

# City Council Budget Work Session Transcript –8/10/2016

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[8:58:32 AM]

August 10, 2016 Austin city council budget work session.

[9:17:29 AM]

>> Mayor adler:all right. We're going to go ahead and start this. I'm going to start with the two resolutions if there's language for me to look at. I think I got an email on that but I didn't print it so I don't have it. But I'm going to convene --

>> You need it more than I do.

>> Mayor Adler: Ha. Okay. What day is today? Today is August 10. Board and commission room, 9:18. This is the budget work session, which also includes us taking action on two items. Is that right? Items two and item 3. We're going to do that first so that we get this done so it can be posted -- it's items 3 and 4. So we're going to take a vote on those so we can get that vote done so hopefully it can be posted in the newspaper tomorrow, adopting the maximum rate, not necessarily the rate we will use, but is the maximum rate that we can do without having a roll-back election, sets the upper parameter for the

council. But we have two speakers that are signed up to speak so I'm going to call those first. Is Stewart Hirsch here? Is David King here? That's the case then --

>> Gallo: Mayor, could I ask you a question?

>> Mayor Adler: Yes.

>> Gallo: We had the discussion of what is the appropriate location for these conversations and I wonder could we talk a little bit about the possibility of moving the budget discussions in the council chambers? You know, the -- it's difficult, I think, for staff to have the room, media to have the room, if we have people coming to listen from the public. We have limited interface.

>> Mayor Adler: Tell me. I thought we had already gone through this.

[9:19:30 AM]

We were in here, there were suggestion we moved out there, we moved out there and more than a majority of the people came back and said now that we're out here we've lost the informality and be able to -- when having budget work session discussions to be able to be closer to each other and talk so then we voted to come back here.

>> Gallo: I'm wondering if a compromise to that would be -- I think what the councilmembers enjoy is the setup, which we've done other conversations in the chambers to have the setup and be able to have that informal but it would give additional room to all of this. I'm just concerned that this is a very limited space for staff, for council staff and for the public if they want to listen or be part of the discussion. So I just --

>> Mayor Adler: I would say.

>> Gallo: I guess we can watch and see.

>> Mayor Adler: Let's watch and see what happens. If there are people that are not able to participate because physically they cannot be here and they can reach out to me, I would report that to the rest of the council.

>> Gallo: Thank you.

>> Houston: Mayor?

>> Mayor Adler: Yes?

>> Houston: May I ask a clarifying question to councilmember Gallo?

>> Mayor Adler: Yes.

>> Houston: Are you just saying for us to be seated on the floor? Is that what you're suggesting? That we be seated on the floor?

>> Gallo: I didn't have an objection for us being seated on the dais but I think there was some comments this was a better environment, this u-shaped environment I guess with the presentation. I know we've had other meetings --

>> Mayor Adler: I'm sorry. We're going to lose our quorum in a second so we have to take two votes. We have ten minutes to take the votes on these issues and then let's come back to the seating issue when we've lost our quorum. I'm afraid we'll lose the quorum while we discuss the seating deal. If we're going to pass this on so it can be in the newspaper tomorrow it's going to take six votes. There are six of us in the room. If all six of us are not in favor of this we're going to postpone it and pick it up later but let's see if this is something we can pass.

[9:21:37 AM]

>> I think we're almost about to get more public.

>> Mayor Adler: We'll take up items three and four related to the tax rate for council to consider, the date the council will adopt the tax rate and the setting for the dates on the proposed public tax rate. I've gotten a message from councilmember kitchen, she's not feeling well so will not be with us today but is watching us in our deliberations in our work. I'm going to call item number 3. We have a resolution to adopt a maximum proposed property tax rate that the council will consider for fiscal year 2016-2017, and we will set the date that the council will adopt the fiscal year 2016-2017 property tax rate. Under state law a vote on the motion to adopt a maximum proposed tax rate that the council will consider requires a roll call vote. The maximum that the city can adopt is set by state law is 44.18 -- I'm sorry, yeah, 44.18 per 100-dollar valuation. If we go above that rate citizens with petition the courts to ask the city's tax rate be rolled back to the roll back rate. I will entertain a motion to adopt setting the proposed maximum property tax rate. Is there someone that will move to adopt the resolution setting the proposed maximum property tax rate that council will consider?

>> Renteria: Mayor, I'm going

>> Mayor Adler: Okay. And is your motion to adopt the resolution setting the proposed maximum property tax rate that council will consider for fiscal year 2016-2017 at 44.18 per 100-dollar valuation?

>> Renteria: Correct.

>> Mayor Adler: Okay. It's been moved. Is there a second to that? Mayor pro tem seconds that. We have a motion and a second to adopt a maximum property tax rate of 44.18 per hundred dollar valuation for

council to consider adopting during the fiscal year 2016-2017 budget and tax rate approval meetings in September.

[9:23:38 AM]

Will the city clerk please call -- is there any debate or discussion? Yes, Ms. He Gallo.

>> Gallo: I'm going to support this because I think it's part of the process but I want to say on the record as we talk about affordability it's important for us to keep our tax bills affordable and the likelihood of me supporting a budget that moves to this direction and to this extent is probably very unlikely.

>> Mayor Adler: Okay. Will the clerk -- fellows further discussion.

>> Houston: Mayor, yes, is the second part of item 3 a separate item? To set the date.

>> Mayor Adler: Yes, we will set the date separately.

>> Houston: Okay.

>> Mayor Adler: Will the clerk please call the roll as required by state law so each councilmember present can have their vote recorded?

>> Mayor Adler.

>> Mayor Adler: Aye.

>> Mayor pro tem I think aye --

>> [ Roll call vote ]

>> And councilmembers pool, kitchen, Zimmerman are off the dais.

>> Mayor Adler: The motion to adopt a maximum tax rate for council to consider adopting for fiscal year 2017 passes on a vote of 7-1, with three off the dais. We're not going to set the date for the council to adopt the property tax rate for this resolution. We also need to include the days that the council will adopt the fiscal year 2016-2017 property tax rate. The proposed time, date, and location is September 12, 2016, here in city hall, 301 west second street, Austin, Texas, 9:30 A.M. With a vote to continue to September 13 and September 14 if necessary. I will entertain a motion to set the time, date, and location as proposed to adopt the fiscal year 2016-2017 property tax rate.

[9:25:44 AM]

Is there someone that will move the motion as proposed? Mayor pro tem makes that motion. Is there a second? Mr. Casar. There has been a motion and a second. Is there any discussion?

>> Houston: Yes, mayor.

>> Mayor Adler: I'm sorry? Ms. Houston.

>> Houston: My concern is setting the time at 9:30 in the morning. People who work are not able to get here, so why not just keep it at 4:00, which is what the other times are suggested for.

>> Mayor Adler: Okay.

>> Houston: Is there some legal reason we have to set it that early in the day?

>> Mayor Adler: I don't think so. And at this point there's not going to be any public testimony because the public testimony are earlier.

>> Houston: That's just to adopt.

>> Mayor Adler: This is just the clerical adoption.

>> And it will occur after the city is done deliberating and adopting the operating budget so it's very unlikely it would happen anywhere near 9:30 A.M. In years past council has been finished deliberating and adopting the budget in an hour so you would want to adopt it immediately after that. By putting it earlier it gives you the flexibility to adopt it whenever you feed to during the day. If you don't set it at 4:00, you would potentially have to come back at 4:00.

>> Houston: That makes a lot of sense. Thanks for the explanation.

>> Garza: It's September 12, right?

>> Mayor Adler: It is September 12 about September 12, 2016. No earlier than 9:30 A.M. Continuing on September 13 and 14 if necessary. It's been moved as proposed and seconded. If there's no further discussion we'll take a vote. This does not have to be a roll call. Is that correct? Those in favor of this motion please raise their hand. Those opposed? It's unanimous on the dais with pool, kitchen, and Zimmerman off the dais.

[9:27:49 AM]

I'm now moving to item number 4, by state law since we adopted a proposed maximum tax rate above the effective rate or the rate that would generate the same amount in fiscal year 2016-17 as in the prior year from properties taxed in both years, we must set two bubble hearings on the proposed tax rate

that council will ultimately adopt for fiscal year 2016-2017. Staff recommends setting the hearings on August 18 at 4:00 P.M. And September 1 at 4:00 P.M. Here in city hall, 301 west second street, Austin, Texas. I will now entertain a motion to set these dates for the public hearings on the proposed tax rate of fiscal year 2016-17. Is there someone that will move approval.

>> Houston: Move approval.

>> Mayor Adler: Ms. Houston moves approval. Is there a second? Mr. Renteria seconds. Is there any discussion? Those in favor of the motion as proposed please raise your hand. Those opposed? It passes unanimously on the dais with Zimmerman, kitchen, and pool off the dais. Thank you. Ed, I think that's what you needed for all of those?

>> Yes, sir, thank you.

>> Mayor Adler: Okay. I think that then gets us to the briefing that we have. Thank you.

>> Good morning, mayor, mayor pro tem, members of the council. My name is Ed van even know, deputy chief financial officer. Item 1 on your agenda is briefing and discussion on the fiscal year 2016-17 proposed budget for seven city departments today. Starting off with our development services group and the first amongst those will be our economic development department.

[9:29:56 AM]

I am joined today by director Kevin Johns who will be leading that presentation. I think we are now ready with the powerpoint. And you should have also received hard copies of the presentations -- for inclusion in your budget binders that have been developing as we go through this process. With that introduction I'll hand it over to Kevin.

>> Mayor Adler: As we begin this presentation I also want to say that our office was informed as well yesterday that councilmember pool will not be able to be with us this morning. There has been a large community meeting in her district that's been set since may, I think. So she's going to be there and then joining us as soon as she can. Okay.

>> Thank you. Kevin Johns, director of economic development. With me is assistant city manager sue Edwards, who you know, and I was going to introduce Michelle Clemens, who is our financial manager who has been out on financial -- on pregnancy leave, and so she's going to be here as backup and sin -- it's goals in light of the economy and the budget scope. The economy is good for some, not so good for others. We're on the Forbes fortune and kip linger number 1 list for entrepreneurship and business growth. We're also on the Brookings institute list for the second fastest growing poverty. The official unemployment rate is 3.1% but the unemployment for adult African-Americans is 11.4% and 7% for adult hispanics. There are about 150,000 people in poverty. To our detriment 27% of the children live in

poverty. While our department is responsible for the overall growth of the city, we are quite aware and have a focus on equity and addressing issues related to poverty.

[9:32:00 AM]

Our goal is to diversify build a sustainable economy and leverages private investment and leverages scarce public dollars with private sector dollars. Our goals are to create jobs for the hard to employ, use your cultural diversity as an economic strengthen, attract industrial and distribution companies to the I-35 corridor, expand local businesses including creative and music businesses to increase their prosperity, persons in poverty, expand the workforce training for entrepreneurial jobs, especially again for the unemployed and children in poverty. Our first slide walks you through the department overview. I think everyone is aware of the department is a fusion of the creative and traditional economic development activities. Cultural arts recruitment expansion, music, entertainment, redevelopment, small business. Some of our major accomplishments were the -- do you want me to stop? Thank you.

>> Everybody has a hard copy.

>> All right. So as you know, the department is made up of a fusion of the creatives and traditional economic development. And we've used that very well to our success. During the recession, 25% of our growth, which kept us to be the top economy in America came from the creative industries. Some of our major accomplishments this year, thanks to council approval to create a media production development zone the first in the state of Texas, we were able to immediately create 180 jobs. We also had three of our art works selected as the top artwork for public -- art in public places in America.

[9:34:08 AM]

Our contract with the Austin chamber of commerce led to 13 expansions that created 860 jobs. Some of our key performance data, this is a sampling of some of the things we look at but were performance-based, a number of new jobs created with private-public initiatives has jumped to 785 jobs. This is because of the enterprise disorientation the creative content incentive, growth of the family business loan program, and our small business coaching. The number of austinites attending international events, our estimate is currently a thousand. We've had a tremendous surge in the number of businesses interested in expanding overseas or becoming multinational. A number of contracts with arts organizations. As you can see that's very steady and a reason that the core creative economy of Susan so strong. The number of new merchants associations is growing. We had three the first year. We're projecting another three. And if you'll recall, the effort here is self-help development by helping merchants associations to farm and hire locally, we're also able to move them in the direction of

creating public involvement districts where they'll self-tax themselves, local, attractable, walkable communities that hire locally means that the people who are hired do not need to use a car so that boosts their family disposable income six to \$8,000 a year. All right. The next slide is sources of all funds. And this is a quick overview, but the economic development fund has gone up a small amount due to cost drivers and to colony park. The economic incentives reserve fund where we use incentives has dropped about \$2 million.

[9:36:08 AM]

That's a result of two things. Paying off one of the -- or completing one of the had been taken from that at the beginning of the year. Cultural arts fund is up a small amount. That's mostly the hotel tax as a result of successful south by southwest and coda activities. The business retention and enhancement fund has been zeroed out. The H.U.D. Section 108 funds we've drawn down only \$3 million so far this year so I think we're up to 3.5. The next slide deals with our revenue highlights. Our total revenue is decreasing by 1.4 million from fiscal year 2016. And it's both increases and decreases that balance out to a small decrease. So the economic development fund transfers have changed, increased by \$700,000. Again, these are the cost drivers in the colony park project. There's an increase in the hotel occupancy tax revenue, which is 1.3 million. A decrease in the economic incentives reserve fund as shown previously on the bar chart. That was the Robinson hill project was completed as well. A decrease in H.U.D. Section 108 funding, although we have \$8 million we haven't drawn all of it down. The business retention enhancement fund was discontinued. The next fund has to do with our general operating budget. Our core operating budget is 9.4 million, and then on top of that is third party agreements and transfers of another 6.9 million. So our total current budget is 15.3. It is expected to increase a very small amount. You see that on the individual bar charts below an indication of pretty much level expenses.

[9:38:09 AM]

With the exception of the third party -- well, I guess that only went up three and a thousand. So on the next slide, which is the use of funds citywide, you have on the first chart redevelopment, well, the redevelopment column is increased a small amount. Our funding expenditures have gone up a small amount because of colony park. The global business recruitment and expansion, while the operating budget is only a million dollars, the bulk of that is the incentives. And so we've removed a one-time transfer earlier in the year by the city council. We've completed Robinson hill. And so that has dropped. Music and entertainment, small gain, cultural arts division, that's the increase in the hotel occupancy taxes that I previously spoke about, the small business program that has to do with those expenditures



going down because we've drawn down less H.U.D. Dollars. We have the option to increase that, by the way. We're the more we draw down, the more we pay interest on so we're not drawing those down rapidly. The transfers and other requirements, these are, again, expenditures. So the expenditures have gone up because we're transferring out the bre loan program, which you'll recall was the white lodgings account so that is moved \$4.6 million out of our budget so that's considered an expense. Our budget highlights, from the economic development fund, working with the Austin convention center, we're taking over the management of the African-American cultural heritage facility on 11th street and with that comes an fte from the convention center and a small budget. We're also adding a staff person for the colony park project. From the economic reserve fund, both of those have decreased, which is a positive thing.

[9:40:11 AM]

The completion of the Robinson hill agreements has now reduced that by 500,000, removal of one-time transfer from the general fund earlier in the year was 2 million. On a positive note, the cultural arts fund has increased so there's more money for cultural arts organizations. That's up 1.7 million. I've referenced the business retention enhancement fund, which you'll recall was the loan pool for downtown that was funded by the use of right-of-way funds, and that has been zeroed out and transferred to the general budget. The H.U.D. Section 108 business loan program, it's a small increase in the transfer for the debt service. So of course on these loans we do charge interest, and so that is going extremely well. The vacancy rate for the department, we had four positions vacant. We have subsequently filled two so we're down to two as of this time. The capital highlights are pretty self-explanatory. The Austin studio's expansion, we're expending \$2 million. There are \$5.4 million allocation on the guards' building. The Seaholm district, there are three items that are being spent, which is the balance of the 8.9 million for the bowie underpass, green water treatment plant pinpoint on the last slide is the highlights of horizon issues and challenges. With the rapid growth of the city and the growth of poverty, and with the need to create public-private partnerships to leverage more private investment, we see that that will be quite a challenge. Second, the council just moved forward the omnibuds resolution so the implementation of those items to address the 70% poverty rate of musicians and creatives is something that's high on our agenda.

[9:42:20 AM]

Colony park implementation by this spring-summer we should be advertising the requests for proposal, which would bring in a private developer. So there's two steps before that, first is to meet with private developers to get their feedback on what a rfq would look for, request for qualifications and then craft

qualifications based upon both public and private interests in order to get qualified candidates to be the master developer. Work plan for international partnerships. As you know, the city is now 50% -- over 50% minority, which means we have over 20 diaspora representing countries across the world with the Asian chamber, black chamber, hispanic chamber, in particular are taking this as an advantage in order to develop partnerships overseas to grow their companies, to be multinationals. The Einstein challenge implementation, we're looking at this internally but hopefully we'll bring this to mayor and council for a policy decision in the near future. This would be the use of chapter 380 agreements to incentivize companies to teach the children in poverty for ten years on how to get their jobs that pay \$100,000 a year. We've contracted with John Hawk in, yes, sir, to run the return on investment of that and the numbers look very promising. It looks like if we can move these children out of poverty within ten years the benefit would be \$39 million of net new taxes every year. So that is the conclusion of our presentation. We'd be happy to answer any questions.

>> Houston: Mayor? Thank you.

>> Mayor Adler: Ms. Houston.

>> Houston: First of all, I want to thank Mr. Johns for the overview.

[9:44:23 AM]

I've never heard you talk that fast before.

>> Got a little New York in me.

>> Houston: Okay. Well, good. That's good. But I appreciate the overview. There was one question, but I think you answered that later on, whatever the section 1 on 8fblp fund is. Tell me what that is again.

>> That is a -- called the family business loan program, where we're using not city dollars but federal dollars to make 1.5% loans to businesses in the city with the proviso that for every \$35,000 they borrow they have to hire somebody from the community within the geographic district of the business. And 51% of the people who are hired have to be low-income people from those communities. So it fits in with our strategy to be able to stabilize commercial areas of the city where people can actually walk to their jobs so they save the use of a car, it boosts their family disposable income.

>> Houston: Thank you so much.

>> Mayor Adler: Further discussion on the -- yes, Ms. Troxclair.

>> Troxclair: The -- did you say -- I see the four vacant positions. Did you say that two have been filled since this was printed?

>> Pardon me?

>> Troxclair: Did you say two of the four vacant positions have been filled?

>> Yes, we've just made offers on two of those positions.

>> Troxclair: Okay. What are the remaining two positions?

>> Which are the positions.

>> Troxclair: What are the remaining two positions that are still vacant.

>> Economic -- assistant director. The economic business liaison and the administrative assistant.

>> Troxclair: And the transfer management of the African-American cultural and heritage facility from the Austin convention center to EdD, what was the -- what's the reasoning for that?

[9:46:28 AM]

>> Currently, we're actively involved in the district. We have a contract with the six square of the cultural heritage district as well as the African-American, the blame chamber and we thought the synergy would be great if we could be more invested in the community and so that's why we agreed to move that on to our department.

>> Houston: And I have one more question.

>> Mayor Adler: Ms. Houston?

>> Houston: So the convention center is transferring the position and the money for this year?

>> Yes.

>> Houston: Only?

>> Only the position. Then it will be in our base budget going forward. The position is coming from the convention center and then it will be in our base moving forward from this point on.

>> Houston: And you couldn't get them to transfer some money with that --

>> The money and the position --

>> Houston: Oh, the money and the position, okay.

>> Operational funding.

>> Mayor Adler: Yes, Mr. Renteria.

>> Renteria: I'm kind of -- if you can explain to me, I'm trying to understand why are there two cultural divisions? I mean you had one and the parks department has one. How do y'all work that out?

>> Currently in the cultural arts division, at one point many years ago the art in public places and the creatives were in parks but transferred to economic development. And we are very unique, where we fuse traditional with the creatives. Currently we have the art in public places as well as the cultural funding aspects within our department. We do work closely together. We have monthly paper and pizzas to make sure we are reaching across the city to reach all creatives.

>> Renteria: So that -- and what -- is that a duplicate function that you're doing with the parks?

>> No. A lot of the parks activities are focused within the community centers, and, again, we do work closely, but no duplication.

[9:48:35 AM]

>> Renteria: Well, there is -- there's cultural centers also in the parks department. You're also having cultural arts in your department. That's why I'm trying to -- I can't understand.

>> Right. They manage the facilities. The other facilities.

>> They manage everything in the parks.

>> Within the parks system.

>> Renteria: But I'm still -- I can't understand why there's two different cultural centers and two different departments.

>> Sue Edwards, assistant city manager.

>> Mayor Adler: Please proceed.

>> The parks department really focuses on those programs that are only in the parks and in the facilities in the parks. So their goal and their focus is different from the cultural arts and the art in public places, which is different types of arts. And that decision was made by council, I'd say 15 years ago, ten years ago, something like that.

>> Renteria: Okay. Well, I'll look more into that. I don't want to hold up this meeting. Thank you.

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Thank you, Mr. Mayor. I would offer a separate explanation to councilmember Renteria. I think the short answer is so the city can spend more money. So if there were a third and a fourth and fifth contribution they would be spending more and more and more money. But let me back up quickly

to get your reaction to council concept menu. Maybe you don't have this in front of you, but I believe a couple of my colleagues talked about moving -- just moving around some money away from economic development department. Actually, I think it's councilmember Gallo, it's ed2.05, transfer of the cultural arts program from the economic development into a new department. That might, again, refer to councilmember Renteria's go ahead and consolidate that into one group to make it easier to figure out where the money is going.

[9:50:38 AM]

Maybe if you could -- if I could get councilmember Gallo to comment on that and let's see what the reaction is. I'd like to hear that.

>> Gallo: I guess the reason we proposed this as an item for discussion was that we were trying to understand the differences and similarities between economic development and cultural arts. And cultural arts are very important to this community, but they really don't seem to us as being economic development, and cultural arts are funded by the hot tax. And it just seems like if we move them into a separate department that the funding would be more transparent and actually go to support the cultural arts. Situations and programs.

>> Zimmerman: I agree with that. That's what I thought and I agree with that. Mr. Johns, you have a different opinion or any comment on that, Mr. Johns?

>> Well, thank you. I think that historically going back hundreds of years, cultural arts and arts has been an important part of economic development. You see that, you know, in America in areas that are being revitalized. It's a very important part of every community to have a quality built environment. When it's done in an organized fashion, such as we're using with the solely Austin, where you introduce art into a community, it stainless lieses the area, increases property values. One of the things that we have recognized in the art community is incredibly valuable, but at times the artists don't have a good feel for how to merchandise themselves, how to market themselves as a business. And so it's been very successful that our small business program has worked very carefully with the artistic community with cultural arts to grow them -- the number of their success. And, lastly, in terms of the transparency, I believe that the division and the department are a hundred percent transparent.

[9:52:43 AM]

The use of the hotel occupancy tax dollars is outlined as a legal requirement. We follow that to the letter. It does require creating cultural tourism, which is an economic output so we have to measure

that. So in its essence, the cultural arts components are both artistic and beautiful but they're also part of the business community in Austin.

>> Zimmerman: Mr. Mayor, is this the right -- would it be in order for me to ask if I could join the budget item menu ed2.05 and have my Dean listed as supporting that.

>> Mayor Adler: Yes.

>> Zimmerman: Would it be appropriate to request that.

>> Mayor Adler: That would be fine.

>> Zimmerman: Okay, I'd like to do that if that's okay. Thanks.

>> Mayor Adler: I appreciate the presentation on economic development. You know, economic development means a lot of different things to a lot of different people in the city, the same way we use affordability, that means a lot of different things and all the words we use here that we say mean a lot of different things to a lot of different people. I think there's a general sentiment among many people in this community that we're a fast growing city, attractive city and there are a lot of businesses that would be coming here, whether we offered them economic development assistance in any form or not. Without regard to that debate, I sense we've moved past that in very large measure to say that our economic development is going to be focused on those things that we know do need extra push and extra assistance to have happen in order for our community to be able to be the community that we want. And that means training the people who live here for middle-income jobs and attracting middle-income jobs we can train people here to do.

[9:54:43 AM]

Development in parts of town geographically where we want to create opportunities and access and that our emphasis needs to be pushed in that and faced in that direction. And in that regard, I think there is widespread support for economic development activities in this city, and when I look at our budget associated with efforts in that direction, I think it's insufficient because we could be doing a lot more and I think our survival is the kind of city that we want it to be requires us to really focus on that kind of economic development activity, bringing in manufacturing that is appropriate to the city, that can actually bring in jobs. As I travel around the country and talk to other mayors in other cities, everybody is trying to get middle class jobs in their city. We have an advantage that a lot of cities don't have, because we're Austin, Texas, and people want to come here and because of the state that we operate in. But I do know as I listen to other mayors that we are not playing this game as aggressively as our competitors are playing this game. And I think we are losing opportunities to smaller cities that are not as well positioned as Austin, Texas, would be to attract those kinds of opportunities. And, again, I don't know if that's a budget issue, but my sense is that we're not doing everything we can to be able to

attract that. I want to commend Casey Smith on your staff, who recently staffed the economic development trip, primarily, you know, planned by the Asian chamber, to go after support for small businesses, small to middle businesses in the city, to attract those kinds of jobs for the broader community in the eastern crescent in our city.

[9:56:47 AM]

I think she did a pretty incredible job and a quick turnaround. I'm going to give a report to the entire council of that trip so that they can see what happened. My sense in that typical is that the 85 investors that I hope the city actually moves forward to, I think that ball was advanced, I think there was up to \$50 million of eb5 investment that was identified to be able to come to our city on that trip. There was the opportunity to talk to manufacturers in Asia that are actively looking at locations to be able to bring in manufacturing jobs in part because the economy is changing in Asia and it's flattening out. And people there are looking for additional opportunities to do investment, to expand their businesses, and with the labor prices being more equalized internationally but with transportation costs increasing, there is a unique opportunity now, I think, to be able to attract those kind of businesses because even if labor costs are a little bit higher here, transportation costs are lower and I think we have the opportunity to open those doors. And on that trip, I was left with the impression, as we would go into meetings of trade associations or business owners, in every case we did that they reported to us that they had better attendance at that meeting than they have had in a year or ever. Because people are interested in hearing about Austin, Texas. I also know from talking to them that Austin, Texas, was not the only city that was passing through, making the same pitch that we were making, trying to attract the same jobs that we were training. Again, there were bigger crowds for Austin because of the magic of Austin and the brand associated with Austin. But I think that we should leverage that, and I think that you should plan a trip going back with bigger guns and bringing in the hispanic chamber and the black chamber, as well as the greater chamber because I think there's huge opportunities to be able to do that.

[9:58:56 AM]

And that's just on this trip. In this place. But it did make me think that there are perhaps other opportunities and what could be low-hanging fruit that we're not accessing because we're not reaching out. And, again, I emphasize there are other cities that don't have the advantages we have that are playing this game more aggressively than we are. And I talked to other mayors who are bringing in and celebrating bringing in manufacturing businesses that -- I look at that and I congratulate them and I think why isn't that happening here? So I like -- my first point is I like the focus that you have on economic development, which is not to bring in lots of white collar jobs and lots of high-paying jobs.

That seems to be something that is happening in our city. But we do need to need to focus on those needs. To that end I look forward to this year really figuring out what the economic incentive policy needs to be in this city. So as a council we sign off on economic incentives that you know you can go and negotiate with a company and be able -- that you have agreement from the council so you know you can go out and cut those deals to bring the indecision and uncertainty associated with what we can do or not do because incentives has become a bad word in this city in part because I think there is general concern in many places that it was being applied in an inappropriate way for where we are as a city. We need to true that up because my sense is is that this community generally does want us to invest in those communities where there is no equity, where there is not access, where there are not jobs or people that need training. And if we can leverage private investment with companies that are willing to come into our city and do that we need to do that.

[10:01:02 AM]

I would hope one of the priorities early in this year is to come back and true up the economic incentive program in this city so that we know -- everybody knows what the rules are and where it is that we do want to invest and to have that community conversation in our -- in our city. Because I think that the single biggest threat to Austin, Texas preserving what is special about this city and its spirit and soul is not providing that equity in our city and those middle class jobs and the training for people who live in our city to take those middle class jobs. And I don't know what arm of city it is that needs to take point on that and drive that and succeed on that other than the economic development department. So that is a crucial need of this city and we need for the economic development department to really step up and deliver that to this community because this community needs that. Yes.

>> Mayor, not to convince anyone of anything, but to give you a little bit of history why art is in economic development, many years ago -- there is a philosophy that development -- economic development and art are all related and it's called a three-legged stool. And in many cities you will see this simply because people who are younger are attracted to -- particularly the tech individuals are attracted to art and music. And the synergy between jobs, young people, even older people, and music and art has been recognized for many, many years. As Kevin had said, there is that need for artists to understand how to run their businesses and there's a very close relationship between the artist and the business community and their training that economic development does.

[10:03:11 AM]

There was a huge community effort in the early 2000s with a number of different committees that were formed in the community, and they discussed at length economic development, the traditional



economic development, redevelopment and music and made the decision at that time that they agreed that the three-legged stool was the best way to integrate those items that economic development does today. So I just wanted to share a little bit of that with you so there is a background, a history, and it's not unique to Austin. It is practiced that way in many, many cities. In addition to that, other than the hotel-motel tax, which Kevin has mentioned, strictly used for the cultural arts, we have art in public place and art in public places, of course, is the 2% of any capital project that qualifies that produces art within the facility in the building. With respect to redevelopment, the reason that redevelopment is in there is because it builds offices to put people in where we create jobs. And so there is that synergy that goes along. And in addition, finally, economic development runs the -- pardon me, runs the artist program, the peoples gallery in city hall and that's separate from art in public places and separate from the hotel-motel tax and the cultural contracts. So I just wanted to let you know that there was a long history with respect to that, regardless of your decisions.

>> Mayor Adler: Ms. Troxclair.

>> Troxclair: I wanted to circle back to your response to councilmember Houston about the cultural and heritage facility being moved from the convention center.

[10:05:19 AM]

I didn't understand whether or not the funding is -- is it just they are giving you funding for this year or for every year in the future?

>> It will be part of our base budget so the fte is transferring and the income being required to run the facility is given to us and so it will be in our base from this point forward.

>> But it's only one year.

>> No, it's permanent.

>> Troxclair: So how does that work?

>> If I'm getting your question correctly, the convention center currently pays for this out of convention center funds. This will move over to economic development and no longer be funded by them, it will be funded through the allocation model that splits costs between the general fund, Austin energy, Austin water and resource recovery.

>> Troxclair: Okay. So we're not -- so money -- so, yeah, there's going to be a cost to the general fund and cost to EdD rather than having that money come from the convention center for this position.

>> That is correct.

>> Troxclair: It seems -- from a funding perspective, it seems that the convention center because of the amount of funding that they have because of hotel-motel taxes and other things, it seems from a financial perspective it would make sense to move that possession over there so -- position over there so we're not drawing additional money from the general fund. But I guess that's a concept I can propose.

>> Thank you for asking that. The impression I got was the convention center was transferring the money over to your department the pay for it, but it sounds like they are allowing you to have the position which you are going to pay for for yourself. Thank you. I'm trying to, and sue, thank you for the additional clarification of the cultural artsment I'm very supportive of the cultural arts program, I'm just trying to understand the financing and maybe the couple of answers that you had helped do that because it looks like the revenue for cultural arts, the 10.6, that's the projected from the hotel taxes.

[10:07:41 AM]

Is that right?

>> That's correct.

>> Gallo: And so that -- that division that cultural arts is funded by the hotel tax, but when I look at the fund expenditures, it's almost \$3 million more in expenditures over what the hotel taxes provide. And so I'm trying to understand why we're not expending what we're bringing in.

>> As part -- based on our activity pages, there's an operating component for staff and then the staff also manages the cultural arts fund, this which is per hotel occupancy distributed through contractors.

>> Gallo: The hotel tax does not allow the city to pay the administrative costs out of the hotel tax?

>> There's a portion of administration that we do cover such as marketing, innovation programs and all those programs that we run for heritage festivals, et cetera.

>> Gallo: That are allowed to be paid for out of the hotel tax income. So what would be the administrative cost -- I'm trying to figure where that 3 million is coming from. The hotel tax -- and I've been trying to understand what is easy for you guys because you live it every day, so I'm trying to understand where the additional \$3 million in expense is coming from if the administration fees for the cultural activities come from the hotel tax.

>> Okay. So as part of the entire budget for the cultural arts fund, it's made up of the cultural arts fund which is hotel-motel taxes and about 1.6 million because there are 13 ftes so we manage the art in public places program.

[10:09:47 AM]

So that -- all the items associated with staff. And then there's a grant component that we also manage. So all of that is made up of -- for the cultural arts division.

>> Gallo: And so the -- so I'm going to ask a question -- and thank you for helping with this, trying to understand all of this to be able to address it if asked those questions. So the art in public places program that we have funds -- is funded out of capital improvement projects.

>> Exactly.

>> Gallo: So the funding for that doesn't include an administrative component?

>> Only a small portion that we can use. So 2% of capital projects are allowed for the art in public places and only a small percentage, which is not 100% to cover staff costs, is also allowed.

>> Gallo: Okay. And so you mentioned the 1.6 for the 13 ftes and then that leaves about another, what, million, a little over a million for something else, and what would that --

>> In volume 1 on page 226, you can -- there's an outline of cultural arts fund of 11.6, economic development fund which is our operating is about 1.6. And then you have some expense refunds and then grants. And then 12.5 ftes supports that division.

>> Gallo: Okay.

>> If I may add, last year the -- the division was successful in getting \$650,000 worth of national grants to do projects and so that would be in there. So they are constantly trying to look at models where they can draw in other sources of funds rather than just the operating expenses or the 2% from the bonds or the hotel tax. So 2 core operating budget is pretty much what you said, it's the 3 million, but it includes mostly staff that is funded through our regular budget, plus the grants, some refunds.

[10:11:52 AM]

And it's detailed pretty well, but we would be delighted to break it down for you.

>> Gallo: And thank you for looking for grant opportunities to help us fund these worthwhile projects. Mayor, just one other question because as we -- as we had our rate case discussion on Monday, the independent hearings examiners had recommended that the transfer from Austin energy to economic development be eliminated because that was not an energy production use item. How -- where do we bring that into the conversation here, because that is a recommendation from the hearings examiner,

it's part laid into the rate discussion, but obviously that's something that seems like we ought to at the very least discuss and I'm not sure how we start that.

>> Mayor Adler: So I would ask -- kind of add how the rate case -- because we'll be considering that in the rate case too. I mean if there was a desire to reduce the transfer from Austin energy to the city, then the city has to make the election as to whether or not to pick up that lost money or to decrease the budget to reflect the loss of money coming in, one of those two. Because as councilmember Gallo pointed out, the hearing examiner recommended that we take that transfer out. Our attorneys told us that it was common practice for power companies to pay that kind of money so that's an issue obviously that this council is going to have to make a decision on. Out of those two things, -- how do those two things dove-tail in our budget schedule.

>> I believe the way your schedule -- I don't have it up on the screen, but I believe it's anticipated that after, you know, in anticipation that there could be some dove-tailing problems that Austin energy was planning on coming back in late September with a budget amendment if it was needed based upon the two different actions that council takes.

[10:14:12 AM]

So this -- what you're talking about has been launched as a council concept, it's Ed .204 which is eliminate the economic development transfer not only from Austin energy but also from Austin water and Austin resource recovery. That was from Gallo and troxclair, so it's on the table as a concept for consideration. In terms of the chicken and the egg question about when do you adopt your ae rates versus when do you take this action, whichever of those comes first, we would have to then dove-tail with the other action or potentially do a budget amendment in September to get things back into sync.

>> Mayor Adler: It sounds like from what you are saying in terms of the timing where we would first address that issue and discuss it would be associated with the budget process we're going through and then we would true up Austin energy to what we decide in the budget process.

>> I think that's the plan.

>> Mayor Adler: Okay. Ms. Troxclair.

>> Troxclair: I just wanted to point out that I have -- it's ed2.04. Hopefully we'll be able to have that discussion. During budget.

>> Mayor Adler: And I'm looking -- I can't tell ultimately from that conversation I think there are two separate issues for me as part of the conversation we would have. And one issue would be do the ratepayers pay it as part of the practice of having power companies pay for that kind of business building activity of the company or do the property tax payers pay for it. And we can look at for the

people living in Austin whether they pay more under option a or option B. My sense is and I think we've heard in the past is that the people living in the city of Austin will pay more money if we bring it into the general fund to pay for it out of property taxes than they pay for it as part of their bills. So as I sit here just generally, because there's a practice of having companies pay for this out of the deal, that's where I lean before we have that conversation in part because I don't want to increase people's expenses that live in the city of Austin.

[10:16:27 AM]

That said, that then gives rise to the second question which is no one has to pay any more if we just cut the economic development budget. In other words, we could stop the transfer and then -- and either stop or reduce that funding coming into economic development. And that's something I would oppose because I think we're being underfunded with respect to the challenge that we have of bringing middle class jobs into this city and equity and access into this city. So from where I sit, I would be real reticent to stop spending on what I think is one of our most critical needs. Yes.

>> Gallo: And I think part of the discussion is as Austin energy has looked at under a microscope from the state level and the state legislature that there are multiple conversations about rates that we establish that include paying for transfers that don't -- that aren't directly related to the cost of providing energy. So I think that that also has to be part of the conversation as we -- as we try to maintain Austin energy in a way that is appropriately spending money which is reflected in rates. So I think that's certainly part of the conversation too.

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Thank you, Mr. Mayor. First let me say you did an excellent job reciting the arguments in favor of the economic development department. I heard these arguments before that we need to have experts funded by taxpayers to incentivize or attract, quote unquote, the right jobs. I think you did a good job of laying out that argument. I'm not going to take nearly that long. I just want to present this in a little bit different context of why I want to eliminate the economic development department. Obviously the city of Austin has existed for more than a century.

[10:18:29 AM]

It grew at a reasonable pace for more than 100 years without these kinds of government subsidies, without a particular department focused on saying, well, we have to have this bureaucracy because if we don't we won't attract the right kind of jobs or won't have the right kind of economic development.

So I want to take a step back in history and point out that the city has grown and did grow for many generations without the bureaucracy. When I'm not at these meetings now since I'm running for re-election, I'm knocking on doors almost every day. Hundreds of doors. And when I do, I look at the voting record of my constituents. It's public information. I know who has a record of voting Republican or Democrat, who switches parties, who almost never shows up to the voting booth, and I can tell you universally the opposition to this bureaucracy and taxpayers being forced to subsidize companies to move here and being forced to advertise and market the city not just in America but around the world, everybody shows opposition to that. There's universal opposition to this taxpayer subsidized economic development department. It's one of the most unpopular things that the city does. We have a -- in terms of the political forces, if you look at the polar opposite, we have an anti-growth political faction. They don't want any growth for my reason. They would like to put a wall around Austin and keep everybody out. This was the anti-road building coalition. Don't build any roads and it will stop people from moving here. On the other extreme we have a pro-growth political faction that wants more and more growth, more money, more subsidies, more people, more companies. So in between these two extremes are the people that I talk to, the voters I talk to from all political parties, and they say stop subsidizing growth.

[10:20:34 AM]

Don't prohibit growth and don't force me to subsidize growth. And don't tell me that a handful of unelected bureaucrats are smarter than the rest of the city. Don't tell me that. So I just 'want to deliver that message on behalf of my constituents. There's no question that the majority of this council, Mr. Mayor, is going to support your position and there is absolutely no question that majority of voters and taxpayers in this city support my position. Eliminate the economic development department and stop trying to subsidize growth.

>> Mayor Adler: Ms. Gallo.

>> Gallo: So a comment. Thank you for the comments that you made about the global economic development. I think that is important. You know, there is -- there are so many opportunities that are good additions to this community and we are such a global society now that I appreciate your work in that direction and I appreciate the comments that you made and I think that is certainly one of the things we need to continue to support. So it's just drawing out of the other things we're funding within economic development that perhaps aren't directed in that way. And I do have a couple of questions on slide number 2. Obviously the effectiveness -- there are metrics to determine the effectiveness of the tax dollars that the community spends to do things. And so I'm looking at the key performance data, and I really appreciate you including that because that's helpful to know what things are being produced and accomplished with the money that taxpayers are spending to help fund, help us fund this department. And I guess the question, the first one that I have a question on was the number of jobs, new jobs created with public-private incentives. So 15-year, 15 actual, the estimate was 232 -- oh, actual was 292.

[10:22:35 AM]

>> On the ballot language.

>> Gallo: The '16 estimate is 232. Then your 17 projection really jumps up substantially to 785, which would be wonderful and I certainly would applaud that. But I'm curious why I project we're going to have such a large increase.

>> Yes, thank you. As I pointed out in my opening remarks, the jump was due to council approving the -- the new state gaming incentive which is creating immediately another 180 jobs and we're able to forecast perhaps another company or two. Also the enterprise zone, a second state initiative. The state initiative that you've approved on several times which is at no cost to the city, we have companies that we think will qualify. And that requires 25 to 35% of the jobs to be for hard to employ people. So we feel pretty good they were going to get at least one of those nine designations in the state.

>> Gallo: What percentage of the jobs or what jobs do you project that will be coming from that?

>> It depends upon the -- whether the applications are approved. We have an application I'm not at liberty to say what that company is, but it's a fairly large company that if it does succeed, the enterprise application at the state, it's a competition. You have one -- each city has an allocation and so we compete against other parts of the state. And some years we don't get any. This year we have at least one company that looks -- I think two companies that look very promising. And that could be several hundred jobs just for that one company, but I'm not at liberty to say who that company is. The third category is the family business loan program.

[10:24:35 AM]

This is -- again, this is other people's money. This is federal dollars and we've drawn down another \$3 million and the companies that are in the pipeline for that that looks very promising, and the fourth area is the coaching from the small business program. They are launching an online curriculum. They've set up a program which you all have approved with the university of Texas' i squared for a fast forward entrepreneur program, kind of a shark tank program for hispanic businesses. They are coaching the fast forward program, the family business loan program funded through hud, the creative content incentive you approved for gaming that's already proved successful, and the enterprise zone application process, also a state incentive. Those four give us this projection. We feel very confident that we can make this big leap forward where we didn't have some of those programs before.

>> Gallo: Thank you for the explanation.

>> Mayor Adler: Ms. Houston.

>> Houston: I had a quick question. Under the area of cultural arts, would it be possible to look at the budgets where all the cultural arts are contained and see what the cost savings would be if they would just -- whether they are on parkland or city property or public property and see if there would be any efficiencies in savings?

>> We can do that as form of the budget question and speak with the parks department that we work very closely with them.

>> Houston: Okay. Thanks.

>> Gallo: Just to tag on to that too, if I may, I think the Austin convention and visitors bureau also does some cultural arts so there's another place that's out there doing something separately.

[10:26:36 AM]

And once again, that was one of the reasons that we wanted to at least push forward for discussion the idea of taking that entity and making it more of a stand-alone, but it pulls from all the different areas that are currently now doing it and hopefully not duplicating, but at least it's gives us ability to look at it from a efficiency standpoint and cost saving standpoint.

>> Casar: I do want to point out to the council that the -- the bre, the business retention enhancement fund, is being swept into the budget stabilization reserve, and as you all will recall last fall we received the settlement from -- from white lodging for about two and a half million dollars and the reasoning for having that much money is because of the broken promise for workers to be paid a particular amount on that site. And this is currently being used, this money is currently being used in the proposed budget and I understand why, it's a tight budget, but this is essentially money that was from an incentive deal gone bad. And I do think that I'll be looking for and I imagine community members will be looking for ways to use some of that funding to address the -- some of the issues about why it is that we had that money in the first place. And I think assistant city manager Edwards could correct me if I'm wrong, but my understanding why the bre was created in the first place, it was part of the idea of some of the economic -- that economic development could in the end support our local businesses and the reason for the wage protections was the idea this economic development in this case could raise workers' wages and working conditions, but in the end it didn't quite work out that way and so that's why we have that pot of money and I know we have lots of needs and figuring out how to use some of that money to address our need is important, but it does seem fortuitous that we have that money because workers weren't paid what they were supposed to be paid and finding a way to make sure that we reinvest that money so that workers could be paid more or trained better or something of that sort is -- it would seem like the appropriate use of the funds.



[10:29:10 AM]

So I'll think through that.

>> Councilmember, I think you are maybe 50% right. One of the things is that the bre, the business retention and enhancement fund, was created to bring businesses to congress avenue and sixth street. And there was a limited district that went to the river and went a block I believe beyond sixth street. And it was specifically to bring businesses to congress avenue, as I said, and sixth street to enhance the activities on those streets, and this was a long time ago when nothing was happening. The way that it was funded is Kevin has said, was from right-of-way fees, which were probably the most of the money. And we would use that to loan to businesses to help them to start up business in a new place. So we would -- if there was a business who may have considered moving and they were not downtown, then we would use that to move them, help them whether it's a renovation of a building or soft costs or purchase for operations of equipment. That was the intent of that particular fund. Over the years we've found that there's really no need to really enhance congress avenue and sixth street at this point and there hasn't been any activity in that fund for a good while. And I think we only have done two loans out of that fund. And so it looked like because we have not been using that fund for those purposes that that was a way to put money into the general fund in a very difficult budget year.

[10:31:11 AM]

Case indication I understand 100% and I think that at least the point being at least \$2.5 million that were in that fund are there because the convention hotel is on top of los menitas, the workers didn't get paid and that's why we have two and a half million dollars there and if there is something useful to do with some portion of that funding that could speak back to that reason we have the funds, I think that would be a better ending to this part of the story. And if I understand that it's a tight budget year, we may have to use some of those funds to clog up other holes, but there is, of course, a lot of history to those dollars.

>> Mayor Adler: Nickels economic development? Thank you very much.

>> Thank you, mayor.

>> Mayor Adler: Mr. Van eenoo.

>> I think the next up are development services department. And Rodney Gonzalez, development services department director is goings to lead that presentation.

>> Thank you, Ed, with me is Tim Montgomery, our chief financial manager. Rodney Gonzalez, director for development services department. Pleased to be here and to go over the fiscal year 2017 proposed budget. Mayor and council, you are familiar with most of these slides, of course include the department mission which is to provide comprehensive development review and inspection services to build a better Austin together. All told, there are currently 324 positions within the department across a number of different service areas including development assistance, land use review, site and subdivision inspection, commercial building plan review, residential review, permit center and building inspection. Not listed of course is the glue that keeps us all together and that's our support services division.

[10:33:14 AM]

That includes human resources, I.T., management and administration. They really help us to support the work that we do. There are three key performance issues. The first is percent of building inspections performed within 24 hours. We attempt as much as possible to do building inspections within 24 hours of a phone call. This year we're estimated to achieve 91%. Our goal every year is 90% and you'll see some of the positions that we are requesting as well as some funding for next year is to help us keep that 90% commitment. Another key performance metric is percent of initial commercial building plan reviews. As you recall, council approved five positions in the current fiscal year and those have helped tremendously. The funding was allocated in January. We hired those positions the first quarter of this year. We do need some training time and so we anticipate that given the partial year funding that will be at 35% of commercial plan review on time. However, for fiscal year '17 we anticipate being at 90%. Even though it says 65%, that's an error. That will be corrected in the errata to 90%. Another key performance measure is -- or internal percent of on time site submission reviews. There are four positions allocated for land use review. The fiscal year 17 budget includes three positions. We anticipate what those positions, once hired and fully trained, we will be at 90%. The funding for the positions in fy 17 is for seven months meaning that we would be able to hire those positions on March 1 for land use review because the code is so complexity does take a number of months for those individuals to be trained, but we anticipate once they are hired and fully trained that we will be at 90% for that division.

[10:35:20 AM]

There are a number of accomplishments to mention. There are a few of them listed on this slide. On August 30th I will be presenting council a full briefing of all the accomplishments we've made within the laws four to five months -- last four to five months. Some include implementing the business dashboard. That helps monitor our performance. Key here is to help us to identify when there's a bag backlog that occurs and what do we need to do who remedy that backlog. We've encountered some this year and

addressed but the business intelligence dashboard gives us that information at our fingertips every day. The other thing that we've done with great success is that we've gotten away from fax systems. We used to receive faxes for trade permits. We automated 20 plus of those earlier this year with great success. Our customers like it. They like the ability to apply online for permits. Another great success, and this one was really important for us, if you wanted to come in for a permit, you showed up at one Texas center, put your name on the list and waited until you were called. So you were held captive until you were able to be seen. We implemented a queuing system that allows you to register from your phone, laptop, home, wherever. Through technology you receive a text message 15 minutes before that says go ahead and make your way to the permit center so we can help you. That totally puts the time back in the customer hands instead of wait to see a representative. We've implemented that in the permit center and are going to be rolling that out to other divisions as well. Another use of technology is we've partnered with civic insight and the Austin code department. We now have an online map that shows all issues permitted and completed within the city going back I think to 2006. You can sort it by council district so if you are interested what permits have been issued and completed in your district you can sort it that way.

[10:37:26 AM]

You can also sort it by neighborhood residential area as well. Electronic plan review is going to be a huge thing for our department in terms of efficiency. We've already rolled it out for general permits. We will complete electronic plan review, the target completion date is October of this year. This is where we partner with every single department and Travis county to do our site and subdivision plan review. And once again our customers are forced to bring multiple copies, multiple sets of plans and these are huge volumes of paper. They are forced to bring that to one Texas center where we then, of course, have to store it, we have to pay for the heating and cooling of that storage, and then we also have to transfer that to the other departments. Our customers are going to be able to send that to us with the click of a button. We get it electronically, we can distribute it to all departments at the same time electronically, review it electronically so we anticipate efficiencies through that process. We've automated our tree inspection process through the telephone integrated response system. We've improved our Austin build connect portal. We now have the abilities for customers to schedule inspections five days out. We've added more permit types to that particular portal. One unique service that we do in Austin that we've not found that other developmental services departments do across the country is when you pay for a permit, you have two types of options, pay in person with cash or online via credit card. Unique to Austin is we allow our trade contractors to hold a escrow with us where they give us a check with a certain amount of money and we credit the permit towards that escrow. Our customers like that service. They don't get it in San Antonio, anywhere else but in Austin so we think that's a unique service that we want to continue to provide to our customers.

[10:39:27 AM]

Really important in terms of customer service, we have expended -- expanded the permit center on the first floor and if you haven't visited it please do. We are implementing a service first model showing that we do care for our customers and we have a great concern to for our customers. Our customer wait to this point was 11 by 11 and we saw about 130 customers a day so customers were hitting in the hallway, waiting in lobby areas, things like that. We now have plenty of seating for customers. They enjoy that atmosphere. They feel like they are being attended to and so, of course, when they come see our employees, there's a completely different attitude. It doesn't start off with a bad experience, it starts off with a good experience and ends with a good experience. We're replicating that 130 times every day. And we're utilizing technology in the service center. We have screens that show, of course, the anticipated wait time. We use those screens as well to show other information that our customers need when they are at the permit center as well. Our service center staff, we recently had them attend a Amy's Edu training course with great success. Steve and Amy Simmons have made that course available to our department. We've taken the permits and our staff through that course and most recently a commercial plan review team. It's much more than customer service training, it's a team building training and it's helped our teams in the different area understand the best service possible that we can provide to our customers. So I want to thank Steve and Amy Simmons for making that available for us. Moving on to the next slide --

>> Renteria: I really want to thank you. I've been down twice before you during the construction phase and afterwards I went and saw the finished product which is beautiful in that service center.

[10:41:28 AM]

I really want to say you need to really thank your staff that's worked down there because they put up with months of noise and construction. I was down there with all that dust and I said my god, how can you put up with that.

>> They are an excellent staff. They are dedicated to the work they do and you are right, they did put up with construction for months. They were able to see the vision as we were for what the end result would be and so they were willing as

[inaudible] Was to go through that construction period and work within the confines they they did. But hands down everyone loves the new service center. They love our customers are being attended to because that makes their transaction a lot easier.

>> Mayor Adler: Before we move from this slide, I think it's -- obviously when we started this process as evidenced by the Zucker report and the cost for the Zucker report, this was a part of the city that was

receiving more tension than any other in terms of challenges. I think you've done lots of wonderful stuff. Most of those are -- are output related as opposed to outcome related. Meaning that they are the steps you've taken in anticipation that you would improve customer satisfaction. Or steps you have taken to be able to improve delays. So it's good to know you are taking all those steps, it's good for people to know the steps you are taking. Ultimately we'll evaluate the successor not based on what it specifically does to wait times or whatever the metrics. We had that sheet I assume when you present to us you will be referring back to that sheet because that's the sheet everyone understands. One important component was trying to figure out how you measure the outcomes with respect to consumer customer satisfaction.

[10:43:35 AM]

You were committed to launch a poll on customer satisfaction. I had asked to see that before it went out. For some reason I must have missed that when it went out. The actual poll itself to take a look at, but with regard to that, I haven't seen the results of that poll and we had talked about doing that early enough in the process so we would be able to measure change. So the first one that we did would establish the baseline so now we could see how those things changed the baseline work on that. Tell me how we did with respect to that poll, if I can get a copy of that poll, when we're anticipating doing the followup to that poll to be able to measure the changes from that baseline poll, talk to me about the poll.

>> Sure. About the poll, so we have not sent it out yet. We've actually contracted with act institute, the same firm that does the city's citywide survey polling. We did have to go through an rfp process because of the cost involved, which committee didn't anticipate. We were hoping to do more of a single provider type of situation, but we did do an rfp, act was the successful provider. We're pleased with the them. We are currently crafting the polling questions and I did speak to one of your staff members. I think I -- this same staff member asked about the polling and I asked for any questions you wanted us to consider adding to that poll. Please provide them to us. I can't guarantee those questions would make it in because they may already be in from that perspective, but certainly if you have a concern for any particular type of question to be asked, we certainly would welcome --

>> Mayor Adler: Have you circulated the questions you have on the poll?

>> Not yet because we're formulating those. We are working with the consultant right now.

[10:45:36 AM]

We anticipate that we will have that all wrapped up and ready to send out to our customers by the end of this month.

>> Mayor Adler: So rather than ask for -- questions to be added to it, if you could get us that before they are finalized, I think that having the questions would better enable us to make suggestions based on what it is that looks like you might be asking. So at a draft point on that when you have a set of those questions that you are thinking about or that you are vetting, if you could pull us into that process so that we could be part of that vetting process, that would be infinitely easier to do than just suggest questions. That would be helpful. Can you do that for us?

>> Sure. And the questions, of course, are based off of the success metrics document we had circulated last year in September. As you mentioned, from the customers' perspective how do they feel about the services being provided, what is the quality of service that is being provided. And so we fully anticipate polling our customers using scientific methods to reach out to our customers. Our data base, just so council can be aware, we've got 27,000 plus contacts that are all going to receive this poll. And based on the response rate, if it's not significant, then we factored in for our consultant to reach out to our customers either via email or phone, things like that because we want a really good response rate so we can get a great understanding of how we are doing. With regard to your question, baseline, the Zucker analysis included a very intense and detailed survey so we anticipated using the Zucker analysis from last year --

>> Mayor Adler: The concern I had and the covers we have is that's anecdotal. We don't know what the pool was, how representative it was, we don't know where it came from, we don't know the things you would need to do when you do a scientific poll to actually have newspapers that are objective.

[10:47:41 AM]

That's more anecdotal to qualitative and not repeatable. And in order to have something that actually measures progress all time you have to decide what your protocol is, establish it and repeat that same protocol so you can see changes. So I hear you. It's going to be to me kind of like comparing apples to Oranges.

>> Okay.

>> Mayor Adler: In addition to the questions, it would be also I think real helpful to know -- what I want to avoid is doing a poll, spending a lot of money on scientific poll and having it come back and having questions with respect to the sampling with respect to the poll, how you would be adjusting the sample in order to have numbers statistically significant so we don't have an anecdote tall poll. We're not saying of those people who responded to the poll, this is what they said. We're not looking toker that. We're looking for a statement where you can say that the people that were involved in this process believed this way. And in order to do that somebody is going to have to take a look at how many people were

involved in that process, how many people you need to hear from in order to make that kind of statement. So in addition to the questions if you could let us see the protocol and how they are doing the sampling for the poll so we might be able to make sure -- what I want to do is make sure when that stuff comes in, because it's going to be really looked at by lots of people, and I want to make sure that when that comes back there there aren't any questions or comments about the protocol associated with the poll. That it actually does give us the objective answers as to a person in this element of the process so you can say people in this process feel this way to a statistically significant degree plus or minus whatever that percentage is as opposed to anything that's anecdotal. If you would get that to us in time to give you feedback on that, I would appreciate that as well.

>> We can provide that as well.

[10:49:42 AM]

Once again we have great confidence in ect institute, they do the city's annual poll with great success. They will be using, we understand, the same methodology as well.

>> Gallo: If I could mention a couple of comments and first I want to say thank you so much for what you and your staff are doing. >> I think the technology improvements you have done are things that probably frustrated people the most. I shouldn't say the most, but certainly because those were so fixable. I think the movement in that direction is really been appreciated. Mayor, when we talk about poll, it really almost what I envision is a customer service survey. It's -- I think what we want to hear is what the users are experiencing and what -- I just -- the concern I have on a sample poll is you hit and miss and I think that everyone who has been involved in this process and who deals with your department wants to be able to have the opportunity to provide -- help provide the metrics. And so my concern would be I'm not --

>> Mayor Adler: It's not an either/or. The ability to do these customer surveys and gather the anecdotal evidence is something that staff does that they learned from and are guided by and that should continue absolutely unabated. But if you want to know how people feel that have been involved in residential permitting, if you just do anecdotal and you have 50 people that reply, you can learn really important things from those 50 people, but those 50 people may or may not be representative of the 20,000 people that did residential survey. So we need that information too. So that what you are learning is not being skewed by the 50 people who happen to rely so you can actually make contributions.

[10:51:48 AM]

For example, in the survey -- conclusions. By the sample done it reports a 98% approval rating, meeting goals, whatever it was. It was a really high percentage of people that were pleased with how -- now, that did not correlate with what I was hearing from people who were in the public. Even though the people that had responded anecdotally so it were giving it very high grades. And what I'm trying to do is determine statistically if a representative sample of the people would similarly give it the same kind of high grades or if there was a sample that was truly representative whether that might help us identify issues that might not otherwise be identified just with a and deck dotal sample. I'm hoping we do both of those because they would give us different kinds of information.

>> Gallo: I guess what I'm saying and maybe I didn't say it very clearly is what I'm interested in hearing as part of the survey is from the 26,000 people that are customers in your data base. Not just picking and choosing spot selecting people because my concern is is that this has been so -- of such concern to those 26,000 people that if -- if individuals are not allowed the opportunity to participate with their comments and their suggestions, then I think that the impression will be that we have excluded people from that.

>> Mayor Adler: No, and I think we should seek samples from all 26,000 people. But when you seek samples from all 26,000 people, some certain number of them will come back and reply. From those -- and everyone will have been given the opportunity to do it in a survey for anecdotal poll. I'm perfectly fine with everybody giving comments because whatever anyone said will be useful and formative for us. From a statistical standpoint, I would also want to make sure that the people who reply on to the poll are representative of the community of people that use that service.

[10:53:59 AM]

So when someone does a poll in the community to figure out what people believe or what people feel and you hire a polling company, they don't ask everybody. They go out and they say we have a sample of a certain number of people that we ask. Now, the really tricky part of the poll when you are doing that kind of statistical which is different from what you just talked about which I think we also need, but when you do that other kind of poll you do a smaller sample, but the tricky part is figuring how you pick that sample to ensure the sample is not just a random smaller group of people selected from the community or population that you are polling, but actually a group that's representative and in sufficient numbers so that you get to a 95% degree certainty that if I walk up to any one of the 26,000 people that participated, this is what they would tell me in these kinds of proportions. There are two separate things and I think we need both of those measures of information.

>> Gallo: Okay, and so what's the cost? You talked about it being more expensive.

>> And what may help with the conversation, we actually do both. We have rolled out exit surveys to customers that they can fill out either at the end of the permit processing or any time, those have available online right now. They are available in both English and Spanish. We've done them for about



half of our divisions. We anticipate in the next three weeks the remaining half will be online as well. That gives us the immediate feedback to identify trends occurring at any point in time and it's available to anyone. From within the city. The polling will give us the annual scientific data using specific methodology as the mayor has pointed out, but the anecdotal information we collect every day.

>> Gallo: And the polling costs, because you said it was more expensive than you thought.

[10:56:01 AM]

>> There were several options. It was the bid limits. We can get that exact number. I don't know the exact number right now.

>> Gallo: Do you have any idea at this point the number of people that it will go out to?

>> It's going to go out to all 27,000 people in our data base. Folks who have used our process. Of course we also want to send it out to other stakeholders who have not used our process but would like to provide input.

>> Gallo: Thank you. Thank you for your comments about getting the questions out to councilmembers. As we get those questions into our office, mayor, I think that's wise.

>> Mayor Adler: Okay. Continue -- Mr. Zimmerman.

>> Zimmerman: Mr. Mayor, I appreciate your remarks about surveys and how you need to have consistent questions, consistent ways of doing statistical analysis. You are right, if the survey methods continue to change you have no way to track progress. I want to go back to the Zucker report. I didn't hear from constituents, I heard no challenges to this terribly high negative number, negative experience that the Zucker report came back with. And so my question is why not take that as the stake in the sand. I didn't hear anybody challenge the credibility of that survey. It was terrible, but why wouldn't we continue using that year after year and track progress down from the 83% negative? Seems like it would be easy to improve on that and just use that same survey process year after year and see how we're tracking. Why did we go off the Zucker method of doing the survey. Does anybody have an answer to that?

>> Councilmember, I certainly -- I'm sorry. I think your question was to the mayor.

[10:58:01 AM]

>> Zimmerman: To anybody that could answer it. It could go to you as well.

>> Mayor Adler: My view is just one of replica-ability. To the degree you do a different kind of poll, it may be the differences are not substantive difference but reflect the methodology associated with a poll. When you do a tracking poll you do the same thing each time. Which is not to say is the anecdotal evidence, we not consider the Zucker numbers because I think that's useful and valid information. It's just to be able to make sure we have a apples to apples process that someone can't challenge on the basis that was a different noted onology, you asked different people.

>> Zimmerman: We had an apple from the Zucker report. They did a survey, did a report, I didn't hear any challenges. We could get more apples by doing the same thing Paul Zucker did to get that feedback. And that would be consistent. Then we could compare year to year.

>> Mayor Adler: We could have a poll that tracked the methodology used by Zucker but I don't know if what he did was --

>> We're going to give a briefing and we can talk about that if council desires. We are intending to bring a couple questions from the Zucker survey forward because those were really good questions so we want to replicate those. And the methodology for the the methodology is also included in that document. I think we received a total of 1300 responses. The responses weren't segregated, though, as far as a person that went through the process versus a resident that wanted to opine on the services in general. And so through the scientific survey we're going to be able to segregate out those customers in particular and what their submits are toward the service opinion I mentioned we can certainly talk about this August 30.

[11:00:12 AM]

>> Zimmerman: That sounds good. Are you suggesting that the Zucker report didn't meet scientific scrutiny? What is your assessment? Because, you know, this is the department that got evaluated so you have a right to have an opinion on the accuracy of the Zucker survey and their methods, you know.

>> Number 1, it did bring to light a lot of the sentiment that was out there with regard to the service level. The difficulty when you don't use those scientific methods is you don't know if somebody has just an overall impression, not based on actual experience, but an overall impression, so that wasn't segregated in the survey. From my perspective, I would like to see multiple expressions, one from customers actually utilizing the service, what was their experience, and then the folks who don't utilizing the -- utilize the service but have an impression, what is their take as well. That gives us more data from which to work.

>> Zimmerman: Okay.

>> I have a question.

>> Mayor Adler: Yes.

>> Garza: So this new budget is asking for 39 ftes? Is that right? And so my question is because most of the time I hear concerns about development services and permits is less of a quantity and more of a quality issue. And so it's usually not so much they didn't get back to me. It's I was told three different things by three different people. So can you help me understand how increasing ftes -- it sounds like it would be helpful, but can you help me understand how that addresses the issue of folks being told three different things?

>> Essential. And I can come through that through the presentation. There are other things other than just ftes that we're gonna add to the department that also address the quality that you're speaking about.

>> Garza: Okay. And I guess can you expand on that? What is addressing the quality?

[11:02:14 AM]

>> Sure. With regard to the particular issue that you're talking about, a lot of it has to deal with the staff training, to make sure when you're reaching out to the staff that that person is well-trained and they can answer the question on their own and by themselves without deferring to somebody else. And it also deals with cross-training, making sure that a residential review staff is in concert with our residential inspection staff so that way they're saying the same thing. Then it also involves the way that we work with the other departments because we are one of 15 different departments that do the plan review. And so it's making sure that we're in constant communication with the departments. Everyone knows their role, and then the other component of that, too, is outreach and education on a proactive basis. So that way we're reaching out to our customers and saying, if you have to get this particular permit, here's who you go to. Definitely. So it's multiple approach to what you're talking about. And at the end of the day, through the scientific polling that we're talking about, that's how we'll find out if we're doing that right job. But it's a multiple approach. You're absolutely right. It's not just ftes, but it's the way that we work.

>> Garza: And so the results of this scientific study, they haven't been -- it's in the process right now?

>> It's in the process, yes, ma'am.

>> Garza: So I'm wondering if the additional ftes should wait until after that process? If it's all, you know, kind of dependent on -- the outcome of that will inform a more productive department.

>> Several things. Number 1, the positions aren't fully funded for the whole fiscal year. We've anticipated the funding would begin on March 1. So we've factored that in. Your concern for quality, there's also a concern for the quantity. Are we getting our work done on time? We've got a significant

volume going through the pipeline. We've got a very large concern that was evidenced through the Zucker analysis that we don't have the staffing level to support the volume of activity, therefore, our time commitments aren't being met, projects are being delayed.

[11:04:26 AM]

These are housing projects, these are small business projects. So from the customer perspective, they want us to meet our time commitments, we want to meet our time commitments, and that's what these ftes are about, the time commitments.

>> Garza: I guess I just say again when I've heard concerns, again, it's not that they -- it's never they don't have enough staff. And, obviously, other people are the experts and you know more about how your department works. I understand that part of it. It's just more of the hearing different responses, even sometimes from the same person. I've seen instances where the same person tells them, this is what you need to do and then they do that, and then the same person says, oh, no, now this is what you need to do. So but -- okay. And then I just -- a general question I've been meaning to ask for a while, do other cities require -- like if somebody makes a -- remodels their home or adds some kind of -- do all other cities require permitting the way that Austin does?

>> Our code is definitely more complex than most other cities. We do have allowances for certain things that you don't need a permit for, and we can certainly provide council that list. But there are some things for which you don't need a permit for, replacement of doors, replacement of window, certain things like that. But through the years the code that we have, the land development code, I don't have to tell you this, you know this, it's been amended 200 times since 1984. It's very complex, unlike any other code that we know of. Opticos did their analysis in September 2004 and they themselves said it's an encumbrance on the process and that's why we're going through the codenext process.

>> Garza: Okay. Because I've learned -- as I'm learning how the different departments work and speaking to constituents, I feel that sometimes these -- really the permitting requirements are -- hurt our lowest income the most because they didn't even know they had get one so our more affluent austinites know they need to do that, go get them, do the process correctly or sometimes they don't and then our lower-income families who don't know that and do something to their house and then in the end have to pay huge amounts of money to fix that, I guess I'm concerned about the effects of the policy that's been set previously and the requirements that we place on homeowners.

[11:06:57 AM]

>> Councilmember, if you -- you know, in the past council have made changes to the code on a weekly basis and when they make changes to the code, sometimes they conflict. And, also, when you make changes to rapid -- rapidly, the staff has to be retrained. So you've got multiple departments that are trying to interpret a very complex code that is thicker and more complex than I've ever seen in any other city.

>> Garza: Yeah.

>> If you look at Phoenix, Phoenix's code looks like this and our code looks like this. So one of the things that we're anticipating with opticos is to simplify that code and to make it very clear in terms of illustrations that will be online so you can actually see. And I think we need the council support in order to make sure that we have a very simple code or as simple as we can make it in a very complex city.

>> Garza: Sure. I absolutely sympathize with being told one thing one day as far as an employee because as an attorney for the state we were told you're gonna do this and the next day you're gonna do this and we couldn't remember. I absolutely sympathize with that. Yeah, I'm very supportive of simplifying the code as much as possible.

>> I would share with you I was doing a little -- not myself, but to my house, a little bit of remodeling and I got two different answers. So it -- we're not immune.

>> Garza: Oh, I know. I think all of us or someone on our staff has experienced it.

>> However, I would say that there are thousands of permits that we process a year, and of the thousands, there are very few that we get that duplicative answer. So when you think about the really thousands of permits that we do, it's small, but even one is not acceptable.

>> Garza: Okay. Thanks.

>> Thank you, sue. So I think we're on slide three.

[11:08:58 AM]

I was gonna say slide 11, we're done.

[ Laughter ] So the proposed budget for next year is significantly higher, 38.4 million. It does include 39 new positions and as I mentioned the positions that were approved in the fyfunded so includes that amount as well. The bulk of our funding is in operations, approximately \$25 million for fiscal year 17. Then our support services function is \$6.3 million and then the transfers and other requirements is primarily the citywide cost for support services, which is 7.1 million for fiscal year 17. To highlight some of the changes in terms of the increases of funding, we've got 18 new positions in the expedited review program. Those are going to be offset by the revenue that is charged for expedited review. That's a total

of 1.6 million. Yesterday we circulated expedited permitting program options as requested by council, so you should have those in your offices. We have established a website to solicit feedback from anyone who wants to provide it. So those options will be a consideration by council as you go forward through the budget process. The other positions include three positions for land use review, for a total of 246,000. As I mentioned once those positions and this applies to all the positions here, once they're hired and fully trained we should be able to achieve these certain performance measures so in terms of land use review we should be able to receive 90% on time review once those are hired and trained. Then we move on to the city arborist program, we've had exponential increases in tree reviews throughout the years associated with heritage tree reviews. We have two review positions and one inspection position. We should anticipate getting to 65% on-time review for trees, tree review, and 60% on-time review for inspection.

[11:11:03 AM]

In terms of site and subdivision inspection we've had a 50% increase in work volume in just -- just to keep up with the work volume, we're looking to add two new positions in site and subdivision. Then we move on to commercial building inspection. As I mentioned before we have a target of 90% next-day inspection. And in order to continue with that, with meeting that target, we are requesting two positions in commercial building inspection. In terms of residential zoning review we are requesting two positions that would take us to 80% from current 51% on-time review once those positions are hired and trained. Then in terms of residential inspection once again we want to keep our commitment of getting 90% of those inspections done within the next business day. Moving on, there are some other funding sources that we have in the department --

>> Mayor?

>> Mayor Adler: Yes.

>> Gallo: May I? The funding additional staff, obviously that is so needed, but one of the questions I had is I think that we did a resolution in June that directed the city manager to come back and I think it was by August the fourth to talk about the possibility of combining, consolidating the code department with your department from a standpoint of efficiency in training for code violations. And also from the standpoint of budget efficiency. I don't know, do we have a report back on that? Thank you.

>> Good morning, rey Arellano, assistant city manager. Yes, we're in the process of doing a final evaluation of that report that involved both development services as well as Austin code department. It's being reviewed and should be released later this week.

>> Gallo: So it will be in time for our budget discussions.

>> Certainly.

>> Gallo: Because it was directed for the possibility of being able to provide efficiency and some cost savings and obviously we want to try to make -- we want to try to supply the employees we need to supply to get the jobs done.

[11:13:12 AM]

So thank you for that.

>> Moving on to slide five, we have a watershed protection ordinance in the city that is intended to protect our waterways, creeks, our streams, ensure that, you know, we have limited amounts of flooding within the city. In that regard we have a lot of infill development within the city, and infill projects are intended or are supposed to have erosion and sedimentation controls to prevent any type of sediment from getting into the creeks or into the drainageways, et cetera. The inspections process we have is a active inspection reaccuracy meaning we are called only when a violation looks like it has occurred. We want to move to proactive inspection process, and that proactive inspection process would be supported by the drainage utility fee. The drainage utility fund. That includes seven positions in that area that would allow us then to proactively go out and and these infill sites to ensure that the erosion sedimentation controls are properly installed.

>> Houston: Mayor, may I ask a question? Mr. Gonzalez, do you have some similar program for green fill development, to go out and check the erosion and make sure the sediments are not getting into the creek?

>> Current, that is usually the larger subdivisions and green fields are easier because it involves multiple housing projects and so we do that on a more proactive basis.

>> Houston: So it's for the large developments, not for 50 and below?

>> You'll not sure what you mean.

>> Houston: 50 units, you're talking about planned developments, that kind of largeness.

>> Yes, we're able to go out and look at it in general through a single inspection. What we're not able to do, though, is on these infill sites, single construction sites scattered throughout the city because there's driving distances, involves a lot of time of course between there, but the larger ones we're able to --

[11:15:13 AM]

>> Houston: I understand that. But I'm looking at a project that only has 60 units but it's right on a creek. And so that's that issue that -- how do we determine whether or not there's gonna be a negative impact?

>> And these positions will help with that, so yes.

>> Houston: It would do that.

>> Yes, ma'am. Okay. The next position that we're looking for is a -- is in our community trees division, and this would be funded through our community trees fund. Currently, if there's a project that involves trees mitigation, that money goes into the trees fund. We're asking for a position to be funded out of the community trees fund as well. The next line item is for third party plan review and inspection. This is gonna help us significantly. We've already contracted with a third-party contractor for residential zoning review with great success. We are seeking additional funding for that in terms of \$300,000 for residential zoning and then another \$150,000 that we would use towards residential inspection. The development community has also certainly supported third-party plan review and inspection as a way of getting our services done quicker. We do utilize a lot of temporary help and overtime help to help us meet our measures so we're seeking an increase of \$332,000 in that regard. And we want to always continually invest in our employee training and certification. A good rule of thumb as pointed out by Mr. Zucker is that your training and professional registrations, et cetera, should be 2% of your personnel costs. For us that would be about 600,000. Currently we have about 300,000 for that particular training and registration and we're seeking to increase that. Moving on to our vacancy rate, these numbers in front of you are about two weeks' old. As of Friday, we have 17 vacant positions, and we think that's a pretty good number, considering we have 324.

[11:17:18 AM]

Of the 26 positions that council allocated in fiscal year '16 those were all hired but to give you an indication of just how tight the labor market is we've hired 90 positions since October. And that's because of course staff attrition, retirements and the 26 positions, a number of our staff had promotion opportunities available to them and so of course that created a trickle-up situation resulting in us hiring approximately 90 positions since October. We collect a 4% surcharge on every fee we charge, specifically for technology investments. The amount that we anticipate for that fund next year would be a million dollars. Because the amount is in a cip it rolls forward so we have a spending plan currently of \$2.1 million. It includes improvements to our Austin build connect portal. This is our online registration. We've made significant improvements there. We want to make more improvements including easing the navigation of that site so our customers understand very quickly how to go through the system. We anticipate completing that by October of this year. And then Amanda upgrade by the end of summer, we will be on the latest version of Amanda, Amanda 6.0. There's a beta version, Amanda seven currently being tested and I think one city has implemented it but the fully functional version Amanda 6.0 we will



be on by the end of the summer. In terms of department revenue, and there is some more specifics following this slide, the total revenue anticipated from development services is 39.9 million for next year. As compared to the current year, which is \$30.9 million. And the breakdown, I know this first bullet point essay transfer of Austin water utility site and sub, there is going to be a transfer that water utility collects.

[11:19:21 AM]

However, this also includes some fee changes. We anticipate fee changes from our 2015 study of approximately 1.1 million. And in addition to that of course an increase in overhead costs of 2.1 million for a fee change of approximately 3.2 million. The next bullet point, which is increase due to added staff capacity, that is the revenue that we anticipate from expedited review, meaning the premium fee that would be charged to our customers and that completely covers the cost of the expedited review team. And as you have witnessed, Austin's development continues to grow, and we anticipate \$1.1 million in new revenue associated with that growth and activity. So on the horizon, some things we are concerned with. Of course you know this, there are a number of budgetary constraints in the development of this year's budget, there's limited funds that were available. Not all the positions that we need to implement the action plan are within the budget. So we are looking to extend the action plan implementation by a third year. That does not in any stretch of the imagination mean we are stopping what we're doing. Implementation is memory underway. We have created a number of efficiencies within the department that also help with quality, with quantity. So when we talk about extending it to third year we talk about primarily extending the staffing resources that are needed to fully implement the plan. One other key element of the Zucker mast analysis was that the development services department should be categorized as an enterprise fund. As you've seen in years past that hasn't necessarily been easy because the revenues we've collected weren't enough to support the expenses, as has been pointed out in this presentation for the first time our revenues do exceed our expenses so we're making good headway towards an enterprise fund, continue to work with the budget and finance department so that way we can see when is the appropriate time to convert to an enterprise fund status.

[11:21:31 AM]

Hiring and retaining qualified staff is an issue that I think you probably -- it's a recurring thing that you probably hear from every department. There are a number of retirements throughout the city. With when you have retirement you lose that institutional knowledge that then has to be hired and trained. We've talked previously about the need for a new facility for the department, the current facility just is not conducive to the very highest level of customer service that we want to provide. The first level of

where we're at has about five how to usable square feet of space. We visited some really amazing development services centers across the U.S. That have floor plates of about 35 to 40,000 square feet and you're able to come in and understand relatively soon where you need to go from a customer service perspective, and we want to replicate that here in Austin. And we talked about earlier the land development code, the complexity of the code. Codenext project is underway. That's certainly gonna impact us. We have staff dedicated in that process and of course from our understanding the code draft will be released in January and of course then there will be a lot of discussion about that from our perspective, we are front line with regard to implementation. So we're heavily involved in that process. And that concludes the presentation. I think each of you know my phone number and email address, and so if you ever need to reach me, I think you might know my mobile number as well.

[ Laughter ] You certainly can. But it's certainly our pleasure to be here to talk about our budget, about the number of improvements that we've made. As I mentioned I'm coming back August 30 to present a briefing on those improvements as well.

>> Mayor Adler: Thank you. Are there any questions?

>> Houston: Mayor.

>> Mayor Adler: Yes.

>> Houston: I just want to thank Mr. Gonzalez and all the folks that have been working with him since he was appointed interim.

[11:23:33 AM]

Fantastic job. I used to get all kind of complaints but now I only get maybe one or two. So that's my informal survey.

[ Laughter ] And I'm gonna let you know that you're doing a great job and thank you.

>> Thank you. And hats off to all the staff. They are just fully behind this and they love the responsiveness. I understand a lot of this was a resource issue and they love that the resources have been coming to the department.

>> Mayor Adler: I'm really excited at the progress as well. Thank you.

>> Thank you.

>> Mayor Adler: Anything else? Yes.

>> So you mentioned that -- in your horizon issues and challenges that because of budget constraints you're looking at extending the time line for full implementation of all the recommendations from two

years to three years. I'm concerned about that. What is the unfunded portion? Like what kind of funding would you need in order to stay on that two-year time line?

>> The remaining funding would be \$3.8 million that would be needed. And the way that we look at it is that it certainly can correlate with the time we're looking at convert to go an enterprise fund, which could be in fiscal year '18. That way you could see all the development revenue coming in as well as the uses of that revenue. If you were to add the 3.8 million today, obviously we would -- those expenses would exceed the revenue, meaning that it would be subsidized by some other revenue from within the general fund. And so I think it's gonna probably be more appropriate to correlate it when we get to enterprise fund status.

>> Troxclair: So but your additional -- you're bringing in -- do I remember correctly it's, like, \$1.5 million extra?

>> 1.5.

>> Troxclair: Or additional. Your revenues are gonna exceed your expenditures by \$1.5 million this year?

>> Yes.

>> Troxclair: Coming fiscal year.

>> Yes. Just also one other point, though, is that those positions include seven months of funding.

[11:25:38 AM]

Or actually less than that that -- yes, seven months of funding so it's not the full funding. Even though it's 1.5 you have to also then reduce it by that factor of five months of that additional salary.

>> Troxclair: So, okay. Help me understand. Are you -- it sounds like you're advocating -- sounds like if there was an opportunity for you to have the \$3.8 million in additional funding this year in order to stay on that two-year time line that you don't necessarily want it.

>> Councilmember, let me interject. I think we had always gone with the proposal that Zucker gave us, which was the two-year implementation. I think as Mr. Van eenoo has said last budget session, this has been a very, very difficult year, and there just was not enough money to go around. So one of the sacrifices that we made was to parse this out for three years instead of two. One of the other sacrifices you see that we're not doing 12-month funding. 12-month funding is really not realistic because if you fund in October you know you're not gonna be able to hire until December or something like that. So it was very difficult. So I would say that no -- you know, if there were three-point some odd million more we would be happy to do -- to do that, but right now there just really isn't and it's of course the council's decision.

>> Troxclair: Right. And I think that the expectation of the council and the community that has been following this discussion, we've always talked about that two-year time line so it seems like a major shift and something that we should talk about as council. I'm also concerned -- I mean, that was one of my other questions, the seven-month funding. I -- from my perspective it seems like one of the reasons that we're in a tighter budget cycle this year than last year is because the council made decisions last year to only fund -- to fund less than a year of ftes which left us -- which might have been -- we might have been able to fit that into our budget last year but left us with needing a full year of funding this year.

[11:27:58 AM]

So it builds in an automatic cost driver for the next fiscal year.

>> It does, but if there's no money to -- if there's not enough money this year, then that's really one of the options, it's one of the tools that we have.

>> Troxclair: So do you not -- instead of -- because this is a huge amount. How many employees are we looking at for seven-month funding?

>> 3 million. We can go back to that slide so that way you have it. So there's 18 positions in the expedited review process, and then I think an additional 13 in other operations. Plus we have the eight positions associated with environmental inspections and trees. And those are on slides four and five.

>> Troxclair: So that's 39 positions that we're funding for seven months. So what is the unfunded -- what is the additional five months of funding that we're not including in this budget that will be necessary to keep these people on for the next budget?

>> We'd have to get that you information if you don't mind.

>> Troxclair: Okay. I can probably do the math quickly, but -- so was it -- the alternative would be to not hire -- to hire fewer employees but to fund them for a full year.

>> There is several different alternatives, absolutely. I think what you've seen us do, though, is because we have deficient resources spread out across a number of divisions is we've tried as much as possible to allocate the funding that we do have across those divisions. We have inspections, residential review, commercial, we have land use review and site and sub, and the volume of activity that we've seen applies to all of those divisions, not any one particular one.

[11:30:04 AM]

And because it is a hydraulic situation, if we did shift only to a few of those divisions the problem doesn't go away in the others. It just remains the same. So what we tried as much as possible was to allocate the resources across all those divisions.

>> Troxclair: So if we -- if I wanted to minimize the unfunded liability we're gonna enter the next fiscal year with because of this decision and I wanted to fund more -- a fewer number of positions for a longer amount of time, what -- can you tell me what positions would be most critical? I mean, you could still -- you could still hire at least one -- I mean, there could be a reduction of the number of employees. Can you tell me what -- which employees you -- or which numbers you would cut down on in order to do that?

>> You know, I'd have to go back to the staff and we'd have to collaborate on what that would be so it's probably more appropriate to handle that through a budget question.

>> Troxclair: Okay.

>> To allow us the sufficient time to wade through what that would look like.

>> Troxclair: Okay.

>> And I did want to also reiterate on August 30 we're gonna talk about various improvements because you're absolutely right, three years is always going to be a concern but that doesn't mean that we have not made the necessary steps and we're stopping any type of implementation. For example, as councilmember Garza had pointed out, it's not only just a staffing type of problem that we're trying to solve for but a quality of service problem we're trying to address as well. In that regard electronic plan review, we anticipate rolling that out by October. We put a lot of permits online which has helped. In the budget we've got funding for third-party contracting which if we didn't do that through third party we'd have to add then positions for that.

[11:32:04 AM]

We feel very confident in using third-party contractors to help out with the process. And a number of different other things. We've implemented some programs for our volume builders to help speed up the process for our volume builders, which is always a concern for us to get more housing into Austin's housing stock. But we'll go over those on August 30. So that way council can see the progress that we have made and, yes, we are asking to extend the action plan by a third year in terms of the ftes but that by no means means that we're stopping what we want to accomplish.

>> Troxclair: Okay. I just have a couple more questions. The increase in funding for training professional registrations and memberships, you said that the Zucker report recommended that that be 2% of the -- 2% of what?

>> Personnel costs.

>> Troxclair: 2% of personnel costs. So your -- this would bring the department to 2% of personnel costs in this current year or including the personnel costs that we are adding in the next --

>> It would put us close to 2% in fiscal year '17. I want to say that approximate amount is 600,000 so it would bring us close to the 600,000.

>> Troxclair: But that's including the additional personnel costs for next year?

>> Yes, mm-hmm.

>> Troxclair: Okay. And, oh, I wanted to ask about the expedited review team that you mentioned briefly. Which part -- I think you mentioned it on slide eight but I'm not clear what category that fell into.

>> So on slide eight it -- I think the bullet point says increase due to add staff capacity 1.6 million. So the way that we've proposed for the expedited review program to work is that a premium fee would be charged to an applicant. And that premium fee would cover the cost of the new staff that would be added to process expedited review.

>> Troxclair: And that we don't currently have an expedited review team?

[11:34:07 AM]

>> No, we don't.

>> Troxclair: That's something new? Okay.

>> And that was another Zucker registration, was to create an expedited review team.

>> Troxclair: Okay. I mean, it sounds like a good idea, but on the other hand the hope is that the process will be so much more streamlined and so much smoother and easier that you won't need -- that somebody won't need to feel like they have to pay the additional money for an expedited review, right?

>> And that was also addressed in Mr. Zucker's analysis of expedited review. You're absolutely right. When we do this it will take some of the volume off of the regular plan review process, but as Mr. Zucker pointed out, there are gonna be projects out there that just want to go through the system very quickly, that are willing to pay the additional charge to get their permit in an expeditious manner because they've got certain time lines they want to meet. You're right, even though the process is intended to be improved, we do recognize the fact that some of our customers are gonna want an even faster process than that.

>> Troxclair: What is the difference? I know we can probably talk about this on August 30 as well but what is the -- what is the difference timewise and costwise between the regular review process and expedited review process?

>> So in terms of difference of time lines we're talking about maybe about a four-month process for, like, a commercial project. And we're talking as simple as maybe a 2-3 week process and the only reason it would be 2-3 weeks because we would have an intake to regulate the volume coming in but through expedited review, it's mentioned in the report, it would involve a single review session where all of the required reviewers are in the room with the applicant and the applicant's consultants. Dallas -- from the Dallas perspective, those review sessions last anywhere 2-4 hours. Everyone degrees on the requisite changes that need to be made. The consultants from the applicants sign off on those changes and then the permit is approved.

[11:36:08 AM]

So we're talking about a very fast process in -- in comparison to the current process.

>> Troxclair: So in those time lines -- and those time lines are for what kind of development? Is that for a bathroom renovation at a residential home? Or a big commercial development?

>> The list of qualifying projects is included in the report that was distributed to council offices yesterday, and it's a number of different projects. Just to give you an example from those list of projects I think the total applications that we did last year was in the 15 or 17,000 range so, yes, it does include residential remodel like you're talking about, as well as large scale commercial as well but all of those projects that could qualify are listed in the report.

>> Troxclair: I guess that seems a really long time for residential remodel. I don't think there's anybody that doesn't want their permit in 2-3 weeks. The issue is only certain people can afford to go through the expedited process. So I don't know. That time line is longer than I was thinking. These changes were ultimately gonna produce.

>> Yes. When I say months that includes our time plus the applicant's time as well. What we do, we have a prescribed time of I think 15 -- or ten days turn around for residential so we provide our comments back. We can't control the amount of time that the applicant takes to bring that information back to us. And so when I say four months it's not necessarily just our process of four months but the entire 4-month process because some of these are complex. The code is complex. When we respond with comments, sometimes it can be very time-consuming on their end then to redo their plan in accordance with code. And so I certainly don't want to leave you with the impression that we take four months to do a review. We have a prescribed time that we try to meet, but then once we send it back to the applicant we can't control when it comes back.

[11:38:10 AM]

>> Troxclair: Well, I know we've talked previously and I know you mentioned it earlier about the process in Phoenix and how they recently went through a revision of their own codes, and I think that they're down to, like, three days or something really impressive. So I -- let me know if there's anything I can do to help facilitate maybe learning more about how they did that or getting the time line down even further.

>> And I have to point out that of course we deal with the land development code, but then we deal with neighborhood plans as well. They are an overlay to the code and there are, I think, 26 of those -- okay, 29.

[ Laughter ] So the big issue that we deal with is primarily with zoning, and our staff has to know every single aspect of that. And so even though it may sound like it's, you know, okay, I just want to add this piece of construction to my house, it takes a lot of time to go through the code to see whether or not that's even qualifiable to do for that particular permit.

>> Troxclair: So let's -- I know that that is a -- sometimes a difficult conversation for us to have as a council, just because there are already so many existing I guess battle lines when it comes to neighborhoods and development, et cetera. But I do think that it's important that we have an open and honest conversation about what the challenges are of the trade-offs, if we went an expedited process, these are the challenges that you face so that the council and the community understands that and understands the trade-off. And then my last question was, on the issue that I've also heard a lot about, just having one person say something and then three other people say something different, I know -- I heard you say that hopefully training and an increased investment in training will help to address that problem because the one person -- because the answers will be consistent. But is there -- I know the chamber came and talked to the economic opportunity committee earlier this week about making sure that there is a final decider, that once somebody is told something by the city, that that -- that the city will stand by that decision.

[11:40:27 AM]

So where is that contemplated in all of this?

>> Sure. And that same sentiment came up at the January 7 stakeholder meeting, and the overarching theme was that currently there's no provision in code for what you call a tie-breaker decision. There are a number of different ordinances, policy decisions in the land development code. There's nothing that



says streets policies supersedes a trees policy that supersedes a utilities policy. What happens is assistant city manager pointed out you have a lot of conflict and not embedded in there is which the priority from a council policy perspective? And so it's our thought of course that would be addressed in codenext from a priority perspective, which then would allow all the departments involved to have an understanding of the prioritization when conflicts occur.

>> Troxclair: That's something being addressed in codenext?

>> I think director againstsy would be the best source of information for that.

>> Troxclair: He's nodding his head so I'll take that as I yes. Even if your department is operating really efficiently it's then when they go then to the transportation department and then -- I mean they get bounces around between departments and the departments are telling them something different. It's not always someone -- the conflict is not always within the development services department, right?

>> Yes.

>> Troxclair: So I think that's a really important aspect of making this all work.

>> So when we talk about conflict it's conflict because of the code, the code has conflicting provisions in it.

>> Troxclair: Mm-hmm.

>> Yes.

>> Tovo: I see we have another question from councilmember Casar.

>> Casar: That was me handing the chair over to you.

>> Tovo: Oh.

[ Laughter ]

>> Casar: I was holding on to it here quietly.

>> Tovo: Got you. Any other questions for our staff? Well, thank you all.

[11:42:27 AM]

Colleagues, it's my understanding that we haven't set a lunch break and I think we have four more presentations so does it make sense to try to do transportation before lunch or do we think we're gonna have a lot of -- I'm sorry, we have planning and zoning. Why don't we try to do planning and zoning and

then aim -- got you. And then we'll aim to break after planning and zoning for 45 minutes. Does that sound like a good plan? All right, great.

>> We'll try to do this as quickly. . .

>> My name is Greg Guernsey, planning and zoning department, the director, I'm joined with Connie, my financial manager. We're going to go the planning and zoning department's budget. Austin is about 627 square miles of jurisdiction that we cover, and our population is about 926,000 people and it's still growing. My demographer Ryan said I'll probably hit some new numbers actually in September, which my guess will probably only go up. So a little bit about our budget. We have actually three areas that kind of support our department. One is our comprehensive planning division that deals with imagine Austin, our small area plans, current planning, which takes historic preservation, zoning, annexation and support services and many of our support services is also supported by development services department for H.R., Pio services are coming through to us from them.

[11:44:29 AM]

Some of our major accomplishments, we did finish the south central water front vision plan, and you'll probably be seeing some follow-up to that in the coming years. We're in the middle of phase two of codenext, and what that means right now is staff is working with our consultants, working with other departments very closely, as Rodney said, very closely with the development services department and other departments. Working through an administrative draft and then we would come back to council and the community in January with the public draft. And that will be about 4-6 months minimum that everyone will have a chance to review the document. We have created a neighborhood implementation division, and there's some questions that council has had in the past about how many of the recommendations have been implemented on these small area plans that we have done or neighborhood plans that we have done. And so now we're actually tracking that and reporting that out. So some more information on that. Let me keep going on to the uses department funds. You'll see a little bit of decrease in -- increase in support services. We've actually kind of moved some of the expenditures between those two. So there's really not a large increase. There is certainly an increase in gas and rent that go up and also some back charges for ctm overhead costs. Also, the market study that our planning family right now is being looked at. I've lost some planners to other places and hopefully that will renew that. There are two new positions that are proposed, and I'll get to those in a minute. Some of the highlights that I want to speak to is the increase in two positions to the department.

[11:46:32 AM]

One is related directly to codenext. This is a temporary position that we have funded to -- a gis position, a mapping position. And this person will help us map the new code. The other one is a long range planning position that helps keep up with the amendments that we make annually to imagine Austin. The five-year update that's coming up. But that too will also play a large role in mapping because our community likes to refer to the small area plans and the imagine Austin plan and wants to know how is that going to go interact with codenext. Where all that hits the road is in the mapping process. Also there's an increase to the waller creek conservancy that we have a 20 year agreement with in work with them. I do have vacancies. Certainly there are nine of --

>> Houston: Mayor pro tem, do you want us to wait until the presentation is over? For questions?

>> Tovo: That would be my preference but if you have something that's going to keep from you -- if you think it's something it would be better now, I leave that to your judgment. Why don't you go ahead and ask.

>> Houston: What is the waller creek conservancy some what is our commitment to them? 25,000 for --

>> This would be an increase I think it brings us right now up to I think a total of 225? \$225,000.

>> Houston: Can you tell me what that does? What that's --

>> Well, the partnership between the waller creek conservancy and the city of Austin goes back I think about four years and it is a partnership between this nonprofit and the city of Austin to help redevelop along waller creek. There's certainly the tunnel project but there's more property that -- aboveground that greatly benefits. We remove a tremendous amount of land from the floodplain that gives an opportunity to develop. This is a pristine area we would like to see expand.

[11:48:34 AM]

I know sue probably wants to have a couple things that she wants to say, to but --

>> Houston: She's on the board so she can't talk.

>> Tovo: Were you really asking about what the funding -- you're very familiar with the -- speakers]

>> Sue Edwards, assistant city manager. The 225,000 goes to support operations. Our expectation was that they would expand their staff on a somewhat regular basis in order to get to a minimum where they can actually be productive and so we have a commitment to them for part of their operations.

>> Houston: And they're asking for a \$25,000 increase this year?

>> Yes.

>> Houston: And so can you tell me -- I know it's been going on for 20 -- how many years? 15 years or so, ten, maybe?

>> No. Well, actually, the waller creek conservancy itself is separate from the tunnel and so it is only -- it has only been going on four years. Our partnership with them is four years old.

>> Houston: We've been giving them some amount of money for the last four years.

>> We have.

>> Houston: They're asking for a raise. Okay, I don't want to belabor it.

>> Tovo: So I'm going to recognize councilmember Zimmerman up for another question on this subject and then I think we should allow the staff to work through their presentation and we can post it note things we want to come back with.

>> Zimmerman: I would concur but this is a good time since councilmember Houston brought it up. I had the conservancy come in my office probably more than a years ago and first thing I ask everybody when they come in, how much taxpayer money are you getting and I was told none. This is a nonprofit group conservancy completely separate from taxpayer dollars, has nothing to do, it's not being funded by, you know, the collateral project itself, completely separate. So this thing jumped out at me, said increase of 25,000. I was like wait a minute. I was told a year ago there was no money.

[11:50:35 AM]

Now my question is, Mr. Van eenoo -- the other departments, is there some economic development money coming in? Is 225,000 the complete amount of subsidies for the conservancy?

>> It's the complete amount.

>> Zimmerman: It is the complete amount. Okay, thank you.

>> Tovo: Thank you. We'll let you continue.

>> Let me go through our capital highlights. Our largest capital projects are codenext. The rewrite of our code and great streets. Great streets being the redevelopment of those tracts that are downtown, the block faces a lot of that you see has been redeveloped has been part of that. Under departmental revenue, there are three areas under development. We save income from zoning cases, neighborhood plan amendments, building safety. Those are primarily demolition permits that might be coming in or historic reviews of those permits. And then there's some miscellaneous. I'll note that there is a reduction, the capital area metropolitan area organization is leaving Austin and we're no longer going to be the fiscal agent so there's revenue that will be lost that was previously coming in. Under the revenue and highlights, there was an expenditure that was received previously from the lost creek M.U.D., under

the agreement end, so we will no longer be receiving that. Also, I mentioned the campo revenue, as I said. But there's also in addition to a fee, when we did the fee study previously, there was identified one fee that we did not charge and that was a community meeting fee that when a property owner came in, in addition to having a process where you go to commission and go to council, there was an outreach meeting that's required by our code, and we were not receiving any money for that as it comes in.

[11:52:36 AM]

So some of the challenges we have. Certainly probably the biggest one is codenext and implementation of imagine Austin. It's essential that we maintain staff to assist other departments with the implementation of codenext. And make sure that we're on track with imagine Austin. Small area planning, we're switching from doing strictly just neighborhood plans when we were doing imagine Austin there's an emphasis on corridors and nodes where we're trying to get an appropriate amount of development to occur. So we're kind of shifting towards that way. There's been some discussion that maybe you heard this past year about that. And probably the -- one of the bigger ones we have is the employee retention and succession. I lose staff to other departments. I lose staff to outside. And we have some senior staff of that left or will be leaving in the next couple of years that have historical knowledge that goes back over 20 years. So those are the things that I'd like to talk to you a little bit about today, and if you have questions, I'll be happy to answer them at this time.

>> Tovo:.

>> Mayor Adler: Any questions? Ms. Houston.

>> Houston: Mr. Guernsey, I missed how many square miles is Austin? 600 what?

>> Well, the city limit itself is 326 square miles. If you include our extraterritorial jurisdiction where we have subdivision authority, water quality controls and sign regulations mostly administered by Rodney's development services department that takes us out to 627 square miles.

>> Houston: Thank you.

>> Mr. Mayor? Thank you. Couple -- I think it was a couple of weeks back we were talking about property tax projections, you know, over the period of five years, and I think I asked for the plan for future annexations because there was a footnote in the item and it said, you know, including anticipated future annexations over a five-year period.

[11:54:49 AM]

Maybe it's lost in my mailbox somewhere but has that information come to me yet.

>> I think it's been submitted a budget question. We hope to get it posted this week.

>> Zimmerman: You're right. It's tied in obviously to zoning and planning and I thought is the information coming from them? Or. . .

>> The annexation office resides in the planning and zoning department.

>> Zimmerman: I would think so so it is going to be coming from you guys. I should get that about when?

>> Actually, I think fairly soon, the property tax. I think there's a companion question asked how much does it cost. I think we received from a council office about the annexation as well. So we're working with several other departments on that one because that answer really comes from many of the departments.

>> Zimmerman: So we should get that, you know, ain a week or two?

>> I'm not sure that one I think it was just submitted.

>> Hopefully sooner.

>> Zimmerman: Thank you.

>> We're working on a lot of questions right now, trying to get them to you as soon as we can.

>> Zimmerman: All right, thanks.

>> Mayor Adler: Further

>> Houston:ms. Houston --

>> Mayor Adler: Further questions? Ms. Houston.

>> Houston: I have another one. Slide five, the great streets, can you tell me what are your plans for great streets? What's that budget item look like?

>> Well, the great streets is for the redevelopment of downtown blocks. It only pertains to the downtown.

>> Houston: So --

>> It doesn't extend out to other neighborhoods.

>> Houston: I'm saying are there plans to do some more great streets downtown?

>> Yes. What we do, we partner with property owners as they come in and develop their property, we work with them on basically the street design, the furniture that's in front, the sidewalks, the relocation

of utilities, street furniture, shading, all of that is looked at with great streets. It's difficult to sometimes develop these blocks without working with each property owners without their cooperation.

[11:56:52 AM]

We're working with great streets to get these blocks the way we want downtown.

>> Houston: So do they pay for the great streets or do we pay for them?

>> They pay up front and we reimburse. That's the process.

>> Houston: And this money comes from --

>> Parking meter revenue.

>> Houston: A million dollars in parking -- that's --

>> I think it's \$728,000 is coming up. And, obviously, that's not spent in one year. But that's the revenue that comes in.

>> Houston: Okay. On page -- slide seven, one, two -- third bullet, where does the revenue come from? Does the neighborhood -- to do the community meetings. Does the neighborhood do that?

>> Those are meetings that when a developer comes in or property owner comes in, there is a meeting that we set up with the neighborhoods. Actually, neighborhood contact teams can set amendments outside a cycle but a development community or property owners, if they want to redevelop, there's a fee that's charged.

>> Houston: And the developer pays that.

>> And the developer would have to pay that. My staff actually sets up the meetings. We do a notice, actually go out to the community. Sometimes there's additional staff that might be present at that meeting, but those are the -- those are what that covers. In the past we did not charge for that.

>> Houston: And you're charging now?

>> That's correct.

>> Houston: Okay. I think that's it. Thank you. And you're doing a great job too because I'm not having to call you every other day.

[ Laughter ]

>> Mayor Adler: Mr. Zimmerman.

>> Zimmerman: Final quick question here on page 7. First bullet item, can you tell me quickly, what agreement was that with the lost creek mud 272,000.

>> Councilmember, I might have to get back with you on the details of that, but basically we settled with lost creek mud after going through arbitration, and so there was agreements on payments that are made, and we can put that into question, get that information to you very quickly.

[11:58:53 AM]

>> Zimmerman: I was curious what that was. And the lost creek situation, did they vote in a limited district?

>> They did.

>> Zimmerman: They did do is that? Okay. So their mud is now converted basically from municipal utility district into limited district?

>> Yes.

>> Zimmerman: Okay, thanks.

>> Mayor Adler: Anything else? Ms. Garza.

>> Garza: Back to the waller creek question, we've been approached by other conservancys and I believe that ask is in this budget as well and it was -- when we had meetings, we were told it's seed money so we can get started and then, you know, once we have this money to get started we can be self-funded. And so I'm not saying it's not a worthy cause and I know it doesn't seem like a lot of money when you compare it to other things, but I'm just -- this conservancy is already -- it's not really seed money, it doesn't feel like it, they are already getting 200 and something. Can you just explain that?

>> I'll try. The waller creek conservancy is somewhat different than the rest of the conservancys. The council approached three individuals in the community and said we have a really great need. Now that we have a tunnel and we've taken all of this land out of the flood plain, the land on top of that is going to look the same and we cannot afford as a city to really implement great parks and trails along this area. So the council asked if they would form a conservancy and if they would consider sharing the burden with us so that we put in a minimal amount that we normally put in for parks because this is really a park program, and then the conservancy raises money also outside of that to do the great things that they are going to be doing in terms of the facilities and other things that will happen along waller creek, which is a string of parks.

[12:01:07 PM]



So it's somewhat different in that the council went to the community and said this is what we would like to see waller creek as a priority for us because it's downtown, it can be a community park for everyone. And with the other conservancys they have self-developed. We have an agreement, we have an extensive agreement with the waller creek conservancy that will last for 20 years.

>> Garza: And did that agreement include increases? I understand we invested at some point, but did that agreement say and we will increase this funding by this much every year?

>> No, it did not.

>> Garza: Okay.

>> Gallo: I'm trying to understand -- thank you for those questions, but I'm trying to understand why this would not be in the parks purview and why it would be funded out of this department instead.

>> That's a great question. We talked about that. When we started, it was really working with the conservancy to do some looking at land and looking at possibility of what we might have to do in terms of the development services, and it just was -- stayed in this particular area. We talked with budget and finance this year about moving it over to parks because it really does belong in parks.

>> Gallo: I agree with you and I think, you know, as we struggle with transparency for the public to be able to tell what things are being paid for and where they are being paid for when you have things paid for coming out of a department you normally wouldn't assume they would be, I think it doesn't help with the transparency. How does that happen? I mean it's here now. If that's an interest getting it moved over with the other conservancys.

>> We could move that as part of the budget adoption with a one-line amendment.

>> Gallo: Okay. All right.

[12:03:08 PM]

Because I do think there are questions about seed money and I think zilker gardens conservancy was one of those we were approached last year to help with an executive director but with the understanding at some point it would be self-funded and they would be raising money to a really good public-private partnership with us. Waller creek, we do a lot of things with the university of Texas and I love U.T., but it's my understanding that U.T. has not stepped up to help with any of the park improvements or, you know, this would be an opportunity perhaps for U.T. to come in and help fund that. I think getting this moved to the department that can help get that grant funding and bridge those private partnerships might be the better place for it to be.

>> Mayor Adler: Anything else? Ms. Houston, are your light on for a reason?

>> Houston: It's just on. Thank you for reminding me.

>> Mayor Adler: Anything else? Lunch, we were going to break for, come back in 45 minutes, say at 10 till. Think we could do that? We'll recess -- do people really think we can get back here at 10 till 1:00? You all think we can really get back here at 10 till menitas?

-- 10 till 1:00? All right, then, 1:00 it is. Let's make it back by 1:00.

[12:05:46 PM]

[Recess]

[1:10:23 PM]

>> Tovo:there we go. I'm mayor pro tem Kathie tovo. I'd like to call us back to order. We're going to get started with the transportation department. Welcome, Mr. Spillar.

>> As introduced, I'm Robert spillar, director of the Austin transportation department, hear to present our budget proposal, as soon as it gets up online. There we go. Now we're official. This is for 2017. The pictures on the front cover are some of the things we work on throughout our program, and so I'll just go through and talk about our budget. The first slide is about our mission. Of course our mission is to provide a safe, reliable, sustainable mobility system, enhancing environment strength. We have a number of service areas ranging from the one-stop shop to parking enterprise, transfers to other organizations, support services, and so forth. Our major accomplishments this year I'm pretty proud of, signals and pedestrian hybrid beacons continue to be one of our focus in terms of safety and then also with neighborhood traffic calming. The I-35 corridor program has started construction at three or four of the major intersection that's gets us ready for a major construction project there. You'll remember that came out of a bond project back from 2010, where we started a discussion about I-35 and it's now moving forward. Division zero action plan, the Austin transportation department has been given the role of implementing that plan. We are well on our way to do that with monies partially provided by council last year and also some cip monies that we had on hand and program monies. We are getting ready to start construction on four of the five intersections that y'all asked us to look at, the high-crash locations. The fifth one is going to be a partnership with txdot.

[1:12:25 PM]

They're getting ready to go under construction later this calendar year, I believe. Implementing new vehicles for hire regulations, of course we've been through that together and then we're doing adaptive signals, as well as the Mueller parking expansion. In terms of key performance indicators you see them listed there. I want to pull out three if I could. The percent of school zone that prevent preventive maintenance you'll see in fy15 we did preventive maintenance on 57. That's dropped to a goal of 33 this year and 33 the next year. We're now on a school to look at one-third of the school flashers every year. The reason for that is about the -- the year before, 2015, fy14 we replaced all of the technology for our flashers and so it really is brand-new flashers the fy15 year was the last year we completed that and so we don't need to do as much preventive maintenance so now we're back on a schedule of one-third every year. The second one is percent reduction estimated vehicular travel times. You'll see in fy15 we were able to improve by 16%. That was the actual. I think we had some corridors that in a sense were low-hanging fruit that year that we were able to make some dramatic changes in travel times on those. For this year we've predicted 5%. I suspect we'll be above 5% but 5% is usually the industry standard for if you're gonna change the signal timing along a corridor what you should be striving for so that's why the 5% seems low compared to fy15. The 16%, really isn't low that's our goal but we will surpass, that I believe. The last I want to call your attention is the percent of residents satisfied or very satisfied with the traffic flow on major streets. That's the last shade one in that list. You know, this is one where we are traditionally low every year compared to our peers.

[1:14:27 PM]

Now, I think there are some problems with the survey where this comes from. This year we're actually looking to fix those questions. This is the question, if you'll remember, is how satisfied are you with the traffic flow on major streets? And at least in this region we know when residents are responding to a question like that, they're thinking about I-35, mopac, 183, in addition to Lamar and big arterials most completely or partially controlled by the state. So this year with the direction finder survey, we had been working with the budget office to actually add additional detail so when we ask, hey, what's your satisfaction with flow on major highways like I-35, 183, and then when we talk about major arterials we say, for instance, Lamar, Guadalupe and so forth. Hopefully we'll get better information. That's why we're projecting a higher estimate for next year as a goal than we did achieve in fy15 and that's what we'll go forward with. The next slide here shows uses of funds, department expenditures in fy16 compared to if, 17. You'll see we're either stable or slightly increasing spending across each of the categories, whether it be traffic management down to transportation planning. The transfers and other requirements you'll see that there's a little dip in our expenditures planned for next year. You'll remember that in fy16 we were able to put 1.3 million towards new signals and so forth, and specifically the intersections. This year we were only able to identify 500,000 as we go forward so that's part of that reduction. The other part of that reduction is as we continue to establish atd as a separate fund from

public works, some of the transfers we were making, for instance, when the active transportation and bike program was in public works and we did work on behalf of the bike plan we would charge public works for that work.

[1:16:39 PM]

Now that that division is within Austin transportation and the two -- the crew is actually doing the striping and the engineers planning it are in the same department it doesn't make sense to simply keep transferring and taking money out of one pocket, putting it in the other so we're adjusting that so that's why that little bit of reduction there. Generally, either stable or an increase in parking enterprise, traffic management, and you see those right across the board there. In terms of budget highlights, you know, I think our numbers speak for themselves. We are increasing expenditures in terms of products that we put out on the street. We are expecting an increase in costs for managing the tncs as we get a better understanding of how much that costs. We'd like to build in a more fluid tracking system so that it is a seamless process that when somebody comes in to potentially get fingerprints all their reservations for appointments and so forth or registration is all done easily and seamlessly so we're looking at options for that. I would think in the following year we'd be able to start reducing perhaps that tnc cost. You can see we're adding a number of positions, five for traffic signal maintenance and timing. Those are both engineering positions, as well as technical positions. Safety improvements, three positions for vision zero. You'll remember that council gave direction that they adopted a vision zero program this year. We have started that implementation and we're stepping into that in a major way and so we want to make sure that we have the staff to focus strictly on safety. Positions that are supported by a right-of-way programs or to support our right-of-way programs, positions to develop corridor mobility reports, as you know, we need to continue managing the corridors we have as we go towards deployment but also manage new subair type programs.

[1:18:47 PM]

And one position support to develop testing at the Austin center of events, initiatives special events and so forth and then transfer one support service position to public works. Although we're asking for 13 positions there's a net of 12 positions that will actually add to the transportation department. I want to stem back and take a look at the vacancy rate history. In fy15 we ended with 2.0. In fy16, 4.5% with ten vacant positions. In last year's budget you saw fit to allow 22 new positions to transportation, approximately 13 of those came from public works and required reclassification. So this year my department has been able to digest, if you will, 22 new positions. Many of those then ended up in leapfrog advancement so when we would have a senior technical position, somebody that was currently

in a junior would apply, be promoted and we'd have another vacancy. So it's taken us a number of months to get to our current vacancy rate, which is right at a little bit above 4%. However, by this Thursday when the latest report comes up, our department will be under 4% vacancy. We'll have just, I think, eight positions vacant in a department of 225. And so my H.R. Department and my hiring managers have really gone out of their way to digest such a large what would essentially be 20% of our employment population for the department. If we look at capital highlights, you can see what we're asking for appropriation and then the spending plan is 8.3 million. You'll note the spending plan is higher than appropriation because we have previous years appropriations that we are continuing to spend off. And so that is our plan for the year.

[1:20:47 PM]

Key projects, we're partnering with txdot right now to finish the design on east five first street and there are improvements along east five first street we're making improvements in terms of bicycle and roadway efficiency. I've 35 capital corridor projects are the interchanges I talked about, continuing under construction with some of them having direct city involvement or participation through previous agreements. Neighborhood traffic calming we continue to work on traffic calming projects. This year we have switched to recycled rubberized traffic cushions, if you will. They've been well accepted and appreciated by the neighborhoods we've put those in. We treat those as traffic-control devices and can get them out much more quickly so we're starting to work on our backlog that's occurred over the number of years. Signal and pedestrian hybrid beacons we continue to work on those. We're designing one right now down off of slaughter, I believe, and then off-peak signal timing effort, we continue to work on off-signal timing. Again, going to this idea that during the middle of the day, our signals work pretty well in handling the traffic. It's in the shoulders and off-hours where the public perceives that they are not working as efficiently as they could. One of the big tasks is to replace the detection equipment. We had had a problem with detection equipment that we found after we had invested in the central control system. We are making fast gains on bringing that back from a 50% effectiveness up to 80 plus percent effectiveness at this time and my goal is to get above 90% on the detection and the detection is what allows you, when you come up on a side street, to a main arterial late at night, it allows the signal to see you and goad and click over and -- go ahead and click over and giving you access.

[1:22:49 PM]

A lot of our signals have legacy issues of not having declaration and we're quickly fixing that. In terms of funds you'll see where the proposed increase in funds are. We are looking for an increase in the tuf, transportation user fee. We are expecting a stable parking management revenue. You'll see we kind of

Bob up and down. That's largely because we estimate when we roll out in a new area like north campus or east Austin, we try to estimate a percentage in there. I think we're a little in my our estimates this year. I think we'll make our budget, but because of the volatility we're keeping that pretty stable as you go through. License and permits, again, it is a market-driven item. We try to be conservative and then overproduce during that conservatism. Then you see the other revenues, general fund stays constant. Our department only gets less than a million dollars in general fund and that's really to pay for citywide activities that are difficult to fit under the turf so regional planning and coordination with various regional bodies. And also waived fees go -- waived fees go to be repaid through the general fund. And that's a reimbursement transfer. Rate and revenue highlights. You can see here total revenue is increasing by 5.3 million. Over the 2016 amended budget. Increase in atd's portion of the transportation user fee is about 3 million of that 5.3. Increased revenue from right-of-way is 1.2 million. Increased transfer from parking management fund and administrative support .2 million. So you can see the totals down below there in the chart in terms of the 2016, 977 and the monthly change of \$1.75.

[1:25:01 PM]

That's all I have to offer there. And horizon issues, vision zero is increasingly our focus as the public as well as council has asked us to focus on eliminating transportation related injuries and fatalities or certainly absolutely minimizing that. We're take a proactive approach and where we have often run against barriers in the past we feel like we have a new momentum to get past some of those barriers. For instance, the working with the state department of transportation, txdot, we've been able to -- all five of the critical intersection this is year were on their roadways so we did have to ask permission but we were able to get them to accelerate that permission process and so we were able to cut the time it took by more than half. I would say that I think that needs to be one of the conversations as we talk about possibly taking over state roads. There is a benefit to the city in that we no longer have to ask permission to make logical or sensible improvements to the roadways. And we can also design them the way that fits best with our city without being -- needing permission or having to follow highway-type standards. The one system we've talked about that, that our public as exemplified by the direction finder survey don't understand when they're driving on a txdot road or a city road, I will tell you they're all mad at the city of Austin for that condition that they encounter, whether that's on mopac Ora March or south first. And so we've been in discussions with txdot and our regional partners about really developing what I would argue is the first in the state, this concept of a one system, how can we partner and coordinate so we're operating this from one system, whether that is the transportation management center, you know, truly regional management center, or just even in our philosophy and approach towards signalization.

[1:27:05 PM]

I think we're gonna have an increased focus on travel demand management, tdm, as well as systems management. It all comes under the heading of operations, how do we operate what we have more efficiently. How do we squeeze more capacity out of the existing roadways that we have? We are also engaged in updating the street design guidance documents. As you know, as part of codenext we need to rethink how we ask developers and ask ourselves to build and design roadways. Many of our neighborhood streets are much wider than they needed to be, and so as we go forward, can we make better decisions so that 20 years later we're not fighting speed issues in the neighborhoods. And then continuing to look for sustainable funding for transportation infrastructure. You know, this is a statewide and national issue, is that finding stable funding mechanisms, new revenue mechanisms as gas tax and other things become more scarce because of more efficient cars or because of a variety of reasons, people driving less or whatever, the state is gonna continue to lose revenue in terms of their ability to make improvements to the mobility world. More that will focus that to the municipal level in terms of responsibility we'll face those same kind of constraints. Even though we don't get money directly from the gas tax it does affect us, working with our partners both at the municipal level as well as state to find sustainable, ongoing revenue sources. That's my presentation. You know, we try to be responsive to questions and provide with you answers as quickly as we can. So please don't hesitate to contact any of the folks up here directly or call me and we can get that. Get that done.

>> Tovo: Or through the q&a process.

[1:29:06 PM]

>> I'm sorry, what?

>> Tovo: Or through the q&a process.

>> Absolutely. I'm not trying to subvert the q&a process. You're right, thank you.

>> Tovo: Thank you, Mr. Spillar, for your presentation and the information. Councilmember Houston and then councilmember Zimmerman.

>> Houston: I thought you had me beat. That hand is always poised there. Thank you again.

>> Yes, ma'am.

>> Houston: Thank you for your presentation. I have an ask that periodically I get an update. You got quarter cent money out there, you guys have got stuff you're doing and I never know at any given point in the year what transportation mobility things are going on in district one. So if there is some way y'all could, say, once a quarter give me some kind of list about what's going on in the district, then I may not

be calling to say, you know, something needs to be fixed over here. But I -- it's just so much going on with mobility dollars that I can't keep up with it and so I'm asking you for help keeping up with it.

>> I appreciate that. Maybe that's something that we could present to all the districts. I mean, we keep track of what we're doing. It's just as easy to --

>> Houston: Just let us know. That would be helpful to me. On slide two, when you talked about the percentage of residents satisfied or very satisfied, you referenced corridors and streets that are not in my district and so my people are also dissatisfied about some of those. Is it because -- is it -- wait a minute. Let me start all over again. The reduction of vehicular travel through the corridors, that causes the most angst in district 1. Is it because of the signals or is it because of the congestion? And what I've been reading up on transportation issues. It's called road diet, where you reduce the number of vehicular lanes.

[1:31:06 PM]

Could that be some cause of the on ingestion as well? And if it is, how do you know and if it isn't how do you know?

>> So when we right size an arterial, each one is an independent engineering decision, so every road is looked at separately. What we typically find on arterials is that the capacity is constrained at the intersections so even where a we right sizes by dieting a roadway from four to three lanes what we typically find is that in that previous four-lane section, especially if there's lots of left turns and driveways, that the inner lanes are lost any way for turning maneuvers. So by creating a central center left-turn lane that gives a place for those cars to queue and turn left out of the traffic and you don't lose excessive capacity on link. Then we widen back out at the nodes and so we -- at the intersection so you still have -- intersection so you still have the same number of lanes. If you had four before that which allowed you a right turn, left turn and -- so we widen those back out at the intersections to meet all the movement needs. Now, as I said, that's an intersection by -- not intersection but a corridor by corridor analysis. I don't think that that's what's driving the opinions, typically, of the residents on the survey. And I'm sorry I didn't mention that in the rewording of the survey, we actually did include mlk as one of the -- martin Luther king, Jr.

>> Houston: The example I've been given a year and a half is Cameron road. That's what I get the most angst about. I've been saying that for a year and a half. People can't get out, get around. That's the congestion.

>> I understand.

>> Houston: Then my question is, Mr. Spillar, do we go back and take a look to see if what we did, what we thought we were gonna do has the right effect?



[1:33:08 PM]

Or maybe we need to go back and reconsider it? Do we go back and take a look --

>> So, absolutely. You know, in fact we're making a change on Berkman -- not Berkman --

>> Houston: 51st?

>> 51st going north parallel to I-35. I can't think of the name of it. Yes. We're going back and looking at it. Yes, we do reevaluate. Let me get back with you on the specific street. I don't know what it is. I want to say Berkman but it's not Berkman. Anyway, so, yes, we do look at streets on a request basis, and we have been known to go back and make changes, yes, ma'am.

>> Houston: So I'm gonna make a request and I'd like to take anybody that wants to ride with me down to I-35 and exit on modular and then go to the new improved five third street so get onto Cameron so you can see some of the dank.

>> That's what we're getting ready to make a change to, Cameron road.

>> Houston: Somebody is going to get killed there. I see police there all the time. Thank you for taking a look at that. Then you said something about key projects, five first street improvements. That will be something you'll tell me about later? I don't want to take up time here. We just got that improved and now we're improving it again.

>> Right.

>> Houston: Then let me see. On number 8, page -- slide eight where we talk about update street design guidance documents, I understand about not having the streets as wide as they used to be because we don't have boulevards anymore. But what I found talking to fire folks and emergency vehicle folks in the district, is that Mueller streets are so small that sometimes it's difficult for the emergency medical apparatus to get there. And so I don't want us to diet the streets so narrowly that we can't get ems and fire apparatus in there so that people can be treated safely so that's just a concern that they've expressed to me, especially at Mueller.

[1:35:20 PM]

>> So the fire department as well as ems is involved as stakeholders many that redesign process. I think we have a very Progressive fire department that is willing to consider more narrow streets. Many of our wide streets that we can drive around the neighborhoods and, you know, you scratch your heads, why is

it so wide here? Come from a time when rescue professionals were not as Progressive in thinking when B what's the risk of the speed generated by those wider streets. By narrowing streets, we actually reduce the number of accidents. So it's a balancing act, but I hear what you're saying and we will incorporate that.

>> Houston: Sometimes I don't think you hear me because sometimes I think you come back with what you always say that if we narrow the streets we will reduce the fatalities and reduce the crashes. But it makes people angry and I'm worried about people's mental health at this point, especially on Cameron road because they're cutting through clover leaf, going over to Berkman trying to get out of the congestion. I'm telling you what they tell me is that the streets on Mueller are too narrow to be able to execute the turns. Not speed. Because people are parking on both sides of the street because we don't have enough parking so they're talking about making the turns in order to get to a house to treat a person.

>> Yes, ma'am.

>> Houston: I just want you to hear that because I'm not making that up. I'm not -- I'm repeating what they tell me. They may be Progressive but they still need to have wide enough turning radius in order to get on the street if people are parked on both sides of the street.

>> I hear you.

>> Tovo: Councilmember Zimmerman.

>> Zimmerman: Thank you. Little bit -- everybody knows about that show are you smarter than a fifth grader? I'm gonna maybe start a new game here and say are you smarter than councilmember Houston? And I think the engineers are not smarter than councilmember Houston. The comments that she just made right now are so spot on. I'm not smarter than councilmember Houston. She's correct, okay. For those of us who did not -- who are smart enough not to suffer through thermodynamics and partial equation mathematics you don't have to be an engineer to figure out your remarks a minute ago don't pass common sense muster.

[1:37:36 PM]

If I have four lanes and in the worst case as you pointed out if there's a lot of left turns going on I effectively lose two lanes to left-turning traffic. They're no longer useful to through traffic. If you picture in your mind four lanes, the two in the middle are lost to left turning, and there's only one lane remaining for through traffic. Here's where the giant leap comes in. How does it make any common sense that replacing two lanes lost to left turns with only one lane to handle left turns in both directions that that somehow proves your traffic throughput? From common citizen it's a nonsensical suggestion. You heard from councilmember Houston that the frustration and the anger of the constituents who

have common sense. They look at the way the roads have been reconfigured and they say it's worse than it was before. The throughput is worse. The constituents who pay the taxes and bills and who vote, they tell the councilmembers, councilmembers tell staff and staff says we'll take a look at it but that's not what the constituents ask. They want the problem fixed, the traffic throughput restored and they don't get it out of staff. That's where the frustration comes from. Let me ask quickly, on page 5, when you talked about the appropriations and the spending plans and the capital highlight, I know that I requested a year ago that even from a high level that these figures be broken down by district. I was at a meeting last night with district 6 constituents at the spicewood library, and first thing they asked, they always want to know about 10-1, what's going on with 10-1. And I say, you know, when it comes to budgeting, wouldn't it make a lot of sense for everyone to kind of know where we are districtwise on the expenditures? How much are we spending on parks per district? How much on road improvements per district? Wouldn't that be a common sense question to ask?

[1:39:36 PM]

Well, of course it is. But I don't see any breakdown by district. When we asked for the data a year ago we found that less than 1% of the capital expenditures were going to district 6. It took us about 3-4 months to get that information. So I was hoping to see the breakdown of these capital expenses by district and I don't see it. When can I get that information.

>> Tovo: Is that your ghee.

>> Zimmerman: When can I get that information.

>> We're actually working on it. We're already working on it, that request, to respond to that request. So both us and public works are putting that together for you.

>> Zimmerman: Okay. Again, you know, we ask for things and we don't get them and they're common sense things and we don't get them.

>> Tovo: All right. Councilmember Renteria.

>> Renteria: I was just noticing on your budget detail on parking enterprise, and I've been noticing that for 2013-14 y'all had the revenue per person was -- per supervisor, 404,000. Now it's down to 350. Is there a reason why? Is it just we're so spread out?

>> Tovo: Councilmember, would you mind telling us what page in the budget you're on?

>> Renteria: Sorry. 282.

>> Tovo: Thanks.

>> Councilmember, my -- Anthony Shapiro, my budget manager, remind me that this year we've hired more parking enforcement officers so that we're covering more areas, and so the earnings per employee therefore goes down.

>> Renteria: It went down on that one?

>> Yes. As we improve enforcement we would expect that to can come back up.

[1:41:38 PM]

>> Renteria: I was wondering because I know y'all have increased parking meters up and down fifth street, sixth street, fourth street, on the east side also but you guys don't enforce it until after 6:00. It seems like you haven't -- you're hiring a lot of night employees. Are these full-time part-time employees?

>> Two shifts, full-time employees. At night we have to run them in pairs for safety out on the streets. The district that you're talking about, the businesses that request requested that metering only wanted it afterhours. They didn't want it during the day. Although I think some of them are probably rethinking that maybe it works all the time and so that limits the revenue.

>> Renteria: There's some but you also went down on Rainey street and I think those are full-time also.

>> They are. We moved into Rainey street because we had a domed problem separate from the neighborhood desire.

>> Renteria: I was wondering, it seemed like y'all were very productive and all of a sudden is it started going down.

>> Because we added more staff really.

>> Renteria: Thank you.

>> It will come back up.

>> Tovo: Councilmember Gallo.

>> Gallo: -- I'm sorry, did you have another question?

>> Renteria: No. That's all.

>> Tovo: Okay. Councilmember Gallo.

>> Gallo: Thank you. The conversation about the parking tickets, that came up in a conversation regarding kind of some overuse of streets. And the comment that was made is it's really less expensive

to pay the parking fine than it is to go park in a garage. So where do we have the discussion? And I think it's been nine or ten or 11 or 12 years since those fees have been increased. When do we have -- is this the time to have the discussion about raising those fees?

>> Actually, there's two different types of fees. There's the parking tickets and then the parking meter costs. The parking tickets are set by municipal court. We've been working with them to see how we could increase those. I think they've traditionally been kept around \$25 in order to encourage payment, but this phenomenon that you've always talked about has just become evident in the last year, is especially during big festivals, you know, we typically only give one ticket per event.

[1:43:56 PM]

We don't come back and give them multiple tickets in the same day. So I can communicate that to municipal courts. We are certainly working to try to increase that.

>> Gallo: Because you get a -- after they're -- it's my understanding that after the administrative costs, if there was money left over the department would get that.

>> No. We only get money from the actual meter fare. We enforce the meters so we incur the cost, but the municipal courts receive and retain all of those costs.

>> Gallo: Okay.

>> Revenue, I'm sorry, thank you.

>> Gallo: That would not need to be done as part of the budget process?

>> I can't answer that. I don't know that.

>> Gallo: So we would need to talk about that.

>> I'll communicate that to them but --

>> Gallo: I do think we need to talk about that because I think there's a blatant disregard for the parking regulations and as parking becomes more and more limited, yeah, I think that's an opportunity to maybe help with enforcement there.

>> Okay. Thank you.

>> Tovo: That's an interesting question. If I could just ask a quick follow-up, at events where you know the cars are going to be there many hours, where aren't they receiving multiple tickets? Wouldn't that encourage the kind of turnover you want in your meters? So that other businesses --

>> You know, there's an industry-wide debate on whether you should -- you've seen cars on sitcoms and stuff with multiple tickets on their windows, and there are some cities that do it that way. We have not done it that way and in an effort to encourage people to enjoy their experience when they're in Austin. And so I guess my point is, that we would like to not have the reputation of, you know, parking czars. I don't know what else to say.

>> We certainly want them to enjoy their experience we want them to comply.

>> I don't disagree. I would rather the ticket be hire so the first incentive is not to do it as opposed to multiple tickets.

[1:45:59 PM]

>> Tovo: I'm thinking about the person low-hanging parks for 12 hours and calculates, well, I'm gonna get one and, yeah, then it's definitely a cheaper option than parking in a garage. Councilmember troxclair, you had your hand up.

>> Troxclair: Just quickly to functional up on that I guess for probably every person that is calculating that they can stay there for 12 hours there might be someone who genuinely misread the sign or something. Even -- although we want to be welcoming to tourists even people who live here, I don't know, I would be pretty upset if I came out not realizing that I was gonna -- parked somewhere I shouldn't have and had five tickets or something crazy.

>> You would be meads at the recognition capability of my parking enforcement officers. They can point at cars and say those are repeat offenders. If you're out on the street every day, you kind of get a feel for it, I think.

>> Troxclair: I was gonna ask about the increase in the transportation user fee.

>> Mm-hmm.

>> Troxclair: So that is just -- I mean, the department is just deciding to increase the fee?

>> Well, we're requesting it.

>> Troxclair: Requesting to increase the fee.

>> Yes, yes.

>> Troxclair: And what is -- because it's not covering the cost? What is the justification for that fee increase?

>> It's adding more staff to expand our signal timing capability to focus on vision zero, to do a range of new items. And then also the support services are, you know, a driver in that, in terms of our support from ctm and support from the city manager's office. Those costs also calculate in annually pressure to increase. This year I would tell you that the majority of our requested increase is related to new product and new effort being put out there.

>> Troxclair: What does that mean?

>> Doing more. Last year vision zero was not a program and so if I'm gonna add three to four people to work on vision zero there's a cost to that.

[1:48:05 PM]

We've heard clearly from the public that they would like us to expand our signal capability during the audit. One of the major findings was that we needed to work to get back to a lower ratio of intersections to traffic engineers and so to get that requires us to add budget or cut something else that we're doing.

>> Troxclair: Is that necessary? I know it's hard to plan a budget when we don't know the outcome of a transportation bond election in November. But there is \$15 million, I think, allocated to -- specifically to vision zero in the bond. And so if the bond passes, would you still need an additional -- I mean, I'm just worried. We argue -- we don't argue. We have lots of discussions at the council about the tax rate and about, you know, really trying to -- especially in this budget we're gonna have lots of conversations about really trying to fit everybody amtrak priorities in and then there's something like this that's gonna add \$21 a year to every person's utility bill, right?

>> Mm-hmm.

>> Troxclair: So I just -- I really want to understand that it's truly necessary because it's -- it's this kind of stuff that even if we're able to make part of the budget or talk about affordability -- or reduce the tax rate in a tiny percentage and then we turn around and we increase the user fee by \$1.75 a month, I just really want to understand justification for it. And if we're already allocating \$15 million to that same cause, if it's still necessary.

>> So I would tell you that if you want to -- if council wants Austin transportation to increase our focus on vision zero with or without a bond, we need additional staffing to add -- to get back up to levels that we were a decade ago in terms of being able to look at the signals, look at safety yours and be more -- safety issues and be more proactive than we are.

[1:50:23 PM]

With my current staffing we can be reactive and that's what we've done in the past and I don't know that that's acceptable. We've actually asked for more positions than this, and the collective decision is we should hold back, that if the bond does pass, then reevaluate that. So in the absence of the bond, these are the 13 positions that I need. If the bond passes, assuming it does, then I will be coming back for midyear requests.

>> Troxclair: So the additional revenue from the transportation user fee is about -- you're projecting \$3 million?

>> Yes, ma'am.

>> Troxclair: So you don't think -- I mean, I guess I don't understand. Can you explain more how the responses, regardless of whether or not the bond passes, how -- don't you -- wouldn't you plan on allocating staff to that purpose if you receive -- if the city is gonna get \$15 million in order to put specifically to vision zero?

>> So, you know, much of the money for vision zero in the bond is for product, and so it's for the projects that actually correct safety issues out on the roadway, much like the five intersections this year cost a little over \$3 million or that's what we'll end up committing by the time it's done. And so we have not typically looked at that bond as, you know, revenue source for operation staff. Now, just the sheer volume of work that needs to be done, yes, we'll have to -- I believe we'll have to hire some new staff to meet that. But if I reallocate staff right now, they're doing -- it's staff that's doing something. So if I reallocate them, that takes them away from their current activities and so that would be like answering traffic requests 311s or doing redesign of intersections or designing signals, we'd pull them over from those divisions.

[1:52:28 PM]

Because they have the right skill sets.

>> Troxclair: What would the people hired specifically for vision zero implementation -- I mean, what would they be doing?

>> Well, I think they'd be doing a variety of things. Most of that would be design of the actual safety improvement at intersections, intersections is where we tend to have our challenges. But they would be also looking through the lens of where are we having safety issues and how to address that. You know, right now we address safety issues when the public brings it to our attention but we have not spent a lot of time actively going out and pursuing and searching out for those safety issues because we just haven't



had the staff or, you know, just, frankly, the number of eyeballs out there to find those issues. And so it would allow us to do our jobs better.

>> Troxclair: Okay. So I guess going into the budget, that's the cost if we want to -- if we want to hire staff specifically for the implementation of -- of vision zero above and beyond the \$15 million that would be allocated if the bond passes?

>> Right.

>> Troxclair: We approve the -- an additional \$21 a year on everybody's utility bills?

>> So that's both us and public works together, the \$21 you referred to. Is that right? Yeah and it's not all vision zero. About half of that is safety-related stuff. The other half severity of staffing needs that -- variety of staffing needs we need just to keep doing our operations, because of the volume of work, because of the demands for more timeliness, et cetera.

>> Troxclair: Okay.

>> Yeah. And if I may, you know, with regards to transportation, when we hire a person, it is to put more product out on the street, if you will. Whatever that product is. And so it's a direct investment in our transportation system.

[1:54:31 PM]

>> Renteria: Mayor? Yes, I want to -- I'm referring to 288. Page on your -- on the proposed budget. Can you help me read this page here? On the [indiscernible] Transportation planning. I noticed that -- I just try -- the performance of measures -- performance measures, you have a lot of numbers here, especially percentage of signal occupant driver coming to work citywide. How can you read this page?

>> So, councilmember, if I could make sure I understand. Are you asking what it means to percent of non-single occupant driver?

>> Renteria: How do you get that data here.

>> How do we get the data? Okay, thank you. I believe that data comes out of the federal census information where they're asking people how they got to work and estimating it on a year to year basis. So when you see actual, that comes out of the census. The journey to work census. And then it's estimated for in between years.

>> Renteria: So you have eight employees right now that puts this data together and you're gonna increase it by one person for next year? Is that what these guys do?

>> That is correct. It's putting one more person into transportation demand management to encourage more people to diversify their travel means, remembering if we can get a person out of their car they're making room for the next person that can't get out of their car.

>> Renteria: So these people put all the information in and --

>> They also go out and actively promote alternative means of travel. They actively go out and work with companies to understand how their employees commute to work and then get them to do programs such as the employer shuttle that's getting ready to start this next month through rmi.

[1:56:42 PM]

There's three companies in the near west side of downtown that are hiring a private transit shuttle to move employees from the transit rail station over to their community or over to their employment sites. And so that directly reduces the number of vehicle trips on the road so that's what that person does. A variety of things, yes.

>> Renteria: Okay. Thank you.

>> Mm-hmm.

>> Houston: I just had a senior moment. I think it was about councilmember troxclair's question about the vision \$015 million. Is that for all product or do you say that includes some other things?

>> I think it's mostly product. There could be some other costs in there. I don't know off the top of my head.

>> Houston: Could you let us know?

>> Sure. That's with regards to the proposed bond, of course, I'll work with Robert to provide that information.

>> Mayor Adler: Ms. Garza.

>> Garza: I appreciate the -- the -- I'm having a senior moment too, and I just turned 40.

[ Laughter ]

>> Mayor Adler: I didn't say that, by the way.

[ Laughter ]

>> Garza: That's when it starts.

[ Laughter ]

>> Can't bleep it either.

>> Garza: Oh, how it was laid out that -- a very small portion of your revenue comes from the general fund, but that being said, I know -- I know you understand the pressures we face in all the needs that we're trying to fund. Is there anything that prevents any of these other -- any of this other revenue from funding what is being funded by the general fund?

>> So the transportation user fee is the most restrictive because of the way it is structured, it has to be used for mobility. So direct mobility investments.

[1:58:43 PM]

That includes the employees who look at traffic and operations and fund that activity. And that is the primary fund source that funds our enterprise department. The parking funds that we generate, the parking revenues, because, again, they're a little less restrictive but still restrictive in that we need to use those funds for elements that improve circulation in and around the parking management districts and go to improve the pedestrian environment because those same customers are moving between their parking and somewhere along the street. Where of course the costs there, enforcing the meters or doing the business of the parking pard. The general fund that we get, which is less than a million dollars, and I understand why you're asking me -- we get asked this every year -- really pays for thefts we have -- activities that we have no other fund we can bill it too. Remember council waives probably more than that million dollars or close to it in fees every year, whether it be development through existing transfers of the right-of-way fees or through special events, waivers, and so forth. So part of that general fund also reimburses a enterprise fund for those lost revenues too. So I don't know -- we certainly take direction from council. I think it would be hard to find a replacement for that other than perhaps not doing those activities.

>> Garza: I guess a different way

>> Garza: If for example something you are funding through parking fees, any of these other, is not approved could what is funded by the general fund be funded by something else?

>> No.

>> Garza: No?

>> No.

>> Garza: Okay. So none of these -- if parking fees -- if nothing was funded by parking fees, so we have \$10 million in parking fees, you're saying that whatever is funded through the general fund parking fees, that extra 10 million could not cover.

[2:01:01 PM]

>> I think it's an appropriate question to ask of legal because it is regarding fees and how we can spend fees and so forth. And so I think that would be an appropriate question.

>> I'll take a stab at it, although I'm not legal. When we establish fees, parking fee, there has to be a nexus between the service we're providing and what we're charging. And so the staff that you are paying for out of that fee has to be associated with it different than tax dollars. Tax dollars there is no nexus between what you are getting and the tax dollars. You you can use those on anything. So these handful of things that rob talked about, there's no nexus between those functionalities and what the transportation user fee is being assessed for or what the parking permits -- or parking fees are being assessed for so that's why they need to be tax supported and the general fund is the source.

>> Garza: All right. Thanks.

>> Mayor Adler: Mayor pro tem.

>> Tovo: Thanks. And I was -- I had noted that too and I wonder if it's -- I may still submit a question about it. I would like to know exactly what that amount is of the general fund and exactly what is being funded and then we can do what you suggested of -- I believe that you've evaluated it and whatnot, but I think that would be interesting to know what are the activities being funded out of the general fund.

>> And I would say at one time that general fund transfer was in the several million dollars and we have trimmed and trimmed and so this is as low as we've in the past been able to go and that's why you see a steady state, if you will.

>> Tovo: And then I had two other somewhat quick questions. One is on page 279 in the budget, it talks about an increase in lease costs for the lcra building and one Texas center. Now, I know lcra is not ours obviously and so we have to pay the lease cost, but how about one Texas center?

[2:03:07 PM]

Since the city of Austin owns that can you explain why your rent is going up?

>> Yeah. Let me answer lcra first. We have negotiated to take the rest of the building. When we moved into the four and a half at lcra, we had 50 employees, we now have 90 employees in the same space. I can show you pictures of people sitting two and three deep in cubicles right now. It was an opportunity came up to lease the rest of that building and so that's the increase mostly in cost for lcra. It gives us a place that we can be housed for several years while the city works its issues out at OTC. At OTC, I don't believe that the transportation department has enlarged our space. My understanding the way that's calculated they calculate what it costs to maintain that building every year android it by the ftes that are located there and just distribute it out. That would be something that I would suggest if I could get you information back on, but my suspicion is their costs went up.

>> Tovo: I guess it would be interesting to know how much of that lease cost increases for lcra versus for the one Texas since they are combined in the same budget.

>> It's almost all lcra.

>> Tovo: Thank you. That's helpful. And then on page -- well, you've addressed it in your overhead as well. On your overhead you talked about the increased services associated with transportation network companies. And I see in the budget on page 280 there's also an off set with the increase in revenues, but can you help talk us through a little more about why -- are we off setting all the increased costs with the fees that we're assessing?

>> Yes, ma'am, we anticipate that we will off set the costs. This first full year -- this next year it's hard to estimate what the costs will be and so we tried to be conservative in terms of estimating the costs and the revenue we need so that meant we need to put more budget there just in case.

[2:05:20 PM]

When we started that process, we thought our costs were going to be much higher, but I think that there's an opportunity to look at buying some technology off the shelf that would allow us again getting back to this idea of making it seamless, right now when a driver wants to drive, they need to register with us, they need to register and get their fingerprints done and register with a particular tnc to operate. The software I would like to contemplate this year and this budget would allow us, when you sign up with us, you automatically are signed up for an appointment and a third party to go get your fingerprints, automatically signed up with whichever -- you know, notify whichever tnc you are interested in driving with that you are interested and that it just smooths all the way through. This is not a thumbs up, this is just a separate management software that also gives us information back and makes it easy for us to report. So I would hope that this first year is the budget I have suggested because I will need some new officers to manage the -- and enforce the regulations, but that future years we might be able to cut back on that some.

>> Tovo: So any costs that are in this budget are for the administrative side of the city for enforcing all the regulations with tncs.

>> Yes, you are absolutely right, but that's the newest change, so yes, ma'am.

>> Tovo: But there were others and I assume they are enforcing those as well. And then lastly I guess somewhere on maybe it was your presentation you talked about the revenue based on fees generally. And I just wanted to know how recently your department had done a cost of service study. To make sure that we are collecting 100% of the costs associated with providing that service.

>> Right. It's probably been a couple of years since we've done a full cost of service analysis.

>> Tovo: How many, like two, five, ten?

[2:07:22 PM]

>> It's been at least three years.

>> Tovo: So I missed development services this morning unfortunately and I don't know if this came up or not, but I did have an opportunity to talk with Mr. Gonzalez after one of our last sessions. You know, they haven't done a cost of service in one area in a few years, but they did do -- I'm starting to sound like I'm going down a rabbit trail. They do have more recent costs from 2015. I'm just doing this off the top of my head. But I wondered if you couldn't extrapolate, if our 2015 study shows it's increased by X percentage why you couldn't apply that same percentage for a more conservative or lower number back to those other fees that haven't been reassessed while we're reassessing them. My question is could we do something of that sort? Could we assume the costs have probably increased about 10% and then have you do the work that would back up that -- you know, and tell us whether it's 10 or really 30?

>> We would have to work with budget. I don't know how long that would take, that effort would take, but if that's a question you're interested in, we can certainly figure that out.

>> Tovo: This is sort of a general question. Do you believe the costs have increased in the last three years of providing those services for which you are collecting fees?

>> Absolutely. And I think we've tweaked those fees every year. We came and talked about increasing parking costs so earlier when I said no, we hadn't done a cost of service, implicit those decisions to come to you for any increases were an analysis of what it was costing us, but we've not done a comprehensive every single fee cost analysis but I think that would be something we would be interested in doing. Whether we could assume 10% on the rest of services --

[2:09:23 PM]

>> Tovo: I was using that as an analogy. If there is a very conservative percentage that you know it is far in excess of that, but that's a -- some starting point.

>> If you will allow me to respond to that in questions and answers.

>> Tovo: And I understand you haven't done the analysis, but seems to me costs are going up in all these areas and we ought to build in a really conservative percentage increase, especially with regard to right-of-way fees because not only are those -- I mean it does provide -- it does have administrative costs involved in those right of ways, also very often makes it inconvenient for people working around those right of ways closed. I sure want to see the city collect 100% of the costs of administering that program.

>> Okay.

>> Tovo: So I think that's it. Thanks.

>> Mayor Adler: Ms. Gallo.

>> Gallo: I have questions and the first is just to follow a little bit on mayor pro tem. So I'm looking on page -- slide number 7. And it's the parking management funds. And it's showing that .9 million, is that the projected total income that would come into that fund from those different revenue streams of parking meters, tax cab permits, chauffeur's license, tnc fees, spurs programs?

>> Yes, that's the increase -- campus.

>> It's the increased revenue. Year over.

>> Gallo: So because we are now -- I think August 1st was the threshold for the tnc fees being paid so this next budget cycle we will have a complete budget year that those fees would be increased. It just seems low to me.

>> So we have not collected funds from the tncs yet. They have until the end of the year to do that. That is our next set of efforts, but, again, tried to be conservative in estimating what our increase would be here.

[2:11:33 PM]

>> Gallo: And being conservative would be --

>> Probably on the low side.

>> Gallo: But I'm just trying to get an idea of what the analysis for being conservative is. So if the tncs were to pay the fees that you feel like based on the number of drivers or cars or income that they are looking at --

>> That number would go up. And so when I say conservative with regards to revenues, we try to estimate less than we think we'll really get and when it's expenses we try to estimate we're going to be a little higher, a contingency higher than what it will actually cost us.

>> Gallo: It just seems to be very conservatively low.

>> And that because it fluctuates so much we really are -- I guess tentative is the right word about, you know, projecting huge increases.

>> Gallo: Remind me again, the fees are collected based on the prior operations. So when you collect the fees at the end of the year, that will be based on --

>> How many rides they do.

>> Gallo: Backwards. We will have some pretty active festivals and things that would come forward in the fall. Would that -- that would be money for rides for the entire year or just for that quarter?

>> The whole year. We would look to go back to the date at which council gave us the full authority to collect them and so that's the date we'll go back to you.

>> Gallo: Thank you. Then my second question was regarding the quarter cent fund. So where is that reflected? We are very hopeful that the allocations and expenditures for that will be -- will be made this next fiscal year.

>> That's part of the capital budget and so we don't divide out what, you know, portions of the appropriations or the expenditures are, but we have a spending plan of 8.3 million.

[2:13:35 PM]

Some of that is quarter cent.

>> Gallo: But it's included in the appropriation.

>> Yes.

>> Gallo: Okay. Thank you.

>> Mayor Adler: Anyone else? Ms. Garza.

>> Garza: Following up on a question that mayor pro tem had --



>> Can I go back and respond to something councilman Gallo, smarter staff than I said the quarter cent is not shown in the 2017 spending on or appropriations, it's separate and we'll get that information. It's not included in this number. It's a separate expenditure.

>> Gallo: So the income amounts from that -- so the amount that we have to spend is not shown.

>> That is correct.

>> Gallo: The expense is already shown somewhere in your budget. You've got a list and y'all are salting evaluating those for costs? You were bored sitting back there anyway. You want to come up and talk to us.

>> James, director of public works. Public works oversees the quarter cent program. The quarter cent program is separate than what you see in your Normal budget either operating or capital. So it's not reflected the expenses. The expenses are focused mostly on outputs and outcomes and our plan is come in the mobility committee and give an update on the progress and forecast where we're doing the work next year so you can see where that's being done.

>> Gallo: Thank you. And we are anxiously looking forward to that because we definitely want to spend it quickly.

>> Yes, ma'am.

>> Gallo: So the question is if the income, the capital amount to be able to cover the expenses is not shown anywhere, is the expense shown anywhere in this budget?

>> No, ma'am.

>> That is tracked separate because the income is already collected.

[2:15:36 PM]

And what we do is after we do the expense each month, what I sign off on and review is we send an invoice back to cap metro, they -- each year we do a tremendous-up based on what we spent. That's separate in the budgets for either of the departments but it comes in through the city.

>> Gallo: Thank you very much. I just want to make sure the expense weren't showing up somewhere, but sounds like neither are. Great answer. Thank you.

>> Mayor Adler: Thank you, James. Anything further?

>> Garza: The cost for the chauffeur fingerprinting, it says printing tnc cards, is that -- what fund is that coming from?

>> So it's out of our parking management side of the fund. So the fund includes --

>> Garza: Not from the general fund.

>> No, no, the parking management fund includes taxis and ground transportation. A little bit of a misnomer.

>> Mayor Adler: There are a couple innovations in the community [inaudible] Innovations that I know you are aware of. I've read in the newspaper the bridge looks like it's coming to town. Have you had a chance to reach out to them to see if there's support?

>> Yes, mayor, we have sent out an initial communication that we are excited that they've announced that they are coming to Austin. We would like to work with them to make sure they are compliant with our regulations. Council actually did create a private shuttle category several years ago. We've not had a company take advantage of it. It has what I would call simplified criteria for getting certified that are most similar to tncs, they are pretty close. And so we've reached out to them as well as chariot who is also looking at a potential startup and so yeah, we're trying to encourage those.

[2:17:37 PM]

>> Mayor Adler: And so for people here, for the community to know what that is, because I think it has great promise or potential.

>> Yes, it does.

>> Mayor Adler: It is kind of a tnc for buses where someone says what their location is and where they are trying to get to and a bus, a small bus that is generally located where that person is and generally headed to where that person wants to go comes by and picks that person up, they get on the bus and it continues to pick up people as it's traveling and in realtime its route is adjusted based on who it is that has gotten on to the bus and who is getting off. The ability for it to pick people up where they are and take them to where they want to go exists. It is in the markets where it's being tested significantly cheaper than a tnc. It's like a couple dollars to be able to travel so it has great promise. And in a city like Austin where we're dealing with difficulties in the first mile and the last mile, it's the potential to pick somebody up where they live and not take them where they want to go, but pick them up where they live and take them to where the transit line is running. So it could be a relatively short hop from their home to the transit line where they can get on a bus if there was a bus running frequently, as well as the ability to take the bus in to wherever it is that they want to go, which doesn't get them quite where they want to go to and then to get one of these and for a couple dollars to get to where they get off the bus to their office or to where they work. Again, at a relatively low price. I'm excited about those and I would like us to be doing what we can to facilitate their entry and their testing in our market. They are

not in but a handful of cities. So the fact that they are coming here to test it I think is a real significant thing.

>> Yes, I agree. The first implementation will probably come in the next month and a half as a soft launch.

[2:19:42 PM]

That will be an employer paid shuttle so that is not regulated by the city. If a company hires a private driver that's not regulated by the city, but they've indicated that after they get up and operating and sort of get their logistics down that they would like to crowd source that to the public and at that point they would look very much like a vehicle for hire and fit within a regulation. Again, I think we're working on regulations for ground transportation services right now. I think that they will converge around the -- what I would call a simplified efficient process that we've used for tncs. And so I think those requirements will converge.

>> Mayor Adler: That's exciting and the other one I think is exciting pope in -- potential in the city, set up a system thumbs up to be able to drive the level of drivers that are voluntarily getting fingerprinted to help the city reach the numbers that we've indicated we need to get to. My understanding is the thumbs up concept which was launched here applied for a three-year federal grant to make that work, competitive grant and I think they may have won. If that's the case they may be able to help with costs associated with that and gear up. So you might want to reach back out to them because they may actually be capitalized now to make that process run which would be real exciting.

>> Yeah, and that would be exciting. The concept of a potential driver being able to say yes, I'd like to drive and register with the city and then that automatically give them the ability to schedule their fingerprints, schedule their required issues. Even down to contact the tncs you want to operate with I think could be very seamless and very efficient.

>> Mayor Adler: Yes, mayor pro tem.

[2:21:44 PM]

>> Tovo: That's really interesting news. I appreciate you sharing those examples that I wasn't aware of. I just wanted to say thanks to the staff. It's been extraordinarily interesting and busy year with regard to transportation and I want to thank you for all the work you've been doing. Yesterday a read how Austin has become such an interesting example of a place where innovative startup transportation network companies are coming and are really finding a very -- a very attractive market and one where they can

really be successful. So the story in Austin is really, as you know, being watched all over the nation. So thank you for all the work you are doing and facilitating things for those new companies to come in here and be able to serve this market.

>> Thank you.

>> Mayor Adler: As long as we're sending up thanks, I also want to thank you for the amount of time and effort gone into supporting this bond proposal. Over the last four months. A lot of different scenarios that council was asking you to take a look at, pulling together what was the most appropriate and strategic thing for us to do and the continued support associated with that as well as the anticipation for figuring out how to manage and do this program in eight years should the citizens vote to do that and coming back as you will be on the schedule to council with the path to get that done. Thank you for that.

>> And mayor, that thank you really needs to go to Robert because he's really spearheaded it, but it's not just transportation, it's cpio and certainly public works and watershed and others have all been very supportive. So --

>> Mayor Adler: Thank you for that. Anything else here?

>> Houston: Just comment, maybe that's why some of my questions have been put on the back burner.

[2:23:48 PM]

I'm just figuring that out. You guys have been busy doing other stuff. I'm going to start trying to get them to the top of the list.

>> Thank you.

>> Mayor Adler: Anything else? Thank you. Mr. Van eenoo, we're back to you.

>> We have three departments left and next up is the public works department. And we have Robert Hinojosa and James snow here to make that presentation.

>> Good afternoon, mayor and council. Robert Hinojosa, interim director for the public works department. With me is James snowy, you met him earlier. He's a key to our plucks. He's over our business enter surprises which includes a lot of data and father gathering.

-- Information fathering information gathering. The last few years Howard came with props and really we're just here to present the budget and then take any additional questions. The mission for the public works department is to provide an integrated approach to development, design, construction and maintenance of the city's infrastructure system. Support exceptional quality of life in environmental sustainable manner. And really in -- I guess in a nutshell we do the maintenance for our roads, we do project delivery for our capital projects, for other departments, and we also have our crossing guards

and our routes to school program. Those are our three basic functions that we have. Some of the major accomplishments that we've had in 2015 and '16 are 641 lane miles of preventive maintenance, which are kind of our bread and butter and maintaining our roads. We had 82,000 Lynn your feet of new sidewalks constructed or rehabilitated.

[2:25:52 PM]

559 curb ramps that were constructed. We trained roughly 50,000 school children and we that every year. We awarded actually eight neighborhood projects and four are pending. We completed the jj Seabrook street restoration project. We're in the process of completing the third street reconstruction project from Trinity to nueces. Adopted the sidewalk master plan update and completed the self-assessment with the office of performance management. As you can see on the slide, the public works department has several funds that we use throughout the year to complete our mission. The transportation user fee, the capital project management fee, the utility cut repair fee, expense refunds, some other revenue that we get from other sources, and our child safety fund. Uses of the fund look at several different program categories that we have listed. Our capital project delivery group, which is our engineers and our project managers and our inspectors. Our street preventive maintenance group. Some of the transfers that come into our fund. Minor construction and repair. Support services, street repair, and other operations and then our child safety fund. As we can see, we're proposing an increase in our expenditures and we'll go into a little bit more on that. We are proposing from this to have 15 additional ftes. We currently have 506 ftes.

[2:27:59 PM]

Some of the budget high lets in 2016, department realignment programs and that's just basically moving staff around to where they appropriately fit into the programs. We have a net increase of 15 new positions for a total about \$1.1 million. We are -- we will consider a mid-year budget amendment for any additional positions should the 2017 mobility bond pass. A breakdown of the positions that we're proposing on the public works transportation fund is eight positions to address our utility cut backlog. Six positions for street maintenance. Two field engineering positions, one field service support position. Further \$2.1 million increase in the preventive maintenance contracts. And \$.7 million in our bridge maintenance, asset condition and milling and trucking support contract. It is good to point out that all these positions that we're proposing are really for our field services. Excuse me?

>> [Inaudible].

>> Did you say field or fuel?

>> Field. We do have a reduction of full time ftes. We transferred two ftes. To another department. We have a vacancy rate as of July of 8.7%. We've actually come down a little bit from that since that time. Some of the capital highlights that we've accomplished in 2016 is the Dell Robles, third street reconstruction, mopac mobility, tadessi and sidewalk improvements, the neighborhood partnering program.

[2:30:18 PM]

Key projects coming up, Justin lane street reconstruction, Rio grande reconstruction, Colorado street reconstruction, upper boggy creek trail, violet crown trail, quarter cent sidewalk improvements, Ada and sidewalk improvements and 16 various neighborhood partnership program projects. Am I going too fast?

>> No, you're fine.

>> Our rate and revenue highlights. We are requesting 7 million additional dollars from our revenue from the tuf increase. We have \$3.6 million increase to accounting changes and revenue recognition. And our capital project management fund, \$1.8 million and \$.9 million in Fran cheese and development fees. An increase from the general fund of \$.4 million and that was mostly to assist in the increase in salaries council had previously approved. This next chart at the bottom is something you saw earlier from the transportation department, the potential increase to the transportation user fee. Some of the challenges that we feel on the horizon are aging and expanding infrastructure. Some of the reconstruction projects that you see is probably the last capital funding that we have for reconstruction of our streets. Sustainable funding model for project delivery. We're in the process of changing our project delivery model to draw from our key customers and we've already met with them and they are in general acceptance of that. We are also evaluating facilities, some of our field facilities are very dilapidated and we're looking at seeing how we can improve some of those facilities.

[2:32:22 PM]

Our data management and quality time lines, we're starting to use a lot of the data we are capturing to make some decisions and plan some efficiencies. So that -- that concludes our presentation and we'll address any questions that you may have.

>> Mayor Adler: Any questions? Mr. Renteria.

>> Renteria: Yes, you know, in my district right now there's a lot of construction going on because a lot of new apartments are coming up and, of course, they have to do the infrastructure so they tear up the

streets, and some of these streets, even though I guess they are obligated to just fix what they've done and not the whole street, you know, it looked like just a bunch of speed bumps and -- in the streets. Are they required to do anything more than just -- and do you all really go out to inspect to make sure they did the job right?

>> If it's a private development, a private development that does have inspectors that are supposed to go out and make sure they are repairing that infrastructure within the specifications. So if that's not occurring, you can certainly call us and we can go and work with the permitting department and figure out what's going on, why they haven't done that. One of the things we do to keep up with the conditions of the street is that we do a condition of half the inventory of our streets every year. That way we have a current condition of the streets. So every two years we will have a complete inventory commission and that's what we use actually to spend the maintenance money. So we can look at things very specifically, give us a call and we can work with our partner departments to see if we can make those corrections.

>> Renteria: And do they pay a fee to the city? Because I know that the job that they do afterwards, even though it's up to spec, it's never going to be up to how the original street was until it gets completely redone, but I was wondering do they pay the costs for you all to go out there and do all this inspection?

[2:34:31 PM]

>> They are supposed to repair it to where they have minimal impact on that street. One of the things we do with our own departments like Austin water utility, we will partner with them if they are tearing up a street to remove their leans or services to replace them. On the private side it's a totally different situation. But we do work we goly with a permitting department and our permitting inspectors to make sure that they do it under the specifications we expect. Call us or send us a question and we'll certainly look into that more specifically and see what we can do about it.

>> Renteria: Okay. Thank you.

>> Mayor Adler: Ms. Houston.

>> Houston: Thank you. Thank you for being here. You inherited me and I'm sorry about that, but --

>> It's our pleasure.

>> Houston: But when these kind of things come up, this is the time that I can ask questions about why does it take so long. Last year I started talking about bicycle -- bus pads on martin Luther king on the north side of mlk at the golf course. And your predecessor said, well, that's not a problem, we do that all the time. I got with capital metro, with txdot and here we are a year and a half later and people are still

standing in the mud or in vegetation when it rains trying to catch a westbound bus. And I just think that's deplorable and it's been like that for as long as route 18 has been there, but I don't know what do I need to do to get bus pads so people are not standing in the mud?

>> Councilmember Houston, that was -- we heard you when you responded to the email. That is a quarter cent project. I am looking into it and see what we can do to expedite it. There's a little confuse as to what the scope was and we're going to get that chaired. But we've got to remember the quarter cent projects were a large number of projects and we -- we committed to do those in two years.

[2:36:32 PM]

We have to phase them in. Some of them are easier to do than others --

>> Houston: I thought we prioritized them, at least I tried to for my district.

>> Some will take longer to get to the resolution. We're looking at yours specifically because we did hear what you said. I'll get back with you. I haven't forgotten to have that conversation with you. More definitive when we're going to get to it.

>> Houston: I think councilmember Gallo said sometimes it's not the big projects that impact people, it's the small ones. If they can see somebody cares about them and for all these years people have been standing in the mud or the vegetation, parks is going to cut it. It's just such a simple thing to most people -- I hope it gets done before then.

>> If it takes two years, I may not be here. That's something, you are right, we should take care of.

>> Houston: Thank you.

>> Mayor Adler: Questions on public works? Ms. Troxclair.

>> Troxclair: So what is the transportation user fee increase of \$1.25 for public works going toward?

>> It's broken down as following. First \$7 million, of the \$7 million, 3 million is going to city cost drivers which are wage benefit, transfers to city hall. 2.2 million of it is going to the overlay contract we talked about as far as to address with our street maintenance. And then 1.9 million is being utilized for other work as far as Ada compliance work. A couple years ago there was a change in the doj ruling as far as Ada compliance when we do work.

[2:38:36 PM]



And that ruling is that -- initially it was when we reconstructed the street, that's when we have to address Ada issues with the curb ramps and such like that. They changed that ruling two years ago which said any time we do any maintenance we had to do that. So that increased our cost as far as addressing that so that 1.9 is to address that additional cost being brought on to the department.

>> I would like to point out that eight of the ftes that we're asking for are for utility cover repairs, so we go behind the utility to repair after their water main breaks. And they pay for that. The transportation user fee does not pay for those. And that's a big chunk. That's a big chunk of the employees that we're asking for.

>> Troxclair: So, okay. When was the last time -- seems like \$1.75 a month is a pretty big increase. Do you know what the increase was last year?

>> Just one second, ma'am. We actually provided an answer to a budget question from one of the offices. Just give me a second. I believe it's -- it was on question 32, the transportation user fee history. What we do over 2 last couple years. For the last five years there's only been a few significant raises in the transportation user fee. The last -- the one that addressed completely to output was last year, transportation department regarding the intersections that had dangerous intersections and such that they were doing the signal timing. The years before that all the increases were just based on wage and benefit increases for salaries for the employees. And then earlier as rob mentioned in his presentation, around 2009, 2010, there was two significant increases which addressed the reduction in general fund dollars that was coming to the fund to compensate the general fund that was being purposed someplace else for us to continue services.

[2:40:45 PM]

That's the increase we've had over the last six years. But it's detailed out in that budget question if you would like to look at it.

>> Troxclair: I'll take a look at it. I mean when we talk about, I mean with the homestead exemption we talked about homeowners versus renters and this is the kind of stuff that impacts everybody across the board.

>> Yes, ma'am. One of the things too especially the \$2.2 million contract specifically addressed to both the public engagement that Ed told you one of the considerations that the council -- not the council but the citizens would like us to spend more on is street maintenance. Also it was in regard to the community outreach questionnaire that we do every year. That was also one of the high priorities that the citizens wanted us to address.

>> Troxclair: Thanks. What -- what -- my last question is the vacancy rate. 46 vacant positions. You said it's gone down a little since this was printed. What kind of positions are those? Are they field --

>> So -- see if I can respond to that. Our field positions normally on the highest positions. And one of the issues we have with our field positions is when we post them, they keep filling internally. So we still have a vacancy. So we're in the process of addressing that by creating a career progression. Once we get the career progression going, the way they progress within their group, it will be up to them. It will have to meet certain criteria and then they can move up to the next level. And we're hoping once that kicks in and we started it may be six, seven months ago, we're going to see less of that recycling of positions and people moving up and still having a vacancy. The other portion of the vacancy rate are our cpmf funded positions and those are the ones for our capital projects. Typically we use those positions to kind of weigh out our workload so that's the intent of the weighted model work.

[2:42:46 PM]

So we don't have the workload, we don't necessarily fill them. Then we project out a workload and as workload increases, we'll receive an increase from the water utility, then we start filling those. Those are kept vacant intentionally. They don't impact the general fund. It's within the fund model created for delivery of capital projects.

>> To give further definition, there's 13 positions that are being filled because Austin water's capital program has increased and we're in the midst of that. But last year Mr. Lazarus and I briefed you all that we were keeping those vacant because of the workload for the last two years and now we're having that up spin, especially Austin water which is our largest occur America so we're right now currently filling those positions.

>> Troxclair: But it sounds like there's still quite a few field positions. Does that impact -- do you think the vacancy rate -- I understand the reasoning, but do you think that the vacancy rate of almost 10% impacts the ability to complete projects? When it's field staff?

>> Well, I -- from the cpmf side we manage that. From the field side certainly we would like to have more people working out in the field and we've been trying for years to do that. It's a constant challenge. Some of the things we're seeing is because of the economy in Austin we're having fewer applicants apply for some of these positions. It's not for lack of trying. We've hired actually 60 -- 60 people this year, which is a pretty good amount. We just have that turnover process that we're trying to get a handle on.

>> Troxclair: Okay. Thanks.

>> Mayor Adler: Anything else? Ms. Pool.

>> Pool: I just wanted to ask, with Austin growing as fast as it is, on a net basis people coming into town and people leaving, what is the number now?

[2:44:52 PM]

I think I saw 100 plus people moving to town.

>> I don't have that number.

>> Pool: Something like that. So my question really is kind of on the other side of the coin. Are we staffing you at the level that you need in order to keep up with the tremendous growth that's happening in our city?

>> Well, I think our staffing level is pretty decent. One of the things that we use, we use contracts to balance things. That's the reason we're coming forward with proposal for \$2.1 million or so for our overlay contract. That's a grade equalizer that gives us a lot of flexibility. I think our staffing is pretty close. I know we're proposing an increase in utility cuts because you had a question we responded to and over the last three years we've seen some challenges and we've got to plan on attacking that.

>> Pool: I just want to encourage everybody who is listening and all of us here making decisions on our budget is that we -- one of the things we have to do is make sure that we staff at the levels and give our employees the tools that they need in order to continue to provide top flight services throughout the entire city because when people move here, that's what they expect. And we can do no less. So I just want to make sure that we're all mindful that when we add ftes, it's not because we're trying to grow or create an empire, it's because the reality is the work at hand and that faces us every day has to be done and done well and we theodasia to ensure that -- we need to ensure that the excellent employees that we have stay with us because their institutional acknowledge and familiarity with processes is really important and you almost can't put a price on that. So thank you. I think being confronted with additional ftes, some people feel like we should not grow government. I think if we are growing it and the size of our workforce it's because the demand for our services is so great that that is -- that's a required response.

[2:46:59 PM]

So thank you.

>> Houston: And mayor, I have a question.

>> Mayor Adler: Ms. Houston.

>> Houston: Thank you. Is there something in your budget about aging infrastructure and how we respond to -- there was a water break just the other day and with this heat that we're experiencing I'm

sure we're going to have more shifts and cracks. Is there something in this budget so we can at least stay even with the repairing of aging infrastructure or at least keep up?

>> Well, the eight positions funded from the utility, they follow them to keep up the water main breaks. Temporary repairs and we follow up with permanent repairs. The aging infrastructure, the way we determine that is we try and maintain our infrastructure so it doesn't get to a point where it's failing. Once it does fail, we have to reconstruct it. When it's a [indiscernible] We start looking to other departments so we can partner with them because they also have aging infrastructure. Our goal is to really get into a portion of a street or neighborhood once so we'll work with watershed and Austin water utility. The perfect example is Justin lane. Justin lane that I think was pulled last week, that's a reconstruction job but also had money for replacement of waterlines and services on the street and on top of that we installed sidewalks. That's kind of how we prioritize our infrastructure is partnering with other departments.

>> Houston: So you have a listing of those that are daf?

>> Yes, we put them in the queue for the next bond packages that are ready to get finalized whenever council decides for reconstruction funding in the future.

>> Houston: They could be in the upcoming bond package?

>> Those are not considered at this time for reconstruction. I think the funding was more for not standard streets.

[2:49:04 PM]

>> Houston: Say again.

>> Nonstandard streets. They were identified by council as streets that needed to be improved.

>> A nonstandard street is a street that doesn't meet a city specification, might not be wide enough, might need to have some things addressed as far as curb and gutter. We've done assessment of our streets, either they fall in condition assessment meaning the pavement needs replaced or repaired or the street itself doesn't meet certain standards that we have identified as what the city standard is for a street. Those are -- those are the substandard streets. We have a list of both.

>> An example north acres which you are familiar with.

>> Houston: Lord yes.

>> That's a nonstandard street because it doesn't come close to meeting our criteria.

>> Houston: But I'm still concerned about that ongoing look at and fixing of the aging infrastructure. Many parts of town are not as new as other and the lines are narrow, smaller. We're having more stuff come through because we have more people now. And so I'm concerned about there's nothing that -- that's identified for working on the aging infrastructure in the city. I mean, I don't see it highlighted anywhere.

>> That would be -- that would be capital projects. These are not --

>> Houston: But I see some capital projects -- oh, capital management fund. I saw capital project, but that's a management fund.

>> Yeah, the projects that I identified were capital projects that we had completed that using some of that process.

>> Houston: Okay. So could you tell me what the D and F streets are?

>> The D and F streets are the way we condition our streets. That's our asset management approach. We figure out what the condition of the street is and decide what kind of treatment needs so like if you change the oil in your car, we keep changing the oil, but after a period of time the streets get to a point where we can't do that anymore because it's not effective anymore.

[2:51:10 PM]

That's when they are classified as D and F streets.

>> Houston: You have that listing for all the districts.

>> Yes we do.

>> Houston: At some point I would like to look at that.

>> Actually we're working on trying to provide all the districts with all this kind of information including our five-year service plans that we do for maintenance.

>> Houston: Thank you. The last question is July of this year the pedestrian advisory council submitted a resolution and they would like the sidewalk master plan to include funding for \$100 million. Did you guys get that?

>> Ma'am, that was part of the consideration in the bond package for the 720 million. We didn't do all 100 million, but the bond package in front of you right now that you are looking at helps address part of that issue that was raised.

>> Houston: Part of that issue?

>> The sidewalk. If you looked at the funding there's a component funding for sidewalks that you had in the resolution. That came not just recommendation -- we did not fully fund the \$100 million.

>> Houston: I just wanted to make sure that they heard that their request had been looked at. Thank you.

>> Mayor Adler: Anything else? Thank you very much. Ed?

>> So we're going to switch gears and have our fire department come up. Our other two public safety departments will present next week but we had a scheduling conflict so the fire department is here today to make their presentation.

>> Garza: Can I ask a question for scheduling purposes?

>> Mayor Adler: Yes.

>> Garza: Next -- when the other two public safety are presenting, myself and I believe one of my other cap metro partners has to be at a cap metro meeting so is it possible to make sure those two are in the morning?

[2:53:22 PM]

It looks like they were, but --

>> We can certainly --

>> Garza: Thank you.

>> Public safety in the morning.

>> Mayor Adler: I don't think that would be a problem.

>> That's when we have them planned for the morning anyhow. Municipal court, emergency services and police.

>> Mayor Adler: They are set now for the morning.

>> Garza: Okay, thanks.

>> Mayor Adler: Just so there's not a problem, let's move municipal court to third and we'll lead off with ems and police and then do municipal court.

>> Are we good to go? Good afternoon.

>> Mayor Adler: Good afternoon.

>> First thank you for accommodating the schedule change. The reason I asked for that schedule change is that next Wednesday I will be facilitating the opening general session of fire rescue international as one of my last official duties as the president of that organization. So I appreciate your accommodation. Which one do I want to push? So that's start out with the department overview. I don't need to read you the mission and some of those things, but I do want to talk about a couple of those key performance datums that are in there.

-- Data items that are in there. The important one is percent of emergency incidents where we respond to 90% of the time the first unit is on scene in eight minutes or less. And you can see that our estimate for this year is at 85% and 15 was 85 and projection for next year still at that 90%. And then another important measure there is the percent of structure fires that are confined to the rule of origin.

[2:55:23 PM]

What that really means is if there is a fire in an apartment building for example and there are eight apartments upstairs and there are eight down below and the fire begins in an apartment in the middle on the second floor, and we can find that -- can fire that fire to that one particular apartment, that means all the other apartments should be livable. Or if it were in a commercial structure, a strip mall and the fire occurs in the middle and we contain it to the room of origin, that means all those businesses are probably open later that day. And so it has a huge impact on the economy and how people are able to remain in business or go about their lives without such disruption. Then the number of unintentional fire deaths. Obviously I am working and have been working since day one to get that to zero. And it's a part of we all have to do our part. The community does, we do, as the fire department part of our community outreach is about installing working smoke alarms. And I know that many of you are aware of two fires that occurred within about a week of each other and within about two blocks of each other. In one there was a family of six, the smoke alarms were working and they were evacuated and they lived to tell the story. In the other there were no working smoke alarms and there were two fatalities in that particular fire. So I'm constantly working to try to get that down to zero. We were trending at six when I first got here. We have been getting down, unfortunately last year we had five. This year we have four so far and obviously my goal is zero for infinitum. And that kind of ties into the number of free smoke alarms that have been installed and our goal -- I was told just yesterday that we were -- that we are 40 smoke alarms away from our 2500 goal.

[2:57:30 PM]

So and I think we'll probably exceed our 2500 goal because we still have a little bit more time in this year, but I am very pleased with that number and it's a collaboration of effort. Sometimes some of our

community members and some of our community groups as well as our community outreach group as well as our operations firefighters. And I'm going to take a minute to tell a quick story. I got a note from a woman, an older woman and I only say that because she told me that in her note and she just wanted to thank me and ask knee to thank the firefighters from a particular company that went to her apartment or her home because her smoke alarms were beeping and she thought she had an emergency and what she really needed was new alarms. We didn't have any smoke alarms on the truck, they went to Home Depot, bought the smoke alarms with their own money, went back and installed them. I can hardly say this without getting choked up, she said in her little note that was the nicest thing somebody has done for her in a very long time. I always tell that story to those cadets that are sitting down in recruit school right now, I tell them that's what it means to be an Austin firefighter. I just want to share that smoke alarm story with you, we are making progress and it is making a difference. The number of fire technical inspections, and those are the ones done by the fire prevention department. They are not the ones that are done by the in-service companies. And there is an increase in the number of that's fy 16 estimate on that document. When we prepared that document, that was the number we had. It is actually closer to 13,000 as will be our fy 17 projected number. And the challenge for that is that it's going to probably remain steady at about that 13,000 because even though with the expedited plan review, we feel that -- Dallas has said it has added about 600 more inspections and we're just -- we're currently at our level staffing and at maximum capacity at about 13,000 technical inspections per - or at least annually.

[3:00:02 PM]

And then one other thing, I think some of the major accomplishments that I do want to talk about, first of all, is, just recently the city of Austin was awarded a fire protection rating of a class 1, and that means that it impacts insurance rates. So anytime somebody asks for a quote, the insurance company use a formula, and in that formula is our insurance or fire protection rating. 1 is the best that we can get, so that impacts the insurance rates or premiums, not so much -- you won't see a big difference in residential because we were 2 and we only went -- we increased by 1, but in commercial rates, going from a 2 to a 1 does have an impact, and it will have an impact on commercial and large property rates. The other thing, we launched a fire community advisory board, what we call fcab, and that's going to help provide us year-round residential feedback on programs and things that we think need to be done. We've been meeting quarterly, and they've been very helpful and informative in some of the things that we can do to help in the community. And then we adopted the national fire danger rating system. You may have seen those signs that are outside every fire station. And each station, we put what the fire danger rating is. That's to help our community be involved and know what that is. And then, finally, we graduated 63 cadets in two different training a academy classes, and that occurred in class number 117, in class number 118, and that occurred in the fall of '15.

>> Go ahead.



>> [Off mic].

>> One is the highest. So we improved.

>> Okay.

[3:02:03 PM]

>> Our insurance premiums should --

>> Drop.

>> -- Drop. That's correct.

>> Thank you.

>> The higher the rating, the lower insurance premiums should be.

>> Thank you.

>> It's a good thing.

>> Oh, Ms. Arellano just asked how many cities had that classification. My understanding, there's only about 26 cities in the United States that currently have a class 1 iso rating. Insurance services organization rating. So next are department uses and sources of funds, and I mean I know that you can read these things and you've seen these for every single department, and you're going to continue to see more. I just want to mention that there is an increase of three sworn positions for the fire department next year. Those are all at the airport, and those are all funded through the airport, and then there are nine civilian increases. Two of those are engineers, and those are going to be funded through development services. The expedited plans review process. And then there are seven positions that have been long-term, temporary positions, that have been converted to full term and we have received the funding for just the benefits. Those are all in support services in lower level positions that support the fire department, administrative type positions. And I think on the numbers there, the charts, it's pretty -- just shows pretty much what everything is. The only thing I would say is that on the support services transfers and other requirements all the way to the right, the majority of those are transfers to things like ctm and some of our other departments that provide support to us. Some of our budget highlights, obviously, you are -- well, I shouldn't say obviously, but I think that you all are aware of our increased overtime, the fact that we currently have about about -- about 134 vacancies.

[3:04:19 PM]

We have people off on full-time military deployment so that leaves us with about 138 vacancies. We have an increase of three million dollars to help us cover that additional overtime for next fiscal year. We annualized the personnel cost that are related to opening station 46 or the shade oh hollow station, and that's that 1.3 million. And then the funding for the three new firefighter positions at the fire station at the airport, again that .3 million, covered by the airport, and .2 million for the funding for the two engineer B positions, and again that's covered through development services. The conversion of those seven civilian positions that I just mentioned, and that's benefits only that wasn't salary, so that's just .2 million. And then the last was the increase in the contract costs for things like our bunker gear, the Lucas device, which is -- the Lucas device is a mechanical chest compression device that we use when we administer cpr. And the cardiologist, hose testing, some of those -- professional development and some supplies at .2 million. And then the one thing that is not on here that I did want to mention is that we have an additional \$1.7 million in capital, and that's to add to the current almost million dollars, and those funds combined will do our self-contained breathing app -- self-contained breathing apparatus replacement beginning september-october. And I do want to thank the budget office and the cmo's office for their support through this budget process. You know, it's been challenging, but we appreciate their support and our ability to accomplish some of our main goals.

[3:06:21 PM]

And I did already mention about our sworn vacancy rate, that the numbers, the percentages there that you see, certainly in fy16, it was almost 12%, and this year again it's close to 12%. 134 vacant positions, plus the four that are on military deployment. We currently have a class that started on Monday, on August 8th, of 30. We have another class that will be starting on October 3rd of 29 personnel. And we are hoping to process and start two more classes in early spring of next year. Our civilian vacancy rate is very low, and it usually is. We have a low number of civilians to start with, and we currently have two positions vacant. One is an admin supervisor, and the plan is to convert that to a psychologist. We have found that we have one psychologist that is overloaded with the hiring process for both us and for ems, so this is supposed to be a shared position between fire and ems. And then the second one is the engineer B, and we are currently in the process of filling that one. So some of our capital highlights, you can see the dollars there, what's been appropriated and what the spending plan is, and the key projects are the onion creek fire station, and that's not designated to be completed till spring of 2018, and right now there is no noticeable progress on that project. And then the other thing is facility modification projects. There is some progress and it's currently being worked on, the Shaw lane and pleasant valley field and towers. Shaw lane, the parking lot is torn up and being resurfaced.

[3:08:23 PM]

The fire station driveway continues. Finally, the women's locker room project, there's two phases left, phase V, and we have been challenged with getting that project started, and I don't have the control over that. These are all public works projects. And then phase 6, we have identified 1\$00,000 of cip funds that we can begin at least the design phase in looking at how we complete phase 6 for fiscal year - - we're going to begin the design phase in next fiscal year and hopefully we can get those done and completed, you know, within the next fiscal year '18. And I will tell you it's a huge challenge, and I understand it, and I apologize to all the women in my organization that we can't get that done. And the next is some of our horizon issues and challenges. Our sworn staffing and our workload. Again, we struggle with high overtime costs in order to cover vacancies and maintain the four-person staffing requirement. As I told you, we had a class that started Monday, and we have another one October 3rd, followed by two in early spring of next year. I do want you to know that our retirement rate, attrition rate is about five per month. So when we start a class with cadets, cadet class of 30 or 35, then by the time that they finish cadet school seven months later, our vacancies are at 35. So we are working very hard to get enough people through class and get us staffed up completely so that we're not always behind and we're not always 130 people short, or more. And part of the challenge has been with the department of justice, and we're under their scrutiny, and so we're at their mercy in some cases.

[3:10:24 PM]

And that's what the delay in hiring these classes and getting them started has been. Some of these individuals, were on a list in 2012 and we're now just able to get them hired. Some of our facility needs - - and you've heard me say this about the new fire stations, to support the growing population, we are also doing some deferred maintenance at existing fire stations. Some of our stations are, you know, 112 years old, and I don't know all the numbers, but many of them, there's several that are at least 80 years old, and then about half of them are 20 years or more older. And, again, the facility needs -- the last thing, of course, is the women's locker room project, phase 6. And that's it. Thank you. Yes, ma'am.

>> Tovo: Councilmember pool.

>> Pool: Thanks, mayor pro tem. Thanks, chief, for the report. I was just curious. Some of the women firefighters have contacted our office and they're concerned about the progress on the women's restrooms and locker rooms, and thank you for your update on that. I was just wondering if you have an opportunity, and maybe you have, to gather the women firefighters together and maybe just have a conversation about it and give them maybe in collaboration with our public works folks, and maybe Lacey Arellano, just to talk about what the status is, how it's shaping up, and what the efforts are, so that -- so that the intent is communicated. I think robustly.

>> And so just earlier this week, Ms. Arellano did bring together a group of public works folks, those from the bond project, those of us from the fire department, and several others, capital office, to try to work out a plan as to how we can expedite the project.

[3:12:28 PM]

But I will take your advice and I will -- and I do plan to, actually, try to communicate with the women about where we are and where we're trying to go, and I -- you know, and I've spoken to some of them individually, obviously, when I get that chance. But I do plan to bring them -- try to get them together as a group and try to communicate to them.

>> Pool: I think that would be really helpful, and if there's anything I can do to help aid in the communication, or just have the discussion, and I think some of my colleagues here probably share -- share the interest and concern.

>> And I'm sure you do. And I know that city manager Ott is preparing an open letter to the women in response to the meeting that he directed be called, and also in response to what the plan is.

>> Pool: That's great. I'm really, really proud of the women who serve -- who serve the fire department.

>> I am too.

>> Pool: They do really good work around I really appreciate your leadership.

>> I'm really proud of all of them.

>> Councilmember pool, again, re Arellano, assistant city manager. We're both focused on this. Over time, we've been following this and there are challenges being able to execute from a construction perspective and trying to see the best balance of specifically addressing the topic of the women's locker room, as well as maybe opportunities to do work at the same time, so that sometimes takes time. But nonetheless, given the certain -- certainly the interest, and as long as it's taken at that point, the council -- the city manager has directed me to get together with the appropriate departments to expedite and get this plan in place so that we can articulate that, not only for the firefighters in the department, but certainly for the council and the public who may have an interest in this. So there is renewed interest, and commitment from the departments, to make sure we can get this done in a significant and meaningful way.

[3:14:29 PM]

>> Pool: Thank you.

>> Tovo: If I could just ask a follow-up, as I know you know, we are all getting lots of e-mails, and I'm getting a lot, especially, because I sponsored a resolution related to restrooms. So I just want to be really clear that I understand exactly what the hold-up is so that I can respond accurately. There is money allocated for the project.

>> That's correct. For phase V, the money was allocated, and it came out of the 2012 bond project.

>> Tovo: And the delays are not for lack of funding, they are --

>> Pool: Scope?

>> Tovo: It has to do with the construction timeline. I mean the construction timeline is the hold-up to getting those locker rooms on the ground. Or the construction timeline -- let me say it this way, the construction timeline is what's dictating the roll-out of that, not a lack of funding.

>> Yeah, I think the bottom line answer is yes. I mean, I think the funding is there. Part of it is the manual, trying to get the information together, and the scoping of I have the in terms of either opportunities to combine projects, and so that is what has contributed to some of the delay. But we are refocused on it, I can assure you, and we will have these -- in fact, we're targeting to possibly come back to council with an rca request for council action here in November -- October -- October or November -- November, excuse me. You have one meeting in November.

>> Tovo: October sure sounded better.

>> Yes. But, again, from the planning perspective, we're challenged even to get to November at this stage, but we're having the team really look and have a focused effort on trying to address this issue in a timely manner, given constraints that we have to go through in terms of providing the council with an rca that can be put on the street for the construction work to hopefully begin at the top of the year of 2017 and get done by the end of 2017, or phase V.

[3:16:30 PM]

>> Tovo: Okay. Thank you. I just wanted to be sure if we're responding to people and saying this isn't a budget matter, this is really management, it's in the hands of management, and you are making it a topic of focus. I just want to be sure that's accurate, that this is not a topic -- it's great that we're talking about it, but it's not a matter of allocating funding in this year's budget.

>> That's correct.

>> Tovo: Thanks. Councilmember Garza, then I have a question on a different topic.

>> If we could just also make sure everybody understands, that's for phase V, so I think we have in the neighborhood of three million dollars in the budget to complete phase V, which would be an additional six stations. That would still leave six stations, phase 6, that we would not have funding for. We don't even have preliminary design work done yet, but really, really, really early estimates is that the final phase, the most complicated and difficult stations are six stations, and that phase could be in the neighborhood

--neighborhood of \$12 million. Phase V, we're good but we'll still have six stations that are not renovated once we finish phase V and we don't have a funding source for that.

>> Tovo: I appreciate that additional information. Councilmember Garza.

>> Garza: On the same topic, somebody who had to wait to use the bathroom and had to lock everybody out while I use the bathroom, I just want to make sure I understand. So for phase V, we've had the funding for four years, and we're just getting an rca because of timeline issues before us in October. Is that right?

>> That is correct.

>> Garza: Okay. So that is not a response that I'm sure that many of the female firefighters will be -- will be happy with, that we've had the funding for four years, and we're just going to now get an action before us, maybe next month. My other questions are related to other things, so if you want to go ahead --

[3:18:36 PM]

>> Tovo: Go ahead.

>> Garza: Okay. The three new positions at the airport, I understand the positions are funded through the airport. What will they be doing?

>> They're just an additional person, one per shift, so that those trucks will now be riding with four people instead of three.

>> Okay. So the airport was exempt from four-person staffing?

>> Yeah. Yes, they were.

>> Garza: Okay. And then the nine civilian -- the nine civilian positions --

>> Yes.

>> Garza: -- Are they in --

>> They should be -- they are -- like I said, two of those are engineers that will -- that are funded through development services, and then I can quickly read those off. So there are, like, store specialists for our warehouse. A planner for finance. A maintenance worker for building maintenance. Two administrative specialists for recruiting, and some of our other support staff. A specialist, administrative specialist for our med ops, and administrative senior for headquarters reception.

>> Garza: So those -- so of the nine, two are funded from somewhere else, but seven are funded through your budget.

>> Through our budget, that's correct.

>> Garza: Okay.

>> And the only additions on this budget were the money for the benefits. Their salaries are coming out of our current budget.

>> Garza: So the seven civilian positions only point -- two million is what that costs for the seven?

>> It's .2, but those are only the benefits. The total cost I think for those positions is about 493,000.

>> Garza: But that's not an additional cost.

>> That's not addition to the budget, that's correct.

>> Garza: Okay. And then you mentioned that, you know, we hire a class of 35, then basically by the end of that class -- why are those classes so small?

[3:20:40 PM]

Why isn't there a class of a hundred and something?

>> Yeah, so our plan is that the next class is 29, and that's just because the department of justice gave us a limited amount of people that we could process in order to stay within their confines of the consent decree. So we did the first about hundred, and we were allowed to do 200 from the top of the list. We did the first 100, and all that finished the clearance process and met all of the requirements were the 59. So those 59 people are one -- like I said, one group of 30 started August 8th. The other 29 will start October 3rd. Our plan is that of the next 100, that we're going to process, that we can get two classes -- we're hoping two classes of 45. I mean, we're being really hopeful that less people will fail to qualify.

>> Garza: Okay.

>> So those things that we do after we start processing them are things like the physical ability tests, so not everybody passes it; or sometimes people don't even show up for the next part of the process as well.

>> Garza: Okay. And then I guess back to the phase 6 issue, my assumption is, that -- so there's no funding now. My assumption would be that funding would likely come from another bond package. Is that right?

>> Yes, I think that would be the -- that would be the appropriate funding source.

>> Garza: Okay.

>> That's how we funded phase V.

>> Garza: Okay. Then I hope as we have these discussions about bonds and needs, that this one -- I certainly will be making sure, and have been, about, in addition to the need for more fire stations, that this really -- this is one that really needs to rise to the top for any future bond considerations. It should have risen to the top this time around, but we are where we are, so -- all right. Thanks.

>> Tovo: Councilmember Houston.

>> Houston: Thank you. I have a question about the airport. So does the airport fund all four firefighters on all four shift patterns?

[3:22:45 PM]

>> The airport pays for the fire service -- the fire protection service at the airport in totality.

>> Houston: In totality. Okay. That's good. Then we've all talked about the bathrooms for females, and I don't know what else I can say except, being one, it's important that -- to me, in fact, it's probably as important as getting some of these other fire stations up. I know we've already committed to a couple, but that's inconvenient and it's -- it's disrespectful for -- and I've been to most of mine. I think station 5 is one, and it's -- that's something that a woman should have to do to work, and so however we need to prioritize some stuff, I think that needs to be a critical --

>> And I just want to say that I couldn't agree more. As the woman chief, and having been in the fire service in 1983 when there -- there weren't even locks on the bathroom doors, that it's -- I agree with you, I'm embarrassed, and I'm ashamed that we haven't fixed the problem. And like I said, I apologize.

>> Pool: Well, that makes me wonder, could we maybe convert some of the restrooms so that the women could use them and maybe let them have priority or something? I mean, I don't know, but can we think outside the box?



>> And, you know, what we have done is, the stations that don't have gender neutral facilities, we have done as much as we can to make them gender neutral. In other words, one case we separated them, you know, so that there was one bathroom on one side and one on the other, one for men, one more women. If we can't do that, we've put locks on the doors.

[3:24:49 PM]

But it still means somebody has to wait, you know, to use the bathroom. Somebody has to -- then as councilmember Garza said, you know, you have to lock somebody else out of being able to use the bathroom and having to wait. So we do -- we have done everything we can to minimize the impact, but we have not gotten where we need to be.

>> Pool: And the change to our policies about gender neutral bathrooms, that does apply to our fire stations, or not?

>> Yes, it does. When we follow what the city rule is about, you know, if there's only one -- the one toilet, the one sink, then, yes, it is --

>> Pool: Unisex?

>> Gender neutral, that's correct.

>> Pool: Okay. And if you have two, they're both separate, and those are also unisex?

>> Yes. I mean, if there's more than one of them and they meet the requirements, they are gender neutral.

>> Pool: Right.

>> Even if there were four or five of them. Some of other newer stations, what we do now, instead of building locker rooms, one that are men's and one that are women's, we build these single facilities, like maybe four bathrooms at the station, depending on the size of the station; right? Each one of those bathrooms has a shower and changing area and a sink and a toilet, so those would all be gender neutral, no matter how many there are at a particular station.

>> Pool: Okay. Thanks.

>> Houston: Mayor pro tem, I just wanted to say something to my colleagues. Some of the stations are so small that you can't really do much with them. And some of them are old. But -- historic.

>> Yes.

>> Houston: Historic. I've got a historic one, ye.

>> Yes. Footprint doesn't allow for a lot of revision, that's why that last phase 6 is phase 6 because those are the most difficult to find a conversion, and that's why they're going to be the most expensive as well.

>> Tovo: So I have a question on another subject. You touched on the funding for the new engineer positions that are going to be funded by the development services.

[3:26:53 PM]

>> Yes, ma'am.

>> Tovo: So these are two new positions, as I understand it, and you're receiving the full costs of those positions from development services.

>> That's correct.

>> Tovo: And so -- and this was really a question I'd hoped I might have more colleagues -- or a point I was going to make when we had a bigger group, but I'll make it now. You know, I mentioned a little earlier the need or my interest in making sure that our fees really match the cost of providing those services, and in part, that's I didn't think it's

-- why I think it's so important we look at development services and fees in there and see if there's an opportunity, if there's a need to increase them, so they're really matching the cost of providing those services, because as we look at, you know, where we have room and the general fund to meet our priorities, development services, is in the general fund, and the fire department is not. So if we're not collecting the full cost of those positions, you know, here's another 163,000 that's coming out of the general fund. So as we move forward and continue to look -- and I know we're all probably spending a lot of time doing that as we look for ways to free up room in the general fund to further fund our priorities. I'm going to be looking really carefully at some of those, at whether we need -- whether it's time to do some fee increases, including within development services, to make sure that we're not -- that we are fulfilling our commitment to collecting a hundred percent of those costs. So it's not exactly related to fire, except it is because it's on your -- it's in your budget.

>> I understand. But some of our fees and our permit fees as such that we do within our own engineering services are covered by revenue. So there is a stream of revenue that comes in. It doesn't entirely offset the costs for those service, but it does offset some of it.

>> Tovo: How come it doesn't a hundred percent offset?

>> I can't answer that question for you right now, but I can find an answer for you. I will get -- actually, I will find what the actual revenue is and what the costs are, and what we charge for and what our fees are.

[3:28:56 PM]

>> Tovo: Thank you. That would be really helpful, and I'll try to remember to submit that --

>> I might add, we received a question I think in the last year or so about whether or not as the Zucker report has done a cost of fee service for development services, the question was asked, when was the last time we've done one in the fire department. And so part of the reason might be that one hasn't been done, and I think we're certainly contemplating doing one here in the near future, consistent with all the rest of examining fees for services.

>> Tovo: And then I guess -- I guess I would -- that brings us back to the question I asked the transportation department, absent a very thorough cost of service analysis, you can probably still make a really conservative estimate about how those costs have increased so that we could justify at least a slight increase in this. I guess that's just my -- my wondering about, at this point. Any other questions about fire? All right. Thank you all so very much.

>> Thank you.

>> Tovo: So onto our next presentation. And so our next and last presentation of the day is the Austin water utility. Welcome, Mr. Mazarros.

>> Is it on? Yes. Greg, director of Austin water here, and Dave, our chief financial officer. So we'll go over our budget. So, obviously, Austin water provides water and wastewater services to the community. Some noteworthy accomplishments for us over the last year are conservation program was voted highest performing conservation program in the state of Texas. We were able to get our bond rates back to stable from several years of negative bond ratings, negative watch lists, so that was an important milestone, and the drinking water plant was recognized as one of the highest performing plants in the nation by the partnership for safe water.

[3:31:08 PM]

From a performance metric perspective, we're continuing to have high water quality, compliance with all of our permits, our conservation program performance as well, wastewater overflows, leak response. We have seen a slight lag in our capital spending, really a reflection of us slowing down some things during the drought, but we're forecasting that we'll get back on track with hitting our targets for capital spending. On the use of fund side, this graph here shows some of our major operating departments, our treatment and pipeline area account for the bulk of our o&m spending. You can kind of see the comparative spending there. Debt service is up slightly from 199.9 to 205, a little over five million dollars

in increased debt service. And transfers and other expenses is our biggest category, and we'll go into that a little bit more detail of what's the major changes there. So on the budget highlights, some of the significant changes -- we are proposing to add some additional staff. We had reduced our staff count throughout the last several years, predominantly in response to expenses. We had begun budgeting for less staff, beef up some staff in our operating department, as our system is growing, we're continuing to add miles of pipe and tank and pump station and our infrastructure, we serve outside the city, which is a part of growing system, so we're needing to add staff to attend to that. We have two positions being added to do expedited plan review that development services is funding. We're proposing an increase in our cash funding for our cip. We cash fund cip anythings in inaddition to debt and want to have a little higher percentage of cash so that's a \$10.7 million increase. As I mentioned, debt service or borrowing expenses are up a little bit, and general fund transfers are forecasted to go to 2.1 million, following our forum of 8.2%, and very small increase in transfers of cash from revenue stability reserves.

[3:33:18 PM]

We're worked hard to manage our vacancy rate. Our 2016 vacancy rate is 4.6%, so I think that's probably one of the lowest of any major department. We've been working hard to keep that in line. Capital spending is always an important part of our budget. We spoke a little bit during the budget introduction about appropriations versus spending. Periodically, we have to have an appropriation, particularly a large appropriation, as we enter into multiyear cip projects we appropriate all of those dollars at once, not just the spending for the year, but throughout several years. So our appropriation is fairly high through this time. But I want to emphasize, appropriations are much different than the spending. The actual 2017 spending on the capital program is forecasted to be a little bit under 165 million, but because we're entering into multiyear contracts for many of our capital improvement projects, we have to have a larger appropriation. Department revenues, you know, as you might guess, the bulk of our revenues come from wastewater and water utility fees. That's the vast majority of our revenues. You can see bar graphs comparing revenue patterns on over the last several years. For 2017 we're estimating water revenues of 29.4, weighs water, 271.5. We have water reclaimed water utility, very small revenues, reserve fund surcharge that we've been building, expense refunds. Other revenue sources would include predominantly development fees, small interest earnings, strength of waste charges, so just gives you a sense of how our revenues break down. Total revenues for 2017 are estimated at 610 million. That's about a \$31 million increase through a combination of a 3% revenue increase, as well as natural growth of our system. Our proposed rate increase breaks down, water is 2.9%, wastewater, 3%, reclaimed water, again very small fraction of our utility, we have been trying to get reclaimed water to a little higher percentage, so it's not as a subsidized utility.

[3:35:33 PM]

I will note for you a specific change in reclaimed water rates for the parks department. We have at council's direction several years ago, we created a special rate that applies only to the parks department, with regards to reclaimed, and we're appropriating a reduction in that rate for 2017. That will free up dollars in the golf fund. They're our largest reclaimed water user, also free up dollars in the general parks budget because they do some reclaimed watering of parks. Obviously, as you heard, the golf fund is suffering. This is an opportunity for us to strengthen the golf fund. Also, they're working with the community partner, first T, which does youth golf programming, particularly for youth that would not typically be exposed to golf. Golf is a lifetime sport. The first T tea group had a practice of developing lifetime sports and this is an opportunity for the parks department to team with them and provide some funding for first tee through this rate reduction. We consulted with parks and city manager's office and are recommending this small reduction in the parks rate. It's really not material dollar to the utility, it's something like \$100,000 of 610 million, so we -- you know, we're recommending this change. In closing, we would note for you some horizon issues. Although the drought has been broken, the Lakes are still at 95%, you know, we don't want to forget our risk in the past with regards to drought, and we want to prepare and be more resilient for the future. I think the council shares that same value, and we've been working closely with the council-appointed integrated water integrated resource planning task force, it's been meeting for with a about a year. I just spent an evening with Charlene, the chair of that committee, we're on the Austin speakers panel. I think it's going very well, and the task force and utility and our consultant are working very, very closely.

[3:37:36 PM]

I think we're going to produce a very successful and innovative plan. You know, the predominant driving force of the utility in rates over the last few years has been financial stability. You know, we've seen per capita water demand drop over the last ten years, 40%, and we've been recovering financially, preparing our utility for that future. We are very pleased, we reclaimed our bond ratings this year, just a few months ago, and we want to continue that. We don't want to get back on a negative watch list. A big part of the 2017 budget is continuing to strengthen our financial metrics, predominantly improved cash balances, as well as improved debt service coverage. We have to continue to invest in infrastructure. The utility owns and operates billions and billions of dollars of infrastructure, and it's -- it ages, it deteriorates, and just to keep up with that kind of -- of depreciation and deterioration, we have to invest every year in that, as well as being a very large growing utility that requires infrastructure investments. So it's a challenge at times to maintain what we have, as well as grow for the future. We're heavily regulatory utility, lots of regulations, and we closely monitor that, and that's always a horizon issue for us as new regulations would come forth, either on the drinking water side or the wastewater side. And here's our contact information. Of course, you know I as director, David Andrews is achieve financial

officer, and our team is available to answer any questions and we'd be happy to answer any questions today.

>> No? Thank you.

>> Thank you, mayor.

>> Houston: Mayor, this might have been a great time for you to come.

>> No, no, wait, wait, wait, wait.

[Multiple speakers]

>> Tovo: I'm curious about one of the -- one of the lines of increased staff in part to respond to public information requests.

[3:39:43 PM]

>> That's correct.

>> Tovo: Could you help us understand what the nature of those requests are, what kind of information are they seeking?

>> Austin water is, you know, a big part of city government, a lot of people interested in what we do, and so we get a lot of public information requests. And we, you know, want to be responsive to those, and we are responsive to those, but that has grown over the last several years. The number of pairs that we get, the complexity of the pairs of oh, councilmember they range from everything possible. We get lots of questions about, you know, council transactions that we may have coming forward, additional background on those. We get questions from people interested in buying properties across the city, you know, water service, give us all the information about this property, how much water they use. We get questions from environmental groups, we get questions on our capital improvement programs. I mean, we -- and we have a log that we could supply you on all the pairs, but, you know, it's a statutory requirement that we respond to these pairs in a responsive way. We have one individual that specializes in this and it overwhelms her sometimes. So we're looking at strengthening or pir response, adding an administrative support person to our Pio group to strengthen their response to pairs, among some other duties, but one of the big outcomes would be improved public information request responses.

>> Tovo: And so the item is listed as two positions in environmental affairs and conservation water resource management. But those aren't managerial positions, those are administrative positions within that division.

>> Yes. I want to make sure I'm on the same --

>> Tovo: It's payment 560.

>> Do you have that? Is that a page you have?

>> Tovo: I'd be glad to submit those through Q and a.

>> I have a list, but I don't know what page you're looking at.

>> Tovo: I'll be happy to follow up through Q and a.

>> You.

[3:41:46 PM]

>> Mayor Adler: All right. We're done. Thank you very much. You had a good day today. Thank you. And we will be set on, I think, Monday of next week, to be able to move things around on the consent menu, if anybody wants to do that. Might be good to post onto the message board if you're anticipating raising something so no one comes here and is blindsided by an action someone is taking so that they have some notice. Yes.

>> Pool: I just want to make a mention that I had told the mayor pro tem I would sign onto a couple of her concepts, but by the time her staff came to collect my name, others had already signed onto it, and I thought we would did the you know, we were doing it like we do with our ifcs, the sponsor mutts the name of the people on them and approves them. So I think we have some new folks who are handling the budget concept menu this year and may not know what our procedures are.

>> In terms of if you want your name added --

>> Pool: Well, I had already been approved by the owner of the item, but when she went to add me on, others had put their names on it, that she didn't know about. So we were in kind of a bind.

>> Tovo: And I think this is maybe a question we need to talk about with the big group. It actually was -- I mean, those were items I had added before we needed sponsors. So I'm happy for people to sign on if they want to show their support by doing so, but I sure don't want to get to the place where when somebody looks and they see only three sponsors, they say, well, you didn't have four, well, I didn't have four because I didn't need four, I needed win, and I don't know where all these other names came from. I also don't want to create a situation -- I'm happy to have the support and show of support, but I also -- I mean, I don't -- I think we just need to maybe talk to the group about how we're going to handle that, because I may really support something and councilmember Houston has brought forward, but I didn't add my name to the concept list under your item because you brought it forward and that wasn't our process.

[3:43:51 PM]

So I think that I also don't want to spend all of our time talking about the process, instead of really talking about the issues. But it was a curious point. If you're asked, there's an item I support, can and I add my name to it, insofar as this is just a document where we're communicating with each other in a very public and tarrant way, kind of like the message board, I would let people if they wanted to say, hey, stick my name on that too, so that the community would know.

>> Pool: Right. It's the notification of it to the person who owns the item that --

>> Mayor Adler: That they have additional support.

>> Pool: Yeah. So I thought it would be good if we were to align it -- handle it the way we do our other, when we bring the resolution.

>> Mayor Adler: It doesn't mean they vote for it finally or approve it, it meanings they're interested in having it on the consent member eu. I'm trying to anticipate the objection we're just about to get here from legal.

>> If I might suggest, now you're at a four person to get something onto the consent menu, then if you want to add somebody else, just do it in a form because you're going to be talking bite every single meeting for how many days until you pass the budget.

>> Mayor Adler: Do it as what?

>> In this form because you're going to have a budget work session and you can say I'd like to add my name in support to that thing, as you talk about it.

>> Mayor Adler: They can do it that way but would it also be okay if someone sent an e-mail to add the name to it?

>> Pool: I think the owner of the item should have the ability --

>> Houston: Well, I agree with mayor pro tem tovo, if there was a block of time where you didn't need anybody else on it --

>> That's the other thing, right.

>> Houston: Somebody will look and say she doesn't have but two names on here. Well, at the time I submitted it, I didn't need but one. That just confuses it.

>> Tovo: Yeah. It is adding a new level of complexity, and, you know, I don't -- again, I think we have so much to talk about, I don't know how much time we want to spend talking about the process, but if -- it's a question to me how much work we want to add to staff of collecting the names, and we can't do it



to the sponsor directly at some point because it's going to get beyond quorum, so anyway, I appreciate your raising it.

[3:45:59 PM]

>> Mayor Adler: And theoretically, I'm fine not adding names, but theoretically, this is -- we don't have a quorum issue because this is -- this is the functional equivalent of the message board?

>> Well, not to get your name on it, I mean, if you're having to send something around, you're just sending it to somebody in Ed's group to put it on. I don't know if you all want to have permission to add names onto your own things.

>> Mayor Adler: My question was different. Putting aside for a second the question we had discussed as a council, as to whether or not someone owns the item on the list or whether someone puts -- I mean I put an item on the list and someone already had it on the list, so they didn't list it twice, they just listed it once, and I think on some versions I've seen just one name and on other versions my name appeared on it and other female's names appeared on female -- other people's names appeared on it. Why would you will is the name twice if it was the same thing? The question of whether they own it is something we can talk about, or someone can say I'd like to communicate to the community I'm also supportive of this, to my colleagues, I'm putting that question aside for a second. My question to you is more of a legal question. Is there any quorum issue associated that would prevent a practice, if council wanted to adopt a practice, of just letting people sign up and say I'm interested in this concept as well?

>> I don't think there's a quorum. There's not a -- you can just check your name next to the document, but you can't talk to each other once you get past the five.

>> Mayor Adler: No, no, I understand.

>> And we can do it in this form here or just add our names through Ed's staff.

>> Mayor Adler: Both of those are legally correct, but the mayor pro tem has raised the substantive question of whether we want to do it or not. And probably if we're going to have the conversation, let's have the conversation when more of us are here.

>> Pool: And I agree with her, I don't want to spiral into a long conversation about it because in the end, we only have two more weeks that we're dealing with. But, yes, we did want to raise it and then just to get that out there, and I think what I'll do on the items that I have promised you I would support, I'll go ahead and have Mr. Van eenoo's staff, and that will take care of my promise to you.

[3:48:14 PM]

>> Tovo: I think that sounds good, since other people have signed up on those, you should, too, and I have -- I may still have less than four or fewer an four, but we'll -- we all have talked about why that is, so ...

>> So you mentioned on Monday. My understanding is that Monday is an ae committee meeting, and that you would have to call -- you'd have to call a special called meeting --

>> Mayor Adler: And we've done that. We've done that, a special called council work session, added them, appended them to other meetings we have, so if somebody wants to be able to clean the list, they have the opportunity to be able to do that.

>> I think he needs to know whether he needs to be here for every one of the meetings --

>> I'll be here for every one. I met to know if we have two agendas, one for the ae meeting and one -- >>

>> The special called work session, yes, we'll have two.

>> Mayor Adler: It's kind of what we do when we have the Austin housing meeting in the middle of a meeting. We'd have the opportunity for the council to do that if it was the will of the council to do that. Okay? Thank you. We're done. The meeting is adjourned at 3:50.