷

- Fill at least 50% of its positions for the project with Travis County residents.⁸

Base Abatement

At the discretion of the Commissioners Court, eligible projects may receive a base abatement of up to 50% of ad valorem taxes on new value determined by either:

- A. the amount of new taxable value created, or
- B. the number of jobs created or retained by the applicant. The range of base abatement is governed by the following:

Base Abatement	New Value	OR	Job Creation
Up to 25%	\$25 million - \$100 mil		50-100
Up to 37.5%	\$100 mil - \$200 mil		101-200
Up to 50%	\$200 mil <		200 <

No tax abatement shall be applicable for any year in which the facility fails to meet the contractually-defined minimum new value requirements or minimum job creation and retention requirements set forth in the agreement.

SECTION 4 - ADDITIONAL ABATEMENT ABOVE BASE ABATEMENT

At the discretion of the Commissioners Court, additional abatements above the base abatement may be considered for 1. Leadership in Energy and Environmental Design; 2. Locating in Travis County Activity Nodes; 3. Training and Hiring of Economically Disadvantaged Residents.

Leadership in Energy and Environmental Design (LEED®) Tax Abatement

If the owner or lessee of a new commercial facility or an existing facility to be adapted or renovated has registered with the U.S. Green Building Council (“USGBC”) seeking LEED

⁶ Some in the business community have expressed concerns about this provision. There is universal agreement that some “floor” must be set for the provision of health care to the employees of those entities seeking tax abatements. Disagreement remains over coverage of dependants, and the percentage of employer contribution. However, with regard to the type of coverage, consensus was reached on the utilization of the recently passed Chapter 1508 of the Texas Insurance Code (“Healthy Texas”). Although Healthy Texas is applicable only to employers of less than 50, it is a state-wide standard for a minimum type of insurance plan.

⁷ Some in the business community have expressed concerns about this provision. As stated above, disagreement remains over coverage of dependants, and the percentage of employer contribution. A CHASP study utilizing 2005 TDI data shows that on average Texas employers with 50 or more employees contribute 84% to their full time employees’ benefits and 77% to the benefits of their dependents. Neither we nor the Chamber of Commerce representatives have located fresher statistics on which to rely. Board members of the Health Care District have offered to search for more recent statistics and craft language for our consideration. In the interim, this draft utilizes a standard slightly lower than the average identified in the CHASP study.

⁸ Dave Porter reported at the June 24 subcommittee meeting that in his informal polling of large Travis County employers none employed less than 50% of their workforce from Travis County.

Certification, then the County’s Planning and Budget Office (“PBO”) may recommend approval of an additional tax abatement based upon the level of certification obtained after completion of construction:

Additional Abatement	LEED Certification level
Up to 3%	Basic “Certified” Level
Up to 5%	Silver Level
Up to 7%	Gold Level
Up to 10%	Platinum Level

Applicant must be registered with USGBC seeking LEED Certification, prior to submitting its application for additional LEED abatement to the County. The additional abatement for LEED shall not commence until construction of the project is completed and LEED Certification is obtained by the applicant.

Additional Incentive for Locating New Project in a Travis County Activity Node

If the construction, adaptation or renovation of a new eligible facility is in a Travis County Activity Node as determined on the application date, PBO may recommend that Commissioners Court approve an additional tax abatement of up to 10%. A specific “Activity Node Incentive” provision must be contained in the Agreement approved by Commissioners Court and cannot be added at a later date.⁹

Additional Incentive for Training and Hiring of Economically Disadvantaged Residents¹⁰

If an applicant pursues the training and/or hiring of economically disadvantaged Travis County residents through either:

- A. providing needs-based scholarships covering at least 50% of the full tuition cost of a degree or certification to Travis County residents with verified incomes of 200% or less of the federal poverty guidelines, or
- B. providing full time employment to participants in any needs-based scholarship program or workforce training program approved by Travis County,

The County’s Planning and Budget Office (“PBO”) may recommend approval of an additional tax abatement based upon the following table:

Additional Abatement	No. of Needs-Based Scholarships Funded/Economically Disadvantaged Employees Hired
Up to 5% bonus	Up to 50
Up to 10% bonus	51 to 100
Up to 15% bonus	more than 100

⁹ Requires Travis County identify “Activity Nodes” prior to implementing this provision.

¹⁰ This provision seeks to achieve two goals – 1. to more closely tie the business community to the educational community; and 2. to avoid the privacy impediments to documenting the prior income status of employees.

If an applicant pursues Option A above, the administration of the needs-based scholarship must be provided through an institute of higher education, an independent school district, or a workforce training program approved by Travis County. Verification of the funding for and the distribution of the needs-based scholarship shall be provided by the educational or workforce training program administering the program.

If an applicant pursues Option B above, verification of the employment of economically disadvantaged Travis County residents shall be met through documentation by the applicant that:

1. the full time employees have been recipients of any qualifying needs-based scholarship within the last four years or
2. the full time employees have completed a workforce training program approved by Travis County within the last four years.

At the request of the applicant and at the discretion of the Commissioners Court a “Training and Hiring Incentive” provision may be added as an amendment to a prior Abatement Agreement approved by Commissioners Court.

SECTION 5 - APPLICATION

A. Application Process

Any current or potential owner or lessee of taxable property in the County may request a tax abatement by filing a completed application with the County Judge prior to any public expression of a site selection decision. The County Judge’s office will notify the Commissioners Court of receipt of an application for tax abatement and forward the application to PBO for assessment. Within 30 days of receiving a completed application the County Judge will:

1. Notify the applicant in writing that the Travis County Commissioners Court will not take up the application for consideration; or
2. Notify the applicant in writing that consideration of the application will be set for consideration by the Travis County Commissioners Court.

B. Application Package

Components of a complete Application Package establishing minimum qualifications for a base tax abatement (see Base Abatement, p. 7) shall consist of:

1. A completed Travis County Application form;
2. A non-refundable check in the amount of \$1,000 payable to Travis County;
3. A completed narrative prepared in accordance with the template provided in the County Application including but not limited to:
 - a. An “Investment Budget” detailing components and costs of the real property improvements and fixed-in-place improvements for which tax abatement is requested, including type, number, economic life, and eligibility for a tax exemption granted by the Texas Commission on Environmental Quality (“TCEQ”), if known;

- b. A map and legal description of the property/properties, if a location or alternate locations have been identified;
- c. A time schedule for undertaking and completing the proposed improvements;
- d. A ten-year environmental and worker safety compliance history for all facilities located within the State of Texas and owned in whole or in part by applicants, as defined in “Environmental and Worker Safety Qualification;”
- e. An affidavit affirming that the application is a competitively-sited project and acknowledging that documentation confirming the competitive process will be provided to County if a tax abatement is granted by Travis County;
- f. Information pertaining to the reasons that the requested tax abatement is necessary to ensure that the proposed project is built in the County (i.e., documentation supporting assertion that “but for” a tax abatement, the stated project could not be constructed in the County);
- g. Copies of the immediately preceding 4 quarterly reports filed with the TWC, documenting the current number of full-time non-seasonal employees, and full-time Contractor employees, if any, at the time the application is submitted;
- h. Financial and other information as the County deems appropriate for evaluating the financial capacity and other factors of the applicant; and
- i. Certification prepared by County Tax Assessor-Collector stating that all tax accounts within the County are paid on a current basis.

Additional information required for tax abatement above base will be requested on a case by case basis.

Additional Information Required for a Leased Facility

The applicant shall provide with the application the name and address of the lessor and lessee and a draft copy of the proposed lease, or option contract. In the event a lease or option contract has already been executed with owner of site, the document must include a provision whereby abatement applicant may terminate such contract or lease in the event that the County does not grant a tax abatement.

C. County Assessment of Application

Upon receipt of a completed application, PBO shall determine whether a project meets the minimum threshold for consideration by the Travis County Commissioners Court for a base tax abatement and any additional abatement under these guidelines and criteria. If PBO determines that the threshold has been met, the department shall offer the application for consideration by the Travis County Commissioners Court at a regularly scheduled voting session within 30 days of receiving the application. If after deliberation the Court wishes to move forward with consideration of the application, the Court shall schedule a public hearing within 60 days of receiving the application. At the next regularly scheduled voting session of the Court following the public hearing, the Court shall consider creation of a reinvestment zone and negotiation of a tax abatement agreement with the applicant in accordance with the Tax Code.

The County shall not establish a reinvestment zone or enter into a tax abatement agreement if it finds that an application was received after a project commenced construction or installation of improvements.

SECTION 6 - PUBLIC HEARING & APPROVAL

The Commissioners Court may adopt a resolution designating a reinvestment zone for the purposes of considering approval of a tax abatement agreement until it has held a public hearing at which interested persons are entitled to speak and present evidence for or against the proposed action. Notice of the hearing shall be clearly identified on the Commissioners Court agenda at least 13 days prior to the public hearing.

Any variance from these guidelines must be approved by a vote of a super-majority of the full Commissioners Court (four votes).

In entering into a tax abatement agreement, the Court must find that the terms of the proposed agreement conform to these Guidelines and Criteria and that:

- There will be no substantial adverse effect on the provision of the jurisdiction's services or tax base; and
- The planned use of the property will not constitute a hazard to public safety, health or morals.

SECTION 7 - AGREEMENT

After approval the County shall formally pass a resolution and execute an agreement with the owner of the facility (or lessee, where applicable) as required which shall include:

- a. A requirement that the applicant annually submit to PBO (1) a January employee count for the abated facility which corresponds to employee counts reported in the facility Employer's Quarterly Report to the TWC for the quarter most recently ended at calendar year-end, and (2) a separate notarized letter certifying the number of jobs created or retained as a direct result of the abated improvements, the number of employees in other facilities located within Travis County, and the compliance with the environmental and worker safety requirements in the Agreement for the preceding calendar year, as of January 1. Submission shall be used to determine abatement eligibility and shall be subject to audit if requested by the governing body. Failure to submit will result in the ineligibility to receive an abatement; and
- b. A requirement that the owner or lessee will (a) obtain and maintain all required permits and other authorizations from the United States Environmental Protection Agency and the TCEQ for the construction and operation of its facility and for the storage, transport and disposal of solid waste; and (b) seek a permit from the TCEQ for all grandfathered units on the site of the abated facility by filing with the TCEQ, within three years of receiving the abatement, a technically complete application for such a permit.
- c. A requirement that the applicant provide to PBO within one month of executing the Agreement documentation confirming the abated project was in fact part of a competitively-sited process. Documentation may include, but shall not be limited to: (a) documentation

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(correspondence or financial information) presented to the applicant by other taxing jurisdictions; and (b) results of a competitive site survey conducted by applicant (or consultant for the applicant). Failure to provide this documentation confirming a competitively sited process will make any tax abatement agreement null and void.

Travis County will make all reasonable efforts to execute an Agreement within 60 days of the Court's resolution to commence negotiations.

SECTION 8 - ASSIGNMENT

A tax abatement Agreement may be assigned to a new owner or lessee of a facility with the written consent of the Commissioners Court, which consent shall not be unreasonably withheld. Any assignment shall provide that the assignee shall irrevocably and unconditionally assume all the duties and obligations of the assignor upon the same terms and conditions as set out in the Agreement. Any assignment shall be to an owner that continues the same improvements or repairs to the property (except to the extent such improvements or repairs have been completed), and continues the same use of the facility as stated in the original Agreement with the initial applicant. No assignment shall be approved if the assignor or the assignee is indebted to the County for past due ad valorem taxes or other obligations.

SECTION 9 - NON-COMPETE AGREEMENTS

A tax abatement shall not be granted for projects whose competitive siting consists **only** of taxing jurisdictions that have agreed with the County to forego the use of tax incentives in competing with the County for such projects.

SECTION 10 – EXCEPTIONS AND AMENDMENTS

Exceptions made to eligibility requirements for specific applicants or amendments affecting all applicants may be made to this policy by a super-majority of the Court.

SECTION 11 – SUNSET PROVISION

These Guidelines and Criteria are **effective xxx xx, 2009**, and will remain in force **until xxx xx, 2011**, at which time all tax abatement contracts created pursuant to these provisions will be reviewed by the County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed, or eliminated.

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