

# Audit and Finance Committee Meeting Transcript – 12/05/2018

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>> Tovo: Good afternoon. I'm mayor pro tem Kathie tovo and I'm chairing this audit and finance committee meeting on behalf of Ellen troxclair. We're going to start by approving the minutes. Councilmember pool motions approval, councilmember alter seconds that. Any discussion? All in favor? That passes unanimously with the members who are present, mayor Adler and councilmember troxclair off the dais the rest of the meeting so I'll just say that as a standard. We have a request group for a postponement for item 6. Auditor, would you like to address that? >> I believe exactly when we will discuss under item 3 because we don't have dates for next year yet, but it will be at the next meeting which I'm proposing for the end of February. And the request there was really time to -- for management to respond to the report. We met pretty close to today's date for them to have time to provide a response. >> Tovo: Super. Thanks. Councilmember pool moves to postpone that item. Councilmember alter seconds it. Any discussion? All in favor? That item is postponed. >> Pool: Can I ask a quick question? >> Tovo: Councilmember pool. >> Pool: Did you say something about -- do we have the dates for our meetings in '19 to approve here or are we going to do that in here? >> Yes, they should be in there. Item 3. >> Tovo: So we'll move to citizens communications. We have it looks like two individuals signed up to speak. Janice walker and Suzanne Janell. Ms. Walker, you are three minutes. And you are welcome to --

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>> [Inaudible] >> Tovo: Which audit are you here to speak on? I think it would make better sense, citizens communications is for items not on the agenda. If you are speaking in response to an item on the agenda, and you are here to talk about item 7; is that correct? Very good. Is anybody here for general citizens communications? Seeing none, we'll move on to item 3, approve the audit and finance committee dates. Councilmember alter. >> Alter: Move approval. >> Pool: Second. >> Tovo: Any discussion on these? All in favor? And that passes unanimously. Thanks. So we are flying through the agenda. 4 and 5 are going to be taken up together. >> So these are two audits, one involves the right-of-

way and we noticed issues with cash handling. That's why these are two separate audit reports but presented together. Kathy Harrison was the auditor in charge, Katie Houston the manager and Kathy will be making the presentation. >> Thank you, corrie. Good afternoon, councilmembers. To give some background, traffic slowdowns and congestion are some of the top complaints from Austin residents. The right-of-way in -- sorry. The right-of-way is an area owned and controlled by the city including streets, sidewalks and grassy areas between the pavement and property lines. The city requires a permit for those who work in or temporarily occupy the right-of-way such as city departments, private companies or Austin

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residents to close streets or block sidewalks for work site access and cut or dig up a street to repair utility lines. Permits are approved to allow permittees a range of days to conduct work rather than specify defined days. This is to allow permittees flexibility with scheduling work with subcontractors renting necessary equipment and accommodating bad weather. To enforce permits, there are five inspectors and one code enforcement officer. These employees generally do not work nights or weekends, so any issues identified during these hours are not detected or corrected. The city's permitting system is the primary tool used to manage and coordinate activities of permitted work. In fiscal year 2017, the Austin transportation department issued over 17,000 right-of-way permits. In this presentation I will cover two findings. For the first find, we noted that the transportation department does not have complete information on permitted or unpermitted work. And enforcement efforts are not sufficient to minimize traffic disruptions and safety risks. For the first part of the finding we noted an initial right is the city having complete affirmation on work done in the right-of-way. The purpose of the work and its expected duration. With incomplete information, traffic slowdowns may occur due to unpermitted work and limited notification by permittees when they begin work. To notify the city, the transportation department

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implemented a 311 notification process and so they would know when a permittee is actually starting work within the right-of-way. However, this notification does not always occur. We found that 75% of sites did not call 311 prior to starting work within the right-of-way. In addition, permittees may work outside approved hours since work is approved only for certain hours and days. In the picture we observed two contractors working in the right-of-way creating slowdowns on Lavaca Street. We found that neither permittee had authorization to actually work in the right-of-way at that time. One was working outside of the approved hours and the other had failed to call 311. For the second part of the finding, we noted that current enforcement efforts do not effectively resolve problems in the right-of-way and may not deter future violations. We noted that the transportation department does not use limited enforcement resources strategically. We observed inspectors patrol the same areas repeatedly, essentially they were driving down the same street multiple times a week and not going out to new

areas. Further, we found that inspectors inconsistently enforced similar violations. We observed two inspectors allow work to continue while one stopped work for the exact same violation. And inspectors were inconsistent with how they record inspections. So, for example, the inspections related to the lavaca street conflict noted on the prior side, those violations were not input into the city's permitting

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system and no fees were assessed for their noncompliance. To take action, right-of-way inspectors can issue a notice of violation and recommend investigative fees. While the code enforcement officer can issue both notice of violation and citations. Transportation guidelines state that investigative fees will be assessed upon the third inspection if there are deficiencies found. However, we found that investigative fees and citations are rarely assessed. Our analysis showed that only 16 of 221 or 7% of projects were assessed an investigative fee, and only nine citations were issued in three years. For the second finding, we noted issues related to coordination and communication. We found the transportation department and development services department are both involved in processing of permit applications. Transportation is responsible for right-of-way permits while development services responsible for many other types of permits such as building, demolition and business-related permits. Both departments have employees that perform similar functions related to cashiering, inspecting work sites and taking enforcement actions. But these departments do not coordinate resources. Also we surveyed developers and found that 40% did not understand which department they needed to contact. And 80% did not believe that information about developments was well coordinated between city departments. Transportation reported that they are working on an agreement with development services to clarify roles and responsibilities and this should be finalized in

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early 2019. During this audit we identified risks related to cash management and a separate report was issued on this topic. We observed that the transportation department has one cashier that performs all cash handling functions. We found that critical cash handling functions are not appropriately divided among staff and the department does not have written cash handling procedures. In addition, the department procedures for some cash payments outside some processes -- some cash payments are processed outside the city's permitting system, which may lead to incomplete accounting of cash payments. As a result, the department may not effectively safeguard city funds. We issued several recommendation to strengthen the right-of-way permitting process, coordination and enforcement efforts as well as the cash handling practices. Management agreed with our recommendations. This concludes my presentation and I'm happy to take any questions. >> Tovo: Thank you very much. Colleagues, questions? Councilmember alter. >> Alter: Who besides the code enforcement officials, who are the people on the ground who are doing the investigations for the investigative fees? >> So generally the applied inspectors. The five inspectors that do that work and then there is a code enforcement officer and then there's a superv isor of that group. >> Alter: Okay. After we hear the response, I may

have some questions about enforcement and we seem to be having lots of problem with enforcement across a number of areas and I'd like to understand that better, but I'd like to hear their response to the audit first.

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>> Tovo: Follow-up questions before we go to management response. When you are talking about the inspectors, you are talking about code enforcement inspectors. >> They are not all code enforcement officers. They just have one that is a certified officer. The other people are just general inspectors. There's five of them. >> Tovo: Within code or within the transportation department? >> Transportation department. >> Tovo: Thank you for that clarification. And then I did have another quick clarifying question. When you talk about the two incidents on lavaca street that the entities were operating outside their permit and in the other case didn't have one, were those city of Austin entities or were those private entities? >> I believe both of them were private companies. And just a point of clarification, they both did have a permit. The issue is one of them was operating kind of beyond approved hours. They were supposed to be done around 5:00 A.M. And this was mid-day. The other one had a permit but had failed to call into 311 to notify the department they were intending to do their work which is when perhaps the conflict would have been realized or clarified. >> Tovo: Thank you for that clarification. It's card under the heading, but it wasn't clear to me they actually had a permit. Okay. Okay. I'm sure we'll have other questions, but if you would like to do the management -- do we have a management response just from the transportation department or do we have anybody from code here? >> Transportation department, this audit dealt solely with the transportation department. The term code enforcement officer refers to a type of officer of which we have one. So code enforcement is not associated with this audit, it's just the transportation department. >> Tovo: Thank you. I thought your code officer was actually someone from code compliance. >> No, ma'am, he is an

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employee of atd. >> Tovo: Thanks. >> So to the city auditor, corrie, thank you very much for this audit. You know we always appreciate the city auditor when they take a look at our operations and help us find ways we can improve, so thank you very much for your overview. This audit took a full year and delved into our organization dramatically. And so I -- as you see, management has accepted all the findings and we look forward to making those improvements, many of which we made improvements this year. My right-of-way group is a group that's undergone a lot of management change this last year and so there's turnover, and although I believe we had policies and processes in place that had we had a consistent management presence in this group throughout the year may not have been caught by the auditor, might not have in an occurrence, but we are now back up to a full management team and able to take I think the reins more securely and build on what the auditor provided as a way forward. As you know here in Austin we have a pretty huge development industry going on. I think you probably have been hearing that we think the development pace is leveling off. However, I will tell you that the right-

of-way -- managing the right-of-way job will probably continue still to crash for several years as that backlog of projects hits. One of the challenges we have here in town is that even though we permit individual developers, we have had trouble, you know, making sure that construction in the right-of-way is occurring when we believe it is supposed to be happening and in accordance with the permits, as the one indication of lavaca we had two contractors actually

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developing or constructing in the right-of-way in error of their right-of-way permit. In terms of enforcement, I know it seems like we have not been assessing fines dramatically, but for the last several years we've taken the approach that when we find a contractor, especially one that has a permit but might be operating in error of that permit, that it is less destructive or less congestive to the surrounding traffic if we help that contractor get back into compliance as quickly as possible. For instance, if they don't have a safety truck to block an incident or a crash from occurring, helping them get back into compliance as quickly as possible, for instance. As opposed to shutting them down, having to shut down the construction site and in the future allow them to restart that construction, there's a certain amount of friction with that. We've taken the approach to try to help the contractors get into compliance as quickly as possible. And so I believe that some of the numbers with regards to fees and fines are more associated with that. We largely pay for our inspectors out of the original permit fee and so our permit fee not only covers our permitting process but also the ongoing responsibility to monitor and manage the construction in terms of enforcement. Enforcement fines are really intended that when we find a bad actor, for lack of a better definition, to try to make an impression on that contractor. And so we really try to apply those sparingly to repeat offenders, if you will. So our inspectors are paid for out of the permit class, and when we find contractors that are in the right-of-way repeatedly, we have a three

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strikes rule. If we find out the third time, then that warrants certainly an investigation fee and a more severe fine. Now, that's not to say that if we come upon what we believe to be a significant safety issue, we don't shut them down immediately, we do in fact do that and help them learn through that process. We think that there is confusion, as we know, as one Texas center has filled up and department, dsd, development services, which promulgates the majority of other permits has grown beyond the capabilities of one Texas center, we've had to relocate our right-of-way permitting staff away from the rest of the locust, if you will, of permitting staff. We've tried to stay very close in terms of where we kept that right-of-way staff. We know that's probably added to some confusion, but we always try to help contractors to understand who does what and what the purpose of the two organizations are. The right-of-way permits come at the very end of the permitting system, usually they are the last permits that are often issued as the contractor gets ready to actually go into the field. The time frames in terms of when a contractor has a permit versus when they are actually in the field is because we know that, you know,

work in the right-of-way is often variable over the life of the overall contract project, and the contractor may not always know to the day when he or she needs to be in the right-of-way and so we try to give three-day windows. We just instituted this year -- is that right, the 311 process to try to get them to notify us when they are actually there. 2017, I'm sorry, the end of 2017. So we get a better understanding when those contractors are specifically in the roadway and clearly we have some improvement to do there. That is my response. I know you have specific

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questions. I forgot to introduce, I brought my assistant director Jim Dale, assistant director over the right-of-way group, and also Peggy McAllen, who is my finance manager and can speak to the challenge with the cash handling. I would point out that the audit pointed out something that we're very aware of, that we have one cashier. That's driven from the geographic separation from the rest of the permitting organization. We have to have somebody that can take that cash at the end, and we look forward to when we're all in one permitting space where we can share those resources, permitting resources and so forth. With that, I would respond to questions. >> Tovo: Councilmember pool. >> Pool: Thanks for the response. I wanted to dig in a little bit on the three strikes piece. >> Uh-huh. >> Pool: And ask our audit and finance staff to talk a little about entry of the data into Amanda. >> Sure. So one of the issues we had there was the issue of voluntary compliance and the three strikes rule, that's common amongst many city departments that have kind of an enforcement arm, so that wasn't unusual. The issue we had or the problem we had is is there were many cases, really the majority of cases where when enforcement staff went out to the field and documented a violation of sorts, it wouldn't get recorded in the city's permitting system, Amanda. One, we don't have a complete record of all the work we're doing, and then two, it's difficult to take that kind of escalating discipline, you know, the third strike, so to speak, if we don't have a record of what the first and second strikes were. That was kind of our concern in the audit. We talked about that a little bit. >> And councilmember, we confirmed that that was a

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performance issue on the part of our inspectors and we are retraining and going through a process to make sure that that's getting done. >> Pool: Do we know how many people have actually had the three strikes versus the lost data? Like how -- when you said the majority of the data wasn't entered in, to know where the violations were. Do we have a sense of the universe, how many people we had information on and caught and how many people were lost to the ether because the data wasn't added into -- I guess you can measure that by how many calls people were out on. >> I can speak to our work and the ride-alongs. We went out a handful of days with all the inspection staff and about 80% of the work that we did during the ride-along never made it to Amanda. >> Pool: And it's 80% of how many total? What was the universe? >> No one that we would have an ability to figure out what the complete record is. I think the mechanism for showing all of the enforcement activities would be what is in Amanda. There was at one time another set of data bases used for that. Those aren't used anymore. >>

And we have -- >> Tovo: Just a second. Councilmember, do you have more questions for the auditor or would you like to pause and hear transportation's response? >> Pool: I kind of was hoping to hear Mr. Spiller's response. >> I was just going to add we do have record of the violations, we don't have the ability, how many did that person get. And I would also suggest that as we've heard this comment, if the whole plan behind the three strikes is to help the contractor learn, then many of our contracts are on multiple sites across the city. And one of the things we want to make sure we have in our updates to Amanda and our process is that if one -- person on one

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contract has made a violation, that gets disseminated throughout that contractor's remaining projects around town. If we pick it up in other locations, xyz contractor makes a mistake in one project and we find it's also occurring in two or three other projects, that contractor is held accountable. Again, the whole purpose here is not about raising fees and inspecting, it's about assuring public safety. And so if they are making a significant issue on one project that deserves note, we want to make sure they are learning from that around the city. >> Pool: And, of course, the problem is we don't know if they are learning it because we haven't been able to capture the data that's necessary to know if this person has five contracts and three of them he's had these violations repeatedly and there isn't a way to educate them. I understand staff's reluctance to issue fines and penalties, but a lot of times that's all people understand is the monetary pain. And so I would ask do we know are the fees that are collected, if you are using the permitting fees to pay for the investigators, is that sufficiently covering the cost of doing that business, which is the one thing that we can actually do is charge the customer cost of doing business. I don't know if you would be able to answer that now and I don't think that was probably part of what the audit and finance staff looked into, but it be interested in knowing because when we get to budget and looking at fee schedule it may be we need to pull those two apart and no longer allow permitting fees to pay for investigators, or if that is a legitimate coupling of processes, we should make sure we are pricing it out appropriately hoping we would have a reduction in violations because that really is the health and safety piece right there. >> And so councilmember, I'll tell you that I believe our fees are commensurate

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with the costs that we have. >> Pool: Good. >> I think the real question is do we have a large enough inspection staff. I think that's a legitimate question we've also been looking at. We're looking at how to supplement our current staffing. I think there's a range of opportunities whether to cross-train, cross-fit with the code enforcement, we know they are also swamped or with other inspectors, we've been looking for opportunities to do that for a while. But then also look at ways to temporarily increase our force given that we think we're starting to crest in the development or construction sort of peak here. And so obviously the risk of hiring a large staff is that suddenly two years later you might not need that whole staff. We are looking at ways to do that and where it affects our fees, we will certainly come back

and address that during budget. We're not shy about doing that. >> Pool: The other question that I have and I think councilmember alter is going to go out on this, but the record keeping and the receipt book and the manual process with only one person involved is a huge, huge red flag. But I'll go ahead and let my colleagues here ask some additional questions. >> Right. >> Tovo: Did you want staff to respond to that? >> [Inaudible] >> Tovo: Did you have questions on that front? >> Pool: Please respond. >> Peggy McAllen, chief administrative officer for transportation. I'll address the cash handling piece of it. We do have an individual cashier who has been processing all those payments. The major issue behind the segregation of duties, which is what the auditors brought to our attention, was mainly their access in the Amanda permitting system. They had the ability not the only to receive and post payments, but they had the ability to go in there and change bills. So as soon as that was identified to us, we worked with communications and technology management as

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well as dsd and had those rights changed so they were much narrower. So they don't have the ability to change any of the invoices any longer, but they do have the ability to accept payments. The other thing I want to add is that there was no evidence of anybody taking money that wasn't posted to our system. So we received everything that we were supposed to do. We do a very extensive reconciliation on a weekly and monthly process to make sure all of that is done correctly. >> Pool: I guess my follow-up on that would be to ask you all to very diligently work to try to digitize this, for cash and checks to be continued to be accepted by the city at this point. I would think that the people who are having to pay those fees would prefer to be able to do a direct transfer from their bank or to do something online. And then we can have some weather better assurances -- better assurances and protect employees against any kinds of concerns there is leakage in the system. >> We have the ability to receive credit card payments as well as checks and cash. >> I will say, councilmember, that with our fees, often and sometimes it is a property owner or, you know, that is told by their contractor, oh, you have to get access to the right-of-way right away. It's not the downtown construction, it's the ones in the neighborhood. And those are either one of the contract employees or the homeowner that comes in and all they have is cash. So I don't know if we can completely get away from cash. Sometimes it's a simple permit that they -- >> Pool: Sure, I understand that and that person is essentially a courier and bringing the paperwork and everything, but if we are able to migrate everything to digital, that person doesn't even have to come to our offices and it can be done lickety split online and it might be a improve to the process contractors would appreciate. >> Yes.

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>> Tovo: Councilmember alter. >> Alter: So it's kind of a traffic reduction strategy. >> That too. >> Alter: So I want to hear a little more about the enforcement part. What is a standard ratio for inspectors to permits? Five to 3,000 on a daily basis does not seem like a manageable workload even if you are prioritizing given the amount of construction. >> Yes, you are correct, we have five inspectors right now,

one code enforcement person gets up to six and we do an any day have more than 3,000 active permits to inspect. They may not all be in the roadway at the same time. What we are doing now that we've staffed back up on the management side is we're going to be looking at how do we set up a strategy to prioritize where do they tour. They may not need to tour all 3,000 active permits, but definitely the ones that are higher priority that put the public more at risk on the higher volume roadways, but making sure we get back to some of the collectors, some of the lower volume streets and also back into the neighborhoods as well. So that's part of our response to the auditor's findings is to develop that strategy and implement that. >> Alter: As part of that strategy, I hope you will also look at who is getting complaints whether you've inspected them or not. I imagine in many other yours there are a few folks who are bad actors that we need to address in particular ways. I am a little bit concerned that it seems like we're not finding -- we're teaching them to learn how to do it right, but it seems like we may just be learning that you can get away with doing it the wrong way because there's no fines and no inspections. And that does concern me because it seems like you could fine them and teach

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them at the same time while keeping their project moving so that there's some problem with -- there's some consequence for not complying. Because we've all been on roads in Austin where we've had these conflicts with the right-of-ways where you are suddenly down to one lane and it's rush hour and you are like why are we allowing this to happen at this time of day in this way. And we've been experiencing it a lot on lavaca lately. And so help me understand that. >> And councilmember, again, I think we agree with you. I would put in a plug that there are times where there's no choice but to reduce down to one lane. The example that was given as in the photo is not one of them, but I think there are situations where because of an emergency project or whatever that we do end up as one lane. This year one of the [inaudible] Somebody had built a building with a big crane and realized they had to take the crane out and that required lavaca to be shut down to one lane so we've been able to learn from that and tighten up responsibilities. Nothing done wrong by the Earth canner, it was the reality of the task that needed to be done. Maybe I'm overly optimistic, I believe a number of our contractors perform correctly in the roadway. The few that perform out of compliance with their permits obviously are pretty obvious and create a lot of problem. And so we've heard this report -- this audit and we certainly hear the intent in your communication, and we are looking at those processes and tightening up our standard operating procedures to make sure that our inspectors are performing per our expectations. I think we found some of that here, that some of our inspection was not being performed according to our expectations and so we're going to address that. >> Alter: Well, I'm not

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sure that just a management fix without adding more capacity is going to solve it. I think that's important. >> I agree. >> Tovo: -- Direction to go into -- >> Alter: Direction to go in. How many contractors have gotten three strikes? >> I don't know that I have that information here and I don't

know if I can provide that and I think that's one of the findings is that we really don't know because of the way we've been tracking. So that's one area we plan to fix. >> Alter: You know, as we're looking at this and we're trying to ensure public safety, we do have to look at the number of the inspectors. >> Yes. >> Alter: I think that means that the fees have to go up or there have to be fines to make that happen. I think there are some serious public safety issues of not coordinating that have been found in this audit. I would like your thoughts on downtown versus the rest of the city. It doesn't appear at least from the complaint map that there are quite a few outside of the city center that are happening, and if you can speak a little bit to what's driving those. We know there's lots of cranes down here, but, you know, what's driving it in some of these other areas. >> Let me start the answer. You know, downtown is an interesting place because we're trying to build to zero lot line so up to the property line. And so -- and just the number of properties under construction right now and so so you put those two together and there's going to be conflicts that cause congestion and challenges in terms of overlapping construction projects and therefore just the frequency and the overlap can lead to violations and/or lead to challenges that we have to deal with. I would suspect that in many

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of the other areas it really is a volume issue. And so I'll let Mr. Dale talk about that. >> So we've taken our inspectors and broken them up geographically around the city so all the city is covered with those five inspectors. And some of the things you are seeing when you get back into the neighborhoods especially is just what's going on in front of my property. What is there telecom coming through or possibly certain companies putting in fine their are disturbing the roadway, and sometimes that surface gets rough and we'll get complaints about that. We'll check into our pass along to other departments to go and take a look at. It could be things left in the right-of-way too that we -- we get some of those complaints as well as we'll go out and investigate and see what we need to do to remove that from the right-of-way. >> Alter: Thank you. Another period of time of what was called out in the -- part of what was called out in the audit was the coordination and says att and add are working on a -- can you tell me the status of that. >> Dsd presented a proposed agreement two years ago and we were not in a position to sign that. It was rather -- well, it didn't meet our needs, let's just put it that way. So we have actively been coordinating with them over the two years meaning deadlines as they've asked so I didn't want you to think we haven't been coordinating. We just presented their staff with a proposed redraft of that this year after an eight-month reevaluation of our process and thinking how we can do business better. I anticipate that we'll be able to sign that by the end of the year. That will not only clarify the roles and responsibilities, but also shift some additional transportation review responsibilities to atd to

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make that an easier relationship. But I do want to reassure you that even in the absence of an M.O.U., we have been very cooperative, the two departments, and our intent has been to work together cooperatively on that. As I said, right-of-way permits are often at the end of the permitting process, so if

a permitting process has been delayed before it gets to us, the developer or the contractor is eager to get through the right-of-way process and so we really try to work with them to get them through as efficiently as possible to help them feel the overall permitting process has been a good one for them. Even in the absence of that agreement, I would tell you that we've been in close coordination with dsd and other departments. >> Alter: Thank you. >> Uh-huh. >> Tovo: I have a couple questions. I think these are primarily for staff. As somebody who hears a fair amount of concerns and complaints from both constituents and in the central city, but also other stakeholders in the area who may live outside of the downtown area, but travel in and out of work. I have a strong interest in this subject. >> Yes, ma'am. >> Tovo: And my questions aren't really different from those that have come before, but I I want to drill down. In our conversation I heard an interest in making -- in bringing the -- in bringing the construction sites into compliance. So I just need to track that against -- against what your management response is and be sure that, you know, especially in areas like downtown where you have a lot of projects going on and a lot of pedestrians and a lot of vehicles and now a lot of scooters, the consequences of those

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right-of-way -- the consequences of things not operating as expected and as anticipated and with as little conflict as possible are really can be greater. So I think it's really critical that we do step up our enforcement and our assessment of investigative fees in all situations, but especially in those areas where we -- where, again, the consequences are high for slippage. I guess my first question is under the first recommendation and management response entities working without a permit, so you're developing a standard operating procedure that further formalizes enforcement stems to even shhh consistently investigative fees. So is it your intent that they will receive investigative fees every time? >> Councilmember, I don't know if I can promise that to you. But what I can promise is we'll be consistent in how we apply our investigative fee. Sometimes we come upon a project that has a minor intrusion into the right-of-way, it was unintended. That seems like a situation where maybe we can just get it fixed quickly and get on with it as opposed to assess a full investigative fee, but I can't answer what that consistency is will be yet. That is still to be developed by us. And so as I said, I can't tell you that we would enforce it every time or apply that fee every time given the severity of the intrusion into the right-of-way. >> Tovo: Is it common that the intrusions are very, very minor? >> They can be. They can be a vehicle unloading in the right-of-way without a permit and maybe it's just somebody unloading tools for

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that morning and they just happen to have an inspector come up on them, all the way up to somebody digging a hole in the right-of-way that shouldn't be there. That's sort of the range of potential violations. >> Tovo: So by consistently enforcing, you mean developing enforcement practices that might mean not assessing an investigative fee for minor infractions. >> You always allow the officer the leeway of making a decision. You know, if the officer is consistently finding at a job site, for instance using that analogy where trucks are unlawfully unloading in the right-of-way, I would expect him or her to use their

judgment and apply an investigative fee. First or second time they've come up on it and there may be different vendors, turn on the lights and get them to move on, assess them a parking ticket would be an alternative way. All I'm saying is until we have that new sop developed, mayor pro tem, I would hesitate to give an absolute answer to you. >> Tovo: Okay. I guess -- you know, it seems as if -- I mean, there were pretty strong statements in the management response, but in our conversation it seems more flexible. So that's really the heart of I guess what's giving me a little pause here. I want to understand what your -- you know, are we going to be consistently enforcing it or continue to allow inspectors discretion which, frankly, I have some level of concern about and the auditor has identified as an area of concern as well. I shouldn't say identified as an area of concern, has made observations related to. >> So I'll try to add a couple of things and staying consistent in our response and the management response and what rob has said. We are looking at the egregiousness of what they do. If there is someone out there shutting down a lane

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and they do not have a permit, and say thereat up a lane closer and put in all the traffic control devices and have not received a permit, we're going to be a lot more heavy handed with them and staying within our authority, but those are the ones we're going to look at in our standard operating procedure is hitting harder. Ones that go -- I believe an example made earlier that go into the peak hours, right now on critical arterials, they are not supposed to be working in critical arterials before 10:00 or between 10:00 and 3:00. I'm sorry, before 10:00 or after 3:00 because we're getting into peak periods. So those are violations that we take pretty seriously to keep the mobility here in Austin, keep Austin moving. So those things we're going to call out in standard operating procedure much more clearly defined when this happens, do this. So there is consistency, but like rob had said too, there will be some discretion when there is a minor -- some work that's being done against a building facade and they are unloading and they have tools in the right-of-way that, all right, the inspector will come along and say you need to move this out of the way, you are blocking the sidewalk, so they can go on and take care of some other instances, especially in the downtown area or other highly traveled roadways that are of concern to them. We do want to provide nor clarity so we get that consistency among our inspectors. >> Tovo: Okay. All right. I guess I would have suggested just a little bit more of that -- little bit more of that discussion to come into here because when I read this, it sounds like there is going to be consistent enforcement and I think your intent is to build in continued levels of discretion and I think that has -- I think we should just be candid about that.

[2:20:10 PM]

Yes. Councilmember pool. >> Pool: I want to ask a question to dig a little deeper in that. How do we know how many of these violations are out there and how often the inspectors have exercised discretion if they are not inputting that information into Amanda? >> So councilmember, I think that needs to be part of the sop, that regardless what level of discretion is used, it is still recorded in Amanda

so that we can track that. So that level will not disappear regardless of what level of discretion occurs. >> Pool: For me that is such a big gap in knowing what the heck we're dealing with, and I would like to see some report back along those lines, maybe -- I don't know, corrie, if it would be a follow-up audit, and I don't think we're done with these questions yet, but it occurs to me this is such a big issue for me considering how much is going on downtown and how difficult it is to get from one side of the city to the other even on a good day because of the bleeding over into the lanes. And then when you add in the layers of scooters and so forth, and I guess we can have that conversation at another time. >> Tovo: Tomorrow, in fact. >> Pool: Yeah, we have to have that conversation, really. But when you put all of that together, specifically and particularly downtown, that is making it more difficult for people to get around during rush hours. And we're also having to try to deal with that by changing hour cars move in the city, but I think some of it is being slowed down by the fact we're not -- we are not enforcing our rules with regard to the use of the right-of-way. >> Yes, ma'am. >> Tovo: Okay. Another question I have is also on that same page, atd will revisits procedures to ensure entities not notifying 311 receive an investigative fee and are required to notify 311 while

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an a TD inspector is on site or work will be stopped. I wasn't clear on what -- while an atd inspector is on site, they miss call 311. >> If an inspector comes up to a project and finds they have not called 311 and received that number, that they will require that contractor to call 311 at that time before they leave. And if they don't, that's when they will have them stop work. >> Tovo: I see. And so -- and so the intent, and this is on page 11, with a third violation, the permittee will be issued investigative fines and the work will stop. That is going to be the standard operating procedure for here on. >> That is what we are looking at including in our standard operating procedure is when they do have that third violation, that they are fined and that work will stop at that time. That's what we're looking at including into that standard operating procedure. >> Tovo: You plan to include it or you are considering including it? >> We will -- that part will be included as it's stated in here. That when they do get to that third violation -- again, that gets back to that consistency we want to see across the inspectors too. And we're looking at going beyond it being three violations of the same violation, but if this is a problematic site where they have a violation where they haven't set up appropriate paper or don't have an arrow board, those will count against them so as they get to three violations that they receive that investigative fee at that time. >> Tovo: With any three violations on the same site, they will receive an investigative fee. That's the intent. >> We will commit to that.

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>> Tovo: If you are aren't ready to commit, that's fine, I really want to understand what the commitment is here and that's just an important point of clarification. I almost wonder if -- I don't think we'll have time to discuss it at a future meeting, but I think it might be useful for you to forward to committee members standard operating procedures when they are done so we can have that as a follow-up. >>

Mayor pro tem, we're happy to share that. Yes, that's our intent just as it is now that once a contractor reaches three strikes, that we need to shut them down so they have a chance to consider what the issue is and correct those holistically. >> Tovo: Thank you. And councilmember alter mentioned earlier that we seem -- I don't want to characterize what you said, but I'll just say it for my own perspective, we do seem to be having challenges enforcing some of our city ordinances and this came up in the context of the code department last week when I brought forward the resolution relating to short-term rentals. I know those inspectors are now working in the evenings and I see reflected in this report a similar concern that we were -- had been hearing about code inspectors, and that is that some of your employees who are out there, some of your -- well, none of your investigators are out there in the evenings where some of this work is happening. I wanted to just hear if you have a plan to address that and have any of those employees work nights or weekends with some of the construction is taking place in the right-of-way. >> We do schedule our staff to work weekends and evenings at times. Especially for special events and other big projects that are going on like this past weekend we had three inspectors out for a lot of projects were going on around town. And as rob had mentioned earlier for fy-20 in our budget, we're going to be looking at enforcement resource, evaluating what can we do with existing resources to assign them more strategically, but also how can we augment them with

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additional resource to have better coverage not only geographically but also time like you are mentioning here. >> Tovo: Okay. Thank you. And I think for me, you know, as I evaluate budget requests that have come forward from code and other places, I also -- I guess it's always really important to me to see that we have the right culture of enforcement and assessment and follow-up and documentation in place before we -- before we look to adding resources to that department. So I appreciate your attention to the items that the auditor mentioned and your intention to do the things that you let us know you are going to do. >> Right. And mayor pro tem, I would just like to say one thing. Preventing congestion due to construction in right of ways is an increasing interest to us, but safety is still our number one issue and I would just point out we have a long -- decades-long record of no fatalities in construction and hence getting a contractor into compliance as soon as possible has always been our focus. But we certainly hear the findings from the auditor, and I'm always happy to hear how we can improve that and certainly we hear your comments. >> Tovo: Thank you. We thank you for your work. Councilmember alter, did you want to make a motion? >> [Inaudible] >> Tovo: Very good. >> Pool: I just wanted to say a couple more things to end up my comments on this because I find the concern about the violators and the three strikes a really big gap and it definitely needs to be addressed. What concerns me is the three strikes approach leaves a lot of violations unaddressed. If you are have a small project and in violation twice, we actually catch you with five inspectors in each sector of town, the chances of you being found are

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probably pretty low. But if you have a project and get noticed twice and then not again and so you never had to account for your violations, so I want to have a look at the three strikes. I understand trying to incentivize the good behavior, but I think maybe we should scale it possibly to the size of a project, a really big project might get three opportunities to have a violations. On the other hand, if they are vendors and construction companies who have been working in the city of Austin a long time, they should no better. They should have zero violations and they should be training their staff to have zero violations. I want to look at this including not only scaling the number of violations to the size of the project, but I want to make sure if we are accounting for the costs of the violations in permitting fees, if you do have three strikes and you have three times you touch that vendor, but only assessed them one time, you need to assess based on having touched them three times. Right? It's not just once because by the time you levy the fine, you will have had significant previous interactions with them. We should be costing out those as well, not just the one time that you decide to levy the fee. And I really am uncomfortable allowing staff to have discretion on whether even to enter it into Amanda. That should be mandatory because we don't, and, you know, our staff are trustworthy and good public servants, but there are opportunities out there to forget things or misplace things and stuff happens. I want to make sure we minimize any opportunity for our good public servants to at all be questioned. So we shouldn't even have a situation where they would be potentially questioned for how they have managed these sorts of things. >> Yes, I think those are excellent insights. Thank you. >> Pool: Thank you. >> Alter: I would like to move to accept the audit

[2:30:15 PM]

with direction to forward that to finance committee members the copy of the M.O.U. Between atd when it is finalized and forward a copy of the standard operating procedures when those are available. >> Tovo: Does your motion include both audits? Did you mean to accept both audits? >> Alter: Sure. >> Tovo: Further discussion? All in favor? That is unanimous with those of us who are on the dais. Thank you very much. And to our >> Okay. We have three audits. One audit left and two updates. So we'll go to the home repair audits. We'll hear first from the auditor and hear the response and then our speakers. >> Great. >> So, for this audit of home repair programs, I'm missing a speaker. Andrea Keegan was the manager of the audit and Henry was the lead auditor on this, and I can't find Andrew -- he's right there. >> Do we another minute? Should we go on to the next and come back to it? >> We -- >> That would be fine. >> Looks like they made it. Okay. Looks like that's possible. So, on this audit. As I mentioned the manager, Andrew Keegan, and Andrew will do a presentation this morning. This is item 7. You can start. >> Good afternoon. My name is Andrew Keegan. The pup of this audit was to see if the city's home repair programs were meeting their

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performance goals and if they were coordinating amongst all of the different programs. The city has a number of home repair programs managed by neighborhood housing and community development and

Austin energy. The programs focus on reconstruction of homes and we audit you youity theed weatherization programs in 2018 so this focused primarily on housing and community development programs although we did consider the Austin energy programs when it came to coordination. We noted many of the home repair programs frequently ended each year with a significant amount of unspent funds. This photograph shows the starting and ending balances for a number of funds in fiscal year 2017. The dark bar on the top represents the funds spent at the end of each year for the programs. We also noted that many program dos not meet the program goals. One of the reasons was the misalignment between the city's contracts and federal funding sources. In this one instance showing here on the slide a contract was designed for a contractor to perform about 80 home repairs each quarter of the fiscal year. However, the contract wasn't signed until midway through the second quarter of that year and since the contractor couldn't start until the contractor was signed when it was signed they were way behind in the performance and this would have made it difficult to meet the contract's performance goals for that year. We also noticed issues we lated to the documentation for participant eligibility. These programs have set eligibility requirements, such as income or requiring insurance or that applicants be current on

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all of their property taxes. We noted nhd. Neighborhood housing community development has designed a good process to ensure that applicants were eligible for the programs. In two cases, though, the programs -- the department relies on an outside vendor to determine eligibility and these were the programs we saw the most issues with the documentation. We didn't see any participants who were necessarily ineligible for the program. Our issue was more the documentation in the files didn't allow us to confirm eligibility. Related to coronation, we noted that internally neighborhood housing has a good pros toes coordinate their services. As I mentioned, they have multiple programs and they use a single intake form. This takes the pressure away from the applicant to determine which program best fit their needs. They submit a one single application. And then neighborhood housing staff determine the program that best fits their needs. Within the city, we did identify some opportunities to identify potential par tis pants. For example, code inspectors may identify homes that are in need of repair and this information, they could coordinate with neighborhood housing to identify these homes, and get these people involved in the home repair programs. Externally, there are some entities that don't use city funds and do home repair programs on their own. The department and city departments and neighborhood housing do coordinate with these groups, and however we did made better able to track when they refer applicants to these other entities. This would help ensure and better idea which outcomes were most successful. While conducting this work, our office received a number of complaints related to one specific home repair program. The home owner rehabilitation

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loan program. As a result we did specific work on that program. Since we've done the eligibility work for all of the programs and complaints were related specifically to the construction activities, we focused our work there. We noted a number of issues which I'll go into in more detail in the next couple of slides. One of the first things we noted was changes to the initial scope of work were frequently done in this program however these changes were not pre authorized as required by procedures. Of the 34 instances where we noted a change in the scope of work, 19 which is about 56 percent had no evidence that the change had been pre authorized as required by both the home owner and nhd staff. Of the 15 files that did have evidence of a preapproval, 11 of those documents we noted were signed on or after the date of the final inspection which makes us question whether the work was actually pre authorized. We also noted the home repair process took a long time. The meeting was over a -- the meeting time was over a year for applicants between when they submitted their application and when the repairs were completed. The bulk of this time, though, took place ensuring the applicants were eligible. In many cases there are legal documents that need to be obtained to ensure they are eligible. Some participants may be relocated to a different location while their home is being repaired. Additionally, many of these programs are run through -- as a forgivable loan and establishing that does take some time. During the actual construction process, that took about two and a half months, submissions we noted there, only 24 percent of the files had evidence of periodic inspections. They were all -- the homes were all inspected at the start of the project and at the end. However, within those -- within the time of construction, there was limited evidence of periodic inspections. And at the end of construction, at the end of the project, we

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also noted a -- some of a quirk with the paperwork. After the final inspection, the home owner signed a document saying they accepted the home as it is and that signifies the start of the warranty period on those repairs. However, in some case, at the final inspection, additional issues were noted that the contractor needed to resolve before the project could be officially closed however in some of these cases the home owner still signed the form saying they accepted the home and that the warranty period was starting. This would create issues since there were no further inspections by city staff, there was a chance that the contractor may not complete the work. Also, it deprives the home owner of some of the coverage under the warranty if the work isn't completed at the time. We also noted that many program participants were not satisfied with the contractor performance. As part of the program, there is a -- staff do a survey of participants, and many of the surveys identified issues either with the quality of the repairs or the performance or professionalism of the contractor, however we didn't see that these issues had been elevated or addressed by staff. We made several recommendations as a result of this work. Management has agreed to all of them, and that completes my presentation. Happy to answer any questions. >> Thank you. Any questions for the auditor before we go to the management response? Okay. >> Good afternoon, as always, we appreciate when the auditor is able to spend some time looking at our programs. In this case we recognize we have some room for improvement and specifically with our home rehab -- our home rehabilitation

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loan program. I can go through some of the specific points if you would like or we can go to questions. I am not in the greatest of health, so I am trying to just get to what the audit finance committee members might have questions on. >> Sure. Thank you. Committee members do you want them to go point by point or should we hear from members and then turn to questions? >> Great. We had two speakers signed up and two speakers signed up for citizen communication. I assume you all want to speak on this topic. Janis walker, Suzanne Janelle. First speaker is Janis walker to be followed by Suzanne Janelle and if somebody would just pull chairs around to those two empty microphones that will work fine. Miss walk her, you're up first, you have three minutes. >> Good afternoon. This is my first time speaking -- >> Just one second. >> I may do without -- >> I'm sorry, you were saying -- >> Ready? >> When you all get organized let me know and I'll figure out how to follow suit. >> Pardon my voice, I have something in coal within Rosie. I don't have anything to add but I appreciate Andrew and all of the audit staff for what they have done in this audit. This was the only way I knew to bring attention at any given time to what we were all experiencing through the help

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program. I started speaking with Nick Broussard who was instrumental guiding me what I could and could not furnace for what was in the audit. Sorry, I need to breathe -- >> What is your name? >> I'm Sans I walker, pardon me. So, I started with -- I believe I began speaking about the audit in March or April with Nick Broussard as time progressed we ran into different issues which didn't fall within the scope of the audit. The members, we called ourselves the victim. Numbered as much as 14 who have experienced really, I don't know what, difficult situations to put it politely with what we have been given threw this help program. I am on day 456 since my project was started, and no work has been done since December 23rd. And there are a couple of members missing here today who can't speak, but another person is up to, I think to 500-something days where his warranty was supposed to have kicked in. Nothing has been done. As you all may or may not know, several articles have been written about the situation, and we even got on television trying to get remedy for what's happening. Even as of two days before Thanksgiving, there was a pretense of work beginning again per the contractor. But actually, it was more of a bantering session, and I was asked to move out or told I could move out of my home two days before Thanksgiving so that a new roof repair could be put on and I mention this because the kinds of difficulties that we are all experiencing are

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diverse but in my case, with ten breaches in my ceiling and nhcd not being able to conduct or direct a contractor to affect health or safety factors for us. Has put us all in a difficult situation. And here we sit. So the only thing I can say is I sure wish all of this was retro active, all of these things stated in Rosie's

letter, because the rest of us that are sitting out here are -- we're not getting satisfaction. [ Buzzer ] >> Thank you for your work on this issue. Next will be Suzanne Janelle. >> Do I need to get over there? >> You may use that mic and we'll free up space for the last speaker who will be Irene Atkinson. >> And you press the button once. >> My name is Suzanne Janelle. I'm a home owner who went through the home owner rehabilitation loan program brated through the neighborhood and housing community development department. As the audit reported I personally waited about two years for the project to begin. I am now on day 449, and I'm going to limit my comments about my situation because I'm actually waiting results of a binding arbitration. Basically my house is worse off before the contractor came on the scene and all of the work will have to be redone. I am extremely disappointed that the city wasn't there to support me as a home owner. They did not enforce the contractor or make the contractor live up to the terms. There was no inspections done. Several members of the nhcd have been to my home twice in 2018 and still no inspections were done.

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I encourage that. I encourage that and am seeking remedy through the city. Only the contractor can do so. I have contacted at least one dozen other homeowners suffering. That's at least of the 34 that's been supposedly helped in this program in the last two years. There could have been more. Not everybody answers their phone for fear of spam calls or do they even read their mail. It's not saying the other ones were happy but this program needs a lot of work. They just didn't do the steps they were supposed to do. There's a performance manual incorporated into my Carter which would include a diary of the contractor saying what things they needed to correct. They just needed to do the jobs they were given. I didn't know they need to create new steps. Just do their jobs. As a home owner, I feel they were covering their contractor's interests than mine. My home is devastated. I'm Stitt waiting for resource. Thank you for giving me the opportunity to speak. Thank you for doing the audit. I do look forward to better results. If I have a couple seconds. It looks terrible they didn't spend all of their money. But as a home owner, who is in the program I think it's a silver lining more homes were not damaged. I would like to see more home owners helped instead of harmed. Thank you for your time. >> >> Tovo: Thank you. Irene Atkinson thank you for being here with us, you have three minutes. >> Hi. Thank you for the opportunity to speak with the board and share my concerns as a participant in the city of Austin home rehabilitation home program.

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As a home owner my husband and I were hopeful this would help us repair our home and bring it up to code. We were excited we qualify F qualified as this would allow us to stay in Austin. Initially we met with the coordinator and contractor assigned to the project. Everything was a go then it was not. To be clear we applied in 2016 and construction began in January 2018. Before the work started on our home, the contractor on call services, complained to us and the city coordinator that they were being robbed by the city and not being paid an adequate price for the work being performed. Shortly after work began

the contractor informed us and the city coordinator that there were not enough funds even though the contractor had signed the initial contract. And they were going to cut out repair items that they did not feel the items identified by the city needed to be completed. The change order was drafted for the exact amount of our contingency. There were multiple verbal altercations and one physical altercation he initiated by the contractor in my home directed by to myself and husband and city employees. It was obvious to intimidate us. Now that the project is done, our home is incomplete and unsafe. We've been working with the program director e-la ticha brown and have now been made aware work completed by the contractor was incorrectly done and proper city permits were not filed. We're continuing to work through this very complicated process. We've been now told by the program director we qualify for the go repair program to fix the work for the nhrp program. This is not fair to us homeowners and Austin

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taxpayers. These initial funds could help other families in need but we're told it's okay to pay twice for something we have no control over using federally funded money. Throughout this process we requested receipts, reports, and the contractor said they never turned that into the city. They told us they didn't keep records they told us they didn't have an accountant. We were given items that were clearly recycled and reused from other projects the contractor had. Please know we want to be part of the solution but there needs to be a stringent oversight of the program, the contractors chosen by the city and these types of programs and review of the program and process that led us here today. Thank you for your time and consideration. >> Tovo: Would you mind answering a couple questions. >> Sure. >> Tovo: There's a couple things I want to make sure I'm understanding the thank you for your level of detail. That's helpful. You said you applied for the program in 2016 and work didn't begin to January -- >> January of 2018. >> Tovo: Sorry I neglected that. When were you approved? >> We were approved in the spring. I believe we signed paperwork with Pam skoglin, March, April, of 2017. A few months after -- we may have gotten the letter in January that we were approved. The inspector comes to the house and we sign the initial paperwork -- >> Tovo: And two speakers talked about the length of the project, too. I want to better understand how much time was spent waiting for the work to start after it had been approved. >> Uh-huh. >> Tovo: You referred to the work having -- the work having been completed -- I'm sorry, you said somebody had cut out some of the -- as I understood

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what you were saying the contractor indicated to you he or she was not being paid enough for the job. >> Yes. >> Tovo: And who made the decision to cut items from the scope? >> The change order was drafted by our city contract coordinator. Arnie Williams. He's the one that drafted the change order. The work, though, we didn't have any say in it. We were not told the contractor chose those items and worked with early. It was a matter of early telling us he's going to annual it. The work was already done at our house. The initial plumbing estimate which was the main reason we came to the program was \$1400. And the contractor said they didn't understand how bad the scope of the plumbing was and

changed the price to \$8,000. That's a significant increase. It makes no sense to us as homeowners and the city felt the same way. But he went with their estimate of how much their puber said it was going to be. Conveniently, their puber is also a relative. He's not licensed properly. I pointed that out to the city worker. I said, don't you check these things and he said, no, we don't. >> Tovo: As I understand the situation, because the estimate came in higher. Because the 8,000 was higher than 1400 other things needed to be cut out >> Yes. They were things they were upset with. >> Tovo: By "They" you mean the contractor? >> The contractor. The city person told us the city tart started to use a new program to determine the amounts how much each project would get funded for and these contractors in particular on call were very unhappy about that and they were being grumbly about it. He explained to us they were used to things being done in a different computer system and this new commuter system does not as generously fund what the

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project is being done. That's how we were explained. We were also explained early was going to handle everything for us and oftentimes told us not to communicate with the contractor and was our representative. We trusted him to do these things. So it was initiated by the city. We didn't sign or see a change order until the work was already done, so -- >> Tovo: When you say your house is unsafe could you explain that? >> My husband and I are in the process of educating ourselves about the permit and inspection process. We know there were some permits pulled from our home. It was on the last meeting on October 5th when we had la ticha brown and Lisa Martinez at our house. Lisa pointed out one of the items on our house was garage door header repair which is not something we ever requested. The contractor when they came to the house initially said this is unsafe and needs to be redone. So it was added on to the scope and we signed it. But the work they did, they didn't do -- they didn't do anything to it. But Lisa Martinez pointed out, well, you have a permit for this and the contractor said no, we didn't do one but we'll pull one and fix it. She since came back to us and said they are not going to pull the permit and just said they'll take off the boards that they had put up and that's all they're going to do. They said it's not a load bearing wall and they determined they don't need a permit but that contradicts what Lisa Martinez informed which is there should be a permit to do that header. As of right now that's where it is. Those are all in e-mails. >> Tovo: Okay. Any other questions for this speaker? >> There's other unsafe things besides the header. There's the electrical, our water heater, plumbing. We had two toilets coming in we now have one. >> Tovo: You started with two toilets now you don't. >> The pubbing they did on our second toilet does not work

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anymore. We feel it was not developed properly. We're not sure. He we can't uncover. We had two plumbing projects they put in a tub and a major plumbing line through our kitchen, three rooms in our house and six different holes in the foundation. We're not sure if the permit was done for both jobs. We have only seen one plumbing permit for \$2,000 but our estimated plumbing combined is over 10. So

we're trying to understand how that was done. But, I mean, it doesn't work and it backs up and it bubbles, and -- we've never had those issues before. >> Tovo: Thank you, again, for being here and the level of detail each of you have provided. Council member pool, then I have a question for the auditor. >> Pool: I wanted to ask -- there's the mic. What was the initiating concern with your house that you went to the city to get it. >> The plumbing. >> Pool: Tell us more detail about the plumbing, it wasn't sufficient? >> What we had any time we would wash dishes or run the washing machine we had water coming up from your floor. It was coming from under the stove, under the refrigerator, sometimes out of the wall. It was unusable. And coming out -- all of it was under the floor. We literally described it as flooding and we had 10 to 15 towels on the floor to mop it up. We made it clear the plumbing was the huge main issue we were seeking assistance from the city to say in our home because it's unsafe to live like that. So we relied on others to do laundry and get things clean during that time. >> I guess my question for the auditor, I'm looking at your finding. As part of finding 2 I

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think it's your finding 2, you've addressed oversight and making sure repairs are authorized and completed in a timely manner and of high quality. And with regard to the last with regard to the last point that the home owner participants were not happy with the quality of repairs you mentioned two different surveys, one sounds like of you have done surveying respondents and one nhcd staff had done. Can you speak to the results you observed from each of those so we can get a better sense whether the concerns expressed by three participants were common among those with whom you spoke? >> Yes, you're correct. There were multiple surveys. The first one was the survey that NHPD neighborhood housing staff did at the end of each project with each participant. We looked at those -- they were supposed to be in the files. We looked for them. Not every file had one. One speaker said some people don't respond to mail some don't respond to a call. But I think it's reasonable not every file would have one. Since these are seven years old we followed up with every participant we could reach and basically recreated the survey. We reasked the participants and similar results there. I know during this audit, when the issues came up, neighborhood housing did another survey of all of the -- correct me if I'm getting this wrong. But anyone currently under a warranty period for all of the home repair programs. That included a few people participants in this home and some that were not. The satisfaction -- the results they got there showed high satisfaction with the programs but because they were anonymous,

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we couldn't align them with this specific program. So, we relied on what was in the files and the calls that we had done with the participants. >> Tovo: Okay. Thanks. I'll have more questions but I'll recognize council member alter. >> Adler: Thank you. I wonder for the program. What is the source of the funding? >> It's federal funding. >> Adler: That has a limit how much any particular home owner -- >> How much we can spend per home? >> For the hlrp program the limit is \$75,000. >> That's correct. Unless we do reconstruct. In rare cases we'll do a reconstruct if the home is beyond repair >> Adler: So,

sounds like there's still a bit of room for these particular people to address their concerns within the confines of that program. Is that correct? >> Absolutely. >> Adler: I would like to hear -- there are two issues before us. One is how do we correct the program moving forward now that this has been brought to our attention and then there's what seems appropriate to adjust the concerns and experiences that - the folks we are trying to help stay in their home have been having. Could you speak particularly to them? >> Sure. First I want to thank the city audit or and auditors we worked with on this particular project. It was a long project and it really uncovered some things within our program that we had wanted to correct or were in the process of correcting, which I think is mentioned in the cover memo. We give a little bit of context to the audit. With respect to the folks who you heard from, we do at this point, as a result of the survey, Andrew mentioned the survey that we had launched,

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spring, it was late spring of this year, we surveyed all of the folks who are currently under warranty who had received one of our home repair services in the last year. We -- if there was any dissatisfaction expressed, whether was with our staff or with the contractor or with the repairs, we reached out to them. We ended up with approximately 10 to 12 folk whose had identified actual construction issues that were warranty issues. We pulled together a team across division so our client services folks and miss brown did lead that team. Client services as well as liaison from construction division. We met with each and every one of those folks. We have right now less than a handful of folks and you heard from three of them, who need -- who there is still -- there are still unresolved issues that need to be resolved to everyone's satisfaction without a doubt. As miss Janelle mentioned she is still in -- we had binding arbitration which is contractually stipulated with our contract. That process was begun, if I recall correctly, it was either March or April of this year. We started binding arbitration between the contractor and miss Janelle. It's a long story. It was put on pause and they came back to the table on October 31st. We are still waiting for the result. We contacted Austin dispute resolution center to get the written results of that binding arbitration. We were told it woe be this week. I would certainly hope it would be before we came before audit and finance. With miss walker's case the team met out on miss walker's property. I think both in our office and on miss walker's property. The contractor and miss walker have agreed to resume the work that they started, with you we have identified an additional source of funds which is the go repair. That is not federal funds.

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That's a different source of funds this. Is for different work than what was in the original scope of work. That process, my understanding, it has been initiated. I believe miss walker is looking for one of our local non-profits. They are part of Austin repair coalition. To rebate those repairs and the contractor will go in and complete the work which is still under warranty, the work that was under the scope of work for the original contractor. Miss Atkinson, full confession, I'm not very versed in her case, so we'll make sure my understanding, and she did mention she met with miss brown, and Lisa Martinez who now moved over

to the development services department. I should note we have an entirely new construction division we're excited about. One it dove tails nicely on the findings of the audit and presents us with incredible opportunity for shoring up internal procedures internal training, external training for the new staff. I think that answered certainly where we are with these folks. With other folks if we have either -- either, other folks, 10 to 12 had unresolved issues. The vast majority of those that had issues, we are not resolved with the contractors. Bring everybody back to the table and they are being addressed and we are not until we have folks that are satisfied. We're not closing out the process. You asked the about the larger question about these particular contractors about the program in and of itself. As Mandy was mentioning, we're working with the new team and made process changes some under way before the auditor came in to visit with us.

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We need a contract. Some of the changes made going into this new contractual situation will help with some accountability concerns I've seen since we've gotten over there and trying to ensure that we have the appropriate contractual mechanisms to hold our contractors accountable to the level of quality and contractual service we expect and we're actually working on getting that solicitation out now. There's some changes that we've just been informed about with federal law, that are causing us to retool our contract issues a little bit. It's not out on the street right now but we hope to get it out early next year to get a new contract in place as quickly as possible. With that the contractor will become responsible for creating the scope of work and detail specifications, that puts that responsibility on them and we can hold them accountable to what they said they need. If they say they need 100 square foot of flooring and turns out they need 200 square foot of flooring, that's a mistake on their part. We're able to hold them to that and we wouldn't necessarily have to use our contingency for that, which is some of the concerns that were raised by the auditor in the review of the current process. So we're looking forward to be able to implement and enforce some of the expectations that we have with our new contractors and as Mandy said we're deeply committed to working through the contractual process we have in place right now which a couple of are contractors are still working through and it's taking longer than we would like. But we're slogging through it and hope to get information from the dispute resolution sent they are week. >> I hope you get a path forward. I'm uncomfortable for folks to live in these conditions for

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several moss and us continuing to make them worse. You mentioned, Mr. Mayor about the situations that you looked at were the ones that had the warranty but we elsewhere found the warranties were signed and they've gone out of effect. What was the recourse and cases where there was no warranty. How are you adjusting those cases? >> All of the folks you heard from are clearly unwarranty, really under construction, all of those folks. >> That was not what I heard. >> That could be but I will say miss Janelle and miss walker, the construction has not been completed. The construction was halted on their

homes. >> We have part of the audit saying that our signing off the construction is completed before it's completed and then the warranty starting and then they are ending up in situations where the warranty is expiring and the work is not being done and I thought I heard that one of them was in that situation and you spoke about what was being done in the cases where there was the warranty. Where you can go to the arbitration, et cetera. If the warranty was in the in effect where it's done too soon or expired or work was faulty how are we addressing those situations? >> We had two situations I can think of. Not anyone you heard from today. In one situation they were several months past warranty and the contractor agreed to go in at no cost and make those repairs. In another situation there was a question about whether or not it was related to the foundation work or not. We are still working through that. In one other situation we were able to identify additional funds. The work was completed three or four years ago. Clearly out of warranty. There was no gray area and we were able to identify other non-federal sources of funds to

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complete that work. >> Thank you. >> I've got quite a few questions. I'm growing concerned about the time. Do we have a concern about how long the paper census presentation is going to be? I see that was sponsored by the committee chair or mayor and I'm not familiar with that agenda item. [ Speaker off mic ]. >> Tovo: Okay. Fabulous. I want to make sure we're preserving some time for that. And several I'm ets were more intense than envisioned when the agenda was set. I want to make clear on what the opportunities presenting to us -- clearly there were some challenges with the -- the contractors. As you go out with that new solicitation, as I understood what you were saying, director true love. There would be mechanisms. It's not about potentially selecting a different battery of contractors, it's about making sure that the contractual agreement is such that you have the ability to make sure the work is done in a timely way in a cost efficient way, and in a safe way. >> Absolutely. We'll also be working, because this is a construction contract, it's -- I want to have an employee -- employee new practices to ensure that the people we do eventually hire have the appropriate experience and ability to demonstrate we've got the experience to do these home repairs. So we'll be looking at it both from evaluation perspective through the solicitation process to make sure we're bringing in folks that can -- have demonstrated a record of expertise doing these kind of contracts and repairs as well as fixing things we have come to note in the contract documents. It's an interesting contractual situation the way it's currently crafts which is, the

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contractor -- we have a number of home repair contractors on the master contract. When it comes down to the agreement the agreement is between the home owner and contractor and the city is not party to that contract. When we go to binding arbitration or there's issues along those lines the city's not party to that arbitration. We're there, but it's -- you know, the agreement itself is between the home owner and -- >> Tovo: I see. >> So we in retrospect have some areas we can improve, and how that's crafted and how we can make sure there's appropriate controls in place. >> I should say that we have

been looking at peer cities as well across the state of Texas and how they structure their contractual documents and working with the law department as well. >> Great. With regard to inspections, I see one of the points that the auditor has raised on page 8 is it's unclear if any staff performed periodic inspections for the home rehabilitation program loan participants or projects rather. Based on some of the information relayed here today, it seems those periodic inspections would really help and I want to confirm that's part of the program going forward >> Yes, yes and yes. One thing the auditor did point out, we often did inspections but didn't -- unless there was an issue identified it wasn't noted in the file. So what we've changed is we now currently have an inspection log where if any construction coordinators goes by a site and even if everything looks great and they are there for five minutes they note that in the file so we know exactly when the inspection occurred at what time and what was observed. That's already been instituted. >> That's about the level of record keeping. It sounds as if some of the participants experienced

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problems with the level of construction and quality of the work that was done. Would you concur that that's -- that those are accurate observations? >> Yes. >> Tovo: So, what went wrong there? And how do we correct it moving forward, if -- were there inspections that were being missed? Do we need more involved staff? >> I think -- Rosie had mentioned the original master solicitation dated to 2011. We've been working under a master -- a contract that has been extended, extended and extended. And one thing when Rosie came on board she really wanted to start the process anew with a new process, a new contractual relationship, and open it up to new and different contractors. We work with a lot of great contractors. I think it's a mix of the contractors we work with, oversight, dtation and communication. >> Okay. Well, I guess I look forward to those continued improvements. I'm a little concerned that if part of the -- if the issue with inspection was really just one of documentation, then how is it -- then do we need to upgrade the training of inspectors if there were problems out there on the job site and we had inspectors out there. >> I think some of that is naturally occurring with the change overin staff and we're excited to bring in some fresh folks that are more energized and more passionate about making sure that we're having quality work that's happening in the field.

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It's an opportunity to give this particular group, prior to some retirements that we've had which isn't to say that these guys, that the folks were not, you know, doing a great job at their responsibilities, but I think there are some things that started to get taken for granted in working with the contractors for as long as we had been working with them and we can't do that. We can't be complacent on that, so, we're kind of reinstituting the basics and what we think is common sense how folks should monitor these home repairs and customer service we expect that our staff should be providing and I'm confident that will be on the right path moving forward. >> Thank you. I appreciate that explanation. And I guess my last question is, can you address why it's taking so long to verify eligibility and what the plans? I think

you spoke to that in one of your responses. But if you could summarize for us why it's taking so long and what the plan is moving forward. >> The auditor spoke to that in explanation and handy can speak in for detail but oftentimes it involves needing to resolve legal issues likely issues that take an extraordinary amount of time. >> Tovo: The title piece makes sense it to me. >> We often because we're working with low and moderate income populations. We have issues with errorship. Title issues, source income documentation, can be difficult as well. Sometimes we have issues with people who do not speak English as the first language. We have -- there are a variety of different things that take -- it takes a little bit longer

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than a traditional trans action. And then we also have a long waiting list. The one of the folks who spoke said they had been approved. They had gone through the eligibility process and it was probably nine months before the work started and that was a function of being understaffed since we had since fixed and just a long wait list. There are many more people interested in this program than we have the ability to serve in any given year. >> Tovo: Is that primarily since you had funding that's primarily having staff to manage that program? >> Some of that is having the staff. A lot of that is the nature of federal funds. It's kind of a tricky situation. The -- when we get -- we have this thing called program income which is, if -- and I'll give an example that helps it to make sense in my head. If I give someone down payment assistance and it's a forgivable -- it's a forgivable loan if they meet a certain period of time that they are maintaining their residence and let say they sell their home before that period of time is over. They have to repay that to the city of Austin and when they repay that, it becomes this thing called program income. We don't know when it's coming. We don't know how much it's going to be. Some of our -- for example some of our down payment assistance has shared equity. We can get a check for \$150,000. That's the shared equity piece of our down payment assistance. When that comes in, regardless of what's going on, that program income has to be the first money out the door. So we can have a budget from our certain cdbg allocation, let's say \$500,000 for the architectural barrier removal program and we might not be able to touch that until we spend all of the program income so it looks like we have money on the

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table, and then as we're doing our action plan, and reprogramming our money, then we take that money that we didn't spend in that given year like rental housing development assistance, we know we'll be able to spend that with more capacity, so that's the pattern that we've been seeing over the years. We're working to change things programmatically so we're getting closer to the mark there and I'm not going to say program is the reason we missed all of our goals because that's not true. It is one of those complicating factors when working with managers and program administrators to hold them accountable to meeting their goals. We don't always have control over that. So we recognized that. And we're also looking forward to going through our con Sal lated planning process where we'll get this -- I'll

plug this one more time. I got to plug it. Where, in the months of January, February, March, we're going to be working with the citizens of Austin to really get some good feedback on the best way to spend our federal dollars that will provide the most benefit to folks and I will be actually sending an e-mail to all of your offices either today or tomorrow, and how we can best reach your constituents. So, look for that. Thank you. >> Thank you, all. Okay. Any further thoughts is there a motion? >> And this might be a question for law, so maybe we can just mark it. I'm curious -- is my mic on? Okay. Indescribing the parties to the contacts. Mr. Meyer was saying the city was not a party, but since we are the ones that it's our program, and the oversight is really on our shoulders because many homeowners wouldn't have the expertise and wherewithal to

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know that there are problems, is there a way that the city can continue to be a party in these contracts so we can continue to have a level of oversight that may be, if we had it and exercised it, would have presented these bad situations from happening to at least these three different families? >> I don't know that we have an answer to that thousand that we'll certainly talk to the law department and we can get back. >> Good. And then the lack of inspections was that due to staff shortages, or size of the program, or how is it that we ended up not having those interim inspections that would have maybe identified problems? >> Well, I think part of it is staff shortages. I think part of it is that there -- that there wasn't documentation of the inspections. I think, you know, it's a little bit of a -- it's a little bit of a question in our mind as well, in that we had -- the staff that were working on these programs in particular, these houses in particular, are no longer with us. >> Part of it I also think is communication directly with the home owner. It's clear to me hearing from miss cat Kinson, we did not do a good job explaining this is what the scope of work is. Originally it was 2,000, \$1500 here. The contractor said it's this much. These are the reasons. We didn't do enough, what is the scope of work, what our expectations are, what the contractor's role and responsibility is and following up on that. >> That leads to my question how a \$1400 scope of work could have added 8,000 to it without the city having been intimately involved in that expansion. >> I couldn't speak to that particular case. I have to go back and look at

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that. >> Looks like there was something that's honestly an error. I don't know the details of that. Because we're limited by the amount that we can put into each individual home my guess is not knowing the details was greater than what they allocated for. They needed to look at other items that were -- that they were hoping to do to eliminate so they could fix the plumbing. The plumbing concerns. >> Regardless. She should have functioning plumbing now. >> And she should have been communicated with. >> Absolutely. Wouldn't the contractor have come back to the city to get the okays -- >> That would have been something that would have been worked out in that case initiated by the construction member, team member working on that which at the time was early and he retired a number the

months ago. Again I'm not sure what happened on that particular one. >> It sounds like it was a change order. It was not clearly communicated whether the reason for the change order. Justification, it was not communicated and it -- the big issue in my mind I'm hearing there's not functional plumbing. >> Thank you for all of those answers. And sympathies to those who talked to us today. Everybody really wants your homes to be returned to you in a safe and healthy condition. I think we'll double and trickle efforts to get you there. If I may say that. >> I'll be quick if I might. For finding no. 1 there's two parts of it. There's not spending the money

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and then the missed performance goals. I'm understanding that's largely because of the timing as opposed to problem was the program. So wanted to check on that. And then I wanted to understand what the consequences are for our federal grants if not spending the money. It seems like an awful lot of money to be carrying over year after year and I'm assuming at some point we're graded on actually investing the money. I would like to know if there's a consequence to not spending it. Obviously we're happy we're not spending it on creating havoc for people but we don't want to not get the money later on. So, if you could speak to those things quickly. >> So, there's -- both our community development block grants and home grant have certain measures associated with them. First, our timeliness ratio. That's what the federal government is concerned about. How are you being timely with how you expend the funds and it has to be funds expended in accordance with your consolidated plan and action plan more specifically. We have not had any issues with our timeliness ratio. We work very hard -- we recognize that we will sometimes come up short in these programs for home repair because of the concerns -- because of program income and because of missing some of our unit goals. And so we recognize that we make up that in some of our other programs so we're always very solid on our timeliness ratio and then on the home side it's not a timeliness ratio. It's a commitment time frame and we've been successful at that as well. >> We've reprogrammed the funds within the purview of our action plan. And we have been successful in doing that. So, we're not leaving any federal dollars on the table. >> And we're doing everything in

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district compliance in the requirements in the federal guidelines with how we do that. So, I don't have any concern about that. >> Thank you for the kwla fgs. I am looking forward to us having the discussion about the five year plan and how best we can >> Tovo: Thank you. Is there a motion to accept this audit? Councilmember alter will -- moves approval, acceptance of the audit. Councilmember pool seconds that. All in favor? That's unanimous on the dais. I am going to suggest that we move to 9 and then backtrack to 8 since we had invited an outside group to present to us here today, and apologies to getting to you so late, but if the Austin tech alliance would come, please, provide us with the presentation about the paper census initiative. And thank you again to those who came down to speak about this audit. We appreciate you being here. >> Good afternoon, mayor pro tem, councilmembers. Can you hear me? >>

Pull it closer. >> Cool. My name is Sara Teashells. I'll give you a brief update on the paper census. Austin Tech Alliance is a nonpartisan, nonprofit here in Austin and our mission is to help solve civic challenges using technology. So one of those priorities is the paper census. So in January we kicked off a project, paper census, working with the city of Austin, CTM, CTIO, where we worked with councilmember

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kitchen to -- a her smart cities initiative to identify forms and processes that could be digitized to better serve residents. So we ended up working three departments over the year and I'm going to give updates. The first was Austin transportation department. Austin transportation department has one process for residential parking permits where residents need to obtain parking permits in order to park on the street in front of their homes in very high traffic areas. For instance, around home place pizza. Over 8,000 permits are issued every year and the process right now to obtain those permits is really difficult. You have to go downtown, fill out a paper form and pay either in cash, check or credit card to somebody at a desk. So we thought, you know, there's no reason that this shouldn't be a digital process. There's no reason that a resident, a member of the public shouldn't be able to go online to go to a portal, enter their address and obtain this permit and the permit to be mailed to them. We met with the transportation department. We understood their processes and what we provided to them were recommendations for a portal where residents can go, enter their information, pay for their permit online, and then the permit will be mailed to them. We provided them recommendations and then development requirements, that they then took back to the department of transportation and they are building this out. So hopefully the renewal period happens in January. Hopefully we will see numbers in the spring that show that residents are going online, they are receiving their permits online. This will be a cost reduction for atd. Where it will be a cost reduction for atd and also be a benefit to the public so they don't have to go

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downtown, they don't have to take time off work, they don't have to stand in line. This was one project. Our next project was with Austin-Travis County EMS. Austin-Travis County EMS has a wonderful program called the fall prevention program. And it's a new program. Austin-Travis County will go into residents' homes and really assess the needs of seniors living here in Austin and understand what needs to be done to their home. They need to refer them to other services if they need to install a ramp in their home. One of their key services they provide is installing a lockbox on residents' homes so that if Austin-Travis County EMS needs to gain access to the home, then they do not need to break a window or door, there's a key access there. They came and said, hey, this is a new program, we think we could really -- we really need your help in improving our services and forms because we set up these forms and maybe they are not working in the best way. So we kicked off our project this spring. We shadowed EMS. I visited with plenty of seniors around town, and really came to understand that the forms that Austin-Travis County was using were -- they were fine forms, but really the help that they needed was a

rebranding effort. When I was talking to residents about why they were not taking advantage of the program, they said I'm not going to fall. I'm healthy. One of our main recommendations was rebranding the program. Now the program is called healthy seniors program. And hopefully at the end of the year we will see an uptick in the number of people that have taken advantage of this really woful program with austin-travis county ems. Our last program was working with office of the police monitor on their residential complaint process. The offices of police monitor is an independent civilian administrative

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office, D they provide oversight of APD. But, you know, they came to us and said, you know, we've seen a downtick in our complaint process this year and we don't understand why. Help us understand that. So through our research we came to understand that it's really hard to submit a complaint about Austin police department. You have to go up to an office on rundberg. They are only open during office hours. There's no digital way to do this, forms only in English, you have to fill out a paper form, you have to sign an affidavit, all things that are very scary. We said there should really be a way to complain online. Why isn't this service online. So we went with community groups throughout town and talked to people who had submitted complaints about Austin police department. And we visited with other cities and we looked at other cities' complaint processes. What we ended up building was a prototype for the office of the police monitor that we then presented to the APD working group and the city manager. We said, hey, this would be a better process for residents and the public to submit complaints, both complaints and positive reviews about interaction with the police department. So we provided that to them along with about 26 other recommendations. One of those being changing the name of the Austin police monitor. Nobody understands what a monitor is. So we provided them with a few -- with a handful of name changes. And they are testing those right now. So hopefully you will see many changes to come out of the office of the police monitor soon. Really, that's it. Just wanted a quick update. >> Tovo: Thanking you. That was super interesting. >> Alter: I just wanted to applaud you in working with the city. I had an opportunity to read your report for office of the police oversight as we

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were putting that together and it was full of really useful insights into the process and it was a great way for us to get sort of a 360 perspective of what was going on that we often lack. So I think -- I just want to applaud the methodology and thank you for helping the city move in the direction of thinking about things in this different way that helps us to deliver better services. >> Thank you. It's been exciting interacting with residents. And the city is continuing to effort with their paperless initiative. >> Tovo: Councilmember pool, did you have a question too? >> Pool: No, I just wanted to say thank you. >> Thank you for having me. >> Tovo: Thanks again for all the work you are doing and for that presentation. So our last item, colleagues, if we have just a few more minutes, is the lobbying quarterly report which we have in our backup and I guess I would just -- how about we just invite questions if you have them for staff about this work. Or the update. Does anyone have any questions about that? Do you have any

comments you would like to make? >> I don't. I'm Heather Lockhart here with the law department. You have the report. If you have questions afterwards that come up, please let us know. I think what you can see from the last report to this report is we're doing a great job getting timely activity reports. And so we continue to do that and no further enforcement action. >> Tovo: That's super. That's a good trajectory. Councilmember pool. >> Pool: When I looked at the report, I was happy to see all the zeros, they are reporting and timely and city clerk and law staff are following up where it appears to be necessary and looks like you guys are doing a good job and thank you. >> Thank you. >> Tovo: Thank you. We appreciate your work. City auditor, anything else?

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We stand adjourned at 3:37. See you next month.