

City Council Budget Work Session Transcript – 08/23/2017

Title: ATXN 24/7 Recording

Channel: 6 - ATXN

Recorded On: 8/23/2017 6:00:00 AM

Original Air Date: 8/23/2017

Transcript Generated by SnapStream

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>> Tovo: Good morning. I'm mayor pro tem Kathie tovo, and the mayor will be joining us in a few minutes, but as we have six people we will be starting. We are in the boards and commissions room at 9:10 and it is my understanding that we do have some representatives from the community here, chairs of our quality of life commissions. So if the council is in agreement, why don't we start with that piece of our agenda, but I'll first start with Ed van eenoo, who I think wants to kind of lay out the day for us. >> So we do have an action packed day for you once again. I think we're scheduled to go to 3:00 and I anticipate we will take up all the time. You should all have a packet of information before with you a tab labeled August 23rd. That would fit nicely into your budget binders that we gave you way back on August 2nd. The contents of of that packet include a presentation from the convention center. That's something that mayor pro tem wanted us to come back with and have a conversation about the convention center's budget. So we're going to do that today. Last week there was also some discussion about acvb and having them present their budget. I actually believe at the end of that discussion last week there was a desire from council to just maybe do that at the audit and finance committee meeting. We learned what acvb was presenting was nothing to do with their budget, so we thought it was important to bring them today so you have a presentation from acvb today laying out their budget plan for fiscal year 18. We also posted a response to a budget question. I believe it was councilmember pool who had the question about pard historic

properties and I think that plays into a conversation you may be having about the hotel occupancy tax in here. We posted that last night, balls included in your packet a list of properties that we feel very well might be put -- appropriate to use hot funding for. Next in your packet then is the quality of life commission recommendations. There is one slide that as soon as I'm done setting this up I will cover one

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slide that kind of looks at the recommendations from the four quality life commissions collectively and organizes them around your six strategic outcomes. And behind that one slide is the actual memorandums or resolutions from the different commissions that have previously been sent to the council, but we've just compiled them all into this packet for your convenience. Some time during the day I think the plan is to break and go into executive session to get an update on our labor negotiations and then I know council is also eager to get into the concept menu. So we've passed out copies of the concept menu as it stood yesterday afternoon. Since yesterday afternoon when we posted it to the website and had printed everything for today's meeting we've had one or two additional items come in and those aren't in the packet you have. Those one or two additional items. But they will be in our next update. And I would just remind council that per your rules, today would be the final day to bring items forward for the concept menu. Of course, at any time during budget adoption you have the prerogative to offer motions and changes, but in terms of this concept menu process your rules were today was a deadline. So that's the setup. If there's any questions about them. Otherwise we'll move on to the quality of life discussion. >> Tovo: Thanks, Mr. Van eenoo. Councilmember alter? >> Alter: I don't have the original post from the mayor on this, but my impression was that the rule was by the 23rd was the deadline for putting something on the concept menu without a co-sponsor, not that we could no longer put anything on the concept menu. >> I know they changed that process. That was one of the things the mayor posted is in years past we've had kind of a complicated process of the number of co-sponsors depending on when it came forward and this year the mayor's proposal was to scrap all that and at any time up to the 23rd bring an item forward and put it

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on the concept menu. But again because it's not on the concept menu doesn't mean it couldn't be discussed next week on the 30th. I'm just trying to stick to your rules that you all established.

>> Tovo: I was a little alarmed to find that deadline last night. And there are certainly things I will have to bring forward in the budget because among other things we need to find some more funds for we're going to fund a lot of the things on the concept menu, we'll all have to look really closely at whether there are areas of the budget we can open up. I have a couple of ideas, but nothing on the concept menu and nothing I'm likely to get to the concept menu today. So just by way of fair notice I will certainly have things that come up during the budget. As you said, it is our prerogative as councilmembers to raise issues as late as the day of budget adoption for consideration. Councilmember Houston. >> Houston: Thank you. I just want a clarification from Mr. Van eenoo. Today is the last day so we can upload today. Not last night. >> My understanding was August 23rd, today, at 11:59 P.M. Was incident tended deadline, but I am at your disposal to -- >> Houston: That's what my understanding was too. When she said last night I'm thinking oh god. >> Tovo: I had a misplaced modifier. It was last night when I realized that today was the deadline. Thanks for clarifying that. So mayor, I'll turn the chair back to you. We had kind of decided as a group since we had representatives, the chairs of our quality of life initiatives here this morning, they were asked to attend, with your permission we started sort of announced the intent to that is right with that. I think we're ready to do that. >> So just to get the balling rolling on this conversation, we put together the four quality of life commissions have had a number of meetings, the African-American quality of life commission,

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asian-american, the hispanic Latino quality of linus and the lgbtq have had a number of meetings heads towards recommendation to council in regards to what their recommendations would be for the fy18 budget. We have staff liaisons who are in attendance. There's an acm who is a liaison to each of those commissions and we have members from the various commissions here to also answer your questions. We just put together this one slide to help you look at for the recommendations from the four commissions and trying to align those recommendations to council's six strategic outcomes that you all put in place I guess back in January is when you really started having those discussions. In total it's a little bit over seven million dollars of recommendations from the four commissions. You can see by looking across the bottom row the total is 1.1 million of recommendations from the asian-american quality of life, three and a half million from the African-American quality of life, 2.2 for the hispanic-latino quality of life and 235,000 from the lgbtq. I should say that's our newest commission and part

of their recommendation is to do a study in funding to do a study like we've done with the other commissions to really find out what the needs are in the community. So I would expect in the future the recommendations would be much beyond this, but that study hasn't happened yet and that's a big part of what's included in their recommendation. Looking over at the right column going from the top to bottom, you can kind of see how the recommendation is laid out by strategic outcomes with the largest chunk of funding going to cultural and learning opportunities at \$2.6 million. Economic opportunity and affordability was next at 1.8. 1.6 million for our health outcome. 829,000 in safety and 185,000 for the government that works category. We didn't have anything actually in the mobility outcome. So it's a high level summary to maybe get the

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conversation rolling. Behind that in your packets, behind that one side are the memorandums and resolutions from the four committees that lays out in much more detail what their recommendations are. And again, all of that was submitted to you earlier in the process as those committees came to those recommendations. And again, they're here to answer any questions you might have. >> Mayor Adler: The chairs could come up so they have an opportunity to speak to us if they would like to. I want to make sure that we -- >> Good morning. My name is Kenneth Thompson. I am the new chair for the African-American quality of life but I am going to defer the conversation to our previous chair, commissioner Hoyt, because he took us through this whole process. So commissioner Hoyt, come on. >> Good morning. My name is Jill Ramirez and I served as the chair of the Latino quality of life. >> My name is Vince Caballes, I am the chair of the asian-american quality of life commission. >> Good morning, Darryl Horton, the previous chair of the African-American quality of life commission. >> And I'm Sarah Hensley, I'm the interim assistant city manager and I am filling in for the chair of the lgbtq commission. I'm here to answer it questions and give you just a small little bit of information. >> Mayor Adler: So there would be two things that I would be interested in hearing from the chair. One is the substantive issue

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associated with what is listed. Any explanation you think that this is an opportunity to be able to explain to the council if you wanted to, any of the things that were listed. Any special attention you want to bring to them. That would be the first thing. The substantive issues related to the request themselves. The second is process and participation in the budget itself. And Sarah, part of this I direct to our staff as well. The recommendations that we've gotten from the quality of life commissions are all -- all came to us in July and in August. In July and in August the budget has already been set, the proposed budget has already been set by the manager. So this year we haven't had the real opportunity it doesn't appear for the quality of life chair or the commissions to be able to get ideas to the manager or to the staff in time for the manager or the staff to make the recommendations part of the budget as it might come from all of the manager. So one question is would that be a good idea? Is there a way for us to change the scheduling and the process so as to give the greatest voice to our quality of life commission? So the process would be a second question. So two things that would be helpful is I want to give you the opportunity while you're with the council to be able to speak to any of the substantive issues if you want to or point out anything or give us special comments in a second to talk to us generally about the process involved with getting the budget issues to afternoon operable place with the council.

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>> So Vince caballas, chair of the asian-american quality of life commission. And first of all, let me do it reverse order. As far as process goes we did provide something to the city manager in advance of the city manager's budget going out. Being aware of that process. The main focus of that request was that those one-time funding items from the previous budget be included to continue those because a lot of them, at least for the asian-american communities, was the first time that they had any funding from the city, and it turned out to be one-time funding so there wasn't an opportunity because the departments were restricted. There wasn't an opportunity to maintain that momentum that the asian-american community was getting from those services. And we really wanted to try and make sure that those are at least at the minimum addressed in the base budget by the city manager. Some it wasn't and then we went through a process of our current recommendations which was a little bit more complete than just keeping the level funding going. And that's the recommendations that we have before you today. I think that for the last two years language access has been a big issue for the asian-american community, and along with language access is cultural access, and the need to make sure we

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have culturally relevant services. And part of that has to do with the fact that most of the services in the city are not targeted toward minority communities, they are generic services and as a result the amount of services provided to asian-american is sure small compared to the community as a whole. Part of that cultural access can be addressed through the health and advocator programs where someone from the community also knows the systems that the community needs to access so they could be an access point for the community to help them navigate through the various kinds of benefits that they might be eligible for. So in my perspective that is one element that can help the community interface with the city and then the other part of that is having the city be culturally accessible and relevant. And then the language as well-being able to communicate with the communities. Are the items that are listed in the June memorandum that contain the budget recommendations, are those listed in any special order? Are they listed by priority or subject matter or -- >> No. We haven't gone through a process of prioritizing because we haven't had a target to prioritize for. We feel all of these are important aspects. Some of them support the asian-american center operations, which is really bursting at the seams and

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some of them are supporting community wide initiatives and we haven't gone through the process of prioritizing. >> Mayor Adler: All right, thank you. Thank you very much. >> I may want to echo what Vince just mentioned in terms of the process. We were hoping that last year's recommendations would be our best budget. Unfortunately there were a couple of months when we were not able to meet due to lack of quorum, but the recommendations that you see that we submitted to you, even though they're not prioritized, we did look at the areas that you had mentioned in one of your sessions in terms of what your priorities were. So we tried to fit those within your priorities. If you look at what we recommended, it's from mental health to youth services to cultural events. And a lot of these smaller organizations this is -- we're filling in a gap for them that may not be able to get more money from other places so they came to us to ask for support. It's more filling in the gaps so that they can continue doing the work they do. >> Mayor Adler: Thank you. Sir? >> Good morning, mayor and to the council. Thank you for having us. Mayor, for your two questions that you asked, as far as the African-American resource advisory commission, our process this year has been similar to what we have done in years past and that is during our commission meetings we have invited the public

to come in and share with us what their concerns are and where the issues are that need to be addressed. We have also spoken with our non-profits and other persons who make services

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available in previous years and we've asked them about their history with working with the city. We've talked about what needs they have and so we vetted that process and we received input from the public, from these vendors and from these different community members. And based on that our working group came together and we put together the recommendations that we have for you. Based on the information we have our recommendation we did submit is back in the month of June to let the city council know what our priorities are. And I guess if we had to highlight a few things that we would provide emphasis for is that we would talk about economic opportunity and also we would talk about safety, are two large concerns for the African-American community. When it comes to economic opportunity we understand that if we do not have those type of opportunities and people cannot afford places to stay, they cannot afford health care, they cannot make wise decisions if they don't have the resources to do that, so the majority of our funding, almost half of it comes from economic opportunity that has to do with summer employment, youth training for technology jobs and health care, all the things that are booming in the city of Austin, we're asking for funds to help get our young people the next generation into these industries where they can help to support the economy here in Austin as well as help to support their families. We also would highlight the emphasis on safety. We understand that if young people don't have anything to do then it causes them to make bad decisions out in the city. So a lot of our funding are again for summer programs. It is for the justice center to help individuals who have been formally incarcerated to come back into society and to be able to benefit our society. So a lot of this you're going to see has to do with our young people and keeping them employed, giving them opportunities to advance and to help their families to sustain and to be able to live within the city. And those are all issues that I'm sure you're well aware of of how challenging it can be to life here in the city, but all of it has to do with economic

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investment into the eastern part of our city where most of our African-American population lives. So those would probably be the two highlights, mayor, I would give you from our recommendations. >> Mayor Adler: Thank you. Council? Councilmember pool? I'm sorry, Sarah. >> So I am representing the chair who was not able to be at our last meeting, but I want you to know the lgbtq quality of life commission is an amazing people of people who had two priorities. And they were very adamant about the funding of the HIV preexposure prophylactic access service. Austin, believe it or not, has surpassed San Francisco in HIV cases, particularly in males. And they instituted the prep program in San Francisco and have seen a huge decrease, so they request funding in an amount of \$135,788. Then as a new group, and by the way, they did not even begin until a couple of months ago, so they're moving quickly and they wanted to do a good job by having a study to look at the issues surrounding the lgbtq community in the city of Austin. And so they asked for some funding to get a study going as we have -- as the city has funded other quality of life commissions. And they would like to be able to get a study going to see what the top priorities are of all the different members of this community and how to then best express those issues by wait of a study. And that would be to the tune of \$100,000. As far as budgeting is concerned, mayor, I think it really is setting a deadline that all of the commissions would need to have those kinds of dialogues prior to so that these initiatives that are so important by the different commissions are put into the budget or at least shared with the city manager's office and the city manager's group, which

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includes the assistant city managers and the budget office, so we can review those before the process is complete. >> Mayor Adler: Thank you. Councilmember pool? >> Pool: Thanks, mayor. Morning, everybody. And thanks to y'all for being here. It's really good to see you. I wanted to ask interim assistant city manager Hensley to switch hats for a second and as an interim assistant city manager could you describe the work that you have been involved in organizing around grafitti removal? And the reason why I ask that is because I think that some of that work can feed in to the youth direction and making sure that they're busy and they're productive and that we don't end up having gang related activities. And this is in response to the second bullet I think coming from the quality of life report. And I'm sorry, I missed your last name? >> Horton. >> >> Thank you. I've had the pleasure with working with a cross-functional group of employees at all levels of the organization who have taken this on as an effort that needs to be addressed community-wide. One of the programs we currently have in place is in the health department that works with young people to address two areas. One is helping with keeping people's lawns in areas mowed and two, addressing grafitti that is unsightly across the city. So that is a

program that these young people are paid and so it is certainly a program that it's very small because of limited funds, but the truth is it has made a huge impact and they have almost to this date since we started this process, been able to go back and address all the backlog of graffiti with just a very small amount of people.

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So that is an opportunity to continue to hire our young folks. And usually older teenagers to young adults who had been either not finished high school or need some structure and it's been a very successful program. >> That's great. Thanks so much. I've been doing some sort of under the radar work on graffiti removal for the last two and a half years very much involved in bringing the cross-functional work group together to bring it together and see what we can do. There's a model program out in California and we have had good input from experts out there that I guess you know from prior work experience. And then almost a trip down to San Antonio to investigate the things that worked and didn't work to our neighbor to the south. That's -- I think we're looking for just over \$60,000 in the budget concept -- >> Actually, it's 35,000 to get it started and obviously as we begin to start this process it's to look at existing resources first and try to address issues and go from there. But we have a lean, mean, fighting machine and they're doing a great job. >> Pool: And if possible, if the quality of life commissions could have some of that information as well, I would appreciate the input from the three or four different groups and get your thoughts on it. As Ms. Hensley says, it's a small initiative, but I think it can intervene at a very early point and make sure that our youth are -- don't end up going down the wrong path that we are directed in and productive and civically responsible ways. And then the other question I had for our staff, on the quality of life initiative recommendations, is there crossover in our public health and health and human services type funding contracts?

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I'd like to see where we have additional support and a rebust crossover because I think that a lot of these also -- a lot of the initiatives here also fall into our health and human services contract funding. And if you could just help with that. And the the reason for asking is I am looking for the biggest effect that we can have with the funds that we do have in other words -- available to us to share to allocate. And I want to make sure that we're hitting as strong as

possible with the -- >> Just, for example, in our health and human services department, we have already spent a lot of money related to HIV type issues. So I think that's the kind of overlap you were talking about. We have health and human services program initiatives, we also have social service contracts. And then of course there's also overlap I think you will see between some of the things that the quality of life commission is asking for and perhaps other initiatives that are coming up through our concept menu process. So I don't know if there's a specific question there to have staff sift through all that. Could be a bit of a tangled web, but we could certainly try to do that for you. >> Pool: I think it would help us through our priorities to see if we could for instance see the HIV prep program, which I think is very important and we should be expanding that if possible. So that would be where additional monies would build on existing work and expand expand it and be more effective. So to strengthen existing efforts. I think that might help us figure out where we can help most with limited dollars. And also identify those areas where we do want to invest new dollars to start something that we haven't yet done. And I think that will help us with our decision making. >> We'll get it our department staff and see if we can come up with some way to get over it. >> Pool: Thank you very.

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And thank you for everyone coming together for the presentation. It's really helpful. >> Mayor Adler: I would be interested in that too. I think there might be may be budgeted items in the budget that they could do some of these functions or are already doing some of these functions and having a feel for that would be very helpful. Mount? >> Houston: And if it's possible, Mr. Van eenoo, it would be good to know what other entities are doing, like central health, to address prep and the HIV concerns that are being expressed today. So there's some overlap outside of the city departments that I think we need to know about. So if central health is involved in this, that would be helpful. >> I think if it's a targeted issue like that, I could envision picking up the phones and seeing what others do on a targeted issue like that. If we're look at an overlap on all these initiatives, we could get that to you by September 11th, but we'll certainly Facebook look into that issue about HIV prepare services and what services might be offered by other agencies. >> Houston: Thanks. >> I want to mention that one of our recommendations is to look at a realignment of the social services targeting so that the demographics can be addressed a little bit more directly to the communities that are in need. So the minority communities particularly. So we could look at how those could be restructured to address those within existing budgets or hopefully with a little more money. >> Mayor, could I add something to his statement?

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>> Pool: It also makes me think that I would like to engage a conversation with the various minority chambers of commerce and the work that the quality of life commissions are doing to see where there's crossover and nexus to so that we can rely on their good services as well to maybe expand and deepen the services that we provide from the city. Has that conversation been had? >> I think that's one of our recommendations was funding for the funding for the greater Austin asian-american chamber of commerce to bring it in line with the other chambers fundingwise and to really use the business end of things. And the economic opportunities both here in Austin and in interfacing with the Asian continent. And, you know, providing enough funding to allow that interface. And I do think that our commission should folks even more on the business opportunities that interrelate with those. >> Pool: I agree. One of the first -- in my first budget three years ago I looked at rebalancing the various minority chambers of commerce contribution. We didn't move on it, but I have been interested in trying to make some inroads there since I got here in 2015. So I had be really interested in working with you all on finding that alignment. >> That was one of the things that was one-time funded last year was funding for the asian-american center to

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bring it in line. >> Mayor Adler: Councilmember Garza, I apologize. I didn't call on you. >> Garza: I was wanting to hear the quality of life commissioners' feedback as well as the manager's because of the process. The way we get presented with the initiatives now put us in a really tough position where we're picking some non-profits over other non-profits. And I'm wondering if there's a way to create kind of an rfp process for it. And I know that it's kind of hard to distribute the funds because I -- you know, on one hand we talk about equity a lot and equity is not necessarily each group gets this same amount of money. And so part of this I think would be good. I don't know what -- what umbrella is the quality of life under? Is it under one of the assistant city managers? Is it under -- because my suggestion would be to move it to the equity office, but I don't know who it is under now. >> This is Sarah Hensley, interim assistant city manager. The different quality of life commissions are staffed by each a different assistant city manager. So each one has a group and is responsible for serving as an executive liaison. Which means I attend the meetings and I give feedback when asked questions or give advice if they

don't understand protocol or whatever. So they're staffed by a staff liaison as well. >> Garza: Okay. And I understand that the equity officer is probably having bandwidth issues as it is so that is a discussion we should have about additional ftes for that office. But maybe that's a better way to make this whole thing more uniform is putting it all into one executive position. And then the other thing I thought of is if -- however the -- however funds would be allocated, to do like an rfp process where

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the -- we could have strategic initiatives so you have X amount of dollars. Show us how your program helps forward council's strategic initiatives. And that puts it then on the organization to say we address this initiative because -- like rfps. And then also in that process align it with the public health dollars as well. So where there is a lot of overlap we can see that. So if there is a lot of overlap then that would be some kind of scoring matrix where, well, there is five million dollars allocated to blah, blah, blah, so that you get a lower score if there's already a lot of money allocated to that. Whereas if there's no money allocated to that you get a higher score because there's currently no funding for that. So that's just an idea. And even if there's some way we could figure that out for this budget as well because I know this is the third year of a very tough process of having to pick and choose. And some of the programs -- you know, councilmember Houston has done a good job of saying this needs to be done too and that needs to be part of the discussion as well, but at the same time we need to make sure that we're using precious taxpayer dollars on programs that we really feel that there are -- there's a path to success for that program. >> I would like to comment on that. We did have that discussion in our commission and we felt like, you know, the idea that some of these organizations are brand new, some are not even non-profits, they are staffed by volunteers. So several of them don't even have staff to be able to do the paperwork necessary to respond to an rfp. And sometimes that takes really long. So when you look at something like pan-american

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center, they have been doing this for 60 years as volunteers. So they came to ask for support, but they don't have what the city may require in terms of paperwork, insurance, vendor number, all of that stuff. So I agree with you, I think there needs to be a process but that

support to those organizations must be built in there so that they don't wait months and months before they get their funding. >> Tovo: That's a great point and -- >> Garza: That's a great point and I think it comes down to we talk about case managers for our development process. Maybe the same could be kind of a case manager for our smaller contracts to help those smaller organizations. >> Mayor, if I may? So part of what has taken place I know within our commission is that we have had presentations made by different city departments coming and talking to us about budget and funding. And then also earlier in this year we also had a presentation that made us aware that the council had made a suggestion that there were six places of priority where we wanted the funding to come from. So I know that from the African-American commission what we did is that we took our recommendations and then we submitted it in the place where we had the money placed in the buckets of your priorities. So we did take that suggestion of not naming individual organizations to do it, but our suggestion is here are the buckets where the money should be set aside and then what we take as a commission is our responsibility is to make aware those individuals in those organizations who can meet those needs that these are the buckets. This is where the budget is going to be placed and this is where you go to the rfp process to apply for those funds. So we tried to do the best we could to submit this in the fashion that you requested it and that was the information that we received earlier this year was to place it in those buckets and not submit individual names. >> I do think maybe it might help as the LGBTQ commission

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didn't get kicked off in enough time to do a lot of the work, but they still did a great job turning in their two top priorities, but perhaps if there was a formal way to set a deadline and that deadline then is submitted to the city manager's office and then the -- during our budget work that we do when we sit down and go through department proposals as well as we can look at the quality of life information, then at that time we can look for duplication, we can look at numbers of things that could be more co-located or co--put together, coordinated. And then go back out to those respective commissions to say did we capture this correctly? There was a complicate of effort here. At least it would help in submitting to you a more fine tuned group of information and suggestions that have been then vetted back again with those quality of life commissions. >> Mayor Adler: Yes, mayor pro tem? >> Tovo: I think councilmember Casar was first. >> Mayor Adler: Councilmember Casar. >> Casar: Thank you. And I think to your point, Ms. Hensley, I think there are places where y'all's work is overlapping with some of the broad priorities that the council has been pushing, but I think one of the places where we really do need help is how to make sure that the funding that we are allocating to some of these broader

priorities really serve community members that you see are being missed or aren't being helped as much as they should be by some of these programs. So I do take to heart -- for example, I think it's a really clear priority of the majority of this council to get a lot more money to our social service contracting system, but figuring out ways that smaller groups can have access to that or figuring out how we can best aid in accelerating prep access through that funding, figuring out how that bigger

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block of funding achieves some of the real needs that you have discussed, I think, is a way that mayor not overlapping or duplicative, but we're kind of high level trying to provide that level of funding, but y'all can maybe help us figure out how to get that funding to get it to places you want. Or as the asian-american quality of life commissioners have brought up multiple times, how to make sure that people can navigate and have access to it that come from such a wide array of communities that may not speak English or Spanish. I think the same applies to some of the after school programming and workforce development funding that I think pretty much year after year, the two budgets that this council -- has passed since 10-1, there's been commitments to after school programming and workforce development, but again, for African-American youth, how can we make sure that that funding is going as far as y'all want it to? We've been funding it, but are there ways that we can better direct that funding? And I think that -- so I think that our priorities tend to be very, very similar, but there may be -- I at least could speak for myself in saying I would like more advice and help on how to make sure that it gets -- once we pass it, how does it do -- to reach its maximum potential? And the third example that I would put there is on the immigrant legal services front. I know that's coming from two of their commissions. Again, making sure that it gets rfp ad out to the best conversations, but also reaching folks that are immigrants from a variety of backgrounds that have needs especially in deportation defense. I think we would really welcome that because I think count has generally shown favor in support towards funding that type of work, but how can we do that better? One area that we've been working for a couple of years is indigent defense at our municipal court. And folks that aren't able to pay for an attorney and could wind up being remanded

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to jail are overwhelmingly going to be people that have been politically, socially, economically oppressed, which are -- who our quality of life commissions are speaking up for. So even for someone who is working on this everyday, I was thinking about legal services for immigrants in this area, but what about immigrant community members or black community members or lgbtq folks who aren't dealing with deportation defense, but just dealing with the fact that they would be put in jail by the municipal court and can't afford an attorney. And that's like one of those fine-tunings that we can continue to do. So I really appreciate the work that y'all have done here. I appreciate you putting it into some broad buckets of areas. I think those broad categories overlap with many of my priorities and many of the council's, but if y'all can help us figure out what the language is and direct the staff, okay, if we'll put another million and a half in health and human services contracts, please work on some chunk of it being towards prep access, please work on making sure that some portion of it is helping folks from the asian-american community navigate to have access to it. Help us figure out ways to make sure that the broader sums of money achieve some of the -- don't leave folks behind. And I think that's just one way of -- that I'm thinking about it. And just because that's what we do in work sessions is try to put some of our where our thinking is on the table so we can work together and get this thing done in September. So thank y'all for your hard work on it. >> Mayor Adler: Mayor pro tem? >> Tovo: Thanks. I agree with my colleagues. And this has been a very hard discussion every year that we've done the budget. And I appreciate really the shift toward -- toward kind of a new process. And so I'm very supportive of these areas of allocation, and I think that it's come up in the previous years how we might do grants to specific organizations

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differently, and I think maybe what would be helpful is if we had some budget -- I think I'm going to try to draft something that would be budget direction to our staff to create kind of a low barrier mini grant program. I once worked for humanities Texas, which is the state partner for the national endowment for the humanities and they have a major grant cycle two times a year that involve -- more involved requirements for financial reporting, for the way to manage the grant, but to increase access to smaller organizations that maybe didn't have that kind of infrastructure in-house, they created a very low barrier mini grant program. I think that would be really helpful for some of these organizations that are primarily volunteer run or really just getting started who don't have the infrastructure capacity or maybe the long years of experience to compete in our rfq process. Because I think that's the intent of doing this. But it is -- inch that would be a better way to handle it if we did some budget direction to our staff. I think if I understood my colleagues, councilmember Casar and councilmember Garza, one

approach to dealing with these specific recommendations would be to back up to the category and allocate money to the category if we're able to do that rather than to the specific organizations. And if we did that perhaps we could also provide that budget direction to staff to develop some kind of mini grants program so that these could be evaluated by staff. I like the idea of having the equity office involved. I also like having the staff in those individual areas involved as well evaluating those applications. So if we're doing money for health we would have our public health staff involved. If it's a cultural arts program we would have cultural arts staff involved evaluating those perhaps alongside our equity office together on a team. And if we could do something like a rolling deadline or a twice a year mini grant, whatever works from an operational standpoint, I think that would be -- that

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would be really helpful. I know you've heard us say this before, but it's just -- it puts us in a difficult position to be in the final days of the budget trying to make assessments among organizations. In looking over this list I immediately thought of a couple of others who are doing support for long-time homeowners, tax relieve -- at least one other that's doing support for long-time property owners in east Austin and it's not on the list and I don't know if it's not on the list because they came and that wasn't the one you recommended or it's not on the list because they didn't know you could get a recommendation to the city council and be considered for budget through that process. So it just -- it is -- I think it is our job to always figure out what the fairest way is of making assessments when we're allocating tax dollars. So that would be -- I hope that that might be a way accomplish both. To really create a low barrier program for those organizations that are building capacity to apply in our -- for our more major funding streams, but also doing it in a way that doesn't make the council in the final days of the budget be the arbiters of who will be funded next year. So thanks. If that seems like something people would be interested in I'll try to draft a little language. >> Mayor Adler: I would be interested in that. I'd be interested in that and would offer to help if you needed any. But I'd like that. And I think as part of that conversation it goes back to the question I think that councilmember pool asked. As we're doing that and trying to look at budgets if there's a way to figure out what in the base budget is also appropriately directed that way, if that kind of flexibility exists within the base budget. Because I don't know how much all of the base budget has already been spoken to specific programs or whether there's bucket money still contained inside the base budget. But having that information. Or if there's a specific program that meets some of

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the issues that have been raised by the quality of life commissions to daylight that. So we can identify what things in the budget are hitting those same areas. So that would be helpful for the departments to take a look at these and give us that. And by these I mean the recommendations on quality of life commissions. Yes, councilmember alter? >> Alter: Thank you. Mayor pro tem, I wanted to call to your attention Austin public health has some mini guidelines along this line so we might look to that existing program. We also have another model in the neighborhood partnering program so we do have some models that we could build on if you choose to move forward with that. >> Tovo: That's great. I'm family with the neighborhood partner, but the public health grants, are those the grants to do the health equity work? >> Alter: I think they are like health mini grants and they may use them when they have extra funds. I can try and get you some more -- >> Tovo: I'll ask some questions about that. It would never be our job to figure out how those programs would work. But that's good. >> Alter: We may already have some mechanisms, I understand a lot of the items have to do with health and they may already be the mechanism, it may be a simpler process of allocating money into those pots. >> Tovo: Uh-huh. >> Alter: With a little bit more guidance. >> Tovo: That's great. Thank you. >> Mayor Adler: Ms. Houston. >> Houston: Thank you all for being here this morning. I've had this conversation for a couple of years now about not only the social service contracts but the health contracts and how performances and outcomes are measured. And typically we get percentages rather than number of people that we actually serve and then what are the results of those. And so we have these legacy

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contracts that have been in place for years and years and years and years and years and years and have an extended life cycle in our contracting -- the way we provide contracts. And so I'm hopeful that at some point we will be able to be more discreet about how it is that we track performance and measure performance long term and see if people have -- if the skills that they gave while they were in whatever social service program they were in or health program they were in, did their health maintain over time, were they able to get employed and was that employment sustained and they are able to take care of their families. I'm also have been concerned about cultural competencies in those legacy programs and the fact that historically

they have not been for the people that they are served. Their boards do not reflect the people that they serve. They don't speak the languages, cultural languages of the people that they serve. The volunteers do not match the people that they serve. And so I have had a lot of concerns about that, and unfortunately I don't have an answer to that, but I think that speaks to some of the other concerns you all are having about how we introduce new organizations that do have those skills, do have those board members, do have those volunteers who are able to mirror the faces of the children, the young people that they do serve. I appreciate the time you've spent trying to do what we asked you to do last year and so we'll try to get it straight this next time. [Laughter] >> I would just like to comment that when you look at the organizations that we recommended, every single one of them it is run by the community themselves, represent the communities themselves. The board are people in the community. And so we were trying to address the cultural linguistic issues within what we need in our system.

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>> Mayor Adler: Okay. Anything else? Yes. >> Just a quick note that council based on this conversation we'll be glad to go back and look at how we might provide a better framework for the commissions to have input to the process, to the city manager and the departments and create a framework for you to have these items come forward in a way that is helpful for making that final decision during the budget process. >> Mayor Adler: Thank you. Mr. Renteria. >> Renteria: I know last year you were discussing something about putting just a pocket of money for like cultural events. Historically we have been left out of the funding, especially minority people, colored, and -- but now that we have a lot -- all these cultural arts and that we have in our Latino quality of life list, are we going to look at doing that again, putting a pocket of money in there where each group can apply for -- for funding? Or whether -- you saying something about putting about 250,000 for art. Kind of activities, small, one-time festivals that they are having. I think it should also -- you know, historically we have never been able to -- to get that kind of money for our groups, they are so small. And I'm just wondering if there's a better process of doing it where we can put money in a pocket and each one can go and apply for that kind of -- >> Mayor Adler: And we had talked about doing that. We talked about that the last budget session about pooling money that way. In fact, there were some things you had raised. >> Tovo: That was kind of

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what I was suggesting, councilmember Renteria, if we were able to allocate funding we would also provide the budget direction to staff to set up a real low barriers grant program so that organizations could apply for it. And get, you know, get those moneys for festivals. And it would be aimed at organizations that are not -- are not yet or not interested in applying for those, you know, larger grants. But definitely that was the intent. But if you have some suggestions about that budget direction, we can certainly work on it. >> Renteria: A lot of these are just one time and, you know, we would like to see it where, you know, they can all apply for it and not have to -- I mean some of these we're looking at 20, \$25,000, I mean for them to go through that whole process, and there's other groups they just saw it as too much to go to all these meetings and process. And if there was a way that we could set aside a small bucket of money for these groups to come in and apply for grants so that when they have their activities -- >> Mayor Adler: There seem to be some recurrent issues with respect to the budget that seem to be more systemic that might have -- systemically applied in the departments and one of those is low barrier opportunities and we've talked about that in health and human services contracts and social service contracts. We were talking about that with arts funding. We've talked about that with -- with the permitting or organizations festivals, that kind of thing. It's the same conversation systemic we had with respect to finding summer programs and internships across departments. But it might be that rather than asking each department to fashion its own solution to

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that problem, it might be that there's a systemic solution to that that everybody can kind of tie into so everybody is not reeven vicinitying that same -- reinventing that same wheel. But that recurrent issue with respect to having internships and summer programs for kids seems to be cross-department that we look at individually in the department and not holistically as well as access for people that will not be able to meet what are the traditional barriers that are appropriately set for a \$100,000 contract, that might not be appropriate to set for a \$1,500 contract or program. So I think that would be -- and it would be helpful because we hear from a lot of those people and there's not a place for that to go. In which case we're up at the dais trying to engineer for that solution which is not the best result either. I think it's a good point. Anything else? With these folks? Thank you and please thank your commissions for the time everyone is spending. Thank you. >> Thank you. >> Thank you. >> Mayor Adler: Councilmember alter. >> Alter: Mayor, before you came in we were having a conversation about the concept

menu and putting items on the concept menu and Mr. Van eenoo said the deadline to put an item on the concept menu was today. I was looking back at your message from late July and as I read it it says you can do it by end of today without co-sponsors and it says that it is understood we can submit budget concepts up until budget approval. I think we need to get some clarity on the process here because with we have a public hearing on the 31st, and if we are not able to put things on the concept menu, then the public is not going to know what we're considering. And it seems to me it would be more transparent to have the process we had talked about

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which would require you to have at least another co-sponsor for adding things after today, but that we would still be in a position to add things to the concept menu. >> Mayor Adler: So I think -- and I would be fine with doing that, to go back to the conversation, we -- it seemed a sense of the council that even up to the day we were doing the budget there should be able to be additions being made up until the very moment of the vote, someone should be able to say you know soak, I want to throw this into the hopper. So recognizing that the will of the council seemed to create that flexibility and have that flexibility all the way through, we also had the competing issue which was let's try and daylight as many of these things so the community has a chance to talk about them and see that it's something that's being engaged. And those two things run counter to each other. You want to be sure the public would have a chance to speak would set a hard deadline, we would make sure the public would know but we weren't ready to do that. So what we did when we had this conversation in July, everyone is really strongly encouraged to put things on to that so the community would have a chance to talk about it, but we didn't have a sanction for someone that failed to do that. Councilmember alter is suggesting we put in a little bit of a bar for that and we say collectively that after today you have to have somebody else join you to be able to add something that goes beyond what we had talked about before. I would be fine either way on that so whatever the will of the council would be. >> Alter: That was my understanding of what you had proposed, but from what Mr. Van eenoo had suggested was that we couldn't put it on the concept menu and I think that is confusing and doesn't lead to transparency leading up to the 31 #St. I have most of my spending items on there, I just am a little bit confused about the

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differing messages and how that will be interpreted, and we do have a hearing on the 31st and, you know, we may learn something at that hearing and want to put something on it and just having that transparency of being able to put it on the concept menu and having a place we can see these are the things that are in play right now, granted something can come up at the last minute, but it still would be useful to have that opportunity. >> Mayor Adler: I think the strong encouragement would be have people post things by today. It gives staff a time to vet it and for legal and other people to look and see if they can do that. I could easily see councilmembers looking at things that come up at the last minute and saying that sounds like a really good idea, but the public never got a chance to vet that and stance never had a chance to go through it so I'm not going to support it just because of the timeliness that it came. I would encourage everybody to do it by today. Councilmember alter is asking the question real specifically should we say that going forward anything that's not posted today requires two people to be on it in order to be able to post it. >> Alter: Actually, what I'm saying is I thought that is what you had laid out. I'm not saying that's the only way, but I think we need to get some clarity on what the process is because it is confusing right now from what was said earlier which was nothing will go on the concept menu, but yes, you can always add things later and beyond what that means in terms of transparency of whether things submitted will be on the concept menu or whether staff will help with finding the amounts of money. So I think there are two issues. There's the clarity over what exactly is the process and another question of whether we do want to make it so you have to have another co-sponsor on there with yes, of course we wanted to have it in by today if we wanted. >> Mayor Adler: Do you have what was posted in July in what does it say about posting

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things post today? >> Alter: After the manager delivers the proposed budget, any councilmember may submit budget items without co-sponsors through the 23rd the reason is provide staff to provide cost and relevant information related to our budget concept proposals so concepts can be daylighted for the community and engaged. However, it is understood we can submit concepts up until budget approval. >> Mayor Adler: So I think what was not intended to do to set that bar of doing two or three because we didn't talk about that and there's nothing to stop anybody from adding additional ideas for us to consider, but that the concept menu is a document that the community is looking at gets closed today. So anything that is not suggested today doesn't show up on that document. And the way the community has those ideas that were given out at a time to be discussed and be vetted and for them to be able to see that. So up until today you can add concepts on to the concept menu today. After

today the concept menu is closed. That doesn't stop somebody from bringing up an additional concept if they want to at any time. That's what I intended by writing that so that there would be a document the public could have they can look at and could rely upon, but it wouldn't stop councilmembers from bringing an additional concept at a later period of time. But we could do that however it is the council would like to. >> Alter: I don't understand the transparency of that. If it's not up there, then people are not going to know we're even debating it even if people are debating it. >> Mayor Adler: I don't know how to do that other than have a cutoff today. If we have a cutoff today everybody would have those things. If somebody wants to raise things two days after the public hearing, are we going to let them do that, not very transparent because an idea has come up after the public spoke. We decided we wanted the councilmembers to be able to bring up an idea even on the day we were voting, even if that was something that was not part of the concept menu and even if it was not something that was debated by

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the public on the 31st. That was something that the sense of the council, as I recall, wanted to have. On the day of the budget you could still bring up an idea. What I was trying to do is to impose as much transparency as I could by saying if you want to have the benefit of being in the document, and quite frankly something that's not in this document I think that someone adds later, it would be legitimate for somebody to say I hear that idea, but it came up after -- it's not on the list, even though you can give in to conclusions, the public didn't know about it, the public didn't debate it by the 31st. I think that would be a legitimate issue for someone to raise. But let's do this. That document as I think it was intended to be, I'm going to tell you what I think it means, we can change it however we want to as a group, but what that document says is anybody can add anything on to the concept menu they want to through the end of today. And you can do that without having a co-sponsor. After that you can't add anything to this. That does not stop someone from bringing a concept up before the council on the day that we vote on the budget or whatever else you want to do, but this document, the concept menu, which is a document of ideas offered by city councilmembers with time for the community to be able to react to them gets closed down at the end of today. That's what this document is. It is a compilation of ideas that councilmembers wanted to put out in time for the public to see them. That's what was intended. We can certainly change the rules any time that we want to. Does anyone want to propose to change the rules? Mayor pro tem. >> Tovo: Well, I think that councilmember alter raises a good point and I don't actually remember -- and I may have

missed it, but I don't remember a concrete discussion and vote on these rules. I guess I would just say I see the concept menu as a list of

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things that we're going to raise during the budget and so I am really concerned about having the concept menu closed down today and then having people bring forward ideas which they no doubt will and that's going to be on a separate list. I envision myself posting, you know, message board posts with concept menu part 2 from tovo. It doesn't facilitate the discussion about the ideas we're going to bring in. So I would just propose -- it's really -- I think it was councilmember alter, I think it was your suggestion that we continue to add to the concept menu with the understanding the later in the game you are proposing things less chance of success. That's what happens every year. If we get great suggestions on the last day but don't have time to vet it or find out how much and the staff can't get us the information then we don't do it. But, you know, in the last days of the budget last year I was able to find money in a reserve fund for -- in a parking lot reserve fund I had never heard of that could have if it hadn't gotten completely derailed by reasons I don't know, could have been used to create -- pay for public restrooms in the parking lot. If I and others find good solutions to some of the financial challenges we're facing, I hope you'll bring it up. And if it's in time to put it on a list, I hope we can use this as the list so we don't so multiple lists. Again with the understanding the later in the game it happens the less likely chance of success. I wouldn't support adding a co-sponsor requirement and other things. I think we need to facilitate getting these ideas, sharing these ideas, having a discussion and already frankly the concept menu, the new additions on the concept menu just taking time by the time people track them to fiscal and the objective and outcome. It's creating time that frankly I just don't have right now and my staff don't either so I would not support adding a co-sponsor, but I certainly support adding it to the cumulative list we currently have. >> Mayor Adler: Councilmember alter, did you want to make a recommendation

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to council or were you just raising the issue? >> Alter: I'd like to hear what my other -- have to say, but I was really pointing out that we have some confusion and lack of clarity and you were

not in the room I think when that discussion happened and we do have a public hearing on the 31st. And I for one like to listen to people and what they have to say and it seems like at the very least this shouldn't be closed until after the public hearing. >> Mayor Adler: Okay. I laid out an understanding so that we would have a point of departure in case people wanted to make changes to it. Does anyone want to make any changes, discuss this generally? Miss kitchen. >> Kitchen: Well, I think that I would support continuing to allow folks to put -- put items on. I think the mayor pro tem suggested that. I don't care if we have a deadline, if we want to put a deadline sometime after the 31st, I'm okay with that, I'm also okay if we don't have a deadline along the lines of what mayor pro tem was saying, but I don't think the deadline should be today. Because we didn't talk about that. So -- so -- so that's where where I'm coming from. >> Mayor Adler: Does any -- the deadline as we said was to put things at the end of today. Is it the will of the council to extend that so people can put things on the concept menu after today? My sense is yes. Do we want to put a date on that or do we just want to say we can all just continue to add things to the concept menu till the day we vote on the budget? Do we just want to let people just continue to add things to the concept menu? I mean the reason -- one of the reasons we did the concept menu was to make sure that you had to get ideas out early enough for staff to take a look at it. It was so that the public would have a chance to react

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to things. It was an effort to try to discipline ourselves in the community's benefit. So -- yes. >> I was just going to reiterate that point. I'm a little ambivalent as to whether or not today is a hard deadline, frankly. It's a concept menu, I don't have to do a lot of research to throw stuff up on the concept menu and my staff is going to get ready to do that, but I don't want to get into a situation where we put so many things at the last minute staff is unable to come up with reliable numbers and I agree with the mayor pro tem in the sense that I think it was mayor pro tem who said since that if you bring something later you know it's more likely it's going to be ignored and that's kind of the process. But I think more importantly I'm more concerned about staff resources and their ability to get back accurate numbers. So if we're putting budget reductions or increases, we're getting good numbers to work with and not getting in a place where we're making awkward decisions. >> Renteria: Mayor? >> Mayor Adler: Mr. Renteria. >> Renteria: And I feel the same way, you know. This is going to be our third budget, my third budget, and the first year was very confusing, you know, and, you know, I can see alter's point of view that think is very confusing and it is. And then the second one you get -- get adjusted to that procedure. And the mayor is right, you know, mayor pro tem is right, the longer you wait, the least likely you are going to get support for that. But I don't have a problem -- I mean last

year mayor pro tem brought all kinds of proposals at the last minute, you know. [Laughter] >> Tovo: Some of them brought money.

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>> Kitchen: She was the money queen. >> Mayor Adler: Mr. Casar. >> Casar: I think that the -- called them budget amendments because I think the concept menu sometimes becomes a concept of its own. These are ultimately our budget items or budget amendments or whatever they are, and I think that potentially setting -- saying knees -- these are the knowledge about ethics commission items that came up before whatever today's date is, the 23rd of August, these are the ones that came up before the 23rd of August and then the ones that we can have some sort of expectation that I wouldn't want to come up with myself but our staff, budget amendments that are submitted before the -- before X day we can expect and anticipate we're going to get a good staff pricing on them and ones after a certain date we don't know. Because otherwise we'll probably just be going on the message board and creating a separate document. People will be looking at the concept menu and the message board and this other list. Ultimately if we want to call whatever came up to the 23rd the concept menu and then the late amendments and the very late amendments, I don't care what we call them, I think functionally it makes sense where everyone's budget amendments or items are listed. But to mark off, you know, which ones came in at which time and how well vetted each of them were. Maybe it's even the budget items submitted after the public hearings and the budget items are submitted before the public hearings, whatever it may be. Because I do believe that the process works better when we get the items in -- as many items in early for obvious reasons and we should strive for that and mark that, but I don't see a net benefit of us not knowing about late items just because they are late.

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I would rather know about them, but then also for everybody to know that they are later items. But if you have an idea that you come up with one day afterwards, I would rather know about it the day you came up with it than the day we're sitting on the dais. I would like to be able to have that information and I would rather it not be in two places but maybe in one place marked in different categories, if that makes sense to everyone. Then whatever y'all -- whatever ideas

of how you want to name those different things, I don't care. >> Mayor Adler: My sense is that ultimately I would hope that the city council for Austin can get to a place where everything that's going to be considered in the budget has a date when it has to come out. And then there's opportunity for the community to look at it, for us to discuss it and react to it and then we vote on the budget and we don't have the practice where things can come up on the day that we're actually doing the budget. And that's purely a question of us having the discipline to do that, I think. But we're not there yet and because we're not there yet anything that we do is going to be a little imperfect in whatever way we choose to go, and I'm willing on this one to go with the will of the council and I'm not going to push any one way or another. Councilmember pool. >> Pool: Normally I'm all about process and wanting to have a lot of clarity around it. I think in this case I think we would be wiser to leave it open so that we can bring items -- we do have to have three readings of the budget before approving it and I think in some instances that's because at the last minute something comes up where we find money we can shift from one object code to another and cover a program that has surfaced and percolated in a way that has really drawn our attention. I don't know if that will happen, but I don't want to foreclose that opportunity. So I would argue, which I think all of us are basically saying for the more liberal approach to our budget menu

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process we'll be done in about three weeks with it, if I'm thinking my calendar properly and I think we can work pretty hard to get all the information compiled and presented properly. My staff has been working really diligently on budget both program spending and also looking for places where we can make some cuts. And it's -- with a small staff, that's a big assignment and that's not the only thing we're working on. So I appreciate the conversation here and I do think I would argue for a more open and flexible and liberal approach. >> Mayor Adler: Ms. Kitchen. >> Kitchen: I have a little different topic. It relates to the concept menu and how we're doing it but it's not the time line. >> Mayor Adler: Let's finish the time line conversation. My guess is people want to extend the time line from today and my question is do we want to just extend it indefinitely and just note the date that something was added in another column to the left or something like that? And recognizing staff that to the degree you get something on the budget concept menu that you can't vet, note that that there's not the time or ability to vet that idea. We appreciate your suggestion to us that anything that we get to you by today will be things that you will be able to vet. Thank you for that. And we understand that if things get to you after today, you may very well be coming to us saying you can't or you can, but just let us know. Is that what we want to do? Does anybody have an objection to doing that? Does anybody

want to do anything else? That's what we'll do. >> Tovo: Mayor, thank you, that's great. I just want to say for the public's benefit, I completely agree we should try to get our proposals for spending out there, but like anything else,

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what happens on the dais we have to be able to respond. I think it's a good goal to try to get to the point we have our budget and coming to vote on it, but the first year some of the changes coming the last minute we couldn't fund all the things we were adding and one of the things we were doing on the dais was paging through the book to see what could be shifted. Some of how we funded things were those kinds of last-minute decisions. I just don't want the public to think we approached this stuff haphazardly, so again while I agree, while I agree we should try to get our proposals for adding out there, we should always be open and welcome and encouraged to identify funding opportunities. Up to, you know, while we sit there on the dais. >> Mayor Adler: Ms. Kitchen. You wanted to raise something else? >> Alter: I just wanted to comment, in the document that was circulated on the message board, originally there was a process by which if you had something that needed to be figured out that was onerous for staff that staff could bring it to our attention and say this is something that requires a lot of time before we do this, we want to know if there's support for investigating it, and that would also be an option for the staff to be able to come forward with that. And so I'm not sure that it's that you don't get anything -- you don't get any help with figuring it out if it comes up late is necessarily a productive approach because we could have nine of us that support it and we won't have the information that we need to -- >> Mayor Adler: I didn't mean that. I mean if they couldn't do something they should note that so that someone -- or nine people who wanted that done would have notice it didn't look like it was going to otherwise get done so they could react to it. >> Alter: I just wanted to gain some clarity with that and say I very much agree we

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should be getting it done earlier and my amendments are for the most part in today. I just was uncomfortable with the lack of transparency that was inherent in the way things were presented earlier this morning and since you were not on the dais at that point in time I wanted to bring it to your attention so we could gain clarity for the community. I was getting lots of

emails and stuff about it so I think it's important we have a transparent process, we have a public hearing on the 31st and we should be able to keep moving in this process. >> Mayor Adler: Ms. Kitchen. >> Kitchen: My question is a bit different and I think I've figured out what is supposed to be the approach, but it's a question. I don't know if it is or not. That's what I want to ask. So I know that -- that our staff and thank you, Ed, pre-populated our concept menu with a number of things. And that it was pre-populated with ifcs, for example. But I noticed that there were some areas where it was pre-populated with budget rider items from last time, but that was not consistently done. So my thought was on the budget rider items that we wouldn't put them on here unless a councilmember chose to bring them forward. So for example one of the things that we are putting in today is we had put a budget rider in last time related to some flooding damage items for Umlauf. Some of those were able to be done last year but not all so I'm going to bring it forward for people's consideration as a budget rider that was in last time that we didn't consider, but I'm bringing it forward, it wasn't put here by staff. I want to make sure I'm understanding that a budget rider doesn't go on this concept menu -- budget rider from last time, and for those of you who weren't here, budget rider was essentially instructions we gave on some of the budget items that we

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passed. If I'm understanding correctly, this is what I was operating under, our budget riders do not go on this concept menu unless a councilmember says like I'm doing in the case of Umlauf, didn't finish it, I think we need to bring it forward again. Is that the appropriate understanding? >> Mayor Adler: So the budget directions we were given were not appropriations or funds nor were they cuts in funds. They are saying we've appropriated this amount of money for this and this is something we want staff to take into consideration when they are spending those moneys that are otherwise being spent. >> Kitchen: They were a mix of things. Some of them were, okay, you got X dollars in the budget, here's some direction how we would like you to spend them. Some of them we were adding dollars and here's how we would like to spend it. >> Mayor Adler: The money was already in the budget. >> Kitchen: In most cases. >> Mayor Adler: Separate from the rider or had been added. >> Kitchen: Not always. >> Mayor Adler: What was a spending item added but wasn't otherwise in the budget. >> Kitchen: I would have to look but I think there were a few smaller items. There may have been a few where we did a come by eggs of in a. I think you are right that most of them were things already in the budget. >> Mayor Adler: I think the policy would be if you want something dollars put into the budget or dollars cut from the budget, you need to put it on the concept menu because it needs to be incorporated into the budget. >> Kitchen: That means staff is not going to bring forward those

budget riders in the concept menu. The budget riders are for the councilmembers to put on. >> Mayor Adler: Yes, directions on how the budget dollars should be spent. Those directions or riders need to be something that councilmembers bring. >> Kitchen: There's an item on here from a budget rider related to the community policing report that was not put on the concept menu by any councilmember. So now there may be councilmembers that want to

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bring it forward and that's fine. I'm just pointing out it's a -- it's 90 ftes and 9.6 million. So I don't think it belongs on the concept menu unless somebody else wants to -- unless somebody, anybody, wants to bring it forward on the concept menu because it was not a ifc, it was a budget rider. >> Mayor Adler: Help me understand. >> Kitchen: On page 7 of 20. So again, I mean it's -- if someone wants to bring it forward it's fine, I'm not objecting, it's an example of a budget rider that was put on here that was not something that a councilmember brought forward. >> Mayor Adler: Which one are you talking about? >> Kitchen: It's on page 7 of 20. Item-2. -- Item s-2. >> Mayor Adler: Oh, I see. >> Kitchen: Increase of almost 1.3 million. So I'm not sure why it's here. >> Mayor Adler: Are we talking about s2 or s3? >> Kitchen: S2. >> Mayor Adler: So 2 was to -- to fund the matrix report. >> Kitchen: Well, this doesn't reflect exactly what was written into that budget rider and I don't have it in front of me, but it did relate to the community policing report. >> Mayor Adler: So I think that the community -- yes, so I think to a degree that's asking for funding positions that are not funded someone has to move them on to the report. >> Kitchen: So it shouldn't go on here unless a councilmember wants to put it on. >> Mayor Adler: Right. And I think funding the matrix report is otherwise on here at least twice in other places. >> Kitchen: I'm sorry what? >> Mayor Adler: That one particular item will be on here. Funding the matrix report or the community policing report -- >> Kitchen: It may be on here, I'm just talking about

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this particular item. >> Mayor Adler: That's correct. >> Kitchen: Okay. >> Mayor Adler: So this is -- if there are funding items you want that aren't on here, you need to raise them and get them on here. Mayor pro tem. >> Tovo: Thank you for clarifying that, councilmember kitchen, but we are -- do not need to add as a sponsor ifcs. >> Kitchen: Right. I wasn't talking about ifcs. That

was passed by the whole council. >> Tovo: Sponsor, fine, just the budget riders. Thanks for raising that. >> Mayor Adler: To be clear because I think I'm missing the conversation, I want to make sure I'm not, if there's a ifc or a budget item or a directive or anything that seeks to add dollars to the budget or spend dollars on the budget, it needs to be in the concept menu so people can see it. >> Kitchen: I was making a distinction because I thought our earlier conversation was making a distinction so that ifcs would go in here but nothing else unless a councilmember brought it forward. >> Mayor Adler: Everything that's on here now is on here. So someone can rely on the fact that it's on here. So if you -- >> Casar: I don't think she's talking about reliance, she's talking about why things are on here if they are not sponsored by a councilmember. >> Mayor Adler: There's a question -- I think this is a legitimate question. I don't know why the budget rider with respect to the 811 officers is on here or not, but it is on here now. And [inaudible] That's on here now I think that somebody can -- doesn't have to add that on a second time because it's on here. >> Kitchen: I don't think it should be on here because it didn't come from a councilmember. I thought that -- it came from staff. My understanding is that what goes on here comes from the councilmembers. And we agreed early on that we would put ifcs on but none other items. >> Mayor Adler: So you're recommending that we remove from the concept menu item s2. >> Kitchen: I'm recommending

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we move anything and it not be just s2. >> Mayor Adler: I'm uncomfortable just taking a rule like that because if I see something on the concept menu I might not add it on it and I don't want to find something disappears. If there's a motion to remove anything on here, let's remove it. Otherwise it's on here. >> Kitchen: I'll have to go through and identify if there's others like that. >> Mayor Adler: That would be good to do. So Ms. Kitchen wants to take off item s2. >> Kitchen: Unless somebody else wants to put their name on it. I'm agnostic as to the item, but I'm saying as a matter of course this is supposed to be for the councilmembers. >> Mayor Adler: So I added item s10, which is -- which is to take a look at incremental funding over time for the matrix report for community policing, which I think might be the same thing as s2. If they are different I don't understand the difference but I put it on just in case because I didn't know. [Inaudible] >> Mayor Adler: I'm not sure your microphone is not on. >> Kitchen: I'm sorry. I guess you can think about that later. There's a detail in s2 that's 90 ftes and \$1.3 million. So did you mean for s10 to say that? >> Mayor Adler: You know, I want to talk to the staff because I don't think we want to do the matrix all in one year and we asked about a five-year rollout and I would like to see what that looks like and costs and I think staff is taking a look at that question so that was to make sure that it was on there. >> Kitchen: Okay. >> Mayor Adler: I

think that was the intent of s2, but s2 has more detail than I was ready to put into s10. >> Kitchen: We can take off s2 and leave 10. >> Mayor Adler: With the understanding s10 includes s2

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but perhaps other things as well. >> Kitchen: Or may include faced in. >> Mayor Adler: -- It can reflect that. -- Phased. >> Casar: My question is just for the preservation of the process of us putting items on. For me it doesn't matter to me much if councilmembers put them on, it's just that if we have ifcs and councilmembers putting items on, then they are being items that don't fit into one of two categories, not even for this budget for but for future times. I don't want to remove S anything or E anything, I would want to have a concept menu that is either ifc because we voted on it or council co-sponsors we can ask questions of and who can sort of be responsible for being able to explain those items. And so for me it's not about moving to remove any item, I just want for the concept menu to have council co-sponsors or an ifc, just for the preservation of the process that makes sense to me because staff items I would assume would come in the city manager's budget. >> Mayor Adler: I need to actually look at the rider or the direction so I can see whether this indicates to me an intent by the council, whether the council voted -- because obviously we voted to approve the budget directions. So that is a vote by the council giving directions to staff. So what I want to do is look at that language now and see whether that is -- that the staff was dutifully because a majority of council had said that or if this is something that looks more like it was not something that was initiated by the council. So -- >> Casar: Sure. >> Mayor Adler: So staff directive could be something that -- that I think the staff could fairly say was something

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that they were asked to accomplish or not depending what the world was of that directive. -- Wording was of that directive. And I just don't know what the wording is so I don't know. >> Kitchen: I think councilmember Casar may have said it better in terms of what I was trying to accomplish. Could someone summarize? >> Mayor Adler: When we initially populate the concept menu it's important that what is populated on this are not -- are things that the council has indicated it wants to consider spending money on. >> Kitchen: Okay. >> Mayor Adler: That

should be the rule. >> Kitchen: Okay. All right. And as to item s2, that's something that -- what you put on so just combine them. >> Mayor Adler: As regards s2 I would like to look at the language and see whether or not council gave direction to staff to include that, in which case I'm happy it's there. And if the staff didn't do that, then with -- if the council didn't get that direction with this conversation we would then know it doesn't need to be there but it's okay because s10 is on there anyhow. Mr. Van eenoo. >> S2 was intended to be our interpretation that this is something council wanted to explore, not that it was necessarily staff recommending us and us trying to sneak something on to the concept menu. In the fiscal year 16 budget, the first budget approved, moving to a community pliesing model. In that budget council said before we do that we want you to study it and we put money in the budget to do the matrix study and the matrix study came out with its recommendations. There was a rider in fy-17 saying, well, before we do community policing we really want more information which is what the police department has currently been working on. The number we put in for s2 was the matrix study did have a five-year implementation plan but we're a little behind on the five-year implementation relative to when the matrix study came

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out. S2 is intended to get us caught up to speed. But again the idea was what we heard from council in fy 16 budget adoption and the '17 budget rider this is something council wanted to pursue. If it's not we would be happy to take it off. There is a second item similar in fy-17 budget council approved adding 12 positions, 12 officers to the police department's budget but not the funding for that. My recollection of the conversation was that council would like to fund those positions in '18. They wanted to add the ftes in '17, but knowing there wasn't funding in fy-17 the funding would come in '18. We weren't able to find the funding in fy-18 either so we put that on the concept menu even though there wasn't a ifc because our understanding was council wanted to pursue funding those 12 positions in fy-18. Those are the only two I'm aware of that did not come from a ifc. >> Kitchen: That was also my memory except s2 the language of that budget rider I think talked in terms of -- talked in terms of not moving forward with the community policing until certain performance measures have been -- had been addressed. And to date I haven't seen those. But that's -- that's an item for further discussion when we get to this one. And you know, I didn't mean to imply that you all were doing something -- sneaking something. I didn't mean to imply that. I was just trying to understand what our approach was to clarify just like councilmember alter did. So it's on here. The mayor put it on here and we'll discuss it when it becomes time to discuss it and I think I have some clarity. It's just that, mayor,

I'll share that budget rider with you. This is not my memory of what the budget rider said so --
>> Mayor Adler: Okay. Anything else? Okay. Let's go on to the next presentation.

[10:47:44 AM]

>> Good afternoon, mayor and council, mark Washington, assistant city manager joined by mark tester and Carla from the convention center which will be providing overview of departmental budget and as requested by council in previous work sessions there was a desire to go in detail on the visit Austin and Julie hart will come after. With that I'll turn it over to Mr. Tester. It's a joke. I never get them confused except for this one time. >> Mark tester.

[Inaudible] Look forward to presenting our fy-18 proposed budget for our department. Austin convention center departments is both the convention center, palmer and three parking garages. Our mission is provide outstanding event services and facilities so customers have a positive experience. I think we really did this in this past fiscal year. Weren't related to customers but being better parts of our community and being good users of the facilities. In this fiscal year the U.S. Green building council extended for another five years our lead eb gold certification. You may recall in 2012 we were the second convention center in the country to receive Leed eb gold. Something we very proud of. We've got a full-time sustainability coordinator who works hard to make sure we're maximizing our opportunities. This year we had a second

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opportunity to do our annual intern program with kids from aisd. Once again knocked it out of the park. We worked with 13 local artists to get local art put in all around the convention center and some areas. We had some phone banks that were no longer utilized for pain phones since they've gone away and we've put some really great art in our facility. That's different things we've got going on. We're going to continue to be an active part of the community. We again had a very strong fiscal year. We've been talking about we are a maximum capacity of occupancy at the convention center. We have seen eight years of consecutive growth for the revenue that we generate through our facilities, but our highlight by far this year and really the highlight in the history of the convention center and really in our center, the visitor industry was being able to host the professional convention management association's convening

leaders in January 2017. That is the super bowl of our industry. It is the association for meeting planners. And to be considered for that event, it means we've developed as an organization. To win it even more importantly, but to knock it out of the park in the way we did, it was truly fantastic and really a credit to all of our visiting community. Pemas leaders is all about innovation. They want to do new things and somehow how people are meeting in a very aggressive innovative ways and Austin showed we're really innovative. First thing we did was visit Austin in support of our great airport, developed an area in

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baggage claim where we did registration. If you were coming into the airport, you were registered, got your badge, got your bag, got instructions, great information about what was going on and some swag and bused into the hotel. Very roaring success for time at a convention did 90% of registration at a aired. The other thing is they -- airport. The other thing they developed a building right across from the convention center and called it the Austin house. And it was really a collaborative space to do all kinds of innovative meetings, getting together in very different ways. Pcma did put some -- put some sessions in it. Also it was a great place to meet up and get more information about Austin. And they also did pop-up shots there, both Allen boots and Kendra Scott jewelry which was unbelievable. I couldn't believe how many people got into line to get into Kendra Scott. Of 4100 people, I think about 7,000 people went through that building. Some of the things the convention center did that was innovative, they asked to do two lunches that did not have any of the top eight allergens. But the top eight and showing how you can develop a menu that really covers everyone. Pcma did break record attendance, all time, and that is some of the top destinations in the country and in North America they go to and we're very proud. Visit Austin truly knocked it out of the park again as the -- as well as our -- all of our partners. We opened up the first day with a surprise guest in Matthew mcconaughey who came out and talked about how great it was, what Austin is and

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what we're not, and that was probably the biggest pop when he walked into the room. Even more when the mayor and I and Tom walked into the stage, it was an unbelievable great surprise. We ended it with Willie Nelson at the Austin american-statesman building which was

truly fantastic. That party, generally people were out of town and I think we budgeted 3,000 people to attend and that was a high number. 4500 people came. We were worried about the building being -- the area being shut down, but Willie was fantastic. A life-long dream of a lot of our members to see him. That was the highlight of our great year. We also had the largest event revenue-wise in the history of our convention center and also utilized Palmer which really made our revenues jump up and I'll discuss that a little bit later. The use of our fund, our 2018 proposed budget is 103.8 million, slightly up from our 2017 amended. Included in that is 297.75 positions. That is an increase of 19. As our department has grown, we have really looked hard at positions that we've added and generally our plan is we put temporary positions there to see if they are justifiable. And in this case 12 of the 19 positions are jobs that are currently being occupied by temporary. So we're taking those temporary positions and moving them to full time. For example, four of them are in our evening shift, in what we call our building and maintenance division that cleans all of our facilities and garages. We've been using temporary facilities for that. We think we can get a better, more dedicated employee that shows up more often in the evening and so that's an example of those positions that we're adding. No management positions in any

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of those. The majority of our positions are event related and are hourly, servicing our customers is really what we look to do. If you look at our budget, again all the numbers are really relatively close to the previous -- our previous 2000 amended budget. 8.7 at Palmer. Our debt service at 22.3. Support service, again slightly up, that would be me and other management. And then our transfers, the majority of that is to -- is to capital. And also our citywide transfers. Getting into our capital, we have fy-18 appropriation of 43.3 million and spending plan of 15.8. One thing as mentioned we -- we compete every day for our customers. We need to make sure that our facilities are well run and maintained and a very quality high touch level. The customers we were going after, their expectations are growing. The sophistication of the customer that we're able to get due to the continued growth of our customers is -- they demand high and continue to need to -- to invest in our facilities. And so we are continuing to do that. We do cash fund majority all of those expenses so we do look to do that. And, of course, we have been talking about our long-range plan for some time. And that's when we've really looked hard at what and how we are spending. So we are spending on the things that we need, however, we have been very cautious about what we're doing. There are some items that aren't funded, and, of course, as part of our strategy, part of the conversation we've been having is there may be a requirement to retire some

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debt early and so we've been planning that into our -- into our plan as well. Big things that we'll be doing this year, we'll be adding -- you can see a picture of it on that slide, an all new elevator bank in our second street parking garage. That has the elevator bank on the wrong side of the garage and the capacity and demand in that parking lot obviously in downtown Austin has grown and we're going to do a beautiful glass elevator in the corner of second and San Jacinto. That project will be done majority of this next year. As you know, we have been working on a marshaling yard and that is a multi-year process and we have a spending of 2.5. And next year I.T., security, other building items will continue to be a focus. On the other building the majority of that is the envision studios which we discussed just last council meeting. On revenue, we are anticipating a 5.1 increase on our hotel occupancy tax collections of its been very interesting in our hotel community what has happened. All this inventory is coming in and really shown the tremendous demand for our great destination. The fairmont will be opening very, very soon adding another 1,000 rooms. So really remain to be seen how our community reacts. One of the things is there are tremendous amount of opportunities in our hotel and in our visitor industry, the service industry, waitress, bartenders, waiters, there are plenty of jobs both in our hotels and in our entire visitor community and really it's a different world for our hotels. They were able to really open up and the demand was there.

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They are going to have to be a lot more strategic. One of the things we have seen. One of the things that seen is our weekends will be a lot more affordable. The leisure rate has dropped about \$20 so people looking to do staycations are seeing more affordable rates over the weekend. We will be seeing a decrease in our contractor revenue this year, that is what we receive from our food and beverage contractor. That is due to two events. As you may know we did lose Dell world one of our largest annual events due to their merger with emc. That event has gone to las Vegas. That is the first event that has outgrown our destination. There are a few that are struggling to keep in and we're working hard to make sure that they're there. So that revenue certainly hurt our numbers as well. Last year we had an event called cowboy software and as I mentioned to a few before, we had never had an event that did two million gross in food and beverage, and capo did 4.7. This was a very large event, very large. As a matter of fact,

palmer due to one party was the largest event of liquor sales just because of the size of that one party. So that really skewed our numbers. It was an event that that that they were going to have to meet in multiple locations and due to the success of their product, it's a user meeting, they went from 9,000 to 16,000. So it was by far the most significant event that we had to service in the convention center. And of course, it makes the numbers spike because of that. Sources of funds, we have a 2018 proposed budget of 1.68 million. That is less than our estimation, but more than our amended. Again, primarily due to

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tabwo and the loss of Dell. You can see it's pretty clear on what our strategy is when you look at the size of those buckets it is to maximize the ability to bring in out of town guests. We work very closely with our sales and marketing in visit Austin to make sure that we are layering in groups on the dates and times where we need it. The majority of our groups, 70%, meet Sunday through Thursday where the demand is certainly lower, lure demand is, and all the great events that are going on in this city happen on the weekends. So we're very deliberate on the events that we're going after. A big part of the strategy of visit Austin is to fill really the really low demand times, early January, July, August, right now, and December. And that's really because of our high occupancy that's really the differences between a great year and a good year. And you can see our revenue spiking there. Again, that was through tabwo. But overrule a very strong year for us. Look again at the much talked about hotel occupancy tax, again just to remind how it is separated. The convention center receives two portions, both in chapter 351, the 4.5, and the two-cent venue, which is scheduled to sunset in 2029. And of course the remainder is split between visit Austin at 1.45 cents, which is the majority of their funding, and of course the cultural arts, which is funding which is handled by economic growth. And here's just a look at how hotel occupancy tax have collected. This also sort of mirrors the revenue that our facility has generated. So really a lot of the measurables really go up in line as our destination has

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continued to grow. And again, that's all of the buckets that you see, and of course that is split into both us, the visit Austin, and the economic growth. As relates to horizon issues, again, we

have a higher number of customers. They are growing. They have more demands for our facilities, meaning we continue to need to improve them both from physically and also from our I.T. And we'll continue to do that. Our facilities are getting older. There is increased competition always. You're only as good as your last event. There has been a lot of talk of tourism promotion districts around the state and around the country, a lot of them are utilizing those to lower down rent, which we're not doing in convention centers, but really help make themselves more competitive, and that will continue to happen as we compete in a global marketplace, again, for a much more sophisticated -- much more sophisticated. We've really seen growth in our I.T. Companies, the I.T. Groups both that meet here, doing user groups, and the medical market. Again, they have very, very high expectations that we want to make STAAR we're meeting the mark and have us remain competitive. And lastly we've been talking about this for a number of years regarding the growth and our master plan, and the next step that we have taken as a department. We're here to answer any questions, and of course we're here to serve you and our citizens and our visitor industry. I'm ready now for any questions or comments. >> Mayor Adler: Councilmembers, anybody have any questions?

[11:05:56 AM]

Yes, councilmember alter. >> Alter: Yes. It was interesting to hear about the convention center details. I was interested to hear more about the technicality of your approach with Sunday through Thursday and how that plays out with the other demand that we're seeing for tourism and hotels in Austin. We do look to layer, so we're the first group of business that layers generally about three to five years out and everyone kind of layers business on top of us as they get closer in. It is very -- just looking at the demand and looking at where you can really look at year to year and see if we put a 2000 peak room group on this we can really look and see if we can predict the type of occupancy and average rates and that's really the strategy, has been. Also we'll come back to the fact that the hotels are looking at their own demand and only giving amount of rooms. They may not want to give a significant amount of rooms over a high demand weekend or something like that. So it's kind of a give and take and trying to put that package together that has a number of items included in it. >> Alter: But is the target I understood, and I just want to make sure that I'm understanding it correctly, is that part of what the convention center does is smooth out the business over the course of the week so that without the convention center, yes, we have a lot of tourism, a lot of tourism that may be concentrated on the weekend, but the convention center is balancing that out during the beginning of the week, that is correct? >> Correct. It's no secret that a, we have tremendous demand on the weekends and a lot of events, but B, none of those will come during the week.

So yes, we target to fill in where the lower occupancy would be and that's Sunday through Thursday. >> Alter: Okay. Thank you.

[11:07:58 AM]

Anyone else? Ms. Troxclair? >> Troxclair: Are your total reserves listed somewhere? I guess when I was looking at the capital highlights on page five it looks like there's about \$26 million just in this fiscal year. Are there totals somewhere? >> There's not in this. We do have a council approved financial policy that has our ending balance reserves right around 25, \$26 million depending on the requirements. So that is the number that we would keep in our ending balance. As part of our strategy and long range plan, additional monies both for funded and unfunded has been put into capital reserve for potential debt expansion. We wouldn't keep that in the ending balance. >> Troxclair: So what is that total reserve? >> Again, the total reserve we keep is right around \$25 million. >> Troxclair: Okay. I thought -- >> If we have additional as we're planning our future strategy we put it into capital, so we have money and capital committed and non-committed. >> We can get you the details of that transfer to cip and what our plan is for that amount. >> Troxclair: Okay. Thanks. It looks like from this that you're saving like \$26 million every year. So is there a total somewhere or are we spending that \$26 million every year? >> Begin, we'll certainly provide the details. It feeds into the strategy that mark explained about us strategically, responsibly, financially preparing for. Any decision council makes regarding expansion and early debt. >> Troxclair: Okay.

[11:09:59 AM]

>> Mayor Adler: Okay. Ms. Houston? >> Thank you all for being here again this morning. And Mr. Tester, I wanted to start off with a question to you. When I first arrived on the council, the convention center belonged to you and I think you believe that it belongs to the city and I think you're doing a good job to reach out more to the community and get community participation and involvement in what happens in that activated space. So I want to thank you for being flexible in that and I wanted to acknowledge that. Help me remember -- and I might not be correct, but you provide your employees with an incentive. Where is that -- not an incentive, but -- I can't remember the name that you called it. >> We have a gain sharing plan. That wouldn't be in our -- in this plan. >> Houston: So it's not -- >> I can give you the details of that

plan, sure. >> Houston: I would appreciate that. Thanks. >> Mayor Adler: Ms. Pool. >> Pool: Thanks. Back to the question that councilmember troxclair asked about the 26 million. What policies do you have in place that determine this amount? >> There are a number of reserves from our bond covenants. We also have the council approved policies regarding our operating reserve, the working capital reserve. On top of that we have communicated in each of the last, I believe, three years worth of budget documents our strategy for planning for our future endeavors, including a possible expansion and early debt retirement. So those are all part of our strategic planning efforts. >> Pool: Okay. Good. I think we would all benefit from seeing all of that specific detail. And then once we have it we can talk about it more deeply and we won't be able to talk about that without having it in front of us. And for the whole council -- >> Yes, we can provide that. >> Pool: Thank you. And then the game sharing piece that councilmember

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brought up, I was curious, you were looking to hire some additional -- have some additional ftes and I guess additional service workers. What is the -- how much do you pay these folks. >> How much salary do we pay those? >> Pool: Or the hourlies. >> I don't know the exact amount. Obviously a liveable wage above 13 whatever an hour. The building and maintenance crew will receive a shift differential for working in the evening. There's no doubt if you're not paying competitive wages right now in the city of Austin and the visitor industry you won't have anybody applying because there are so many jobs. If you want a job you can find one very, very easily right now. >> Pool: Does the human resources office have the specific line item detail on employees and how much they're being paid? >> Uh-huh. >> Pool: Could we get that information as well? >> Sure. >> Pool: And I'm interested in the bonus program. I guess it's called gain sharing. I remember seeing some documentation, maybe it was last year or the year before. It looked like one amount of money that was given to higher wage earners and a smaller amount of money was given to lower wage earners? >> No, ma'am. It's the same amount. For every full-time employee you can be prorated down if -- prorated down if you're not there the entire year or if you are a temporary employee and you reach an hour capacity. >> Pool: Has the program been that way from its inception? >> We have changed it and altered it each year a little bit. But it has been for the last number of years that I've been here. >> Pool: Okay. That information would be helpful too if you could include that with the budget. I'm curious what are the light and sound upgrades that you're talking about? I think that was on slide eight maybe? >> On our capital, we are

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changing out all of our lights to being more sustainable. And as well as upgrading our sound system to making sure that it's state-of-the-art. So that's our sounding in our meeting rooms and ballrooms. Fooled so for more sustainable are you bringing in led lighting? >> Yes. We'll go led across the board, all across the facility. >> Pool: And then some additional detail on that would be helpful too. I presume we approve those contracts when they're let? >> Yes. >> Pool: Do you have a flight path to retiring the debt early? How much is it again? Is it 125 million? >> The convention center portion of outstanding debt today is right at between 118 and 119 million. And yes, through our strategic planning for a possible expansion and again with a recommendation coming forward that part of that financing concept be early debt repayment, we are modeling through our projections and also with a careful eye on our current needs and spending we are modeling towards being able to do that. As we've indicated, we could in fy21. >> Pool: Okay. And does council approve your strategic plan for retiring the debt? Do we see that? Other than asking for it? >> It's been recommended as part of the long range plan that council has yet to approve. >> Pool: Ever? >> Correct. The current master plan recommends expansion. Also now includes a specific recommendation from the visit remember impact task force on how to finance that. And that includes an early debt repayment portion. >> Pool: I think we would be really interested in seeing that flight path and having some opportunities to comment. I think probably that would

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be a longer conversation. I have just a couple more questions. How much is parking in the parking garage? How much do you charge? >> We do an hourly, and it goes like all the way up to \$20 if you stay 24 hours. Our goal is that the majority of our customers that come in for a day at the convention center would pay \$80. That would be our goal. And we're currently eight dollars right now at palmer. >> Pool: So what portion of your revenue stream does the parking contribute? >> Karla can add some numbers up for you real quick? >> I think the women are really good at numbers. , I'm just going to give you amounts and not do math in my head. Our projected facility revenue. >> Pool: And that's a median point as far as an estimated number or an average? >> Yes. >> Pool: Which? >> It's -- it's based on projections in terms of any -- our fee increases plus what we see as our event calendar so we can kind of estimate how many days of the year we believe the parking garage would be filled. So it's not just a straight average. >> Pool: It's more informed than that. That's good. How much of the increase in the convention

center budget is due to convention center activity or events? So where I'm going with this is when you based your spending budget, when you drew up your budget, where you are drawing it up in

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order to simply spend it all or was it based on an expectation of like a 50% increase in -- because right now the percentage of tourists that come to Austin, who come for something to the convention center according to the visitor task force is two percent. So are you looking at growing that number to three or are you looking to double it? How did you drive at the increases in your budget plan for fy18? >> I guess I'll first answer that two percent question. I haven't seen any real proof that that is the number. I don't believe that that is the correct number. I don't know what the right number is, but it's definitely not two percent. It's definitely higher than that. But we really look at what our customers need, what our customers are requesting and what we need to do in order to deliver the product. And again, our customers' demands are significantly higher as far as housekeeping and things. If an I.T. Group comes in and they have a big break, they want the bathrooms, they want the whole area cleaned right after that. So it really is driven in our structure and our strategy are delivered around taking care of our customers. >> So back to the two percent. We probably should dig into that and determine what the estimated number is because that number has been used not only by me, because I got it from elsewhere, but if you think two percent is low, but you don't know what that is, that's also a concern that we should probably nail that down. I think we should probably figure out a way to get a stronger estimate on that so that we have a little bit more surety on what it is we're talking about. You were talking in here and this will be my last question for right now.

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The refurbishing of the aging facilities. And I agree that we need to do that. We have a facility we should be maintaining it properly and we should be doing upgrades of the existing structure as needed. That isn't something that should be waiting until it gets really bad. Looking at upgrading the facility, are you looking also at adjusting the configuration of the building so that we might be able to accommodate additional events there at the same time if we were able to

move room configurations around better than we can do currently? There's a lot of unused space, for example, hallways and so forth, that are filled when people are moving from session to session, but maybe we don't need that much, for example. >> Yeah, for example, correct. We have looked at our facility since I got here just about nine and a half years ago, and where we could add additional meeting space and additional function space to the hotel or to the convention facility. The challenge being is if you do that you have to shut down a good portion of the building for say 18 months. We did have a project that we looked at adding meeting space to the southside and one of our ballrooms was going to have to be closed for a full year for sure. And so at that point because of the level of business and growing business, it wasn't feasible. We did as part of the uil tab report that council asked us to do, did look at the fact that if the convention center could be expanded going up. And really there is I would say moderate opportunities to add more space, but not add another building, not add anything that would satisfy the demand. So it would be small incremental increases, but we do not have any of those

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what I will call major in our current capital plan. >> Pool: Would you be able to look at that to see what we might be able to do. For example, if we choose not to expand the convention center and there were an opportunity to address through refurbishing and reconfigurations to better accommodate the events and activities that we currently have and may attract? >> I think that would be our next step. In fact, the council did determine what would be that response. Again the challenge is always how do you do something in an operating building. >> Pool: And I think we need to answer that question before we go head long into some kind of a decision one way or the other. We really need to know for example, would part of the convention center need to be closed if you were to expand it to the west? >> I think our plan would be if we were expanding to the west is we would complete that expansion and then look back at our existing facility to do the upgrades that we know would need to be there. That building will get irrelevant, especially on the southside, at some point. So we've known for a long time that we would need some additional meeting space and function space and lobby space really. The lobby areas, what millennials, how they're meeting you cannot have enough lobby space now. So we would look to add to those buildings after the new building would be open. We would not be closing the building at any time to do an expansion in our current plans. >> Pool: You don't have to answer this now, but I would be interested in why you would do the refurbishing of the existing building last. Why would we be doing that? >> Because we would

have more facilities and schedule it out further where we would -- add another building you have double the amount of space in theory. You can allow yourself to

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schedule out a couple of years to remove half of it from the inventory. Just make it a lot easier. >> Pool: I think there might be something for us to dig into it and how to operationalize that kind of approach. And I'll close by saying I don't think Austin has to be the first on all of the lists. Being the place where all of the biggest convention events come isn't necessarily a plus for our city, especially downtown, considering how darn congested the city is already and our limited abilities to be able to move, whether you're in a car, on a bike or on foot, through the downtown grid. So I think it's fine to have midsized events. They're important too. And some of the smaller events are really key also to nurturing new events and activities and bringing them along. Austin doesn't have to be at the top of the list to have the biggest and the best of every single thing. >> I agree. I think the concept of the two buildings would be one would be moving in and the other will be running and the other will be moving out while the other one is running and we'll stay in the midsize market. Again, we're one-eighth the size of [indiscernible]. We're half of what is in Chicago. So we're way, way, way smaller than the first tier market and we will never be nearly the size of the first tier market. We will always be after that midsize to small convention. That is our niche. That is the event that we want. Big events that come in and have large exhibits want eight days of move in and we don't want that. We want people to come in, turn it and burn, get out. Come in, meet, move in and get on. We would much prefer to have eight meetings a month versus two. That would be our strategy. >> Pool: So having the

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Dell conference move out to Las Vegas isn't really that big of a loss? >> No, it's a huge loss. It's a huge loss, but it is not a huge robust build up for that type of event. It is an I.T. Event. It doesn't necessarily have tons of exhibits. It was a perfect event for us. >> Pool: Okay. Thanks so much. >> Mayor Adler: Ms. Kitchen? U. >> Kitchen: I just had a quick follow-up question to Ms. Pool. She had a question about the wage levels and I think she was talking about employees. So I just want to double-check and see do you have temporary workers and do you count them, the information that you provided us a minute ago does that include temporary workers? >> That

number does not. That's full time. >> But you do have a few? >> We have I would say hundreds of temporary employees. >> Kitchen: Okay. The information that you provided -- that you're providing to councilmember pool with regard to your full-time employees I would like to see with regard to part time and temporary. >> Okay. >> Kitchen: And primarily what I'm interested in is the wage levels that they're at. And whether they have benefits. I don't need all the details of the benefits. Okay, thank you. >> Mayor Adler: Yes, Mr. Flannigan. >> Flannigan: Have you done any analysis on the impact that conventions have to traffic? It seems the common wisdom, the common sense to me is that when there's a big convention that people stay in the hotels near the convention, the traffic is limited to airport to hotel and back to airport. That it's not really having an impact on the grid, that this is actually people who are walking to destinations or walking to their hotel, they're walk to go the convention center, they're walking to restaurants, walking to bars. Is there some other piece of conventions that's causing a traffic disruption? >> The only thing that we really have to -- you're correct, that is exactly the manner that our conventions

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are coming in. The majority of them are flying in. The drive-in traffic can be accommodated in our parking garages. But you point that the real transportation for us challenges is during move in and move out and that's coordinating it and the trucks coming in. And that is the theory behind our marshaling yard that land and everything then will be very -- come on, you are you're ready to go. That's how we struggle in. Now that the fairmont has come online we have to coordinate the back red river area significantly more. >> Flannigan: So it's fair to say that when there's a large convention that's operating it's not exacerbating a traffic problem except for that it fills up the red line which upsets the folks in district six. Every time there's a major convention, everyone sees the badges, but it's not putting a lot of traffic on the downtown roads. >> I would say the majority of conventions that come in, the majority of residents don't feel it unless they're right near the convention center. I would be interested if you feel the event that we have coming in. In a few days we have the New York life's annual agent incentive. And that's an event that could go anywhere in the world and they chose Austin to do their agent incentive. So they will be feeding their dinners based on how many policies you sold from barely getting in to the present circle which they will bring in a celebrity chef. Very high end event. We have requests for a lot of hotel rooms, a lot of food and beverage spent with us and it's in the month of August which is a great event for us. So I would like to see if you even feel that six, seven thousand people even in town. I think they start the 26th. >> Mayor Adler:

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Councilmember alter? >> Alter: Thank you. Recognizing that tourism in the hospitality industry is an very important part of our economy, can you tell me what the convention center is doing to help create opportunities for our youth or unemployed people in our community to become part of this industry? >> We do do the strip program. We also have -- the interstrip program. We also have a program with skill point for austinites and our own employees. We have actively engaged with our hotel community to help find ways to help find more jobs, more opportunities training. One of our performance measures this year for the first time is how our employees believe their professional development opportunities are available so we're really looking at that internally. We have an internal training program for people to come in and shadow in another department and gain experience to hopefully get promoted. We've had a lot of opportunities for people to grow their careers with either a trade, hvac. One of our employees was recently trained in hvac so he has an stunt to slide a into one of those slots, as well as I.T. We're making sure that our employees have the opportunity to rise up their career. >> If it would be possible I'd love to see some more information on data on that and how many interns you're serving and how you're interfacing with the community to create a pipeline for folks. >> Sure. >> Alter: The second question I had, I've been hearing a lot of different things in the community as I get up to speed on the convention center and one of the things I think there's confusion did about is what is the business model for a convention center? Is it that you have your

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operating revenue is supposed to cover all of your costs on an annual basis and your hotel tax is funding your capital expenditure? Help me in the community to understand what is the business model that a convention center operates under? Because it's not the same thing as just a business. It does have a role in our community that's broader and I think some additional clarity on that business model would be helpful. >> I think the role that we serve in the community and driving the economic impact for others and driving in an area where there will be additional income would always come first for us. We've never had a goal that we are going to be a facility whose own revenue that we generate covers both operation and debt. I don't believe that there is a convention facility that does that unless we own something different, like

a hotel or something like that that would generate funds back. And again, not even of itself. We do look to bring in out of town guests that will help drive compression and drive up occupancy and rates in downtown and spread the wealth into the suburbs by doing that. The JW Marriott indicates there's 100 days a year that they know there's no rooms to be found downtown Austin so they have to -- if they're in a position to walk, yes, they have to walk them out. So we really look first at events that if they fit correctly, drive up demand and hotel rooms first and then we look secondly at our revenues that would be generated, and one that really can swell and one that we also give credit back for is catered food and beverage. So that's the second thing that we would look at in an event as far as the revenues

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that they would bring. But first what do they bring to the hotel, how does it fit in? What is it going to do to the rates and hopefully drive up business. >> So when people talk about their being an operating loss and that being a problem, what does that mean? And what's going on on the ground? >> First, the avenue that we generate do both hotel occupancy tax and the revenue that we generate exceeds expenses. Shoes a business we have grown our business every year and we look at it part as parcel together. We are an active part of the hotel community. I believe that my role is very much a part of the leadership in the hotel community to make sure that we're doing the right thing for the destination. And that comes first. So we have been very considerate on what that operating has has been and it has stayed very instead and it's gone back up a couple of years to the amount of money that we were spending basically on chairs and things like that. But for example, in 2009-'10, that operating loss, whatever you call it, was \$25 million. Our revenue that we generated through our facilities was \$11 million. In 2015-2016, our operating loss was the same \$25 million, but our revenue that we generated was 23. And the hotel tax was also had that same type of increases. So that has been the strategy. Take them both together and look to develop a strategy with the visit Austin that helps grow our community. And being responsive, but also growing our refuse. Again, 11 million was the revenue that we generated in 2009-'10 through all of our revenue streams, not including hotel tax, and in this last fiscal year it was up to 29 million. So that's just seeing the growth of our industry,

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growth of the hotel tax and again that operating loss if you will will remain basically the same. >> So the loss is kind of built into your model? You're trying to build the revenue so that loss is lower, but the loss is built into the model that you have? >> It's really a financing question, the terminology -- quality I think it's very confusing for the public to understand this. I'm trying to unpack it and make sure also that I understand it. But the hotel tax is covering the debt portion, but also if you have an operating loss it's also covering that, correct? >> Correct. And paying for capital. >> So if you don't have an operating loss or you reduce that loss, then more of the hotel tax can cover your debt. >> Well, it covers the debt first so the debt is always covered. It would be freed up to cover more capital projects. The operating loss that's described as just an accounting operating loss. If you look at our financials from a budgetary basis and you look at all of our resources, minus minus all of our requirements it is not a loss. So it is truly the result of how our finances are recorded from an accounting perspective. >> Alter: And then so your total revenues are above what you're spending and you mentioned earlier that 26 million is going into a reserve and that's -- is that like our budget stabilization reserve where it fluctuates, but you're not adding 26 million each time, each year, but the goal was to have it at a certain level, which is approximately that amount right now? >> Yes. And again, there's the additional component of what we're doing with our revenue in terms of transferring the capital to prepare for

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council's decision regarding expansion and early debt repayment. >> Alter: And how much money is in that pot? >> I will get you those details. >> Alter: Okay. Thank you. >> Mayor Adler: Mayor pro tem. >> Tovo: Thanks for the presentation. I'm sure I'll have some follow-up questions, but I have a couple of quick ones. First, to return to what seems like a very microlevel issue, but I thought I would start with the smaller and then move to bigger. Last week we had the envision studio on our council agenda and I asked some questions about what the convention and marketing promotion fund could be used for. And now I'm even more confused by the answer. Because I went back to our last year's budget question -- I did want to mention I think there are -- the gain sharing question that councilmember Houston asked, I think we have some years of data, probably not recent in this year's budget, but maybe last year and the year before. I think there are in the Q and a some spreadsheets that the convention center printed out for us and I think we even got information one year about other departments that are eligible for -- that can use gain sharing. But anyway, in previous years. I think we have at least that historic info, not current. So in last year's budget question I asked how the convention center marketing and promotion fund derives its revenue and where there

are restrictions on how that could be used and if so whether those are state law or local ordinance. >> Mayor Adler: What was it. >> Tovo: 201 approximate from 2016. I got the answer that that fund is funded by revenues from catering and concessions and they are

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restricted by contract. And it says per the contract, the funds are to be used exclusively for costs associated with the promotion and marketing of, one, the convention center facilities and two, catering and concession services, scheduled events to increase brand awareness. So that led me to provide the budget direction which everybody supported to see if that could be renegotiated so that that some of that revenue could be freed up for other things. But then last week I think our -- I don't know if I was asking the wrong questions. So that's -- the substance of my question is which answer is it? Do we use it just for that what was in the budget question or do we use it for facility improvements and other things that you described last week? >> That is one portion of the catering revenue. What goes into marketing fund can only be used for that purpose, but that is not 100% of the revenue from our caterer. It goes into three different funds. There's the marketing fund, there is the repair and replacement fund. And then the remaining revenue goes into our operating fund to be used for department purposes, ie covering facility costs. >> Tovo: Thank you. So catering revenues -- thank you for that really super clear explanation. And now that I'm reflecting on it last week too, I was thinking you were answering this question. So the marketing -- the revenue from catering goes three places, one of which is this. This is tied and restricted to this purpose only and can't be used for other things. As per our contract. >> Correct. >> Tovo: And last year we asked staff to go forward and renegotiate that contract so we could free up that money and it's unclear to me whether the answer we got back was -- well, I think I got back the answer that it would need to be agreed to by both parties.

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>> Correct. >> Tovo: And did the catering firm agree to it? >> I think the remaining question that we would need to be able to present to the caterer is what would the revenue be spent on if not the current terms? I don't think it's -- I don't think we're going to be able to reach an agreement if we don't know what the alternate spending is. >> Tovo: Okay. And then I guess --

and I did just for my colleagues' benefit, I asked the next question, well, if the catering company didn't agree what would be our alternatives, and our alternative would be to cancel the contract and rebid it, I guess. So there are ways that that can be redone, but the better one is if we can all agree. And I'll have to go back and really look at the revenue to see whether it's worth doing that. I guess what struck me as curious about it is we don't typically let our vendors dictate how we spend the revenue that is generated by that service. So it's a peculiar -- it was just a peculiar -- if it's unrestricted funds, well then we should be thinking about how we want to use them. So maybe I'm missing a part of the rationale. >> First, it's not a huge amount of money and we do have a plan for it and I do approve the plan. So it's not like they can spend the money way they want. They do spend it generally on things within the building, both on promotion of their own concession stands, but also when cater -- when we have preconvention meetings and there's a continental breakfast, that fund pays for that and other things that we do on-site. That is the majority of it is on-site food and covering the cost of on-site food and beverage. >> Tovo: Okay. >> The other piece that makes this unique is again our business model. We will make decisions to discount a facility room rental charge to a customer if they are -- if they are

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creating food and beverage revenue. So discounting one revenue stream to increase another one, that revenue still needs to be able to cover the cost of operating our facility. And because we, again, through our business model and use of hot tax we don't cover all of our costs with all of that internally generated revenue. We have to keep it focused on covering as much of that cost as we can. >> Tovo: And that's actually going to be my second question. So that is a good segue. But I guess I -- I just need to explain why I'm asking so many questions about that, and it's a curiosity. Again, we don't usually in other areas of the budget that I can recall use some of the revenue to market the services for which we're contracting it. So it's just a weird thing. Can you help me know where in one of our budget books I would see the marketing and promotion fund? >> It is a fund summary. I can get you the page. >> Tovo: Back of volume one, thank you. Question. That leads from what we were just talking about. I recently learned -- I we have had a practice over the last years of making sure that all our fees that are under cost of service are brought up to cost of service. We did it in development services. We've done it for water tax. We did it as -- I guess the prior council did it for line extensions for Austin energy. And it's an important, in my opinion, important thing to do to make sure that when people are using city services they're paying that cost of service. Sometimes there are good reasons not to. It was-- I

recently learned that in some cases the fees -- I think there's a reference to this in the fee schedule that the director can negotiate lower fees, but I learned recently that

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some of our fees are set under -- let me make sure I have the language correct. That the fees are at or below the cost of service. So for those fees that are set under or end up negotiated under the cost of service, can you provide me with a sense of what that amount is? What that totals? The fees that in the last, say, several years had been set under the cost of service and what additional revenue we could gain were they at the cost of service. >> I think we would have to look that number up. We do price our facilities to where the market is and to remain competitive. Again, they can go. The customers can go anywhere. The methodology that we use in order to be competitive, and we're one of two facilities that I know of that do this, we actually give a rebate back in rental reduction based on a portion of the hotel tax that you deliver. That is one of our incentives to get groups that generate more hotel room nights. So if you generate X it reduces our rent by X amount. We also give back a portion of catered food and beverage as rental reductions as well in order to get the customer to say yes to Austin. So we have a base price that gives incentives based on time of year, how many times you book, but we can certainly give you that detail in our methodology. >> Tovo: Thank you. I would appreciate having both the methodology and the cumulative impact over the last fiscal years of what those incentives look like. Because as we approve the budget and the fees, we're approving the fees, but if they're guidelines set for prices, I want to be clear on what the revenue being generated will look like. >> Councilmember, if I could add, I think it would also be helpful to not only look

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at the revenue that would have been realized with the Normal fees and not discounted, but also I think with -- what we were suggesting was the opportunity cost of the lost revenue from missed opportunities to book additional hotel nights. So looking at -- what the fees have been, but also the opportune costs of not having those discounts of what the lost revenues from hotel occupancy tax could be helpful as well. >> Tovo: Sure, though I would guess you would have to speculate that if we hadn't reduced the ballroom by X amount then that convention

wouldn't have come at all and we wouldn't have been able to fill it with another convention. >> Correct. And -- >> Tovo: I'm happy to see that information if when it's presented it's presented as -- with that in mind. I would think even if that -- I don't know your business. This isn't my expertise, but it would seem common sense would be if we get back a list saying we would have lost millions and millions because of all of these conventions if they had been charged the cost of service would be gone to Las Vegas, I'm not sure that's exactly accurate either. But sure, that would add to it. >> Yes, that is a consideration that the reason that we do offer the discounts and offset the fees is that we are competing with other convention centers who have similar models that are pricing themselves according to the market as well. So an increase in a fee doesn't necessarily mean that we would have gained that additional revenue. The event could have gone elsewhere then. And that would be something that we could work into that response. Because it is a real consideration. >> Tovo: Sure. And I know we've had a similar kind of discussion in the development fees and the line extension. It's always a balance whether people will move forward with that development, if the cost of service goes up. Anyway, I would be interested in seeing what that looks like and the

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additional information you talked about would be useful too. I have some more questions, but if somebody else wants to pop in that's okay with me. I guess I can ask them then. >> Mayor Adler: That's okay. It will be fine. I think the last question that the mayor pro tem asked is an important question because -- and it goes to the question that I think councilmember pool was asking. There are a lot of questions in community that relate to the business model for convention centers and I don't know if that's really understood very well. We have the convention center in there city because it drives jobs. It drives jobs in the hospitality industry, hundreds, thousands of jobs. It enables restaurants and hotels to fill up during the week. There are a lot of people that come visit us on the weekends to go see Barton springs or to visit friends or to travel here, primarily weekend visitors because they're working during the week. But the convention center is what enables those restaurants and hotels to survive because they can't survive just on the weekend activity. So a lot of what we're doing is that. It's driving a job industry in this community, a hospitality industry that we're trying really hard to drive up the lower end of those wages with our living wage. With that said, it is an industry that provides work and the ability for mobility for a large portion of our population that this is a really good area to be able to get into to be able to move up into jobs all the way from hospitality to audio advise wall to a lot of the things that the city

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has. I like to think of downtown as like the boiler room for the city and we feed in the coal here and we end up with pocket packs all over the city and funding services all over the city because we're feeding that boiler room. And if the convention is part of that boiler room, then the question about fees and how fees are -- we want to put the convention center in a place where it can cut its fees so that it can be really competitive because we want it to be able to fire the things that make our economy work and give us a lot of money, a lot more money to be able to spend in this city. So part of the question I think asked -- and I think the mayor pro tem is asking a good question. What would happen if you didn't charge a fee and you charged full rates for things. That's a good question. And also look at what if we empowered you to look at your fees more so that you could be an even greater engine for the city. Because ultimately that's how we grade this. It's not a revenue source for us. It's not here to do that, it's here to produce those jobs and those opportunities. So it's a different kind of business model then. Some of our other departments where we're trying to bring up the fees to bring up the cost of service in my mind. And that goes to the question I think that councilmember pool, that you asked, about the two percent number of the convention center brings two percent of the people to the community. I've heard that number and I keep asking -- I get that number sourced and no one can source that number for me. My understanding is a lot of

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that source goes to the number of hotel nights that links to hotel nights, but the convention center used to be able to measure how its performance was on hotel nights that were booked through conventions, but now so many of us don't book hotel rooms. We do it through expedia or any of those other services. So it's a little bit harder number I think to actually keep tabs up. But even with that it's a different kind of clientele in terms of the total number of people that are coming in because this weights toward weekday travelers. It weights towards travelers that are traveling more and help to support more jobs in the city than otherwise. So I don't know how to equate all that. But even apart from that, whatever the percentage is, I have difficulty and I keep asking for someone to help me understand the relevancy of that number, whatever that number is, because the convention center's job is not to increase that percentage. If the convention center's number was half a percent, that wouldn't impact I think how we evaluate

the convention center, which is more on terms of looking at whether it is in fact serving as a boiler room for the city. Is it bringing in people? Is it pushing revenue for restaurants? Is it creating hotels that pay greater ad valorem taxes and property taxes. That then fund the parks and the clinics and the things that we want to spend money on. That seems to be the real thing that we should be focusing on when we're evaluating convention centers. And in that respect the

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numbers seem to be increasing and we have a vibrant industry in our city that is something that we are able to create and do and fund without spending taxpayer dollars to be able to do that because it's funded by the tourists that come in and spend their money here. So a lot of it is the difference I think in the business models. I'm just -- I struggle to try to figure out what the relevancy is of some of the questions that are going to be asked that go to the business model question. Ms. Kitchen? >> Kitchen: I had more questions about the business model too and thank you, councilmember alter, for asking that. I'm going to think about it, though. I'm still not following it completely. So just a few more questions about that if I may, and then I'll wrap my head around it. So in terms of an estimated operating loss for this most recent year can you start me there? I think you mentioned that there was a dollar amount that was an operating loss? >> I think '15-'16 was right about 25 million, again in that accounting methodology as Karla mentioned. >> Kitchen: Yeah. 25 million or so? >> Uh-huh. >> Kitchen: So let's talk about the accounting methodology because what you're saying is that the operating loss shows for '15-'16 about 25 million, net operating loss, right? >> Correct. >> Kitchen: Now let's go back, but then you also said that if -- you wouldn't have a loss if you looked at all the revenue against all expenses. If I understood that correct. >> Yes, if you look at all of our sources of funds versus all of our -- >> Kitchen: So what are you counting that comes up with the 25 million or perhaps rather than you having to walk me through this can you point me to the piece of paper that shows me how you arrive at the 25 million? >> The net operating loss is reported in the city's

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comprehensive annual financial report, so the city's audit report. >> Kitchen: Okay. >> You won't see that in the budget document because that's generated on a different basis. >>

Kitchen: If I look at the audit report that will give me the 25 million. >> Yes. And I can give you the page number. >> Kitchen: So what is the difference in your mind? Just give me a high level. >> It's all about how the hotel occupancy tax is recorded. >> Kitchen: Okay. So the 25 million loss is without accounting for the hotel occupancy tax. >> Yes. >> Kitchen: Which is really what I think the public is asking. When the public is saying that there's an operating loss, what they mean is that there's an operating loss without hot taxes. If you didn't have the hot taxes, you would be operating at a loss. Right? >> Correct. >> Kitchen: Okay. All right. So so then the question becomes how much of the H.O.T. Tax is covering the loss and what's left over? Are you using all the H.O.T. Tax -- so in other words, you said there would be no loss if you look at all revenue against all expenses. If you look at all revenue including H.O.T. Tax against all expenses, what's the number? Is it's in the positive, right, not in the negative? >> Yes, so again if that same page in the financial report will show you what our increase was to our ending balance, which is the excess of all of our in flows less -- >> Kitchen: Whais that amount for '15-'16? >> I want to say it was about 10 million, but I'll certainly get you that page number. >> Kitchen: I'm not holding you to all that. >> Thank you. >> Kitchen: So about. So that means from my understanding is you take all your expenses, you take all your income or revenue or whatever the appropriate accounting term is, which includes the H.O.T. Taxes, and you got about 10 million left over. >> From an accounting standpoint, yes, that was the increase in our -- >> Kitchen: I'm sure you used that 10 million for things like, what, the -- the

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debt retirement and capital and things like that. >> We are planning and preparing for the need for us to retire our debt early should council approve that recommendation. >> Kitchen: Okay. All right -- >> And we pay for our capital with cash instead of issuing debt. >> Kitchen: Okay. All right. So you've got about 10 million, roughly speaking, about, to go towards retiring the debt and capital, and that's because of the way you operate understanding the conversation we just had about fees and negotiating fees and stuff like that. So lottery, that helps me understand. Thank you for running me through that again. That helps me understand. So mayor, I do think it's -- you know, I would agree with you that it's important to have an economic engine like the convention center and I think -- I can't speak for anyone else, but I think a lot of people recognize that. It's a matter of degree. To my mind it's a matter of degree. There's a lot of things that go into supporting tourism in our city, not to mention some of the things people come here for. And we have to understand if we're putting significant dollars towards those things because in a most extreme case which would never happen, of course, but in a most extreme case I would say tourism would be hurt if we didn't have a zilker park, Barton springs

or Umlauf gardens because that is part of our tourism and part of our engine. I think the question before you is not either/or, whether or not we want a convention center, and I recognize the value of it, the question is understanding that balance, you know, and are we reaching the right balance as a community. So -- and in terms of hard numbers, I understand what you are saying in terms of not being able to source the 2%. I'm not so stuck on the 2%, but I am -- it does make sense to me that all of our tourism

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in town is not driven by the convention center, whether that's 2% or 5% or whatever the number is, it's not all driven by the convention center. So it's our responsibility I think to look at everything as that package for tourism. So and also in terms of the economic engine for our city, that's important too, that's very, very important, but again it's a balance, to my mind, because our economic engine for the city does help us with jobs and restaurants and all those kinds of things. But we also need other things to help our residents who live here. So again, it's - it's a balance and in some ways the convention center is in some ways a little bit of a trickle down in terms of helping the whole city. So anyway, that's where I'm coming from and I'm just trying to understand what all the numbers are. I see a lot of needs for parts of our city that drive tourism that we don't have the dollars for and that we're not covering. And so I think with other people I'm just trying to explore how can we we do that better. >> Mayor Adler: I think those are really good questions and I think next week we're going to have that conversation that speaks to the balance issue. I for one wish that we could take all of the -- of the hotel revenue money and spend it on our parks. I don't know that I would spend all on our parks, but I would certainly spend a lot more of it on our parks. Next week we'll talk about what the law allows and what the law does not allow. Because if it was just a question of do I want to spend out the convention center or do I want to spend it on parks, there would be a different balancing question for me than what I understand are the legal parameters within which we have to be creative and clever and figure out. I think that's the discussion we're having next week. But I want to be as creative

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and clever as we can, but recognizing that we're planning on -- playing on a field with rules that we did not write. >> Kitchen: Absolutely, and I'm not weighing parks against convention center. I'm talking about tourism. I'm talking about all the things that contribute to tourism, whether that's parks or something else, I'm talking about all the things that contribute to tourism. >> Mayor Adler: Right. And I think we'll have the conversation because we can't just spend it on anything we help with tourism either. So there are limitations within the category of tourism, and that I think is the conversation we'll very next week. >> Kitchen: We'll have the conversation soon. Ms. Troxclair. >> Troxclair: You asked earlier -- actually before I say that, I just want to thank councilmember kitchen for laying that out so eloquently because, you know, the -- I feel like kind of the perception of the conversation we've been boxed into you are either for the convention center, the existing convention center or you are not. That is not how I view our conversation. I want you to know that I am so glad that we have such a successful convention center in our city, that y'all seem to be doing an outstanding job of maximizing the resources that you have and making sure that we are getting, you know, the -- a lot of conventions here and that we're maximizing our return on their investment through hotel occupancy taxes. But it is -- I think you said it very eloquently it's a matter of degree. And when you have a source of revenue that has almost doubled from 50 million to 100 million in four years, it's just -- I think it's just incumbent upon us as policy makers and as people who are responsible for the effective allocation of those funds that we -- that we have a thorough conversation about it. So I just -- I want you all to know that I appreciate what you do and regardless of how

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the conversation ends up. You know, I was even looking at numbers this morning and even under the resolution that I've proposed, your funding from hotel occupancy taxes when you include the venue tax will still go up next year. So I just thought it was important that you know that. And the -- to the mayor's question about where that number is coming from, regardless of the importance of the number, is on page 6 of the a acvb, the total visitors they reported to Austin were 21.5 million people. On page 63 of the Austin convention center master plan the total convention attendance was reported out 449,000 people. So I think that that's a few years old. I'm sure the numbers have changed slightly, that if you do the math and divide those numbers it comes out to about 2% of the total visitors that were reported by acvb and Austin convention center, 2% of the visitors were coming for conventions. And as you said, there's a lot of other -- that number isn't, you know, I'm not sure that that number is important in and of itself because there's a lot more context around the conversation and the economic engine and

all the other things you mentioned. But when we're looking to a matter of degree and we have -- and we have such a huge fund the convention center and acvb are receiving 85 percent of that, I do think that is where there is a discrepancy in people's mind when you see a 2% -- 2% number versus an 85% of funding number. It just -- I think it's reasonable that that raised a question in people's mind and something to think about. So it doesn't matter, I think that even if that number fluctuated, and I think there is certainly additional value

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in the convention center that's not reflected in that number, it's just a matter of -- of looking at our funding sources and seeing and making sure they are allocated properly. >> Mayor Adler: Okay. Mayor pro tem and then Ms. Pool. >> : >> Tovo: Thank you. Thank you all, those of you who have gone before. I think those are very good points and I agree with councilmember kitchen and councilmember troxclair. Back to that figure -- and now I've lost where I put it -- of the hotel-motel tax revenue that goes to the convention center, if somebody can remind me where that is. Yes. So the 4.5 cents -- so we generate about \$15.3 million -- the H.O.T. Taxes goes into three places, the tourism promotion fund, which is I think what we designated money out of last year to go to the parks department and then the rest to acvb/visit Austin. About 11.1 million goes to cultural arts, but the bulk of that H.O.T. Tax goes to the convention center through that 4.5 cents tax. And that's about \$47 million. 47.6. Can you help me understand, is that -- was that -- was that amount set by local statute or is that actually part of the bond covenant? >> Both, actually. It is pledged to the debt and then through the bond official statements and the communications with bondholders it's pledged to the debt and then meant for operations and maintenance of the convention center. The city's ordinances and codes mirror that, but it is pledged to the debt through the bond covenants. >> Tovo: I have several questions about that. If we could treat as a Q and a that question and have links

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to those bond covenants, that would be helpful. As well as the city pieces as well, although if they are in the bond covenant that kind of trumps what we've adopted locally. So having that all in one place would be helpful. >> We'll work with the law department to communicate those things to you. >> Tovo: Okay. Thanks. As we're talking about hotel-motel tax, I think there were

lots of questions posed on the message board, many of them not related to the concept menu items that councilmember troxclair brought forth, but one question that I think is worth pausing on here for a moment is the question that was posted on the message board about where in the state statute it talks about being able to fund parks. I want to be really clear when we are talking about parks, and you emphasize this too, we're talking about those who fit the state statutory requirements, and when I think about that proposed expenditure, I'm thinking about our cultural facilities which are under the stewardship of our parks department. I believe last year when we made that allocation it went through the parks department because that's where the O menry museum is, I don't think the mac received an allocation but were they have to have a need it would go through the parks department. By parks, in my opinion, we're talking about those cultural facilities that are under the steward ship of the parks department. As well as a place like Barton springs that can demonstrate high visitor -- high visitor -- lots of visitors. And so they would meet the requirements. >> Mayor Adler: That's that 15% component. The 15% can either be spent on cultural arts or be spent on the historic preservation, one of those two buckets? >> Tovo: No, no, under the

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state statute, and I see our attorney has her light on too, but it's my understanding of the state statute we can spend up to 15% of the H.O.T. Money on cultural arts, including music, and up to 15% of the H.O.T. Tax on historic preservation. I would say again after years of struggling to find projects, you know, our parks department very easily spent almost a million dollars last year on historic preservation projects within our -- within our -- within that money and they've provided us the question 1114 with the list of millions of dollars of projects that would appear to be eligible expenses. So I just want to be very clear when we're talking about parks, we're talking about -- in my mind we're talking about largely our historic properties or opportunities such as the acquisition of palm school were that to come online. Or the expansion of the mac, which I guess we would need a legal opinion about but would appear to me to fall into into that -- an allowable use. But I'll be quiet and let our city attorney address that. >> So first of all, yes, you are correct in the statute there is up to 15% for cultural arts and up to 15% for historic preservation. We already spend the up to 15% on the cultural contracts that we have. So when council last year allocated the million dollars to the parks and recreation department, we worked with them to look at historic facilities that were in need of preservation and that were at or near the convention center or in areas that were likely to be visited by tour advises because that's the -- or conventiongoers because that's the requirement in the statute.

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I am assuming for the sake of argument that additional funds are allocated towards those purposes. We would look not so much at the cultural facilities unless council chooses to change the allocation to the cultural grants, but we would look at more morning facilities that meet the statutory requirements. And I want to commend the parks department and Carla and I worked very hard with them, but they did an incredible job of coming up with eligible projects that met the historic designation requirements and that were capital projects that weren't funded out of general fund, because that also is a prohibition in the code. So they worked very hard to make sure that we had compliant projects that fit under that historic category. >> Tovo: Great. Thank you. And so then I guess to fund -- to fund something, I think all of my examples still apply then except perhaps the mac, but I would argue there may be room for the mac for additional spending at the mac from an off set that comes from one of the historic projects. But that would -- I mean that's a conversation down the road. The point I really wanted to make was that we weren't talking about funding, we weren't talking about funding a neighborhood pocket park, we were talking about funding cultural, historic preservation -- historic preservation projects within the facilities that are currently under the department parks. Okay. But that was somewhat of an aside but I wanted to understand the 4.15. I'll try to run through these more quickly. Can you remind me the percentage in those other Texas cities that have tpids, what percentage is allocated for general purposes back to

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those municipalities? >> Dallas is the one that currently has one active. It's 2% that they collect. And I'm not sure what the percentage back -- give back is. We can find that out. >> Tovo: That would be great. I have it somewhere in my notes with a meeting -- >> I think it's 25%. I'm going on memory. >> Tovo: That would be helpful if you have that information. >> 5 to 10, excuse me. >> Tovo: So in Dallas it is between 5 and 10% that comes back to the municipality. How about Fort Worth? >> They are setting theirs up. I don't think they've enacted it yet. >> Tovo: San Antonio? >> San Antonio is setting theirs up. I don't believe Houston is pursuing one right now. Arlington is. >> Tovo: Setting up or has one. >> Setting up. >> Tovo: Of those cities that have a tpids, the percentage that comes back to if city would be would be 5 or 10%. >> Yes. >> Tovo: I'm just asking the question. How much is in your capital reserves account? And where would I

find that? Piece, but I'm not seeing it. >> That is related to the detail I'm preparing. >> Tovo: Oh, okay. >> For everyone. >> Tovo: Thank you. So that's not in one of our funds -- that fund is not identified within our budget book -- >> So we have a working capital reserve per financial policy, but in addition to that we have the additional transfer to cip that I've discussed today. The reserves I don't believe are broken out in the budget document, but we can get you that detail. >> Tovo: Okay, super. Thank you. And then to look -- I wanted to understand, on page 437 of your budget detail, in all of these categories -- well, not all but in the first two categories, the revenue coming in is 65-6 million. The requirements are 63-3 so that leaves a surplus under that in the palmer events

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center, there's a slightly less than a million dollar surplus. Are all those surpluses together -- where are those surpluses going? >> Those surpluses are actually what is meeting our financial policy for our operating reserve. >> Tovo: So they are going into the account with the 25 million. >> No, they stay in those operating funds. As the operating reserves per financial policy. Those are not related to the capital. >> Tovo: Okay. So -- and where are the reserves -- where is the information about what the balances are in each of those reserves? >> In each of the operating reserves? >> Tovo: Yes. >> We can get that detail. >> Tovo: So that too is not -- but you are providing it. And I think somebody asked you before for a reference to the financial policies and I would just -- if it's not already included, if we could get the financial policies as they relate to these reserve funds too. >> I believe those are part of the budget document, but I will get you those page numbers. >> Tovo: Okay. I know where they are in here, but are there specific ones to the convention center? >> Yes, there are. >> Tovo: So the policies that dictate how much goes into the reserves are in our document. The actual amounts of those reserves we don't have but you are providing them. >> Correct. >> Tovo: Great. Are any of those reserve funds projected to be over the amount of the financial policies? >> Probably just because we can never predict to the penny by the end of the year how much we need to transfer to other funds so probably by a little bit. Our goal is to always at least meet the minimum reserve requirement. Where you will see again the buildup of the funding is in our transfer to cip to prepare for those things that council maybe will make a decision about in the near future. >> Tovo: Okay. I think that was my last

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question. Thank you very much. >> You're welcome. >> Mayor Adler: Ms. Kitchen -- I'm sorry, Ms. Pool and then Ms. Kitchen. >> Pool: Carla, did you mention -- you said 119 million was in the reserve? Is that right? >> No, that's the amount of out standing debt related to the convention center. >> Pool: Okay. All right. You are going to get us the numbers on what's in the reserves. >> Correct. >> Pool: Okay. Thank you for all of this. I just want to clarify a couple of things. My question about pay that I asked early on in my series of questions earlier to Mr. Tester, that was for all employees, not just regular employees, so that would be part time and contract employees. So I thank councilmember kitchen for clarifying that. I intended my question to be more broad, not narrow. When you get that information for all of us, please include everyone who works at the convention center. I wanted to thank the mayor pro tem for clarifying the parks inventory that is squarely within the state law. I've seen that list a couple of times now. The parks and rec department staff worked really hard to put that list together and it was vetted through our fine legal staff here and had a meeting with Ms. Fireside on that not too long ago so thank you for that and I think we can make that list available to everybody else, but that list has specifically been vetted and it can be funded from the -- >> I haven't vetted all of the list. >> Mayor Adler: And I think it's been handed out. >> Pool: There's a shorter list, but wherever the list is and whatever state it's in, I think it's really important that we all have access to the information. >> Mayor Adler: I think it's part of the packet today that's been handed out. >> I have not vetted all of it. >> Pool: Okay. Probably not the right choice of words. >> That's okay. >> Pool: But when we talked about elements that were on it, I got thumbs up from you

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on the ones we were looking at. >> That's correct. >> Pool: Thank you. And if I'm understanding right, the cultural arts and the historic preservation buckets are separate; it's not total of 15% and some of it can go to this and some can go to that. It's 30%; is that correct? Okay, good. And I just want to chime in in support of what a number of my colleagues here have said, it is the balance that we're seeking. And I do think the numbers matter. 2% it sounds like there is a source for them and my staff is going to go back and look at that and dig into that a little more, but the point there is the discrepancy, whether as councilmember kitchen was saying, whether it's even 5% or 10%, we are still investing 80 to 85% of the revenues potentially back into the convention center and I would ask is that really a proper distribution of those funds given the exceptional needs that are already in place in the other departments in our city and where we can do it within the strict confines of state law, which is I think what all of us here are

attempting to accomplish. Not only attempting, but I know we will accomplish. So last, and this is to echo what councilmember troxclair also said, I also support the convention center. I have never indicated that I don't. It's the expansion of it downtown that I have skepticism about, and I'm glad we're having this conversation because we have not yet -- with this panel dug this deeply into the funding sources and distribution for visitors bureau and a convention center, although we have attempted to, but this will be my third budget and I am much better equipped I think to take on the

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complexities associated with this and I'm ready, willing and able to do that. Don't think I was my first budget year. In fact, I know I wasn't. But we did poke at it a little bit then. Last a thank you for continuing the internship program that we pioneered back in fiscal 16. I really appreciate that and thanks so much for continuing that program. I think it's making a real difference in our community. Thanks. >> Mayor Adler: Ms. Kitchen. >> Kitchen: Just a quick question. And this is for our attorney. Can you -- can you help me understand where the 15% is in the statute? Can you just give me -- and this is just for my education. >> Sure. >> Kitchen: I'm not seeing it in 351, but I'm probably not looking in the right place. >> And it's not a tidy statute where everything just sort of shows up in that way. >> Kitchen: Just give me the citation, that would be great. If you are not sure, you can look it up. >> Yeah, let me look it up and get back to you so I have the exact sections because they talk to each other, they say things under this you can do this. >> Kitchen: That's fine. >> Mayor Adler: Thank you. Manager and Ed, there is -- my sense is there's going to be a conversation about trying to see if there's money that's in the convention center budget that could be taken out of the convention center budget and put into the other 15% bucket that we're not building out, so the historic preservation issue. As well as money in the visitors center budget that could be pulled out and put into that 15% bucket as well. It's a zero sum game because we have a certain amount of

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money that we spend and we can move it. I would appreciate if -- and I think council would appreciate if you guys could get with finance people, both the convention center and in the Austin visitors center budget so that you can give us your recommendation on what money is

available that we could pull out and use for that and work with them to look at the budgets and give us your advice or suggestion on that element. >> We would be glad to sit down with both visit Austin and our convention center staff to take another look, see if we can scrub some dollars out. >> Mayor Adler: Okay. Anyone else? Mayor pro tem. >> Tovo: I just -- just as another additional point of information, I just did some quick math on the projects that parks identified and it's at least \$28 million worth of needs. Current needs. That could be potentially we hope funded through H.O.T. Tax. >> Mayor Adler: Okay. >> I can answer councilmember kitchen's question. If you look at the Texas tax code 351.103c, then it says not more than 15% of the hotel occupancy tax revenue -- >> Kitchen: Okay. >> -- In a place other than Houston can be spent on 101a4 and not more than 15% collected by a municipality having a population of more than 125,000 may be used for a5, which is the eligible historic facilities. >> Kitchen: Okay. Thank you. >> You're welcome. >> Tovo: One more time. >> 351.103c. >> Mayor Adler: Okay.

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Councilmember pool. >> Pool: I asked my staff to go back and check the sourcing that councilmember troxclair had mentioned on the 2%, and again page 6 of the Austin convention and visitors bureau marketing plan has numbers and page 63 of the convention center master plan. Latests numbers are from 2013. What I would like to do is look at the formula as how you arrived at the 2% and then see what it would look like to have it updated to probably 2016. If you could provide that to all the councilmembers too. >> If I remember correctly, the calculation was actually included in the resolution by council to create the visitor impact task force. That is not a calculation that convention center staff prepared. >> Pool: But it came from page 63? >> I will have to look at that. >> Pool: I I it's important to get to the true source and now I am remembering it was the task force report where it first came up and I remember -- and I was surprised at the discrepancy between the numbers. So since we're talking about it in general terms, let's do some work to nail it down and get some clarity. >> The one challenge with the number, councilmember, is that it is just registere attendees, the number that we -- but that wouldn't include any staff, any media, any spouses, any people that came in to meet with people because of that meeting, any other conjunction with groups that would not be included in that number. So it would never be a truly accurate number because there's really only one sector of the people that work or even say coming through the convention center, that is registered attendees.

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For example, if a -- if one of our association conventions has 1,000 children come down and go through the exhibits and a learning number, that thousand wouldn't be in there. If there was 50 or 100 laborers that were flown in and put up in hotels like there often are, that wouldn't be in the number. As well as spouses and guests and anything else going around a convention. There's a lot of activity when a convention is coming in that isn't counted. >> Pool: And I would imagine the outside activities that those people might go to including maybe a trip to Barton springs wouldn't necessarily be captured in those numbers either. Or a visit to the Elizabeth ney museum or the French ligation. But I would also guess some of the best practices within the industry have some attempts to try to capture that information because you talk about the cascade effect of the moneys that start here and flow outward and they have this impact on the economic development, and you've talked about that. So I do think there -- maybe checking with some of the other hotels, somebody has come up with some approach that is recognized as industry standard in order to measure this sort of thing. And that's what I'm looking for. I don't think we're just pulling the numbers out of thin air. We wouldn't do that. What I want to do is understand what is the industry standard for making those assumptions. >> Okay. >> Mayor Adler: Anything else before we break for lunch? Okay. So we're going to break for lunch and then we'll come back and do the visit Austin budget presentation. But we also have an executive session. So city council -- so I would imagine that we're going to be back here -- this is going to be a fairly indepth deal so I would imagine we're going to be back here close to 2:00. Would be my guess. The city council will now go in closed session to take up one item, pursuant to 551.071

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of the city code, city council will discuss legal matters related to item 3, the labor negotiations concerning fire, police and ems. Any objection to now going into executive session? Hearing none, the council will now go into executive session. And it's the only thing that we have coming back is the briefing on the visit Austin presentation. As well as the concept menu if council wanted to discuss it. >> That's right. >> Mayor Adler: So my sense get back. [Executive session]

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[Executive session]

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>> Mayor adler:all right. We are back out of executive session. In executive session we discussed item e3, the contract negotiations on public safety. It is 2:58. We are now back here. There's a quorum present in the room. So we now have our last presentation today, which is visit Austin. >> Thank you, Mr. Mayor, councilmembers. We really appreciate the time today to go through our work session for our budget. With me today is Julie hart. Jewelry is our lady of numbers. She is very good at this presentation. I'll have Julie work through our presentation today. As you know, visit Austin is a member of destinations international, contracted by the city of Austin nationally, internationally, a premier business and leisure destination, thus enriching's Austin's hospitality industry and overall quality of industry. As with he know the hospitality industry is the number 3 industry. In addition, visit Austin also houses the Austin film commission, music office, our sports commission. We are a private 501c6 corporation in our 21st year of operation. I want to walk through a summary of our contractual requirements. First to market space in the Austin convention center, maximize use of the convention center and commercial lodging facilities and tourism facilities, provide service to convention groups, act as a liaison for the city and its relationships with the music and film industries. Develop public awareness of the benefits of tourism to the local economy, market and distribute materials promoting Austin, demonstrate the advantages of Austin over other destinations, perform all responsibilities of leisure marketing and tourism promotion to include heritage and minority and cultural marketing. With that, I'll turn it over to Julie and she'll walk you through our presentation.

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Thanks, Julie. >> Thank you, mayor, council we're excited to be here today and we were asked to present a little more detail in our budget. What you see right in front of you is an eye chart. Before we jump in neurothat I'll build on what Tom said. Obviously our mission is about economic impact. For us that means jobs and reducing the tax burden for our local citizens. With that in mind is how we build our budget and programs. That's really what we're focused on and we think we've done a great job of that. I just want everyone to kind of understand as we go through this, that we had a little bit of counsel, I think wise counsel from the city manager's office and budget office to reduce our presentation. So what you have that we're going to through is our condensed presentation it it lives in a binder on the left-hand side you'll find the condensed version [no audio] So on the left-hand side you'll find kind of an expanded version of the budget, that folded piece of paper that hopefully is more easily readable, that was our goal. That's gonna kind of walk through the numbers. That's where I'm going to start our conversation. So also in addition to really fulfilling our mission, the thing that we want to do is ensure we're meeting our contractual obligations so we'll kind of make sure that we explain how we tie our numbers back to our mission and contractual obligation with the city. As a big picture overview, the place that we got our total city contract number came from the city budget office. That number as you'll see is 15.3 million. Just for a little bit of reference that number is actually 128,000 lower than our contract for this current fiscal year. So just a little point of reference that we're looking in a little bit of a reduction out of the city hot tax based on the current allocation. As a little -- another point of reference, I would like everyone to understand that our main -- competitors in Texas all have a budgets of at least 25 million to help

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you understand where we fit in that competitive set. We're rateing is the 15.3. All of them are at least at 25. As we kind of look at how we set up the budget, what you've seen in the past is a 1-pager that has big buckets. What we've tried to do is add more detail. The columns across the the columns across the top are our functional goals. The rows going down are going to be starting with our revenue, so you will see our city contract that we get into private revenue in our expense categories. And I'd like you to notice there are a number of line items in eye allocating ticks. The italics indicate that it is the ones or the once supported by private funds. So these are areas where we're not relying just on the hotel occupancy tax dollars to support that programming. So we'll go ahead and I'm going to try to get through this quickly because I know

that y'all have already had a long day, but I'll kind of walk through the different line items and what these mean. So obviously as we started the city contract that's our percentage of hotel occupancy tax fund. The retail revenue that you see below that is the revenue that we generate at our visitors center on fourth street. We're really proud of that number. It's a little over a million dollars a year. Publication sales is going to be a revenue share that we have with the publisher that does our meeter planner guide and visitor guide. Rack rental will be a small fee that we charge people to put collateral brochures at the visitors center. Partnership revenue, that's another really really proud of. That's five 49 now is budgeted for next year and that's private money that comes in from our partners to support our programs and our activities and we can talk about that in more detail. The the laugh three years

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proceeds in the golf tournament gone to help support the houston-tillotson. This is another area where we support private funds, and we support private housing and conventions coming to Austin. Everybody needs that friendly face when they sign up and we also help place their housing. Donated services, this is a great line item for us. What this indicates is where our partners have provided either services or product that otherwise we would have to pay for. And there's also an offset for that on the expense side. But that just kind of again displays our partner support for what we're doing in the community. Interest is very nominal. Interest rates are pretty low right now, but we do have a little bit of interesting income and then our draw and reserve fund is we're going take money that we saved previously to meet commitments this this current year. Our total private revenue that we're looking at next year is 2.3 million. We had budgeted four-point will for the current fiscal year so that number is down about two and a half million. The reason that's down significantly you heard mark tester talk a little bit about pma. As mentioned that was the super bowl of our industry, so we had a lot of partner support for that and we don't have another super bowl coming in this year, so that number obviously moves down a little bit. So now we'll talk about the expenses. We talked about where the money comes from and now we'll talk about where it goes. Client development. As we've talked a lot with this group, you know that what we do is based on a long-term horizon, convention groups book several years out so we're really in the relationship building business and making sure that we sustain those relationships. So that is what falls into client development. That will be activities like sales missions where we'll take partners to DC, Chicago, places where national associations are headquartered and those types of activities. Then we get to the next line, fa Ms and site visits. Once we have people interested in Austin what

happens next is the site visit. This is where we'll spend money in market to show them all the things about Austin to encourage them to bring

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their business here. Convention commitments. This is actually a really small line item for us compared to a lot of bureaus. A lot spend millions of dollars in this line every year. We have about 200,000. So this is going to be for promises that we've made to clients. For us these promises include things like transportation because we might have hotels spread out, we need to get everyone to the convention center. It may include things like welcome banners so whenever the group is in town they feel welcome, we're glad they're here. And the biggest piece of that and one we're mostly proud of is local musicians. We offer local musicians for reception and entertainment and that's a big piece of what we do out of that line item. So local meetings, that's a relatively small line item. That's our local meetings with our industry shareholders. Promotional line items. One of the things that is important when we go on the road is that we take Austin with us and we have something really cool and uniquely Austin to leave behind and that's what falls into that promotional line item. The next line down is industry relations. So we've talked about -- I skipped right over special promotions. So special promotions are things that we'll do generally community related so it will be our annual meeting, our annual luncheon, our give back gig that we had for the first time this year where we raised \$40,000 for art from the streets so we're really proud of that. And industry relations. So you've heard us talk about pma. We kind of have an alphabet soup in our industry about the industry-leading association. Pcma is one of these. American society of association executives, ese, meeting planners international. It's really important we have good relationships and support those organizations because they hold the decision holders in their hands. So we really try to have a strong working relationship with those organizations. Trade shows. They're kind of the bread and butter on what we do on the sales side. That's how we effectively get in front of a lot of clients. Then we have those broken up by different segments. We go to the congressional

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black caucus. There's a number of different trade shows that we go to. They're broken up by segment and some by industry. Professional development. We've heard you talk about this that our staff is really trained for the positions that they're in, that they continue to advance their career. We're really, really proud of the staff we have and just a quick point for all of you, the woman who runs our services department, who takes care of the people who they come here was named the professional of the year for our entire industry. We've always said we have the best in the country. We really have the best in the country right there. That's where that professional development goes. I.T., I think we all understand that. That's our information technology needs. Hardware replacement, software, licensing, anti-virus, security, those types of things. Fulfillment. Fulfillment is if someone is coming to and and they want to see a visitor guide, this is the line item that this falls into. That's for our creation, production, distribution, mailing of our visitor guide and then the flip side of that is our meeting planner guide for the group side. Media production and placement. We're a little over four million for this year. Just to put that number in perspective, our competitors in Texas, San Antonio, Dallas, Houston, all at least double that budget. So while we have four million to put into media production and placement, they have at least eight million. So what falls into that line is our creative. What are we putting together that we put out there to represent Austin. The production to put those things together so if we have an ad it takes some money to actually put that ad together, lay it out, have it placed correctly. And that ends up being about 28% of our budget. The other 72% goes into what we consider more working media and that will be actually placing those ads, ensuring they're getting in front of the right people. That includes our website, experiential advertising, digital advertising, social media. That's really pushing out those messages so that's the biggest piece of what we

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have. Research. Research is one that's really, really important to us. I know we've had some conversations about being able to source where particular data comes from. We want to make sure that we're putting our money in the right places and that we exactly where the needs are so we spend money on research to ensure that we're really investing these funds in exactly the right places. The next line item that we have is professional and contracted services. So these are going to be services that we contract out that we don't do in-house. Part of that is going to be international representation. So it's important for us to have people in Mexico and the uk that represent Austin so there's a piece of that. This is also -- this also includes more mundane things like audit services, accounting services and legal fees, 990 preparation, those types of things. Music and film programs. We feel like we've got really good success stories on the music

and film side. A few of their specific programs that we have, we support the Austin film festival, the capitol city black film festival. We represent Austin at the Los Angeles show biz trade show. We want to leverage our funds to have a bigger voice. We invest in a program called real scout, which allows us to virtually have scouts look at locations in Austin as they're trying to decide where they want to film and we've had great success with that. We'll talk about the success in just a minute. As we go down here to grants we talked a lot about those yesterday morning and I think we shared that presentation with the entire council. So we had really good success expanding that grant pool this year. Retail cost of goods sold, obviously if we are driving retail revenue at the visitor center there's costs that go into having the inventory there. Visitor services. So this is going to be for everything else kind of around our visitors center that actually takes care of visitors once they're in Austin so that they can have a great experience. Employee relations. These are going to be some of our team building activities, employee recognition, staff development opportunities are going to fall into employee relations. Donated services we've talked about on the revenue side. Then we get into the overhead and office expense.

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We have to have insurance, leases on equipment, those types of things, depreciation as we write down our leasehold improvements. Rent as we all know, Austin is doing really well so rent takes up a big piece of our budget. And then we're sales and marketing organization. So obviously a big piece of what we do is around our people. So our personnel cost includes our salaries, benefits and taxes are in that last line item. So that's kind of the break down of what we have. I know that's a lot of information to go through. What I'd like to do at this point is talk more about each of these departments and what they've accomplished. So we go into convention sales. Convention sales is really what we're about. As I said we're a sales and marketing organization. If you look at our contract, the first thing that you asked us to do is market space at the convention center, maximize use of the center and commercial lodging facilities, which would be hotels. When we talk about jobs, we really love jobs in this industry and I think it's a great, great industry for jobs because you can go from entry level, work your way up to management without having to have advanced degrees. So there's a lot of upward mobility. Convention sales opens a lot of those doors because the jobs that really are more impacted are going to be maid, waiters, waitresses, cab drivers, those types of people that really can feel it whenever there's a group in town and they benefit from that. Kind of outside of that, they have some very specific deliverables. So the things that we're really proud of, I'm not going to read you all of this, is the room nights. So we book room nights, we count those based on what we've actually contracted with the hotel. So we're relatively conservative

because we know a lot of people book outside the block as we talk about the impact of expedia and trip advisor. Not everyone goes through the room block, but we're only taking what's in the room block. So you can see one of the things that we're proud of if we go down to our goals, the way we have this broken out, we put this together because of the timing in March so this is -- even though we're in August now these numbers are through March for our annual goals and results to date.

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We've actually already hit our total room night goal for the year with about a month and a half yet. We've had a successful year on the convention sales side. So convention services, we talked about our vice-president there was named services professional of the year. And you see that they've had great results. So the things that they're contractually obligated to do under our project is that when a group books they're going to connect them to all the resources in Austin. They're really the connection from that meeting planner into the venues, transportation companies, restaurants, any provider that can help make that convention successful. And so you can see that some of their goals, supplier referrals and leads, are we really getting the leads out to the community so that they're aware that these people are in town and looking for services? So this group is really critical in being that direct connection to local business. So tourism. So tourism hits more on the leisure side. There's kind of two pieces to tourism. One is internationally people don't travel the way we do as Americans. They still do a lot of group tours. So they're going to look in a tour book, go through a tour company. So when we talk about product placement, it's putting an opportunity to have a packaged product for Austin that someone in the uk, Asia, Mexico can say hey, I want to do this tour and we have that put together, we've contracted with the local providers and with that tour company to put that information together. Sports admission. So sports commission is kind of a subset of commission sales but obviously it's focused on the sports world. Part of the reason that this type of business is really, really valuable is that it generally falls over need periods so this is business that's more likely to come in the summer. We talked about some challenges in July and August. There's a lot of summer business around the sports world. It also is more likely to impact our outlying hotels because they're closer to our sporting facilities. Some of these utilize the convention center. A lot of these utilize other city resources, parks, -- I

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forgot the name of our softball fields, creek fields. They've had a great year and you can see some of their wins. A lot of U.S.A. Events. We're really excited about the gay softball world series, that was just held very successfully. So communications. Communications. So one of the things that y'all have contractually asked us to do is demonstrate the advantages of Austin over other destinations. One of the best ways to do this is through our pr efforts and our communications efforts. These are things that we have not paid someone through media. These are things that we have worked with reporters, we've worked with media outlets to report positive stories on Austin. So we think we've done really, really a great job there. One of the things that we really love to do on the communications side is ensure that we're really promoting our small businesses and things that are uniquely Austin. Because that's what people want to hear. Those are the stories that they're most interested in. Heritage grants. As I mentioned I talked a lot about this yesterday with the finance and audit committee. Here's a list of the groups that actually received heritage grants this year. As we mentioned, we did expand that pool. Had a little bit over 5,800,000 that was awarded in heritage grants so that's been a great program for us. Strategic partnerships. We talked about our private revenue and how we generate that. Our strategic partnership department is the one that really is in charge of ensuring that we're meeting those private revenue goals. And they also help to develop the public awareness and to market Austin. They've done a great job. You will see huge results to date over our goals, that 1.16. Again that's kind of the pma effect. That's why that number goes back down the following year. It was a one-time bump for this year. So advertising. So again this is the big number. This is the one that we have four million dollars budgeted this year. That's about half of what our competitors in Texas have. So we really, when we do

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this we want to make sure that we're leveraging these dollars most effectively. One of the things that we're able to do digitally now that we haven't always been able to do is we can really track what happens when a user comes to our website. One of the stats that I found most interesting that one of every three users that comes to our visit Austin website then goes and searches for a hotel. So we're definitely influencing their behavior and desire to be here in the point that they then go search for a hotel. The other thing we're able to do is track because digitally we just have these advantages now how much it of the cost for us to place that ad and did that ad actually turn into a booking for Austin. So the Roy that we're able to -- the roi that we're able to track is for every dollar spent in advertising we bring back \$23 to the community

and that's direct spend. That's hotels, flights, things that we know that they've booked because we're able to track them online. That does not include meals and those types of things. A couple of pages on that. Film. Film is another great one, especially when we talk about jobs. So our job at the film commission is to put location scouts in touch with not only the right place to film, but the right people to use when they're in town. So this is a great job generator for us. You can see that last year we had six major television series or commercial shoots. We love the television series. They go on a long time, they employ a lot of people over a long period of time so we really pursue those. We also had feature films, longer filming periods, employ a lot of people, create a lot of economic impact. We're really proud of the work we've done there. Music. One of the things that you've asked us to do contractually is to be the liaison for the city in the music and film industry. We feel like we do a great job of that. We have a database of artists that includes over 700 Austin artists that when someone is booking a meeting or event here or really they want to find out about Austin musicians, we can tell them if you need a jazz quartet at 3:00, we will

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give you people that can fill that need. Through that we have had over 1500 referrals in '15, '16. 130 musicians were hired and artist fees, direct payments to Austin musicians of almost \$200,000. We also have done Ben ditz with haam. They have a party with a purpose and also a local fund-raiser that raised \$25,000 for haam and the did good work they do for our Austin musicians. We're really proud of that. Through may of 2017 we already booked 160 musicians for convention groups that were coming which created \$312,000 in direct spend straight to those musicians. So really great work on the music side. Visitors center. Once people are in Austin, they want to find a place to go. Where do we go, what do we do? The visitors center is where they go and we have maps, we have a great staff that tells them all of the wonderful local Austin things to do. So it's really 203,000 people a year go through a relatively small building so they do a great job kind of driving traffic over there. Again over a million dollars in sales. They're also in charge of our historic walking tours. Finance and administration and I.T., because I refuse to let us be left out of this presentation because we're really proud of some stuff we've done on this side. So a couple of things that I want to let y'all know is destinations international is the international association for our types of organizations, convention center and visitors bureaus, destination and marketing organizations. We've you gone through a rigorous cratetation process through them. We also have recently completed an information technology audit. I think we've all seen the scary things about security and safety out there. We want to make sure we're safe and keeping information secure. One that I am particularly very

proud of is that we for the last ten years have had clean financial audits. And by clean I mean that we've had zero adjusting entries. The auditors haven't found anything that need to be changed, zero management letters with any recommendations of anything we should do from a policy

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or procedures standpoint. And then we also helped to support our local partners by ensuring that they have the right tools in terms of visitors guides and maps once visitors get in town. So with that, as they condensed my version, I know we went through a lot of information quickly, that is the end of our presentation and we're happy to answer any questions. >> Mayor Adler: Council? Any questions? Yes, Mr. Flannigan? >> Flannigan: Very quick. As you went through all the slides, I'm confused what the asterisks are referring to. There seems to be a lot of stars next to columns and rows. There doesn't seem to be a footnote anywhere. If you could get me the details later. And then additionally it doesn't seem to make a lot of sense between the annual goals, the year to date and the following annual goals. There are huge gaps. It doesn't seem to be clear what I'm looking at. >> There are a few that are really large. I think the ones that you're talking about are probably film and music in particular. I know that film had some big changes in what they actually -- their goal and what they achieved. Is that one of the ones you were looking at? >> Flannigan: Just looking at convention sales what's confusing to me is total room nights, the goals say 630,000, results to date 355,000, but then in the bullet points above, 689 and you said we exceeded our goals. So what is the results to date column talking about? >> So the results to date that was through March so we had to put our marketing plan together -- >> Flannigan: That answers many questions, thank you. >> Thank you for giving us a chance to clarify that. >> But currently we've booked over 638,000 room nights. >> Flannigan: I don't think anywhere it said that results to date in the little charts was referring just through March since we are now in August. >> Yes. And the asterisks, we pulled in information from our marketing plan and we'll make sure you have a digital copy of that. So that fully explains everything kind of with an asterisks on it. >> Renteria: Mayor? On the -- on your page 15 on your walking tours, your

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historic walking tours, who do you work with on these kind of tours? >> So one of the things that is really unique to how we operate our walking tours, and I want to make sure we're clear on this. There are several tours that are not owned by visit Austin, that start and finish at the visitors center. So those would be things like the duck tours, Austin over captures, the double decker. We have three historic walking tours and a fourth that's getting up and going in the sixth square district. So those are specifically the walking tours. >> Renteria: And the reason I was bringing that up is because we also have a tejano -- historic tejano walking tour that we do in east Austin. I was just wondering if -- have you ever been in contact with other groups that are doing these kind of events and do you have a way of tracking them so you could see how many people are actually coming to these? >> We'd love to talk to you more about that one. That's not one that currently we track because it isn't coming through our system, but absolutely we're always looking to add to that inventory so we would love to add that. >> To be able to have that opportunity to sell that out of the visitors center would be great. >> Renteria: Thank you. >> Mayor Adler: Ms. Houston and then Ms. Pool. >> Houston: Oh goodness -- >> Mayor Adler: Ms. Pool and then Ms. Houston. [Laughter]. >> Houston: [Inaudible]. >> Mayor Adler: Been there. I recognized that look right away. Ms. Pool? >> Pool: I'm looking at the slide 14. I don't know if the numbers are supposed to be tied together, but the more than 1300 artist referrals, 130 hired in fiscal 15-'16 artist fees one knew thousand, about 1500. Is that -- >> The referrals, so our job is to provide opportunities. So if someone brings us an example I gave that they

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want to -- say a jazz quartet. We'll send them 12 quartets that might meet their need and they will pick one of them. So that's why the referred number is higher than the hired number. And the artist fees are what the artists are actually paid, the 130 artists were paid for their services. >> Pool: So just doing a quick math, that's a little less than 1500 each on average, the 130 into 192. Do you have a sense of whether that's demonstrative of who gets hired or what the range of fees is? >> That one is a difficult one for us to answer because we're not in charge of the fees so we kind of provide the opportunities and let the artist negotiate their fees with whoever is hiring them. >> Where did you get the 192,000-dollar figure? >> They report back to us if they've booked so we know -- so I think part of the reason some of those numbers if you're talking about 1500, we provide a lot of weekday, daytime opportunities so we're not really competing with their Friday and Saturday night business. So they may be willing to charge a little bit less for in the week business than they would for like a peak time on Friday or Saturday. >> Pool: I'm just trying to estimate how successful this is for people who make their

living through this means, how much they are really benefiting. The 312,000 and 160 artists booked is about \$2,000 per booking. >> The feedback that we've received is that it's really a nice supplement to what they do because we're providing opportunities that wouldn't exist otherwise. They're not having to compete to get into the continental club or someplace on sixth street, for instance. This is a brand new opportunity in the community that wouldn't have existed otherwise. So the artists have been really, really receptive. >> A lot of these are convention opportunities or in-house convention opportunities with hotels, and they book their conventions like we need to find a band for Tuesday lunch or Wednesday evening in the hotel. And we connect them. >> Pool: Sure, I understand how that part of the business works. What is the visitors bureau -- visit Austin doing in order to expand that reach and

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broaden the knowledge base that these bands -- the musicians are -- and the artists are available for booking? >> That's a great question and part of what happens, so once a convention is booked then they kind of get handed off to our services department that helps ensure that they have a successful convention. So services then tells them hey, you're going to be in Austin. We're the live music capitol of the world. We really encourage to you use this program so we make them fully aware of the program so they know that it exists in addition to kind of opening doors across the community. But with something that we talk about with every convention group that comes through. >> And then OMAR Lozano and our staff is always outreach to the local musicians saying we want to help you find employment opportunities so he's in contact with a lot of those artists. >> Pool: So what crossover does that entity within visit Austin have with our music office at the city? >> My understanding -- I'm going to hope I don't get out of it on this one, is the music office does more permitting and that type of work and then so we're really in the let's put you in contact with someone that can help you do business. And the other thing I didn't mention that our music office does and I'm glad we're spending time on this is we have an annual Austin music CD. We've had a tradition of not repeating musicians on that and we take that as one of our great leave behinds as one of the promotion items that we have. People love it. It introduces people around the country to Austin musicians. I think that also opens doors for them. >> Pool: Inch people would like to respond into the areas that you're talking about to do more than sound measurement and permitting. There may be some opportunities there to help our music community and other artists as well with our arts office. >> Yes, absolutely. >> Pool: On your page 16 you talk about the audit -- well, this is the -- the financial audit. What firm conducts the audit and can we get copies of it? >> Yes. Lock and rate -- Maxwell, Locke and Ritter does our audit. They're one of the Austin

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firms so an Austin based firm. And I would be more than happy to provide you copies. How many years book would you like. >> Pool: I was just going to ask if it's electronic, maybe, I don't know, six or seven years back. >> Sure. I'm so excited someone is finally asking for our audit. All my good work is going to come to light! [Laughter]. >> Pool: There are benefits to being on the audit and finance committee. I've heard some concerns, and they're not necessarily coming from a wide array of the community, but there was some puzzlement overcharging for pamphlets from the entities that -- the businesses in town that visit Austin is ideally helping to advertise for. Why are you charging -- I think it's \$250 a year to put pamphlets on the counters. If we're only collecting 15,000 why are we charging? >> Part of that-- >> We have a philosophy if you add a small value to it it actually becomes more valuable than something free and part of that is controlling space a little bit. We have limited space but if there are entities that you feel like cannot afford that 250 we'd be more than happy to talk to them. We do make -- we try to be flexible with that so we'd be more than happy to visit with them. >> It's a model you see a lot of visitor centers around the country, when you see brochure racks in hotels, it's a common business forecast. >> Pool: I'd like to know you have the opportunity rather than us initiating that conversation that if a small business or artist wants to leave a brochure at the visitor center there's a sliding scale to accommodate limited means. >> This was one of the things I cut out. One of the things we do at the visitor center we're really excited about is promote Austin product. If there's a product made in Austin we promote that. We do a lot of consignment with Austin artist, so if we want to put their art out for visibility we do a lot

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of consignment. We also have a music series at the visitor center to help expose visitors to more Austin musicians. >> Pool: I'm looking at the folded sheet in front of the new binder that you brought us and under media production and placement you pointed out that that was the most -- that was the highest line item and just under 4 million for advertising, but it looked like your advertising was primarily online, so where's the nearly \$4 million going to? >> We do -- it's -- I wouldn't say it's primarily -- well -- >> Pool: Well, this is the -- you offered us in here. >> Yeah the examples? We do traditional media placement so you're going to see magazine ads both on the leisure side and a lot on the meeting side so there are specific industry publications

we'll have part ads in. We don't have a budget to do radio and of it so we're not able to do that so we push a lot digitally because we find most people that's where they're looking for information so we really try to push a lot of resources there so we'll advertise on things, priceline, let's say someone is searching for San Antonio, we have serve up an ad that says, ah, San Antonio looks good. How about Austin? That's when they click, hey, Austin does look better. We know people would be interested in Austin, we can tell from search history so we serve up ads to that specific person and we feel like so far that has been far and away the most effective use of our ad dollars in those targeted ways. >> Pool: You gave us results from the heritage grant program that went up from 200,000 and was largely ineffectual in past years to the 500,000 and you gave us -- what page were those? >> Those were on -- >> Pool: The recipients. >> Yeah. >> Pool: Here we go. It looks like it's page -- oops. >> Ten. >> Pool: Ten. If you could give us an idea about how much each of the different groups received and how -- what the criteria was on them. You don't have to give it to me now but send it around to

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us. >> Yeah absolutely. >> We will send that and I think one of the things that we've had 200,000. We've had a more difficult time actually getting the word out about that program, and I think the publicity that came Louisiana last year with getting it raised to 500,000 -- >> Pool: Wasn't there a cap on the amount of the grant offered under the 200,000 regime, like \$46,000. >> There's still a cap. We want to make sure we can spread the wealth so to speak but we had a lot of new app plants this year, which to us was really encouraging because historically we had the same few coming back. Kind of getting the word out, the publishly helped make this program more successful than it had been previously. >> Pool: I'd like to look at the bones of that. I know there's incredible need and desire and really good folks to receive the grants, but we place barriers in the way of them receiving them through the application processes. So one of the things I'd like to have a discussion with y'all about during our budget conversation is increasing the 500,000. I'd like to look at what the process is for people coming to apply for the grants and make sure that we don't have -- some inadvertent errors there and it's broadly applied throughout the community as possible. >> Absolutely. We'd be happy -- >> We really made an effort to reach out this year to -- over 600 organizations in the city and through email blasts and through -- we had a lot of -- we had some classes, offer three different classes throughout the year to come walk through the grant program. We've marketed more effectively than we ever had before. >> Pool: I think there's room to expand that further. Which is what I'd like to work on. Down at the bottom it has italicized expense categories, does that mean under industry relations, for example? That nearly \$400,000 figure

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is not only your budget but also private revenue? >> Correct. Those are line items where private revenue supports our tax dollars to help amplify our message. >> Pool: I'd like to see what that breakdown is, if you can share that about -- I know we're running out of time sheer. >> You're challenging my accounting skills. That will be fun. >> Pool: Two more things. Retail cost of goods sold \$835,000, why is that \$835,000? That also is italicized so I imagine through the visitor center there's some partnership with the -- is that salary? >> No. That 835 is literally just for product that we sell. And the reason -- you'll see it's offset by the 1.1 million up above in revenue, if you go straight up that column. The reason that number -- a lot of times you see kind of a 50% margin on retail. One of the things we do is sell the tourism for some of the private tours that Austin does at a very, very small margin really to cover our credit card fees and small handling process. That's why that margin is smaller than what you'd see in Normal retail said that. >> Pool: It would be good to get the backup on that. >> I'm sorry on the retail cost of goods sold or on -- >> Pool: Both of them. The income and the outlay. >> Okay. >> Pool: And then the visitor center rent, y'all don't on that property on congress avenue -- or sixth street? >> Actually we had moved a few years ago off fourth street in the convention center parking garage, first retail tenant there. We helped revitalize that area after that space had been empty for a long time when did we got that space it was a completely empty shell, there had been no buildout done at any point so we took out a loan so we have a low rent amount but it also includes our rent payment. >> Pool: That's interesting. One more item on the visitor

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center. There was some difference of opinion it seemed in the visitor impact task force about the visitor welcome center and its location. I know that there's -- the downtown one, which I think is an appropriate location for a visitor center, for the general visitor center, but there was also one over at zilker park, Barton springs, and the distill we are conservancy is trying to raise money in order to build and open a visitor center there, welcome center. Was there a discussion about whether your visitor center was located at Barton springs or -- >> I think there was -- I was part of that conversation. There was a lot of discussion about really how it should be tilted. Should it be visitor center for confusion or education center or welcome center. We were trying to make sure when we look at managing visitor center, we have the visitor center

downtown. It was more a discussion about what to name that facility so it wouldn't be confusion. Because we think the services were a little different that would be provided in that facility investor the one downtown. That's kind where have most of the conversation was. >> I know in some of the conversations we've had about how to fund the various different projects and programs that we want to see under the hotel occupancy tax that a welcome center/visitor center is an allowed expenditure so there would be an interest on the zilker park conservancy folks to view it -- and for the city to see that new building and program as a welcome center. But I want to make sure that it's clear that that's -- you're not moving to zilker. >> No. >> Pool: We would have two, which makes sense in a city this size. Not everybody who is downtown is going to get out to Barton springs. >> If we were to build -- this is my opinion. If we were to build a second visitor center I probably would put it in the airport. >> Pool: But we can still view -- and this is more rhetorical, I think, for us on the dais, we can still view the welcome

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center/visitor center that is contemplated at Barton springs as eligible for consideration under hotel occupancy tax expenditures? >> Mayor Adler: Okay. Ms. Houston. >> Houston: Thank you so much, mayor. Thank you all for being here this afternoon. I got a couple of questions. First of all, I want to thank you for your support of downs field, historic downs field. They're very appreciative of the revenue from the golf tournament that helped them revitalize it and reanimate that space. >> Happy to do it, look forward to continuing that opportunity. >> Houston: Thank you, thank you. So what was the size of the super bowl convention you said moved to Las Vegas. >> That's two different groups. First of all, Dell moved their conference to Las Vegas. Pcma was held here in January and their CEO sent a letter -- first of all it was the largest attendance they ever had, about 4500 attendees about but 3200 were meeting planners, had the opportunity to bring their conventions here to Austin so it was a great sales and marketing opportunity as well. In the letter from them, she literally said in our 61 year history there is the best pcma that ever happened. >> Houston: That was 4500 for the convention and Dell's movement is because they have how many people? >> They manager with another organization and they're -- their exhibit square footage was larger than the building so they had to take it out of the city of Austin. >> Houston: I think you need to remember that you might peak again next year because if I remember correctly because we did not pass some legislation at the capitol that the episcopal church will be coming to town and they've got about 11,000? >> Mm-hmm. >> Houston: Folks. So you might have that little uptick. >> I will tell you also, councilmember Houston, that we replaced the Dell booking with the

national minority suppliers convention. >> Houston: Good. >> About 6,000 people, will pick up about 6,000 rooms in

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the city as well, great opportunity for our city as well. >> Houston: I appreciate that. >> Sure. >> Houston: Do y'all have a game sharing plan like the convention center? If so where do I find that information? >> It's included in that personnel line item, so it's not broken out separately. We have -- it's kind of industry standard for the dmo industry that a lot of your salespeople have what would be considered an incentive to their salary. If they have a quota and numbers they need to meet, if they meet those goals they achieve an incentive. We also have kind of a modest incentive plan for our entire staff based on meeting our achieved goals. >> Houston: So could you send me the backup for that in the policy that kind of guides what those levels are? >> Absolutely. As a background we did a complete salary survey this year, one of the things Tom wanted when he started so we wanted to make sure our compensation was in line with our competitors and others in our and I we found we're actually on the lower end in a lot of that. So we've made a couple of adjustments to move some people into the appropriate salary brackets, but we really try to keep an eye on that to ensure we're operating within industry best standards. >> We looked at Texas, like-size cities, east coast, west coast, I think it was 17 or 20 cities we compared ourselves to. >> Houston: Okay, thank you. >> Happy to. Yeah. >> Mayor Adler: Anything else? Yes, councilmember alter. >> Alter: I, too, am interested in learning more about the bones of the heritage grant. I think that should definitely be something we work to expand. I have sort of a basic question. I'm trying to understand the model, underscoring here you're not part of the city, you're a nonprofit, we're giving you \$17 million of our hot taxes. >> 15.3. >> 15.3. >> Alter: 15.3, excuse me. Help me understand the model and why we're set up this way and what I need to know about that. >> That's a great question. So kind of around the country the industry has

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moved to -- it's the same thing Austin did about 20 years ago. Twenty to 30 years ago, most convention visitors bureau lived as a department within the city. Within the last 20 to 30 years almost all have moved to a private nonprofit model and the biggest driver is it allows us to raise

private funds more easily than if we're a department in the city. In terms of the business model, I think about 67% of dos operate independent. There are some that operate under a 501c4. Really none that operate under a c3 and there are a handful that operate -- it's really the smaller cdb's will operate as a partner of the city or sometimes a function of the chamber but that's for communities that are fairly small, have really small budgets. So in terms of percentage of how the hotel tax gets distributed, it is very common in Texas, you know, we know that we have statutory requirements around how we spend hotel occupancy tax funds so it's common that the dmo and the convention center are going to get the bulk of that. In our case it's kind of interesting. Our convention center gets a much larger portion than other centers do national summary we get a smaller portion. In our competitive set we receive the smallest portion of the hotel occupancy tax of anyone in our competitive set, around 15 or 20 cities around the country we compete with. Each community -- the from a business model, it's very common, our budget is at the smaller end for communities our size. Does that help? >> Alter: Yeah, it does. And can you also tell me a little more about what you're doing to promote small local businesses beyond the music and fill being sneer. >> Here. >> The two places we tie people directly into that is going to be our convention services and visitor services.

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Convention services you have a meeting manner that doesn't go into Austin, they don't know where to go, they come to us, I need transportation, I need to know a venue where I can have a party for 500 people, I need decorators, this, and that. We have a whole database. Whatever the meeting planner says they need we send them options. Here are vendors that can fit this need and almost all of those are small local vendors. Our visitor center does that on a individual granular scale, when someone is in town, where dough we want to eat, we want to send them to someplace uniquely Austin, not a chain. You need to have an Austin experience. That's what they ask us for. That's where we connect people individually. We've got lots of opportunity on our website for that kind of implementation if you're a small business in town and tourism related field, restaurant, hotel, you're a caterer, photographer, flowers flower ris, I think one of the advantages we have is because we're not a membership bureau and a lot are, you have to pay to be a member, those business cans get on our website for free and we'll promote them. >> Alter: Just from what I heard on the campaign trail and after I think you may have a little more work to do in terms of reaching out to some of the small businesses for them to know about how they can take advantage of the opportunities you create. There's definitely a sense that you're not doing enough with the small businesses and -- that are local and homegrown Austin folks and so if you can just be mindful of that and keep looking for opportunities to do

that, that would be great. >> Certainly. >> Absolutely. >> Certainly. >> Mayor Adler: Okay. Mayor pro tem and then Ms. Kitchen. >> Tovo: Thanks very much. For the presentation yesterday and today. It was really useful. I really appreciated especially seeing the heritage grant, as I mentioned yesterday, seeing the heritage grant and increase in that program. I'd offer to my colleagues one of the things did I last year was pull together some research so if anyone wants a copy of -- I think I've got a copy of at least the old heritage grant application and also what the grants had gone to over

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the years. And what it shows is really that in some years it didn't even hit 200,000. I think in some years it was at 115,000, that was 2013. 2014 it was 140. Actually to increase all the way up to 500,000 must have taken a lot of outreach and I just really appreciate the work that the visitor center put into -- visit Austin put into doing that as well as the works that gone into the heritage and diversity marketing. Changes. So thank you. That's all I think really just very important changes, and I appreciate it. Couple quick questions. The product placement. I didn't understand that line. I think it's on -- it's on page 7. I wasn't sure if that was product placement of Austin products, and I apologize if you explained this as you were going through. >> No. Thank you for asking that. This is one, I'll tell y'all, Tom kind of group this industry. I came into this industry so I had to learn a lot of stuff. This was one of those when I first started, I was what are y'all talking about? On the tourism side product placement means we take a package from Austin and we create it if you want to come to Austin and spend four or five days, you're going to stay at this hotel, we'll recommend this tour, we'll recommend you go this restaurant. Because internationally people still do group travel. They're not as much independent travelers, fly in and see what's going on. If you're coming internationally you kind of want an itinerary laid out. When you have that laid out then our chemical challenge is to get that in the hands of the tour operators who actually sell those. We talk about product placement we'll put it together, then we'll present it in a way that the people who sell those -- a lot of this happens on the uk side can actually get it in the hands of consumers so they can book that and come to Austin. >> In fact a lot of the meetings that take place, international, medical community, that's how they want to travel. They'll get a tour operator together and say we'll bring 20 cardiologists from London and put that package together that way, manage

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all of it for them. >> Tovo: So the product is the tour? >> Yes. >> Tovo: Pieces of the tour. Okay. Thank you. That's really helpful. What does F -- what are fams. >> Familiarization trip. >> Tovo: Okay. >> Good? >> Tovo: I think so. Those are the site visits you were talking about. >> Little different. Sites are usually one group coming in, might be the national association of convenience stores is coming in for their convention site inspection. A familiarization trip might be we're having 14 customers from different groups come in at the same time to look at the city. >> Tovo: I see, okay. Interesting. So then I have another question. We talked I think one of my colleagues asked about advertising a little earlier, and a couple times recently it's come up in the public that there's a very large expenditure and I haven't been able to verify the amount of the expenditure with any of the documentation you've given us but that's there's a rather large expenditure to a Dallas advertising firm and I wanted you to address that expenditure if you could. I think the figure I saw -- or provided to me was in the \$2 million range. >> And that - - >> Tovo: As you might imagine that has caused some concerns that we would be spending that much to -- that much in advertising expense with a company that's not in Austin. >> Absolutely. And I'm really glad you asked that. Just for the record they're no longer our advertising agency of record. We went out to bid and I'm not going to quote the year. It's been a few years ago. Our budget was smaller than it is now. And so we had a real challenge in getting agencies to evened by on our business. Which I know sounds crazy if we're spending \$2 million, but for an advertising agency, that's really a pretty small piece of the pie for them. And so this was a company that was responsive. The principals of that company were UT Austin disagreed we felt like they had a grasp on the community, our values, how we wanted to present ourselves. They also worked with Texas tourism at the time and so we felt like we had some

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efficiencies for cooperative advertising through Texas tourism to help amplify our message and also the way our contract was set up with that company is that all of our media buys went through that company as a pass-through expense. So those numbers might look really big but that also included all the media buys. >> Tovo: Were some of those -- were those all print or in those days did you allocate money to -- I know you said you don't do TV and right-of-way. >> We don't have the funds, the production and placement is too high but that would have been print, digital, web, we did -- maybe I'm remembering correctly. I think we did a Webb redesign with them so it would have been inclusive of everything we did. >> That rfp probably went out

five or six years ago and they stopped being our agency I think two and a half years ago. >> I think October of 2015. And they did open an Austin office when they were here. When they worked with us. But we since have moved to Latin works, which is an austin-based company, I think probably everyone is familiar with, as our budget has grown we were able to have more interest in our account. >> Tovo: Thank you very much. May I ask one last question, really for my colleagues and I don't think we have time to discuss. I had mentioned I do want to adopt some of those changes that the visitor impact task force suggested with regard to the grant amount and some of the other things about the grant process. So we have, you know, an option of doing that. I guess we have an option of trying to do some of that through the budget process or through a resolution. If anybody has strong opinions about whether we want to try to tackle those changes or should tackle them during the budget process versus resolution after the budget I'd be interested in that feedback. >> Mayor Adler: I'd be interested in getting it done too. Yeah. If there's not a lot of issue with that, I'd like -- might be the easiest way to get it done. Ms. Kitchen was next. >> Kitchen: Yes. And I apologize if you addressed this. I didn't hear the last part.

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So I just wanted to go over again -- and thank you, wonderful information. Pleasure it. You went through it really fast. >> It's been a long day for y'all. >> Kitchen: That was good. Can you just help me understand what y'all might do with regard to tourism that is not related to bringing people here for the convention center? And specifically for small businesses. I think you touched on some of that, but I'm just trying to understand the scope of what you do. Is it correct for me to -- am I hearing correctly that most of what you do is directed at bringing folks here for convention center or did I hear that belong. >> I wouldn't say that's most what we do. It's obviously a significant portion of what we do. If you look at our contract our number 1 deliverable is to put business and convention center in hotels. Some of the group business goes to convention centers and some stay in hotels. Because they have meeting space and stay there. So we touch group business outside of the convention center. We also do leisure advertising. Part of that was what we talked to mayor pro tem about, putting those packages together for international travelers because that's the way they look at it. The biggest piece is our marketing and advertising so we can get in front that have independent traveller, influence their decision. So we spend a good portion on that, but like I said we're about putting -- >> Days and weekends. >> That's right. >> Kitchen: Okay. And then let's see. The question was I noticed that there was about 2 million or so in private revenue and about 15 million in hot tax. Is that typical for -- earlier we were having conversation it was typically for nonprofit organizations

outside the city to manage the visitors -- to do the work that y'all do. Is it typical that those around the country are virtually funded solely by

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public dollars? >> It's always significant. The industry average is about 85% of following up for convention and visitors bureaus comes from hotel occupancy tax, bed tax, whatever they call it. About 15% is private. There are different models it periods a very standard model because I think the community realizes we want to invest in this and that's why it's poster supported by hotel occupancy tax. >> Kitchen: In our case it's a pretty low percentage involved in hot tax. >> I was in Baltimore and we were a membership bureau and Reyes raised about a million dollars a year doing membership and had about a \$500,000 cost managing that so we really only cleared about a half million dollars doing that. When I look at the success in Austin, almost \$2 million, there's a ceiling there too because the hotels only have so many dollars they can help us with out of marketing budgets because they're capped as well so I will tell you \$2 million is a big success story and 15% is really on the high end of what you see bureaus raise from private dollars. >> Kitchen: Okay. And then this is all pursuant to a contract with the city, right? >> We had a five-year contract executed in 2016. >> Kitchen: Okay. All right. Thank you. >> Mayor Adler: Ms. Pool. >> Pool: Thanks. Just to add another layer to how I'd like to see the information coming back to us, the three primary prongs of the visit Austin mission is tourism promotion and convention center sales and convention center services. Is that correct? >> I would say that our mission is about economic impact, which for us is jobs and reducing taxes. So as Tom mentioned hospitality supports 125,000 jobs. I'm really passionate about it because it's a great avenue for upward mobility that doesn't exist in a lot of industries. We reduce the overall tax burden by a hundred thousand per household. I think our tactics around convention sales -- kind of the whole Mr. Mayor platform that you see in front of you. >> Pool: Would you be angle

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to do a sort on this page here -- able to do a sort on this page here, the one folded up inside the binder that divides them up with just the city -- not hot revenue here? Because I'm having a hard time breaking out the pieces that are private revenue because there are thins that are italicized that -- and I don't know if it's part of the 2.2 million or if it's the 9.4 million down

below. >> I'm sorry. My thought process -- I'm trying to do this and I apologize if it wasn't clear. If it's in italics it's supported by private revenue, that doesn't mean it's 100% funded by private revenue but there are private revenue dollars in those items and we can absolutely get you more detail on that. >> Pool: The draw on reserved funds looks like it was contributed to by private revenue if not the entirety of it. Do you have reserve fund policies like the convention center does? >> We don't have a reserve fund policy. We follow best rules of practice for a nonprofit, a minimum of 90 days and we're actually a little bit below that at this point because we did have, as we mentioned a very expensive year this year with pma in town so we're working to build those back up. But a lot of it is revenue generation at the visitor center were able to build up those reserves. >> Pool: Okay. So you don't have a written policy but you follow what is considered best practices which is 90 days. >> It's a minimum of 90 days. So it -- >> Pool: So how much is that? >> I can talk about that for a long time. That's about \$4.4 million. >> Pool: Okay. All right. Which is about a -- 20%? >> 25% of the budget, you know, equivalent to 90 days. >> Pool: Okay. Well, I look forward to seeing the numbers because -- >> Absolutely. >> Pool: We like the numbers. >> Be happy to get that to you. >> Mayor Adler: Ms. Houston. >> Houston: And I have one last question, and I realize that this is not either your

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responsibility or the convention center, but I have some real concerns about the amount of money rooms cost in the city. And because of the room rates, some of the small conventions that we used to have are no longer welcomed in this town. And so I just needed to say that. They've gone to other places now because some of the smaller religious groups, special olympics, all had to live Austin because the room rates are so incredibly high and that's going to be a -- continue to be an issue for me because there are some small groups that would love to come to Austin and have the same kind of Austin experience that the large ones do but they can't afford to be here. >> Mayor Adler: Okay. I think we're done. Thank you very much for the presentation. Very complete. >> Thank you. >> Mayor Adler: That's all the business that we have today. Unless people want to go over the concept menu. We're miss August lot of people here. Those -- missing a lot of people here. Those looks could kill. It is 4:00 and this meeting stands adjourned. >> Thanks again. [Adjourned]