

City Council Meeting Transcript 8/6/2013

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>> Mayor Leffingwell: Good morning, I'm austin mayor lee leffingwell. A quorum is present so I'll call this austin city council work session to order on august 6, 2013. The time is 9:07 a.M. We're meeting in the board and commissions room, austin city hall, 301 west second street, austin, texas. We'll start on our agenda with preselected agenda items for discussion. I think I've got my sheet here somewhere. Have you got it? Thank you. First one is item 21 pulled by councilmember morrison who is now arriving.

>> Morrison: Thank you, mayor. I was talking to your staff. We'll blame it on him. Item 21 is

-- I hope we have staff here to talk about that. It is the item with an ordinance to introduce the idea of I guess a permanent encroachment into the right-of-way. And I have some questions about that if we have staff.

>> I believe that someone from the law department is here to speak on encroachment. I can start, councilmember. I can start the discussion. Here they are.

>> Morrison: Okay. Great. Well, so as I understand it, right now there are only two opportunities for dealing with an encroachment. One is a vacation. And I don't mean going to hawaii. And the other is a license that has to be renewed every year. So those are approved by staff and the vacations are approved by council. So this is introducing something that is sort of in between, as I understand it? I'm sorry. Yeah.

>> Councilmember, the license agreement provides a mechanism for dealing with temporary encroachments in the right-of-way, such as the sidewalk cafes that we see. There is nothing in the code that gives us the opportunity to that actually gives us a tool to use for permanent encroachments. Not that it hasn't happened before, but at a certain point we said there's nothing in the code that allows us to do this. We need to ask council for that.

[03:06:50]

>> Morrison: Councilmember martinez, did you have

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>> Mayor Leffingwell: Councilmember martinez.

>> Martinez: Yes. There's a couple of questions come up. First the backup says there's three ways to release

-- to transfer public rights of way. One is the release of public easements. I'm not familiar with that process. How do we release public easements? This is directly from the backup. And then it says this item is adding the fourth, which is what councilmember morrison wanted to discuss. But even going further back, you mentioned that we use license agreements for temporary release of public rights of way. But I would venture that we've creatively used them for permanent release of rights of way.

>> Councilmember, that's true. We have creatively used them for permanent encroachment. It's not the ideal tool. And council doesn't see those. Perhaps from time to time we may bring them. I guess we could, but i don't know that we have, but for permanent encroachment it seemed more appropriate for at least council to see it or before it's approved.

>> Martinez: Did the council approve the plaza lofts' license agreement that hangs over the sidewalk?

>> Morrison: And the alley.

>> Martinez: And the alley. So is this item to -- is this trying to fix a specific problem?

>> Yes. It's trying to

-- the code says that the license agreement is revocable. It is for temporary uses. At some point we thought it might be appropriate to have a tool that actually recognized that, an encroachment into the right-of-way underneath for a parking lot was not revocable. Let's not pretend that it is. And council should see it. And it should be paid for appropriately.

[03:09:12]

>> Councilmember, sue edwards, assistant city manager. One of the things that the -- that the tool that we use now is that the city can give 90 days' notice and you must vacate. That's not really reasonable when you have a building that is over a right-of-way. So the law department had looked at that very specifically and said you really can't do that. In addition to that I think this type of agreement helps a developer because in financing a building, that building may be permanent and over a right-of-way. It's difficult for a banker to say, well, wait a minute, you're telling me that in 90 days I would have to do away with this building or a piece of this building. And so it just seemed to be a much better tool to use and much more truthful tool. I don't mean that it wasn't before. It's just much more appropriate to use.

>> If I could continue. I appreciate that. It's just sort of being realistic about what we're really doing. And raising it up so that there will be some transparency, not only will it be

a council decision, but I think that's an important decision if we're permanently giving away some right-of-way. And in addition

-- for example, the situation that councilmember martinez mentioned, you know, the fact that the balconies are permanently over the alley, the property owner next door might have wanted to have input into that because we know that that got to be an issue later on. So I think that it needs to be

-- just like we consider permanently selling our right-of-way via vacations, we need to think of them just as carefully.

>> And councilmembers, i think one other reason that this came up is because we have a lot of development going on downtown right now. And people are being very creative. Architects are being very creative. We have one building that from the third floor on sticks out over the right-of-way, which gives it a little bit more architectural interest. And we also see a lot of other things that are occurring where the developer wants to make the building unusual. And because we have so much development we're just seeing a lot more of it. And it seemed to be a good point at that point to say we really are giving up right-of-way and we want somebody to take notice of that. And this was a good tool to do it this way.

[03:11:49]

>> Morrison: I do have some questions about the details and I've submitted them, but I would like to go ahead and raise them here. There is an appraisal of the property values that's involved so that we know how much is fair. And it mentions here that it allows the director to perform the appraisal of the property value or an independent appraiser. And I was curious, two things about that. The director, I'm not sure what department that referred to. Probably if I saw

-- if i look deeper in the code. And then I'm wondering do we do that anywhere else? I thought we always used independent appraisals.

>> It would be real estate department and we always do use an outside appraiser. We have a rotating list of appraisers.

>> Morrison: So why are we including in the code here opportunity to do it internally?

>> License agreements are currently done by a formula. We have mai's on staff that were independent appraisers that we've hired. And because of some of the time frames of some of these developments and the length of time, it's been taking us, we're being quoted 90 days to 120 days on the outside for outside appraisals. So we wanted to have the option to be able to do an in-house appraisal with qualified staff that are licensed appraisers in order to meet some of the time lines.

>> Morrison: Well, I would imagine

-- I guess that

-- there's something about that that doesn't quite fit because if somebody is going to be asking for approval of a license, a permanent encroachment so they know how to build their building, they will have to be asking for this way, way back in the site plan stage and things like that. I guess

-- and it's a much more serious thing to be talking about permanent. So personally I'd like to think about that and consider maybe ensuring that we have an outside independent appraiser.

[03:13:49]

>> We can do that.

>> And councilmember, one of the things that we have talked about is usually license agreements come late in the process, and we really need to look at the timing of this because you're right, it needs to come before, long before and right now license agreements don't. The developer waits until the very last to come in for a license agreement. One of the things we did talk about in the rules is that we will look at a timing that's much more appropriate.

>> Morrison: I imagine that would really fit to have an independent appraiser which would preclude

-- that means we wouldn't depend upon the internal. And then

-- the ordinance states that if the permitted use terminates or is abandoned, the use of the right-of-way automatically reverts to the city. And I just wanted to ensure that the agreement indicates that because right now the way the ordinance is written, it indicates that the agreement will say that we are

-- that abandonment allows for termination. And I would think that it would make sense to make those two consistent, that not only does it allow for it, it will require it. As it stands right now one place we say it's required and another place we say it's allowed. Maybe I'll work on that to see about getting some modifications. And one other item on this. I assume that since council approves it that council will have the authority to insert certain things in the encroachment agreement. Because the way it's written right now it says that

-- obviously it needs to be signed by both parties so they can't just insert anything or it won't be signed, but the way it is right now only the city manager has the authority to insert elements into the encroachment agreement. So that's just a matter of wanting to clarify and cleanup.

[03:16:00]

>> I think that was a law department discussion. We'll talk about that, yes.

>> Morrison: Okay. Great. I'll get with staff and see if we can get some modifications. Thank you.

>> Mayor Leffingwell: Councilmember tovo.

>> Tovo: I have submit add few questions about this as well. One of the items I was curious about was how many such permitted encroachments currently exist? And I guess one reason I was asking that question is do you anticipate some of those that have annual license agreements with the city might come forward and ask for this option instead to convert their license agreements to kind of a permanent encroachment?

>> I don't have that information right now. I'm not sure whether they will or not. I mean, it's-- we have to wait and see. I haven't had any discussion with anyone that indicate they would, but it doesn't mean they wouldn't.

>> Tovo: And I guess in some of those cases I would think that we would have a city interest in seeing those convert back to

-- convert from that license agreement back to public access. And so I want to be sure we're not incentivizing with the permanent encroachment, they're unlikely to shift back to being publicly accessible. And in some cases we might really prefer that they stay on an annual license agreement so that if the property or the use changes hand that those encroachments go away.

>> You're right, you're correct. I think it would be a case-by-case basis. I would give you an example of a garage, a parking garage that's over a permanent easement, but there is a way for the city to get in and to access that easement if they need to. I think that's one where we would definitely not want to give it up.

>> Tovo: Okay. I look forward to some of those answers. The other question I wanted to ask here today is will the appraisal

-- do you envision that the appraisal amounts will be available prior to the council decision on this item so that all of that information would be readily available when the council makes those decisions?

[03:18:05]

>> Yes.

>> Tovo: How about the boards and commissions? I know sometimes the appraisal amounts are not available say when we have alley vacations and other things like that, the planning commission has in the past made their decisions about whether to recommend an alley vacation without having a dollar amount for that appraisal.

>> Right now we start the appraisal process, but we don't complete it until we get all the input because that changes the appraised value. So right now in the current process we

wait until we get all the comments and then we give that information to the appraiser and have them finalize the appraisal before we go to council.

>> Tovo: Do you envision this would go through the boards and commissions process before it goes to council or would it just come directly to council?

>> Right now it's slated to come directly to council.

>> Tovo: I think that would be something we want to consider because I've seen some very good discussions at planning commission about the example I raised of alley vacations. And I think they're able to dig in a little more deeply and on some of these issues. So that might be a useful step to add in. I would say that having been a part of at least one of those discussions, I remember we kept cycling around to it would be nice to know what dollar amount the city would get for this because that really does factor into the equation. I think they too would need to financial information before they made a recommendation.

>> Mayor Leffingwell: Okay. Next item is by me, item 42. I just had some questions about

-- first of all, it's a software system for handling public information requests, which we know around this place is very important. Will you be able to handle that in an efficient way? But I understand that the contract for 305,000, almost 306,000 was substantially more than the bidder in second place which I understand was a total of about 45,000 plus some initial setup costs, which is significant. And I just wonder if we could get some kind of explanation from somebody on what justifies that additional expense given that this is the system I understand that is used pretty much statewide as recommended by tml. I'd just like to know what the justification is. One more question before you get started. I understand about 60% of our pir's are a.P.D. And are they going to be using the same system or are they going to continue to operate independently?

[03:21:11]

>> Let's answer the easy question first. Let's answer the a.P.D. Question first. And then we'll go on to the cost question.

>> Morning. My name is debra jennings, the new public information manager. It's very nice to be here today with everyone.

>> Mayor Leffingwell: It's color coded. Green is good.

>> Thank you. I've been here five weeks and I've kind of assessed the situation where we are at this time. And the specific terms of your question, no, the a.P.D. Request will not be housed in our system other than media generated requests. And that's how it is today. So it will remain the same.

>> Okay. Byron johnson, purchasing officer. Let's talk about the cost component of it. The second company, their part of it, they only submitted a base cost, not inclusive of

several things. They didn't include the storage media and they also didn't include several of the costs that were the user based costs. So when we would do negotiation if they had been selected as the best proposal, we would have had to add back in all of the storage media costs and we would have to add in back in all of the user based costs. So what they did was a base cost just for a baseline system and so when you compared the costs we backed out for the other companies, what that would have been to be able to cost comparison those two companies.

>> Mayor Leffingwell: But even with those costs, those costs that were not included in the bid as they should have been, I guess, it's still a substantial cost.

>> There was a substantial difference in cost.

>> Mayor Leffingwell: We're talking quadruple, quinn up to he will.

[03:23:12]

>> But when we added back in there the storage based storage media costs, you would have found that they would have been incomparable or even higher.

>> Mayor Leffingwell: They would?

>> Yes, sir.

>> We have good reason to believe that that's the case. You estimate what that would add to it?

>> Yes, sir.

>> So I certainly appreciate that answer, but I had also been given toed in that one of the main reasons was that this system did a lot of things better or differently from what the number two system did. And I was curious as to what those things were.

>> This is a much more robust system and we have people from both ctm and the legal department that can talk to you about the other extra pieces that the system has. It is more robust and would have added to the cost also if you would like to have that information.

>> Mayor Leffingwell: Yeah. We're not doing anything else. [Laughter]

>> [inaudible]. Charles (indiscernible) with technology and communications management. I believe one thing that led to more cost and also gave us more confidence on this system is that it is a system that had a lot more experience, more customer base in the government, especially the federal government area. So we felt more comfortable with the actual infrastructure that they had behind it. It's a hosted cloud solution. So the facilities, the disaster recovery, a lot of the things that we really look at for an enterprise system that holds sensitive information that's mission critical. We really do look for those levels of deep security in a system. And that also I believe led to the cost. They're also very highly supported so we have -- there's a lot of support and maintenance also behind that cost as well.

[03:25:22]

>> Morrison: Mayor? I had opportunity with councilmember spelman's staff to delve into the proposal and while I can't speak to the cost or anything, it's my understanding -- first of all, I would like to say that one of the things that gave me some confidence in adopting this proposal was the fact that these folks have done this before. They've done it in texas, if I understand it, and that experience for me is really important, so when they say they know what they're going to be doing, they know what they're going to be doing and it's a complicated system and I think that we've all experienced probably a certain amount of frustration on who's done what where and who is on first and all that. And I know that with this system there will be some well-defined work flows, so at any point in any pir it's important to know who will be doing what. And just from my perspective, that's an important element of it. So it really adds 'element of sophistication that i believe we need. I am curious about a.P.D. And the separation and not including them in this system.

>> I can't speak to that one, I'm sorry.

>> I'm also not aware of the history and why it's separate. It's just the sheer volume of the request and the preference of the pd is to have it separate. Those are routine inquiries. They tend to be routine police reports, something that a.P.D. Can just deal with the requester on. So there's really not an essential need to have them in our system for tracking purposes because a large part of what my office does is coordinate the requests from beginning to end and do the follow up. And a lot of those things aren't needed for the routine a.P.D. Requests. Now, the media requests are definitely in there. And we monitor those because they're often multidepartmental. And so they need the oversight and the coordination and some assistance with the follow-up in those cases.

[03:27:45]

>> Morrison: So if a.P.D. Gets one that is potentially multidepartmental, do they send it to our central office?

>> Yes, ma'am. And then kerry graves coordinates with my office, the law department, on those requests.

>> Nothing would be prohibited that they couldn't be added on for the future if we saw the need. But the real key is that this is designed for those requests where you may have to do more redaction on things where you may have to have it go through a different process whereas a lot of the a.P.D. Requests, as she mentioned, are straightforward. It's a document that you have that is very clear, precise. I would like to

have this case filed. This case file goes from here to here and it doesn't have to follow through a process. And so it doesn't have to have any interaction by anybody else. But the system can be added on in the future. It would mean we would come back to council. But I think the approach that as she mentioned was

-- it will take some effort to get this system up and to get everybody on as the initial plan is, and to get everybody in and so when you look at the implementation plan, to get everybody in by january or february is going to be a very realistic schedule, but I think to add anybody else in at that time might be harder to do. So I think after we get that done we should see if we wanted to add other things. But again, for a.P.D. Requests it would be from the media that might be the volume and might have different things that aren't standard requests and they would be handled through the pir.

>> Morrison: So the schedule you mentioned is to get everybody up and on the system by january or february?

>> The current time frame that we envision is six to nine months.

>> Morrison: And I do want to mention that there was

-- it's going to

-- the vendor doesn't just have a system that they can come and plop down and we're done. There's customization and all of that. And I understand that there were going to be some pilot offices to work with and that I believe councilmember spelman, you and I have offered to participate in that.

[03:30:09]

>> Spelman: We have.

>> Morrison: Two other items. I know it's been suggested we're doing a lot of great work on having a data portal and suggested that we think about putting our pir responses on the data portal because that way people might have the same question and we wouldn't have to submit it before. But will this system allow us to potentially offer the pir responses on the data portal?

>> I believe there's a capability for this system itself to do that, but it's also

-- it would be an option too to make sure that we have a signoff from everybody that it can be in the data portal as well as a goal of ctm is to have as much open data out there as possible. Not only for people to search, but potentially build reports or applications, things like that. That the community developers would have access to. So there's no reason it couldn't really be in both places.

>> Morrison: Okay, good. And the last question, and this is one that I had submitted and I just wanted to raise it to everyone. My office finds that one of the largest pieces of work that have to go into a pir is redacting the personal emails. And this system doesn't do that. And it would be a sophisticated tool that does that. But I would be interested to

know if it's not just council offices, but other departments when they're doing pi r's, spend a lot of time redacting personal emails. Sometimes we get a pir response back of emails that my staff has to go through that has three thousand pages in it and they have to look at every single page and see if there's a personal email on it. And if there is, in adobe they can blank it out. That is an extremely time consuming process. I wonder how much time we're spending across the city doing that. And I think that it would be great if we could look out there and see if there's a tool that we could buy that could do that. Are you familiar with any or do you think you could

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[03:32:22]

>> I'm not. We have discussed doing a domain solutions search on those types of tools to have the level of automation that you're speaking of. It would be an add-on solution. We can definitely look into that moving forward.

>> Morrison: I think it would be great if we could investigate whether or not that would be possible and it would be a huge time saver I think for many people.

>> Mayor Leffingwell: So could you get the information for me about the additional costs so we'll have an apples to apples comparison in the cost of these two systems? Not today, but at a later time?

>> We'll have it for you as part of the response.

>> Mayor Leffingwell: Because what I'm hearing is inconsistent, I'll put it that way.

>> Okay, we got you.

>> Mayor Leffingwell: All right. The next item is item 60, councilmember morrison.

>> Morrison: This is a resolution offered by commove, mayor leffingwell and -- councilmember tovo, mayor leffingwell and mayor pro tem cole. I have a couple of questions about it. First of all, I appreciate that the resolutions suggest that for certain nonprofits that are doing

-- using volunteer work and building a.D.A. Ramps that their fees be waived and their permits be expedited, if I read it correctly. Which I think is a great enhancement. In addition, the last be it further resolved, I wanted to ask about it. It says the council initiates an amendment of title 25 to exempt a.D.A. Compliant ramps for dwelling units from rear, side and front set back requirements and directs the city manager to process them. So some clarification on this. By dwelling unit, are we talking about also, for instance, in addition to single-family dwelling units, also multi-family dwelling units? Or is this just limited to single-family?

[03:34:40]

>> So I'm going to ask the staff

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>> Mayor Leffingwell: Councilmember tovo, microphone on, please.

>> Tovo: Thank you for that reminder. If we have some staff here from code compliance I will ask them to come up and address that. I'm also going to ask that they add this to our backup if it's not already there the proposal that they have crafted for temporary residential ramps resolution. And they suggest I believe in here that it not apply. I think I'm right in remembering that they suggest it not apply to multi-family developments. That it be really very specific to single-family and perhaps duplexes.

>> Morrison: I think that seems to make sense. My second question is are we talking about retro fits only or are you talking about completely ground-up development? Because I can certainly see it with regard to retro fits with ground-up development it's a whole other ballgame.

>> We are talking about retro fits and that may be a good clarification to get in there. And this is really, just by way of context, I think all of our offices were contacted by one of the nonprofit organizations here in austin that was asked to stop building by code compliance because they had not gone through the permitting process. And so we've been working with them to try to make this very really relevant to a very small number of cases. These are all situations where a resident or a homeowner is in a position of needing to come home from the hospital and can't get into

-- can no longer get into their structure without a ramp. Those would all be retro fits rather than new construction and I think it's important that we apply it only to the former.

>> Morrison: To be clear, there's two things going on here. One is to expedite the current process and waive the fees for those very specific situations. The other is to change the code. To allow the ramps to be in the setbacks. So is that contemplated that that would only be for those nonprofits?

[03:36:51]

>> No.

>> So that's for everything but you're saying it is for

-- it is contemplated just retro fits and you will get that clarified? I appreciate that. The second thing is is it contemplated that with the code change it would be

-- well, to step back, setbacks have

-- health and safety

-- serve to health and safety elements, so it this going to be

-- is it contemplated this would be by right or it would be the code would be changed to ensure that health and safety is not put at risk?

>> Tovo: Absolutely. It will not supersede our health and safety obligations to protect health and safety. So for example, they're not going to allow ramps to be built too close to power lines or in city easements or other areas where

-- or maybe mr. Guernsey can comment on this. But there are a series

-- it's my understanding that there are set back requirements that a.D.A. Ramps can get variances from and this would just allow that to happen in a more expeditious fashion.

Mr. Guernsey, do you want to comment on what you and code complaints have been talking about in terms of this last item?

>> Greg guernsey, planning development department. Regarding the last item, what I think is you want to relax the zoning requirements, but maybe not the building codes, so there would be the fire separation and those types of things. There may be also instances where there may be some critical easements, like a drainage easement, might not want to put a ramp into that situation. But we do have a provision already in existence in our code that allows someone to construct an a.D.A. Type ramp with a minimal deviation to actually exceed our impervious cover, zoning impervious cover limitations under code today. And so staff would look at this as probably being something similar. It would be a minimal deviation, somebody not creating a very large ramp that may be used for many different purposes, but simply a ramp to get into the household or the dwelling unit that meets the minimum requirements for a disabled person to access a home.

[03:39:20]

>> Morrison: Great. Ty.

>> Mayor Leffingwell: All right. So those are all the items that we have it that were specifically flagged. I know there are other items that councilmembers want to discuss. I would suggest that we do our briefings first and make sure we get those out of the way and then we can go back and cover any extra items that may need to be discussed by council. Councilmember tovo.

>> Tovo: Mayor, I guess i would just ask that we all try to leave some time because this really is our opportunity to talk with one another and I specifically didn't pull the items that were isc's because I didn't want staff to feel obligated to attend, but I have questions for my colleagues that I would rather do in today's session rather than thursday. So if we can be careful to alot some time for that at the end.

>> Mayor Leffingwell: I'll do my best to do that. So I guess the first one is the briefing on affordable housing. Bond election.

>> Good morning, mayor, mayor pro tem, councilmembers. I am cfo for the city and today I'll be talking you through a presentation on long and short-term funding strategies for affordable housing. Before I jump into it I want to give you a little bit of a refresher in

terms of what brought us here today. And it really started in the wake of the november bond election or the affordable housing proposition was not approved. That led to a december action from council directing staff to identify in the neighborhood of eight to \$10 million for immediate affordable housing needs. Staff did that and council approved that appropriation in february. In january council provided a resolution to staff to explore a number of things related to affordable housing, including various funding strategies, and they also asked us to look at our debt capacity at our current tax rate. That led to a series of work sessions that you all have been in, including a june 18th work session where staff laid out a variety of funding strategies and we laid out some staff recommendations in that meeting

-- staff recommendations related to sustainability fund versus the general fund, how we calculate our transfers to the housing trust fund and different levels of

-- and a recommended level of general obligation debt to maintain our existing levels of cip. At that time we did tell council that we had

-- we were estimating \$65 million of debt capacity at our current tax rate of 12.08. In essence that we can issue that amount of debt over the next six years and still hold our current tax rate. That's not to say that the tax rate won't have some ups and downs, but it will never go beyond 12.08. So in fiscal year 2014 we do anticipate it am coulding back down and then it might go back up, but within the tax rate of 12.08, we could afford \$65 million of debt. Following that presentation there was another resolution from council that asked us to explore along those similar lines, to explore different options, different levels of bond funding and housing trust funding and also to look at the impacts on our taxpayers and ratepayers of these different scenarios. That's what's led us to today and that's what we're going to be talking about today. There's just an overview of the language that was in that june 27th resolution that we are here before you responding to today. As I get into this I really think it's just important for everybody to understand some of the core elements, really the core elements of our neighborhood housing and community development funding model. Number one, I'm really going to spend no time at all on just to mention that we do receive federal grant funding, primarily cdbg and home funding. We get an allocation from the federal government based upon a formula and then we use that money to pay for affordable housing initiatives. Number two is our sources of local funding for nhcd operating expenses. A lot of locality really just use the federal funds and there's a set aside of those federal funds for administrative costs. In the city of austin we have a starter commitment to affordable housing and we also have local sources of funding, those that predominantly over time have come from the sustainability fund or the general fund. I'll talk a little bit about those and the idea of moving from the sustainability from a general fund and what that looks like to our tax and ratepayers. But then the bulk of the presentation will be talking about number three and a discussion about really what is the desired annual amount of funding that's available for kip's. This is the money that they use to get

affordable housing projects done to get more affordable units into the city, both rental and ownership units. And there's really three sources there to look at. One is the housing trust fund and the annual transfer to that fund. The second is general obligation bonds and then the final one is just a transfer to the cip, which is really what we did in this midyear process, we transferred \$10 million from the general fund reserves to our cip. Those would be the three areas. This is just to give you some history. You saw this back on JUNE 18th. I just wanted to remind you this is what the fundings looked like over time. The red bars again, those are the federal funds that I'm not going to spend much time on. They peaked in fiscal year 2011 at 12-point # million dollars. There's always a lag from when the economy starts to do bad and when the federal government starts to react to it, there's about a two year lag. In fiscal year '12 and '13 we started to see reductions in those grant programs. Now it's kind of a good luck, bad luck scenario when you look at fiscal year 2014. Or allocation is increasing despite the five percent sequestration, but really that's the result of how the formula is calculated and the fact that affordable housing needs in the city of Austin have grown relative to the rest of the nation. So while most cities are seeing reductions, Austin is actually seeing an increase based upon the way the formula works. Again, those numbers really are what they are. We don't have a lot of influence on them so I'm not going to spend a lot of time here beyond what I just said talking about them. The blue bar at the bottom is what I will talk about next. We have a couple of slides to talk about. Those local sources of funding for operations and maintenance costs. Back in fiscal year 10 there was about 2-point approximate million dollars all coming from the sustainability fund. In the current fiscal year we're at three and a half million dollars. It's a little bit more than a 50% increase over four fiscal years as a result of the federal funds coming down and staff doing everything we could to maintain those housing programs, the source of local fundings needed to increase. You can see in fiscal year 14 a little peach colored sliver there of \$200,000. That's in our recommended budget is to begin transitioning this source of local funding back to the general fund. I wish I had put a little bit more history on here actually. If you go back to fiscal year '09 and prior that source of funding was the local fund. It's really between 10 and 14 that we've been relying on the sustainability fund as the source of local funding for neighborhood housing operations and maintenance expenses and staff's recommendation in the 14 budget and forward is to move back to a general fund source of funding. Most of the presentation then is going to be on this top piece, those gold bars and that little green sliver. That's the housing trust fund is the green sliver there and the gold bars are the spend-down of our fy '06, 55-million-dollar housing bonds. The purple bar there is the transfer of the cip that occurred midyear. And those are the sources of the funds for capital projects, for investments in additional affordable rental and ownership units. So with that overview I will go on to talking about the local sources of funding and staff's recommendation to move from the sustainability fund to the general fund. Really again this kind of reiterates the numbers that were in that bar chart

we just looked at in fiscal year 10 that was \$2.3 million. It's grown to 3 and a half million dollars in fiscal year 13. All of that over that time frame coming from the sustainability fund. We are projecting that that need for local sources of funding is going to continue to grow from fiscal year 14 to 18. 3.8 million is what we've programmed in fiscal year 14. We project it will grow to 4.7 million by 2017. This is built in cost drivers, wages, health insurance, retirement. But also the fact that we don't expect to see the federal grant money growing. We hope it doesn't decline, so we're programming it to be flat. And if it were to be flat that means you would have to have some commitment of what we call grant support in order to maintain the programs at existing levels. But the big story really is that you can see on the chart the transition from it being sustainability funded to over time moving that back into the general fund. The sustainability fund received its funding via annual transfers from the austin water utility and austin resource recovery. I want to point out that this isn't really just an issue about neighborhood housing. This recommendation, the transition from the sustainability fund to the general fund is also in regards to how we fund our social service contracts, least part of the social service contracts and health and human services that we think the programs should be moved back into the general fund. And this whole concept isn't limited to sustainability fund. Staff has been and is continuing to look at all of our citywide cost sharing models through the 311 system and egrso and we're recommending changes to those models in this current budget and a four-year transition because it's difficult in all the enterprises to make the transitions overnight. We would rather have a nice planned transition over the next four years. Council asked us to look at how this impacts our tax and ratepayers because we're talking about three and a half million dollars currently funded ostensibly from the water utility and resource recovery moving to the general fund. So we're taking three and a half million dollars out of the cost structure of the two utilities and moving it into the cost structure of the general fund. So it has an impact on your tax bill, but it also has a savings on your water bills. So we looked at those impacts for a typical homeowner and a typical customer of the two utilities. Taking three and a half million dollars out

-- adding three and a half million dollars to our general fund would have a four tenths of a penny increase on the tax rate and would have an impact of seven dollars and 55 cents to the owner of a median valued home. That's 185,000-dollar home. But at the same time taking that three and a half million dollars away from our utilities could result in a reduction in the base rates of those two utilities, and based upon the typical customer that would be a three dollar savings per year for the austin house recovery customer and \$3.65 for the typical water utility customer for a net savings of two dollars a year. We're not talking about a huge amount of money, but i think the analysis demonstrates that we're really talking about is it a dollar that's coming from a ratepayer's pocket or a dollar coming from the taxpayers' pockets and really it's the same people. So inch there's also maybe an equity consideration for council to take into

account that if you start thinking about property taxes, typically people that are wealthier and own more expensive homes are going to pay a higher tax bill, but everybody's base rate for resource recovery is exactly the same regardless of if you live in a 150,000-dollar house or a 500,000-dollar house. This is the recommendation to move away from the sustainability fund into the general fund. We don't think it has any impact on our typical customer and actually has a slight savings.

[03:51:25]

>> Mayor Leffingwell: Councilmember martinez has a savings.

>> Martinez: Before we get too far down the road, everything you said was stated as a fact and a consequence except for the savings portion where you switch your language to it could create a savings. So is your recommendation to reduce the cost of recovery to create the savings or are you saying we'll leave it up to the council to decide that?

>> Very perceptive. We are absolutely recommending to remove the cost from the utilities, but if we remove three and a half million dollars of cost, but there are other cost drivers that are perhaps five million dollars you might still see a rate increase. I didn't want to imply that just by doing this automatically every night that your rate will go down by three dollars, but it would be three dollars than otherwise it would be if we didn't do this. So it may still go up by \$1.50, but if not it may go up by 4.50.

>>

>> Martinez: That's why I'm asking it clear because I want to make it clear to the citizens that this may not be the outcome if council were to make this decision to remove the sustainability fund.

>> That's right. We're trying to look at the effect of this decision in isolation. It's other things that are going on that could overwhelm these changes. Mayor merits also not necessarily

--

>> Mayor Leffingwell: It's also not necessarily the same populations either. The water bill as opposed to paying their tax bill.

>> This is just looking at the typical residential customer. We couldn't think of a way to look at the typical commercial customer because there isn't really a typical commercial customer. They're all very, very different.

>> Spelman: Mayor? Let me ask about a particular class of customer who are our writers. The tax bill will go up by less than the water and resource recovery, which bills will go down if you're a median single-family home buyer. If you are renting, presumably your landlord's tax bill will go up and presumably your water and trash will go

-- I'm sorry. Go down proportionately. This suggests that this would be a net transfer of net costs from single-family homeowners to renters. Alternatively it could be what's

going on is the mayor's argument is what we're doing is broadening the costs to a wider pool of people because the water utility is a bigger group than just simple residents of the city. Which of the two is more likely to be true?

[03:54:03]

>> Well, I would think in terms of renter, I think you would immediately

-- you would definitely as a renter, you typically are paying your own electric bill and own water bill. You would certainly see a savings there. And then there's a question that I really can't answer in regards to if the

-- if the landlord of that property were to see a slight increase in their tax rate, would they pass that on to their renters? They might. Would they pass all of it on? I don't have the answer to that.

>> Spelman: The assumption is 100% of it gets passed on. I'm thinking if this were

-- if we're apples to apples with respect to the pool of people who are paying for it, then no matter whether they pay for \$3.5 million through your water bill or tax bill, 3.5 is 3.5. If you were broadening the pool through the sustainability fund so the people outside the city are paying for some small portion of that 3.5, I would imagine how this would work for renters in exactly the same way as it would work for single-family home buyers. On the other hand I don't know

-- I don't know how the numbers work out there, though? We're talking about relatively small pool of people outside the city who are paying for water bills.

>> You look at the portion of that pool that adds to the water utility's revenue and then it's about 8.2% of that that comes to

-- you're talking about whatever the size of the pool is and it's

-- it's a smaller pool than the city pool, for example, but you're only talking about 8.2% of that coming in as a transfer, and then only a piece of that being reduced as a result of this change. So I haven't done

-- i haven't analyzed it in terms of how the outside customer versus inside customers would be impacted as a result of this.

>> Rather than ask you the question, let me ask you the question for some future date when you can get back and answer it. The question is will movement from sustainability fund to the general fund have the net effect of increasing the potential burden of paying for this from renters? And I don't know the attendance that question offhand. I suspect the answer, if there isn't any shift in the curve, it will probably be a very small shift, but i would like to be reassured that we're not just making renters' lives a little more difficult by doing it this way.

[03:56:26]

>> I'll think about that and we'll do our best. I just need to think about what data we have and our ability to actually respond to that. I certainly think there's going to be a shift more to the commercial side. I mean, in a theoretical world this should all balance out. We're not talking about any more money, but talking about where we get it from and the fact that there's a savings here from your typical residential customer and necessarily the difference has to come from your commercial customers. We're talking about two dollars a year for your residential customers, so we're not talking a major impact no matter how the

--

>> Mayor Leffingwell: At the end of the day it's more than a numbers game. There's also certain financial policy principles that are involved. I will have a very difficult time getting comfortable with this whole concept myself. Basically mixing capital and operational expenses. Councilmember Morrison?

>> Morrison: Thank you. To follow-up on your question

-- on your comment talking about this essentially says it shifts it from residence to commercial. So my question is first of all, do commercial customers

-- commercial customers are not served by Austin Resource Recovery, so

-- is that correct? But they are served by water utility. Do they pay

-- do their rates include consideration of the sustainability fund so they're essentially participating in that also?

>> Yes.

>> Morrison: So the question is how does

-- it's a complicated question, right, because that's where a lot of the funding is coming from that we're not looking at right here? It almost looks like there's free money around and I know you're trying to avoid that. I do think that another consideration that you commented on, I think I heard you say, is to keep in mind that the fees for the utilities are flat rates that we're talking about. To some degree. So somewhat regressive. You might think of that compared to property taxes. That's another consideration and it's a very complicated question.

[03:58:36]

>> On both of these we are talking about the base rate. So

-- there is a base rate for air and then there's a cart fee. We are working

-- we've worked with ARR that this would be the reduction that could occur per year in the base rate, not a change to the cart fee that flexes. And same on the water utility that the per gallon rates that are charged for different tiers wouldn't change, but the base charge

is what we would be projecting here as tiering. So certainly that base charge is the same regardless of income levels, but typically your property tax is going to be a higher bill for your higher income people.

>> Morrison: Is there any information or context you can give us for how this shift would shift from the residential austinite to the commercial entity? Austinite?

>> I think we could probably come up with something in the aggregate, but not on a typical basis like this because there really is not a typical commercial customer. It goes from very small to very large.

>> Morrison: Because i think that's another important element here. Thank you. [One moment, please, for change in captioners]

>> I think over time it's been viewed as this is the source of funds that helps us support more of the equitable economic incomes. That's why the funding has been allocated more so through the affordable housing programs, social service contracts, workforce development.

[04:00:44]

>> Tovo: So what will the fund be going forward?

>> Staff's recommendation is to

--

>> Tovo: Eliminate it?

>> Eliminate it. We had the discussion last year, the drainage fund, the drainage utility and the fund that used to make money, those stopped. We do not make those any longer. House holds had the two utilities to keep the money that was going to go to the sustainability fund, keep that money in their budgets and to use it for the things of the spirit of the sustainability fund but things that are clearly appropriate for the transportation found be paying for or the drainer's fund to be paying for.

>> It seemed to me each of those funds, the narrative of each of the funds is a little different. And the drainage utility fund was said to be contributing to something not directly related to drainage, the transportation fund. But the sustainabilities, just another completely understood the argument of why we're making the shift of the sustainability fund because it seems to me they've been funding the kinds of programs that it was set up to support. So I just

-- I mentioned that. It's not a comment. But I didn't make last year but I continue to struggle with that. It continues to fund the kind of programs that it was set up to support. It's upholding its mission. I believe we can make a good argument for continuing to have that.

>> I'm going to move on now to really talking about the c.I.P. Side of the neighborhood housing's funding model and looking at a variety of different options. Both in regards to

how the housing trust fund is calculated, the transfer of the housing trust fund, how we calculate that and the general obligation debt that would be required to meet the different funding clautz. So just a quick reminder on how the trust fund calculation currently works and staff recommending what staff recommended on June 18 and what we continue to recommend in the budget proposal. The current methodology is to take 40% of property tax revenue from the former he cbo and transfer that to the housing trust fund. We exclude the tiffs in that. If we stick to that meth, we have an \$800,000 transfer with the green site coming on development. That's a new property in the housing trust fund calculation. We expect that amount to grow to \$1.9 million. That amount is approve bid council and through the budget process. The revised methodology we're recommending is taking a large percent of a small base is to take a tiny percent of a big base to tie the housing trust fund to a fixed percentage of the total general fund. That percentage we would recommend rising from .25% in '14 to 2% by fiscal year '18. They can grow large. They suggest capping it at \$10 million until some future council directs us to do something more or different or less. 14 would be a slight increase instead of \$800,000 under the current method. 900,000. Significantly higher, \$10 million as opposed to \$1.9 million. That, too, would be subject to annual council approval. One thing I wanted to point out and make sure everybody is aware of is that the trust fund is not a tiff. It's not the Waller Creek Tiff or Mueller, it looks like one because of the formula is set up. But this is an annual transfer from the general fund to the housing trust fund that has some formula behind it. There's really no difference, though, than the transfer we currently make and have made for years to the transportation funds to support transportation initiatives. No different from the transfer we make to 311 to support the call center. No different than the transfer we recommend to make this year to the economic development department. It used to be Austin Energy. We're suggesting that the general fund contribute to economic development initiatives. I want to make it clear that anybody watching in the audience, this is not a tiff, no legal obligation. But this is a transfer to the general fund. The focus should be on the amount of money that's desired to go into the housing trust fund to help fund those initiatives as opposed to the calculation method. It was two years ago we transferred \$800 million a year from our transportation fund, from our general fund to our transportation fund to support transportation initiatives. So, transfer the dollar amount to support an initiative are certainly not out of line with recent history. So we're going to take a look at four scenarios. Two of those scenarios result in a \$10 million annual C.I.P. For the housing trust fund. Going to look at those two first and look at some of the tax implications. One would rely on the revising housing trust fund calculation, in order to keep the housing trust fund calculation the way it currently is. Council did ask us to look at scenarios that would totally utilize the \$65 million of capacity that identified. That's when we got into options three and four when we looked at it a high dollar amount. 65 million over six years and a housing trust fund call cule lags is more in the neighborhood of \$65 million

is what the spend rate would be to have a six-year bond sizing. Those are those two options. One and two first. Talk about some of the implications and then talk about numbers three and four. Option one and two, we're talking about \$60 million in the next six years. That's the bottom line of all of these numbers up here. Option one, we're talking about a revised housing trust fund calculation. 7 million of that \$60 million of the cip would come from the housing trust fund that would get the money from the money transfer. You knee \$27.3 million in proceeds to combine to the \$60 million. In the other scenario, we keep to the calculation that we project to only result in \$7.6 million. And you get a \$52.4 million to get to the same

-- the bond program to get to the same \$60 million over that time frame. But in both scenarios, we're talking about \$10 million a year and \$60 million total. Now, what does it look like if you're the owner of medium valued home who are playing both an o&m tax rate and a debt tax rate? Essentially, you can think of it as buying a car with cash or financing it. If you buy that car cash, it has a big impact on your pocketbook on the short term. But over the long term, the financed options is going to cost you more because you're not only paying back the principal, you're paying back the interest. That's what we're seeing here. In option one, we're issuing less debt, it would project that over that five-year period from 14 to 19, it cost your typical homeowner \$87.62 versus option 2 which costs you \$39.32. Option one is \$48 more expensive in the short term. We'll redefine that here in between 14 and 19. In the long term as you're paying this debt off over time, the option that we rely more heavily on debt, it will have higher service cost and it will become more expensive in the long term. Talking \$31.79 in total more expensive for this option where we're issuing more debt.

[04:09:03]

>> Spelman: Nominal discounted dollars, right?

>> That's right. And the interest costs, I think, is an almost easier way to look at it. If we're issuing more debt. In option two, we're issuing \$52.4 million of debt versus \$27.3 million. We're issuing twice the amount of debt to achieve the goal of \$10 million a year, you have a higher insurance cost. We calculate that at \$4.8 million. This is 20 years of debt service but not a significant amount of interest costs that the city would pay and thereby the taxpayers would be responsible for. Options three and four look similar. The bond proceeds, \$165 million. We use up the full capacity that we have at the tax rate of 12.08. So in using the current housing trust fund calculation, that gets you \$7.6 million and adding to that a \$65 million in bond proceeds, you get to the total of \$72.6 million. We assume we spend that amount over

-- you know, levelling the expenditures of \$12.1 million. Option three, what's the different way of getting to the \$72.6 million. A way that relies more heavily on the housing trust

fund and less heavily on the bond proceeds. Up in option three, we would have \$32.7 million coming from the housing trust fund and \$39.1234 the bond proceeds. Same thing. It's just a matter of which pot we're taking it from. This is what the tax implications look like. Again, it's the same story. The option that relies more on net debt is cheaper in the short term, more expensive in the long term two options at c.l.p. Spending over six years and two at \$72 million. See the total amount of debt and the total interest on that debt and the overall impact of the median value homeowner. That's taking everything into account. In the options that use less debt, more of an oem impact. More debt, more of a debt impact. It's no different than what we presented on June 18. No different than what we include in the budget planning to look at transition, the local funding for the costs of the funds to a four-year period with a slight-savings of \$2 a year. We recommend to revise the housing trust fund calculation method to increase the general fund transfer in support for affordable housing. That provides a more stable source of capital funding by reducing the reliance on the typical bond site reliance process. 4.8 million in insurance costs with the options that rely more heavily on debt. There's a steeper impact curve for the taxpayer in the short term over the next five or six years. But in the long term over a 26-year period or a retiring that debt, the savings more than offsets the short term cost. Finally, we recommend supplementing the revised trust fund calculation to obtain our annual cip funding at the current level of \$10 million a year, roughly. In other words, option one is staff's recommendation continues to be we think the \$10 million is in line with what we've seen in recent history from, you know, from the neighborhood housing cip spending. So I think that concludes our presentation. That's staff recommendation. We would be happy to answer any questions you may have.

[04:13:12]

>> Mayor Leffingwell: Councilman Martinez?

>> Martinez: One of the concerns our office has heard is by shifting the sustainability fund to the general fund, that it becomes more vulnerable to annual budget cuts in difficult years where you're trying to have our cost drivers and not raise taxes to the rollback rate. How would you respond to that concern?

>> I think there is some truth to that, although when we went through this recent downturn, we didn't stop with the general fund in terms of looking to cut back. Our enterprise funds are looking to keep their rates down. So typically when we go through economic difficulties, we look at beyond the general fund. But kind of the focus of the attention so to speak is generally on the general fund. That is where you have the most volatile revenues and I think there is some possibility that what that could, you know I don't know if it would make it more at risk, but it would be part of the consideration to make general fund reductions. 3wu during the most recent economic recession, we did

not revise the sustainability fund in that period. It remained -- the policy remains consistent. The council adopted it as is. That's where folks are concerned. I think rightfully so, to some regard. I don't want to create a situation where this council and future council is having to weigh do we take care of our workforce or affordable housing. That creates very poor choices for council. Those are the concerns I'll lay out there. I don't know what the best thing to do is at this point. But I do share those concerns that we're hearing. I don't feel like a shift at this point is something that I'm comfortable with because of those kinds of issues.

[04:15:24]

>> Mayor Leffingwell: I want to follow up on that. I think I agree with what was said. When you talk about funding it from a percentage of the general fund -- addressing the 40% tif on city sold property. That's all on new -- based on new growth. It doesn't address existing growth. There is a serious concern as councilman martinez points out, in bad times you're going to be in a mess. You're going to have those competing with public safety, with library, with parks. I'm very uncomfortable. Obviously I don't have the expertise that she did. But I'm very uncomfortable with the principle of using funded to finance capital projects. There is the additional concern of this is a community value that I think most of us share. But I think the voters need to share that too. If there's a decision to spend money on the community values, we should do that and put that decision to them which the bond package would. I think councilmember tovo is next and mayor pro tem.

>> Tovo: I wanted to say I agree with council member martinez. And some of what you said, mayor.

>> Mayor Leffingwell: At least some.

>> Tovo: It's a start. I'm also concerned about what might happen in the down time. And again as the mayor articulated, putting the affordable housing with public safety in the general fund allocation.

[04:17:28]

>> Cole: I have the same concern with the housing trust fund calculation, it's the same rationale we need to discuss when you allow the percentage to rise from .25% to 2% by fiscal year '18. Is that correct?

>> Yes.

>> And so I want to alert my colleagues that we have the same policy issue there because we reduce the flexibility for our parks and libraries and other general fund

needs by sticking to a fixed percentage. We don't do that with those funds. And also because housing is a long-term asset, we have the option of actually put thing it up for bond

-- capital funding. We don't have that option for other expenses. And it just

-- I think it helps with transparency and flexibility. So I would like to hear your comments on that. I think it follows the same rationale as the sustainability fund that we're boxing ourselves in with a dedicated rate with the housing trust fund transfer.

>> Mayor Leffingwell: Yeah, i think that is what I'm trying to say.

>> Cole: It's in two different places. We're doing it with the sustainability fund but we're doing it also with the housing trust fund. That's on page 9? Yue want to go through that?

>> So I think it's this slide you're talking about. Again I would just point out that when we looked at this, we were trying to propose a

-- a different model. Because that's what we under council

-- look at different ways to look at affordable housing. The percentage, I don't think the focus should be on the percentage. It's not relevant. We view the long-term need that recent history going back to 2006 is a a burn rate on affordable housing projects. Every year we need about \$10 million. The proposal here is to get to \$10 million in a reasonable time frame, the percentages were just a mechanism by which to get there. Once we get there whether it's one year or five years, it would be a \$10 million annual affordable commitment to housing projects.

[04:20:22]

>> Let me ask you, if we went to a larger bond proceed number, we wouldn't have to use the fixed amounts for the housing trust fund?

>> That's right.

>> Cole: Also, although we save the debt issuance cost, we take msh money from the general fund, right?

>> Can you repeat the question?

>> Cole: We save on our debt issuing costs? I'm sorry, our debt service costs. But when it comes to our costs, it's going up up. Is that correct?

>> That's right, the debt rate would come down and oem costs are going up what I'm really getting at is that option one and two if we're concerned about flexibility and putting an impact on our general fund, should really be not considered. But we should look at bonding a higher amount closer to option four. It might not have to be a \$65 million. It can be \$60 million.

>> I think the options you're saying. I think you're correct in what you're saying but options one and three. Those are the two options that have an increase in the housing trust fund. So if the desire is to avoid, you know, putting, you know, putting housing

projects in competition with other general fund needs. It's more intriguing that you would want to steer away from, you would want to look at two or four.

>> Just respond a little bit to your question here. If you're talking bonds, you're talking cap fall funds that do not affect the rollback rate. And when you put it in to 0 mrd m, you are. If you get in bad times, you're saddled with that. It's going to raise the amount that you have to raise taxes to cover that loss. If you keep it in capital funding, it has no effect. So, I think this is

-- it sounds like the plan, the numbers and all of the work for good times and rosy scenarios. You get in bad times like we've seen before in this city. Not really on our council, but really bad times when you're faced with the point that you can't raise the property tax to the rollback rate and that is not enough to keep you from having to lay off employees. That's happened in our past. Who is next.

[04:23:25]

>> Riley: In general fund resources for housing, I think you were just confronted with that set of circumstances in the face of the housing affordability proposition not passing. Because in effect, they drew on general fund support to provide funding for affordable housing. So in that particular case where you had to assess the value proposition, general fund dollars versus with finding affordable housing with the absence before the approved affordable housing proposition, those dollars could be otherwise used to support other priorities in the general fund.

>> I think it was a bad decision. But it was a time shot.

>> You're right. But the discussion was the value versus that kind of capital investment. In that case, your decision was to support affordable housing which is being defined here as a capital investment unless what I'm hearing is the emphasis should be placed more on bond funding than the way it is proposed in staff's recommendation.

>> Mayor Leffingwell: Councilman Martinez. >>.

>> Martinez: Let me say thank you. You did exactly what we asked you to do. This might have been the exercise in futility. It is a viable option. The second week of November, we get bad news, this becomes a real option again. Option four is more in line with our values, putting it to the voters, using debt service. It costs more on interest. But other values factor in as well. Again, you did only what I asked you to do. Not sitting here saying this is a bad idea, this is what we asked you to do. We were faced with a difficult situation. We are hoping and optimistic that the community has shifted since last November. And will be supportive this year. And if so, then I will more than likely support option four. If not, option one and three become truly viable if we want to maintain housing. If we want to maintain our housing program. Again, it's one of the things where we're not saying they're not good, the ideas aren't any good. We're saying let's

try one, if it doesn't pan out, we'll look at the others. I want to say thank you. I want to apologize by coming out with negative right away and say, ugh, I don't like this.
[04:26:24]

>> We can handle it.

>> Martinez: I appreciate that work.

>> Mayor Leffingwell: He's not that sensitive. He did exactly what he was asked to do, provide alternatives.

>> I want to thank you for your work too. We're talking about significant savings with the shift away from bonds with support for affordable housing. There are good arguments to make in the support of that shift. Our current focus for the housing trust fund is really hard to defend. Taking the line on formerly sitting on propts and proposing

-- it's not a tif but it is similar in that we're taking 40% of the new tax revenues we're seeing with seeing the properties on the tax rolls. But that to me is conceptually a very problematic approach to supporting affordable housing. The numbers we're talking about are very small. 1.9 million is the number you had. The properties are located in places where we would like to be able to capture that value for other purposes. The properties we see around the

-- we have a sea home tif in place. We heard lone star rail hoped to GET FUNDING OUT OF THE TIFs IN That very same area. There's only so much value you can offer in those key areas. Expecting them to provide support for housing is unrelatistic. I think shifting away from bonds has

-- there's a good case to be made to do that, shifting more towards the general fund. It's not just saving interest costs. It's also

-- there's not a

-- i don't see a black and white distinction between capital and o&m when it comes to the projects that want support in terms of the affordable housing programs, our housing repair program could be considered capital and also o&m. We've done tenant based systems that could be considered operations. We have a emphasis on permanent supportive housing supported by services but more in the nature of o&m. There are a number of housing programs that are in a gray area in between capital and operations. There's a good case for providing more support through the general fund and saving the interest costs from the taxpayer. So I'm hopeful we're not going to abandon that whole concept because there's a good case to be made. The taxpayers would appreciate some solution to affordable housing that reduces the tax load on the citizens. That means looking for some solution that draws on the general fund as well as the

-- as well as capital. That means in hard times we will be pressed between impeding priorities, but I think that is inevitable as we deal with these issues, though we have to

face them in any downturn. I think that is just something with have to accept. And I think some shifts perhaps not the options one and two that you presented here, but some comparable shift would really make sense. I appreciate all of your efforts on this.

[04:30:29]

>> Mayor Leffingwell: Councilman tovo and morrison.

>> Tovo: I have a question for you. I agree it's a priority to try to save the taxpayers dollars and to use the money most efficiently. I have a question. Are you suggesting that it makes sense to move from the housing trust fund calculation to a different calculation based on our properties?

>> Yes.

>> Tovo: And the rationale was that

-- that that you have concerns about using publicly owned

-- the increase on just the publicly owned lands?

>> I don't see a conceptual basis for supporting our entire

-- for supporting our affordable housing program simply on a small handful of properties that have come on to the tax roll, especially when those properties are often in places where as we placed them on the tax rolls, we have various priorities for the properties, there are cases that

-- for instance, in arias around a transit stop, we may want to capture value there for use of the affordable housing PURPOSES OR AROUND C.O.D.s, There's always

-- there are often competing claims on properties that are coming on the the tax rolls and having that policy in place can interfere with our members for other priorities. Tovo:

Thanks for that discussion. We will have the opportunity to talk about it a little bit more.

There are some other municipaies who do a great job of using their own lands for affordable housing purposes. I guess that's part of the intent. The tracts are not going to be used for affordable housing, let's make sure there's a relationship between the tracks and the affordable housing priorities. Using public lands for affordable housing allows us to make a bigger dent in that than other ways of going about it. Its's an interesting discussion we'll have an opportunity to pursue. >>.

[04:32:42]

>> Cole: Mayor, I have a question for councilman riley.

>> Mayor Leffingwell: Some of the tif money in our policy, the 40% money will be significant in years ahead with the buildout on sea holm and the green plant. I haven't seen those numbers in a while. But I think down the road, those are big numbers.

>> Biggest number we see it getting to is \$1.9 million. That's the materials we have today, up that high.

>> Five years?

>> Qy-19. The properties included in the tif are not the housing trust fund. The tif funds the housing trust fund. Green, sea holmes, those who develop notary public the walnut creek area, that money has been given to council to pay the debt.

>> Mayor Leffingwell: Mayor pro tem.

>> Cole: When you talk about competing priorities such as rail, specifically such as the seaholm station, is there a way that we can think about those individually as opposed to like a different split say between the housing affordable housing and keeping that split but fiving a 20% more. Trying to address your concern and think about it in the policy now.

>> Let me come in here. You know we

--

>> Mayor Leffingwell: Councilmen riley.

>> Riley: We talked about the goal of 25% of housing units be affordable. One of the funding sources and tmd, you try to capture the value of the properties and you get around those transit stops and it strikes me there is an inherent conflict there. Relative that the

-- what we've managed in seaholm and waller and others say the tif trumps it. We do support affordable housing through tifs for the area. But that means that much less money available to support housing programs citywide. To me that suggests that we really ought to cast a wider net, look beyond the property that we're just bringing on to the tax rolls and look

-- and look to the general concept the staff has suggested which is all city property is rather than a handful of properties that are coming on to the tax rolls for the first time.

[04:35:33]

>> Mayor Leffingwell: Councilmember morrison?

>> Morrison: I want to back up a little bit. I think this is a good discussion we're having and we have big policy issues to settle on. So provided the information and the stimulus for this discussion. I appreciate that. It feels like things are working right with difficult decisions we have to make. I do

-- this is a lot of information. I want to keep in mind we're talking about two different things, one how to fund housing and how to fund capital projects. There might be questions about what goes in which, but there are some options and it's important to keep in mind that we have different decisions to make. And I do think that I agree

-- i didn't speak earlier because i would agree with most everything that was said. I don't

-- I want to speak to the 40% issue. In terms of the issue of stability, I feel very much in line with the issues and the discussion with some of the colleagues in trying to put a stake in the ground with capital. So amidst all of the things to consider, that seems to be one of the issues that probably are not as a driving force in the decision that we might make. I do also work at the

-- the one long term cost tool, the standard austinite, whatever that might be suggesting that in the short term, the staff recommendation would be more expensive, but the long term, less expensive. The long term there was between 20 to 2039. And that is an

-- we do need to think big. Imagine austin is a 30-year program. Even looking at this discussion right now, the 40% for the city properties, that was the policy decision that was made by this council, I believe, in 2001. Which obviously is getting a look at right now. So to suggest that the realism in suggesting that the policies we might make here today would still be in place in 2039 is probably a question. So while it's important to take that one, it's also important to look at the fact that this might be something that works for the city, whatever we come up with, for the next five to ten years and the council is going to have to relook at it because things are going to change and it might shift. And so the short term lower costs in that equation is, I think, important to keep in mind also. And with the

-- with respect to the issue of the publicly owned lands, just the city-owned lands, I think I disagree with councilmember riley. I don't think it's a bad policy. I heard you say a bad policy. I don't know if you meant to say it quite that starkly. And it might behoove us to try to go back and read the transcript of the council when they were creating that policy. Because it's my understanding that

-- and I think I will do that, just to get a fuller understanding that there was a nexus on our growth and our land and the challenges on affordability. That makes it still exist and as councilmember tovo said, in fact, the be able to use our resources, our city-owned resources to promote affordable housing is absolutely, I think, an important thing and in fact rather than doing that, I would like to consider the policy adopted that says not just city owned land that comes on line, but all publicly owned lands that comes on line. That would shift the matters by a factor of two, roughly. And so publicly on land. So state owned land and county and city as it gets developed. We have big

-- we have big policy decisions to make about TIFs TOO, AND ABOUT RAIL. And we can only tif so much of our property. And so the balances that we have to make, the priorities that are important, I hate to see us lose that commitment of sort of using the -- the development and enhancement of our publicly-owned land to use affordability in the city. I am supportive.

[04:40:47]

>> Mayor Leffingwell: Quick procedural question. I assume these will be separate items to be voted on. The election for a certain amount, that's a stand-alone, that would not be dependent on anything else. Is that correct?

>> That's correct.

>> Mayor Leffingwell: So there's kind of a

-- a connection, obviously, that might not necessarily be found. Whatever year from now the council votes to pick for a bond issue, and then later on in september a budget readings i assume, a doctor would modify this ultimate theme. It may not add up to the same numbers, is what I'm trying to get at.

>> Just in terms oh it was budget decisions, you look back at the slides here, the recommendations to sift some of the general funds to the housing fund, they're very back-loaded in terms of a five-year window, they're back loaded more towards years four and five. If you're looking at fiscal year 14, you're talking about \$250,000, somewhere in that neighborhood, \$78,000 more going to the housing trust fund than if we stayed with the current calculation, \$200,000 more as a result of the sustainability fund shift. It's not in the millions, it's in the hundreds.

>> Not going to be a vote or do we adopt this intergrade policy.

>> A vote first, a bond amount and the budget.

>> Mayor Leffingwell: Then a year at a time in the budget for the alternative funding?

>> That's right.

>> Mayor Leffingwell: Can we go on the the next item? Are you sure we don't have more discussion on this in the days and months ahead? You have a briefing on the airport development? Thank you, ed.

>> You're welcome.

[04:43:06]

>> I'm jim with the airport. With me is the assistant director of the airport as well as larry speck, the architect of this particular project that's working with hensel helps which the council identified previously. The first slide just goes over the contents of the presentation. Second slide, you see the reason for this particular project is basically the increase of the passenger processing capability of the airport. Sustained growth at the airport for the last 30 years, that has not changed. If anything in the last two years, it's accelerated. So we had to make some improvements in order to handle the number of passengers coming through the airport. This particular project will be before the council twice before. So you should be familiar with it. But basically, this project is designed to significantly increase in case they go through the security lines. Building space and tsa will operate in. This year, we're also expanding the space of customs and water protection so that we can process more passengers on foreign flightings. Minor things.

Baggage carousels, explosive detection equipment. BUT MAINLY THEY'RE TSAs AND Customs and border protections. In september 20611, council 240rzed us to use the design bill delivery method in of 2012 approved with the proceeding of the the hensel company and the architectural firm associated with that. Line items 5, 6, and 12 on your agenda on thursday related to us now preceding construction with the design. This charge again over the last 30 years, what's gone on at the airport. It's almost 5.5% average growth. 30 years. Even with the peaks and valleys going on. Relative to what's going on for the rest of the country. These are extremely high numbers. They're very, very few airports that are experiencing this level of growth around the country. But what I would like to do is turn it over and walk you through some of the designs and what they put together and we'll finish up the presentation.

[04:45:37]

>> So in the circle here you see the addition we're making. It's a kind of a knuckle in the airport. This is very consistent with the master plan that's been operative from the beginning of the airport, the airport center fantastic job of sticking with a very clear master plan. This also is a step in looking not just immediately but how did the airport grow in the long run. So the idea was always that, you know now you come into the airport and through the gate in the crescent. In the long run, as the airport grows, you go to the ears and this is a knuckle that would then take you to eventually ten gates. To the east extension. As well as ten gates that would go to the south perpendicular to the crescent and then to the grates in the crescent. A knuckle that brings you through the whole eastern half of the airport. It remains the long standing design intention to keep you the long distance from the curb to the gate in the clearest and simplest way to get from the curb to the gate. Next slide, this blows that area up on the left-hand side of the slide. You can see the existing building on the last entry point to the east off of the upper level. The left-hand side where the southwest is. We go into the knuckle. There would be a space and then ten new lanes of tsa. Screen as we go through those lanes, there's a recomposure area then. And then the rising end of that knuckle is a concession area comparable to the concession area.

>> I like that term, recomposure euro.

>> THAT'S TS A's WORD. I've learned that one. Put your shoes back on. And you go back out of that nubbing toll the bottom of that

-- sorry. Back to the

-- and then you're at the point where you could go to the right here out to the gates, eventually, or perpendicular to the crescent, to the bottom of the lied here, or backing of the crescent. So you're right at that nexus where all three of those links meet. Next slide. Now, if we go down a level, this is the apron level where most of us don't really go

much. It's where international rivals come in and they'll go down to the apron level. Lots of action happens at the apron level with baggage claim and so on. That green line is the line from international rivals, that's the current line they go. And proceed to the left-hand side of this slide into customs. This hugely expands our customs capability. So now instead of right now that green line goes way, way, way to the left of this slide, now we're going to take them down into the area below that knuckle. And into the customs area there. The new customs area. The brown line is a route for baggage for international flights. Much more direct than we have in taking the baggage directly to that area. Bathrooms in that dark purpose. So this has you disembark. You have a bathroom area there. Down the stairs and to an escalator on the lower customs area. Next slide. There we are, the white space there with the boom rang space. That's the customs lair. There's a new baggage carousel. Slightly different arrangement of customs from most airports where you pick up your bag and go through customs in one step instead of the two-step process. This is a new idea. We're one of the guinea pigs on this one. It will work a lot better. You pick up your bag, ten lines of customs, we can expand beyond that in the future. Sort of the brown area, they'll talk like that. Their secondary screening and the security operations on that lower level. So this is the bag claim level. Down in the green area, you go through customs and go right through the rental car area is on the baggage claim level on the east end of the existing airport and exit through the same doors everyone else exits now. So the door, not only exits the door and the lobby there. They did integrate very, very nicely with the existing building. [04:50:19]

>> Morrison: Mayor?

>> Mayor Leffingwell: Councilmember morrison.

>> Morrison: Those who have big international rivals, we don't right now. We will have in the future, there's often a car congregating waiting for folks to come out of customs. Is this designed to accommodate something like this?

>> It does. We're taking rental cars out of that area.

>> Morrison: Okay.

>> So they're moving out of the existing building. That will be a lobby precisely for.

>> Morrison: That's right. To the certainty.

>> Got it.

>> Morrison: Thank you.

>> Mayor Leffingwell: Next one.

>> So this is how you see the existing airport and you can see the knuckle there on the east end. Get through the knuckle and distributed to the rest of the airport. It will be a kind of a landmark. So as you drive way long here, you see, aha, the way you get into

the airport, your entry point with this sort of different shape that's there. Next? Approaching on the upper level and a new entry pavilion, a kind of a yellow bar there helps to mark that new entry point. We're going to see curb goes off beyond that point, on the right of the original building. Nobody uses that curb now. But now that we have this expansion, we'll use that curb and it will extend the amount of curb that's available for dropping off. You can see on the lower level, you would come out of customs and come out the lower level exit that's there currently. Next. This is as we've gone out of the ticket and southwest is now, we're entering into the new screening area. You can see the lanes of tsa screaming there. The entire structure developing in the perimeter peers. In the structure and the sun shade. We'll get glass around that area. I think that's something people love about the airport is the abundance of nice daylight. But it is daylight for sub control. So we do get a little bit of direct sunlight. Modified in terms of that heat. And this will be the same way. We'll have very little direct light to make it cheerful. It will be with fluted glass. Next? So now we proceed through the tsa lines, there's the recomposure area. You can see that sort of glass area in the center. You go right straight through there in the concession area or to the right and you can see the access into the gates. And, in fact, the existing airport, we have intuitive line finding. I can see where I get to the lines, concessions, go to the gates, go to the restrooms, all of the things are very difficult. And you can see an abundance of natural light. Next? There a diagram shows you going through the security. The gateway to the concession area. And you go into the three different wings of the gates, eventually. Additional concession space getting the new additional concession space in the addition. Next? This is down in that apron level. It came from my international flight. Takes us down the escalator or the elevator into the lower customs area. You can see right there on the carousel, you pick up your bags and there we go through the custom lines and with the bright colors are to the right there, that's the exit that takes you out by the existing rental car area. Next, there we are in the customs area with the carousel to my left. And exit out to the existing airport just under that orange area. So I could go into greater detail about loading and all kinds of accommodations of tsa personnel and things you don't want to know about, but all of those are accommodated in it as well. So next slide, council goes in on thursday and authorizes us to proceed with construction, two-year construction project anticipating all of this will be open in 2016. Maximum guarantee price is \$62,250 million. A project finance plan is worth planning to do a bomb pbond sale sometime next year. So the two items on the agenda are a resolution to allow us to go ahead and proceed to reimburse ourselves after the bond sale later in the year and that will be supported by airport revenues. With that, I'll stop there and entertain additional questions.

[04:55:47]

>> Mayor Leffingwell: Councilmember Riley?

>> Riley: Can you say how this will affect the typical Austinite for a typical trip in will it change the screening for typical drivers or is this aimed at the international customers?

>> The main floor is all security processing capability. So right now if you come into the airport and look to here at this

-- in southwest ticket counters and you look to the left, you can see we have a temporary fourth check point there. TSA puts that into use in high volume periods. But this is a temporary setup. This is designed so it will be knocked out and we'll have a much expanded check point in that area for screenings and it will be a lot nicer than what we have here today. In the short term, it increases the size, institutionalizes the check point on that area. On a longer-term basis, it's our intention that things go as planned and we'll have two large check points at either end and it will eliminate the two check points in the center of the airport. Here for other purposes.

>> So passengers could be routed towards the check point that's closest to the gate with the other check points.

>> More for the option of using the check point that they want to.

>> Come down and retrieve

-- is there anything that will change about the experience that pick up your baggage, your baggage claim. That change for the full domestic trip?

>> We would be adding additional carousel for the demand for the airlines, we have enough traffic that we need more carousels down there and they would be accommodated by a removal of the rental car facilities. Rental cars will move out and we'll capture that space to use for additional baggage claim facilities.

[04:58:03]

>> Riley: Okay. I know this is

-- when you're showing the image of

-- from the

-- from the perspective from the outside of the terminal looking at the terminal, I noticed that much of this is around that same place. The lower level, passengers currently

-- currently passengers who want to take that

-- the airport flier, the bus, that's right where they would exit and take the bus. Is there anything that you would expect would change around that area in exchange for the bus and passengers and anything. Other transit options available for customers as they exit the airport.

>> In the short term, no. In the longer term, we're looking at options for how to increase code space. I think we talked with you previously about this, but the airport one of the

biggest problems is limited curb space. Between the cabs, buses, shuttles, a variety of people, everybody is complaining they don't have adequate space on the curb to do whatever they need to do. We're looking at a project that could potentially increase that curb space. And in september, we were planning to come before the council, the planning and transportation committee to discuss a further capital improvement. We feel that the point we need to add gates is part of that program. We'll also be looking at to increase curb space. So almost every system at the airport is under stress right now given our passenger growth. And we've had to accelerate the time lines in our master planning. And we'll bring it forward, not only the projects that you can see to date, but also some proposed additional projects to help us accommodate the additional business in a we anticipate getting.

[05:01:48]

>> Would it be maybe the increased curb space temporarily and then, if we expand rail in the future out to the airport, i presume it's going to go in the same general area for pickup and troughoff.

>> We reserved the corridor in the planning for rail. We had a corridor come in andeth there for that purpose. This would be in a slightly different area and wouldn't compete with the space we have reserved for the rail.

>> I see. Thanks.

>> Mayor Leffingwell: Mayor pro tem and council member morrison.

>> I know the rail has a lot to do with the security. Tell us about that again.

>> The ten lanes on the first floor is the tsa for processing people, whether domestic or international travel to go through and pass tsa security. The lower level is for customs and border protections, so that would only be used for international purposes. Right now we have three international destinations with three different airlines, now, and we expect that that will grow even in the next year. So our capability of handling two flights coming in at the same time, today we can't do it. So we have to separate. But we're starting to get the international numbers to the point where we have to have the capability of handling two international flights at the same time. We already ran into that in the experiments are formula one last year with charters coming in at the same time, but now we'll actually start experiencing it on our own scheduled flights that we're adding to the airport.

>> So increasing capacity and reducing the amount of time people have to stand in security lanes.

>> Yeah, it really is a two-step process. The airport owners rebuild the capital improvements necessary to do that. Unfortunately, we also have to rely on the federal government to staff the capital improvements that we just built and make sure that

they're operational for the passengers when they come through. So we're kind of -- we rely on the federal government to decide how much staffing tsa and customs and border protection is going to get following any of the discussion which is going on nationally. Nationally, there is a shortage of customs and border protection agents and the international travel to major hub airports is backed up significantly

-- dallas, j.F.K., Houston

-- having serious problems processing international travelers in a timely fashion.

[05:04:27]

>> Cole: Appreciate your work.

>> Morrison: A couple of questions on the international. I wonder, the customer experience, if there are two flights at the same time and we're mixing baggage. Looks like there's just one baggage carousel. Is that something that's a difficult thing to do and how does that fit within the long-term growth plans for more international flights?

>> What happens over time, now, on a domestic flight, you will have mixed bags on a domestic flight, so it would be no different than on an international basis. Growth is going to be incremental forever, so we anticipate that this improvement will take us through at least the next ten or 15 years. That's what it's designed for, but there will have to be further improvements further on down the line, but this should carry us for quite a while.

>> Morrison: That's helpful. On the issue of the curb discussion, not only

-- I just wanted to add I understand how challenged we are and the situation right now is so challenging and not only for the bus riders, but there's always a bit of chaos, sometimes more than a bit of chaos, because wherever a group is gathering because they want a certain shuttle, there's no good definition of who was there first or queuing. It can get really crowded, as you know, and to add order will the experience of the customer, I think. So good luck for all of us on finding the room to do that. I know I've experienced airports

-- I think portland just finished a big renovation and added different

-- I don't know what you would

-- islands for every different kind of service you could imagine. You go here for the hotel shuttles, here for the parking shuttles and it's a different one. Obviously, we don't have that much room, but I can see how demanding that is, coming up with creative designs. I'm sure there are ways to try to maximize that. But to be able to provide some element of order for the folks that are in line, I think it's going to be really important.

[05:06:50]

>> First of all, I need to know which grouping they need to be in which is sometimes challenging and who got there first.

>> Council member Spelman. .>> Spelman: LET ME ASK ABOUT Longer term plans offmore gates will be an extension on the east?

>> Yes.

>> About how many and when?

>> We're planning a presentation we're hoping to bring to the september meeting of the council to a comprehensive planning and transportation committee. In that presentation, we are going to propose a gate extension to the east for a net of seven additional gates.

>> So that would be the mirror image of the west?

>> Yes.

>> Okay.

>> So the next step would be to have fingers going out from the main terminal, but this one would be basically creating the mirror image of the west side.

>> What's the long-term plan for fingers? About what time frame are you talking about? We've got fingers, let's continue with that.

>> It just depends on the rate of growth and, you know, we are, to some degree, just like every other airport in the world, and we have victims and beneficiaries of airline business strategies. So it isn't just what we decide we need to do, it's what the airlines decide to do with us. We're very fortunate right now. We've added three additional airlines on top of existing players with new routes. We anticipate in the next couple of months we'll have several more announcements for you. So we're going through a very strong growth period of where our existing carriers are running more flights into austin and we have new carriers that want to get into the market here. So we know that is not a sustainable picture and that is not going to last forever. So we try and factor that in, and that's why we had the charter air for the last 30 years. If you average it out, we're still growing 5%.

[05:08:58]

>> You have two classes of capacity demands put on airport, one of them is people and one planes. Are those

-- I presume they're running parallel more or less, but do we have a 5.4 increase on average annually in planes taking off and landing, or swre have we seen a reduced increase of planes taking off and landing as flights become more full?

>> The flights and the nurnl r number of seats on the flights varies all the time.

>> All right.

>> It dropped off substantially in 2001, dropped off significantly again in 2008 in the

financial crises. Most airports today aren't back to where they were in 2007 before the financial crisis. We are one of only a handful of airports that have already caught up to where we were in 2008 and exceed where we were in 2008. I'd say less than 5% of airports are in that particular category. So one of the things we have to try and do is balance off what's going on uniquely to Austin with what's going on in the rest of the industry to try and base our forecasts of what is realistic within the bounds of the industry. The industry as a whole for air service is shrinking, is not growing, because airlines are cutting back on the number of seats and flights they get pricing capacity and can raise their rates.

>> Exactly, but you have one more passenger seeking spaces on fewer and fewer planes. They're getting more cramped and more full. That does not require -- that may require changes in the confirmation of space used in an airport but it does not require, for example, more gates. We're not using as many gates because we have fewer planes taking off. That's not the issue with us. We have more planes taking off than passengers taking them.

>> That puts us in a small category of airports so it's very difficult to make strong predictions of what's going to happen to your airport as a result of that.

[05:11:04]

>> We're talking about small incremental changes we know we can absorb and not a long-term plan that's maybe in Cob Assistant downstream?

>> Yes.

>> So we're talking in short run about gates going to the east. We're talking about a knuckle on the west as well or not?

>> The long-term plan would be, when we have the east done and things settled again, that we would duplicate that facility on the west side.

>> It's a good idea to have security on the east and the west but not in the center, why is that?

>> The center works fine. From TSA's perspective, and they are our partner in all of this, they would rather have two large checkpoints than four from a staffing and supervision perspective. Their operation works more efficiently with two large ones. If you go to most airports where they're designing from scratch, they have one big check-point and everybody gets filtered into one area and they do it that way. So it's a compromise between what we would like to see and what TSA's needs are and that's the design we came up with.

>> Got ya. In the short run, we're talking where it will be easy to get through the small number of gates on the east and much more difficult to go west. Is that a problem? Is American going to be anchoring with us, will it be harder to get to American than

southwest?

>> Luckily the checkpoints are close enough that the savvy traveler figures out which is the shortest line and moves into it now. With the sophistication and technology, there's a lot of apps out there and we're looking at adopting them where, when you come into the airport, we can give you realtime information as to which checkpoints the shortest line and you make your selection of which one you want to go into.

>> I imagine we have to update that pretty frequently because people will respond almost immediately to it.

[05:13:06]

>> Absolutely.

>> Okay.

>> But it does exist and we're trying to get it in.

>> Spelman: My first reaction, you used the magic word, jim, and I would urge you in future public communications use that magic word to help others understand what you're talking about. But before you use the word charters, first of all, why are we doing all this? Can we make sure we're building this extravaganza of customs and immigration and really have any flights to use it? Although, even if we never get that fabled international flight to either paris or london we have been talking about for years, we're still going to be getting carriers for 23 bgs-1 and charters for other types of events, is that right?

>> Yes.

>> Can you tell us what type of charter demand we're talking about?

>> For one, I don't know really the exact

-- they have been IDENTIFIED AS 747s AND 777s, Which are fairly larger planes, which taxes our processing capability with just the one plane, so we're probably going to have at least three to five o large charters coming from from formula one in addition to updating the frequency on regular flights.

>> Spelman: If we do not have this capacity available, will charters not come to austin? Will they go someplace else?

>> San antonio is reaping almost benefits of formula one that austin is because of their proximity and they're doing a strong marketing effort to attract hotel as well as airline traffic into san antonio. At least from the airport's perfective, that's not a bad thing because it's exploiting the demand a little bit and spreading it out so neither one of us is overly taxed. Last year, I'd say we had a successful run with f-1 handling, everything that came through, they were optimistic balanced between austin and san antonio, that will happen again.

[05:15:14]

>> That's getting in the direction of eventually where i want to go and I don't know if this is an easy or hard question, so turn it either way. It will probably require long runs. We'll work on your status part. But in some of the areas in which we make decisions, there are clear performance measurers and clear measurers of benefits and costs. So I can say, yeah, this capital improvement is definitely worth the trouble on affordable housing because I know the benefits of affordable housing and I know the cost of constructing affordable housing and we're talking about a 2 or 3 or 4 over one cost benefit ratio. In this world, I'm not as sure what our measurements protocols look like and we're talking about a \$60 million improvement which, as far as I can tell, will be mostly to the benefit of three to five charters per f-1 event and, so far, mythical

-- i don't presume in the long run will be mythical

-- but we may get an international flight to europe. Can you help me understand how we're going to get \$60 million benefits associated with \$60 million cost associated with this knuckle?

>> Well, if you wait till september, I can give you a more complete answer because we're having a cost benefit analysis done of one of our candidate flights and we were planning to bring that with us and share that at the comprehensive planning and transportation subcommittee meetings.

>> Am I right presuming we won't need any decisions other than preliminary engineering decisions till september? What decisions will we need to make on this plan?

>> The projects we went over today was for the agenda for construction to go immediately. So this project has been before you twice before and we've completed the design phase and now are coming back for authorization to proceed to construction.

[05:17:17]

>> Okay.

>> What I was talking about in september is coming to you with a proposal to do a gate expansion, which is a new project that was not brought before the council before and the justification for why we think we need to proceed with that. That.

>> Spelman: Right. I may be asking for more word from your staff in the next couple of days. We'll talk about it. Thank you.

>> Okay.

>> Mayor Leffingwell: So you have people movers in the plan at any point?

>> No, we're close enough we don't need people movers.

>> Mayor Leffingwell: I'm talking about when we get spread out a little bit more to the east.

>> Actually, there are rules of thumb of how far you can go and not need a people mover and the interesting thing about the diagram of our airport, it takes you sort of directly to these. Nothing will ever be longer than what that west gate is right now. There's nothing, even when you expand all the way out.

>> Mayor Leffingwell: You avoid that with design much like the busiest airport in the world doesn't have them, in the terminal, at least.

>> Right.

>> Mayor Leffingwell: Land does not. It has them going between terminals but not in the terminal itself. Okay. Thank you very much.

>> Cole: Mayor.

>> Mayor Leffingwell: Mayor pro tem. Council member tovo already asked for several items she wanted to discuss.

>> I want to follow up on the affordable housing discussion we had. I kind of wanted to get everyone's pulse on what the amount of the affordable housing bond, how much thought had went into that. We asked staff to do a scenario of 65 million, which took us to our bonding capacity and, i think, brought us within our debt service

-- current debt service rate of 12.0. So I just wanted any thoughts or comments on that.

[05:19:35]

>> Mayor Leffingwell: Comments? Guess not.

>> Obviously, I think the community demonstrated the command could exceed 100 million. We're not going to contemplate that. As long as there is capacity for 65 million and there is demand, I'm going to be supportive of, you know, taking up that capacity and applying it to something that is a very critical need. We have certain requests to dedicate certain amounts for a permanent supportive housing which we know is going to be the hardest, but we also have other demands for different ranges of affordable earning, and, so, i think the 65 million is commensurate to what we've done in the past and can certainly move that capacity over the next six to seven years. So I'm supportive of 65 million, if we get close to that, you know, that's fine. I'm not going to -- you know, I'm open to a discussion about it, but I am supportive of taking the capacity that's available and applying it to affordable housing.

>> Mayor Leffingwell: Mayor pro tem. Council member spelman.

>> Spelman: I have two observations. Purely by happenstances, the housing inflation would increase the percentage from 2.5 to 2.0%. There is only one part of our budget which is dedicated based on a formula that's the number of police officers per thousand population which happens to be 2.0. This would be adding a second part of our budget

which would be based on a fairly arbitrary calculation also of 2.0, and as I don't like the first, I don't like the second. I think making decisions on the basis of that kind of thing may work for a short period of time, but I had to remind myself 2.0 per thousand decision

-- or some previous council made that 2.0 per thousand decision in the EARLY 1990s PRESUMABLY ON THE Idea that would be an appropriate number in the next five or so years. We're still 20 years down using the same calculations and it doesn't make nearly as much sense as then. We'll be making a decision in the short run where we know we can justify the need where we're spending it

-- paying it back over a longer period. The other thing I'd like to mention is that, although there are interest costs associated with issuing bonds, there are also interest benefits in the sense that, if we're paying for something over a 30-year period, and if the cost of issuing the debt is lower than the cost of debt associated with the stuff we would borrow for consumer purposes or borrow for buying a house, then, in the long run, we end up coming out ahead. If you discount your costs over that 30-year period based on the value of money, my value of borrowing money is going to be a lot higher than the city's cost of borrowing money because the city doesn't have to pay income taxes because the people who buy mortgage bonds do not pay income taxes on the municipal bonds. As a result, our interest rates are lower than the prevailing commercial interest rates or the interest rates that you and I would have to pay if we're borrowing to buy a house. That means that, in the long run, it's going to be cheaper for us to borrow this money than it would be to pay for it in cash on a pay-as-you-go basis, even if we take that interest cost into account if we properly discount it. I'm throwing together a whole lot of public finance theory and a whole bunch of fancy words, but the short version is I'm not worried about the interest costs associated with the debt because I think if we properly discounted it and take into account the time value of money, then it would be cheaper on a pay-as-you-go system, not more expensive. I'll try to put it in terms ordinary people including myself can understand later on.

[05:24:19]

>> Thank you.

>> I will keep you in mind particularly as the most ordinary person.

>> Mayor Leffingwell: Council member tovo.

>> Tovo: I wanted to say I am certainly interested in looking at the 65 million level, all the issues we've had on the table in terms of staying with the bond. I'm open to discussions if it's not quite 65-, if it needs to change for some reason, but we've clearly demonstrated the ability to leverage other funds, ability to effectively use this amount of funds over the coming five or six years or whatever, good to going to 65 and I want to

change it a little bit and want to stay in that range of what we've experienced before.

>> Mayor Leffingwell: Anybody else? Council member tovo.

>> Tovo: Thank you. I would like to see us move forward with 65 million or right at that number, for all the reasons that have been said. I have a few ideas I want to discuss and quick questions about several of them. So I'll run through the fastest ones and get the ones that might require a little more discussion. 58, will we have a fiscal note before thursday on this item? This is the request to initiate a stop shore small area planning process, and ski that of the sponsors who I think were council member riley and someone else. I apologize, but I don't remember who that second sponsor was.

[05:26:20]

>> Anybody want to respond? Council member riley?

>> Riley: My understanding is the costs we're talk about are in the ballpark of \$200,000, and I understand there may be funding available already in some places and, so, my hope was that we could hear from staff about the exact amount and whether there's any funding currently available for that or how we could meet this need.

>> I'm sure we could understand the fiscal impact by thursday. I can't guarantee before thursday.

>> I would be interested in seeing that outlined. I don't have the language in front of me, but there is also a mention of working with the university of texas on it and that prompted a question in my mind of whether this could be undertaken without a financial cost at all, using existing staff resources and prevailing on relationships with entities in the city that might be compelled to do it on a pro-bono basis. And the thrust of -- the intent of my question here is because i believe it's also noted it was an unfunded budget request so, if I'm correct in my remembering of the resolution, it was an unfunded budget request that, in effect, we're moving forward with initiating through a resolution, right? So we're short of sidestepping the staff recommendations on that and moving forward with it on our own outside a budget process. For me, that really raises the need to understand the cost better and whether there have been alternatives considered that would not cost any money, because we've got some direction from the staff and city management that it doesn't rise to the same level of priority as some other needs.

>> I think, if I may

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>> council member riley.

>> Riley: Part of the rationale behind this resolution and the similar resolution we saw from the waterfront planning advisory board was that, through the course of the work on this that we've seen on the part of the sustainable design assistance team and others,

we've seen the development of tools that would be very useful. In fact, in the presentation at the waterfront planning advisory board, we saw a demonstrate of those tools that included metrics like return on investment that was a very impressive display and the hope was that, moving forward with this item would allow us to use those tools and to think smarter about our planning in this area than we ever have before and that there is some cost associated with that up front but, in the long term, because we have such

-- because we have tools that we've never had, we would see a return on our investment that would more than justify this up-front expenditure, and I think the property we're talking about has languished for decades and, so, they have the opportunity to actually do some intelligent planning and see that area develop. And we're not just talking about dollars here but we're talking about an area that has profound importance for the whole community and an impact

-- i mean, this goes to the heart of the waterfront and would enable us for the first time to make real coordinated progress on the goals of documents like that, the corridor study of 1985. So this is a very exciting opportunity. It is on the unmet needs list, and the purpose of that resolution is to put it on the table for discussion and to suggest that this warrants our careful consideration and that, from a financial standpoint, there is every reason why we would go ahead and make this initial expenditure given that the payoff would be so substantial.

[05:30:43]

>> So why not just propose it as an amendment to the budget instead of going -- I mean, this would have the effect of amending the budget, right, for next year?

>> I don't know that it would.

>> What we have heard is there may be funds available, so i hope staff would be able to look carefully and see if it would require an amendment.

>> Mayor Leffingwell: Well, it seems to me like you're directing him to initiate the planning process, and is that where the cost is?

>> Well, I don't know where the cost is, not having the resolution in front of me, but depending upon the direction, in the absence of seeing it, my assumption would be that I would be

-- the request would be for me to initiate that now in this current fiscal year. So I would have to give them whatever the cost is, I would have to look for it in this current year's budget.

>> Mayor Leffingwell: And you're confident you can find whatever amount of money is --

>> no, I didn't say that. I'm just saying I would have to look for it in this current year's

budget, if council directed that. But in this resolution, we would look for it and obviously come up with some sort of recommendation for supporting that cost and we'd bring that back to you. I expect it might exceed the city manager's authority, doing it unilaterally, so we would bring it back. But that's in the absence of knowing what the fiscal impact is. I don't know.

>> Mayor Leffingwell: Go ahead.

>> Council members, the amount of the need was 250,000 for that project and that's still the request is 200,000 in order to be able to provide that.

>> Mayor Leffingwell: That \$200,000 would not be spent till the city manager came back with a real cost, a fiscal impact note and

-- for final approval? I don't understand. I'm not looking at the resolution, but the language sounds like do it.

[05:33:02]

>> All I'm saying is that when we made the request for the 2014 budget in the unmet needs, the amount that it would cost would be approximately \$200,000.

>> Again, I guess the point is it is not in the budget recommendation for 2014. It's not there. It still remains in the unmet needs. Again, not having the resolution in front of me, however, if you pass it, my assumption will be that you're asking me to pursue it now in this current fiscal year. Otherwise, to pursue it in '14, the recommendations on the table, I would assume, in your approval process as you consider the budget, there might be some sort of amendment that would add this for this now unmet need in regard to '14.

>> Mayor Leffingwell: Budget amendment of this year? Council member martinez.

>> Martinez: For clarification, you're not presuming, if this item passes, this includes a budget amendment for this fiscal year? You would have to bring back a budget amendment to add this \$200,000?

>> That depends on council's intent for the resolution. Again, to pursue this

-- again, I don't vit in front of me so i don't exactly what it says, I'll have to bring that back to you

-- but I would not consider the passage of this for amending the 2014 budget.

>> For '13, the one we're currently in.

>> Not unless you do it deliberately.

>> Martinez: So, one more time, for my clarification, this item passes, you would come back to us with the \$200,000 request to fund this item, or

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[05:35:04]

>> I don't have the language in front of me, mike, and in order to respond specifically, I --

>> it says the city manager is directed to niche nate a small area planning process for south rural district.

>> That language doesn't give me any knowledge, that would be my interpretation, so I would have to identify dollars and come back. Obviously, the costs associated with it as an unmet need, council would have to authorize the expenditure. Expenditure.

>> There is two ways to pay for it, \$200,000 added to the current list of things you do. The other is to swap out something and do this instead.

>> Talking about '14? 14. If it would be '13, it would be something light now, which there would be something we would put off completion of or starting.

>> Possibly.

>> Spelman: I just want to suggest if you want the talk about how to pay for this, we were one, in terms of more money and adding it to the top, and the other in terms of putting off something we planned on doing in the next fiscal year and doing that in fiscal year '15 instead.

>> Well, my recommendation is on the table. It is what it is. It's in your hands now, so you enjoy the prerogative to modify, to accommodate this, if you choose. In '13, if the direction and the expectation is for me to start it now, then all that I said before, I would have to identify the source and bring that back to you for authorization.

>> Spelman: I'm not sure if that answers my question. Let me ask you a question. Council member mayor pro tem cole, was it your intention this begin in '13 or '14?
[05:37:12]

>> Cole: I would be amenable to a '14 date, but

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>> if I may, the dates included in the resolution are in 2014 in terms of the presentation. The advice paragraph does direct the same metric to submit to the city council the results of a public workshop by january 31, 2014, and then the other says smaller area plan by the end of calendar year 2014, so, yes, this was presented principally as an fy 2014 project. If there is a way to get started this fiscal year, obviously, the sooner the better. But it is principally an fy 2014.

>> Spelman: If the intention is a fy 2014, we could at \$200,000 to the fy '14 budget, the other is to swap out another portion of another project that would cost \$200,000 and just not do it. I would like to see both means for paying for this as options for council to consider when discussing item 58. When we're discussing item 58, we need to know the options. One is we're giving up \$200,000 we re're going to find lying under a rock

someplace. The other is we're not going to do some other small area planning process or a piece of a larger process, instead we'll do this.

>> If I'm understanding you right, the 2014 budget

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>> Spelman: Yes. 13 does not seem to be on the table from the point of view of the sponsors and that sounds reasonable to me.

>> Mayor Leffingwell: Either one requires a budget amendment, either one of your options. An amendment to the proposed budget.

[05:39:18]

>> Spelman: Right.

>> Mayor Leffingwell: That's what I said initially. Why don't we just propose an amendment to the budget when we go through the process?

>> Spelman: That sounds reasonable. Reasonable.

>> Morrison: Mayor, if you recall the fun and games last year in the budget process, we spent a lot of time looking at a lot of unmet needs and trying to balance and find the best overall combination and tradeoffs and all, so I'm uncomfortable, you know, without seeing that whole set of options in front of us and how we're do tradeoffs without seeing the options. I think the mayor is suggesting rather than a special resolution for one unmet need which, if that's the way we're going to do it, there may be a whole flurry of resolutions for unmet needs, I'd much prefer to discuss it within the context of the other tradeoffs and hopefully find the means to do this. There is no free money, it comes from somewhere, and if we find this, wherever it comes from, we're not funding something else or we're asking for more money. To see it and to have it in that overall discussion, I think we'll have a much better outcome with our budget if we're able to do that. So I would prefer that we not act on this tomorrow, thursday.

>> Mayor Leffingwell: Any other comments? Go ahead.

>> Tovo: That question i allocated two minutes for. So I have a couple of questions about 63. So as I understand the intent of the resolution, it authorizes the city manager to go foaferred and do analysis and come back with the report on whether it makes sense to adopt a program that would do the following would allow people to basically get lo the review process faster or kind of go to the head of the line if they pay additional fees. Is that the

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[05:41:52]

>> Cole: This resolution is designed to let people pay expedited reviews, and it's in several other cities that they've done that. And the idea is that some people then you have more resources available for everyone else.

>> Tovo: In effect, they would sort of go to the head of the line if they pay the expedited charges?

>> Cole: They wouldn't necessarily go to the head of the line. They would pay more money, a lot more money, assuming, depending on what staff finds out -- i mean we don't know how it's going to work, it's charge of the staff to figure it out, but the idea is it's not for the average home owner to actually have to wait for a turn. It's the opposite, that this home owner is not having to compete and we're having more resources available to hire more people to be able to service the needs.

>> Tovo: I know we have limited time, so I'll just kind of get to the specific questions I have, and that is to say i hope that analysis will be very, very clear if this resolution passes and help us understand whether that's actually what happens in these other cities where that takes place, where

-- where those

-- those

-- those who are

-- have the ability and the means to provide

-- you know, to pay more for the process are utilizing resources

-- staff resources outside of the regular resources and not just kind of delaying the process for everybody else.

>> Cole: The idea is an expedited review for everybody with the result of the report to tell us how you would do that with additional resources with people paying more for that.

>> I hope the report will be specific on how that operates in other cities. I'll also interested in knowing whether those expedited

-- the fees for expedited review actually generate recovering revenue for the cost beyond the staff acquired. Do you have a sense of that?

[05:44:00]

>> We cannot charge more than what it costs us to provide the service.

>> Tovo: So it would just cover the costs of providing the additional reviewers?

>> That's correct.

>> Provide some expediting opportunities in the process.

>> We currently provide expedited review for large projects. It is not exactly the same type of program that I believe council member cole is talking about. Dallas has an expedited review process, there are a number of different cities that do that have specific kinds of permits that can be

-- or building projects that can be expedited. So our definition of expedited review really is one where we would take

-- let's use samsung as an example, and we would be out there working with samsung on a regular basis. It does not necessarily mean that review process goes faster but it has a very special hand-holding effect that we get them through the process, we make sure that if they run into any problems that we resolve those very quickly. The expedited review that i believe council member cole is referring to is one where you actually go in, you have a team of people that sit at a table. They look at whatever particular project that is, they may spend an hour doing so, maybe even more, and they would get a permit

-- or whatever permit they were asking for and leave. And that's really for very specific projects. If we have a hotel, which is a very large project and, you know, you've got two big rolls of construction documents, that's not going to happen that way, but there are other things that can happen by looking at particular issues that they may have that they have questions about and that would help expedite their process in a different way. So there are a number of different definitions for expedited review which I think are great and we would love to explore those possibilities and come back with something that is concrete that is applicable to austin.

[05:46:12]

>> So all of that would be included in your report, the different types and what you would actually recommend?

>> Yes.

>> Tovo: A few more questions. But I'll make sure to keep it short. Number 2, the city manager is directed to consider whether an expedited program would be an option, et cetera, included to any new fees or resources necessary to implement the program. Dedicated sources is the consideration of fees that would be necessary to support the program and new positions that would be necessary to support this program, but I don't think

-- and I just don't understand the dedicated funding sources.

>> Cole: I think the idea is certain departments would sit down together and work together for special projects. Haven't you seen dedicated funding sources in other cities?

>> I'm not sure. We'll have to look at that, council member.

>> Tovo: And my last question, and then I just have a quick comment, but the be it further resolved asks and reiterates the request for the support, but then says if the analysis supports the adoption that the report will be accompanied by program elements, fee schedule, fee payments, and sounds like there may be options and

recommendations and we might need to have another discussion before staff invests the time in actually developing the fee amendments and all the -- you know, that's a fair amount of work before we've even really seen the report. So I guess I just wanted to ask that as a question, really.

>> Well, I think we have to do the work to make a good decision. I don't think we can make a good decision about the way we want to proceed without having the report and the work done for the report.

[05:48:23]

>> No, I completely agree. I think we would absolutely want to see the report first. I guess what I'm asking is to consider the report before it comes back to council and the staff begins developing

-- it may be entirely possible, the way I read the further resolved, we're asking staff for come back with a report and if it supports the program to do work developing it and the fee amendments and the other things that would be a part of that because some work may also be accompanied of description of program elements and items necessary for the program's successful implementation included but not limited to the amendments to the feed schedule and other policy changes, so sounds like they're coming back with all of the action items that would be necessary to implement the program.

>> Cole: I consider those action items for decision. I don't think they could come back without the fee schedule or information and make a decision at that time, so it is coming back to council.

>> Tovo: So you envision it coming back with the report and action items and things to implement the program all at once?

>> Cole: Yes.

>> Tovo: Okay. What matrix by which the staff determines the analysis of the adoption of the program? It says if the analysis supports the adoption to go ahead and do it but do we need to have a conversation about what that should look like for the staff to make that assessment to

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>> Cole: I think they would look at the other peer cities and make some decisions about that. Do you have any comment on that?

>> That would be part of it, council member. We would look at what cities are doing. Again, some cities have the ability to process certain kinds of projects in a shorter period of time, and we'll be looking at different kinds of projects because not all projects are going to be eligible for expedited review simply because of the time it's going to take so we'll have to first of all look at what other types of projects cities are using for expedited review. We'll look internally to see whether or not we would be able to do the

same thing, what number of staff that would be, so I think it's going to take a little more research before we can come back with that.

[05:50:54]

>> Tovo: Well, I think it's an interesting area of exploration to see how it works in other cities. I'll just be candid with you that I have some concerns about it. If we can't prove that it doesn't slow other people down, then we're allowing people to pay more to command jump to the head of the line. That doesn't feel good to me as the

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>> Cole: That's not the intent. The intent is the exact opposite.

>> Tovo: I appreciate that but I want the data to bear that out. Yeah, thanks. I guess that's about it.

>> Morrison: I just want to briefly make two comments here. What I took away from it when I read it was that this was going to develop a program so somebody could pay for superior service from the city, which feels wrong. I'm hearing you say that's not what was intended so I don't know if it might make sense to try and change some of the language because that's definitely what I took away from reading this. The other thing I took away is the suggestion here specifically that the

-- that we develop programs that are funded by the fees. Sounds to me like we're contemplating creating a mini enterprise department division within planning and development review whereby we take the revenue from the fees and pay for the services. All the fees, planning and development review right now, go into the general fund. We've had the discussion that maybe planning and developed review or the development review part of it might be thought of as an enterprise fund and we're not there yet, but here we're explicitly saying let's charge fees to pay for this service which creates a (inaudible), so I have a lot of discomfort for the resolution for those two reasons.

>> Cole: I understand that and that would be part of what you would look at in the record but the idea is we know we've had a major problem with planning development and review especially in terms of the number of staff and expertise and people being able to sit down together and work together. And this resolution is addressing that issue so that we saw those problems or put some resources to help solve those problems for everybody based on fees we receive from people who are paying extra. So I think that is the goal.

[05:53:26]

>> Morrison: So sounds the same to me. Is this the recommendation that came out of the efforts that you all are doing?

>> No.

>> Morrison: Could you give us a little update? I know there is a lot of great internal work going on in improving the efficiency in budget development review and outside people

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>> I can. We met with kpmg this week. They are finalizing a report that will come out probably within a couple of weeks. We're waiting on a time frame from them. They've given us a draft and we went over it last week. Some good recommendations came out of that and, from those recommendations, then, as you're well aware, we'll be moving forward to put out an rfp for a process that really looks at all of the things that planning and development and review are doing in terms of process improvement. So as soon as that comes out, we are going to be able to share it with all of these. So

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>> okay. So I guess that's another issue of how this is with the broader

-- broader

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>> Cole: And the resolution you brought.

>> Morrison: The rings we brought was that.

>> Cole: Yeah, I'm complimenting you.

>> Morrison: Yeah.

>> Cole: Any other questions?

>> Council member, we were wondering if we can bring back a report, we were wondering if it might not be more effective if we waited to go through the improvement process to implement some of these things if the council wishes to implement them. So we have a date of december 12, 2013, on here. How does that

-- we'll not be threw with that. The rfp is in the process of being rine and we're waiting on kpmg to get us information to see what we want to put in the scope of work, so I would say that we probably would not even begin the processing improvement till january or february, somewhere in there.

[05:55:36]

>> Cole: So would a march 1, 2014 date work for you?

>> It would certainly be better.

>> Spelman: Is there a kpmg report or are they just helping us write an rfp?

>> I want to be clear, I called ate report, but it's really not a report. It is observations they have made when they went through the department and talked with all of the folks

and they have been over there a couple of times. So these are observations and those observations there help us craft the scope of work that will be done.

>> Spelman: Thank you.

>> Thank you for clarifying.

>> Spelman: There are not any kpmg recommendations other than this is what the rfp needs to look like to get the recommendations?

>> Yes, those are the observations.

>> Spelman: The rfp will be done in a couple of works?

>> I think so. We're broadening the scope of work and it depends on how we work with purchasing to get it out.

>> Spelman: If you don't remember, but you might, has kpmg been helping us to develop as part of the rfp something similar to what the mayor pro tem is proposing here? Something kpmg is suggesting we might want to take a look at?

>> We could visit with them about that.

>> Spelman: We could put it in the scope of work and have the consultant who's helping with everything else help us with this as well?

>> As the something has talked about before, we've done expedited review and it's a great way to do it. We have development personnel coming in and they're spending time talking about what they want to do with the project before they submit the project so they know if there are any rough edges they can smooth them out. The other picture is holding someone's hand through a long-term project which is another way we define expedited review. So we think it's a great idea. The form we eventually take, we want it to be the best format it could possibly be and that's why we want to see whomever the respondent is to give us the best information they can as they observe what we're doing right now.

[05:58:07]

>> Cole: I'm going to represent to my colleagues we can go ahead and have this date changed based on professional staff per edwards request to march 1, 2014, from december 2013, to come back with the report.

>> Morrison: I wonder if we can add to the language that the consideration be integrated in the staff overall process improvement work they're doing.

>> I think it's likely. It's almost like we're talking about the issue. Kpmg is helping us develop a scope of services, but these as I thaw are loosely articulated in there are likely applications and outcomes when the work is done. When the work is done, we follow that. I'm saying the work that staff and others are involved in along with kpmg, that scope, i suspect, is broad enough and encompasses much of what's in the resolution and talked about on the other side when the work is correct coal.

>> You're correct.

>> So waiting till march provides an opportunity then that

-- well, when the rfp response, the recommendation with regard to that is brought to council or maybe even before when you get the report on what the scope looks like provides an opportunity to look at that scope in relation to this resolution and you may find it's there or you may find that you want us to modify it a little bit to some degree because of what's in that resolution. But I don't know how you carry out such an evaluation in regard to the development review process and not look at not evaluating those kinds of things anyway. I would imagine, to me that, you know, the scope would be incomplete if it

-- those kinds of issues.

[06:00:52]

>> ... So that might be longer than march the first, but it would be integrated definitely into the bigger picture of what we are looking at in terms of process improvement.

>> Can we work with the language to put that in the resolution with you?

>> Absolutely.

>> Okay.

>> And mayor pro tem, I want to say that I appreciate that very much, we don't do one thing in isolation and then look at the process improvement. Be sure it is integrated in and the analysis will come in to say, yes, it makes sense to include it or it would be redundant for a couple of other things or whatever, so I think it is absolutely the right way go.

>> Cole: Okay. It is after 12:00 o'clock. Is there any other pressing items. Council member riley?

>> Riley: Just one more question for whatever

-- what is the time frame that you are expecting that

-- for that whole effort to come back, after we issue the r.F.P. And we get somebody on board to help us out, including the types of programs discussed in this resolution? What

-- what is the time frame that you expect for some

-- some report on the outcomes?

>> I didn't mention that. I think the consultants are going to help us define the time frame. Kpmg has looked at what planning and development review is doing right now and they are going

-- they have given us a draft of some observations that they see in the department.

They are coming back in a couple of weeks, I think, with a final report of the observations that they have made. From these observations, we will incorporate those into a scope of work that will be created as a request for proposal. Then we will get that

r.F.P. Out, and when we get it back, we will have a better idea, I am sure, about what the schedule is going to be in terms of how long it's going to take the consultant to go through the

--

>> so at this point, we just don't know?

[06:02:55]

>> No.

>> Riley: Okay. Thanks.

>> Cole: Are there any other questions or comments? Without objection, this meeting of the austin city council work session is adjourned. [Meeting adjourned].