

City Council Special Called Budget Work Session Meeting Transcript –8/19/2015

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[9:41:16 AM]

>> Mayor Adler: Council, are we ready? I'm going to call to order the work session. Today is August 19, 2015, the time is 9:43. We are in the city hall board and commission room. We have a quorum. We do have a quorum. Six of us. And so we're going to go ahead and start. I want to begin by figuring out scheduling and what we're doing. As you recall when we were here a couple days ago, we recognized two options. One was the one that you all discussed last week which was to try to run eight of these sessions over the next two and a half hours at 20 minutes intervals. And then the other option would be to take next Tuesday morning and call some of the sessions then so we do some now, as many as we can do, then go over to Tuesday morning. Tuesday morning is usually our work session, but next Thursday's meeting is the Austin energy and then the public hearing so we'll be taking public testimony on budget issues so there's not a work session scheduled otherwise. And I know that I missed that conversation, you know, at the end of the meeting last Wednesday, but I think we should decide how we want to proceed. The conversation that ed suggested was if we truly want to be able to get through these, that means staff does not make a presentation as they've been opening them in the past or they make a really abbreviated version of that presentation.

[9:43:22 AM]

What is your pleasure with respect to how we proceed today and what do you think about next Tuesday? Ms. Troxclair.

>> Troxclair: I'm fine with trying to get through as many as we can today and next Tuesday morning. Looking at the schedule, we have transportation and watershed and those are important issues we're probably going to have questions about drainage fee and other things so I'm okay with blocking time next Tuesday, but I will also try to minimize my questions today so we can get through as many as possible.

>> Mayor Adler: What's the pleasure of the people on the dais? Sounds good? Okay. Do we want to make sure we work through, say, the first five and take transportation, public works and watershed protection and let those staffs go so they are not here this morning or do we want to keep them here just in case? My sense is if we're going to go next Tuesday, and that makes sense to me, that we let them go so that they are not here.

>> Yes.

>> I would concur with that, Mr. Mayor, especially as councilmember troxclair pointed out we have very important issues to discuss with the watershed and drainage fees.

>> Mayor Adler: Ed, does that work with you and your departments?

>> It does.

>> Mayor Adler: Let's proceed that way. Yes, Ms. Troxclair.

>> Troxclair: So the public hearing that's this Thursday, I'm wondering about the drainage fee. I mentioned, are we going to make decisions this Thursday that would affect anything or we can discuss things --

>> On Thursday there will be no action taken. It's the public's opportunity to comment.

>> Troxclair: Okay. Thanks.

>> Mayor Adler: We're going to have several opportunities for the public to comment without us taking action on the same day so we get the testimony.

[9:45:29 AM]

All right. So Ed, that's how we'll proceed. We'll call those first five and that gives those entities the opportunity to give us a short presentation as they go through. And if we finish early, we'll give back time and reconvene but we're going to meet them on Tuesday morning and pick up the last three. Ed, do you want to proceed? By the way, I would point out again according to our time, everybody should

be thinking through concepts. Between now and next Thursday, still it takes two people to put something on the concept menu. This will be the last week where the bar is that low. Then the bar jumps up to three. And remember that you can -- you can ask the question. You don't have to [inaudible] Be able to say to the manager and generally speaking this is what I'm trying to accomplish. How might I accomplish this if I want to try to achieve it. And ed, there are some things that are on the concept menu that are -- the shorthand is such that you can't tell what it is. So someone looking at the concept menu, we need to have just a bit greater description on those items so someone not familiar with the concept or a reference back to a Q and a question or something so that people can understand what it is that they are looking at.

>> We can definitely do that. We're also compiling backup material for the items where it makes sense to have backup materials. So prior to the 27th, maybe late on the 26th, but prior to the 27th, we would want to get council another Boehner with any relevant backup material for each of those items.

>> Mayor Adler: That would be good. The 27th we might be discussing information we get on the 26th. If you could, just annotate the lines just a little more so that people could generally know what the concept was, that would be helpful.

[9:47:31 AM]

>> So on Monday we had made it about two-thirds of the way through our presentation from human resources on employee pay and benefits. We had talked about pay, the retirement systems. I would suggest we pick up with that presentation on benefits, which if you find your human resources presentation, benefits is slide 15. The benefit at this time overview slide, slide 15 I think is where Mark Washington is going to begin. And he's going to try to go through these pretty quick to make sure we have time to get to the rest of the departments.

>> Renteria: Thank.

>> Thank you, ed. Good morning mayor and city council. I will very briefly highlight some of the slides since some were able to see some of the content in advance and I'll begin on slide 15 highlighting the growth of our plan. And when many people think about the benefit plan, what is thought of is what benefit we provide for employees. And we have a workforce of almost 13,000 employees and at any given one time 11,000 plus can be on the plan. We also have quite a few dependents and retirees. So if you look at our total plan population, we are at 32,600 and we're estimated to increase that next year with more dependents and new positions coming online. I would also like to point out one of the things we can do to mitigate costs is increase the consumerism or the activities of employees in our wellness program. And currently we have of our active workforce, we have 4,600 employees. We would like to see that increase to ideally where all employees are part of the wellness program and ultimately all dependents and retirees.

[9:49:32 AM]

The ideal scenario would be to have 33,000 participants in our plan, part of the city's wellness program and that is something we would love to see did you down the line. As I mentioned previously the satisfaction with our benefit program continues to increase employees value at high satisfaction level. To that end because of the satisfaction utilization and experiences that we've seen, we have proposed a cost increase to the benefit fund in terms of our requirements of \$29 million. This reflects respectively an increase for the city of 12% since the city is the largest contributor toward the cost of health care for the employees and retirees. And the employee premium increase of about 10%. And I'll highlight some of the cost drivers, but essentially we work with our staff, our actuary to review our claims of the past and we have had significant experience -- increase in our experience on our medical plan. You will see the per member per month costs increase from 13 to 14, 14%. We've had a high utilization or number of increases in high claims, claims over \$75,000. That has increased, the number of claimants of large claims have increased 28%. You will also see some of the areas where we've had risk plan and our perinatal costs and we've had several instances of those, in many instances those are million dollar claims. Also in addition to the medical we've had some increased experience on our pharmacy.

[9:51:39 AM]

Part of that is due to specialty drugs that are -- many of you may have seen the new drug that's been advertised for hepatitis C which was once treatable but only in terms of alleviating symptoms, but now this drug is curable and it is at the expense in some cases of \$100,000 for the prescription costs in order to receive that specialty drug. That's the cost of the plan. What we've experienced in terms of increased costs is common across the country and as we look at some of our other employers who use some of the same health care systems, in the Austin area we have capital metro, also have an increase in costs both for them as an employer as well as employees 13%. Travis county, the employer cost is increasing double digits. And aisd, even though there is no increased cost in the school district, what we understand is that they are passing on the costs to their employees. And their low plan is increasing the premium cost by 50% and their [inaudible] Cost share for the employee as well as the employer under double digits. We are providing increased member outcome and changes in order to increase member outcome and plan enhancements. What I'll do is ask tommy tucker to highlight some of the changes that are going to produce good experiences for our members.

>> On this slide all of these programs are voluntary programs which participation in them will help reduce our overall medical expenses.

[9:53:39 AM]

Premium designated doctor, our united health care has a program where they designate their doctors based upon cost effectiveness and quality to have cost effective outcomes, and so we are going to incentive incentivize those employees and get a \$10 reduction in their co-pay, but overall decrease to the cost of the plan. The next program, and each of the other programs are targeted programs to particular disease areas in which you the read each of the type of interventions that are involved in that. But it would be more clinical oversight and help for employees as they deal with these various diseases. On the following page are two plan enhancements. We'll be adding coverage for applied behavior analysis for individuals diagnosed with autism. And we will also be covering gender reassignment surgery. Additional initiatives on the plan design are we are going to increase the -- the co-pays for tier 2 and tier 3 pharmacy drugs. As you saw, our drug expenses are increasing at greater rate than other medical expenses and so this is attempt to have greater cost sharing with the employee so there will be a co-insurance on tier 2 and tier 3 with a maximum.

[9:55:44 AM]

And then again medical and pharmacy necessity. As you heard earlier, our large claims are increasing and this is one of the ways to ensure that the surgeries that are being performed are necessary. Medically necessary.

>> So those are some of the cost mitigation strategies we'll be deploying this year to have better outcomes in our experience, but again going back to my earlier comments, the best outcome is to get employees engaged in their wellness and preventive type of services. And our data shows that it is definitely better to have more engaged employees than nonengaged employees for the medical plan, and you'll see some of the outcomes in terms of the cost difference. \$221 less for those employees who engage in the wellness program over those not. The hospital room visits and emergency room visits lower. We shared some of the participation earlier in terms of the number of employees that's at 5,000, but of the 5,000, only 3200 of those receive a health assessment in which they talk about risk factors of weight, cholesterol and other biometric data that would allow them and their physicians to kind of be more predictive of their help and more preventive -- what type of [inaudible] Increased participation, there are two ways to do it. One is by cure, the other is by stick. The other is what other employers are doing. We brought that forward last year to the previous council and the desire was not to try to [inaudible] Last year and again we're coming back to the drawing board to try to increase our incentives.

[9:57:53 AM]

In addition to our cash payout that we have for participation, we're also going to increase the amount of time employees will have -- be able to take off from half a day to a full day if they complete their online health care screening. So essentially the screening may take 10 to 15 minutes to complete online, but they can earn a full day off by doing that and we think that pays off in the long run by having them engaged in the wellness program. There were questions about the premiums and I'll just highlight the premium changes. And it is a little harder to read from -- since the tables have been extended. But the premium changes for the family cost is about 625 -- \$15 a year. \$615 a year and that is the equivalent of the \$25.63 per pay period that we show out the slide for the increase on the hmo and ppo. That premium equates to -- of the lowest paid employees, which is now the rate is 11.39. That's our living wage, is about 2.6% of income. If you look at the employee salary of \$50,000, that's about 1.2, 3 percent of income and 100,000 about .6%. Of income. So in essence we have several planned increases, but for the family plan that was a bench mark plan we use for costs since that is increasing on the premium side about \$615 per year. We did not propose any -- because of the challenges that we were having in terms of affordability and the increased cost the city is already burdened with, we did not recommend any benefit enhancements for temporary employees due to a couple of reasons.

[10:00:02 AM]

One being cost. You'll see on this slide the total cost to cover all of our temporary employees who are not -- excluding our summer youth employees is about 2.1 million and we've showed you the duration of the various assignments. So if you were to establish eligibility by tenure and only cover those who worked over six months, it would be about half of that, about a million dollars. But the other reason is because there are other options outside of the city of Austin for health coverages and we highlighted those in detail to the audit and finance committee in talking about coverages that can be obtained through the exchange. We do have some expiring benefit contracts that are mostly volunteer benefits and you'll see that on your agenda tomorrow. Those are contingent upon funding in next year's budget, but there are -- our vision benefit, which is paid by the employee so it's really a pass through the city, but there's about a 3% increase on that contract. Our employee assistance program which is paid entirely by the city which is good for employee issues related to if they need outside counseling for work issues or other issues outside of the workplace, our eap program, employee assistance program, is a good resource and we negotiated a decrease on that contract. And you'll see the other two related to short-term and long-term disability which the short term is provided and funded by the city, long term is paid by the employee and those are. Q.income replacement programs in the case the employees find themselves with a nonwork related injury and without income. So those will be on the agenda for the council to dermatome.

[10:02:03 AM]

So in summary, we are concerned about the rising costs of health care as that is a national conversation. We do plan on educating our employees on all of our plan offerings to include a wellness program and we will be implementing the plan design changes. I did not indicate those contracts are important to be determined before the budget is approved because we have open enrollment that starts in October and in order for us to get our systems ready on open enrollment materials, we need to have decisions earlier than later on those other contracts. So mayor [inaudible]

>> Mayor Adler: Bill, health benefits. There's certain amount of cost to the city associated with medical costs. And the way that you apportioned them you said earlier by department, you just divided by the total number of employees, kind of a rough way to do that. Can you charge for health benefits in a Progressive way? Can you make the charge that people pay being an equal percentage of whatever their pay is, still driving the same amount of dollars?

>> So if I understand what you are asking, can we make the premiums based on affordability or income level? Is that essentially what you are asking?

>> Mayor Adler: Right. How I would characterize that is I would say can we charge health costs so that it's the same percentage of salary for all employees rather than having it range from 3% cost for some employees of their salary and .8% of their salaries, could it be just every employee pays 1.3% of their salary to drive the same dollar amount.

>> Right. I've not seen that premium structure, but it's certainly something that we can talk to our health plan consultant and see if that is something that is feasible.

[10:04:12 AM]

I've not -- I'm not aware of any employer having that. What I am aware of medicare and state plans having plans based on affordability and income levels, but typically for employers it's a group plan and it's charged the same premium for the group.

>> Mayor Adler: And again, I would care to characterize that as treating everyone the same so I would address it as being more of a fairness or sameness issue because of the unique position Austin has so many employees, we treat it that way kind of globally. If you could check on that and see. If my mind we're talking about something that is revenue neutral to the city, it's just a different way of accounting how we pay. Additional questions. Ms. Kitchen, Mr. Zimmerman and Ms. Gallo.

>> Kitchen: As a followup on that, that's not the practice in the employer market, but I think the question is can we legally do that. So -- and it is the practices -- I think you mentioned it is the practice

with public programs to do that. To base it on income. So I had a question for you on page 23. I'm sorry, I don't remember, we've -- and your staff has been just wonderful in working with us on our proposal to extend coverage to some of the temporary employees. So I apologize I'm just not remembering. The 1.2 for the over six months, does that include the part time?

>> That includes the part time of 20 to 30 hours.

>> Kitchen: Okay.

>> The part time for less than 20 hours doesn't have any costs to the city.

>> Kitchen: Right. Thank you to both of you. You've both been very helpful in answering this. I would just -- I just would want to comment, Mr. Washington, on something that you mentioned about if exchange and I'm not going to go into detail, but it really is not quite accurate to say that the exchange is available to everyone and I would just point out -- I would just ask you to be a little bit more presenting both sides when you make that statement.

[10:06:40 AM]

Because as we saw from the survey that you all did, and that was a great survey also, by the way, there was a significant number of employees that indicated that they don't seek coverage on the exchange because they cannot afford it. And that particularly affects our folks at the lower pay scale. And particularly for those under \$16 an hour, the subsidy on the exchange is simply not enough with the remaining dollar amount, and that's not just me saying that, there's a lot of information out there from other jurisdictions and a lot of studies that that's a problem. And that's why I'm bringing forward the proposal

[inaudible] Cost. But at some level I think the city needs to help those temporary employees. So I just wanted to point that out and please ask you to recognize that. So you know, I understand that -- I'm not saying that you don't have your recommendation. It's fine for you to have your recommendation, just please acknowledge that there are difficulties for some of these employees to get coverage on the exchange. So my last question would just be that -- let's see. I'm curious about the wellness program. So -- and this is not something I've had a chance to talk with you all about before, but I notice that we're projecting, if I'm reading the -- reading this correctly, we're projecting a lower number participating this year? Let's see, that was on slide number 15. Am I reading that right, that the fiscal year 15 estimate is 4600 and our actual is 48? Or maybe I'm reading that wrong.

>> No, I think -- I think that's correct.

>> Kitchen: Okay.

>> It's roughly not significant changes and that was the reason why last year we wanted to be more aggressive in our wellness program because we've kind of seen ourselves plateaued.

[10:08:43 AM]

So we either have to increase the incentives or increase the penalty of nonparticipation. And so next year we are planning to increase the incentives, but we certainly hope that we can far exceed the 5,000 as participating. If I could just comment to your earlier point on affordability and the health care exchange and I think you are right, I think there's an affordability issue with -- affordability issue with the federal plan as well as the city plan. And if they certainly in some instances cannot afford the health insurance offered through the federal plan, then I am even more concerned because some of the rates on the federal program are more affordable than the family coverages that the city would offer depending on what they would qualify for. So it would be equally as challenging for an employee to get family coverage on both because of affordability on the city plan as well as the family plan. For employee only coverage it would definitely be a benefit because we offer that low cost or no cost for employee only, but family coverages, the rates that the exchange offer are pretty competitive.

>> Kitchen: Okay, but I think what we're acknowledging is that we have a problem for our employees and we need to think -- if you have another suggestion about how we -- how we help our temporary employees, I'm all ears, but I think we have a problem and we have a lot of temporary employees and I don't think it's fair to say that all of them have an option for coverage someplace else. Let's see, so my question really is getting back to my question about the wellness program, I'm really curious about what -- what are you thinking that will really get us there in terms of more employees participating on the wellness program? I would just like your thoughts on the incentive versus the requirement.

[10:10:45 AM]

I'm thinking that most employers now are going to some kind of pay differential in the premium. Is that what you are seeing? And is that -- is that what you mean when you were saying that last year that's what was recommended and it didn't go forward or --

>> That's correct.

>> Kitchen: Okay.

>>> So last year we were going to differentiate the premiums, if I recall it was \$25 for pay period for -- per month, I'm sorry, for employees who didn't participate and what you reference is what we're seeing

as a trend among both public and private sector employers. And the council at that time, because of concerns from the employee unions, did not wish to accept that recommendation.

>> Kitchen: Okay.

>> So we're still trying to find ways to incentivize further participation. The champion effort in having the visibility and importance of it and having the council help to support that message along with department directors, city manager's office would certainly help create more visibility among the workforce, and if we can make that an organizational commitment and goal and that be a major issue because I think it would pay off just to increase the visibility and the importance among our workforce of participating in wellness activities. I know the mayor has a fitness committee for the community on wellness and I think taking that same focus internally would help to raise the visibility and engagement of our employees.

>> Kitchen: Yeah, I would like to talk with you more about that because I think that's so important and I think it's also helpful for all employees to have their colleagues participate in the wellness program. So -- so thank you for mentioning that. I see what you are bringing forward this time and love to talk to you more about maybe we can work towards more participation in the coming year and see if we can help you all with that.

[10:12:55 AM]

Thank you.

>> I think we have councilmember Houston next and then Gallo.

>> Houston: Thank you, councilmember Zimmerman -- I'm sorry councilmember Gallo. I may not have heard this. I was not here on Friday when you all started this presentation. How much is the city's contribution to the health insurance, how much do we put in as the city share of health insurance?

>> Just roughly overall I think in terms of percentage it's 70% of the total spend on health care. Are you looking for an actual dollar amount?

>> Houston: Correct. About about 70%.

>> Roughly 70% of the total cost.

>> Houston: Okay. Thanks.

>> Councilmember Gallo.

>> Gallo: I'm going back to what councilmember kitchen brought up. I have a real concern that only 14% of our employees participate in the wellness activities, and for two reasons. One, I think that

participating in wellness activities produces a lifestyle that I think we want to expect our city employees to have responsibility for. And two, I would imagine, but that would be my question, how does that affect the premiums that the city pays for people that don't participate in that program. You know, the wellness activities will help promote a healthier lifestyle which reduces the cost and has an effect with the city. Once again I'm going back to fact as the city pays more and more of a portion of the cost for health care for our employees, for us to have a 14% participation as being acceptable from the city's standpoint I think is the wrong message to send.

[10:15:01 AM]

And you touched a little bit in your answer to her I think we need to do incentives, but I think at the same time there needs to be a cost to employees that don't choose to live a healthier lifestyle and make those choices because it's not fair to the other employees that do participate. So could you go over once again the reason that we don't have the ability to -- to maybe make those employees that don't participate pay more of their health cost coverage? I think incentives are great, but I think when things affect your pocketbook, perhaps that's more of an incentive than anything else we can do. I'm just concerned that we go out and provide and pay and promote programs throughout the city for other entities and organizations and communities when we ourselves are not setting a good example.

>> Right. And that's a good question. I just want to clarify. The wellness participation is over 4,000 employees and so of our workforce that is more than 10% of the workforce, but if you look at the total number of members and dependents and retirees, that's the 30,000 number that I showed, so that's perhaps where the --

>> Gallo: I'm looking at page 15 where you give the total number of participants covered in city medical plans. Those are the people that your answer to councilmember Houston was we're paying 70% of that population's medical coverage, and then I show that only 4600 are participating in wellness activities. So those are the two Numbers that I'm using as -- I mean if you take the total population, I'm sure [inaudible].

>> Of the 32,000 that are retirees. But the --

>> Gallo: No, no, no, I did my own calculation. I'm taking what percentage 4659, which is the number of employees engaged in wellness activities and comparing that to 32,000 the number of participants covered in the city medical plan.

[10:17:10 AM]

It's the same as the retirees but it doesn't have anything to do with that. It's a separate --

>> So of our overall plan, it simply was a policy decision. We have the capability to differentiate premiums based on wellness participation. But again, it was just a policy decision that was made by the council last year of not to do that.

>> Gallo: And where did I hear the conversation about unions coming in to discourage something? Was that part --

>> That was part of the discussion because I think there was some feeling by the members of the union and other employees that that began to feel like too invasive, if you will, of medical privacy, employer paying -- playing big brother is what I recall some of the comments being. And so there was a lot of concern about overreaching into the employees' lifestyle.

>> Gallo: I know you are doing some analysis for the mayor on his question, could we look at that again as part of this conversation, what was recommended prior as far as the -- a difference in premium based on participation in the wellness? I mean it's -- I'm for less invasiveness, but at the same time if there is a cost for providing health care coverage to people that are not participating and taking responsibility for wellness, then I think we need to have that conversation.

>> Thanks for coming to talk to us some more about our benefits. Is there -- does the city have a way to track how many fit Ness type activities our staff engage in if it's outside of our wellness program?

[10:19:14 AM]

>> We -- we do not track activities outside of wellness program. We do allow members to self-report if they complete the health assessment and part of that is you self-report that the frequency of your physical activity is one day, two days, three days a week, but other than that, the voluntary self-report -- and on-site classes obviously, we have to enroll in those, but we don't, if you will, fit bit employees who are outside of the wellness program.

>> Pool: Okay, so to what councilmember Gallo was talking about with the wellness program, it's entirely possible that more than 14% of our workforce are engaged in fitness activities, but they are simply not reported through this particular rather more narrow collection instrument? Would you say that would be a true statement?

>> Absolutely. They may have their own personal wellness initiatives that they may be engaging in, absolutely.

>> Pool: For example, they might ride their bikes to work.

>> Exactly. Do their own physician assessment. We've tried to incorporate some of that into our program that would allow them to self-report some of their own wellness activities as part of our assessment, and I believe Tommy Tucker would like to elaborate on that.

>> Yes, we've introduced the program, there's an app that can reside on your phone that will allow you to track activity outside of the class. And so we've introduced that and so we've expanded our program to incorporate those people that would do that. And so -- but the -- the problem with that, it runs off GPS and so it does jogging, but it doesn't do gym work. So now we are piloting the program with the Fitbits, and that's a brand, and so it may not necessarily be the brand that -- in which we can monitor that activity within the gym.

[10:21:27 AM]

So that it will go beyond steps, but will -- they can record your activity level so that we are assured that the person is actually doing those. So we're piloting that and hope to roll that out during the next year.

>> Pool: And I guess if that is completely voluntary on the employee's part, then I wouldn't have any concerns about invasiveness of what the city is collecting about its employees' activities outside of the workplace. I think we have some legal ramifications if we go further than that. So I would just -- and maybe someone can give us some information about how far that sort of thing can go. And then I just want to talk a little about the attempts to include employees in a fitness program last year that was dropped. But if you have an answer on the legal aspects.

>> Yeah, and -- our city attorney is here, but we are very conscious of all the HIPAA privacy and we only maintain for the purpose of medical treatment and processing claims. So I think employees were concerned if we're getting information about their cholesterol, their weight, other biometric data that other people in the workplace may be aware of that exposed to that and our intent was solely to share it with the plan provider, United Health Care, so they can give us data based on plan performance and metrics. But that is a big perception that exists about -- about that, but we're certainly bound to some of the privacy law protections.

>> Pool: Right. And then I wanted to expand just a little bit on why the program was dropped last year. Aflac was involved as they do on behalf of all city employees, not just those who pay union dues, but their concerns related to the fact the city was going to charge employees for not doing the health assessment.

[10:23:40 AM]

They were going to be penalized for not doing it. And I remember as a candidate writing a letter or submitting some information to say I think you are going about it wrong. I think you should incentivize and encourage people to submit this because this is voluntary information under hipaa, rather than what appeared to me to be a little more coercive, a more coercive approach, which was to penalize people for not doing it.

>> And exactly, that's the message we heard last year and so we've tried to retool on the carrot side. I think there's opportunities, again, we can do more partnering on the education with the union, helping them -- them helping us educate some of their members. Again getting policy partners with the council and creating more awareness and visibility would help on the education part.

>> Pool: And I would just make one last comment. Seton family of hospitals has -- and, of course, they are engaged in -- that's their business, they have a health care incentive program around fitness and wellness assessments for their employees. And it is a -- an incentive payment that's the structure to encourage their employees to voluntarily provide this information and then that helps them on the back end with their insurance costs and expectations. And I think I had suggested to the folks last year that the human resources folks at the city look at the Seton health care model.

>> We will certainly do that and we -- I was just confirming our level of cash payment in addition to the one day off, the cash incentive now is \$100 for participation.

>> Pool: I think Seton's is considerable more, but it's a totally different model and totally different funding structure.

[10:25:42 AM]

So maybe not the dollar but the actual ask and approach is one that I would be interested in looking at more. It sounds like that's the direction you are moving. Thanks.

>> Mayor Adler: Anything else on this?

>> I do have one question.

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Could you go back to the two items we're adding? New benefits. One of them being, of course, the agenda reassignment. I'm not going to disappoint you about being blunt on this, but I see two -- there are two things being added. So what are the costs, you must have some, you know, estimates of the cost of those items.

>> Yeah, I do and I can get them specifically. I think it's 75,000 for the transagenda reassignment for partial year January through December, but I think the full year cost is around 100,000. And the applied behavioral analysis I think it's under half a million for a full year. I don't know what the partial year is.

>> Zimmerman: Is that the aggregate that's been estimated or is it per incident? I'm trying to understand --

>> That is the budget amount that we've estimated to be the cost to the city. Of course, those are estimates. Any one claim if there are complications on the surgery part could exceed that, but that's -- that's our estimate based on our actuarial discussions and discussions with our plan provider.

>> Zimmerman: So the transgender, there was a resolution passed by prior council, I understand. Is that why that's in here?

>> That's correct.

>> Zimmerman: There was.

>> It directed the city manager to include --

>> Zimmerman: And it was a resolution recommending it be added to the benefits package. So I represent district 6 in northwest Austin and I think when they look at these two, the applied behavior analysis, they would say, you know, agree or disagree it's rationale.

[10:27:43 AM]

When they look at the transgender surgery, they would say crazy. I'm really upset with this. With all the costs we're suffering that we would be forced to pay for this. So I guess I'm asking my colleagues what would be the best way -- I guess this will go on the menu recommendation to knock it out. You are estimating only 100,000. Is that one person, five persons, do you have an estimate how many people might participate?

>> That would be one.

>> Zimmerman: One. All right. Thank you.

>> Mayor Adler: Anything else on this? Go ahead.

>> Could you go to page 22? I just want to visit a little about the tobacco surcharge

>> Pool: Thank you. Is this the first year we've done the surcharge?

>> No, it's not. We introduced the premium differential for smokers and nonsmokers last year. This year that was for the only employee last year. This year we're extending that out to their dependents.

>> And does this cover our cost for premium increases for smokers?

>> I'm not sure if it's rated exactly to what the risk factors are for smoking, but we derived that premium differential based on benchmarking that we saw other employees were differentiating their premiums for smokers and nonsmokers.

>> Gallo: Would we have the ability to calculate out the increased cost to city for smokers and make sure the surcharge was actually covering that.

>> We could ask our actuary the question. I'm not sure of that answer at this point.

>> Mayor Adler: Ms. Troxclair?

>> Troxclair: How is that tracked? Is it when you first sign up the question of whether or not you smoke?

>> That's correct.

[10:29:43 AM]

It's voluntary disclosure by the member, whether or not they're a smoker or not.

>> Troxclair: Have we seen people voluntarily drop off after seeing that they're going to be charged an additional fee because of their answer to that question?

>> In terms of the opt out rate for people who are smokers, I don't have an answer for that. It's a new program. I guess in the agate we've not seen an increase in participation in the program. So the premium differentials, it's only \$25 per month. So it's not a significant penalty, but it is a differentiation. And I think most smokers are -- in terms of other benefits like life insurance, are used to being rated differently based on their life-style of smoking or not smoking.

>> Could I add that we rolled out a smoking cessation program alongside this program, which also includes free smoking cessation drugs for participation in it? And our participation in that program is significantly increased. We could get you those Numbers if you want to.

>> Mayor Adler: Okay. When we're doing something that involves a cultural change and we're trying to incentivize that kind of behavior, give some thought of how the council could be used to do that. We're part of the employee base here. I know that I did a video where I did both my one-handed and no-handed pushups last year to try to encourage that, but I think that -- but I think there might be an opportunity to use the council to help drive that given the -- it might be a fun way, but also an effective way to help drive that to change the culture among employees that we are among.

[10:31:51 AM]

Okay. Are we ready to move on? Thank you very much. If we hit these next four I think at a 30 minute pace each, we could actually be done by 12:30 and go through? And I think that's probably the target we're going to have here. See if we can. Hope springs eternal.

>> Good morning, mayor and council. I'm Steven Elkins, I am the I.T. Director, information technology director for ctm, which stands for communications and technology management, which provides the I.T. Support for the majority of the city. Before I get into the presentation I was just going to talk about the three core components --

>> Troxclair: I'm sorry, did I miss -- there was more to the presentation of hr. We didn't go over the pension plan issue.

>> We got into that on Monday. We can get back into it, but we kind of bounced around on Monday and one of the places we bounced around was talking about the retirement slides. I went through them very, very quick on Monday, but I'd be happy to do it again.

>> I know a lot of us had to leave because the meeting ran over. Okay.

>> Mayor Adler: Why don't you take a look at that and if we want to have the retirement people come back on Tuesday, Ms. Troxclair, we could do that. I know that went through quickly.

>> Houston: And I wasn't here on Monday so I missed the whole thing.

>> Mayor Adler: Do we want to hit retirement here or hold that until Tuesday if people request it?

>> Houston: I don't mind holding it.

>> Mayor Adler: Let's hold it until Tuesday.

>> Zimmerman: Quickly on that we asked about the legal ramifications and Greg Watson --

[10:33:55 AM]

[lapse in audio]. But also we asked for an updated graph of the employment salary increases. Do you have that updated graph for us? It was on page seven of your presentation.

>> Can you flip to that? I think we're working on a couple of requests --

>> Zimmerman: Don't worry about it then. Just get it to me later.

>> Troxclair: I just wanted to mention to Mr. Washington after our conversation earlier this week, and don't worry, we hugged it out, guys.

[Laughter] I did post a question to -- or a concept to the concept menu asking what other kinds of approaches the department would recommend when it comes to taking possibly a different approach to wage increases so that we could still take care of our employees, but also see some savings in our budget.

>> And we'll be working with the budget office and the city manager on some of those cost saving strategies, deferrals or other options for wage increases.

>> Troxclair: Thanks so much.

>> Mayor Adler: Okay. Now we're set. Thank you.

>> So what I was mentioning was that there are three main components to ctm. The first component would be the combined transportation emergency communications center, also referred to as ctech. This is a regional partnership of the public safety organizations that sit at a common location. Ctm provides the technology support for those regional public safety partners. The other part of ctm is a wireless service which we provide wireless support to again a group of regional partners who utilize the regional radio system.

[10:35:57 AM]

And that regional radio system you'll see in our slides is going to be referred to as gatrrs, which is great Austin Travis county regional radio system. And the wireless office also provides the technology support for the vehicles, the public safety vehicles, as well as some of our regional partners vehicle support as well. And then the third part of ctm is core ctm, which is ctm provides the infrastructure and technology support to the majority of city departments. So I just want to make sure that you're aware that the three components as you look at some of our slides you will see that it's broken out by ctech, wireless and ctm, but they're all part of ctm. The first slide here talks about our mission. As you noticed when I was talking about the core parts of ctm it really talks a lot about providing support to regional partners, to city departments. So our mission statements really talk about us providing customer service and having a positive customer experience to the departments that we support and the regional partners we support. Some of the accomplishments that we identified here, the first one talks about how we're moving the Amanda system, which you heard Rodney talk about some of the technology enhancements that will be enabled through this upgrade. So I'm not going to get into that, but again you can see that we've -- we're into the first phase of our case management system and that will enable some of the enhancements to the permitting system. The other thing on here is that we are upgrading -- we're in year two or year three of upgrading some infrastructure to our wireless operation, and so this year again is part of the regional radio system upgrade, so we're completing the first phase of that. And then the

third thing is that we're enabling mobile device usage across the city. Everybody has used mobile devices for email, calendaring and things to that effect, but we're now trying to make mobile devices more able to connect in to the city and look at city databases and actually use it as a productivity tool versus just emailing and calendaring.

[10:38:17 AM]

And then some of the metrics that we identified that we're proud of is that we send out an annual customer service survey to the departments that we support, and we've hit a number of right around 90% acceptance or satisfactory rating from the customers we support. The next two are also things that we're product of as well is that the percentage of urgency three service desk incidents, these are break-fix types of things that we get these fixed with 94% of the time within the time that we have stated for our goal. And then the third thing here looks at the number of incidents that we actually fix within a two-hour period. And you can see that from year '14 and '15 that we actually had an increase, a significant increase in closing tickets a lot faster. And one of the things we've done is we've restructured our service desk operation so that we have more technical staff, not just call takers, but technical staff answering those calls so that we can resolve tickets faster and allow folks to get back to their job and be more productive.

>> Mayor Adler: Hold on one second please. Ms. Gallo?

>> Gallo: Before we move off of that page, it just seems like when I'm looking at the four different categories and this has been an impression that I have gained through the last six months and hearing both constituent feedback and hearing feedback at our different meetings is that I would really like for us to have a key performance data category that includes taking advantage of new technology. I think it's surprising to a lot of people when we constantly talk about Austin being the technological capital of the country that we still have some -- and what the customers and constituents' mind thinks some pretty unadvanced technology abilities.

[10:40:28 AM]

And so I would hope that maybe moving forward that we constantly address that and see where we are on that platform. I know we had a big issue at our all-nightmare honor with the sign-up process, and that's what the citizens of Austin see. And when they try to go on the website to get information, that's what they see. So that's the information that comes back to us. They don't see all of the other things that are happening, but that's very visible to them. So I would really suggest that in that performance data that we constantly monitor and the council is a partner in making sure we have those resources

and that the new technology is always something that we're helping to fund and provide and promote. I think that's an important component. It's really frustrating from the customers and constituents out there. That would be something good to include so we can become partners in helping us move forward in that direction as quickly as we can.

>> Can I give you a little bit of history? Five years ago the city was on a replace on failure policy for technology. And this was prior to -- this was put in place many years before that. And so since that time - - so if you think back in 2010, 55% of our PC's were over five years old. 85% of our phones were out of warranty and our network devices, 98% of those were out of warranty. So the infrastructure that we had in place would not support a lot of the new technology that you would like us to bring forward today. Since that time we put a refresh cycle in place where we refresh our PC's every five years now and one percent of our PC's are older than five years. 15% of our phones are out of warranty and nine percent of our network devices are out of warranty. So we've actually had to invest in the infrastructure which edge Ables a lot of the new things that you would like for us -- that you and the constituents would like to see, but it's a process that you have to go through.

[10:42:42 AM]

You have to make your infrastructure robust. And we're in the process of upgrading our network to address the amount of video that people are streaming these days. So there's been a lot of work that we've done over the past five years that's going to enable us to do some of the things that your interested in seeing.

>> Gallo: Thank you for that explanation. I just think as a visual if that's one of the key performance data categories then it allows us to help you make us aware that we're still trailing behind and need to provide resources to do that. Because that's a very visible place that the community sees that they get frustrated with. But thank you for the explanation. And I know it's kind of like traffic. I don't know that we'll ever catch up, but at least we're working in that direction.

>> Mayor Adler: Ms. Kitchen?

>> Kitchen: Just a quick question. I'm curious whether this is a software or a hardware kind of problem, a problem that would require-- I don't have a sense of how much additional dollars would be required if we were to go to a system where people could search for ifc's online by the ifc. So I just don't know enough about that, whether that's just reprogramming what we have or if we would need something new. By that I mean right now if someone wants to track an action on a resolution or an ordinance, they have to know the date that it was heard, either in front of a committee or in front of the council. And then they can go in and get the information that way. They have to go in to the -- they have -- first off, they have to know the number on the agenda and then they go in from there. But other systems, for

example, the state system you can search by the subject matter or by the bill number and then get all the information in that place.

[10:44:43 AM]

So my question is simply I know it's a much longer conversation about whether we want to get to that, how we get to that. And we've got a task force that's looking at these kind of issues, but my question for you today, is that the kind of thing we could do with our existing infrastructure? I know it would cost to reprogram or things like that. Or is that a whole new system? Or is that a much more complicated question that would take awhile to answer?

>> Yeah, it not a simple answer. It's really -- it's not even a hardware question, it's more a software question and it's understanding what the business requirements are. And in looking at the existing system to see if they can actually configure that system to meet those needs.

>> Kitchen: So that's not something you've had a chance to do yet. Thank you.

>> Zimmerman: I think I need to comment on this quickly. That is a great question that councilmember kitchen brings up, but I think Google is -- everybody knows who and what they are. They have been archiving staggering amounts data that are searchable in a split second. So are any of the city governments, states, city municipalities, just saying look, we have all these public resolutions and public information, here it is, Google? Dump it to them in some giant tar file or something and say put it on your servers and archive it. I bet they would do it for free and you could search it by any of those things you said in a matter -- a split second for free.

>> Mayor Adler: Okay.

>> The one thing I will point out is our mission statement is a new mission statement, councilmember Gallo, and this may get to where you were wanting us to go. Our mission statement talks about providing excellent customer experience and providing innovative business solutions so customers can meet their diverse business needs. So we are interested in also providing new upgraded technology solutions to meet their needs, but again, the infrastructure has to be in place to enable those things.

[10:46:47 AM]

So the source of funding, majority of our funds come from the general fund. As I was talking about, the different partnerships that we have, because we are the managing partner for ctech, we're the managing partner for the regional regional radio system and we're also the managing partner for the

greater Austin area telecommunications network. So we receive funds, transfers in from those partners, what you see here as well. And some of them are broken out by the county as well as txdot. But these are all part of the partnerships we have and then also the regional radio -- not the regional radio, the wireless office also charges fees for supporting other vehicles that we support. The funds -- one thing I will mention also is that -- from the previous slide also is that our funds, you can see in '15 we were at 82.4 million and in '16 we're estimating we'll be at 86.6 million. So it's not a large increase, but again, it's something I wanted to point out. How do we use the funds? Again, looking at the three core functions of ctm, the big piece is for ctm, which again is not ctecc or wireless, but it's the infrastructure and services that we provide to the other departments that we support. And then you can see ctecc and wireless, we also have to allocate for some services that we receive from other departments. And then there's a big chunk of this that gets transferred over to cip, which supports the cip projects. The other piece on here is that you can see that we're asking for five new positions. Three of those positions are new to the city. Two of the positions are transferred in from other departments.

[10:48:48 AM]

So of the three new positions we're looking at a position to help us with cyber security, the gatn board has requested that we add another staff person to support the gatn network and we would be funded back for that. And the other is a position for contract monitoring. The two positions that we're receiving from within the city, one is from public works to help manage the technology that we support for them. And then another one is from from purchasing office to -- where we're going to take over supporting the storage where we receive a shipment of our devices. Budget highlights, transfer to capital improvement project, 17 million. This is a number that spans several years. This is not -- there were technology projects that were committed over the last couple of years that projects don't start and stop within a fiscal year. They span across multiple years some of the projects. So this number includes projects that were started last year, but the continuation of those projects are going into this year as well as new projects, which I'll show in one of the upcoming slides. And then the other one, the next bullet is the increase in hardware and software maintenance contracts. Technology is not getting cheaper for us. It's -- we have a two-million-dollar increase with our existing contracts. And the other things on this slide just talks about the positions that I mentioned in a previous slide. So critical replacement, life cycle, we're looking at \$8.6 million. And this is replacing servers, end of life equipment. So this is just keeping the lights on type of business that we have to do. And then below that is -- we have an I.T.

[10:50:49 AM]

Governance model that we've had in place for four years now and it helps us prioritize what business needs are critical to the city. And it's a group of citywide representation and we go through a voting process and evaluating and so on. Here you can look at the seven new projects that got approved through the governance process last year. Two of the projects on here are looking at permitting solutions. One for Austin transportation, the other one for special events. Another project on here is that we need a solution for boards and commissions. I think that's managed by paper and pencil today. Our call center software is -- our service desk software is end of life, so that needs to be replaced. The courts case management system is end of life. That needs to be replaced. The real estate inventory system, this came through in audit and finance recommendation that they needed a tool to better track their assets. That got approved. And then the second internet connection, which is used to help us increase our bandwidth and reliability, this is really important as we start looking at software as service solutions and mobile solutions that we do not have a single point of failure, that we have multiple connections that allows us to stay up and running.

>> Casar: Mayor?

>> Mayor Adler: Sorry, Ms. Pool.

>> Pool: If the city were to ramp up its work from home type efforts, just as a hypothetical, would we have sufficient bandwidth and ability with our software and our hardware to accommodate that?

>> So that's actually a good question. One of the things that you don't see on this list is a tool called office 365. And this is a Microsoft solution that provides email in the cloud. It also does instant messaging, video conferencing, web conferencing.

[10:52:52 AM]

It has all these tools that actually make working remote easier. So we're also putting that in place this upcoming year. So I would say today we have some of the functionality. Going into next year we'll be better able to have folks work from home.

>> Gallo: It would be interesting going forward to measure how many cars we're able to take off the streets, for example, with the remote officing. But I'll just leave that for future discussion. But to the extent y'all are capturing those metrics.

>> Absolutely. We were looking at when the traffic congestion initiative came out from the city manager, that's what actually pushed us to go to office 365. We were looking at it from a cost standpoint, but if we are going to be serious about the traffic congestion and we need to enable employees to be able to be productive from home so we pushed that forward and it got approved through the governance process.

>> Casar: My question is separate.

>> If I could ask Mr. Elkins to revisit the comment earlier about the public-private partnership and just highlight some of the things that are to councilmember Zimmerman's point about some of the things that are going on with the open data initiative.

>> Sure. So as you know, I was talking about our infrastructure, how it was outdated. One of the other things -- we consider it part of our infrastructure, was the website. The website was outdated. So about three, four years ago we actually redid our website and did he we did it internally. We didn't go out and buy it, we did it internally. And after year two our website was actually rated number one in local government across the nation. With that we had an open data portal that went live with the website. So we've actually been pushing -- trying to push more and more data to the website.

[10:54:55 AM]

We're actually one of the leaders nationally with our open data initiative and how much data we have on our portal. We've actually been partnering with some of the firms, the businesses here. I'm not going to talk about who the partners are, but we've been partnering with them to look at what kind of information can we provide to citizens from our data portal. And so we actually do have some public-private partnerships where they're looking at how do we make useful information out of the data versus just putting data out on a portal. Let's put high value data out and let's also convert it -- not convert the data to information. And we actually have some big partners who are interested in working with us on it. Not even interested, they're working with us on it. And it's free services at this point.

>> Mayor Adler: Okay. Mr. Casar?

>> Casar: The boards and commissions system that you referred to as being paper and pencil D that mean the speaker sign-up system is that what you're referring to?

>> This is the commission meetings -- I don't know if it's the speaker sign-up. I have not looked at all the requirements for the system. There was a business needs, it didn't include all the requirements. So there was a business need that was submitted from the clerk's office. And here she is.

>> This is a replacement system for our boards and commissions management system, which we've had no place for a number of years. And it's just outdated and really isn't effective with all of the new increased memberships and the different types of reports and the way you all would like to get data by district, et cetera. So this is a replacement for that system. It is separate from the speaker sign-up system, which the clerk's office also manages, which we are currently working with ctm to completely redo.

[10:56:56 AM]

So with the current system, and I think I mentioned this back in January when you mentioned that you're creating the new committees and you wanted to be able to use the same types of processes that we used with the council meetings, is the current speaker sign-up system was designed, it was built in-house. And it was designed only to be able to handle one meeting at a time because that's what we were having at the time. We weren't having multiple meetings that were requiring an electronic speaker sign-up system. And so ctm has been working on it. We've been testing some of the versions they've given us and so they're working on some latest revisions of some things that we found. So we've ordered new equipment because the equipment, the kiosks that we have, one of them especially is constantly breaking and people think they're touch screens when they're not. And so we've gotten new kiosks ordered so that we're going to increase the Numbers since there's going to be multiple meetings. So hopefully we'll have those up and running soon. I don't know when. It depends on, you know, when they can -- our problem is, you know, we have one person in ctm who knows how the system was designed, even though she didn't design it, but she's the one that's been able to figure it out. So we've been working through it, so hopefully we'll have it in place in the next couple of months.

>> Casar: Great. I wanted to make sure if there was any additional budget need to get that to happen that I would be very supportive of doing that, as would so many I'm sure staff members that have had to deal with that.

>> We were fortunate that we had some leftover money in this fiscal year from our election budgets since in the runoff we had multiple partners in the runoff, so we had some extra funding.

[10:58:57 AM]

So we were able to cover the cost for the kiosks, et cetera, out of our current budget. So one of the other things councilmember kitchen and councilmember Zimmerman mentioned, being able to search, there is a separate page on the city web page called public records that you can go in and do some at least limited key word searches on the council document. So you can find some things. It's another one of our projects that we've talked to ctm about that page really needing to be redesigned. It's been in place for probably 10 years and is outdated. But we do have capabilities to do that searching on the council documents. But we need to enhance it.

>> Casar: Can I follow up with my question? So the status currently of being able to use the kiosk and electronic speaker sign-up system from a board or commission or a council committee meeting if it is if there's only one meeting happening that night it can work or it's only designed for one meeting a week?

>> It's currently designed for one meeting at a time. So if we wanted to use it for --

>> Casar: I guess I'm trying to get that definition about a time. Is it one meeting at a time?

>> During a week. Yes. So it was designed for handling a Thursday council meeting and nothing more. Because we opened the kiosk for Thursday on Monday, and so it can only handle one document at a time. So we're actually designing it where you can have multiple agendas in the system and when you log in you will pick which meeting you want to sign up for and then it will take you to that appropriate agenda and let you register.

>> Casar: Okay. Thank you so much. Before I turn off my little light, the ctm staff that was planning on going home at 9:00 or 10:00 that stayed voluntarily until after 3:00 so we could have that online, I really appreciate the fact that your staff would step out and serve the public in that way.

[11:01:01 AM]

And if you could pass along their name, I'm trying to find the names of everybody who stayed so we can send them a little note thanking them and perhaps guaranteeing that I'll try to make sure that doesn't happen so often.

>> I'll pass their names along to you.

>> Casar: Thank you so much.

>> Mayor Adler: Ms. Kitchen, did you have something?

>> Kitchen: No. I know there's a lot we can talk about on how to work together to improve the ability to search for data.

>> I would love to get some feedback from y'all about what you might want to see in the public records search page so we can start working on that project in the future.

>> Mayor Adler: Ms. Gallo?

>> Gallo: I have just one additional comment or question on the sign-up process because -- is it my understanding the kiosk will actually require somebody being here to sign up on the kiosk? Is that correct?

>> Initially, but my understanding is we will have the ability to make it where you could -- we could push it out to a website where you could go and do it or eventually make a mobile interface for it.

>> Gallo: Okay. The future and the eventual, I think that's as important as actually physically having something here because people want to sign up ahead of time. And when we have a large meeting with lots of people, if you have one ability for people to do that here where they could have done it ahead of time. And I guess this goes back to the Google question. There's lots of abilities with Google sign-up that

maybe prior to being able to get something implemented through the city's website, which would be the logical place to have that, there could be some other system put in place in the meantime to allow people to go to some other already existing format to be able to sign up. I'm just throwing that out as an idea, but we need to move pretty quickly.

>> I think we are getting very close to having it up and running. And part of our problem, like Steve was mentioning, you know, kind of the infrastructure, that's really what we're working on is getting the application where it can handle multiple things.

[11:03:08 AM]

Right now we could push it out to the web, but you would still only be able to see the one agenda. Just the way that that application was designed. So I think once we get all of that -- all of the bugs worked out on being able to select the meeting that you're wanting to go to and registering for that item on that agenda, then getting it where you can go to the website and log in is much simpler and hopefully quick solution. The mobile app I don't have any idea how long that will take, but I think we can work through that as well.

>> Gallo: So just to follow up on Greg -- do we have current funding on that or does that require additional funding to do? I'm not talking about the app, I'm just talking about being able to get it on the website so people can easily find it.

>> I don't think -- you know, I'm borderline beyond my technical abilities right now. I don't think any funding would be needed to get it to the web. And we can probably use the code of America to help us with creating the mobile app as well.

>> Thank you. As we're talking about budget I wanted to make sure this was in the budget discussion. Thank you.

>> Mayor Adler: Before we move on to the next one, just to highlight the conversation about open data, I think is real important. I know I've talked to the manager about the efforts that have been taken that way. It's exciting to hear that you're working with some of the players in Austin. I came from a tech meeting this morning. And there were several of the folks, including some of the tech incubators in town as well as some of the tech companies that also made that offer to participate in a pro Bono way.

[11:05:08 AM]

So I don't know how to let that community know -- recognizing you may not want to go public. Even if just generally to let them know the opportunities to be able to engage at that level. I know at least six from this morning that are willing to, including some that actually offered to come to the table with funding to sponsor community hack-a-thon to develop dashboards or that kind of thing. It sounds like you're already doing it. And I'll get you some names of folks and urge them to get ahold of you because I think it's a real opportunity in this city and a real desire to engage in that.

>> That would be great.

>> Mayor Adler: I think it would be helpful, Ms. Kitchen, if maybe the transition committee during the course of this budget process might take a look at things that we would want aspirationally in order to make the committee system work better. We have the committee system right now, the ease with which we can look back, us, the councilmembers and the community, to committee meetings where we've indexed the video by time, by speaker, or with the record kind of has improved that might be a corresponding budget item. This would be an opportunity I think to put some money to studying that because the ability of the committee system to continue I think is dependent upon our ability to be able to do that. And then last question that I had is as technology changes, and we start moving away from or it appears that people are moving away from physical storage to cloud storage, where are we with respect to that?

>> So we've actually been looking into this for a couple of years now.

[11:07:10 AM]

One of the -- we looked at the cost benefit of moving information to the cloud versus on premise. The break point point of going to the cloud was not advantageous. We're continuing to look at it. Amazon web service has recently moved here so we've engaged them in conversations, but it has not been a good value from a price standpoint to go to the cloud at this time. As more players continue to enter that space, obviously the price will go down. We're continuing to look at that. We're looking at -- we're trying to adopt a cloud first mentality so that when we look at solutions we're looking at cloud solutions first because we do understand that's the way technology is going. And we don't want to be too far behind. And so from a source standpoint it's a huge opportunity when the time is right. The time has just not been right yet from a financial standpoint?

>> You said you looked at it a couple of years ago. At some point as I look at other cities, it looks like we might be close to that tipping point now. It looks like a lot of converting over.

>> We look at it every year and we looked at it for the first time a couple of years ago. The video was becoming more -- we were procuring more and more storage and it was mainly around video storing. And primarily on a public safety side. And so we were looking at how can we do a better job of providing a good value from a cost standpoint as well as a technology standpoint to the city with a storage

strategy? So we actually -- we had a consultant come in and help us and we looked at the price point and then the consultant even said, right now is not the right time. This is what it is costing you to do on premise. Here's what it's going to cost you to go to cloud. So at that time we decided let's stay on premise but continue to look at those opportunities. So I think the price is coming to your point, to where it is going to be advantageous, it's going to be even cost, but now we're not having to maintain the servers.

[11:09:20 AM]

>> Mayor Adler: Does this budget as you have it now increase the spending for physical storage capacity?

>> It does. And I don't know by how much. I think our storage has gone up every year, and again, we're storing more and more information so the storage has gone up almost \$1.4 million this coming year.

>> Mayor Adler: Okay. It's good you're watching that because I would think that the moment to move over is -- if not here, is very rapidly approaching.

>> Okay.

>> Mayor Adler: Ms. Pool?

>> Pool: Thanks, mayor. Along those lines, our first resolution as a council was the task force on community engagement and one of the things that they'll be looking at or are looking at is how the interface that the city has both inside and outside with our community. And all the various ways people talk with us and communicate. And the task force we had originally hoped that it would be underway and have some recommendations for this budget schedule should there be items that, for instance, our ctm folks could help us with if we needed to do expansions along the lines of what Mr. Elkins and the mayor have been talking about, but because the appointments were not made -- I think July 30th was actually the first meeting of that task force, so we'll be bringing forth a change date for the report due because the resolution said six months. So that will be more like midyear and it may be based on whatever comes from our citizens task force. We may be looking at ramping up in some of the areas that we're talking about now based on the recommendations that the community is bringing to us.

>> Mayor Adler: Okay. Anything further? Thank you very much.

>> Actually, I have one more slide.

>> Mayor Adler: No. Hit the last page of highlights.

>> And just so you know, when we do go to office 365 that is in the cloud and that is going to be storing email in the cloud.

[11:11:20 AM]

So we will be taking advantage of cloud storage there through our email system. So these are some of the other projects that I just wanted you to be aware of that were approved in prior years, the Amanda upgrade, which you guys are all wear of. The data center relocation. This again is an infrastructure issue is that our data center is over 25 years old. Life of a data center is no more than 30. So we need to start planning to -- for a relocation out of our current data center. At the time, 25 years ago, I would say it probably was state-of-the-art. Today not so much. So the one thing you don't see on the list is a human capital management system. And I think there will be a briefing to the council here in the future talking about a need for that and hopefully we'll be able to get that system in the near future.

>> Mayor Adler: Okay. Ms. Kitchen?

>> Kitchen: Could you explain the electronic health records? Traumaticking about for the public health department or for E.M.S.?

>> This is for the public health department.

>> Kitchen: What about for E.M.S.? Do they have access right now to

-- you do? So this is for the public health department.

>> For the public health department.

>> Kitchen: I assume there's some background information on that in terms of the efficiency and cost savings from putting it into place. So was this -- is this the list that -- I'm sorry, I want to make sure -- is this happening or not happening?

>> These things are happening. So these things -- the only thing on this list -- let me see. I think all these things are actually happening. So these were approved in prior years. So what you saw on the slide I showed earlier got approved through the governance process this year, the items on this slide here are items that were approved in prior years.

>> Kitchen: Okay. So they're in the budget, they are happening.

[11:13:22 AM]

>> That's correct.

>> Kitchen: Okay. I may submit questions -- further information just to understand the timeline for it. Thank you very much.

>> Mayor Adler: Okay. Next item. Thank you very much. Council, we can still make 12:30, but we're down to 25 minutes a unit.

>> The best department is to be the last one, I think.

>> Good morning, I'm Jerry Cough, chief officer of the city. To my left is our division manager who oversees our finance department. I'm going to try not to take more than 24 minutes and 59 seconds of the 25 minutes you have left.

>> Mayor Adler: If only you had control of that.

[Laughter]

>> One could only hope. I'm not going to read through our mission statement. Basically we're structured much like CTM is. It's our job to make sure that those departments out there have the vehicles and equipment that they need to be able to do their jobs. We're part of the system that supports that mission. I would like to highlight our major accomplishments, however. We're very proud of the fact that we originally received the Crystal Award and the Crystal Award in the public sector fleet industry can be described much like the Baldrige Award is in other areas. It recognizes us as one of the top fleets in the entire nation, public safety fleets, best managed. It's based on best practices. We're one of only 16 public sector fleets in the country that have achieved that and we are by several orders of magnitude the largest fleet, public sector fleet that has achieved that award.

[11:15:26 AM]

We also during the past year have implemented a fleet technician market study. There is approximately a 40% shortage of automotive and equipment technicians in the market nationally. And it's described in a number of publications as on probably the second or third most difficult skill set in the country to hire qualified, highly qualified technicians. So we've implemented that. And the third big accomplishment, and we're very proud of this, we completed an agreement with Austin Independent School District to implement an apprenticeship program trying to solve the problem I just mentioned, the shortage of technicians. And we're working with AISD to move forward with this apprenticeship program and try to begin to build our own techs. If nobody else is going to build them we're going to have to. Unfortunately it's not a -- people, young people are not going into that as a trade as much as they used to.

>> Mayor Adler: What is the basis for the Crystal Award? What does that measure?

>> It actually looks at approximately 20 different functional areas in a public fleet. There's an organization that oversees that and they actually send representatives in to inspect and look at our

records internally and look at our management system internally. And look at all of the different aspects, if you will, of how we manage the fleet. And it is -- it comes from the -- I'm trying to remember the name of the organization here that does it. It's fleet counselor services is actually that organization that gives that award.

>> Mayor Adler: Would you give to the council what the 20 different areas are?

>> We can do that, yes.

>> Mayor Adler: Thank you.

[11:17:27 AM]

>> Department uses of funds, all of our funding with the exception of what's appropriated for vehicle acquisitions comes from internal service, so the services that we provide to other departments. And it is passed through from those departments. We are adding seven positions this year. Two of those are related to the change in state law where we now have to reregister all of our vehicles every year. That was something we did not have to do prior to that. So we have to do about 40 -- approximately 4700 registrations that we have to process through the Travis county DMV every year now. We're hoping to eventually make that a much more efficient process, but this is the first year that we're in it and it's really very cumbersome right now. But it will be an ongoing process unless they go back and revise the state law. We're also -- one of those positions is a contract compliance position that is related to the change in the city's contract compliance so as that grew we had to add a position to make sure we stay in contract compliance. We have approximately 120 various contracts that we use for parts and services for the fleet. So that's very critical. In addition to that the rest of those positions are just related to fleet growth. If you look back 12 to 15 years the fleet has grown more than 30% during that period of time and the number of positions that we have in the fleet department has dropped by 17. So we're down from 222 positions to 205 while the fleet was growing 30 to 40 percent. And that's critical for us. Budget highlights, as you see the first one there we did a technician market study adjustment that I mentioned earlier, 1.4 million.

[11:19:34 AM]

And that was to address that shortage of technicians. We were having a very hard time recruiting and retaining technicians as we competed with the marketplace. And the law of supply and demand applies as the supply of technicians tightens up, the demand for them goes up, the price has to go up accordingly. The seven ftes, three 10ths of a million and vehicle acquisition is 12.1 million that we've got

plugged in. Some of the questions that have come up, and I think we responded to these with a memo is our purchasing process of vehicles, we have a very well-defined process and it goes back -- it's tied to the carbon neutral fleet plan that was published back in 2012, which was a result of -- ultimate result of the carbon neutral fleet resolution that the council passed back in 2007. But we -- the first issue that we do is replacement criteria. The first thing we look at is what the operational need for the department is. What size vehicle, what type of vehicle do they need to do the job. And they come in, we go through a number of discussions with them. We're constantly looking for opportunities to downsize vehicles as we go through the replacement process. If you look at the list that we're going forward with this year, there's -- three of the vehicles on that list that we're having to up size based on operational need, but there's 18 of them on that list that we're downsizing from larger to smaller vehicles as we buy those replacements. I'm not going to read through that entire thing there just in the interest of time. Here is a list by department of the general fund departments and how many vehicles we're acquiring for each department. As you can see from this list the vast majority of them are A.P.D. And a number of those additional vehicles are related to the additional officers that they are requesting, the 86 additional officers.

[11:21:39 AM]

So there will have to be vehicles and upfits for those vehicles to meet that need. Rate and revenue highlights --

>> Pool: I just have a quick question. That number relates to future hires. And I'm guessing that it would be adjusted based on what the final decision would be on the hires?

>> Yes, absolutely. If the positions are not approved then that number would go down accordingly, or all of the positions.

>> Pool: Sure. And during budget discussions do you keep an eye on those changes so that you can update the Numbers in the budget for fleet based on what it looks -- the direction it looks like the council is going in?

>> That's -- the answer is yes in conjunction with the budget office. As that number changes we would be changing what you would approve in the final version of the budget.

>> Pool: Great, thanks. I bet they're linked even in a worksheet.

>> That's an ed question.

>> Mayor Adler: Please continue.

>> One of the things that has been a big benefit to us in our rate and revenue highlights, we're actually decreasing the anticipated fuel revenue, which is that we charge back to other departments. We look at

it as revenue, by nine million dollars. And I think we -- some of that was based on the profit, if you will, that we made in fuel this year. We set the rate for fuel at the beginning of the year, so all of the departments can have a solid number to budget for fuel. And if at the end of the year we've charged more than it cost us to provide that fuel, then that's returned to the budget and to the budget process, to those departments in the next year. And if the price goes up significantly we still maintain the price that we put in the budget, even though the market price has gone up significantly and there's a fuel reserve fund to absorb some of that if it goes too big that we don't wind up too far in the hole and we would adjust that on an annual basis.

[11:23:45 AM]

The money going into that fuel reserve fund. But market prices right now are staying down and I monitor the price of the -- our international price of crude oil on a daily basis just to sort of get a feel for where I expect it to go. And right now the projections are that the crude will stay down in the 40 to 60-dollar a barrel range probably through the end of this year. But there's obviously a huge number of factors that can affect the market price of fuel throughout the world. This talks about the carbon neutral fleet plan or the carbon neutral plan --

>> Mayor Adler: I'm sorry, Ms. Gallo?

>> Gallo: Before we go off the fuel, thank you for paying close attention to that. If you figure out where it's going to be next year, let us all know. We noticed as we were going through information that the city actually operates 41 fueling stations, which dispense more than five million gallons of fuel. Could you help me? I understand the reason -- actually, we googled a couple of the addresses and one ended up being a residential house and another one ended up being some restaurant. So we weren't able -- that was just kind of a spot-check on trying to figure out where they were and what they were. But I understand the need for fuel stations at our public safety, at our fire stations, at the police station, but could you -- could you help us understand where those different fueling stations are and if they're not part of public safety, the reason behind having those, the justification behind having those?

>> Sure. And that's a very good question. You're right, we do maintain 40 -- whatever the current number is, 42, I think, different fueling stations. The majority are -- a large number of those are 1,000-gallon tanks that are located at fire stations to have fuel immediately available for that fire truck. And so they don't have to drive miles to fill up the truck between runs, et cetera. We have a number of stations that -- and every station actually is available to every department that has a vehicle.

[11:25:51 AM]

They have a fuel card that they can access that station. The ones that get the most use is the one out at service center co-located with our service center 1. There's one at service center 12 which is on Todd lane, and those are -- all of those stations are available to all of the different vehicles in the fleet. So without me going into really long explanations, it might be better if we can continue to provide that information through a Q and a process. I know we've already responded to some of that and I'll go back and check the accuracy of that information. But the bottom line is the fuel stations are available to every vehicle in the fleet, every vehicle is issued a fuel card and they can go into any station and use that fuel card to fill up.

>> Gallo: So what I'm hearing is just two of the 41 are actually non-public safety locations?

>> Oh, no, more than that. That's just two that I mentioned. There's one down at -- well, that's a public safety. You might call it a public safety location, but a lot of different departments fuel up there in service center 5 down at the corner of eighth street and the frontage road. There's one at service center 13 that a bunch of different departments use. That's a Kramer lane. And all of the stations do not have all of the different fuels available that the fleet uses. Some of them, especially the ones that are co-located with a fire department, probably only have diesel or B 20 and gasoline. Others have e-85 available and propane. And we've got one cng station on Todd lane and abia has one out there that's a compressed natural gas station. So there's different types of fuel that are available at the different stations. But we try -- we currently have a consultant actually reviewing our fuel infrastructure and our fueling processes and seeing if there's any recommendations that can be made to improve that process.

[11:28:01 AM]

The thing we try to do is to minimize what I would like to call diversion costs, what's referred to as diversion costs. The distance that a vehicle might have to travel out of their otherwise optimal route just to get fuel. Because that's a wasted miles and wasted fuel just to go get fuel. So we try to keep the dispersion of stations such that people can get fuel in the most economical way.

>> Gallo: And thank you for mentioning that you have a consultant that's analyzing all that. I guess one of my questions would be in trying to figure out the most cost efficient ways to spend our limited city dollars is that obviously there is an operational and capital cost in maintaining these stations. And so will they be evaluating the cost of maintaining a station that's not at a public safety location, not at the fire station, not at the airport, but these other stations, compared to what it would cost the city if the departments had gas cards and just went out to regular service stations in the community? Is that part of the analysis that they're doing, the consultant is doing?

>> I believe it is included in the scope of work. If not, I think we might wind up adding it to that scope of work. I think that's important.

>> Gallo: I think that would be important to understand.

>> They are evaluating the entire system for efficiency and condition and infrastructure condition and so on. So even to the point of doing a survey of departments as to where they fuel up. Currently. And we're tracking that through our system.

>> Gallo: And when do you expect that report back?

>> I think it's -- we're three or four months minimum away from having that finalized.

>> Gallo: Okay. Great. Thank you.

>> Resolution --

>> Mayor?

>> I'm sorry.

>> Mayor Adler: Yes. Ms. Houston.

>> Houston: Thank you, councilmember kitchen. I had a couple of questions and I'm sorry if I was out and missed this. We have a fuel station at Decker Lake and one off of 183 at Wild Cat Road, but over in that area, but they are closed on Saturday.

[11:30:10 AM]

So if we -- is that part of the scope of work? If we were doing a ride out in that area and with the police department and we were getting low on fuel and so we went to both of them. Is there a way they could be open on the weekend so people who are fire trucks, EMS, police could fill up at one closest to them?

>> Both of those stations that you mentioned are behind fences, which the gates are normally closed on Saturday. I don't know -- let me call one of my deputies. Jennifer? Do you want to step up a second?

>> Houston: Because as we're talking about efficiencies, that was one of those things, we were out in far eastern part of the district and we had to come back downtown to fill up.

>> I'm going to call Jennifer walls up. She's one of my deputy officers that oversees the fueling infrastructure and the access. There you go.

>> Yes. We do have some of our sites that are secure, but we don't have a problem with working with the department of

[indiscernible] With facilitating access if we need to. We've done that before.

>> Houston: So I need to have the police department get back in touch with you?

>> Yes, we could get -- they have a card where they can get through the gate and get fuel. They've done that before. Electronic access.

>> Houston: We went back to Springdale and filled up but we were in that part of the county. Thank you.

>> Mayor Adler: Anything else on this topic? Ms. Kitchen?

>> Kitchen: I'm just curious about -- I am sure you all have looked at this, but obviously vehicle acquisition is a huge dollar amount and as you said we're continuing to grow the fleet, I -- the fleet.

[11:32:24 AM]

I wonder if there's been an analysis or in the not too distant past about approaches to reducing the need for additional -- additional vehicle or reducing the costs. Have you all looked into that, looked at strategies for reducing the costs like maybe not buying new vehicles or other things like that?

>> We -- we are constantly trying to reduce costs. As a matter of fact, that's some of the things that the crystal award looked at is our approach to those things. But to try to give you a better answer, we're -- we go through a process every year and the first issue that we look at is what the department's operational need is. If they have to come in and justify an additional vehicle, as a matter of fact any additional vehicle has to be signed off on by and approved by the assistant city manager that oversees that department. So there is a very thorough vetting process that we go through in terms of what is the operational need, what alternatives are in the market that meet that operational need, which of those are the most fuel efficient, the cleanest, the most carbon neutral. We've been recognized on a number of occasions as one of the most -- of the greenest fleets in the nation and then we do a full cost benefit analysis for each of those units that -- that's being acquired. But we do not manage those other departments. So if they have, you know, a complete operational need or they can justify an operational need, then our job is to make sure they have the tools to do whatever that job is. So we're constantly looking at ways to reduce the costs, reduce the size, reduce the fuel consumption, reduce the carbon footprint and we're recognized nationally as one of the leaders in doing that.

>> Kitchen: I didn't mean to imply you weren't.

[11:34:27 AM]

>> I'm proud of it.

>> Kitchen: Thank you, I'll submit some more questions.

>> Mayor Adler: Anything else? Yes, Mr. Renteria.

>> Renteria: Yes, I just have one question. Why are we hiring one administrative specialist for the vehicle registration and inspection? I know that they did away with the requirement of having a sticker on there, but is there a reason why we need to hire another person for that?

>> Previously we did -- we just did the inspection in our shop and the inspection stickers we got in a pad, they were generic, they weren't identified to a particular vehicle until the inspection was done, much like you used to get your vehicle inspected at a shop somewhere. Now we are required to go and get a unique registration sticker from DMV that is identified to a specific vehicle so we have to track that through our inventory and maintain very strict accountability on those stickers until they are actually stuck to the windshield of that vehicle. And as we bring those in, there's approximately 4700 a year, we bring them in through our registration staff that brings them in. We then distribute them out to the shops where that vehicle is assigned and where it will be coming in for preventive maintenance service and where we will do that inspection and then we marry that sticker to the vehicle. But there's a big potential there for administrative error, loss, misappropriation, whatever, so we are having to basically keep those things in a safe and track that inventory. We put that sticker in inventory and track it just like we were tracking a high-dollar part until we get it stuck to the windshield of that vehicle.

>> Renteria: Inspection stickers?

>> We don't use the stickers anymore. That's the blue registration sticker.

[11:36:28 AM]

We're now having to replace that every year. Previously we didn't have to do that. Previously our tags were exempt tags and once we put it on the vehicle it was permanent for the life of the vehicle. We do not have to go through that reregistration process every year. But when the state changed the law about the inspection sticker and the registration, now we have to reregister every vehicle in the fleet that requires inspection every year. So about 4700 of them a year that we're having to do now that we weren't having to do previously.

>> Renteria: So we have the state to thank.

>> Yeah, we can blame the state on that.

[Laughter]

>> Mayor Adler: Anything further? All right, thank you very much.

>> Thank you very much. I appreciate it. Did I hit the 24 minutes and 59 seconds?

>> You came in under, two minutes under. We're now up to 26 minutes a session.

>> So the next presentation is from the Austin convention center. You will find them under your utilities, other enterprises tab. And they come right after Austin resource recovery. The page number in the budget document? I'll have to look that up real quick.

[11:38:44 AM]

>> Good morning, mayor and council. Mark tester, director of the Austin convention center department joined by our assistant director of finance. Very honored to be presenting on behalf of our department. Also in the visitor industry which we represent here in Austin, the industry that has gone through significant transformation in the last year and is continuing to do that. We have over 50,000 people that are employed in our industry. The visitor industry is generating about -- in 2014, \$35 million to the general fund and we've seen an increase of \$1.5 million per year since 2002, since the convention center has expanded of money going to the general fund. The department, the mission of our department is to provide excellent customer service and facilities so the events we host are successful. We've had a lot of major accomplishments in this year. Our business, the amount of people that are going through the convention center and the amount of hotel rooms that they occupy have continued to increase to record highs a year over year basis. We had an 8% increase in a number of attendees and 10% increase in the number of sleeping rooms. We have completed our long-range master plan that we actually will be present to go the economic opportunity committee on Monday, August 24th, and we're very excited to be doing that. We have been recognized in a number of different ways and we recently, as you may have seen the email from me yesterday, we've been declared best managed by the professional convention management association has identified us as one of the best high-tech venues in the country both public and private. We're very honored to be receiving that. And also really would like to thank ctm who partners with us in helping provide that and, of course, our great staff that are on the ground each day providing great access in our wi-fi and our other amenities that we deliver to our customers.

[11:41:00 AM]

Customer service is in meeting the needs of our customers is vitally important in what we do and you see we'll be achieving our goal of 4.60 out of 5. In addition, 9.5 out of 10 customers indicate that they would return and book another meeting in our facilities. Our convention all fund balance as an enterprise unit, we need to make sure that remains healthy and we've had a financial goal of keeping that right around 31, 32 million dollars and that will be achieved in F.Y. 16 budget. Hotel occupancy tax as you'll see is our primary revenue source and our desire is to have a healthy hotel community. And with the downtown running about 80%, I think we've been very, very successful at doing that and we are again budgeting increases in hotel occupancy tax to \$79 million. Just a note that when the venue in

1999 was voted by the voters to put in the two cents to expand the convention center, hotel occupancy tax collections were under \$25 million. And in 2016 we'll be almost 80. That's just a tremendous testimony to the value of the visitor industry and certainly the convention center being the hub of that. Source of funds are F.Y. 16 budget is 93 million. That is an increase of 4% from last year. Again, 61% of our revenue is from hotel occupancy tax. That is our goal is to drive compression and bring in hotel rooms into our facility. That 57.3 number is -- is both buckets, both the 4.5 general hotel occupancy tax collections and the 2.0 venue we get for the expansion side of the convention center.

[11:43:09 AM]

We're showing flat but actually very small decrease in car rental tax which goes to the palmer event center. One thing I think we've seen for the first time that number is flattened out and actually is -- so first time it went down last quarter and we think perhaps Uber and Lyft are affecting the car rentals downtown or into Austin. And notice our revenue, we're increasing proposed increase of 7 -- 7% to 22.1 million at the convention center. Those are all-time revenue highs. And palmer events center we are proposing to remain flat. Use of the funds, we are -- have a F.Y. 16 budget proposed of 93.1 million. We are requesting 16 new positions in this budget. Most all of them are currently being -- the duties are being done either by temporary or through our contract with primarily good will. 15 of those positions are hourly and none of them are in upper management. The highest position is a supervisor. Again, most all of those are for the day to day operations of the facilities. One of the things that we've had to do is really go to night cleaning in both palmer, our parking garages that we operate, the three of them and also the convention center. It's awful hard to do a deep clean when you are full. And so we are going to three night cleaning in all of our facilities. You'll notice of our requirements, 38.9 or 42% of our budget is for the operating of our two facilities. The majority of that being the convention center at 31.6 million.

[11:45:09 AM]

Our debt remains flat at 21.3. And you'll notice a pretty significant change in our capital improvement and that is just based on timing from last year, although we are putting in 16.6 million this year. Support services remain flat. And you'll notice an increase in the transfers and that's primarily a transfer to park for park financing as part of the town lake venue project fund.

>> Mayor Adler: Let me interrupt for just a second. Ms. Garza, then Ms. Pool.

>> Garza: You mentioned some of the ftes are temporaries moving to full-time position. My assumption you are taking that temporary person and making them on full on city employee or --

>> We would open the job and interview. Many of them do come out of that temp or through good will so yes, those are great recruiting places for us.

>> Garza: It won't necessarily be that temp employee becoming the fte.

>> Correct. They have to apply and win the job, follow the path, the trillion background and also want the job -- criminal background and also want the job.

>> Garza: I've worked in jobs where that happens and it's usually always the temp person that gets that. Is there a percentage of time that happens or does it just vary?

>> I don't -- I don't know exact. I would say that -- I would say from those entry level positions I would guess that probably six out of ten, and that's just a guess. We can try to put some Numbers to it. But it has been a great opportunity. And it gives temps an opportunity to find out if they like the job.

>> Garza: The reason I'm asking is because if that's a temp position that's already in the budget and it's essentially becoming a full-time position, then I guess it wouldn't be the full amount of that fte, it possibly would just be the additional cost for health insurance and benefits.

[11:47:20 AM]

Is that -- is that included in our budget calculations when a temp employee moves to full time? We wouldn't add, for example, a brand new salary. Let's say they are making 40,000 as a temp, would we add a brand new salary? Are temp people in a different part of the budget?

>> It depends a little bit. Sometimes departments have a need and so they are kind of taking funds from other areas of their budget and reallocating them to fund temps and in those situations they may say we currently have a temp doing that, but we would like a full-time employee doing that and there's not savings like you are talking about because they've really been raiding other parts of the budget to pay for that temp. There are definitely situations where we might bring forward a temp to perm confusion and there's additional benefits. We would have to respond to which situation is applying here.

>> Also, if you want to speak to these temps going to full time would be subject to civil service.

>> That's correct. We would be prohibited by just automatically or previous in chly convert anyer to employee without a benefit that allows them a process. That's the reason why the jobs have to be opened up.

>> Mayor Adler: Ms. Pool and then Ms. Kitchen.

>> Pool: Along these lines and one of the items that I've submitted for a costing out and I've talked with folks from interfaith about this is the -- what they are calling the new high school youth leadership development program internships. And there's interest in having the internships at the airport and I'll

talk about it when aviation department is up, but I also was interested in expanding it at the convention center because I think a number of the jobs that you all have available would be terrific for this new leadership, internship program. Could you point me to which area you think that either for the ftes for the internship, I don't know if they would come under that as an fte count or where we might be able to allocate up to, I don't know, maybe \$200,000 just as a hypothetical to be able to fund the internships for the folks -- these are at-risk youth that we would be looking at for this internship.

[11:49:41 AM]

I think it's a competitive program where they would qualify and then would be paid -- paid a wage that I guess would be the 13.03 at least that we're looking at increasing.

>> I think that probably would come out of our -- just quickly out of our contract employee budget that we utilize. We do have a large contract with good will to provide temps that do a variety of different jobs. That is a fairly significant budget.

>> Pool: Excuse me for interrupting, but no, I'm not looking at taking the positions or the funds away from a program that you already have with people through the good will. This would be a different program and a new program that the convention center would enter into and this would be at-risk youth that are in our area high schools.

>> Councilmember, if I could, we can have our youth and family service office look at that opportunity with some of the other programs and work with the convention center and see what it would take to pilot or begin a discussion with them and explore the opportunities.

>> Pool: That's great and I'll be looking for the same thing using some of the funds that are collected and can only be spent in the aviation department so that we can expand the at-risk youth internship program to both of these areas.

>> We'll follow up.

>> Mayor Adler: And to that end I think it's a good point we get asked that question a lot and there's a lot of interest in the community for us expanding that. Can you aggregate in one place what we're doing with respect to city internships?

>> We have several levels of intense. Of course we have --

>> Mayor Adler: And I didn't mean for you necessarily to do it now in an answer. If you could send -- and pull together what we do citywide with respect to internships with a description of the program, that would be helpful and the number of kids that are involved.

[11:51:49 AM]

>> Pool: And what parts of town.

>> Mayor Adler: And where they come from, if you can identify that too. Ms. Kitchen.

>> Kitchen: I have a followup to councilmember Garza's question. Just so I'm understanding, so the 16 new positions that are in the budget, are they in at full cost as if they were a new employee as opposed to a transfer of a temp?

>> They are in as a new employee, correct.

>> Kitchen: Okay. So to the extent -- okay. So they don't reflect the possibility that some of them may be temps, so you would have a reduction in your temp budget -- okay, all right. So I think -- I will submit a question, but this just occurs to me across the board, you know, not just the convention center, but across the board I'd like to understand the extent to which we're converting temporary employees to full-time employees. And sounds to me like we always put in the budget the full cost as if they were a new employee, or are we in some of our departments do we reflect the fact some of our new positions might be temporary?

>> We do. It's a case-by-case basis. This year in animal services I believe there's eight new positions and the additional funding is just the benefits amount needed to make it permanent.

>> Kitchen: So it varies by department then whether or not -- like in this case some of these 16 could be temp, but it's put into the budget as if it was all of them were going to be a new employee. Does it vary by department then?

>> It does.

>> Kitchen: All right, well then I'll submit a question. I would like to understand -- I would like to understand the extent to which we're reflecting in the request for new ftes the request they be temporary employees and the amount would not be the full amount in the budget.

>> Mayor Adler: Mr. Casar -- I'm sorry, Ms. Houston.

[11:53:52 AM]

>> Houston: Thank you, mayor. With that information that you submit regarding interns and where they are placed, could you give us some demographic information as well? Thanks.

>> Mayor Adler: Okay. Mr. Casar.

>> Casar: I'm interested in councilmember kitchen's question as well and I imagine it would be also helpful information and fair for us to understand that if a department has been rating some of their other -- raiding some of their other parts of their budget to fund temps we would get that money back if we fund the full-time employee to sort of understand, okay, if we do this temp to full-time conversion but give you the full-time salary in its entirety, we aren't just getting a full-time employee, I imagine we're getting some services back that were rated. It sounds like a comprehensive question but one that's interested as far as transparency to me are we funding a full-time employee, a conversion or getting that employee and freeing back up whatever it is that you were -- you were getting savings with. So it's a bit of a complicated question, but I would sort of like to understand the fullness of the picture so that I know instead of telling somebody, okay, well now I just want it funded as a conversion, what are we losing if we do that and the department has requested just add on. It's a complicated question, I see you smiling.

>> It's much more transparent for us to understand what benefits we're getting from -- and it also allows the potential, you know, I would -- well, I'm sure this is what happens, but, you know, it would seem to me it would encourage a department to name a temp, which is good, you know, to make a temp to permanent conversion because then those dollars would be available for something else. But from a transparency perspective that would be good for us to know. So in terms of the convention center, of those 16, and you don't have to answer right now, of those 16 I would just be curious what would be the estimate of a temp to permanent conversion and then what would that result in either in savings or what -- what other -- what other services might those dollars be put to.

[11:56:12 AM]

>> So just so we have the conversation going forward, I hope we can refrain from the characterization of department heads raiding the funds.

[Inaudible]

>> Ott: I know, I know, I know.

>> That would be added for the record.

[Laughter]

>> Mr. Manager, Mr. Mayor, just to clarify, I think what's been discussed is -- and what ed has said and what both councilmembers said is accurate. If departments have a line item in their budget for temporary employees long term, typically what we've seen is that when we ask for the conversion, the conversion amount is for the additional benefit in order to make it permanent. Many departments have unforeseen temporary employees and so as councilmember Casar said they will make adjustments in other places in the budget during the operating year and there is some off setting of some other area in

order to fund the temporary. And so what typically happens is the position does get -- if it gets created, that does allow for for other services.

>> Mayor Adler: Ms. Garza.

>> Garza: Councilmember kitchen articulated my general question better than I was able to but I was -- during the Austin energy conversation, they asked for 15 temps so I wonder maybe last year you asked for 15 social temps and now you are requesting 15 additional. It would be nice if we could see are those 15 temps that you asked for last year going away and being replaced with the full time, like to see where that -- because maybe there is some potential for savings in those conversions. So --

>> Mayor Adler: Okay. Anything else?

[11:58:15 AM]

Okay.

>> Continue on?

>> Mayor Adler: Please.

>> Highlights, we notice -- I mentioned the transfer for cip by timing from last year's budget is down. We are going to be transfer to park, park to pard for 5 million for the town lake venue financing. And continue to put money back into our indoor facilities. Highlights, we are working due to the continued construction in and around the convention center looking for some land that we can either purchase or rent for marshaling trucks in and around the convention center. We are working on our parking garages both with our elevators and also construction to make sure that those three garages -- our life span is extended as far as we can. We'll be doing marquis replacement and otherity. We've started our building escalator and elevator modification to actually put down our first escalator on the south side and we'll continue right around the facility. Revenue highlights, again, hotel occupancy tax collections are doing great. We found the jw Marriott was really just absorbed into the marketplace and has done exceptionally well. We have seen that rental car tax is going to remain flat and our facilities continue to generate incrementally more money. And with that, I will end my presentation and ask any additional questions.

>> Mayor Adler: Any further questions before we move to the next one? Ms. Houston.

>> Houston: I have one. Thank you for being here this morning. I don't see anywhere in the budget highlights about the proposed hotel that you want to build.

[12:00:17 PM]

Is that something -- captured here or is that --

>> No, actually the white lodging is proposing to build a hotel on land that we will be discussing where the expanded cones convention center -- convention center may go however that will be a privately funded thing.

>> Houston: Okay. Thank you.

>> Mayor Adler: Mr. Casar.

>> Casar: You mentioned that the good will contract is providing some of the services that you are now going to be supplementing with the full-time employees. Is the good will contract staying the same size in this proposed budget?

>> Yes. Yes. And our business is growing so we're getting more people, more robust --

>> Casar: To check in and you also mentioned the change and move to night cleaning. Is that part of the good will contract or part of the work that we're thinking about hiring new folks?

>> Part of the new folks. We have some temps in there. What we really need are people that are trained and stay for a while so they can get better expertise at that position.

>> Casar: Okay. Thank you.

>> Thanks, Mr. Mayor, could you give us an idea kind of where Austin is in terms of San Antonio in terms of convention business and travel? I know we talked to our -- our airport director is telling us the Austin airport is now ahead of San Antonio in the number of nonstop flights that we have and a number of metrics, passengers, what have you. How are we kind of shaking up and more specifically are we at the point or do you predict we are at a point where we could host a national convention or even a state level convention here in Texas, political convention?

>> That's a great question. Thank you. San Antonio is currently under \$250 million renovation. They will be 250,000 square feet exhibit greater than us and we're at 250.

[12:02:24 PM]

Nashville last year opened a brand new convention center. They are at 350,000 square feet of exhibit space and we're at 250. Houston as it's privatized with limit government corporation and now owning two hotels, developing a second one, very nimble, very for profit and are going to be a very hard and fierce competitor. In early 2000s there was \$2 billion of public money spent per year on convention center development. There is a new shiny convention center in just about every city and the

marketplace is very, very competitive. The rental rates that are being charged in 2015 are less than they were in 2000. And it is very, very competitive. But luckily through -- through a number of different things, and certainly our moat toe being tie your hotel has been very competitive and we are getting our share and I think down the road we'll be in a position with some expanded facilities to make a run at RNC or DNC. There's no doubt about that. The events that we're bidding on now are international in scope. We certainly love our Texas state business and the corporate business that we get. We hosted the American college of chest physicians this last year. Which we had about 30% international, and I think that trend will certainly continue. But the convention industry is not -- in the city is not built in rock, it's built in sand and you are always -- always as good as your last show and your last year and you've got to keep making sure that you are hitting the mark.

>> Ott: Mark, how do we compare to San Antonio?

>> San Antonio is -- is, again, being doubled. They do very well in the marketplace.

[12:04:24 PM]

You know, I would -- I would be sort of lying to say we don't win more than we lose, but we're very competitive, but they've got a great product. They are under construction so that's made it a little more difficult. But in big events, you know, they've just got the advantage because they've got way, way more space than us.

>> Councilmember Garza.

>> Garza: Does the convention center have any -- I guess like partnerships with other city facilities where they can -- if the convention center gets too full, they can say hey, the Mexican culture center is a great place to hold something and, you know, to divert to other city facilities? Does the convention center do that?

>> Well, yes and that's primarily through the Austin convention and visitors bureau which is our official sales and marketing arm. So that is basically what they are looking to do is get an event lead and source it to the right facility. So yes, depending on the needs and the desires, it could go to any facility or hotel within Austin.

>> Garza: Okay. Thanks.

>> Councilmember Houston and then councilmember troxclair.

>> Houston: Thank you. As you know, the number of African-Americans is decreasing in Austin. Can you give me a little bit of insight about what you are doing to attract conventions into the city of Austin to show people of color and from the dais what a great place this is to live?

>> That would begin with a job of the acvb, the convention and visitors bureau. And they have a great sales team and they are out calling on all markets including the African-American market. The one -- the one challenge that we've had in anything that will be either -- either religious or social in aspect is that Austin's hotel rates are really -- put us into a place we're first tier, first tier rates.

[12:06:25 PM]

So we're not as competitive in that market right now because of hotel rates.

>> Houston: So we are pricing ourselves out of religious -- the episcopal church is coming here in 2018.

>> That's a big group.

>> Houston: It's a big group.

>> That's maybe an overcharacterization. The economy in every city is doing well. Average rates have gone up. Majority of hotels are doing well across the country and in Austin is probably at the top -- at the top of that. We are, you know, actively pursuing events, especially over holidays and need times and that's where I think the episcopal, we had the seven day adventists over the 4th of July this year, another great event. And then we continue to pursue every event.

>> Ott: We competed recently for the naacp national conference as well. We were runner up there as I recall, correct?

>> Yes, we bid on that, and again --

>> Houston: But I think the issue for me, if we're pricing those kinds of conferences out, then we're doing a disservice to the city because we pride ourselves on being diverse. But if we cannot attract those communities into the city because of whatever, then that whole conversation we've been having about affordability in Austin is now impacting our ability to bring only a certain class of people into the city as visitors.

>> Ott: I think that point has merit and part of the challenge for us we don't control those hotel unit prices. That's in the hands of private enterprise. But it's a worthy conversation for us to -- for us to have and to try to develop some strategies to be responsive to that so we can be competitive in regard to the kinds of conferences with the kind of demographics that you are talking about.

[12:08:32 PM]

It's important.

>> It is. We were actually working on one with the convention bureau for our Texas state group. So Texas association of secondary school principals, middle school principals, computer education all come to us and have -- have some concerns regarding overall pricing and so we're going to work on tragedy on what we can do to help make sure that those remain, you know, in town. Those are the events that, you know, sort of built the convention center and we certainly want them to remain in Austin.

>> Casar: Councilmember troxclair.

>> Troxclair: On that point that has been an issue we recognized years ago and -- in recent years that's why we have worked hard to get more hotels -- hotel rooms online. I assume with all of the new hotels opening and having more availability, having nor supply for demand, that prices will maybe not come down, but at least subside.

>> You would think. You would think. No doubt. Especially when the fairmont goes online in 2017. And however we haven't seen any rate drop with the jw so far. It was absorbed right into the marketplace. The demand was there. But certainly I think you are right. I think you are right.

>> Troxclair: My question was about the San Antonio convention center. I heard you say that Houston is privately owned and operated? Is the San Antonio convention center publicly owned and managed?

>> Yes, it is a city-run facility.

>> Troxclair: Okay.

>> It's owned and run.

>> Troxclair: But can you tell me, there's other -- are there other convention centers we're competing with that are publicly owned but privately privately -- managed?

>> Yes, Numbers of them or authorities that are run by boards and separated from the cities. There have been many cities that have struggled to manage and therefore have went out to private management company.

[12:10:40 PM]

Philadelphia recently did that. Chicago did that two years ago. Miami has done that. Yeah, that has been -- that has been a trend.

>> Troxclair: Thanks.

>> Casar: Councilmember Renteria.

>> Renteria: Yes, I just want to ask a question on the venue project fund, you are transferring over \$5 million. What is that?

>> That is for -- it's part of the town lake venue, the financing for butler park was part of the venue. And so we are paying back the debt that we owe, 18 -- I think \$18 million total for the creation of public and we're transferring 5 million this year.

>> Renteria: So he owe --

>> 18 million.

>> Renteria: To the parks department for --

>> For the development of butler park.

>> Renteria: And I mean I don't understand. Do you still --

>> So the venue, the venue project fund, with the town lake venue project fund is rental car tax. The money that is collected is utilized to create palmer, operate palmer and build or finance butler park. So paying back the debt that owned that. So that was the uses that the voters approved the rental car tax.

>> Renteria: So that was land that belonged to the park you are using.

>> They are using, we're just financing, the rental car tax is financing.

>> Renteria: Okay, thank you.

>> Casar: I'm happy to take any questions but we will have exactly 20 minutes for aviation if we are out of questions at this point.

>> Houston: I have one more. How long before you pay off that butler park tax completely?

>> The tax is set to expire in 2029. 2021 I've just been told.

[12:12:40 PM]

>> Casar: Well, thank you so much for your hard work. We know it's a competitive industry and thanks for answering the questions.

>> Thank you.

>> Casar: My sister and I, she came from out of town to visit and we were on the metro rail when the video game rtx convention was in and there were so many people in costume it felt like we were on another planet.

>> It was a good one.

>> Casar: She was like do people dress like this all the time?

>> Jim Smith with the airport and with me is Dave Arthur, our chief financial officer and Liz hair her Ron - her Ron, human resources manager. The department overview, in terms of our mission statement, the mission of the airport is to collect our community to the world. We try to maximize obviously the air service which is available to the community because it's critical to growing the economic activity and the community -- in the community as well as leisure business.

>> Casar: Councilmember pool has an early question.

>> Pool: Good morning or afternoon. I just want to jump in really quick. And I know we've heard some already on your department on funding and so forth. Were you here when I was talking with folks from the convention center about the new high school youth leadership development program internships?

>> Yes.

>> Pool: Okay so I won't go into it again, but I have submitted an open-ended question and I'll have on the concept list. I think I have at least one plus one. Is to look at a program that would take funding from aviation that can only be used in the aviation department to fund these new internships.

[12:14:43 PM]

It's employment for at-risk youth from our area high schools. I'd love to work with you all on finding a way to make that happen with the jobs that are offered at the aviation department.

>> Okay. Thank you. And that is of some interest to me as well so we'll get together with you when we can. I'll let you get back to the presentation.

>> The -- the economic impact of the airport on the community the last time was measured was in 2011. Txdot with the analysis and at the time the economic impact was 41,000 jobs in the community and \$2.5 billion in economic activity. So it is a significant impact and that's why we continue to focus on making Austin the airport of choice for central Texas. And by central Texas we are defining that as from San Antonio to Waco and we develop our competitive plans based on trying to accomplish that. Some of our more recent accomplishments is we've developed a pretty strong international presence for an airport our size. The Ba flight has been successful to the point Ba is putting a larger plane on that route. We've got the commitment from condor airlines to start Frankfurt, Germany flight next summer for seasonal activity. And we attracted the Toronto flight on air Canada this year as well. So our international presence is -- is expanding quickly. We also are in the process of finishing or have finished some major capital improvements. The consolidated rental car facility which has been under construction for two years will open the first part of October. The new customs facility and new checkpoint at the airport

have already opened. They opened about two months ago. So we're moving ahead and the next project you are all familiar with is the major eight gate expansion which we're trying to complete the design and hope to start construction activity in March of next year.

[12:16:56 PM]

In terms of the department overview, some of our performance measures, we have performance measures relative to overall customer satisfaction. Obviously we try and deliver a quality service product at the airport. We measure that, we participate in an international airport survey that's done on a quarterly basis with 300 airports around the world. So we not only get to see our scores, but we get to see our scores relative to our competitors and what everybody else is doing. And we have historically performed very well and we're proud of being able to maintain our scores more recently because of all the construction activity we've had. Which generally has a significant impact on people's perception of their service. Also try and obviously hold down our costs. So you see airline costs per passenger, that is what the airlines pay us in order to provide their service in our community. And then we're also always trying to raise our revenue and we measure that with nonairline revenue per en planed passengers. Parking and concessions and a variety of others. In terms of departmental revenue, we're anticipating growing from 118 million in revenue this year to \$130 million next year. Again, on the bottom you get to see some of the varies categories. We generally have airline revenue which we collect from rent and landing fees and nonairline revenues which is the parking and rental cars and things like that. On airline revenue, we have prohibited from the federal government from earning any profit off the airlines. So basically we just recover our costs of providing the airline service and that gets calculated every year and we true up at the end of the year with the airlines.

[12:19:01 PM]

In terms of departmental expenditures, the overall expenditures will be growing from 96 million to 114 million. We're proposing to add 36 additional positions to try and catch up with the growth that's been current at the airport. And also we have an increase of \$7 million in debt service. We're starting to have to repay the debts that have been issued to finance the various construction activities that we have going on at the airport. In terms of budget cip highlights, we have 134 million in appropriations in the upcoming budget and 115 million in the spending plan. And again, you are familiar with the eight gate expansion, there's also apron activity which is adding some additional concrete so where the airlines can park their planes overnight and a variety of things like that. Revenue highlights, total department revenue is again about 130 million. 14.2 million increase. That's pretty much covered on the slide. I think I missed one slide in there. Budget highlights one. Again, that goes back into the number of positions

that we're adding and, again, it's across the board for a variety of areas in the airport. While 36 sounds like a large number, since 2010 our passenger activity is at a compound annual growth rate of almost 7%, and even with these 36 positions added in, we will have grown the staff size by 3%. So we think this is still moderated in terms of the scope of additional activities, square footage to take care of and demand on our services which is occurring at the airport.

[12:21:13 PM]

And with that, I'll finish there and be happy to answer any questions you have.

>> Mayor Adler: Any questions?

>> I'm trying how to figure how to phrase this as a budget question. So some of the conversations in the discounted terminal I think has revolved around why we would lease out that terminal for someone else to upgrade and run versus do it ourselves so it seems like we have a lot of money in reserves. I'm trying to understand why we would not have that same policy that we've done for other terminals and that we're also doing for the new terminal that's -- that's in the process of eventually being built. And I guess that is a good discussion for a budget question.

>> Mayor Adler: It also happens to be a question that we've referred to committee following from the earlier conversation we had on the dais.

>> Gallo: But my question would be if the discounted terminal needs to be done quickly, which would be during this next year, budgeted year, then it seems like the discussion of an option of whether the airport has it within their budget or within their reserves to do that would be part of the budget question. Discussion.

>> Mayor Adler: I'm fine with you answering that question.

>> The short answer is yes we do. We are recommending that we don't, however, because I've been at the airport for 15 years and those 15 years everyone one of the airlines that services the airport today has changed their business model. And they are going to change them again. They will change to to the conditions and the economic activity that it's in the marketplace. We are aiming the south terminal to go after a niche segment of airline business models. And it's primarily allegiant and front tear, ultra low cost carriers and their whole business revolves around driving their airfare as low as possible in order to stimulate people who wouldn't fly otherwise to use that.

[12:23:28 PM]

That has been shown historically to be a very volatile business model that may or may not have legs. Today it is highly profitable. Allegiant has the highest margins of any airline in the world today but it hasn't always been that way. So given that background, providing facilities for that business model is a risky venture. We recognize that so we're trying to mitigate the city and the airport's risks by sharing that risk with the private sector. The private sector wants a profit in exchange for that so we obviously negotiate the best deal we can, but the bottom line is if this doesn't work out long term, and we're talking about a 30-year deal here, then we have some protection in terms of the overall impact on the airport. The other thing is while it's going to cost them roughly about \$11 million to get the south terminal up and running, we have a lot of demands on our financing and cash to deal with improvements to the Barbara Jordan terminal for the eight gate expansion. The project is going to cost us about \$250 million. And obviously the more cash that we can use towards projects that we're doing, that's less we have to borrow and keeps down our overall costs. So when you look at all of the activities at the airport and the risk levels associated with those, we felt the public-private venture to deal with the south terminal was the better approach.

>> Mayor Adler: Any further questions.

>> Gallo: I've got one more question with that then. But are we really mitigating our risk for the south terminal if in the lease agreement we are agreeing to reimburse that company if they -- if those low discounted airlines are not successful and they don't get the appropriate business to do that?

[12:25:29 PM]

So I understand the thought process, but it seems like we've negated that thought process by being willing to take on the responsibility if that business role model fails with the capital improvements that they've -- that they've expended. So it doesn't seem like it's totally insulates us from us and so I'm just trying to -- I'm trying to --

>> It was not 100% protection for anything, but what we've tried to negotiate in this is that in the early years, yes, we assume the risk. But our projection is based on the success of this model right in and out. It's going to go for several more years, and it declines so after three years it starts dropping to 75% reimbursement, four years it's 50%. So by the sixth year we're no longer on the hook to reimburse them. So if seven, eight, nine, ten years from now this business model is not successful and the venture is going to close, we're no longer on the hook for repayment of any of the capital expense that was involved. So yes, we do share in some of that risk. We think it's worth it in order to land Allegiant to come here and grow their service and that's ultimately why we're recommending that the council proceed with this.

>> Gallo: Okay. Thank you.

>> Mayor Adler: Anything further on aviation? Ms. Houston.

>> Houston: Yes. Thank you so much for being here again, Mr. Smith. I'm getting used to seeing you there in your vibrant kind of vivacious outgoing self that you are.

>> Nobody has ever said that before.

[Laughter]

>> Houston: I was trying to get those words together. Do you operate by the same policy that the city does as far as races -- raises for employees of the airport?

>> We follow the same process any other department would.

>> Houston: And no bonuses that you give out during the year or --

[12:27:32 PM]

>> We do have a gain sharing program.

>> Houston: Could you explain that to me?

>> The gain sharing program is something that we started in 2001. Similar to the program that the convention center runs as well. It was originally started to try and get focus on overall airport goals. Team based goals. The reason for that is when I went out to the airport, it was my assessment at the time that the airport was running a series of silos and there wasn't a whole lot of cooperation between variety groups and I was looking for a tool and method to try and get everybody focused on the same goals instead of just operating in their own respective areas. So we created a bonus program that offers a bonus up to at the time \$2,000 for a variety of goals if the airport successfully achieved those. And over the years a couple of times we've hit all the goals, in other years we haven't hit them and the payout is accordingly. It's a lump-sum payout so that means that -- for example, I say the payout was \$2,000, it has a higher percentage value to some of our lower paid employees than an executive at the airport. For some of our facilities service staff at the time, it could have been the equivalent of roughly a 10% bonus relative to their salary, where for some of the higher paid people it was less than half a percent. We thought it was equitable and we thought it was very successful in accomplishing the goals. We had we had our discipline cases drop from 40 to 10 during the period that we've had the gain sharing. Lost time injuries dropped from 20 the year before we implemented to two on the average that we have today and our use of sick leave, which is a attendance for some people to potentially abuse the sick leave that the city provides, we dropped that significantly to where we're one of the better departments in the entire city of the amount of sick leave that airport employees use to what they're allowed.

[12:29:55 PM]

We think there's a number of metrics that we can clearly point to that are -- that have shown success. The most important of which is just -- just the high degree of ratings we get in customer surveys for the quality of the service we provide. That doesn't happen if just one group is doing the job. All the people at the airport have to pull together and accomplish some of these things to get those types of scores.

>> Houston: Thank you for explaining that to me and I haven't forgotten the health department.

>> I know you haven't.

>> Houston: And the taxes.

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Thank you. Mr. Smith, I've got a really quick question that kind of touches on budget and policy. That has to do with the charges for taxis for dropping off passengers or for buses that come in from the off-site parking lots. And I think there was some controversy that came up about the tnc's, you know, Uber and Lyft being potentially charged. They don't agree with the policy. That adds some amount to the budget. How much money comes in from those various fees right to the budget?

>> We would have to check and get you the information.

>> Zimmerman: It's not broken out right now?

>> Well, it is, but I just don't have it immediately available to get you the information.

>> Zimmerman: So what's that policy, I think that I've heard that other airports do things like that, but I would rather go back to why that original decision was made and is that something that this city council, together with our airport commission, would reexamine. The council would say, you know, we don't want to charge these fees, let's reorganize the budget and not charge those fees to anybody. How would we go about doing that?

>> Well, that's clearly a policy decision. The way they started in all airports, not just Austin's, is all airports basically try to recover the costs of providing a service.

[12:32:04 PM]

Not necessarily making a profit on those. For example, the facility for the staging of the taxicabs was a multi-million dollar investment by the airport. Somebody has to pay the debt service on that. In terms of calling the taxicabs down and enforcing how many are there and making sure it occurs, we have to hire

staff to be able to monitor that particular process. All of those things add up. So when we calculate the rates that ultimately everybody pays, it's -- we calculate the expense of providing the service and then try to get some level of cost recovery. The council can choose to not do that. Then we have to look at other sources of revenue in order to cover the expenses of providing that service.

>> Zimmerman: Okay. I go to the airport a lot. My wife works for Alaska airlines, I'm down there probably more than everybody in here combined on the council. The funny thing occurred to me when I dropped her off the last time, I always get out and open the door and take her luggage out. I wonder, if she gave me a \$5 tip, would I owe money to the airport? It's just -- I don't get it, you know, because people come in there and drop off family members, they don't get charged. That's kind of the Uber model. You share a ride, get dropped off. Anyway I would like to revisit that policy.

>> Mayor Adler: Okay. Anything else? All right. Then we'll stand adjourned. We have a city council meeting tomorrow and we'll key being about a up for the work -- key back up for the work session to get the final budget things to Tuesday morning. Thank you, thank you, staff.