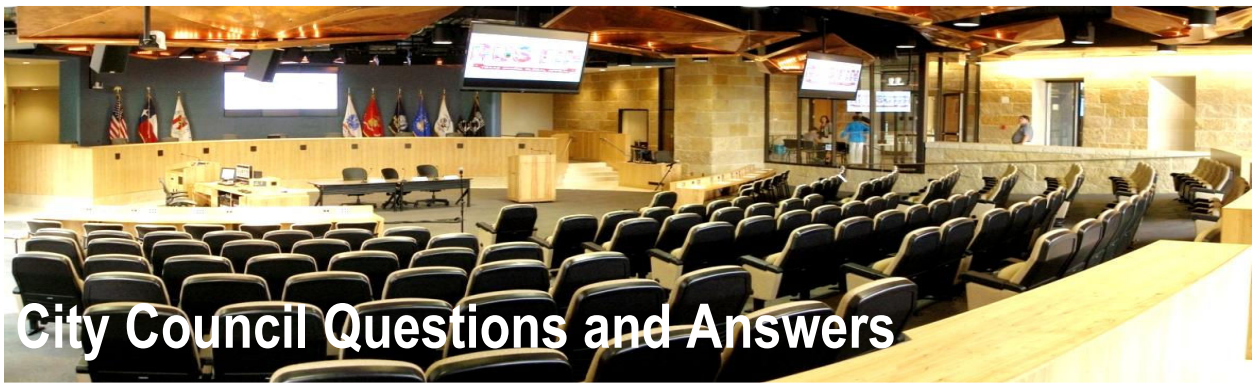

City Council Questions and Answers for
Thursday, April 11, 2013

These questions and answers are related to the
Austin City Council meeting that will convene at 10:00 AM on
Thursday, April 11, 2013 at Austin City Hall
301 W. Second Street, Austin, TX

Mayor Lee Leffingwell
Mayor Pro Tem Sheryl Cole
Council Member Chris Riley, Place 1
Council Member Mike Martinez, Place 2
Council Member Kathie Tovo, Place 3
Council Member Laura Morrison, Place 4
Council Member William Spelman, Place 5

The City Council Questions and Answers Report was derived from a need to provide City Council Members an opportunity to solicit clarifying information from City Departments as it relates to requests for council action. After a City Council Regular Meeting agenda has been published, Council Members will have the opportunity to ask questions of departments via the City Manager's Agenda Office. This process continues until the final report is distributed at noon to City Council the Wednesday before the council meeting.

QUESTIONS FROM COUNCIL - None at this time

1. Agenda Item # 11

    a. QUESTION: a) Does AE currently have an accounting system that is based on the standard accounts promulgated by the Federal Energy Regulatory Commission? If not, what are the advantages to making changes that would comply with this? b) Is Article 5 necessary given that it does not describe a change from current practice? c) Please explain why the January 2014 and October 2014 dates were chosen instead of earlier dates? COUNCIL MEMBER SPELMAN

    b. ANSWER: See attachment.

    c. QUESTION: a) When the resolution came before Council on 2/14, staff included a list of expenditures for the last several years so that Council could review whether any would have triggered a Council vote under a $100 million threshold. Please republish that information through the Q/A process. b) Does this ordinance provide for expenditures that cumulatively add up to $100 million to trigger Council approval? c) This item does not yet include a fiscal note. Please list the components that would require the City to incur costs beyond those currently incurred (i.e. contracting with a professional search firm, board member stipends, etc.) and, when available, provide estimates for those costs on an annual basis. d) The original resolution specifies that Council should retain authority over rates. Section 15-13-43 suggests that while Council would retain that authority, it would require a vote of Council to trigger a review of the board's actions regarding rates. Please verify whether that understanding is accurate, i.e. that rate recommendations would not necessarily come to Council for review. COUNCIL MEMBER TOVO

    d. ANSWER: See attachment

2. Agenda Item # 13

    a. QUESTION: In the midyear budget work session there was discussion about the possibility of not spending the full amount requested as the local match for the 9% tax credit projects - depending on what projects gain final state approval. Is this part of the plan for the $10M? COUNCIL MEMBER SPELMAN

    b. ANSWER: Of the $7 million reserved for rental assistance, $4.5 million will be reserved to assist in leveraging potential successful applications that are

awarded tax credits through the Texas Department of Housing and Community Affairs.

3. Agenda Item # 19

    a. QUESTION: Have the Director of ARR and the Sustainability Officer reviewed this contract for management and disposal of waste for Austin Energy? What was the outcome of that review? COUNCIL MEMBER MORRISON

    b. ANSWER: See attachment.

4. Agenda Item # 37

    a. QUESTION: The Austin Playhouse has requested that Council grant an extension through May. If they can meet that deadline, would there be any money available to assist with their request? COUNCIL MEMBER TOVO

    b. ANSWER: From the Parks and Recreation Department (PARD) perspective, the answer is no. If the money is transferred on Thursday to Health and Human Services, there will be no money in PARD's budget to assist in their request.

5. Agenda Item # 39

    a. QUESTION: On March 5, City Council received a memo outlining the timeframe form the special events ordinance stakeholder process. Is the current process on schedule? If not. Please provide an updated timeline for the review process. COUNCIL MEMBER TOVO

    b. ANSWER: Staff is still on schedule to present the recommendations to City Council in June with the following milestones: • On-line survey will remain open until April 19 (we have surveyed over 1100 people) • First public input meeting was held on April 8 • First public input meeting was held on April 8 • Second public input meeting is scheduled for April 19 • Subsequent public working groups may be scheduled end of April/first of May to work on specific issues as identified in the public meetings and/or survey • Updates to various Commissions in May • Recommendations presented to Council in June.

6. Agenda Item # 45

    a. QUESTION: Please confirm that without legislation such as that currently being considered in the state legislature, a change in utility governance would otherwise require voter approval. COUNCIL MEMBER TOVO

    b. ANSWER: The Law Department will answer by separate memo and be prepared to discuss the issue in the executive session scheduled for April 11,

2013.

END OF REPORT - ATTACHMENTS TO FOLLOW

Council Question and Answer

Related To	Agenda Item # 11	Meeting Date	April 11, 2013

Additional Answer Information

a) Does AE currently have an accounting system that is based on the standard accounts promulgated by the Federal Energy Regulatory Commission? If not, what are the advantages to making changes that would comply with this?
ANSWER: Pending

b) Is Article 5 necessary given that it does not describe a change from current practice?
ANSWER: The draft ordinance is a general grant of council powers to the board – unless some power is expressly withheld, it is presumed the board has it. Article 5 is not intended to simply restate current practice, but to codify that certain matters are being withheld from the board. Article 5 clarifies that council retains authority over the risk management (i.e., hedging and fuel procurement) program, and that the electric utility is to continue to abide by council policy and authorization limits in that area. Article 5 also defines the interplay between the proposed Chapter 15-13 and existing Chapters 15-7 and 15-9 of City Code. Article 5 also clarifies the board's lack of authority in areas within the purview of the city manager. While this may be a restatement of existing law, a clear delineation in the division of power among the city manager, council, and board is recommended to avoid any potential for disputes or misunderstandings in the future.

c) Please explain why the January 2014 and October 2014 dates were chosen instead of earlier dates?
ANSWER: The draft ordinance has a three-phase implementation process. The board itself is created immediately on adoption. It will assume its general powers on January 1, 2014, and its ratemaking authority on October 1, 2014. January 1, 2014, was chosen to provide adequate time to get a board selected and seated. The city manager will need adequate time to comply with the resolution's requirement that he solicit a professional search firm and develop selection criteria in consultation with the firm. The search will need time to be conducted, and there will need to be time for persons to be nominated and considered for appointment. Once seated, the board will need to receive training on open meetings law and meet to develop its by-laws and other internal procedures. October 1, 2014, was selected as the start of the board's ratemaking powers to avoid having that power take effect during a council budget cycle that has already begun based upon then-existing revenue assumptions.

Council Question and Answer

Related To	Agenda Item #11	Meeting Date	April 11, 2013

Additional Answer Information

a) When the resolution came before Council on 2/14, staff included a list of expenditures for the last several years so that Council could review whether any would have triggered a Council vote under a $100 million threshold. Please republish that information through the Q/A process.

ANSWER: (from the February 14th Council Q&A Database) There are only a few categories of "projects and transactions in excess of $100M." These would include long term purchase power agreements, construction or purchase of power plants, and major upgrades to power plants during the past few decades. A list of "projects and transactions" which have exceeded in part or in total $100M are provided below. Staff was able to do a quick research of data back to 1996; it's likely that archived data would show cumulative purchases over time could exceed $100M for all the transactions related to Decker and Holly power plants. In our assessment, there would not be any such projects or transactions over $100M prior to that (e.g., Seaholm).

CIP Project	Time Period in Database	Amount	Comment
STP Purchase	1988-1989	855,888,566.88	STP Unit 1 & 2 Structure and Equipment and Land
FPP Purchase	1979-1980	207,150,719.04	FPP Structure and Equipment and Land
STP Capital Improvements	1996-2012	130,833,425.41	In this time period the largest yearly amount was $16,286,885.52 in 1999
FPP Capital Improvements	1996-2012	103,773,596.80	In this time period the largest yearly amount was $15,465,648.38 in 2010
FPP Units 1 & 2 Scrubbers Project	2005-2012	197,086,078.14	In this time period the largest yearly amount was $56,468,741.51 in 2010
Sand Hill Combined Cycle	2001-2012	179,853,929.13	In this time period the largest yearly amount was $68,107,555.06 in 2002

RCA Date	Item #	Description	Capacity/Type/Term	Amount
09/25/2003	28	RES/Sweetwater	53MW Wind; 12 yr (RCA was for up to 20 yr)	$92M
05/27/2004	48	RES (Amendment 2)/Sweetwater	40MW Wind; 12 yr	$18M (revised total contract $110M)
12/16/2004	3	Sweetwater (Formerly RES; Amendment 4)/Sweetwater	Adds 35 MW Wind, and monies for higher production from original 93MW; 12 yr	$58M (revised total contract $168M)
04/06/2006	20	RES	225MW Wind; 20 yr	$685M
08/21/2008	2	Nacogdoches Power	100MW Biomass; 20 yr	$2,300M
03/05/2009	16	Gemini/Webberville	30MW Solar; 25 yr	$250M
08/18/2011	2	MAP Royalty/ Coastal Wind	91MW Wind; 25 yr	$325M
08/18/2011	3	Duke Energy/Coastal Wind	200MW Wind; 25 yr	$820M

b) Does this ordinance provide for expenditures that cumulatively add up to $100 million to trigger Council approval?
ANSWER: The draft ordinance includes a definition of "capital project" in §15-13-1(2) that is intended to capture a series of smaller, related transactions that add up to more than $100 million with respect to a particular project. As written, the draft ordinance would give council approval authority over the project as a whole (see §15-13-31[C]), but not over the individual transactions implementing an approved project. If council disapproves the project, individual transactions in furtherance of that project would be prohibited. The draft ordinance allows for an expenditure related to a $100 million-plus proposed project without council approval if the expenditure is necessary to evaluate the project or to develop information to assist the board and council in making an informed decision.

c) This item does not yet include a fiscal note. Please list the components that would require the City to incur costs beyond those currently incurred (i.e. contracting with a professional search firm, board member stipends, etc.) and, when available, provide estimates for those costs on an annual basis.
ANSWER: Pending

d) The original resolution specifies that Council should retain authority over rates. Section 15-13-43 suggests that while Council would retain that authority, it would require a vote of Council to trigger a review of the board's actions regarding rates. Please verify whether that understanding is accurate, i.e. that rate recommendations would not necessarily come to Council for review.
ANSWER: The resolution calls for council to retain discretionary final authority over rates and certain other matters. Under the draft ordinance, council would have the option, but would not be required, to exercise its authority to review and approve the board's action on rates. Council approval is required on the other matters listed in the resolution, but there are legal and practical considerations that led to addressing these matters differently. This can be discussed in executive session if council desires to alter these provisions.

Council Question and Answer

Related To	Agenda Item # 19	Meeting Date	April 11, 2013

Additional Answer Information

The following statement was received from Chief Sustainability Officer Lucia Athens:

"I have not reviewed the contract. I was not asked to. However, I would defer to ARR regarding any review. I have looked at their comments and they look quite thorough. I support their review.

ARR is the authority on waste disposal issues. Their opinion on waste disposal issues represents the most sound technical advice the City could provide. If there were a broader sustainability issue that ARR was not able to address, I am sure they would consult with me before issuing a recommendation."

The following memo was received from Austin Resource Recovery Director Bob Gedert:

AUSTIN RESOURCE RECOVERY
A City of Austin Department

M E M O R A N D U M

To: Larry Weis, General Manager, Austin Energy
Cheryl Mele, Chief Operating Officer, Austin Energy

CC: Robert D. Goode, Assistant City Manager

From: Bob Gedert, Director
Austin Resource Recovery (ARR)

Subject: Austin Energy Special Waste Hauling/Disposal Contract

Date: April 8, 2013

Re: AE Industrial Class 2, Municipal and Special Waste Disposal

The purpose of this memo is to summarize the Austin Resource Recovery review of the AE disposal contract, as requested by City Council, in regards to any possible waste diversion opportunity, a review of the disposal environmental provisions, and determination of the requirement for ZWAC review.

Type of Waste Stream:
Austin Energy generates non-hazardous Special Wastes that are not suitable for dumpster disposal as general plant trash. These wastes include used treated wood utility poles, soil contaminated with <1500ppm TPH, soil contaminated with mineral oil from transformers with >1500ppm TPH soils (as permitted by TCEQ), demolition debris, Class 2 wastewaters, rust, spent desiccants, unused solid chemical products, no-pcb bushings/capacitors and asbestos.

Diversion Opportunities:
Materials identified above are not suitable for recycling, composting, or beneficial reuse. No diversion opportunities were identified through this review.

Environmental safeguards:
The bid documents and the subsequent contract language includes the appropriate waste documentation (through required manifests) and City's right to perform environmental audits. The designated facility has the proper permits from TCEQ to handle this type of Special Wastes.

Austin Energy, as generator of this waste stream, is properly classified as a Conditionally Exempt Small Quantity Generator (CESQG). The expected quantity and types of wastes covered by this contract is within the range permissible by state and federal law.

Zero Waste Advisory Commission (ZWAC) Review:
The waste stream identified is under the purview of the ZWAC as noted in the Commission's by-laws. This contract is scheduled for ZWAC review and recommendation on April 10, 2013.

Consolidation of city waste-hauling contracts:
The City (through ARR) is coordinating existing City generated solid waste contracts to expire in 2015 to support a consolidated city-wide solid waste material contract. The type of waste stream identified in the AE contract cannot be combined with other City general solid waste (dumpster) contracts, due to its special regulatory characteristics.

The City (through ARR) is coordinating existing City hazardous waste contracts to expire in 2015 to support a consolidated city-wide hazardous waste material contract. It is currently uncertain that the Special Waste generated by AE could be combined in the city-wide Hazardous Waste disposal contract. Further research is required to determine if Special Waste streams could be included in a Hazardous Waste contract.

Recommendation
I recommend no changes to the bid documents and subsequent contract. If the special waste streams identified in this contract can be combined in a City-wide consolidated hazardous waste disposal contract (undetermined at this time), then I recommend an expiration of the base contract term of September 30, 2015.