

Audit and Finance Committee Meeting Transcript –6/24/2015

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[9:10:01 AM]

>> All right. Good morning, and welcome to the audit and finance committee. I am vice chair Ellen troxclair. Mayor pro tem tovo is going to be with us shortly. But we're going to go ahead and get started in the meantime. Committee members, is there a motion to approve the minutes? All right. Councilmember pool makes a motion. Councilmember Renteria seconds. All in favor of approval of the minutes, raise your hand. All right. Minutes are approved unanimously. I don't believe we have anybody signed up for general citizens communication, so we will move on to the next item. We're going to go a little out of order today, I think, and the first item that we're going to take up is item number 5. And we do have a speaker on that item. Mr. King, do you want to go ahead and speak on this item, or do you want to wait till after --

>> I can wait, yes. . >> Troxclair: Okay.

>> Good morning, councilmembers, I'm chief financial officer for the city of Austin. Here to give you a brief presentation on some options for providing targeted property tax relief to homeowners that are over 65 and disabled, there's a resolution from council that was launched earlier on this topic. Ultimately it was referred to committee, so we're here to provide some context for that discussion. First of all, we think there's really three main areas that are allowed currently under Texas state law in regards to providing targeted tax relief for seniors and disabled individuals. That would be a fixed value property tax exemption which the city of Austin currently provides in an amount of \$70,000. Whatever your property is appraised at by Travis county or Williamson Travis county appraisal district, that's currently valued by the city.

[9:12:09 AM]

There's a property tax, referred to as tax cap or tax freed, it's referred to as property tax limitation, but your tax bills would be capped, in the amount you turned 65 or became disabled, your tax would become capped for that level as long as you own the home or you die. That is a permanent and irrevocable limitation. Once the city offers it, it cannot be removed. There's also an option to defer your taxes currently. That takes no council action, that's state law and anybody over the age of 65 could choose to defer their taxes until the sale of their property or until death. The deferral of taxes, they do become due from the estate, though, when the property sells or at the time of death, and the tax deferral incurs an 8% annual interest penalty. It can be done, quite expensive. It's not an option that is used very frequently at all. An then finally we just put one on here, it is not allowed under state law but we put I on here because it was something discussed by the commissions on seniors, it's the concept of a circuit breaker approach to tax relief where the tax exemption offered would be based upon your income level or your ability to pay. There are some states that do have such options, but Texas is not one of them, so I just want to be clear. That's no, sir an option but it has been discussed in the past so we wanted to put I on our list of things. We want to give you a little context about what's happening in other jurisdictions. In terms of a fixed value for seniors or disabled, the Austin independent school district offers a \$30,000 exemption to seniors, \$20,000 exemption to disabled. I mentioned earlier the city of Austin does a \$70,000 flat exemption for both seniors and disabled, as does Travis county and the central health district, both as \$70,000, and the community college offers \$125,000 flat exemption for seniors and disabled individuals.

[9:14:12 AM]

In regards to tax limitations, school districts are all required by state law to provide a tax limitation for seniors. This idea of a tax freeze once you hit 65, your tax bill you pay to your school district will not change, and we did do a little bit of research on this. We weren't able to find anything terribly current but we were able to find a 2008 news report that indicated there are 244 Texas cities that do -- have instituted tax limitations. They've taken advantage of that Texas -- Texas code. None of the local jurisdictions, Austin, Travis county, central health, none of them offer the

[lapse in audio] About 8% of Austin's population, our demographer says that's going to increase, rising 6% by 2040. There are 33,200 homes that receive the over 65 exemption and roughly 2400 homes that receive the disabled person's exemption, so you're talking about a population of 35000, almost,000 individuals that would be affected by any of these changes. The median assessed values of property receiving the over 65 and disabled exemption is 8%, 7 opinion 7% higher than the citywide median

value, so these folks are typically living in little bit higher valued homes. Then down in the table, you can see the distribution of those roughly 36,000 homes by various value cohorts. So about 6% of the homes are below a hundred thousand, 29% between 100 and 200,000, et cetera. I wanted to show you those demographic trends in terms of how the homes are spread between different values because we try to take a look at two different options here.

[9:16:17 AM]

One would be the fixed value exemption. The first column shows for fiscal year '15, or exemption currently \$70,000. In you own a hundred-thousand-dollar home, your tax bill is \$103. So the way that calculates out, the hundred-thousand-dollar home, from there, you have to take off any kind of a homestead exemption, whatever that percent is, then \$70,000 off of that. In this case, this individual would be paying taxes on \$30,000 in fiscal year '15, 100 minus 70 is \$30,000. For the median valued senior home, which I should have put it on here, I think it's around \$230,000, though, they're paying \$739, and then if you have a million-dollar home you're paying 4064 if you're following that logic. Previous discussion with council on this topic -- how would this exemption need to change over time in order to keep seniors who own a median valued home at their current tax bill? So that's what we've done here. In fy 16, in order to keep the median homeowner right about the \$739, it actually increases, so you'd have to go to \$77,000 is what we're currently estimating, that flat exemption would have to increase from 70,000 to 77,000 in order to keep the median homeowner at the same tax bill. Five years down the road, we project that five years down the road, based upon our anticipated growth and property values, et cetera, in order to keep the tax bill at the same \$737, that the exemption would have to increase \$244,000. The necessary result of those increases in exemption is the median home value, which would grow over time, but their tax bill would still stay flat over time, so that's what we're trying to dial into. Now, the effect of that, if you own a hundred-thousand-dollar home, you actually drive -- your tax bill starts driving toward zero.

[9:18:24 AM]

You'll eventually get to a point where the exemption is more than the value of the person's home. And so those low-valued homes eventually drive to a tax bill of zero. But then at the higher valued homes, you still see an escalation in the tax bill. It's less than otherwise, but the increasing exemption for a median valued home is not enough to keep the tax bill of a very high valued home level. Then the bottom line shows the estimated revenue impact to the city of Austin's general fund revenues. So in fy16, by increasing the exemption from 70,000 to \$77,000, lowering the value on the tax roll, essentially,

we would project a reduction in revenue of \$1.1 million. By fiscal year 20, though, it grows significantly, we'd be projecting \$14.4 million less revenue at that exemption amount of 144,000.

>> I've got a quick question.

>> Councilmember pool has a question.

>> Pool: On this slide here, does the median value of the home change?

>> Yes.

>> Pool: Okay. And it's going up by what factor?

>> I believe we're assuming a five percent growth for the next two years, then three percent growth after that.

>> Thanks.

>> Tovo: I'm sorry, would you mind repeating those Numbers? You're assuming a five percent growth for how long?

>> The next two years, then three percent growth after that.

>> My last slide then just looks at the tax limitation idea. And so under this scenario, this is where your tax bill would be frozen at the level it is the year you turned 65 or became disabled. Here we're assuming the fixed value exemption would stay at its current level of \$70,000. Now, in fy 15 the Numbers are exactly the same in terms of what your tax bill is.

[9:20:25 AM]

In fy16, your tax bill would go up a little bit because your exemption is not changing. You're still at \$70,000. We're taking into account the 6% homestead exemption that just passed. So it will go up in 16 relative to '15, but it would be frozen at the fy16 level. That's why in fy '20, the tax bills for all these people is exactly the same because unless they died or sold their home, the tax bill would remain fixed for the duration. So there's no cost for that, in fy16, the tax bills you pay this year would be the same, but in '17, '18, and '19, you'd see a revenue loss because the tax bills did not rise in value. This becomes expensive quickly, by fy '20 we'd be projecting a reduction in revenue of \$21.1 million, and it does -- you know, this one has a very different benefit in regards to looking at the values of homes. This option here tends to provide a greater benefit to high valued homes that are locked in at their current dollar amount and provides a little bit less of a benefit to the lower valued homes, if you just kind of look at the fy '20 Numbers here, where we're projecting a hundred-thousand-dollar home, would pay \$116 and a million-dollar home would pay -- under this scenario, the hundred-thousand-dollar home would be paying nothing because the exemption would rise significantly over that time and the million-dollar home

would be paying 4,945. There's definitely a difference in terms of how much these different options cost and who they benefit. Now, from a standpoint of a median valued home, they're the same; right? This exemption option gets your median valued home to stay level over time, and of course the freeze has the same effect, keeping the median valued home level over time.

>> Tovo: Councilmember pool.

>> Pool: And this wouldn't fluctuate based on the tax rate, the total, or would it, and the

[9:22:30 AM]

[inaudible] Would simply be present?

>> Well, the limitation option is ambivalent to what your tax rate is. Whatever your tax bill is the year you turn 65, that's what it's going to stay. Now, on the exemption, these Numbers definitely are affected by what assumptions we're making about what the tax rate will be in these years.

>> Thanks.

>> Troxclair: When we're talking about a median valued home, I'm guessing that we're talking about overall median value, not median value for those that are 65 or older?

>> This particular median -- that's why I wish I had UT the number on here. This median is specific to the individuals who currently get the over 65 or exemption.

>> So it's seven percent. Do you know what the overall --

>> I think the overall regular meeting, which includes both homesteads and non-homesteads properties that are presumably rented out, I think and it's about 221,000, so seven percent above that, so you're looking at 230-some thousand for the median senior home. I could send that out to you. I should have put that in the slide.

>> That's okay.

>> Tovo: Is this a fixed -- well, do both of these options consider the population increase that Mr. Robinson had forecast?

>> They do, so, you know, we're assuming just kind of a linear relationship. I don't know if that's going to be true, but to the extent that we're expecting a doubling in the senior population over the next 24 years, we're assuming, you know, that that will happen in a linear fashion and trying to take that into account into these estimates of the general revenue impact.

>> So are you assuming it doubles or are you assuming -- are you assuming basically every three years it goes up by about another percent?

>> I think we're assuming it's going up by -- we'd be assuming it's going up by eight percent over the next 25 years, then we're doing a compound annual growth rate to get what that percentage is per year, and ever it's 0-point something percent a years, but it goes to 20% of the population being seniors by 2040.

[9:24:37 AM]

>> Thank you.

>> Could you give us a percentage of the overall budget, if the budget is also [inaudible] Or the revenue coming in?

>> I could, but I don't have it --

>> And you don't have to right now. Then the other question I have is how -- what happens to the 21.1 million five years out, ten years out? Does that also grow exponentially?

>> The freeze option is going to grow much faster than the exemption option, in terms of the -- in terms of the cost of it, because if you see on the exemption option, you continue to see growth in your -- in your -- you see -- you continue to see growth in your tax bill for those higher valued homes. And then in terms of the revenue loss, you tend to cap it out at the bottom because you can't go less than zero.

[Lapse in audio] I suppose we could do it ten years out or 15 years out. I get a bit -- it's just making projections that far out, I don't know if they're --

>> Pool: Sure, but we can estimate also the median value, the 230 would be going up because the stock is getting more expensive, too. Thanks.

>> Councilmember Renteria.

>> Renteria: The exemption, when we set it higher than 70,000, do we have the option also to bring it back down?

>> You do. You absolutely -- year by year you can increase that, decrease that. To the extent you're going to over a fixed value exemption, though, you can't go below \$3,000. That's about the only limitation on that. You can increase it or decrease it in a year, so it's different in that regards as well. The tax limitation, once the council establishes it, it is set permanently.

[9:26:46 AM]

>> Renteria: Thank you.

[Lapse in audio]

>> Tovo: Councilmember councilmember troxclair.

>> Troxclair: You used the median as an example, but if we wanted to pursue a different valuation, median plus \$50,000 or something, I mean, I'm just still thinking there are people who live in homes that are -- there's a lot of seniors who have lived in their homes for a long time that are on fixed incomes whose homes are now worth more than \$230,000, so I'm just -- I understand that that would then have implications for, you know, the general fund revenue impact, but what are our options as far as if we wanted to pursue something other than the median?

>> We could definitely run those Numbers, and of course, you know, the action that this council takes would be just for fiscal year '16, so you know there's another nice part of doing the value exemption is, as circumstances change, you could change. So if one year the desire is to keep the median home flat, you know, relative to their previous year's tax bill, we can increase the exemption by enough to do that. And if in fiscal year '17, the desire is to keep the -- keep everybody at \$300,000 and below a flat or better off, we could do those calculations. So we could run the calculations for any of those scenarios. It would absolutely affect the Numbers. I'm just saying that, you know, even in this, when we're saying like over five years, you know, this council couldn't take an action to say, for the next five years this is what we want to happen, you'd have to take annual actions to increase the exemption amounts.

>> Tovo: Councilmember pool.

>> Pool: Back to the tax payment deferral, I just wanted to ask you to list the criteria for a tax payment deferral. I think my understanding is that an affirmative action by a homeowner is taken, the person applies for that, and don't you also have to be mortgage-free?

[9:28:58 AM]

>> I have the statute here. It's five pages long, so I would have to breeze through it to see what all the different criteria are.

>> Pool: And the reason why I'm asking, I think there's a reason maybe other than people not knowing so much about the program, is that it actually -- it's -- there's a lot of detail that, as I say, the devil is in the details. So to answer the question about why more seniors would have taken advantage of the tax payment deferral may go to the requirements of the program in the first place. Now, many seniors

probably have paid off their mortgages. I know that's a goal, when you get to be retiring, because you don't want to have to be also paying a mortgage. So I think I heard that that was one of the criteria, and then the other is seniors would have to specifically apply for the program. And then there's no telling what the actual tax bill would be at the end, that the estate would be taking care of.

>> An eight percent interest, if you're --

>> Pool: That's pretty high these days.

>> You know, if it's over a 20-year period, the compounding of that would be very significant.

>> Pool: It sure would, yeah.

>> Tovo: Mr. Venino, do you have a sense of how the fixed value exemption would look if it were tied to a cost of living increase?

>> I suspect it would be a lot less than \$7,000. The cpi is not going up anywhere near ten percent, which is what the \$7,000 would be. It's 1.4%, somewhere in that neighborhood.

>> Tovo: Do you know of any jurisdictions that have tied -- that have tied their fixed value exemption increase to a cost of living index?

>> I'm not aware of any, and again, I don't think you could, like, really say we wanted -- we're going to tie to that over time, beyond just being a policy or --

[9:30:59 AM]

>> Tovo: Just as a goal. I think we've gone that for some of our -- our living wage discussions and others, we've set out a general philosophy that will at least take a look at that cost of living increase and consider adjustments based on it.

>> And I think in that kind of philosophy, you'd want to not have it be a cpi increase in the exemption. You'd want to take into account what would be a cpi increase in the tax bill, so the cpi is 1.4%, I would guess you wouldn't want the tax bill to go up by more than 1.4%, then the amount of the exemption would be what it would be, and that would be dependent upon not only the changes in value, but also the changes in the tax rate, and we could figure all that out.

>> Tovo: Then my other question for you, in terms of the chart that you've laid out on page 5, can you help me -- and I apologize if you did this before I got here, but the exemption, \$70,000 exemption for seniors, will this be the first year that seniors and individuals with disabilities experience an exemption at that level? Or did they last year? I've forgotten when the increase happened.

>> It happened in -- I believe it occurred in February of 2014, so it was on their last year's tax bills as well.

>> Tovo: Okay. So this will be the second year. If we make no changes to it, this will be the second year that seniors have an exemption of 70,000.

>> Yes.

>> Tovo: Okay. Thank you. Dais, other questions? I believe we have one speaker, Mr. King. And you have three minutes. If there's anybody else who wishes to speak on this issue, just make sure you catch somebody's attention and sign up.

>> Thank you, mayor pro tem and chair, committee and councilmembers. I'm here just to urge you, and also thank you for bringing this topic up, this issue up, and vetting these different strategies that will help our seniors and disabled families here in Austin deal with the escalating and unaffordable property taxes.

[9:33:13 AM]

I really appreciate what you're doing here. I would urge, though, that you please move with all due haste in implementing the tools that we do have available. The freeze I think is a good strategy for -- that will help [lapse in audio]. I do appreciate the fact that many seniors, hopefully they've paid off their mortgages and they don't have that, but even in those situations, the taxes themselves are even more expensive than -- than the mortgage payments that they had. So they're still in a very difficult situation, especially those that are on fixed incomes. So I know you understand that, and I really appreciate you for looking into this issue, and it's really sad when you -- you know, you've invested -- you've always planned to live there, and as I say these words, I think about myself 20 years from now, and will I be in that situation, in this city that I love. And, you know, it's my home. And so I do have a personal interest in this over the long-term, but right now my interest is, you know, on the folks I live with in my own neighborhood, who I know, have told me directly, that they're having to make a decision now as to whether they're going to be able to will stay in the home that they've paid off, but they just can't afford the property taxes on them. And now, here they are in their 70s or 80's and they're faced with leaving their home. I just can't imagine being in that situation myself, and how frightening that would be, you know. So I think as soon as you can make this action effective, I think it's going to help people, and it will help those folks who are not seniors today, when it's their turn, to become seniors, it will help them, you know, be able to stay in their homes and to live in peace and dignity. So thank you very much. I just want to add that the Austin neighborhoods council has passed a resolution

[9:35:23 AM]

[lapse in audio] The property tax freeze.

>> Tovo: Thank you, Mr. King thank you, Mr. King of the other speakers? Councilmember Troxclair.

>> Troxclair: Mr. King, when you said the news report from 2008 indicated 244 Texas states had instituted tax limitations, you are saying that the report said that 244 cities have instituted the tax freeze, the second option that was described.

>> That's right. And that was in 2008, so I think that came into law in 2004. So by 2008, homes, according to the news article, had adopted it. And I wasn't able to find anything more current than that to give you more indication how commonly this is used.

>> Troxclair: But because that number has for sure not gone down and has possibly gone up since 2008?

>> Likely, yeah.

>> Tovo: Mr. Venini, would it be possible to tell us what cities those are? I'd be interested to know the size of them, for example, and the spending that they have on city services and the programs.

>> The article didn't say that. We can do some research, check with the state comptroller, to see a definitive list of who offers that exemption. I can share with you the article from the Dallas morning news, there was an article saying that these jurisdictions that offer the tax limitation after it came into state law are largely reregretting it because there was such a significant revenue impact and it was irrevocable. That was kind of the gist of the article.

>> Tovo: I actually do have one more question for Mr. Venino. With the fixed exemption, we talked earlier the seniors will have experienced the \$70,000 exemption on their tax bills, on their current tax bills, but they will have, if we make no other changes at this point, they will also have a six percent homestead exemption tacked onto that this year.

[9:37:32 AM]

>> That's right.

>> Tovo: All right. Thank you. We are posted for action. This was a council resolution, as you know, and so I will entertain a motion, if that's the will, or comments otherwise.

>> If I could just add that in regards to timing, I mean, if there was interest from the committee or council on this, so that it would still take effect in the current tax year, fiscal year 2016, tax year 2015, the appraisal districts wouldn't be happy with a September 8 decision which would be concurrent with our budget adoption, but they could make it work. They would like to have that decision earlier than

that because they have to go into all their records and recalibrate their models to any changes council makes, then give that information to the assessor collectors of their counties. So there's a lot of steps that have to be -- that have to happen in order for that to get done. So earlier than September 8th would be preferable, but September 8th, if you wanted to try to make a decision on this concurrent with your budgetary decisions, would be workable, from their standpoint.

>> Tovo: Thank you. I'm not sure when our next audit and finance meeting is in August. 20, that's fairly late, so I think if we plan on making any recommendations, today would be the day to do it. We can also certainly just report out to the council about our discussion and leave it with that. Councilmember pool.

>> Pool: I wanted to thank staff for going to -- for the effort to put all this information together. It's really, really helpful, and this was the kind of information I was hoping to get as one of the co-sponsors on vice chair troxclair's proposal. What's really important to me is making sure that the city is affordable, and specifically for homeowners, that they're not pressed out of their homes. I also am keenly aware that the services that the city offers are highly regarded and highly sought after.

[9:39:41 AM]

And, already, we are seeking a balance, having passed the six percent homestead exemption, with finding ways to increase affordability and continuing services. I've talked a number of times about hoping to increase [lapse in audio], generally not so much last year, but I'm hoping to be able to send more revenue, the way for our programs and our parks department. And I'm also very sensitive to the fact that we have not yet dug into our budgeting process. And after July, which I'll be spending a lot of time digging into the specifics and waiting for the presentation from staff at the end of July, we'll have a better understanding of our -- what we're faced with, with regard to specific funding levels for all the programs in town where the additional needs in the community are, and just what -- what the margins are that we're actually able to move around, since a significant portion of our general revenue is already dedicated to funds that we're not able to -- to programs that we don't have any real ability to change. So I feel like to make a decision on a freeze here would tie our hands very early, and the budget process and [lapse in audio] To engage in additional conversations about the exemption that's offered to seniors and people with disabilities, the over 65 exemption that's currently at 70,000, and I think that would address both of those concerns, it would provide some relief on the tax burden for homeowners, and it would also recognize that the city is the source for significant programs in the city.

[9:41:55 AM]

We are responsible for the health and safety of the -- everyone here. And I wouldn't want us, in fiscal '16, to be tying the hands of the council in fiscal '26, ten years on, when we find that the city has grown so large, and maybe we have a larger contingent [lapse in audio] Of our city services, and then we find that we're unable to raise the revenues that we need through the Normal, if limited, revenue sources that we already have. So my hope would be to -- not to move in the direction of a freeze, for the reasons that I've articulated, but to engage the conversation of the cap, which is currently at 70,000, and also include this discussion when we get to the specifics on the budget later this summer. Thanks.

>> Tovo: Thank you, councilmember pool. And just actually as a point of clarification, the resolution that was -- was referred to council -- I mean referred to our committee was to approve a resolution directing the city manager to take the necessary steps [lapse in audio] And I think we had some discussion about exploring options and whatnot, but it's my recollection that the resolution that we passed, that really we did not make changes to the resolution itself, we simply took action to send it here. So it would be appropriate, I think, to -- if there's an interest in doing so, to make a recommendation specific to the measure that was brought before the council, which was to implement a freeze. Councilmember troxclair.

>> Troxclair: Well, first I want to give credit where credit is due, and the resolution was actually brought forward by councilmember Gallo, not myself, although I did co-sponsor it with her.

[9:43:57 AM]

>> Tovo: I'm sorry, did I say --

>> Troxclair: I don't know, it was originally reported wrong and it's been repeated a couple times, so it was councilmember Gallo, and I appreciate her leadership on this. So I guess, you know, I think with the affordability crisis that we're facing, it's hitting our senior population who are on fixed incomes harder than anybody else. I feel like, you know, it's our responsibility to do everything that we can to pursue the options that have been laid before us. I understand that -- that there -- it's a big decision and that there's a lot of information to process. I want -- it would be my preference that we be able to at least keep the conversation moving, especially since it did seem like the -- there were several other councilmembers who were very interested in pursuing some kind of tax relief for our senior population. So would it be appropriate -- I mean, I understand that you're wanting to vote on the

-- on the measure that's in front of us, but I think making the change, the resolution speaks currently specifically to a fees, but if we added language that says the council should consider a freeze or a fixed value exemption, and pass that idea on to the full council so that we can continue to have discussions about it and come up with -- you know, work with councilmember Gallo and come up with what we think might be the best way forward. That way, we have -- with the break in July, I just don't know, with the timing, if we don't take action on this today, I don't know how the timing would work out with the

budget. So, I mean, I definitely want to express my interest in supporting some kind of tax relief and moving forward in some way. So if there's a way that we can just add some more flexibility and some more options into the resolution, that would be --

>> Tovo: I think that would be fine. Councilmember Renteria.

>> Renteria: I have -- yeah, I have concerns also, because, you know, I take advantage of the senior services that the city offers.

[9:45:59 AM]

I had my car here

[inaudible] At the senior activity center. So I know that we would love to have -- I'm 65, so it would benefit me. But, you know, it's -- there's, there's a lot of senior services that the city provides that our seniors really look for it. I'm kind of concerned, if I was to approve a freeze, if it was to affect the kind of programs that a lot of our seniors, especially some of them that are handicapped, have a difficult time leaving their houses. And these activities, seniors activity centers, actually provide a van service that's handicapped equipped to actually pick them up to understand a them and take them to these centers. They have activities, they serve lunch, they have domino games, they have all kinds of things for our seniors, and I would hate to see making a decision, you know, so quickly and early that it might affect these programs. And I would really like to see how it's going to affect -- how the freeze will affect these kind of activities.

>> Tovo: And I think our staff -- thank you for those comments. I think that's really important, and I appreciate you putting that in the context of programs that benefit seniors in our community. I think our staff have provided us with some information about [lapse in audio] Not just our council in the next couple years, but councils in many years forward, and I think the staff have provided us with another way, a much more flexible way, of impacting the taxes of seniors. And so I will certainly entertain any motion, but I'm not willing to support -- I'm going to recommend that we recommend to council -- it would be my position that we recommend to council not considering a tax limitation. I'm sorry, is that the right term?

[9:48:00 AM]

Yes, the tax limitation. Thank you.

>> Pool: I'd be happy to make that motion. I don't have the specific language in front of me, but I think we would be looking at -- I would request staff to amend the ordinance, which is listed as item 13 on this copy here, which is not this meeting but the previous one, where it says, directed to implement a freeze. I think we changed that to: Provide a report on -- provide a report on the effects of a tax -- increasing the tax exemption from 70,000. Maybe we could --

>> Tovo: You know, I think we're posted rather broadly, so I think it's appropriate -- we've talked a little bit about how -- we've talked about the original resolution, we've talked about the option, so I think any motion at this point relevant to this discussion would be in order.

>> Pool: Okay. So I guess it would be to provide information on the effects of increasing the current \$70,000 residential homestead exemption. You could provide the information that you have previously.

>> Tovo: Okay. Councilmember pool, that feels -- you move that we ask -- that we direct the city manager to provide information on the effects of increasing the current exemption that's available to seniors and individuals with disabilities?

>> Pool: That's correct.

>> Tovo: Did you want to specify any more details about the effect or -- or what that increase would look like, or do you want to just ask them to do [lapse in audio].

[9:50:01 AM]

I would like to know the effects on the revenues collected.

>> When we've done this analysis in the past we provided a table in thousand dollars increments.

>> Tovo: Oh, that would be good. Thank you. Okay. Is there a second for that motion? I would say we can certainly vote on this measure and if there's interest in putting another measure, we can do that.

>> Renteria: Second.

>> Tovo: Councilmember Renteria seconds it. Any further discussion?

>> Troxclair: I guess my concern is -- I guess this would help us continue the conversation, but we've already been provided with the information that I think is captured in this language, so I don't know -- and I don't know if it -- if this would prevent us from taking action. I mean, I guess it could be amended in the full council, but I mean, I want to believe -- I want the opportunity for the full council to be able to take action on something, so I feel like providing a report -- that's great, but we have a lot of information in front of us so if there's some stronger language that would allow [lapse in audio] I am supportive of still including the freeze. I understand the limitations that might provide -- might present, but -- a freeze or through fixed value exemption for fiscal year -- for the next fiscal year. That would be my preference.

>> Pool: I'd be willing to entertain a friendly amendment to that so that council may take action to increase the taxable exemption in fiscal year '16, so indicate that we may take action on it, which is my intention, to have sufficient information to have that action taken within the context of our budget deliberations. My concern that we're doing it before we've done any of our budgeting, and I think that's the cart before the horse. But I'm happy to have that conversation in the context of the budget.

[9:52:02 AM]

>> Tovo: Would you like to make that as a friendly amendment?

>> Pool: Yeah.

>> Tovo: Okay. Super. Councilmember Renteria, do you except that as a friendly amendment? That would be to direct the city manager to provide information on the intervals on the effects of increasing the current senior exemption to council so that council can take action in fiscal year 2016, for [lapse in audio]

>> Pool: For considering and possible action.

>> Tovo: You know, I support that measure. I'm not ready at this point to recommend that we make an increase without understanding fully the other kinds of budgetary implications that we'll be facing. I think we've already taken action as a council that institutes a homestead exemption. As I mentioned, at the time that we don't yet know how to -- how we're going to fund, and so I'm not able to support increasing it at this point, but I'm certainly supportive of continuing a conversation. Any other thoughts?

>> Troxclair: So would this language -- I mean, does this prohibit us from -- so we're leaving the freeze option out, this specifically speaks to the effects of increasing the current exemption and would not allow the city manager to provide us information on the freeze as well.

>> Tovo: Couilme, that's my understanding from the motion. You're certainly welcome to propose an amendment or bring forward another motion after this one.

>> Troxclair: Okay. I think because of the way it's written, if we're just requesting information for consideration during our budget processes, as long as it's not too much of an additional burden for our staff, I would be curious to better understand the fiscal complications of a freeze as well, so that we have all of the information and options on the table.

[9:54:02 AM]

Mr. Vanino, would that be --

>> No, we have -- you know, the freeze is pretty straightforward because you're just freezing the current values. We already have those Numbers for the next five years, so we could gather it in the form of a written report and get it to council quickly.

>> Troxclair: Okay.

>> Tovo: Councilmember pool, would you accept -- I think if I may just jump in here, too, I would say it may be helpful to the council to have some acceptance to include that within her. Perhaps we should take that up as a separate issue.

>> Pool: That would be my preference to bring it separately. We can vote this motion and entertain a new one, second one.

>> Tovo: And we need to do all that quickly so Mr. Vanino can make it to his 10 o'clock meeting. Any other discussion in all in favor? And that passes unanimously. Okay. Any other discussion on issues related to the senior exemption? Troxclair councilmember troxclair would you like to make a motion?

>> Troxclair: Yes. I think if we're talking about tax relief to seniors, it would be helpful to have all the options available to us, so I would make the motion that we also include

[lapse in audio]

>> Tovo: What your motion is to provide information, to full council?

>> Troxclair: Yes, to provide information on both of these options to the full council, if that's what -- if all we're doing here is requesting more information forever consideration during budget, I think that it would be helpful for us to have a full picture of what our options are.

>> Tovo: Okay. Is there a second to that motion?

>> Renteria: All second it.

>> Tovo: Councilmember Renteria seconds it. Any discussion?

[9:56:03 AM]

>> Pool: I'm not opposed to providing the information, sending it forward since it's already been drafted, and we have the benefit of it, but I just want to reiterate my opposition to the freeze that I mentioned previously. I will go ahead and support the motion for information purposes only, but I don't want that to be taken as support for a freeze.

>> Tovo: Councilmember troxclair.

>> Troxclair: I just -- maybe when the issue is referred back to the full council, you'll get the opportunity to explain what happened in committee, so if

[lapse in audio] Could definitely be something, that pursuing the current exemption was the best option.

>> Tovo: And, actually, you know, what we're doing right now doesn't preclude us from doing that or offering that as an amendment. Councilmember Renteria, did you want to speak to this?

[Lapse in

>> Renteria: I will support -- just to get that information back. Like I said, we haven't gone through the budget yet. And I'm concerned about what kind of effect it's going to have. But I'm more than willing to go ahead -- is that the one --

>> Tovo: For information? Okay. Any further comments? All in favor? And that passes unanimously. And I'm going to turn the chair over to vice chair troxclair, because I would like to make a motion.

>> Troxclair: Mayor pro tem tovo?

>> Tovo: I would like to -- let's see how to phrase this. My motion would be that the council consider the -- increasing the exemption for seniors during this budget cycle, but recommending against the fixed -- any discussion on that?

[9:58:19 AM]

Oh, goodness. We've lost --

>> Pool: We still have a quorum. Yeah. Did you want to speak to that?

>> Troxclair: Can you better explain? I thought that that was encompassing in the conversation we just had about adding that language. Request information. But are you --

>> Tovo: Recommending for considering the options. I think it's important that we've done that, and I think it's perfectly appropriate to have a full council be advised of the information that we received with regard to the fixed-value exemption, but I don't think it's an option that the city council should consider. And I think it's -- I would like to see some statement of disposition toward that option coming from our committee.

>> Pool: And I concur with that.

>> Tovo: And I'm happy if we would like to wait for councilmember Renteria, I'm happy to table this item and take it up later, or vote on it now.

>> Troxclair: Sure. We might as well go ahead and vote on it. We still have a majority. Two of three is still something we can take action on. I'm not going to support it just because I think if we're just requesting information, I would like for us to not make any decisions before -- to make the conversation of the committee known to the full council, so.

>> Tovo: Okay, thank you.

>> Troxclair: All in favor?

[Laughing]

>> Troxclair: I'm going to oppose. So it passes with mayor pro tem and councilmember pool in favor.

>> Tovo: Okay. Thank you, staff. And thanks again for putting together all of that information.

>> Mayor pro tem, my apologies, I have to go to the same meeting.

[10:00:25 AM]

You're in good hands with Greg.

>> Tovo: Welcome, Mr. Canally. Okay. Our next item that we're going to take up is going to be -- let's do number 4, please, that's the sewer overflow prevention and response.

>> Okay.

>> Tovo: And let me just check -- we do not have any speakers. All right.

>> Sewer overflow prevention response, the manager was Houston, auditor in charge, Robert. Katie will make a presentation. First, this is an example of an audit that is a very positive audit, so we do have findings and recommendations, but, overall, this was being handled really well by the utility. So, with that, Kate.

>> Good morning, councilmembers. The objective of this audit was to evaluate Austin water utility's efforts to prevent and respond to sanitary sewer overflows. And we evaluated wastewater operations in 2013 and 2014. We conducted the audit in part because of media attention of spills of untreated wastewater indicating that sewer overflows presented risk to the city. Here you can see a depiction of the system. The sewer overflow occurs when wastewater spills into the environment before it's been treated at a facility. Pipes, floodwaters, and pipe deterioration or breakage. While it's not possible to prevent all overflows, the likelihood of future overflows can be reduced by performing preventative maintenance. We found the Austin water utility has developed and is in the process of implementing a risk-based approach prioritizing cleaning the water.

[10:02:35 AM]

Moving forward, they plan to target preventative maintenance based on the likelihood that a basin will receive an overflow, and the impact the overflow would have. They plan to take into consideration the effect the overflow would have on critical things. This is a change from their previous method, which took more of a rotational approach to the preventative maintenance. This new method is in line with guidelines from the environmental protection agency. Generally, an overflow must be reported to the Texas commission on environmental quality if it's on the city side of the collection system and if it threatens a waterway of the state. As you can see here, a total of 1,138 overflows occurred in the scope period, and 148 met the reporting criteria. And we also found that Austin water utility properly reported 137, or 93% of those. The same chart is depicted here. While we noted that 93% of the overflows that should've been reported were reported, we also noted some limitations in the utility's overflow tracking system, including blank fields and a need to search numerous and inconsistently completed open-ended comment fields, which made it difficult to determine the events that should've been reported versus the non-reportable events. Additionally, we noted reliance on one employee for quality control may reduce their ability to identify the reportable overflows from the non-reportable overflows. Separate from reporting overflow events, Austin water is also required to submit reports in accordance with their 2013 voluntary agreement with the Texas commission on environmental quality. We found the department did not properly submit two required reports, but that the utility has since corrected this issue. Lastly, Austin water issued public notifications for all required overflows.

[10:04:38 AM]

However, notifications did not include all the elements, such as a boil water notice or avoiding contact with material that's required by the Texas administrative code. We recommend the director update the system for tracking overflow data, and additional technology controls, implement quality assurance to validate that reportable events are properly communicated, and ensure that public notifyings meet all the notification requirements in the Texas administrative code. That concludes my presentation, and I'm happy to answer any questions you have.

>> Tovo: Thank you very much.

>> Mmhmm.

>> Tovo: Questions?

>> Pool: Do we need a motion to approve?

>> Tovo: We do need a motion to accept this audit. Any further discussion? All in favor? And that passes unanimously. Thank you for your work.

>> Mmhmm.

>> Tovo: Who is conducting the discussion -- our city auditor, are you conducting the discussion of the purview of the office of the city auditor, and if so, is that something we can manage relatively quickly?

>> Yes, that is me. And in five minutes or less.

>> Tovo: Let's do that. I know it's a compliance issue, so we will go ahead and handle that one next. And -- after that, we will take on another issue.

>> So, on the walk-through, our external purview, the audit of the auditors, the full report is available in backup. And I have a clicker, great. So, we are required by auditing standards to have a peer review

[10:07:05 AM]

-- our review covered may 2012 to April 2015. And as part of the review, the reviewers evaluated whether or not our quality control system, essentially our policies and procedures and internal monitoring, whether or not that complied with the standards. They reviewed a sample of audit engagements and looked at other documents related to the Independence and competency of our staff. They interviewed the chair of the committee, chief financial officer, and selected staff within our office. So, the good news here, we received a peer review rating of pass, the highest rating that you can receive. It means our quality control system is working effectively. And since pass doesn't sound all that positive, it's significantly better than passed with deficiencies or fail, and they send us a nice certificate of compliance.

>> Renteria: .

[Laughing]

>> So, in addition to the letter, they provide a companion letter that notes some areas that the office excels and suggestions for improvements. We excel, the peer review commented on orienting new staff and updating employees on changes to standards, and use of our software, which we've had in place for four years to standardize and organize the documentation electronically. So, they also have some suggestions to further strengthen our adherence to standards. The first -- this is quite technical -- but relates -- found it in some report, but not all. The idea is it helps other auditors know, when they look at our work, for example, the internal controls related to an it system, they know whether or not they need to redo the same work, or pick up where we left off.

[10:09:12 AM]

That's something that we've added. And then the second one has to do with services which we've talked quite a bit to this committee, I think, about non-audits and what that means. And a non-audit is anything that's not an audit. Primarily, investigations or special requests from the council. We have blanket policies saying we don't accept non-audits that would compromise our Independence. But, the peer reviewers wanted to see us documenting that assessment of whether or not we're independent on each of the non-audits we conduct. So, we concurred with the suggestions. We've already addressed them by adding them to our policies, procedures, and templates. And you'll see those -- you'll see us complying with those as we go forward, and we'll monitor those as part of our internal monitoring processes. So, I'm happy to take any questions.

>> Tovo: Colleagues, are there questions for our city auditor?

>> Pool: Looks like good work. I would move to accept.

>> Okay.

>> Tovo: And is this an action --

>> Yes, you do need acceptance, and then we distribute it to the full council.

>> Tovo: Councilmember pool moves acceptance of this report. Councilmember Renteria seconds it. I want to just say thank you for your great work. I was really pleased to be interviewed.

[Laughing]

>> Tovo: It's very good to have an external audit, and that kind of verification that the work we're doing at the city of Austin, that it's really top notch. Thank you, and thank you to all of your staff.

>> Thank you.

>> Tovo: Others? Okay, thank you. All in favor? And that passes unanimously. Colleagues, we have a couple issues that are going to require some substantial discussion.

[10:11:14 AM]

Thank you, councilmember kitchen has joined us to talk about item 8. My plan at this point is to move to item 10. We ran out of time to discuss it at our last meeting. It is posted for action on tomorrow's council agenda. So, I'd like to see if we can talk about that and conclude it by about 10:30, and then we will move on to the presentation from human resources on number 8. We have some outside

presenters who are here today to speak to us about item 6, which we'll be moving forward to the council for action in August. And then we have a presentation. My plan from this point is to move, again, to 10 and then on to 8, to 6, and then I apologize to our staff who are here to talk about seawalk, but, our staff briefing will need to be toward the end of the presentation -- of our time today.

>> Pool: I believe the city clerk has stepped away in order to make some copies of the resolution which wasn't included in the backup. So, would you like to move forward on item 8?

>> Tovo: That's a great idea. Let's do that. I would call up our human resources staff if they're ready to present the status of healthcare coverage for persons working for all entities of the city. This was a council resolution sponsored by councilmember kitchen, so, thank you, councilmember kitchen for joining us. And let me just say that my expectation is to spend about 20 minutes on this. Not too terribly much longer. Maybe 30.

>> Good morning, commission. My name is Joann, from human resources. And our assistant director over the benefits area is here, and Karen, our benefits manager. On may 27th, we provided you a response and representation of the resolution that was provided us to deliver a report on the status of healthcare coverage.

[10:13:24 AM]

I believe we have a powerpoint presentation that we'll get on the screen for you. Right here. Just give us a moment to get that up. As we bring it up, let me just kind of move along to stay within our time. In the final report that we issued to you on may 27th -- and we do have copies available for anyone that would like to see it -- it was a pretty in-depth report. Explain some of the things we'll present to you today. The final report is going to include the things that you requested very specifically, definitions of workers compensation categories, a survey of workers in targeted categories, cost projections in other cities are rising for -- uninsured workers. We added additional information, which includes information on how our rates would compare with the federal exchange coverage, and Karen can also speak to any specific questions you have relative to the federal exchange. Other considerations human resources felt it was important to share with you, in addition to benchmark surveys from other Texas employers. We tried to create some pros and cons to give you a side-by-side comparison of the information, and then, of course, some recommendations and options for us. So, with that being said, we'd like to just move into the information that kind of summarizes the information we provided you in that very detailed memorandum. There are two types of employees, a regular employee and a temporary employee. And so for the purposes of answering that question, we provided you on slide three with a breakdown of those definitions with specific attention to temporary employees who are assigned to a very specific, short-term, seasonal, noncontinuous and repetitive assignment.

[10:15:36 AM]

And the most important point is, they're not in a regular budgeted position. And then we have the -- our definition for a contract worker. One of the things that we want to kind of point out just as a frame of reference is that we have regular and temporary employees who work full-time. So I know we're using the terminology a lot. There is such a thing as a regular full-time employee, a temporary full-time, and we base them on the number of hours that are worked. As you see in the note on the bottom, full-time employees are those working more than 30 hours per week, and part time would be less than 30, and we'll be utilizing that terminology throughout the presentation. We'd like to now -- yes, ma'am.

>> Councilmember kitchen, you have a question?

>> Kitchen: Did you also look at --

>> Tovo: Can you turn your mic on, please? Maybe the one next to it.

>> It's working.

>> Renteria: It's working. Just turn it on.

>> Will clarify the information, okay? So, if there are no additional questions, we'll now just move into the survey results. Attempted to identify employees who are identified as temporaries. As of March 21st, in our payroll system, we had 1723 employees that were identified as temporary employees. So, for the purpose of our survey, we submitted our surveys to all of these employees, understanding that a lot of them do not have email access. We had multiple methods to ensure that we reached this population. We submitted documents through the interagency mail, sent them to the hr managers to ensure they printed them out and provided them to all employees. So, we targeted 1723 temporary employees and we received 407 responses.

[10:17:43 AM]

Now, in the memorandum we provided you, we gave you a breakdown in answer to all of the questions that were asked, because every employee did answer every question. The percentages you see before you are based on the percentage of the people who actually answered those questions from the 407 who responded to the survey. We gave you a lot of detail because we wanted you to be able to see those nuances. I'd like to just very quickly go over those results. We asked about 19 questions. Here are the main questions relative to your resolution. Currently, 69% of those who responded to us have health insurance, and 31% indicated that they did not. 61% expressed an interest in receiving city insurance if given the opportunity. And 39 indicated that they did not.

>> Tovo: Councilmember pool.

>> Pool: Ms. Hayes, on the question on health insurance, I'm surprised that a third of the temporary employees don't have healthcare coverage, given the availability of the affordable care act. Was the question asked about whether they're covered by the city, or at all?

>> Yes. In the appendix section, there were 19 questions. In appendix B are the detailed questions you see, page one and two of two in the memorandum. And Tom can go into detail. He looked at those questions. But, we asked the question who provides your current health insurance. We also asked them, based on that, what is your monthly cost for your insurance. We got some detailed questions that broke down some of the answers. And they're provided to you in appendix B.

>> Pool: Thanks.

>> Kitchen: I'm sorry. I assume that when you talk about employees, you're including full-time and part-time understand you say otherwise?

[10:19:50 AM]

>> Yes, all employees listed as temporary are represented by the 1723. If you were listed in banner as a temporary employee, we didn't distinguish anything. We sent each one of those the information. And Tommy will talk more about what you'll need to know about that population. So, as we go back to slide four, the temporary tier distribution. So, of the 61% of employees who said they were interested in city insurance, the question was, if yes, which plan would you pick? And we provided them the detail information in addition to the premium cost so they would make a conscious decision of which plan they would be interested in, and provided you the details. The information we received is that 83.7% of those that responded indicated that they would be interested in the employee-only plan, keeping in mind that is the free plan. So, the larger population were very interested in that particular plan. Also, we had 5.1% interested in the employee plus spouse, 6.1 employee plus children, and employee family 5.1% of those that responded gave affirmation. We also surveyed contract workers. And the way we were able to do that is to determine which contract -- individual contractors received a 1099 from the city in 2014. So, that's how we identified that population. And we identified 263 contractors. Now, in the memorandum we provided you, we gave you a second set of questions that were given to the contract workers, and their responses. So, here is the overall information relative to that one. Currently, 87% of the 46 people that responded -- 45 expressed an interest in getting the city's plan if offered, 55 indicated that they did not.

[10:21:54 AM]

Now, one of the other things that I think is important to point out is that we also asked the question, if you were to receive the plan, would you be interested in the ppo or our consumer-driven health plan, and you see that percentage there. We asked that of our temps, as well. Of those, the same tier distribution, we asked which one they would be interested in. As you can see, the majority of them would be interested in our free plan, which is employee-only, with 12.5% being interested in employee plus children and 25 being interested in employee plus family.

>> Can I ask --

>> Tovo: You have a quick question? Do you have a sense for your contract workers and temporary employees, how many of them have spouses and children? Did they offer that information? And you can get back to me.

>> I'm looking at the questions.

>> Tovo: I'm interested to know if some of those who are responding that they're interested in the employee-only are doing so because it's the free plan, or because they may be a single-person household.

>> We asked the question of single-person household, we asked the question, are you head of household. There are some questions we asked that could lead us to make some assumptions. We asked what was your annual income. We asked some questions that would help us identify if they're family or not, and whether or not they're head of household, but, we weren't specific relative to the dynamic dynamics.

>> Tovo: Thank you.

>> At this point, what we'd like to do is allow tommy tucker, whose team was responsible for taking the information from the surveys and doing the analysis and cost projections to take over to kind of take you through some of the assumptions we made, and how we utilized the data.

>> We took the survey information, which indicated the percentage of the temporaries that would be interested in enrollment in our plan, and which plan they would enroll in, and in which tier they would enroll in, to form the basis of doing our cost projections.

[10:24:00 AM]

We took that and we applied that -- we looked at on payroll, at all of the people, all the temporaries that worked at any time in 2014 for the city of Austin. There were 3,888 employees. And we looked at how -- what the average length that they worked for the city so we would know how many months that we

would be covering. So, that was the basis of coming up with the cost. So -- and we'll talk about the cost on the next page. But, we also looked at the average hours that they worked, because to your point about the distinction between full-time and part-time, we provide benefits to regular employees based upon a subsidy -- based upon the number of hours they work per week. So a full-time employee is eligible for the full subsidy, which is 100% of the ppo for employee only. And roughly 50-some-odd percent for their dependents. You can see the amount of subsidies and the cost associated with it on appendix D. Which gets us to the next page, the cost projections. We use the monthly premiums, the 2015 monthly premiums that are applied to our current regular employees. And so, built upon that is the assumption that this population that would be moving into here would have the same risk as our current employees. We also -- it also assumes that the amount that the city pays for that coverage would be the same. So, like I said, a hundred percent for an employee only, and then 50% or so for dependents, and a less amount for part-time that work from 20 to 29 hours.

[10:26:11 AM]

And we do not pay any amount of the premium for employees that work less than 20 hours. They are provided access to healthcare benefits, but they pay the full premium. So, that's how our system works with regular employees. We use that for the same basis for this analysis for temporary employees. And so, on the following page, it shows our results, which has the subtotal there for total temporary employees of \$2.2 billion, and an annual cost for contract workers for around \$200,000. And we broke those down into going across the full-time, the part-time, and the part-time less than 20 hours. And then we also thought it would be interesting -- and we might want to have further discussions on how long they actually work for the city. Less than a month, one to three months, three to six, and over six months. Because certain ones you may want to target more than others. For example, the summer hires would fall in that one to three month. But this includes anybody that was in temporary during any part of the year. And --

>> Go ahead.

>> I have a question questions, but go ahead and finish this page, I guess.

>> Well, we thought we would stop at this page for a moment.

>> Tovo: Let's take a few quick questions. Councilmember kitchen?

>> Kitchen: I apologize if you said this, I just want to make sure I'm understanding the assumptions. So, the Numbers here, like the three thousand 888 temporary employees, so, that means that this does not apply the factor for how many of them said they already had insurance?

[10:28:20 AM]

>> It does not extract them out.

>> Kitchen: Okay. It also doesn't extract for the number who said they'd be interested?

>> It's based upon the number that's interested. So, it takes 62% of --

>> Kitchen: The total --

>> Of the total.

>> Kitchen: Okay. Just as a followup, I'd like to see the data for the cost if it was 62% of the ones that didn't already have insurance.

>> You want to pull out the ones that already have insurance?

>> Kitchen: Right. Let me make sure I'm understanding from the survey. Those that expressed an interest in the city offering, were those a subset of those that did not have insurance, or were those of the entire amount?

>> That includes ones interested, whether or not they already had insurance.

>> Kitchen: Okay. So --

>> Ones that already have insurance. And they're saying they would switch to our plan.

>> Kitchen: Okay. Is that in -- that's not in the backup data, right?

>> It is not.

>> Kitchen: Okay. If you could provide me that, that would be helpful. That's the cross-section. You're saying you have the breakdown of those that are already insured, since the question asked everybody whether they would take the city. Those that are already insured, you can tell how many of them said they'd take the city, versus those that are uninsured? I'd like that.

>> We can get that.

>> Kitchen: This assumption here, you're applying the Numbers to the entire 3,888? This doesn't differentiate between those that already have insurance?

>> That's correct.

>> Kitchen: Okay. And then, one last question. Does it differentiate for the number of months that they worked?

[10:30:21 AM]

Does it assume they all 3888 worked 12 months?

>> No. The left-hand column breaks it down into the duration.

>> Kitchen: Okay. It does account for the number of months. Gotcha. Thank you.

>> Any more?

>> Tovo: Let's just take a minute to look at this slide.

>> Tovo: Okay. The upshot is the total cost of providing, or offering insurance, would be we'd be looking at a little over \$2.1 million?

>> Right.

>> Tovo: Councilmember kitchen. Let me hear the staff, and then I'll --

>> That's an annual figure. If we were to implement this for the next fiscal year, it would only be nine months. We start our plan year January 1st.

>> Tovo: Councilmember kitchen.

>> Kitchen: There's some assumptions I'd like to drill down on. One of them is that this accounts for all insured and uninsured. That's a big assumption. In other words, I'd like to see what the Numbers are for those that are actually uninsured.

>> Tovo: Right. But I assume the reason they've included them here is that if they -- they're assuming those who may be insured through other means might switch over to the city plan. Is that why you've included them?

>> A significant number indicated they would if they were given a chance. And so, I think councilmember kitchen is asking us --

>> Kitchen: That's a policy question on how we offer it. That's why I just asked for the other Numbers.

[10:32:22 AM]

>> Tovo: Additional information is very useful to see, because you're right. We could structure how we ask that question.

>> Kitchen: I would just not make the assumption that we're going to have to come up with \$2.1 million if we want to cover uninsured city workers. That's the only caution. This is what we expect at the very most.

>> This is all.

>> Tovo: Very good.

>> Pool: Can we apply the percentages of people who already have coverage versus the ones that would want to take coverage? It seems like that would be the easiest way to approach it, and just -- and I guess we can assume that they would take full coverage. For the high end. But I think we should only be looking at those who indicated that they would want to be covered -- by the city.

>> Kitchen: We need those Numbers. Additional Numbers we need is those who are uninsured, the percentage of those that were uninsured that said they'd be interested.

>> Right.

>> Kitchen: Okay. Because when you're talking about switching, you have to look at what they're covered by. Some of these folks are covered already by medicaid. It's interesting that we've got 18% that are covered by medicaid. That's pretty low-income. They're not likely to switch. Same thing for federal exchange, because they're getting a pretty good subsidy on medicaid and federal exchange. Anyway, it would just be helpful for us to have those Numbers.

>> We want to point out, there are some administrative components. We will need to budget and prepare for the coverage of those employees. We want to add that to the scope of the conversation, as well.

>> Tovo: In terms of cost?

>> Yes.

>> Tovo: Do you have an estimate of what that would be?

>> Mark Washington. I think they're saying that similar for our current employees, many of them could get coverage elsewhere.

[10:34:25 AM]

And we don't estimate how many people will waive coverage. And so we budget for every position as part of the budget process. And so for the purposes -- since we're entering the budget process and we don't have any experience with enrollment with temporary employees, the staff took a conservative budget approach and estimated what the cost would be for every potential temporary employee.

>> Asking about the administrative cost. In our packet, it says --

>> I was speaking to the concern, if it was a policy issue, it's also an administrative issue relative to --

>> Right. So. The administrative costs are built into the cost projections. But, administratively, in terms of the practical administration of the health fund and our budget approach, since we don't have any real enrollment experience other than the small sample of employees that responded to the survey, the staff was assuming what the worst-case scenario would be, understanding that there could be potentially, people who would waive or not elect to choose coverage.

>> Tovo: Okay, thank you. Councilmember kitchen.

>> Kitchen: We're not making decisions here. I just want the full range of Numbers in order to be fully informed. I appreciate that you made the conservative assumption, that's great. We just want the other Numbers, also.

>> Tovo: Councilmember pool, and then let's pick up on the presentation.

>> Pool: Would we also want to include in the conversation, people who don't want to be covered by the city, we would have a consultation with them and help them with the affordable care act, if that is a path they would like to take? If the goal is to have everyone covered by health insurance, it doesn't necessarily all have to come from the city.

[10:36:26 AM]

It could come from a range of programs that are out there, and we could help folks enroll if they wanted to go that direction.

>> We have been approached by a nonprofit that is willing to work with us to help. They help over 4,000 citizens in the city of Austin enroll in the affordable care act last year. They're willing to reach out to our populations here. Later on, we show you that the affordable care act is a very affordable option for a low-income employee, particularly at the subsidy level. It's not 100%. And so, we could incorporate an outreach to those people, those temporary employees working for the city during the enrollment period. We do a health expo in October, and we can bring them in and provide that access.

>> Pool: That would be great. Thanks.

>> Tovo: Thank you. If you would continue with the remainder of your presentation, please.

>> The resolution also asked us to look at other costs that un-ensured city

-- uninsured cityworkers would have. The responsibility for providing health coverage to the uninsured transferred to central health in 2004. So the city no longer incurs direct costs associated with those. And

so we've given you some basic statistics on the overall number of citizens that they treat, and the number of visits, and their overall cost. But we're not able to tie that directly to temporary employees that work for the city. We were, however, able to look at the 1723 employees that were on our payroll as of March 21st and look at ems Billings.

[10:38:38 AM]

And after all payments have been received from all forms of insurance, there was a total of \$15,000 due to these employees, 60 of which had accessed their services. So, that's all the information we have on that topic.

>> Tovo: Councilmember kitchen.

>> Kitchen: I think there may be data available for central health. So I'm happy to talk with them and get that information to you. Did you reach out -- were you able to reach out to them and ask them if they had data?

>> We went through two sources. We went through the health department. The health department had approached them.

>> Kitchen: Okay.

>> We also went directly to their financial people.

>> Kitchen: Okay.

>> And we just got this aggregate information. We didn't get any further details.

>> Kitchen: Yeah. Okay. I'll follow up with you, because they do have individual information. The question is whether they can tell who they're employed by. So -- and then the other thing is, you mentioned you talked to the health department? Could they not account -- the health department does immunizations and other types of programs to individuals. Did -- were they able to provide you any estimates of those costs?

>> They did not.

>> Kitchen: Okay.

>> But we can --

>> Kitchen: Okay.

>> Run it by them once again.

>> Kitchen: I'll follow up with you on that.

>> Okay. Moving on. There are a number of other items associated with this initiative that we would like to put in front of you. The next slide -- side-by-side comparison of our plan versus ones that are available, the fixed exchange.

[10:40:56 AM]

And because the subsidy -- the exchanges are built around household income, family status, and age. So, if you look down at the bottom, on some of the scenarios for a particular zip code, we just wanted to give you an example of how ours is affordable compared to the health exchange's. And the ones that are highlighted in yellow are the ones in which the city plan is less expensive than what might be available on the exchanges. For a comparable plan. And so, in most cases, it is the full-time employee, the one that's most heavily subsidized that receives the benefit. So if you go back and look at the other pages that show the -- oftentimes, the health exchanges provide a more affordable option. Again, depending upon their household income and number of dependents. Probably one of our greater concerns on the assumption of cost is moving the new population into our existing population. We have stop-loss coverage that covers claims exceeding half of a million dollars, individual claims. And so, this is for our catastrophic claims. If you look on the data on this page, you'll see that in 2014, for example, we've had a very bad year, which means the insurance company paid out an enormous amount more than what we pay them as premiums. And that's been the case for most of the last five or six years.

[10:43:02 AM]

And so, they have indicated they would not take on another population. In fact, I think they would like our business to go away. And so, we have one more year on that contract, but we would not be able to bring the temporaries in under our stop-loss policy, or we would have to go out on the street for a new one. And not having any claims data for this population would most likely not enable us -- and looking at our claims data for our existing population, it's probably going to not be affordable. And so, this area would be exposed a little bit for catastrophic claims. And so, I just wanted to make you aware of that.

>> Tovo: Councilmember kitchen.

>> Kitchen: Okay. So, you have approached the current -- who's the current stop-loss carrier?

>> United healthcare.

>> Kitchen: And did you ask them if they would include temporary and contract employers -- employees in the stop-loss coverage?

>> We did.

>> Kitchen: Okay. And do you have something from them that says that they won't?

>> We do.

>> Kitchen: I'd like a copy of that. And also, when you asked them, I suppose you provided certain information about this employee population?

>> What we told them is we were looking at covering temporaries.

>> Kitchen: Mmhmm.

>> And how many that we have on an annual basis. Information that we were able to supply was really just that.

>> Kitchen: Okay.

>> They went back to their underwriter. Without any claims data, they said they wouldn't be able to write.

>> Kitchen: The difficulty was the lack of claims data. They weren't willing to make some assumptions about the population?

[10:45:02 AM]

>> They were not.

>> Kitchen: Okay. I'd like to talk with you more about that.

>> Okay.

>> Any length of time -- our plan. If they lose coverage, they will be eligible for cobra. We charge 102% of the full premium to these members. So, it is not cheap. So, what tends to happen is only people that are really desperate for insurance enroll in cobra. And so, as a result, their claims on the average, it's \$10,000 a year more than what a typical member in the plan is. So, that might have some implications on bringing the real short-term temporaries in regard to giving them the capability of having cobra. And so, finally, we did survey 30 Texas public sector employers. We got back responses from 13. Two of them indicated they did provide temporary coverage. Ers was one of them, but they hire temporaries through an agency, and that agency provides access to the health plans with no subsidy. So, I don't think they're really -- Fort Worth does extend it based upon a 12-month look-back period. If you worked full-

time during the previous year, they do that coverage. In regard to contractors, Houston requires contractors to provide health coverage to their employees.

[10:47:11 AM]

If they don't, they charge them a penalty of \$1 per hour per employee. So, kind of -- yes, ma'am.

>> Tovo: Let me just say, as we are running quite behind on time, we're going to have to make some adjustments that we'll talk about in a bit. But, councilmember kitchen, go ahead, and let's see if we can get through the presentation and ask the final questions. I think that probably would be best. Let's let them conclude and go back to the questions.

>> So, kind of reaching our conclusion, we've kind of listed out the pros and the cons of this initiative. And so, it provides affordable coverage. Promotes productivity, reduces social costs, reinforces equality with other city employees, and supersedes ineligibility for medicare. The cons are, of course, it costs 2.3 is our projection, million. We have the risk that we talked about. It provides access to a benefit without going through the competitive hiring process that is involved with a regular employee. And it increases premiums.

>>> For the long term. And as we move forward, one of the things, based on all the information we've shared, and I think even with the dialogue, we at human resources do not recommend that we move forward with the plan for all employees.

[10:49:20 AM]

We fully understand and recognize the intent of the resolution. We recommend we not do it for all. We have subsidized coverage through the exchange, and based on the benchmark data we've seen in other Texas cities -- want to look at for further analysis. Some of them we've already discussed. If the intent of the body is to move forward and focus on segments, there's a greater need on a temporary basis, and the ones that are not self-employed. We think you should consider the duration, relative to the 12-month look-back period as an option for those who have worked on a full-time bases, and not necessarily focus on those seasonal temps or those temps who are only here for the shorter periods of time. And also emphasize on the full-time and reinforce the equity between regular employees and temporary employees that are working full-time hours, provide access to the healthcare plan based on that. And then coordinate with our compensation strategy, which is to create a stipend if you're interested in that for the health insurance, versus actually putting them on our plan. So, those are just some options that we would provide you, that you may want to consider if your desire is to move

forward. And certainly, whatever information that you have for us, which you see on our next slide, we can provide the insight from this committee with the city manager's office as they continue to prepare for the budget recommendations.

>> Kitchen: I have two followup questions.

>> Tovo: Let me just see if any of the committee has questions before we switch. Okay. Councilmember kitchen.

>> Kitchen: Okay. So, just remind me, what is the policy right now for the city?

[10:51:21 AM]

Do you have to work for the city for a certain couple of months? On day one, do you get insurance?

>> No waiting period.

>> Kitchen: Okay. All right. Well, then I will -- councilmembers, what I intend to do is follow up. I'd like to talk with you about some projections for that. And then I will bring forward a proposal. So.

>> Tovo: Good. Thank you. And do you have a sense of the additional information that's been requested as part of this conversation?

>> We do.

>> Kitchen: I will follow up.

>> Tovo: I'm interested in knowing, of the employees who fall into this category, if you have a sense of how many of those are youth employees. Some of our temporary, seasonal employees are youth employees and they may be covered through their parents' plan. If we're looking at categories, that may be a category we want to consider differently.

>> We looked at the 846.

>> Tovo: Okay. I didn't catch what you said?

>> 846 of these included in this sample are children under 17 -- or under 18.

>> Tovo: I'm sorry, let me write that down. 800 how many?

>> 46.

>> Tovo: 846 of the 1200 are youth employees? Gotcha.

>> And the cost for those in here is \$256,000.

[10:53:21 AM]

>> Tovo: Questions, additional comments?

>> Chair tovo, relative to processes, we're getting close to the budget process. So, the city manager and the cfo are working pretty diligently on making some budget assumptions relative to the budget. And so, if there are refined projections, just giving the timing that we're getting close to the budget process, I just want to make you aware of the ability for staff to offer recommendations in a timely manner to the manager's office. Because he has asked -- all departments have begun submitting their budget information. There's always opportunity for council to -- as you're aware, to amend any recommendation from the manager based on any new additional information on the developments. But, I'm just getting a little concerned about the timing of the budget process.

>> Tovo: If I understand what you're saying, you would like for us to make -- if we're recommending particular options, you'd like for us to do that today so that you can include it within the budget. It seems like that would -- from procedurally, be the most efficient. However, I don't think we have all of the information we need, or the capacity to really dig into this in the way we would need to to be very specific about options. So, I think that we should take some sort of action here today to give the city manager some direction in pulling together that budget. I understand councilmember kitchen intends to do some additional work, and maybe craft some other options that she'd like you to look to. But I think I would suggest to our committee that we take some action, even if it's a general direction today to give the city manager a sense. Sense. Is that what you're getting at?

>> I'm not insisting the committee has to take any action today.

[10:55:23 AM]

Staff has been working with the assumption that the council resolution itself is an indication of the desire of the overall council to have coverage for temporary employees, and we've given the budget office that financial information based on those assumptions. All I'm saying, if there are other assumptions we need to factor in to lower the estimate, in order for us to share that with the budget office, we would have to have done that sooner than later. But we're perfectly comfortable with giving information based on what was already been developed by staff.

>> Kitchen: Chair tovo, I can meet a deadline of by the end of this week. I'd be happy to sit down with all of you on Friday or maybe even tomorrow and we can talk through what options I'd like to add to what you have here.

>> Tovo: Mr. Canally, did you have a comment?

>> Just to echo what mark indicated about the process and where we are, obviously, we're deep into the budget development process. And certainly, having the existing resolution and the response today -- and I think this dialogue today that you've been having, and the input, I think that all -- as always, during the budget development process, that is intake into the process. I don't know that there's any formal action. I think the discussions you're having will be an additional level of information as the city manager finalizes the work here in the upcoming, really, weeks. And then I think as mark indicated, like all aspects of the budget, you'll receive a proposed budget and we'll be able to have an opportunity to review all of the aspects of that in advance of budget adoption and tackle any changes or policy issues that you may want to tackle.

>> Tovo: Mr. Canally, based on the previous council resolution, will the city manager be bringing forward a budget that includes increasing coverage for temporary and part-time workers?

[10:57:31 AM]

>> We don't have the final recommendation on the budget from the city manager, but the staff, based on their proposal, is not recommending to cover all --

>> Tovo: Right.

>> Insured employees. I'm not certain on the timing of developing other alternatives as to what might be in the budget. So, I'm not able to answer that today.

>> Tovo: Okay, thank you. In looking at the resolution that council passed, it directs the city manager to deliver the report to council, which you've done. And it assigns the issue of offering coverage to city workers in the next budget cycle to our committee, the audit and finance committee for consideration and report back to the full council. So, yes, we don't have to take action, but I think our colleagues have asked us to consider this and take some sense of an action. So, it sounds like we likely will see some proposals within the full budget. But as you said, at this point, the staff is not recommending full coverage. But you have some options, and you'll continue to engage in the dialogue with councilmember kitchen about other options that might be presented to council for consideration.

>> Exactly.

>> Tovo: Councilmember Renteria.

>> Renteria: Yes. I look at the Numbers, and I was wondering if you could divide it -- I know we have a lot of minors that's on the temporary -- that's included. And maybe if you could bring it up, divide it up where you show the minor -- how much of the people that actually are still on their parents' insurance. And maybe see if you could put it in another column to see exact what kind of cost are we really going

to be looking at. It doesn't sound like we're going to have to budget for the whole \$200 million, \$201 million. I hope we can get that kind of information. You might have it already. I just haven't been able to look through this yet. But, that would.

[10:59:35 AM]

>> Tovo: Other comments? Would anyone like to make a motion on this item?

>> Pool: Sure. I'd like to make a motion to forward to the full council with strong consideration to increasing -- or to including coverage for part-time and temporary [lapse in audio]. I think given the really good work as assembling all the data and strong work councilmember kitchen has been putting into this and the city's policy statement, that, you know, we stand for a healthy community that -- it's a good policy statement on our part to walk the talk. And we have a number of tools to use, affordable care act being one, and coverage ourselves through uhs, so I'd like to forward the information and have it be a part of our dialogue during the budget process.

>> Tovo: Your motion was strong consideration for including coverage for temporary and part-time workers; is that all or some or general at this point?

>> Pool: Well, I think if we have the large universe, full universe, then we can make decisions based on the levels, and we may get some specific have been kind of direction. I look for input from councilmember kitchen.

>> Tovo: Okay. Councilmember Renteria, did you want to offer any additional comments to your second?

>> Renteria: On testifies okay.

>> I was just going to request that the request to include in the budget could include several option. It doesn't have to be the full amount. I mean, you have set forth several options already.

[11:01:36 AM]

I think that if I'm hearing you all correctly, the direction would be to come back in the budget to include these options, if I'm hearing that correctly.

>> Pool: And in particular, include the part where we would help people sign up on the health care exchanges.

>> Yes. And I would suggest that that include some things -- you might let us know what you're currently doing, I know there's activity already occurring, and what we could do in addition.

>> Tovo: I believe we provided some funding to some non-profits last year to assist members of the community in registering for the federal health care plan. I believe we had some speakers at our health and human services meeting who came and talked about the value of that investment that the city made. So I would certainly like for that to be an option, too, rather than do it ourselves, as individuals ourselves as a city, we invest in those non-profit partners were already engaged at that activity. Councilmember kitchen.

>> Kitchen: We need to understand why we still have 33% who are uninsured. If we don't understand why, then we don't have a chance of helping.

>> >> Mayor Leffingwell: All right. So councilmember -- yes.

>> Councilmember, I just wanted to clarify, one of the reasons we couldn't answer [lapse in audio] Austin affordability for health care have other enhancements for coverage, and so when the council receives the budget, this is one of the other issues, along with coverage for autism, aba therapy [inaudible], so there will need to be prioritization of need for base coverage and enhancement.

[11:03:46 AM]

So without the full picture of all the issues, I couldn't speak to exactly what was going to be recommended, by [inaudible]

>> Tovo: All right. Thank you. Consistent with the motion to have the staff provide various options for including coverage for temporary and part-time. Okay. Any further discussion. Councilmember troxclair.

>> Troxclair: So is this wording similar to the wording of the resolution that we just passed regarding -- or the recommendation we just passed regarding the 65 and older taxpayer reduction in taxes? I want to understand -- I want to be consistent, since these are both going to have budget implications, if we are just requesting information and options in order to make a decision during budget, or whether we are directing an action before we fully understand the budget implications. I would be more comfortable if we could structure the language similar to the recommendation we passed regarding the 65 and older.

>> Kitchen: I think what we did was, in this resolution, add in or urge the council to take action to cover, and that is part of the -- of my motion.

>> Troxclair: Okay. So in this one, we're urging the council to cover, whereas with the resolution of a tax freeze or exemption for 65 and older, we only requested information and did not urge the town hall to take action.

>> Pool: We requested information in the one motion that passed, then we had a third motion that was made and passed that indicated that we did not support a tax freeze, but instead wanted to pursue the - increasing the exemption to some level above 70,000, possibly. That was -- that was, I think, what you may be talking about.

[11:05:51 AM]

[Lapse in audio]

>> Troxclair: I guess my concern is -- because Mr. Washington mentioned the issue of prioritization, and we only have so much in the pie and how are we going to prioritize these different issues. So just having these conversations back-to-back, for me, I'm concerned that we would be sending a message that we were prioritizing this over something else that's also very important. So, you know, however you all want to move forward, I would certainly support councilmember kitchen continuing getting answers back to the questions and formulating some kind of recommendation for what the best path forward is, but, you know, I would prefer to have information and have the conversation about fiscal implications about the budget before we express a policy position.

>> Yeah. Thanks for that clarification. Councilmember Renteria, you were off the dais, but a third of the votes, as councilmember pool said, we took action to forward the information about increasing the exemption to the full council. We took action to forward the information about forwarding a tax freeze to council, then we took a third action while you were off the dais to recommend against that tax freeze. We did not, as I recall, take a specific action to recommend increasing the exemption, though I think individuals suggested they were interested in that, but we do not -- you're correct, vice chair troxclair, noted this is different -- has a slightly different tone to it and recommending strong consideration for including or increasing that coverage.

>> Troxclair: Right.

>> Tovo: Any further comments? Councilmember Renteria? Councilmember pool? Okay.
Councilmember troxclair.

>> Troxclair: Just so you know, for that reason, because we are making prioritizations on issues that I think are very important and conversations that I think should be had in the context of the budget, I'm just going to abstain from this vote, but I look forward to hearing the responses and continuing the conversation.

[11:07:55 AM]

>> Tovo: Thank you. Okay. All in favor. That is councilmember Renteria, councilmember pool, councilmember tovo, and any votes in opposition? Any abstentions? Vice chair troxclair ache sustains. Thank you. Colleagues, we are -- thank you very much, and thank you, councilmember kitchen, for joining us and for all of your work on this issue and for leading the effort.

>> Kitchen: Ual, thank you for the opportunity to participate. I appreciate that.

>> Tovo: And we look forward to hearing the results of your ongoing dialogue. Colleagues, we are, as we talked about, moving through this agenda, we had talked about doing the briefing on the major event trust fund at the end of our agenda. It has come to my attention or I've been reminded that the economic opportunities committee of council had a very similar similar, if not identical briefing, and two of our members served on that committee. So I would just open up, before we move on to our next agenda item, I would like to councilmember Renteria, I think you and I are the only ones who haven't heard this briefing, this presentation already. Did you have a strong interest in -- committee, do you have a strong interest in hearing this presentation today? There are [lapse in audio] To any policy issue that should be identified that should come before the council, city with oversight. I mean, this is an extremely important topic for the city

[lapse in audio] To talk about that trust fund and all of the related parties, but we have a lot of business on our agenda, so does anyone --

>> Renteria: I have no problem delaying this report, this presentation.

>> Tovo: Well, and I know that -- Mr. Canally, did you have a comment? You know, I'm not sure -- I would say if we don't hear it today, we ought just to go and listen to the presentation, that's probably the best method to proceed.

[11:10:14 AM]

Is that all right with.

>> I'm assistant director with the economic development department. Yes, it is the same presentation we gave on June 8th. It is online. We are finalizing answers to questions from that presentation and should get those out in the next week.

>> Tovo: Thank you very much. And I'm sorry that we didn't make this -- that I didn't make this relation earlier in the agenda so that you didn't have to wait here this morning. But I would suggest, colleagues, that we then take it upon ourselves, if we haven't already seen that presentation, to watch the presentation, to forward on any additional questions, understanding that it would be part of what you're responding to this week.

>> Okay.

>> Tovo: Thank you so very much for being here.

>> Thank you.

>> Tovo: Okay. We are now -- yes. Mr. King, would you like to speak to this item today? You had signed up.

>> Yes, I did, and the reason I did is because I know -- my concern is that when this goes to council, they will then say it's gone through these council committees for hearings, and yet it sounds like it's not really going to have one before your committee here, potentially. So I just want to get on the record some concerns that I have about this, if that's okay.

>> Tovo: That would be fine. If someone could set your clock for three minutes.

>> Yes. Thank you. Well, you know, I do have some concerns about economic development incentives in general, and specifically about this particular deal with c1 and

[lapse in audio] Circuit of the Americas, circuit of -- circuit events, local organizing committee, and the members of cloc, or local business people who have vested interest in these incentives. And, you know, the games and x-games and f1 events are not affordable to low and moderate income families. The ticket prices for x-games sold for \$59 to \$1,300. So this is not helping our low and moderate income families.

[11:12:16 AM]

And if1 has not created the economic -- the expected economic development impact on southeast Austin. And you know they're going to wind up, for their reduction in their property tax appraisal value on that property, and yet they claimed when they got these incentives to build that facility, that they were going to have property worth a certain amount of value on the tax rolls, generating tax revenue, and yet they're going to come back now and ask for a 20 to 40% reduction. They're protesting it right now. And you all know that given the laws that we have today, with appraisals in the state of Texas, they're going to get a reduction. So they're not going to have the economic impact that they claim that they're going to have. Many economists and news organizations have questioned that incentives materially impact an economic performance. A New York times study found there's virtually no association between economic development incentives and any measure of economic performance. We found no statistically significant association between economic development incentives per capita and average wages or incomes, and none between incentives and the state unemployment rate. So the facts are, on the table, that these economic -- the impact is questionable at best. I think it's better that we not give these incentives to these companies that are not having really the economic impact that they claim they are having on our community, and instead, use that money to help those citizens who are suffering through this economic inequity that we have in this city. That's not their fault in this country. Texas -- a

recent report by CNBC referring to economic development says corporate welfare, and questions whether or not incentives are making states that award them any more executive than those that don't. The report says the impact of incentives is marginal and rarely work or make a difference even when they seem to be working.

[11:14:18 AM]

So I ask that you not recommend any incentives snore f1. Thank you very much.

>> Tovo: Thank you very much, Mr. King. I don't believe there are any actions headed to council. Based on this item, this was just referred to our committee, as well as to economic opportunity for a general discussion, so thank you again for your comments. Okay. We will now move on to item 10, and then we will finish up with item 6. Item 10 is a resolution that was referred to this committee. Councilmember pool, I believe you brought this forward to the council for consideration. Do you want to lead off and help us understand where we are? And while you're getting organized, let me just speak to item 9 for a minute. We are slated to talk about this today. We're actually slated for action. We have about 40 applicants to the [lapse in audio] Selected staff to serve on that committee. It's a joint committee with staff and community members, and so there's not yet a schedule for the meetings or staff appointments. And then the zoning and planning commission and the planning commission will also need to make appointments. As we know, they're in a state of transition. So I would suggest that between now and August, we allow those factors to kind of sort themselves out, and we all take a look at our applications because it's our job to, as a committee, recommend four members of that commission to the full council. So between now and August, why don't we go ahead and do that and plan this for discussion and action in August. Is that fine? Okay. Then we have dispensed with item 9. Okay. So we have about 45 minutes remaining in our meeting. We have this item to discuss, and again we have some outside presenters who are planning and prepared to discuss the wildhorse bid, so why don't we slate this for about 15 minutes, if we could.

[11:16:21 AM]

>> Pool: That's great, and I think we may be able to move through this pretty quickly. We laid this out last month. There were concerns about the potential cost and the scope. And you have in front of you a redone resolution that more carefully identifies the scope, talks about a phased-in process, and the cost of the -- cost, this is all born in-house. The gentle in the middle, Mr. Esquivel, can talk about this. With Ms. Goodall today are Matt Esquivel who handles the computer planning side, the software, and the city clerk's office as well.

>> Mayor pro tem and councilmembers, I'm city clerk. We did after your last meeting when you discussed this briefly, is, we met with councilmember pool's office and talked about the history of this project and what we had attempted throughout the last couple years, and also talked about the scope of the initial project. And so what we were able to come up with, and in agreement with councilmember pool's office, is that the biggest interest seems to be in figuring out a way to get basically the raw data from the contributions and expenditures report in a format we could then push out on the data portal that people and citizens and media could then go and run queries, download reports, and search the information. Not necessarily a electronic filing where you're sitting at home and you submit your entire report, but a much more narrow kind of first phase.

[11:18:26 AM]

And we talked to ctm, and we're in agreement that that is a much more doable project in the time frame that was expressed to have it up and running and fits in with the -- I believe, and I'll let Matt confirm -- the cost estimate of the \$10,000 range, versus the \$800,000 range. So it's very narrow, and then as part of that, we could also then later come back with recommendations or options if you wanted to expand it into E filing, what that would look like and how much it would cost and how long.

>> Pool: And the reason we are working on this is the community has expressed, generally statewide, there's real interest in having transparency and accountability in all issues financial, not only candidates and office holders, but also political action committees and independent expenditures. So one of the things that held us up last month was, there was some legislation pending, and we were waiting to see if that passed, and it didn't. But Austin community is really interested and fairly Progressive, and how much transparency and accountability we look for with our candidates and office holders, so I think, hopefully, this will help move that forward. And I think we've got it -- maybe Mr. Esquivel can speak to this. We are looking at a fairly simple interface for it.

>> Correct. Thank you, councilmembers. Again, my name is Matt Esquivel. I'm with communication technology management. I'm an I.T. Division manager. And my area is custom application, development, the city's website, and the open data portal. And it's the open data portal that I really want to highlight here as being a solution we already have in place that can fulfill the goals of this resolution. Really, when we've met, we've talked about really what the essence of this request is, and it's getting the data out in a consumable format that people can use and people can actually take the data and do something with it, download it, report on it.

[11:20:34 AM]

What we have in place now is the city's open data portal. It's data.austintexas.gov. We have a variety of data from different departments, but what's exciting about this platform, it allows people an entry point into accessing the data, using this platform, they're able to create reports, visualizations. There's even a mapping tool that people can use. And so we feel like this is a really great solution that doesn't cost extra money. We already have that in our portfolio. And what we really need to figure out, and we'll be doing doing -- doing this in coordination with the clerk's office, how do we get the data into form for the portal, oftentimes a paper format into a digital format. Again, our interest here is trying to make this simple and cost effective and using tools we already have. So our recommendation would be to include templates created in excel that candidates would be able to use when filing, that would be submitted to the clerk's office, and at that time we would use that data to upload into the data portal and make it available. When it's in the data portal, it is really a fully searchable and searchableindexable database that can be served, have archived information, so there's a lot of flexibility once it gets into that platform. I don't know if you have anything to add, bob, but that's pretty much the kind of idea that we're going forward with that has kind of a low point of entry in terms of cost and terms of difficulty, and hopefully element the needs of candidates and office holders.

>> Pool: Do you think you could complete the work by -- I think we're looking at the first of February of next year?

>> Yes. Again, because we do have this already in place, we feel like it's really just -- in some ways, it's creating the work flow to actually manage it from the paper into [lapse in audio]

[11:22:37 AM]

>> Pool: One of the things about the current process that I was looking to eliminate was having the reports put on a CD.

>> Uh-huh.

>> Pool: And most folks don't -- a lot of laptops don't even have a slot for cds in them anymore, so I had to go out and buy us a stack of disks to file my reports on, and it seemed an extra step that would be nice to eliminate. Will we be able to move away from that?

>> Certainly, again, unless there's any requirement that that's needed. With this process, you could potentially maybe even e-mail it in or have it on a thumb drive or some other way of delivery that doesn't require a CD.

>> Okay.

>> One of the things that we would have to work out as part of the plan. I'm bob from the city clerk's office, is the mechanism for how that data gets delivered and filed in the clerk's office. It's one of the

things we're doing in order to accomplish this within a time frame and budget, is, we're not going to actually make this an application that automatically delivers it into a centralized repository. It's going to be something much more simple. As Matt said, it may be a simple form that's developed on the portal, or it may be a series of excel spreadsheet templates. That somehow would have to get delivered to the clerk's office so that we could upload it into the database and make available through the portal. So we'd have to work that out, and I think we could probably leave that open in terms of -- you know, it could be on a CD, it could be on removable media of some kind, or perhaps it could even be e-mailed if we could come up with some kind of authentication process so we're not -- one of the things we want to avoid is the risk of getting bogus or incorrect data and inadvertently posting something that shouldn't be posted boot data portal.

>> Pool: Right. For instance, you might receive what looks like a financial report from me, but it was actually sent in by somebody else.

[11:24:39 AM]

>> Correct. So one of the things we would want to build into this process is some sort of a vetting qcqa process, whereby, you know, we're validating that this, in fact, is the actual data submitted by the person it represents to be submitted by, before we make this available through the portal.

>> Pool: So some kind of secure authentication. Okay. All right.

>> And so we are having some conversations, the team that we would form would include one from the law department so that whatever we do, we make sure that we are still in compliance with the state requirements as well.

>> Pool: Well, I'm really excited about this process and this approach. I think it shines a lot of light on areas of financial requirement and reporting that the community has been looking for. I know the league of women voters has been highly involved and very active in this issue for a long time, and they're part of our [inaudible] And there are a lot of advocates in town who are also cheering this on and hope that we can make some real progress. There's some other items that we'd like to explore on campaign finance and ethics reform, and this is just the first one that was also, I believe, endorsed and recommended by the ethics review commission previously. So I thank you all. And that's all I have [lapse in audio]

>> Troxclair: Walk me through this process. I'm trying to understand. Right now, candidates file the -- you know, the Texas ethics commission forms, where you have to fill out all the information. We deliver that, hand copy, and notarized, to the clerk's office, along with the CD.

[11:26:43 AM]

So is the process of entering the information into a separate city portal, electronically, above and beyond -- it doesn't sound like it is compatible with what we're already doing for our current report. So we're going to fill out the existing report, and then we go and duplicate all of the information onto the city's portal that will somehow filter into an excel spreadsheet type system.

>> That is a possibility, yes. Because what we're removing in scope is sort of that single interface and application that would allow E filing. So we would want to get the form, as we currently do, because we would want to post the actual document. We do have users who still want to be able to download the actual documents themselves; and also, at the same time, get delivery of content of the form as a data file.

>> Troxclair: So we're going to ask every candidate -- I mean, I'm just thinking about -- like I know some of the mayoral candidates had, what, like 500 pages of -- of [lapse in audio] To begin with. So we are going to have to go duplicate all of that information into this online form.

>> Potentially, so, too, I think one thing we need to understand is how candidates are currently collecting that information. And an assumption is that the majority of candidates are currently collecting it in some digital format already. So it could be that there's -- it's going to be an extraction of the data that you already have in electronic format, that would then deliver it at the same time that you deliver your paper copy. And so in terms of actually uploading it into the portal, that would be something that staff potentially would be able to do, as long as we had it in an electronic format.

[11:28:52 AM]

I think I mentioned it may not be necessarily a technology thing, but more of a process piece in terms of how it fits into the work flow that you guys already use to manage that data on your side, and how we can maybe extract that simply, that doesn't require extra steps on the candidate's side, or on the office holder's side to do that. So it's kind of that idea of finding out more about the process. And I think probably from candidate to candidate, there's probably a little bit of a different process. And so we would just need to see what's common along those, and hopefully that would be what would go into creating our templates to say, like, this is the kind of data we need to be able to report out.

>> And it may be, and I don't want to [inaudible] Anything until we -- until these guys figure out the solution, that for those candidates that already have [lapse in audio] In an electronic format, must provide it in an electronic format. So you may be able to use existing data. We know there are other candidates who probably are not keeping a complete electronic file, and so the templates would probably be helpful for them in order to organize their information and submit it to us. So it might be a

combination of using our templates, versus we take your data and upload it from your source. If that makes sense.

>> Yeah. I just want to be -- I mean, our -- the requirements that candidates have to go through to comply with all the city's ethics, regulations, are already very confusing and can be very time consuming for someone who has never run for office before to try to figure out. So I completely understand the intent of what we're trying to do here, and do think it would be a usable tool, I just want to make sure whatever we do is not going to add extra complications, extra time commitment, you know, require extra -- I just want it to be very clear and easy to the --

[11:31:03 AM]

>> I think we all do. And that's the intent.

>> That the goal that we would try to achieve, but just to set expectations, rather than the city investing hundreds of thousands of dollars in developing a system that would be sort of the sole, single, you know, interface for submitting all of that data, we're, in effect, saying we're not going to spend that money developing that application, we're going to work out to the candidates and the office holders who are going to submit that. So, again, you know, just to be clear about that, part of what we're doing, by shortening the time frame and not investing in developing the tool, is that the effort then is going to be pushed down to the filers, rather than by the city. If that makes sense.

>> And I completely understand your point [lapse in audio] For everyone, not only the candidates, but also for my office, in what we have to do once we get the data. And so from my perspective, that is a major goal of mine, is to maybe it as simple as possible, and easy to understand what you're required to do.

>> So is the main -- I think, councilmember pool, your answer is probably all of the above, but I know that there are a couple different issues that we're talking about here that are all addressed in the resolution. One is the requirement for candidates to upload their documents electronically, which I think would include -- which would roof -- would remove the ability for a candidate to hand-write any of their forms. And forms that are currently submitted -- forms that are currently typed out and submitted, the Texas ethics commission that we submit, that are done on a computer, you can currently search those.

[11:33:07 AM]

So that's one requirement there, is if we're requiring them to all be done on a computer, and that would allow the public a little bit more transparency because you currently can't search, you can't do an adobe

.PDF search of a handwritten document, but the system would require -- it's going to require extra work for someone, regardless of how that work is split up between the candidates and the offices. But what we're getting out of it is a searchable document so somebody can type in one donor and see all the candidates that they've contributed to, or see all of the donations that that contributor made to one candidate.

>> Correct.

>> Troxclair: So there are a few different, I think, aspects that we're pursuing. One could be done just by requiring electronic upload. The other can only be done by doing the extra steps.

>> Tovo: Right. Did you have -- a quick response. I know you've had a question for a long time.

>> Right. What I see is that this is the first step. This is the pilot test, in order to move to the larger concern, community concern that I share, and that is that all of the financial reporting in the political process of all the players who are involved, that it be clear and transparent and easily accessible through the city's portal. That is a huge commitment that I made during the campaign, and I think we all benefit by sporting the clear and transparent application of the rules. There are some other things that we've talked about to help provide an information brochure, to help people understand the different aspects of our ethics rules that are both state law and in our charter, and in ordinance. This is just the first little piece. There's actually a fairly -- there's a fairly large number of different reforms that both the ethics review commission at the city and the league of women voters have been -- and some other groups in the community, have been actively pursuing.

[11:35:19 AM]

And I am committed to helping move this down the road. So, this is the first small bit, and there will be some adjustments and changes, and we may find that [lapse in audio] Would enter the data right there on an excel spreadsheet, and then somehow convey that to the city. And if it's through a secure, authenticated data portal, that would simplify things. But we are definitely in [lapse in audio]. So I recognize that there are some questions about how this will actually come together, and that's why these three folks are sitting in front of us, is so that we can give them the authority to move forward and start working on it and try to answer the questions that -- there will be more questions that will come up, I'm sure. But I'd like to move it forward and give folks an opportunity to try to answer them.

>> Tovo: Councilmember Renteria.

>> Renteria: Yes. Thank you. And you said that the cost is going to be about \$8,000? Somewhere around there?

>> Correct.

>> Renteria: Okay. And I really want to thank you all for coming up with a solution that's not going to cost us that much money because there was no way I was going to be able to support spending over \$800,000 to make it convenient for, you know, news reporting. You know, I believe in transparency, but that kind of money could be used for the city clerk's staff for other purposes, you know. We're having trouble finding -- you know, following resolutions, and what I would like to see, you know, is where we can key in a resolution number and find everything that was voted, all the comments and stuff. That would be my priority, instead of, you know, doing it this way.

[11:37:19 AM]

But I really want to thank you all. I'm going to be supporting this because the cost is -- what you all did is just amazing, so thank you all.

>> And councilmember Renteria, if you would like to recommend an additional \$800,000 in my budget for next year, we would be happy to start working on some of this.

[Laughter]

>> Renteria: All right.

>> Tovo: Thank you is there. A motion? I'll move approval. There is one thing I'd like to change, though. In that first be it resolved, when this was written, we had develop an organs for council consideration within 15 days and I'd like to say by the first council meeting in August, which is a little more specific.

>> Tovo: Thank you. Is there a second? Vice chair.

>> Troxclair: Seconds the motion. Any further discussion? Vice chair troxclair.

>> Troxclair: So the next date in this resolution is January 1st [lapse in audio]

>> We actually changed that to February 1st.

>> Troxclair: Okay.

>> 2016.

>> Pool: Staff brought along an updated -- the updated -- it was passed out a little bit ago.

>> I don't have one.

>> Tovo: I'll just say I'm really supportive of this measure and other efforts to increase transparency. Having said that, I also know how much time, not from personal experience because I have a very dear friend who did this for me, but it takes a tremendous amount of time to comply with the requirements during a campaign that are asked of candidates, in terms of financial reporting.

[11:39:21 AM]

And so I share some of vice chair troxclair's concerns that we don't want to do anything in making it really an insurmountable task for an everyday person to run for office. And I understand that's clearly not the intent, but I want to make it known I'll be looking at that tool once it's done to make sure it really is user friendly and we're not creating barriers for people running for office. That's certainly not the intent of this resolution, nor would it be a good outcome, so I know that we had [lapse in audio] I'm very supportive of moving forward today, and I don't want to have to take another action down the road, but I will be looking carefully at this tool before it goes into -- before it becomes a requirement to make sure it really is user friendly.

>> And I might even suggest that when you get it in beta format, let us know and we can come down and maybe even be the test group for you.

>> Certainly.

>> Tovo: Furs discussion in okay. All in favor? Passes unanimously. I understand that's on our council agenda for tomorrow, so you are going to make the necessary changes and bring that back.

>> Pool: Yes. Can I thank everybody for all the work that's been done on this and to my colleagues for trusting that this team will be able to bring us a good project.

>> Our last item is petition for creation of a public improvement district by wildhorse ranch. We didn't have any speakers, I didn't have any signed up. Very good. Welcome Mr. Arm Hurst and Mr. Dwyer. We had a discussion about the wildhorse bid, today we have the representatives. Take it way. We've got about 20 minutes for our discussion and will try to give you an additional five if we need it for questions.

>> Councilmembers, thank you very much. My name is Pete Dwyer. I'm an Austin resident, as councilmember Renteria heard yesterday, I grew up on south congress and have been here for a number of decades.

[11:41:41 AM]

[Lapse in audio] Planned unit development. The city of Austin come and spend. These are going to be public improvements. This is a master plan community on the east side of town. We have a presentation that we can walk through. Elaine hart made the presentation last month to you about public improvement districts. I can go on and make the presentation, or we can simply roll to questions. We

are hoping that your committee can make a recommendation for approval to the full council. We have, as our team members here, David Armbrust and the law firm of Armbrust and brown. We have Mr. Bill parutsy, from titan capital, who's the financing and the money behind wildhorse ranch, and Rick Rosenberg here from dpfg who's our financial analyst. The request has been formally submitted in a petition per state law for the public improvement district called the wildhorse ranch pid. That petition has been submitted, it's been vetted around through the city of Austin finance staff. I can't see around the corner. We funded an outside third-party consultant for the city of Austin's finance department to have a consultant look at our financial conclusions. We do again have the presentation that we can make, or we can simply answer questions. Councilmember troxclair, I think, had some questions at the pid presentation about a homeowner and the cost to a homeowner in this pid going through [lapse in audio]

[11:43:51 AM]

>> Tovo: Regarding the pid, so it's not my expectation we would actually take action on this today. And I understand that you need a decision from the full council, or that there's some time restraints in August, so that will probably have to be a conversation that happens at the full council. Mr. Canally, did you want to offer any --

>> That's correct. Mayor pro tem, the staff is completing the feasibility study and we'll be bringing that back to council. In August, and then at that point [lapse in audio] Still on track with Elaine walking through at the last minute.

>> Tovo: We heard a little bit about this before. Would you like to have a very quick overview of this presentation, or shall we go right to questions? Vice chair troxclair? I hear one call for questions.

>> Troxclair: I was going to say let them do a quick overview.

>> Tovo: Okay. Councilmember Renteria, what's your will?

>> Renteria: [Inaudible].

>> Tovo: Okay. Why don't we do this, could you do, say -- yeah, how about you do, say, four or so minutes.

>> Okay.

>> Tovo: Focus on your presentation.

>> So wildhorse ranch is a real estate development that has already been through the zoning and development review process. It is an approved man unit development. We have come up with the

suggestion for a public improvement district because for -- for a pid because in order to -- this is east side city limits. You can see on the map, it's at the intersection of

[lapse in audio] Activity center. However, that being said, we need the funds to put these amenities in, the streets, the utilities, the parks, the trails, the swimming pools, things that will give us a competitive shot to pull off a successful master plan community in east Austin. That's our goal.

[11:45:52 AM]

This has been labeled as good development. This is in the desired development zone. It's in the east Austin crescent that we heard about at mayor Adler's committee meeting yesterday. Not having these city funds roll in for all of these amenities has caused us to say, okay, well, we can form this public improvement district, which we have to get the city's approval to do, and use those funds to go build these neighborhood amenities so that we can pull off this east Austin development and set a shining -- what we think is going to be a shining example. We are currently in a public/private partnership with the city of Austin and Travis county building a nine-million-dollar extension of Parmer lane. So we've already been vetted as, you know, a good partner with the city. You know, we want to be able to have the people in east Austin have access to good trails, good parks, amenities, swimming centers, and so if you look at the analysis, what we've officially asked for is a \$42 million pid. We will have no more than a 25-cent assessment. In addition to the staff backup material to address councilmember troxclair's question at the last presentation about what -- what's the cost or benefit to a homeowner, I believe that you have this in your staff backup, and so just kind of [lapse in audio] Entire defined area boundary of the master plan community. So that means that we'll have businesses, companies, and not just the homeowners helping to pay this off over 30 years. So that allows us to reduce the cost of the lot. So in this analysis right here, the assumptions that we made, is if we are able to do this pid and push the cost savings through to the lot price and, thus, the home price, that we might be looking at -- you know, all home prices in this community are going to be different.

[11:48:07 AM]

We picked a \$250,000 home price as an example. With the pid, we think there will be about \$20,000 worth of benefit. Without the pid, in order to get the same profit to the builder, we think that that house is going to have to sell for about \$270,000. So if you then look at the extra down payment, the extra mortgage cost, versus paying a pid assessment where all the other businesses and commercial properties are helping pay part of that assessment, at the end of a 30-year life-span down there in the lower right-hand corner, we think it's about a \$30,000 benefit to a \$250,000 average homeowner. And

so this pid request has turned from one binder into a binder and two buckets. So we have no shortage of analytics and statistics.

[Lapse in audio]

>> A number of years ago, approved a bond election to fund the wildhorse connector, which is a major transportation facility in east Austin -- had a condition that had to have -- it had to have a joint participation agreement in place by December of last year. That didn't occur, but the commissioners court extended that deadline until the end of August this year. And they -- we asked for an extension. They declined, and said that it's been so long that if this pid isn't approved, a portion of money for this pid will go [lapse in audio] Bond financing somewhere else.

>> The laser pointer doesn't work showing on the screen, but this is a road that comes off of the Parmer lane project that we're building right now. This is called wildhorse connector which goes over and ties into wildhorse connector phase two.

[11:50:10 AM]

Those are both campo approved roads and aid said, the Travis county voters approved to send bonds for those roads, so we are trying to beat that deadline. And part of these pid funds has been suggested that since the city of Austin's portion of the wildhorse connector funding isn't in your budget, that maybe the pid would be a mechanism where we can fund the city's share, one-third of that wildhorse connector, and still be able to use the Travis county bond funds, and then work out a repayment deal down the line.

>> Tovo: May I ask a quick question about that? So your agreement with Travis county is that they will -- they will put in bond funding for that road, as if the additional funding can be provided. Do you have the option of providing it from the development directly rather than through other sources?

>> When we started talking to the county, it was outside the city, and so the county and the developer, it was going to be a 50/50 deal. The city then annexed it two years ago, and the county said, oh, we don't have to pay any now that the city has acquired the road. And the county has come back to the table saying they will pay a third of it if the developer will pay a third and the city will pay a third. So the pid could I have evolved out of those discussions.

>> Tovo: Has Travis county said they will not put in a third if the developer puts in two-thirds?

>> No.

>> Tovo: Okay.

>> Councilmember tovo, that road was sort of brought to us by campo. That lower blue pod down there really -- we can develop that without that connecting road, so while the road makes our development better, it's an additional ten million dollars. It probably won't be spent if it's all put on our back because we simply can't afford it.

>> Tovo: Okay. I appreciate that. Response? Other questions. . >> Renteria: Are we -- what's the city's cost -- is there going to be any cost to the city of Austin on this project?

[11:52:15 AM]

>> Again, as currently structured, just from a process perspective, I just want to reiterate again, from the pid process that is laid out, there's a feasibility study that's going on from a city perspective, as Mr. Dwyer mentioned, about looking at the financials. The way pids work is that there's a separate assessment on properties or lots that would be paid directly by property owners, so the city costs, notwithstanding any issues about the road that's being discussed, as those discussions continue, but as currently laid out, there are no additional city costs that would be part of this.

>> Renteria: And this whole project is all in the city etj or city limit?

>> It's in the city limits.

>> It's full purpose.

>> Renteria: Okay.

>> So that's one of the reasons why we were hoping for a morning win here this morning because we would love for your committee to make a recommendation to council and take an affirmative action step to make something nice happen out in that area.

>> Renteria: Are you going to envision having any kind of affordable housing out there for --

>> Yes. This will be almost entirely workforce housing so we'll have a price range. You heard yesterday in the mayor's subcommittee, there's a difference between affordable housing and supplemented housing. We don't look that we will have any supplemented housing in here, but this is all designed to try to make the housing stock that we have workforce housing understand a make it affordable, and [inaudible] As possible. We want the people who live out here to have the right to good parks, to have the right to a swimming pool, community assets.

>> Tovo: But will there be any income eligibility requirements or any [lapse in audio] Workforce housing to be over a period of time, or are you really just saying that the targeted market price puts it in the range of workforce?

[11:54:20 AM]

>> We haven't had the subsidized housing conversation concerning this project. We have been keeping it, since we don't have any subsidies from the city, and this is at the bottom line on the slide that's showing, this is at no cost or risk to the city, is, this is basically a market rate project. That doesn't mean that down the road we can't do a project with the housing finance committee or, you know, some -- work something out. We just really need to move forward on the main spine infrastructure, and that's essentially what this pid accomplishes.

>> Tovo: Okay. And just to be really clear, I mean, you could -- what I was really asking is, are you entering into any kind of commitments for long-term affordability there, absent subsidies. I was really asking if you're intending to use any kind of mechanisms that would ensure that those units remain affordable over a period of time at a particular level. And it sounds like at this point, really, the affordability comes from the market.

>> Yes.

>> Tovo: Okay.

>> And I believe the full council --

>> Tovo: The market price.

>> The full council voted a couple months ago on the capital beverage project. That is actually on part of wildhorse ranch, and so in addition to the [lapse in audio]

>> Tovo: Councilmember pool.

>> Pool: I'm glad you brought that up about the other parcel that's close by, because I think there was some conversation about the potential of a grocery store coming in, fronting on 130 and that other portion of wildhorse, which I think is at least part of the conversation we were having, and I was glad to see you all yesterday at the equity meeting. And I hope you'll continue to come because I think the work that you're doing, potentially doing at this location, will have a real impact on our interests and concerns in the eastern -- what we're now calling the eastern crescent of the city of Austin.

[11:56:28 AM]

I had a specific question for you, the 25-cent pid assessment, do I remember you telling me there was going to be a sunset date on that, I think, when the bonds were fully funded or something along those lines?

>> Yes. The pid assessment is directed towards retiring those bonds, and once those bonds are retired, that pid assessment will evaporate.

>> Pool: And is that function something that's baked into the agreement case?

>> Yes.

>> Pool: We're all not here in 30 years?

>> We'll have a relatively extensive financing agreement, and it will address those issues. We need to get the council blessing on the pid creation to get to the negotiation of the financing agreement. There's several other precedents, the whisper valley, the estancia, and big part of conversation with staff has been how staff is assured that what this pid money goes towards building is built to code, has properly inspected, you know, the funds have been accounted for properly, and part of the way we intend to do our business in the pid to address councilmember tovo's questions, probably the only bonds that will be issued in what we call the green field state or upbonds, will be to finance that connector road. For the most part, we're going to use private developer financing to build most of the other improvements and amenities, and then we'll do the pid bonds as reimbursement bonds. That gives the finance department and the city one more look at, was that done right, was it inspected, is it functioning like it's supposed to. And then we'll issue the bonds when everybody gives a thumbs up on that.

>> Pool: Okay. One more thing, I'm interested in the price point on the homes too.

[11:58:28 AM]

I realize you're going for market rate, and the market rate out there currently is lower than elsewhere, but that's not going to be the case forever. And I don't know if there is something that -- some way you can --

>> The city of Austin's eps, the private consultant that the city hired to look at hour analytics and our proposal --

>> Pool: Uh-huh.

>> -- Did sort of breast the housing price range. So we sort of pick up where colony park leaves off and take it from there towards the east. I don't know if that answers your question, but there's a report on file with the city that specifically addresses the city's consultants' perspective on home prices, and then we brought in two additional expert consultants, metro study, and R. C. Elco, in addition to experts from dpng, so there's lots of data on home pricing. And I don't know if that answers your question, but we want to try to target affordable workforce housing.

>> Pool: Okay. Thanks.

>> Tovo: Councilmember troxclair.

>> Troxclair: So if the pid is not approved, is there anything stopping you from continuing to build the development?

>> If the pid is not approved, we own the property already, so we've got to find a way to dig ourselves out of it. The pid really facilitates being able to bring in the amenities. Without the pid, we're going to struggle to build quality housing with good streets and lots of amenities. So what this really does is give us a shot at building the parks and trail

>> I don't know if you heard of the Austin Maynard rail trial. It is half built. It stops at this project line.

[12:00:30 PM]

The parks department are saying if you can help us get this done. And we say, yeah, we have two more trails going in on either side of the project. So it facilitates us being able to connect the dots in a much more expedient manner. Otherwise, it will be a cyclical struggle. We'll do a little bit over here. When that sells out, we'll come back and do more. We'll get the job done, but it will be a lot easier and better project with this pid in place.

>> Troxclair: Because that is how any other developer in the city would develop a large planned community. I mean, like, they go in and do phases and sell those houses, and then they build more and sell those houses so that --

>> Let's take for example, circle C. Circle C ranch had a number of municipal utility districts. Now that we have been annexed into the city of Austin, we're foreclosed out from doing a municipal utility district. A pid is sort of like another avenue.

[Audio skipping] Do have some sort of district underlying, being able to help everybody pay [audio skipping] Many conversations are bringing some of the typical master plan amenities like you see in a circle C or falcon head or one of the other planned communities in the area.

>> Troxclair: I guess my struggle is, there are plenty of communities within the city limits that have nice amenities, have pools and trails and did not come to the city for pid money. I just --

>> What would --

>> Troxclair: When you bought the property and intended to develop it, you didn't plan to develop a community that had amenities?

[12:02:30 PM]

I'm trying to understand what is -- what -- we're being asked to make an unprecedented exception. Because the city of Austin has never done a bid for property within the city limits, if I remember correctly, Mr. Canali.

>> I believe Astancia is part in, part out. Whisper Valley is with an annexation agreement.

>> Let me ask.

>> Let me get that answer. I don't want to misspeak. I believe in terms of full purpose, might be the first one. There might be parcel, other limited districts. Let me get the correct response.

>> Troxclair: I remember you had a graph, a chart at our last presentation with the three existing bids. This is the first one that is completely within the city limits. And the explanation was given in the past bids have been used to extend, you know, to have some sort of control over the development, which is -- that is not inside the city limits. So this -- I mean -- I -- so I'm trying to understand if this is the first time that we're going to approve this within the city limits, I think that there needs to be a really exceptional reason to do it, because we do have other developments -- I mean, the Normal -- you can still develop the property and you can do it in phases, and there are other developments in phases in Austin that have good amenities. Of course, I want to see that part of east Austin developed in a really high quality

[audio skipping] High quality way, all the time and don't realize the tax implications they're getting themselves into and that they will be subject to an additional tax on top of the property taxes.

[12:04:32 PM]

I think certainly for someone buying a home within the city limits will be surprised to find that they're going to be subject to another \$625 a year. I appreciate -- I do appreciate you breaking out these numbers over the long-term and if it is possible to offer prices at a lower sales value, that's great. But this assessment that talks about total payments over the life of the bid where it is basically making the case that without the bid, a homeowner is going to pay more over 30 years, the majority of homeowners are not going to live in that [audio skipping] In that home for 30 years

[audio skipping] I think the average is seven years. My guess is they will -- will pay more because of the \$625 a year assessment. I am just still struggling with -- with --

>> I understand. It's -- it's something you have to get your mind around. Again, the way we started out, we would prefer if we had a bucket of city funds that the general fund paid for to be able to come over and build these trails and build these parks and build the greenways and play fields. But frankly, it's not gonna happen. And we have been out there sitting there so long is a lot of that was talked about with the city manager at the time, the original entitlements were given to Wild Horse Ranch was Toby food

trail. There was a lot of talk about that stuff coming. That was back in 1999 and 2000. It hasn't gotten there yet. So we're sort of volunteering to voluntarily -- the assessment goes on to the landowner until that is developed and sold.

[12:06:38 PM]

We will essentially be paying our own bill. This is just a bonding mechanism that allows us to.

>> Within the pid in the city limits. I don't see why any other developer in the city -- I mean, the fact of the matter is this is going to make -- it is going to make it less expensive for you to develop the property. I don't see why any other developer, yes, you're hoping that can you pass on the benefits to the homeowners in the form of amenities and other things. But I'm -- if I'm going to develop anywhere else in the city, I don't know why I wouldn't come to the city and ask to utilize their bonding authority. So I need more time to think about it. But I appreciate your willingness to answer the questions.

>> Thank you. We really want to keep working with you and answering your questions until we can get recommendation. Because ultimately, whether you are sitting in this committee meeting or sitting on the full council, we will need the blessing to move this project forward and really think this will be a beneficial project to help move forward. So if you can let us know what additional data that we can provide to you, the questions that we can answer for you, we would be more than happy to do that, take you -- [audio skipping]

>> Sure to clarify what we presented, with the three existing pids. Whisper valley, Indian hills, astancia, they became limited. Prior to that, they were an E T.J. That was part of the pit agreement.

[12:08:41 PM]

>> Tovo: As I recall, I believe they had affordability requirements. I thought I remembered that. But in any case, I think it would be beneficial to look -- I may be confusing that with a different mechanism. But I believe it would be useful to have a little bit, at least to have time to revisit the information you presented last time about the different -- can you help me understand what the staff is working on in terms of analysis.

>> There is a petition now, the first step is the evaluation. Mr. Dwyer did indicate they hired financial consultant to help us with the real estate aspects and financial components. We want to ensure that the overall financial structure of the deal, like we do on all of our other deals we have done in the city, that the --

[audio skipping] We want to assess that, understand how the bonds are structured and dealt so that again, the purpose that there would be no impact to the city is [audio skipping]

>> Tovo: Mr. Dwyer, I think I understand you are asking for two things from the council. One would be authorization to move forward [audio skipping] To move forward with the pid and the ability to go to the county and say this is where we're going to get the funding?

>> Yes.

>> Tovo: The one-third funding?

>> Yes.

>> Tovo: Ok. So your agreement with the county is driving your request to us to make a decision about the pid?

>> Yes, other than we're ready to go start building the project and if we're going to have a pid, we need to make sure that any potential homeowner that considers purchasing a home is fully aware.

[12:10:46 PM]

We want to make sure there is full disclosure on all of this. So we kind of need to know pid, no pid.

>> Tovo: How does that make a difference in terms of your construction? At the early stages?

>> Well, if you can refer to the overall map, whisper valley is just right next-door. They have -- they're very fierce competitors with what they have to offer future homeowners and builders that are building homes in there. A lot of our pid discussion was driven by the fact that astancia was approved with a pid that whisper valley was approved way pid. We've got to compete. That's our price range to compete in. So we were sort of pushed into this by those precedents being set. We're kind of naked in the wind out there without being able to talk about our amenities. Again, I don't know if you remember from the presentation, but the overall cost is about \$95 million. This is 42 million of that 95 million and that's really being limited by the fact that we think the market will bear 25 cents on this assessment, and there is a comparative table of where everybody else's mud tax, city tax assessments are in what we turned in. So we're really trying to remain market competitive, just north of sh 130, there is falconhead. Falconhead has a series of muds. Shadow glen, which is next-door has a series of three muds. So we're trying to have full disclosure with the city and potential.

>> Tovo: Ok. That helps. And do you still -- I mentioned this at the last meeting, I'm not sure whether you had an opportunity or comment. Do you have an intention on the wild horse track to have a golf course as was contemplated in the map that was on file with the city?

[12:12:54 PM]

>> No, we have submitted an amended pud. And that golf course, the future golf course has been taken out in lieu of putting in more parks and trails where the golf course was going to go.

>> Tovo: Can you give me an understanding of the discussion and having a golf course. Since we had it in the original plan why would you take it out given how that could be an economic driver for the community?

>> Well, so we developed shadow glen right next-door. Shadow glen has a public fee 18-hole golf course in it. It is a beautiful course. We're proud of it. We didn't get that much lift or bounce with our shadow glen marketing because of the golf course. What we got lift and bounce for were the swimming pools, public amenities, parks and trails and Lakes inside the golf course. Everybody loves those. So we just made the financial decision, you know, it is about 8 to \$10 million for a private entity to build a golf course. We think that those funds can be better spent on playgrounds and pocket parks and the trails connecting and all the things that we put into the descriptives that we supported with our pid request.

>> Tovo: So the financial investment in that course wasn't justified by the -- as you said the bounce you received --

>> Hey. Yeah. That being said, I hope they find out a way to get the PGA courses done around the corner on the city lands. Those people, they're friends of mine. That's not -- I don't want to encourage or discourage that conversation with this conversation. I think those are two different markets. We made the decision on wild horse because of the big piece of green belt that we have got in the way and the fact that the county's concentrating on the gill and creek greenway.

[12:15:01 PM]

[Audio skipping]

>> Tovo: [Indiscernible].

>> Group doing the giant hotel heard all the conversation about the PGA course and, you know, our phone rang and it was them asking about the golf course. So I hope I don't eat my word, you know, a year from now and say the golf course.

>> Tovo: Ok. Any other questions?

>> Thank you for holding over.

>> Tovo: Thanks. I know you wanted an answer today, but I think we need to hear from our staff and hear about the financial soundness from their perspective. That would be my recommendation. Vice chair Troxclair?

>> Troxclair: So you acquired the property you said in 1999?

>> 1999. This was the majority of the land [audio skipping] They sold the first part, the north part to us. The lower part was acquired from the bluer family who had it since 1870. We got all the entitles done on it and sold it off to some folks that titan capital finance. And those folks didn't make it over the finish line with the economic downturn. And so titan capital has now come back in, because they held financing on it. They purchased additional pieces. There is a piece in the middle that none of us own, it is owned by a gentleman from new York, that was one of the original investors that bought the project from us. He's not in this discussion. He's not in our pud amendment. And he's not in the pid at this point in time. He's just going to sit on that land.

>> Troxclair: And Mr. Canaly, do you know why this property was annexed or what the reasoning was for annexing this.

>> I don't know. I think a lot of it goes back to the conversation when 130 was created.

[12:17:03 PM]

We can get with Virginia and planning department and get the answer and the thoughts behind that.

>> I can answer that. In the original pud agreement, I mentioned Toby Futrell. Toby was not proud. We had asked for a total of 90 million in mud bonding. Toby said we will not do mud out there. We will hold off on the financing and do utility cip financing for you and the an anxiousation period --

[audio skipping]

>> How the entire cargo would be built out. Discussions about municipal management districts, a whole slew of the exercise that the city went through about a decade ago. From our annexation program, we are always looking at where properties, where they're owned and being developed and look at bringing in properties into the city into full purpose. To make sure there is a benefit to the overall city from a planning perspective. We do that as part of the annual annexation plan and that is what occurred on that as well.

>> Troxclair: When we annex property, the city is also then more or less committed to provide utilities -- [audio skipping] Services.

>> Top understand the cost associated with that, providing services to future existing residents and future residents, potential tax revenue and cost associated with that. That helps indicate and really -- it is one of the pieces. One annexation.

>> Troxclair: I appreciate the comparison to a mud. That is a Forma that I'm familiar with.

[12:19:05 PM]

And -- but the difference to me is that in a mud, you -- you use a mud outside of the city limits because you need to develop that infrastructure and provide, you know, the water, wastewater, electric -- you have to provide the infrastructure that the land doesn't already have because it is not inside the city limits.

-- Limits. That is one more -- it is a comparison, but at the same time, the purpose of the mud is to provide that basic infrastructure that is not already provided because it is not in the city limits. With this being within the city limits --

>> Councilmember tovo is probably familiar with the rate case that the Austin water utility did a couple of years ago. In our initial agreements with the city of Austin, when we were E T.J. Out there. Our -- [audio skipping] Has raised that up to where it is \$5,500 out there. Again, part of what we are trying to do is remain competitive agreement.

>> You are talking about the line -- before they were subsidized?

>> When we originally made the deal we had a subsidy out there. That has been taken away.

>> Since the county told us at the end of August they're going to pull that \$5 million off the table of funding for a road that is now in the city, I guess we respectfully request that this discussion occur at the council in August. That we have a decision one way or another. It is a big -- it is a lot of money.

>> Tovo: I think that is certainly an appropriate next venue. Our meeting is not until the 26th.

[12:21:08 PM]

>> I just weigh-in to say that I kind of like this project. I'm interested in -- we'll be watching to see how all of the details are worked through. It is clear that there is development happening in the eastern crescent and I think it is a benefit to the city to have workforce housing there. I'm hopeful that the prices will stay down. I don't know that we have a mechanism to keep them down. I like the connections with the parks and the trails. I think that is really sensitive to the values that Austin community has put forth.

When we had our conversation we talked about the urban trail plan, the master plan for urban trails and the bicycle plan. I liked the elements being taken into consideration. So I just wanted to offer that up.

>> Thank you.

>> Pool: See what happens in the next six weeks.

>> We would like a positive recommendation.

>> Tovo: Certainly if anybody feels they would like to make one at this point based on the information you have, you are certainly able to bring forward a motion. We are going to adjourn, do it now.

>> If the economy goes bad, what would be our liability? Zero?

>> The concept behind this again is if you structure the deal correctly. The liability is zero. Again, the assessment is for the owners of the property. So that's the goal of it. So.

>> If that is the case, I would like to go ahead and recommend it to the full city council.

>> Tovo: Councilmember Renteria recommends the movement to the full council.

[12:23:10 PM]

Is there a second.

>> Pool: I will second.

>> Tovo: Councilmember pool seconds that. Is there further discussion?

>> Tovo: I will say I will not support it until we have the information from our financial staff evaluating whether it is a sound financial plan. Ok. Vice chair troxclair.

>> Troxclair: Mayor pro tem, I agree with you on that point, I will not be able to support it either at this time.

>> Tovo: Ok. Thank you. Further discussion?

>> Pool: Even though I said I liked the plan, I would like to have the additional information. Is this going to council?

>> Tovo: It is.

>> Pool: It is not coming back here?

>> Tovo: It could certainly come back here -- we could certainly talk about it on the 26th, if there is an opportunity to, but I think the main thing is that it has -- if there is an interest in going it, getting a council decision, it needs to be scheduled for full council action.

>> We agree, given the time lines, deadlines, this was helpful. And we would bring back -- launch the full process, bring back the reports, you know, letting council move forward from there in terms of public hearing and legal pid process we need to go through.

>> Pool: In that spirit, I would vote for the proposal that councilmember Renteria put out.

>> Tovo: I would say, too, I think I had an opportunity to go out and see the general area and this land specifically and to meet with you. I think it sounds like a very, you know, a very strong development out there. But whether or not we set up this financial or give the city's blessing to this financial mechanism is a separate question. Because as I fully expect that development will happen on that tract in either case.

>> I have heard the east Austin task force may consider something like the Marshall plan for east Austin.

[12:25:13 PM]

If the city decides it wants to bring these amenities in and pay for them, that's great with us.

>> Tovo: Ok. Any other comments, questions? All in favor signal by voting aye. Councilmember Renteria and pool vote in favor of the recommendation. All opposed? So that is two in favor, two opposed. So I believe the motion fails.

>> Troxclair: Fails.

>> Thank you for your time.

>> Tovo: In any case, we will continue it at council. Thank you.