

Audit and Finance Committee Meeting Transcript – 05/29/2019

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>> Alter: good morning my name is Alison alter, its 9:31 and we are going to begin with any items that we can move through until we have a quorum. Councilmemberso and pool are out of town at an open governance conference, and the mayor will be joining us shortly. I'm right now not seeing any citizen communication. Is anyone signed up under item 2 for citizen communication general that wants to speak? Seeing none, we will move first to item number 4 on the sidewalk project audit. We will hear from the auditor's office and management, please. >> Thank you. This audit was -- sidewalk projects audit was conducted with the manager and auditor in charge and she will be making the presentation this morning. I'm sorry. I have no voice. >> Good morning. My name is Kelsey Thompson and I was the auditor in charge for this audit. Our objective was does the city build sidewalks in all council districts to make Austin safer and more accessible. In 2016, the sidewalk master plan reported that Austin is missing more than 2500 miles of sidewalks. The sidewalk master plan also gave a priority score to each missing sidewalk ranging from very low to very high priority based on how that sidewalk would increase pedestrian access and safety. The plan identified 580 miles of missing sidewalks as very high or high priority. Each council district has a different amount of these very high and high priority sidewalks. In 2016, the sidewalks division received 36 and a half million dollars of bond funding to build new

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sidewalks and they are ahead of their schedule to spend this money. However, the bond funding is only enough to build 60 miles of sidewalks, which is 10% of the highest priority ones. This creates the need to prioritize which projects are built each year. The sidewalks division generally selected very high and high priority sidewalks to build as determined by the sidewalk master plan and built sidewalks in each council district according to the district's needs. The map in red on the left shows missing highest priority sidewalks in each council district as determined by the sidewalk master plan in 2016. The green map on

the right shows sidewalks built by the sidewalks division in 2018. The darker color for both maps represents a greater amount of miles. The maps show that the sidewalks division built sidewalks in each council district according to the district's needs. As an example, the sidewalks division built more sidewalks in council district 1 because it was missing the greatest number of the highest priority sidewalks. City inspectors made sure contractors built quality sidewalks to ensure safety. They conducted daily site visits, performed substantial completion inspections when the sidewalk became open to the public and performed warranty inspections a year later. Inspectors are performing and documenting the daily site visits well. However, inspectors need more guidance on how to document the other inspections. Our third finding is primarily an issue of noncompliance with the state requirement. Texas state law requires projects over \$50,000 to receive an accessibility inspection. 85% of funding is spent on projects that are inspected, and the majority of those are built by contractors. However, if a sidewalk is designed or built by the city, it may not receive an inspection. 15% of funding on projects that were either not inspected or it was unclear how the projects would be

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inspected. We also had an additional observation. Public works staff are working on changes to city code to address sidewalks blocked by vegetation. 40% of the city's existing sidewalks are blocked by vegetation. If adopted these code changes would give city staff more authority to issue citations or charge fees to property owners who do not remove vegetation. Staff believe these changes will be approved by the end of 2019. We did identify some opportunities for the sidewalks division to improve. Currently, the sidewalks division does not report how the sidewalks they build reduce the total amount of missing sidewalks and does not regularly collect information about sidewalks built by private developers and other public groups. We recommend the sidewalks division develop a process to report progress towards sidewalk master plan goals. Public works management believes this will align with strategic direction 2023 efforts around mobility. We also recommend updating inspection policies for sidewalk contracts and ensuring that sidewalks receive accessibility inspections as required. Management agreed with our recommendations. Thank you and we are happy to take any questions. >> Alter: Thank you. Councilmember Flannigan, do you have any -- >> [Off mic] >> Alter: I believe we can take -- if you want to wait for the mayor, we can, but I believe that we can take questions before. >> Flannigan: I have one question about the vegetation. When the report says that 40% of sidewalks are blocked, is that -- that's not 40% of the 2,000 miles? Is it 40% of segments have blockage? You understand what I'm saying? Like, I'm trying to figure out if we have a lot of small spaces with vegetative issues or if it's 40% of the linear feet are blocked? >> My understanding of the report in the sidewalk master plan is that 40% of

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the existing sidewalk network is obstructed. >> Flannigan: Has an obstruction? >> Has an obstruction? >> However the segments are defined, 40% of segments have an obstruction somewhere along its linear distance? It will sound very different based on how it's reported later, it makes it sound like there's

some jungle overgrowing all of our sidewalks when it's really like a tree is overhanging or somebody's bush has --every one of us on the council can picture that happening in our districts. We've all seen it. But it's not the full length. And then the other question just for clarity is, we talk about the number of miles of sidewalk that the city can or cannot afford. Is there any kind of guesstimate about the percent of the missing sidewalks that we expect to be built by development that won't have to be built by the city? >> Thank you, councilmember, Richard Mendoza, director of parks and I'm joined by acting assistant director bridge and operations. I do appreciate the opportunity to work with the audit department on this study. That is some data that we have been exploring and in conversation with dsd to obtain. Right now there's a permitting process through the site development permitting process that reviews plans. Those plans are reviewed through multiple departments. At this moment, I don't have a means on which to collect the data around sidewalks constructed in the public right-of-way by private development, but we are working towards integrating our system so we can collect that data through an automated process, not so much through a manual process. As you can imagine, quite a bit of development is occurring right now in the city, and we will continue to work towards that goal. >> Flannigan: This is just one of those tricky bits for

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the media to report because I'm looking at an article in the monitor this morning that says "Austin can afford to build only 3% of the 2500 miles of sidewalks it wants except we are not expecting to have to pay for all the 2500 miles of sidewalks we've identified because a lot of that -- some number of it will be built through redevelopment and requirements in the code so it's a real tricky spot for the audit team to be in because there's no way for you to really talk about this in a way that's gonna reflect a more nuanced understanding of what the challenges that the council faces but I'm mostly just bringing it up to vamp and kill a little time waiting for the mayor to show up. [Laughter] So I will hand it back to you, chair. >> Alter: Thank you. So in terms of the overall funding, I mean, when the sidewalk plan was put forward, when the mobility bond was put forward in 2016, there was a recognition that we were going to target the high and very high sidewalk needs. There's se that are low priority, and the larger numbers do include the full range of the sidewalks. So do you have a sense of the number of miles that are -- I'm not sure if you have -- I'm thinking in terms of safe routes to school where we have high and very high. I don't remember the ranking process within the sidewalk master plan, but do you have a sense of how many miles of the high and very high priority there are within the sidewalk plan to be completed? >> Assistant city auditor. There is 518 miles of very high and high priority sidewalks. So and the department is working -- when they select a project they select those projects. >> Alter: Right. So the universe is really large for the sidewalk master plan and there's a lot of places in the city where it wouldn't make sense

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necessarily to have that investment, but if we had someone developing, if we had an opportunity to do it at very low cost we'd still want a sidewalk in those particular places. It's important to understand the overall numbers in that context. Also the 2016 bond is not the only source of funding, as councilmember Flannigan mentioned it could be development. We also have quarter cent funding, safe routes to school funding that are being spent on that there's potential for a larger dent even though it is a daunting amount of sidewalks that need to be produced. Is that correct? >> Yeah that's correct. That's why we said they should collect the data from other entities to get that current number, how much needs are being met by ct and other entities toward the sidewalk master plan goals. >> Alter: Speaking of the other entities, I believe that it -- the audit recommendation response from management suggests that you need three years to collect data from the other entities on sidewalk prongs. Can you please explain why it will take three years? We already have our sidewalks automated within, I mean, our master plan, within our asmp, it's all online in that respect. Why will it take three years to be able to coordinate with these other entities? >> Thank you, councilmember. That's an excellent question. I was thinking in my mind how we would go about obtaining the data from the other agencies that are involved in constructing sidewalks in the city, namely the txdots, cap metros, other quasi-government agencies and my thoughts were in 21, the sidewalk master plan would be up for -- do an update, and then we would have the professional consultant services that could come in and do a

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comprehensive study and update of the existing master plan, which would include obtaining those data sources from those other agencies. In my experience I have not ever been successful in automating inner-agency IT systems to collect that data with any high degree of integrity or even willingness, per se. So that was -- it was a very conservative 23. I know we could establish that inner-connectivity internal between public works, the corridor team, between dsd services prior to that, but like you stated that would only be a -- it would be a significant part of the picture but not the entirety. So the 2023 was envisioning the completion of the next update to the sidewalk master plan. >> Alter: So I understand the challenges of the inner operability, particularly with txdot, with cap metro, cap metro, we have an inner local agreement. We just signed a contract with them to build the sidewalks for them in large part. I don't know what percentage of the sidewalk infrastructure are they building outside of us building it for them? >> Well, I misspoke on cap metro. We actually have that data because we are their implementation agent due to that agreement around bus stops. But we would have that data, and we are collecting it. >> Alter: So is it really a function of not having T txdot data? >> Primarily. >> Alter: So can we come -- I think when we ultimately can vote on this one, mayor Adler is here, I'd like us to include in the motion that the other stuff that you work on earlier time frame because most of it seems to be internal. I understand that it may take longer for txdot, but if we don't have this understanding it's gonna be very hard for us to plan and I would think that going

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into the revamp of the master plan we ought to know what we've already done. >> Correct. >> Alter: Going into that, rather than the other way around. So if we can do that, when we vote on that, that would be great. The other thing that the audit highlighted was that there were a certain portion or type of sidewalk that had been constructed a certain way that was not being inspected for accessibility. What are the plans to -- it looks like this -- the response calls for a process moving forward to create an inspection check-off box and whatnot, but what happens to those sidewalks that were built that didn't have that inspection to date? >> So the sidewalks that you're mentioning were the 15% of sidewalks that were constructed with public works in-house crews and they were inspected but self-inspected by the supervisor over the concrete and special projects division and street and bridge. They were not inspected by a third party, separate registered accessibility specialist or a ras, as stated in the report, for those projects that may have exceeded \$50,000 in construction cost. So the plan to go back and ensure that those are inspected would be to collect those reports from that supervisor where he checked off on the work constructed. The challenge there is that if we went out and obtain professional services of an I understand ras inspector, they will most likely and, in addition to those sidewalk gaps we constructed, but the remainder of that entire segment, either block to block or multiple blocks. And while our program with the 2016 bond is ensuring a

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wholesome project that is functionally acceptable, we're only -- we can only guarantee Ada compliant on the actual segments that we constructed with the bond program. If the adjoining segment was partially Ada acceptable or functionally acceptable, we were not going to address that issue. Only if it was structurally deficient, and you can imagine with the amount of sidewalk gaps in our network, if we were to go back with 2016 bond and do entire gaps and repairs to the functionally acceptable no, we would exhaust our funding well in advance of getting towards our goal of 40 to 60 miles of high and very high priority sidewalks to complete the program. >> Alter: So I understand that there are choices that need to be made there. >> Yes, ma'am. >> Alter: In that regard. I guess part of what I'm trying to understand is if those sidewalks that were marked by the auditor as not inspected actually had any accessibility issues. What I'm hearing from you, if I'm understanding correctly, is they were inspected, just not by the other method, and so we don't have any reason to believe that there's some accessibility issue on any of those sidewalks newly constructed by public works but there is an audit paperwork issue that needs to be addressed moving forward. Is that what I'm hearing? >> Yes, ma'am, that is correct. >> Alter: Okay. >> So we are going to move forward with, in our agreement with that recommendation, is to instill a process by which do assure that third party inspection does happen, even on the portions that we self-construct going forward. And that we incorporate the same inspection processes that we have established for our capital delivery construction management

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division or construction services giving on those in-house sidewalks as well and we are in agreement with that recommendation of the audit report. >> Alter: Thank you. Councilmember Flannigan, did you have another question on this item? Does staff have anything else that they want to share on this item before we table it for a minute until we get the mayor? >> No, ma'am. >> Alter: Okay. Thank you. So since the mayor is not here yet, I think we will move to item 6 on deferred maintenance, if we can, if the folks are around for that. . >> Good morning, councilmembers, Ed van eenoo, deputy chief financial officer for the city. I'm joined with Eric Stockton, or building services officer. We were asked to provide you with an update on our facilities maintenance so this is gonna be short and high level, just tell you up front we don't have the department representatives here. There's a lot of folks we could have brought from the libraries, parks department, but if you wanting to deeper in the future we can certainly bring those staff to talk more about the specifics of what's happening in those areas, but this is intended to give you a broader picture of the efforts underway to improve the condition of our facilities. So just by way of background, and I don't want to focus too much on this because this information is dated. It comes -- goes back to a 2012 study done by a consultant looking at a portion of our facility portfolio, general government facilities only, things like park facilities and library facilities. But at that time back in 2012, the consultan identified more than \$75 million in facility maintenance that was needed throughout the city. You don't have to step far

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away from city hall or central library to find facilities in some real bad need of tlc so this kind of fits with what we already knew, that we have a lot of facility needs. They did project out at different levels, \$6 million, \$12 million, how long it would take to address all those facility needs, but long story short on this slide, we have some significant challenges in regards to the conditions of our governmental facilities. Since that report came out and we gave some briefings to council, particularly when we went to a new 10-1 format of council, we briefed council on these issues, and the number of -- a number of actions have been taken. First of all the 10-1 council adopted a financial policy for capital rehabilitation, specifically sets aside dollars to be used for general governmental purposes. It's not the only bucket of funds but it's an important bucket of funds, non-debt-related money which is really important, as Eric is looking to address needs throughout the city in regards to facilities, particularly general government facilities as opposed to enterprise facilities, having funds that can be applied to urgent needs without having to go to market to issue debt or even for some things it just wouldn't make sense, if there's a security issue related to a card access reader system that is broken and needs to be fixed and \$20,000 it's not practical that we're gonna go out to the market and get debt to fix that issue. Having a bucket of funds to address those things is really important. You can see on the left slide the yellow line is showing what the level of that policy would call for, 2016, \$5.5 million, by 2019 it had grown to about \$6.5 million, in 2020 we're projecting the policy requirement to be \$8 million. That big increase from 2019, 2020 has to just do with the on-boarding of new facilities so the policy is set up to be relate to the

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depreciation value of new assets. As we have more assets on the -- in the portfolio, such as the new central library, that depreciation value is going to be higher and so the amount of money we need to set aside to maintain the facilities is going to be greater. There is a two year lag here, it's based upon information in terms of the value of assets and that whole depreciation aspect I talked about so the 2020 target is actually based on 2018 and that increase from '19 to 20 is being increased in the value of assets from 2017 to 2018 and the timing of when those are recognized in our financial reports. That's an important source of funding. This slide also highlights in 2019 it was the first year that we fully met that policy level of investment in facility maintenance, but the gray piece at the top of that bar for 2019 reflects the 1-time money. So in this particular case, as we often do, some of the funding came from our recurring operating budget but some of it was one-time funded so we really need to look into the future as we look ahead to 2020, everybody to make an effort to try to make all of that money recurring because it really is a very large need. You can see the difference in 2020. The math there between what's already in our recurring budget for 2019 and what's required to meet the policy in 2020 is a 4.2 million of additional funding. So that's gonna be one of our challenges in the 2020 budget, how do we achieve the level of maintenance dollars in order to maintain compliance with that one policy. Again, that's one important bucket of money that addresses facility maintenance. There are other buckets. So the 2018 bond program was primarily focused on investing in our existing facilities as opposed to bringing new facilities on to the portfolio. So, for example, in the proposition we had

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\$21.5 million set aside for building renovations, library \$4.5 million for building renovations and public safety for fire departments and EMS stations, \$38 million for facility renovations. I will mention here that you look at something like the Dougherty, \$25 million in 2018 to completely replace the existing facility so, you know, sometimes the best maintenance application is just to tear down a very old building and replace it with a new one, but, you know, the large amount of repairs that would be needed at the Dougherty will be addressed in this instance by just replacing the facility with a new facility even though it's a replacement as opposed to a truly new facility. We also are always looking for ways we can reallocate existing dollars towards facility maintenance. So one example of that would be in 2006 we had money in the 2006 bond for the municipal court facility. We had always struggled with that amount of funding not being sufficient to address the needs of the court. We recently found a different solution in regards to a lease option. So we have a ten-year lease for the new municipal court building, which will meet their needs into the future. So we took last year in the budget council authorized taking \$7.3 million that was still available from that 2006 proposition and applying it to public safety needs. We're limited in what we could use it for so it could only be used for public safety improvements but we worked with the police department and fire department to use that \$7.3 million of available funding to address long overdue facility needs. Then finally the building services department has developed a new facility maintenance prioritization model which I won't spend a lot of time but essentially when they're looking at how do we prioritize all these facility needs against limited resources that we have, of course they're looking at safety issues and reliability issues. But also efficiencies is an important information so if you think about if we're going to into a fire station

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to address some safety-related issue, if there's other needs at that fire station that maybe don't rise to the same priority as a safety consideration, it's probably gonna be more east for us to just address them all at once, to take the facility off--line for a period of time and address multiple issues in a facility at a single time. So they're looking at efficiency aspects to stretch limited dollars as far as possible and then sustainability issues are also a heighth criteria in regards to efforts to improve energy efficiency and extend the useful life of the facility. So this is the last slide I have for you. I want to make sure everybody is clear this is draft. We're still working with departments on our five-year spending plan and finalizing it but this gives you an indication of all those funding sources combined, capital rehabilitation fund, assuming we're able to continue funding at the policy level, 2018 bond dollars, the reallocated bond dollars from 2006, and you can see we're projecting over the next five years I think these numbers add up to about \$175 million of investments in our existing facilities. So no doubt about it, the needs are great, but we are addressing them and we have a plan to address them but it's gonna take time to really get up to where we need to be. So that's all we have. Again, we have -- Eric is here from the building services department. He can speak to the portfolio facilities that he manages, and he's also the lead in managing that capital rehabilitation of funding. If there's interest we could surely have the parks department or library department come back and speak more about what's in this five-year spending plan specifically for them. >> Alter: Thank you. Before we proceed with questions, I want to call the meeting to order. Mayor Adler has joined us. It is 9:59. I'd like to call the audit and finance committee to order. If it's okay I'm gonna go

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first because I requested this briefing if that's all right with my colleagues. So thank you for presenting this information. The issue of the facility maintenance and taking care of our facilities over time so we're fiscally responsible is one that has -- I've been following very closely and was pushing for us to fulfill the policy with respect to deferred maintenance so it's my hope we will continue to do that because I think it's good business practice and it's good for retaining our facilities moving forward. Can you speak to the details of how that 6% was allocated from last year for this fiscal year and how that was divided among departments, please? >> One thing, it's not 6%. I think it was \$6.5 million. >> Alter: Sorry. >> Then there was specific direction from council to make sure a million of that was reserved for parks facility so we have done that. There's a million dollars set aside for park facilities and then the remainder is being used for just general facility needs. We could provide you, you know, the information in regards to the specific plans. I'm looking through a pretty long list here right now, but it's parks facilities, library facilities, emergency medical stations, fire station improvements, improvements out at fleet services, parks improvements. So it's a long list of improvements that I have in front of me, but definitely that 1 million was specific to parks facilities and then the rest are addressing broader facility needs along that criteria of safety and reliability, efficiency and sustainability kind of being the criteria that are looked at

for making decisions about what improvements will make the most sense to do first. >> Alter: I would appreciate if you could provide us that information. I think part of the reason that I wanted to have this discussion and my colleagues

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had also concurred on that, was that when we did fulfill the policy we talked about what is our criteria, how are we doing that. While I appreciate the broad sense of reliability, safety, efficiency and sustainability, I think to understand how that's being allocated, we need a little bit more information to be able to ascertain that and to understand whether or not we feel like we need to provide greater policy guidance moving forward into this budget in terms of how that money is being spent or not being spent. >> Sure. >> Alter: Councilmember Flannigan. >> Flannigan: Thank you, councilmember alter. We both have been pretty vocal proponents for deferred maintenance fund. I think it makes a lot of fiscal sense. However, I am concerned about the ability to maintain this under the new state law. Ed, can you tell me roughly how much in interest payments on debt would we otherwise be paying if we took all of our deferred maintenance to the voters? Like, was more traditionally the practice. >> I would estimate maybe 50%. Out of the \$6 million per year that we would be spending maybe it would be \$9 million for that dollar amount plus the interest on that dollar amount. >> Flannigan: Pretty significant. >> Yes. >> Flannigan: And my understanding of the tax cap laws are that this -- and other laws related to our ability to raise revenue, there are -- as we have done in the past we can put deferred maintenance costs, capital costs, on the ballot in a bond election. >> Yes. >> Flannigan: But we could not put operations cost on the ballot but for this new, like, tax rate election piece? >> Right. >> Flannigan: So the choice that the legislature has

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effectively given us is that we either have to add 50% to the cost of maintaining facilities in the city through debt-funded election, or bond elections, or we have to do it in the very complicated and challenging tax rate election future that is very unknown and difficult to predict? Is that a fair -- >> Absolutely. >> Flannigan: Yeah. So this is my concern. >> Yeah. >> Flannigan: Ed, you've done some great work on this, and you have always done some great work preparing the council with its financial decisions. I only issue the legislature had a few more Ed van eenoos. >> Thank you. >> Alter: Thank you, councilmember Flannigan. I think that's a really important underscore, how the revenue caps are constraining our ability to be fiscally responsible. Mayor Adler? >> Mayor Adler: Just to [indiscernible] [Off mic] I think that I need to take this a step farther, that in part of the September [indiscernible] We need a long-term strategy for how we deal with deferred maintenance going forward. Because I think it's very likely that sometime in the next year or two or three we really do need to go to the voters to make sure that we guarantee that we can meet the deferred maintenance needs in the city and the ability that -- to treat capital expenses as capital expenses outside of the cap I think is very much the direction that the legislature has told us that we need to pursue. So I think that it would be really helpful

to come back to the council with what that strategy looks like. I don't think we can count on having an annual election to be able to do that. It's not a way to plan, and the legislature has taken away our ability to do long-term planning with respect to capital

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maintenance in the city because of the costs involved. So I think we're going to need to consider an alternate strategy under the new laws so I think you need to come back with that. But my gut would tell me that we have to move to a strategy where we're financing that over time in order to be able to meet that. I'm looking at the deferred maintenance trajectory page that you had. It looks like we're about \$80 million kind of off of where we need to be with respect to regular maintenance. Is that the right number? >> Again, that was -- just before you Stepp in but that was based on a 2012 study done for general governmental facilities. It wasn't our entire portfolio. I just wanted to bring it forward as a study that had been done to kind of give you a sense of the magnitude of the facility needs throughout the city but that study looking at general governmental, not -- back in 2012 identified \$75 million backlog of facility maintenance needs and then projected to grow over time of course. So, yeah. >> Mayor Adler: In that 2012 study, I would imagine if it was actually looking at buildings and looking at real dollars, I would imagine a material component of that would have been the courthouse just because even then it was falling apart. >> Right. >> Mayor Adler: As it is now. >> Yeah. >> Mayor Adler: So I'd be interested in knowing how much of that 80 was the courthouse. >> Okay. >> Mayor Adler: Similarly, Dougherty. >> Great. >> Mayor Adler: Also would have been a substantial component of that. As well as the, I would imagine potentially some of the police, public safety elements that we addressed be redirected with that \$6 million. And I take those three things -- I'm just trying to see what this council has done with respect to deferred maintenance. Obviously we made a

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significantly greater investment last year in preserving our facilities with the \$6 million. But I'd like to know with that 2012 number, again, order of magnitude, how much this council took a bite out of that with those four actions. >> And we can work on that for you. Again, a big bite was from the -- the direction you provided on the 2012 -- or the 2018 bond where that was heavily focused on investing in our existing facilities as opposed to bringing more facilities into the portfolio. And so I rattled off some numbers I think \$25 million plus for park facility renovations, just the facilities, and 30 plus million dollars for library renovations and 30 plus million dollars for public safety renovations so that 2018 bond would really be a big influx of dollars into addressing facility needs. >> Mayor Adler: So if there was a way to be able to say out of, generally speaking -- I know it's gonna be really broadbrush, what our backlog nut is how much we've stepped in to be able to address that would be a number I think the community would be -- be an important number I think for many people. >> Sure. >> Elaine hart, deputy city manager. I wanted to make a comment that Ed touched on. Some of our deferred maintenance projects are not bondable. We are required -- when we issue long-term bonds we you match the useful

life of the asset that we're improving with the life of the bond. So if you were putting in a new security station that might have a ten-year life you would not want to issue 20-year debt for it. So we do have rules that will preclude us from financing with long-term debt all of our projects. So we'll have to look at that as part of our strategy to look at some shorter-term financing, but I didn't want you to leave here thinking we could bond all of it. >> Alter: Go ahead, mayor. >> Mayor Adler: Can we bond shorter-term? >> We do use certificates of

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obligation for shorter-term sometimes ten to 20 years, and we use contractual obligations, which are five to seven to ten years for equipment. So we do take advantage of all of those. I'm just suggesting that all of it will not be in a long-term bond but we'll certainly look at other financing alternatives. >> Alter: So, Ed it, sounds like there's two follow-ups, one is this kind of broader picture of what our maintenance -- what we've accomplished in terms of maintenance, and I think, mayor, you're correct, that we have successfully made a number of investments that should be affecting facilities maintenance and also the breakdown of how this process is working with respect to -- >> The capital piece. >> Alter: Yeah. But related to that, this is just deferred maintenance of facilities, which can you define what falls under facilities? Because when we talk about the pard, deferred maintenance backlog it's on the order of over 200 million but that includes things that are not considered facilities in this sense. >> Yeah. >> Alter: So if you could speak too that as well. >> Eric might have a slightly different definition but I can tell you for that final slide where we're looking at the five-year spending plan on facility maintenance, from my perspective it's something you can walk into, so it's not a pool, it's not a play scape at a park, it's not the park grounds themselves, it would be the rec centers, neighborhood centers for the health department, it would be city hall, it would be the branch library, so those types of facilities are what we're talking about here. And you're absolutely right, there is another large backlog of maintenance needs related to non-facilities, whether it be sidewalks or streets or pools or parklands. >> Alter: That helps us with the perspective that what we're talking about with respect to this policy are just those facilities you can walk in and that for better or worse as a city we

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have to think about sidewalks and pools and parkland and other things. >> If I could add, too, we're really focus on the what we call the general government world so parks and libraries, police stations and substations, fire stations, but not the enterprise operations, which generally, you know, because of how they're funded have an easier time addressing their maintenance needs. >> Alter: So is it possible to have a picture of that within the budget? >> I'll work with you maybe after this meeting. We can -- to understand exactly what that picture is you want to see in the budget and I'm sure we can get you that. >> Alter: I just think that we have to have open eyes about what this deferred maintenance is looking like so that we can prioritize how we're spending our funds. >> Absolutely. >> Alter: And there are some elements of the model that we might want to look at in terms of how we are spending. >> The

prioritization. >> Alter: -- Particular pieces. To the extent for instance pard has this gigantic other deferred maintenance, that we can take the facility's burden off of pard by doing things like what we were able to do in the budget this year of earmarking the million, that frees up money for them to invest in pools and other from their normal budget as far as I'm concerned. So I think it would be really helpful to have that broader picture of things. We did also with respect to the park maintenance make some investments with the bond, you know, specifically for that, and with respect to pools and playground facilities as well. So -- >> That's true. >> Alter: Thank you. Mayor, if we can we'd like to go back and vote on the sidewalk audit to accept that audit. Mr. Flannigan, would you like to make a motion? So it's approval moved by

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Mr. Flannigan and seconded by mayor Adler. As I mentioned before, would you accept as friendly to that a request for public works to speed up the implementation plan for the inventory of sidewalks for those things that are outside of txdot's purview as we discussed earlier? >> Flannigan: I don't think I'm prepared to do that. >> Alter: Okay. So earlier we talked about how we had internal information about cap metro and about public works and the other departments. And that we already have that information. What are your reservations, Mr. Flannigan, on asking them to speed up that portion when the issue that was raised was really about not being able to have the inner local agreements and that was the challenge? That would be the only ones. >> Flannigan: I'm mostly hesitant taking any action this is month until I fully understand the implications of state law and our ability to do the work we need to do. >> Alter: Okay. Then we will maybe have you come back so that we can revisit, but to the extent that you're able to do that without a large financial problem we'd like to see that. I don't want to take up more time today because I can't resolve what the state fiscal choices are for you, and there's only three of us here. So all those in favor of the motion to approve the sidewalk audit? I'm sorry. -- It's I'm sorry. -- Unanimous. While they're sitting down if we can approve the minutes of the audit and finance committee February 27 and April 17. Do I have a motion to approve the minutes? Councilmember Flannigan, seconded by mayor Adler.

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All those in favor. It's unanimous. Minutes are approved. >> Audit of city leases was conducted by Henry as the auditor in charge and [indiscernible] As the auditor manager and Kenny will be presenting as well. >> Thanks. Good morning. This audit looked at how decisions are -- if leasing decisions are made in the best interests of the city and we looked at various lease types in this project, both when the city functions as the tenant but also when the city is the landlord. We have three main findings overall, and the first is that the city lacks central oversight of leasing processes and has not used a strategic approach to making leasing decisions and meeting department space needs. This makes it more difficult to ensure departments can carry out city business, move away from leased space and manage the leasing activities, and there's three subcomponents of this finding kind of shown here. And then I'll go over each

in the subsequent slides first there are several departments involved in the leasing process, but there's confusion among the departments about who manages which activity. For example, there are three departments involved with a particular license agreement for parkland, but there was confusion amongst them about who managed the specific aspects of that agreement. We also noted that the real estate office is not always involved in all stages of the leasing process. In one of the reviewed agreements, the real estate office was not involved in the lease development or the monitoring, and then the tenant later raised concerns with some of the terms of that agreement. Next the city does not maintain a complete inventory of all leased and city-owned property and the real estate office does not track leases managed by other departments, such as aviation concession agreements and licenses to rent city parkland. There's not a consistent mechanism to document space needs and the city does not always account for new facility needs when it adds staff and programs.

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And that's particularly true when this happens outside of the budget process. Despite this, the city continues to enter into leases without a clear long-term plan on how to move away from the leases and towards city-owned property. We reviewed four leases in which the city was the tenant and found in three of those cases there was no indication of a long-term plan to move away from the leasing. City management asserts they're currently working with a consultant to develop a leased exit strategy. Many of the issues noted colliding the need to centralize real estate functions to continuously update the city space inventory and to move away from costly leasing to using city-owned property were raised in a 2012 consultant property along with recommendation ons how the CIAN cty make improvements to this process. However, recommendations from that report have not been successfully implement multiplied many of the issues identified in 2012 continue to persist. In 2013 the city created this strategic facilities governance team, or sfgt, but this team has not historically met or documented its decisions. Further, departments expressed concerns with how this group operates. The department specifically said that sfgt seems to base decisions on emergent issues as opposed to a long-range strategic plan, can cause delays in the leasing process, and does not provide alternative options to consider when space requests are denied due to a lack of funds. Finding two, we found that city leasing process do's not ensure leases are developed in the best interests of the city and don't always protect the city from legal risk and misuse of resources. To start, city leases are not always effectively coordinated or executed. We identified a couple instances where this lack of coordination resulted in financial loss to the city. For example, the city did not effectively coordinate negotiations to ensure leased space was suitable for intended purpose proper entering into an agreement.

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This resulted in significant waste and potential misuse of city resources, and the city continues to be unable to occupy that facility. Secondly, several lease agreements we looked at did not contain some key clauses, and some of the missing clauses include those that give the city the right to audit the tenant

and some dispute resolution clauses. Third leases are not always renewed timely. For example, we identified one instance where the tenant has occupied the property for an extended period of time without a lease agreement with the city. If some of these clauses are missing from the agreements and not timely renewed it increases the city's risk of lawsuit if a tenant were to sue the city, one of those properties where we don't have a valid agreement. Continuing on or on a related note the city lacks a consistent process for developing and awarding leases to nonprofits at below market rent. Based on a review of city lease files and public discussion recordings, there was little or no documentation regarding how tenants for specific sites were selected or how the rent rate decisions were made. We also found there's not a consistent process to determine performance measures for nonprofits in lieu of paying market rent. Four of the six lease agreements we reviewed with nonprofit organizations did not contain clear performance measures, and another one had some measures for some years but not for others and at some point those measures were changed to essentially reduce expectations of that agreement but there was not documentation about why those decisions were made. Staff and the real estate office states they're in the process of reviewing and revising city lease agreements with nonprofit organizations to include performance measures. For our third finding we found that agreements are not effectively monitored to ensure receipt of all lease deliverables. Monitoring staff and the departments did not effectively confirm rent owed to the city was timely and paid, verified performance reports to ensure expected services delivered, assess late fees

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when appropriate, collect utility rent and lastly staff did not always ensure tenants maintained insurance coverage for the properties they rented from the city. Causes of the weaknesses noted include inadequate oversight and unclear monitoring roles among the departments. The problem with this is that the city may not receive all the revenue it's entitled to or deliverables we expect when we're not enforcing these agreements. We may be exposed to excessive and unnecessary liability if a tenant sues a city facility and that organization does not maintain insurance for the property. So we made many recommendations in response to these findings. Kind of at a high level first to take ownership of this process and manage it in a more strategic manner, also to develop a long-term plan to guide space management and leasing decisions and then clearly define the roles and responsibilities for all the departments involved, and then lastly work with relevant city entities to determine a formal policy for the leases that we rent to nonprofit organizations at below-market rent. The office of real estate concurred with all of these recommendations, and we're happy to answer any questions you have. >> Alter: Thank you very much. Colleague, do you have any questions? No? Okay. I have a few questions. First let me say I appreciate this audit. I've been really looking into the choices between leasing and owning, and have requested this audit through our audit plan. This is not a particularly favorable audit and I think it's really important that all the recommendations are followed through. I know Mr. Gail is new and in his position and is working hard on a number of fronts. I'm gonna try and run through a couple questions quickly to provide some further light here. So we had a 2013 audit of broadly the same topic. Which of the recommendations of the 2013 audit were

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actually implemented and for those that were not why not? >> Interim officer Alex Gail with the office of real estate services. My understanding the 2013 audit was to track -- to create an inventory system of city-owned space. We are currently in the process of implementing that audit and creating that system that has the repository for all the city-owned fee simple spaces. And that's where some of these -- the action plans that build off of that, if we need to complete the city-owned space in order to then implement the lease-owned spaces into that same tracking system. >> Alter: Okay. >> Did that. . . >> Alter: I think it's a start. >> Okay. >> Alter: There was also a consultant recommendation at the same time. Do you know what was implemented from that consultant recommendation? >> From the -- are you talking about the rsp report? >> Alter: As I understand it, there was a 2013 audit and then there was a consultants' report. I don't know the name of the consultant at the time. >> So within that report there was, you know, multiple recommendations that were made from that report, and from that we have carried out a number of some of those recommendations. One being a restack of one Texas center to more align the departments there. And then also we've started the -- this p3 model in building the new spaces that we're looking at with the planning and development center and then moving forward with the Austin energy head quarter facility. >> Alter: Thank you. One of the recommendations was a strategic facilities governance team. My understanding is that that group has not been meeting or coordinating. There was a memo earlier this year on that. Can you speak to what action

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is now being taken to -- >> Yes. >> Alter: Keep that together? >> We actually have been meeting on a monthly basis. We've set up those meetings within -- with myself, the director of building services, and the deputy financial officer with financial services. And meeting on a monthly basis. We've also revised our facilities request form as part of that process. So departments have the ability to fill out that facilities request form and then we review any of those department's facilities request forms. So I think we, you know -- even before this audit happened, I know when I kind of started taking on the interim role, we started meeting on a more regular basis to address some of those concerns that the departments have. >> Alter: Thank you. In the audit, the management responses, it looks like it's about 18 months for some of the responses for findings 1 and 3. Can you explain why you think it's gonna take that long to get to a point where the real estate department is involved in a significant way in all of our leases? >> So what -- the way we looked at that, we do see it building off of our current fee simple inventory system, and we are still working on completing that fee simple inventory system, so we want to build off of that current system that came from the 2013 audit that you referenced. Completing that system that tracks all our fee simple property and then implementing the lease properties, you know, with that system, and so we want to be able to complete the fee simple ownership system, implement the lease properties, but also work with ctm, who is overseeing that project that we've taken on, the Maximo supposed to system but work with building services to see what adjacencies there are with them as the facilities management

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because they have a separate system but we see that there may be some sort of tie-in that we can work together with building services, with the leased spaces to see how we can create something that works for both real estate, overseeing the leases, but also building service that's oversees the maintenance of these facilities as well. So that's one component of it. The second component is also the cbre study that's referenced in here that's currently ongoing. They are looking at administrative space, specifically just administrative space, looking at all our owned space and leased space and coming up with recommendations that they see from there, from that. We're hoping to get that report in June and be able to move forward with some of the recommendations that they have from that, but also working with city manager's office and council on what some of those recommendations are because there are some decisions that need to be made, you know, as a city to see how we proceed. But then after the administrative space, then we also -- we understand we also need to look at warehouse space, as well as service yard space, which is another huge component of owned and leased spaces that we have as well, and understand how we get out of those leased spaces but also understand what the needs are as far as buying or building those service yard and warehouse spaces as well. So it's -- we have this one component that's going on with the administrative, but then after that we know that we need to do the service yards and warehouses, and so that's where we kind of built in that 18 months, just to ensure that we have enough time. To take those things into consideration as well as working with ctm and bsd on our tracking system that we have ongoing as well. >> Alter: Thank

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you. That's helpful. I'm still concerned about the lack of controls for a department that is taking out a lease where they don't have to actually talk to the real estate department before a lease comes to council. As I understand, that was part of one of the findings from the audit. And it seems to me that it would be pretty simple to have a checkoff that you can't come forward with an rca for a lease without having connected with the leasing department, it's challenging enough to find space in the city, but then to do it with no real estate expertise seems to me like not a good recipe for come go ahead up with leases that are good deal for the city. Can you explain why we don't have processes in here that are getting us to that point sooner? >> And I think -- I think that was something that happened maybe a little further in the past. I don't think that's happening now, but there are some historical leases that real estate wasn't a part of. As well as, you know, what we call license agreements when parkland is working with -- you know, parks is working with somebody. So it's not specific to an agreement that's titled a lease agreement. There's also these license agreements, there's temporary use agreements, and so there's all these different types of documents that really when you look at them they are leases, but some of these departments have gone and started doing, you know, temporary use agreements without approaching real estate. And so that's one of the things, you know, the auditors made a recommendation is making sure that the office of real estate has that oversight and so that's one of the

things that we plan to implement as part of that process -- recommendation 1 as well as the -- the monitoring of leases and clearly defining the roles and responsibilities in recommendation 2 as well. >> Alter: I would really like to see that happen as soon as possible. We did have a situation with

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the data center where it was not suitable for their purposes and it was held over for many months without being used and the city was paying for that facility and real estate was not brought in until later, is my understanding. So I do think this is a current issue and one that we need to be addressing sooner rather than later so that we're not in a situation where we have leased a space and it's not being used for the purpose as soon as we begin the lease or as soon as it is ready, and, you know, if you are not involved in the early end of that process, you can't provide your expertise and your knowledge, but, you know, somebody who does this, you know, once every ten years or has never done it before is not going to be able to navigate the Austin real estate market as they will with the expertise of your office and seems like that is an easy fix to require that earlier in the process and I would encourage you as you are implementing, you know, your responses to that to find a way to insert that so that at the very least you can have minimal conversations to steer them to the city. Do any of my other colleagues have a question? >> Mayor Adler: Yes. It looks like some of the recommendations that have been made that you've agreed to do in some of the requests and things pointed out might require additional resources in order to be able to fulfill that function. I'd like to see and, Ed, wherever he is, as we go through this budget, I think it's important for us to be able to identify the things that we're doing, but also the things as we go into the budget that have been identified for us to do in audits or otherwise that we would like to do and our community would expect us to do, but we might not have

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the resources to be able to do. So if you could make sure that you identify and that Elaine you and Ed keep us that list of things, not only the one-time items we've funded in the past but aren't going to be able to continue, but especially with a situation like this when we have an audit that's asking us to do certain things, be able to do what we can and can't do. I have a quick question just to measure. There are a lot of recommendations in this and you guys are the experts on them. Help me understand, one of the observations made, we don't always renew the leases that we have, they are just carried over and extended. And what the audit says is that puts us in the position where we risk being sued and risk protections. Can you explain that to me why that would be? >> Sure. So there were really two examples we identified where the leases -- they do sort of just carry over over time, but in many cases they do have an expiration date and they lapse and they are not being monitored or people aren't keeping an eye on that. So when they lapse completely, we're sort of left with no formal agreement, and in these two cases, the entities still continue to operate at the facility, but there's not really any agreement saying what the expected performance is or maybe if there were to be a case where we no longer want to have that arrangement, no formal kind of guiding document how we would end that relationship. So

in that case, if someone were to maybe have a negative experience or something and were to decide they were going to sue that entity, they may then realize, you know, we're not really suing this group,

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we're suing city of Austin site and without a formal agreement there may be some gray zone about who would be responsible. >> Mayor Adler: So I had thought, and it might be worth checking because I'm not sure that a rule that says we shouldn't have any leases that carry over is a good rule, because my understanding is that a lease that's extended over like that stays in force with those terms, all the terms of the lease continue to be operative as a matter of law with the exception of the duration. What that does is it provides increased flexibility both for the tenant and the city that have the ability to end a lease when they want to. So it could be that it's the right strategic real estate play to be made as the landlord to say we really don't want to enter into a long-term lease so we can maintain flexibility with the property. But my understanding is all the other terms for performance, for payment, for responsibilities and privileges and obligations as a matter of law continue forward on a lease that continues to operate in a holdover period, and there's a special legal name for that kind of tenant. So I just -- I don't know that it necessarily follows that that's not the right real estate strategy, it could easily be a wrong one and if it's happening without a deliberate decision to do it that way, certainly somebody should be making that decision to let it go. We need to monitor and watch it to know when leases are expiring. Justine henin in reading, that was one thing I don't know that's a wrong thing to do because I think that in some instances that's exactly the right thing to do. >> On that note, we saw a third agreement that was very similar in form and documentation indicated it

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was sort of intentional, I think, to kind of execute the agreement like that. >> Alter: Councilmember Flannigan. >> Flannigan: I think the auditor's office did a lot of great work on this. It's always good news and bad news when an instinct ends up being true and thank you to the auditor's office for really strong work on this. It's also kind of, in my short experience on council, when these types of audits have come out in the past, there wasn't necessarily attention paid by the council. I think we tend to be a little more focused on some of these issues so I'm hopeful that staff knows that too and that we will prioritize addressing some of these concerns. But as is going to become my regular practice for the foreseeable future, I'm curious how the tax cap law is going to impact our ability to fully staff the -- I'm really interested in the ones that are revenue leases, the oneshere their tenant is paying us because my understanding is that very many of them are not full cost recovery and we're actually still spending money, it's like a low cost lease, a dollar lease here or there, and there's a lot of them, it's not just the politically divisive ones the legislature talks about and there's good reason, it's community value and benefit and that's the tool we've used. But I don't want to lose the debate for the community and the council just because a lease is a revenue generating lease if it's not fully recovering all the costs the city has to maintain that property and/or the opportunity costs we may be missing out on. That's going to be

something I'm going to be focusing on moving forward. >> Alter: Thank you. Did you have -- do you want to make a motion? >> Mayor Adler: I'm happy to make a motion to adopt the report if you want me to. With respect to the issue I raised on number 4 with

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respect to lease that was the deal about the lease extension. It wasn't require that leases be renewed, it requires that there be a process to identify the leases that are expiring depending on size, which is why I'm comfortable with this because it doesn't say you shoenew them and you may not want to renew them, but it does say we need to at least know when they are expiring so we can make that choice. >> Alter: Mayor Adler has moved approval. Councilmember Flannigan seconds. It's unanimous. Thank you for the good work and I wish you good luck. >> Thank you. >> Alter: Item 5 is an amendment to the audit and finance committee dates. The change, as I understand it, is to move our meeting set for 6-26 to 6-25 Tuesday. This has been checked with all the offices. We have dates set for 8-14, 9-25, 10-23, 11-20, and 12-11. I will move that change to 6-25 Tuesday. Do I have a second? Councilmember Flannigan. All in favor? It's unanimous on the dais. Thank you. So I think we have one more item to discuss before we move into executive session, which is item number 7, a commission request from the technology and telecommunications committee. Is there someone to represent that item? >> My name is Malcolm Yates. I'm a member of the community technology and telecommunication commission. The chair of this

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commission, Nehemiah Pitts, was not able to be here today. We are here today -- we are here today to give the finance committee some background information on the request to increase citizen participation in Austin government. Unwith of the goals of our commission is to advocate for the use of technology to increase citizen communication in government. Our commission has experienced several vacancies and several well qualified commissioners needed to resign from our commission because they could not meet the requirement for physical presence at every commission meeting. Many other commissions have this same problem. Our commission did some research and had staff presentations on this issue. We discovered that the Texas open meetings act specifically allows for teleconferencing, but the city of Austin ordinance requires physical presence at board and commission meetings. We are requesting that city council direct the city manager to allocate city staff from the law department, ctm, and the city clerk's office to change this ordinance and also to implement a system that would allow remote participation in boards and commission meetings. Our commission would also be involved in this project. Ank you for considering this request. Are there any questions? >> Alter: Thank you very much for bringing that before us. Colleagues, did you have any questions? >> Flannigan: I'm curious

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if staff has any. Try again. >> [Inaudible] >> Flannigan: You got it. The light is up here. You are good. >> So I'm Carolyn Webster with the law department. And the only thing I want to mention is that they are referring to teleconferencing, but in fact it's video conferencing. The terms are not interchangeable under the law and so anything in this document where it says teleconferencing that has to change to video conferencing. I believe it is their attention they want video conferencing, we've discussed it outside of this. So as long as they are understanding that that's what it has to be, video conferencing, teleconferencing is in the allowed under the open meetings act except under limit circumstances, video conferencing is specifically allowed under the open meetings act. They have to meet specifications, but those are just the technical side of things. >> Flannigan: Jeanette. >> We are happy to participate in a working group. There are some logistical concerns because, as you know, we have a large number of boards and commissions. Some of them meet here at city hall, so that wouldn't naturally make it easier to provide services, but many do not meet here. And so having the staff resources and the equipment to do video conferencing for all of the boards and commissions would have some impact on staff as well. We probably want to have some discussion with council as far as how many -- are there limits on what council would expect from the boards and commissions as far as remote. Would all of the members other than the chair be allowed to remote in for meetings, things like that

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that I think we would have to kind of map out so we had some really clear instructions and guidelines how this would be implemented. >> Flannigan: Yeah, and that kind of follows my thought process on it. My commissioners have to drive the farthest to attend meetings, especially when they are in central Austin, and -- but there's so much value in the physical presence and the camaraderie amongst board members and I would hate to set up a system that undermines that effectiveness. Striking the Balli think is going to be -- balance I think is most lie my question on it. I want to support my constituents that don't want to have to drive on two state highways in order to get the city hall, but at the same time I also want their work to be effective. And so the working group idea sounds fine to me, but that's kind of where my thought process is at on it. >> Mayor, I would like -- >> Mayor Adler: I think it's an interesting question and certainly we've done this a couple times on council and it's been really helpful to be able to do that. You know, it either could be a policy we adopt or there could be an emergency situation or something that, you know, if there was a special call or a special ability in some way to identify that. The cost associated with it is obviously a concern given the world that we live in now. At the same time, we've opened up the opportunity for people to be able to participate in council meetings from libraries, so I don't know if we -- if we've already handled that cost, but we have 70 boards and commissions and I could see how this could be something that is -- is a larger lift than we would want to do, but I hate to not have something for fear of a danger that might not ever actually arise because as well we have the capability to do it for council meetings, it's not something that is as

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frequently requested. So a working group to take a look at the issues more broadly, all these things would make sense to me too, especially if the commission thought that this was kind of a priority area. I think it's an interesting enough thing that if we wanted to have a working group work on it, I'm not sure how I would actually come down on all of these issues, but it would be good to discuss. >> Alter: Thank you. As my colleagues have said, I think it's an interesting thing for us to explore and we would want to put some guardrails out. I don't think we would want to make it so you could do it every meeting but certainly a number of meetings a year so you are able to participate even when you are not in town or not able to come for that occasional meeting. That could be an important flexibility and allow us to keep quorums. I'm wondering since their agenda item we can't adopt that because it doesn't sound like we want to jump to changing the ordinance. What about if the motion were to convene a work group to explore how the city could allow board and commission members to use technology to participate remotely in meetings. This group would be composed of, just like what it says, and then the working group should look broadly at the various issues involved. To make that happen. >> Flannigan: That's probably fine. I'm just -- I don't know that we need formal action, it sounds like this, Jeanette, would fall under your purview. It seems like you could just do this and bring back to council some analysis. >> I'm happy to do that. I think we have to take some action to ask her to do it. I don't know if we can

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just -- >> Mayor Adler: I think if it doesn't rise to a certain level, I mean we don't want to pull you O task, this is something that also is something that you could accommodate without that kind of opportunity, but I think it's just something that you can do. If she needs support or it's going to be a forced choice or becomes really involved, I would say come back to us and say this is actually bigger than we thought it was. >> We can do that. >> Alter: Do we not need a motion? Okay. Great. Thank you. >> Thank you. >> Mayor Adler: Thank a you. Good issue to raise. >> Alter: Thank you for bringing that to our attention. So we're going to move to closed session. Before we do, I just want to cover item 11 if anyone has items to be discussed at future meetings that they would like to raise now. Okay. So we're going to go into closed session and I will do the -- I will read what I need to read to go into closed session. We will leave open the possibility of coming back for item 8 if there is a motion that needs to be made with respect to that item. Otherwise I will just come back and close out the meeting. So the committee will go into closed session to take up two items pursuant to section 551.09 of the government code, information security related to item 9, and pursuant is section 551.074, discuss personnel matters related to item 10, the appointment of members to the municipal civil service commission. Is there any objection to going into executive session on the items announced? Hearing none, the committee ll now go into executive session. Thank you.

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[Executive session]

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[Executive session]

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>> Alter:good afternoon, I'm Alison alter, chair of the audit and finance. We have concluded our discussion of personnel matters related to items 9 and 10. Item 9 was information security matters and item 10 were personnel matters related to item 10 which also related to item 8 on our agenda with municipal civil service. I'll announce we'll be interviewing the following applicant, Paul Haffner, John Lawrence and Rebecca isenbrea, and with that I will adjourn the meeting. Thank you.