

City Council Meeting Transcript 8/21/2013

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>> I would like to call to order the meeting of the austin city council work session. It is now approximately 9:03 and we will get started. I believe council member had a couple of things she wanted to talk about, just right off the bat, so council member morrison.

>> Morrison: Yes, there are two issues I want to make sure we have a little bit of time for and whether we do it now or at the end, I am fine either way. One is, I thought it would be good to chat about employee raises. Obviously, we have had a request to make it not 1.5% but 3% and I think that's why it would be good to get people's thoughts on that.

>> Cole: You are thinking we will do that at the end?

>> Mayor leffingwell: I will be happy to do it at the end, as long as we make sure to save time and the next one is the conversation about workforce development funds and, you know, they they standalone and where do they sit and we had a conversation with public health services about that yesterday and steve jacobson was there and it was sort of enlightening and I would like to talk about more ideas and we can do that at the end if you'd like.

>> Cole: I think we should. The next department we will hear is the austin water utility. I see elaine and ed, is there anything you want to say before we get started?

>> No, we are ready to get started.

>> Cole: Okay. Let's have austin water utility. Do we have any questions? I will start off, I noticed we had a lot of conversations the past few years about water conservation and I know the 2013-2014 budget had

-- with a significant decrease and i guess really that is an increase in our conservation ability and I want you to talk a little bit ab that.

[09:07:22]

>> Yes, greg, austin water utility director. Our conservation programs have been in an important goal for us, in addition to conservation where in a significant draft and water use in drought response measures and our prediction this year is we are hitting an all time low in gallons per capita per day, it was 137 and we are forecasting maybe 134-135 pounds per capita per day and so well below 140 and again part of that is the drought response. It is putting some pressure on our rates. You will see a little higher water rating increase this year than we forecasted, largely because of reduced water in our response but we are seeing significant improvements in reductions in water use, you are correct, mayor pro tem.

>> Cole: You anticipating that is going to continue whether or not we are in a drought or not?

>> Yes, if

-- if we break out of the drought one day, we hopefully we won't restrict the wbe we have and there will be some recovery but we will be in downward trend for our natural conservation programs for many years to come.

>> Cole: Thank you. I forgot to announce that mayor leffingwell is out again today on business. Council member riley. Did you have a question?

>> So, greg, if we wind up going into stage three restrictions later this year, will that have an impact on the budget projections?

>> From the forecast to the budget, we updated our revenue and sales projections to assume one day per week watering throughout all of 2014. Going to stage three is still one day per week watering with additional time restrictions, that you have less time to do your one day per week watering. Our

-- our hope hand one of the things that we work through on your forecast is how dire you want to be. Typically we get a little more rain in the fall, winter and the spring and the idea would be that come spring, we would really evaluate where we are in terms of, is stage three still working for us? Can we go back to stage 2 if the lakes have continued to fall, we may have to consider even stage 4, which essentially is no outdoor watering. If that's the case, say, come, may of next year we will have to sit down with the council and talk about the um packets of that stage, particularly with our finances. We could not sustain ourselves financially under a stage four scenario without some kind of drought rate structure.

[09:10:12]

>> Riley: Okay, so we will be hearing more about that as circumstances evolve?

>> Yes, and we sent a memo yesterday just as an aside, we are preparing a little more comprehensive briefing on the drought for you come the first of october. We are forecasting lakes to drop below 1500 feet sometime between november and october if we is stay in dry conditions and that would be our trigger for stage 3 at that time.

>> Riley: Got it. I want to ask a question about reclaimed water. I know the utility has been making some very good progress on that. I want to congratulate you on that and thank you for everything you have been doing to step up that program. But I do notice on page 520, where you talk about revenue changes, that there is a note that

-- about decreased revenue from more claim water services due to decrease in reclaimed water projections from u.T. Austin and commercial customers due to timing issues related to infrastructure improvement completion dates. Could you elaborate what is that is referring to?

>> I think a couple of things there. One, some of our revenue decreases are related to a rate proposal that's in our budget, where we are, per council resolution, crafting a separate park rate structure, which will lower the rate for park reclaim water to about a dollar per 1,000-gallons. Some of the revenue loss is just associated with that restructuring. The other part of that comment is, our largest future reclaim customer, the university of texas, it's going to take a little longer to convert their systems. There is various interior network issues that they have to do to protect their systems from cross-contamination. We have taken steps to convert their first cooling tank, but I think those future conversions are going to take a little longer than we perhaps originally had forecasted in some of our revenue assumptions.

[09:12:13]

>> Riley: There is currently some reclaimed waterfalling to u.T.?

>> Yes, one of mare main cooling towers converted a few months back, I don't remember, and that alone will be several million gallons of reclaim water but potentially upwards of 5 million-gallons of potential reclaimed water in the future there.

>> So are we

-- are we at about the midway point in terms of making that connection with u.T.? Are we short of that?

>> Probably ten or 20% of the way there. I think that first cooling tower is probably 100 million-gallons. We probably have 3 or 400 million-gallons to go. Most of it will be in their cooling towers, the big vantage point for us. We are working closely with them. We need every quarter kind of coordinating our next sequence of projects to do and we have to tie it with their interior planning and networks and where they are but it is a little slower than we originally forecasted.

>> Riley: It has been a little bit of time that we have been trying to get in place, actually years, since we extending the lines and we have been spending years to make the connection to enable the water to flow.

>> Yes.

>> Riley: And so how

-- how many years is it going to be before we are at 100%?

>> It

-- it's going to be several more years before they get to 100%. It is the kind of thing that will follow kind of a curve where some of their largest cooling tanks will connect right away in the next couple of years but some of the last pieces of the system will be the more difficult to get at. The other thing we are working closely with them on. They are doing a lot of major campus restructuring. The red river alignment changes. They are building a lot of buildings, the hospital complex and we will be needing that, their reclaim systems and when they are starting from scratch on a new building, they are doing it with an eye towards the reclaim system right there, so they are able to connect as soon as the building is ready to go and we are coordinating those and we will see those systems convert when they are completed. The other item we have been working on, I don't know if you are aware, but we have been working on updates to the plumbing code and also completing additional recommendations of a study we have had ongoing for the past year on how to better optimize and sequence all of the various design standards and code standards for connecting to auxiliary waters, such as reclaimed, where we manage risks appropriately but not overmanage risks in terms of cross-contamination and other related factors. For example, one of the practices we have had for a long time is if you convert an irrigation system

-- a private irrigation system with which generally requires you to convert the piping system from white piping to purple piping as a visual symbol that is now reclaimed water. We looked at best practices, what the state is doing, what others are doing, that is probably a little overkill and that's one of the standards that we will be changing in the future, and I think that will help accelerate some folks converting their irrigation systems to reclaimed water because they won't have to change it out.

[09:15:26]

>> Riley: When do we expect to have the new standards in place?

>> By the end of the calendar year.

>> Riley: Great. So we expect to make additional progress with u.T. After that point?

>> Yes, that will be one of the steps that will be working with them and other steps we have done with them, for example, we sometimes require annual checks of a system. When you hook up to reclaimed water system, we require that you take your system down once per year and we check it to make sure there is no cross-contamination. Well, for some facilities, it is very difficult to do. They maybe are a 24/7 operation and shutting off the water for a day doesn't work for them so we have been working on crafting memorandas of understanding where we agree that is not a requirement for that facility and there is another way to accomplish those kinds of checks. We are actually trying to invade there and

-- innovate there and looking at things we can put a small amount of tracer dye in our reclaimed system and check it from a dye perspective, where if you see the dye show up, you know you have cross-contamination and wouldn't have to do these annual inspections so we are kind of innovating like that. And again, our desire to prot cross-contamination is a good thing and if we had reclaimed water with cross con tom nation water

-- it has happened before, other cities, we want to fight f find the right level of protection, not overboard but the right amount.

>> Riley: So we expect to see some milestones in the amount of the calendar year in terms of stepping up the amount of water in u.T. They will be able to use?

>> Yes, and in general, in terms of drought response, we are able to accelerate reclaimed projects, not just at u.T. It is another part of our water portfolio is how we are using our reclaimed water and our drought my force circumstances on us that we haven't anticipated and we will be working through those. We have seen a lot of connection growth. Just five, six years ago, the number of reclaimed customers we had was less than 10. Today we have 55. While, it is not huge, it is 55 large customers from ten five years ago so we see that curve continue to accelerate. We do have a

-- our kind of mini master plan the next few years, we call it completing the core. We will be bringing the reclaimed water system from u.T. From the capital complex to the urban core. We have a tank planned at the montopolis at the cip and it will allow the state facilities

-- a lot of redevelopment occurring in the downtown area, for example, the seaholm area is going through purple pipe. Even though there isn't a reclaimed system in place, when we bring the core down by u.T., It will be ready and it has been retrofitted with reclaimed water and is I think you will see that customer growth curve continue to accelerate the years ahead.

[09:18:32]

>> Riley: Great. The next one was engagement of a consultant to help identify additional resources to supplement our water supply in lake austin. Is

-- do we expect

-- well, first, when do we expect to get the reports

-- the results of that report? When do you expect that report to come back?

>> You lost me. Which report is that?

>> The engaging and consultant, from plumber and associates?

>> Oh, from the council agenda. Well, it isn't so much a report that we are after from them. We are really in in worst ever drought, worst than the drought of the '50s. Adds I mentioned earlier, the lakes are forecast to fall below 6,000-acre feet in acre and we will be working with allan plumber and our own staff and other firms in the future probably to rapidly address additional conservation steps we can take, technical memorandums on what other water sources are available for us and we have some thoughts and are working on the angles. How we are coordinating with lcra and how we are optimizing storage in the lakes and working with downstream users to get through this drought, we are going to have to work really hard if it doesn't break. Again, we are headed towards the lowest lake levels ever, not

-- not lower

-- not the '50s, lower than that. People talk about '50s drought, this is worse. So not like a single report they go from a year from now and produce this report, this will be a series of very rapid responses that we will be delivering over the months and years ahead.

>> Riley: The reason I ask is because I am trying to anticipate whether there is going to be a significant price tag associated with any recommendations coming from that consultant, just so we will be ready for it and to make sure that the utility has anticipated that. Have you given that thought?

>> Yes, we will be

-- that will be an important part of continuing dialogue with the council. We are going to have to stay in close work with the council in the months and years ahead as we work through this drought if it doesn't break. It could break very rapidly. Typically the lakes can see material changes in less than a day or a week. That's typically how you break out of a drought, but we don't know that. Day could be next week or it could be three years from next week and

-- and we are going to have to work hand in glove with the council and the community to figure out how to get through this and if it continues, we will have to spend money and potentially large sums of money very rapidly if the lakes don't start to recover materially.

[09:21:07]

>> Riley: And I just wanted to make sure that we are preparing for that, in the event we do get there.

>> Yes, I would circle back to drought rate issues and those kind of strategies together, working very closely with the city manager and the different city departments. As the lakes fall below 6,000-acre feet, while re-re do you seed, that will extend out to the power plants and it will essentially affect Decker and even St. Paul is an area we have to work closely on as we are working through this drought.

>> Riley: I appreciate your efforts on that and look forward to working together with you on figuring out what to do.

>> Spelman: Yes.

>> Cole: Council member Spelman.

>> Spelman: Let me follow up on council member Riley's questions. The assumption you are making we will be in stage two for the entire year fiscal '14, correct?

>> One day per watering the whole fiscal year.

>> Spelman: It is my understanding from your communications there is a high probability we will be in stage three starting in a few months. Did I hear you correctly?

>> Yes, we would

-- if we stayed on the dry line, that

-- that we have been on, by roughly the middle of October to the middle of November, LCRA forecasts the lakes falling below 6,000-acre feet and to us that triggers stage three. It is not a requirement

-- we already meet our 20% goal but we want to be extra protective of the waters that left so we go to stage three which still is one day per week watering but it is a smaller window of time. You have less time on your day to water.

>> Spelman: Okay.

>> Which will help shave a little bit more off our water use, not a whole bunch. And quite honestly, as we get into the late fall and winter and early spring, there is not much irrigation going on anyway. So those are lower-gate ones.

-- Low irrigation ones and I think the point will come in spring and when we enter the summer next year, 2014, if the lakes haven't recovered materially and they are still below 6,000-acre feet, then we will maybe be adding decisions for additional conservation and fighting to maintain the water supply and that would be stage four. That would be essentially no outdoor watering.

[09:23:45]

>> Spelman: Okay.

>> And to me, in the end, what meets to me and could meet our winter averaging

-- we want to stay in winter averaging use for the whole year. And if

-- if required, we could go lower. Again, we are working through a drought worse than ever experienced, and it's going to require responses that we've never done before, and

-- but if we go that level, like the winter averaging, just a rule of thumb, our lowest consumption month is february. We use about 10,000-acre feet of water in february. If you made every month february, that would drop our water use to 120,000-acre feet. A typical year, nonrestricted year would be in the mid 150s. We are probably in the mid 140s now, so you would be lopping off another 20-25,000-acre feet of water use. That's good for the drought response but that will be very hard on our finances. That's going to

-- that's where

--

>> Spelman: Yes.

>> Where we will have to sit down and talk about drought rates. The other thing as council member riley was discussing or alluding to, is we are very intensely developing other strategies to maintain the lakes. We have to get out of the lakes dropping, that we have been mining the water out of the lakes as the drought is going on which is what you expect the lakes to do but we are getting to the point where that has to level off, even if it is 5,000-acre feet, 10,000 feet of acre storage, that will require other strategies, other potentially waste to complement our water supply. Again, taking on

-- making decisions that we didn't think we would ever have to make. It's

-- it's our fortune to have the worse ever drought in the history of texas going on.

>> Spelman: And it is your fortune to be the guy who figures us to get out of it. I appreciate your willingness to do that.

>> I have 1,000 people behind me and a million citizens working for us to get there.

[09:25:49]

>> Spelman: So october and november, we will probably get a notice from lcra that we

-- the lake levels haven't come up and we will have to do something else and we will voluntarily go to stage three which will have a small effect on our water usage but the big usage will be in spring and if water levels and the water supply lakes fall further, lcra is going to ask more of us, we will have to go to stage four and that's when we will be starting to talk, if we have to, if it comes to that. That's when we will start talking about drought rates?

>> Yes, that's my sense on how it will play out.

>> Spelman: If that happens, is this will be urgent? Will it happen right away or will we have a chance to talk about.

>> The drought rates.

>> Spelman: Yes.

>> It will be fairly urgent. Not a day law something we have to start dialoguing in and get ready to implement in, say, a month or two. It is easy to implement

-- physically it is easy. It would be a change in the billing system and with drought rates if we go to no waters or reduced watering, there is no high irrigation water uses, everybody on winter average. Remember our block rates, our first 1,000-gallons we sell for more a little more than a dollar, the next few are maybe a buck or two and the higher water use keeping lower blocks lower and when all of that goes away, financially, we will see tens and tens of millions of dollars of revenue lost and we will have to figure out a way to work through that. We have been doing research and we know what some others have done with drought rates. You can imagine the kind of scenarios you could have a one time

-- a monthly drought rate surcharge that you put on all customers. You could increase the cost of your low blocks. If you look at it from a wastewater perspective, our wastewater utility raises about \$200 million per year and on two block rates and that's about what the water utility needs to raise, roughly \$200 million a year, so if you implemented the same block rates used on wastewater, assuming you were winter averaging all throughout the year, you could raise about \$200 million of revenue from the water utility side, too. These are round terms. I am just kind of

-- but

-- so that kind of starts

-- start to imagine how that unfolds.

[09:28:11]

>> Spelman: That's what I am getting at this, is to get to that point, we would have to make \$200 million off of february water uses and where we are averaging, we would have to increase fairly dramatically that first block and it seems to me, from just

-- from the public's point of view, the more advanced notice the public gets as to what is going to happen, the more advance notice as to why we don't have a choice or why we may not have a choice and the more opportunities we have to talk about that, the easier it will go down and you will have a million people at your back to help you get through this but if it happens too quickly and people don't have a clear understanding of why their water rates have gone up a lot, even though their water usage as gone down a lot, because one thing that will have to happen is people who use relatively little water which is most of us, we will have to pay more for that little water, if people don't understand where that's coming from, we will have a lot more trouble getting that through. So the more information you can provide for folks and the more and more background work you can do in advance

-- I hope you never have to use it, but the more information we have earlier on about what we might have to do, the easier it will be for us to help you persuade the public this is something we don't have a choice about if, in fact, we don't.

>> Your point is extremely well taken and we are working on those communication messages. As a matter of fact, right now we are planning a mailer to all summers in the next month or two that will talk about the drought, talk about these things that are on the horizon, so just one example of the need to communicate and unite to get through this drought. And we will. We will get through it, and we will protect public health and safety and it will rain again one day. We don't know that day. [Laughter]

>> Spelman: We should probably send some of our music friends to come up with so longs for it. It is almost like during the blitz, we a all on the same side. One last point, I just want to congratulate you for

-- well, I don't want to congratulate for the number of f.T.E.S and the cost, however, since there has been a substantial increase in the f.T.E.S, we all got a lot of information of why that had to happen and where the money is going and i want to congratulate you oven letting us know what is going on in your operation at a difficult time.

[09:30:44]

>> Appreciate it.

>> Spelman: Yes.

>> Cole: Council member morrison.

>> Morrison: I appreciate the discussion about needing to have that discussion on what the alternatives are going to be and figuring out how we are going to deal with the rates and the drought. I think it would be helpful if we could maybe

-- and i know you heard that

-- if we could maybe start having those conversations and get ideas out there on the table, you know,

-- on the table through the water and wastewater commission on what are the alternatives that we are looking at so that, you know, we can get that discussion on the table and people

-- it will be

-- it will be even better than a mailer.

>> A couple of thoughts there. We do have a briefing for the council planned for october 3rd and we have been keeping our water wastewater commission up to date. Last meeting last week, we worked together and they are going to set up a special drought subcommittee and a monthly drought update and so we will be engaged with them and many others as we are working this through.

>> Morrison: So you are on it. Speaking of the commission, they only had one recommendation for you all on the budget, and that was to add one word to your overview. When you are talking about

-- actually, it is the message from the director, referencing the lofty goals providing safe, reliable and high quality water services to our customers. They wanted an insertion of the word "affordable" within your goals and in light of the discussion we just had, I think we should maintain affordability as the goal. That's all I can say.

>> It is a good suggestion when we do our annual because planning that the budget office will kick up here. I think that's a very good observation on our mission statement and it is something that we will be blending in. And affordability is a value that the utility has, the city manager has, and we have been taking steps, you know, you might recall we implemented enhanced customer assistance program a few years ago that kept our water very affordable to our most vulnerable customers and from '08 to this budget proposal for 2014, cost to customer assistance program customer is only risen slightly over 1% over that now 7-year period so we want to continue to deploy those kind of solutions into the future.

[09:33:07]

>> Morrison: So of course we all heard the news about the salamanders yesterday and the feds putting them on their list of endangered and/or threatened. Does that impact what you all have to do? We are talking about the budget, so from a financial point of view, does that impact your work at all?

>> No, I would not anticipate so. Obviously the utility funds the wild lands and we already maintain a lot of the habitat for the salamander and that wouldn't change your budget proposal there. Our capital improvement projects in the drinking water protection zone, particularly plant four already assumed that the jollyville plateau salamander was a listed species so we aren't anticipating any changes there so I would say in short, no, we are not anticipating any surprises with that.

>> Morrison: Okay. That's good to hear. We hope that remains the same. In terms of the increase in f.T.E.S

-- I understand it has been flat for a long time and you are working on a five-year plan to increase them and of course water treatment plant number 4 is going to require more o&m and what's the start-update we are requesting for wtp4?

>> We expect plant 4 to be substantially complete, which means meeting useful purpose of drinking water in summer of 2014, june 1st would be the exact date. Again, that may vary a few weeks but that's the schedule we are on and all sides indicate that's the schedule we will meet.

>> Morrison: Assuming we have water to treat?

>> Yes. Here is what I will say, is if there is one plant left and how the rates are working, it will be plant 4. I slur hope we continue get to that point but plant 4 is the last plant kicking on this. In essence, the lakes could dry up and plant 4 would be

-- would be the last one to stop. It's

-- it just

-- as an example, their lowest intake is at the level they call the pen stock of the dam. It is the lowest. Lake travis would never be able to pass forward and it would still be kicking with plant four. And you may bless it before it's all over, I don't know.

[09:35:24]

[Laughter].

>> Morrison: No comment. It is possible.

>> Cole: I think it would be a storm.

>> Morrison: Let's just say we have fascinating and challenging times ahead. [Laughter] and so we have, I think the increasing f.T.E.S. You are accounting for 17 of them, accounting for water treatment number 4, could be dedicated to that and a bunch of those I see, i would assume, are under water operations and maintenance. Some of the other increases

-- I mean, I can understand we have been flat for a long time, so in general you are going to need to ramp up your staffing, but what I noticed is that where we are seeing an increase in the different activities of f.T.E.S, i don't really see any change in performance measures. And, you know, maybe

-- i just wonder if maybe we should address our performance issues so we have a better understanding of why we are adding f.T.E.S.

>> It's a good observation and the performance measures we report in the budget are a subset of all of the areas we monitor, and the staffing increase that we are asking, a lot of those staff are not going into the areas that's reflected in the performance metrics in the budget. You mentioned plant 4, we are annexing river place and lost creek. We have roughly 22 positions that are going to serve the new facilities. Other areas of investment, we are carrying forth on several council initiatives, you might recall the wells ordinance where we committed to monitoring private wells in the city limits. That's three positions. So it's a new program for us, really. We are implementing hazardous material audit findings, and

-- and that's important but a new area for us that we are investing more in. That's two positions. We are adding records management. We are increasing our records management staff. I don't have a full-time employee in records management right now in the whole utility and I really feel like that's something that should change. The manager, the council has been able to emphasize compliance and we are adding a staff member there. We are adding one to conservation, one to energy management, one biologist in the wild lands and so some areas that we do report conservation obviously in our budget. A big new program, we are adding nine staff in our pipeline field operations to launch on a more regularly scheduled valve maintenance program and we don't have that budget metric in the budget document but it is something that we can track and add in the future so you can see the benefit of the f.T.E.S but right now we don't have a really regular program that we exercise or turn our valves so when we are in emergency conditions, we often found the valves don't work, particularly large ones, and it means water break runs longer. We may need to put more people out of the water. One example a few months ago, we had a large valve that didn't work. It was actually paved over by txdot. We hadn't been operating them so we didn't see it. We had to drop back, turn off another valve and put mcneil high school out of water a couple of days. You don't want to do those kinds of things. So we have almost ten positions just for that program alone, and it is correct, the budget metrics in there is not tied to the staffing increase ask because these are new programs and new facilities and enhancements we want to make to our programs but that is something that i want to work with our team for the next budget round, where you can see the value those staff positions created and our promise to be

-- if we aren't delivering the value of the promise in those positions, it is fair game, where future positions we ask for where you say you didn't deliver and we will make sure we connect those dots for you.

[09:39:42]

>> Morrison: Great. And to the credit of this document, there are some explanations in the overall, you know, the changes in expenditures and all that talk about specifically what some of the additional staff are for. I have some problem lines them up and the biggest

-- one of the biggest jumps is in support services. The f.T.E.S are going up by a little over 20 and it's on page 4

-- sorry, 545

-- going over 20, and in the significant changes, I can see, for instance, you have listed 10 and a quarter new f.T.E.S to address administrative efficiency, and you list out a lot of what I would say support services but that's 10 and a quarter, is there another chunk

--

>> could this be some of our conservation?

>> If I could chime in, in general conversations we are having about that, keep in mind the igt is can't changes are done at the departmental level so ten new admin positions will be shown as a significant change because it is budget tearily. A lot of time

-- budgetarily and a lot of times they are moving one unit of the budget to another unit in the departments and so we aren't capturing those as significant changes because it is a transfer so this variance and sometimes we see those in other departments, it is because of things being reallocated by the department for one activity to the other.

>> In the details

-- in other positions in the support area, we are adding three safety and technical training positions. We have had some

-- we had a fatality. We did some analysis. We really set a goal that we want all of our high risk employees to meet all of their safety training, 100% of the time. We are not there. We want to beef up our safety training. We set another goal of all of our pipeline employees in the next 2-3 years, we would like them to become licensed from the state of texas to run distribution collection systems. It is a mark

of professionalism and the trend of the industry and that's what some of these technical trainers would help. There is not a performance goal for that. That is one we could add in there, the percentage of our folks that are licensed. There is

-- we do have

-- we have a couple of h.R. People in there. We have been experiencing high vacancy turnover. Our turnover rate this year by fiscal year is probably going to approach 10%, which is one of the highest ever. We have had over

-- or have over probably 40 vacancies by the end of the fiscal year from retirements alone, which is a lot for us. We are seeing our staff, you know, retiring, and so h.R. Is going to help us beef up for that. A couple of others

-- we are taking steps to improve our security. We have been implementing an enterprise wide security system, a digital driven system with cameras and remote sensor monitors and we are in the maintenance mode now and we've added at least a couple of staff to help us maintain the enterprise carry system. That's what some of the support systems are and those are sometimes hard to tie back to performance measures in the budget but it is something we will look at and make sure we can supplement that for next year if we get these positions approved and you will see those

-- those dots connected better.

[09:43:22]

>> Morrison: Great. And I know the challenge is to keep the performance measures at a high enough level so that they are meaningful and can be reported here, but to be able to see some relationship when basically we are investing a whole lot more will be helpful. It is fair to ask, we understand.

>> Morrison: One last question on the 17 for water treatment plant number 4. Since it is coming online in the summer, when do you expect hire them and is that a chunk of vacancy savings you have built into your budget?

>> Yes, four hiring is sequential

-- we added last year by adding superintendents and process engineers and things like that and this year's budget, there will be three in 2015 and a lot of these are maintenance and operations staff. We do budget vacancy savings per not only our current vacancies, we project through the year how those will go and then our new positions, we can't all hire them the first day and so we do forecast a certain

amount of vacancy savings from those. In rough terms, for 2014, we are forecasting about a 7% vacancy savings rate of all of our labor costs and that's built into our models and our rates and so that is

-- you are correctly right. That is included in our forecast.

>> Morrison: Great. And then just one last comment. I had asked a question and then you all answered and provided the information about the plan for building our stabilization reserve. Is that what we call it?

>> Yes.

>> Morrison: Something like that. The stabilization reserve and you listed out the policy that we adopted about when it would be used and so I appreciate that. It was a good explanation of

-- it is going to ramp up pretty significantly over the coming years and it is an issue we need to deal with and who knows we may need to be dipping into it already before we have completely built it.

[09:45:27]

>> That is a good point. The reserve fund we created last year with our joint financial committee restructuring was intended to help us through poor revenue years where we see high volatility, during very rainy years or very dry years. The problem is it just started so the amount of dollars in it is so small right now. Is it how much? 5 million. 5 million but five or six years from now or when the fund is fully funded, it will be much higher and help us get through something like a bad drought year.

>> Morrison: Exactly. If we were five years ahead of building it, we would not need to be looking at quite so drastic scenarios as an alternative for getting through the drought. We would have built that.

>> Cole: I appreciate what is embedded in these remarks, the fact that we can't separate the initiatives from the budget impacts they have, everything from water treatment plants for to reclaimed water to water conservation and I am glad you set up your joint financial committee to address that. Can you tell me who sits on

-- who sits on that.

>> Well, our joint financial committee was a good chunk of effort last year from the water wastewater commission, resource management commission and the impact fee advisory commission. Each member

-- each commission added, I think, was it three members, to a 9 member commission or task force, and they

-- they spent a good part of last year

-- understanding the utility and making changes the council adopted and now they disbanded it, in that they made it their mission but we still report out to the commission on the progress we are making and everything in our budget, submittal before the council complies with all of the recommendations they had, the new policies the council adopted there, so

-- so that's kind of where we are with that now.

[09:47:29]

>> Cole: I just wanted to recognize the work that they have done and express our appreciation for that.

>> It was a lot of effort that they put in voluntarily to help us. You are correct.

>> Cole: Any further questions, colleagues? Council member morrison.

>> Morrison: I just need to add that the staff were an integral part of creating dialogue providing lots of information and in the end it was a recommendation that you all were in supportive of, also, so I think it got us on a good footing.

>> Cole: Thank you, gentlemen. Next we will have aviation. Jim, let me ask you a couple of questions right up front, I notice in your description of revenue, that 55% of our revenue comes from nonairline fees and parking concessions and rentals and were expecting those to go up by 5% and regular fees to go up 5% and nonairline revenues to go up by .5% and the question is are we having those increases because of the volume of passengers or is that something that we are actually doing ourself through raising fees?

>> No, it's not raising fees. It is primarily generated by increase in passengers. We are seeing substantial growth, in excess of 5% of the year. That number, however, is mitigated this year because parking is, by far, the largest revenue source at the airport and you will know at the new rental car facility, we have taken 1,000 spaces out of service. That is 1,000 spaces not available to the airport to generate revenue and at the same time the competition across the street has built 2,000 now spaces to the come by

-- new spaces and so the combination of the competition and loss of spaces has reduced the forecast the next year in terms of what our nonairline revenue growth would be.

[09:49:41]

>> Cole: So it really is value. The second question I wanted to ask you. You mentioned about the department of aviation's key indicator for the airport industry and I want and to get a little better understanding of how we were doing with that.

>> The cost per plane passenger is generally

-- it is one of the benchmarks that all of the airports in the u.S. Report and we can compare ourselves with, and that is really a function of your overall operating costs, as well as your debt service expense to the capital improvements that are eligible to be passed on to the airlines. Under faa rules, airport in the u.S. Are not allowed to make a profit off of airlines so there is rules on what can be charged to airlines and those are spelled out in the use and lease agreement so within that is a calculation that every airport that goes through. So at ours, which is, i think this year was about to do 876, we are estimating for this year, that roughly is about mid pack, meaning some airports down to \$6 and some are up to about \$20.

>> Cole: If we are about mid pack, is that for an airport our size or is that for an airport generally?

>> All of the above.

>> Cole: All of them, okay. So it is an indicator of both?

>> Yes.

>> Cole: Okay. Any other questions, colleagues?

>> Riley: Yes. Mayor pro tem.

>> Cole: Council member riley.

>> Riley: Jim, I first want cocongratulate you on your continued success a at the airport. It has been a very good year out there and set records on passengers and at the same time, continue to be ranking high in customer service and score high with the national benchmarking panel and so i appreciate all of your work on doing that and at the same time, you continue to maintain the austin flavor at the airport. I appreciate that. Every time I am out there, i notice additional things. One thing

-- it is a little thing but I think it is indicative that the bookpeople bookstore in the airport have a local author section and it was an issue and now it is in place and has been in place and has been maintained so I want to congratulate you at the airport and others who have continued to maintain high standards of customer service while still may training austin flavor at the airport. That's the most important thing I wanted to start out with. I wanted to thank you for all of that. Then I wanted to get to the parking issue that came up that is in your change with the mayor pro tem, and as you mentioned, is your large major

source of revenue out there. That does stand out among the metrics that we are looking at because unlike almost everything else at the airport, the parking revenue is going down. In year we are seeing a

-- projected

-- you projecting a net decrease in parking revenues in the amount of \$2 million. We will be spending 850,000 more dollars on parking, and to get additional parking facilities in place, and one thing that sparking me as a little bit odd, getting that they are spending that much more on parking, the amount of revenue that we are getting

-- the amount of revenue that we are getting from the revenue

-- the parking revenue per passenger is also done and I am trying to separate out all of the costs. When I look at the airport capital fund and the airport fund on the back up pages of 590 and 591, I don't see the word parking anywhere. So it is a little hard to separate out exactly the expenditures and revenues associated specifically with parking. And I want to ask

-- I want to ask you the question this way. If airport were treated as the own separate enterprise, within your enterprise and you built in the cost for that enterprise, all of the capital costs associated with parking, as well as the costs of operating that parking, would that enterprise be standing on its own? Would that be a successful revenue generating enterprise just based on the parking revenue coming out of the facilities that are built there?

[09:54:19]

>> Absolutely. The airport couldn't exist without parking revenue. It would have to be subsidized from other source, so, yes, the bottom line is if you take in all of your capital expenses, your maintenance expenses, your operating expenses, there is a substantial net profit which comes off of parking, which then goes to help pay for the other things that the airport has to do.

>> Riley: And so that is

-- and that revenue is coming from those who actually use the parking and pay for the parking as they use it?

>> Everything at the airport is a user fee in some form or fashion.

>> Riley: Right but to the extent

-- in years like this, when we see the cost per parking

-- expenditure per parking is going up, it raises a question as to whether there are some costs for the airport that are translating

-- you are actually charging higher fees. I think your fee to the airlines has gone up about 5% or going up about 5%, so the question is are we having to recover fees to cover all of the capital costs associated with doing

-- with pulling that parking, orator o

-- for building the parking or are the costs being paid by those who use the parking? The question, who is bearing the costs? Is it being borne directly by those who are using the parking or is it embedded through other costs of the airport and passing those by other fees through the airlines.

>> It is borne by the parking of those who pay for it. There is no relationship between what we pay airlines and the parking rates are. Because by faa rules we can't consider those the same thing so it is not an issue at all.

>> Cole: Council member riley, if you look at.

>> Council member riley, if you look at page 561, there is a metric there, the one that is first is net parking income lost and that's i think the number you are looking for, so there is a net of 13, \$14 million.

[09:56:20]

>> Riley: When we talk about the net parking income or net lost, does that include net capital operations?

>> It should.

>> I have to double check on that before

-- I don't know how much of the debt service is incorporated in that number so I can give you a response to that.

>> Riley: Okay, but the important thing of what i heard is that, yes, all of the capital costs, in addition to the maintenance costs, are being covered by the actual parking revenue with the use of those facilities?

>> Yes.

>> Riley: That's what I want to hear. Thanks for your work out there.

>> Cole: Any other questions? Council member morrison.

>> Morrison: To continue a few questions on parking. There is

-- you've talked about we are losing 1,000 spaces. There is increased competition. I want to ask a little bit

-- I assume we have a contract for the shuttles that manage the

-- that do the parking runs. Is that correct? Or are those actually our employees?

>> We have a contract. It is a five-year contract. I am not sure exactly how much time is left in that but periodically every five years, we go out and solicit for that contract.

>> Morrison: Okay. The reason I bring it up is because, especially with the increased competition, and maybe our parking lots are all full all the time and we aren't worried about this, but I am a little concerned about the quality of the service and it is only anecdotal and I suspect council member riley would never have an anecdote to adhere, but I wonder, do we have in our contract, a requirement for the frequency of the shuttle service coming, showing up at the baggage claim level?

>> We have standards in the contract. We also have incentives in the contract that deal with service metrics.

>> Morrison: Because it seems that the wait time for a shuttle is getting longer and longer and I got to experience a 25-minute wait time once and of course by then, there is lots and lots of people and it takes more than one shuttle. So do they

-- how do we monitor that? What is the reporting requirement for that? And I

-- I guess I just raise it as a concern because especially since we have competition, we are going to be falling off and going to be falling off the competition that has shuttle service about every 2 minutes?

[09:58:46]

>> Yes, we do monitor it. It is a periodic thing. T not continuously. Periodically we check it. We obviously respond to all of the complaints that we get. The other thing you have to remember is that the parking is really a series of about 7 different products. And you have a different auence for each of those particular products, whether it's family valet, regular valet, people who want to be in the garage, people who want to walk to the terminal, don't want to wait for the bus in lot a and a series of things like that and we try to break up what we try and do from a service perspective and what we can charge based on the product type. And, you know, our remote parking, the ones that require the bus, those are the ones which are in most direct competition with the off site operators and it is a competitive game and we try to do the best we can and to the degree that we don't feel the contractor is doing that, we try to work

with them to upgrade the level of service and ultimately if we are not satisfied, we terminate the contract but over the years, we have been very satisfied relative to what is going on in the industry with the way amco has been providing service to the airport.

>> Morrison: Do you know off the hand what our expectations are for access to the shuttle for remote?

>> I will check.

>> Morrison: If you don't mind and also another issue and I don't know if this is o this is something that is actually addressed in the contract. But talking with one person who is going to a competitor, she said that she was concerned about security late at night on the bus, being the last person on the bus and that she had an incident, of course she didn't report. She just decided to never use the service again. Do we have

-- is that actually addressed in the contract? I imagine there is just a standard that we would expect all people to be treated safely? [One moment, please, for change in captioners].

[10:01:34]

>> If I can record to get the shuttle frequency to the remote. Thank you. You're way ahead of me.

>> Okay. Any further questions? If not, to communication and tech management.

>> Good morning. I'm terry pennington, depp ty cio of economics and financial management and this is peggy McGOWEN, OUR CHIEF FINANCIAL Officer.

>> First of all, I want to recognize that ccm the received the government technology magazine best of texas award. We want to ask you some questions but I wanted to recognize that you received that.

>> Yes.

>> Unfortunately steven is not here to accept your congratulations. I will pass that along.

>> For steven and the whole professional staff.

>> Absolutely.

>> Questions?

>> Thank you. Thank you for being here. So, we're looking at an increase in the expenses. One of the things that I noted is that the general fund is going to be transferring \$4 million more up from \$20 million to \$24 million. Can you talk a little bit about that and how that canle

-- calculation is made?

>> I think I have to go to you, peggy. So all of our expenses have increased for the allocation that we send out for all of the departments including the general fund departments increased. Most of the increases are for items that we support in the technology area for public safety. So that includes our wireless shop that does all of the installations on public safety vehicles which includes radios, tough books they put in the vehicles, the video recorder in the vehicle, all of those items are included in that. So those are fairly expensive items. They're moving on to a critical replacement type of schedule where every year they'll be replacing items that they have installed in the vehicles or supporting some of the public safety items so they're pointing to the end of life and restarting of critical placement items. So a lot of that investment is for there.

[10:04:04]

>> Okay. So we had a question about radios earlier and the big increase in that. And so I suppose that

-- and that was on page

-- I forget, on page 588. It was question 110, for anyone who's watching, about why the radio

-- the radio maintenance fund had an increase of \$3.8 million and most of that is for equipment for new officers, patrol vehicles, replacement vehicles, portable radio replacement, and the answer identified that usually this comes out at the best budget stabilization fund but that we weren't expecting it to be able to come out of that so it was coming out of the general fund instead. Is that correct?

>> That is correct. We are struggling to find the one-time funds to fund these types of things this year. As council knows, we had a mid year amendment process that took over \$10 million out of our budget stabilization reserves. We talked about it at that time that we're going have to rely more on contractual obligations or funding the technology needs out of our operating budget. That is what we're doing this year.

>> So

-- we projected

-- I'm just wondering if the budget stabilization

-- I'm thinking about a scenario where, in fact, sales tax comes in higher than we projected and so this budget stabilization fund will be higher than we thought. And there might be a way that this would be specifically something that we could move from the general fund to the budget stabilization fund if there were some more funds available.

>> It all does tie together that way. That there's two numbers we're projecting when we do the sales tax projections. One is how we end fiscal year '13, the year we're in, and what we think will happen in fiscal year 2014. We're more aggressive on the sales tax assumptions for 2015 increasing our current year revenue, increases our funding balance, which increases the drawdown of the stabilization reserves and carries through the fiscal year '14 which depending upon your perspective can be viewed as an ongoing source of revenues, again, it's just a matter to the extent that we think the revenues are going to be able to be sustained at that level.

[10:06:36]

>> Morrison: Right. Can you remind me what our estimates for the sales tax revenue

-- for by the end of fiscal year '13 are in terms of percent?

>> Well, what we're

-- the way we're projecting it this year, you can take the actuals to date, so we're currently up 8.1% year-to-date over the prior fiscal year. And then we'll project 3% growth for the remaining months. That comes out to 6.6% growth. That's what we would be assume right now for fiscal year '13, 6.6% growth for the year. We're 8.1% up through the first nine months through the first nine payments we've received. There's a two-month lag on receiving those payments. And then for fiscal year '14, we're projecting 3% growth.

>> Okay, so if, in fact, we come in for the last quarter at over 3%, will our budget stabilization

-- just for the last quarter, I realize, will the budget stabilization come in higher than projected for the budget.

>> Yes. >>.

>> Morrison: Okay.

>> But we with will not have those numbers

-- the next sales tax payment will not come until september 9, the first day of our budget readings, I'm sorry, actually, september 11, a wednesday. That's the last day of our three-day budget readings that we have scheduled. So it's not like we'd have additional information than what we have now prior to adopting the budget. But that's what happened last year. Essentially what happened this year is we ended fiscal year '12 considerably better than what we projected that resulted in a surplus larger than what we had projected and gave council the latitude to make mid year budget amendments to meet a variety of priorities.

>> Morrison: You mentioned these are covered by contractual obligations?

>> Yeah, sometimes. The moving equipment, things like fire trucks, expensive pieces of equipment, ambulances. We will use contractual obligations for as long as the asset has a five-year useful life or longer.

[10:08:42]

>> Morrison: Does that include patrol vehicles and replacement vehicles?

>> We did use

-- we've used contractual obligations once for patrol vehicles a couple of years ago when the crown vic was phased out as a pursuit vehicle. We purchased 173 of those all at once and we did issue contractual obligations for that purpose. It gave us a lot of

-- it allowed us to buy a lot of the vehicles at a good price and gave us more time to transition to a new vehicle. And in general, we don't. Our pursuit vehicles typically only have a three-year life and the shortest we would issue only obligations is five years. We don't want to pay off an ASSET THAT NO LONGER HAS A USE To it. In that particular case, the patrol vehicles then being transitioned being done as a useful tool for our front running patrol vehicle, they're being transitioned to be used by detectives and other departmental things for two years. They'll meet our policy no longer than the life of the asset.

>> Morrison: Okay, good. As I understand it properly, even if it comes in higher, we wouldn't have that funding in our pocket when we're doing the budget, even if the sales tax comes in higher than 3%. We won't have that funding and we couldn't budget on it.

>> Not unless council wanted to increase the

-- what we're projecting for the remaining months of fiscal year '14. I gave you numbers and I have extra copies of it. I gave you scenarios if we were to anticipate 5% growth for the remaining months of fiscal year '13 and incorporate that to the budget planning, then you wouldn't

>> Morrison: Okay, I do have that piece of paper. Thank you.

>> Can you provide that to us. I didn't bring it down with me.

>> Yeah, let me get it to you.

>> Morrison: One last question about that. Any phenomenon that you can see happening that would suggest that there would be a precipitous drop

-- 8% to 3% for this quarter?

[10:10:53]

>> I don't see anything in the short term. You can provide you with a lot of history where, you know, it does bounce around a lot. But I don't

-- there's nothing on the short term horizon that i can think of that would result in that. You start looking at a longer term and anticipate that, you know, looking at the ten-year history which is an annual growth rate of about 3.6%, that's kind of what we look at it is, we look at it over the long term, we want to make sure we're building a budget that's not only balanced in the short term, but as we move ahead, we want to continue to pay for the things that we put in place. That's why we try to remain a conservative posture on the revenue source that I think everybody knows can be very volatile. It can go down as quickly as it goes up.

>> Morrison: It can. So the important note here is that if we wanted to assume, for instance, a 4.5% sales tax, that would add \$3.5 million to the budget. And we could, in fact, take this \$3.5 million right from here, cover it, and there's \$3.5 million in the general fund, if we felt that that was the same thing?

>> Councilmember morrison, let's get a copy of what we're passing out. This is

-- we kind of went to a general topic. So I think we should take a second and focus on that sales tax to mario.

>> Thank you.

>> Cole: I do appreciate the point about we will not get the revenues and we can change out projections and what's available for the budget.

>> Morrison: Right.

>> Cole: That's down a little bit right now.

>> Morrison: On this topic? I'd be happy to see it.

>> Since we're tracking a8.1%, can you tell us what the numbers would be at 7% and 8% as well?

[10:13:15]

>> I can easily extend this table to accomplish that. If

-- I'd rather have somebody upstairs I'm sure who's watching add the columns and bring them down to make sure we have them.

>> The reason we see that, we may not

-- we will not make that assumption. It would be a very poor decision. But it gives us a projection to look towards in a potential mid year adjustment. So should we not be able to accomplish everything during this budget cycle that assuming that everything stays the same for the remainder of this fiscal year, there could be an opportunity to revisit some of these issues that were left pending on the table come january? So that's why I would like to see those numbers.

>> It's going to be lain yar. Going from 5% to 6% of the \$400,000 more roughly. Going be another \$400,000 going from 6 to 7, another 400,000 going from 7 to 8. But we'll extend the table. It will be done quickly.

>> Cole: Councilman spelman.

>> Spelman: I have a little bit of trouble reading the first line of the table. Our proposal, which if you expect our growth rate to be in 2013 is 6.6%, is that right?

>> It is.

>> Spelman: Since we've been running at 8.1% for the first three quarters of the year, how many remaining

-- what would growth have to be in the next three months to hit 6.6% but no higher.

>> A little bit less than 3%. The difference in what's proposed. We assumed 3% for the remaining months. The issue is when we proposed the budget, we had four months left. We only have three months left and the extra data we received is around the 4.3%, 4.3% or 4.4%. A little higher than three. You assume 3% for the remaining months of the fiscal year, we're already \$251,000 more than we would be using the same assumption. The data came in slightly higher than 3%.

[10:15:35]

>> Spelman: Higher than 3%?

>> No, 4 point something. I can find that number.

>> Spelman: When bhe do forecasts, is it the quarterly, the annual basis or what?

>> Projections?

>> Spelman: The projections that created the 6.6% gross assumption?

>> Projecting it at a monthly basis. We get the monthly reports from the state comptroller. And when we assume 3% for the year, we're assuming 3% for the month. Right at I assume 1% at some months and 5% at some months and averages it at 3%. We've not been able to find any correlation between the months. One month could be 10% one year and the next year it might be down 2%. It bounces around a lot and audit adjustments and things that happen at the state comptrollers level where they make periodic adjustments to the collections. Affect all of that. So we looked into it. We haven't found a reliable way to

-- to make predictions on a monthly basis. We do it more on an annual basis and an annual assumption.

>> Spelman: Right, per month. You can make all of the predictions you want to. If they're not accurate, no point in making them?

>> Agree. 4.7 theish the august payment, up 4.7%. That's why we have this variance between what we proposed in the budget and what we would be at now if we were to continue at 7%. In the remaining month, it's \$250,000 of additional revenue if we stick with that assumption.

>> Spelman: Considerably lower than 8.1% we've been running at this point. So it may just be a fluctuation?

>> Yes.

>> Cole: We had 18 months of positive sales tax increases. That's a very positive direction.

>> Spelman: That's really good. We're assuming it's going be close to 3%. If it's turned negative and we may not even be able to make the 6.6% gross projections for this year. So I hope we get 21 months of positive sales projections.

[10:17:41]

>> Yes, absolutely.

>> Cole: I'm assuming that when we do our mid year projections, we do those, if I remember right, we do it at the six-month interval. We did it at the seventh month. We had six months of sales revenue to look at. Is 245 correct?

>> The mid year process this year?

>> Cole: Uh-huh.

>> Two thing, a year-end data. We ended fiscal year '12. Budget discussions, we only have nine months of that information because of the two-month lag in receiving our payment. By the time we came to you in february with the mid year budget process, we had that final three months of fiscal year '12. That was done. Then we had the first three months, we had the projection. We talked about the actual year for fiscal year '12 but bumping up projections for fiscal year' 13. The one-time money versus ongoing moneys.

>> Cole: Budget stabilization and the 12%.

>> It's a volatile source of revenue. One of the reasons we take the conservative posture is what it does when we end the year and we have a say surplus, so to speak, that puts money in oh the stabilization reserves that's part of the next budget cycle to give us money to replace the police cruisers, the heart rate monitors, they have to be funded out of some funding source and a one-time source of funds makes a lot of sense for those. So you need to have a one-time drawdown. If we don't take the conservative posture, we won't have the money in the funds to do that. We have to pay for that stuff out of the operating budget. So just offer that as well.

[10:19:47]

>> If I may, as long as you finish that in terms of given that set of circumstances, what was the challenge for us in terms of formulating our recommendation for '14?

>> Sure. Again, we talked about that. That by drawing down that money mid year in february, you know, for very important and needed service, but by drawing that down, we're crafting our '14 budget that we're going to need to fund more things using contractual obligations and we are relative to previous years. We're going to be asking council to approve a bond sale that includes more contractual obligations than it would. To fund vehicles and things we would like to pay for out of that critical one-time fund. We don't have enough to maintain that 12% so we're going to be issuing more contractual obligations. You can see this document in the transfers and other requirements of our funds, you can see a transfer to cip. So there's issues with the turner roberts facility. We've been informed by the attorney general we cannot issue debt for the completion of that facility because it will be utilized by the school district. To finish that facility, we had to come from a cash source. Critical one time or the budget stabilization fund would have been the preferred source. We don't have the money there. You can see in the operating line item, a transfer to cip for that. The library books is another example. Some needed facility improvements with the fire engines because of the weight of the trucks and a number of things. There

were a lot of things we would have funded out of the stabilization reserves had the money been there. But since they weren't, we're transferring money to the cip like we talked about that we would need to do. That puts the strain on the operating budget and the ability for us to fund other priorities?

[10:21:52]

>> Cole: That keeps us consistent with our financial policy?

>> We're totally consistent with our financial policy. It ties together. We push here, it happens over here.

>> Spelman: It keeps us consistent but it has put pressure on the general fund in the way that you are wrestling with right now wanting to find other sources of revenue in the general fund to fund some things that we weren't able to do because of what we just described.

>> Martinez: Can you remind us for the stabilization fund? I recall you can only use one-third of it for one-time expenditures. What is the floor if any?

>> There's not a floor for the budget stabilization reserve. There's a reserve, a fixed \$40 million. The contingency reserve. That's 6.7 million. And the stabilization reserve that says any surplus revenues at the end of the year will flow down to the stabilization reserve where they can be utilized for any one-time expenditures. Any one-time source of money needed, it's a pot of money. Not drawn down by 1/3 in any given year. 60 million in that fund, the policy allows us to draw it down by \$20 million. If no additional money flows into it during the year, we have \$40 million. The next year, only draw it down by 1/3. Eventually, it would run out, right? So part of the stabilization reserves stays sustainable over the long haul and gives us a pot of money for these types of things is by being conservative on the revenue estimates because we know at the end of the year we'll have a surplus that's going to go to that fund. That's a consequence. That's going to be hard for us to keep the stabilization reserve, to replenish it every year. It's going to keep getting drawn down allowed by the financial policies. It's not

-- it's not in our financial policies, but it's been the source of a lot of discussion between Elaine and myself and the council and the city manager. This desire to keep our overall reserves at a level of 12% or above. We've been able to do that for the last several years, even on the economic downturn, we got below that 12%. Now back up at the 12%. And it's certainly something that the rating agency is confirming our triple A ratings. Even if they're deteriorating, it would be a concern to them.

[10:24:39]

>> They also comment on a regular basis in their reports about our conservative budgeting crisis. We view that favorably as well as the reserve level. So we're maintaining that. Councilmember morrison?

>> Morrison: One more

-- one more question. Do we have a list in the budget of what our planned expenditures from the budget stabilization fund are?

>> I think I'd like to get that to you as a budget question. I think it's sprinkled throughout the document. Easier to get it to you on a single document?

>> No problem.

>> Morrison: Okay, back to this. Okay, let's see. I am interested. I wonder if you can talk a little bit about one line in the budget highlights on page seven of volume two. It says that the budget adds four new positions to improve the department's capacity to meet the large number of initiatives requested by city departments to improve service delivery to citizens. I'm curious about

-- and maybe you can't answer off of the top of your head, but I'm curious if we have a way to capture all of the departmental requests are and where they come from. I know there's a governance committee. Maybe that process. Can you talk a little bit about that?

>> Sure. The i.T. Governance process is a continual process that involves the directors, the cio councils, it leaders across the city. We get about 110 to 120 different requests in any budgetary year. I think this year, we

-- that process has approved

-- how many total? Five different processes

-- five different projects out of that. We currently have about 80 some projects on our current list from previous budget years that we're trying to accomplish currently. SO FOR FTEs WOULD BE TO HELP With our current support as well as to complete those projects.

[10:26:59]

>> I think they'll be interesting to see if the projects are. In fact delivering the service delivery to the citizens, just to have some visibility in what's coming up from staff's recommendations to actually implement for the council to be aware of what those are. Is that possible that you could

--

>> it is possible. Some of the big ones are the demand upgrade. The top priority of the i.T. Process, which goes through the park director's advisory commission and a steering commission. It goes through the layers. We upgraded our system that has a huge implement for the housing department. And development. The court system will tap into that as well. The communication and business and intelligence provider, microstrategies. And a fancy thing called e.T.L., extract transfer load. It's this behind the scenes software that's needed in order to map all of our different data systems to the business intelligence tools that will actually work. Going from memory, here, is about \$1.8 million in the etl. Business intelligence is 1.2 billion. So those are the two biggest projects and it looked like we may have other details here.

>> One was the amanda. 1.8 million. The business intelligence and the etl was \$1.3 million. The esb, which is the enterprise service bus which is kind of like a backend data translator that allows us to fully integrate a lot of our systems that we currently have and easily add on more systems, i think one of the problems that we're having going forward is that every time we add a new system, well, it has to connect to all of these legacy systems. And then esb will allow us to do that in an easier manner. The city-wide e mail archiving, \$670,000. We are also increasing on our records

-- our records management system, our edom system. We have about \$100,000 for the sttp which I believe is for the

-- what do you

--

[10:29:24]

>> wpd.

>> Sorry.

>> Okay, great.

>> It's about \$4.3 million. What terry was saying is that the process starts off with the departments identifying all of their i.T. Priorities and things that we'd like to move forward with. It was in the neighborhood of about 120 items. That goes through an extensive review process between the i.T.

Professionals. It's the chief information officer's committee looks at it. The department directors committee looks at it. The steering committee looks at it. Kind of narrows it down and prioritizes it with things in terms of what I would like to move forward with, a list of 40 and we look at where the rubber hits the road and what can we pay for given all of the various budget priorities. These are the things that were deemed most critical to move forward with and that's why we're recommending them to council.

>> Morrison: If I remember properly, I don't know if it was audit and finance or in a work session, an issue came up that the parks department had a request for tablets to be able to do their work

-- work electronically in the field. It had been placed down in the bottom of the list. There was some discussion. If I remember correctly, the city manager was here, he suggested, yes, we can make that happen. Do you know if that ever happened.

>> I would have to get back to you on that one. Can we make that a budget question?

>> Morrison: That would be great.

>> If it hadn't been implemented, what the impact would be if we added it to the list.

>> Okay.

>> Morrison: Gr let's see. I have some questions about open data corridor and all of that. If I understand correctly, we're going to have a report on it in audit and finance on that open governance audit next week. So I think

-- is that correct? So I think I'll withhold those questions until we get the audit back and work just

-- just work from there. And then, let's see, we have the innovation officer moving from ctm to management services. And I guess my question there is does that mean

-- who will that innovation officer report to. I don't know if you guys are the right people to ask

--

[10:31:48]

>> that function

-- you know, they spent a lot of time really looking into it. We as staff spent a lot of time looking into the function, defining the function, defining the roles of the innovation officer, going through a national recruitment for it. Somebody here will give us a detailed report in terms of where we are for that. And I know we've been recruiting for the position. The position is not yet onboard. But it is our

recommendation to locate that function in management services and that position would report to one of the assistant city managers.

>> That position is posed. We hope to have it filled by the first quarter of this next year.

>> Morrison: Okay. And what I'm hearing to share with you and what I'm hearing from the community technology commission is some frustration at not having been able to have an open discussion with them in the community about the actual roles and responsibilities of that position. I realize that part of the tug-of-war is that the idea was to keep the definition from it to have sort of a visionary person to come in and help us define some of the roles and the responsibilities. Let you know, that's not her table. I don't know if you have a comment. I was talking about the innovation officer and where that's going to sit in the city structure, the management structure now that it's being moved from ctm to management services. Still tbd?

>> I'm afraid I don't have the context to

--

>> our new innovation officer? It was in ctm's budget and it's moving turnover management services. So was interested about the reporting structure. That it would

--

>> would be

--

>> who the innovation officer is going to report to.

>> I think I heard it as I was coming in, within one of the acm service groups. Although in the short term, i will be directly involved as well providing leadership as we further develop and refine the mission of that

-- that new office.

[10:34:04]

>> Morrison: And I think you were out of the room. I'm going to repeat this then, it sounds relevant to your position and that is that the community technology commission has expressed an interest in some frustration, but an interest in being part of that continued discussion about their roles and responsibilities of the innovation officer.

>> Happy to hear any perspective they have.

>> Morrison: That's great. And speaking of them, they did have three budget recommendations that I think I'll just throw out here and I don't

-- I think some of them might actually be part of it or something like that. I'm going to get them on the table. One is that they have a recommendation, \$50,000 for doing a technology survey, a connected austin survey. We did one maybe three years back. And it cost \$ 75,000. We partnered with u.T., It definitely needs to be updated now because it was, you know, pre-smart phones acceptance and all of that. And secondly, adding they're requesting that we add \$25,000 to the total amount of funds for g-touch and have mentioned how successful the program is. And I wanted to mention that both of these items really are even more critical with google fiber and at&t is announced they're going to be bringing really fast high-speed internet service to austin. I think to have a better idea of our technology for our citizens and who has access to it and the ge-tox grant, both really play into being able to leverage these new systems coming into place to help with the whole inclusion issues. So I will be looking forward to seeing if we can include those increases. I don't want to mention, also, that I know that accounting is a problem, but there is going to be, you know, google fiber

-- google and potentially at&t will be having to build what they call huts, 20 huts around the city to manage their

-- to house their equipment. And a relatively large and they're talking to the city and looking for real estate for where they can do it. There's a chance that we will be having leases with them to allow them to use some of our land where it might be appropriate. To build those huts. So I assume that the revenue from those leases is not currently incorporated in to our budget. But I would like to keep in mind that if at all possible, we think about the fact there could be some new revenue coming to the city from the leases and from google fiber, and seeing if there's some way to be able to allocate some of it

-- I think we're talking about \$ 75,000 allocated to this technology for digital inclusion items. So, I will be

-- I will be raising that issue on the

-- in our budget discussions. And then lastly, I want to call your attention to the third recommendation that the community technology commission made and that was specifically to implement some civic technology projects. And I think I will hold off on talking about those until audit and finance. Because I think they all play into that open government initiative too. So, with that

-- those are all of my questions. Thank you.

[10:38:09]

>> Cole: Thank you. Next, fleet services?

>> Spelman: Wait a minute.

>> Cole: I'm sorry. Councilmember spelman. I do want to say that I'm tending to notice a trend of a kind of getting at things that are beyond the budget and I know we want to have a little extra time to talk because we never get a chance to do that. So let's try to focus in on the budget questions.
Councilmember spelman.

>> Spelman: You will get no lack of focus from me, mayor pro tem. I am looking at page 3 of volume 2. I'm looking at just backing way off of the details, looking at what's happening to the ctm budget in the last couple of years. There's been an increase of \$20 million in the last two years where we used to spend \$50 million to \$55 million on ctm-like stuff. Now we're spending between \$75 million and \$80 million. A lot of this stuff is, as you were describing for councilmember morrison, upgrades of the etl, esb, things like that. I understand why that's extremely useful stuff. But I have a sense for what the procedures are for which you decide among 120 candidate projects, projects, how to focus on those five. For example, the etm fund issue. What form of

-- what is the rule of costs in that decision making? And here's a basic question

-- got \$20 million in the next two years, go up by another \$20 million or more in the next two years in '15 and '16. Is it going to be flatter? How do we

-- how can we project what's likely to happen in this world?

>> I think the first thing we've done through the leadership of the budget office is to start looking at life cycle planning of our critical infrastructure. So we've actually gone through and taken a look at, for instance, our regional radio system. We have a large cost involved in our networking, in our storage, and these hardware i.T. Infrastructure items have a life cycle. And so we're actually starting to propose them out. We now have a 20-year kind of life cycle where we're expecting certain large systems that have this kind of life cycle they're going to need to be refreshed and some of them are five years, some are seven year, some would go out to about 15 years. So that's one of the big things that we've been doing over the last couple of years.

[10:40:43]

>> Spelman: Okay.

>> And our current year in the fy-14 budget, some of the increases in our contractuals, for instance, we have double the number of users on edom which is our records management system that's been so

important for government business and we have increased the number of users and therefore the support costs for that system have increased as well.

>> Spelman: Okay. .

>> We increased on our mapping software. So much now it's a three-dimensional world and we can't just go with spread sheets anymore. So moving into the digital mapping is the way we need to go to be the best managed city here in austin. We've been upgrading a lot of the infrastructure and then, of course, that increases the support costs. Some of the things that are incurring on the critical replacement, these are items that we consider have to be replaced just to keep the lights on. So we have an e-mail system. It grows in space. Even though you might hit the limits of your mailbox, there is actually growth every year. We add on growth just to keep the systems functioning. All of those costs have increased. Some of the big ones are the digital storage for the police cars. We need to meet our records retention requirements. We have the replacements for mobile data commuters. We have about a third of phones here in this city are on technology we can't even buy anymore. So we have to replace them for the new voiceover i.P. System. And when ever we increase the NUMBER OF FSPs IN THE CITY, THEY Need to be functional and need to have computers. For apd, they're going be INCREASING THEIR FTEs. They have costs involved not only with the computers, the radios, the vehicles, that's estimated at about \$1.9 million. So those all contribute kind of going back to what ed said and kind of push over here and kind of moves the picture across

[10:43:10]

>> Spelman: How has this changed in the last two years. What's different with all of the demands placed on us two or three years ago. Some of this sin creased, i understand. But is there a qualitative difference associated with that \$20 million?

>> Well, I think a lot of things have changed just in the industry. We're a lot more mobile now.

>> Spelman: Okay.

>> We're using a lot more video. Video alone is been an explosion in the city on how we do business. That impacts how fast the networks have to be. That impacts how much storage

-- a video storage file is just astronomically big. I won't say exponentially, because councilmember morrison will correct me there. But it's so much larger than just a word file is. So I think all of those types of new technologies have really kind of pushed into our infrastructure. We're just no longer a small city. We're now I should say big and bad and we're going need the infrastructure to support it.

>> Spelman: In to the 21st century. Can we expect there will be substantial increases in '15, '16, on out, for this kind of stuff? Or is it likely to level off at some point.

>> Every time we get new technology, there's some sort of levelling out. But, then, more and more businesses find ways to exploit that technology and we start going up again. I think we are going to be seeing increases in the future. And certainly when ever the departments are looking for efficiencies or they're looking to do things faster, they most likely are going to be pushing towards the technology area.

>> If I could add to terry's extremely thorough response, it's good. If you look at 2011, you look back to 2010, and who

-- this gets back to the discussion of going through economic times, we do have the ability for a while to clamp down on things. I can promise you we were clamping down on them. I was in many conversations with steven in replacing something that was really expensive. I said, we're struggling here. Any way you can get another year out of this system. And he would say, I think we can. You know, you reach a point where the critical infrastructure systems, where they fail, we're going to be without internet which means the city is not going to function. You can only push those systems so long, go so far out there in terms of the risks you're able to take and then they need to be replaced. And, so, you know, we were

-- as the city managers talked about, we were looking for a one-time solution to get through our budget difficult times and we're also looking for structural applications. Some of the one-time solutions we looked at and took both in the world of ctm and in fleet, was to clamp down on some of those replacements and just really ask those departments to try to get by one more year, which means those costs to some degree are understated and then we ear catching up now. Not all just the fact. Ive think a lot of it is exactly what terry said. We just have a lot more technology, d-map or dvv, the digital vehicular video or the storage requirements have grown extremely rapidly and are projected to continue to grow. I expect we'll continue to see growth in that area. But I didn't want that aspect of the whole managing the budget over time to be left out.

[10:46:38]

>> I I appreciate that. It's something I'm very familiar with. Because in our entire economy, based so much on the computer technology, one of the reasons we have a boom and bust economy is because we're so heavily based on a industry which responds very much to a business cycle for that reason. Every government, every business in the united states clamped down two years ago, three years ago on the hardware and software like we did. And the economy in austin, san jose, and other places which are computer heavy, suffered as a result of that. That's perfectly understandable why.

>> Cole: Assistant city manager anthony science had something to add to it.

>> One of the things over the course of the next year and the team really looking at how we can transform our i.T. Operations to a 21st century i.T. Shop. And in doing that, we have to look at a number of things

-- shared services, there are some places that we can cohabitate and pool some resources where they may be decentralized across the city to have some efficiencies there.

>> At the same time, storage and other costs are ongoing and we're looking for a way to do things differently in order to be a city we want to be from an it shop sort of thing. They have a road map and they're trying to implement that over the course of the next year or two.

>> Spelman: So the answer to my original question is, can we expect this to continue or will it level off and I think the answer is we can expect this for the next couple of years to continue at roughly the same rate it has been in the last couple? Is that fairly accurate?

>> It's hard to respond to that

-- but the short answer, yes, increases over the relative short term at least and perhaps over the long term as we try to deal with a lot of the issues that have been characterized from the table as well as the larger view in terms of elevating and the division and mission of ctm in general which is what mr. Snipes was trying to speak to.

[10:48:43]

>> Spelman: I understand

-- i understand the elevation issue. And I

-- this is a difficult thing for me to get a handle on. Because what this ought to be doing is improving the capacity of all of our operating departments to deliver good services to our customers. But we got a lot of different departments to deliver a lot of different services in different ways and the effect of improved information technology on the ability to deliver the services is going to be complicated and it's hard for me to put a number to it or even characterize it for the outside world. How much better we're going to be at picking up trash because we have a computer system to help us pick up what the roots look like. I don't know the answer to that question. I'm not sure we can quantify it. Ultimately we had to take it on faith that that \$20 million increase in the last couple of years has been money well spent. You can think of the things we were able to do now that we weren't able to do a couple of years ago. It feels good. It's hard to make a strong business case that, yeah, we can verify. We've got more than \$20

million for the value. And the \$20 million cost. Do you understand my problem? It's so complicated because we have 40 different departments using technology in 40 completely different ways.

>> It's complicated and difficult. Sometimes people try to apply simplistic analysis to the application of technology and what it will

-- cause and effect of that. If you make an advancement in technology, you need less people. That's not necessarily the case. They have to do more work because they have to input a lot more information in order to get the functionality that you want out of it. So it is a very complex analysis. I don't know a clear answer to get to what you're talking about, a way to articulate it such that the average citizen will have a return on investment.

>> See if I can get an answer i can explain to somebody other than myself. When you got the 120 propose sales from the rank and file and you whittle it down to 40 that were actionable and five you decided to take advantage of immediately, that's the five here. What kind of discussions did you have to help you decide this is the year we have to do that upgrade. What was the discussion. What was the role of the cost of your upgrades in your discussion?

[10:51:08]

>> Cost is very important to the discussion. Certainly with amanda, it's pretty substantial cost to upgrade it. That was part of the problem. The big issue with man data is that it's running on support in 2014 is not the current version we're on is no longer going to be supported. What we're going to do about permitting is we run out of support. That was a huge pressure right there on the amanda conversation. And also we look at other products on the market doing the same type of thing. And did an analysis on, you know, what does amanda do for us? What can another system do for us? Factor in the migration costs. If we lead to another system, is it better than what the current system is. Those are the types of conversations that occurred when we talked about which projects to fund. The other thing is which projects affect the most amount of our citizens as well as the most amount of our departments. So that's another factor in the discussion.

>> Spelman: Tell me about what form of cost discipline was enforced on these discussions?

>> Certainly the total cost of ownership is part of every single request and proposal that goes forward to the i.T. Steering committee.

>> Spelman: Okay.

>> Councilmember, we have a robust governance process. As alluded to earlier, not only DO WE HAVE ALL OF OUR CIOs, NOT Just here, but austin energy and water that evaluates, the ddap shared with a

number of other departments represented throughout all of our portfolios, they look at not only the application but the cost implications to our organization. And lastly, our group of governors, robert goode, our cpfo and myself, we look at that and look at it from a corporate perspective of what are the implicationings of putting this application versus that one. From the corporate standpoint, it's the best and most efficient application that will move us forward, we usually look at that. But in addition to that, the budgetary impact will.

[10:53:25]

>> Spelman: It impacts a large number of departments and people. It will be a lot more.

>> For sure.

>> Spelman: Correct. I have further question but I'm going be submitting them in written form rather than dragging this out any further, mayor pro tem?

>> Cole: Thank you, councilman spelman, councilman martinez?

>> Martinez: I assume along those lines, that you would look at it at how deficient will we become if we don't upgrade as well. Not just more efficient we will be?

>> We look at the risks as well as efficiency and how deficient we'll be going forth. I think particularly with amanda and all of the permit review and all of that going on in the course of the next year, we thought it was essential that the amanda was rated high in being approved.

>> Martinez: Councilmember spelman, yesterday we had this discussion. We have an agenda item for a \$2 million piece of software for financial accounting. One of the board members was asking for that justification. And it was very difficult for staff to respond. But they're going to try and so what I'd like for us as a council then to do is to maybe further this conversation. Because I think if you're going to keep structurally spending to keep up with the technology, we're going have to have a better explanation, you know, to justify it

-- those tax dollar expenditures. I completely support being the most advanced technological cities. I think it's very important. But we have to be able to answer those very difficult questions that you're posing and so i think we need to start talking about how we're going do that and try to formulate a way to quantify exactly what we're doing as it relates to technology.

>> I'll end by saying I think it's important, there are a lot of driving things that impact technology when we talk about storage. Now that we from the police standpoint have to do the videos, that requires a

tremendous amount of storage space. And if those costs increase, a lot of times from the policy standpoint, decisions are made, there are some

-- there's a ripple effect as it leads to implications to the budget. And we've had to grapple with that over the course of the last two or three years, particularly with the amanda

-- with it being mandatory that those

-- the storage has to occur with all of those videos.

[10:55:54]

>> Thank you, mr. Snipes. Perhaps we need to look at some of our performance measures in this area, perhaps in the technology committee to give us a better feel for what we're actually getting in this department. But we realize we're getting a lot. Any further questions? Thank you. Next, I believe

-- fleet services? Any questions.

>> Cole: Riley?

>> Riley: Welcome. I want to start with the vehicle life cycle management programs. The focus, as I understand, is to get the new cars ready for use and to fix up the cars that are in the fleet that have been in accidents and they try to get them back and into the fleet and functional, is that right?

>> Fleet officer. Yes, we do manage life cycles of vehicles. We have a make-ready section where new vehicles come into the fleet. They upfit those vehicles with whatever is needed to put them in service. And we also as part of that vehicle support service section which is where that falls, manage accident repairs on vehicles that have been in accidents and that's based on the value of the vehicle and how much we have to spend on the accident.

>> Riley: This is routine stuff. I don't want to dwell on it too much. The

-- I see that our

-- the requirements for this activity dipped a little bit this year. We expect them to go back up next year. Now down to \$1.5 million this year. Expected it to go up and go up to 1.9 next year. We are expecting a greater bond than in recent years. We're expecting to see more cars. And I can understand the need for that. As the

-- as the city grows. But I did want to ask one question about how efficient we're being. Because I can see in this year, we saw a spike and an unexpected spike in the cost of unit made ready if we're expecting to see \$1,000 per unit and it went up to \$1,116. Why are we seeing that spike?

[10:58:46]

>> That can specifically based on the types of the units coming into the plate and we went through the process of updating and units to the dvd system, we added a battery backup system to that which contributed to that. We're also moving to the rif technology. And that has been part of that cost, that technology gives us better control over our fuel system and it also provides data input into our fleet management system so that we collect data directly from the vehicle

>> Riley: I and I understand there are costs that the fleet has to deal with that are largely outside of your control. Let me ask you about that. Let's get to the support services. Over the last two years, since 2010, 2011, the

-- we added two FTEs FOR SUPPORT SERVICES BUT The total requirements have gone up by about \$1 million, from \$4 million to \$5 million. Why is it that we see that kind of increase. What are the main drivers that are causing support services

-- I'm on page 40 now. I'm in to departmental support services. We see that cost going up since

-- since fy-'11. You can see requirements going up by a million if you added ONLY TWO FTEs. What else is there

--

>> support services also includes fuel, as a cost factor within support services.

>> What page?

>> Riley: Page 40, volume 2.

>> Okay.

>> Riley: Just wanted to ask why the requirements are going up by about \$1 million when WE'VE ONLY ADDED TWO FTEs.

>> I just want to come up here a minute.

[11:01:01]

>> One of the factors that

--

>> Riley: You have to turn the microphone on or speak into it.

>> It will turn green?

>> Is it on?

>> There we go.

>> I'd have to look at the detail by cost object. But one of the factors is, you know, besides the personnel cost increasing is the commercial fuel does go into this. And it's increased significantly. So

--

>> we have an internal fuel infrastructure. And we have when people go out of town or they don't have access to our fuel infrastructure, we issue what we call impact cards. So a portion of that cost is allocated in that and we do that charge in the department and we budget for that expense.

>> Riley: It's the cost to the department.

>> To the city.

>> Riley: As it relates to city employees using the cars that are provided to them for

-- we want to call it commercial fuel?

>> They use exxon or the different commercial fueling. They're outside of our jurisdictions. We use it for that. They use them for if they operate with the

-- where a lot of the services are in areas where we don't have a fuel location and they need to fuel.

>> Riley: That's if we had more fueling stations, then we would see that cost go down?

>> Yes, definitely.

>> It also

-- it services undercover officers, motorcycles that we don't carry the fuel

-- the type of fuel in the system that the motorcycles use. They use a plus or a

-- a premium fuel. They require that. So the cars are used for those types of things.

>> Riley: Okay. Last question is just about the carbon footprint. And I

-- that's might have been some change in the way that's measured. Although we saw this year, we had

-- we had expected to be up at

-- at

-- can go up

-- we expect the cover per print to go up to 984. It was down at 623. The next year we're expecting to go back up to 787. Why

-- why would that be?

[11:03:33]

>> That number you're quoting is the fleet department carbon footprint. If you're looking at the carbon footprint for the city's fleet as a whole, the carbon footprint for just the fleet department is our buildings, not only our fuel use, but our buildings and carbon footprint for all of our facilities. But for the city fleet as a whole, that number is significantly different.

>> Riley: And second

-- the question is just for your department, we saw a drop this year from the previous year. In the current year, we went

-- actually we stayed even this year. But that was dropped from the previous year. We've been defining or flat over the past few years. But for the coming year, we're expecting to go back up. And I just wanted to know, why is that?

>> Deputy fleet officer. Well, a couple of the recommendations that we have are to explore the trip reduction and routing efficiency with our field vehicles and stuff like that. As we increase the fleet and breakdowns and stuff that we have to respond to, I think they may have incorporated the fleet growth and the lack of our ability to number two here it says explore a building organization and our ability to improve those things as we expand may not be as

-- it may not be able to do as much in the next year. So I think that's why it's the reason it's gone up. And you understand what I'm saying?

>> Riley: I'm not

-- not really.

>> We're not going to be able to see as much improvement in the next year. My understanding is that due to the

-- like I said, our fleet growth and our lack of ability to improve our buildings, because we have older infrastructure. There's only so much we can see out of that.

>> Riley: Call it to my attention that this year we held steady from the previous year and that year was a significant drop.

[11:05:35]

>> Because we made the improvements. We brought it up as far as we could go. As we continue to grow, add employees, what have you. The two recommendations that sustainability that the state gave us was exploring the trip and idling and route efficient engine and the lighting efficiency upgrades in our facilities.

>> Riley: You will explain.

>> We did as much as we could. You get to the point of diminishing returns. And I think that's the explanation that we might not see as much of the decline as we have in the past. Currently, we met 89% of the recommendations.

>> Riley: Increasing this year. That's

-- I was asking.

>> No further questions. Thank you.

>> Cole: Next, financial services. That will be you guys. That will be you guys. I think you've been answering the questions. You are on the list. Any questions on financial statuses? We'll go on to human resources.

>> Spelman: You see any members of the budget office eating cup cakes or cookies, those were not purchased with city funds.

[11:07:38]

>> Cole: Any questions?

>> Spelman: I've got a couple.

>> Cole: Councilmember spelman.

>> Spelman: I guess I had too much time on my hands, mr. Washington, because I looked through and found some anomalies and want to know what's going on with them.

>> Sure.

>> Spelman: On page 138, human resource management services, largely investigation staff, as I understand it.

>> I'm sorry, I didn't hear.

>> Spelman: Page 138. The human resources management services. Services provided at least the ones you've written down here on most of the investigations. The intake and investigations and things like that. And you've got a reduction in eeoc charges at least projected across for ada engagement that's going down. But there's still an increase in what you're going to spend on this. What's going on in here. Am I getting some that I'm not seeing.

>> The result of our relationship that we have through our human rights officers that we are a partner and we sub contract with the eeoc to investigate and a downward modification in funding across the country federally. In partnering agency with eeoc. That would explain the eeoc charges that we're expecting to perform on behalf of the eeoc as the eeoc partner.

>> Spelman: Right.

>> The questions of the ada engagement, in terms of the cost per service engagement, the staff is increasing the activity of a number of community outreaches in meetings that they're having. So the costs has an increase in other than the personnel size, the staff size hadn't increased, just the number of activities they're dealing with and the cost of activity is decreased.

[11:09:58]

>> Spelman: Why are there ada service engagements are basically citizens complaints that we're investigating, is that right?

>> Citizens' complaints, outreach, meetings, fairs, conference, other activities. So they've been very deliberate over the past couple of years in trying to increase the community outreach and partnering. We've also consolidated some of the services from that group with our other divisions in that department. So we've had a little more symmetry to do more. We may have the ada outreach engagement with a job fair. Not just ada, it's in partnership with a community event that's scheduled.

>> Spelman: We're out in the community more than we were. That's why we needed another fte.

>> I'm sorry?

>> Spelman: One of the reasons we needed an fte, we had so many service engagements and fairs and community meetings to go to.

>> The fte is not related to ada, it's for other services outreach.

>> Spelman: Same genre though? Okay, I think I got it. I'll stop. On page 139.

-- What did I tell myself? Here we go. Page 141, resource management service, total rewards. Total rewards is the name we give to market surveys. Am I right?

>> Not entirely correct. Total rewards is our concept of having a comprehensive review of

-- comprehensive review of compensation and benefits. So not just looking at the pay, but all of the non-based pay benefits that we offer and so we look at it comprehensively for the workforce.

>> Spelman: Okay. I noticed there's been a substantial increase in requirements in the last three years. Won't increase in fte. There's something contractual going on here. What would it be?

[11:12:13]

>> IN TERMS OF THE OF THE FTEs, I think our head count has been pretty

-- pretty steady. We've tried to make sure that if they're employees, though, that they're working on benefits, that we charge them to the ben if I wants fund. But we do have contractual services to our third party administrator, for health care or workers compensation administrator. So, yes, we do have support services through contracts to help sustain the staffing levels.

>> Spelman: A substantial increase in total requirements BECAUSE FTEs ARE FLAT AND WE Have not been paying our employees a lot more in the past three years, I suspect that means the contractual obligations have gone up. Does it mean we're doing more market surveys and other contracts to do that comprehensive review.

>> I think a couple of things in terms of

-- I'll even make sure that I need to look at them in contractual requirements. Most of the contractual requirements for our benefit funds are in the special funds workers compensation or the benefits. So I need to work and see what that specific num.

>> Spelman: Next question. The compensation package is going down around estimated to around 60. That's from the other workforce survey.

>> That's correct, councilmember. And we

-- as we are looking at the projected satisfaction. That number should be 70.

>> Spelman: Okay.

>> Instead of 60, reducing

-- if it were 1.5% paid deduction, it would be 60. But it's

-- it's 1.5% increase compared to the previous year without getting the 3%. So it will be some decrease in pay based on that.

>> Spelman: This is based on historical trends when people have not gotten the percentage.

[11:14:28]

>> That's based on the increase in pay.

>> Spelman: Amended and estimated for 2013. 70% is what we're thinking the results will be.

>> Spelman: Okay. This year, 0, next year, 60. Unless we can scare up more money.

>> I'm sorry, this year, 70 for 2013 and we're estimating with the 1.5%, that will continue at 70%.

>> Spelman: We think it will continue to be 70% in 2014 as well ochlt.

>> The 1.5% is at least in line with the cost of living increase for the general economy.

>> Spelman: Thank you very much.

>> Cole: Councilmember martinez?

>> Martinez: Mark, on page 142

-- I brought up the discussion and you said the standard for a city our sites is about 10%. When I look at the turnover rate for 2010-2011, it's 3.41. And it's gone up significantly to 8.50. That, to me, would seem to have a impact on vacancies. So at one point, we were at a low turnover rate. How do we attribute that increase?

>> We went back to look at those numbers. That's a significant spike. That number is understated for 2011 and 3.4%. It's more in line with 6.54.

>> Martinez: How did 3.4 get into the budget document?

>> I think that that is an error, typographical error.

>> Martinez: That's a pretty specific typographical error. 3.41.

[11:16:32]

>> It's not correct. So I apologize for that number. But in response for the rest of the question, the industry average of your report is 10%. We're estimating 8.5% is the

-- is the maximum rate of turnover that we would like to see to remain competitive.

>> Martinez: So that's a typographical error, go to page 143. And the employee turnover rate for '10, '11 was 3.2. Is that another typographical error?

>> That is

-- we

-- we'll correct those

-- unfortunately not in time for the printing of the document.

>> Martinez: I guess once we're done with the budget process, ed, I would like for the council to be provided with your internal process for crafting these two volumes. There seems to be quite a bit of errors in this year's budget documents. And I find it a little troubling that we had so many errors and I want to know what's the process for proofreading it, for double checking it. Any responses to our budget questions, we've had multiple errors.

>> Councilmember, I don't want to make it seem that I'm attributing the source of errors solely to somewhere else. But we need to find out what happens.

>> Martinez: I would like to know what our checks and balances are for creating the documents when we've seen the number of errors we've seen this year.

>> I would like to respond though that. There are a lot of eyes that look at the budget document. But frankly we have two large volumes, about 1600 pages that come together over a period of about a week and a half. When we finally get the final finishes on all of the changes and the approvals, we have a very short period of time. And so we not only have a financial staff and the departments but the departments and their executives but we have a team of budget analysts that do

-- that review the pages and we have missed some things this year. And we will work on our improving our processes to cross-check. We were using munt pl charts and measures on several pages and we will add some steps to make sure that those are consistent. But each year as we do pull this document together and be it the proposed document out, we do go back between now and when the council takes action to approve the budget to prepare a list. We don't publish that document, but we internally keep track of those as we find things and those changes are reflected in the final document. We get the final changes and numbers in there in the approved document. We'll take the comments and look at our internal process and see if we can't shore up some of these where we've got the multiple measures on several pages and I think we've talked to the departments also about their level of scrutiny as well. We need their eyes on it. But lots of folks who look at these pages. But we appreciate your comments.

[11:20:06]

>> Cole: Councilmember tovo?

>> Tovo: I want to talk about the proposed position described on page 136 for the youth and family services initiative. I appreciate it being called out in this budget document. I would like to understand, i guess, for starters, how much

-- how do we have the cost breaks down. I see in the detailed budget, we talk about the human resource budgets and the one-time costs to support the expansion of the youth and services commission. How do the costs break down and how they break down about what's going on

--

>> too certainly. We

-- the current youth and family services office only has one person functioning in that role. That's dr. Eugene. And so what the increase in activity in terms of the coordination of some of the citywide services, some of the employment programs. The youth council, and a number of new programs that she helped to initiate and she's helped to create some of the partnership grants with bank of america

and also assisting in the community as well as organizational assessment, it's only one person do that work. And so this would add a support person professional, fulltime. Specialists as well as a part-time just a provision that we would pay in conjunction with the university of texas, we have a relationship. As a matter of fact, there was a proposal that's going to the council for the continuation of the local services this week. So it adds a position and a half to the

-- a position, if you will, and a part-time funding for a vista employee to the program.

[11:22:12]

>> Tovo: There's been an employee assigned to that office? Why is there a need for additional funding there?

>> That's

-- that's correct. It's been adjusted but we had to absorb it within our current budget and finding it was very difficult for us to find the costs for it last year because it wasn't planned and quite frankly, it

-- it just shifts resources from another area that we have a need for in the department. So we're trying to begin to fund the program so it could basically stand on its own.

>> Tovo: I guess I'd like to understand and submit this as a former budget question or maybe you can take it. I think I'd like to better understand what the

-- what the specific programs are that are being managed by that

-- by our existing office. You talked about the summer youth employment program. I thought it was done really in conjunction with some other departments.

>> It's a citywide initiative, but it's a

-- it's a partnership with travis county. But the city is one of the primary funding organizations but there's a lot of internal organization that has to occur to identify the positions to ensure that there's risk assessment in the places where they're working and that position is our internal liaison. With travis county. And then that coordinates with all of the departments to identify opportunities for youth employment. The additional grant that I was speaking of was a public/private partnership opportunity that occurred with bank of america. And one of our community agencies to

-- in addition to our normal contractual arrangement with the county with an added, I think, 20 or so youth that we employed this summer, 20 more than we would have normally employed.

[11:24:17]

>> But

-- the documentation is here to speak specifically to your question.

>> Good morning. To answer the q specifically about what the office is currently doing, we're doing a myriad of things. I'm the liaison from the county as mark mentioned. We employ 658 children, we provide \$345,000 to the county to pay salaries for the youth in the program in coordinating the departments of the city, making sure that slots will be available for these. In addition to that, I was able to as I mentioned earlier, to secure a grant with bank of america, to employ youth this summer which is a brand new program and that employs 14 youth to include workforce development training for those students as well as providing additional partnerships outside of the city to provide employment for them. It was inside the city and outside of the city. In addition to that, I work with cannes and I work with

-- you're familiar with the acronyms, building partnerships and greater involvement with the city and what it is that they do. In addition to that, I also man

-- I had a work group here within the city to help with deliverables for whatever it is we need to do going forward. We need to have some performance measures across the city. So that you as a councilmember and the council will have information as it relates to the return on investment, the return on investment and the quality of the programs that we are actually servicing the community on. We've done a citywide survey. And putting all that data together for what I can give you a report. I'm currently able to mention previously but I'm currently working on the

-- the youth summit, evaluation, which has not become public and people have not seen that document yet. And it's because I'm doing all of these other pieces as well as that function.

[11:26:39]

>> Tovo: I see. I appreciate all of the work you're doing. And one of the intents to have that information available so we can make budget decisions. I do look forward to seeing that information going forward.

>> I'll have that next week.

>> Tovo: Great. I'll look forward to that. So I guess I would like to understand in a clear way, the current programs that are under the youth and family services initiatives and how

-- what would be the impact of adding these positions in terms of

-- in terms of renewed programs or programs served and what the performance measures are going to be for that area. And here's why I'm asking, not because I think this is a critical area, I do. But one of the areas, youth and family services and one of the areas across the board in all of our departments, we are to better prioritize. I don't think we ought to allocate enough money to this critical, critical need. But we're looking for a budget that has a library system that currently doesn't

-- that's not meeting the minimum standards of having one youth librarian in each library. We had a proposal and on that need for two use librarians not funded in our current proposal. We've come forward and said what they see as service gaps, they need some additional staff to work with teens. I see that as critically important to the public safety goals, to really reducing crimes in some of our areas, we need to have better options for the youth in this neighborhood. So, again, if we had unlimited needs, I probably wouldn't

-- unlimited dollars, I wouldn't have this conversation. Because I know that it's such a struggle to get dollars for youth and family initiatives. I wish it weren't.

>> Thank you, mayor pro tem. One of the new efforts based on the expanded quality of life, they mention throughout that document a number of needs as it relates to youth and family services. In that document it specifically talked about the addition of staff to address a number of needs. I know brooke who coordinated that can give you more details. But as part of that deliberation on prioritizing what funding should be in hr budget, that should be hr's request to putting bodies or people to address some of the disparities related to youth and family services, particularly as it relates to the hispanic community. That's one of the reasons why this position was added in addition to the already stated.

[11:29:16]

>> Tovo: It would be helpful to know if what are the needs identified by the very important initiative are going to be responded to this position. So it sounds like a lot of the work that's been going on deals with youth employment and so if that is primarily what this position is

-- I guess I just need help understanding better, it's not

-- where the bulk of the time is going? Is it the youth employment programs? Is it the coordination with other governmental entities. Again, what would this new position entail?

>> Would you like to get that

--

>> Tovo: I would like that

-- i would be happy to submit a formal budget question. But if you would take this as such, that would work too for me. Because you know to be fair, we're hearing from different communities of interest that they feel it's not equitable services in our libraries and youth libraries have come up a couple of times as part of that. There are many, many needs we have. We need to be really judicious about seeing where

-- where those are. We're the highest at the moment. The additional clarification. But I would like to see more information.

>> Cole: I would like to see that information about the need that's being filled for low-income students.

[11:31:18]

>> ... Of any one position. What

-- how would you

-- what would you attribute that to?

>> And I want to point out that that is from opening the position to closing the position. And it's to generate a larger applicant pool so that what we have noticed in the past year, there are some jobs that we have had to open two, three, and up to four times and so instead of having short recruitment periods, to maximize the exposure of the opportunity to make sure it's well communicated. We have allowed more time before the position closes, and in some instances, we went to a posting strategy of having jobs open until filled and so not having an actual closing date on it, so it's increasing the marketing of the job opportunities, but if it is closed, opened and filled, we don't wait until we have x number of applications for long for the departments to review it. They can have enrolling opportunities for the applications as they come in.

>> Riley: And by that we get a higher caliber employee as a result, right?

>> Yes, and I think attracting more people, and thus, attracting more qualified candidates.

>> Riley: Do you have any idea how that compares to peer cities?

>> I was looking at the metric this morning from may and two to three weeks is about the average time.

>> Riley: This year we basically went from two to three weeks?

>> Yes.

>> Riley: And now we are getting a little more time to get

-- that makes sense. We want to maintain high standards for all of our employees but it does raise one other question, so we are now talking about 21 or 20 days for the average time to complete the recruitment process, one thing that troubles me a little bit about that is the number of times we have heard from staff in the past to explain why we see so many vacancies that have remained unfilled for six months or more that we were often getting the response, well, we posted that, or it's in the works. Recruitment time has not gone up to 21 days. It just seems like

-- I am having trouble understanding why so often

-- we get that response so often when the question is raised at budget time. Did it happen to fall within those 21 days, when we get those responses, or is the entire process of filling a position, is most of it taken up by matters outside the actual recruitment process?

[11:34:07]

>> So the marketing of the job is obviously the first phase of the recruitment process. That's the 21 days. After that, it is the scheduling of the interviews; it's going through the assessment process and the arranging of the person to actually give notice to their employer, come on site and that metrics is not in there, so there is some additional time beyond the 21 day recruitment process that adds to challenges of staffing position.

>> Riley: So the recruitment process covers open date to close date. What you are saying is that much of the time of filling the position happens after the close date?

>> That's correct.

>> Riley: Afters the posted, then we have to go through the interviews and decision process?

>> That's correct.

>> Riley: And that can cause the process to drag out longer than six months?

>> It could be. The average

-- the average time is about 60-90 days, if it is a local recruitment to actually fill the job but if you have

-- more regional under recruitment or national, the more time it will take to have people relocate to the city and that adds to the process as well.

>> Riley: Okay. I see. Thanks.

>> Cole: Any further questions of human resources? Okay. Thank you. Contract management. Any questions? May not. Okay.

[11:36:09]

>> That was easy.

>> Cole: Thank you. State services. Lorraine, I know that during the year we talked a lot about changes in the real estate procurement process, especially when council is directly involved. Is there anything that you want to say to us about what impact that has had on your

-- on the budget?

>> There is a couple of things that have impacted the budget and probably impact it in the next couple of years, you will see some changes. One is

-- is in

-- looking at special projects and buying the real estate the extra time that it may take and the community involvement in looking at the sale of city parcels and going through creating the inventory list that city council requested, we are going through a process now to

-- with ctm to get a mapping system in place and I am also trying to have staff as a part-time basis, as we have time to go through and reconcile all of the different lists that we have going forward to try to identify any parcels that may not be on the list as council requested. We are doing that as well. We also have the easement management system now that is

-- is

-- has started out with a bang where we have 8 applications right now and expect maybe 10 more just because of

-- of these applicants were also into the process as the economy is booming, as development is booming, that increases our workload significantly.

[11:38:21]

>> Cole: Thank you for that overview. Is there any questions, colleagues? Thank you. Thank you, lorraine. Last, we have business resources. Questions, colleagues? This will give us a good time to talk about a couple of items if we do not have any questions. Council member martinez.

>> Martinez: Veronica, so the disparity study underway, is that paid for by each department within the city, or does that come out of your budget entirely.

>> It was budgeted in our budget for this current fiscal year because we are procuring the study and the most of the fiscal year, we will continue to have the funds that will pay for it ux so it will come out of the current fiscal year from my budget.

>> Martinez: What is the budget amount?

>> I believe it is 1.3 million dollars

-- actually, it is included in the significant changes. 1.2.

>> We have 1.2 coming out as well as costs on page 235.

>> Martinez: Thank you.

>> Cole: Thank you, veronica.

>> Thank you.

>> Mayor pro tem?

>> Council member spelman.

>> Spelman: There were a couple of other support services that were not on this list and when may be an appropriate time to ask them?

>> Cole: If they are here, i believe so, go ahead.

>> Spelman: Since they are all here, I have one question for the law department. There is a lawyer right there. [Laughter]. Let me ask you, and you may actually know the answer. The reference is page 155, criminal prosecution, and the question is, why is it that only 27% of our prosecutors stay with the law department for as long as two years?

[11:40:33]

>> I think that's something that karen would need to get back with you on.

>> Spelman: Okay. Okay. And the follow-up question, which I will ask karen about and I will ask it in writing is what effect, if any, has on the quality of our criminal prosecution?

>> Thank you.

>> Spelman: Thank you.

>> Any other questions?

>> Cole: Do you have any other questions for anyone?

>> Spelman: I have a question for management services, too.

>> Cole: Management services.

>> Spelman: There is a manager right there.

>> Cole: Look at that. He is sitting here the whole time. [Laughter].

>> Spelman: Let me ask a broad question and then i will go into more specific questions, if I could. On a broad brush management services has outlined

-- is outlined generally on page 167, and we have \$11 million and 11, \$8 million in 12 and now we are moving up to 12 and \$14 million in the last few years, from 8 and a half to around 14 and a half million dollars, a pretty substantial increase in a two year period. I understand there are lots of reasons for this but i wonder

--

>> Cole: Council member spelman, I ask you to move your microphone up closer, there we go.

>> Spelman: I understand there are lots of little reasons for this and we can go into each of the program activities is responsible for this increase and that increase but generally i suspect that something more broadly may be going on for the size of your staff, immediate staff that has almost doubled in the last couple of years. I wonder if you can talk about it?

>> Ott: I don't know if i can talk about it at that level because I don't prepare the budgets but obviously there have been some changes in my office and of course there was the addition of an macm position that was not here when i arrived. We upgraded one of the ac positions to deputy city manager and the chief of staff position to an acm position and in addition to that, since I have been here, we created the office of sustainability as you know, that started off the office manager or director and now there is

support staff there supporting her activities, her enterprise wide mission. Also, you know, we've got now the office of innovation and, of course, we are in the

-- in the process of hiring an individual that will be responsible for providing leadership in that regard, and I think

-- and, again, this is the level of detail

-- there have been just from

-- and I don't know if it is from an economy standpoint or what, but we moved some things around from other places in the budget into management services that account for some of the change over time but I think those folks can speak to that better than i.

[11:43:38]

>> I think a lot of the amount of increase, council members is attributable to this year under management initiatives we included the capital element office to the budget. Office of labor relations, sustainability office, a number of those were added to management services this year, which caused, of course, when you are added offices to any budget, there is going to be an increase next to those.

>> Spelman: Charge communications and regulatory was also added?

>> That's correct.

>> Spelman: And I guess some of this gets to the question I was asking. What is the value to city government, to your ability to

-- where is the value of the citizens to bring capital management where it was into management services? What were you doing with tell communications into your

-- telecommunications into the office?

>> Ott: I don't know about so much the value into the office but more of a consolidation of the activity and the program and I think mr. Goode was involved along with mr. Canali to help us with the design in the particular office but it was more one of bringing greater efficiency and effectiveness in terms of the program itself, the capital program itself, and ultimately the delivery of capital projects. I mean, we benefited from that

-- from that office, for example, in terms of the creation of the 2012 bond program. They were central. Their leadership was central to facilitating that whole process so much more efficiently in my opinion and effectively than it had been done in the past.

>> Spelman: On the capital program

-- the capital planning projects

-- capital planning was done in financial services before, as part of the budget office? I forgot where it's what.

>> Ott: Somebody can come up and talk about the details.

>> Robert goode, assistant city manager. It was in several departments and the question you are getting at is we felt over the years that it was better, as more of a corporate enterprise wide function so that's why it is management instead of public workings and parks and financial services so it looked better from a big picture aspect to bring it in capital management.

[11:46:02]

>> So there is no capital planning office, you created that by pulling capital planning folks from a bunch of operating departments?

>> That's correct.

>> Spelman: Tell me about the telecommunications, similar story?

>> It is, I think from our standpoint, it wasn't dispersed across the entire organization but council member, when you look another some of the major initiatives we want to take a high level of attention, one payday lending, as you know, I was going for the

-- the legislative session, which is housing, we wanted a high level of attention to make sure that we had because terrell was previously in financial services and when you look at the franchise and the work they have done related to google and look at the number of interactions that that division was working with, we felt that we needed to put a little more attention and focus at a higher level in the organization to make sure that we are putting our best foot forward so that is one of the reasons we suddenly needed to be placed in the city manager's office to make sure that we put the necessary resources as well as support to get it done.

>> Spelman: That sustainability is an example of the same kind of thing. It existed before and you needed to put it some place and so you put it in the city manager's office for that reason. Let me ask you

another question about sustainability and with support services. Sustainability office, I was surprised to find it had 11 f.T.E.S in it. I didn't realize it was that big and we had discussion about growth sustainability office and the sustainability activities of the city but it seems to me that 11 is a large number of people to oversee, coordinate, administer work that is primarily being done in the operating agencies themselves. In other words, the vast majority of the carbon footprint reduction seems to be done in the water utility, austin energy and so on and not out of the central office. Why do we need 11 people to coordinate and administer this stuff?

[11:48:10]

[Multiple voices]

>> evans, chief sustainability officer. One thing I want to say quickly but I answer the question, in terms of the compensation of the staff, there is

-- most of those staff were transferred over from austin energy, and that constituted

-- although staff constituted the staff of the climate protection program, so those

-- those staff are still funded by back charges to austin energy, so there is 7 of those that are claiming protection. To answer your question, council member, the services that the office of sustainability provides are really kind of diverse. There is a very strong focus on the city climate protection program and all of the departmental plan implementation, the calculation of the

-- the annual calculation of the carbon footprints of the department and the combined footprint and working with all of the departments on best practices around sustainability, v have been developing quite a few policies recently for operations and in addition to that we created quite a few programs that are unique. For example, one of the ones that we have been working on a lot recently is launching a new local carbon fund through collaboration with the

-- all of the large major event organizers. That's where we funded it through voluntary ticket contributions. We are working for the integration of more broad sustainability framework and the seaholm would be another example so that's from the folks in our officer, the internal sustainability and carbon footprint and best practices and we have other unique programs we offer, the austin leaders business program is another example. We have 104 members right now. We created a program that basely posted all of the other commercial program that is the city offers, you know, into one comprehensive program that brings that

-- that service forward to folks in the private sector, both large and small businesses.

[11:50:18]

>> Spelman: Let me rephrase what you said. You come up with a good idea in the absence of staff to do it yourself, you delegate it to one of the operating departments and have them pick it up but to at least some extent you and the staff are able to do things yourselves, you have an idea and you implement it because you have enough people do that. Is that right?

>> Yes, and in something like the austin green business leaders program, we are offering some services that other programs are offering through their commercial programs but we are creating more of a centralized hub, especially for small businesses to find information in one place, kind of like a one stop shop if you will. So we work closely with all of the different departments who are delivering services but then we package everything up and market it together under one umbrella.

>> Spelman: Okay. I think that answers my question.

>> Cole: Thank you.

>> Spelman: I have

--

>> Cole: Council member spelman.

>> Spelman: A question on a different issue. This is on page 183. Department of support services for -- support services department, or support services generally is support for support. [Laughter] and the total performance of support support have gone from 250 to 935 in this year's budget. I wonder if someone can explain why we need 700,000 more dollars for two f.T.E.S to deliver support to the support services. What's going on with that? I don't see any reference anywhere in the document. I would like somebody to tell me?

>> Council member, if you can issue that as a budget question, we will write a response for you on that.

>> Spelman: I will write it down.

>> Cole: Thank you. Council member martinez.

>> Martinez: I wanted to double check with h.R. On the employee turnover rate to see if that's an error. Employee turnover rate was 1.8 in 2010-'11. It is going to be 5 this year.

[11:52:22]

>> I think that's the department

-- group turnover, not city wide turnover. Just for their group.

>> Martinez: Right. Just for their group. I am just checking to see if these are accurate.

>> We will verify. But I am pretty certain it is.

>> Martinez: If it is accurate, the follow-up question is did we have a bunch of folks leave this year?

>> It

-- we have had some people leave and some people that were hired and so in that context, I can't characterize the significance of that

-- of that change.

>> I think council member, you look at the 188 and the 2 and a half, those are actuals. The 2 is an estimate but based on where we are year to date, the two fives are essentially guesses. The first five is what we thought might happen in fiscal year '13 and the second five is basically what we think is going to happen in

-- in 2014, so there may be a history to this that goes back but prior to 2011, where we have seen higher turnover rates but we certainly haven't seen higher turnover rates in the last two years but we don't necessarily change our

-- the number we think is going to happen in '14, we don't necessarily change it based on two years actual, but look at it a longer turn but at some point time given the history make it wise to revise the projected amount down but we didn't do it in this budget.

>> Martinez: Great. Thank you.

>> Cole: Council member tovo.

>> Tovo: I have a question about the research analyst position, am I for the imagine austin star community index plan. What is the star community index plan?

>> What page is it?

>> Tovo: I certainly heard of imagine austin but the other one I am not familiar.

>> To answer your question, council member tovo, the star community index is a national benchmarking program that has been developed to help cities measure how well they are doing community wide on sustainability in a number of different areas that covers the triple bottom line very well and we have

been working on assessing where we fall in that bench marking system. It is a new program, which we think a lot of other cities are going to be picking up on, I think about 20 cities that participate in currently. And then the imagine austin piece that I think is very complementary to that, the position that we are proposing that would be in the office of sustainability, to manage both the star community index benchmarking project as well as all of the indicators that have been put together to measure our progress with imagine austin and those, because sustainability is that organizing principle that, you know, influences the whole imagine austin, it made a lot of sense and we talked a lot with the imagine austin team of having the office of sustainability, working with the imagine austin folks.

[11:55:16]

>> Tovo: I will leave my question there but it is another position I would like to have more information about. I would like to know how it fits not only how the imagine austin is doing with the pdr but also the community action plan that are doing that benchmarking on a regular basis. Again I want to understand how critical such an additional position is. So I will do some follow-up questions.

>> Cole: Okay. Thank you very much. Okay. We have 3 minutes. Council member morrison.

>> Morrison: I am going to just throw out some ideas about the whole workforce development thing and i wanted to share with you guys, with my colleagues and just to start thinking about things. You know, yesterday we, in public health and human services, we talked about workforce development and i think that we were hearing a request that it moved to egrso from health and human services and I think what

-- what I took away from that was that the folks that are asking for that were really saying that their goal, in large part, is that they don't think workforce development should be competing against basic needs funding. They are two completely different things. So I was thinking about that quite a bit. We didn't necessarily want to go down the road of carving out a certain amount of money for every type of health and human service that we provide, but as i was thinking about that and how workforce development funding was tied to economic development and that's why it sort of came out of

-- i think there was a rationalization of it coming through austin energy because when we do economic incentives and look at our cost benefits, the biggest benefit

-- chunk of money that comes in usually comes from the increased revenue to austin energy, so there really is a tie to that between those two

-- the economic development through austin energy to workforce development. Last week, we had a whole thing about workforce development with the chamber and others, talking about how economic

development isn't going to happen if we don't have workforce development. Also to say that I go thinking about the egrso budget, it was funded by austin energy to the tune of \$11 million last year. This year, that money has gone away, that \$11 million \$11 million

-- from austin energy goes from 0 and i know we wanted to move away from that but what I would like to suggest is that we think about

-- because there is a tie between economic development, austin energy revenues and profits, and workforce development, that we think about carving out some funds to still transfer, dedicate to austin energy to workforce development. That way it will be carved out for workforce development and definitely dedicated to economic development and

-- and then decrease

-- do an analogous decrease to general fund requirements for what are economic development

-- what our workforce development costs are and investment costs are at this point. So I don't know if anybody has any comments off the bat but I thought that there is a logical nexus between those items.

[11:58:39]

>> Cole: Are you suggesting the funds would come from health and human services?

>> Morrison: I am suggesting that workforce development funds would come from austin energy.

>> Cole: And what happened to the funds that are already in health and human services for this?

>> Morrison: Then they would be

-- they would be released from that and the requirements for health and human services would go

-- the funding would go down by that amount. I mean, if we could keep it in there, of course I am always for that, but that would loosen up something to the tune of about 11.5 million that we probably would invest in it right now.

>> Cole: You have a comment, council member martinez.

>> Martinez: Sure. That was part of the discussion yesterday. The total budget for workforce development is \$5 million, so are you suggesting that the entire 5 million come from austin energy?

>> Morrison: No I am not because that includes the \$3 million to workforce solutions that has the collaborative that's really much more than workforce development. It's sort o a whole umbrella that has basic needs and all sorts of things.

>> Martinez: So I guess I am curious, if we did that, we would just charge austin energy with transferring funds to health and human services and still going to do the proposed

-- the staff proposed competitive process that would be of 36 months with two one-year extensions?

>> Morrison: Yes, I think that's what folks were thinking about when they were talking about that, but that would give us a logical reason to carve out money for workforce development and only workforce development. Since I was getting, we didn't want to get down the road of carving out a certain amount for basic needs, a certain amount of use.

Martinez: Right. >> Morrison: Yeah. [Multiple voices] >> I need to make a clarification. Average is funding \$11 million of the economic development fund this year. >> Morrison: Okay. Help me understand that. I apologize. >> It is on page 627. >> Cole: Elaine, can you walk us through what you are pointing out? Because I am having trouble with it, also. >> Well, in prior years, austin energy had the economic growth and redevelopment services office within its departmental budget. So that's why you see zeros. This year, we created a new fund and department called "economic development fund." And we have begun a process where we allocate the costs across several departments, including general fund, austin energy, austin water utility and austin resource recovery and it is based on a percentage of the revenues, so the austin energy funding is still significant at 11 million but they have seen a bit of a reduction and over the next four years of our transition plan, they will continue to see reductions and the other departments will start sharing in the

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economic development fund so I want to make sure. >> Morrison: Yes, I had misread that, but I think my comments -- I think my comments still hold. >> Spelman: Yeah. >> Morrison: They still hold. >> Cole: Why don't you submit that as a budget question, the proposal that was made to the health and human services and give staff a chance to respond to that. >> Morrison: Okay. Will do. >> Cole: Council member riley. >> Riley: Elaine, to be clear, the economic development fund on page 627 that shows about \$13 million of support from -- from austin energy, is that -- is that outside the general fund transfer from austin energy? >> Yes, it is. That's in addition to the 105 million-dollar transfers based on their 12% of revenues but we have a -- we have it fixed at 105 until the 12% of nonrevenues exceed to 105. >> Riley: And if economic development department will be supported wholly by the economic development

fund? Is that right? >> Yes, it will. >> Riley: So austin energy is providing 100% of the support for this at the moment? >> No. They are providing \$11,037,520 of the 13,021,098. >> Riley: Is that broken down on 627? >> Yes, it is. At the top of the page under transfers in. >> Riley: I see it now. So the water utility is contributing about 615,000 resource recovery, about 88,000, in the general fund about 1.3 million? >> Yes. >> Riley: But almost the entire amount. Just help me understand. Why would our economic development draw \$11 million from austin energy and only have 615,000 from the water utility? >> Well, it had been funded 100% through austin energy, and transitions away

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from the 100% funding by the utility company and we tried to take into account all of the needs of the general fund and weighing this additional cost to the general fund against those needs, as well as the rate increases that you would see in the water utility, so we have worked with the other utilities and looked at the general fund forecast to come up with a four-year plan to reduce the funding level of austin energy to recognize some of the comments that we heard from the council during the electric rate hearings. >> Riley: Okay. And when was it -- it was just a few years ago that -- that our workforce development programs were funded through egrso, which is now essentially been recharacterized as -- as the edd. When was that change -- when did that change occur? >> I don't remember the exact year. We can get that for you. >> Pretty sure it was 2010. It might have been '11, but I believe fiscal year 2010 where the development workforce programs were funded out -- well they always had been funded out of health and human services and some were funded out of sustainability fund and i think it was 2010 we moved basically -- it just went out on me -- about a million two of those workforce development programs were moved over to the economic development department. >> Riley: And we still do small business department out of this economic development fund. Can you remind me of why that change was made? Why we took workforce development out of economic development, while small business development, for instance, still remains within economic development? >> We didn't take it out. We still have -- >> Riley: When the -- talking about the change in 2010? That's really being called into question now. The question is shouldn't workforce development really be placed under the economic

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development fund rather than -- >> well, we had this discussion back in 2010. Remember, that is when we were really struggling a way to find to ball lent the budget and we were looking under every stone

and one of the conversations we had with the economic office is some of these workforce development programs were viewed as economic development related, like creating skills that would be competitive for jobs that we wanted to bring to the area, so they fit with egrso's mission, as opposed to others that were maybe viewed more as like basic skills type training programs. And so we kind of -- we took a hard look at what these different agencies were doing and the ones that we felt had a relation to economic development, we moved them out of the sustainability fund and into the economic egrso budget. What that did is it gave it gave us more sustainability fund dollars to use which allowed us to fund some of the social service contracts, you know, and health -- with alleviating some of the budget pressures in fiscal year 2010 and we discontinued down that path since then. That was our thinking in 2010 about why we did some but not all. >> Riley: Okay. >> Cole: And assistant city manager sue edwards had a comment for you. >> I think he explained it perfectly well. One clarifying comment. The funds are in egrso but the health department monitors all of those programs. >> Cole: Council member tovo. >> Tovo: I have a quick question. Is -- was aviation able to contribute to the economic development fund,. >> No. >> Tovo: Because they are restricted by federal laws. >> They are restricted with faa. Their revenues have to stay within the fence. >> Tovo: So there is a natural relationship between the work that the economic development department, seem to be called department,

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does and our airport revenue and my other question is, are there any restrictions that would keep the convention center from also contributing to the economic development fund? >> (Indiscernible). >> Tovo: Other than the hotel/motel tax piece? >> I can't speak for the convention center but I can tell you that there are legal constraints obviously on the hotel occupancy tax not being used for general revenue purposes. >> Tovo: Sure. >> And that's largely the funding for the convention center. And if there is other funding, they could -- they would have to speak to you about that. That might be a budget question. >> Tovo: Okay. Thank you. >> I can tell you, council member, that we did look into that and we had discussions with law and there were discussions about the hotel occupancy tax and even though that is a different source of money than the convention source of money, they are kind of tied together. When we looked at how to allocate economic development costs and we came up with the most logical thing to do was to allocate those costs relative to the size of the operations essentially; those that have larger operations, larger revenues benefit more from the economic development activities. Essentially the cost driver we are using, when we applied that to the convention center, honestly, it wasn't a lot of money. It was in the neighborhood of 100 to \$150,000 and we just felt, given the scrutiny that is on the use of the funds and legal constraints related to the hotel occupancy taxes and to the extent they all tie together, we didn't think it was worth the risk and the complication to allocate that to them for what is relatively small amount of money relative to the total pie we are talking about. >> Tovo: Thank you for

that explanation. >> Cole: Council member martinez. >> Martinez: Thank you. >> Cole: We are at 12:10. We were supposed to talk at

[10:29:59]

12:00 o'clock. I know council member morrison had one other issue she wanted to bring up but we are going to let that go but without objection this meeting of the Austin City Council Budget Work Session is adjourned. (END).....