

## City Council Budget Work Session Transcript – 08/17/2017

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[9:11:03 AM]

>> Mayor Adler: All right. Are we ready to go ahead and gear this up office. Today is August 16th. It is 9:12. This is our budget work session. Ann checked in and said she was going to be a little bit late. So what we're going to do is in the morning here we're going to go over the departments that we haven't done yet. If there's time after that we could hit the concept menu. After lunch we can work more on the concept menu if we want to. And then staff I think is going to bring back the answer to some of the questions that the council asked last week about the tax swap issue. Mayor pro tem?

>> Tovo: Mayor, I wanted to clarify that the tax swap issue will happen after lunch? At some point - I serve on the Austin police retirement board as a representative count and we're meeting right now. So at some point I may leave and I'm trying to tie my coming and going. Thank you.

>> We'll do that after lunch.

>> Ed van eenoo, the only thing I would add to what the mayor said is last week councilmember tovo asked us to make a presentation and we're not ready today, but will be bringing that back on August 23rd.

>> Tovo: Mayor. That sounds great. I would say I wasn't -- I wanted the opportunity to ask questions and I think maybe some of my colleagues did too. So whether or not you do it in the form of a presentation makes no difference to me if it's -- we can just ask questions.

>> If you can get that out ahead of time I think there would probably be a lot of questions on that. If you can get that presentation to us ahead of time everyone can take a look at it. We can probably get into the meat of that conversation more quickly.

>> Understood.

>> Yes, councilmember.

[9:13:04 AM]

>> Alter: I believe I also asked for a report back on our resiliency with respect to state and federal grants. When will we be seeing that?

>> You know, we can talk about that on the 23rd. I've had conversations with our financial staff and health and human services, and they're telling me the only grant right now that they're concerned over potentially losing is our csbg grant, which is a grant that helps to fund a portion of our neighborhood centers. But there's really no way we will know for certainty what's going to happen with that federal budget before we have to take action on our budget in September. It is not in the president's budget, but the president's budget isn't what actually drives things at the federal level. It will be budget that comes out of the house and depending upon what action occurs there. But that is the only grant right now that they're potentially concerned about losing. >>

>> Alter: That is the major source of funding for --  
>> It's about half of them. In terms of a briefing I don't know that we would have anything more than what I just told you to report even if we were to wait a week.  
>> Alter: Okay, thank you.  
>> Mayor Adler: Okay. Anything else, council?  
>> Pool: A real quick question just on the documents we're looking at. We got the documents last week?  
>> The documents are under your August 9th tab. Nothing has changed with the exception of the one slide you have from dsd there was a minor change. So we just handed out one side.  
>> Pool: I was nervous that I only had one piece of paper.  
>> No. Just replace that one side from your August 9th presentation.  
>> Mayor Adler: Not so lucky.  
>> Pool: Thank you. Van eenoo you can move those to August 16th if it's your pressure. We were planning on getting to them last week and we just ran out of time.

[9:15:13 AM]

>> Mayor Adler: Morning.  
>> Hi. I think we're waiting for the presentation to be pulled up. All right, mayor and council, Rodney Gonzalez, the director for the development services department. Thank you for having us here today. We're here to provide of course a brief overview of our proposed physical 2017-2018 budget. I just found the clicker. Okay. First we'll start off with a short review of the development application activity that we've seen in the development services department since 2011. We will connect that with our key success metrics and how our budget requests connect to those goals identified within the success metrics. We'll talk about our resourcing strategy for achieving performance, continued service delivery improvement and meeting the expectations of a growing demand for development applications. And then of course we'll talk about our office space where we plan to fit in the new positions that are requested. 51 in total. We also want to talk about how we've turned the ship around regarding the funding strategy for the department and becoming self-sustaining and not reliant on the general fund. And then we'll connect our fiscal year 2017-18 proposed budget to our six guiding principles for improving service delivery. So let's begin with the actual and projected demand for development application. And this only shows you building permit activity for both commercial and residential. It doesn't show you site plan activity or building inspections. But for 2011 to 2017 you can see that we've had a marked increase in residential activity. It is our forecast that we will continue to see slight growth in each of those areas as well as site plan review and that forecast comes from capital market research, specifically Charles Hames staff that we hired earlier this year to conduct the forecast it with us. That's not shown here is the other activity related in department. So for example, each building permit results in at least five different inspections.

[9:17:16 AM]

So what we don't show you is the hundreds of thousands of inspections related to the permit. We also don't show you, of course, the size and the complexity of the projects that go through our office. So, for example, two Sundays ago everyone read the Sunday statesman which talked about a 64 story hi-rise that is planned for downtown. That building will come through development services for both planning, review and inspections. Other sky growth areas in our department include building inspections, which we've seen a 73% increase since fiscal year 2011. Land use reviews, which have increased 65% since physical 2011. The commercial and residential reviews. What you see in front of us are simply the permits. You don't see the number of reviews it takes to get those approved. We've increased by 18% since fiscal year 2011 and in residential review we have increased 40% since fiscal year 2014. Looking at our success metrics, we developed those in concert with city council in August of 2015. These are the

goals that dsd intends to achieve, primarily with regard to plan reviews we do intend to be at 90% on time plan review and the budget request in front of you will get us to 90%. What we wanted to do was show you where we've been at historically, so for example, in those areas in March of 2015 we were at 49% for commercial plan review, 56% for residential plan review, and 75% for site and subdivision. So in commercial plan review we've been able to increase that in metric to 75%. In residential we've been able to increase that metric to 92%, however there's a caveat there. Most recently we worked with industry stakeholders and we weren't at 92%. They asked us to be more honest with them with regard to how much time it is taking to conduct the residential plan review and we've adjusted our timeline to what it currently takes to do residential plan review. On site and subdivision you will see that for the month of June that we were at 71%, which is lower than where we started in March of 2015.

[9:19:21 AM]

There's no cause for alarm there. Primarily that metric is the result of may and June being dedicated solely to reviewing codenext. So we were delinquent in some of our plan reviews for site plan review, but I think everyone can agree that codenext is a priority for the city including our department. In review and consultation, it's our goal to within 90% of the time see our customers within 19 minutes. Back in March of 2015 we were 12 minutes. Most recently it was 21 minutes, but there's a fluctuation depending on the number of customers we see. Last month for example we were on 19 minutes. And on zoning site plan and consultation it's our goal to see 90% of our customers within 25 minutes. In March we were at 19 minutes and most recently in June we were at 14 minutes. Looking at site and subdivision intake, that's the amount of time that it takes for a customer to actually deliver our plans to us and get them routed internally. In March of 2015 we were at seven days. Our goal was to get to two days with the additional resources we've received we are at two days of intake time. Then with regard to income and cause, we receive anywhere from seven to eight thousand calls a month at dsd at the 9,784,000 line. Back in 2015 we were at 42%. With additional resources we have been able to maintain our golfball-size hail at 75%, but I will share with council one of our proposed budget items, which is to get to 100% of all calls answered, not just Monday through Friday from 8:00 to 5:00, but 24 hours a day, seven days a week. Looking at slide three, which is significant budget changes, Ed did a great job of reviewing this slide two weeks ago during the budget presentation. Starting first with the transfer in of watershed protection department environmental review and inspection services. Just so everyone's clear, that is not a transfer of positions to dsd this year. Dsd has had those positions since watershed teased apart the environmental review and inspections back in 2008.

[9:21:29 AM]

However, the funding for those positions doesn't come from the applicant themselves. The funding comes from the drainage utility fee, which is an appropriate use of the drainage utility fee. We feel that another appropriate use for payment of those services is to charge the applicant directly. Thereby relieving the drainage utility of \$5.7 million annually. The other city cost drivers, those apply citywide. For our department that's approximately \$800,000. The large item with regard to the significant change is the staffing enhancements that we are proposing within dsd. Primarily that comes from the 51 positions that will apply across the department in key areas such as building inspections, residential review, land use review and trees reviews and inspection it does include an increase for hiring temporaries because we have devised a multifaceted resourcing strategy to meet the demand, not just using permanent resources. It also includes a significant increase in our training budget to continue supporting our frontline staff and receiving the proper training so that way they can do the job that is expected of them. We've also included an increase of \$5,730,000 -- \$530,000 in rent increase to support additional lease space that is needed. With regard to one-time costs, that's \$2.2 million. The primary factor there is vehicle replacements. We have a number of inspectors that drive throughout the city

and so this is part of the rotation repopulation. Of those vehicles. We have another \$200,000 for computers associated with the new positions. And then we have some dollars allocated to do some remodeling within one Texas center to continue to fit more people within the space that we have. But just like what we've done over the last two years, any space that is refigured will reconfigure such that it can be repurpose and used by another department.

[9:23:29 AM]

The other cost drivers are \$3.4 million. The big driver there is codenext implementation. The timeline is forecasted that codenext would be adopted in April of 2018. So we're already discussing implementation. Of course the dollars here would be used for implementing codenext. As I mentioned earlier, we received about seven to eight thousand calls per month through the 978-4,000 line. And we can answer those calls 75% of the time Monday through Friday eight to five. But I can tell you this our customers have needs beyond those time frames. They may be at homestead home Depot on a Saturday look take shed and wondering whether they need a permit. So we want to give them an ability to call us at that number and for us to be able to pick up that call. So we would use 311 to answer our calls 24/7. They would be the first tier of triage for answering the bulk of our calls. If by chance customers are asking a more technical question that 311 can't answer that would be routed to our customer representatives who are staffed Monday through Friday eight to five and if they can't answer that question, then the call gets further routed to within the department. We feel that that's a high level of customer service that is expected of development services. We are also proposing to utilize more third-party review and inspection services. Once again that's more multifaceted resource strategy for the demand that we have. That is something that we can dial back during an economic downturn. We have seen a huge success with our movement towards online payment activity. Of course, with that success comes an additional cost for credit card processing so we are asking for another \$400,000 in credit card processing fees. We've seen an increase in concrete testing of approximately \$380,000, and so we're requesting a funding for that as well. Related to when development services department was teased apart from planning and development review, the postage allocation for that did not come to the department so we are asking for the necessary postage related to our notifications.

[9:25:36 AM]

And then most recently, you may have received the news that Austin transportation department is going to implement a pay for parking at one Texas center similar to city hall and Austin transportation department will validate parking of two hours in the parking garage or 30 minutes at the surface parking lot. And I completely sort this movement towards pay for parking however our customers who will be there longer than 30 minutes at the surface parking lot and longer than two hours at the parking garage and we want to implement what atd is providing in terms of validation.

>> Kitchen: Excuse me. Mr. Mayor, did you want us to wait?

>> Mayor Adler: Can you wait until we go through the presentation for questions?

>> Kitchen: That's fine.

>> Moving on to resourcing strategy. It is a multifaceted approach. NER a high period of economic activity. We have all been through economic recessions and they have hit us really hard and really fast. The last two were unforeseen. It is a blended approach that we have, which is a blended approach of temporary, third-party services. More temporary is 51% positions. 80% of those are wait time and quality review. 12% are for operational report and the remaining eight% are for supporting the technology and finance areas. With regard to temporary use or temporary employees we are asking for an increase of 1.4 million that would bring the total allocation to 2.4 million and asking for an increase in third-party services had which we've seen a lot of success in, we're asking for an increase of \$250,000, which would bring us to a total

of 465,000. So of course obviously the question is where are we going to put everyone? You've heard me say multiple times that we're out of space at one Texas center. We're currently located in three different office areas primarily at one Texas center. We do have two field offices at St. Elmo and Kramer lane. Some resolution solutions we are currently devising is we are working with the office of real estate services to engage in an off site lease which would be our fourth location.

[9:27:45 AM]

And we anticipate coming to council for consideration September 28th for that lease arrangement. Additionally our inspection staff currently are at one Texas center. We're going to ask that they use their vehicle more as a mobile office as opposed to having a dedicated location at one Texas center. And of course for us the more complete picture is the new location at highland mall, which council will be considering tomorrow. Not only will that new facility be able to accommodate dsd, but for the first time we will be able to co-locate all of our departments and review staff associated with those partner departments. We will have an enhanced customer center that will improve the overall service delivery for the development services. With regard to funding, and this is certainly a marked change from where we were two years ago. Two years ago the development services department was subsidized 40% in its operations so that subsidy of course comes from general fund revenues. We have turned that ship around. You are seeing a proposed budget that is completely self-sustaining. There is a net zero impact to the general fund associated with the work that we do. We have developed a dynamic model in concert with our matrix consulting. Of course the primary driver for our fees is the time that it takes to deliver the services. The model does have a flexible architecture that allows us to not just adjust the budget that's engaged in there, but also the fee structure as well. And embedded in the model is the replacement of the legacy drainage utility fee transfer. Our fee structure is very complex. We have over 800 fees within the department that we collect. We are now looking at cost of service by unit, which is very important to ensure that every unit is self-sustaining as well. And it does include overhead. So for the first time I can say that our cost of service has looked at every single dsd fee and we have ratcheted it up to cost of service.

[9:29:51 AM]

Key to the fiscal year 2017-18 budget is that we do include the proposal to eliminate the smart growth fee waiver. Council, you might recall back in April during our department overview I talked about the various fee waivers that we process through dsd. Those include smart housing, smart growth, public educational facilities, fee waivers for catastrophic events and also certain non-profit projects. We are not proposing to eliminate any of those other fee waivers, only the smart growth fee waiver that amounts to \$600,000 per year, that is additional funding that the general fund would have by not having that fee waiver. One other important piece is that -- as I mentioned earlier, we have contracted with Charles [indiscernible] To do a five-year demand forecast so our fee model incorporates that demand so that way we can project revenues out for the next five years. Charles does not anticipate any type of significant decrease in activity, rather a moderated slow growth over the next five years. Last slide, council, of course, what we want to do is stay on target with our six guiding principles from improving service delivery in terms of reducing wait time. You're seeing additional staff being proposed and residential view, intake and site plan review as well as continued expansion of a remote check in, mainly queueless software. In terms of enhancing customer service we want our customers to be able to access us 24 hours a day, seven days a week through our 311 partnership. We are proposing additional staffing for consulting services in our development assistance center as well as staffing up for our builder program. And we definitely want to expand the utilization of third-party review and inspection services. In terms of enhancing our technology there's funding of course to program Amanda related to codenext adoption, along with that we do intend to implement a live chat support for our ABC online portal, which is how folks will not only send us the plans for review, but also make

payments for those associates plans.

[9:32:01 AM]

Key within this budget is we are quite the storage for a lot of paper documents within the city. And we want to digitize those documents because right now the only way that you can access those documents is you come and visit us and you ask for that document. We have limited amount of storage space so we actually contract with iron mountain and every time we request a document from them that's \$45 of cost. So by digitizing all those records we save hundreds of thousands of dollars associated with keeping those records. And we make them available not just to staff, but to the entire public. So it's a new business model that we are proposing for how we keep records within dsd. A hallmark of what we're doing is investing in our employees. We want to continue supporting our frontline staff with the training that they need to do their job as well as permanent staffing for employee safety training that is needed. You've heard me talk about how important it is that we coordinate our reviews and our work with partner departments. Embedded in the proposal is a project consultant system for site plan and subdivision plan review. The key premise there is that we will work with our departments to get things unclogged from the system. Currently it takes on average about four cycles of plan review for site plan. And that's anywhere from five to six months. We anticipate that we can shorten that review cycle through the implementation of project consultant system. And of course we want to realign site plan review, take that on from Austin water, bring it in-house and so there are positions associated with that as well. And in terms of quality review because we are focused on quality, we are requesting an additional staffing to meet the current demand so that way our staff can continue to focus on quality and be timely in the provision of our services. And we are once again going to do our annual customer service survey and we'll be releasing that in September.

[9:34:02 AM]

So mayor and council, that is our presentation. We certainly thank you for the opportunity and we're here to take additional questions that you may have.

>> Mayor Adler: Okay. Ms. Kitchen?

>> Kitchen: So I had some questions back on the slide related to -- where it's talking about budget changes, I think it is. It says at the top, this is the -- so I wanted to understand better the transfer in of watershed protection environmental review and inspection services. If I'm understanding correctly, that's 5.7 million out of the drainage fee, correct?

>> Yes.

>> Kitchen: Okay. So I want to understand more what these services are. My questions relate to is this review and inspection during the application process or is this ongoing review and inspection after someone's already built their building and going forward?

>> So the review is during the application process and the inspection is during construction.

>> Kitchen: Okay. And then these fees, are they under watershed or under dsd?

>> They're under dsd, but as I mentioned they're funding out of watershed.

>> Kitchen: Okay. So from my perspective, I'd like to understand what impact that has on our watershed department because obviously we do need inspectors and reviewers. That's something that we obviously need. We also have huge needs for ongoing review with drainage issues and things like that. And my understanding from what I've seen is we don't so enough -- we perhaps don't have enough inspectors for things like erosion control in our neighborhoods. Things that come up after the development process. So obviously if we're using drainage fees for our development process, to my mind I'm not certain if that is something that's an appropriate use of drainage fees.

[9:36:14 AM]

It might be appropriate as an interim, as we're moving towards cost of service, but I'm not sure if it's appropriate over time because the whole city pays those drainage fees. And, you know, we're -- they're being paid for -- in large part for dealing with drainage issues. So it's a policy question. And so I'm wanting to understand what the impact is of taking 5.7 million out of drainage fee, what impact that has on the watershed department. I don't know if you can answer that now. You can certainly answer it later if you can't answer it now. And I guess part of my discussions are, are we also in our budget, are we also funding our watershed department to meet the needs that are out there right now in terms of inspection, et cetera?

>> Sure. Good morning, Joe Pantaloni, interim city manager. I know a little bit about the watershed budget.

[Laughter]. This transfer is actually a return of monies back to the watershed department on an annual basis. So when you look at what the overall impact is, is that the watershed protection budget now has an additional 5.7 million. And when you look at the drainage facility fund summary that's in your volume I you will see that we were able to increase our transfer to our capital project, our CIP program, by over \$6 million. So this is a net plus for the drainage facility fund and a net plus for the watershed protection department.

>> Kitchen: Okay. Could you explain a little bit more what you mean by return?

>> Sure. Previously the 5.7 million that you see on this slide was a transfer of funds from the drainage utility fund to support fees that were residing in the development services department.

>> Kitchen: Okay.

>> So now as Rodney and his staff are implementing their cost of service study, they are now replacing that transfer with additional fees through the development review process.

[9:38:22 AM]

And so as they become self-supporting that allows that 5.7 million to remain in the drainage utility fund to be used for other watershed protection needs.

>> Kitchen: So this is one time that we're transferring it back now.

>> No, this is on an annual basis.

>> Kitchen: Okay. I'm sorry, I guess I'm not understanding. So money comes into the drainage utility fee and as I'm seeing this it's being transferred to development services, but you're saying it's not?

>> The -- this is actually going in the other direction. So --

>> Kitchen: Oh, okay.

>> These were transfers that were related to the development services department for previous years, but this slide is a source of change. It's just stopping the transfer so there would no longer be a transfer.

>> Kitchen: Okay. I'm not fully think I'm just slow this morning. Okay. But what you're telling me is because of that arrangement it's -- this activity is not reducing the fees that are available in the watershed department?

>> No, not at all.

>> Kitchen: Okay. Let me also ask about the parking fees. I'm sorry, I didn't understand exactly what you were saying, and I also caught the tail end of what you were saying about parking fees. So we are subsidizing the parking fees. Can you tell me what you think about that?

>> Similar to the approach at city hall T Austin transportation department -- I don't think they manage city hall parking, but parking is validated here at city hall. Of course, during council days for up to eight. I think the whole entire day. So at one Texas center Austin transportation department intends to validate parking in the parking garage for up to two hours. And for up to 30 minutes at the surface parking lot. For us our customers are probably going to be there longer.

[9:40:24 AM]

Especially with regard to expedited building plan review. They can be anywhere -- there anywhere for four to eight hours because of the length of those meetings. So they're actually there to help us because the more that we can see them and help them through the process, we get helped. So we want to supplement what Austin transportation department is validating.

>> Kitchen: And what is the amount of that supplement?

>> We estimate it's \$400,000 per year. This is going to be the first year that we're engaged in this and so that's only an estimate that is just based on some figures that we've put together.

>> And is that 400,000 included in the cost of services analysis?

>> It certainly is. Every single cost that you see here is included in the cost of service analysis.

>> Kitchen: Okay. So the 400,000 is something that's factored into the fee that someone pays?

>> I think it is. And that's a significant change to the approach this year. In the past when we brought forward the fee schedule for the proposed budget, it didn't include the proposed budget expenditures. And so we were actually a year behind with regard to our fee schedule and so what we're doing is we're eliminating that lag by front loading all of the proposed budget items within our fee schedule.

>> Kitchen: So the 400,000 is factored into the fee that someone pays S that -- is that the amount of supplement over and above what atd is supplementing?

>> It would be.

>> Kitchen: So how much is atd supplementing?

>> We could find that out for you.

>> Kitchen: That would be helpful. And is what atd is supplementing is that factored into the fees?

>> We could find that out for you. We don't know how they've arranged for that. We do know of course that they are going to collect fees associated with parking so what it may be is a decrease in the revenue that's collected.

>> Kitchen: Which in my mind is a subsidy that's not accounted for in the fees. So I just want to know what that dollar amount is. Okay. Thank you.

[9:42:24 AM]

>> Mayor Adler: Councilmember alter?

>> Thank you. Appreciate the presentation. You mentioned we would be net zero in terms of the general fund, and I'm concerned about other departments that are not calculated into the cost of service study. Particularly parks and environmental reviews that take place outside of development services. What are your plans to incorporate those fees -- those costs moving forward because those are costs that are now coming out of the general fund and also taking the services of those personnel away from their primary responsibility in their many departments?

>> So first based on the question that you had asked, I think either two or three weeks ago, you had asked whether or not other departments are at full cost of service. So we are reaching out to those departments so ask that specific question whether their fees were ratcheted at full cost. For areas that are not we are certainly going to make available the contract that we had used. Approximately a year and a half ago council had improved an umbrella contract for our consultant such that the other departments could also fit within that umbrella and do a cost of service study. So we would work with those departments to make that contract available to them. They would do that analysis of course and then perhaps in fiscal year 18-19 then bring forward a proposal based on that cost of service study.

>> Alter: I would definitely like to see the follow-up on that for environmental stuff and the parks department.

>> Absolutely. And it really is a significant change of approach that we have put forward. We're saving millions of dollars of the general fund revenue that can be used for other purposes, not necessarily supporting the development application process.

>> Alter: I totally support the direction you're moving in. I just want to make sure that we're counting for the cost of development on other departments that are experiencing burdens that are coming from that process



[9:44:29 AM]

as well: We recently had a lot of discussion with atd about the mobility bond and how they were staffing that process. And arguments were made that we would want to have consultants brought in because of what happens over time and down turns and other kinds of things. I'd like to first of all know you have 51 permanent ftes. How many temporary employees, how many are you using? And how does putting 51 permanent employees allow us to adjust as down turns happen? >> Sure. So with regard to how does it allow us to adjust, what I'll do is I'll go back historically to when the city had experienced the 2008 economic recession. The approach at that point was to look at vacant positions and then eliminate those positions that were vacant. And the premise there was that anyone who currently occupied a position did not lose their job. And so at that time this pool of vacant positions actually helped significantly for right sizing the city's overall budget. So when we're facing an economic downturn it's not just our department, but citywide. And that was the approach back in 2008. So our approach would be similar. Of course, first we would look at the similar budget and overtime budget and put those down. Then we would look at the third-party services and dial that back down. And to the extent we had any vacant positions that may not be these 51 are under consideration for approval, but vacant positions that we have in another department we would look at freezing those as well. That would be our approach for an economic downturn. As I mentioned, it's not in our forecast that we experience an economic downturn, but with the last two that we experienced that came out of nowhere, that certainly could be the case next time that there may be an unforeseen economic downturn.

[9:46:31 AM]

But you're absolutely right, it's always a concern of ours. We never want to staff up 100% for the current economic cycle. And 51 positions that you see in front of us are not where we started. We reached out to staff early in the budget process asking them for what resources were needed and it was significantly more than 51. So the approach you see before you is a balanced approach. Taking into consideration the fact that we are in an economic up cycle. However we do have a tremendous amount of demand that we have to meet as well.

>> Alter: We obviously all hope that we don't have an economic downturn, but it is important that we keep that in mind as we're staffing it. How many are the temporary employees?

>> Currently I think it's north of 40. We can get you the specific count. >>

>> Alter: And I have submitted a specific question asking for the specifics outburst positions in terms where they are going and where we expect to be changed by adding those positions, and I look forward to the response to that. I'm assuming you're not going to be able to hire all of these people immediately? I couldn't really tell from the budget information that we have what portion of those will be added partially through the year. As I asked last time I would like to know what the budget implications are then moving forward for the next year. So if you're only paying for seven months of a bunch of these people that will have big implications for our budget the next year. And I'd like to know how you're accounting for those and how that plays out.

>> Absolutely. And I think if you could bring up that funding model slide again, it was a significant piece that I had failed to mention, which is that we do not intend to hire these positions in October. We intend to hire them over phases of I think January and March of next year. That does mean, of course, that there are a few months of funding then that we have to account for in 18 and 19. So we would wrap that additional funding into the fee schedule for next year as well.

[9:48:33 AM]

>> Alter: Okay. If you have some more details, I'd like that.

>> Right there in the top left box, 51 new positions, of course it's a phased hiring overgone and March of next year.

>> Alter: My next question is for the credit card fees, are we asking a surcharge for using the credit card or do we charge the same amount.

>> I don't believe we are allowed to charge a surcharge. That's not just the city, but for anyone who uses a credit card, we're not allowed to charge a surcharge. That's the fee that we take for using credit cards. But that is embedded in our fee schedule.

>> Alter: Okay. Thank you.

>> Renteria: Maybe this is a city manager question, but you were mentioning you didn't have to pay the watershed fee and how much amount was that again.

>> 5.7 million. If you would bring up that slide again, it's the significant changes slide.

>> Renteria: So where is that money going to that we're saving? You know, they're paying it in a fee and you're not having to -- that money is going back into the general fund?

>> Well, those are drainage utility fees so they would remain with the drainage utility fund and provide for watershed protection services.

>> Renteria: Is there ever a possibility that you can lower the fees?

>> Certainly, those are council decisions on a year to year basis. I can tell you there is no fee increase proposed this year for the drainage utility fee. It's staying constant.

>> Renteria: Okay, thank you.

>> Mayor Adler: Manager?

>> I'd like to explain again what we're doing with the 5.7 million.

[9:50:35 AM]

In prior years watershed had transferred 5.7 million of its revenue that it collected from drainage fee customers to the development services to cover the environmental review and inspection services. It was our determination with the consultant going through the cost of service study that those should be paid for by the development community that's benefiting from that service, not from the drainage customers. So they built those costs for those reviews into the cost of service model, so that's in the fees that the developers will pay. They no longer need that funding because they'll get it in fee revenue from the drainage -- watershed department, from the drainage customers. So that revenue will -- they will not make that transfer. They will keep that money in their own fund and use it for their purposes for capital -- transferring to another capital program. So it was a benefit to the drainage customers. They have no -- they've been able to increase their capital funding this year and no increase in the drainage fee, but then the development community will be paying for the appropriate cost of the services that they get. So it was kind of a win-win. And with the cost of service model that they've developed, it's net zero to the general fund. Any cost related to that service there's a fee related to it. So I hope that helps. It is kind of complicated the first time they told me I was like, hmm, I had to scratch my head. And dig back into some spreadsheets to figure it out. I hope that helped.

>> Kitchen: Yes, thank you. I think gastrointestinal it now. That's very helpful. I do have another question.

>> Mayor Adler: We'll circle around. Mayor pro tem? I'm sorry?

>> Tovo: There were two issues that I raised that I want to be sure were addressed in the Q and a but I'm curious about the answer.

[9:52:40 AM]

One is the parking revenue and the other was the question that councilmember alter asked about the other department. So those will be addressed in the formal Q and a.

>> Yes, ma'am.

>> Tovo: I guess I'm puzzling over the parking, why we would install parking meters and start charging for parking and then supplement it. I think -- why don't we just save them money and time and staff resource and not install park meters. There aren't that many people using one Texas center during the day who aren't coming to one Texas center who are going to have

their parking waived.

>> The issue we have at one Texas center is it is a free parking space for anyone. So you don't have to work at one Texas center to park there. So the experience we've had is folks will go park there and then walk to a job downtown. So of course that means the employees who are at one Texas center, and there's probably about six different departments at one Texas center, they're not having the space available for park and our customers who are coming to see us aren't having the space available for parking. So we want to do is discourage that practice so anyone who is not going to one Texas center to work for the city or as a customer of ours, they would be discouraged because they would have to pay and they would not be validated for parking at one Texas center. Similar to the city hall model we will validate up to two hours in the parking garage and 30 minutes in the surface parking lot. We feel our customers will be there probably long 13 that in some cases and we want to supplement that.

>> Tovo: And that's happening during the week in the parking garage as well as the surface lot?

>> It absolutely is.

>> Tovo: That's interesting. I never have any trouble parking when I park there to walk to other places -- [laughter]. No, I'm kidding.

[Laughter].

[9:54:42 AM]

S.

>> We agree with the solution that atd is coming forward with. We think it will free up a number of parking spaces.

>> Tovo: Will the parking meters be collecting on the weekends as well when the long centers and others have events?

>> I don't believe so. But we will get the answer for you.

>> Tovo: I was curious because there is some overflow parking that happens. And I think my last question you you talked about the implementation of codenext. I meant to submit it through our codenext Q and a but we get faster answers through the budget. It's my understanding and I'm still researching this that in past when the city has adopted new code in the past there has been a -- a period before the code was implemented and somebody cited that they thought maybe in one of those iterations it was about an 18 month time period before the code was implemented. I'm just doing that off the top of my head. So I wonder if you have any sense at this point of what the time period would be after -- after code -- after the council -- count adopts the code, what the period of time would be before implementation?

>> It's something that director Guernsey and I have talked about. Of course we haven't talked about it from a policy standpoint, but I can tell you it is a significant -- it's a significant code change, one that we haven't engaged in in over 30 years. The key to remember is back in 1984 when we did the land development, back then we didn't have the technology in place that we currently do, which is the Amanda system, so we will have to program that system all over again for the new code. Additionally we've got a number of staff significantly larger in number than we did in 1984. So that's going to require a significant amount of training. We're also talking about an educational type of program. Not just for the development of applicants, but for our residential non-direct customers as well. So that way we can help them understand what's new in codenext. So it's going to be a significant change from how we currently approach the land development code.

[9:56:49 AM]

We haven't developed a proposal for timing. Director Guernsey and I industrial to talk about that, but we do understand the timing that was done back in 1984, however circumstances have changed significantly since then.

>> Tovo: So I'm not sure what the timing was in 1984. What was the timing in 1984.

>> Greg Guernsey, planning and zoning department. When the last major zoning update was

done, it was adopted and went in effect on January 1st of 1985. And as strange as this may sound we actually operate under two separate codes for a year and two months for staff, for applicants and particularly people who are looking into the development process. It was not the most friendly way to do it, but it was to preserve certain entitlements of folks keeping their rights to develop the old code. So we actually had staff learn two codes and then use those for review and inspection. Rodney and I have been talking and we have something that didn't can exist back in 1984 in criteria manuals. So how we would actually apply the code, interpret certain section of code, those criteria exist for the utilities, for publicworks, transportation, and we would also be updating those and implementing those. The training was not something we really did back in 1984 when we created the land development code. I think it was like in 87. We did have some training of staff when we brought all the different pieces of the code together under onedocument, which is kind of what we had today. But that also lessened the turnaround time for reviews because we were training staff. So I think Rodney is being very Progressive in making sure that all the development review staff is trained upfront.

[9:58:50 AM]

We would also want to provide some training to the boards and commissions as this could come forward as well. Our customers, including the ones that walk in the door, but also those that review on the commissions and boards, et cetera.

>> Tovo: Thank you. That's really helpful and that answers about three questions that I've been asked in the last few weeks. But I want to be sure I'm understanding the answer. So I had asked what you did in 1984 and you said the last time we did a major code rewrite and I want to be sure that we're talking about the same year, in 1984. What you're describing for the last major code rewrite was 1984.

>> That's correct. That was the zoning rewrite after about a four year process we adopted a new zoning ordinance and phased it in over a year and two months.

>> Tovo: So in 1984 after

>> Tovo: So in 1984 it was about 14 months while the staff and others were operating under two codes and you were doing the work to catch up. I think I heard, Rodney, you said between the two of you there's significant differences, there are now criteria manuals that would have to be updated and finalized. There's obviously more technology, Amanda would have to be completely reprogrammed, a larger staff to be trained and boards and commissions trained and educational programs. Does that suggest the period of time between a council decision and implementation would be longer than 14 months? And I understand you are saying that's a policy decision, but you said things would be different and I'm trying to understand whether that means things would be anticipated to have at a faster or slower pace?

>> One of the first instances in point is back in 1984 what took 14 months was there was two parallel codes.

>> Tovo: Right.

>> We don't think we can do that given that the technology can't be programmed two different ways.

[10:00:51 AM]

It may impact it, it may shorten it. If we have a date that it's effective. It's something we still have to discuss in terms of implementation. I don't think we're ready to nail down what that implementation rate would be. We do recognize there are significant differences from 1984.

>> Tovo: Thank you, but it's not clear whether those differences would lengthen or shorten the period.

>> And it depends on our approach. That's why we're asking for such significant resources. We understand that this is a complete rewrite in some cases of what we're dealing with so we want to come forward with a very robust training program and it may also impact service delivery because

we're going to have to train every pun of the staff persons and they are well versed in what that code means.

>> I think it would be a minimum of at least 90 days probably to phase in the code. The length beyond that I think really probably needs to be discussed but I can't imagine it would be out that far in time of 14 months. You are probably looking closer to six or seven months at the most from the time of adoption.

>> Tovo: And I assume from the discussion we just had that some of the resources at least for doing that training are built into the budget that we're contemplating.

>> Yes, for the development services department. We reached out to other departments also because they are affected by codenext to ask about the resources they put together. Some departments have put together resources they think are needed for codenext. Other departments feel they can engage it in with current existing resources.

>> Tovo: Thank U I'm sorry I said this was my last question, I forgot I had another one. In our earlier presentation, maybe the one from financial services, the overarching message was there was very significant staff and resources being added but they are all being covered by increases in fees.

[10:02:53 AM]

Thanks very much, Mr. Guernsey. With the exception of about \$5 million. And that number really captured my attention because of course 5 million is exactly the amount we have unallocated. In the scheme it doesn't sound like a lot, it sounds like a lot when we're putting millions of dollars on the concept menu that would have to come out of the \$5 million. Can you help me understand what is the \$5 million that would still be coming from general fund revenue. I remember trees being part of it. It's not clear what that 5 million consists of and whether those are things that could be captured through fees.

>> Absolutely. And we have scrubbed through our budget as much as possible to see what amounts could be transferred over to the fee schedule. And we work in concert with budget office, we've been working with them the last two years in this regard to get up to this point. And so the slide in front of you, that 5.2 million, you see the asterisk, the asterisk and the notation shows the nonrecoverable items we cannot put into our fee schedule. Primarily it's fee waivers. The large chunk is smart housing. We are proposing within the current budget that the smart growth fee waiver, approximately \$600,000, be eliminated. If that's not the case that 5.2 million grows to 5.8 million. We are proposing that smart fee waiver be eliminated. The other is the urban forestry program. You may recall it was council's desire that the urban forestry be consolidated and consolidated under the development services department. At that time it was planning and development review. Those -- the urban forestry program isn't something we can charge a development application for, that is implementing the city's urban forest program. That's approximately \$900,000. There's also another facet of what we do is telecom permitting.

[10:04:55 AM]

The city does collect a franchise fee from telecommunications companies. And in collecting that fee, the state has made it very clear that that fee is all that the city can collect. We cannot charge any permit fees for telecommunications companies. So although we are providing a service within development review, specifically for review and inspections of those telecommunications activities, we cannot charge a fee. So there is revenue being collected in the city's general fund. I don't know the exact amount of that revenue. But the expenses on the development services side.

>> Tovo: Thank you for that. So the -- is this slide -- but this slide of \$5.2 million are not the unrecoverable costs or they are?

>> That is the unrecoverable costs.

>> Tovo: Thank you. But I'm not seeing urban forestry on there.

>> At the bottom of the footnote.

>> Tovo: Okay. Thank you.

>> You're welcome.

>> Tovo: I don't have my glasses.

>> Once again, we have worked with budget office to scrub as much as possible to shift over to the fee schedule.

>> Tovo: I guess I'll have to follow up through Q and a. It's not clear to me why equipment for those staff would not be recoverable. I mean if you have to hire staff to provide the service, you would think the expenses that go along with hiring that person -- I mean if you can recover for their salary, I would assume you could recover from the equipment used to aid the customers. But that may be a question best answered through the Q and a why those are not recoverable through fees.

>> We'll do that.

>> Tovo: Thanks.

>> Garza: So I'm a little confused on this self-funding part. When the pie chart shows that 97% is coming from general funds and in addition to that -- so I understand 2016-17 there was a budget about 37 million.

[10:06:57 AM]

The increase in 20 million -- please let me know if I'm understanding this wrong. My understanding the increase in 20 million is going to be paid with fees. But what about that base of 37 million? Is all of that the base of 37 plus 20 so the entire 58 million is all covered by fees and is not coming from the general fund, and if that's the case why is that pay chart saying 97% from the general fund.

>> That pie chart on page 193, on hindsight we could reword that please that says general fund, really what it should say is development review. The fact of the matter we are still a general fund fund so I think you will see consistency with regard to how the pie chart is developed. We are, as Ed mentioned, being treated as an enterprise fund in that we are self-sustain, however the pie chart is a template, if you will, for all different general fund departments. And so with regard to what we're self-sustaining for, so we were self-sustaining for 53.2 million of our budget. The remaining 5.2 million we just cannot put within our fee schedule. It's not appropriate to put within our fee schedule. Those are amounts that we cannot charge an applicant for the fee waivers for the telecom, for the urban forestry program.

>> Garza: So that -- and when did this switch happen from being more general fund to more fees?

>> So that's been -- so when you go back to March of 2015 and the Zucker analysis, which council had approved a resolution to -- for us to implement the recommendations contained in there, that was one of the primary recommendations which was for the department to become self-sustaining. At that point we were subsidized to 40%. Millions of dollars of general fund revenue is being used to support the development process. And so over the course of the last few years through numerous cost of service studies including the most recent one we have right sized that and shifted costs more towards the applicant as opposed to utilizing valuable general fund revenue.

[10:09:09 AM]

>> Garza: So the only thing coming out of the general fund is the 5.2.

>> 5.2.

>> Garza: Okay. I also wanted to share my concerns about the parking too. And I know that's a tough thing to -- to respond to, but a lot of the people that park there may -- and I'm trying to think of when I see a bunch of construction workers crossing south first and it's because we don't have any kind of requirement for construction to require -- to provide parking for their workers. And so it's on one hand I'm concerned about them having to pay any kind of increased fee for parking if that's the case, on the other hand, the fact that we have people that need to be at

development services for eight to ten hours or whatever you said, shouldn't -- I feel like that should speak to making the process more online. Why are we having people sit there all day? It doesn't seem like the most efficient.

>> When I reference four to eight hours, the council has an expedited building review plan and those meetings because we do it in one meeting as opposed to multiple cycles over multiple months, so what happens is we will coordinate a review meeting, one single review meeting with the customer and the customer's consultants, and those meetings because we are taking significant projects may take four hours, may take eight hours. From the customer's stand they are willing to stay the fee but that means they are going to be in our facility longer. It's not every application is taking four to eight hours, it isn't, but we want to account for certain services we are providing that do take that long and it's a good thing because it's an expedited building review process. It's one single meeting for four to eight hours as opposed to multiple months in the process.

>> Garza: If it's just the expedited folks, aren't those the bigger projects?

[10:11:14 AM]

They are not like Joe Smith -- is it individual homeowners or bigger projects?

>> Primarily the bigger projects. We're running small projects through there as well and those may take an hour, a few hours. We want to account for if something does take longer than two hours, how can we help the customer in that regard.

>> Garza: If it's primarily the bigger projects, I can't imagine paying for four hours of parking for that giant project, how that really affects at the end of the day the cost of that project. And I don't know if that's something that we need to be subsidizing.

>> As I mentioned earlier, that four-hour meeting helps us because that is one less plan review that is in the cycle. That's one less plan that we have to then look at over the course of three months. So by implementing expedited building plan review, we're going to save 25% on the time and so it's helping us. So far our customers to engage in that process is very beneficial to us.

>> Garza: I'm not saying it doesn't, I'm saying they can pay for parking. If it's a giant project, why is the city subsidizing them to park there is what I'm saying. I'm not saying don't do it, I think it's good that we offer that, but I'm just saying that -- anyway.

>> And my approach, of course, is similar to what we do at city hall. As some folks visit us or the same folks that come to city hall, it's just a similar approach that we implemented within the city.

>> Garza: Okay. And I just -- I think they should pay for parking. And then so the -- on slide 4, page 4 -- slide 3 shows the 7.3 million for staffing enhancements and related office space equipment. How much of that is just the staffing enhancements?

>> Let's see. With regard to staffing enhancements, so it's several items.

[10:13:17 AM]

There's several different line items because, of course, you look at wages, you look at the insurance related benefits. Let's get that roll-up to you rather than me going through six or seven line items.

>> Garza: I just did my own aggie math over here, I'm proud of them this week, I took out from the 7.3, I subtracted the 2 million which is temporary employees. I was trying to figure out how much it costs for 51 -- the 51 positions. Do you have that number?

>> I do. It's in several line items in front of you. It's our backup information.

>> Garza: So -- because I just did the math and looked like it was an average, I don't know if I did this right, about 98,000 per person, and I know insurance costs, you know, let's say about 20. So if the average customer service person is making in the 70s, I'm just trying to figure out -- I don't know how you -- keeps shaking his head and editorializing.

[Laughter] What is the average pay for these 51 employees?

>> We'll get that.

>> Alter: Can you get it to all of us?

>> We'll ask it be put in the form of a budget question.

>> Pool: Okay. I just want to make a couple comments on page -- I think we were on slide 5 and you mentioned you are going to start a new approach which would be to have some of the staff work out of their cars. I think that's a really good idea. I'll just mention when I worked up in the constable's office at the county they worked out a way even to have a printer in the car because they spend all their time on the road and it -- with their work door to door and it really saved a lot of time and money to have them be able to work out of their cars.

[10:15:25 AM]

So it's a great approach. I would be interested kind of to see after a period of time how well it's working. Let's see. I'm glad the mayor pro tem brought up about the training and implementation of codenext as far as the timing, I think on slide 7 in the fourth point. I would just say I think Mr. Guernsey came up and said it might take a shorter amount of time than it did back in the '80s when we had a changeover in the zoning category and rewrote the code. We need to see the time line on that. This is a little bit afield from this particular topic, but we did get an expanded time line for codenext implementation which included the training and then the changeover in the manuals, the updating of the software and everything that's involved there. But somehow the latest time line that we got attached to a blog posting on codenext is missing all of that additional work that's after April. And we had worked really hard to get the expanded time line included in the conversation so that the expectations of the community are grounded in reality and so I just come back to that again and make sure that we are accommodating the necessary internal work that will have to happen, that we have it funded sufficiently and that -- not only in staff and money but also the amount of time.

>> Councilmember, we can bring back and have that additional information added. I think we probably need to have a little more discussion with development services and some of the other departments because it does affect all those different departments and when they do the criteria manuals.

>> Pool: Right, and the criteria manuals will take some time and understanding them to have the same familiarity with the current code will be an important piece of training for everybody. Since -- I don't know if it's Mr. Guernsey to answer this question or Mr. Rodriguez, but of the 51 ftes, the new ftes in dsd, how many of those folks will be assigned to working the issue of demolitions and historic -- in our historic preservation office?

[10:17:44 AM]

>> So we are not at this time increasing the staff in that area, but I will tell you, just a little advance information, the audit office has completed a review of the demolitions process and they will be presenting that to the audit and finance committee. And there are some things they have highlighted that would take additional resources so those are going to be policy discussions as to how best to approach the demolitions process. But we're just getting that information so, of course, it's way too late to include in the fiscal year 17-18 budget, so if there are changes in terms of resources we would put those in place in 18-19.

>> Pool: I think we had some conversations on the dais about needing to make sure we staffed up that office.

>> The approach right now, it's actually -- this is what you are going to see in the audit, is that it's approached by both director Guernsey on the historic side and from our perspective on the nonhistoric side. And so I'm not sure if your question is pertaining to staffing on the historic side, which it may be --

>> Pool: That's where the demolition permits are approved, where they are assessed and approved.



>> I'm fully staffed as far as historic preservation program. All four of those positions are filled. I think there is a -- the audit is important and probably to talk about and consider. There is some additional training that was asked of the board members and things like that. We've just had the training for all the board members. But I'm not increasing my staff, in the preservation unit either at this time.

>> Pool: Is there an opportunity make to cross-train some staff so if somebody is out -- a four-person staff is really -- that's vulnerable to absences or vacations.

>> Well, I will tell you part of the audit piece is recommending that the process be consolidated under one department.

[10:19:50 AM]

And so that's something that we are still talking about. We, of course, have -- including in this proposal are a significant increase in our reviewer positions, the due process to process the applications on our side so we would have the backup on our side. Something we've got to talk about as the audit comes forward as to the best approach for demolitions. Audit certainly thinks that a single point of entry in a single department handling them would be the best approach. We tend to agree. It's just a matter of working that out.

>> Pool: Well, I'll wait and see what the audit says and see where we go from there. I just wanted to make a comment on point 3 that's also on slide 7. You were talking about digitizing which will save \$45 an hour with iron mountain?

>> Actually the total figure is probably in the hundreds of thousands of dollars. We currently have I'd say about 7,000 square feet of space on the first floor, not including all the space on the other floors where we house documents and we have to heat and cool all those documents. That's valuable space that could be used for staffing. It's valuable space we could use for customer service. So that's a cost that we incur at one Texas center. Then we incur the off-site storage costs at ironmountain. There's a permanent cost there, but every time we retrieve a record it's \$45. I will tell you that the reason that we retrieve records is because a third of the city's open records requests are pertain to go the records that we have. So that's a significant amount of dollars that the city clerk's office incurs because of our need to respond to an open records request. So by digitizing all of these records, we expect to save a significant amount in both the storage piece of it, but then also in the realm of being more transparent we feel that having these records available to every citizen will decrease the number of open records requests that we get.

[10:21:54 AM]

>> Pool: And that's good and I was also concerned when I heard some of the stories about the state of some of the documents that had been stored by -- at an off-site location. They had water damage and insect damage that the off-site storage at least in one instance was poorly maintained. We might just lodge that as a piece of information. Not saying it's happening with our development services records, but there was some indication it was happening to governmental records in another situation. But where I was going with this line of questioning was to be sure that we calculate the data storage impacts because that also costs money.

>> It does.

>> Pool: We want to make sure we have sufficient funds set aside in order to accommodate all of that, which I do support, but we're not only just saving the money that we're not giving to iron mountain, we will also have to spend money for cloud storage or wherever else.

>> Yes and that's our approach with technology. We have shifted towards more utilization of technology, but as you can see with our budget requests, it just shifts how the approach is. That's why we're also asking for information and technology support as well.

>> Pool: Great. Thanks so much.

>> Thank you.

>> Mayor Adler: Okay. Ms. Houston.

>> Houston: Thank you, mayor, and thank you for the excellent presentation. On page -- on page 4, I'm interested in the third party services. Can you give me an example of what that staff would be used for?

>> Absolutely. So currently an example of what we would utilize this service for is currently our homeowners when they are changing out a water heater, they do actually have to get an inspection from our department. And so right now our inspection services are really overtasked with the amount of work they have in front of them.

[10:23:58 AM]

And so in some cases the response to the customer is we will be there tomorrow. We can't give you a definitive time frame. Through the utilization of third-party services, we expect for that service to be more expedient and we would move over our changeout program to third-party inspectors to provide a higher level of service. That would -- level of service. That would help us by relieving two ftes in our inspection group which is sorely needed with other associated demand.

>> Houston: Thank you.

>> Mayor Adler: Mr. Flannigan.

>> Flannigan: Thank you. Mr. Gonzalez, you guys are doing a bang-up job over there. This is really good stuff. Really my only question is on slide 2 where you show the improvement, if we could see that every month so there's more of a trend line as opposed to a snapshot where we're seeing kind of one unfortunate set of circumstances getting a bad number might be better for the community to see eight out of ten months are better as opposed to the one month that just happened to be bad.

>> I I apologize. I should have started with saying we publish this monthly and we certainly will send a link out to council so you can share it with your constituents as well.

>> Flannigan: Phenominal. On the parking question, we subsidize all of the parking now because it's free. So inherently we already subsidize all the parking. And when we talk about the parking fees, that subsidy come out of the fees that people are paying to get permits and site plans, right? That's not coming from taxpayers.

>> The way that we look at it is that the parking spaces that are being occupied, if they are being occupied by a customer, that's a good thing because they are coming to see us.

[10:26:04 AM]

But if that parking space is being used by somebody that doesn't have business to Travis county at one Texas center it's a cost because our employee can't park there nor can the customer.

>> Flannigan: Sure. But when the math comes out and the validations come in, the funding that is paying for those now subsidized parking fees come out of general fund or they come out of the fees collected?

>> So because we're a general fund department, if there are any associated parking costs, then yes, they are out of the general fund. But going back to our self-sustaining model, right now, for example, the rent that we incur as being an occupant of one Texas center is being rolled into the fee schedule. But there are other departments that occupy one Texas center that don't have a fee model like this. So for example human resources, office of real estate services, those are in the general fund and so their rent, of course, is being paid out of the general fund.

>> Flannigan: But when your department subsidizes the parking, does that come out of the fees you charge or some part of the budget?

>> That would come out of the fees we charge.

>> Flannigan: That is what I thought I heard and there may be disagreement with that assessment.

>> Mayor Adler: Councilmember alter.

>> Alter: I have similar questions on the parking and want to make sure I understand. So if it comes out of the fees charged and goes over to atd and it ends up in -- not in general fund [inaudible] Not a general fund department, does it end up going to mobility? Where does that money go when you pay that 400,000 that you're saying comes out of fees.

>> Yes.

>> Alter: Where does that 400,000 go?

>> So it's our understanding from atd that the net revenue that they earn from the parking program, including the subsidy or supplemental validation we would pay, that they would use that net revenue to put back towards any expenses at one Texas center.

[10:28:18 AM]

We can confirm that with atd as to what they intended to with the net revenue, but you are right, they are not a general fund department. It's our understanding that what their approach to parking is that net revenue goes back towards that facility.

>> Alter: I don't know that that's the case what they do in parks, so I would like more information on that because we've had issues where they haven't been investing that back into the parks, it's just going forward. So that would be I think something good to know as a general question. Still though trying to understand if that 400,000 is divided over all the fee payers who are not using the four to eight hours, are we having the people going in for their one little permit subsidizing the developers who are doing these much larger processes that are taking up a lot of city resources and they want to be there four to eight hours and are perfectly capable of paying their fees. Are we having average joes having to subsidize them?

>> It would apply to all of our fees, the 400,000. Yes, you are right, if you are not parking there or not, it's considered overhead as part of our fees.

>> Alter: But then we're already giving them the two hours.

>> Yes.

>> Alter: So it's more than the 400,000 that this is in some sense being subsidized.

>> Yes, and that was a question I think councilmember kitchen had asked was that is the amount atd has set aside for validation so we'll ask that question.

>> Alter: I don't want to speak for my colleagues, but I have the sense we're going to need a lot more information on this piece of it so we can understand where the money is going. Subsidizing whom and what the net benefit of doing this is. And I'm a little disturbed we're doing this during the week and we're not going to charge people on the weekend to use that space if we want people not to come downtown with their cars, then we have to have parking that costs something and we have an option to do that and our fees are already incredibly low for parking, so I would like to understand the plan over the full week, not just during the week.

[10:30:38 AM]

>> We will ask atd that question as well what the plan is for the weekend.

>> Alter: Thank you.

>> Mayor Adler: Okay. I have a couple questions then we'll pass it around to other people. Again, I also continue to hear real good things about the work you are doing in your department and change and moving forward. I still hear some concerns about the permitting when we move out of your department. So into Austin energy or into fire and those folks are a little bit different because they are not in your department so it might be harder to integrate. Do we have reporting - when you have commercial plan reviews and residential plan reviews, does that take into account the reviews not in development services department but in the other departments?

>> No, the metric in front of us is for the dsd aspect of that review. However, in the monthly reporting we do we do report on the other departments involved in that process.

>> Mayor Adler: And how is that tracking? Is it also tracking the same kind --

>> It's tracking approximately the same with regard to dsd. You know, it's -- we've begun quarterly

meetings with our partner departments to talk to them, of course, about the success matrix that we use in the coalition agreements that we've engaged in with the other partner departments. We have established 90% as the goal. And so it's our premise that we work with all 12 departments to bring the entire development process up to an improved service delivery.

>> Mayor Adler: Okay. Thanks. Anything else on this topic? Yes, councilmember Garza.

>> Garza: I forgot I had a question. On page 197 under the building inspection and trades permits, I was trying to understand it said we have met our goal every year to meet our on-time inspection of 24 hours. 14 positions of the new ones -- with the addition of these 14 positions, the added time allowed on each inspection is expected to increase between one and four minutes.

[10:32:48 AM]

I'm trying to understand what we're improving with 14 people.

>> Sure. And our response to councilmember alter will give you a more definitive outcome for the addition of the building inspections. I can tell you our building inspectors, just like other folks in dsd work tirelessly to meet the metric in front of them. For building inspections they attempt to get to that inspection within the next day 90% of the time. For us they are really working hard to do so, but we're concerned they are overlooking key aspects of that inspection. So at the expense of quality they are meeting the time requirement. We want them to focus also on quality, the life safety aspect, and they need more time to do that work. The way they would get more time is by us adding the number of inspectors to do the work in front of them. So our response to councilmember alter's question will have the expected out come including the savings of time for each inspector.

>> Garza: Can you just explain -- on I don't understand that sense. The add add time at each inspection is expected to increase one to four minutes. Does that mean because we add 14 people, an inspector will be able to stay at a site one to four minutes longer?

>> You'll see in our response it's longer. Basically that's what it means is our inspector can stay on the site to continue to look at all the items that need to be inspected for a longer time period. It's our concern that our inspectors with the limited amount of time they have at each inspection site, that they are -- they are focused on getting their entire route completed. And so as such they can only spend a finite amount of time at each inspection site. We want them to spend the amount of time that it takes to do a quality inspection at each site, focus on the quality as opposed to can I complete my entire route for the day.

[10:34:58 AM]

>> Garza: Okay. And I also want to add my thanks for the improvements that have been made, but just to get back to that parking, it's a very interesting thing because if it is in the fees, that means -- I'm assuming when they show up we don't ask did you take the bus or did you park, and then their fee changes somehow based on that. Which would mean if somebody does take the bus, which we want people to be using public transit or some alternate means, one person, one car, that means the people that use public transportation, part of their fees are paying for something that they didn't use. So I'm trying to understand the exact issue with the parking. Because it sounds -- at first you said it is coming from the general fund and then you said no, it's in the fees. I'm trying to understand the --

>> I'm sorry if I said it's coming from the general fund, it's not. Atd is doing the first validation piece and it's coming from the revenues that they collect from the parking. The second validation piece would come from us for our customers.

>> Garza: Okay.

>> And that amount of the total annual amount of that validation, yes, we have factored into the fee schedule.

>> Garza: So there are people who may not have actually parked there that are paying for

parking.

>> That could be the case.

>> Mayor Adler: Okay.

>> Kitchen: Just for clarification, not to beat a dead horse on the parking, but part of the cost of the parking is covered by the cost of services. That's the 400,000. And part of it is not, and that part that's not, we don't know the number for yet, comes out of -- it is due to atd waiving the fees for two hours or whatever it is.

>> Yes.

>> Kitchen: You are going to get us that number.

>> We certainly are.

>> Kitchen: Even though it's probably a relatively small number, I do think it's important because it is out of the general fund and so we are paying for people to park there.

[10:37:03 AM]

So anyway, my question is different. My question relates to -- we had some earlier discussion about the relationship -- you know, looking at cost of service in the light of how -- how your department impacts or relates to other departments, and I understand you are going to get us further information. So I specifically want to ask about the planning department. So we -- as we move forward with codenext, we may also be talking about additional staffing needed in that department for planning purposes related to smaller planning and things like that. Arguably speaking some of the activities of that department are important to development in our community. So I'm wanting to just understand whether you all have considered in cost of service the relationship between those activities so when someone comes for -- and pays a fee for a particular -- for a particular development, in part at least they are able to develop because of what our planning department is doing. So don't know the answer to that. I'm not suggesting an answer to it, I'm just suggesting that it's something that is a policy matter we ought to consider. And -- because there's a lot of activities that occur in the planning department that are not activities that have a direct fee associated with them, but they do -- they do support individual development and support the development process.

>> Sure. Thank you, and we certainly are willing to engage in that discussion. I might add first that planning does charge its own fees as well. And so I think the first part of that conversation would be what fees does planning charge associated with that type of development and are they at full cost of service. It's our understanding that this year they are at full cost of service, but I think it's a question director Guernsey could respond to with regard to what level of that planning is covered by the cost of service study.

[10:39:05 AM]

>> Kitchen: Yes, that's an interesting question. I'm sure it's not all and one of the questions we're going to have to talk about is that there's probably some necessity to enhance the resources we have in planning particularly if we're going to do small area planning or other kinds of things that support -- that support where in our community is appropriate for development. So --

>> In the planning and zoning department, many of our -- we don't charge fees for that would be recovered from -- for work that we do on imagine Austin. My long-range planning staff, those fees are not recovered because there's no application fee.

[Inaudible] Through our development fees. But those fees that do relate to historic preservation when there's an application comes in for altering a structure or demolition, rezoning applications that you see, those fees are built into our fee schedule.

>> Kitchen: Okay, thank you. And I assume that neighborhood planning is not built in nor is other kinds of planning. There's no fees directly related to those.

>> There are fees related to those when you have an applicant that brings in a future land use change, there are fees that development services charge for processing an application that comes

in, for notification. Those are services I receive from development services.

>> Kitchen: Okay.

>> There's also fees charged for meetings we have that are required of an applicant to have out in the community.

>> Kitchen: But it's all tied to an applicant. Okay. We'll request more specific information so we can understand that. So I'd really like to understand what's not covered and just to have a discussion or a consideration of whether it ought to be.

>> Thank you.

>> Mayor Adler: Councilmember troxclair.

>> Troxclair: First, thank you for your -- for what you are doing to streamline development services and I'm just really happy to hear your continued focus on customer experience and customer service because I think that's where we get so many complaints and I think that you have the right attitude towards, you know, focusing on our customers.

[10:41:23 AM]

I wanted to ask at what point in this process are we -- or are we ever -- are we looking at our code to determine what -- if there are permits that the city is requiring that we may not need. If we have an incredibly complicated system and it's very confusing to get through, that's a problem. If you are working to make it easier for people to understand the incredibly complicated many is, that's a step. If we could both simplify the process and make it easier to get through the process, that would be ideal. My question kind of came about in particular because I've gotten two complaints in the last week in my office about the city requiring a permit to replace an exterior door. And I -- and both of the people said it was the most expensive part of their project, that the door was \$150, that the labor was \$200 and the permit was 250 or something like that. I don't know the exact numbers. And it never -- I am going to replace an exterior door in my house and it never occurred I would need a permit from the city. And maybe there's a good reason for that, but it just really made me think about what other things out there that we are requiring permits that really are adding to expense of projects probably unnecessarily.

>> Yeah, especially with regard to the homeowner. That's what we're looking at. And you are right, we do actually require a permit. A lot of what's required comes out of the international residential code, which is adopted by council every two years. We do have an opportunity to make minor amendments in the residential code so I've asked my staff, of course it was adopted last year, what kind of minor amendments can we make to that international residential code that allow us or a homeowner to do more improvements on their own that we don't necessarily need to review and don't necessarily need to inspect.

[10:43:29 AM]

So we have a list of those and we make those available to the homeowner. Typically it's like if you need to replace a sheet of sheetrock, go ahead and do it, that's no problem. If you are talking sheetrock at your house, yes, we probably need to inspect that. But we have a list of items the homeowner can do on their own without having to go through a permit process. It's our goal to continue to look at that list and expand upon it for areas we don't need to necessarily review or inspect. But we would be glad to share that list with council. Now, looking more broadly though with regard to all the city codes, the code that we have in front of us was adopted in 1984 and it's been amended significantly since that time period. And that, of course, is the importance of code next. So that way we can get somewhat of a streamlined code, one that's easy for folks to understand. However, keep in mind though that the neighborhood planning aspects will still be part of the code. So when you are talking about areas like mcmansion, it is very difficult for a homeowner who is wanting to increase the square footage of their home because the mcmansion compliance itself is very complex. We've heard that homeowners have to hire an architect in order to comply. We do our best as much as possible to help with the process, but we

are not overlooking the code itself. And so the code provisions that are in there can be very complex and they are very prescriptive as well. There's been many policy discussions as to those code provisions. You know, we're not looking at engaging in policy discussions for that, but we're trying to do, of course, is make the process itself easier for our customers.

>> Troxclair: So is that something that you can -- I think it's good you have a list of things a homeowner can do without seeking a permit and I'm -- but I'm more interested in the list of things that we do require a permit for that we have flexibility on that we -- that are low risk that we could consider not requiring permit for.

[10:45:42 AM]

I mean is that you --

>> That would certainly be us. We can certainly look at expanding that list and, of course, it would take council action to expand that list, but we would seek to develop what that list proposal would be, how we could expand it.

>> Troxclair: Okay. Thank you.

>> Because we agree with you. You know, from a homeowner's perspective, of course, the cost of housing is increasing every day and what can we do from a policy perspective to allow a homeowner to do some very minor things in their own home without incurring a significant cost. The things that everyone agrees that are very minor, that wouldn't require review or inspection.

>> Troxclair: Okay. So you'll provide me with that information or should I follow up?

>> Yeah, we would look at the list internally and probably come forward as to what that list should be expanded to.

>> Troxclair: Okay. Well certainly if there's interest from other councilmembers, that's something I would be very interested in. Thank you.

>> Mayor Adler: Okay. Councilmember Garza.

>> Garza: I was just going to say very interested in that and was going to ask if it required council direction because to hear that a homeowner needs a permit to replace a water heater, I mean is that something that a licensed plumber should be able to do. I would be curious to know how the city is using our inspectors to inspect these tiny little jobs that, you know, that's going to save the city money and save homeowners money. I'm happy to join you in that.

>> With regard to water heaters, it is a critical area because a lot of our water heaters are gas operated. We'll go and inspect the plumbing fittings for that because we don't want something catastrophic to happen in a home. And so it's important for us that we inspect those connections especially with regard to gas.

[10:47:43 AM]

>> Garza: But is that -- isn't that something a licensed plumber or -- I mean that you hire -- I think we hired a plumber to do that.

>> Absolutely. And we work with licensed professionals all the time and, of course, it's their responsibility to install apparatus according to code. As a provision though, we come back and inspect it ourselves.

>> Garza: I'm still curious to see what other things that I'm not aware of that you need a permit for in the city.

>> Mayor Adler: Mayor pro tem.

>> Houston: Can I just say something quick. That just happened to me. I didn't know I needed a permit to do the water heater, and then because I have gas ac and heating, that when they came in to do whatever they were doing because the ac was put in in 1999 the code was changed and now I'm going to have something else done that I didn't have to do because they sealed it off. It was amazing how much cost I was out of, you know, \$400 there, another couple of hundred dollars there in order to bring my old house up to code and I'm lucky to have that but many

people don't have those options. I would be willing to work with anybody to help us figure this one out.

>> And thank you for that because we agree, you know, that the staff -- they are homeowners as well, you know, so they are incurring costs like that as well. We want to work with our customers and see, you know, what is it that we don't require in terms of those minor things, and we would be glad to engage in that conversation with council.

>> Mayor Adler: Mayor pro tem.

>> Tovo: So I think what would be interesting for me and I can submit this in the Q and a but I might forget so I'm going to mention it, last year we had a discussion, maybe the year before, about the number of new positions and the fact those new positions were going to be funded through fees.

[10:49:52 AM]

Especially since that's the model that you are moving toward and even more dramatically so this year it would be interesting for me to have you go back to last year's projections and see how closely those matched the actuality. If it's in our budget, if you could point me to that, otherwise consider that a budget question for the last year or two, how did your actual revenues compare to the projections that you made as they were going to offset fees -- I mean excuse me, increased costs particularly with regard to staffing.

>> Sure, and we'll certainly provide that in response through budget Q and a. Page 193 of our budget. So you'll see the estimated revenue collection for dsd is 47.9 million. And that's about 9 million more than what we had estimated last year using the fee model.

>> Tovo: I think I would like to see it -- thank you, that's helpful and I think I would like to see it lined up against all of the -- against the new staffing and other expenses that were intended to be. I assume then that means you did break even and ended up ahead in terms of covering the costs that were new for this fiscal year's budget. But it would help me just to see those line items.

>> Yes, we more than broken. We exceeded our expectations overwhelmingly.

>> Tovo: And did it require bringing in additional staff and whatnot? Bringing in temporary staff that you hadn't anticipated at this time last year in the budget?

>> And that's the premise for our temporary increase is because we've seen success in utilizing that service. And so yes, we've had to hire more temporary staff to meet the demand and so that's why we're coming to you for request for permanent --

>> Tovo: I guess I understand that, but I guess in terms of trying to understand how last year's budget shook out, it's one thing to see that the 9 million exceeded but I would like to see what the additional costs were too that you incurred that were beyond what you might have contemplated.

[10:51:59 AM]

And that is also likely in here, but if you could point knee to the --

>> We certainly could provide that. I think just overarching budget we were within so to the degree we've needed additional resources we've worked within the budget provided by council.

>> Tovo: Thank you. And then since we've talked a lot about parking, I just want to get back to talk more about parking.

[Laughter] You know, I think -- I hope that there would be -- anyway, you have considered it a Q and a about whether or not there would be parking fees assessed over the weekend, and there were some comments made about if we charge during the week, why wouldn't we charge during the weekend and I want to express slight concern about that. I'm going to have to think about that. Some of the events where people park on the weekend are things like last Saturdays, aid back-to-school bash where thousands of kids got free car seats and free backpacks with supplies and paying at some of those events there is a need for overflow parking and I would hate to charge for those kinds of events and two, even at other events that palmer sometimes



charges and it's up to \$8 a car. For people who want to walk more, that seems like a reasonable suggestion. I would have to really think about it if we are charging over the weekend. At least it should be -- it would be my hope that our transportation department could monitor what kinds of events are going on and when it's an event, a ticketed event at the long center, that is a different animal for me than a free event where we're trying to provide resources for Austin families. That would be a day where I would hope they would turn off the parking meters. Just a comment on this ongoing parking discussion.

[10:54:02 AM]

>> Mayor Adler: Okay. Anyone else on this? Councilmember pool, did you -- okay. Councilmember alter.

>> Alter: Thank you. I have one more question. On page 199 of volume 1, you talk about support services, and there's a mention in there of the function of resources to operate the neighborhood assistance center will transfer from the planning and zoning department to the dsd along with funding for two positions. In exchange for these positions and fully separate support staff, the budget includes the transfer of three positions to planning and zoning. If you could explain that to me and also I realize it's here in the writing, but it really wasn't in our overview that there were additional positions going to planning and zoning and if you could help us understand what that means.

>> Sure. And you also see a description in the response to your budget Q and a with regard the position replenishment. So we intend to make that transfer this fiscal year, so when dsd split apart from planning and zoning, we still maintained the support for planning and zoning, human resources, finance, technology, et cetera. We have pegged that total support at three ftes, and so for fiscal year 16-17, we would transfer over three ftes to planning and zoning and they would transfer over to us the neighborhood assistance center. Thereby relieving planning and zoning with having to come up with additional funding for these additional ftes or full three ftes. The benefit, of course, is that the cost of the neighborhood assistance center then gets rolled into our fee schedule because the work that they do is a direct result of the work that we do. And we feel that the relationship can be strengthened between the neighborhood assistance center and our plan review and inspection staff to ultimately help our residents out.

[10:56:09 AM]

But that's it in a nutshell is that we actually want to make that transfers this year. Next year we would have to request -- in 17-18 we would have to request those positions to make us whole, if you will, and particularly the two neighborhood assistance center positions.

>> Alter: So it's not in -- you're going to give me more detail but it's not in this budget those two positions?

>> It is. It is. We want to make the transfer now, and we want to make up for it, of course, in the 17-18 proposed budget.

>> Alter: Okay. And the support services that are being undertaken by planning and zoning include what kinds of things?

>> So the three positions that would come from dsd we would look at H.R. Services, I.T. Support, assisting with Amanda, public information, records management, the customer assistance requests that we receive, handling those items that may come on the council agenda. I have one person that processes just for zoning, but it also takes care of the boards and commissions, but those other items that you might see I actually go to Rodney's department to launch acs for code amendments so that -- that might be coming back to my department.

>> Alter: When you say the budget includes the transfer of three position, does that mean dsd is continuing to fund those three positions and they are just housed in planning and zoning or are we actually creating new ftes?

>> So this would eliminate any type of cross-funding scenario. So the two positions would go this

year -- three positions would go to Greg this year, complete with the funding, the neighborhood assistance center would come our way and we would take on that funding ourselves, and we would have a clear distinction with regard to funding.

[10:58:10 AM]

There would not be any swap of funding. There would not be positions in Greg's shop that we financially support, and there would not be positions in our shop that Greg financially supports.

>> Alter: So I understood that you said the neighborhood assistance center would then be coming out of fees. Would the three positions going to be in planning and zoning or general fund?

>> Covered by general fund in my department.

>> Alter: So that's an additional three positions in planning and zoning?

>> It might be a net of one because if two are going to Rodney and three coming to me, there would only be one additional position in my department.

>> Greg is already covering the costs for two so it would be a third one that he would have to -- net of one that he would have.

>> And currently the neighborhood assistance center doesn't charge fees.

>> Alter: So the benefit is that the neighborhood assistance center is going to be able to charge fees through that, but I'm still trying to wrap my head around and maybe this is in the detail and I can wait, but those three that are now coming out of the general fund, they were already being paid by the general fund within -- within development services or were they being paid by fees within development services?

>> Those three that are coming from the general fund, the vacant positions we're using because we're transferring vacant positions, two of them are vacant because they are the second team of the expedited bidding plan review position -- or program and so we don't need to hire those positions and so we can transfer those and make up for it in 17-18. The third position is an accounting position that recently became vacant so we're transferring that P.C. And that position over to Greg's shop as well

>> Alter: But in practice, they were doing work for planning and zoning, but they were within development services? I'm trying to understand if --

>> That's correct

>> Alter: -- These are additional positions that we are, thereby, authorizing within planning and zoning to do additional work, or is this just a transfer where --

[11:00:15 AM]

>> So right now, the development services department provides planning and zoning services that relate to public information for accounting, for records management, for I.T. Services, and so those are things that Rodney's shop is doing now for planning and zoning. When the department, planning and development review was split, the majority, with the exception of one budget position, all went to dsd, and then I retained one budget position in my office for support.

>> It may be also that we provide you a more detailed description in the Q and a process

>> Alter: That would be great. Can we consider that a asked?

>> We sure can

>> Mayor Adler: Mayor pro tem?

>> Tovo: I'm not at all following this. Are these occupied positions transferred to planning and neighborhoods but are these basically ftes that would be hired for?

>> The three positions that would come from the development services department are all currently vacant. I would be reclassifying those positions and then hiring them

>> Tovo: Okay. So I think that's significant because we have talked about, you know, not adding new positions in various places and so the swap is basically adding -- it is not an even -- it is not necessarily an even swap. We're moving the neighborhood assistance to development review, but we're transferring the ftes so that you have the capacity to hire three people within your --

>> Right. For similar services, which development services is currently providing today  
>> Tovo: And I'll have to go back through past budgets because it seems like we added a manager -- I mean we have added -- my general recollection is that we've added -- we've added to support services and planning and neighborhoods in previous budgets, and so I think I want to get a better understanding of how that shakes out over the previous years, not because it wouldn't be helpful and useful to have more assistance with public information and everything, I have I think we all face that in our own offices, the challenges.

[11:02:24 AM]

One of my staff members is working on it this week. I think in the time scarcity, I'm going to ask you to look at that

>> Sure

>> Tovo: And one of the questions that I'm going to submit through the Q and A is just asking for an organizational chart. I think there have been so many transitions and changes and additional staff, but also moving staff, that I think that would be really helpful, to be able to see that not just at the managerial level, but also the numbers of staff and how they have changed, say, over the last four years. I'll try to remember to submit that, but again, if you would consider that to be a Q and A.

>> Sure

>> Tovo: Thanks very much

>> Mayor Adler: Anything else before we go to the next chapter? Ms. Houston?

>> Houston: The neighborhood assistance center, so you currently have -- how many are in the neighborhood assistance center now?

>> Two

>> Houston: Two. Oh, look at that. That's pretty good

[laughter].

>> We synced our response

>> Houston: To there are two, and so it will be increased to four?

>> No, ma'am. It would remain at two. I certainly intend to look at that staffing level over the next year, and perhaps in '18-'19, provide a proposal to council to further increase our fee schedule for additional resources that are needed.

>> Houston: And the reason I ask that is because that's the group that neighbors, the regular citizen that just needs help in figuring out what they're supposed to do, those are the people they go to, and they've been understaffed for a while. I think they started off in the budget with at least four. We've never really got them up to four

>> Uh-huh

>> Houston: And so it's critically important to me that we try to look for ways to increase the number of staff there, because they have that outward facing view of people who don't have a clue about what we talk about all the time. And they're able to negotiate that and help them understand the process. And so two people has been woefully lacking for many years now. I'm sorry to we're we're not going to be adding some additional staff.

[11:04:27 AM]

>> I agree with you. What we're looking at right now is 51 positions. Any additional would be on top of that 51 positions. As I've mentioned before, we have self-sustaining. We would adjust our fee schedule accordingly, if we were to increase that number more than 51. But what we looked at was overall total of positions that we're coming forward with and 51 is a large number. But I certainly am willing to look at the program this next year, look towards the fiscal year '18 '19 budget, as far as what additional resources are need. I think you're right, I think we could use them now. But anything that's modified now would be north of the 51 that is currently --

>> Houston: And I understand that. But as we begin the roll-out of codeNEXT and the

preparation the staff is going to have, we're going to have more and more questions from people about how this is going to impact their individual property or their neighborhood, and that's who they go to, is the neighborhood assistance center. And so I'm concerned that they won't have the resources they need when they go and say, can you help me understand what the impact of codenext is going to be on my property? So --

>> I agree with you.

>> Houston: Yeah. And then the other thing I was going to ask, I'm having a senior moment here ... It'll come back and I'll send you a note

>> Okay. Sounds good.

>> Tovo: Thank you, because that reminded me of another question that I had in my head next week but forgot to ask this week. But also, I just want to say I agree, I was -- when we went from four ftes -- there used to be four ftes, and then two were not funded, and then they went away in a budget, and I'm still irritated at myself for not noticing that, that the two ftes went away, even though we hadn't been funding them, it would have been nice to have tipped those fte lines for the neighborhood assistance. But we've all had some correspondence from the Austin independent business alliance.

[11:06:30 AM]

I would say over the last several years, really, about the need for some case managers for -- specifically for small businesses to help them navigate the process. And I know they've been working with your staff to talk about what that would look like if they were added, in addition to the 51, in terms of the fee. But I also wanted to ask you whether you've given can to allocating to your proposed 51 staff, given that it is a long-time request.

>> Sure. The 51 that we are currently proposing with proposed over nine different functions within the department, functions that need those specific positions to do the work that's in front of them. If we did have an ombuds person program, that would be in our review. Currently within our proposal, we're requesting three positions within our commercial plan review program. Those three positions would assume all of the site plan plumbing review from Austin water, and additionally, they would help staff an area that we feel is vulnerable because currently we only have two plumbing plan reviewers in our shop. Recently, we experienced a turnover, where we were down to one plumbing reviewer for all the applications that we had received. That certainly caused a delay in the review of those plumbing review aspects. And so we feel that we need to staff up the plumbing review within commercial plan review. Your question of, you know, could we move within that 51, it's not my leave that we could because these positions are specifically targeted for various functions within the development services department, and so it becomes a hydraulic situation. What we remove from one area, then we have a decrease in service level in that area, and so anything additional at this point would be adding to the 51, which is something that we could accommodate, as I mentioned in our self-sustaining model, by increasing our fees.

[11:08:38 AM]

>> Tovo: And do we have a breakdown of those 51 positions? If so, where?

>> You actually will have a breakdown of them.

>> Tovo: Perfect. Thank you. Thanks for that. Thanks for discovering the hydraulic situation. I like that phrase. I'm going to use it again.

>> Casar: In that same vein, have y'all analyzed -- I know that's been kind of a repeating request of the city, where those folks would fit in and if it would make sense within the model and what -- how many people you would need, how much that would cost, that kind of stuff.

>> You know, from an ombuds person, generally from the neighborhood assistance center, we currently could use positions like that because they help us more at the front end and help throughout the process. Our folks are really good at what they do and they speak a lot of technical

terms. Unfortunately, for folks who aren't familiar with that process, that's a disconnect in the language. And so the ombuds persons would help facilitate the process, help facilitate the understanding of what plan review is, help facilitate what the inspection process is for our customers who are not familiar with the process. We probably could use at least two within our department, given vast number of small businesses that are in Austin north of 40,000. There again, the approach that we've brought before you looked at everything holistically because these are going up in the department, not just covering the 51, but alleviating the drainage fund of the \$5.2 million transfer annually. It's an approach we looked at and just felt comfortable coming to council with what's in front of you right now

>> Casar: Thanks.

>> Kitchen: Just a quick question. For small businesses right now, how do you provide services to them?

[11:10:40 AM]

Are you saying right now -- you obviously provide services to them right now because they have needs. Are you saying that right now there's not any one individual that they could just go through any part of your process, depending on what it is that they need or are applying for?

>> So not in our shop, so we don't have an ombuds process in our shop.

>> Kitchen: I'm not asking ombudsman. For a restaurant that opens up a small business or some other kind of business that is opening up and they're a small business, do they have a particular group or work group, or are there particular individuals that are specialized in that? How does it work now?

>> They don't have a particular team. The approach is that they come see our commercial plan review staff.

>> Kitchen: Okay.

>> So they could see staff in there. We have customer walk-in hours, where they could come visit, get some consultation for 30 minutes. And that helps.

>> Kitchen: Uh-huh.

>> However, the program like an ombuds person would provide more targeted assistance for our small businesses.

>> Kitchen: Have you considered or looked into the process that within your commercial team, that it makes sense that part of your commercial team be dedicated to work only with small businesses?

>> What we have right now, because we've got such a significant volume coming at us, that it's even hard to maintain the current walk-in hours that we have. We've had to cut back on the walk-in hours, just given the volume that we have. So segregating teams to work strictly on small business using the hydraulic analogy that I used before is that you then reduce service delivery in another area, where it can be used as well.

>> Kitchen: So there's not enough volume -- are you saying there's not enough volume for small businesses to keep someone dedicated to small businesses working all the time?

>> No, what I'm saying, there's not enough staff currently. I think that's what your question was, could we segregate a section of the staff. There's not enough staff.

>> Kitchen: Well, I'm not understanding why, in adding additional staff, that it can't be organized within the staff that you're adding in such a way to put that expertise together.

[11:12:50 AM]

So we may -- as opposed to adding an ombudsman. I'll think about that. I'd like do you think about that and help me understand, we -- I don't want to take the time right now, but we need to have that discussion because it would seem there would be some efficiencies and I'm not hearing, because of the volume, that that would mean that those folks would be idle part of the time, which obviously you wouldn't want that. And I understand the purpose of an ombudsman, but if

you have folks that are dedicated to helping out small businesses, or really familiar with what they need to do, then it could be helpful. I mean, isn't that the approach that you're retaking with the expedited permitting? Because with expedited permitting, you're creating special teams for expedited permitting. Could we not have a special team dedicated to special businesses?

>> It is. If you'll recall, we added new positions associated with expedited keep. I think that's what the conversation is, because we couldn't do an expedited building program with existing staff, we came to you last year asking for new staff specific for that program.

>> Kitchen: Yeah. I just want to challenge you to help us. I mean, 51 is already a whole lot, and of course it's important for this -- for this -- you know, for this department. It's hugely important, but rather than just saying that we need to add more people in order to address the concerns of small businesses, I really would ask that you look at the way you're organizing things and just give it another look and let us know if there's any possibilities within the existing ftes that we're adding.

>> Sure.

>> Mayor Adler: Yes. Councilmember alter.

>> Alter: I agree with the direction of our conversation and trying to find more ways to target our small local businesses and help them through this process. I will put in like a budget Q and a. I would like to hear from you about request you were designing this, to address that particular question, how you would go about it from a management perspective.

[11:14:53 AM]

I don't want to tell you how to do it, I have no idea too it, I just know that there's a need for it that we've heard loud and clear from the community. But I did want to confirm that what I'm hearing from you, though, is that we would have an option, if we said this is something that we had a need of adjusting our fee structure to cover that cost. Is that correct?

>> Yes.

>> Alter: So we could say that we think it's worth adding a little bit of fees to provide this extra service to our small local businesses like our local restaurants, et cetera, in order to facilitate the process for them, and that would come out of fees, would not be coming out of general fund.

>> Yes.

>> Alter: Okay. And then my other question is, for that 5 million that is general fund, can you -- maybe this can be part of the other answer, but -- that you're providing for us. Can you delineate what portion of that is taken up at all by the 51 positions? So we talk about this 5 million that's from the general fund, but, you know, the additional positions, as I'm understanding it, are not impacting the general fund? Or are there ways in which they're impacting the general fund cost? So --

>> There are no ways those 51 positions are impacting the general fund.

>> Alter: Okay. So we could -- would two positions, say, just what you said off the top of your head, and I don't want to make you say that's the way we move forward, if we were to add two positions and paying them for fees to target small businesses, we could do that totally out of fees with no implications for the general fund?

>> Yes, you could.

>> Alter: Okay. Now, my next question is, are there any risks to the general fund of this new model where we would have to make up the difference if our targets are not on track? So you seem to be saying that we're adding all these code development positions, and that's coming out of the fees. To what extent are -- is the general fund at risk if certain targets are not met?

[11:16:55 AM]

>> So, of course, our revenue targets, which are in front of you, are based on the applications forecast that we have. And the applications forecast is very conservative. It's a minor increase in growth, which is what we're seeing currently. And so if there was a risk, the risk would be that the applications forecast is incorrect. But we've not seen that over the last two years. We've seen

that the revenue targets have exceeded what we've put forward for, and so if there is a risk, it would be a risk that some unforeseen circumstance occurs, and we get fewer applications.

>> Alter: But is that something then that you are tracking on a regular basis and you would be able to very quickly see and, for better or worse, we have a fair amount of turnover, so that would be something that --

>> Absolutely.

>> Alter: -- I might be able to adjust for?

>> You're absolutely correct. We monitor that constantly. What we do is we do the historical trend analysis, we do a forecast, we do it month to month, so that way, we can ensure that the revenues are coming in as projected.

>> Alter: Okay. So I look forward to hearing the answer to the questions I asked before, and also this one. Thank you.

>> Okay. Thank you.

>> Mayor Adler: Anything else before we go on to the next one? Long time sitting up there. Thank you all very much. Thank you.

>> All right. Thank you. And I want to thank the staff, not just here, but the staff at one Texas center and other locations. They work day-to-day to provide excellent customer service.

>> Mayor Adler: And to that again I'll just repeat again, the anecdotal comments we're getting back from the community with respect to this department's operation have been really strong, so thank you.

[11:19:01 AM]

This gets us now to the H.R. Department, then we're going to take lunch, and we'll come back and do task force and concept menu -- I mean tax swap and concept menu.

>> Of course you know the one moment y'all are ready for is when everybody took a break, so give me one second.

>> Good morning. Joya hays, department of human resources. We're bringing to you our presentation, the civilian plan going to 2018. As we start, we're going to break this presentation out into two components. One is the compensational review and recommendations. What we're proposing relative to pay. I'm going to give you a little bit of update on what we're doing relative to some pay practices that are very germane to some of the questions and concerns we received from you over the year. Practice updates. Then we're going to go into a conversation of benefits. Our 18 recommendations. We want to give you a little bit of historical information relative to our claims costs. In both the compensation and the benefits presentation, we're going to give you some benchmarks just to kind of compare where we are with the other cities, and then talk about rates for retirees and employees.

[11:21:05 AM]

So it's a pretty comprehensive presentation, and while we're separating the two pieces, they are very connected relative to our justification for the overall recommendations. As you recall, we have been working towards getting to \$15 living wage by 2020. At this point, we are at 13.50. And as we go into fiscal '18, we're proposing to take that to \$14. A recommendation is that we make this effective October for regular employees. There are only a minimal number of employees who are currently at 13.50, so all of our employees at the end of this would be at minimum \$14, excluding certain level temps and interns that are being hired separate from that. But as a standard, we want to take all employees to \$14, excluding the temporary employees. Costs for regular employees, that cost to bring them up, because I said it's a minimal number, is only \$7,000, paid in October. We're looking at doing that with a payout on October 20th, so it would be the second pay period in October. We're also recommending an across the board increase at 2.5% throughout the presentation, both in the benefits and in the compensation. We'll give some justification for that 2.5 and tell you how that compares to other benchmark cities. And we're

recommending that that be paid out in December, so it will come on the second check in Delaware I think it's the 15th. As you recall last year, we did a payout. You all went -- had some dialogue about when to execute the pay increase. Last year, we came to you with an across the board, at an actual dollar amount of 29 cents, with the scene of with justification of trying to utilize that to ppe.

[11:23:06 AM]

With that, we did a 2% performance. Everyone who received successful and above during our policy conversations with you earlier, there were questions relative to the significance of a performance program, when everyone who's a successful or above receives it. We recognize and want to just point out to you that when we look at and are listening to the workforce survey, 77% of our employees indicated that they wanted performance to be some indicator in the decision of pay, while we didn't ask them questions relative to exactly what they would want that to look like, we find it important to point out that employees, 77% of them from 2016 suggested that pay should be something that we consider. It is proven to help us boost morale when employees know that with their performance, comes some acknowledgment. However, with the types of challenges that we have, we recognize that in order to really implement a quality pay per performance system, it requires more funding, to incentivize employees at additional levels of performance, we need additional funding. This year's recommendation does not include the pay for performance piece, but I would be remiss if I did not acknowledge that this still is something of a priority for our department, relative to moving forward, increasing those opportunities. I think as we dialogue, we recognize that we probably need both, with the affordability issues that you've addressed, having the ability to give employees across the board that addresses affordability, and having the opportunity to incentivize for performance, two things we look to in future budgets. Because of different conversations we had, we're looking at an across the board 62.5, which represents about \$14.3 million across all funds, and I've got before you the general breakdown of what that cost looks like. As you look at that, we've also, just for your discussion, wanted to make sure if you were looking at increasing or decreasing that percentage, for a full 20 -- for a full year, which would be 26 pay periods, that salary increase on a 1% basis would be \$7.2 million.

[11:25:18 AM]

The 14.3 that you see is representative of us beginning that later in the year, we're missing four pay periods, so that one would be a little bit cheaper than a full year of pay increase. So that's four years as well. I've also added to this slide, but we'll discuss it? Just a moment, the increase to city contributions for benefits is about \$1.9 million, and you'll get more details about that from Karen in just a moment. We put a lot of energy into this year and we recognize that we want all employees to be able to receive some level of increase this year, for a variety of reasons we've already discussed. I provided this slide for you last year, and it was a little bit more insist necessary because we were looking at the flat 29-cent and 2% pay performance. Last year that provided an impact to lower wages more because they not only received living wage, they got 29 cents, and if they were successful, they got up to 2%. So as you looked at that, they had a higher opportunity to lower their pay to get a higher percentage of pay increase. This year, since we're not doing the flat amount across the board, it's just going to be 2 scenarios, that's our current living wage employees who are making 13.50 an hour, which represents about \$28,000 a year, so you see there with their living wage and the proposed 2.5%, we're looking anywhere from a 6.3% potential increase to the employees at the lower level and 2.5% for all other employees. As we looked at other benchmark cities, just wanted to bring this to your attention. As I described for you last year, our methodology by which we evaluate for this is not only to look at where the city is financially, but to also identify what our external sources are indicating.



[11:27:19 AM]

That information was provided in Ed's presentation in terms of world at work, but we also want to show you what other entities are making in and around Texas. So we provided that for you, and what you can basically see here is that cities are proposing anything from 1.7% increase and 1.5 with aid, up to 3%. Now, as look at those amounts -- and I am coming in at 2.5, and you see other major cities are coming in at 3%, but our justification for the 2.5 also takes into consideration the projected increases in premiums to employees on the health care side. So we also balance that, and you'll see some of those results in just a moment from Karen's report. That kind of speaks to why we, as a city, are recommending the 2.5%. So in terms of implementation, the living wage increase for regular employees to.

>> 14 would be the first full pay period of fiscal '18, paid out on October 20th. The 2.5 across the board increase would be effective in November, which would be the second check in November, which would be paid out to employees on December 15th. So if this recommendation is accepted by council, employees would receive the living wage in October, they would receive their across the board in December, they would also receive, for those who have longevity, that in December, all of which would take place before any premium increases or changes to the benefits that take place in January of 2018. So that's the implementation explanation. Just really quickly, I want to just give you an update. I know several of you all, through the audit and finance committee and other entities, have been working with us relative to addressing concerns of pay structure, of compensation of equity. As you know, we did a very intensive study for equity this year. We have reached out through our consultant to work with those departments directly to address those equity issues.

[11:29:21 AM]

In addition to that, we are hopeful in 2018 we'll be making some final changes and recommendations to our current pay practices to address any compensation issues, and so we thought it would be appropriate at this time to let you know that we're continuing to work on that. We see no impact financially in fiscal '18, but we are going to be coming back to implement changes in fiscal '19 to meet those needs. As we complete the pay and benefits, I'm really excited, if you'll give me just a moment of pleasure, Karen Haywood was acknowledged by one of the larger benefits organizations as the H.R. Benefits manager of the year. So I'm really excited to have --

>> Thank you, joy.

>> -- The Texas manager of the year running our benefits department -- national, thank you, national benefits manager of the year here in Austin. And it's my pleasure to allow her this opportunity to take you through the benefits component of the presentation.

>> Thank you, Joya. Good morning, Karen Haywood, assistant director H.R. As we talk about the employee benefits, what we want to talk about is some recommendations that we're proposing for '17 -- for '18. 2016 claims cost, we're showing you the 2016 claims cost because that's -- we use a portion of the 2016 claims in order to set rates for 2018. Benchmark of other cities, the employee rates, and then the retiree rates. So we are happy to announce that this year we are not looking at any plan design changes for our employees or our retirees. As you will recall, last year we made some pretty significant changes introducing the tiered network. What we'd like them to do is, one, have our employees and retirees the opportunity to really get used to those plan design changes and really -- last year, remember, it was able to offset the rates, so really what we're seeing, though it's early on in the year, we are seeing some very good savings based on the plan design changes with them.

[11:31:22 AM]

In regards to our rate increases, for employees covering dependents, we are looking at a 4.7% increase for both the ppo and hmo. Remember last year when we were here, we were looking at an 8.7% increase, and that was after plan design changes, so we are happy to say that it's 4.7% without any plan design changes. Employees that are enrolled in the cdhp will see 3.5% increase and that's our consumer driven health plan. For our pre-65 retirees, they are looking at a 14.6% rate increase for both the ppo and hmo. However, they do, too, also have the alternative to enroll in our consumer driven health plan, and that would be at a 7.2% increase. Our post 65 we tire east, so anyone over the age of 65 and older will see a 2.4% increase for both ppo, hmo, and consumer driven health plan. On the post-65, I just wanted to remind you, the way the plan works is they have to enroll in medicare a and B. Medicare pays primary on the post-65 and the city will pay a secondary. So in 2016, I thought that it was important just to show you what some of the claims costs were. For employees, we spent \$145,000,000. For our pre65 retirees, a little over 2,000 enrollment, we spend \$37,000,000. On post-65, we spent \$20,000,000. If you look at the annual claims cost, you'll see our pre65 retirees, like I mentioned, are going at 14.6%, but you also see they are one of the main cost drivers in the population. So we're spending for each pre-retiree, pre65 retiree \$16,250 on an annual basis. When we look at employee benchmarking, typically we look at Dallas, El Paso, ers of Texas, Fort Worth, Houston, and Travis county.

[11:33:28 AM]

What we are seeing this year, just like I had mentioned, we are looking at a 4.7% increase, so we are doing better than five of the cities that we typically benchmark. What you're seeing there is anywhere between 5 to 10%, both on the employer side and the employee side. And then, you know, they're also making -- some of them are making some pretty significant plan design changes to sort of offset some of those increases. When we looks the pre-65, what we wanted to do this year was to really -- because the increases were at 14.6%, we thought that it was important to really show some benchmarking data, just so that we can show you still, though, the increase is going up 14.6%, really, what the retiree pays, compared to other entities that cover retiree. With 20 years of service, the retiree pays 126 amonth. Dallas is paying 534, ers of Texas have got a couple hundred thousand covered, so they're paying nothing. Fort Worth will pay 696.82. I think the interesting thing for Fort Worth is after 2009, Fort Worth eliminated their subsidy for retirees, so they have access only. However, Fort Worth does not subsidize any benefit for anyone that retires after 2009. Houston is paying 34, and -- that, travis county 207. The city is making a significant contribution for our retirees in regards to the subsidy. On the post-65 city of Austin retirees, pay \$101 amonth. They're paying the medicare premium of 124, \$12,125 on top of that.

[11:35:31 AM]

Dallas, Fort Worth, Houston, their retirees all pay more. Addition to that, they're subsidizing more than what we are subsidizing for our post-65 retirees. So just a brief overview of our employees and our premiums, again, like I said, in 2017 we introduced the tiered network. This has not only helped our employees by saving money if they go to a tier 1 provider, but it's also helped us lower our claims cost. 51% of our employees are enrolled as employee only, and 21% cover employee and family. And then as of 2017, we had 12,384 employees enrolled and 14,193 dependents that are covered in the ppo, hmo, and cdhp, so all three of the plans that we offer. The ppo and hmo employee and family increase for 2018 is \$28.81, and that represents, like Joya talked about, in regards to the compensation, it's 1.2% of the lowest paid employee. So the \$14 an hour employee would need 1.2% of a pay increase to offset the 4.6% rate increase. The cdhp employee and family increase, we're looking at \$14.28, and that's about .6% of the lowest paid employee. On our preretiree side, again, the preretirees this year, we're seeing them as the most costly group, so the employees, the pre-65 and post-65, the post-65s are our post-costly group. We have 56% that are enrolled in retiree only coverage and 11.8% enrolled in retiree and family. We have 2400

retirees enrolled and they cover 1700 dependents.

[11:37:31 AM]

When we're looking at the pre-65, what we saw this year is that their inpatient admission costs increased from \$24,000 to \$42,000, or a 73% increase. In their net claims went up, another \$2.8 million. So from 2015 to 2016, we paid an additional \$2.8 million on this population alone. And down at the bottom, what we're showing is the actual rate increase. So for retiree only on a pre-65 basis, they're currently paying \$166.17. We are proposing to increase that, again at the 14.6, to \$190.43 for retiree only, which would represent a \$24 a month increase for that population. On the post-65 retirees, they are this year our most -- least costly group, so they're costing 8,506 on an annual base, per retiree. 68% of our post-65 retirees are enrolled in retiree only coverage and 2.2% are enrolled in retiree and family coverage. Like I indicated before, the city pays secondary and medicare is primary. Their net claims only increased \$800,000 between 2015 and 2016. On a 2.4% rate increase, which is what we are proposing, the retiree only for post-65 would go from \$101 a month to \$103 a month. This is for anyone that's over 20 years of service, so full retirement. Retiree and family would look at going up another \$14.69. I do want to indicate on the pre-65 and the post-65, on the pre-65, just for an average increase between 2013 and 2017, the pre-65 saw an average increase for retiree only of \$7.27, and on the family side, they saw \$33.28, between 2013 and 2017.

[11:39:46 AM]

On the post-65, just between 2013 and 2017, for an average increase for retiree only, they've seen a \$4.96 increase. If they cover their families, it was \$30.47. So the percent of medical premium that the city pays for 2018, what we're appropriation, on the ppo for employee, we will continue to pay 99% of the cost. So if you're an employee enrolled in employee-only, you pay \$5 a pay period. The city picks up the rest of the contribution. On the hmo, the hmo, we're looking at 98%. The hmo rates, though, when we're talking about subsidies, the hmo rates are really derived off of the ppo. So employees that are covered on the hmo, they pay the same amount that the employees that are on the ppo. The only difference is, several years ago, we implemented that the employee only for the hmo, they pay a little bit more of a premium. So they're paying \$10 a pay period, where on the ppo, employees are paying \$5 a pay period. For our retirees with 20 years of service, we're subsidizing about 83% for the ppo, 80% for the cdhp, and again the hmo rates flow with the ppo rates. On the post-65, we're contributing 80%. For both the ppo and the cdhp.

>> So our goal for the presentation was not only to help you understand our justifications relative to the 2.5. With the success that we're seeing in our projected rates in health care and consideration what we were able to do with pay last years, and taking into consideration the key and critical issues that you're facing this year relative to budget, it's our recommendation that we do an across the board for employees of 2.5% rate, with no plan design changes on the benefits side.

[11:41:47 AM]

And give you an opportunity to truly understand the justifications for the projected 14.6% increase on the pre-65, and really understand the level of quality rates that we provide in comparison to the benchmarks as we begin those discussions relative to the benefits. So that concludes our presentation, and we're ready for any questions you may have for us.

>> Kitchen: Okay. First off, I just wanted to go back to the living wage, just to make sure I'm understanding.

>> Okay.

>> Kitchen: And thank you all very much for this presentation. It's very understandable

and complete. I appreciate that. So, let's see, with regard to the living wage -- so what we're doing is going from 13.50 to 14.

>> Yes, ma'am.

>> Kitchen: And that's for regular employees. Can you help me remember -- I'm just blanking -- who is left out of that term, "Regular employees"? Does that include part-time?

>> It does include part-time. It just does not include temporary.

>> Kitchen: Okay. And right now our temporary employees -- I have some memory that we were doing something with temporary employees with regard to living wage in the past. What level are they at right now?

>> It depends where they're being hired and what they're doing. In most instances, I don't want to leave the impression that there are a lot of temporary employees not at \$14 an hour. However, there is some flexibility, depending on if they're summer interns, if they're just summer positions, so there's a lot more flexibility relative to how an employee is paid, relative to them coming in at the living wage, as a temporary employee.

>> Kitchen: Okay.

>> If you recall, there was a lot of questions last year relative to the flexibility for hiring interns and temporaries, even in the council offices. And offices wanted that flexibility, the same thing is taking place in our departments.

>> Kitchen: Okay. I also had a question -- I just want to make sure I understand the scope of the temporary employees that are not at 14. So I'll submit a question about that.

[11:43:48 AM]

>> Okay.

>> Kitchen: So the second question has to do -- am I understanding correctly that the cost for moving the regular employees from 13.50 to 14 is 7,000?

>> Yes, ma'am.

>> Kitchen: Okay. So our timeline for moving to 15, remind me what our timeline is for --

>> We would like to be at 15 by 2020.

>> Kitchen: 2020, which is several years from now. Three years. I would like to understand the cost for taking it to \$14.50 now, and also the cost of \$15. I think that's something we should understand, given fact we're only talking about 7,000. That would be helpful.

>> Okay.

>> Kitchen: Okay. Then my second question relates over to the retirees. The over 65 retirees. I really -- let me just say I appreciate y'all working with my office and providing me with information, and I just want to give just a head's-up to my colleagues that I have submitted a budget concept item that would have the post-65 retirees that increase in their benefit cost, have these -- the city cover that, which I believe is around 230,000 or something like that. So I've submitted it as a concept item for discussion. And the reason that I submitted -- and we don't have to have that discussion right now, but I'm just giving you a head's-up -- the reason I submitted it is because we are very limited in what we can do with regard to our retirees on their cost of living adjustments for their actual retirement pay. In fact, we cannot, for various reasons. So although it may appear that -- you know, if we just look at \$2.40 a month, which is about \$28 a year or so, that doesn't seem like much, but for a retiree, everything adds up.

[11:45:50 AM]

So I think we should have a discussion as a city about what we can do for those post-65 retirees.

>> Mayor Adler: What page was the 24 number on that you just mentioned?

>> Kitchen: I'm sorry, what?

>> Mayor Adler: What page?

>> Kitchen: 17 is where the numbers are, if that's what you're asking.

>> Mayor Adler: Yes.

>> Kitchen: Yeah. So for retiree only, it's \$2.40 a month, which is about 28.80 a year. For the retiree and family, which can be really important, particularly -- actually, it's probably more the retiree and spouse that you might see occurring for over 65, but that's -- that \$10, \$11 can be significant in a year. So -- actually the 28.80 can be significant when you add that to everything else that a retiree has to consider, a retiree that's not getting a cost of living adjustment to their -- to their retirement benefit itself. Anyway, we can have that discussion at the appropriate time when we're discussing the concept menu. I just wanted to bring that to people's attention that I had submitted that.

>> Mayor Adler: Thank you.

>> I would like to just point out, in regards to the 2.4% increase, it is that that is passed to the retiree, but it's also passed to the city. So on any --

>> Kitchen: That's right. We are already picking up some. I didn't mean to imply that we weren't picking up any. I'm just really -- think it's worth a discussion if we should keep them whole in terms of picking up at all.

>> Okay. And just so that we all understand, you know, it's not whole just for this years, it's for the future years, which I know that you understand, you know. So the amount of money that council kitchen talked about, the 230, it would not only be for this year, but it is in future years, because what it would be doing is increasing the city's subsidy.

>> Mayor Adler: Okay. Mr. Casar.

>> Casar: To councilmember kitchen's question, I've gone back and looked at what we've done in years past, and we have raised it, at least in the last two years, for all temps and full-time employees and have done that in January.

[11:47:51 AM]

>> Kitchen: Okay.

>> Casar: And so thanks to the city staff forever answering our budget question saying that with we wanted to do the same this year, to have everyone's go up, the cost in January to do that would be 533,000 additional dollars. It would be a more significant number than the 7,000. And that's, I think, part of the reasoning we had some of this conversation, part of the reasoning for doing both temps and permanent, because otherwise, if department or supervisor wants to -- who has hiring ability wants to bring somebody in at a lower wage, there is an incentive for them to be categorized, just economic thing, not any malice or anything, for them to be categorized as temporary, to allow that lower wage, that's why we see so few full-time regular employees at that wage, but more in the temporary category. So there is some reason for keeping them level or having a trigger point where, once somebody has been temporary for a certain amount of time, that it kicks in, because, you know, there have been in the past several instances of people who have been temporary for multiple years, and at that point they're not really temporary, in my view.

>> Mayor Adler: Could you explain the difference between the 7,000 and the 500,000?

>> Casar: The 7,000 is if you're talking about -- a very small number, if you're talking about permanent people categorized as non-temporary employees. But the large bulk of people being paid between 13.50 and \$14 an hour, my understanding, based on the math, people categorized as temporary employees. Does that make sense? People make 13.50 tend to be temporary employees.

>> Mayor Adler: Yeah.

>> Casar: And so, actually, making a change for a substantive number of employees would require us to change it for the temps. The last -- my other question -- there may be various permutations of how we correct that.

[11:49:55 AM]

On the same point, I recall a couple of years ago -- this is more of check-in to see how things are going -- I remember a couple of years ago we also made a change to -- I

remember councilmember kitchen's, I think, proposal, to provide people the opportunity to go into the health care plan if they're temporary employees, once they've been in the city for a year. And also with a look back so that if somebody is brought on for eight months, and then it's a seasonal thing so they're out during the winter but then are rehired by the city, if somebody has been working for 12 months within a two-year period, it would count. I just want to check in. You could answer now if you have the answer, but to see how that's going, whether people are participating, just a general sense if there's anything we need to tinker with within this budget, I'd be interesting in knowing what that would be.

>> What we are looking on a monthly basis is we're doing a 12-month look back just to make sure every month we're catching anyone who have been with the city in a temporary capacity for a year. Then what we do, in the benefits office, we reach out to those individuals and do a face-to-face open enrollment with them. We give them the opportunity at that time to enroll in the benefits. And they are receiving the same subsidy as regular employees. So if they're working full-time on a temporary basis, they're paying \$5 for the ppo \$10 for the hmo, if they're working 20-29 hours, the city subsidize about 50%, just like we do for our regular employees. So that is ongoing. We typically have about a hundred, 110 people that enroll in the temporary benefits.

>> Casar: So about a hundred, 110 folks that have been a temp for motive a year, so then they're kicking into having the health care portion.

>> That's correct.

>> Casar: That seems to be going well.

>> Yes.

>> Casar: Thank you. I'm glad to hear that. So I would say that I generally, if we're going to be doing a living wage thing, I'm supportive of having them either be equal or potentially as a fallback position, having a trigger, once you've been a temp a certain amount of time, you get kicked up no living wage for the regular employees, just to make sure we stay on track of -- of, you know, people not being put in temp positions for longer because of that -- because of constrained budgets and limited resources.

[11:52:07 AM]

I would understand why that could just be a natural tendency and want to structure things to avoid that.

>> I would also just add, a large portion of what you're saying about temporary are those being hired during the summer months. So the response we provided you in August was also representative of many of those seasonal temps that are in the park department, lifeguards and others, that represent those that don't stay as long. So there are some fluctuations in that projection, depending the amount of pools open and other circumstances. So we want to point out that number is going to be a little bit flexible, depending on the needs of the department.

>> Casar: And I just want to -- I've gotten to know a good handful of our lifeguards in my time since being a councilmember, and there are plenty of lifeguards that don't fit the mold of teenager doing the first job. I have lifeguards that are parents and that is their full-time thing and very much appreciate us and the parks department stepping up for them so I think that's really important. Also for some of them that are teens, you know, during the summertime, especially because of the 512 program and other things that the staff and the council have championed, there are times in the summertime where those high school students from places like Lanier high are making more money than their parents are, working a full-time job, and really are able to support and help their families because of what we're doing. It's a really powerful and special thing. So thank y'all for that, and for the council stepping up on that front. I think it's important for us to think about temps as sometimes not so temp because, in many cases, they don't fit that mold that people traditionally think about as far as temporary employment.

>> Mayor Adler: Okay. Ms. Houston, Ms. Pool, and councilmember alter.

>> Houston: Thank you. Do you all have any information on -- of the number of temporaries, how many are return to work employees who have retired and come back to work in a temporary

position?

[11:54:09 AM]

>> We can get that information for you. That was a budget question from this past year so I can pull the information and send it back to you.

>> Houston: Thank you.

>> Uh-huh.

>> Mayor Adler: Councilmember pool.

>> Pool: I'm looking on the different pages here. Do you have, off the top of your head, what -- how much it would cost to accelerate the two and a half percent pay increase by one pay period?

>> I do. Well -- yes. Give me one second and I can pull it up. What I have right here in front of me is if we were to go from 2.5 to 3%, in the same 21 pay peers.

Period. >> Pool: That was going to be my next question.

>> We were proposing that 14.3 million across, for 21 pay periods. Brian is pointing out it's about \$272,000 per pay period, so we can project that out based on the number of pay periods, for 1%. The 681 per pay period is what it is at the 2.5%. And at 3% it would be about 817,000 per pay period, which would equate to about 17.2 million. So the difference between what we're recommending and 3% at the same implementation rate would be another 2.9 million.

>> Pool: 2.9 --

>> Yes. That would be 21 pay periods of time.

>> Pool: Okay.

>> Just clarify, that 2.9 million is all funds and not general funds.

>> Yes, all funds.

>> Pool: And then if we were to pay the two and a half percent one pay period early -- I think I caught the 681,000?

>> We'll get those into a budget question so everyone --

>> Pool: Let's do that, let's do that, that way, it'll be available and we can print it out and not forget what the numbers were.

>> I do have that.

[11:56:11 AM]

If we implement it one pay period earlier than what we're recommending -- actually, let me just get all of this to you in a way that you can see.

>> Pool: That would be great.

>> Casar: If y'all to give us by enterprise and general fund as well, that would be helpful.

>> Let me clarify that you want another 1% --

>> Pool: I was asking for two different things, although others may have other questions, but if we can get like a baseline number, we can apply it to however many weeks earlier we wanted to do it at the two. In a I was curious, at the same date of implementation, if it were a half percent more, to make it an even 3%. Okay. I'm looking at slide 13, just curious, when we're looking at the retirement check for both pre- and post-65, on page 13, was that average or was that the median cost, or the actual amount that is paid?

>> That is actually the amount that the retiree pays.

>> Pool: No matter what their retirement check is.

>> That's correct.

>> Pool: The same for employees.

>> This is based on 20 years of service. We're considering full retiree, when you reach 20 years of service with the city, this is full subsidy.

>> Pool: Okay. Do we support a wellness program for our retirees? The reason I'm asking that is I'm looking at the cost for pre-65 retirees seems to be -- maybe there are more people in that cohort than the post-65. I'm just curious. We work hard with our uniformed employees to

have wellness programs and with stress-related situations, and just physical fitness and so forth. Do we have anything like that for our retirees?

>> Several years ago, we attempted to implement our healthy connections program for retirees. Enrollment was slim so none, sadly. We are looking, though, at different ways again to roll information out. We do have retirees that are continuing to retire with the city that will begin to participate in our P.E.

[11:58:15 AM]

Program. So what we're seeing, as pre65 retirees, if they're used to working with the healthy connections program, some of them are staying on we have talked with the healthy connections team, and for 2018, they will be making another big push to see if we can get more into the program.

>> Pool: And then can you explain the difference for retirees, as far as level of service between the hmo, ppo, and cdhp? That's the piece that I'm least familiar with. I'm somewhat familiar with ppo, hmo, but not the other one.

>> The consumer driven health plan is a plan we implemented about two and a half years ago. The plan really does not have a co-pay, it's an 80/20 plan. It has a higher deductible so it's a \$1,500 deductible. But what the city does for both the employee and the retiree, if you've worked 20 years of service, if you have 20 years of service, we put a thousand dollars into an hra, and so retirees can actually use that as first dollar money.

>> Pool: Got you. Okay. Thanks, those are all the questions I

>> Mayor Adler: Councilmember alter.

>> Thank you. Appreciate the pregnancy. I had some questions on the pay, and I submitted some questions about the moving up to 14 and 14.50 and I'll just wait for those to come back. I was curious about, you know, the comments about the pay for performance. I really appreciated the way you're thinking about it, where we needed to do the cost of living adjustment for everyone and find a way for the pay for performance. Ideally whatever we'd come up with would not be subjective and would not be open to easy interception but still allow you to reward performance. As I'm understanding it, that's not in the draft budget for this year, but I'd like to know more about what steps you're taking to move in that direction, you know, of having some funding that's available to reward performance above and beyond the cost of living adjustments.

[12:00:22 PM]

>> Sure. We currently have in place our ssbr performance system, where there's a midyear and annual review of all employees at the executive level. There are levels of competencies included in that that are not included at all levels but currently all employees currently go through a performance review system for which we manage and record. In creating a balanced perspective, I will tell from you afscme and other perspectives, as you go into the organization, there is a perception of bias in terms of how that evaluation currently takes place. What we've tried to do to address those issues is additional training to all levels of supervisors to clearly understand the most appropriate methods of coaching and supervising employees and allowing them best opportunity to address performance needs at the earliest stages so we have those training classes that are currently in place. One of the things that we need more importantly than anything is the funding to support the existing system and establishing within that system of rating percentages increased based on an employee's performance. So those who are successful and exceed what successful looks like, creating that. There are different models that we can evaluate in the next year as we evaluate our pay philosophy, we plan to look at those models. This plan was implemented in the city previously, I think post-2009 it was something we did do so we're looking at the success and issues and concerns of how that plan was laid out to come back and look at it again. And I think I appreciate the fact that I've evolved to a point where it's just not fair to the employees to have a conversation of pay and try to lump it into one conversation. There



is legitimate needs for across the board to help people get additional monies to simply live in this money and there's a separate need to identify some of the -- insist ways to do it through a performance system. I'm setting the seeds so next year I have an opportunity to present you to the plan with support of the city manager one that allows us to do both, where we can continue to do what we did last year in setting a dollar amount.

[12:02:27 PM]

I personally feel like the dollar amount is better because it allows more opportunity for those at the lower end of the pay scale to receive a higher increase, thereby allowing us to address those issues of equity across the board and secretarily looking at opportunities for performance. I think when we look at some of the other cities, we see that as a trend so in the next year we'll be looking at benchmarks to justify how those activities take place. And in our natural everyday opportunities to work with the department H.R. Staff, continue to evaluate ways to strengthen our existing program so that there's more trust that our pay for performance system would be one that limits any biases that prevents people from being rewarded for quality performance. Now, I will also share with you that -- when pay for performance is the only option, employees grieve more because that's the only opportunity that have to make more money so I'm hoping when we create two systems then there will be less employees who feel the need to fight the pay for performance system, acknowledge potential areas of performance improvement because they're not utilizing that as their only means to make additional funds as an employee. So I think creating that balance also eliminates the stress and frustration that comes with employees who sometimes challenge their ratings, not because they're not acknowledging a need for improvement but because it is their sole means of being able to make more money. So I think that's a balanced look at that time from a management perspective and from the needs of employees. Not withholding the opportunity to continue to work with our partners, like afscme, to address those issues where there are some authentic issues and concerns relative to the pay for performance system that need to be addressed on a case-by-case basis.

>> Alter: Thank you. That was very helpful. How much are we spending right now through the existing?

>> None. Right now, there is no cost association to the ratings. Now, last year, everyone who received a successful or above received a 2% in addition to the across the board so there was a cost last year.

[12:04:31 PM]

What we're presenting to you now is a simple 2.5% for all employees despite their level of performance.

>> Alter: So there's no extra pot of money beyond the 2.5% that's allocated towards that?

>> Not this year in our proposal.

>> Alter: Okay. Thank you.

>> Mayor Adler: Okay. Mayor pro tem, did you. . .

>> Tovo: I have a quick -- thanks for all this good discussion and information. Just a quick follow-up question. Last year in the budget we point forward some money for a hearings examiner to consider cases related to discrimination, harassment, and retaliation and it was my understanding that the staff would be working with stakeholders to kind of craft what that hearings process would look like, and I just wanted to get an update on where we are with that, with setting that up and is it -- is it an option that's available to our staff at this point?

>> It is not an option at this point. However, we have established the criteria. We've been working directly since our audit and finance meeting to get the feedback that we received in our entire process -- I think if you'll remember there was an overall audit done on our investigations and one of the things we committed to was to utilize that information in the establishment of a process. We did receive that opportunity, and we've worked with the law department on drafting a potential

policy. What I've asked staff to do at this point is to evaluate two different types of cases by which we will hire a third party investigator to evaluate, one, where there's a complainant, the person who filed the complaint and disagrees with the filing of the investigation. Then another when a person who has actually been a part of the -- the complainant who actually was the one that was being investigated that potentially did not feel it was fair in terms of the results. So we have an opportunity to look at both to see if there was any potential fallacies in the investigatory process. At this stage, where we are, is the completion of the draft policy that will probably go to kmo in the next three to four weeks with the selection of two potential cases that we will utilize to determine that.

[12:06:36 PM]

I've also asked the employee relations team to work with afscme to identify a potential case that they would feel comfortable to be one as the pilot example we can use from a complainant's perspective.

>> Tovo: Thank you. I've forgotten what we had in last year's budget. I remember we were really scrambling to find funds for all of our needs and we couldn't come up with a whole year's worth of a hearings examiner but we came up with I think three to six months worth, maybe \$75,000 is kind of the number that's sticking in my head.

>> I'm looking back. I think it was 25,000.

>> Tovo: It was 25? Even lower.

>> But I want to also point out --

>> Tovo: I'm sorry, go ahead.

>> We have been using third party investigators in cases where if employees have identified they're uncomfortable with existing staff to complete those cases, and so I think if I'm not incorrect, we've had three cases in which we've utilized a third party hearing officer in lieu of our department doing it in order to provide that opportunity. So we've moved immediately into the usage of third party. We have yet to complete the policies relative to how one could appeal investigations in order to use third party as well.

>> Tovo: Okay. So what will happen to that \$25,000?

>> We've utilized it for the three external ones, when employees have requested an external, we've utilized that as well. And the remaining funds will be used hopefully this year to pilot the two additional investigations for which we'll hire someone to do the third party pilot.

>> Tovo: I guess I would want to know then what -- what those three cases cost. I've forgotten what the estimates were for per day costs associated with those, but it would seem to me that we still probably have monies remaining from that 25,000.

>> Depending on the complexity of the case and the time the investigator needed to complete it, justified the pay, I can break that down for you. To my understanding, we've exceeded the 25,000. I think in one or two cases that were more public.

[12:08:38 PM]

>> Tovo: I see, okay.

>> We far exceeded the 25,000 that was there. Certainly I can get cost estimates for the three investigations.

>> Tovo: That generally answers my question. There's no money to roll over. Okay. All right. Thank you.

>> Mayor Adler: Any other questions? Anything else before we go to lunch? Great. Again, thank you very much. Council, it is 12:10. We'll come back at 1:30. 1:30 we'll be back. 12:10. We're in recess.

[ Recess ]

[1:38:50 PM]

>> Mayor Adler: All right. I count six people. That means we can begin our briefing here. It is 1:40. Continues to be August 16th. What?

>> [Inaudible].

>> Mayor Adler: Still is. And two things for us to do. One is to hear from staff. We've asked them to give us a scenario with respect to the tax swap so we could see what that would look like in response to the questions we've asked. And you've handed out something on that that you're going to walk us through. And then we have opportunity as a council to discuss the concept menu if there's any interest in doing that and we get there today. Why don't you take us through the presentation.

>> Sure. Good afternoon, mayor and council, mayor pro tem. My name is Ed van Eenoo, deputy CFO and budget officer for the estimate I am joined today by one of our corporate budget managers, Edgar Nelson, who is doing some of the work on the aid analysis. We've given you four additional handouts from what you had this morning. One is just the presentation I'll take you through and that presentation and the tab we gave you for August 16th will fit into budget binders we've given to you and have been building the last couple of weeks. The second handout is one with a bunch of numbers on it yellow highlights. We are set up to run as many different looks at this tax swap concept as you would like. You're going to see one look today that the mayor has kind of been advising us on, a specific scenario that he wanted us to take a look at. But by looking at this detailed sheet you can kind of see what are some of the innate drive the model and what are the outputs we're reporting on. So if you start wanting to see different flavors of this concept, we are set up to do that. We'd be happy to run those for you. The third handout is a packet of maps of each council district, and for that council district which school districts school districts your district.

[1:40:59 PM]

So I thought since we're here talking about school taxes and the potential service agreements between the city and Austin Independent School District that would be helpful -- Austin Independent School District that would be helpful information to have. And the final piece of information we gave you is our concept menu as of yesterday afternoon. So after we're done with this topic if council wanted to get into discussing items on your concept menu, just thought you would like to have that as well. So if we could bring up the presentation now. So this first slide will look a lot like what you saw last week where I gave you just three stylized examples, three scenarios that were intended to give you a sense for the options we would be looking at. This is yet one more scenario. I'm calling it council discussion scenario number one. As I mentioned this is one that we have run on behalf of Mayor Adler, and I anticipate that we'll have number two, three, four and others. But here let me walk you through what this scenario looks at. First the city would continue to contract with aid for ACE for 10 of services so we would be looking to fund \$10 million of aid services. Then looking into other school districts having \$7.4 million of funding go to other school districts. Not necessarily to those school districts, but to those areas depending upon which services our needs council saw. It would also increase the homestead exemption for seniors by \$9,000, which is what we would need in this scenario to hold seniors harmless in home equity. And aid would lose their copper pennies. It would be it would be 1 cent above the rate. AISD would come out 6.4 million to the good. If I take you back to last week, of those copper pennies, about \$2.4 million, AISD only keeps 5.4 million of them.

[1:43:07 PM]

So if they were to stop doing that they would lose that \$5.4 million, but if the city starts funding fund million dollars they come out \$4.6 million to the good. There would still be enough money in the scenario that the taxpayers in aggregate would save money. Businesses and homeowners would save \$2.1 million and that's the result of all this money that's recaptured by the state that

would not happen in these types of scenarios. Looking at it in terms of typical homeowners, if you're a homeowner living in the city of Austin and within the aid boundaries, you would save a little bit of money, \$8.33 per year relative to the budget that the city manager's proposed. If you're living in a non-aid district, and again you have those maps, but if you're living in the non-aid district, living in the median valued home, you would pay just shy of \$45 more, but as I'll get into on the next slide, those homes under this scenario would realize benefits that either meet or exceed the level of what they're paying. And again, I'll get into that on the next slide. A typical senior would save about \$11. So we do. So they would be held harmless on how a median works. The median senior would actually save a little bit of money and we were asked by councilmember kitchen to give more details on seniors so we have some of that here in two slides. It looks like some information about seniors. And then on this scenario we've actually built into the scenario there would be funding in here for the rollback election. So about \$900,000 would actually be built into this in its event there was a need to hold a roll back election. So taking a closer look now, one of the things we wanted to do, and this was a request from councilmember Flannigan last week, instead of just looking at it as aid and non-aid, was there a way to look at it for each of those other school districts. So that's what we've done here. You can see over on the left-hand column del valle, eanes, Leander, pflugerville and round Rock are the larger school districts other than aid that come into the city.

[1:45:16 PM]

Actually, there's a tiny little bit of hays that comes into our city and a tiny, tiny portion of Elgin comes into our city. We didn't put them on here because dollar amounts were so inconsequential. So again going back to that aggregate benefit, the way this scenario was designed was to create a little bit over \$7 million of aggregate benefit for these non-aid school districts and that first column shows you how the bill impacts. So in aggregate, how much would these taxpayer gills in aggregate cop up and what would be the benefit to the community in the aggregate. As you can see on this one and one reason I wanted to hand this out is we've set this up now where if there was a desire, this one page handout, there's that column called proportionality factor and you see that the numbers are different. So we've set this up so if council had a desire to see a greater benefit from this tax swap land into a certain school district or a certain area than others, we can do that. So when you look at this page, it's not on the slide, on this handout, it's on this proportionality fact four del valle is set at 3.3. And for eanes it's set at one. And it's kind of the thought process there was that if you had any look at the wealth per average daily attendance, which is reported by the department of education, you actually see that wealth per Ada is actually pretty high in a school district like eanes, so the idea here was to set that proportionality factor at one so that those eanes taxpayers that are paying more money as a result of this, they would still get benefit back, but it would just be in this one to one ratio, but some school districts like del valle where that property wealth per average daily attendance is much, much lower, they would have a higher benefit from this.

[1:47:17 PM]

So that's a nuance that we built into the model as a result of a request from the mayor. So this is what it looks like. For del valle those taxpayers are paying in aggregate \$30,000 more, but the idea here would be to give them just shy of \$1.1 million of benefit and what that benefit would look like would have to be discussed. It could be a benefit to the school district or a benefit in some other manner as well as it was a municipal purpose. On the right we tried to do the same thing in terms of an individual basis. Now, the one shortcoming is we only have a median home value for the city as a whole we don't have the data right now to look at median home values by district. Maybe a little bit of a shortcoming on how we're presenting it. For a homeowner that is that median value home, regardless of where you lived, if you're living in a 305,000-dollar home, you would be paying 44.97 more, but you can see on a per household basis what the additional

service benefit could be. Again, this is just based on the numbers we put into this scenario. Let's take a closer look at seniors. We mentioned last time that seniors short of us taking some action, short of us building something into this model, seniors are generally going to be worse off under this kind of tax swap deal that we've been talking about because for a school district those senior taxes are frozen once they hit 65. And that's not the case for the city. So if we start shifting a portion of that tax revenue from this school ledger over to the city, they're going to lose their tax freeze on that piece. Now, the city can offset that by increasing our flats exemption to the seniors so that's what we're saying in this scenario in order to hold seniors in aggregate harmless we would have to increase that exemption by \$9,000.

[1:49:22 PM]

Now, looking over on right you can see some different options. What we've said is we can increase that exemption to hold seniors homeless in aggregate, but what we really can't do is avoid the fact that there will be some winners and losers here on an individual basis because the exemption has to be flat under state law, but home values range obviously a lot. So in a case of 100,000-dollar home, that lower valued home would actually save those to \$40 in this scenario as a result of the 9,000-dollar exemption far outweighing the additional tax rate increase. When you get to the other end of the spectrum, a million-dollar home would actually pay \$92 a year more because the exemption isn't enough to offset the exemption of a 1.6 penny tax increase for that homeowner. So it varies tremendously just largely based upon the value of the property.

>> Kitchen: Could I ask a quick question about that? Just so I'm understanding. And this is net, right? So when you say 92 more, for example, or when you say 39 less, that is accounting for both what they would pay under the city and pay under aid?

>> Yes.

>> Kitchen: Okay, thank you.

>> And it's relative to the proposed budget. So relative to the budget we've proposed, 100,000-dollar homeowner would pay a little bit less than what we're proposing under this scenario, but a high valued home would pay more.

>> I'm sorry, I'm not understanding the second bell let that you've got there. Can you explain that?

>> I was going to get to that because it's important. The timing of the senior exemption is such that if council wanted to do this on September 11th you would adopt a budget and you would examine this in as part of your budget proposal and you would set a tax rate beyond the rollback rate if you wanted to do this and increase the senior exemption by exemption by 9 in order to do this.

[1:51:23 PM]

Once you do this it's set. The senior exemption is set and it's going to result in assess revenue to the city. So the risk is as we move forward if there were a rollback petition and that was successful, our rate would be rolled back to the rollback rate and in which case we wouldn't generate the additional revenue we need to pay for that 9,000-dollar increase in the exemption. We basically have a five-million-dollar hole in our budget that we would have to deal with.

>> Kitchen: And that's 9,000 on top of what we currently have?

>> The current is 82.5. And that's the amount just to increase this proposal. Not the tax bill increase as a result of the proposed budget.

>> Mayor Adler: The cost of doing a nine thousand? You said five million, but it's not that high, is it?

>> It's one and a half million dollars. >>

>> Mayor Adler: One and a half million. Okay. I thought you said a five-million-dollar hole.

>> I might have and I don't know why I said that.

[Laughter].

>> Mayor Adler: Yes, mayor pro tem?

>> Tovo: Can you remind me, is it true that a senior exemption could be reduced in subsequent budget years? Or is it -- it's the senior freeze that we can't -- once it's in place it can't ever go backwards, but a senior exemption can shift?

>> That's right.

>> How about a homestead exemption?

>> It can shift.

>> Tovo: Okay. Thank you.

>> There are little provisions in the law depending upon when it was approved it has to stay in place until 2019 or something, but in general it can be reduced in future years.

>> Tovo: So the second bullet would be an issue this year, but not necessarily next year. We could adjust that senior exemption based on --

>> That's right.

>> Tovo: We could shift it back to the 82. >>: My final slide to give you more context on the seniors is we actually went into the database as a tcad and Williamson childhood and pulled out all the seniors.

[1:53:33 PM]

It's close to 40,000 senior and disabled households. And we just literally ran the numbers for all of them. What would their tax bills look like currently if we didn't do this program and what would they look like if we didn't do this program. And you could see 24,159 homesteads would save some money. 1722 would have no change. And then 13,000 would pay more. So the distribution again largely depends upon the value of your home. So lower valued homes are going to save some money, higher valued homes are going to have to pay more, but kind of numerically the vast majority of people would come out better off under this program.

>> Mayor Adler: Let me --

>> That's my last slide, so if there's any questions have at it.

>> Mayor Adler: Before we do, just a second. I want to thank you for presenting this. And colleagues, I know that based on the discussion that we had before, obviously there's some split on the council as to whether or not we would do this. I think that you may have talked to some of the districts. I think it would be helpful to hear with aisd just what its takeaway was on that. But in any event putting aside for a second whether or not we want to do this or do this as part of this year whether it makes sense to do because this is something very different so it would require a list. And I still see issues like the one that you just identified that I would need to think through and haven't had a chance yet to think through. But I appreciate this because this in my mind comes away with the clearest presentation yet of what something like this might actually look like if we did it. And a lot of the conversation in community over last couple of weeks about this has asked questions like what does that mean to me in my district? What does it mean to people who are not in aisd areas.

[1:55:36 PM]

And I think this shows how -- at least one showing of those levers and I appreciate if you have a model that different people could throw different things into. I will tell you that -- and I appreciate you responding to the scenario that I had given you last week from the da's. And then in addition the follow-up questions that I answered. If you look at the proportionality factor that was on that last page, wait that I got to that was to just take a look at the difference in property wealth in the districts. So the two districts that get the greatest proportion are the districts that have the lowest wealth per student. The two districts down at the bottom were roughly about \$350,000 per student. The next year they were both in the neighborhood of about \$450,000 per student. Round Rock was like \$550,000 per student. And then eanes was -- I don't know if it was three and a half million or 35 million per student, but it was just off the charts compared to the other districts. I also

think that the chart that you have, which I have never seen before, is how the senior exemption breaks out. We've historically had debates about whether homestead exemption is Progressive or regressive. It's clear that a senior exemption because it's flat is a real Progressive tax measure taken. I just had never seen it presented this way. So I think that's really good information. So thanks for running it. My sense is that it's really complicated. I'm not sure the voters -- who we could effectively communicate it. But in a time when we have tight budgets and we're trying to find money as many different places as we can, this is a way to deal with a health clinic in Del Valle that we don't otherwise yet.

[1:57:43 PM]

Or a project in a manner that we would not otherwise be able to fund. So I appreciate just the community conversation on this to identify both the challenges and the benefits. So thank you for that.

>> Just a quick question.

>> Kitchen: Is it possible -- thank you for the detail on the senior. I'm wondering if it's possible on this bar graph to also put the -- put the assessed value lines. I mean, I can guess in combination with what you did over here, but my guess is that 500,000 property value is somewhere in here, but I would like to know at what property values we start getting into the impact. So do you have the data in such a way that you can present it on that?

>> I understand what you're asking. It's not quite as neat as what you just said, but I think we can come up with something that will address what you're asking for.

>> Kitchen: Okay, thank

>> Casar: Thank you.

>> Mayor Adler: Councilmember Alter.

>> Alter: Thank you. I wanted to ask if we have information about the tax rates at the school district level, how they vary. We've seen the number is, like, 1300 for the typical home that we're spending for aid. What is the equivalent?

>> That information that we provided about the impact of state recapture and how -- we haven't done that. We haven't done that. But we could do it. I mean, some of these districts do pay recapture, and I don't think anybody pays recapture at the level that aid is paying it, but some of these districts do pay recapture so we could look into if we can provide that for you.

>> Alter: I think that would be good information. I'm not sure I asked my question correctly. I'm trying to understand, so we all get taxed differently depending on which school district we're in.

>> Yes.

[1:59:44 PM]

>> Alter: So our overall tax burden is determined by the combination of the city rate and the school rate, and I don't have a sense off the top of my head what that variation is.

>> That's actually much easier. We can do that.

>> Alter: I'd like to get a sense of what the tax burden is in those cases and how that varies and that would be a function, I think, of the recapture, but as far as I'm concerned when I get my bill it's what I see.

>> Right.

>> Alter: Even before we get to the part about the recapture.

>> I mean, I can tell you, you know -- I don't -- we can do the analysis for you, but in terms of the operations and maintenance rate, AISD's rate is 1.079 and all the other districts are at \$1.40 -- \$1.04. The rest is depending upon what the debt load is what the voters approved for debt and the debt service requirements.

>> Alter: That would be helpful for me, for a median household. Do we know -- I'm assuming when you calculated the aggregate community impact by school district, that was based on the city of Austin taxpayers in that area?

>> For the -- the -- which number are you looking at specifically?  
>> Alter: Like the 330,000.  
>> Okay, yes.  
>> Alter: That was for the city of Austin taxpayers who are in the del valle.  
>> In that area, right.  
>> Alter: Not for del valle district.  
>> Yes.  
>> Alter: Then when you said the typical non-senior homeowner, is that for that area or for the whole city? Is that based on the number from the whole city or for that area?  
>> That 4497 is for the whole city because we don't have a median -- we don't have the data to do the median for each of the districts. So the median-valued home for the city of Austin is \$305,000, and that's where --  
>> Mayor Adler: It assumes the median value is the same in every district and clearly it's not.  
>> Right.  
>> Mayor Adler: But it assumes the same -- that in each one of these districts, the median home price is the \$305,000.

[2:01:48 PM]

>> Right. So it might have been better to say for a 305000-valued home, this is what it would cost and this is what the benefit for that taxpayer would be.  
>> Alter: I'm just trying to get a sense of how the areas that have very different median values and this is not capturing, so there would be sections that -- where we'll have a much bigger tax impact and other areas where maybe it doesn't have a tax impact and then they get the benefit of the schools. And I just -- I would -- I don't know if that's calculatable, but it's not going to be the same across the six districts.  
>> Yep.  
>> Alter: The median for those who live in the -- because we're carving -- you know, we have the district -- we have the school district and then we have the carveout that's the city of Austin and that's the median in that carveout and what's the impact on that median?  
>> Yeah. And that's what I'm saying, I don't have the data. In some districts, the median is going to be far lower than 305. In other districts it's going to be a fair bit higher. The purpose of the footnote for those two columns on the right of slide 3 was just to say we've kind of stuck having this single median home value.  
>> Alter: I'm just wondering if that's -- I don't know what the underlying data is. It seems like one ought to be able to calculate that.  
>> We've been able to get that kind of granular data from tcad, not from the other cads, but I can push back and see what we can do. I think they have a different structure in Williamson where at least Round Rock is responsible for its own appraisals so there's not the overlap in the way there is a tcad but I can look into it further and see if we can actually calculate it at that level.  
>> Alter: Okay. Thank you.  
>> Mayor Adler: Councilmember Garza.  
>> Garza: Much of this discussion has been about, you know, the number -- big numbers and how the swap happens, but -- and I'm sorry if I missed this conversation, but what -- if aid doesn't take their copper pennies, the 5 million, but then they get 10 million, would the city -- I'm assuming we would be taking -- we'd be paying ftes for aid.

[2:04:08 PM]

Has -- have we worked through -- is is that what it would likely be? I mean most cost is in wages. Have we worked through what that -- how that affects those employees if they've, you know, started a pension and what it would mean when they are now city of Austin employees and how that affects their retirement?



>> Well, we did. And that was -- what you're saying was the big shortcoming with trying to do this tax swap that's allowable under state law, where we could do this without having to go back past the rollback rate, that our rollback rate would actually shift up based on the higher costs. That's what we first looked at doing but because of the limitations that are in that state law we got to exactly that problem and we couldn't get past it. And so that's why this scenario is saying, well, instead of using that provision in state law we could go past the rollback rate, opening ourselves up to a potential rollback election but by doing that way none of that has happened. These employees would stay as employees, the programs wouldn't be outsourced, wouldn't be shifted to the city. None of that would happen, their retirement systems or health care plans wouldn't be disrupted. It would imply the city contracting with the school district to deliver those services that fulfill a municipal purpose.

>> Mayor Adler: It would be like how we do parent teacher support specialists now.

>> Garza: That's what I wondered, how we were able to do that. Okay. I'll just -- you know, as part of the discussion, I feel like this would be a no-brainer if you have a district and your entire district is in aid. It would be a no-brainer. But I hope that -- I don't know what's going to happen with this, but I hope as we make a decision on it, we all think about those who aren't all in aid. And I said it last time. You know, there -- many of the families that don't live in aid have -- used to probably -- some of them -- I don't know. I want to make assumptions but I bet many of them used to live in aid and they've been pushed out to where it's more affordable, and it's -- creates a situation, I feel like of winners and losers and in a rollback election, I feel like it would be pitting Austinites against each other and I don't think that's a place that we want to be.

[2:06:29 PM]

And, mayor, I appreciate your, you know, thinking of Del Valle and saying that, you know, maybe we could open a health clinic there, but if what Del Valle gets is a million dollars and we can open a health clinic for a million dollars, that health clinic would already be open if that's all it cost because we would have found the money somewhere, but it's going to cost way more than a million dollars. I know that was just an example of the things that could be funded because, obviously, we have been working on trying to find out how to provide good services to Del Valle. They constantly feel neglected. They feel like they're paying tax -- they're being taxed for services that they get no benefit from, and I just hope we think of the optics of all of that in that you can -- we're finally going to get you those things you need but there's a price to pay. And everybody else gets a lot. You're going to get a little. It's more than you gave, but you're going to get something. I mean, I wish we could find a way -- and I know it's hard and, you know, I wish we could find a way to be able to provide these kinds of services without asking them to pay a big price for it because the optics -- I just feel like the optics of it don't look good but I'm obviously still open to the discussion and figuring out what we can do to -- what I believe is fix something that the legislature has not been able to fix. And I don't think it's our job to do that, but I appreciate the creative thinking behind it.

>> Mayor Adler: And I appreciate that. And if this was all easy and everything about this was right, this would have been done by councils a long time before now, too. But my office has talked to Central Health who has asked to do the clinic in Del Valle and they said they didn't have the money to do it and the conversation came what if we contributed to it and if we could find an income stream that would turn up \$700,000 or a million dollars, little over a million dollars a year, does that change the equation?

[2:08:38 PM]

And they indicated that it might. And I know that Commissioner Travel I don't know and in conversation with Councilmember Houston has also talked about different funding streams for clinics both there and in Colony Park and that Allen Gram's housing community. So there very well may be partnerships if we could find some money to be able to do that, and it's true that under this plan there are winners and losers, but it's really hard to figure out who is the winner and who is the

loser. For example, the taxpayer in del valle -- and one of the challenges with this -- actually has to pay more in taxes. But yet the benefit that the person in del valle receives would be three times greater than the benefit of the pro rata benefit of the Austin ISD because of the wait. Unlike Austin ISD they actually have to pay an additional amount of taxes but they get three times the benefit that aid gets. That's just this scenario. You could rejigger those numbers however you want to rejigger them. So it is complicated. It would be really hard to describe, I think, who is actually a winner and who is a loser because there's some components of winning and losing for everybody. It's just one additional way to maybe find some more money, and I'm happy we're at least talking about it.

>> Garza: I'm sorry. Can I respond quickly because I know you were talking to me.

>> Mayor Adler: Yeah.

>> Garza: I see the numbers here on the paper do show they're giving 45 and getting 150, and that's -- you know, I could easily point to that and say, see, look, this is what you're getting. But without concrete information on that partnership about a health clinic or on something for del valle ISD, I can't go and say, look, just show them this piece of paper and say this is what you're getting.

[2:10:42 PM]

There needs to be more discussion, more concrete information on exactly the benefit that they're getting. And without that it's a really hard conversation to have.

>> Mayor Adler: I agree with that 100% and I'm appreciative that staff has advanced the scenarios to the point that we couldn't even begin to identify projects or talk about numbers or dollars and scenarios until you had done this additional work. So with -- you know, it -- as you -- when we first threw this out as an idea to do, staff come back and said this doesn't work for all the problems that we had. So I forgot about it, we probably all forgot about it and it kind of went away because it wasn't something that was going to work. So the staff has come back and said there's a different way to look at this that has different challenges but different benefits, we're laying it out. I think you're right. I would not be ready to vote yes, but I have a lot more information today than I had two weeks ago and I had more information two weeks ago than I had two months ago. So it's just helpful. Mayor pro tem.

>> Tovo: I actually -- I think I put that up and I was going to ask you which districts were subject to recapture, which I know we've asked you before, but then I looked it up so I'm clear. I think it's just pflugerville -- I'm sorry, not pflugerville, ohms, Leander and Round Rock are all chapter 41 so they're all paying in. The other district, del valle, manor and pflugerville are all recipients. Is that accurate with your information? The spreadsheet I have in front of me is really, really tiny.

>> That fits with my understanding and that round Rock is pretty recent that they've been into the recapture camp.

>> Tovo: Designated as a chapter 41.

>> Yes.

>> Tovo: Do you -- and so that clearly -- I mean, you factored your weighting based on wealth. Did you factor in at all their status as chapter 41?

[2:12:43 PM]

I guess it amounts to the same thing because their chapter 41 status is using the same measure.

>> I'd have to defer to the mayor the weighting concept was really his and the weights you're seeing in here --

>> Tovo: Can you explain again the weighting concept? How you suggested they be weighted?

>> Mayor Adler: So when you look at the districts, whether you're chapter 41, any, has -- 42, has basically a cutoff based on property wealth in the district per student, average daily attendance in school. So two of the districts that I gave the -- suggested it be the highest weight to are the ones that had the lowest wealth per student. So you have five districts here that are all --

none of them are chapter 41 districts. But they're not all equal even at that. Some are wealthier than others.

>> Tovo: We have six districts.

>> Mayor Adler: So del valle and pflugerville have property wealth per student of about \$350,000. And the next one, Leander and manor, both have property wealth that is roughly \$450,000.

>> Tovo: That's interesting to me because my chart showed that Leander was a chapter 41, not a chapter 42.

>> Mayor Adler: Let's compare. I off the chart from the website from the tea but it was also 2016.

>> Tovo: Okay. I don't know.

>> Mayor Adler: If there's more recent data than that, then my data could be wrong, in which case the weightings could change.

>> Tovo: It's possible mine is older too. I thought I was using the most recent. Can you share that in some ways? That would be helpful. So your data -- your weighting -- the weighting you suggested to our financial staff was based on the information that which -- which --

>> Mayor Adler: Del valle -- del valle and pflugerville were the lowest property value, at about 100,000 about that was Leander and manor, about \$100,000 above that was Round Rock, and then aemes was tenfold or more above the two at the bottom.

[2:15:03 PM]

>> Tovo: Thanks. That's helpful. If you would share that --

>> Mayor Adler: I'll do that. If I got the numbers right. The concept is to weight it in relation to property wealth.

>> Tovo: Thanks. And they were pretty close.

>> Mayor Adler: Right.

>> Tovo: For example, where Leander and manor were kind of pared at the same level it was because their property wealth per student is really close to the same?

>> Mayor Adler: That's correct.

>> Tovo: Okay.

>> Mayor Adler: As was the next two. And the gap between those five and Eames was much greater than the gap between those five with each other.

>> Tovo: Got it. Thank you.

>> Mayor Adler: Councilmember troxclair.

>> Troxclair: Before I lose my train of thought following your conversation with councilmember Garza, you know, on the -- on -- if del valle needs a health clinic, I mean, we have -- the city is going to spend almost \$4 billion in our budget this year, and so I -- and the city could prioritize that and build a health care clinic in del valle if that is really one of the best things that is going to come out of this proposal but I get uncomfortable when these benefits are tied so closely to something that could be done regardless of whether we adopt the proposal as a whole. It feels a little bit like Oprah. It's like here's this complicated thing and you are maybe going to pay a little bit more but you get a health clinic and you get something for your -- and you get filled potholes. To be honest it's a little bit how I feel with --there's a lot of things that could be done with that pot of money that aren't necessarily tied to the expansion of the convention center, but we've kind of convoluted them in this conversation. And, again, I -- it's maybe another creative proposal and certainly worthy of conversation, but I just want to make it clear that if -- for these communities who are going to maybe get more money than what they're paying into, we could do those things regardless of this proposal.

[2:17:08 PM]

And we're still asking them to pay another \$50 a month, and this council -- I mean, we are argue so carefully and thoughtfully about every little increase that we do and we've made the decision to

not -- at this point not be at a point where we're charging people an extra \$44.97 a month, so I just wanted -- I thought it was important to make that point. What is --

>> Mayor Adler: Is that the additional per month charge?

>> Those are annual.

>> Troxclair: I'm sorry. Did I say per month?

>> Mayor Adler: Did you.

>> Troxclair: I'm sorry. Thank you.

>> Mayor Adler: That's okay.

>> Troxclair: The 1.06, the 1.06 above the rollback rate, what percentage is that? What percentage increase is that, about?

>> We didn't calculate that specifically for this. So obviously less than the 13.6 we were at at the one point, was it 76 -- 1.76 from last week? I could probably run you the exact number, probably in the neighborhood of 13%.

>> Troxclair: As we continue with conversations that is helpful.

>> Sure, I can load that into the model.

>> Troxclair: Great. It's hard for people to know what 1.06 means but if you say 13% increase that makes sense to people. What -- you mentioned to of the school districts that aren't in the calculation, and I know that it's a really small number of properties, but just so I have the information because I think the hays is in a part of my district.

>> So hays was in -- hays is in the far southern portion of your district, and -- I remember if -- the aggregate community bill impact was in the thousands. It was a few thousand dollars and I guess for Elgin it was four properties, I don't know what's going on there but there's four properties that pay into the Elgin school district. If we were to add them to this chart it was around \$50 so that's why we didn't even put them on.

>> Troxclair: So it would be contemplated that they would get the community benefit as well, whatever that community benefit is, even --

[2:19:14 PM]

>> It could be. But when you're looking at the aggregate bill impact from those homeowners that live in hays and it's about \$2,000, it's kind of hard to think about what you might do with \$2,000 in terms of a community benefit --

>> Troxclair: I guess what I'm trying to understand -- I understand that's just a small number of people but it's people that I know that councilmember kitchen and I are probably going to hear from. So are those people going to be completely left out of this and they're going to end up seeing the highest bill and getting no -- I don't know what we're calling -- I don't know what we're calling the community benefits, but is it contemplated that they would be included in this scheme that's on this page 3? Or, no, they would just see their taxes raised --

>> Mayor Adler: Since I proposed this, we would definitely equalize them. We could give them five times the amount of money and do a \$10,000 check to them. So if we wanted to, we could reduce -- if we wanted to, we could give them greater payback than everybody else and we would cut a \$10,000 check to do that.

>> Troxclair: To them meaning the school district.

>> Mayor Adler: No. Those five people.

>> Troxclair: To those five people.

>> Mayor Adler: I mean their taxes go up \$44 a year if we wanted to give them ten times the benefit of that we could give each a check for \$400. You could certainly equalize to hays and to -- I mean, to hays and to the other districts are small. I just don't want you to walk away saying some people would be left out completely. There's no reason we would need to leave people out completely, but at that level of detail it's not reflective on what I asked it to model because the numbers were so small.

>> Troxclair: Okay. So I guess I would want more information on -- about what that would look like.

>> Can I clarify, we can't actually write them a check.  
>> Mayor Adler: No. But you --  
>> Alter: I just want to make sure there's no misunderstanding with what you just said.  
>> Troxclair: I was confused by that.

[2:21:14 PM]

So thank you.

>> Mayor Adler: We could certainly give something in that area that had the value of \$2,000 if we wanted to. We could give them -- just not -- the reason it's not in the model is, as Ed was saying, because it's so small. But certainly if we wanted to equalize to them in that area, there would be no problem with doing that.

>> Troxclair: Okay. A couple other questions. So the senior -- oh. Well, I guess before we move off of that topic, what is -- I guess I'm a little bit unclear about what this community benefit is. So we're using I guess the example that you gave was for del valle taxpayers that they could get a community benefit of a million dollars so we would just put something that is worth around that much near their -- near in their community.

>> Mayor Adler: I don't think the plan has been developed to that extent but for people in Eames it could be a thousand different things, a school district in that area for children in that area, money that gets put to the transportation project at red bud trail and lake Austin boulevard. In del valle it could go to the del valle schools. There are a thousand different things it could be, and at this point and level of detail, I don't think anybody has -- as councilmember Garza pointing out, there are no specifics to that. There are just opportunities for us to be able to identify that, but that would be the next level of detail.

>> Troxclair: Okay.

>> Mayor Adler: The capacity exists to do something.

>> Mayor Adler: Okay.

>> Troxclair: Ed, can you tell me what -- so much of our conversation has been focused in aid or out of aid but we're not making that distinction in our senior graphs. So is there -- is there a difference or no?

>> There is a difference. It doesn't -- for seniors it really doesn't matter where you live in the city because regardless of where you live it's a state requirement that school districts offer free.

[2:23:17 PM]

So regardless of where you are as a senior, when you turn 65 your school bill is frozen and as a result of that, whether aid lowers its tax rate in these -- and these other districts don't lower their tax rate, either way the benefit to the seniors on the school district side is nothing. Their tax bills are frozen. It's not going to come down as a result of tax rates changing or not. But the tax rate will go up when the city increases its rate by 1.06 pennies. That's why for seniors the impact or not impact is the same regardless of what school district you are served by.

>> Troxclair: Okay, thanks. Do you know when the election -- aid had to hold an election to exceed the tax rate that bumped us into the copper pennies, which is the level that is requiring us to send more back to the state, right?

>> Well, it's -- no. There's three components to pretty much any school district's tax rate. The first dollar is called a compressed rate, and you -- depending if you're -- depending on your district, you pay recapture on that. The vast majority of this paid by aid, the vast majority of it is coming from that compressed rate so regardless of what we're doing they're going to continue to pay recapture on that. The golden pennies are the next six pennies, anywhere from one dollar to 1.06 you get to keep and it's the final 1.09 pennies that's the copper pennies we're really talking about here. That's the opportunity the aid, the tax rate election held six or eight years ago, at the time I think it made sense that -- you know, at the time even with recapture, aid kept perhaps 2/3 of those copper pennies, the view and a third went to the state. Now it's completely opposite and even

more so. Now about 76% of the revenue from those copper pennies goes to the state and only 24% stays locally.

[2:25:18 PM]

So --

>> Troxclair: It was six --

>> The opportunity is --

>> Troxclair: Six to seven years ago. What was the copper penny election?

>> Do you remember? It was -- we can definitely get you that information but it wasn't a real long time ago.

>> Troxclair: It's not that anything within our state law or state school finance system has changed since then? It's just the dynamics of the property values and the student enrollment in aid and other dynamics within the city of Austin and aid have changed.

>> Right.

>> Troxclair: Right? Okay. So -- and so this whole conversation, I mean, what we're -- we're talking copper pennies, which is 5 million, little over \$5 million that we're hoping to eliminate?

>> Well, the copper pennies are 22.4 million, 17 million goes to the state and 5.4 stays locally for aid.

>> Troxclair: But we're only talking -- I guess -- but what we're trying to replace that \$5 million of revenue --

>> Plus a little bit extra because aid has got serious budgetary problems so part of this conversation was can we find a more cost effective way for the community to fund that \$5.4 million for aid, maybe give them a little bit extra to try to help them out with some of their budgetary issues and save the taxpayers money and then it's kind of evolved into this question now is there things we can do in non-aid school districts as well.

>> Troxclair: And we could -- and well I guess I made this point already at the last work session but we're talking about replacing \$5 million of aid revenue, we have about \$5 million set aside in this current budget below our existing rollback rate that we have yet to decide how to spend that money and if we wanted to move forward with this without risking a rollback election -- I'm not sure. I think it's deeply flawed regardless of that, but if we wanted to do this, we could do it under -- in our existing budget under our existing rollback rate, not have a rollback election, and still accomplish many of the goals that are laid out in this proposal.

[2:27:28 PM]

>> I think you could accomplish all of them, I mean, really. It's just a matter of doing what you said, having to do it -- just trying to do the same thing we laid out here but without going past the rollback rate, which is going to be very difficult.

>> Mayor Adler: You'd have to find 17 million -- you'd have to find \$22 million.

>> I think you would have to find the -- some of the \$10 million for aid that you want to do and 7 million to the nonschool districts. So it would be 17.4.

>> Mayor Adler: And the other for the seniors so you have to find \$18.5 million.

>> Yeah.

>> Troxclair: But we could decide -- we could decide to cover \$5 million of aid -- we already do cover some of aid expenses if they have a city -- a municipal purpose. And if we decided to cover \$5 million worth of programs, more programs with city revenue and they lowered their tax rate in order to make up for the money that they're getting from the city of Austin, you would -- it would have about the same impact.

>> And we've done -- you know, for the last several years we've funded several million dollars primarily for their prime-time afterschool program and their parent support specialists. We've been funding those for several years now. Currently right now the funding for that to continue is not in the fy18 proposed budget but I think you're right, just like we're funding those programs now, we

could continue to fund those and do more of those, do some of the programs we've talked about in this program. You just have to do it instead of doing other things that you might want to do.

>> Troxclair: Thanks.

>> Mayor Adler: But the benefit -- this goes past the 5 million. So if you wanted to do everything that was in this you'd have to find \$18.5 million to do the benefit in the other districts to be able to do the additional money for aid and to be able to do the senior exemption. So it's not just finding the five, it's recapturing the 17 that was otherwise leaving and having that spent here as well.

[2:29:32 PM]

>> Troxclair: But the only reason that we're doing the what else you just mentioned. I mean, the only reason that we're doing that is --

>> Mayor Adler: No, no. See, I wasn't proposing it originally just to give to aid what it was otherwise getting. The question was could we give aid what it was otherwise getting plus a lot more and not cost our taxpayers money in the aggregate.

>> Troxclair: Okay. Is to give aid -- to fill the \$5 million hole with aid to allow them to lower the tax rate and reduce their recapture we could do that.

>> Mayor Adler: We could just do that, yes. Mr. Flannigan and then Ms. Houston.

>> Flannigan: Ed, did you say that there have been conversations with other school districts?

>> No. We haven't gotten that far with this yet so we've had many, many conversations with aid. They're the chief ones being impacted by recapture and that's kind of the genesis of really looking into this idea. But, you know, depending upon where council wants to go with this, it may or may not be premature to do that because some of the conversation we've been having later is the idea for this proportionate benefit might not be to school districts, it might be to health centers or other areas. So I'd just put that out there that until we actually have a little stronger direction from council about where you'd want to go, with what that benefit might look like, it may or may not be the right time to reach out to districts. None of them have reached out to us, by the way. Aisd has reached out to us and said, hey, this is the situation we're dealing with, this is what recapture is doing to us, you know, so we have not heard from any other school district that they're facing these kind of recapture challenges and that there might be some tremendous benefit to them of the city engaging with them. So that's another reason why we haven't reached out to them yet.

[2:31:37 PM]

>> Flannigan: Okay. The dollar figures I'm seeing in this chart are annual. Is that right.

>> Yes.

>> Flannigan: So for round Rock ISD, for example, it would be \$2.6 million a year.

>> Right.

>> Flannigan: That we would identify community benefits in some way somehow. That's the practical impact?

>> Yes. It's the same as on that slide 3 that the -- we're calculating that the aggregate cost of doing this to that community would be 1.1 million and under the mayor's proposal 2.6 million of benefit. But, again, those proportionality factors could be altered.

>> Flannigan: And I get the variable thing. Getting this in excel to tweak the numbers I'm sure would be fascinating. My perspective on this idea is pretty well known, I think. As I said last week, this is a massively problematic proposal. The overlapping jurisdictions are complicated in a number of ways. They certainly cause a lot of complications for my district, seeing the district maps laid out and seeing that nine of the ten districts in small or in large part contain other school districts, nine of the ten, was even a surprise to me. Certainly district 6 has the smallest percentage of aid of any district, but there are still significant portions of every district, save for district 9 of course, that have outside of aid areas. I just got an email -- we all just got an email to our inbox from del valle ISD saying they don't propose this proposal. Like five minutes ago got an email

about that so we've heard it from at least one ISD now. Where we would spend this money -- and I understand that that conversation may be premature, but in -- I'll just speak from my -- for my constituents.

[2:33:45 PM]

Round Rock ISD just had a big bond election which failed spectacularly and it failed with the vote of the Austin taxpayers. It's the Austin taxpayers that said no, we don't want to raise our taxes, we don't trust this proposal, we're not on board with this. And a lot of that came from the Round Rock ISD board not having any representation from the city of Austin. In fact they just appointed a new board member that either surprisingly or not surprisingly is just outside the city in the etj, just outside. So still to this day not one city of Austin taxpayer sits on the board of Round Rock ISD and I'm sure the same is true for Lee Ander and other outside school districts but for Round Rock it's troubling because 40% of that school district is in the city and it's a majority of my council district. It is seductive to look at these numbers and say I could certainly find a way to spend \$2.6 million plus \$700,000 in the areas that councilmember alter and I share between Round Rock and Leander ISD. But the taxpayers I hear from in those areas are not asking for things that cost that kind of money. They're not. To identify those community needs would be challenging. To identify in one year would be challenging. To identify them every single year and seeing this number which logically would increase over time to find ways to spend that money -- I don't think that the benefit equals the tax impact. In a multiplier effect, even to say \$44 turns into \$103 for a Round Rock taxpayer, the folks in my district are not interested in that. So, you know, if I were to pull this excel sheet together and tweak these numbers down to where the only benefit was accrued to aid, and then you go to the tax -- the voters and you say, you know, 25% of the city is going to vote no and 75 is going to vote yes, that is a much more logical position for me than any other.

[2:35:59 PM]

Now, I don't think the vote would actually turn out that way. I think it would be much more dramatic than that, but manipulating the tax rate to provide more benefit to parts of town that decidedly have not asked for those benefits doesn't make a lot of sense to me, and it certainly doesn't make sense to my district. This is really fascinating analysis. And I appreciate the thought that has gone into it, and it -- the farther we go down this road, the more problematic it gets, and I really appreciate councilmember Garza's perspective on it as well, seeing that del valle is not on board with this proposal I think adds another element of color to this for me. Certainly I was already in opposition position here, but they're doesn't -- there is not an equitable way to -- equitable way to do this, there just isn't. We can spend more time thinking about it or spend or limited staff resources looking in other areas of the budget where we might find an ability to create operational efficiencies or other positive budgetary impacts. So that's all I have to say for now.

>> Mayor Adler: Okay. Ms. Houston.

>> Houston: Thank you, mayor. And thank you all for all the work that you do on this. I, too, would be interested, as councilmember alter spoke to earlier, about what the tax rate is in those districts for the typical non-senior homeowner. Because as I was running for election, I was in agave, in manor ISD, and they were asking how could they get in manor ISD because their taxes from manor ISD were so high that they wanted to go to aid. I thought do you seriously want to do that? I think household be helpful for us to understand what the tax for the typical homeowner would be in those districts so that they can see -- we can see the same kind of comparison that they're going to have to live with.

[2:38:08 PM]

The other thing, you're always so creative in coming up with these things and how can we do this,



and I appreciate that about you, but it sounds like we're moving money around like we've done in so many other things. Central health is required to develop health care, access to health care. That's their primary mission, is to provide indigent health care. Because they've used their money to provide other kinds of services to other kinds of entities that we -- the community that I represent are doing without, but that's their responsibility. So now we're gonna co-op with them to come up with another way to relieve them of the responsibility that they have and should be exercising and then we wouldn't have to have -- if they didn't -- they had their \$35 million that they spent someplace else, we would have health care in del valle and in northeast Austin but that's not where they chose to use their dollars so I get really concerned when we start negotiating around with -- moving the money around because it's hard to keep up with who is doing what when and if it ever gets done and who gets the benefit. So I'm going to need some more information. It's been -- it's interesting, but, again, I think we're -- our time could be better spent trying to figure out where we are with the money that we have and how we deploy that money in the most equitable way. Thank you all for doing the work. I have moved -- I haven't moved much but I'm listening.

>> Mayor Adler: Okay. Anything more on this? Yes, Ms. Pool.

>> Pool: Thanks, mayor. I'm looking at the memo from del valle that we just got and I'm looking at a couple different things. It's dated yesterday, signed by their board. And I'm thinking that they may have been responding to our conversation last week, and I think they may not have fully understood what our vote was last week.

[2:40:11 PM]

Our vote was, true, we set our maximum tax rate, but we had to do that. Doesn't mean we're going to be at that maximum tax rate. We're just saying that's our ceiling. The vote that we took with regard to the tax swap was to discuss it more, to further dig into the details of it, to allow Mr. Van Eenoo and his staff to provide us with some scenarios. I agree with the mayor, that today I have a -- an increasingly better understanding of what -- what this initiative would be, what the approach would be. I'm still not necessarily willing to do it at this point, but I said last week that I wanted to have more information so that if my residents asked me what was it about, I would have at least an even chance of being able to describe it to them in a way that they would understand and that would be accurate. And so I think maybe for -- for -- as much impact as the folks in del valle were intending to have with their letter, I think that they're saying that nobody asked us, no provisions were made to address taxpayers who reside in surrounding school districts. That's what we were talking about today. A week ago we didn't have much information, but we certainly have more now, and it says to our knowledge, none of the other school districts were even consulted prior to Wednesday's vote and so forth and so on. I think it's -- I'm glad they weighed in and I'm glad that we're having this conversation so that we can be better informed even if the end -- whether we choose to do it or not. I think our role right now is providing the information so that people understand what the concept is even about.

>> Mayor Adler: Okay. I would point out I just sent back to my office the link to the wealth per Ada from the tea site.

[2:42:14 PM]

Del valle -- and this is for 2015-16 and it has the list of all the districts on an excel spreadsheet. There are three sections, region, something else, and the third one is wealth by district. So go down to the bottom. But it was del valle at 343,664, pflugerville was 373,459, leander was -- manor was 464,422 and round Rock 549,049, and -- we'll post that link here momentarily for everyone to be able to see. Mr. Renteria.

>> Renteria: Thank you, mayor. You know, I also supported that even though I wasn't here last week for the vote, I would support it because, you know, I got really excited about the tax swap last year when it was brought up, but then, you know -- you know, I wanted to know what the risk

was, and where was the negative part of doing something like that with so many school districts, you know, that are in city limits. So -- and I would have -- I would have supported to get that information because I think, you know, it takes a lot of knowledge just to figure out what you're gonna do and without information you can't have that knowledge. Of what it would take and what it wouldn't. You know, if -- hearing the risk [indiscernible] I would be very -- it would be very hard for me to support this unless we can come back with a way we can figure out that, you know, we're not going to have all these losers and winners there where we can get it to that point where it's going fair, where, you know, people are not hurt by this, then I would support it in a minute. But, you know, the way it is and what I've heard so far, it's going to be a very hard decision for me to make that choice unless I can get some more information about how it will affect, you know, the residents in my district, especially in del valle, how is it going to affect them, whether it's going to be a negative effect on them, is it going to cost more?

[2:44:37 PM]

Because I have a lot of low-income people, and I bought my first house in -- there in montopolis and it was the del valle school district, and I know the struggles that the people that live there in their daily life and the high cost of living here was all -- with all the utility fees and the increased value of your property and, you know, it's -- it's a struggle, a daily struggle just to survive there. So I really need to, you know, get some more information before I can make a decision and support this.

>> Mayor Adler: Councilmember alter.

>> Alter: Thank you. I just want to -- you know, I think this is an important conversation if, for nothing else, to remind every one of our voters that our property tax bills are so high for those of us who live in the aid district because of recapture. There's over \$400 million of our money this year alone that is going to fund schools elsewhere in the state, which should be funded, but it shouldn't all be on the backs of our taxpayers. If you look -- I was trying to find the numbers over time that this amount of money that will be going out of Austin is going to balloon to the point where it's over 800 million very shortly. I don't have the exact numbers. And so we're having this conversation because the state has imposed the state property tax. The amounts of money we're spending just right now at 400 million, over \$1,300, roughly speaking, for -- of our taxes to send money outside of Austin when we have children here in Austin who need better services. So I think that this is an important conversation. I don't think we have it all worked out at this point, but I do think that at the end of the day we have to remember that is why we're even having this conversation.

[2:46:43 PM]

We may disagree about the value of having the conversation at this particular point in time, but this system needs to change. And every opportunity that we have, every opportunity that I have as a councilmember to shine light on that, to help our community understand where our taxes are going because it's not the city that is the primary contributor to our tax burden. We have to remember that. Thank you.

>> Mayor Adler: And as a postscript to that because you introduced it, the numbers in case anyone is watching this and wants to hear it, the amount of money that was being -- our tax bills have gone up over \$1,400 in Austin over the last four years and into next year, that's what the people are complaining about, over \$1,400 but over a thousand dollars has been the state component of that, the state property tax. I guess you have the chart here.

>> This is the chart councilmember alter was talking about in terms of the recapture growing to over \$800 million by fiscal year '21.

>> Mayor Adler: From a typical taxpayer standpoint, the part of the tax bill that was recapture just four years ago was \$355 and now it's \$378, a fourfold increase. This year the state property tax is going to be getting more local property tax dollars than the city of Austin will get. So thank you for

pointing that out. Any further discussion on this? Yes, councilmember.

>> Garza: A couple of things in response to a couple of people. I want to say that I -- yes, it's an important conversation to have, and that's why we had it. But we didn't just have the conversation without having all the information. We took a vote to set the tax rate over the rollback rate, and that -- regardless of what we think who didn't understand it or whether they didn't --

[2:48:46 PM]

>> We set the ceiling.

>> Garza: We set the ceiling.

>> Alter: That is different. We did not set the tax rate above rollback.

>> Garza: I believe I had the floor. We set the ceiling and that sends a message to the community what we may be doing. And I just don't think it's right to say they didn't really know or they didn't understand what we were doing. I just think that's anyway, I want to say that, councilmember Houston, I appreciate, that's a very good point. There was an election for central health and the voters voted in to be taxed more -- to be taxed more, and now we're saying, well, you know, that -- we're going to supplement that even more, even after the voters have decided that. And as we segue into the concept menu, mayor, I'd love to -- if your staff can put me in touch with whoever y'all are talking with at central health because we've had extensive conversations with them and I've never heard before that a \$700,000 contribution could help them open a clinic and if that's the case I'd be happy to add that to the concept menu if I understand what that plan is.

>> Mayor Adler: I don't think it got a level of detail. I think that -- I think the conversation was if the city joined with that, could that possibly, you know, move things out a little bit more quickly. I mentioned that also to commissioner Travillion and I think he has some ideas too on that so I think we should all put our shoulders to figure out how to get the clinic out there. Ms. Kitchen.

>> Kitchen: One, I just want comments that have been made about central health. And I certainly think partnering with them is something we want to do, but as councilmember Houston said, they have the responsibility and councilmember Garza said, this is -- this is their primary responsibility. Smack dab in the middle of their responsibility to take care of that kind of thing, and it's disturbing to hear that they don't have the dollars to do so.

[2:50:49 PM]

So I -- you know, conversation is great if councilmember Garza wants to follow up on that or either of you I'd be happy to support that. So I also just really, really want to clarify -- I respect everybody's point of view, but the vote that we took was to continue the conversation. Some people may be able to make decisions a little faster because of the -- what's going on in their districts, and that's fine. But I think I don't want the public to be confused that those of us who voted to move forward with the conversation, that that's any indication of where we are on this. And I think it's okay for us to have voted then to continue the conversations and continue to say that we're not sure where we're going to be. So I just want to clarify for the public, none of us have made a decision on this yet.

>> Mayor Adler: Okay.

>> Houston: Mayor, just so that I can be clear, because I was sitting here and voted no. I thought we voted to, right? Because we had to do something by 11:30 that day to be able to set the tax rate to --

>> Mayor Adler: We didn't set it that night.

>> Houston: Not set, but we were -- what is the right word here?

>> Mayor Adler: Not to exceed number.

>> Houston: Not to exceed. And so that we would have time to continue the conversation. Is that not right?

>> No, that's right. Under state law we have to set a maximum. Before you adopt a tax rate in September you have to set a tax rate, a certain number of days before that so that's what you did,

set a maximum tax rate.

>> Houston: That's what we did, and that's what -- before vote -- the four people voted against, is the setting of the tax rate above what the current rollback rate was.

>> That's right.

>> Houston: Thank you. I just wanted to make sure I wasn't lost my mind.

>> Kitchen: Yeah but -- my point was simply that doesn't mean that I voted to raise the taxes, which I did not. So I just raised -- I just was trying to clarify pip voted to have the conversation about whether there was --

>> Houston: I think we're saying the same thing.

>> Mayor Adler: I think so too.

[2:52:51 PM]

>> Kitchen: Okay.

>> Mayor Adler: Ms. Troxclair.

>> Troxclair: Yes, it's true that, you know, aid is a big portion of the tax bill and that we're sending a lot of money back to the state. But it is also true that the city of Austin is increasing taxes 8% year over year so it's one -- while I understand the argument, it would be so much more genuine or believable if we were setting a -- if we were setting a better fiscal example, and so it's hard -- so while it is true that there are issues with the school finance system, that doesn't eliminate the fact that the city of Austin is also increasing our taxes. So I just -- I thought that that was important to point out. And, you know, I think when we -- if we get to the -- if and when the city gets to the point where we're adopting an effective tax rate and we're truly not increasing taxes on people and we can look to citizens and say the reason that your taxes are increasing are these other entities, it -- that would be -- I think that would be a much more impactful argument.

>> Mayor Adler: I would just survey we're going up 8% but the state is going up to over 50% more every year, 40 to 50%, I think there's a huge difference on the impact that our residents feel. Mayor pro tem.

>> Tovo: I have a few -- I have questions, couple of questions to take us back. Mr. Van Eenoo, I know you went over this in your presentation and now it's like buried in my notes here, but would you mind telling us again what -- if I'm an ordinary homeowner, and a senior, at what point does -- do I start -- does this proposal start costing me money? At what property value? Or can you not do it by property value?

[2:54:52 PM]

>> You can get a rough -- a sense for it. Maybe if we could bring up the presentation and go to slide 4. And Eric may have this memorized but you can tell just by slide 4, under this scenario, somewhere above 300 but below 500 is where it flips.

>> Tovo: So it might be around 400ish?

>> Yeah, ' \$500,000 home is going to end up paying 18.90 more, for a senior, regardless of where you live.

>> Tovo: Thank you. That's helpful. Then my other question is about the copper penny. So they did an election that allowed them to assess the copper pennies. Were this plan to go through and they reduce those copper pennies, at any point if they decide to go back and use them again, do they have to go back out to the voters and request that approval?

>> They would.

>> Tovo: So as soon as they -- as soon as they activated that reduction --

>> Yes.

>> Tovo: -- They lose the ability to assess those?

>> Yes. I say that --

>> Tovo: Absent any other election.

>> That's based on any conversation with one of their attorneys, that they would have to go

back. They could not just go back to the copper pennies. They'd have to ask for a vote to increase their tax rate beyond the -- you know, if they take it down to 1.06 they can't increase it unless they go back to the voters.

>> Tovo: Got it. Thank you. I think there are certainly -- I think this is generated lots of discussion in the -- in the community, and so I would just add, again, sort of my rationale for thinking -- for voting last week for a tax rate that would allow us for a cap on the tax rate that would loose to continue this discussion allow us to continue this discussion. As I mentioned I sat in on a lot of those discussions about how to affect a tax rate under the statutory requirements and they were complicated for all the reasons we know, but it is -- it has been the practice of the city council for five or so years to help -- to help fund programs that are offered through the schools but that are serving a municipal purpose.

[2:56:53 PM]

And the fact is that if we can't find what I believe amounts to several million dollars in this year's budget, either out of the \$5 million that's unallocated or from other sources, I believe several thousand children will not have afterschool programs who are currently receiving them within the city of Austin. And so -- and the same is true for the parent-teacher support specialist. We are currently funding half of that, and those are services that will go away, that will not be provided to Austin families who are within the Austin independent school district so that's a real concern. And, you know, I would just say -- and I have this -- I had this conversations sometimes with my constituents. I have I think just one school where we're helping support afterschool programs. There are some council districts with four or five schools that are -- that have afterschool districts that are supported through city funding, and those, though, are costs that any Austin taxpayer is helping bear when they pay their property taxes. And that's -- you know, I understand and I'm really going to reflect on the comments because they're very valid points, and it's -- and I'm not sure exactly what the best path forward is, but we are often faced with making budgetary decision that's benefit certain areas and meet certain needs in one community and we all share that cost and this is -- I guess I would just suggest that as a framework through which I'm viewing this. This is a benefit that impacts differently -- different districts differently, but it is true that Austin independent school district is I believe still the -- [ no audio ] Whether 60% of students in the area are in aid.

[2:58:55 PM]

Anyway, we can go back and get those numbers, but these are real needs that our school -- that aid is facing, and there are real programs that are -- that would benefit from these -- from this continued funding and from the influx of funding in the other areas. Again, I appreciate the discussion and I really appreciate the creativity in looking at how we can do this and I hope that we can continue to talk about whether it makes sense in moving forward because I think it's important. I think we have some absolute real needs in schools within our community, and this is a good way of helping meet those needs. And I guess the mayor said that. Are there other questions on this item?

>> Pool: Maybe for one of the topics we can explore in a 30 or 40-minute segment in one of the next Wednesdays is to talk a little more about the programs that we have funded over the past few years that have helped aid and primarily and the lower income schools, the parent support specialists, what that program is intended to do, what the reach of it is, the tutorial program, the after-school program and why it is previous councils thought it was really important for us to spend our revenue in supporting aid, aside from the fact that it's the one school district in the state that is -- I think it stands alone as far as having so many lower income students but such high property valuation and with so much of the property on government rolls that we can't tax, that's why aid in particular stands alone as far as how much money it has to give back to the state. How little we can retain and how the city of Austin in previous councils felt

it was really important to continue those really important community services, but maybe we just need to have a little presentation about what those programs are, some of that memory may have been lost and we have a couple new members anyway.

[3:01:03 PM]

So I would like to revisit that.

>> Tovo: And I did put those two items in particular on the concept menu and I think aid has provided most of us, maybe everybody, with some backup information and I don't think I have all of my backup information but I'll try to bring that too.

>> Pool: If we covered it on the concept menu but even why we did it in the past.

>> Tovo: It benefits mostly -- I think it's targeted towards schools with high percentages of low socioeconomics so the only benefit are schools with high percentages of low socioeconomic.

>> Pool: And that's the piece I really wanted to drill down into and the good news about that those schools are kind of distributed around the city. I don't know exactly this year how many are in which district, but I remember seeing the list last year, there was an interesting assortment of schools throughout the various districts.

>> Tovo: And I think they included that in some of the material they sent us, which schools, and I have that, I can pass it around. Councilmember Renteria and then councilmember Garza and then councilmember Kitchen and then councilmember Flannigan.

>> Renteria: I wasn't here last week for the meeting. If we were to go to an election, would that exceed the rollback rate?

>> Well, the way it works for a city is that the council can elect to go passed the rollback rate and the only way there would be an election is if 17% of voters petitioned to have a rollback election within 90 days. We calculate it would probably be around March when the election was held if you had that petition.

>> Renteria: And if it didn't pass, you said that we would have to go back to --

>> If the rollback election doesn't pass, that would mean the rate council approved passed the rollback rate would stand and if it did pass you would be rolled back to the rollback rate.

[3:03:12 PM]

>> Renteria: To the 8% or --

>> To the 8%.

>> Renteria: So we don't lose anything by going into -- passed the 8%.

>> That's right because there's actually kind of a lag from the time -- because of the differences in the fiscal years of the school district and the city, we would take this action now and if it stuck, then we would have the funds to do what we've been talking about. And if it got rolled back we just wouldn't be able to do the program we were talking about.

>> Renteria: Thank you.

>> Tovo: Councilmember Garza and then we had an order.

>> Garza: I may have misunderstood what the point was made by mayor pro tem and councilmember Pool, but I hope this hasn't turned into, look, we fund parent support specialists in certain areas that we don't benefit from and comparing that to what -- what the discussion is today. We fund those parent support specialists in those districts, mine, councilmember Houston and the majority in lower income districts because it's the right thing to do. And I don't know exactly who are the losers when that happens. This is a different scenario where there are losers and many of those people feel like they are constantly the losers, and I just -- maybe I misunderstood the point that was being made but I needed to say that.

>> Tovo: I believe councilmember Kitchen was next, but I'm going to allow you a chance to respond. I do want to clarify my comment on that.

>> Pool: And that's my point too is that it's -- the schools are supposed to provide an adequate education for all children. The state legislature has made it really difficult for the Austin school

district to do that. And we are trying to help.

[3:05:12 PM]

It doesn't matter to me where the kids live, we need to help. And I happen to have some schools, burnet especially has some schools that were absolutely helped the last couple of years that I'm aware of with the parent support specialists, I don't remember the list for this year, but that's my underlying concern about some of the -- about the whole situation is that we're not even -- we're not even providing because of the restrictions and the strictures that the state government has put on aid in particular, and it does stand alone as far as status with regard to having to give money back, it makes it almost impossible for aid where my daughter got an excellent education for all the other kids younger than her to get that same excellent education. If we can't succeed with the children from pre-k to graduating from high school, we do them a tremendous disservice because that is the one thing that we all can do as a community to help with the prosperity and the quality of life for generations to come. That's why I will always support my public schools with my property taxes to the best of my ability even though my child is no longer in aid. That's the system. And I grew up in that. That is a bedrock value for me, education over almost anything else and we should do everything in our -- in our abilities to support what folks at aid are trying to do with the tremendous burdens that are imposed on them. And then I did want to say something but I lost it. There was something that councilmember Renteria asked about and it was the escrow, it was the escrow piece but he's not here right now. We should probably --

>> Tovo: Let's go back to that question.

>> Pool: Tell him that if we had to give the money back, it would be held in escrow anyway.

[3:07:19 PM]

We wouldn't be spending it if there were an election, we wouldn't spend it until after we knew what the results of the election are, if I'm remembering how we talked about it last week.

>> Yeah, that's how we intended to set this up. We would set up a special revenue fund until we're past the rollback period and start funding the programs in July of 2018.

>> Tovo: Councilmember Garza, I appreciate you raising that -- offering the opportunity to clarify because I would like to -- I see the conversation we're having similarly to how we decide to use -- to make other funding decisions because we don't typically make funding decisions that impact all areas in the same way, but we look to the areas of need and try to meet those needs. Meet the very real needs within aid that are -- and we know some of the programs that will probably go unfunded if we can't meet this need either through the way we've been doing it in past years or through the way that's being contemplated. Because I would expect we're going to use that increased funding in ways we are now to meet the needs of those schools struggling to provide services for students within that you are campuses, which will be -- you know, they will fall throughout the city, but they will be in certain districts and not in others. So I guess I'm trying to suggest it's the same framework. You raise as does councilmember Flannigan the important concern especially of those districts like Manor and Del Valle where you have families already struggling, but if we can find a way to make it work for those communities in an equitable fashion, I think we should regard this tax swap or service agreement in very much the same way. It is not going to impact every aid school and every aid campus, but it will help meet the needs in the areas we really most have them.

[3:09:23 PM]

I don't know if that clarifies. It's akin to the way we make all of our budget decisions or try to that it's not going to impact -- it's very difficult to have an impact that's going to be the same on everybody but we try to make an equitable -- equitable decisions and meet the most pressing needs. That's my perspective on that. Councilmember Kitchen and then councilmember Flannigan.

>> Kitchen: I was just going to make one comment. I think I would very much like this to work in a way that works for everyone. It does give me serious pause and I'm not comfortable with a solution that impacts individual homeowners, lower income homeowners in particular by raising their property taxes. So -- a benefit in the aggregate is something that's helpful and useful, but we have to look at the impact on the -- on our lower income homeowners. And so I'm continuing to keep my mind open trying to think about a way to make this work, but what we're talking about today in terms of, you know, sending dollars to these districts, we have to be mindful that an improvement to a particular area is not the same as the impact on that individual family. So -- so anyway, that's what I'm going to be looking at. I'm continuing to listen and try to think about ways to be creative, but -- but I'm very concerned with what we're seeing today with the impact on these other school districts.

>> Flannigan: I'm really glad that councilmember pool brought up the ask for all of the different programs. I think that would be really insightful. I know my staff and I have talked about that internally about want to go know all of the ways the city contracts and provides services exclusively to aid. You know, I have title 1 schools in my district in Round Rock ISDs, surrounded by older homes and older apartment complexes.

[3:11:34 PM]

Many of the people that live in those areas were pushed out of Austin as other councilmembers have noted. It seems like on a regular basis I meet someone who used to live in central Austin or aid areas and then for reasons are now in district 6 and are now moving out to cedar park because we don't really address these underlying issues. And so I definitely want to see all the programs that the city is engaging with aid on because it is important that -- that we provide services where they are needed. And if for no other reason that's why this proposal is a terrible idea. Because just like previous decisions where we took -- I don't want to say we, where piles of money were taken and divided by ten, also not an equitable or fair way to spend money because you inevitably end up spending money in areas that needed it less and spending less money in areas that needed it more. And this smacks of the same type of false fairness that those divided by ten proposals have. Whether or not we want to provide benefit to a school district that is suffering at the hands of the state does not justify giving more money to school districts or parts of town that are not suffering by the state. If as I said earlier, if we were just concerned about solving an aid problem, then we would only provide benefit to aid and we would throw it to the voters and let 25% of the city vote no. Doing what we have here makes a bad problem worse because we spend more money in areas that needed it less. This council has made these decisions before I got here and this sounds like another one of those decisions that ends up in equitably distributing resources not based on a community's need but in order to solve one problem by spending money in another area in a way that doesn't make sense.

[3:13:37 PM]

That is something that the mayor pro tem mentioned and I'm so glad that she did because when we spend money, we want to make sure that it's getting the biggest bang for the buck. And this proposal is far, far, far from doing that.

>> Tovo: Councilmember, I am also concerned about that method of distributing by ten and have not supported that in the past, but help me understand of this list, del valle I think is -- is an exception on here as is pflugerville and manor. But I guess I'm trying to understand your comment about we would be spending money in districts that need it less. Are you talking about because there is an expenditure in districts like eanes that is high property -- it seems to me aid is one that does need it. I'm not trying to get -- I'm not trying to argue, I'm trying to understand what you mean in the context of this list.

>> Flannigan: Absolutely. So like I said, the aid math problem makes sense. The state is being unfair to a school district that has some very significant needs and because of the formulas that the



courts have already ruled don't really work out so great even they they didn't prescribe a solution, that's not the part I'm talking about. The part I'm talking about specifically is saying let's go spend \$2.6 million in an area that I would struggle to find a way to spend \$2.6 million and the ways I would find to spend it ultimately would be a traffic projects and now you're talking about \$2.6 million every single year in perpetuity. I don't even have that many city roads frankly. Most of the traffic problems in my district are state roads. Now you are talking about spending \$2.6 million on 183 and that's even more problematic in terms of where the money came from and who paid for it and who benefited from it.

>> Tovo: That helps me understand your point. Councilmember kitchen.

[3:15:38 PM]

>> Kitchen: I just have a process question because it's 3:15. I'm not sure how much longer we're going. My question relates to the concept menu whether we think we'll discuss today or do it at another time. I think mayor pro tem had suggested we set aside some time at one of our meetings to talk about the items on the concept menu related to people experiencing homelessness. And so I think that's a fabulous idea and I would just like to understand when we might want to do that, it would be useful for people to know so we had that target date.

>> Tovo: Sure. I guess I would look to you all. We're scheduled to go to 3:00 and we're at 3:17. Technically we should be finished. Councilmember Houston, were you weighing in on this or did you have a question that I missed?

>> Houston: No no, I was kind of weighing in on this because in my mind I think we're starting with the concept menu rather than starting with the city manager suggestions were, start there because they've already identified some things. And then as we say no, we're going to reduce this, week add something. But they've looked at all of the departments, they've scrubbed as best as they can and I think that's where we start. These are our priority or not and if they are not, we put those aside and then we can add something else. But it feels to me like it's going to be with the concept menu, it's going to be like two children fighting over the last peanut butter and jelly sandwiches. I don't see how with only \$5 million in the hopper, I don't know how we do this with the concept. Because everybody has more concepts than there is money, and the city manager has given us a place to start and I think we should start there and then work on it after we figured out where there is some extra wiggle room. I think that I'm the only one that believes that so that's fine, we'll keep doing it.

[3:17:42 PM]

But I just think we've been given a document and then we start working from that document rather than now populating all of the things that people need. As there is nothing in the document about quality of life initiatives, nothing. So then we need to populate that. But again, that's over \$3 million. We don't have that band width and I think we need to think how we're going to do it this year which is very different from the first year and have different from last year.

>> Tovo: The first question today are we going to try to have any of that conversation today. Why don't we sort of -- councilmember Renteria.

>> Renteria: I have a meeting that I set up at 3:30 so --

>> Tovo: How many people need to go? Okay. It sounds like digging into the concept menu might be a real challenge. Councilmember kitchen, did you have a quick point?

>> Kitchen: Well, I was just going to say I understand councilmember Houston's point and as we've done concept menus in the past concept menu allows for identifying money in which we don't spend money, in which we reduce funds. I have a few of those areas I'll be submitting. I think we need more time for people to think through what they want to both reduce and add before we talk about the concept menu.

>> Tovo: Why don't we -- maybe we could product I feel spend time talking about what we want to do next Wednesday. We had identified a couple of areas for staff presentations. The convention

center, somebody else somebody mentioned. Councilmember Houston, I think you had asked for a projection of funding that could be lost. Was that your request? Sorry, councilmember alter. Councilmember kitchen.

>> Kitchen: I think that how we -- the services we provide related to individuals that are homeless would be a useful discussion to have and I think that having that discussion in a way that helps us understand what the existing programs are might be helpful.

[3:19:52 PM]

>> Tovo: So kind of a background presentation from our staff that helps us understand the concept men you. Councilmember Garza.

>> Garza: I was wondering if we could add to the Wednesday -- I don't know if this is a staff presentation or discussion among council about our quality of life for the past -- the third budget I've dealt with and rightfully so all of the quality of life initiatives end up to the concept menu, but we get in this weird situation where we kind of are like the health and human services -- we are the like metric decider and it's been hard with so many great programs so I was hoping we could have a discussion on we said we were going to do it different this year and I don't know if we've done that, I don't know if we've thought of a process. I was considering doing a -- a ifc maybe trying to start but it's too late at this point, unfortunately. I just think we need to have a discussion on how we allocate fund for quality of life, which is, you know, necessary and I'm grateful for the work they do, but it's put us in a really tough position having to pick and choose whose program gets funded that year.

>> Tovo: So shall we talk about -- since that leads into concept menu items, why don't we put that on next week's agenda too. So that's -- so convention center, quality of life, homelessness services.

>> Pool: Aisd programs.

>> Tovo: Aisd programs. Councilmember pool.

>> Pool: And I just wanted to say one of the reasons why quality of life and correct me if I am wrong, one of the reasons we don't have funding for some things is because we funded them one time only.

[3:21:54 PM]

If we wanted to continue them, we would have to bring them back. And I don't know how -- how interim city manager hart made that selection, but as I recall the last couple of years when we've done budget we have brought in programs that couldn't be funded because that was part of the policy decisions we were making along the dais. Where if we did have some money to put somewhere which were the places we wanted to put it.

>> We did work on our processes with the quality of life commission. Some of them did not finish their work in time for me to consider their recommendations in my proposed budget and so that's why we're where we're at. But we can certainly bring you back what they've asked for and what process improvements we worked on.

>> Tovo: Councilmember alter.

>> Alter: I just want to ask that we prioritize actually beginning to have conversations about the budget process, whether that's a conversation about the concept menu or the process I'm not sure, but we need to do more than just have the presentations. We need to be able to begin to have some of those conversations and we're getting short of time.

>> Tovo: So sounds like we have three separate kinds of discussions people want to have. One is presentations from staff, the other is maybe an actual discussion of either concept menu items or items as councilmember Houston suggested items that are things we've made priorities but are not included in the budget at this point. And then the third was the topic you've just talked about was budget process. Does anybody want to suggest to the mayor and manager the order of having those discussions? Do we want to do something different next week and not start with the

presentations but instead with one of those other two.

>> Renteria: It's not on the schedule itself, but did I just hear you might have also -- on the quality of life that some of these proposals what they are proposing to be included in the budget?

[3:23:59 PM]

Are these going to be like a one-time or have you -- have any of these programs already been put into the base?

>> We did not get their proposals in time for me to consider them in the proposed budget and we've allowed for some ongoing funding as well as one-time funding for the council to determine what they want to deal with. We were asked to bring back a presentation next week that talked about improvements in our process with the quality of life commissions and what their requests were, what their recommendations were. I did want to also point out we are going to post a executive session on the labor negotiations for next Wednesday as part of your work session and there may be a public piece of it. I'll be meeting with them this afternoon to determine that as well.

>> Tovo: Councilmember Houston.

>> Houston: That's all, and we did say the convention center. That was supposed to come back, and federal grants.

>> Tovo: If anybody has a strong opinion they want to share about the order of things next week, now would be a good time, otherwise we'll include.

>> Pool: Will the convention center include the hotel occupancy tax discussion as well? That's what the discussion is? So one of the things I also wanted to bring to the table was a list of eligible projects. I think the parks and rec department had provided a list before historic designated places or structures and then some other parks that might be eligible for funding under hotel occupancy tax so I would like to have all that information available to us too.

>> Tovo: City manager.

>> I wanted to ask if you wanted Tom Noonan here to talk about the acvb, you are scheduled on the 22nd.

>> Tovo: I think that's a real interest to the whole council so I would suggest we talk about that if we have time, but what do you all think?

[3:26:07 PM]

We do need to wrap up. Councilmember pool.

>> Pool: What is the discussion at audit and finance?

>> It's a presentation of his budget update. It was on the draft agenda.

>> Pool: Right. So maybe we should have that at audit and finance and talk about the hotel occupancy tax revenue here because I don't think we're going to have time for all that.

>> Tovo: Councilmember Houston.

>> Houston: I'm sorry.

>> Tovo: Anybody else? I just -- one member of this dais, I would suggest it would be great to hear about some of the concept menu items so I hope we can at least reserve time to hear from each other about what we're thinking about with regard to some of those items. Okay. We stand adjourned at 3:27.