

Austin Energy Utility Oversight Committee Meeting Transcript – 12/03/2015

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[9:09:39 AM]

>> Kitchen: Good morning, everyone. We are waiting for quorum. We need one more person on the dais so as soon as we get our sixth person we will start the meeting. Thank you for being patient.

[9:16:11 AM]

>> Good morning. It's December 3rd at 9:15 and I am -- I'm trying to call this meeting to order but we once again don't have a quorum. As soon as we have the six councilmembers we'll call quorum.

>> Gallo: As chair of the Austin energy oversight committee called to order. If we could take a moment of silence we have had a really sad shooting in California and just to express our concerns and thoughts and prayers in that direction, if we could just take a quick moment of silence just to remember we're lucky to be here every day and we really are sad for the things that are happening across our country in such violent manners. Thank you. I think councilmember Houston had a remark that she wanted to start our meeting with.

>> Houston: Well, they haven't gotten here yesterday, but thank you, chair Gallo. This is the season of giving and as we contemplate giving there is a very easy way to give to the three categories on our utility bill. It's called the plus one. Dollar plus program. And there are about 480,000 utility customers in Austin. And just think about the amount of money that would be earned if everybody gave a dollar or three dollars a month. Three dollars a month to each of those categories. I'm going to try to go from memory. One is the energy assistance program for the public schools. One is the customer assistance program and the third one is the solar -- no, not solar?

[9:18:19 AM]

What is it? Library. Library and parks fund. I was trying to get all that calculated this morning to see if everybody gave three dollars a month for 12 months how many millions of dollars we would generate for the Austin utility to provide support services for not only our customers who are low income, but also with our parks, our libraries and our schools. So that was it. I just don't have the figures right here, but at some point I'll send them to all of us. >>

>> Gallo: Thank you, councilmember Houston. The difficulty in getting quorum is we have several councilmembers that are out of town. We have councilmember pool, who is at a conference in Paris. We have councilmember troxclair who is at a conference in Arizona. And our mayor is also at the conference in Paris. So we're running a little short staffed today, but I think we will handle everything. And now that

we have a quorum we can move forward. First item on the agenda is the approval of minutes. Do I have a motion to approve the minutes. The Austin energy oversight committee meeting of October 15th, 2015. All those in favor? Any opposed? It passes unanimously. Next item on the agenda is number 2, recommend authorization to award and execute an amendment to contract with pike electric for transmission and distribution electrical services to increase the contract authorization for the current contract period in the amount not to exceed two million dollars for revised total contract amount not to exceed 41 million. Do we have staff for presentation on that?

>> Good morning, I'm shelly mealy, I don't know if you have any questions on this.

[9:20:21 AM]

This is funding for our operation contractor to get us through a time period to get a new contract in place. Our spending on these contracts has continued to ramp up over the last several years due to just growth here in Austin as well as supporting projects like Google fiber who are significantly out there attaching things to the infrastructure causing us to do a little bit more work. And we would anticipate it when we let this contract in 2010.

>> Gallo: Are there any questions, council? Sheryl, I do have a question, please. I just wanted to verify it's talking about the funding sources and it talks about funding from the fiscal year 2014 to 2015. And I just wanted to make sure that that was correct and it wasn't 15-16?

>> I believe it probably should say that, but maybe purchasing or anyone can tell me. Since we're currently in 15-16 and these are for expenditures going forward we may need to check the language on that before it comes to council.

>> Gallo: Make sure that's corrected if that is for the next year. And the other thing that I noticed is that this has not been reviewed yet by the electric utility commission. And I understand that it's coming to our oversight committee first and then going to electric utility commission and then back to council. But council, I would love some feedback, and we can have the conversation now or we can have it later, but some feedback with would our preference be that it go before electric utility commission first before it comes to Austin energy council committee or is everyone fine with the process that's working now? Councilmember Zimmerman.

>> Zimmerman: Thank you, councilmember Gallo. I had some questions about this before and I guess I had the same concern. These are very large expenditures. I guess they deserve some more scrutiny and have it before the commission and have some detailed examination.

[9:22:24 AM]

Again, the contract might be the best contract anybody has seen or it might be exorbitant and expensive, but we don't have a way to tell. But I would like for the commission to take a look at it.

>> So it's a little bit of a timing issue in that we have our utility commission meeting on the 14th and we will not have another council meeting until sometime after that. So to get this synced up would be difficult. We would not have another council meeting until the end of January. To have some assurance that we're going to have the funds available is why we've brought this to this commission meeting as opposed to waiting until a future one.

>> Gallo: That makes sense in this particular situation, but maybe later we could do it different. Mayor pro tem tovo?

>> Tovo: I was going to suggest that they look at the particular characteristics of this committee. I wonder if it is best for these iteming to first to the utility commission, have the review they've always had, which is a very careful, thorough review with people with some degree of expertise in the area, and

then maybe just come right to our council agenda rather than stopping here since we're all on this committee and also serve on the council.

>> Transition committee.

>> Gallo: Thank you. Any other thoughts on that particular process? Councilmember Zimmerman?
Cemented we've been here, what, --

>> Zimmerman: We've been here, what, nine or 10 months now and it seems to be a pattern that we get things in front of us that when we ask for more scrutiny there's not calendar time to get it done so the vote has to happen anyway. And then we say next time we'll bring it up sooner and next time we'll do it different, but we don't on do it next time. We do the same thing every time. I'm going to be an sustaining from the vote because it's impossible for me to be well informed on casting a vote on such a large budget item so I have to abstain.

[9:24:26 AM]

>> Kitchen: Could I ask another question? You are concerned about the timing. Can you give us more detail about why you're concerned about the timing? What is the deadline that would make it difficult for us to put this on our January agenda.

>> So with this extension the current spend rate that we typically have on this type of contract I think we currently would show about a 2.8-million-dollar spending authority left and we actually probably have a little bit less than that the way the work order system works. It's always a little bit behind. So it's probably something less than two million dollars. Moving this forward and making sure that we have the spending authority to assure that we continue supporting low growth, we spend about 450 to \$500,000 a month through this contract so we'll be getting pretty close should we have any significant weather through this winter, which we are forecast for perhaps cooler temperatures and perhaps wetter temperatures, which for us we might get ice storms. Having a contractor like this available to perform restoration activities is critical. We're trying to stay ahead of that and make sure we don't get into an issue without having the resources we need with supplying electric service.

>> Kitchen: I do need to ask a little more detail because I think councilmember Zimmerman is raising a good question. I'm not against this, but I'm curious about the timeline. And I know we don't have another meeting until January. Are you earned you will run out of money before this gets a vote?

>> We would be concerned that there's a possibility that if we bring this to a future item to council in January that we could be out of spending authority and that would slow down some of the construction work, customer driven work, Google driven work as well as any significant restoration activities we might have. The next item is about a new contract, which is requesting a little bit mighter funding levels just based on our recent history and the growth we've had in the community.

[9:26:28 AM]

This also would be making sure that we've got time to get this approved, add the funding now and be sure that we can get to a new contract period.

>> Kitchen: I share councilmember Zimmerman's concern. It's not that I have a concern about this contract, but we have to have a better -- better looking forward period so that this country is not in a position of having to say, okay, we've got to approve it because there's no time.

>> I agree. I think what we're trying to do is put these things on to committee meetings so you could have time to have a more thorough discussion of them, but I understand that might be looked at in the transition period as well because when you're just focused on Austin energy it would be time to have that more thorough discussion of the items as opposed to the main council agenda. So we're trying to get in cycle.

>> I understand. All of the committees are working harder and it's something that need to do more work on getting in sync with our citizen commission.

>> Gallo: Thank you for those comments. When will the transition report be --

>> Kitchen: We are -- our next meeting is scheduled for the 15th, I believe.

>> Gallo: This will be added to that conversation?

>> Kitchen: We can bring it to the work session on the 15th. We'll bring it back to council soon. Yes, this will be added to the 15th.

>> Gallo: Are there any other comments or conversation? It was also recommended that when we do the motion to approve this that we also move to put it on the consent agenda on the 17th. 17th, correct?

>> The 17th is the date that we have this proposed for after the commission meeting on the 14th.

>> Gallo: Typically items that come from committees don't go on the consent agenda so giving us the possibility to move this forward on the consent agenda since we already know the 17th is going to be fairly busy agenda. So if someone would like to make the motion to recommend this.

[9:28:30 AM]

>> Councilmember, if I could chime in. The ordinance actually prohibits items that have been considered by a committee from going on a consent agenda so you need an ordinance to do that.

>> Thank you for reminding me of that.

>> Zimmerman: Can you say that again? I didn't understand it.

>> The city code provisions that deal with the council committee structure provides that any item that has been considered by a council committee is prohibited from going on the council's consent agenda.

>> Okay, that's correct, thank you.

>> Gallo: Thank you. Mayor pro tem tovo?

>> Tovo: But I think we could just sort of agree amongst ourselves to take that up immediately after the consent agenda and so maybe the motion -- I'd be happy to make it, to make that motion, that we take this item up immediately after we approve the consent agenda on the 17th.

>> Gallo: Is there a second to that motion?

>> Zimmerman: I'll second that.

>> Gallo: All those in favor unanimous on the dais. I need to make the -- troxclair and pool and the mayor being absent. Item number 3 on the agenda, recommendation authorization to negotiate and execute with pike for transmission and electrical services in an amount not to exceed \$30 million with three 12 month extension options in an amount not to exceed \$15 million per extension option for a total contract amount not to exceed \$75 million. Are there any questions of staff on this item. Do I hear a motion for approval? Would you like to make your motion in the same manner that mayor pro tem tovo made the last one?

[9:30:38 AM]

>> [Inaudible].

>> Gallo: Councilmember Garza.

>> Garza: That we hear this right after the consent agenda, this item right after the consent agenda.

>> Zimmerman: I'll second that.

>> Gallo: The motion would be to approve and to hear this item immediately after the consent agenda on the 17th. All those in favor? Any opposed? Motion passes unanimously with councilmembers troxclair, pool and the mayor off the dais. Item number 4, the Austin energy low income weatherization program ought. Discussion and possible action and public comment will be accepted. Council, what is

your preference? I would suggest maybe that we do the briefing first and then we do have -- we had -- Mr. Robbins, you had initially signed up, but your name was crossed out for item 4.

>> [Inaudible - no mic].

>> Gallo: Okay. And then Jeff Blackburn, you signed up. So we will have both of you speaking after the presentation from staff, and three minutes apiece.

>> Morning. Jason hadavi, deputy city auditor. I have here the presentation that we presented to the audit finance committee in October on Austin energy's low income weatherization program audit. In this audit we sought out to determine if Austin energy was administering the low income weatherization program effectively and efficiently. And we examined their operations for fiscal years 13, 14 and most of fiscal year 15. The low income weatherization program is designed to help Austin energy's low income customers with energy and safety related improvements to their home such as the installation of attic I will insulation, solar screens and smoke detectors, all of which are provided free of charge to qualified customers.

[9:32:44 AM]

During the scope period we looked at the budget was just over six and a half million dollars and in that same period Austin energy it weatherized 260 homes. For our first finding we determined that Austin energy missed opportunities to provide weatherization services to some of its low income customers. This can first be seen by examining the funding that was set aside for the weatherization program as Austin energy did not spend all of the funding that was set aside. Per council direction Austin energy is required to allocate a minimum of one million dollars annually from the customer assistance program funding source, which can be seen on the left side of this graph. If at the end of the year there are unspent funds, they automatically roll over to the next fiscal year where they'll be spent under the same program. In addition to the mandated one million dollars every year, Austin energy allocates additional funding for low income weatherization services from the energy efficiency services funding source, which can be seen on the right side of this graph. Unlike the customer assistance program, any unspent funds at the end of the year do not automatically roll over within the same program. Rather, they go back to the larger budget for all energy efficiency programs. That means that the \$1.2 million of unspent funds from fiscal years 13 and 14 combined was not specifically used for weatherizing homes for low income customers. We estimated that this could have been provided to -- could have provided services to approximately 200 low income customers. In order to identify qualified customers, Austin energy screens customers based on specific criteria under each of the two funding sources that I just discussed. We determined that Austin energy did not provide weatherization services to some circles that were identified as qualified to receive them. Specifically these customers did not meet the last criteria under the customer assistance program, 65 eligible customers as seen on this slide, which is a four hour training program.

[9:34:47 AM]

But could have qualified for the services under the energy efficiencies program. We also noted a small number of customers, 12, that received weatherization services even though they did not meet the criteria related to home value or the size of their home. And finally, we found that the two groups had somewhat after duplication of efforts related to their tasks and despite the errors still took place. For a second finding we found that Austin energy lacks key information to evaluate the impact of the weatherization program. We found that Austin energy tracks some output and the number of homes weatherized, but we found inconsistent data on the target for the number of homes weatherized, which makes it difficult to evaluate the program performance, creates confusion and may establish unrealistic

expectations for stakeholders. One of the objectives of the program is to lower the electricity bill and occurring our review period we found information was not routinely tracked as key information needed to determine whether or not the actual bill reduced was not readily available to those administering the program. We also noted multiple positive observations and acknowledged that Austin energy is making several improvements as seen on this slide to their management of the weatherization program. And we believe that if these changes are effectively implemented and monitored that they will help mitigate some of the challenges currently facing the weatherization program. We issued these five recommendations to Austin energy in order to address these findings. They concurred with all of them and have developed an action plan to implement these weatherizations. And that concludes my presentation.

>> Could you back up a minute or two and give us a minute to look at the recommendations.

[9:36:49 AM]

>> Sure. Could you speak a little bit more to item number 3? I just want to understand the recommendation.

>> Sure. This addressed the portion of my presentation regarding the duplication of efforts so we talked about the two different funding sources, the customer assistance program funding source and energy efficiency. And there's two separate groups that administer the weatherization services provided under each of those funding sources. And some of the -- some of the criteria in order to become qualified for weatherization services are duplicative in nature, so we just recommended that Austin energy look at both of those and see if there's opportunities to improve the efficiency of which -- of those efforts from each of those two groups.

>> Kitchen: Okay. I was curious about when you say evaluate the impact. Are you talking about all aspects of those programs? Are there criteria of those programs? Was there something specific?

>> We were focused primarily on screening criteria as that's where there was the duplication of efforts.

>> Kitchen: All right, thank you.

>> Gallo: Any other questions? Councilmember Houston?

>> Houston: Thank you. Thank you for your presentation for those of us who weren't at audit and finance before. I have a question about the first bullet. Are the definitions clear about who is eligible to receive these services? The eligibility criteria, are they clearly defined?

>> Yes, ma'am. We felt like the criteria were clearly defined. We were just recommending that Austin energy ensure that there's adequate monitoring of customers that are applying for those services to ensure that everybody who receives the services does in fact meet those criteria.

[9:38:51 AM]

>> Gallo: Councilmember Zimmerman.

>> Zimmerman: Thank you, councilmember Gallo. I appreciate you very much coming down, but I notice we have Paul Robbins with us here. If it's okay with the council I would love to have him address these issues for a couple of minutes.

>> Gallo: He is actually signed up as a speaker. So if that is okay with you, let's wait and finish the questions with the presentation and then we'll have the speakers, the two speakers. Councilmember Garza?

>> Houston: I had a follow-up. That's okay. I needed to look for the slide. So it said 65 eligible customers did not receive weatherization services. Is that because they didn't understand the process and didn't have the training that they were required to before getting the services? What happened there?

>> One of the criteria under the customer assistance program is that the customer attend a four-hour training. These were 65 customers who met all of the other criteria, but did not attend the training. The training is not a requirement under the energy efficiency services. And so they could have received services under that program funding source. So they met the qualifications under the other funding source for which they met the criteria.

>> Okay. Gars the 12 that were --

>> Garza: The 12 that were ineligible and received it, was it -- I guess I'm wondering if it was because the house was bigger than the maximum square feet? Can you give an example of what an ineligible home is.

>> I don't have any specific examples here, but I know that there were some that were relative to the square footage of the home and there were some that were relative to the value of the home.

>> Garza: And if you don't know specifics that's fine, was it like over 10 feet over or was it a significant amount over?

[9:40:59 AM]

>> This is Henry, the auditor in charge of the project who would have seen the square footage.

>> The square footage difference was not much.

>> Garza: So it was just like a little bit over.

>> A little bit over.

>> Garza: All right. And I lost my train of thought there. Are there two different programs? Because there's two different funding streams, correct? I'm wondering if there's two different programs because you have to -- there are certain things you have to meet to meet one kind of funding and then there are certain things for the other programs. I'm wondering can you put them together? I feel like we would be prohibited from doing that because there's very specific reasons why we fund certain programs?

>> I would have to ask energy to address that question.

>> Gallo: Would you like Austin energy to come up at this point and address that?

>> Good morning, council. Debbie Kimberly, energy solutions, Austin energy. There is a funding source through the cap program that was put in effect with the 2012 rate adjustment where out of the \$10 million that is collected from the cap portion of the customer benefit charge or the cbc, that money is directed to weatherization and as the office of the city auditor advised, that is funding that rolls over. For over 30 years Austin energy has been weatherizing homes through our energy efficiency services program. That's a separate part of the cbc. The energy efficiency services tariff in the cbc. Until recently we set ai'd \$850,000 a year and we increased that by half a million dollars a couple of years ago, so there are two different funding streams as was indicated in the presentation. Whether or not you combine them in one area, the difficulty would be the potential to reduce the funding out of that roughly 10-million-dollar stream coming in through cap.

[9:43:05 AM]

I believe the audit was effective in identifying opportunities to consolidate within the organization, the administration. So irrespective of the fact that the money is coming in through two different funding streams, we can administer the program seamlessly if that is responsive to your question, councilmember Garza.

>> Garza: So you're saying you could combine the two programs.

>> If you wanted to, you could.

>> Garza: Could that be done administratively or require council action?

>> Probably require council action because currently it is stipulated in the council's action that you take one million dollars out of the roughly \$10 million district the to the cap program. What we sought to do was to expand the reach of our weatherization program because the customers that are receiving those services do contribute to the energy efficiency tariff. So we felt it was appropriate to direct monies back from that tariff to help those customers. So it really was a sources and uses question.

>> Garza: Okay. You guys are the experts, so maybe if that's something you thought would be more efficient, could you bring it as an rca before the council?

>> We could.

>> Garza: Because I'm assuming it could require a budget amendment. Is that what would happen maybe?

>> Probably. I'd have to work through all of the financial implications associated with that. But simply put, it was really just an effort for all of those customers -- we do have a significant number of customers that fall within the low income criteria that are paying in to that tariff and we saw it as appropriate that we would supplement what is being done through the cap program by creating a low income weatherization program. And to try to make those two programs as equal as possible so that from a customer perspective they look the same.

[9:45:09 AM]

>> Garza: Okay, thank you.

>> Gallo: Councilmember kitchen?

>> Kitchen: I think it's a follow-up on councilmember Garza's question because the number of -- I assume -- I think I heard reference to a work plan that you all are following to follow up on the recommendations that were made. Do you have an idea on the timeline of that?

>> I'm happy to report that much of that is already in process or underway. So in the case of the 65 customers whose intake occurred through the cap program who did not go through the weatherization program because they didn't complete the training as required, we immediately upon completion of the audit took all of those 65 customers in to evaluate the ability for those customers to participate in the supplemental funding that we set aside. The 12 ineligible homes, as Henry indicated, some of them were slightly above the size limitations of 2000 square feet. They were a little bit above. Or in the cases some of those homes they're appraised value went up between 2012 and 13 and staff looked at 2012 tcad data so all of that has been put in place. We've got an automated system that we've put in place now to ensure that nothing slips through the cracks. So I mean, I'm happy to report that I think we've made significant progress on that front.

>> Kitchen: Well, thank you very much. I'm thinking of the finding or -- not finding. The recommendation about evaluating the two programs, the impact of the two programs, which I think follows up or is similar to what councilmember Garza was asking. Is that part of your work plan to look at that recommendation? And do you have a timeline in mind?

>> That one we haven't really gotten into very easily, but I would say again we did it from the standpoint of -- being unfortunately being a pointy headed finance person, if customers are paying into that fund trying to create programs from the energy efficiency, to direct programs back to those customers that are making the contribution to benefit them.

[9:47:24 AM]

And from a consumer perspective to try to make it as seamless as possible for the customer to engage with Austin energy. Irrespective of the source of funding. To make the programs like identical, the qualifications to look identical. And to ensure if someone doesn't go through the education part of the

process, which is frankly helpful in ensuring the persistence of savings from those customers that go through the process. But we'll be happy to take a look at it.

>> Kitchen: Yeah. When you get to that if you can let us know. That was one of the recommendations to -- I mean, you all will figure out how you respond to that recommendation, but I would just like to understand that when y'all decide how you're going to move forward.

>> As they pointed to, I think the primary concern was potential duplicative administrative processes, so we've worked to eliminate that and to apply a very consistent approach and to try to reduce our administrative time and effort.

>> Renteria: I just have a question. When you look at the appraised value of someone's home, are y'all just looking at the property or that's including the land value?

>> Just looking at the house itself. We're not looking at the land value. We're just looking at the house it's not, not the land value. It's currently 250,000 is the maximum.

>> Gallo: Councilmember Garza?

>> Garza: Is the four hour training do they have to come in person? Is it an online option?

>> Is it a little in person training session that's administered by our customer care organization that's responsible -- the reason why they get involved is they're also responsible for qualifying customers to receive the discounts on their utility bill so that's why you've got two different parts of our organization involved so they conduct the in-person training. But your point, if I think I see where you're headed, is well taken, which is why couldn't you facilitate via online to the extent the customer has access to that service, whether it's at a library or at home.

[9:49:36 AM]

I think that's an excellent -- if I'm inferring your suggestion correctly.

>> Garza: You read my mind because I think folks who are probably eligible because of low income, it's hard for them to come somewhere and sit for four hours. So if there was a way to either provide it online or -- as I was going to say library an opportunity to go to the nearest library, that would be helpful. And I would also say if we're going to combine these two programs I would say the education part is necessary for anybody getting -- not just low income folks, anybody. I would think maybe that could be a requirement for --

>> We do that when we actually go through the weatherization process. So when you go out and complete the weatherization program you talk to the customer about thermostat settings. You talk to the customer about turning off appliances or devices when you leave a room, lighting, ceiling fans and the like. But you're absolutely correct you want to ensure that that training sticks and there's a follow-up process that occurs after the fact when we go back out -- we've gone back out and talked to customers sometimes after the weatherization program.

>> Garza: I think my husband would want me to go through that training because it's a constant turn off the light when you leave a room.

>> I would like my husband to go through the training if it's any consolation. I hope he's not watching.

>> Gallo: We're probably all guilty of that. We could have a community participation in that training. Did you have a question?

>> Casar: I did. I had a couple. So when we reviewed the unspent funds rolling over, the unspent funds were rolling over into the general efficiency program when they weren't spent in the low income energy program. And they weren't being spent on all sorts of customers, low income and not.

>> Right. As I indicated, we did allocate increased funding over that period of time to low income weatherization. Here's the problem that we have. And without getting into too much detail, in that very initial year when the cap program weatherization was launched there was a process involved in negotiating with Travis county health and human services because the scope of the program change.

[9:51:47 AM]

And then we went out with a contract to bring in contractors, a contractor protested, all of which caused that first year fiscal year 2013 to not initiate the program until the last three months of the fiscal year. So I liken it -- sorry for the math thing here. I liken it to trying to put 12 pounds of potatoes in a 10-pound bag. We can't do that. And we also had measures that required pulling permits. So unfortunately that's what you saw -- when you saw \$900,000 in year one that rolled over to the following year. Then it became just trying to catch up.

>> Casar: Understood. I guess what might be a question for the auditor or for Austin energy is it sounds like the potatoes didn't fit into that bag, but you moved them over into another bag and made sure they served low income customers. I guess my question is did we -- of the cap funding that was supposed to be dedicated specifically for low income customers that then was rolled over into another program did it serve low income customers because I think for all intents and purposes as far as your constituents go it matters whether they're served or not. It only matters to us which program serves them. So I guess the question being when there was that rollover was there -- did we see some of that money serve non-low income customers or did it all kind of come out in the wash?

>> We can speak to our audit to that extent attesting to that.

>> We did. I am once again --

>> Casar: I'm glad to have both of you here.

>> I'm once again happy to report that as of the end of last fiscal year we had essentially worked through all of that excess on the cap program. That's the good news. The bad news is it came at a bit of a sacrifice for the supplemental program because we didn't have necessarily the contractor bandwidth. We had a total of about nine contractors working to try to weather rise all these homes. We've now expanded the number of contractors in the low income weatherization program so we've got more boots on the ground and we're working like gangbusters to not only spend down this year's cap funding, which that's our challenge and our goal, as well as any amounts associated with prior years on the supplemental program.

[9:54:06 AM]

So we did agree as part of discussions with the low income advisory task force, which you will hear from in a minute, that we will roll over unspent supplemental weatherization program funding as well. So it will not be reallocated to other programs if you will and it will benefit the customers that is intended to benefit.

>> Casar: That's helpful. And my very last question, and this may wind up being a more pertinent conversation in our later agenda item is that this is primarily a program for low income homeowners, is that right?

>> It can also -- not just single-family. It's also duplexes, four-plexes, and a landlord can agree to go through the program. As long as the landlord agrees to go through the program, the tenant will be the beneficiary of the program.

>> Casar: Do we have any percentage -- of low income homeowners who benefit versus low income renters?

>> I don't have those off the top of my head, councilmember, but I would be happy to get them for you. The majority of them are homeowners.

>> Casar: And I think that it's -- I think we see it as a trend across the country and with land values that low income people have always largely been presenters, -- renters, but in this market even more

renters, I think it's over 80 percent. I think it's a constant challenge and I'm willing to work with my colleagues and Austin energy on how we --

>> What we'll try to do is address that need through our multi-family program. So that is a program where we go in to properties and provide services to renters in those multi-family properties. And I'm happy to report that of those properties that have gone through our multi-family program just within the last fiscal year a significant portion of the occupants of those properties were low income customers. So we're not necessarily getting at it through the low income weatherization program, but through the multi-family program.

[9:56:07 AM]

>> Casar: I think sort of the gist of my questions here then are that while it's interesting how much money gets spent and how much money gets spent in each program, what's of more interest to me is what the demographics of folks served, how many people are served and how we make sure that we're hitting the targets that this council sets as far as our policy of who gets served more than how many dollars roll over from one program to another if I don't know if the dollars in one person are serving one population or another. So what may wind up being helpful, I probably need to bake my thoughts a little bit more, what kind of reports back about people being served will help us guide our policy discussion because it's kind of hard to see \$924,000 in a red bar transferring over to another year and really knowing what that does for people or not.

>> We're happy to assist with that. We're doing some work right now that I think you would find very interesting.

>> Gallo: Councilmember Houston.

>> Houston: One more question. We've heard the term a lot in our conversation and briefing today. Could someone give me the definition of low income and are the definitions the same for both programs?

>> They are the same for both programs. It's an individual whose at or below 200 percent of the federal poverty guidelines. So the federal poverty guidelines also are a function of the number of individuals who live in a house and now I'm going to have to remember this off the top of my head. So for example, it could be a family of four that is add or below, say, \$45,000 a year as far as their income goes for a family of four. So it's a function of number of occupants in the house, number of dependents in the house as well as their income levels.

>> Houston: So I think that's helpful to know because sometimes we use 60% median family income. Sometimes we use the 200 percent poverty guidelines. So does it go any deeper than that or is that everybody's 200% and below?

[9:58:08 AM]

>> The other criteria is for the cap customers, those customers are also the people that can receive weatherization services also are looked at through those that are participating in a number of different social service programs and I don't remember all of the acronyms, but chip, snap, medicaid, those sorts of programs. And most recently the veterans assistance housing program.

>> Gallo: Any other questions? Councilmember Garza?

>> Garza: I noticed the recommendation and I guess management concurs. What were the next steps?

>> So when we go through an audit like this we work with our own internal audit office and we develop a plan for ensuring that all of these recommendations are addressed within the course of the next fiscal year. As I said, some of them have already been addressed. We've pushed through the 65. So we do

follow up with the office of the city auditor and then with our own internal audit group at the end of the fiscal year to ensure that we've met all of the recommendations set forth in the report.

>> Garza: Okay. As I was thinking, just a suggestion. If we could condense the four-hour training to if it's possible to make it shorter, I think, that would be helpful for working families.

>> I'll talk to our customer care folks about that.

>> Garza: Thanks.

>> Gallo: A couple of comments. If you could bring up the last slide, it's the what we recommend. And this is kind of a followup on councilmember Garza's comments. The audit, thank you for doing this, has basically one, two, three, four, five recommendations and thank you for saying those will be addressed but I would like to see a time line for each of those. It sounds like some can be addressed more quickly. So at what point would you be able to present to this committee a time line for actually addressing and completing each of these?

[10:00:17 AM]

>> If you would like to do it at your next meeting, I'm happy to do so. Some of these have already been done and I'm happy to report on that. We've got new software and processing tools that are in place. We have childhood in terms of the goals of the -- clarified in terms of the goals of the program. That was between two different departments, but we have a goal of trying to weatherize 600 homes a year, more if we can, and we're looking to augment our reach by implementing a couple of direct installation pilots, but that's our goal and I'm happy to report it at your next meeting or whenever your schedule permits.

>> Gallo: I think be prepared to present at the next meeting with specific time lines for completing those and what the process would be and what you see as the process in those. And to the audit department, so does this automatically get put on the two-year followup audit or does that require council action to do?

>> It does not get automatically put in there. We have a three-year followup that's going to be in every one of our audit plans but we look at all the recommendations we've issued over that three-year period and do a risk assessment in our office to determine which ones to follow up on. But certainly if these are of interest to council.

>> Gallo: It would automatically be put on the three-year followup?

>> I'm hearing that it should be.

>> Gallo: I just think as we've been learning about the process that the audit department goes through, it just seems like once you have spent the time and effort and energy to do audits that we know and certainly have faith in the fact all the departments will follow those and do the recommendations, but I think it's -- it's a really good transparent process if there is a completion to that circle. So unless there is any objection from the council, I think certainly we would like for it to be included in the three-year followup.

[10:02:18 AM]

>> Understood.

>> Gallo: Thank you. Any other questions? Thank you very much. We have two speakers. First is Paul Robbins. Next is Jeff Blackburn. And you will each have three minutes.

>> Council, in running a city government there are priorities. This audit cost \$88,000 to conduct. Plus Austin energy time. You could probably guess it costs more like \$100,000. And just for the record, the audit department spent literally half a year of one person's time to conduct it. Now, the current cost of the weatherization program is about \$3,800. The audit department seemed to suggest a higher figure, but I'm being charitable. \$3,800, and this is going to save about \$60 a year, roughly, per home. So that

would be a payback of about 66 years. Now, the audit department says this is going to be 200 homes. I would have guessed more like 326 homes, but I'm being charitable. 326 homes would collectively save about \$20,000, say, per year. So it would take about four or five years for the savings to just pay back the audit costs that you've just done. Over the lifetime of the measures, it would be around \$300,000 for a 15-year life. So you are going to get back one dollar for every four that you invest. The 3,800-dollar cost for free weatherization is somewhere between 67 and 148% higher than inflation adjusted benchmarks say it should be.

[10:04:30 AM]

So I would say given the low yield, this audit really was not a priority to be done or if it was done it should have been done differently. And there are three things that should have been investigated instead. One, why are the costs so far over inflation adjusted benchmarks? Prior to what has been said publicly, the low-income task force spent very little time dealing with these high weatherization costs. Second, given that simply giving the money away is bill relief or as a direct installation program door to door for low-cost items like leds would be more advantageous to the poor than free weatherization, what other programs might save more energy and money? And third, the customer assistance program spends about 15 to 16 million dollars a year while the weatherization program spent about \$2 million in 2014. Since it has been acknowledged that cap is giving --

[buzzer sounding]

-- To some of the wrong people, why aren't we auditing cap? Thank you.

>> Gallo: Thank you, Mr. Robbins. Excuse me. Councilmember Zimmerman.

>> Zimmerman: Thank you. Mr. Robbins, I appreciate you being here, you seem like one of the most well informed people in the building if not in the city. I think what I'm hearing is it time to simply abolish the program because it's so poorly run? It's wasting our money, it sounds like.

>> I wouldn't go that far, but I would suggest that you consider reprioritizing some of the money in two different directions. One would be a direct installation program going door to door and the other would be to put some of the customer assistance program money for free weatherization into rate relief.

[10:06:33 AM]

>> Zimmerman: Okay. Thank you.

>> Gallo: Any other questions?

>> Thank you.

>> Gallo: Thank you, Mr. Robbins. Mr. Blackburn? I'm sorry, Mr. Robbins, councilmember kitchen had one more question.

>> Kitchen: I just want to follow up on the direct installation. Is that -- you were referring to leds as one aspect of that; is that correct?

>> Yes.

>> Kitchen: I would like to after we finish our comments, I would like to ask staff a question. Thank you.

>> Thanks. Free weatherization -- direct installation can include other local-cost items including shower heads, pipe wraps. There's been some ideas floated out about smart thermostats. I'm not -- it could be more than leds.

>> Kitchen: Thank you.

>> Gallo: Thank you. Mr. Blackburn.

>> So my name is Jeff Blackburn and I'm a small business owner. I am with energy guys. My wife and I found the small business six years ago with the idea of energy efficiency. We've been one of six companies to be recognized by the department of energy this year and we were recognized last year for

being one of the guys on the ground improving the homes in the regular home performance with energy star program. And this is our first year to work with the free weatherization so I just wanted to come down and provide some perspective of what's actually happening in the houses, where some of the challenges are, what we're seeing as far as the improvements being made, the changes that have happened and the regular program, look like they are transitioning to the free weatherization program. What we've seen is with -- and I'm talking hundreds of homes, every builder, every neighborhood in Austin I've worked with, I'm familiar with the challenges in those homes.

[10:08:36 AM]

What we're seeing generally speaking is we had some significant challenges with the program last year where we had the data base, you know, migration. How are we going to streamline the process of information moving. And the process to kind of give you some insight is a customer is allocated to us, we do an assessment of the house, communicate with that customer, hey, we want to come out and see what's going on in your house, what the challenges are. We do the assessment, schedule the work and schedule a final inspection with the city. Inspectors come out and they verify everything that's been done. And that process is taking about a month is what I would say is kind of a turn-around period. So what we're seeing in the free weatherization period is sort of a loading period that's sort of a slow start. If you look at the Numbers, 300 were originally in the cue. We've seen 160 or so assigned and been put into motion and so half of the original cue is now being churned and started to work on. Some of the -- and so right now we're getting some of the first homes out of the free weatherization program and my perspective is even with the regular program, and some of this stuff is very technical, it's very boring detail, but we're getting away from mechanical improvements, we're getting away from things like windows and we're petting that money to other places, air flow and things far more cost effective. A lot of these Numbers that we see right now are based on some of these old -- this old mentality of weatherization and improvements. Now we've got this entirely new perspective that's come out and my company is basically built around this energy star program and so I train these employees on what we're focusing on. I would say there is a huge shift occurring the last few years within the weatherization program that's very insightful and anything like what we've seen in other markets. Austin energy has been very good at applying that. So generally speaking I would say there is a very good shift that's happening. I'm impressed with the improvements the Austin energy program is making and the customers being served absolutely want to thank you for the services.

[10:10:48 AM]

[Buzzer sounding]

>> Gallo: Councilmember Zimmerman.

>> Zimmerman: Just a quick question. I guess you were referring to what Mr. Robbins said, it looks like there's about a four dollar cost for every one dollar of savings.

>> Return on investment.

>> Zimmerman: And so, you know, to me if we spend a dollar and saved a dollar, I would be okay with that.

>> Sure.

>> Zimmerman: But I think I've heard the term, you know, free weatherization program a few dozen times, free, free, free. Free is great. Who doesn't love free? But actually this program would be more accurately called the unsustainable weatherization program because when you spend millions of dollars and you are getting 25% back for every dollar you spend, it's unsustainable. What you are just doing is having a transfer of wealth from some ratepayers who are still paying their bills to people who can't

afford it anymore. I think this is still a terrible program and I didn't hear anything from you how we could salvage it to get the costs down where we see the benefit come men rate with the costs, but is there a way to do that?

>> I think so. From my perspective, I think there are some streamlining processes that I think could occur. And like I said, I think, you know, it's -- they are porting a lot of this knowledge and a program that's been run successfully over 30 years that is a self-sustaining program. It's a program that is in the free market. And they are porting a lot of that process in how we manage that streamline and the improvements that we totally changed focus on to be more cost effective. And they are bringing that over into the free weatherization program, which is unlike the previous program. So I'm a new contractor to the current free weatherization program. And a lot of the challenges that I've heard of from the previous contract, which is really being judged on now, are not as present as they are now and there is a shift that will lead more towards a sustainable program. In detail I would be happy to explain it. I'm in the attics, in the houses and I can tell you it's impressive.

[10:12:50 AM]

I've been impressed with Austin energy and I'm a critic on the bureaucracy because I'm a small business owner. So, you know, I do think there is some more sustainability coming and I think it would be harsh to judge it right now based on these previous behaviors.

>> Zimmerman: But we're losing money on this program. We have a problem with unaffordable rates, unaffordable bills in the city. Everybody acknowledges that. This is a small part of it but it's part of the problem. This is the unsustainable weatherization program is part of the problem. So I'm going to ask -- we'll try to put a resolution up to stop the program until we can come you 'with a business plan that makes sense, that gets us equal return on investment. So I don't know if the council will support it, but we're going to make that resolution.

>> Gallo: Mayor pro tem tovo the.

>> Tovo: Thank you for your comments and for being here to speak to the importance of the weatherization program. I don't have any questions, I just wanted to thank you and get you off the hook of having any more statements directed at you. But I do want to say, you know, we had an opportunity and spent a fair amount of time talking about this at the audit and finance committee. I think our audit committee has pointed out some directions staff need to take seriously over in Austin energy. They have taken those seriously. I think we've talked about some of the -- some of the changes that might make a difference, but I just wanted to say for the record I don't regard this as a program that is -- I've forgotten the terms you used, councilmember Zimmerman, but losing money or unsustainable. I think it's an important part of keeping costs down over the long return in terms of providing energy to our customers within our service area when we get people to use less energy, you know, that has a positive impact on our -- in terms of the amount of investment we have to make in new power plants and the like, even despite the fact we're now in a epcot market that seems to be a goal of the city of Austin and I think it's a good -- generally I think it makes financial sense and environmental sense to help customers reduce their energy use and lower their monthly budget.

[10:15:04 AM]

E.r. Cot. Just for the record, we've heard some Numbers that factor in audit costs. We tipped don't look at costs for providing those programs so I just want to point out that distinction. We don't look at our auditors and connect their salaries to the programs they offer, that we offer through our parks and recreation department or ems, which has been the subject of many audits over the last three or four years, et cetera. So thanks.

>> Gallo: Thank you. Any other comments? And Mr. Blackburn, I just wanted to say thank you again. I think it's really important as we look at our programs to always have the input of the vendors and the users to help us understand what works and what's not working and what perhaps we should evaluate in a different way. So thank you very much for taking the time as a small business owner, I know time is money for you so thank you for being here. Councilmember Garza.

>> Garza: Yeah, I just want to echo that. I think that was a great perspective to hear the boots on the ground perspective. And I think you added in there that customers are appreciative of this program and so -- anyway, you don't have to many could up. I just want to speak to the program and say that I don't think this is a program to make the city money. This is a program meant to help our low-income austinites. And I'll just leave it at that.

>> Gallo: Any other comments? All right, we will move on. Thank you, staff, thank you, auditors, if they are still here, for that presentation. We'll move on to agenda item number 5, which is set the 2016 meeting schedule of the Austin energy utility oversight committee. You have a handout that shows that. I would -- we have talked about making one change to the agenda which is removing the August 25th Austin energy meeting. That is during our budget cycle and I think we are looking at doing that in a lot of the committees so I would recommend that we do the same with Austin energy.

[10:17:08 AM]

We can always add back a special called meeting if we need to, but if we could get a motion to move forward on -- on that recommendation for our meetings with eliminating the August 25th meeting. From that schedule. Councilmember Houston.

>> Houston: So moved.

>> Gallo: Second, mayor pro tem tovo. All in favor? Passes unanimously with councilmembers troxclair, pool and the mayor off the dais. Moving to agenda item number 6, recommend actions on presentations from the low-income consumer advisory task force on its final report and minority report and from Austin energy on the response to the final report. Through the agreement of all the parties, the majority report will have 20 minutes to speak, the minority report will have 20 minutes to speak and Austin energy will have 20 minutes for responses. If we could have the first presentations, please.

>> Good morning, madame chair, good morning councilmembers. My name is Carol bejitsky, chair of the low-income consumer advisory task force. My challenge today is to meet this 20-minute requirement which I was unaware of but I think I can do it. I have been out of town for a family emergency and caught a cold while I was doing that so my biggest challenge is to make it through this presentation without, you know, coughing my head off or having to be disruptive. First of all, I would like to begin by thanking everyone who is involved in this process because I happen to think the results of the task force are really very good. They are well founded. This is because we have task force members who were very dedicated and worked very hard. We got very good cooperation from Austin energy staff who provided us with the information that we needed in order to consider our recommendations, and I'm also very happy that timing of the weatherization audit report because I believe it's different from our report, but I think that it basically the the -- my objective is to do two things.

[10:19:49 AM]

One is to point out to you the data that I think that I believe governed the thinking on the task force on a lot of these recommendations, and then to show you a list of recommendations that I have made which indicates where -- where we're pretty much where Austin energy is taking the recommendation under consideration where there are some differences. So let me get started here. You gave me this -- which but phone do I rush? The -- button do I push? The right one. Somebody asked about the targeted

groups. The targeted groups of this task force, low-income, customers under 200% of the federal poverty guideline. If you have your copy of your report handy, it's on -- in the appendix on page 67 is a copy of the federal poverty guidelines. Low-moderation, 201 to 400% of the federal poverty guideline. What is significant here is that 28% of our families are low-income according to this definition. 38% are low-moderate income, which adds up to 66% of all households, so that's over half of Austin energy's customers. These are the groups we wanted to focus on to make sure energy efficiency programs are available to these groups of customers. That was our job. Third group, renters. Because we can't do anything to overlap the data for income and renters, we have to treat them as a separate category. 55% of all households are renters and lofer y'all they have lower incomes than homeowners. So rental property is a -- it is an appropriate target for low and low-moderate income programs.

[10:21:53 AM]

All right, now, what's significant, this is information from the center for public policy priorities, and they do studies about how much money people actually need in order to live in different parts of the state. As it turns out, Austin, Round Rock, San marcos is an expensive area of the state to live in. And according to the center for public policy priorities, the poverty level here is equivalent to 280% of the federal poverty guideline. So we bring this up because we do think that we need to take all of this into consideration, that people may appear to have incomes that are above poverty that would make them able to invest in energy efficiency in other parts of the state but not necessarily here. If you look at the report, you'll see that we have cost of living data at with an average of 100 -- the index of 100 being an average. Austin is like 131. Or 132. And if you go to other parts of the state, if you go to the valley, it's 86. So we do -- we can't assume that the -- that the guidelines that are in place in other jurisdictions are appropriate for Austin because it just costs more to live here. So our challenge was to try and find out how much energy efficiency service was being delivered to the low, low-moderate income customers and renters and then to make recommendations to try and change, make changes this the distribution of the program benefits, you know, if necessary. And we had some challenges. First of all, the data, which I think it's different data, but we had a problem with having consistent and reliable data to look at to determine where the program money is going now.

[10:24:01 AM]

There was no survey data for multi-family properties at all. The income data that we did obtain does not take family size into account, so it's very difficult to make any determination about low and low-moderate like income because the raw number does not take the family size element into account. And as a result of all the information that we've looked at, we basically, you know, have concluded that, you know, weatherization is the one program that we are certain reaches low-income customers. Now, this information, this table is taken from a survey report that is posted on the website. This was provided to the task force by Austin energy on August 24th and this is the result of a survey that they did to try and give us some information on the income of people who were participating in the program. Now, if you look at this particular table, I will point out, first of all, that 22.7% of the people said that they preferred not to answer. They administered to survey to 453 people. 12 of those customers had incomes under \$25,000, and 62 total had incomes under \$50,000. All the rest of them had incomes above that. Now, as I said earlier, there is no -- this dogs not take family size into account so we really don't know how many of these families or how many of these customers are low-income households, but this data leans heavily in the direction that, you know, it's upper income customers that are -- that are benefiting from the program. Okay, our next take. This is a very interesting fact that we -- Austin energy staff actually worked very hard getting this together for us.

[10:26:09 AM]

Now, this particular chart shows the total amount that cap customers were billed and paid into the Austin energy system in 2014. Now, this chart shows that, first of all, cap customers paid \$52 million directly to -- into Austin energy. There was another 7.3 million that was provided in energy assistance from sources other than Austin energy programs. So this would be like the county program, the federal program. And that adds up to, you know, close to like \$60 million in revenue that low-income customers pay into the energy system -- Austin energy system. This is something we need to recognize because lots of people act like the low-income customers are a drain on the system when in fact they provide a good deal of financial support for our utility just like everybody else does. Cap customers in 2014 according to some calculations I made represented 9% of all residential customers. And they pay 12.2% of all the revenues that were paid by residential customers in 2014. Now, we took some of this information -- well, I didn't, some people did on the task force and this was a -- this was a very energetic effort which required many, many hours. Using some of the Numbers that we had for cap, some of the more mathematically inclined people on the task force did some algebra and extrapolations to figure out how much the targeted -- the customers targeted for the task force's attention paid into the system. So we did know the number of households and the estimates are is that people under 200% of the poverty guideline, these are both cap and noncap customers, contribute -- I'm sorry, this particular estimate is only for the energy efficiency services portion of the community benefit charge.

[10:28:28 AM]

Every year Austin energy spends approximately \$30 million on energy efficiency programs and those programs are supported by the energy efficiency services fee which is included in the community benefit charge. In 2014 we estimate that low-income customers under 200% of poverty spent between 4.5 and - I mean contributed between 4.5 and \$5 million to the fund. Those at 201 to 300% of poverty, 2.4 to 4.7 million. And people at 301 to 400% of the poverty guideline, 2 to \$2.4 million. Which means our first two target groups contribute like somewhere between 9 and 10 million dollars annually to the energy efficiency services budget. All right. And as far as we know, the only money that is really returned to anybody in that community is the low-income weatherization program. Now, there's been lots of talk about the weatherization program and its value, and this is something that was, you know, a central topic of conversation from the task force. There are two bits of information here that I would bring to your attention. The first one is a chart that shows the average costs per home for the weatherization program going from 2005 to 2015. Let me point out there have been lots of changes in this program between 2005 and 2015, so it really isn't fair to do a direct comparison of the changes in costs. To me what's significant about this is that in the 2010 to 2012, the years when the federal program was in effect and we see that the average cost per home was \$4,339 when everybody was getting a very high level of benefit from it.

[10:30:28 AM]

After that it went up to \$5,167, and now it's down to 4,003 and it seems to me like there's not -- there's not enough difference in my thinking between \$4,339 and \$4,003 to justify the removal of all the air conditioners and appliances and everything from the program. I would expect that to be much different. All right, the other piece of information that we asked for was the cost for -- you know, materials and equipment and labor. And you'll see that, again, from 2005 to 2015 we just see this steady increase in costs, and to me it seems as though this exceeds what you would expect in the market. The clearest

example I think are the solar screens. I think this was for 60 -- some fixed square footage of screens. The price increased from \$203 in 2005 to \$714 in 2015. We find these increasing costs to be important because when we're talking about the cost effectiveness of the weatherization program, we need to be looking at what we're, you know, at why we're paying out so much. Instead of trying to cut the services. All right. So all these things in mind, these are -- I'm now going to race through the recommendations. And I have them organized into three categories. The first category is what I call my gold star category, in blue, and I provided you with a handout that lists all of them in like a couple of pages. You should have one of those with you. And the second category are -- we have a disagreement or at least I have a disagreement with Austin energy as to how the current status is noted.

[10:32:39 AM]

In the list of recommendations that has been provided, and I'm using a list that was provided to me on November 24th, which has some corrections from the November 10th list and I provided you with a copy of that as well. And then the last category is the issues that Austin energy won't be considering. And I want to say that between the time that I presented to resource management and the electric utility commission, this list was revised so I have more gold stars in this presentation than I had in the others and I think that that's to everyone's credit, it's to the task force's credit and to Austin energy's credit that we were able to do that. All right. First of all goals. First is the cost effectiveness evaluation. Austin has goals for achieving energy efficiency. They have goals for, you know, the carbon reduction plan, and this -- this program ties into lots of other activities in the city and so we would like to see the -- the triple bottom line which takes all costs and benefits into effect including the benefits to people and the environment. And Austin energy has agreed to conduct a societal test for this so we pretty much have this one under control. The second, Austin energy indicates that it's doing this -- this is adopting overall energy efficiency program goals and goals specific to low-income programs. The task force report at page 30 recommends goals for all programs and for the low-income programs. I also believe that this is consistent with the recommendation of the auditor's office to have goals and better measurement, and so I put this one in the category where I think that we need to look at that again and decide whether that status should be changed or remain the same.

[10:34:51 AM]

The goals that Austin energy is not considering are the minimum energy savings goal of one percent and also having a separate demand savings goal for programs targeting low-income programs. And while I'm happy that we have so many gold stars, these two to me are the key changes that need to be made in order to move toward more equitable programs. So I'm concerned that while we have two out of four that look okay, the two that are still, you know, not being considered to me are the most important goals. All right. Budget recommendations. Rolling over, unspent weatherization funds, you heard about that in the previous presentation.

>> Casar: Sorry, I heard you at the beginning of your presentation that you weren't aware of the 20 minutes, but I think your time -- I see --

>> Is my time up?

>> Casar: You have several pages left and you have three minutes. What might be helpful --

>> I'll go to the end. I want to go straight to the end. So we have recommendations on weatherization. The pilot program, which we hope will get underway soon. We've got recommendations on multi-family programs. Operations and reporting. Alternative programs. So we have items for future consideration which are not recommendations. I need to point that out. Those were not voted on by the task force, they were things we didn't get around to voting on. Next step, okay, so as the council, there are a lot of

recommendations here and there are some that I think are ready for immediate action. The first one, the triple bottom line evaluation of the program. We did talk about that one. The second one is a recommendation to do a weatherization cost reduction study. And this is a study that would be dedicated to looking at all aspects of the weatherization program and just identify ways that we can provide everything that we want to provide that we provide now and see if we can do that at a better cost.

[10:37:01 AM]

Find out why those labor and -- and equipment prices are so high and administrative costs are high. Whether combining the two programs into one would give us some cost savings. The third one is the rebate pilot project. Here we have a pilot project that was designed to try and make the process of combining the housing repair coalition program and the weatherization program more seamless. It would be a way where the housing repair coalition could act as a weatherization contractor, you know, under all the right circumstances and all that stuff and receive a rebate payment for the full cost of the work from Austin energy. That's the basic plan. To have more accurate surveys of income and family size in all of the programs including the multi-family programs. And to implement fractional billing, which is - - which is to make installation of solar power on apartments more cost effective. Okay. And then I guess the next step is that as the chairman of this task force, I would like to see all these recommendations adopted with those that I just pointed out rising to the top, and I think that we need to have a -- the city needs to have a planning and reporting process to track each one of these recommendations and their progress and development. And I will stop there and be happy to answer questions.

[Buzzer sounding]

>> How is that? I just made it.

>> Gallo: Perfect timing. I wanted to start by saying thank you. I know you've put a lot of time and effort and a lot of time and a lot of effort into this process. You have given us a lot of information for us to be able to review and consider, you know, over the next weeks until we have our next meeting so thank you for all of this information.

[10:39:12 AM]

>> You're welcome.

>> Gallo: Are there any questions?

>> Houston: I just have one and this may be something you can answer but maybe not. On page 45 of the final report.

>> Uh-huh.

>> Houston: We're talking about low-interest loans for comprehensive energy efficiency. It says here household incomes up to 400% of the federal poverty guidelines. In the citation you gave earlier doesn't go that high. Can you tell me what that dollar amount might be?

>> For a family of four, that would be the 90 -- 90 -- that's the number that some people get real excited about it. It's 93,000 -- I have it in the presentation here. On slide -- okay, \$95,400 for a family of four.

>> Houston: Okay. I was asking because I need to be looking at some of that in my old house, it's over 50 years and I was wondering would I qualify for some of this free loan program.

>> And I guess I'll take this opportunity to point out that this is one of the recommendations that I changed because the original recommendation of the task force was to make it available like up to 400% of the federal poverty guideline. When we went to public meetings, there were a lot of people that spoke about the fact that they didn't like the loan ideas for low-income people. So Austin energy is moving forward with this. You'll see that I crossed out low-income like on my chart and just left the low-

moderate income there because they felt like that was more reasonable and the task force actually we had some discussions about should we backtrack and look at that recommendation again, but we had so many things we needed to get done before the end that we decided it could stay as it was because if it wasn't a good idea to do it for low-income customers we wouldn't expect that to move forward as a recommendation.

[10:41:31 AM]

>> Houston: One more followup. Would that be the same, 400% for a single person?

>> It would be 400% for anyone. It would be like if you look at this guideline here like that's on page 97, the federal poverty guideline, and if you look at the poverty guidelines for the 48 contiguous states and district of Columbia that's in the first column --

>> Houston: The number on your final report?

>> It's on page 67.

>> Houston: Oh, 67.

>> Uh-huh. It's in the appendix.

>> Casar: For a single person that's \$47,000.

>> Yeah, 44 something. So that's it.

>> Houston: Okay, so I might qualify.

>> Gallo: Only if you take the training program, councilmember Houston.

[Laughter]

>> Houston: I promise to take the training program. Four hours, right? I got it.

>> Gallo: Councilmember Garza.

>> Garza: I was trying to get it down to two for you. Two hours. One of the -- I guess the biggest concern my office hears are low-income ratepayers is the due date. And so why didn't you all -- the due date so if they get any kind of federal help and their bill is due on the 1st and they get penalized if they are behind and they only get a certain amount of time where they can catch up on their bill before they basically are thrown out of the program.

>> I understand the issue here and I think that what you are referring to is a system where they would allow people to choose the date that their bill is due so they could arrange the payment at a time where they were able to make it in a timely manner.

>> Garza: Uh-huh.

>> No, actually we didn't get to that, however, we are talking about that in some other meetings that I've been involved in and I have learned that a customer can get -- if they call Austin energy customer service and ask for an extension, that they will be given it.

[10:43:43 AM]

Even if they need it every month. The problem they have to call every month to do that.

>> Garza: Okay.

>> And that's something that I have been working on in some other meetings because I think that's pretty overly burdensome for the customer to have to call every single month. We've got that recommendation in the pipelines, but it was not -- we didn't discuss that in this -- in this because billing was considered to be beyond, you know, beyond the scope of what we were asked to do.

>> Garza: I'll just ask the same question of Austin energy. Great. Thank you.

>> Gallo: Any other questions? Mayor pro tem tovo.

>> Tovo: I appreciate that question because we've gotten -- we've looked into that with Ms. Biedrzycki and I would love to get suggestions about what could be done. In fact, I think we all got emailed from a

utility customer last week asking for that very thing. When people receive their employment check or social security check one day and their bill is due earlier, it creates real issues. I hope -- somewhere in my files I have some of the energy responses over the years about that, but it would be great if this committee could press on toward some suggestions for a solution for customers who need to be able to adjust it and without calling every month and asking for an extension.

>> Gallo: Any other questions? Thank you very much.

>> You're welcome.

>> Gallo: We next will have the presentation of the minority report of the low-income energy task force and I would mention we have two speakers that after we do the staff, these presentations and the staff presentation, we will do the speakers. It's Paul Robbins and also Heather Ball.

[10:46:16 AM]

>> They can go first if they want. I have one with four slides and then Chris had a few other slides. Thank you, council persons, for allowing us to come. My name is Mike Huang. I'm a commissioner on the research management commission and I was appointed to fill a vacancy that was on the task force. For council person Garza and the billing question, I think it's good to understand the history of why this -- where the resolution for this task force was originated from. It came out of the generation plan task force and so probably some of those billing things were not envisioned to be part of this task force. And then specifically it's really just to address the energy efficiency programs. So kind of that's why maybe some of the task force thought it was outside of our purview. A couple of facts about myself. We design building systems typically for commercial buildings, but do understand building sites. Also have lead accreditation from U.S. Green Building Council. And I'm also served on the U.S. Green Building Council board and part of their advocacy committee. And I think that a lot of the folks that were on this task force were not so much in the energy efficiency expertise but of the social service expertise. So I did actually vote to support the majority report when we had that vote and that was because I thought a majority of it was good recommendations.

[10:48:23 AM]

However, I did write a minority report because there are some things that I thought were inappropriate. And then since Austin Energy has submitted their response, I would like to note that the minority report and Austin Energy report pretty much are equal and it represents from our perspective about 60% -- those two reports, the Austin Energy response and the minority response, represent about -- are in agreement with about 60% of the majority report. So I think if anything moves forward, that would be a very easy place to start and shouldn't -- should receive total consensus from everybody on those items. One of the things that struck me since I kind of jumped in at the very tail end is that the focus of the committee or the task force was very, very myopic, both from a sense of just the total scope of issues that low-income people face. Their energy bill is very, very tiny part of the challenges financially that they need to meet. And then also instead of focusing on making the programs more efficient and looking at, okay, we have a building, we're trying to make it more efficient, we spent probably 90% trying to decide if we spent enough money. So for me we have a very good example that the way that this should have been addressed is the city has a sustainability committee that deals with all things sustainable, and I think probably what should have happened is we create a low-income or affordability committee and this is one item that's pursued under that. I had a few slides here just to show some of the numbers.

[10:50:26 AM]

One important note is that the conservation programs within the city of Austin have saved a huge amount of energy and that's what we thought the focus of the task force should be, to continue that trend and not have to buy more power or build more power plants. And then, like I mentioned, I think that the weatherization program in general is very, very inefficient and you can see that especially with the air conditioning we're going to increase these low-income families' electrical expenditures versus other programs that will actually save them energy. And if you are looking from a social justice standpoint, if we're going to spend dollars, if we can save them more dollars, that should be the focus, not to continue to spend dollars in a program that saves less money. It would seem that's less just. And also it also increases the chances of these types of programs continuing because the electric in general is going to say to the council, we're spending this money, but we're wasting it and why should we spend more, why should we continue to support these programs. So if the energy efficiency programs are to survive, we need to make sure that each dollar is spent wisely. Another big thing is looking at the carbon emissions. And so when you take the weatherization program and then specifically the air conditioner program and you look in terms of carbon emissions and that is also supposedly less carbon emissions is a more social just cause, you can see how the direct installation programs like led compares to weatherization and other programs.

[10:52:34 AM]

And then here's another way to look at it is that it costs Austin energy a certain amount of dollars to produce one kilowatt. And so you can see weatherization is more than five times the cost of creating a power plant, whereas other energy efficiency measures actually are less costly than the power plant, plus you do not have any of the emissions problems. So -- and my biggest message is that the points that we -- that the minority opposes are because those we feel aren't effective programs, and even if we were to continue spending money, we shouldn't increase the amount of money spent unless we figure out a way to spend it more wisely. And I'll let Chris get into some of the specifics regarding each recommendation.

>> Good morning.

>> Zimmerman: We're still awake.

>> Still awake? We'll see if I can get my slides up here. Great. So I'm Chris strand. I'm the other signer of the minority report. I've worked in this field, in the conservation field for 35 years. And I was one of the people instrumental in getting the energy conservation program started in the early '80s. As Mike said we support probably over 60% of the recommendations and that's a great starting point. But the resolution that started this task force is part of the Austin's generation plan and it asked us to make recommendations on equitable and cost effective energy conservation programs for the low and low-moderate income households. These recommendations were expected to save electricity at less than the cost of a new power plant which would lower the rates for all homeowners.

[10:54:44 AM]

We oppose some of the recommendations because these two metrics, equity ability and cost effect I haveness were not followed. We oppose the 25% of all energy efficiency funds going to low and low-moderate income households. One thing to consider is this demographic only uses 14% of the total energy consumed. Given their low electric usage, energy savings and carbon reductions are expensive and extremely difficult to obtain, and I'll get into more detail on this later. Even though the task force claims otherwise, households in the lower half of income are receiving more than their fair share from Austin energy. The community benefit charge funds energy efficiency, solar, customer assistance

discounts to the poor and street lighting. Customers in the lower half of income receive substantial benefits from the cbc including free weatherization, the multi-family program, the home performance programs, all of the money that goes to the customer assistance program is going to these customers. So all totaled, customers in the lower half of income, which roughly equates to the 400% of poverty level, pay 29% into the community benefit charge. But they get about 50% back. They receive about -- they receive about 70% more than they pay in. And here is the breakdown of the programs where the bottom half of the customers are receiving parity for what they pay in. I think as you can see, they are receiving more than parity for all but the solar programs. They are getting more than what they are paying in. But this does not take away from the fact that these customers have a hard time affording the high cost of living in Austin, including electric bills, and we'll make recommendations on alternative strategies in a minute. We oppose the 10% demand goal.

[10:56:46 AM]

We also oppose mandates for demand savings or megawatt goals for low and low-moderate folks. You've seen this slide before that shows a high payback rate for weatherization of homes over 60 years. Getting large demand savings is the equivalent of squeezing blood from stones. How is it possible to get 5% or 10% of demand savings from homes that use so little energy. If you look at this chart, this is back in 2011 when the cost was at \$2,800 a home and was 60-year payback and now it's -- as Carol was saying \$4,003. We oppose 15% mandate for solar funds to go to low and moderate income households as well. We support several of the recommendations that mind expand solar options, however several of these people live in rental and solar is often driven by federal tax credits set to expire at the end of the year. We oppose free hvac unless life threatening. The task force recommended that Austin spend 400,000 a year to give away 1,000 window air conditioning units. It does make sense to give away window units in extreme situations like threatening health situations but not as a program standard offering. The task force reports, and Carol was mentioning, that central air conditioning units that cost as much as 4500 each be given away in limited circumstances. Should the utility give away utility considered as luxury in much of the world. Under the task force proposal, these ratepayers could see an increase of \$220 per year and a collective bill 2.2 million over a ten-year period while utility peak demand would be increased and not decreased by 2.2 megawatts per year.

[10:58:53 AM]

We propose putting more money into the weatherization program when you consider the partner ants do not save a lot to begin with, we feel that the programs -- that you should consider programs that save more energy and money be considered first. As we were talking about the existing cost is around \$4,300 for free weatherization. Even at \$2,800, it's not cost effective. If you add free window units to the MIX, the payback may be even negative. Once again we feel other programs that save more energy and money should be considered first. What are these programs? Well, we support -- our minority report recommended direct installation of low cost quick payback, leds and shower heads, the type of program operated by Seattle city light with amazing results in 2009. Their neighborhood program was designed to serve under served populations. It has reached at least 15% of the utility customers and has a payback of electric savings of about a year. I'm showing slides that Mike had shown. For every million dollars invested what is the return we're going to see as a utility? And what return are we going to see in carbon savings? In the direct installation program, since the installers are already in these homes, they use the -- they can use the opportunity to conduct on-site energy assessments. This generated immediate recommendations used to educate these customers on energy savings strategies and the

utilities other energy saving programs and provided a database to plan future efforts. So we support the low-interest loan. It's actually the home performance loan plus rebate program.

[11:00:56 AM]

And that program -- or this program that could be marketed by the direct installation program is already planned by Austin energy. They already talked about that. It lowers the barriers for their loan program, in addition it will have interest rates as low as 4% and a credit score as low as 600. That way the low and low-moderate income folks that really need to upgrade their systems can go ahead and do that. This package should also be expanded to include refrigerators and water heaters. We support on-bill finance. This is one of several alternative financing measures. Many moderate income renters and homeowners are not traditional loan containing. If financing for the retrofit can be paid for on the bill, reduction in energy use as a potential to more than pay for the retrofit. This may be particularly useful in moderate income renters who do not want to invest in a building they do not own. So in closing I would like to iterate why we are in opposition to earmarked specific funding levels for low and low-moderate income households. Austin is in the process of building a 900-megawatt energy conversation power plant. This plant like the new solar power plant is part of our generation plan. We were here as part of the generation plan. We would never consider taking 25% of the new solar panels and face them north. Sherwood provides some electricity but it doesn't make sense. How then can we consider taking 25% of funding of our energy conversation power plant that saves so little energy. Thank you for listening to us.

>> Gallo: Thank you very much for that report and the thoroughness of it. The parts that you talked about, specifically speak to me, the equitability of the funding and also the cost efficiency.

[11:03:01 AM]

You know, we all know as we talk about affordability in this community that if we can do things more cost efficiently, we can do that to more properties and more tenant occupied properties so I really appreciate your report dealing with those and reminding us that that needs to be part of the conversation, is how do we make our money that we have available to spend go further and help with more efficiency. So thank you for that. Are there other questions? Councilmember Zimmerman

>> Zimmerman: Thank you, chair Gallo. In an attempt to make the understatement of the day, I want to let you know I know what it's like to be in the minority position.

[Laughter] And in fact I really appreciate you going to the trouble to put together this very well-researched -- I guess my question for the dais is, what were we contemplating doing today? Were we going to make motions or make recommendations to either accept or --

>> Gallo: I think we have one more component to this, which is we have a city staff response

>> Zimmerman: Okay

>> Gallo: To the reports. And we have three speakers that would like to speak. So my thought would be that we get through the testimony part of it, briefing and testimony, then we can pull the conversation back up to the dais

>> Zimmerman: Sounds good. Thank you again for the information. Have you worked with Paul robins on some of the issues here? I know he's looked at the weatherization as well. Or has he done that desperately from you?

>> Well, I've worked with Paul since 1979.

>> Zimmerman: Wow.

>> So we were looking at alternatives --

>> Zimmerman: You don't look that old by the way. '79? Wow.

>> Quite a long time on energy conversation issues and things with Austin energy.

>> Zimmerman: Okay.
>> I appreciate that comment though.
[Laughter]
>> Thank you.
>> Casar: I have a couple of quick questions for either of you.
>> Let's go.
>> I'm sorry.

[11:05:01 AM]

>> Casar: So on the chart where you listed the cost versus the savings that -- that way you calculate the ultimate payback you meant that the savings of \$48 a year were a savings of \$48 a year to the utility and its customers?
>> To the actual customer itself.
>> Casar: To the actual customer?
>> Right. So we put in \$2,800 and then they saved \$48 a year.
>> Casar: Because I think that it was -- so the idea being if we gave that customer \$4,800 up front, if we just gave the cash to the customer, then they could pay off their utility bills for several years with that -- with that money?
>> So would you get a one to one payback if you just took the money and put it into cap and reduced their electric bill versus with the current weatherization program -- and I think there is a lot of resources. There's a the lo of, you know, aia has a committee of environment, usgbc has people, ashray is an engineering community that deals with air conditioning. There's a lot of groups out there that would be willing to take a look and make recommendations of how better to do weatherization, to get better savings. And Mr. Blackburn said there's a lot of possible things that maybe aren't being done because of the -- what's been done in the past, and so I think that that needs to happen first and then we can take a look at should we spend more money. But I don't think the recommendation, we should just be ad nauseam we spend more money.
>> Casar: So the -- I think where I had some difficulty with this is that -- it seems like some of the folks on the majority side and minority side want to save these particular customers money. Some of it does have to do with energy efficiency power plant so to speak we save the entire utility money when we whetherrize things --

[11:07:07 AM]

>> It's not to save the utility money. It's to save them the generation need.
>> Casar: Understood, yeah. So while there is some benefit -- I'm a big supporter of the cap program and think that's good, there is additional benefit if we can save ourselves generation need. Then there is the third piece, which is how much money each individual customer saves because these are oftentimes low-income customers and we want them to save as much money as they can. The good news that it seems that amount of money that individual customer saves is pretty well tied to the amount of power that they no longer demand. Is that right? I mean.
>> Yes, directly.
>> Casar: It seems those are directly related and there should be some direct interest. I'm sort of saying this so y'all can have some idea of the framework I'm coming from in the decision-making process, is my goal, I think, is going to be to make sure those low-income customers that we serve save as many money as possible because of the help that we provide, which seems to me to also line up with some of your own stated goals of making sure that this reduces the amount of generation.

>> Right.

>> Casar: Demand as possible. Those things are tied together.

>> Just going to my general point of looking at the low-income family as a whole, if we're going to spend as a city \$2,800, 4,000, whatever the number is if we went to that low-income family and said, would you want us to put this \$4,000 as insulation in your attic or pay tuition at ACC or do you want it to pay for car repairs or whatever in the totality of their life, I think, that the added insulation is probably pretty low.

>> Casar: I guess the question is if we said do you want us to insulate your attic with this money or put in weatherization strips or do something else to weatherize your home they'd probably say I don't care which one you do, just save me the most money.

[11:09:10 AM]

>> That's why we were looking if he direct installation program. If you look at how many low-income folks there are, under 200% is 118,000 households in Austin. If we're spending \$4,300 a piece we can only do four or 500 homes period. Some people are really not saving a whole lot of money but we're ignoring this other huge amount of population out there.

>> Casar: Thanks for helping me walk through and understand that. That chart with the tall blue bar and short red bar is for an individual, for an individual we invest \$4,000 and they save \$48 a year and that's not in dispute, that's the Austin energy's own --

>> Then if we go and maybe only spend 200 or 300 per person and do 50,000 properties, that just seems to make a lot more sense.

>> Casar: I --

>> Houston: Excuse me.

>> Zimmerman: Point of privilege here.

>> Houston: Thank you.

>> Zimmerman: Microphone, we couldn't hear you.

>> Casar: I'm sorry. I wanted to have confirmed that chart that y'all used that's Austin energy's own Numbers.

>> From 2012.

>> Casar: That's not disputed? Okay.

>> It's their statistics, yes.

>> Casar: Thank you. I know my questions sometimes don't sound like questions but they were.

>> Gallo: Mayor pro tem tovo.

>> Tovo: Cherry wanted to mention since we are talking about direct installation and this issue generally, I passed out a motion sheet that does not relate to the point I'm about to make but my office has been working on a resolution that I think will incorporate some elements of what you're describing as direct installation and what -- can some housing and community advocates have talked about for a long time, to kind of get a closer relationship between our home repair programs we support and some of the weatherization programs. So there's some great examples I think our -- the report we have in front of us references the Seattle model and so our idea is to maybe launch a pilot that would work with a few targeted neighborhoods and would be a partnership that we have with -- would be kind of a specific door to door program that also works with our nonprofit partners to deliver those services to people in -- and to see whether the cost savings -- how the cost savings compare to what we're doing now.

[11:11:28 AM]

So I hope to be able to share more information about that, but this is an idea that's, you know, been generated in part by the work that you guys did as part of the low-income task force.

>> Yes, definitely.

>> Tovo: Thank you.

>> Gallo: Any other questions, comments? Councilmember Garza.

>> Garza: I just want to thank you for the work did you on this. I understand the -- not predicament, but I understand your frustration because I feel like you're saying we've made recommendations that address low-income but the scope of our work was supposed to be this. And I see that. I see that. At the same time I don't want to get rid of some of the programs. I can see why they don't fit into this -- I see what you're saying. These don't fit into what the goal was, but I also -- I don't know how to -- I don't want some of those programs to go away. And so one of your examples of the air conditioning units was in life-threatening situations, and I guess it sounds like a good criteria to have, but I don't know how we would meet that criteria and possibly violate hipaa laws of requiring people to tell us what their health, you know, situation is. And, you know, in -- I guess I would say in Texas the heat that we experience here, any person, regardless of handle or age, is in a life-threatening situation when they don't have air conditioning. I'm thinking of -- I know this is anecdotal, examples of a single mom and kids in a house. It's a quality of life issue. I appreciate the work that you did, and I'm -- I think what mayor pro tem -- where mayor pro tem was going, there seems that there can be a way to do both of these, to address both of these, address your concerns. I like the Seattle thing. I like the idea of a pilot. But --

>> To speak to your point, my family is a multiracial family, my wife is from Mexico, as a matter of fact she's about to head to Mexico tomorrow and I go to Mexico pretty frequently and she's from a lower-middle-income house and so none of the homes I go to in Monterey have air conditioning.

[11:13:41 AM]

I survive quite well. But as a building science person, basically when you say that we're going to give somebody air conditioning it means that they're entitled to a 72-degree home. And so between that and the 100 plus degrees there's a pretty wide range. So if you can make their home 85 or 80 with some measures that cost -- are much more cost-effective now a lot more people can be at least tolerable versus a few people be super comfortable. And that's kind of the perspective that I don't think was the approach at the task force. It was that, oh, okay, we have a lot of people that are very, very uncomfortable and immediately we jump to the solution of air conditioning versus, like, let's say a very simple idea would be we can spend \$500, plant a tree on the west or south facing side of the house, provide shade to the house and now the house is maybe in the 55 to 90-degree range and they don't have to spend the electricity to run the air conditioner. So there was that -- that forethought wasn't put into the recommendation.

>> Garza: Your point is well-taken, and I guess I would add that my husband is from Mexico and they left Mexico because there's a lot of things that people in Mexico tolerate that in this country they shouldn't have to.

[Laughter]

>> Garza: So thanks.

>> Kitchen: I just wanted to follow up. I don't have any further comment except to say that I also appreciate your concern about -- your points about air conditioning, but it is a health issue. And for many parts of the population, and I think we just have to be careful in saying that -- you know, we just have to be careful with that. There are a the lo of health issues that are impacted by housing, and that includes the temperature in a home.

[11:15:44 AM]

And I'm sure you all know that. Anyway, I just wanted to also echo that concern that I would not want to say -- I would never say that air conditioning is a luxury. And I do understand what y'all are saying, and I appreciate that. And I do also appreciate the importance of our really looking at our programs to do what we can to make sure they're effective. So thank you for that.

>> Thank you.

>> Gallo: Are there any other questions? And thank you, once again, for helping us to point us in the direction of being able to help our money be spent further to help more people. So thank you.

>> Zimmerman: I do have one more comment.

>> Gallo: Councilmember Zimmerman.

>> Zimmerman: I've done work on air conditioning and have knowledge on the telephone and how it works, what it can do. I grew up in southeast San Antonio and my family never, ever had air conditioning for my entire life growing up and we owned quite a few rental properties, probably 25, 30 units. Every one of our rental properties had air conditioning. And we did not. Because it's a value decision. Our renters demanded air conditioning so we provided it. But they paid for it. It's a value decision. I don't buy the healthy -- if we buy into an argument that we have an obligation because of healthcare concerns or just fast -- we're faster on the road to bankruptcy.

>> Gallo: Okay. Thank you again. City Austin energy staff, we have a memo that is in our group of information and I think you have a powerpoint presentation.

>> I do. Again, Debbie Kimberly, Austin energy. I'll try to do this in under 20 minutes.

[11:17:48 AM]

So I can kill time here and tell a joke.

>> Sure.

>> This doesn't count against my 20 minutes. I'll start off with a little background. I'll give you just as Carol did a little background, go through, I think, significant areas where we agree with the task force report and certainly the minority report and share with you insights about some of the things that have been discussed today. In terms of overall, I think one of the things we're talking about and this task force talked about was the issue of affordability. I'm going to talk about what we've done historically and drill down into the task force recommendations and staff response. Let me underscore that there are significant areas of agreement. We met over the course of 11 months. Thousands of hours worth of meetings. Roughly 60% of the recommendations we agree with or are under study. We don't agree with about 40% of the recommendations? Why? We believe they would get in the way of our ability to get to the councilman dated 900-megawatt by the year 2025, challenge affordability goals by resulting in increased funding to the energy efficiency services budget and believed that they could create inequities within and between customer classes. So let's start big picture here, 30,000 feet, where does the money go? This is national data collected by rocky mountain institute back in 2011 but the ratios still generally apply. In terms of national data arbitration where does roughly 50% of the median family income go? Housing and transportation. It's really not much ditch here in the city of Austin. If you go around the wheel you can see the parts that also consume a customer's income, food, personal insurance, the like. So if you really drill down into it, roughly 3% of a consumer's income is directed electricity costs, not utility costs but electricity costs. Let's talk about the Austin electric energy and utility burden.

[11:19:50 AM]

So staff periodically based on consensus data collects data on those customers living within Travis county and it looks at median family income levels. At the request of former rmc commissioner Carol B.

We did this last year and it's based on a period of time covering 2010-2011. We broke down our residential customers into the classes at or below 400% of the federal poverty level, as was noted earlier when you look at federal poverty guidelines it's a function not just of household income but the number of dependents in the household. At 400% of the federal poverty level you're looking at an annual income of 95,000 a year for a family of four, we have roughly 54,000 during that period of time that fell into that category or 13% of our residential customers. All the way to the left of the chart you can see the income level is roughly \$12,000 a year and the electricity portion of the burden is 37%. So, again, electricity is part of the utility burden. What else contributes to the utility burden? Water. Other fuel. Such as propane, gas, so a number of our customers are served by gas. You can see the aggregate percentage. Clearly the highest falls to those at the lowest levels, and then it tapers off. At the upper end of the spectrum the electricity burden is roughly three to four percent of the burden of that household. So that is one of the reasons why our weatherization program and our multi-family programs in particular have focused on those that fall to the left-hand side of this chart. Where is the energy and in our case the electricity burden the greatest? That's really the intent of a big part of the task force's deliberation. Where do we stand in terms of our response? Excuse me for the animation but it makes it easier to track.

[11:21:54 AM]

Of the 32 recommendations in the report, there were fully 22% of them where those are underway or a current practice. We're putting in place even more data analytics and any of you can go online every month and go into the data like for Austin energy and look at the monthly data reports that we put out which will also include the weatherization status within the space of the next month or so so you can see where we're tracking, what are our program goals? Where are we track month to month and year to date? We report those on our website so it's very transparent, easy to access. Program goals. I said earlier we target trying to get to 600 customers a year in the low-income weatherization program. But that's not all of the customers we reach. In fiscal year 2015, we did multi-family programs that touched 51 properties. Those properties housed 26% of the participants in our cap program. So that's a good news story. I know you've heard me say that before but I do have some good news. Of the properties that were gone through the multi-family program, again, a demographic that is a renting demographic and often low-income, of those properties they were located in seven of the ten highest poverty level zip codes. So we had significant reach into that low-income demographic just through our multi-family program. Set aside low-income weatherization. Effective last year when we removed the installation of hvac units in low-income weatherized properties we said we would provide window units where there's not a working air conditioning unit for those medically vulnerable -- people medically vulnerable living in those properties. When we were going through the weatherization program the only time when we provided free air conditioning and refrigerators was during the period where we received federal stimulus monies and the year following.

[11:24:02 AM]

Those were eliminated in fiscal 2015, and those were direct contributors to, a, the cost of the program and, b, the number of homes that we could reach. And our contractor subsequently informed us that in many of the properties that they touched, those air conditioning units were working. They just needed to be repaired and maintained. So, again, chair, to your point, you want to make sure that we're spending our monies wisely. My staff, especially in the green building area, they are passionate about energy codes and standards. They are actively participating in city processes, have, will continue to do so. They are currently advocating for the 2015 net zero energy capable residential code. And they have

continued to do so and will continue to do so. We provide free audits to anybody that calls with a high bill complaint. That is covered. Where are those areas that are planned for the current fiscal year and for next fiscal year? Cost efficiencies. We're looking at asking a couple of our consulting firms that are available to do specialized projects to give us best practices in the multi-family space. I know this is an issue that's near and dear to your heart, mayor pro tem, so we're looking at how we can make that program even more cost effective. We have agreed and we did it with this fiscal year, to roll over unspent supplemental energy efficiency weatherization budget and we've also agreed in our annual progress report to include the societal cost test as another metric by which we measure the effectiveness of our programs. What are some other things that are under review and some of which are very close to launch? On bill loans, that will take time. It requires a modification of the billing system. That involves money. That involves a cost. But as an alternative to on bill loans, one of the things we are pursuing with the credit union is to make energy efficiency loan improvements available for anybody that falls -- that has a fico score of 600 or above.

[11:26:14 AM]

By utilizing the loan loss reserve previously that threshold was 700 so for those of you that are involved in businesses where you might lend money, that's a pretty high threshold. Some of our low-moderate income customers could not satisfy that who are they went through our home performance with energy star program so we are reducing that threshold by applying loan loss reserve dollars. We're also going to make available 3.99% financing for customers that go through the program with all 15 of the energy efficiency measures, which is a pretty competitive rate. We're looking at fractional solar billing but the fact remains solar is a premium offering and many low-income customers do not pursue that offering because it adds to their already otherwise constrained budget. I think within the next couple of months you'll be seeing some breaking news from us on pace within our service territory okay, where a customer can in essence take an approach that amortizes the cost of their improvements over a period of time, similar to their property taxes, and be able to pursue that. We're always looking at opportunities to pursue grants for low-income customers. Taken altogether that's roughly 60%. What about the other -- it's -- 40% or so? Here's my issue. The more that I have metrics that are established in terms of how I can administer a program the more difficult it becomes for me to cost effectively get programs out to as many of our customers as possible. The 5 to 10% demand savings goal from customers who generally useless energy, that's a problem, saying that 25% of our energy efficiency budget be spent on low to low-moderate income customers, it all depends on how you define low-moderate, 400% of the federal poverty guidelines, \$95,000 a year?

[11:28:18 AM]

Some argue that could be less. It tends to box you in a little. 1% energy efficiency savings target that's really difficult when our baseline, codes and standards keep getting raised. Have we done it for the last couple years? Happy to say yes. Consistently? No. But when you move forward with 2015 net zero energy capable new construction, getting to an incremental 1% every year becomes more and more difficult. There's another recommendation that relates to the low to moderate income customers. I'll give you an example. Every year we target roughly 60 megawatts in terminates of savings for our programs. We launched an emergency response program we administer as a qualified scheduling entity, if we go out and recruit customers to that program, large industrial customers, and they're able to interrupt or reduce their load and avoid rolling brownouts, essentially, during emergencies they get paid from ercot. They don't get paid from us. That would add another 4 megawatts to our savings but does that automatically feed back into what we would have to do for low and low-moderate customers? That

becomes a problem. Point being it limits our flexibility. What don't we recommend? Minimum energy and demand savings program for low and low-moderate customers. As I said it can member memorize our ability to get to that 900-megawatt goal. Imagine whether rising thousands and thousands of homes but only generating a couple of megawatts in savings. That would be difficult, also could increase our program budget and frankly if our budget remains constant it means all of the commercial customers contributing, who also want to use the programs, could see the monies they contribute to our programs be directed to the residential sector which gets at that equity issue that I talked about. I spoke a bit about this, had about 25% on low to low-moderate customers and 10% on weatherization.

[11:30:24 AM]

Let me put this in context. Our budget is level 35 million a year, including administrative costs because it costs money to administer the programs. Currently just in the free weatherization program we spent 1.3 million a year, significant increase from historically. This would require that we spend \$3.5 million a year, almost tripling or increasing by two and a half times the amount we would spend on weatherization. My point, again, it limits our ability to optimize our portfolio and reach customers as cost effectively as possible. Window units as an automatic, I believe what we're doing right now has merit. If there's not working air conditioning in that property, we install, and to put this in perspective, last year 12 window units were installed. So it was a very small number. 250% of the poverty level, that would add over 300,000 households to our -- for example, our low-income weatherization program. We just don't have the ability to do that. Worse yet it creates false expectations on the part of customers. Well, I can be weatherized, probably not, not on current budget allowances. Then I spoke very quickly to the 1% annual savings target. Yes, sir, we can do it now, can we do it prospectively as costs continue to increase? Probably not. Here's the good news association hear me say this a lot. What have we done in the last year? We increased our contractor pool. We now have 12 contractors that are participating in the weatherization program. We are trying -- we had problems with a software program that does the work flow management. We're trying to make up for lost ground, trying to assign as many of those jobs in the winter and spring. We also added in additional connection expectations for contractors. You have to weather rise the ome, ideally within 20 days so we've said you can't have a 68-day process for whetherrizing the homes.

[11:32:31 AM]

And we've said you can't participate in our program if you have a failure rate on your inspections over 20%. We have not done this before. You may hear about this. This is one of those warning things. You may hear about this but we've said we cannot be sending our inspectors out repeatedly to inspect a job that has failed or failed twice. So what we've done is eased this in over time -- eased this in since November 2 we've had over 100 homes assigned, 51 homes audited, already gone through -- as of a couple weeks ago we've gone through 13 homes weatherized and ready for final inspection. Direct installation, I'm so happy you mentioned this, we've been working behind the scenes and pretty quietly admittedly to look at how we can do more direct installation of things like leds, weather stripping and, yes, smart thermostats. Let me talk about leds, we inspect, see if it's eligible. Roughly we get 160 homes, 100 are able to go through the weatherized program. My staff and I talked, what can we do with the 60 homes that aren't able to go through the process? Turn that negative lemon customer moment into lemonade and leave that customer, have our inspectors install those leds and the weather stripping for that customer so you've turned it into a lemonade moment. I've said we should start doing that in January. Work in the rundberg lane, work in the holly neighborhood corridor to be able to do direct installation there. Community impact I believe a week or so agency talked about three affordable

housing properties, one of which is accepting tenants. Go out, make sure every single one of those units in that affordable housing property has leds installed in their light fixtures so we can do that. It doesn't necessarily have to come out of the low-income weatherization process. And we've been working with some of our community partners to see what can we do to give customers who meet certain criteria the low-income customers, learning thermostats.

[11:34:38 AM]

You don't necessarily have stove wi-fi for those customers to have the away function enabled. In other words even without wi-fi, those thermostats can automatically adjust when there's no motion detected in the home. What can that do? Studies have shown that can result in energy savings savings anywhere 5 to 10% for those customers, that to me is a game changer, something you don't see any other utility, to the best of my knowledge, doing in the country. That's a good news story. Yes, we can do more. We want to be able to direct some monies to weatherized low-income multi-family programs. We're undertaking the best practice study and, finally, we've expanded into a number of outlets point of sale items. I walk into batteries plus, walk into Wal-Mart arbitration I will soon be able to walk into sears and get discounted leds and some appliances where I don't have to go through the cumbersome rebate process. All of those things, I think, are good news stories. I applaud the citizen task force for the countless hours that they've directed to this effort. I also must be fair in applauding my staff that also spent countless hours in supporting the task force in coming up with roughly 60% of these recommendations that I believe are already in practice or almost ready for prime time. And the only reason why I don't support the other recommendations is because I believe that they limit our ability to optimize our programs. They can actually be a deterrent to affordability, and the ability to get to our goals. So I thank you nor your attention -- for your attention. I hope I did that in less than 20 minutes. I like to overdeliver and underpromise.

>> Gallo: You did. Thank you very much for that. Thank you to your staff too. This has obviously been an effort on lots of different people's time schedules and we really do appreciate that. Council, are there any questions?

[11:36:46 AM]

Yes.

>> Casar: Ms. Kimberly? I have one -- not sufficiently formulated question but hopefully you'll get the gist of it. I understand that given some of the recommendations you think that there would be enough budget shifting that something would have to come out of something else. How does that calculate -- and I understand that calculation happens -- would happen right now because we have already set the budget. Talk to me a little bit about the cost of service study and how any of this plays into that.

>> So the cost of service study will look at the cost of serving each one of our categories by rate category of our residential and commercial and large industrial customers. So it will look at by each rate class whether we are recovering all of our costs or whether we are overrecovering some costs. So that's work that I believe you will be seeing in the months of December, January, probably more in the January - February time frame. One of the costs that comes into play is -- would be these tariffs that get charged to all of our customers. So it's fairly small in the overall scheme of our costs, which are driven, obviously, by energy costs, transmission, distribution expenses, that that plays in. In -- just to pull back a bit, roughly, right now, commercial and industrial customers pay in terms of revenue \$15 million, 15, \$16 million a year into the energy efficiency services tariff, residential customers pay in roughly 14. So call it a 50/50 split. With what we've seen in terms of expenses in recent years is the residential customers

have accounted for roughly 60% of the benefits that have been paid out to customers. So there's been something of a goal shifting between the commercial and residential classes, revenues versus expenses.

[11:38:54 AM]

>> Casar: I think that's helpful, just for us to consider that you can either shift dollars from one program to another and then also consider overall revenue and what the appropriate amount of overall revenue is for each program.

>> Right.

>> Gallo: Any other questions? Councilmember Garza.

>> Garza: You said that the units go to people with health issues. How do we ask people, what is your health condition?

>> It's administered through our customer care, customer services group. They look at individuals that -- they maintain a registry so we know, for example, if there are individuals that are elderly, have young children in the home or got their -- we have medical life support customers. So, again, what we've discovered is that most of those homes have working air conditioning. It just hasn't been maintained and it may be as simple as, you know, back in the day, I also grew up in a home without air conditioning, that probably dates me, until I was seven. That just didn't have a rereidge rant charge.

>> Garza: Okay. And then the -- I guess I'm hearing different Numbers on what it costs for the weatherization program. Does that number include the appliances? Because I've heard from -- my office has heard from -- different, that it does include the appliances, others have said it doesn't.

>> Sir, are you able to bring up slide 14 in my backup slides? It's a trend that we've seen actually nationally, and up until 2015 we did provide air conditioning units as well as refrigerators in a number of our properties. This slide shows you a study that was conducted by oak ridge national lab and it looked at the impact of the American recovery and reinvestment act and you can see prior to our -- the poverty level eligibility was 150%. This is what we used to use as well, it increased with 200 and we've kept it at that level.

[11:41:00 AM]

The cost, this is area was \$4,700 per home on average, with arrra it jumped up to \$6,800. Those costs are high but they include the contractor's time, labor, effort, fuel, upgrading the pay scale so honestly there was a 2008 pay scale that was applicable before, and it was upgraded in 2015 to a current pay scale. And then we brought measures out. One of the measures most lease cost-effective is duct replacement, really expensive and limits your pool of contractors. So in addition to hvac and refrigerators, replacing duct work, really expensive.

>> Garza: You mentioned the -- on the billing loan, pay loans on your bill --

>> Financing.

>> Garza: And you said it would cost -- it would be a budget maybe amendment because you'd have to I guess restructure our billing. My question is for both that and the concern we talked about earlier, is the due date the flexibility and the due date --

>> Let me handle that one first because did I ask our customer care folks -- now I'm playing outside of my sandbox but our customer care folks have advised you can select your own bill date. To your point you receive your social security check on the 15th of the month but your bill is due on the first of the month, do you have to call every month? For any customer that is only an Austin energy customer, they can select their own bill date. The problem is we bill for all sorts of other city services, including water. So that is how they coordinate billing dates, is the water billing date, the electricity energy billing date,

the Austin resource recovery so that becomes the problem, when you have to bill for all city services. They are looking at solutions to that, but currently it is available automatically.

[11:43:03 AM]

If you call in and say I'm only an Austin energy customer, you can get it. The other way is a little more cumbersome because of billing for other city services. On bill financing is something that, again, you would have to modify the billing system so you have another field. We would determine how -- where the monies are coming from to loan the customers money, and then you would have to modify the billing system so they would see yet another line item on their bill associated with their repayment for a measure that they installed. So it requires a little bit more work to do, also requires work with legal because of some cumbersome regulation that's relate to a municipality or a public power entity such as Austin energy loaning funds to customers. And I will spare you the details, but I'd be happy to meet with you and talk about that in more detail. So there's some legal details. There's the administrative part of it, which gets at modifying the billing system, it costs money. But we are looking at it.

>> Garza: Okay. When you say legal details --

>> It's private activity considerations, relates to loaning funds from the city to customers, including the fact that we use tax exempt bonds to finance some of our expenditures and you don't want to jeopardize the tax exempt status of those bonds, and it relates to federal law that was passed -- two federal laws passed in 1986 and 1987.

>> Garza: Is that just a matter of getting a memo interpretation from law saying yes or no you can do this, if that's the case we can stop asking the question, why we're not able to do this.

>> I'm looking at the lawyer right now.

>> We would be happy to write up a legal opinion. I can work with Debbie and analyze the issues if y'all would like more detail on that.

[11:45:07 AM]

>> Garza: Yeah, if that's the crux of our ability to do it or not, then knowing that would be good. But -- all right, thanks.

>> Gallo: I have just one quick question. So of -- it's interesting because we get a lot of calls about people with the utility bills which are due before they get their social security or other types of checks like this. What percentage of the Austin energy customers would just be Austin energy customers?

>> I'm -- I believe it's about 100,000 customers, councilmember Gallo, but I'd be happy to get that information from --

>> Gallo: About what percentage would that be?

>> We serve roughly 440,000 customers so it's roughly 22%.

>> Gallo: There's a lot that are not able --

>> I believe so but, again, I'd have to talk to customer care who handle the billing.

>> Gallo: What would be the process to be necessary to get the other utilities, for example, water, to --

>> This gets really complicated because the water -- we have smart meters, if you will, I mean, we -- but the water meters are not -- I don't want to say they're not smart meters but they're not automated meters like Austin energy has. My suggestion would be you might want to have that as a topic for discussion at a future Austin energy utility oversight committee meeting and then have the people that really can drill down into those details step you through the mechanics of what would be required.

>> Gallo: Okay. You know, I do think that's an important discussion because particularly in the low-income utility customer payments is -- when you start having late fees that are attached, you know, that then becomes a large portion of their bill and we're trying to do things to help save money on their

utility bill. So this could be a direction that we move in to try to help make that happen. So thank you. We will definitely put that on the agenda.

>> Kitchen: With regard to -- I think I heard that legal would move forward with a legal memo on the issue we were discussing a few minutes ago.

[11:47:18 AM]

Is that right?

>> That's correct. We'll be happy to do that.

>> Kitchen: I'd like to talk about the scope of that. I would like to make sure that what's addressed is not whether -- not limited to a yes or no we can do this or not. And I know you always look broader than that, but I would like to know how. So -- and perhaps how other places are doing it.

>> Okay. Sounds like you want a pretty comprehensive --

>> Kitchen: Perhaps why don't we talk about it offline, I think, first.

>> Gallo: Any other questions?

>> Casar: Chair.

>> Gallo: Yes.

>> Casar: I think less questions and more just suggestions to help this council make decisions and inform our discussion. One, I know y'all did not recommend the minimums on energy and demand savings and focusing a particular percentage of the budget towards lower-income individuals and you listed how much more budget you anticipate we would need to be able to meet those goals. I think what might be helpful is to take a look at -- for us to know how much energy and demand savings we are getting from low and moderate income customers and what percentage of the putting is going to them, what Austin energy's current goals and trajectories is and then comparing that to what the majority reports sort of set of goals are so we have some idea of what that -- not just what the dollar gap is but what the people -- the people served gap.

>> It's a point well-taken, councilmember Casar. One of the challenges is with the exception of our low-income weatherization program we don't income-qualify our customers. You saw when Carol B. Presented that graphic it covers a one quarter period of time during fy15 and 23 percent of customers said no I'm not telling you how much I make. That tends to be a deterrent to participating in our programs, if we and customers how much you do make, especially as a condition of participation, we are trying to be able to utilize, whether it's census data or purchase data from Neilson to get at more granular level to the zip plus four level so we can deduce what the income levels are and we're working on that right now.

[11:49:40 AM]

>> Casar: I think that would be helpful because I hear you with your -- with, you know, anecdotal data about the number of some of these multi-family units, in particular low-income zip codes and you can make a lot of inferences and if we had -- I think it seems like everybody is well-intentioned goal is to make sure that a significant portion of this funding and help goes to the folks that need it the most. I think that's pretty reasonably folks' goals. So if we just have some idea about how much we guess is going to people right now, then we can better estimate if we want it to go up or down but it's hard for me to know right now.

>> Happy to do so.

>> Casar: Of course. Secondly I'm excited to hear recently about y'all's efforts in both the holly neighborhood up and down the neighborhood the rundberg corridor. At which point do you think

Austin energy would be able to have some information about how that went, dollars spent and the amount of energy saved by those customers?

>> Working with neighborhood housing and community development, I would hope we'd be able to get back to you certainly within the next year, if not within the next six months.

>> Casar: Great, thanks.

>> The other thing I'd say, in closing, when y'all have your town halls, I know I was out at one of your town halls a couple weekends ago, let us know. We're happy to be there, happy to have free bulbs for those customers that show up that need help. I mean, we're happy to support you in the work that you do with your constituents because it helps all of us.

>> Casar: More good news.

>> Gallo: Thank you.

>> I do use that a lot, don't I.

>> Renteria: My colleague -- go ahead. I think when you asked about the holly -- good holly neighborhood program, which was implemented about almost 20 years ago, so since that time we've always been spending money, the Austin utility actually gave -- set aside so much money every year because -- and then they allowed the housing department to manage the -- because Austin utility is not in the housing repair business.

[11:51:51 AM]

So -- but it's been quite a lot, a huge amount of money.

>> Casar: Were you saying that y'all have kicked off new efforts in holly, beyond --

>> Yes, we're working on it. I think this was a subject of one of councilmember kitchen's task forces, the no-wrong-door approach, where you would go into a neighborhood and you're looking at properties and citizens that may be in need of social services, that may be in need of health services, and also have the opportunity to provide them with energy-saving measures at that time. So instead of multiple touch points throughout the city, there is one touch point and there's no wrong way to come into our programs, there are multiple ways, one of which is referral services back and forth between the two.

>> Gallo: Any other questions? I want to thank you again, particularly with the comments from one of your vendors in the program who really -- okay. Who really -- sorry.

[Laughter] I apologize for that. Who really spoke very highly of the direction that the department was moving in the weatherization program.

>> Thank you. We did not know he was going to do that.

>> Gallo: It's good. That was really good, and we appreciate that. And kudos to you if councilmember Houston.

>> Houston: Thank you. Thank you so much for the information that you've shared. And I heard the response to the inability to ask how much people make. How do you find out how many people are in a family?

>> You look -- again, you can look at census tract data or purchase data from Neilson to find out family size. So we did some rough demographics, and generally if you look at a census tract, it can be anywhere from, say, 300 to a thousand homes so the census conducts periodic acquaintances, obviously, and -- censuses, and they know how often people live in homes, and entities gather that data, third-party research, usually based on census data, when they go out and conduct population censuses, they find out what income levels -- people that go door to door, how many people live in the family and you complete census information.

[11:54:06 AM]

>> Houston: So if you have an address, somebody makes an application, you can tell discreetly how many live in that home based upon quest quest data?

>> You do it by a block. The answer is not for that person making that application? You can't do that? They don't have to tell you.

>> They don't have to tell me.

>> They don't have to tell you how much their income is and you really have no information about it.

>> Unless you go through the free weatherization program. Unless you combo through that program, then we ask people to tell us 37 -- otherwise, they don't want to tell us or won't tell us because they feel it's private information that they don't want to share, which I understand.

>> Houston: Or they may be people that are making a whole lot more than we think they are and have less children than we think they do.

[Laughter] The other question I have -- this may not be for you, but does the weatherization program provide smoke alarms and carbon monoxide detectors and where does that money come from?

>> Yes, we do. You reminded me of another one of our pilot programs that became -- I'll give you the background, yes, carbon monoxide sensors and sometime smoke alarms are funded through our programs and on some of that -- some of it it's through Texas gas services, so they provide contributions and we do the processing for them. But here's another one of the -- I think, I call this a win-win if we can do it. Every year the fire department and Roda may wrote a column a few weeks ago, every year the fire department installs 1700 free smoke alarms. What better opportunity to do a direct installation pilot, to 1700 of our customers that, human being the individual goes out and installs that free smoke alarm, outside our program, they also receive ten leds. If we're able to do that, it gets back to the cooperation between city departments, if we're able to do that, that's a win-win.

[11:56:14 AM]

>> Houston: And I think you're absolutely right about that. I think my question has to do with the fire department is already doing that for free. I don't know where they get their fire -- smoke alarms from, but is this costing money? You're getting some money from Texas gas service?

>> We get some from Texas gas service but the rest of it comes from us.

>> Houston: You're already in conversation with the fire department about how to --

>> We started conversation, we did it a few years ago, when we were using CFLs, which contain americium so there's an issue there.

>> Houston: I want to make sure we're not overlapping or duplicating services and no. We listened to the weatherization audit. I don't want to overlap and duplicate services.

>> Gallo: Any other questions? Councilmember Tovo, we have three speakers after you finish, [we take the discussion back to -- before we take the discussion back to the dais. Did you have a question of staff?

>> Tovo: I did not have a question. I was prepared to make some motions but it would be appropriate to hear the speakers first.

>> Gallo: Okay. We have three speakers, Paul Robins, Heather Ball and Tim Art. You each have three minutes.

>> Good morning, council. Could you cue that, please. Could you start my time now? Good morning, council. This is an average sized home in west Austin. It's fairly typical of other homes in the area except that the owners get a special privilege. They have been automatically enrolled in Austin's customer assistance bill discount program to assist poor people with their utility bills. On average, an Austin resident can get \$760 per year in utility discounts, which might be understandable if the help were needed. However, this particular customer has real estate assets worth almost \$13 million.

[11:58:17 AM]

And you know the screen that Austin energy just implemented to help prevent customers with high assets from being enrolled? This customer slipped through it. To my intuitive estimate that 1 to \$2 million is being lost to poor people each year because of flawed asset screening and constituents for high consumers that -- discounts for high consumers that rewards waste. The reason this is relevant is because too often our attempts to help the poor end up where the solution became throwing money at problems without thinking it through first. I'm going to depart from script here, which is dangerous, and just tell you that, as a consumer advocate, as an environmental activist and as an advocate for poor people, who has at one time been poor himself, I'm really offended at some of the task force recommendations. It's as if they're saying, well, you know, we can unhook the scrubbers at the fayette coal plant and then we'll just give that to low-income weatherization, which by the way is 150% over its historical benchmark, and I would never -- you know, I wouldn't go to a poor person and say, you know, global warming is the most profound problem ever facing man kind so we're going to have to that I can \$10 million away from you and put it to global warming. I would never do that. But some people on the task force do not have a problem at all in doing the reverse. Thank you.

>> Gallo: Thank you, Mr. Robbins.

[12:00:20 PM]

Heather ball.

>> Thank you. I had an old boss that said there's three B's to be speaking, be brief, be sitting down. My name is heather ball. I was on the research management commission for over a decade back in the '80s and '90s. I know Carol Biedrzycki and Paul Robbins and appreciate their work. I appreciate this opportunity to talk about cost effective energy efficiency programs. To the extent we can lower utility bills, we make Austin more affordable for our population. So let's look at the Numbers. Approximately two out of every five Austin households are renters. Half the renters pay more than 30% of their income towards housing. Cost burden is much higher for low-income renters. 69% of low-income renters experience paying over 30% of their income for housing. There are 60,000 renter households earning less than 25,000 a year. Forget 95,000, 25,000 a year. It's pretty clear renters who tend to have lower incomes than homeowners they need to be priority when talking about low-income programs. They are not going to invest in energy efficiency on their own. They don't own the property. If you have a year to year lease, even a two-year pay back that's too long. The landlord is just going to pass the utility bills on to you. How do we make Austin more affordable? One way is to invest those low-income dollars cost effectively to reach a much larger number low-income residents than we do currently. Both the city of Santa Monica and Seattle light and power faced a similar challenge. They wanted to provide cost effective energy savings to immediately lower utility bills for a large swath of population.

[12:02:24 PM]

Not a thousand homes a year, we're talking tens of thousands of homes per year. Carol mentioned 400,000 homes. If we're doing 1,000 a year, we're not going to get there, guys. So what they did is they did door to door energy audit installation programs. Most of you guys have run campaigns, you know door to door canvassing, this is the same thing only with energy efficiency. That eliminates the income verification process, all the paperwork you have to go through currently to qualify for one of the programs. The energy canvassers, what I like to call them, they provided at the point of audit. To speak to your point, council person Garza about energy education, they did that at the time that they were also installing the energy measures. So quick, fast --

[buzzer sounding]

-- Right there. Sorry. I'm going to stop, but the results in Seattle showed \$100 a year savings, one year payback. We can do this and we can do this for a large segment of our population. Thank you.

>> Gallo: Thank you very much. Next speaker Tim art.

>> Hello, committee members. My name is aim Arndt. I did have the opportunity to serving a mayor pro tem's appointee to the low-income task force but these comments are my own. So my landlord installed an energy efficient dishwasher in my home. Also put hvac equipment. Got these little energy guides, shows how much.

[12:04:26 PM]

I actually did a green lease so that we could maximize the energy efficiency in the installed measures that he did in my home. Just a personal note and I'll come back to this in just a sick, what we're talking about today is really I think three things. Affordability, equity and efficiency. First is affordability on the - our neighbors' electric bills through this energy efficiency program. A comment was made we should just give the money to the low-income people and if you ask them, well, I give you \$4,000 instead of spending \$4,000 on upgrading the home, they might say yes. But if you said, and that's for a 10-year period, mind you. If you said I'll give you \$400 a year cash money or I can weatherize your home, it will reduce your summer electric bill, your winter electric bill, and you are going to be warm in the winter, cool in the summer, I think that they are going to choose comfort. We all pay into this energy efficiency or community benefits charge, and what we're really looking at is equity on the distribution of where those funds go to. Well, I say we all pay into that fund, except for the large commercial customers that are on contract. But so we all pay into this fund, and we should get something back out of it. The state of Texas requires that the funds are directed from the energy bills into energy efficiency. 10% of that energy efficiency fund has to go to low-income. Now, we don't have to abide by the state laws for investor owned utilities.

[12:06:28 PM]

But the challenge that I think that we have in distribution is we're not asking the question for income how hold size. Councilmember Casar, I'm very interested in where are those funds going. When Ms. Biedrzycki presented the information it looks like a rob from the poor and give to the rich program. [Buzzer sounding] Wow that was fast. Anyway, I'll close by efficiency 2015, 12 of the central hvac units were replaced, 2014, 9. And if we really want to look at efficiency in the programs, look at the 39% administrative costs that we spend on administering the 35 million in the energy efficiency program. The other is I think every renter should have an energy guide before they rent so they know about what their electric bill could be. And we have a code called the energy -- ecap code that requires that.

>> Pool:.

>> Gallo: Thank you very much. Questions?

>> Casar: I understand that we were sort of rushed for time when I was having the exchange with some of the minority report members about the \$4,000 versus \$48 a year and I think my point is that if you said you have \$4,000 up front or \$48 a year, that that seems a little disbalanced, but if we could figure a way people were saving 100, \$150 a year perhaps the MIX of comfort and that larger savings would make that a more attractive option. So -- so I think what I want us to continue thinking about is how we - when we -- if there are smart ways to have folks save more money when we invest weatherizing the individual home compared to all the other things we could do with that money for low-income folks.

[12:08:40 PM]

>> I absolutely agree. I think that a neighborhood program would reduce the administrative costs. One of the other pieces of data that came out from Austin energy is the survey results that 40% of the households that received a rebate from the energy efficiency budget would have made those energy efficiency improvements without the rebate. The rebates are to encourage people to do that, you know, it's kind of hard to pick and choose on who you are paying the rebate to, but councilmember Houston, you started out saying if we all donated \$9 a month on our energy bill, that would do a lot for our community. Maybe what could happen is instead of for those 40% that wouldn't have taken the money, maybe they can just donate it back into the fund for the poor or the libraries or the parks. It could be an option. Check the box, goes right into that city fund.

>> Gallo: Thank you.

>> Thank you.

>> Gallo: All right, we are now back up to the dais for discussion. Mayor pro tem tovo. Z thank --

>> Tovo: Thank you, chair. I have distributed a motion sheet for my colleagues' consideration. This is broken into three motions and let me summarize kind of what they do. As we've heard through our discussions today and in previous discussions about the low-income advisory task force recommendations, there's a great deal of support from Austin energy and from all of the committee members, all of the task force members for about 60% of the recommendations. And so item number 1 directs the city manager to move forward in coming up -- let me step back and say all of this would be a recommendation to the full council. So were these motions to pass, they would then go on to the full council who happens to be us for their consideration as well.

[12:10:46 PM]

But anyway, number 1 directs the council to -- directs the city manager to take that body of 60% of the recommendations and to come up with a schedule, a proposed schedule, plan and budget for implementing those. Item number 2, we've heard from our Austin energy staff that there are -- that some of these recommendations are underway or are currently in practice. We've heard some -- from some community members that they have questions about the extent to which some of those recommendations are really underway or where that is, what the time line is. I know miss Kimberly said today there's information available on the website and that may capture most of what I'm asking for in 2, but item 2 would direct the city manager to report back with more specific information for those recommendations that are currently underway or are current practice or are planned in those next year's. We would expect a report back showing exactly what is underway or what is the time line for getting those underway. Just more information around that. And then for the body of recommendations that 40% where Austin energy expressed concerns or our minority members expressed concerns, we would ask the electric utility commission and the resource management commission to take a look, of course, at all the recommendations, which I understand they are posted to do in their upcoming meetings, but particularly pay attention to that body of 40% of the recommendations where there were differing opinions about whether those recommendations should be implemented. Again 1 is just please move forward with coming back with a schedule, plan and implementation. And, of course, and budget. Fiscal implications for implementing the recommendations of that 60% where there's agreement, 2, tell us more about the stuff that's underway, and 3, asking our electric utility commission and the resource management commission to take a look at all the recommendations with particular attention to those where there is some level of dispute.

[12:12:58 PM]

And it's my understanding with regard to 3 that they are at least one of those two commissions is about to do just that, to look at the recommendations, but this would just provide some more specific information. That's my motion.

>> Gallo: Is there a second to the motion?

>> Zimmerman: Point of order, if I could. I would like to move passage of the first one, but -- or second it, but can we consider these separately? There's three kind of separate items here. I would like to consider the first one and second the motion to approve it.

>> [Inaudible]

>> Zimmerman: Okay. Thanks.

>> Gallo: Mayor pro tem tovo, is that okay with you?

>> Tovo: That sounds fine.

>> Gallo: Your first motion would be item number 1.

>> Tovo: We had a task force that looked at water and water recommendations and there were so many and it was such a voluminous and pull report that we did a resolution that looked like 1. Asked staff to look at the recommendations and come back with a plan and budget so we could kind of consider it carefully all together about what should move forward and in which order. That's kind of what's behind number 1. Since there's agreement about a good number of them we can get those moving forward.

>> Gallo: Councilmember Zimmerman, did you second that motion?

>> Zimmerman: Yes, the first motion, I seconded that.

>> Gallo: Okay.

>> Renteria: I just wanted to ask about if this recommendation here on 1, including both reports, the minority and the --

>> Tovo: So the -- this includes the recommendations that are -- that are -- that were in the main report about which there is agreement. And the staff's memo from November 10, 2015, kind of lays out all of the amendment -- all of the recommendations, rather, that Austin energy -- that the task force recommended and that Austin energy concurs with.

[12:15:05 PM]

>> Renteria: Okay.

>> Tovo: So the minority -- and miss Kimberly might want to chime in there, but as you heard Mr. Wong and maybe Mr. Strand mentioned this as well, they agree with the bulk of the recommendations. And so we're looking at that bulk of recommendations, and the easiest place to find where there is overlapping agreement is in that memo.

>> Gallo: Councilmember kitchen.

>> Kitchen: I think we may be talking about the same thing, but I think I would like to reference the minority report, with the intention of making it clear what we're talking about is proceeding with the recommendations, like mayor pro tem tovo referenced that everybody agrees with and that everybody is the main task force and the minority report and the utility. So if that's acceptable just for clarification purposes, because the minority report also goes through and acknowledges where they agreed with the main report. I think their work should be acknowledged. I don't think it's a difference in results, it's a language --

>> Gallo: It appears maybe more of a clarification. Would you like to propose either an amendment to her motion or with mayor pro tem's agreement we could change the motion, but why don't you propose the language.

>> Kitchen: What I'm talking about in terms of language is where we would say the city manager is directed to report back to the city council with a proposed schedule plan and budget for implementing the recommendations of the low-income advisory task force and the minority report with which the

utility concurs per the November 10th memo which references the low-income advisory task recommendations and the minority report. The intent of the language is to -- is to recognize there is a minority report and also to recognize that the minority report also agrees with a lot of these.

[12:17:11 PM]

And so what we're going forward with is the items that everyone agrees with, which I think is what you are saying here.

>> Tovo: That is certainly my intent. The latter part of what you just said, to go forward with the items to which everyone agrees. The language you just proposed gives me concern because the way it's inserted in the sentence it sounds like we're moving forward and asking our staff if they agree with some of the minority report recommendations to move forward and include them on their schedule for implementation. And what I'm trying to do is exclude anything about which we need more discussion and we want to get our recommendations from the uac and rmc. Most of the minority report is picking out particular points where they are opposed to the main report. So I think our Austin energy staff do agree with some of their -- some of the minority report's disapprovals or -- and so what you -- that language that you've proposed I think says if the staff agree with some of these points.

>> Kitchen: So what about -- what about inserting the minority report a budget for implementing the recommendations with which is utility and the minority and the writers of the minority report concur? How about that? Thank you for that suggestion. I think that gets us to a better place.

>> Kitchen: I think that's the same result because what you are saying is for implementing the recommendations of the low-income advisory task force with which is minority report and the utility concur. Is that what you are saying?

>> Tovo: Yeah, I would say the members who wrote the minority wrote. The drafters, yeah, drafters is better. The drafters of the minority report. Because I'm not sure the report itself agrees. It's the drafters of it.

>> I would second that too Z somebody is going to have to write it down because I don't have a working pen at the moment.

[12:19:16 PM]

>> Gallo: My understanding is the motion made by mayor pro tem and seconded by Kansas, the city manager is directed to report back to city council with a proposed schedule plan and budget for implementing the recommendations that the low-income advisory task force with which the members of the minority report and the utility concurs? Is it -- right so far?

>> Tovo: Concur. The -- with which is drafters, I think councilmember Houston supplied the language, with which the drafters of the minority report and the utility concur.

>> Gallo: Concur.

>> Tovo: Concur.

>> Gallo: Both concur we should say. Per the November 10, 2015 memo titled response to low-income advisory task force recommendations and the minority report of the low-income consumer advocacy advisory task force. Does that sound right? Okay. So we have a motion and second. All in favor? Any opposed? Motion passes unanimously with councilmember troxclair, pool and the mayor off the dais. Did you want to bring forward the second one?

>> Tovo: I would like to move approval of the second item with the understanding that some of this information it sounds like currently exists on the website. Again, I haven't been able to find my way to that information, but maybe some kind of memo or some kind of report back about the items that are identified by Austin energy as being underway or current practice.

>> Gallo: Would you like to read your motion since I don't know that the public has access to that at this point?

>> Tovo: I'm sorry. And I passed down some that we may be able to post, but -- oh, actually I have a whole huge stack right here. The city manager is further directed to report back to city council with time line and information about specific actions taken towards achieving recommendations identified as, quote, underway or current practice, end quote, as well as those planned for fiscal year 16 and fiscal year 17.

[12:21:25 PM]

>> Gallo: Is there a second to that motion? Councilmember Houston seconds. Any discussion?

>> Houston: One of the things that I would be interested in is rather than giving periodic updates regarding of where we are say in the next six -- six weeks or once a quarter so that we know where we are as far as implementing some of the practices. Do I need to amend that to include that or can that just be direction from --

>> Direction.

>> Houston: Okay.

>> Gallo: Was the direction clear? To staff? So there's a motion and a second. Any other discussion? Councilmember Zimmerman.

>> Zimmerman: Thank you, chair Gallo. I think I'm probably going to vote against this because of the comments that we heard from Mr. Robbins about the expense of some of these studies and reviews. I think one of his comments was we could spend 80 or \$100,000 doing something that would take decades to get a return on investment for. I think we've captured the low hanging fruit, the consensus between the minority report and the regular report so that's kind of our sweet spot for what we could achieve. So outside of that, I am afraid that we're going to be spending a lot of money for little or no return so I'm probably going to vote against the second one.

>> Gallo: Well, and I guess -- let me ask a question because we did ask Austin energy staff to come back with answers to the audit recommendation. So would that conversation cover the information that's in here?

>> Tovo: That's a good question, councilmember Gallo. Councilmember Zimmerman, I hear what you are saying and let me explain because I think it sounds like your concerns may be more related to 3 than 2, but I may be wrong about that.

[12:23:33 PM]

So 2, in certain cases Austin energy -- I know councilmember Gallo, I think the audit -- the audit points are narrower than those here. There were several recommendations that Austin energy said these are practices that were -- that we have already implemented or are currently underway. We've just received some questions from people who are on the task force who said, well, they wanted more information about how they are underway because that wasn't their understanding and otherwise they wouldn't have made that recommendation. So this is just really an information -- this is just to kind of pull together the information about those recommendations that Austin energy has identified as underway or current practice. They are just -- if this passes, they would just get back to us and provide us with some more information about this one is underway, it should be -- it will be, you know, on the ground, you know, at this time or this is already our current practice, see this body of information. It will just kind of update us about that stuff that they are saying doesn't need to move forward because it's already either being done or will be done and planned to be done. Does that help? It really is less related to some of the other issues we talked about with regard to the audit.

>> Gallo: Any other questions? Councilmember Zimmerman.

>> Zimmerman: I do appreciate that, but I think there's about 80 pages here, right, with the low-income advisory task force, the final report I believe is about 80 pages and it's pretty thorough. And I don't know what else we would add to that. I think they did a good job of presenting their point. There's about 20 pages from the minority report so we've got over 100 page here, a lot of information. I think I've got enough in front of me to make the decision so I don't want to continue to study and study and study. I think both sides have done a good job.

[12:25:34 PM]

>> Gallo: Any other questions, comments? All in favor of motion number 2 raise your hand, please. Any opposed? So that would be a 7-4, councilmember Zimmerman against, councilmember troxclair and the mayor off the dais. Number 3.

>> Tovo: And then item 3, really this is just pushing down the road the consideration of the other 40% where there's not agreement. I believe there are some very good recommendations within that 40% and I hope that with more discussion we would be prepared to move some of them forward. But I understand that more conversation needs to take place and I think that conversation should start with the electric utility commission and the resource management commission and that they should -- as they look at all the recommendations from the low-income advisory task force and the minority report and perhaps this would be another good place to insert to make a similar adjustment so that it would then read to review the recommendations of the low-income advisory task force along with the -- I want to get the name right -- the minority report, with particular emphasis on those recommendations where -- that the utility does not support. Or where there is not agreement. So those are the two changes I guess I would make to my own motion as item 3. Basically we're just asking our citizen boards, as you are looking at these recommendations, please pay particular attention to that 40% where there's not agreement because we need your guidance. Some of us may be making recommendation and we would benefit from their careful consideration of those in a really near future.

>> Gallo: Would you like to restate your motion again with the changes, please.

>> Tovo: Let's see. Okay. The city manager is further -- the only change -- changes to what's up there is after that low-income advisory task force, it would also say the low-income advisory task force and the minority report, and then after the utility does not support, it would say with particular emphasis on those recommendations, the utility does not support and/or -- and/or where -- oh, dear.

[12:28:23 PM]

Those about which there was no agreement. Or consensus. Those about which there were not consensus. It's not great language, but it's --

>> Gallo: Say that one more time.

>> Tovo: So after -- with particular emphasis on those recommendation the utility does not support, it would read with particular emphasis on those recommendations the utility does not support and/ or those -- sorry, and/or about which there was not consensus among the task force. So that sentence would read the city manager is further directed to ensure that the electric utility commission and the resource management commission are provided an opportunity to review the recommendations of the low-income advisory task force and the minority report with particular emphasis on those recommendations the utility does not support and/or about which there was not consensus among the task force members.

>> Gallo: Is --

>> Tovo: I think that version we can stick with.

>> Gallo: Is there a second to that motion? Councilmember Houston. All in favor? Any opposed? The vote is 7 for, councilmember Zimmerman against, councilmember pool and troxclair and the mayor off the die as. We are now to agenda number 7.

>> Tovo: Before we move on to 7, I would like to provide the same direction maybe in the form of an additional motion that this too appear on our council agenda immediately after the consent agenda.

>> Gallo: The three motions that were just passed.

>> Tovo: Right. If it's necessary, I'll make that as a formal motion.

[12:30:24 PM]

>> Casar: Sure, I'll second.

>> Gallo: Seconded by councilmember Casar. All in favor? Any opposed? So the motion to put this on the agenda, the 17th agenda; is that correct?

>> Tovo: I'm comfortable with it coming forward in -- well, here's the only timing consideration. I think as long as -- I believe one of our committees that we mentioned here is going to meet between now and January. I have no -- I have no issue necessarily with putting it on the January meeting except it's very late in the month, as long as commissions receive word we passed this as the committee level and they can be paying particular attention to 3, I would be comfortable leaving it till January if that was the concern I noted among my colleagues on the dais.

>> Kitchen: It might be a fast item for the 17th.

>> Gallo: Is it currently -- we have a really full 17th agenda and we talk about fast agenda items.

>> Tovo: I would love to have it on the 17th and if there's discussion I would be happy to postpone it at that time. But if -- whenever it appears, and its first appearance it would be great if it's December 17th, if it could appear as a right after consent item so we can kind of dispense with it.

>> Kitchen: Could we put it on the 10th?

>> Gallo: I don't know that we have time to post it for the 10th.

>> Kitchen: When is the posting deadline for the 10th?

>> Tovo: Sort of yesterday, but I think we have a little slip we can fill out.

>> Kitchen: Let's put it on the 10th and explain why it's tardy. And because the mayor is not here, who basically manages the agenda for the council meetings, you know, I'm a little hesitant to continue to put recommendations that things be heard right after the consent without him being part of that conversation.

[12:32:25 PM]

So I'm just -- I'm a little reluctant to do that because I think that's meeting management and I think we're taking that over. Councilmember Houston.

>> Houston: I don't have the agenda for the 10th up or know how many things are there, but I think we postponed a lot of zoning issues to the 10th and well as some are pretty contentious. I would just be careful about we're going to be here the 10th, 11th, the 17th and the 18th if we're not careful.

>> Gallo: So would the -- the consensus on the dais be to move this forward and let the process happen as it's appropriate to happen and being placed on the agenda that's appropriate for it to be placed on? Is that okay? Is everybody okay with that? All right.

>> Tovo: I think that's fine. When we push things off two and a half months, not two and a half months, but we're pushing it off long enough I hope we won't have to revisit the issues. It will be January 28th before -- if it is January when it appears on the agenda, that's -- that's almost two months from now. And we have a fair amount of familiarity with it now. Actually the mayor is going to be out of town next Thursday and I'm perfectly comfortable with this coming up after the consent agenda if it seems like we

can manage it. If it's going to require a fair amount of discussion, it would be hard to manage within the context of that agenda or the 17th.

>> Gallo: I don't even know the number of agenda items we have on the 10th and the 17th. My guess is they are quite large and I would be very hesitant pushing forward recommendations from this body that says it goes to a specific council agenda without knowing those agenda questions. Any more discussion?

>> Zimmerman: I would just like to clarify. Procedurely when we bring these back, we will redraft these into a resolution format so council will be adopting a resolution directing -- there would be that slight change.

[12:34:31 PM]

I assume we bring three separate resolutions back so we could have the split vote.

>> Gallo: I think that's how the resolution passed. All right. Moving on to item number 7.

>> Garza: I have a question. I'm sorry. Are we saying that this is not going to be on the 17th period or that we're just not going to put it right after the consent agenda?

>> Gallo: Here is my concern about something that's coming from us that also requires a resolution to be drafted by legal. And unless somebody can address the issue of the number of items that are already on those two agendas, and I'm not getting an answer to how many answers we have on the 10th agenda and the potential for items on -- how many? 79. And so that probably because there are a lot of zoning cases on that means a meeting that will last past midnight. Councilmember Houston, now is the time to put your bed out. I'm reluctant to add anything else to that agenda without the mayor being part of that conversation.

>> Garza: You mean on the 10th or 17th?

>> Gallo: We postponed a lot of things to the 17th. The 17th is worse.

>> Casar: Can we just agree we'll have staff get on as soon as we can and voted out without any speakers and we can be done with it?

>> Gallo: Thank you. Is everyone okay with that.

>> Garza: Is it possible to go on the January 28th meeting, which I think is a concern that we shouldn't wait that long.

>> Casar: I would like to move we stop talking about this and put it on the quickest agenda we can and pass it. As soon as we can get it done. We probably have talked about it much longer than we'll ever talk about it again.

>> Houston: The other issue is can legal draft the resolutions by the 10th? Okay. Okay. You can get it done today.

[12:36:34 PM]

Okay.

>> Tovo: And just by way of offering some information, I think we have brought things forward and voted on them from committees that haven't been in resolution form, but -- but it makes no difference what staff decides to do as long as we can launch it forward through some process or another as soon as possible, that would be great.

>> Gallo: Thank you. Any our discussion on this item before we move to agenda item number 7? Staff, I believe we have a staff briefing on this item. So at one can of our last council meetings this item was brought up and there were some questions that staff was going to bring back to us with answers regarding some particulars. So I think we were looking for that presentation. And also in the meantime we have some additional information that needs to be presented to us. So do you want to present the answers to the questions that you were asked initially to come back to us that some of the

councilmembers had asked with the presentation before and then we can move to the discussion of where we are at this point.

>> Thank you, chair, mark Dreyfuss for fathering. And you know Mr. Scarborough with purchasing. We did follow up with the vendor.

>> Gallo: Let me read the agenda item. Then we can talk about it. 7 discuss issues related to the selection and hiring of an independent consumer advocate for Austin energy's current rate review process.

>> We submitted supplemental questions to the vendor about the specific qualification issues you raised two weeks ago and response has been received to the purchasing office on those questions. You additionally asked us to reach out to a list of vendors that was provided by an advocate and we were advised by purchasing that it was not timely to reach out to those vendors so we have not done so.

[12:38:46 PM]

So your question about whether if we resolicited would there be additional respondents, we don't have any additional insight into that at this time.

>> Gallo: Were there any other questions from the dais that were asked to be answered by staff other than that question when we were taking up this discussion before? Okay. So thank you. Thank you for the -- mayor pro tem.

>> Tovo: This is not a question asked before but it's one I want to ask now because there's been a lot of question about timing. Please share with me, and this is not necessarily related to this issue, but in terms of the timing, what is -- would the council have the option -- it's my understanding the council has the option of changing rates outside of the budget process. I think there's a -- I think there was a policy set during the rate case that that would happen either at the time of budget or at a midyear budget review process. Is that -- is that your expectation about if there were to be a rate change, that that's when we would do it, either at budget time or six months later?

>> I think there's two parts to the rates that are relevant there. One is the base rate and that is the main focus of the cost of service study. And the base rates can be changed as the council approves changes to the base rate and it helps us and I think it helps the community if we are able to implement those changes with the budget cycle, but it's not a requirement. The second part for this discussion is the various pass-through charges. You have the opportunity to change those in the budget process without a -- a full cost of service study because you passed a tariff that allows us to do that.

[12:40:46 PM]

So those are typically coordinated with the budget cycle.

>> Tovo: Thank you.

>> Gallo: And I think one of the other items that -- that would help with clarification was some help in knowing that the process of the consumer advocate, can the cost of service process begin without that position being in place? And I don't know if that is a legal interpretation of the ordinance that provided for this position.

>> The ordinance doesn't speak to timing. It simply says that the consumer advocate shaling made part of the process. It doesn't say exactly when. I think there's a bit of a policy judgment as to whether the council or staff felt that the consumer advocate's input would be most beneficial or needed, but there's certainly no legal requirement the consumer advocate be present at any particular date.

>> Gallo: So am I hearing that to say that the council could make the decision to move forward with the cost of service study prior to this position?

>> Absolutely.

>> Gallo: Okay. All right. Thank you for that clarification. Okay. Now to the current briefing.
>> Councilmembers, James Scarborough, purchasing. The item before you on the previous council meeting regarding recommendation from staff for award of contract to oxford advisers for the independent consumer advocate services, residential and small commercial utility customers. In the amount not to exceed \$200,000. While staff was following up on additional questions resulting from the last discussion from council, we were in receipt of some information that led us to ultimately determine that the recommended company had conducted a representation in accordance with the city's anti-lobbying ordinance.

[12:42:58 PM]

And unfortunately led the purchasing office to issue a disqualification to that company earlier this week. As that disqualification initiates a protest period which we are currently in, currently staff has no recommendation with regard to this item other than to wait until the protest period has run its course so that we can determine whether or not we can proceed with a recommendation or not.

>> Gallo: Could you be a little more specific with how the conflict arose?

>> Members of -- councilmembers, if we get into discussions concerning the specifics of the -- of the -- of the anti-lobbying violation, at least from my personal opinion, I'm concerned we may get into legal area where I would think it would be wise for us to consult with our colleagues at the law department. I'm glad to answer any questions you have in that regard, but I want to check with law to make sure this is the right venue to do so.

>> Gallo: And I appreciate that. I think we want to be very sensitive and careful with that. It's then been the recommendation that the committee go into closed session to take up this one item so that legal can address some of these items with us. So pursuant to section 551.071 of the government code, the committee will discuss the following item, discuss legal issues related to the selection and hiring of an independent consumer advocate for Austin's current rate review process. Is there any objection going into executive session on the item announced?

>> Zimmerman: I might have an objection. We're on item 7 and we didn't post this for potential, did we? Usually it will say on our agenda that we anticipate an executive session. Is it really necessary?

>> It's not necessary -- we try to post them if we know in advance, but we also have general language on the agenda typically that we're posted to go into executive session potentially on any item for legal advice.

[12:45:03 PM]

>> Zimmerman: For what it's worth, I would rather have this discussed in public so I'm going to object. I guess I can be outvoted and that's fine. If I object to this going to executive session, do I -- am I not allowed to be in the executive session?

>> No, you are entitled to attend.

>> Zimmerman: I'm going to object to it going into executive session.

>> Gallo: Councilmember Zimmerman, I think we will come back and have public discussion, but legal will help us understand given the circumstances what's appropriate to be discussed on the dais at this point. Okay, hearing none, I think, the committee will now go into executive session.

>> Zimmerman: Sorry, I did object. I wanted to know what is the rule of order or the process of order, if there is one objection there could be a vote and if I lose the vote we go into executive session anyway.

>> That's technically correct.

>> Zimmerman: I would like to call for the vote.

>> I think under Roberts you would need to have a vote to recess into executive session.

>> Gallo: So do we have a motion? Do I need to make a motion? Would the motion come from me as the chair?

>> That's fine.

>> Gallo: It's been moved. Is there a second? Councilmember Garza, that we moved into executive session on the item just announced. All in favor? Any opposed? Seven for, Zimmerman no. Councilmember troxclair, pool and the mayor off the dais.

>> Zimmerman: Thank you.

[12:48:42 PM]

[Executive session]

[1:27:53 PM]

>> Gallo:we are now out of closed session. In closed session we took up and discussed item 7. Councilmembers, is this any more discussion on item 7? Hearing none, is there a motion to adjourn our committee meeting?

>> Zimmerman: So moved.

>> Gallo: Seconded by councilmember Houston. All in favor? All opposed? Motion passes. Thank you, committee members.

(END)