

# Audit and Finance Committee (AFC) Meeting Transcript – 9/21/2022

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[9:32:42 AM]

Good morning, everybody. I am Leslie pool, I'm the vice chair of the audit and finance committee. And this morning because mayor pro tem alter who is the chair of audit and finance is in travel status and joining us

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remotely at the beginning of the meeting I will be conducting our meeting. So welcome everybody here. This is the audit and finance committee, Wednesday, September 21, 2022. And it is 9:33 A.M. We are at Austin city hall. And present are mayor pro tem alter, councilmember Fuentes and councilmember pool and councilmember tovo will be joining us shortly. Do we have any people here to speak on public comment? Okay. Great. Three virtual speakers. I do not have a list of names. Is somebody going to call their names? >> Yes. >> Would you like a list of the names? >> Pool: I would. If you can bring it too me. Proceed with public comment, please. Thank you. You know what, I'm going to go

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ahead and name the people who are calling in, and then you can take them in the order. So on the list we have Sandra Mueller, Wendy Murphy, and pat ballstras. We will proceed three minutes for each speaker starting with Sandra Mueller. Ms. Mueller, welcome. >> Good morning. Good morning, councilmembers. I'm in d1, I'm calling -- thanks for your time for the three minutes. This is the August 24th meeting claimed that dogs in crates in nationwide medium to large dogs with due to lack of volunteers. And knowing the priority of our government is safety, what are the city service relies on volunteers for the structure of their work? The police, fire, aviation? I'd like to give you a little insight

into volunteering at animal services because it's not all puppies and kittens. These animals come in injured, scared, confused and sometimes defensive. So I've emailed each of you a

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sample of the white boards from the Austin animal center and Apa. Could any of you handle a 60-pound dog whose notes include one or any combination of the following, go slow, dog reactive, jumpy, mouthy, pumpy, strong puller, hard mouth, redirection risk, leash biter, leash climber, resistant to rekennelling, babier reactive, reverse can nelling, behavior team only. Also, bx used to be on the board and it means bite history. But it's no longer used but I think it's important that staff and volunteers have that information. And then as of Thursday, this also takes more staff time and effort than y'all think. It's a long walk to the truck port from the kennels and you need access cards or someone to let you in. The dog must urinate and defecate, hopefully, before putting on the truck. This could take up to 15 anyone

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minutes per dogs. Hopefully they go up the stairs and into the truck willingly and doesn't need extra time to comfort it and coax into the truck and kennel. The truck needs to be stocked with blankets, leashes, troats. A driver and staffing for the destination. Upon return to the shelter all the animals need to be walked back to their kennels and the entire vehicle needs to be sanitized. Not cleaned, sanitized. It means the doors, the top, the bottom, the sides of each kennel. The floors of the truck. Get on your hands and knees kind of job. It takes time. And I ask that you stop expecting the community to do the city's job and hope this audit term determines aac is and has been woefully underfunded and staffing in spay and neuter services. Also find that city council's allow witness of Apa to bring in thousands of animals from across the state is hindering the April adoption of Austin's own animals. To rei rate, this crisis is nationwide. It's not due to lack of volunteers. Thank you for listening. Thanks for putting Austin animal

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center in your newsletter. I do read those. I hope all of you will volunteer on a regular basis. And additionally, the auditors are there, please consider auditing animal advisory commission again. Thank you again for your time. >> Pool: Thanks, plus Mueller. I'll note that councilmember Harper Madison appears to be also listening in this morning. And I see her name on the board there. Next speaker for three minutes, Wendy Murphy. Welcome, Ms. Murphy. >> Good morning, couldn't criminal. Council.I'm in district four. We have a big problem. And that problem is too many dogs and cats. The viable humane solution to this would be spay and neuter available and affordable for everyone, including and especially

in the underserved areas of Austin and to provide widespread education as to the importance and benefits of spay or neuter. I'm requesting that the city

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auditor review whether the spay/neuter programs currently providing in-house is performing the number of surgeries needed. If not, what can we do about it? On August 27 this year Austin animal shelter and Austin pets alive participated in a big clear the shelter day. This basically means handing out dogs and cats for free. This method of dealing with overcrowding is so, so ineffective that just weeks later the city shelter is again so over-crowded that they had to put nearly 70 dogs in pop-up crates and put them in the conference room. All of this was well covered in the local news last week, so I am hoping that all local policymakers and officials paid attention and will realize the seriousness of this problem. So once again, the shelter is restricting intake to emergency only. This is harmful to animals and to people. Very frustrating to people. And once again, the shelter had another big free give away, begging austinites to come and

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get a free dog to clear the pop-up crates. I've been working in animal rescue for over 30 years. There are a handful of commonly followed procedures that help ensure safety and well being of the animals that we're homing and rehoming. The first and foremost of these is always charge at least a nominal fee. This helps to weed out the people who intend to use the animals as bait in dogfighting rings or sell the animals or dump them on the street as soon as they realize it not fun anymore or it's a lot of trouble and money to take care of an animal. Oh, well, it was free, so nothing lost. So they just dump the animal. So it is truly astonishing these giveaways have become so routine that it's not even questioned anymore. It's advertised like it's a big cause for celebration which encourages impulse adoptions by people who really shouldn't be adopting. They're not in a good position to adopt. It's not a party. It's a shameful result of failed policy and the stubborn refusal by many in this city to acknowledge the source of the

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problem, which is over-population of dogs and cats. A long-term viable way to end the shelter capacity crisis is to adequately fund and establish spay/neuter programs. Thank you. >> Pool: Thank you very much. And our last speaker is pat valstreys. >> Vice chair pool, mayor pro tem alter and councilmembers, thank you for the opportunity to speak. I currently live in district nine but in a few weeks I will be voting in district three. I was pleased to see that the 25 -- 2015 city audit looked at national standards for animal care workers. As you know, we were not meeting those standards back

then and we're still not meeting them now. I am pleased to see that there is going to be a city audit so you can again look at the shelter service standards but

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also this time I'm asking you that you look for and look at the number of animal protection officers per 100,000 Austin residents and also look at the number of low-cost spay/neuter surgeries Peres dent and whether per resident and whether they meet and successfully have a quality program. I hope the audit will quantify what many of us accept just maybe a handful of animal advisory commission members know that animal services is not adequately funded to achieve the 95% wide outcome mandate by city council. I appreciate the mandate but you need to adequately fund it. Look at this as an opportunity to inform you and how this should be happening. I also think the audit needs to look at the spay/neuter program and the animal protection program as co-equal with shelter

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services. I would also like to see the audit looked at wildlife services and whether there should be a member on the animal advisory commission that is a wildlife expert. I recently went up to mayor pro tem's district 10 to take care of a friend's dogs and while I was there I saw many, many deer all over the neighborhood, which he has been telling me about. I think there should be someone on the animal advisory commission that brings wildlife issues such as the deer issue, such as the coyote issue and other issues consistently to the attention of the other members of the animal advisory commission and make those known to city council and how we should be also adequately funding a wildlife program. I know we're funding a wildlife expert and I appreciate the council made those decisions back in 2015. But we need to have someone on

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the animal advisory commission constantly asking about those numbers and bringing them to light. So I would appreciate if the audit would look at spay/neuter, wildlife services, and animal protection officers in addition to the excellent work that was done in the 2015 audit by looking at animal care workers. >> Pool: Thank you very much for your comments. Appreciate it. Next item. Approval of the minute. Do we have any adjustments or amendments to the minutes? May I have a motion? Councilmember Fuentes moves and the mayor pro tem seconds. All in favor of approving the minutes for the audit and finance committee meeting of August 24, 2022, that is

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unanimous on the dais with councilmember tovo also joining us. Good to see you. Thank you. We are going to move now to the briefing for ems services on fiscal year 2022 budget rider and billing. And again, this was -- this item was moved up at the request of chair alter because she will have to leave after this briefing. I see the chief who is here. Good morning. Is this your first time in front of audit and finance? >> This is my second time. April, right after I started. So thank you, mayor pro tem, thank you, councilmembers, for having me. Waiting for the presentation to be loaded. >> Pool: Great to see you this morning. >> Thank you. >> Pool: We're looking for the ems briefing, please.

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And that looks like you are good to go. >> All right. Thank you very much. Again, thank you, mayor pro tem, councilmembers, for having us. I'm excited to be here to share with you the successes and the work that we've been doing on improving the overall revenue cycle in the ems department. Next slide, please. As I go through this I'm briefly going to share with you some of the progress we've made thus far to date, as well as walk you through some of the high-level recommendations that we received in several consultants that have come in to review our revenue cycle and then I will share specific next steps we plan to take in the department. Thus far, we have continued our work on the overall revenue cycle management process. We did initially have 21,000 claims. We have been slowly but steadily decreasing those claims from 21,000 to now less than 17,000. I mentioned in a previous briefing and I realize that many of you are aware we were

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anticipating a higher charity care payment. Last year we received \$1.2 million. We have not yet received our payment for this year. We anticipated it this week or last week. Ultimately we do expect to get it by the end of October. We completed our consultant reports and received those final reports. Next slide, please. We brought two different consultants, one is focused on compliance and management. The final reports were received just a few weeks ago. We're still in the process of reviewing those reports. We put those in a project matrix. We're beginning to review the recommendations and categorizing them and prioritizing them. Some of the recommendations we already previously began implementing and we have seen some fruit from that labor. Again, a bit more of a progress update. We're seeing consistently since June an increase in overall collections by several

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hundred,000 dollars a month. We hope when we come back in November we can get you more detailed financial information as given the recentness of that -- those numbers coming in. We want to make it is as consistent and that it is sustainable. So looking forward to being able to share with you that. But ultimately we are anticipating and actually already have exceeded our cye projections for our collections for this existing fiscal year. So we're excited to see what the next ten days has in store for us. Next slide, please. On the documentation and compliance side we identify there were significant roms for improvement there. One look at our documentation, our completeness, some of this was tied back to the covid-19 pandemic where signature capture given the environment that the staff were working in dropped off significantly. As those waivers are pulled back from CMS and others and we need to increase that compliance, we have to do some additional training, particularly for those individuals that joined us during the covid-19 pandemic and

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were not as familiar as the standards that previously existed prior to the pandemic. We're working to do additional training to update the existing staff that may have understandings around the documentation requirements from several years ago before updates in the rules and regulations. Overall we want to make that our priority from education and continuing education standpoint as we come into the next fiscal year. Next slide, please. Our revenue cycle management, one particular area I mentioned in the last presentation that we continue to work towards and provide nearing completion is leveraging status as accredited dispatch center and connecting that dispatch and billing process to ensure that we're looking at what opportunities we have based on the accredited status to improve overall revenue capture. We do have some outdated rcm kpis and reports we're utilizing. We have identified that. We've begun that process and developing new reports and standards to ensure the productivity of the revenue cycle department and really

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diving in deeply into how it is that we're able to do this billing process. And then just overall there was a number of different lower-level processes from management and others, how it is that we do insurance verification that although individually may be smaller for us, you know, as a broader overall project, we do anticipate we'll have a significant impact on our revenue cycle management. Next slide, please. So for next steps, we are continuing to work towards that documentation. We've already begun implementing that. We anticipate by q27 of the fiscal year we will have that as well as revamp the entire process or the academy and the staff onboarding. We're also in the process working at with a vendor we previously utilized to develop an Earl alerting system for data validation. As of now it takes time when we have a documentation error for it to be flagged by the billing department. And then the process of pulling

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back into those providers can be challenging several days later. Working on an early alerting system to provide documentation and alerts in realtime to the staff to identify area where's there might be mistakes in the documentation so they can be corrected before a clinician departs for the day. We're working closely with the office of the chief medical officer to revamp performance improvement process with increased emphasis on documentation review and ensuring that in addition to focusing on the clinical care that we go back and look and see how to improve it but we want to also improve the overall documentation. Finally working two implement electronic records advisory committee so we can tie together that feedback that we're getting from the front line clinicians with the I.T. Department and folks on the back end of building up the process as well as leadership team and billing department who knows what they need to receive in order to properly bill the claims. We do anticipate in the next three months to have that process in place to get that feedback. Next slide, please.

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We are excited and thank you to all the councilmembers for the approval for the 11 new revenue cycle management staff we anticipate being able to post just in the next few weeks, as soon as the new budget years starts, and we'll be recruiting to make sure to get those folks onboarded as quickly as possible. We're working quickly -- just near the end for our formal linkage between dispatch and billing process to update that to properly coding the claims going out as they tie back to how those claims were dispatched. And then we're also looking into the second quarter of the beginning of the next calendar year to look how it is we can further engage experts in revenue cycle management operations to bring us a play book for best practices and processes and help us build out those kpis and reports and build them out in a way that's effective for myself and others in our department to get a better handle on what is happening on a day day-to-day basis in our department. Next slide, please. With that, I will open it up for

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questions. >> I have a quick question. I think it was a second slide and then I'll call on the mayor pro tem. You talk about charity care. Does that come from one entity or is that a -- >> That's a payment from the state. >> Pool: Which department? Is it from the controller, the state controller or is it from dhs or... >> If I could ask my colleague here. >> Pool: Maybe the governor's office because he has control over some law enforcement. >> I'm not sure which department in the state it comes from. It's a pass-down dollars from CMS or medicare. There's a large pot of dollars that are provided to the state. And then based on the claims that we submit to the state for uncompensated care, for those claims that we provided to individuals that are unable to pay, they look at the total claims that are submitted statewide and then they look at the total amount of money provided from the federal government for those claims. And then they're divided up to the individual agencies.

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So that's why it's challenging for us to know exactly what that dollar amount is going to look like because it's dependent on the total amount of claims that are submitted by all ems agencies across the state. >>

Pool: Does the 115 waiver have anything to do with that, medicare waiver? >> I would have to look into that. >> Pool: All right. We don't know exactly how much it will be we think it will be ball park what it was last year? >> We do anticipate a much larger. So when we look back one of the things that we implemented actually prior to me coming into this role, was really looking at what our charity care process was. And looking at those claims that we identify as eligible for charity care payments. So last year we received about \$1.2 million from the state. But we also identified that we had submitted significantly less claims than we potentially could have gained funds back for. So this year, although we don't know the dollar amount, we did submit seven times the number of claims as we did the year

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before. So we do anticipate although our payment will likely not be seven times what we received last year, we do expect it to be several million dollars higher. >> Pool: Do you have a general sense for when that payment will be -- before the end of the year? >> Certainly before the end of the year. I would anticipate by the end of October at the absolute latest. We're anticipating within the next few weeks. By the time I return in November I will certainly have that information for you. >> Pool: Thank you so much. Mayor pro tem, do you have some questions? >> Alter: Thank you, good morning. Can you hear me okay? >> Pool: Yes. >> Alter: Just to follow up on the chief's comments. Last year when we had the dispatch equity study it identified that charity care was an area where we needed to update our policies so we could bring in as much dollars as possible without hurting the service delivery or impacting individuals who couldn't afford care. And so that was a policy that we

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implemented in, I think, September of last year, right after the budget when we had some direction, last year building out of that. And the chief mentioned, there's a certain amount of uncertainty in the amount, although there's a fair amount already assumed in the actual budget. So I appreciate the progress that's represented here. And I'm glad that we were able to bring in additional staff here. I must admit to a certain level of frustration that we haven't gotten further enough on -- further enough on the backlog. Do you have a sense of whether we have completely lost out on billing for some of that 17,000 because we missed deadlines? I understand there's some billing situations where you have to get it in within a certain period of time.



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>> Yes. I would -- the -- there's certainly some of those claims which potentially we could not collect on. It is not the full 17,000 claims. It would be a fraction of that that we may have missed a timely filing deadline on. The department is doing their best to prioritize those claims. So, for example, the medicaid claim which have the strictest timely filing, to ensure those are the ones that we submit as early as possible and some of the commercial payers where we might not have the same timeline requirements and delaying those -- those are the ones we tend to delay a little bit more. >> Alter: Are you talking about the ones that we missed so that we would at some point be able to understand that? >> Yes. We do have that information. I don't have it in front of me. We do track all of those dollar amounts specifically based on the payer, what was submitted and we do recognize on a yearly basis what are potentially missed dollars based on a lack of timely filing. >> Alter: And under normal circumstances, how much money is

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represented by the 17,000? >> I would -- I could get that back to you. I would feel like I would be making a guesstimate if I stated that right now. >> Alter: Yeah. If you could get back to me on that. I'd also like to see the reports that are mentioned in here, that have come back. As I understand it, there are kind of two parts to solving this puzzle. There's the compliance side and making sure that we're doing everything right with respect to compliance. And then there's a look at the revenue side and making sure that we're generating that. Can you explain a little bit more about the difference there and what we're pursuing with respect to each part? >> Yeah. Absolutely. So on the compliance side, we're looking -- the billing department spends a lot of time looking at claim, cleaning claims up to make sure as they're submitted they meet the requirements of CMS for necessity, that they have the required documentation, that they're consistent.

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There's certain signature requirements, for example, we need consent and documents from the patient. We need consent from -- sometimes from different situations and other pieces. There's a lot of things to ensure the documentation particularly for medicaid and medicare, meet those very specific things that need to be in that documentation or for us to receive claims for it. You've heard questions about compliance and audits and other things. In addition, before we submit them to medicare or to CMS or to medicaid, we need to ensure that those meet certain requirements even to a higher standard because if we do receive those payments from CMS, and then later identify that we were not compliant, that would be a payback to CMS. We spent extra time looking at those claims to make sure they're appropriate to where they need to be. And so that does take a time from our billing staff to be able to

do that. That is part of the reason why we sometimes end up with a backlog because we have folks looking at the claims and ensuring they are where they

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need to be. By driving the compliance side and driving improvement and documentation from the providers we're able to improve the process on the billing department and the revenue cycle department, we're able to improve the quality of claim we're sending to the payers and ensure that we're improve that overall collection rate, if you will. On the revenue cycle management side, which is slightly different, it's looking at how are we operating the revenue cycle department and how are we -- what processes, procedures, and other things have we put into place. So, for example, how are we looking at the process they used for when they do denial management and at what time in a process over -- from when a claim goes out, how long does it take for the claim to go out and when do we release that claim and what is the process when it comes back if it is denied to

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get it back up to the payers. And so all of those are very nuanced and folks have expertise in revenue cycle management will tell you there's very specific times you want to hit in order to maximize the collections that you can get back. And so that's one example on the revenue cycle management but it's a lot of that back-end piece of how do we structure the revenue cycle department, how do we make sure that the time that they're spending is valuable and is most -- is maximizing the potential for revenue cycle improvements. And then tied to that on the operations side, I mentioned that dispatch piece is are we leveraging all the resources that we have to maximize that revenue. So not just processes but also looking at are there specific things we can do slightly different even from the operations side beyond documentation to improve eligibility for collections. >> Alter: Thank you.

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And you know, looking at this, I have to remind myself that quarter to fiscal year of '23 and completing it by then means it's within a year of your coming onboard. And I really do hope that we will be able to have made very significant progress, if not fixed the challenges by that time. I want to just remind my colleagues that when I initiated some of this work in the last budget cycle with a budget rider I was on the heels of a dispatch equity study which identified the possibility of between 5 and \$25 million in revenue. And I'm not sure that really even captured the fact that we have that, which would provide one-time money. We've captured some of that money with the charity care hopefully and we'll have a better idea when that comes back. But there's a lot of revenue there even within our existing fee structure. In this year's budget rider related to this we asked city

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manager to come back and let us know whether we should be increasing the fees in the first place. Our cost of service is higher than what we are charging. So that should probably be coming back to us. I think we cited in first quarter of next calendar year and in talking with the chief, we had decided to wait on doing that. Not do that in the budget this year because we wanted to make sure that we had fixed the billing process and not add that additional layer at this point in time. Thank you, chief. >> Thank you. >> Pool: My mic keeps turning off. Thank you. Any other questions? Councilmember Fuentes, councilmember tovo? All right. >> I don't have any, thank you, chair. >> Pool: Thank you so much. Thank you, chief. >> Thank you. >> Pool: Now we will move back to our discussion and action item. We have one item, approve the

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proposed bylaw amendments for the commission on seniors. And we have our human resources staff here to walk us through. Thank you. And we are getting paper copies of the bylaws with the changes. So those who are watching on TV, it's likely in the backup. >> It is. It's in the backup. Good morning, Stephanie hall here. Austin city clerk's office. I'm here to present the proposed bylaws of the commission on seniors. This is related to a recommendation that they passed recently. But they also just recently took action last week to amend their bylaws. I have a few proposed amendments here. The main thing they're doing is editing the name of the commission. Proposing a change from the commission on seniors to commission on aging. And that includes updating all the related references to seniors to aging or aging adults

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as appropriate. Their business justification is outlined in great detail in the recommendation but in general it's whereas the term seniors is falling out of use when describing olderred a dulls and while the term aging brings to mind a dynamic process that leads to new abilities and knowledge that continues to contribute to the community and renaming the commission on seniors to the commission on aging would be consistent with names of other similar commissions and with the name of local, state, and national agencies and organizations addressing the needs of older adults. So staff definitely recommends this change. It does require an ordinance because it will need to update city code but we can -- we're planning to attach that if this recommendation moves forward. The othered dit is article II, the purpose of duties. Changing that to older adults. Adding a section of bylaws that tells more about their membership requirements. This is something that is already in code. It's updating the references, again, to seniors to adult or older adults but adding it to their bylaws which we recommend.

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Edit to article VII, changing seniors to aging. Staff recommends all the updates and we plan on creating the ordinances appropriate to change code as needed should this recommendation move forward. >> Pool: That's great. Thank you. I guess I've been around long enough to watch the terminology shift from "Aging" to "Seniors" to "Elders" to other names. And I'm in that category, so I guess I'm weighing this from a personal perspective and it works okay for me. Anybody -- I see a thumbs up from my colleague here on the dais. Anybody online? I think that mayor pro tem has probably left. Councilmember tovo, are you on there? Is there anything you wanted to say? And I -- >> Tovo: That sounds like a very good change. >> Pool: Okay. Great. >> Tovo: I would say to our -- to Stephanie, it might be a conversation you want to have also with the mayor's committee

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for people with disabilities because I think the language around that has also changed to a preference for individuals with disabilities. So we might have that conversation with that committee as well. But I appreciate this commission for coming forward with this recommendation. I think it's very appropriate. >> Pool: Can any other comments or questions? Is there a motion then? And I cannot see you, councilmember tovo. There you are. Great. Do I have a motion? Okay. A motion from councilmember Fuentes. A second from councilmember tovo. All in favor, please raise your hand. Looks unanimous on the dais with the three of us, councilmembers Fuentes, tovo and pool. Thank you so much. Thank you, Ms. Hall. >> Hall: Thank you. >> Pool: Okay. We have another briefing. And this is on updating the timeline -- wait a second.

[10:08:32 AM]

I jumped ahead. Living wage procurement program. Implementing \$20 an hour and piloting adjustable living wage contracts. And we have Mr. Scarborough and Ms. Will let. Et. Good morning. The floor is yours. >> Scarborough: Good morning. Can you hear me? Push. Good morning, vice chair and members of the committee. My name is James Scarborough with the financial services department, chief procurement officer. With me I have Shawn willet, deputy procurement officer. We're here to provide you with an update regarding the city's living wage procurement program. As you recall in the recent adoption of the fiscal year 2023 budget council determine of determined that the new living wage for city employees will be \$20 an hour.

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Historically the living wage for employees has been tied to the city's procurement program of that same name. And so due to that adjustment we will be making a similar adjustment to the procurement program. And we wanted to get in front of this conversation with council and provide you an update on how we will be implementing the new living wage rate within the city's procurement program. So with that I'll turn it over to my control colleague Shawn. >> Pool: Good morning, Ms. Willet. >> Willette: Good morning. I'm not good with this. I'd like to start with history and basic information on the current living wage program. The city's living wage program started in 2002. It was initially limited to city employees but quickly thereafter expanded to apply to certain city contracts and modified a few times since that initial rollout. The policy objective of this is that we believe the minimum hourly wait contractors pay their employees working under

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certain city contracts should be consistent with the minimum hourly rate the city pays its own employees. There are several pieces to this current program. It applies to certain contract types, specifically those that have been competitively awarded and that where services are done on city property or to city vehicles. The living wage for contractor employees as James said earlier, it does track with the living wage that the city uses on -- provides for its employees. And the living wage currently the way it works is that when a contract is awarded the living wage rate at that point in time is covered and carried through the term of the contract until it expires. Next slide. As you can see by this next slide, historically there has never been any really significant changes annually. So up to this point in time it's never been any huge difference in the point where a contract was awarded and three to five years later when it expires there's never been a huge

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difference. However, as noted, this new increase to \$20 an hour was significant enough that we felt we really needed to look at our program and maybe come up with different ways to administer it. The update James is going to give is going to be three different parts. First one is going to be our plan for new living wage contract which will be awarded after October 1st, 2022. He'll also discuss living wage contracts that are currently in existence and what we're going to do to get those up to the \$20 an hour as well as discussing a pilot that we want to run to try to roll out an adjustable living wage Thor those contracts that would be able to change year after year. >> Scarborough: Next slide. So for current solicitations that are still in evaluation, have not been brought to council for authorization of the contract, we have been able to update the solicitation

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instructions and the contract clauses in those prospective contracts to include the \$20 an hour living wage rate requirement. Those contracts that have been recently authorized and were executed needed to be executed under the prior living wage rate of \$15 an hour. They will be included in our transition plan, and we'll talk about those in a little while. When we talk about living wage contracts, we are talking about a subsection of the city's contracts. At any given time we have roughly 5,000 contracts under way of all size and amounts. And we are talking about service contracts. So that's one subsection. And then of the service contracts we're talking about a specific subset where the contractors have employees that are operating or performing the

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services on city property like city staff would be doing. And so those -- that's a much smaller subset of our overall contracts. So when we are talking about rolling out these changes, we're not talking about rolling out changes to many hundreds of contracts. We're talking about rolling out these changes to approximately 300 contracts, and because those contracts differ, we roll out the new living wage rate differently. So the way that the program has worked historically, as Shawn mentioned, is that the living wage rate is locked for the term of the contract. So when the contract is formed, the living wage rate in place at the time of the contract execution would be maintained throughout the contract's term. Because the contract, in part, based on the competition that occurred at the time of its

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award, maintaining the conditions around that competition throughout the term of the contract is important. But the length of the contract can cause the living wage rate at the beginning of the contract to deliver from what it is towards the end of the contract. So we realized over the years that having very long contract terms can cause a disconnect between the current living wage rate and the living wage rate that was in place at the beginning of the contract. With the recent larger increase in the living wage rate that difference is more pronounced. And so what we are doing in the next coming years is going to be transitioning the contracts, the living wage rate contracts, to the new living wage rate naturally, if there are no more extensions remaining, or in an expedited manner so that we can move them to the new living wage rate sooner than they otherwise

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would be. Next slide, please. So as you can see here, we have roughly 300. There have been a few more contracts awarded since this slide has been created, so it could be slightly over 300. As we implement

this two-year plan, we're going to do so in three priorities. The first priority will be for those older contracts that reflect a living wage rate that is lower than the current \$15 an hour. We want to convert those contracts all by the end of this coming fiscal year. And that's really kind of one of the drivers of this presentation. Unlike the living wage rate paid to city employees that would initiate upon the beginning of the new fiscal year, we can't also initiate living wage under our contracts the same way. We have to then convert those contracts. Some conversions will be through new solicitation, new award of

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contract. Some conversions will be through a negotiation if that contract type is able to be negotiated. Others will be simply confirming that the contractor already pays well above the new living wage rate and no action is needed. We'll just let that contract expire naturally. But the priority one will be to convert all of the older contracts at a lower than \$15 an hour living wage rate by the end of the coming fiscal year. That doesn't mean that we will wait until the end of the fiscal year. It just means that we will have them all processed by the end of the fiscal year. As you can see, the larger number of them will be expiring naturally. They're already on our solicitation schedule. There won't be additional effort needed to replace them like there will be in the second subcategory that they -- these contracts will expire later than 2023. We will either replace them

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early or we will amend them so they reflect the new \$20 an hour living wage rate. >> Pool: Could you'll hold on a second, Mr. Scar pro. Could we move the little square so we could see what might be underneath there? I don't know if there's a number under there. There it is. 33. Okay. >> Scarborough: Thank you. Thank you. So priority two. These are contracts at the current living wage rate at \$15 an hour. Larger portion of the overall living wage rate contracts. Those contracts that expire before the end of the next fiscal year, they will be replaced as usual. And again, doesn't mean we're going to wait until 2024. It just means that we will have them processed all by the end of 2024. There is a larger number, a bit more than 100 that we will need to either replace early or we will amend them early. The goal is so that by the end of fy 2024 that we are all

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caught up with our living wage contracts, at least to the new \$20 an hour rate. Then going forward, as we manage the program, we will do so under some different contract paradigms so that will be less likely that the contracts will become too far behind the current living wage rate. Priority three will be for those contracts that we have confirmed that the contractor already exceeds \$20 an hour. We will convert those as possible, but they will, for the most part, are already meeting the policy objective of

the program. Next slide, please. So if you will recall back in 2019, in council's contract labor resolution, there were a number of items addressed in that resolution, but one item that was also included was a

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request that we develop a mechanism for adjusting the living wage rate during the course of a contract's term. So we've in the last couple of years, while attending to a number of others operational challenges, we've also been looking out across the practice of our colleagues in other governments, whether they be state, local government, federal government, what have you, looking for similar approaches in adjusting living wage rates during the course of the contract's life. We've developed an approach to do this, but to be quite honest, we have not found another entity applying this type of approach. We would like to take a most likely sample of our living wage contracts and apply this

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particular approach to make sure that it works. We're pretty confident that it will work, but we would like to apply this technique a few times. And it's going to be a combination of a different solicitation type with a few extra steps and a different contract approach. Again, with a few extra steps. Limitation on links sinking the -- each contract temple to the fiscal year and what have you. But we would like to try that out for a period of time. And because living wage rates adjust on the fiscal year, we need at least one adjustment to see if this technique works. So -- so, you know, it's not a pilot we can run in a few months. This pilot necessarily needs to be at least -- at least two years long to get us through the change of a living wage and then implementation of the living wage in the contract which could take another few months. So we develop those techniques and approaches and we would like

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to implement them, come back and update you on how that implementation is going sometime this year, in fy '23. With that, hopefully the experience with the adjustments of the living wage rate are successful, then we could come back with a recommendation and update the -- the applicable regulations and ordinances associated with this program to then be able to apply it over a larger group of our contracts. So in summary, the reason for the update is so that we can clarify that when council updated living wage for the employees, there is a related update to its procurement program. But the procurement program functions somewhat differently. And it will take -- there's a natural lag between when a new living wage rate occurs and how it is applied in the resulting contract. We are applying it.

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We just wanted to clarify how we're applying it. And then answer any of your questions with regard to the program or how the program will proceed in the future. But that's in essence our overview, our summary of the program. We're ready to entertain any questions that you might have. >> Pool: Great. Thank you so much. This looks good to me. And I think -- did you mention something about this is maybe the first time this sort of approach is being done? Maybe nationally? >> Hall: We researched locally and nationally, I did not find another entity that allows a contract term the ability to change the rate. We wanted to pilot to make sure that our approach is going to work because we can't find any precedent for it. >> Pool: Yeah. Okay. What questions do we have? Councilmember Fuentes. >> Fuentes: Wonderful. Thank you. This is a great update. I'm excited and thrilled to see that this is another area that Austin, our city is leading in, and knowing that our staff are

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just as committed in piloting some innovative approaches in how we can continue to adjust the living wage is incredible. So thank you. Thank you. Thank you. That is going to go a long way with our community. In fact, one of the feedback that we heard from our community is the fact that, yes, we are going to \$20 an hour but that's still not sufficient. And so I think this pilot program will certainly go a long way in establishing even better approaches and mechanisms for us to continue to help address affordability and to address our staffing shortages as well. So thank you for the layout. You talked about how -- what you laid out today is a subsection of the section of the 5,000 contracts that the city has. And so can you talk me through, of those around 300 contracts that you will be working on over the course of the next year or so, what kind of sectors, what industries are covered within that service scope?

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>> Scarborough: Councilmember, that's a great question. Again, the conditions for the living wage procurement program are tied to service contracts where the work is actually being done on city property. That includes work done on city vehicles. Where the work can be differentiated by contractor employees that are directly assigned to the contract, sometimes you'll have contractor employees that are serving city contracts and non-city contracts, non-city customers at the same time. And so their time can't realistically be divided. They're paid at one rate under one contract and a different rate at another contract they're not directly assigned. We need to be able to identify those employees that are directly assigned. So because of those conditions, of our many hundreds of contracts, those that actually meet those criteria right now

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are about 300. But that number has been creeping up over the years. >> Fuentes: Is this, for example, hotels, the city owns two hotels, we have workers within those lo tells that work in the service industry. Would they be included in this 300 contract segment? >> Scarborough: I don't believe that we do -- there is a financial relationship with the hotels, but I don't believe that we oversee those particular contracts. We do not. >> Hall: Not the staff. >> Fuentes: Okay. What about the concessions at the airport? How does that work? >> The concessions are done by the aviation department. They are subject to federal procurement regulations. To the extent they can apply city procurement regulations they do. But when they cannot, they do not apply them. Because they're not subject to

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the per I have, I'm glad to get that information for you. >> Fuentes: I would like to continue that conversation not only because the airport is based in my district, but there are many workers that would be impacted and I want to make sure that there's an opportunity for us to ensure that they also raise their wage. I want to be all over it. So the other thing -- the other question I have is around -- I just lost it. What was it? Oh. We have really big infrastructure projects coming online, with project connect and with the airport expansion. Would any of these service contracts be as part of those two infrastructure projects? >> Scarborough: Councilmember, possibly. Many of the construction contracts, because they are a project contract essentially, the nature of that competition is based on a known quantity and

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a commitment at the time of the contract. So when we make a commitment at the time of the contract, the conditions of that commitment have to maintain throughout the term of that contract. So when we're talking about the possibility of adjusting the living wage rate, we are targeting those contracts that are multi-term, where there are indefinite quantities. There's no definite commitment. When we change the conditions, the pricing in that contract would change but it would change for all orders going forward. Those construction contracts are subject to state and federal regulations with regard to prevailing wage. And so we will maintain the prevailing wage program as it is currently established, which does include the city's living wage as its minimum rate. But those prevailing wages are locked in at the time of the contract's award. Again, because the commitment is made at the time of award. As opposed to these other indefinite quantities, services

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contracts, where the commitment is at the order level. So there's. Different commitments and the price would be locked at those commitments but we can change the living wage rates in certain of those contracts. The commitment is made all at one time in a construction contract up front. And therefore,

the conditions including the living wage would then be maintained throughout that contract. >> Fuentes: Okay. Most likely yes because I know with project connect we're in the design phase, the construction contract phase is yet to come. We might even have a higher living wage by then. >> They would be awarded at the living wage wait. After October 1, \$20. If it's a different rate after October 1 of 2024, then it would be that rate. >> Fuentes: Okay. Wonderful. Thank you so much. I appreciate it. >> Thank you. >> Pool: Yeah, the city's reach in wages in contracting is why I support the federal minimum wage be raised.

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And it's egregiously low and hasn't budged in any significant fashion for decades. I remember answering a question like that on a campaign questionnaire, who -- what level of government do you think should be setting the minimum wage. And while I am happy to be increasing it here at the city level, it does end up having inequities elsewhere in the state. The only way you can address the concern, which is a national concern about the cost of living no matter where you live, that really does need to be not even at a state level. In my estimation, really needs to be an issue that is taken up by congress. I see that councilmember tovo had her hand up. Yes. And you are muted. Or maybe we have the squeaky

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voice. Yeah. It's -- the audio is -- dawn of -- do you want to call us on your phone? We'll hold. And while we wait for the electronics to behave themselves, we'll just hang loose. And I see councilmember tovo trying to come back. >> Tovo: Is the sound any better now? >> Pool: Yes. That is very good. >> Tovo: Great. >> Pool: Yes. >> Tovo: Thank you. I was saying thank you so much for this important presentation and for laying out these proposals. I wanted to ask about our social service contracts, which present another array of challenges in terms of making sure that those, too, are moving toward that living wage. And I understand that some of

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our public health -- I think we have some public health staff online who might be able to address that. >> Hello, I'm with Austin public health. >> Tovo: Great. Thank you. Can you talk about how this -- how our social service contracts are wrestling with this same issue? >> Sure. Based on James' presentation, they are currently exempt from the living wage ordinance. The only contracts that are eligible or considered as part of living wage would be the arch, which that is having a city-owned building where employees are providing services on that site. >> Tovo: And colleagues, you may remember that we addressed this to some extent during our budget. I have brought a budget amendment to add some additional funding to work toward bringing

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the employees that are participating in our social service contracts up to a higher wage. This is really a very important issue. And as we look to standardize our contracts across the board, I think we need to be really mindful of those services through public health contracts. So the solution there is to at least, at a minimum, start looking for funding to supplement some of those contracts so that our social service contractees can start to raise those wages. >> And I would say an important point related to our social service contracts is that Austin public health, or the city is funding programs, not the agencies themselves. So those are considerations that we have. Just doing a quick look at some of our programs, in some instances we are funding maybe 1-25% of a program. So those would be considerations that we would have to have in terms of dictating a wage for an organization for a particular

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program or contract. >> Tovo: Thank you. That was part of the complexity. I know that you all -- during the budget process. Thank you for that additional context. The other area where I think we need to take a look are contracts associated with city-owned properties. And this I guess is a question for Mr. Scarborough. It's my understanding that at present, we do not have a policy that runs away city-owned properties. So if we have commercial operations suggestion Austin Ya, java or the upcoming conversations around health south, that living wage is not built into some of those negotiations up front. Is that accurate? >> Councilmember, I believe that is accurate. Those agreements would be lease agreements. And historically lease agreements in city contracts, or

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procurement contracts, have been addressed differently from a policy perspective. So if we were to then include the living wage procurement program into leases we would need to look at the number of leases, look at how that would impact, give you information to determine if proceeding in that direction would be something desirable to council from a policy perspective. >> Tovo: Thank you for that. I'll probably be in touch on that. I'm working to bring forward that real estate resolution. And that is one of the components we're building into it. So it would be helpful to get a sense of -- it seems like for our existing contracts, there may need to be a look at how many there are and what that would be like, and what a phased approach to those existing contracts might look like. So, thank you very much. >> Pool: Great. I think that's all we have on this item. Thank you so much. >> Thank you. >> Pool: And our last -- let me pull up the agenda here.

[10:36:06 AM]

Our last item, this is on animal services audit, update on the timeline for the animal services audit related to resolution number 2022-078-098. >> That's a lot of numbers. I'm impressed. >> Hi, Kori. >> Hi. Good morning. Kori, city auditor. >> Pool: There she is. Not a disembodied voice after all. >> Yes. Y'all can hear me, I hope, and see me? >> Pool: You're good. Thank you. >> Okay. We're going to do a quick presentation. Back in July, y'all passed a resolution asking us to do an audit. We're going to give you a quick update on where we're at. Next slide, please. Okay. Yes. This is the resolution y'all asked us to [ indiscernible ].

[10:37:11 AM]

[ Lapse in audio ] >> Pool: All right. We're having some problems with your audio. >> Okay. >> Pool: Maybe if you go -- >> I'm going to turn off my video. Can y'all hear me better? >> Pool: Let's try that. Thank you. >> Okay. So, y'all passed a resolution in July asking us to look at the animal services office and use an outside expert in shelter operations. So, next slide. I wanted to have just -- I know we've had several speakers on this topic, and I just wanted to remind y'all why y'all chose us for this. We are infinite objective. We report to the city council. We are not involved any way in the management of the shelter or . . . We basically . . .

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Intentionally, the citizens of Austin in the '90s voted for us to be completely indeputy of the rest of city - independent of dependent of city government so we can be a third party looking at any kind of operations, in this case, animal services. We do our work in three parts. We do initial information-gathering. We call that planning. But we spend a lot of time collecting information and Keith in a second is going to talk to you about that. Then we get into detailed testing and eventually reporting. Reminding you guys of that because it means that our process takes a little while, but hopefully ends up with really adding the value that we intend to add as we do our work. Next slide. So, Keith is hopefully online. I can see him. >> Pool: He's here at the podium. >> Great. So, Keith is going to take it

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from now. Keith is the manager on this project. Henry was going to be our lead. And Keith, take it from here. >> Pool: Welcome. >> Hi. I'm Keith, assistant city auditor overseeing this project. For our audit scope, this one is guided by the resolution that you all passed. It was a very broad resolution. I want to go briefly over what it entails, which is every operation within the Austin animal center. We'll be looking

at the intake of animals, the shelter care that they receive once they're there, the outcomes which will be anything from being adopted out to going to a rescue center, foster care, or even dying in the shelter. We'll look at the no-kill policies and contracts with external partners. So, both shelters and rescue organizations. Since this resolution was passed, we've organized our team. We've also begun reviewing the policies and procedures that the

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animal center has. This is part of the information information-gathering -- initial information-gathering. Most notoriously, we are planning for community and employee engagement opportunities. The dates haven't been hammered out, but we expect that to be very early November. We plan on having at least one public session in person and one remote so we can hear from all the stakeholders throughout the city. We'd like to do at least one with specifically for animal center employees so that we can hear their perspectives and concerns as well. We're going to be using this information to help guide our selection of the external expert. This is something that we have begun looking into, compiling potential external experts, but we're still not at the point in the process where we have a sense of who that may be. So, what you all can expect over the next few months is the community/employee engagement. We will hire our external expert and continue and finalize that

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initial information-gathering phase. By the spring of next year, we plan on finishing our conducting a detailed testing. So we should have a sense of what our report's going to look like. In the summer of next year, we plan on publishing a report and presenting findings to you all. And with that, I'm happy to answer any questions you may have. >> Pool: Does the work -- the scope of work include looking at the dashboard and the information that is provided for public consumption on the dashboard? >> Yes, I believe the resolution included the dashboard. >> Pool: Great. I have a really high level of confidence in the auditor's office and in the transaction of this internal audit. We're in the beginning stages and very interested in seeing how this proceeds, and would urge and welcome the community to weigh in when those

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opportunities are provided, and look forward to seeing the work product at the end. So I thank you all for stepping up to the plate and being willing to take on this obligation for the city. It's really important. Do I have any questions from my colleagues? Councilmember tovo, did you have anything? >> Tovo: Thank you, no. I look forward to seeing the results of the audit. It's going to be very useful. I appreciate your leadership in bringing it forward. I did want to point out -- hi put some questions -- I put questions

into the budget q&a that have not been answered. I put them in late in the process, right maybe even that very last week. And so I didn't intend for them to be answered during the budget process, though I had some budget direction related to it. But I did think it was information that is useful for

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us and potentially will also be in sync with the audit, but I just wanted to call everybody's attention to that. The information that has come back provides specifics around our rescue organizations and the kinds of dogs that are being pulled out. I think it's important to take a look at the ratio of small breed dogs to large breed dogs. If you're looking for a small-breed dog, you will find that there are -- well, let me just say I think it's an important balance. I have through my own observation but also through that of other folks recognized that if you're looking for a small-breed dog, those are identified by rescue organizations very quickly, almost as soon as they get to the animal center. We want to encourage people to go to the animal center, and that can sometimes discourage folks. So, we also -- I want to make sure -- some of the questions are also aimed at making sure that we're encouraging those

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rescue organizations to take larger dogs in addition to some smaller dogs and trying to get a clear picture of how that is all working. And there's also data in the q&a now about what the busiest days of the week are. I know many of us have heard from individuals who are very concerned about the center being closed on Sundays. And so this provides some data to show the busiest days. I haven't looked through the data to come to any conclusions, but there is really good data in there that I hope will supplement the learnings we're going to get from the audit. >> Pool: To make sure that our auditors get ahold of those questions and the responses, it will be in the q&a. Did you say the answers were still pending, councilmember tovo, or have -- >> Tovo: They're all posted now. And I really appreciate that. Thank you, staff, for doing so. They are questions 231-237. >> Pool: And that would have been on our last council meeting

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agenda q&a? >> Tovo: No, this is the fiscal year '23 budget. >> Pool: The budget q&a. >> Tovo: If you go to the council budget questions, you'll see those. >> We'll make sure to look at those. >> Pool: Councilmember Fuentes, did you have anything? All right. And I don't have anything more to add or to ask. So, I think we are at the end of our agenda. And the only thing would be to identify items to be discussed at future meetings. Anybody have anything today? And I expect our chair will be back for our next meeting. And what's the date for the next meeting? I don't have that in front of me. It's about this

time next month. Ms. Thomas. Thank you for helping on this. >> Of course. Good morning, Diana Thomas, cfo. The next meeting is on

[10:46:29 AM]

October 19th. >> Pool: Great. Yes, councilmember Fuentes. >> Fuentes: I have a topic request, not for the October meeting, but perhaps for the November meeting. If we can discuss the airport special report that we requested, I know corrie and her team are doing some analysis and taking a look at how airports operate throughout the country when it comes to community benefits agreements and a couple other priorities associated with that request. And I believe that information is coming back to us in October. So, next month. So I think if we could slot that in for November, that would be great. >> Pool: And that looks like an okay with our auditor. >> Yes, we can plan for some kind of information for you guys at the November meeting. And I believe -- October we do is pretty full. We have several items we'll be presenting then. But at November we can

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definitely talk about the airport and the community engagement. >> Pool: Great. Thanks. November sounds good to me, too. Councilmember tovo. >> Tovo: I'm sorry, I need to backtrack on one thing I said. I think one or two of the questions in the council budget q&a haven't been posted yet, but there is already some really good information. And just on the point I was talking about earlier, sorry to backtrack us here, but it looks like from this current fiscal year, more small-breed dogs went to either out-of-state or instate rescue organizations than to walk-in adopters. So, that's just as a point of comparison. And again, if -- we want to make sure that we're getting enough people through the doors, and that we're encouraging them to come back, and making sure that we have balanced policies that encourage folks to keep coming back and don't discourage them, I think is really critical. And that we continue to work

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with those rescue organizations to not just take some of the smaller dogs, but also continue to encourage them to take some of those larger-breed dogs. >> Pool: Very good. All right. Anything else from anyone? All right. Well, then I think we are done. And I will adjourn this meeting of the audit and finance committee at 10:48 A.M. Thanks, all, for coming.