

## City Council Work Session Transcripts - 4/23/2013

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>> Mayor leffingwell: Good morning. A quorum is present. We'll call this meeting to order. We're meeting in the city hall room in austin, texas. The first item on our agenda is items pulled for discussion by council members. We'll work our way through that and then go through the discussion item, which has to do with austin energy, in the setting of a potential schedule for discussion and action, going forward. First item will be real quick. I pulled that. Item 24. It is a resolution seeking the city's consent to annexation of part of our e t.J. And we've had a request from the sloverica law firm. Representing hornsby bend. They want to have a full council when this item is considered. So we'll plan on postponing that to may 9 after the thursday meeting. That was quick. The next item is item 54. Which was pulled for discussion by councilmember riley, which has to do with ride share. >> Riley: That's right mayor. I hope it will be quick, too. We heard from the urban transportation commission that they would like to weigh-in on this and take action. I'm told the item is posted for action on the may agenda for the transportation commission. I was going to suggest we postpone action to allow transmission. >> Mayor leffingwell: A proposal to postpone item 54 until may -- when is the utc meeting? >> Riley: I will check on

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that. >> Mayor leffingwell: We'll have that date. Item 55 has to do with the city metro, lone star rail district. I have this for discussion. The main concern, and i think I'm ok, but the language in the i.L.A. Would lead one to believe, if one didn't know otherwise, that capital intro was taking over. My understanding is that even though linda watson that is doing the employee bus and will be housed in camp metro and the executive director of the joint organization will be linda watson, but her function will be oversight. I wanted to clarify that the actual deliberations with regard to the city's urban rail plan project connect will remain with the transit workforce. In fact, it will have oversight of the public process and will make the recommendations on the urban rail part to the austin city council, not the capital metro board. >> The assistant city manager, what you said. >> Mayor leffingwell: What i said. I want to get on the record that's what we meant to say, and if there is any doubt about it, we could refer back to this record and say that was our intent. And that is also been confirmed by linda watson at camp metro. >> We will give you amended language, lone star rail had a concern, too, that as projects shift, the managing partner will shift as well. For example, as lone star

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pulls their project forward, they would be the managing partner in this staff group to work through the issues. So they went that way. >> And I want to hold on to the concept that this is a regional mass transit plan, and really comes under the campo and the transit group, that will be the body that manages this process, individual jurisdictions of course will have to make individual approval, but that's the process. >> And we want to make that clear, too, mayor, every jurisdiction we have to come back to the capital metro board and council for any discussions you all make, of course, we could not take that away. Wouldn't want to. The attorneys wanted to

clarify that in the language. That is one of the reasons we had the delay. >> Mayor leffingwell: There are lots of individual decisions that will be made, not only by us but by round rock city council, san marcos, city council, so on. >> Yes. >> Mayor leffingwell: I look forward to seeing those tweets. Councilmember spelman? >> Spelman: I notice it doesn't have that on it. If that is into november. That is a quick time line. I wonder if there is a way to put a time schedule or call to periodic report every couple of months. >> We certainly could put in a regular status report. As you know, every rail need, his first task is to evaluate what we have done so far and what the next step is to do. What we all need to do. That will be in two or three weeks and layout the schedule. That is an appropriate time to come to the council and show you that information. >> Spelman: If there is a way to write out the I.I.A.

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We can do this formally. I would like the agreement that the manager of the program comes back to council and lets us know here's where we are, what needs to be done and what the council can do to help move this thing forward. >> I believe as he evaluates that, not only the twig, the twig will be on point, but every jurisdiction needs to be updated. I fully expect that will be one of the things to be accomplished as we move forward. We can do that. >> Spelman: That would be a good thing, if you can write it into the I.I.A. That would give additional comfort value. >> Mayor leffingwell: You mentioned the twig will be on point and we need to go to this jurisdiction and that jurisdiction at that point. And we'll discuss the scheduling for when we're going to be to tentatively go before the voters with some kind of proposition. We don't know what that is yet. But informally at the tweak meeting, we can discuss a target date of february 15, next year. Have everything ready to go, just in case. That's the plan. I think that discussion needs to be held at twig, and we're still working on that. Be done in a few weeks, hopefully by the end of the summer. >> Mayor, I have some questions. >> Mayor leffingwell: Mayor pro tem. >> Cole: When does that come into play when we're looking at the organizational structure chart? Or is that a question for robert? >> Matter of fact, that is on the agenda for this friday, for the transit group to talk about organizational structure as we move forward, regional and mention the regional system. We will talk about that this friday. >> Cole: Ok, because I think that would be early in the process in order to have an impact on what we bring to

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the other jurisdictions with what they approve of and ultimately what we approve of as council. >> Mayor leffingwell: We have two goals to complete by the end of summer. One of those is that, the organization. And the other is the financial plan. There is already a financial plan, I should point out, but we don't have approval of the individual jurisdictions yet. That's what we're going to be working on over the next few months. >> Cole: When we talk about a financial plan, are we talking about a financial plan for project connect as a whole, or just - >> mayor leffingwell: Talking about a plan right now that finances about 40% of the entire system. So it would not be -- not only phase one, but a financial plan that goes forward through 2024, i believe. >> Actually a little longer than that, I think, mayor. >> Cole: So it would be for the entire -- for all the participating jurisdictions? >> Yeah. And as the mayor mentioned, it is not -- we haven't found a way to fund the entire plan -- the 30-year plan. It is 40%. That number has gone up a little bit, but we have found mechanisms to fund a major portion of the plan enough

that the system is very viable. We will look for future sources to complete the plan. >> If I could, cross fuller with the transportation department. To frame that, that is a conception systemwide plan. It is intended to be a conceivable plan, a reasonable plan. It still relies on individual jurisdictions to make specific funding decisions when it goes for specific investment for instance, the bus rapid transit, it is in construction right now, capital metro is the jurisdiction partnered with federal transit administration made a project-specific financing decision. The framework plan for project connect sort of as

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robert said, puts together the toolbox of plausible funding mechanisms. It still relies on the individual jurisdictions to make specific decisions, as is appropriate, because that's really the sovereign responsibility of each jurisdiction to participate in funding decisions. >> Cole: So when we talk about project connect, which is a regional plan that contemplates involving capital metro, lone star rail, city of austin, when we talk about georgetown being the initial participant, then walk us through the lone star rail. How would that work with georgetown? Would lone star rail be responsible for making sure the financing that we have talked about on the board is obtained from lone star % rail? >> Absolutely. Yes. Lone star rail would then, in that case, be responsible for putting the specific funding package together within that regional plan. So with regards to georgetown, they would be having -- and they are having -- specific conversations with georgetown and round rock individually to bring them into that investment package, if you will. >> The phrase we use is the pay to play system. To be a part of the system, you have to have some financial interest in it. >> So when we think about going to the voters, as it comes through our system, we really are talking about a regional plan with the other entities involved and not only involved in the coordination of the i.L.A. But also in the financing of the system and may be even if it is only 40%? Am I right about that? >> Yes. >> Cole: Ok. Thank you. >> Mayor leffingwell: Councilmember riley? >> Riley: I know you have spent a lot of time working with transit applicants who

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raised concerns about this. I appreciate the reference on this. I understand many folks are now happy with the i.L.A. Before us. I'm glad to have that brought forward. I'm hearing some concern that this i.L.A. As proposed would lock the effort into one very specific alignment and would preclude consideration of alternative alignments that might have some foundation in past years' planning. Could you briefly address that? You see the work undertaken as a result of this i.L.A. Being constrained by a specific project connect vision as that stands today? Or does it allow some room for consideration of alternative alignments that might have been explored in the past? >> Mayor leffingwell: Before you answer, council member, we said that over and over, we're not locked into any specific alignments at this point, and we won't be for quite some time. It will probably be the last thing we start to consider. In phases, we will consider alignments. We will consider all the factors, certainly ridership studies will be done, but there will also be jurisdictional jurisdictions that we have to make. In other words, the only hard and fast commitment for the urban rail is to serve the university, capitol complex. Other than that, it is nothing set in stone. The transit working group will have a public process and hear input from all

parts of the community during that phase. >> Good. That is your understanding as well? Great, thanks. >> Mayor leffingwell: Ok. So we can go on to both item

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64 are the only two remaining pulled by katie mattera spelman, we can take them separately if you like. >> Spelman: Two items. We might as do one with the other. This is fairly standard for items for council. I wanted to ask the sponsors of the item 2 questions about what's involved in this. No fiscal note. How many included in the eligibility criteria if we're not included in the program. >> I think we have a number of the staff here that can verify. It is my understanding that in january, 2500 customers were dropped who had currently qualified under the cap voigt tha-- cap criteria that we had in place before our work sessions. I believe that broke town to 1,075 in the c app and 1,476 in the map program. I received a suggestion yesterday that in february and march almost another 900 were dropped. So perhaps we can hear if that is right. What happened was -- and we can go into this in more detail, but when we -- tets pite some of the discussions, we have gone back, staff has gone back and looked at the work session discussions. Our intent -- I think it was all of our intent. There certainly were conversations on the record about the need to expand the cap criteria. What happened is in the end, it did supplant the existing criteria. People who qualified for cap prior to the rate change, because they were participants in c app or map or ssi no longer qualify and right now they're being

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dropped. We learned this when someone who received ssi contacted our office and said she's participated in cap, she's, you know, certainly in need of assistance and in need of continuing to be on cap, but was told that she no longer qualified because council adopted now criteria. With that I will turn it over. >> Good morning, j.J. Gutierrez. I believe the question is how many map and c app eligible citizens or is it how many were on there to begin with. >> Spelman: I don't know if we were specific about the phrasing. We have a certain number of people that qualify. If we add c app and map to the criteria and let people qualify for membership in either of the two programs, how many people would that help? >> If we added, I have an estimate it looks like from february of last year. This is fairly dated. But at that time, 10,899 map citizens receiving the map program, and 3,467 citizens receiving the c app program. >> Spelman: Ok. >> Those two are mutually exclusive. So it would be about 14,000 citizens. >> Spelman: Ok. >> However, these two programs overlap with other benefits. >> Spelman: Right. So a lot of the map and cf members are also going to be on medicaid, lifeline, snap

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or chip. >> Probably [on'te on medicaid because those are mutually exclusive. May be on lifeline, may be on chip. May be on ssi. No, that is medicaid. Lifeline and chip will be the two programs that th could also be on as well. >> Is it true if you are on ssi you are on medicaid? >> Yes. >> Spelman: So we will add some number of people that are eligible for chip and lifeline and snap. All those people are already on. They're not eligible for those three things but still on map or c app. Do we have a sense for how many there are? >> I do not. >> Spelman: What are the requirements for map and c app. The eligibility requirements for the current eligibility

requirements we've got? >> I believe they're based on the federal poverty next level. And the split for map and c app are 100 for map. 100% of the federal poverty income level and c app, 125%. We currently enroll at 200%. So that would encompass both of the criteria. >> Spelman: If we kept the current, rule of thumb, 200%, anyone that qualifies will automatically -- are map and c app more or less stringent in the requirements than medicaid or lifeline? >> I don't know if they're more or less. I can't speak to that. But it is a program that will cover a citizen if they

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don't qualify for the others. So it is meant to assist or aid a citizen who could not receive medicaid. It is meant to cover in that instance. But again, the criteria, I can't speak to whether one is more stringent than the other. >> Spelman: These are people that are just about at the poverty line anyway? >> Absolutely. >> Spelman: Do we have a sense of how much it will increase cost in the customer assistance program? >> Tell not increase cost because we are bound by the funding level. So no matter what, as we enroll, we will only enroll up to the amount we can fund. We estimate that between 25,000 to maybe 30,000, depending on the funding that we receive during the on-bill funding mechanism. >> Spelman: So the effect of this is not to provide a current level of benefits to a larger number of people, it is to spread out a tant amount of funding to more people. Do we have a sense for about how big on a percentage basis we're watering the pool? >> Well, I don't -- I also -- if you're asking if we're going to fund -- if we're going to provide a lesser benefit to more people, that's not the plan either. So literally what we will do is take the same amount. Say your benefit is \$25. That's what we agreed to provide to each cap participant. We'll only enroll up to the number of citizens until we reach the max of the funding level. So there will be a waiting list for those who qualify

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but we've maxed out the funding. >> Spelman: Thank you for reminding me. At one point, I remembered that.

Title: ATXN CCTV

Channel: 13 - ATXN

Recorded On: 4/23/2013 6:00:00 AM

Original Air Date: 4/23/2013

Transcript Generated by SnapStream Enterprise TV Server

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It's been a while since I paid too much attention to it. Okay, so this is -- this is eligibility for getting on-line. >> Correct. >> And maybe -- you'll maybe get to the front of the line, but you'll be -- you're more eligible -- it's increasing the eligibility for being in the waiting list? >> Absolutely. >> Spelman: Okay, thank you. >> Tovo: Mayor. >> Mayor Leffingwell: Let me say it another way -- simple. No cost impacts to either of it was two. >> No cost impacts. >> Mayor Leffingwell: Councilwoman Tovo. >> Tovo: I appreciate you being here. I do have some questions. I think if we went back and tried to untangle what had happened, I think that at some

point we started to have a discussion about automatic enrollment. And at that point we talked about a priority. Councilmember Spelman, you had offered an amendment to something that I had said that said a priority of medicaid, snap, and then chip and lifeline. What we didn't factor in for the existing criteria. Austin Energy didn't have direction on how they fit in the existing criteria, they dropped them as criteria. So, it may be -- it may be that we need to talk about the priority. But if we're happy with the -- with the existing criteria being

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the existing ones prior to the changes being the first programs and then moving on to medicaid, snap, and the other, then that -- then that is what I think this resolution will achieve. You know, the -- I mean, there are all kinds of strange, unintended consequences. I talked about the individual who was called that was dropped from the program in the last few months. She participates in ssi. She was told she could enroll in lifeline and become eligible again. Then she's at the bottom of the priority list because lifeline is the absolute bottom criteria. It's pretty clear that we're going to have a demand that exceeds the funding level. One thing that I did want to clarify -- I don't have a good sense of how much that demand will exceed the funding level, because there's also -- we got some information from Ronny Mendoza saying that the current enrollment numbers, the overall cap enrollment right now is 120,001 and the overall list is pending with 14,345 names. If history holds true, we'll have a 40% to 45% match rate on those 14,000 that will add 5,700 to 6,400. Just because we see the total numbers of those eligible doesn't mean they're going to qualify for cap. I guess I would -- I don't know if it's possible to do between now and Thursday. I would like to get a real sense of how many participants, what is the -- what is the real need if you look across these programs and what is a -- and what's the match is factored in, what's the realistic direction? We had given a lot of direction to Austin Energy and asked them if they were encountering problems or if there were -- or if there were, you know, this is a comment that I made that Mr. Reese had committed to keep us abreast of how the funding matches and what the needs are in the community. Because we're going to be sure we're going to meet on them. So it's an important thing to do to check in and let us know how

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the -- how the needs in the community are matching what our existing funding levels are. And to do that, I think we're going to need a little more data. So I'm very concerned that we've got -- Austin Energy dropped thousands of participants from this program. And for people calling our offices, we wouldn't have known that that was happening. I don't -- it seemed clear that wasn't our intent. >> Mayor Leffingwell: Let me ask you if I could, Kathy, about the priorities game. >> Spelman: The original idea was that we said highest priority for people most in need and work our way down until we get to the lifeline participants. If you're not a member of anything other than lifeline, then generally speaking, your income is higher and you're more able to pay electric bills than other folks are. How is the current scheme matching against the ideal and how would the addition of these two programs fit into that. >> Tovo: Perhaps -- Austin Energy? >> I can answer that. So that -- giving the priority to someone with the most need is something we've been working with the subcommittee on. And at one point they tiered the program by those needs. So at the top of the tiers, those were the most needs, medicaid, s.s.i., Which are one in the same. The secondary would have been maps, chips, and c-apps. And the third tier fell into -- fell

into -- I'm sorry, I'm sorry. Tier 2 was map medicaid assistance for children and c-apps. The third tier had s.N.A.P., c.H.I.P., Then the lifeline and -- sorry, and lifeline.

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So we found that lifeline was really lower in priority than medicaid, s.N.A.P., And c-app >> Spelman: Adding the two programs for the eligibility list, a logical place to put them, they're in the logical place? >> Yeah. M.A.P. And c-app would be near the top. The priority. >> Cole: Does the ordinance in front of us need adjustments to make sure we're achieving that priority? >> I think that the ordinance? >> Tovo: We left out s.S.I. Which we need to add back in. >> You may not need to add s.S.I. Back in. Bauds if a citizen is receiving s.S.I., They're also receiving medicaid. So we're covering that with the medicaid criteria. I mean, you can add it, but it simply is -- it's, you know, already covered via the medicaid language. >> Tovo: Would there be an argument -- I heard this argument from one community member that s.S.I. Really serves the neediest of the needy and they should be the highest priority and listing it as separate may achieve that end, to get in before medicaid. >> You can do that, yes. The way that it's written with the priority being on the top four programs, c-app, medicaid, and snap -- I believe it's sufficient. I don't think that it needs to be achieved there. I think the only area I would suggest a change would be on the resolution itself. And on the resolution at the very bottom, it -- it states to

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reinstate -- and I think that is absolutely doable. I think that the problem that we're dealing with is retroactive part of that. To go back and try to re-create that history, that would be operationally difficult. Moving forward. We can identify anyone that is no longer on the cap program that still receives m.A.P. And c-app. So we can identify those folks and reenroll them. As stated here, I hope the meeting is. If they're no longer receiving m.A.P. And c-apps, we no longer want them to be enrolled. It implies that but doesn't say that. >> Tovo: I can make an adjustment to the language if my sponsor is in agreement that we don't want to be enrolled in that if they -- >> it's on their anniversary date. So everyone is looked at one year after they're added to the program or provided with a c.A.P. Benefits. One year later they're looked at and determined whether or not they still are eligible for the program. And it's that point at which if they were m.A.P.-C-ap, they were no longer provided the cap. >> Tovo: How long -- they're dropped in january. They'll lost january, february, march, perhaps april, four months of the benefits. >> We did not drop in april. >> Tovo: January, february, march. They will not receive ben if i wants on the april billing. They would have lost -- a third of the year, a quarter of the

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year of their benefits. What would be -- could you explain why operationally it would be difficult to credit them that amount? >> I -- >> Tovo: I'm concerned that that -- for people who are living paycheck to paycheck, it amounts a lot of money on their -- on their bill. >> Operationally, I think we can come up with a -- a manual process that can help us do that. But the system itself, the billing system itself is not necessarily designed to add a credit back to the bill. You may have to do something very creative get that credit back to the customer. It's just not a very -- it's not a

built-in feature that the system has today. >> Not that credit. This one it wasn't designed to do. >> Tovo: How long will it take to reinstate the customers who have been dropped? >> Not very long at all. It's a matter of the member sitting down, identifying those, reaching out to those customers. Administratively, a couple of hours, actually, to implement that change. So not very long at all. The hardest part will be reaching out the those customers and ensuring that they're still eligible. >> Tovo: Do you think it could be done before the next billing cycle? >> It can. >> Tovo: Great. >> Okay. Thank you. Colleagues, I'd like for us to reinstate those benefits retroactively, the last piece, so that they are not -- they are -- they received the benefits for the month where they were dropped. >> Mayor Leffingwell: At no cost impact to austin energy,

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that's what you're talking about, right? >> Spelman: It would cost austin energy, would it not? Some? >> Mayor Leffingwell: I understand the available funds would be spread out and I guess each person would get . >> Spelman: It depends on what we've already done. >> So simply -- there will be no cost increase. No cost impact to austin energy. The funds that are available would be used on the citizens enrolled in c.A.P. Until we've reached the max of that fund, so at that point, no one else would be enrolled. Until the anniversary date of those that are on the program and people on the waiting list would be enrolled. >> Spelman: I understand going forward. Appreciate your excellent explanation. What do we do about the people dropped in january or february who presumably enrolled other people up to the total enrollment amount and if we wanted to retroactively provide them with benefits, that will cost us the money we've already spent. Is that right? >> The good news is we're not at our max yet. >> Spelman: Okay. >> We can bring on those citizens that are m.A.P., C-app eligible. And factor them into the total max that we can enroll. So at this point, we don't anticipate the impact to the fund. >> Spelman: Okay, if we wanted do the retroactive stuff, the billing system does not allow us to do that? How do we get there? >> Manual lip, in the billing probably -- hand adjusting those citizens' bills. And at this point, I'm not sure between now and thursday I'll get more information about what it takes to make that happen. I'm just reminded that there may be one additional change in the ordinance. I'll answer the additional questions but then I'll have one

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more comment. >> Mayor Leffingwell: Can we ensure in the language and the ordinance of the direction that there will be no additional costs as a result of all of this to austin energy? >> Yes. >> Mayor Leffingwell: Anything else? >> I did have one additional suggestion for the ordinance. On line 14 of the ordinance, agreed to children's health insurance program c.H.I.P. And the telephone lifeline, it could imply -- we're suggesting that and become an "or" so that anyone who's eligible through any of these programs, they don't have to be eligible through all of the programs. That's it. That's it. >> Mayor Leffingwell: Okay. So those are all of the items that we have pulled for discussion. We do have -- we have item -- i think it's c-1, a discussion on austin ener before we get into that, I want to announce that at about five minutes before 10:00, councilmember tovo and I are going to have to step out for a few minutes for a press conference. We'll be back at some point and you can continue to have that discussion. So -- >> mayor? >> Mayor Leffingwell: Yes, councilmember morrison? >> Morrison: I didn't preselect the items. I did have a couple of items and I hope they'll have a couple of minutes to talk about them? >>



Mayor Leffingwell: Yeah, you want to -- maybe it will work out best if they're short if we discussed them right now. >> Morrison: I think they're short. >> Mayor Leffingwell: Go ahead. >> Morrison: One I wanted to mention item number 97. Item number 97, as I understand it, is the somewhat controversial ordinance about allowing businesses to park on our parkland.

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I wanted to point out and maybe ask our staff to talk about this, that the language is pretty general. It says conduct the public hearings to consider an ordinance to consider amending 25 and 8 -- could just say amending the codes. So it seems like we missed a little something on that posting. I wonder if you can talk about how we need to address that. >> That item will be reposted, renoted. We'll basically start from the beginning. >> Morrison: Including in the planning commission? >> No, no. >> Morrison: So it was just -- >> Mayor Leffingwell: Not going to hear thursday. >> It was going to be postponed anyway. It was planned to be postponed. But now it would have to be. >> Morrison: Now it's going to be. I just wanted to make it clear, the most important thing is that it will be postponed because people are interested in it and they don't need to bother coming down. >> Yes. >> Morrison: And then I wanted to mention with regard to the eastern side corridor plan, there was one issue on the table that had been adopted by the majority vote of the council and that was regarding drivethroughs to allow sort of 06d for specific 17 pieces of land to allow for sort of eternal rights to drivethroughs on the pieces of land that we have drivethroughs. I wanted to throw out there a couple of things that I'm going to bring up to propose or if you have any feed back on them now. One -- it bothers me that you can give eternal rights to something. I understand the businesses being able to stay in business and have a predictable future versus the vision of the -- versus the vision of the east river side corridor plan.

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I have a couple of things to suggest -- rather than do this as an eternal write that we make it something that is -- a write that is sunseted in some number of years and maybe think about when we expect rail might be coming down that corridor. Tie that number -- is it five year, ten years, put in the ordinance that council would have to reconsider it and actually proactively continue that right at that point. Then the other is just briefly in the conversation right before here, there are 17 pieces of property that are affected by this. And they are in the hubs that we're defining. As I understand it, it may be you only really heard from three of the property owners. So we are doing something for 17 pieces of property affecting a lot of the property on our hubs when maybe only three property owners care about this issue. So I don't know if there's a way to kind of slide it down a little bit so it's not quite so broad and address these concerns. But those are the things that I'm thinking about. I feel like it's an important topic that we try to narrow as much as possible. >>. >> Mayor Leffingwell: I could say I wouldn't support that at all. I could consider supporting not a sunset provision, but perhaps a requirement to revisit the issue an x number of years if things change. I wouldn't want -- I wouldn't support something that just automatically is sunseted. Councilmember martinez? >> Martinez: Likewise, I share your concerns. What I would like to see, though, I completely agree with the provision of east riverside corridor plan is for a reason. We want to see it happen. I would like to @ see a

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conversation more about creating incentives so that these existing drivethroughs will change to another use as opposed to mandating and imposing it on them. Organically, it will happen over time as patterns change and if the rail goes down the corridor, there will be incentives for them to change the business model. But I don't believe we're having that conversation with the property owners as to what would it take for you to not use the drivethrough moving forward. Is there anything? And I would like to see more of that and a policy to sunset rather than a mandate or sunset on the properties. >> Mayor Leffingwell: We could investigate something like that. I fail to see the evil in drivethroughs myself. I know that I would not -- I would not bank at a bank that didn't have drivethroughs. I wouldn't use a dry cleaner if it didn't use drivethroughs. I know there are a lot of people with similar feelings. I think it's a way to hurt business development in the corridor. And it's a way to hurt individual businesses that are already there too. Councilmember Spelman? >> Spelman: Usually use drive cleaners I have to park my car at but I understand how a lot of people use drivethroughs. I'm concerned about the use of the words "eternal rights." We're granting drivethrough rights for eternity on purpose or we're allowing them to do business the way they have there. >> If we have staff, I don't know if we do. My understanding that the land will have the right not just to continue business but to rebuild as opposed to remodel as a business. >> Spelman: Nothing in the ordinance that said in perpetuity or as long as -- the words used in flowery phrases on

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the legal system that there was nothing eternal about I want. There was just -- you can just keep doing what you're doing. >> You can keep having drivethroughs, including increasing the number of drivethroughs and building a new drivethrough facility whereas on the other properties, we'll need to get staff here. Getting the shake of the head. >> Mayor Leffingwell: Is the word "eternal" used in ordinance? >> Morrison: No, I want's not. But it's my understanding that the -- that the whereas other properties are not able to -- to create a drivethrough anywhere that there is a drivethrough, they can go ahead and keep that business model even when they completely rebuild. So they will always be able to have drivethroughs there if they want. >> Spelman: Until we change our mind and change the ordinance? >> Correct. I see -- maybe she can -- >> councilmember Sue Edwards, assistant city manager. I don't have the exact wording. I haven't seen the latest. But it was my understanding that they could continue to use drivethroughs if they had to rebuild, they could use a drivethrough but it would be reconfigured based on specific design guidelines that would be closer to what we are trying to achieve. I'll get the final language and happy to send it out to all of you. >> The difference is that on other properties they can't put in a new drivethrough. >> That's correct. >> Mayor Leffingwell: I think the language was the existing drivethroughs would be, quote, grandfathered and additional -- either drivethroughs adding lanes to existing grandfather drivethroughs would be incentive-based. In other words, they would have to conform to certain design

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criteria. >> I'll get the exact language. >> Tovo: I have a quick -- >> Spelman: I don't know who other councilmembers have been speaking with. But I can think off of the top of my head of owners of at least nine pieces of property that have drivethroughs that I've spoken with personally. I don't know whether perhaps others of you have only spoken to three, I spoke to at

least nine, maybe more. Some of us are getting a broad view of what the drivethrough issue looks like and how they're acted by it. I don't think it's eternal. >> Mayor Leffingwell: I don't even think it's etched in stone. I agree with you. I think there are a lot of people with properties that had drivethroughs that are concerned about it. I heard anecdotally about people who were planning to buy property and to build facilities and deciding to move this discussion, decided not to in lieu of this discussion. >> Cole: I have a question. >> Mayor Leffingwell: Mayor pro tem. >> Cole: Can you give the example of what kind of incentives and agreements to put into place to encourage people not to rebuild with the drivethrough or having -- >> councilmember, I'm not prepared to answer that -- to end to it. But I can give you some -- get you some information. >> Cole: Okay, thank you. >> Okay. Councilmember tovo? >> Tovo: Last thing on this point, I wanted to underscore something you said, mayor, in the amendments that were made in the last meeting, I believe there was one that allowed -- that allowed additional lanes to be put in. And when the draft came to us, we had a lot of concerns that didn't want existing drivethroughs to build beyond a certain amount. And the action of council actually allowed them to rebuild beyond what they currently had there on riverside. I hope at least just calling my colleagues to revisit that.

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I did meet multiple times with drivethrough representatives. And that -- on at least one of those occasions, you know, I got into a discussion about how much -- you know, what the square footage is and if they rebuilt, what would be a reasonable square footage. We allowed and in my opinion, and in this representatives opinion, we allowed with that 50% or 1400. I forgot what the square footage was. We allowed the generous provision that allowed the perpetual right. It was to allow the existing drivethroughs to remain. To allow them to do a reasonable rebuild. And add a little bit. But not -- not a perpetual right and not a right that allows them to indeed expand the number of driveways that we have. >> I have to leave in two minutes. I think we should take up the discussion on austin energy. If I can, councilmember spelman, you have a show for us, is that correct? >> Spelman: It's exciting as hell, mayor. >> Mayor Leffingwell: Orchestra? Looking forward to it. If I could, first, I think we can address this quickly. If we can't, we'll discuss it later on in the morning. The proposed schedule for consideration. Additional actions on austin energy. You all have this piece of paper here that basically starts with they were having a discussion. April 25 would be postponed because we would not have a full council. Potentially, you can discuss it again on the may 7 work session and post for the second and third at the may 9 meeting.

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Just wanted to make sure that was okay with everybody. And if there were no complaints about this, I think we can turn it over to councilmember spelman. I'll be back in a few minutes. >> Spelman: I'm shocked -- simply shocked to find that the mayor is going to miss my power-point presentation. >> Mayor Leffingwell: I'll assure you I'll get caught up on that. >> Spelman: I believe you, I'm sure you will. >>. >> Morrison: Kathy seen it? >> Spelman: She'll get caught up on it. >> Cole: They're not going to be gone that long. How long is your presentation, councilmember spelman? >> Spelman: Probably longer than it should be. Why don't we get started? Basic idea. I'll cut it down to bare minimum. The bare minimum is not five minutes. It

will be longer than that. I'll cut it down as short as i can. I'm given to understand that the electric utility commission and councilmember riley have been proceeding in parallel. Anyone who's listening is not because they're co-lewding in any way, shape, or form, it's that great minds think alike. I suspect that any deviation between this and what the councilmember riley is thinking, he's got it right, I've got it wrong. I think we can go with this. The critical we've been talking about all along making a decision for us in electric. Policy decisions right now are being made by the council. Management decisions are being made by the austin energy and city manager. I imagine the decisions right now, we're going to join the discussion sometime next month or the month after that. For policy decisions, the argument for the council. The public are responsible for

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the city issues that bleed over the edges of austin energy are in our bally wick and we're in the right decisions to make decisions about things which austin energy related but also other related - - related to other departments. Because we all know a little bit about a lot of thing, we don't know a lot about the utility themselves. None of us are utility experts. None of us ran for as because we're experts. There's a lot of things I want to know more about before I make decisions on how austin energy ought to run. On the other hand, we're clearly accountable to the public. The issues came up in public hearings a couple of times. The reason we peer clear to the public isn't because we'll be re-elected. We were elected once, we want to be elected again, presumably. We're accountable to the public because we're selected for the values that we hold which is presumably similar to the public values, that's why they elected us and those values are reinforced in informal ways when we go to public. When I go to the supermarket, someone out there is reinforcing the values that they think i ought to be holding or reminding me why I voted wrong on item 11 and how I need to get right the next time around. That reinforcement is a lot more important than the threat of re-election particularly because many of us are not going to be running for re-election. The supermarket is much more important than the election campaign. That's going to be true for the next group be of folks. Let's see, how do I do this? The board we're talking about. They would not be directly accountable to the public, they would be directly accountable to the council. They would pick a board of directors to share the values that we have, share the values of the public, and in addition, have the background and the expertise to be able to know more about how the utility workings. They would be responsible for

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the utility. They could learn about the utility. They would be in a better position to make decisions about the utility than we are if they know more it. If they decided their values were not consistent with ours and the public's, we would replace a board member who was voting in a way which was not consistent with that. Not talking about a cps board that's only receive referential, picking people themselves. The board is picked by the council and therefore be accountable to the council. So that basically is -- the council is the right group to make decisions on broad issues that cover a lot of citywide issues. The board would probably be in a better position to make decisions about internal issues about things which require a fair amount of the utility business or about our particular electric utility. We might want bothes to agree on some things that are part expertise in a broad scope. This leads us to what I'm going to call version 1.0

which is everybody's first reaction. This is the three bends approach. The first b is the council bin. There are things that the council needs to have general jurisdiction over. General fund transfer, rates, our taxpayers and rate payers pay taxes and rates for other things besides electric rates. We want to make our rates with that in mind. The c.I.P. Is a long range of phenomenon and covers a lot of departments. So we like the c.I.P. And the bonds which pay for them to be considered by the council and not just only in the narrow window of the austin energy version of the c.I.P. Long-range plan, generation plan, obviously like the c.I.P.,

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a long-range thing. It makes sense to the city council to consider that. Talking about management oversight over egrso and sustainability. But that would stay with the city manager as it currently is. Policy decisions are made by the council, not part of the utility. From that response, the administrative financial convenience that happens to be paid for by the utility. I think this is a list that it makes sense for the council to keep. Another bin it's safe to let the board handle and the city council doesn't need to see. Purchases up to that amount between 100 million and 20 million. I think all of us are comfortable with letting the board make those dele cigses so long that the purchases are made consistent with citywide programs and policies for purchase power agreement is - consistent with the generation plan. Should be no problem with that. I don't think there is among people -- among the four of us around the table and the three of us will be back around this table in a few minutes. Rebates, easements, take a lot of items off of the agenda. People who have more expertise. That's everything else. The dumpster -- we're not sure how big it is. But we figure it's a whole lot of stuff that goes in the dumpster that we haven't decided in advance needed to be with the council, could very well be with the board. The first version of this plan was to show the list of things that we knew in advance we wanted the council to do. Including everything else. The dumpster of everything else

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to the board. What we decided two weeks ago was to shift that around so that thing in the middle went to the council and not to the board. Well, we can do it that way if we wanted to, but we needed to figure out we're getting it among the preselected issues. In that dumpster, what of that everything else set of issues that we haven't considered yet. Some of these things know. We know it because the council went through that long list of things which we got from boston energy. And some of these things look sufficiently political and broad scope. They have to make sense for the council to look at. Tree trimming is not something i would wish on my worst enemy, much less the electric utility board. It's highly political. Nothing more political than the post oak in my back yard, not to my family. If we have a board that shares austin's values, no board i would have in place to be stupid enough to disconnect an 80-year-old woman in 100-degree heat because she was late on her electric bill. If that comes up, we want the council to fix it. There's an argument to make for all of this stuff that council needs to fix stuff that's broke or take a look at things. There's an argument that they want to take jurisdiction over this stuff. These are things that we know because the council has considered these in the last couple of years. There's another group of things that we haven't seen. But we can guess probably is in that bin. We haven't reconsidered the value of solar. We know it's going to come up again. We

haven't considered the conservation programs, particularly for the commercial enterprises, but that's going to come up again. At some point there will be a

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call for hiving off internal services for austin energy, a good idea or a bad idea, something we'd like people to consider. Legal services, human relations services, fleet is a little up in the air and an argument can be made for developing, for example, an entire hr bureaucracy in austin energy separate from what we've got. I don't know if it's a good or bad argument. The argument will be made at some point by someone. Somebody ought to decide that. That's not on the in the past. It will be in the future. Citywide policies and plans that will have an affect on activities, mwbe, aipp, so on. There's that stuff out there. Maybe the board, maybe the council. It might be if we wanted to continue to go down the track that we're on a reasonable thing to decide in advance what the board gets and what the council gets. It seems to me however this is kind of dangerous because what we're looking at right now is -- well, that's an iceberg and that's a little boat there with the ship. Probably a whole bunch of stuff underneath that iceberg which we haven't seen. It's not come up yet. We annual know what's happened in the last couple of years. Partly because we have not had the board or the council to exercise significant management with exercise over the utility. I suspect that once we ask a board to exercise management oversight over the utility, a whole bunch of stuff is becoming visible to us that is not currently visible. A lot of stuff going on out there. The utility will make a lot of decisions which they're not privilege to because they're made by the city council. It's hard to find the content of bin three and how to parcel it out between the board and the council. Some of the decisions need

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breadth. The board has to look at them. Some need depth, the board will have to look at them. Some of them may need both. Hence, version 2.0, another way of working this out. The idea here is just rethink the whole issue deciding what issues the board handles, what issue the council handles in the following way -- we have a bin that the council should look at. Jurisdiction over rates, eminent domain, long-range generation plan. That ought to stay with the council. Keep that. Bin two, easements, small purchases, keep that with the board. That's fine. Nobody has concern over that, i don't think. Bin three, the proposal is very much what I was thinking. Let's assign that to the board and give the council an opportunity to review it. The electric communications proposal is 30 days after the eoc has made a decision, someone put in an item for council, to review the decision and possibly overrule it, innocent we hang fire on implementation on that decision until the council has had a chance to look at it. That sounds perfectly reasonable for me for a reason we'll get to in a minute. That will solve a lot of problems. Other issues we probably ought to consider. The electric utility commission didn't think about. In particular, we might want to add that the reason why that item for council is being put in and the city council is taking a look reviewing that issue that was originally given to the board, because there's a reason for it. The reason for it would be that we believe the scope of this decision transcends the -- the electric utility. It's a bigger decision than that. We need someone who's looking out for the entire city to make that decision, for example. It an argument could be made a

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this is an appeals process like what the supreme court does when they take a case on the writ of certari. It requires two or three supreme court justices, if you get three or four, they have to convince one or two people to come over to the side they have a majority. The argument could be made maybe we need a couple of members of the city council to overrule the decision, review the decision of the board. Maybe a superminority, third -- three out of seven or four out of 11 would be a more appropriate number to be able to pull back and review some decision board. That's something we can talk about. We might -- we'll need to discuss how it is that the council and the public get information on a regular basis on what the board actually does so things don't get swept under the rug. Things don't go past us without our paying attention to it. And we might want to consider whether there's some issues that are so important that we need both the broad expertise of the council and the specific expertise of the board would agree on something. I can imagine the case being made that the rates being something both the board and the council to agree on, for example. We can discuss all of this stuff. The basic point I was getting at is it's not enough to say there's going to be council review. You need to determine the terms of council review, there are things we need to talk about as well. The advantages of this, I think, primarily we don't need to know the contents of the third bin in advance. We don't need to know what's in the dumpster. We don't need to know. All we need to know is if something comes up that we didn't expect, it's perfectly clear. This is a council item much broader in scope that we think is perfect for the board of the electric utility to consider, we can pull it back and consider it. That means we can score issues as they come up. And then if we would like for them to modify the ordinance, say, okay, eminent domain is not

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something that the council needs to consider, we can assign that to the board, then tree trimming is something that council is going to look at. If we make that decision having seen a bunch of cases, we can modify the ordinance and clarify the issue. There is doing it by importance not by charter. If you do it by charter, it will require two years and a public vote to change. We know so little about what issues that the electric utility board will consider, it makes a lot of sense for us to make these decisions through ordinance instead. We can make the decisions much more quickly. We can decide by the council. Just because we thought it was going to be in bin two, doesn't mean it needs to stay there. Most importantly, the reason we're doing this stuff, I think we need to mention it. It needs to be on the table. Currently the general manager of austin energy doesn't go to electric utility meeting -- commission meetings. The people from the city manager's office do not go to the electric utility commission meetings. The reason for that is it started in august or september of last year. Because it's purely advisory committee. And recognizing it is pretty advisory committee, the general manager and the immediate staff said I've got limited time. If this is a meeting I need to go to. Go to the city council meeting and accomplish the same objective. Given it's purely an advisory group, they skip the meetings. The electric utility commission is saying we're not paying enough attention to what they're saying either. What's important is if they believe it's true. If they believe we're not listening to what they're saying, they whoent put the best efforts in the work they're doing. They won't apply the questions that the utility needs answers

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from, and we won't get good advice from them. We need to get the right people, first of all, who reflect our values and have expertise to bring to bear on the issues. In second place, give them something important to do, give them ownership of the utility. Giving ownership of most of it, we provide for some sort of to council review, we will effectively give them the ownership of most issues. We reserve the right to pull some of them back. My belief is if we do it this way, the decisions we made by the board because we'll be happy with what we're doing. In the same way the supreme court is happy with most of the decisions made by the boards of appeals because the circuit courts of appeals are looking over their shoulder saying i think I know what the supreme court is looking for, they're making decisions which is consistent with what the supreme court wants. The same way, the board is going to make decisions that are consistent with the values and the public's values. I think we need to decide -- we need to go back to version 1.0, only if the following is true. If we know what is in the contents of all of the bins, we know all of the issues that will be decided for the governance of the utility in advance. If we know the extent to which the short term results and the long-term consequences are broad, citywide, leading over the edges of the utility, or narrow and requiring of expertise on the electric utility business and our electric utility in particular. If if we know all of that stuff, we can sort it out now. I don't think we know all of that stuff. We don't know the issues. We don't have the consequences in advance. The proper way for us to go about this is the version 2.0, what the electric utility commission is suggesting a form of council review over a broad brush, looking to the council things we know in advance what we want the council to do. I'm now done. Safe for the mayor to come back. >> Cole: I don't know what time

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the mayor is going to come back. We should continue to proceed. Councilmember riley, did you have questions? I have questions too. Go ahead. >> Riley: The first chance I've had to hear. Thank you, bill, for all of your work on this. I enjoyed the presentation, i like all of the graphicings. My favorite image is the one with the iceberg, comes up in phases, the second phase is what we don't know, what lies under the water. Then really formed a large part of the thinking around this. Really we need to identify everything we've run into and put that in the bins. Then the questions that didn't get asked that might have been asked if we had somebody exercising the kind of scrutiny over the utility that the euc has been urging is needed. The chair has one example of that that are the utilities policy. And is the utility -- is the utility's hedging policy currently taking the right shape. Guiding it the right way in the world of natural gas prices that seem to be at a long term low. Should we revisit the hedging policy. It wouldn't turn up on our agenda that you see doesn't have the bandwidth to take on issues like this. And that's the kind of issue tha a board ought to be able to burrow into.

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The board would come up with it. The board would be swimming below the surface and checking out the iceberg and exploring all of those issues. So that -- I'm right there with you on the concept of recognizing that and allowing the board the latitude to for the issues beyond that in bin three. The one that I did arrive at a somewhat different approach after talking with a few



people, including the chair of the euc. But that relates to just the way that we are able to achieve review. And you addressed that in a slide a little later on in the presentation. It was two slides later under a version 2.0. How do we trigger council review of certain decisions. I see a lot of the appeal in the very simple approach that the euc suggested, which is that the board should have broad utility over the matter. Every decision the board makes would be subject to council review. The way they suggested doing that is that no board decision would become final until 30 days past. I pointed out some practical problems with that. Not meeting in July, those issues. The board's decisions don't become final until after next council meeting following the board's meeting. And that would allow the council the opportunity to look at the positions and exercise the kind of judgment that you're -- that you're describing when you

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talked about the supreme court's practice that we can have a similar practice just in looking over all of the decisions that the board has made. If there is one that we think really warrants some further attention from council, we would have to have the ability to pull that off. Deal with it at that meeting or postpone action. It wouldn't become final. It's really just a -- it's a practical difference between this and not a fundamental conceptual difference. I think the idea is I think we're in agreement in terms of wanting the board to have broad authority over utility matters subject to council review over the matters that are really important. And I guess the one practical difference between the approaches that you and I have been suggesting is that the board's decisions on bin two will be final. So my question for you is how important do you think it is that -- that we -- that those decisions become final without council intervention. It seems to me those decisions have not been taking all huge amount of time. There's some delay associated

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>> Mayor Leffingwell: How do you decide if they're going to be reviewed? >> Riley: We would see all of the decisions that the board made. And if we -- if we're comfortable with those decisions, we would just do nothing and the decisions would become final after the first council meeting. If there is some decision that we think warrants further attention, then we would pull it for our -- and take some other action, which could be postponing the items. >> Mayor Leffingwell: So every action that they take could be on the council agenda? >> Riley: We would still review the actions of the board. >> Mayor Leffingwell: It would be better off just not having an electric utility board. I mean it's an additional expense. s BUT IF IT'S GOING TO BE Watered down to basically an advisory board at that point, we're wasting the utility's money. >> Riley: Mayor, if I could respond, I don't view it as simply being a matter of the board advising the council. It would still be the board taking the action which presumably would become final if the council chose to intervene. We don't have advisory boards to form that kind of function. >> Mayor Leffingwell: But they would be posted on the council agenda. That's what bothers me the most. That certainly don't have any objection to looking -- and would support an effort to have a legitimate appeals process if certain acts were taken that -- that a number of councilmembers, not a majority, be similar to what would be required for a -- an item from council. Now, bring that item forward. But just an automatically every item on the agenda, again, I think that does de facto make the board, you know, maybe slightly more influential than the electric utility

commission. But not much. >> Cole: I have a question for you about what you just said, mayor. I thought tha you were in favor

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of having a supermajority have to bring it before council as opposed to how we do it now? >> Mayor Leffingwell: I certainly could support that. >> Cole: Okay. >> Mayor Leffingwell: I don't support having everything automatically on the agenda. >> Cole: Trying to distinguish between you and councilmember riley's position. I have a couple of questions. Councilman spelman, I appreciate your presentation because it outlines things well for us to think about. I don't see it being that crucial whether bin three is on the side of council or bin three is on the side of the board. It all depends on what is in bin three. And the items that you listed in bin three as some things we know, I agree with all of those items are in bin three. And I think we can get some consensus on that. And councilmember riley, p brought up what I think is a critical issue of hedging policy. Is I would just put that in a broad category of innovative new energy policy issues that those should be considered by the board that that is within their grand purview, that it was put in the enabling costs so they know that they have authority to take first shot at those types of issues. And wouldn't be hedging but it would be a broad statement to include all of those types of items. That's the whole point is that we can't keep up with the change in the industry sufficient enough to run the electric in daily sound manner and we're employing the board to do that. That's the primary reason to do this, not so much tree trimming versus rates, it's the change in the market and being able to have a competitive mechanism. What I really like about what councilmember morrison did was to slow up the process and ask the questions about what is in

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bin one, bin two, and bin three. If we're succeeding authority without a charter amendment, it makes sense to me that you should do that delicately and slowly and we have the time to think about that. And I think legal could help us with the catch-all phrase to get what is in bin three. The only thing I should say is that the new board should be subject to the citywide policies. Thank you, mayor. >> Last citywide policies and what? >> Mayor Leffingwell: Plans. ? >> Cole: Plans. >> Mayor Leffingwell: I think everybody needed that -- why do the bins look like trash cans? Councilmember morrison? >> Morrison: That's my question we're into recycling and not just throwing things away. I just wonder what you're trying to say there, councilmember spelman. But I think it's certainly the graphics are the best intention. What I think is really helpful here is, you know, providing a frame work for us to have some language and to talk about certain things and I think we kicked that off last -- at our meeting last week. And I think we have more of that. So this is a good step. One thing I wanted do is I had some data last week. I wanted to bring copies of that to share -- I presume city attorney if I share -- if I hand these out to everybody. This is just the spread sheet that I had used that my staff put together for me because looking over the agenda items from 2010 up to the beginning of this year what had jumped out at me was that there were a good portion of them. Councilmember riley had counted

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places. Half of them that you fell under two categories. One was purchasing supplies, vehicles, and hardware and construction. And as I looked through those, they -- seems like items that we rarely ever had -- had issues with. And this is a listing of all of those items in the spread sheet. And it's sorted by lowest to highest costs. That's background for how I had thrown out the \$10 million figure when I made my amendment last year. 57600 >> Morrison: As I tried to organize my thoughts around what

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are we trying to fix -- we wanted to make sure we know what we're trying to fix to make sure that we've come one a solution that does, in fact, address those issues. So I've done some work on that that I'll share with you in a minute. But I also heard you loud and clear under the slide on your comments under the slide as damages of version 2.0. Almost the -- the second to the last slide. What I heard you say are things like the general manager doesn't go to the euc. Because it's purely advisory and the euc feels like we don't pay attention to them and he feels like we may -- he might as welcome straight to us -- that's one of the things that I've been trying to dig down into. Because when I started to think about the euc and their advisory role to us, we have a lot of boards that we really do listen to, right? We get resolutions from them. And the next week there's an item from council saying that's a great idea. Let's do it. It appears to not be the case with the euc, but I did start wondering about why weren't we hearing from the euc on other issues. For instance, the hedging policy. I'm certainly no expert in hedging policy. What is it all about and what kind of policy does it fit within, is it a risk management policy. Who's really paying attention to that. And I guess my point too is that the conversation that I'm having with the euc number is if the euc was concerned about that, why didn't we get a resolution from them? Why didn't they raise that to us to say that there's an issue that council should be paying attention to that -- about a hedging policy. And why don't you do something about that? And in which case, we could have -- who knows, you know? Asked the city manager to fill us in more on that. Delve into it a little bit.

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You look like you have a -- you have a comment? >> No. I asked staff if they could go back and give me a list of what are the resolutions that we're hearing from the euc on. It's interesting because over the last five years, this list shows for the most part they've been focused on governance, concern about the general fund transfer, concerned about egrso and things like that. So in a way, I'm wondering how we sort of -- I feel like maybe we're not working productively with the euc. That's something to keep in mind. That is not a reason to change the whole structure of our austin energy. And we want to make sure that we don't run into this problem again if we do change this structure. I think whatever we come up with, we do need to address what the problems are we're trying to fix. And does this -- does this solution actually fix those problems. So what I did was I went through lots of background information all here including bike to '96, the price water house competitive performance review, memo from the euc, 96. Some of the historical data, the information that we had from the commissioner. The commissioner. The con report, the euc recommendations in 12 and 13 and various comments we've heard from them.

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What I did is I pulled out all of the a lot more comes up than just we need oversight from a larger board, a more professional board. And I think it's important to pay attention to these things. What I've done is I went through and sort of -- in excruciating detail pulled out all of the issues and tried to extract them and pulled them up to the various categories. These are the things that I throw out there in order to ask -- this is what I'm going to be judging it by. Are these valid issues that we need to deal with? Does the board handle these issues? They fall oh into various categories that I laid out here. We've got extra copies for people who are interested. But I was particularly interested in hearing examples of what's getting in the way. Because we hear the word, for instance, it needs to be more flexible and nimble. What does that mean, exactly. And I think that's an easy one to sort of pinpoint the concerns about the schedule that Austin Energy must follow to get approval on something on the council agenda for submitting an RCA. To get purchasing decisions done quickly enough. There are issues about being part of the city bureaucracy in terms of the policies that we follow and the shared services. Both of those items, I think, bring up a good issue. That is if those are problems for Austin Energy, those are problems for all of our

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departments. If we need managerial problems to be more efficient and nimble in the city, splitting off Austin Energy in order to solve those problems may solve them for Austin Energy, but we should be talking about those citywide. The other thing is the paper flow -- here I get contradictory thoughts being shared by some people. Some people say that Austin Energy is not willing to share data and information with the EUC, so it's insulated. If that's the case, I don't know why the board is going to change that. Other people suggest that the overall city managerial structure is keeping information from being public. If that's the case, I don't know why a board necessarily is going to fix that. It may, in fact, still just create the same situation. But, you know, with a different structure. If it is -- whichever of those cases, whether it's insular with the -- with Austin Energy or whether it's at the broader level of city manager, that seems to be an issue that we should deal with. You know? The city manager works for us. We are responsible for ensuring that we have a structure that works. And I would like to see that on the table as something that we deal with. We have the whole issue about professional experienced oversight that's needed. And I -- I think that, you know, we talked about that. Although I would say that one of the suggestions that we got from one of our commissioners was, well, if we need -- if we're concerned about community values being integrated to the

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board decisions then it's up to us to appoint the right people to the board and the suggestions to the people to the board were, Mr. Paul Robbins, Barbara Day, who I think are great and very informed people, but the question is, are we talking about business people, are we talking about industry? Finance people. Are we talking about people who learned about Austin Energy because of their community and tangential service. >> Yes. >>> Okay. The other category is the accountability of the manageability of Austin Energy. That's being raised. I don't know if I understand what that's all about. The comments we got at the EUC meeting is the citizens' voice

has been lost. The power has shifted from the council to city manager. That's where we get the double-edged sword. And then one of the specifics from the euc was that there was a concern that for instance the euc wasn't given enough input on RFPs. I don't know if that's a policy issue that we need to address. We have the discussion about OTHER RFPs. But, again, it's an issue that may well be a citywide issue and an issue that we should deal with, you know, whether there's an independent board or not. The one statement that's very significant to me that I think needs to be put on the table and this is a quote, I believe it's from the -- this euc's report that came out recently last fall. It says there's considerable confusion within the city of

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austin and austin energy as to whether the general manager reports to the city manager or to the city council. And that was going to lead austin energy to be less efficient and less capable. Well, that's an issue that just needs to be addressed. Sure, if we create a bill and the bill passes and council decides to actually specifically sever the tie between austin energy and our city management, then there would be no confusion. I'm not sure I support that. I don't think I do support that. But -- >> Cole: Confusion about what? >> Morrison: It's been reported that there's confusion as to whether the city manager -- whether the general manager reports to the city manager or to the council. >> Cole: Those are -- >> Mayor Leffingwell: Some people are confused about things that other people aren't confused about. I don't think there's any actual confusion about that? >> Morrison: Apparently it's causing concern at the euc. That there is confusion. I think that in any case, that's something that there shouldn't be confusion about. And I don't know if that's a council issue to deal with, an issue for the city manager to deal with. But if that's the concern that's driving a need in some people's minds for an independent board, I would say that the independent board may in fact solve it if all of those other things happen. But there's another issue. There's a kernel of an issue to deal with there that we need to set aside and deal with that issue. So, I guess the point of all of this is that for me, we need to -- we have issues on the table that I certainly agree are very valid issues that we should deal with.

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We have jumped to the idea that an independent board is going to solve all of these issues. It's not at all clear to me that number one, it will solve some of those issues and it's also clear to me that some of the issues that are being raised are issues that we as a council should deal with with regard to the whole city, and we should deal with it in terms of setting ensuring that we feel management is marching down the right road on all levels. I don't know why we've jumped immediately to an independent board. I know we're having a discussion about that. But we need to come one a discussion on the problems that they say needs to be fixed. I added a miscellaneous category at the bottom of all of this. These are issues that are really very much up for discussion about whether or not they're issues that were on the table to be dealt with. I'm not sure I agree that some of these are issues that we need to be dealing with, for instance, one of them is that the council has a conflict of interest and can't actually manage austin energy or oversee austin initial because we have a conflict of interest because we also want to ensure that we have the general fund transfer coming into the revenue. That's the kind of issue someone thinks is a problem with the way we structured right now. I put that aside saying I disagree that's a problem. >> Mayor Leffingwell: Let me just say -- it's hard to encapsulate the last 20 or so

minutes. I'm going to try to address some of the issues. It's legitimate to raise the issue to define the problem -- why are we doing this?

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We're doing it because four previous euc recommendations strongly -- strongly worded recommendations, I might add, and one of the strongest opinions came out yesterday in the form of a fax from commissioner fad who has been on the commission for 33 years. She absolutely states unequivocally that we should do this -- that we should do this to independent governance. If you don't have a copy of that, I think it was sent to all council offices, I'm not sure -- I urge you to read that. It's really -- I agree with every single point. So why did they recommend this? And why do all -- not say all -- I don't go back that far, but I don't say all. But the two immediate last general managers, why did they recommend this? Why is everybody that knows something about this business making this recommendation? The people that are closest to us making this recommendation. Transparency, I just say this is one of the reasons to go to an independent board. We strongly believe -- I think it's obvious that there be more transparency, not less. And transparency is a reason to do it. Is it broken? Well, we didn't have a -- we didn't address rates for 14 years. And I would suggest very strongly it was due to political considerations. It's very difficult for elected officials to tackle an issue. We did tackle it last year. But it was -- it was painful. And did we do a good job? Some people think that we did a good job. I don't think we did a good job. What we did was develop a rate plan, for example, that earned us an appeal to the puc. And that appeal was sustained, and didn't -- and settled that it didn't go to the puc. But what we have is a situation

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since the puc only deals with the people outside of the city of austin, people outside of the city of austin that are austin city customers now have reasonable rate structure. They have a three-tiered system. They have five. So people outside of the city are paying less in rates for electricity than people inside the city. That's something that we had decided to buy something that was fair to all, it would not have happened, I don't believe. Austin energy has been losing money for several years now. So they had reserves taking the money out of so they don't go bankrupt. That's not the way to do business. No business -- cps doesn't do it that way. They don't take money out of their reserves to transfer to the general fund. At any rate, that's subject to the council's authority at the end of the day for budget setting power. But certainly the puc -- the electric utility board would make recommendations about what that should be. But that authority should still be in the council. So, we have -- there's only really one utility to compare ourselves with in terms of being in the state of texas. Being a municipal-owned utility. Being a sizable client base. That's cps. So a year ago in july of last year, the local papers recommended that we go to the cps model, july 12, 2012, a piece was written. So we have all of this I believe

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that for the sake of the survival of austin energy in the long term, we need to make this move. Going back, how do we stack up. They have lower rates than we do. They have a higher bond rating than we do. There's an argument to say we have a better green or renewable energy

program than we do. They're attracting a lot of activity in the solar energy. Who's doing the best job? Statistics clearly show cps is doing a better job than we are. Everybody may not agree on that. It depends on your criteria. That's what I think. >> Mayor? >> Councilmember tovo? >> I have to address a few things. First of all, I don't know that the responsible staff are all in the room. I have to thank you for the work you did in responding to the resolution to put together this comparison information. But one, if the report is accurate, ae, cps, seattle have the highest bond ratings. So cps doesn't have a higher bond rating than ae. I really wish you'd hear this next point before you leave, and ae rates highest in terms of the sufficiency with seattle city and light running a close second. I don't think that the statements made that cps is doing better than ae in those areas. Excuse me. And I think in general, you know, as I read through this material and listened to the conversation you all had when i was not present, I guess still have to ask, too, the question that councilmember morrison has asked -- what problem are we trying to address? Because as I looked through the benchmark. We're in 2/3, we're leading the

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pack in terms of energy efficiency. We have the highest renewable goals of all of the utilities that were surveyed and the highest green power sales. That's a little more complicated. But the green pricing rank shows we reported the highest sales. So whether the areas where board governed utilities are performing better. Because I'm not sure I can identify them based on this information. So I really want to get specific answers beyond just that the euc has recommed four times -- what exactly do we feel is not done in the utility that we need the board to help us fix. If it is -- by the way, I'll just mention that the record notes that several of the utilities in this benchmarking study governed by independent boards had long stretches of time between the rate increases ranging from 14 to 18 years. Austin energy is not alone in that. And cps remained in place, they were set on 1991 -- in 1991, they remained in place over 14 years. So I think the study is tremendous in terms of putting ae in the context of the other utilities that are governed by independent boards that are performing well there or not. But, you know, if we feel that one of the areas thate with ear not spending enough time on are, perhaps, financial policies, hedging policies, well then maybe we need the task of small groups to look at that kind of an issue and report back and provide us that kind of an issue. I'm struggling to see how delegating -- sure, you know, i don't have any particular concerns with delegating responsibilities for small level purchasing decisions to an independent -- to some kind of board, but it's not like it takes all lot of our council time.

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If you look@ at our council agendas, we have a lot of purchasing decisions to make every week for the water utility, the convention center, austin energy. Those aren't taking hours of discussion at our council meetings, our euc reviews them, they make a recommendation to us. We all have the opportunity to read the backup information and ask any follow-up questions if something seems amiss and we move forward. So I don't think I have any particular heart burn about delegating those decisions if the amount is low like \$3 million or less. But I'm not sure we're not seeing evidence that the purchasing decisions have been faulty. So, you know, what exact -- what are the areas where we really feel that austin energy would perform better with an independent board? Because the data shows that it's clearly not in terms of setting energy efficiency goals, in

terms of our financial performance. >> Spelman: Why are we losing \$40 million a year? >> Tovo: If that is the question we're trying to answer, then that's a pretty narrow focus. Let's get a short-term task force in place of people who really understand financials to provide us with some information about that. But the discussion about the council doesn't have the time to run the utility, nobody is asking us to. That's the staff's job. We have qualified management and staff in place to run the utility on a day-to-day basis and have the expertise to do that. None of us were elected to get in there and make sure that services is restored when a storm hits. Those are the kinds of things we rely on the staff to do and they do it ably >> Spelman: I see your point about the financial issue. The reason I asked the question is because it speaks to the broader issue -- there is no --

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we are not competing with big corporations for business in the animal shelter. Or even in the water utility or austin resource recovery. The only place where city government is competing with big corporations is in the electric utility. Extremely big business. The only place we're threatened with regulation and every two years it comes up like clockwork. Every two years so far, we have been able to defer that issue to the future. But at some point, some legislation is going to decide they're going to put the bid between their teeth and take it more seriously and the current legislature seems to be -- and i hope that doesn't happen any time soon. But at some point, the legislature is going to say it's about time they deregulated on the utilities, including cps, bryan, lubbock, all of them, including austin. At which point, I would like to think we have a governance procedure in place which is quick enough to be able to compete in an open market with THE TXUs AND THE HOUSTON POWER And lightings. We're not in that place yet. We don't have -- we have the seven of us who do not, i believe, understand the electric business well enough to be able to compete on a head-to-head base with houston and power and light and txu and all of the rest of them in the texas market. I think the best way to get to the point where we won't have a utility capable of doing that is to have it covering at least in why people who really understand this business really well. We've got some of the people on the electric utility commission now. I think that's a good thing. But we're not giving them anything to do other than advise us. We're all making the important decision ourselves. The other issue with respect to the competitive environment -- and I think this is a financial issue, is that we did spend 18 years between rate increases and although for much of that time,

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we did not meet increased rates or change rates because we were pulling in lots of cash, we probably -- we say probably -- we should have made a decision to increase rates two years before we did. The staff understood that there was an issue. The staff, in fact I remember very clearly sitting in this particular chair and not understanding the important of what it was that I was doing and making a dumb-assmistake. Roger duncan in charge of the utility was asking for a \$5 per bill increase to pay off our costs of building 2 line. I don't remember what the words were. But it was a \$5 charge. I remember thinking we don't need to put in \$5. This is unnecessary. We have to increase taxes by an enormous amount. Why do we have to increase the numbers for the utility? I did not know the utility at that point was losing millions of dollars a year. That was not clear to me. Had I been on a governing board and looked at the income statement every quarter, I would



have known that. The council didn't know that. I made a motion that we take the \$5 per bill off of the table. The majority of the councilmembers decided to do that. We got a line from the editorial in "the statesman" saying it was a good idea. The city council was wrong, the statesman was wrong, I was wrong. If I had been more aware of the income statement, I would have said, look, we need to take seriously the idea of a rate increase for the first time in 16 years. We didn't make that decision quickly enough. One of the reasons is because the rate change was triggered by a pure political process.

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It was a bad time for us to consider it. But from the point of view, i think if we were thinking in terms of the competitive environment and not thinking in terms of the financial health of that utility, we wouldn't have made that decision before we did or begun to set the wheels in motion before we did. Having a board looking at this reviewing the decisions that the board makes a good idea. It makes me feel better. Not as uncomfortable as some of you having the board make some decisions which are clearly bleeding outside of the board's boundaries. I understand you might be more comfortable, I feel more comfortable with having the possibility for council review. But I also feel it's really valuable to have somebody read that balance sheet, read the income statement. Looks at the financials in the quarter carefully and this is an enormous amount in the city of austin that the utility does not do well for political reasons or financial reasons in the open market, the city lost half of the general revenues. This is something that's important. We have to take it very, very seriously. >> Anybody else? >> Thank you for that example, especially since it's one with directions. Thanks for your honesty in talking to that. >>o: I GUESS I WONDER WHY We might not achieve some of the same means if what we really want is advice about financial policies and how austin energy could be more competitive financially, there are other options. We could pull together a blue ribbon committee to look at that issue specifically and offer advice. I know that some of what you've addressed or some of what you've

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raised has been addressed. We've had a commitment on how often we're going to look at rate increases. That won't happen again. We've seen quarterly statements. That is something that went to finance regularly. So we have council doing the kind of scrutiny we may not have done in the past. And we can ask the euc to take a stronger focus in looking at some of these issues. Thank you for this sheet. Because I think it is ill lustrative. It shows that perhaps what we need to do is look -- to ask the euc to focus on some particular areas. They spent a lot of their time, it seems to me, every meeting they look over contracts, make recommendations about purchases and what not. In terms of what they have -- initiatives -- in terms of actions they have initiated to make particular recommendations to us, they've largely focused on the general fund transfer, economic growth and redevelopment and governance. That's pretty limited. If we need better advice, we've got the expertise on the euc to provide that advice on financial policies or ways to be more competitive or really sort through complicated issues on -- like hedging, then we need to be direct with them and say, rather than make recommendations to us about creating a board do this, we like to focus your initials on this.

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>> What I thought I was hearing is we needed more expertise in terms of financial policy to help austin energy be as competitive as we wanted in any kind of environment going forward. If I misunderstood that, I stand corrected, but it would be helpful as we move on to hear what are specific areas that we want to see be addressed in some kind of system beyond what we have right now. What areas are we not addressing well as a council in our current configuration that we can -- that we need to figure out a resolution for? >> Mayor Leffingwell: I just think it's a \$1.4 billion a year business. It's almost half of the city's entire annual revenue, austin energy is. It needs to be run like a business by people who have professional business, financial expertise, and I think that, again, that's why everybody who knows anything about this utility, really, the two previous general managers, roger duncan and juan garza strongly recommended along with the -- there are some really talented and qualified people on the electric utility commission that I'll recommend it to. Council member morrison, do you want to say something? >> Morrison: Yes, I would. >> Mayffingwell: Okay. >> Morrison: I think this is a good discussion. I just want to make it clear, i am not necessarily against having an independent board with some power. I just want to make sure, for me, anyway, that we can measure whatever solution we're looking at against the problems we're trying to fix. What are we trying to fix, does the solution address that because, you know, it may well be that the solution is an

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independent board with some powers. However, that structure, whether it's everything, and we can review it, or whatever, there is a lot of different scenarios on the table. But are there other issues that need to be address well, and is it our responsibility to adds those? Because the independent board is not going to solve that problem. One is the issue of transparency. Theayor suggested it's obvious that it will be more transparent, that austin energy will be more transparent if we go to an independent board, but, to me, that's not quite clear. I believe there is an information flow problem with austin energy information, and i don't know where the source of that is, but if the source of it is because of sort of the insulated perspective from within austin energy, then having an independent board isn't necessarily going to solve that. I think we should address that issue in any case, and I really appreciate this whole discussion, the whole community-wide discussion delving into this to help us pin-point what are the issues we have to deal with. I do believe that, you know, going through the other issues of why we need it, I agree, just it's agreed we should have an independent board, again, that's the solution, what are the problems? If you look at the facts that come in, a lot don't address it, they just say we need an independent board. It's incumbent on us to understand that more. Also, in terms of the financial health of the util the rate increase that we adopted last year was a rate increase that looked out into the future, and it's actually a two-phased rate

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increase, and it puts us on a financially stable path so that we will be recovering, we have a way out of the problems that we saw during the recession that most other utilities also saw, i should say. So, you know, we have fixed the issue about avoiding a rate increase discussion because we've got a new policy on that. We are on sound financial foog. I don't know where -- I mean, we have other issues to deal with about transparency, and then i also want to echo one other point council member tovo brought up and that is we have capable staff in austin energy, we

have financial staff, we have experts in policies like hedging policies, and if we need for visibility, bringing in the board that's going to run it like a business, well, that's where we have to be really careful because that's where we need to ensure that we maintain the accountability and the balance of values that we have. In any ways, I just want -- in any case, I want to reiterate that I am not opposed, per se, to an independent board having some authority, I just want to make sure that we address all the issues and that that board -- and the new ideas that we come up with address -- fixes the problems. I agree. I think there is a lot more we would be doing in advising us. In any case, if we have an advisory board, I hope that we can make that mission evolve, at least in practice. Then lastly, really, in retrospect, over the past five years, I think it really would have made sense to have an Austin Energy Council

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subcommittee because we have adopted some of that responsibility on audit and finance, but, really, that's just the financial aspects of it, and it would have allowed three people on the council, one of which would not have been me -- I can assure you -- to really delve into some of these things and you could have had a unique tie between the council and the subcommittee. Some of the issues we delve into never make it to council. So this is an interesting discussion and I think it's important we have this timeline to work through a lot of the issues in front of us because they are very significant. >> Mayor Leffingwell: I want to say one more quick thing, and that's that I think we have to start preparing ourselves in the near term, in the near-to-intermediate term for deregulation in the state, and we've got to do the best we can to be able to compete. I don't think we are now. I would bet a lot of money that if we were deregulated right now, Austin Energy would not survive that process. I think, if we want to hold on to our utility, make it viable and competitive in the future, then we need to move to a business-like governing structure. >> Morrison: In terms of being prepared for a deregulated market, it would be very helpful to me to be able to delve into what that means a little bit more. I mean, I know what a deregulated market looks like, what kind of things, fundamentally, Austin Energy staff would say these are the issues that will come up for us, these are the areas where we are going to have failings in being

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able to compete, these are areas where it absolutely would put us ahead of the game where we are, so I guess that would be a request I have for staff is to get an assessment of what really that looks like and what kind of position our staff thinks that we're in in that regard. Thirdly, actually, thoughts on whether we would need an outside opinion on that. >> Mayor, could we have that in executive session? Wouldn't that constitute competitive matters? >> Mayor Leffingwell: I think that definitely wouldn't we'll talk to the city attorney about that and maybe we can schedule that on May 9, perhaps. But it's related in a way. You know, it was just an editorial comment on my part. I'm not making that as part of the argument. I'm just saying, in the long term, we need to be making those plans. But, you know, we do have a small part, I believe, of Austin Energy service area that is deregulated where there is competition. I remember watching an ad on the television, I think it was last year, maybe the end of last summer, where this competing energy company was saying sign up with us and all your electricity during the evening hours is free. So when you're large, you can do things like that. When you're a smaller company, you can't. That's just one example. But, frankly, if Austin Energy, being a moderate-size utility, is going to have to

compete with utilities that are much, much larger, that's going to be a difficult prospect. Council member riley. >> Riley: I agree with council member morrison that a council

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subcommittee could offer some improvement over our current process. One obvious respect in which there would be an advantage to that process is there would as actually be an exchange between COUNCIL MEMBERS AND THE TOP Staff of austin energy or the city manager. That's not taking place with the electric utility commission. The general manager and top staff are no longer bothering to attend the euc meetings because it's not taken seriously. While we have competent and able staff running the utility, their decisions are not subject to the kind of scrutiny and public review that really we would expect in a system that is transparent and accountability. So I think what we have been talking about is how we can address that, how we can provide, how we can bring life to those internal decisions and ensure that they get the level of scrutiny that's warranted, whether on the part of the council subcommittee or some board, and I think either of those would serve that purpose of making sure that we do have an appropriate level of scrutiny and transparency associated with all the major decisions the utility makes. I understand the mayor has had concerns about putting every austin energy item on the agenda, but I want to suggest the difference we have is really more a matter of form than substance. When I initially started thinking this through, I was trying to figure out some way we could have a trigger mechanism to provide some means of review for certain decisions, and there are different ways that you can approach that. I thought, well, you want to have a couple members of the board able to get reviewed? Would you want members of the electric utility advisory panel to get a review?

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Should a couple of council members get a review? You can do it a number of ways, but it would be such simpler to say anything can be subject to review, and everything will be subject to review, to some degree, but we will just routinely look over those things and then to the extent that we're comfortable with the decisions that the board has made, that they would automatically stand, and the result of that kind of system would be the principle decision-making body would be the board. You would have a board of professionals with expertise running the utility in a transparent way, fully engaging the management and top staff at austin energy at all of their meetings, and they would have the opportunity to burrow down into all of the issues we're talking about. But yet, austin residents would still be confident that they would have ultimate accountability to the extent that there are decisions made that really require some further attention from council. We provide that, which I think pays due respect to our charter, the spirit of our charter which contemplates that the city council would be running the show. To me, that would represent a fair balance between ensuring a transparent and thorough management of the utility while allowing accountability at the council level. And I think, I think there are differences of form that we can sort through, I hope, but a number of us are on the same page in terms of our general goals. >> Cole: Coal I have questions for council member riley. >> Mayor Leffingwell: Council

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member pro tem. >> Cole: What was your view of having a super minority of council members as opposed as for resolution to be able to pull up any item that the board considered? >> Riley: Some number of council members would be able to reach down and -- >> Mayor Leffingwell: The super minority being defined however you want to, the largest number doesn't constitute a majority. On our council, that would be three. Or you could just say, simply, one-third minority, trying to allow for what's going to happen after november 2014. I believe that would be a one-third majority would be subject to confirmation from the mathematicians. >> Riley: And the idea would be we would still have an opportunity to review all the board's decisions but only bring forward for full consideration those a couple of people really felt strongly about. >> Cole: And especially items that particular council members wanted to hear from the full body. >> Riley: I'd suggest that's a difference of form rather than substance. It would be a more convenient way of reviewing those things. The implicit idea of allowing some minority of council members to bring forward any items we would all actually be reviewing, the items, the decisions the board makes, it wouldn't appear on the council agenda. I don't know how that saves us effort to leave it off the agenda. Why not put it on the agenda, be clear to everybody, but that doesn't mean we have to take time up discussing those. They would stand unless the council chose -- >> Cole: But at least a listing, so we know what they

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are. >> Riley: Right, which would underline the approach that you're describing as well. Under either approach, the idea is that we would be looking over the shoulder of the board and then just dealing with those that we really cared about. So it's just a matter of difference of form as to whether the items actually appear on the council agenda or not. The substance is the same, we would still be exercising some degree of review over all the board's decisions. >> Mayor Leffingwell: We have to come to some agreement over how this oversight process is going to look like. We have a couple more opportunities to have this discussion in a few weeks to think about it and we should use the time to do that. One question for you, council member, not to put you on the spot, but what is the real -- i mean, right now, most of the austin energy items go under consent and a council member can pull them off for discussion. It seems it works similar to that, right? >> Riley: Sure. For most of those items, and i think about half the items relate to purchasing, and that would be no different. I suppose the difference would be they would get a more thorough review by the board than they're getting today. >> Mayor Leffingwell: I think one thing we have to think about and get advice from staff on is how about the timeliness of these decisions. Is the staff going to have to wait till the next council meeting, whenever that might be, to be able to implement the decisions of the board, or how is that going to work? So I think there has to be some kind of escape valve there someplace. >> Morrison: Mayor? >> Mayor Leffingwell: Council member morrison. >> Morrison: I'm a little confused.

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Are you saying they should go on the agenda and if any council member wanted to discuss, it would have to be two or three people that wanted to discuss, or are you just saying three, like it is today, that we would know it already had additional scrutiny before it even got to us and that would be fundamentally the difference? >> Riley: I think it can go either way. My impulse is to say, if any council member wants to pull an item from the agenda and discuss it, then they ought

to be able to just as we do today. On the other hand, with a larger council that might be more sensitive to time issues, I can see why there might be some interest in requiring two council members to pull an item up for discussion, just as we require two to bring forward an item for consideration now. So I think -- >> Morrison: That's helpful. I appreciate that because I find your idea intriguing. I think I can see two benefits right off the bat that that could bring. Number one, presumably, there could be a quicker internal process for getting something on the board agenda than we currently have getting something on the council agenda. I wanted to double-check that, but sounds like that might be, and then it could automatically go to our very next meeting. I would imagine, if there were pressing items, we could have a process for making sure, you know, like a ratification thing, whatever. And as you mentioned, presumably, the board would have more time to give more scrutiny to those purchasing items that we don't generally look at. So, assuming that there was understanding about the openness and transparency and the expectation that council has in creating the board and interaction between the austin energy management and the board,

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ways to make sure that that can be something they're accountable for. There could be some real advantages to that. >> Mayor Leffingwell: I will say that I do have concerns about your proposal and I am willing to list to a little more about it. I think next time we discuss it, we should also talk about the mechanics of it. For example, I would think it would not be like an item that's on the consent agenda today where the council officially takes action. It would sort of be just an appendix or a list of things that one or more council members might want to pull up for discussion from that list, but if nothing is pulled off of it, it's just that procedurally, there are things that need to be thought about, I can. Council member Tovo. >> Tovo: I stepped out, so I missed the lead in. From what I gather, the proposal has merit and I look forward to reviewing it and getting a clear sense of what was going on. I like the idea of publishing it. I like having an idea of the list of items so it's clear to the public and council what items are, you know, grounds for considering. I do -- since we have some austin energy staff here, I wonder if we might ask Mr. Bice if he's willing to come up. We've heard concerns about austin energy not attending the euc meeting. Would you talk about that for a minute, because that's a serious concern? >> Jeff Bice, relations, austin energy. >> Tovo: I know you have been present for the meeting and I've heard some of the comments about austin energy management not attending the euc meetings. Is that a recent thing, a

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conscious decision? -- A conscious decision? What's behind that decision if there is one? >> Well, I think some of the concerns may be misplaced. We've had deputy general managers, executive vice presidents, vice presidents, directors, program managers all attending. In other words, it's fully our intent to have the staff necessary attend the euc meetings to -- euc meetings to have the questions the commissioners would have. The issue was raised by one of the commissioners concerned that the general manager was not attending every meeting. I think that is the case currently, over the last few months. Part of it is a conscious decision. It's our effort to, for example, offer workforce development for some of our staff. It's an advisory board. It's not the council itself. It gives staff a chance to come and to respond to questions, practice public

speaking in an environment like that, respond to citizens who come and have statements as well. So that's part of the thinking there. But I definitely want to refute any idea -- refute any idea that management is not attend the commission meetings, nor are we not being responsive to the commission's concerns. >> Tovo: Thank you, i appreciate you providing that clarification. It's very helpful. >> Thank you. >> Tovo: The other idea that has merit is the idea that several of my colleagues have mentioned about having a council subcommittee has certainly come up in the past and one of the ideas floated by the community as an alternative to an independent board, and I think it that is merit. I think if we believe council needs to spend more focused time on these issues, that's a mechanism we have for an idea that already exists for doing just that. I appreciate all the different

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dialogue here today. We certainly have a lot to think about in the next week. >> Council member tovo, I'll tell you four weeks ago, i was lead on austin energy giving quarterly reports to the finance committee. That has been helpful, but i don't think we necessarily need to be debating what duties the board should do versus what duties the council should do. In some cases, we should be doing both, and I wouldn't anticipate the quarterly meetings would stop to audit and finance because we had a board. I was thinking to council member riley's question that there could be a council subcommittee such as audit and finance that already exists that actually has a quorum. If we were really trying to take the burden off the agenda. But you make the point maybe it's not that big of a burden. But if we assume it is taking up a lot of time on the agenda, we could have the items actually go to a subcommittee like that. >> Mayor Leffingwell: Mayor pro tem. >> A couple of things I want to weigh in on, one with regards to the euc and our attendance. I think tell you that the city manager has emphasized very heavily to every one of us with regards to the various boards and commissions that we have to give advice to or participate in, that advise you, that's something we've placed great emphasis on and, you know, just recently we started hearing about this concern with the euc and our not attending, and i think some of that has been

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clarified here with regards to the fact that staff is attending. On of the things that can occur periodically whether with the euc or various boards, there are various issues that come up where the general manager or director may not be able to attend because specific things are going on, but we still put the requirement there that the represent staff attend and the other option available to the euc and various other boards and commissions, if there is a specific issue that's coming up that they need the director to be there or the general manager, in this case, to be there, we'll certainly make every effort to make sure they are there. So, you know, because I was looking at part of what council member morrison put forward and some of the discussion that's out there with regards to a shift of power from city management that has to do with a perceived lack of visibility at the euc, there is been no directive from the city manager, but we emphasize the importance of euc or any of the other boards or commissions you have us work with. Probably the second area that i want to make additional comments on is this whole area of scrutiny of items that may come forward. You know, certainly, euc reviews certain matters that may take place before they make it to a council agenda. But in addition to that, there is heavy staff scrutiny

that takes place, whether it's robert good assigned to ae now, every time one of the items come forward, you have someone in position to review those and it's an expectation they review the items. Then it comes to the city manager in the cmo meetings where we scrutinize items and they're heavily discussed. So I want to make sure there is

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an understanding that there are other levels of scrutiny that takes place. It's our job as professional staff to do that. >> Cole: I thought that was interesting, the levels of scrutiny. Would you lay those out? >> It starts with an acm assigned to a liaison with austin energy. Right now, it's currently robert goode, before joe canales and before that toby potral (phonetic). There is always someone assigned to work with the general manager and staff, so they review the items and heavy scrutiny takes place before it makes it to the cmo meeting with the city manager where, regardless of whether it's our area or not, we all weigh in, so you have various points of views that takes place that weigh in and we do that on all the items that come forth before it gets to council. I want you to understand there is a heavy level of scrutiny. You don't have this thing of drift and if it doesn't make it to the euc, all of a sudden it lands in your lap. There is a lot of work that takes place on all the other items before you see them and that's our responsibility and the expectation you have of us. >> Cole: Thank you. Any other questions or comments? Council member morrison? >> Morrison: Just a brief comment. I appreciate that, chief, because I think those are the things we need to keep in mind if we're trying to balance, you know, if there is a need to be more nimble and flexible and speedier, we need to -- and to move things more quickly through a board without going through the whole structure, we need to understand what the tradeoff is. >> Cole: Any other comments? Questions? Comments? Okay. Yes, we can go home now. This work session of the austin city council, without objection, is adjourned.