

City Council Work Session Transcript – 09/27/2022

Title: ATXN-1 (24hr)

Channel: 6 - ATXN-1

Recorded On: 9/27/2022 6:00:00 AM

Original Air Date: 9/27/2022

Transcript Generated by SnapStream

Please note that the following transcript is for reference purposes and does not constitute the official record of actions taken during the meeting. For the official record of actions of the meeting, please refer to the Approved Minutes.

Let's go ahead and convene today's city council work session. It is 9:11. Today is September 26th, 2022 -- I'm sorry, September 27th, 2022. We are in the boards and commissions room here for the work session. Colleagues, I was asked to pay a little bit more attention to how we structure these work sessions to try and get things up that were most likely to help us with the meeting on Thursday and that creates widespread interest. This is the order I intend to follow here unless the will of the council is different. We're going to do the city council meeting schedule pulled by the mayor pro tem.

[9:12:44 AM]

We're going to do the statesman pud, which I pulled. I don't know that that will take too long. That's more a surfacing or airing of issues or amendments so that people can better plan for Thursday. And then I'm going to call up councilmember tovo's item 92, which is the city owned real estate item. Not so much to discuss, but to give Kathie the chance to kind of lay out what that is because it's big and has a lot of issues. We can return to that later today to discuss it. But then to get -- and after we have that to have the briefing on health south followed by the briefing on Austin energy having gotten through those things we'll look at agenda management for Thursday's meetings

[9:13:44 AM]

because we will have hit the big things at that point. And after we're through with that then we'll return to the other pulled items that we didn't cover, which I think are the Ila items and then we'll do the briefing on the climate equity plan, the briefing on trash in creeks and then the discussion of item 92, which is the city owned real estate item. So that's generally the process, the order I'm going to follow, which I think heavies us up early that best impacts the work we have to do this week. So. >> Tovo: Mayor? >> Mayor Adler: Yes, Kathie and then Ann. >> Tovo: Just a quick question about that. I'm glad

we're taking up and prioritizing some of the council pulled items because I think that does help us with our meeting management on Thursday. The il As, if we could -- I know I pulled them at the

[9:14:46 AM]

council meeting and -- it didn't become clear that we were going to get to them until quite late in the day. It sounds like we're not going to get to them until quite late in the day too. Since that involves city staff, I just want to be -- if we're not going to take it up this morning, can we arrive at a time that we're going to take it up so that staff aren't waiting around everyday. >> Mayor Adler: Yeah. I don't know how long the initial pulled items are going to be. I don't think they'll be that long. So I think we're in the two briefings that we really need for Thursday and then I have it right after that. So manager, you might let the Ila staff know we need to hit it because it was opened from last week but we'll hit it right after those first two briefings before we do other stuff. >> Tovo: Alternatively I could just lay out my questions and we could discuss as a council and the staff could address it on Thursday. I'd like to do with the

[9:15:48 AM]

renaissance market. I didn't want staff to wait around all day since there were so many briefings so I intended to talk about that without staff and ask them to talk about it on Thursday. >> Mayor Adler: That woulding good too. To the degree we could get stuff done here as opposed to Thursday, I'd love to be able to do that. Let's see, Kathie -- >> Tovo: I think we do need staff input on the Ila and if we could begin figure out a more precise time, that would be great. >> Mayor Adler: Tough to do. Right after those first two briefings. Ann. >> Kitchen: Just a quick question. Do we have executive session today? >> We do not. >> Kitchen: Okay. >> Mayor Adler: Okay. So let's go ahead and start. Alison, you pulled the council meeting schedule. Did you want to address that? >> Alter: Yes. I am concerned about the schedule for July and August. We seem to have an extra

[9:16:51 AM]

council meeting in that period before budget than we had this year or last year. I'm also concerned about the timing for when we're having budget hearings. You know, the budget sessions I want to make sure that when we have the budget hearing that it's just a work session, that we are able and planning to talk that day. And I think that we need other time with council that will have so many new members to be talking about budget and I don't think we're working that in. >> Mayor Adler: Did you have -- how would you propose to respond to those questions with this item coming up on Thursday? Would you want staff to propose something different or a better articulation of what's going on on different days or did you have a proposal. >> Alter: I would propose that we not have one of

[9:17:55 AM]

those council meetings scheduled and that we may be plan that we could go to the second day if we need to. So that we are able to -- so that if we have to go over one meeting we have the space to do that. But I think it's unrealistic to have two -- to have two council meetings before budget when we should be able to focus on budget. So I would like to see one of those council meetings removed, maybe the second one. And for the first one we block off either the Friday or, you know, note that on Wednesday we might take up the consent agenda for that. And I think we need another work session day, one of those weeks before budget at east. We could always cancel them, but I do think it's important.

[9:18:57 AM]

>> Certainly, council member, we could work with your office to have an amendment on Thursday. But from staff's perspective, just to have this out there and obviously with a new council next term we can schedule a time and work session early on through the year to talk about the calendar because there will be new council members who may want to engage in that conversation as well. For the time being I hear you on not having two meetings in the summer and certainly we can give you language that would have an alternative for Thursday's consideration. >> Alter: It's not that I don't want to have the meetings. I don't think it's realistic in terms of the amount of work we need to do to focus on the budget. I think we already have some challenges with the budget process. The other thing that I wanted to raise is that there is the national league of cities meeting in November right before Thanksgiving. That's in Atlanta next year.

[9:20:00 AM]

And I don't know if we have to resolve that right now, but we may found that we have several council members who want to go to that. I didn't have a solution given the timing of how we would handle that other than potentially cancelling the meeting or moving it earlier in the week, but I wanted to raise that and I need to check in with some of my colleagues, but that may also be an issue for this year. >> Mayor Adler: Okay. If you could work with the manager and Alison, if you could post that so people could get it on their calendars rather than getting something new on the dais, that would be best. I'll also take a look, even though I won't be here, in terms of the U.S. Conference of mayor dates to make sure that they're cleared as well. >> Pool: To the nlc meeting this year, I will be out of town and I think there are at least two, maybe four council members planning to attend. So we should probably just

[9:21:02 AM]

surface that and possibly address it. And that's November 17th or something like that. I can't remember what the date is it's the week before Thanksgiving, I think. >> Mayor Adler: Same kind of thing. It will be hard to make changes on the dais in hopes that we can actually get past that and resolve it rather than having that come back next week. If anyone has concerns or thoughts, the first one start a string on that for the message board so other people can add to it and that's your best shot at getting a schedule, recognizing that the council will revisit it early in the year when you have new people. >> Pool: Just to shape that, and it is Thursday the 17th of November is the meeting. To shape that I was just going to suggest that if there are items that need a full dais that we might be able to push them later or bring them sooner. I'm not suggesting that we not have the meeting and I'll try to dial in for portions as I can.

[9:22:02 AM]

And I'm pretty sure everybody else feels that way. So I don't want to be disruptive. But we may be able to do some agenda planning in acknowledgment of that trip. >> Mayor Adler: And my office tells me that the dates for the U.S. Conference of mayors was in fact turned over to Katie so I think it's already on -- >> Renteria: I will also be gone that week too. >> Mayor Adler: On November 17th. >> [Inaudible - no mic]. >> Mayor Adler: You're talking about this November 17th. I'm also out of the country on November 17th. Who else -- looks like we might have thoughts of people on the dais who may not be here. At least four. >> Alter: Mayor, I tried to figure out whether to attend the conference or not depending on whether we were

[9:23:04 AM]

having a council meeting, but I have not made plans. >> Mayor Adler: We'll post something to the message board to try to get someone's feel for the 17th. But if everybody is not here on the 17th let's find an alternative for that or manager if you could take a look at what's anticipated to see. We only have two meetings in the year after the 17th so I'm a little nervous about just pulling it off. Let's take a look. Maybe the last week in November maybe we have three meetings in a row so we don't have 160 item agenda. But we'll post something on the message board to start that conversation. Thank you for that. Further discussion on the schedule? Okay, let's -- >> Tovo: I'm sorry, mayor, I did have one more thing to say. Mayor pro tem might be fixing this, but during our budget conversations we had multiple conversations, sometimes on the dais, sometimes off the dais, about really the need for

[9:24:05 AM]

more work sessions leading up to that. And I think that is one of the things that mayor pro tem is addressing, but several of us are leaving so this isn't really our conversation to have perhaps, but I really think that some of the ways we've done it in past years just worked better when we had a half day or full day where we could ask questions of different departments kind of earlier in the process. I think that really helps. And early with a very new dais it would be critical. We've had many, many questions in the budget q&a and a lot of those would have risen naturally if we had presentations from the different departments and presentations in advance and opportunities to ask questions, which we've done it different ways in the past, but in all of those options it accorded an opportunity to focus department by department by department in those early conversations in the budget

[9:25:06 AM]

process and I think that's very helpful. And also again just having those work sessions where we're not attempting to make decisions but laying out new ideas and really discussing and helps in the budget process because many of those ideas we would have already discussed or wouldn't have been really talking about them for the first time in the budget itself, on the budget days itself. >> Sounds good. We've asked Alison to post or staff to hopefully post them tomorrow so there will be an opportunity if that's not addressed in that, Kathie, for you and others to commented on top of that. Let's see how much of that we can daylight tomorrow so that on Thursday we might be able to move forward rather than postponing it. All right. Let's move on then to the next pulled item. I pulled the statesman pud item. I appreciate the work,

[9:26:08 AM]

council member vela, that you had. Obviously the last thing of record is what we approved on first reading. We have in our backup a -- an iteration of that. I don't know if you want to real quickly, council member vela, explain what that is and my purpose in pulling this item was to see if other people would be bringing other amendments on Thursday that they knew about so that we could get a feel for what might be happening on Thursday. Council member vela? >> Vela: Yes, mayor. What we had asked staff to do is to essentially draft a resolution, an ordinance that has the consensus items with regard to the statesman pud, those that the developer has agreed to,

[9:27:09 AM]

that the planning commission has recommended or that councilmember tovo I believe has asked for and that the developer has agreed to. Sha we have we have kind after clean version or a version where all that is in that version, there is no opposition to those. And that way we can then amend it as needed and then debate those amendments. Again, it's just a path forward to highlight the issues that are in

conflict or have concerns around them. And my intention was to offer that for second reading and then we could take amendments from that. >> Mayor Adler: I think that's helpful. Thank you. Colleagues, by way of disclosure, I am trying to talk to the applicant about two things.

[9:28:09 AM]

You all might be talking about the same thing. If there's a way for us to get a greater number of affordable housing units in adjacent or nearly adjacent property, nearby property as part of this and increase the number, that's something I want us to explore and consider. Associated with the pud approval so to success the number. I've also asked the applicant to take a look at the pud application and see if there's an opportunity for an additional pad site or something on the property that would open up the opportunity for additional building that with a density bonus could drive additional housing and affordable housing either on the side or adjacent to the side. So I've asked him, the applicant to take a look at those two things.

[9:29:10 AM]

If I get anything back on those I'll post those to the message board. Councilmember pool? >> Pool: Thanks, mayor. You probably know I've been working on a motion with the park design process and the list of amenities that the applicant will be funding at 100%. I've been -- my team has been working with the applicant and staff and with a subquorum to try and make sure we cover this territory completely so we'll be put citing that up on the message board pretty soon. But the motion sheet is a public park design process and then it just describes what that is. We'll put it on the message board to you can have a look at it and I don't think I need to put it out here. And vessel, I'll be looking to -- and council member vela, I'll be looking to put that as a friendly on the

[9:30:10 AM]

base motion when we get to that. Thanks. >> Mayor Adler: Ann. >> Kitchen: I've also been looking at -- some of this may end up being councilmember pool's, but I've looked at two things. One of them is the - or councilmember tovo's, I don't know if she's on the line right now. But I've been looking at the issue related to the access -- >> Tovo: I'm on the line. >> Kitchen: I've been looking at the issue related to the access from congress avenue bridge down to the trail and it looks like we may have some options for that. So -- which is one of the areas of concern for folks. An option for access that in addition to going through the center of any development would be right there next to congress avenue so we'll see if that material eyes. And the second thing is I may have some suggested language around the parameters on moving the trail to put some more

[9:31:12 AM]

clarity around understanding what the parameters are there. Again, the concern has been that right now we have such a beautiful area for the trail where it goes because it goes down there through the trees and it's a very -- you know, it's a very closing area in the sense that you don't feel like you're -- you feel like you're more in nature. So I think this is an area that the staff of course has expressed concerns about being too close to the lake right now because of the just various impacts on the lake. So that's important to address. But at the same time I think it's important to set some parameters on what moving that trail would like like. It's not an issue between the developer, but something to be worked out with staff. I think it would be important for the public to understand what those parameters are instead of

[9:32:13 AM]

just leaving it as specified. So that's the other thing that I am she thinking of bringing an amendment upon. >> Mayor Adler: Okay. Pio? >> Renteria: Thank you, mayor. I've been in conversation and looking at the possibility of adding more affordable housing there and nix to it I'm excited about it because we would be able to have these affordable units immediately and not have to wait until the end of the development. So I'm also on board on that with you, mayor. And I'm looking at that possibility. That trail has a lot of possibility and potential to get it done in the right way. As a biker myself, I love to ride my bike around there and it's kind of dangerous just of lose granite on there and the way the trail

[9:33:17 AM]

does narrow up there in that location and it is very difficult for walkers and bikers to get through there. We always have to be looking back to see if someone will come by on their bike. I agree that there's a possibility to make this into a world class type park there, so I'm really excited about it. >> Mayor Adler: Okay. Anybody else have any other amendments that they thought might be -- people thought they might be -- >> Tovo: Mayor, I do. >> Mayor Adler: Yes, Kathie. >> Tovo: I have a few things I wanted to discuss. I think my first is a question for council member vela. So I think the developer has provided all of us with a matrix showing what -- of what passed on -- I think I'll just backtrack. The planning commission made -- the developer brought forward the proposal, the planning

[9:34:17 AM]

commission made some amendments that also embraced some of the parks and recreation board amendments and we made additional amendments and passed it on first reading. So you've brought forward questionable the developer provided most of our offices with a list of what they would and would not agree to based on what we passed as a council on first reading. And now you've asked our staff to produce an ordinance based on what they've grade to. I don't know what the best way is to tackle that because there are going to be points throughout that -- what I would think you would like to see presented as a substitute ordinance, I think there are things we need to discuss because they're sometimes substantially different than what we passed on first reading. And I wondered if you had a list of what you are bringing forward, how that is different from the

[9:35:19 AM]

original proposal. For example, the issue that I'm most concerned about, affordable housing, we passed on first reading that it be 10% on-site because that is what we have for a variety of reasons, including that that is what a planned unit ordinance -- what the pud ordinance requires, 10% on-site. And so I believe the ordinance that you're bringing forward on Thursday shifts that back to four percent. So those are substantially different -- those are substantially different than what we passed on first reading and will absolutely require a conversation. They're also what the applicant brought forward initially. So I -- one of the things I'm going to try to assess is what of what you're bringing forward is really a shift back to the original proposal. So that's a question for you, but I would also like to talk about affordable housing as our council here for a few minutes. Mayor, the applicant I think in our last public conversation talked about

[9:36:21 AM]

that nearby site. I know we've had conversations with the applicant along with some of our housing advocates and some of our housing developers in town and I think if I could summarize those I think there's a willingness to look at the possibility of having those units be off site. But what I certainly hear and certainly believe is that four percent is still far lower than the number that should be required. Again, the pud requires 10%. So if those are shifting -- especially if those are shifting off site we really need to get up to that 10% number. And I'd really like to hear from my colleagues, including council member vela, since you're bringing forward a very different proposal, I would like to hear from you and others where we stand in terms of the number of affordable units and the level of affordability. >> Vela: Well, councilmember tovo, I originally had a proposal to

[9:37:23 AM]

use the money in lieu of affordable housing on site. I had a couple -- again, this is going back months at this point. To sue that to take the cash value of that affordable housing and use it to house the homeless. So I'm open to the discussion about what the numbers are, where the housing should be and all that. Honestly I don't have really strong views about that right now. I will say that what we passed on first reading was really just a placeholder. We did not debate anything. We did not really vet any of the amendments. We heard the presentation. We passed it on first reading with the council amendments and a handful of your amendments through bass really no discussion or debate on that. I would think of it as a placeholder. Again, not so different than

[9:38:25 AM]

what I was offering for first reading. That -- the second reading. The difference would be it's really just administrative. It's not policy oriented. I just want a clean version where this version everybody can agree on what's in this version and we can take amendments from there, shifting this up or shifting this down or adding this requirement or taking out that requirement, but I kind of wanted to start with a clean version so we know where all the parents-- where the consensus area among all the parties is at. >> Tovo: Thank you for that explanation. I think for me it doesn't represent the consensus that I Andrew Rivera the community. And I appreciate that it's still a consideration for you east Austin though you're bringing forward the four percent. I think that's probably the biggest conversation that we have to have here with regard to the statesman is what is an appropriate level

[9:39:28 AM]

of affordable housing either on this tract or in terms of the value of those units on this fact if we are to shift to that location 4-2 on the lake I think is the name of it. And to me that really gets to a couple of things. One is how strongly we're going to stand by the pud ordinance and two, I've asked a question -- I think it's already answered in the staff report, about what the staff are using as the baseline for the pud ordinance. The affordable housing is calculated based on entitlements over the baseline. I realized rather recently that will baseline for this isn't their actual baseline. I think the staff is using as a baseline the vision plan, not the actual entitlements that this property currently enjoys. But that's something that I think we need to clarify with our staff and I'm sorry because I'm not yet in the

[9:40:29 AM]

room, though I will be here in a minute. I can't see whether or not we have Mr. Rusthoven here. >> Mayor Adler: We do. >> Tovo: Mr. Rusthoven, can you clarify that question about the baseline? >> Sure, council member, Jerry rusthoven, housing and planning department. The baseline is a part of what we call tier 3 for the pud ordinance which requires the 10% of the bonus area to be provided for affordable

housing. We did not use that determining the staff recommendation for affordable housing for the pud. Instead we used the south central vision plan which called for four percent on this height. >> Tovo: So what you're saying there was no consideration of what the baseline should be. You just went to the percentage specified in the vision plan even though the vision plan is frankly different from the

[9:41:30 AM]

entitlements they were requesting. Could you factor for us by Thursday what the affordable housing provisions would look like if you used the existing zoning as their baseline and calculate it? >> Calculate it based upon the proposed square footages that they're proposing right now? Mayor, we'll take a look and try to determine that number. >> Mayor Adler: Great. Thank you. >> Tovo: Thank you. So I guess, mayor, again, I think that probably -- >> Mayor Adler: Jerry, could you stay there for one second? I have a follow up question. >> Tovo: Where is the most discrepancy between what the original proposal is and what the ordinance we passed on first reading would require in terms of that 10%? So I'd be interested if any

[9:42:31 AM]

of my colleagues want to chime in on the amount of affordable housing, I think that would be really helpful. >> Mayor Adler: For me on this I think I need more direction and understanding and I think it takes me back to staff. I want to make sure that we get as much affordable housing as we can get. And that we're using kind of the tools and levers available to us, but making sure that we're using them in a way that actually drives what we want to achieve. I want to make sure we're not asking for so much that we just don't get anything. And I think that the lesson to be learned from Rainey street is instructive for the city. So a couple of really quick questions, Jerry. The 10%, was that in the pud, is that a requirement for each tract or is that 10% across the south central waterfront? >> Well, the 10% comes from the existing pud ordinance, which requires you establish

[9:43:32 AM]

a baseline which is the existing zoning, gives you a certain F.A.R. And a certain height and it says 10% of the bonus area above that is required to be affordable housing. Instead what we used was a south central plan, and to kind of go back for a moment, if you look at the ups report, the report that was done by Darren Smith, it compares what the amendment that passed on first reading and the cost of that is versus what's proposed with the staff recommendation. At the applicant's request. >> Mayor Adler: I don't know whether today is appropriate or Thursday is appropriate, but I would like to have a presentation so we can discuss that report. So that was the report that looked at -- and we have of course the developer saying what the project will throw off or not throw off or enable them to do

obviously they're an interested participant in this process. So we come to staff to say tell us from a staff perspective or third-party or independent analysis what can we ask for that is

[9:44:33 AM]

actually achievable and my recollection is that report that came back indicated that if we asked for everything that we wanted, the project wasn't feasible and couldn't be built. Is that correct? >> Yes, mayor. The first part of the report, which we had a briefing on, I think it's been several months now, priced out the cost of the amendments that the applicant -- the first reading that the applicant was not agreeable to, so it compared what the additional dollar value of those would be. We talked about a second phase being completed in September. That work has been completed right now. Actually, it's being refined as of this morning somewhat, and our plan right now is to upload that to the backup for Thursday. So you'll have the phase 2 powerpoint of what we've been calling the phase 2, which is look at not just the individual cost of the amendments, so if we keep that amendment, this is how

[9:45:34 AM]

much the cost would be to the applicant. But we have now completed -- eps has completed the overall analysis of the project as a whole, which is what we've been talking about. And so that will be uploaded to the backup, as soon as it's done, probably tomorrow, I imagine. More later today. And we'll also have Darren Smith here on Thursday, virtually on Thursday to walk through that powerpoint if the council desires. >> Mayor Adler: That would be helpful, and that would be something that I think I'll call up pretty early in the conversation just so that we have that information available to us, and so that the public can see it. You know, as an aside, I think one of the reasons that we were taking a look at the south central waterfront plan kind of globally in terms of what we should be allowing in terms of density bonuses and the like, was in part to help us drive through the whole district, change the economics such that we can actually achieve more, because we're putting property owners in a position where they can do more, and therefore

[9:46:36 AM]

subsidize more. So that will be helpful. So, to your question, I want to get as much as we can get. I don't know whether 10% or 20% or 4% is the right number. The indications from staff in the initial work was that 10% made the project infeasible, in which case it's not something that I would support. But I think having that conversation about what we can -- not what we want, not what we would desire, not what we could ask for, but what, in fact, is something that is achievable using the tools available to us, so that the conversation about what percent is grounded in something other than just what we'd like to see. Ann.

[9:47:36 AM]

>> Kitchen: Just a couple of thoughts on this. I know that the affordable housing piece is important to all of us, so it's going to take a longer conversation. So, council member vela, it appears to me that when we're talking about working off a base that's agreed to, the affordable housing is not agreed to. So, I'm very reluctant to -- it would be difficult for me to vote for something that had 4% in it. Seems to me it would be better to create a place holder for the affordable housing, if it's something we don't figure out by Thursday. Or, put the range in there. But I think if you're -- I appreciate the effort that you're trying to move forward something that we've agreed to. I think that's helpful for all of us. But only if it's something we've agreed to. Otherwise, you're just bringing forward something that is deciding an important issue,

[9:48:36 AM]

which I cannot go forward with at 4% at this point in time. I'm open to listening to what all of the possibilities are. But I would ask you, with something you're asking us to bring forward on second reading, to just flag those things that aren't agreed to, either with the place holder or with a blank, or whatever. But I think that would be more appropriate to accomplish what you're trying to accomplish. >> Vela: And I appreciate that, council member kitchen. And I misspoke earlier. So this is staff recommendation, plus planning commission recommendations that were agreed to by the developer, plus council member tovo's recommendations that were agreed to by the developer. That was the skeleton on there. And I fully -- I will go through and try to flag all of those issues where we've had discussions where there is disagreement to make sure and alert folks to it. But, for example, I fully expect there to be a robust debate with

[9:49:38 AM]

regard to the affordability levels. I know council member Fuentes is not here today, but I know she has an amendment with regard to the hotel. I know that there are some provisions with regard to the onsite monitoring also that I know the developer is in discussion with. So there's a bunch of influx, and by no means whatsoever would expect this to be a final version. I was just trying to get kind of as clean of a version as possible, and use that as a baseline. >> Kitchen: Could I respond, please? >> Mayor Adler: I wanted to explain procedurally, you'll never be asked to make a vote on 4% if that's how the base motion. I just want to make sure you understood that. >> Kitchen: Okay, because what he's got is a 4%. If we're being asked to vote on that. >> Mayor Adler: But you're not being asked -- as I understand it, what you're talking about is offering a base motion that has -- that is just arbitrarily defined as being those things that the applicant agrees to,

[9:50:40 AM]

planning commission recommendations and where things that council member tovo had. There are lots of other provisions in there that are things that I don't believe have majority support or potentially don't have majority support on the council. I think the first thing we discuss, consistent with what Kathie said, is the affordable housing element. Because I think that turns things. But there will be no vote on that. The first vote will probably be on the affordable housing. And it will say, okay, what is it that we want to put in the affordable housing section. We have to put that into something. And the suggestion that if we use that base motion, there might be 20 things that we don't have to debate, because they were, in fact, proposed by planning commission or proposed by Kathie and were agreed to. It's just a way to get us past the things we don't have to talk about without limitation at all on the things we do need to talk about. So, it would be my intent from based on what I heard, because

[9:51:41 AM]

that has value to me, to have that be a base motion, because that obviates us having to talk about some things. But I am real comfortable then immediately going to Kathie and having Kathie being able to make an amendment for discussion on affordable housing. So that's the first conversation we have. And there will be a vote on affordable housing amendment, and that would be the first discussion and vote we would have about the subject matter. >> Tovo: Mayor, to be clear, we have an ordinance in our backup that reflects what we vote on on first reading that were important elements, either to council members or to the planning commission, or to the parks board. So, I mean, we have -- I think we shouldn't overlook the fact that we have two very different ordinances in the backup, one reflects kind of more along the lines of what the developer brought forward initially. That's the one that you're bringing forward, council member vela.

[9:52:41 AM]

I think there may be some variances from what they brought forward originally, because they've now agreed to a couple elements. I'm not sure how many from their original proposal. And then we have the ordinance that reflects what we voted on, which we may not have had much discussion about at the dais, but we certainly have had lots of conversations about either in the community or in our sub quorum, including with the developer. So, I mean, there are two very distinct paths. I just want to be really clear. We have two very different ordinances and we could proceed with either one. It seems to be -- I don't know that it matters too much which one we start with, because there are going to be the same elements of conversation. I just don't want to talk about it in a way that suggests the staff didn't do what we had asked them to do, which was to create an ordinance reflective of our vote. >> Mayor

Adler: No, no, and I agree with that. If we took what was on first reading, we could go through 20 quick - 20 or 25 quick amendments that are in agreement that were things that were planning commission voted on

[9:53:42 AM]

that we all approved, things that you proposed that we all approved. We could do those 20 before we got to anything controversial, at which point we would have something very similar in front of us to what it is that chito has proposed. So, it doesn't obviate our ability -- it's just a time-saving measure to not have to go through those 20, 25 votes first in a way that I think could, one, take time and be confusing, but I think you're absolutely right, at the end of the day, we'll be in exactly the same place because there will be nothing that we put in there that we don't want to have in there, and there will be a vote on everything that anybody wants to vote on. Especially including the affordable housing, which I think is where we should begin. Allison. >> Alter: So, a couple things here. I'm still trying to get my head around this procedure when we have a nine-person dais.

[9:54:44 AM]

So I'm not sure anything gets passed on Thursday, if somebody's uncomfortable. And so, again, I will go back to what I said last council meeting, I don't think we should be taking up something of this magnitude without a full dais. But we can certainly have the conversations and see where we get. I am uncomfortable with the notion that we are taking what the developer is saying as the base, especially with respect to affordable housing on this, you know, especially without a full dais, it becomes even that much harder to pass something different. And so, this is really stacking the deck in favor of what the developer has agreed to in ways that make me really uncomfortable on a project that I have not heard from anybody in favor of the project, I've only heard from people who are against the contours and want changes. So, I don't have a solution, but I just want to throw out the reality of what we have on

[9:55:47 AM]

Thursday, because of the choices that were made on how to proceed. So, I wanted to flag that. I wanted to ask staff if we could make sure that the q&a from the last few meetings that relate to this project get carried over into this q&a. Compare the affordable housing being offered in this project versus the other projects that we've had that I think was fairly revealing in that. And it would be really helpful if we had that all together. And something I wanted to flag, and this may be included in council member pool's motion, because I know that I raised it with her. When we made the changes to parkland dedication, and it only went up 10%, we cut what we expect in terms of pld from the statesman by almost a half. My understanding that their \$9 million was calculated based on

[9:56:48 AM]

the proposed '23 parkland dedication. So for the signature parks that we are anticipating wanting to do, which is for me, including myself, really critical for this project, if we only go by the calculations, we will not -- we'll be getting about 5 million instead of the 9 million. And so I think it's very important that we hold them to the prior calculation in that regard and I have not had an opportunity to speak with them, so I don't know that they are objects to that, per se, but I do want to flag folks that there are very real consequences for this big project, and they were willing to pay the 9 million two weeks ago. And so I just want to make sure that that is in there. And then, I remain confused on how we move forward with this without a regulating plan and without a tirz to have that as the context, and I don't have a

[9:57:52 AM]

solution for that. But it's not clear to me that they can do even what they've said without some kind of tirz. It's not clear to me whether we want to have a tirz. And the calculations, all sorts of calculations are all intertwined with that. And so, to me, it is somewhat confusing as to how we are anticipating proceeding, even if we agree that we want to have more development in that area. Those things remain of concern to me. Thank you. >> Mayor Adler: So let me propose this, by procedure, picking up on something that you said, Ann, because it's purely procedural, doesn't have a substantive impact. Chito, I think the thing to do, and my recommendation to you, would be that if you make that motion so that we get past the 25 things that no one needs to debate without having to have a vote on each of those, put in a blank with respect to the affordable housing section, so even on what is before us, even

[9:58:53 AM]

though we haven't voted on that section, it has a blanket, or put in 10% for all I care. The effect will be exactly the same, because we'll call up that section first, and can make amendments to that section, and we'll vote on the various amendments to that section. But maybe that will help with the perception that we're deciding something that we haven't decided yet. >> Vela: I'm fine with that. >> Tovo: Mayor, I think -- I mean, I don't want to repeat myself, but I think the things that everybody agrees with are already in the ordinance that we have in backup. And if we started with that version, that likely accomplishes the same things. But, again, council member vela, maybe you have an opportunity to kind of highlight what you are -- what are different from the ordinance that's already -- that

[9:59:53 AM]

was in the original proposal. I would prefer that we stick with the ordinance that we passed that reflects what we passed, and then go through point by point and talk about any changes. I think it's really important for the public to know, there's a lot of attention on this. They care about the parks. They care about the affordable housing. Those are the points of conversation anyway regardless of which ordinance we start with. I think our focus should be on transparency. I'm not sure that this different path gets us there. >> Mayor Adler: Okay. Transparency is real important to me. It does get us to exactly the same place either way to save time. But let me see if I can figure out a way to help present that for Thursday's meeting so that that is self-evident and very clear. But I'll work on that. Allison. >> Alter: Thank you, mayor.

[10:00:54 AM]

I appreciate the intention. I just don't understand with a dais of 9, wherever you start, there's a bias towards that because it will be really difficult to get six votes to move it. And so, it's just -- I understand your intention, and I understand council member vela's intention and I appreciate the work that's involved in that, but in practice, I'm not sure that it works the way that is intended. >> Mayor Adler: Okay. And to your other point, mayor pro tem, I'm not sure we can actually take a vote on it on that day either. I know that we have some people that are gone. Council member harper-madison is gone, but has asked us to set a time that's certain when this will come up so that she can participate in it, which it's my intent to accommodate.

[10:01:56 AM]

But we'll see. That will be the will of the council. Anybody else have anything on the pud that we should talk about to help us on Thursday? Staff, do you have anything for us on the pud that you think would be helpful for us to hear? >> No, just if you know what time you want to set it for certain, please let us know, and we'll let the appropriate people know. >> Mayor Adler: Okay. We'll get to the management of the day in a moment after we've gone through a couple of these briefings that might also give us information about the day. All right. Are we okay with moving forward? Kathie, do you want to take five minutes here and just explain item number 92? Not to discuss it yet. We'll discuss it at the end of briefings, but I wanted to give you a chance to introduce it. >> Tovo: Thank you, mayor. Yeah, I appreciate that. And one of the reasons why I put it on this agenda is that I hope we'll have an opportunity to talk about it in the work session today and over the next couple weeks, and obviously, most of you are not in my sub

[10:02:58 AM]

quorum on it. This is an item that really responds to pretty much all of the different kinds of real estate deals that I've seen in my time on council, and it's attempting to carve a path forward that I think will help result in a really consistent process, one that provides predictability for our partners, but also provides predictability for the council. And I'll stop it there for the most part, except to say that for most of these points, I have a relevant example where we've struggled, and I think that we've talked for a long while about real estate and how we wanted to handle it, so I'm hoping that this ifc is reflective of that. We have had multiple really general resolutions, some of which I've brought forward in the past about how to manage our real estate, how to make sure it's an interdepartmental approach, how to manage our real

[10:03:59 AM]

estate in a portfolio way, how to work with partners, the county, the school district, and I now see that we just need really a more directive approach. I also want to be sure that we've got a very clear path forward in terms of working with the economic development corporation, and this is attempting to do that as well. So, that's the framework, and again, when we have an opportunity to discuss it, I'd like an opportunity to kind of talk about a few of the things that we have made decisions about together, and how it relates to some of the points in the resolution. >> Mayor Adler: Okay, thank you. All right. Without anything else, I think we should go to the first briefing, which will be the briefing on health south. >> Tovo: Mayor, while staff are coming up, can I mention something about the renaissance market? This is on our agenda for Thursday as well, to waive all the vendor fees for at least the next year. But I would like the staff on Thursday just to affirm what I

[10:05:02 AM]

believe to be true, which is that this is going to be accompanied by a range of other provisions. I know my office, for several years, has -- in multiple phases has talked with the artists at the renaissance market about the need for improvement. A lot of that happened. The pandemic hit, and the situation has gotten really to the point where that market is not very well utilized at all. The provisions that we're bringing forward, both the vendor fee waivers, but also coupled -- it's really going to be coupled -- need to be coupled with an affirmative marketing plan, as well as some other commitments that the parks department, I believe, has a willingness to do. But, manager, that is something I'd like them to just confirm on Thursday, if they could spend a few minutes at the dais, hopefully on consent, just laying out what their plan is for supporting that market. And, you know, it may be -- you know, it has been a 50-year-old market. It has served a really amazing purpose for the years it's been active. Those artisans likely have a lot

[10:06:03 AM]

of other opportunities these days with farmers markets and other things. So it may be that we need to consider other new uses there, alongside the university. And so, you know, my hope is that after this push to really support the market and see if it can be a vibrant active force in that space, that if that is not successful, that the city will turn to UT and some of the student groups there and look to how that space can be utilized, because right now, it's because we have no artists showing up, it's not being well-utilized. There are safety concerns. It's an area where students pass through, staff pass through, and we need to use that city space in a way that's healthy and productive and vibrant, and if the renaissance market is not going to be the right fit there, going forward, then we need a different approach. But it needs to be -- there needs to be an approach. >> Pool: Mayor, I wasn't sure if

[10:07:03 AM]

Spencer was going to respond. I just wanted to jump in really quick to tell you about my item 62, which is the Austin veterans art fest, and I'm sponsoring the waiver of fees. We've covered \$1,800 of it. We still need about \$2,600. On Thursday, I'm hoping that others around the dais might be able to add to the funds that my co-sponsors and I have already done. Mayor Adler, council members tovo, Renteria, and Fuentes. So we've covered 1,800. We need about at \$2,600. Thanks. >> Mayor Adler: Thank you. Colleagues, we have two items that I'm going to recommend get postponed as well. Sorry, you wanted to -- >> Kitchen: Council member pool, you can count on me to co-sponsor that. The veterans art festival is a wonderful opportunity related to the arts. And something they started relatively recently. So, yes, I'm happy to contribute.

[10:08:04 AM]

>> Pool: Just let us know how much. >> Mayor Adler: Colleagues, we have two items that were landlord tenant items, items 39 and 40. 39 was the notice to proposed eviction, and 40 was the right to organize. Some of the stakeholders are discussing this issue and I'm willing to move to postpone the notice of proposed eviction to October 27th, and the right to organize, number 40, to October 13th. Yes? >> Kelly: Thank you. To circle back to council member pool's resolution, I would like to add on and contribute \$200. >> Pool: Thank you so much. >> Kelly: You're welcome. >> Alter: I just wanted to ask if the city manager can clarify whether we would be using fee waivers from this year or next fiscal year, if we pass fee waivers on this budget.

[10:09:08 AM]

>> I'll confirm, but this fiscal year. >> Alter: I will also contribute, but I don't know how much yet. Thank you. >> Mayor Adler: Okay. All right. Manager, let's go to the health south briefing. >> Thank you, mayor and council. Our briefing, we will start with b3, the negotiated final terms with aspen heights for the redevelopment of 1215 red river and 606 east 12th street, and to start us off, we have Susanna, who will lead us through the presentation from our economic department. >> Thank you. Good morning. I'm deputy director for the economic development department. Thank you so much for your time today. I bring good news. I have the final negotiated term sheet for the redevelopment of the health south property located at 1215 red river and 606 east 12th street. I want to acknowledge the fabulous city negotiating team that has worked for over 18 months working really hard with the aspen heights developer to reach a final negotiated term sheet. That's Margaret Shaw, Mandy

[10:10:10 AM]

demaya, who's with me here today, Ron poget, and Mary from real estate financial services department, which are online. I will go through with the final -- best and final offer proposed and offered by aspen heights, the selected developer, which we then negotiated mutually for the final term sheet that will be presented to you on Thursday for your review and approval to negotiate and execute the master development agreement based on that final term sheet. And staff's recommendation will be on the council agenda on Thursday. So, aspen heights is the city selected, developer based on the rfp selection and process. They are bringing forward a locally based Austin team, stg design, civiltude. So their best and final offer

[10:11:11 AM]

includes two mixed use rental apartments, towers connected by a public plaza. The north tower has a 37-story market rate tower, which is a total of 573 apartments. This includes a live music and arts venue, a food hall, and a public parking space. The south tower is also 37 mixed income tower, with a total of 348 apartments. This will include the childcare facility center, retail space, and public parking. The south tower does include adjacent private property that they have acquired or have controlled to acquire. It's located on 614 east 12th street at Sabine to enhance the offer and be able to provide the additional affordable units, childcare center, retail, and public parking. The 30,000 square foot public plaza does connect both towers, and it protects the capital

[10:12:13 AM]

corridor. They are offering a one-time up front payment to the city of \$12.2 million for the ground leases, and this does meet the minimum required as stated in the rfp. The housing program includes the following. Between the two towers, there's a total of 921 total housing units, with 25% affordable

housing, developed by nhp foundation and capital a. The north tower has 573 total market rate apartments. And this includes studios 1, 2, and 3-bedroom units. The south tower has a total of 348 total apartment units. This includes 116 market rate apartments, a total of 232 affordable units, which makes up 60% of that tower.

[10:13:14 AM]

Out of this 232 affordable housing units, 117 units are renting at or below 50% mfi, 115 units are renting at or below 60% mfi, and this includes 35 studios, 84 one-bedroom units, 92 bedroom units, and 23 three-bedroom units. This truly provides workforce housing for our community in the downtown area. The developer will comply with city standards, including tenant protections and source of income. The affordability terms does tie to the ground lease, which will total of 99 years. The south tower, which has all the affordable units, will be built first or at the same time as the north tower, and the developer does expect to have the units available for the community by summer of 2027.

[10:14:21 AM]

The community benefits that are being offered as part of this development in the south tower are the housing, affordable housing units. Again, that's 232 affordable housing units at or below 50 and 60% mfi. The childcare facility, with a total square footage of 11,840 square feet serving 75 children. It also will be getting allowance for tenant improvements offered by the developer. This will be rented at \$213,120,000 annually with a 3% escalator. And this is gross rent. And this will be offered to the operator for the first 20 years. The first ten-year term plus a ten-year renewal. Beyond the 20 years, the rent will be capped at 60% market rate through the life of the lease with the city, which is 99 years. The city does have the right of first refusal, if the developer

[10:15:23 AM]

is not able to find licensed qualified operator for the first three years. There will be public art in the south tower, which will be a mural on the exterior wall, which will have a value of 200,000. Sustainability will be achieved by striving for green building four. And of course, learning spaces for the residents and there will be an acoustic study for the tower. In the north tower, there will be a live music venue with a total square footage of 7,400 square feet, also with tenant improvement allowance, \$4.9 million is being offered by the developer as an allowance for tenant improvements. It will be leased at \$35 per square feet with a 3% escalator. Again, for initial ten-year term and a ten-year renewal. A total of 20 years. After 20 years, the rent will be

[10:16:24 AM]

capped at 60% of market through the life of the lease, which is 99 years. Good faith efforts have been committed by the developer to serve historically disenfranchised operators. The commercial and retail space will be offered at 35,160 square feet with good faith efforts to lease a minimum of 30% to local businesses. 500 to 800 square feet of this space in the food hall particularly will be designated for local food incubator, and this will be rented below market at 60% of market throughout the life of the lease. They will be also striving for green building 4 and lead gold. And of course, learning spaces will be available for the residents along with an acoustic study. Additional community benefits the developer has committed is also to improve connectivity. They will be investing \$6.6

[10:17:27 AM]

million in the streetscape on red river, a partially improved alley, and also a possible new 13th street with city participation. The public plaza that connects both towers is 30,000 square feet, and it's open space with aquatic amenities, such as a splash pad for the families. A plaza will be designed for programming. Public parking will be available in both garages. 234 public parking spaces out of a total of 1,365 parking spaces. And they will be above and below ground. What are the financials of the term sheet? In the term sheet, as backup, again, to the rca item for this Thursday's council consideration includes \$12.2 million up front lump sum payment to the city,

[10:18:27 AM]

which meets the rfp requirements. The balance of the 21 million that was originally offered by the developer, that 8.8 will be reinvested back into the project in order to meet that affordability, 232 affordable units. It will be paid to nhp foundation in order to develop those affordable units. There will be a city participation and profit sharing, and those conditions will be fleshed out in the master development agreement. There will be two ground leases, one for each tower. And there will be conditions on how -- if and when they want to assign those leases to another operator. It's an initial lease term of 70 years, with 29 years of extension to equal 99 years total. Rezonings of sites will occur concurrently, and there will be default and cure provisions in order to ensure that this development will be completed.

[10:19:28 AM]

Public engagement will also be included. We will open up public comments on the mda, including briefings to the downtown and design commissions. The developer will also design a community

engagement plan, developed for all the phases of the redevelopment so the community and everybody knows what's going on. Terms that are not included in the term sheet include the following. Office space. There is no office space, whether it's market rate or for the city. There are no ownership opportunities. All the units will be for rent. Garages will not allow -- it will not be designed to allow for future conversion to occupancy. The commercial tenants will not be subject to the living wage requirements. There are no continuum of care units, and the Austin energy district cooling plan is not included. Some assumptions just to be aware of that are baked into the term sheet is that they do

[10:20:30 AM]

expect delivery of the units as early as summer of 2027 and 2028, which is a little bit aggressive. And it does assume having an executed mda by spring of 2023, which also included the public engagement component. The city will initiate the zoning for its tracks and supports rezoning for the adjacent private property as concurrent related packages. The new 13th street with city we'll be leading does have cross participation by the city and will be subject to negotiations with central health. And of course, they also assume successful and timely project financing for the affordable units. On Thursday, we will recommend the negotiation and execution of master development agreement with the final negotiated term sheet for the development, construction, and lease of the mixed use residential

[10:21:30 AM]

development and associated infrastructure on this city-owned property on 1215 red river and 606 east 12th street under the term sheet that we've outlined. In the event this item does get postponed, we will have to extend the Ena. The Ena currently expires on September 30th, which is Friday. So we will have to extend the Ena in order to come back to council for consideration of this item. And with that, I conclude my presentation and open to questions. >> Mayor Adler: Colleagues? I want to just begin by saying congratulations on this. This seems to be a pretty incredible deal. You know, we had talked about six weeks ago that, you know, if they were able to do anything like what they were promising, the jury was out on that, it would be pretty extraordinary. To have these units in this location, it looks to be \$75,000-ish a unit. It's pretty remarkable.

[10:22:31 AM]

So, congratulations on being able to negotiate the deal. You hit so many of the things that we wanted to hit. Scary that it almost went away. But we'll look at that as all the incentive possible for the applicant to give us a good deal, and we appreciate -- we certainly appreciate this deal that was reached. Congratulations to the staff. Allison. >> Alter: Thank you. I'm excited to learn more about this as we go through the process the next couple days. So one of the things that shifted in the process was them

bringing the additional property to bear, and I want to understand how that's treated at the end of the 99-year lease, because we will now have -- as I understand it, unless the plaza is on new property, we will have a building that is shared in

[10:23:32 AM]

some sense, because it's over two properties. How is that addressed in the terms? >> That's one of the reasons why we separated to ground leases. One ground lease for the south tower and the other ground lease for the north tower, in order to be differentiate that. And so, we will be working with our lawyers to ensure that, at the end of the lease, as to whether or not there's a conveyance of some sort. But that's something that we would just negotiate and be able to include in the master development agreement. >> Alter: Okay. Is it the tower with the affordable units or the tower without the affordable units that is shared? >> The south tower is the one with the affordable units, and that includes that private parcel. >> Alter: Okay. I don't know if this is a space here, but I'm going to need a little bit more information on that. That seems to introduce severe amount of risk that I would like

[10:24:33 AM]

to be comfortable with that we have addressed, and I don't know if that's most appropriate here in open session. So if I can have some follow-up on that, I'd appreciate that. >> Sure. >> Alter: And in discussion of the open space with the public access and connectivity, on page 4, I realize this is right next to the park. When it says a minimum of 13 million in investment, is that just for the open space? That doesn't include the 13th street dollar amount? >> I believe that is -- I'm just following you. Yes, that's for the public plaza. >> Alter: Okay, and that's in addition to the 13th street. >> Yes, the investment for the streetscape or 13th street is

[10:25:34 AM]

6.6, and the 13.5 is an additional investment for the public plaza. >> Alter: And how much are we anticipating is the cost? >> At this point, we don't have an actual cost estimate, because it will require some sort of central health participation, so we don't know exactly how much that would cost the city. At this time. >> Alter: But do we have an estimate of how much the project would cost? >> I do not. >> Alter: Okay. So there's a plaza, which presumably may have some green space incorporated into that. There's a splash pad. Are there any types of pool amenities in the buildings, or is that up to them? >> There will be two pools for the residents, one in each tower. >> Alter: Okay. And can you explain how the affordable housing is being funded/construction, because it looks like it's being done not by aspen, but by nhp and -- but

[10:26:36 AM]

it also sounds like there may be some additional payments from the city. But I wasn't clear on that. >> No additional payments from the city. No additional city subsidy. We have been very clear from the beginning. So, aspen heights has partnered with capital a and nhp foundation. Nhp foundation is a national non-profit affordable housing developer. You may recall as ahfc board, you recently approved them as the developer of the road solicitation. We're very excited to begin working with them. Aspen heights brought them in on this particular deal. They will be on the south tower, they will be condominium-izing, if that's a verb, those units. So the 232 units will be separately financed. It will involve an internal

[10:27:37 AM]

subsidy from aspen height, the \$8.8 million, which is the reduction in the city -- the original cash offer for the city property was 21 million. They brought that down to the 12.2 million, which was the minimum bid requirement. That leaves a delta of 8.8 million. Aspen heights will pay that to nhp foundation to subsidize the development of the affordable housing. In addition, they have as part of their pro Forma, they have \$67 million internally subsidizing from the north tower from the market rate development to the south tower affordable housing development. So that will be cash or cash equivalent, which is part of the term sheet. The 232 units will be financed through the low income housing tax credit program, which nhp foundation is very familiar and skilled in. It will be a combination of debt

[10:28:38 AM]

financing, private activity bonds, which would be issued by ahfc, Austin housing finance corporation. And then most likely, 4% tax credits, which provide a little bit -- it's the noncompetitive piece of the tax credit program, the 9% tax credits, which is the competitive piece, would actually provide a little bit more equity, but it's competitive. So, they've kind of scoped it out two different ways. And no additional city subsidy is required. Zero. >> Alter: So, help me understand for this, what is the 67 million? Is that actually going into the investment, or is that securing the financing? >> That is going into the development of the affordable housing. >> Alter: Okay, great. Thank you. >> Mayor Adler: Okay. Ann. >> Kitchen: Just a couple of quick questions.

[10:29:42 AM]

So, on the affordable housing, how will that be -- let me see if I've got my question right. How will that be captured -- will it be captured in our agreement? Will it be run with the land? What we do in some cases is we have another entity that actually enforces the agreement over time. So, here's my basic question. How are we going to enforce the agreement over time, and who is responsible for managing the -- you know, the applications by folks that would be eligible for the affordable housing, and what's our role in ensuring that that happens? >> So the 232 units will be owned and managed by nhp foundation or a subsidiary of nhp foundation. Each property is typically a single asset, single liability

[10:30:42 AM]

non-profit corporation. They will be responsible for tenant income certification, so ensuring that the tenants meet the income qualifications for either the 50% or the 60% units. They will be in our city portfolio, ahfc would be issuing the bonds, so the debt. This is the multi-family revenue bonds, not the general obligation bonds, but the debt for the project. We will have a Lura, a land use restriction agreement, that will enforce -- we'll have multiple instruments by issuing the bonds. That's one instrument. By having a restrictive covenant on property. That is, of course, another instrument. And that will be in our portfolio for the life of the lease, which will be, as Susanna mentioned, a total of 99 years. >> Kitchen: Okay. So, let me just make sure I

[10:31:43 AM]

understood. We'll have an restrictive covenant on the property in terms of it having to be used for affordable housing, you know, in accordance with that number of apartments. And we'll have a Lura that also enforces that, right? >> That is correct. And I should mention, on top of that, this is the tax credit program is kind of a belts and suspenders approach, because how the developers get the tax credits is by selling the credits to investors who are keenly interested in ensuring that the units are monitored and remain affordable and for the population that it's intended, because if they fall out of compliance, the tax credit equity, which is actually over a ten-year period, gets pulled. And so, the investors then lose what they invested in. They lose their equity. So it's heavily, heavily monitored by the investors, by the state, the Texas department

[10:32:43 AM]

of housing and community affairs, and then, of course, by us as well. So it's multiple different levels of monitoring and compliance. >> Kitchen: Yeah. What I'm concerned about is, this is over a long period of time, which is what we want. So, I'm wanting to make sure that the city has the authority to enforce over that 99-year period, and that the city has the authority to come in and, you know, some kind of penalties, or whatever the appropriate enforcement mechanism is. And so, is the expectation that that

will be built into the agreement? >> That will be built into both the lease agreement and any sort of restrictive covenant that runs with the property. In addition, I should note, it is in the term sheet, that should anything happen to -- and 99 years is a long time. Should anything happen to nhp foundation, it's been around for a long time, but let's say in 50 years from now, something

[10:33:44 AM]

happens to nhp foundation, and that dissolves. The city has the right to step in, or has the right to approve whichever non-profit organization affordable housing developer 50 years from now steps in. So we have a keen interest in the ongoing affordability for the 99-year term. >> Kitchen: And is the term sheet that we'll be voting on, does it include the enforcement mechanism in it? >> It includes the restrictive covenant. It doesn't include the specific language. That will all be hammered out in the mda. But yes, it includes that there is a right of first refusal, that the city has the right, which will not be unreasonably withheld, to authorize any subsequent steward of the affordable housing piece. That is in the term sheet. >> Kitchen: Yeah, I didn't mean the language per se, I meant the term sheet. Because we're being asked to authorize negotiation and

[10:34:46 AM]

execution. It's a huge agreement. And so we're not going to see what we're -- we're not going to see the agreement we're voting on. So I'd like the term sheet to be very specific in terms of what -- how we're protecting this into the future. So... Okay. And then the second question I have relates to the arts space. The public arts space. Do we -- have we discussed the -- a preference for using the local artist? >> Have we discussed it? >> Kitchen: Yeah, is that part of the terms? >> It's not specifically stated out in the term sheet. But that would not -- I don't see that as objectionable between the city, or also the developer. >> Kitchen: Okay. I would like to include that. A preference, you know. You have to determine if something is available, but

[10:35:47 AM]

preference. I mean, we have so many fabulous local artists that I think it's always important where we can to send our city business to our local artists. >> Agreed. And as economic development department, we have plenty of artists and clients that we can refer them to. >> Kitchen: Okay, great. I'd love to see that in the term sheet then. Thank you. >> Mayor Adler: Kathie. >> Tovo: This has been an extraordinary lift from our staff. Thank you. I know you've been negotiating for 18 months, but I think in the last couple months, you've really made extraordinary progress in terms of being able to embed within this agreement some of the items that were most critical, including affordable housing. So, thank you very

much. I posted, colleagues, on the message board my thoughts on this, including that I think it's important that we separate the negotiation and the

[10:36:47 AM]

execution, and I think both council member kitchen's questions and mayor pro tem alter's questions point to why, and I could elaborate on that, if need be. But I would also just reflect back on some of the earlier projects that this city has done and can provide more details if you need to, if this is a controversial point, I'd be glad to. But there certainly have been some pretty complex projects that have gone in either direction, and I think are most successful when the council actually has an opportunity to review and vote on the master development agreement. And I believe you said that there was an intended public engagement process where commissions would be providing input on the mda, and I think that the appropriate process then would be for that to come back to council. And, manager, I'm not sure why you're recommending that these be combined, but I would say I believe with treatment

[10:37:48 AM]

redevelopment, probably with sea home, probably with Miller, those things were separated. Obviously, Miller is much more complicated than this one, but this is a complicated enough deal with enough interesting history here that I think it's really -- and we've asked the staff to come up with this term sheet extremely quickly. I think the term sheet looks solid, but I do think for due diligence for all of us, that master development agreement should be coming back. And, you know, I don't know how soon that would be. If timing is an issue, I would say I believe this council is really committed to the project, and would set up a special called meeting very quickly, if that's why the processes are being recommended to be combined. I did in my post ask -- and in the q&a ask a couple additional questions about the childcare piece. I am hearing some feedback about -- that that is a high rate. And so, I have asked our staff to talk a little bit in the q&a about what rates are used and

[10:38:48 AM]

how we might get there. And I did ask for confirmation about the living wage piece. Have the applicants committed to using a living wage, to requiring a living wage for the commercial operators? And if they have not, do you -- can you share with us what the impediments are there? >> So, as stated in the presentation, a living wage requirement is not part of this deal. And then regarding the childcare facility, the current annual gross rent is at a fair market value, that's 60%. That is lower than the current market value. And that's how we were able to negotiate with the developer on that. >> Tovo: That's the \$213,000? >> Yes. Which is -- it's a gross rent. So, other than the rent, there's no additional rental or maintenance fees that the operator would have to be

[10:39:50 AM]

obligated to. >> Tovo: We did get some feedback, that I think my office has sent on to you from some of our childcare experts, kind of looking at that. And I hope we can have an additional conversation about that. Let's see, I have one more question. >> And I do think that the beauty of that deal is that under the master development agreement, the developer does have the obligation to secure a licensed childcare provider for the first three years. And in the event they're unsuccessful, then it -- that space returns to the city at that specific below market rate, where we're able to then partner with a successful or licensed high quality childcare provider in order to provide these services to the community. >> Tovo: Right. I think that is a good provision, but that might be an area then where the city has to provide additional subsidy in year four, if that is -- if that below market rate is still not

[10:40:52 AM]

enough to get an affordable housing childcare in there. Is the below market rate -- well, I can ask more questions maybe outside this or in there. Do you have a figure for how much that live music space is valued at, that you can provide us in open session? I know there's a \$4.9 million buildout or tenant improvement piece. But do you have a dollar amount for the value of that? Yeah, just want to have that alongside -- I think it's wonderful that we are now looking at housing. That was one of the things that we asked them to do, to look at moving from an office tower to having housing, so now we have primarily housing there. While we certainly have needs for a live music venue, I would like to go into this knowing exactly how much that cost us alongside some of the other community benefits. >> So an independent analysis of the value of that live music and arts space that is offered by

[10:41:53 AM]

the developer with tenant improvement and below market rate, it's valued at \$2,296,552. >> Tovo: I'm sorry -- >> 2,296,552. >> Tovo: Plus the tenant improvements. And is that 2.2 over the life of the 99 years? >> I believe so. >> Tovo: Okay. All right. Thank you. Did you want to speak to the separation of the negotiation and execution? And why that's staff's recommendation? >> We recommended the negotiation execution in order to deliver these community benefits and the housing to the community as soon as possible. So by summer of 2007 as the developer proposed. However, if it is council's will to only negotiate and be able to come back to council with a draft nda for execution, that's

[10:42:56 AM]

not a problem. It may delay the project a little bit, but it's not a problem. >> Tovo: Thank you. I appreciate that willingness to consider that option. How would it delay it? One way or another, that has to be drafted before construction can begin, so it would just be another stop in the process and -- >> It would just be a little bit of time coming back to council. It's not a problem, we would just -- we're just trying to be as expedient as possible. >> Tovo: And since it has -- I mean, I've forgotten which boards you said would be reviewing it. The planning commission? Or the community development commission? >> Design and downtown. >> Tovo: Design and downtown. You know, I think that the -- yeah, I would again say that I think the council stuff is really critical in that. So I would suggest that those be separated, and I think there's certainly -- I can't speak for future councils, but my guess is, you know, they can jump on it as soon as it's ready to go. So I don't see that as a delay.

[10:43:59 AM]

>> Mayor Adler: Natasha. >> Harper-madison: Thank you. I was going to make a statement, but I also have a question. Amanda, do you mind if I ask you a question? I have the childcare component. That's one of the things that we talked about that sort of extended beyond my happy dance with us arriving at this place. I'm curious to know how those conversations with the childcare providers have gone. I think you're almost there. And specifically, if you could speak to how the conversations with the experts have really impacted kind of the -- any of the components of the proposal. >> Yes, ma'am. Amanda Suarez. Thank you for the opportunity. So, as soon as the childcare project or childcare component was brought into the project, aspen heights reached out to some of the market childcare providers and really trying to see who could come into this space, and also those that

[10:45:00 AM]

provide not only market childcare, but childcare at a rate that allows for some of the members to have subsidized rates, and they worked with them to come up with a rate that both met what they -- input that they received, market need, but also the terms that staff was really working hard to push, which is both the tenures of the future and keeping that cap at 60% or below. >> Harper-madison: Thank you. I appreciate it. Mayor, I would like to just kind of make some general comments. Would you like to see if any of my colleagues have additional commentary based on Amanda's -- what she just presented about the childcare component? >> Mayor Adler: That would be fine. And while you're talking, I want to thank you for your leadership in helping to keep this deal alive so that it didn't -- just didn't expire and go away. So, thank you. Any further discussion? Ann. >> Kitchen: I have a question about whether -- and I'm sorry

[10:46:00 AM]

if you mentioned it. I was trying to keep track of all the terms. With worker protections built into the construction period, and there's a range of those, you know, the better builder standards, the wage levels and some other things. Are those included? >> Yes, council member. So, on page 5, you will see the council adopted third party requirements, and we list those out, including the ones that you just mentioned. >> Kitchen: Okay. Can you remind us what those are? >> Yes. So, in the term sheet, we do specify and call out, in addition to our standard normal legal language, that they will comply with all applicable city rules, regulations and policies, including prevailing wage requirements, worker safety program requirements, the mbe-wbe requirements, construction training

[10:47:01 AM]

requirements, the better builder, and the childcare resolutions. >> Kitchen: Okay, thank you. >> Oh, and I do want to take this opportunity, mayor pro tem, on page 7, under section F, we specifically say that the disposition of that private property parcel, we call it as the FAA site, because that was the former future farmers of America building, so that disposition site is then transferred to the city of Austin housing trust fund at a value calculation mutually agreed to by the parties in the nda, and this pertains to the south tower because that's where it's located. >> Alter: And that's under what condition? Because that looks like it's -- >> It's under the default and cure provision under section 7. >> Alter: Okay, but does that apply at the end of the 99 years as well as -- >> Yes, it does. That's correct. >> Alter: Okay, great. Thank you. >> Mayor Adler: Do you have a question about this, Kathie?

[10:48:02 AM]

>> Tovo: Ms. Morrow, I wanted to ask you two quick questions. One is regarding the childcare. I would ask that you reach out to United Way success by 6. I think that's an important conversation. In preparation for the -- yes, Mandy. >> I'm sorry. I should clarify that early on, 18 months ago, at the beginning of this journey, representatives of the aspen heights did meet with Kathy and the 6 X 6 initiative to talk through the affordable -- what were the components of affordable quality childcare. So I know there have been at least a few childcare conversations. >> Tovo: Thank you. I believe you shared that with us last time and I'm happy to hear that. I think now that there are some very specific terms, I would ask that you do so again. >> Absolutely. We're happy to have those conversations and can do so with staff to make sure that we're all coming forward with the best product possible. >> Tovo: Thank you. And am I right in understanding

[10:49:05 AM]

that the property needs a zoning change, both the private property, as well as the public property needs a zoning change to accomplish this? >> Yes, ma'am. >> Tovo: Thank you. And I also have some additional

comments toward the end. But that was my question for Ms. Morrow. Thank you. >> Mayor Adler: Natasha. >> Harper-madison: Slow and steady wins the race. There we go. So, I definitely wrote this down. Thank you for the acknowledgement, mayor. Because I did over the summer believe that we had a good project here. I really did. I saw that it was on the verge of being really great. So I really do appreciate, to your point, all of the hard work that staff did on the front end, all the hard work that all my colleagues did on the front end, making it as good as it could possibly be. I'm deeply appreciative of my colleagues for really sticking it out and for supporting the request to extend the Ena. I know there was objection, rightful objection. There were questions. And that's a part of, you know, us really trusting one another

[10:50:06 AM]

throughout the course of the club ration. And so I appreciate that process. When we first started talking about this project publicly back in January, I asked staff to try to add several items into their negotiating process, and more than -- I'm more than pleased to see all of those requests have been incorporated in this best and final offer that we're now being presented. It's got creative methods to free up funds that would allow for more onsite affordable housing, which everyone wants. So that's exciting. It's got commitment to adhere to tenant protection provisions within the rental housing development assistance guidelines, a live music venue. I can't tell you how many artists are really pumped about the thought to have access to that. You know, so frequently, I think the economic development department goes unsung with the true effort that gets extended to our local artists. They feel it and they appreciate it. I just want to make sure to acknowledge that publicly on their behalf.

[10:51:07 AM]

On top of all those community benefits, we get the greatest community benefit of all, and that's more housing in our urban core, and along a major transit corridor, and, you know, y'all can imagine the conversations that we have very frequently with our constituents. Almost always come back to housing. So this feels like a W and it feels like one for all of us, and that just feels great. It doesn't always feel great. We don't always get to deliver good news. So I hope we're all doing a happy dance when we're talking through this proposal. That includes 232 new units reserved for households making less than 60% of the median family income. We are effectively doubling the number of city supported affordable homes built downtown in the past two decades with just one project. In total, we're talking about more than 920 new homes, right next to Waterloo greenway and project connect's upcoming gold line. It's important to remember the history of this area and how we completely liquidated an entire

[10:52:09 AM]

community of largely black and brown residents in the name of urban renewal, another conversation that's ongoing for us. For the sake of so-called slum clearance, we created a crater, frankly, in northeastern downtown that stood largely lifeless for decades. With the new teaching hospital and the reincarnation of the Waterloo park, we've been slowly revitalizing the area for a few years now. But this project promises to put that work into overdrive. So once again, I'm deeply grateful to the staff to truly kick the tires on this proposal, which y'all obviously did. In the end, what we have before us is a much better outcome from starting all over, and potentially adding years to the timeline of bringing much-needed mixed income housing and so many other transformative benefits to a city-owned property in downtown Austin. I look forward to approving this

[10:53:09 AM]

item on Thursday, and just from a procedural perspective, mayor, I think it probably goes without saying that this is definitely one I want to have be time-certain if at all possible, so I can weigh in on the vote. >> Mayor Adler: Thank you. Pio. >> Renteria: Yes, mayor. I also want to thank the staff. This is really amazing. I want to thank especially Natasha for her effort and work that she has done. You know, we normally don't ever, ever see this type of percentage in one unit. And I'm a big advocate for mixed use, especially mixed income and mixed race, you know, with Mueller being out there being one of the projects that I worked on early on the CDC when I was a commissioner there. So, this is just amazing work, and I really want to thank. At first, I had doubts, you know, but I voted to give our

[10:54:10 AM]

staff a chance, and y'all really came through. I really want to thank y'all. >> Mayor Adler: Kathie. >> Tovo: I think I would like to hear some feedback from my colleagues on separating the negotiation and execution, and in part, I want to reflect back a little bit on this tract and where we've come. When this hit our agenda, we had a pretty rigorous conversation about whether or not it was ready to go, or whether we could postpone it. And I appreciate my colleagues at that time giving me the grace to afford the postponement so that we could really dig into the details and come up with a list of amendments that, in fact, gave you the direction, because if you look back at where we were with that one-pager, we were not prioritizing affordable housing, nor were we even prioritizing housing. It was an amendment asking them to look at converting the office

[10:55:11 AM]

tower to housing, coupled with a change to market conditions, sort of set that direction. So, at various points, we have had to take a pause and send stronger directions to aspen heights, and I think that does matter. The details really matter, and I think as we have seen, really getting -- taking a look at those

terms and being clear on it matter a lot. I mean, we are in a better position now I think in large part because of those conversations that we have had at every point of council deliberation. And so it is really critical I think to the success of this project, really making sure that we see on that tract everything that the developer is committed to doing, and that the city has committed to do. So, I would like to hear from my colleagues where they fall on that negotiation and execution separating it. I would ask, manager, for you to reflect back on some of the

[10:56:12 AM]

history of city-owned projects to see the precedent, which I have asked in the past, but will reiterate my request, because that's really I think the way that we need to do business. >> Mayor Adler: Ann. >> Kitchen: Just to respond to your request. It seems to me that this is a -- you know, this is a huge project. You know, so I think separating the negotiation and the execution would be important, because I hear you saying that it could be done in a way that's not -- you know, that's not adverse to the project. We don't want to delay the project. But it sounds like it could be brought back. And it's really a very -- it's a huge big deal. I think from the council's responsibilities perspective, I think that having them have it available for the council to review the actual draft agreement would be appropriate. So, just to answer your question, council member tovo.

[10:57:17 AM]

>> Mayor, if I could, one thing to add to context, and I agree with everything council member tovo said, we do have other redevelopment projects that are in the works that will be coming to council, namely St. John coming up, and Ryan drive. And so, if it is the will of council to only bring those -- and potentially colony park, if it is the will of council to only bring those up as negotiate, it would be good to have those directions now. Because other projects are in the hopper because just the -- just the direction for this project alone. So if that discernment could be made, we'd appreciate it. >> Mayor Adler: So I'm not sure I'm ready to give a global issue, because I think that so much of the projects different. This one has still probably potentially some moving parts to it, which makes sense, which is why I would support Kathie's suggestion to divide those two. You know, a project like this, success has tons of mothers is

[10:58:19 AM]

how that goes. And I think that there are a lot of people, as we've gone through this process, certainly changing the conversation early to change the priority from getting the biggest cash payment, which was rated really high in the rfp, to say let's reinvest that cash payment into affordability on the project, was a change. It was made stronger, which staff was able to incorporate. But the priorities changed, and staff was nimble to work with that. So was the developer and the applicant in this place, in changing the

offers that were made to not give such a big cash payout, which is one of the reasons why it did so well in the rfp ranks to start off with, was not the priority as it came out. It wasn't identified that way in

[10:59:23 AM]

the initial rfp that went out. So I think that that's good, as it was going through, and to hold onto it. I know it was getting confusing with final offerers. Appreciate the question that the staff asked as we were going into the last question a day or two before about what if you didn't reinvest. What if you didn't get the cash payment, but you reinvest that into affordability. What could you achieve? That was new information that we got, that we all got, that I think was really helpful. I think during the process, the developer was able to find capacity to be able to do things that the developer might not have had the capacity to do the first time staff had asked those same questions. I appreciate the larger team on the applicant's side at this point that's bringing in greater overall expertise.

[11:00:24 AM]

I think it's just now whether we should be initiating those things. In the developments that we're seeing now, and I know this is something that housing is looking at to see if it's a tool, and whether it's a unique tool or a broader tool. When we look at the county consortium on the finding home atx housing, we're looking at a half dozen projects that are able to happen now because there's cross-collateralization, cross-subsidization with a market project being built in conjunction with an affordable housing, or deeply affordable housing project, enabling, in some instances, for both the market project to happen that might not otherwise have happened and the affordable housing project. But because of the differences in financing and the differences in cash flow, by combining the two of them, at least in some instances, we're finding that you can make projects happen that would not otherwise be able

[11:01:26 AM]

to happen. And it's kind of a change in direction and it's a new thing that people are looking. We have people that really know affordable housing development. We know people that really know market housing and development. And in order for us to really maximize the development of affordable housing in the city, you can easily see in the future, there's only going to be one person who has to know both of those tools in order to be competitive. One of the things I want to take a look at and one of the reasons I think it makes sense to say negotiate and come back, we have a deal that is great, and we can just run with that deal. At the same time, you should go through the negotiation if the use of the ev5 Visa provides an avenue for there to be additional capital that's available. See if you can get some additional affordable units in the project. If they come in with a 9% finance, as opposed to 4%, I

[11:02:27 AM]

know probably, you know, not the way that that will happen, we just stood up the new development corporation. Maybe there's a way for us to eke out another 9% in that context. If there was enough of a return or a benefit here, maybe this is something to consider for this. Don't know. I know that our housing department sometimes joint ventures some of these projects, and it gives rise to favorable tax treatment. This might be given the tax values associated with this property, given its location, and it's great, we have a project that's actually going to pay ad valorem property tax. But just like we made the decision not to take all the cash and do some of that cash onsite to be able to drive affordability, maybe that's an avenue that could be taken a look at. So, it may be that you look at

[11:03:27 AM]

all those things and say, none of these things work and we're going to just stick with where we are. But as you negotiate, I would want you to have those things in the back of your head in case there are opportunities that present that our housing folks might see that the affordable housing development component of the new applicant see the broader applicant team, might see opportunities to be able to do that. I'd like to be cognizant of that. But I think it becomes another reason, in addition to the reasons that my colleagues have raised on the dais to say with this particular property, it makes sense to come back. But to your point, Rodney, they'd have to think harder about kind of a general rule, because I'm not sure I support it as a general rule. But I do support it here. Anything else on this before we go to the Austin energy? Yes, Natasha. >> Harper-madison: I just want to make sure to be clear that I also don't support a general, because the first thing I heard

[11:04:28 AM]

when you said separate, colony park came to mind. I heard delay. So, please don't do that to me. Thank you. >> Mayor Adler: All right. Allison. >> Alter: I definitely support negotiate and not execute at this point in time. I broadly do support it as a rule, because I believe it gives us more negotiating power to have to come back to us, and one of the things that we're learning how to do, and sometimes we do well, and sometimes we don't really do well, is to exercise and leverage the negotiating power that we have. And I think that several of the steps along the way here, although they were painful, and, you know, I do think that they gave us more leverage in the end. And I think it is important that we recognize that there's a lot of processes that go on here, and this might be an interesting case study to reflect upon at some point in executive session about what powers and what tools we do have and how they function

[11:05:29 AM]

and how they work together and how we can collectively move the needle on the things that we care about working together with the developers. But taking advantage of the powers that we do have. I also want to acknowledge our staff, who originally bought this property. I don't think this was originally a property that we had on our radar, and that we had some enterprising staff, Lorraine Riley, who originally found the property and was able to work with other staff to put together the financing, et cetera, to make this happen. Without that step, we wouldn't be having this discussion. And I just want to applaud that first step, and all the work and the work of council member Tovo and council member Huston in getting this process started for us to be thinking about the opportunities here for our community. Thank you. >> Mayor Adler: That's a good point. Thank you to Lorraine and her

[11:06:30 AM]

staff, wherever they might be. >> Alter: Sorry, I got that wrong. >> Mayor Adler: Anything else before we -- let's get to the Austin energy one, if we can do that. Thank you all very much. >> Tovo: Thank you, mayor pro tem, and thank you -- as you know, and acknowledged, council member Huston did bring this forward and I was glad to be a co-sponsor on that to work alongside her along with several of you in asking our city to look at this tract as redevelopment for housing. So, thank you. >> As we wait for staff to come in the room, mayor and council, this is item number 71. It is an annual item that has

[11:07:31 AM]

come before council. We did submit a memo to this regard on September 21st, talking about the adjustments to AE's power supply adjustment rates and other passthrough charges for fiscal year 2023, and then we do have a presentation that was distributed earlier this morning that we will have our CFO Mark Dombroski walk through. Jackie is with us for additional questions and context. I don't know, general manager, if you wanted to say anything before I turn it over to Mark, but otherwise, I will turn it directly over to Mark Dombroski. >> I just want to thank everyone for the opportunity to share information. This is important. Mark does have a presentation that he will walk you through, and we are both here to help address any questions you may have. And with that, I'll turn it to Mark. Thank you. >> Pool: And mayor, before Mr.

[11:08:33 AM]

Dombroski starts, I want to let everyone know that we did get the official ask from C Care, which is the coalition of hospitals and other entities through their representative, Trace Salinas, asking for a

postponement of this item. So that will also be a consideration. I'm glad that the staff is here to make this presentation. >> Good morning, mayor and council. Mark Dombroski, the chief financial officer for Austin energy. I have been asked to come and give you a briefing on the power supply adjustment, and the impacts that caused a pretty significant increase in our power supply adjustment. So I put together some materials for you here. I'm hoping this can be a discussion. I also got some questions from some of the council members in advance, so I'll try to answer those as I go along with some

[11:09:36 AM]

documentation that helps support those answers for you. So, quickly, I have a lot of materials. If you're not interested in some of the topics so we can move quickly, but I was going to cover the power supply adjustment. What is it? And how do we set it? One of the primary factors that really drove the psa increase, how we calculated it, both last year and this year. So you can see the differences. And finally, some options that council can consider, and what the potential impacts, are as well as some things that we might evaluate in the future as we set rates for the power supply adjustment in future years. Things are changing in the energy industry, as you know. And so it might be time to evaluate some other options.

[11:10:42 AM]

>> Mayor Adler: I think we're going to want you to go through each one of those. >> Okay, sure. So, the first is -- the power supply adjustment, there's a tariff that is passed by city council each year, and that tariff really dictates what is included in the power supply adjustment and how we calculate it and when it's calculated. And so you'll remember, we sent out a memo to you about -- on the 21st of September, it really follows along this tariff and how we calculate it. We've had this tariff in place, I believe, since 2012 or 2013, in that timeframe when we changed the structure of our rates. So we've been following this process since that time. One of the things you'll see in there, it really dictates what are the elements of the power supply adjustment. And so, the power supply adjustment -- if you think of

[11:11:43 AM]

it, we have what we call base rates, and base rates are the fixed charges that we pay. It pays for the poles, the wires, the transformers, the salaries of the employees, our customer service folks. And it's fixed. What that means is it doesn't vary on the amount of energy that customers use. I equate it to kind of like a car payment. It doesn't change depending on the number of miles you drive, right? And the power supply is like your fuel bill for your car. And it does vary greatly, depending on how far you drive each month. So, the power supply covers the cost of us buying all the energy from ERCOT to supply our customers. It's offset with the revenue we get from our own generation, and we have slides showing the

numbers there on that. It also covers the cost of our power purchase agreements. So these are for renewable resources, wind and solar that we have under contract. It covers the cost of fuel to

[11:12:47 AM]

run our generation. It is offset with green choice revenue. It includes the value of solar. A significant change in the last few years is the over and under collection. So I'll get into a little bit more about why that is such a huge component of the psa these last two years. So this is briefly a timeline. We have what we call the rate year for the power supply. And it's a little different than our fiscal year. It starts on November 1st. And you can see a year ago that we set the power supply on November 1st, 2021. And soon after, we start to monitor that psa, and we report back to you each quarter where we stand on the power supply adjustment relative to that budget. And with the power supply adjustment, it states, if the collection is plus or minus 10%, of the total power supply costs, then we should come back to

[11:13:48 AM]

council and adjust that psa. And, in fact, it did do that this year, but it really didn't do it until we got the results in July. And you'll see a little bit later why that happened. And so I know there's a question, why is this such a big increase and why didn't you adjust it earlier. You'll see the change is really starting to happen in may and June, and by July, it became a serious problem. Of course, we were already in the process of changing the psa at that point. And so, September 13th is when we actually get all of the data that we needed to set the power supply. So we did that on the 21st. We sent you the memo stating that we would be changing it. And of course, because it starts on November 1st, I still don't have the actual results of September or October. So we do a forecast for those two months to include in the change there. The new power supply

[11:14:50 AM]

adjustment begins on November 1st, 2022. So a little bit about why the psa increase. So as you will remember from the memo, -- it's a long memo. I'm going to summarize some of the reasons why that we saw this. The first one, natural gas prices really increased. Historically they're almost 300% higher than three years ago and have doubled since a year ago. We're also seeing a lot more transmission congestion and this is like a traffic jamb on the ERCOT grid. And so ERCOT uses pricing to send signals that relate to that transmission congestion and so that adds to the cost of the power. Next is after winter storm Uri obviously they looked at a lot of its operating procedures and how we behave

[11:15:51 AM]

in the market and as a result they changed some of the rules that we follow. And we have a report from independent market monitor that states that those rules that they've put in place has cost about \$1.5 billion in the first eight months of 2022. So our share of the load is about four percent so our share of that \$1.5 billion is significant. So finally as I pointed out earlier we have the over and under recovery. After winter storm uri we generated a significant amount of revenue because our generation was up and running during a majority of the storm. And regave that revenue to the customers last year on November 1st when we set the rate so it dropped it significantly below what the market price was. As you will see here between

[11:16:53 AM]

may and October we expect to have a significant underrecovery. So not only do we have to make up for the \$100 million that power supply increased last year, but we have to then pass on that under recovery on to customers for next year. It's a lot of moving parts and hopefully some of the charts and graphs I put together will help us all understand a little better. So here we have what I mentioned earlier that the price of natural gas. And why does that matter so much in ERCOT? In ERCOT about 42% of the power produced comes from natural gas, combined cycle, turbines and steam units. So it really sets the mark for what the price of electricity is in ERCOT. And that line there along the bottom is our Henry hub

[11:17:53 AM]

settlement price and that really is kind of dictates what that price of gas will be in Texas that we buy. So you can see the dramatic increase of that. And that's why I mentioned earlier that the August settlement was about 80% more than three years ago and 50% higher than a year ago. The price of energy has doubled in almost two years so the price of electricity has fallen along with that. Next is the congestion. Next, like -- I pointed out it's like a highway. So when you have a traffic jam things get backed up and part of what that does is it adjusts the price of energy in different parts of ERCOT market as a result of that transmission. What we experienced in November of 2021 we've got

[11:18:54 AM]

about \$128 million of congestion costs that we incurred. And that is three times the amount we normally see. As an example I gave you an actual chart so if you go to the ERCOT website you will see the maps of Texas that show the prices of energy through the market here and on this chart you'll see if it's a dark red that is a very high price and if it's a dark blue it's a very low price. So in the first diagram there in west Texas we have a lot of renewable energy. Here that -- those prices are really high. It tells me that

that renewable energy isn't being produced out in west Texas. Now, the good thing about that is you don't have a lot of folks that live out there. So the population is low. You can see the rest of the state is blue so their prices are fairly mild. But you can see that the huge difference between

[11:19:57 AM]

pricing there in Texas. Later on in the day you can see where that congestion kind of moves down closer to the valley area there so you see a lot of wind down in south Texas. Can't get out of -- to the load Zones, right? So they drop the price of energy where it's being produced and they raise it where it needed, supply and demand. Finally, later on in the day you can see that most of the state is red meaning really high prices so we don't have enough generation there so they increased the prices there. And up in the panhandle area there you see we have a lot of panhandle wind up there. It can't get to market. It's congested so you see a big decrease in prices. This also plays into our own portfolio because if our generation resources we have a lot of wind and solar, if it's one of the blue parts of the state it's getting a

[11:20:59 AM]

very low price while we're buying our energy here in the load zone in the red we're playing a lot so there's that price differential that's occurring. When we don't have any congestion you see the state is all one color and that's where we have a perfect Hege. So what we're producing, what we're buying and selling for is at the same rate and they offset each other. I talked a little bit about the operational rules that have been put in place in ERCOT after winter storm Uri. And how those are contributing to this increased cost within the PSA. I said it earlier it's about 1.5 billion for ERCOT in the first eight months so our share is about four percent of that or about \$60 million. And some of the rules that really happen, the first was in order to ensure that ERCOT could have enough generation on hand to meet

[11:22:02 AM]

supply, they're putting more units in reserve or spinning or non-spinning reserve and so they're paying units not necessarily to reduce energy, but to be on standby to produce energy. And they get paid for that D.C. And those generators get paid for that from fees that they charge all of the folks in ERCOT. So you increase the reserves, you increase the cost, increases the fees being passed on through ERCOT so that's one component. The next is what we call reliability commitment unit. So generators need to come down for various reasons, for maintenance and such. When ERCOT looks at how much generation they have and how much demand they're forecasting, if they think they're going to be short on generation, they will run a unit. What that means is they go to that owner of the unit and say we need you to stay

[11:23:03 AM]

online. And as a result since they're being paid to stay online, they stay online and those fees get passed on to all the customers in ERCOT. So part of the increase in reserve is because we have more units online and less going down for necessary maintenance. There's some consequences to that, that we -- may see in the future, but that's how they've handled the reserve requirement. The last is they've changed how they look at their forecasting. So they're looking more along the lines of what happens if we have the basis case, sort after worst case snow in terms of load or demand and worst case in the availability of solar and wind. So when the wind doesn't blow and the sun doesn't shine we see less generation from those resources. That is more the base shrine that means more generation units have to be online or

[11:24:04 AM]

in reserve. All of this is really impact the cost that we're paying for power on a realtime basis. The next is the over and under collection. So this chart shows that when we set the rates back in November 1st, we had a pretty significant overcollection of about \$83 million -- actually about two million dollars going into November. At the end of November we had returned about eight million dollars to customers to the PSA and our balance was \$83 million. And you can see how that trends all the way through until about April there where we still had \$65 million of overcollection and we had been returning that on a

[11:25:04 AM]

gradual guys our customers. Then you can see in May where things really changed. In the month of May we used about \$28 million of that collection, over collection, to pay the bills. And so that drastically decreased it and then you can see in June another 21 million. In July 53 million. At that point we are no longer overcollected but we are \$27 million undercollected. And that continued to occur in August, another 21-million-dollar reduction, so that was a total undercollection of 48 million. And then we forecasted what we think is going to happen in September and October. Continued undercollection and we think we'll end the year about \$77 million undercollected. To complicate that we're also sitting on a receivable

[11:26:06 AM]

from ERCOT. So what is associated with winter storm Uri, when the Brazos Co-op went bankrupt, so they did not pay ERCOT so ERCOT did not pay us. So we had this receivable. And it's complicated because it's

tied up in bankruptcy court and the bankruptcy judge really determines how and when anyone will get paid. If you add that receivable we're still waiting for the cash from that, that makes our total under recovered at the end of October to be 14.2 million. And really what that represents is -- 104.2 million. And that represents cash that Austin energy has already spent to buy energy and fuel and transportation to serve our customers this past year but we have not collected that cash in rates so that makes it the under recovery. And our practice in the psa

[11:27:09 AM]

is to is to collect return the over under collection over a 12 month period. So we take the under collection and add it to the psa over a 12 month period and that's part of what contributes to the large increase. Some of the questions that I've heard is, well, you produce energy. You have your own generation and it acts like a Hege. You've heard us say that, but the fiscal and financial Hege. Why didn't that work? It did work and pretty significantly here. So if you look at it here, like I said, Austin energy buys all the energy we need to serve our customers from ERCOT at our load cone or right outside of Austin, sort of indicates data that come into Austin. So the cost to procure that energy is that Orange line there you see. Over the course of the year it was pretty significant and ended up being about \$96

[11:28:11 AM]

for an average megawatt hour over the course of the year. Of course we're producing energy and also hedging financial hedges. And through those activities we were able to reduce that cost to the customer to about \$40. That's the blue line there and that's what the actual costs were. And the psa we set last September it was set to cover \$62.62 per megawatt dollar. So you see the actual cost of 40, the 28.62, that's the under recovery amount. One of the things that we do each quarter we present to you our financial report. And in that report you'll probably -- you're probably familiar with this chart. We often talk about it. This is where you often sigh

[11:29:11 AM]

this occur. Our last quarterly report was through the end of June so you could see back in May and June we were getting signs that our power supply costs were getting really high and that we weren't recovering enough to offset that. Of course you can see in July it really accelerated and in August, that's the actual in August and I'm still waiting on September's actuals. And we think it will come in about 66. So you will see the yellow bars represent our actual costs. What we had forecasted was the gray bars there and the revenue or what we set the rate to recover is the blue line. And it was set to recover less than our actual cost because we were returning to the customers that revenue that we generated during winter storm Uri.

[11:30:12 AM]

This chart also is in our quarterly brief that we give you and this shows how our resources bought down the cost for our customers. So over the last 12 months ending August '22 we spent \$1,079,000,000 buying power to serve our customers. Our own resources, those things that we owned like sand hill and south Texas nuclear plant add the nacogdoches biomass plant that has been running for most of the year, those generated \$386 million of offsetting revenue. So that buys down that load zone cost. Our contracted assets, those are the power purchase

[11:31:13 AM]

agreements and so those are all renewable energy so that's the wind and solar that we have ppa's for. Those also generated \$85 million of net revenue for our customers, again, further buying down the load zone costs. Green choice revenue, when customers sign up for green choice they pay a slight premium for that renewable energy so that flows through the psa and we credit the power and supply costs with that and we also have value of solar which is a cost to us so we compensate owners of rooftop solar a premium and that gets paid out of that. But the total of that generated, again, a net benefit of \$16 million for customers. Finally bilateral and hedging. These are financial things that we do to buy-down the price and that generated an additional \$58 million to

[11:32:13 AM]

benefit. At the end of the day we were able to convert that \$1,079,000,000 of cost that we incurred to \$535 million for our customers. Still a lot of expense but certainly less than what we were exposed to in the market. Those are all the historically what actually happened. And why is that important is because the way we calculate the power supply adjustment is based on historicals. So we set the fy-- the 2023 power supply cost based on what happened in 2022. So this is also a part of that memo that I sent you and I won't make anyone do math, but these are the numbers so you can see that last year we had an

[11:33:15 AM]

underrecovery of about \$51 million in the calculation and actual cost of 40 # million. This year we had -- 402 million. This year we had -- last year was an over collection, this year it's an under recovery of 104.2 million and actual costs began and that's that 535-million-dollar number I just showed you. So that's how it calculated. This kind of shows a comparison of the components that is go into our calculation. So

you can see in 2022 the prior years' actual cost, which would have actually been in 2021, was about 383 million. In 2023 that was 539 million, increase of about \$157 million or 40%. So one of the key components of why the psa is going up

[11:34:16 AM]

so much is the actual cost increase by 40%. No new measurables. If we have a resource, for example, decker steam unit two closed in March of this year, it retired. So we know it's not going to be available for us next year. So we make adjustment for that. We take out the cost and revenues associated with decker steam unit two out of the calculation, we know that's not going to happen and we can measure about the impact so those are the type of adjustments. If we have a new power purchase agreement coming online we know what the costs are, what the capacity factor is, we might make an adjustment for that. So those are things we can hang our hat on that we know will happen. And the net effect of that is we added \$19 million last year. This year we reduced it by 4.3 so that's a difference of \$23 million lower. So that benefits the power

[11:35:17 AM]

supply, right? Uri overrecovered. We called this out separately because it was so unique. So in 2022 we had \$69 million of cash that we were able to credit the power supply that bought it down. So that lowered the cost for our customers. As I pointed out, all of that has been returned to the customers as of this. We're on to uncovered status at this point. So 100% is gone so we have to increase the psa just to make up for that 69-million-dollar difference. The next is the actual recovery. Remember on the chart we calculate this to have actual results all the way through August. So last year we had the actual under recovery excluding uri of about 2.1 million. This year our under recovery is \$75.2 million, a difference of 77.3 million. So that means the psa has to come up to make up for that

[11:36:20 AM]

under recovery. Finally September and October results I do not have yet, so we're using our forecast numbers to develop those. We think that will generate \$29 million of under recovery adding to that, which is about 10 million higher than we had last year so that's 44%. So the total is about \$351 million in power sly costs last year. This year it's \$639 million or \$288 million ha high or an 82% increase. Then we take the gross totals in millions of dollars and we apply that to what we call the load or consumption, the kilowatt hours that our customers consume. So you can see back in 2022 we started with actual costs of about 2.3 cents.

[11:37:22 AM]

Noted measurables added by 9, over and under was about .6 cents. Expected over recover added to that, so the psa rate that we set last November and runs through today is at about 2.862 cents. This year you can see how that's changed. The prior's actual costs is over four cents, almost # .1. Noted measurable changes, the actual over is added .6. Expected is not going to get any better. So that arrives at the 4.893 cents that was in your mexican-american row. That's where the calculated psa according to the tariff needs to be set. One of the things we've done is we've applied this to an average or a typical

[11:38:22 AM]

residential bill. We used the number 860, that's about what a typical customer uses on a month blaze. We're using 8 fun on this chart. 851 is what our customers actually used in 2020. So it's slightly less than 860. And you can see that under the current bill it is a little over \$80 is a current customer bill. And the other yellow bar is assuming the application of this psa where it needs to be. In addition to the base rate increase that is currently under consideration. So I wanted to show you with everything baked into it where would our typical customer's bill be. That's about \$118 there. You can see how that

[11:39:23 AM]

compares to the typical bill for the other regional utilities. You can see that one of the big drivers for the variations in bills is consumption. You can see in new braunfels their typical residential customer uses about 1209-kilowatt hours while in Austin we used 851, so that's in 2020. You can see along the spectrum that generally we are much less in terms of consumption so that generates a lower bill for our customers. I know there's a lot of questions about you as decision makers, what are your options and what impacts to those options? I wanted to cover some of those here with you.

[11:40:26 AM]

But first if it's any consolation this is not unique to Austin for ERCOT or Texas. This is happening nationally, even globally. As I pointed out earlier that the price of natural gas really drives the price of electricity, and with liquefied natural gas, natural gas is becoming a global commodity much like oil. So although we have a lot of natural gas in Texas, it has a global implication on the price. So what we're seeing across the country, across the world, is significant increases in the price of electricity in natural gas is the main driver. So this chart is an index from Fitch that was published on August 30th and it was really to all the public power providers which Fitch covers Austin energy. So it shows that there's a significant spike across the spectrum really happening in

[11:41:28 AM]

'21 and '22 and the investment community is watching us as well as the credit rating agencies. They recognize we're all under pressure and raising rates is never popular, but for public power which has no profit component or return component, it's a cost recovery. So if we don't recover those costs from the customers we have no other avenue to generate the cash to pay future bills. So their watching this. Obviously we have about \$1.9 million in long-term debt and so our investors are watching us to see what we do, how we respond to this and whether we can manage it financially. So with that I have a couple of options here. The text is pretty small and I apologize for that. So the first option I have here listed is as proposed. What [indiscernible].

[11:42:30 AM]

So that's an average of 4.8 or for our residential customer that's about a 4.9 cents per kwh power supply adjustment bore a 71% increase in that rate. That on a typical increase will increase their bill about \$17.55. We have another pass through charge called a regulatory charge that is also increasing. Last year we increased about 30%. The intent this year was to increase another 30 and next year another 30. To recover an under recovery there. What regulatory charge is, ERCOT, the electric grid to transmit electricity is an open process and we have a lot of providers, so those rates are set by the public utility commission and everyone shares in the cost of that transmission.

[11:43:32 AM]

Again, our share is roughly will four percent so we get about four percent of those costs. And these -- we don't pay for that, we pay all the other transmission providers in ERCOT that. So that's who we give that money to to use that grid. And in return, they pay us to use our grid as well that offsets that cost. So that's the regulatory charge. It's separate from the transmission which is a separate line of business. So this is what it takes to get the power from all those generating units all over Texas into Austin to serve our customers. That's the cost associated with that. So that is going up about two .45 dollars. So you've heard this 20-dollar increase in the average customer bill that's where it comes, the PSA and the regulatory charge. The community benefits charge is not projected to go up at this time. So the positive attributes,

[11:44:33 AM]

and I'm using positive and negative not necessarily in terms of customers and Austin energy, but just overall it meets our existing psa requirements, so it's consistent with what we've always done, the ordinance we have in place, the psa tariff I showed you earlier, it meets all of those requirements. It also recovers that cash that we've already expended to buy power for our scums. Why it's important is we used again, historical cost to recover those rates and we've already spent that money. So part of -- you've heard me talk in each of these quarterly briefings how our cash balances are decreases. We'll cover it in a minute. That cash is going out the door to pay those bills with the intent of recovering it in next year's power supply adjustment so that's why it's going up. It actually reflects the cost to acquire that power. We often talk about sending

[11:45:34 AM]

customers price signals and you know that within our rates we have tier prices on the base rates. I pointed out that the base rates cover fixed costs. It's like your car payment. You wouldn't necessarily call your Toyota finance and let them know that hey, I only drove 500 miles this month so I will only send you half my car payment. Your car payment is the same regardless of how much you drive. And the power supply is more like that fuel bill. So our customers actually use that energy, and as you all know we experienced a significantly hot summer this year. It was still going on until this weekend. So I calculated that between may and August of this year we used 13.7% more energy than we did in '21. So our load increase was

[11:46:35 AM]

14 percent year over year. So not only was it costing us a lot more to buy power but we were using more power. So that's the notion that if you drive a lot more miles your fuel bill's going to be high E but your car appointment won't be. So that's an analogy I was trying to think of how the base rates and psa work differently. And finally as I stated that setting it under this option is consistent with what we've done in all previous years. What's not consistent is the price in power and ERCOT of rules they've changed and the amount of underrecovery had. So that is not consistent and that's one reason why this looks much higher than previous years. Kind of the negative attributes obviously is we're always concerned for our customers and this is a significant increase. And the other negative attribute is the risk of

[11:47:36 AM]

overrecovery. If a price declines when you've heard people say being behind the curve, this is literally we could be behind the curve so we increase prices based upon that historical number. And we are seeing natural gas prices moderate. We're not saying what people saw earlier or last year. And if they continue to decline and we have a moderate year we could see power prices decreasing putting us in a

rapid overcollection phase during the course of the year which it would come back if it's over 10% and adjust over the course of the year. That's obviously a risk, and I often call it self-induced oscillation. Power costs are a sign off and we're chasing that curve and every time we adjust it we might be behind that curve. So that's as I've already presented. Option two is if we take

[11:48:36 AM]

this significant underrecovered amount and we spread it over three-year period, so it dampens the impact of that over and under recovery for our customers. That would reduce for residential customer to about 4.371 cents or about a 52% increase in the rate or about \$12.85 on a monthly bill for a residential customer. A couple of positive attributes is you're the city council. You set the tariff. You set the rules. It's within your discretion to change that psa tariff. So you can modify that requirement that's in the tariff. Another positive attribute is it does allow us to recover some of that cash. Albeit a three year period, but it starts to generate some of that cash that we need to potentially pay future bills if we don't have the cash at that time.

[11:49:38 AM]

It's consistent with the method we used for other pass-throughs, for stability purposes. As I mentioned earlier, we had the regulatory charge for using that grid within ERCOT. Several years ago when the pandemic hit we had an over recovery and so as a way to try to help mitigate the impact for our customers, you'll recall we significantly lowered that regulatory charge, we gave back all of that recover recovery we had over about a six or seven month period. So that really reduced the charges for our customers during the early stages of the pandemic. Of course, it continued on, but those charges, they don't vary each year. They slightly increase each year, but we've never seen a regulatory charge go down each year. It's a slow escalating cost. As a way to mitigate that we

[11:50:42 AM]

said all right, rather than recover all of that under charge in one year we'll do it over three years. So last year we increased about 20% and this year we're increasing about 20 percent. Hopefully we won't have to pay more cash to pay those bills but we won't recover any of that under recovery at this point. It will still be due Austin Energy. And then next year the intent is to recover the rest of it with another regulatory charge increase. So we don't do that in the psa because in the tariff it's very specific. It tells us to do it over a 12 month period. So you as city council you do have the discretion to say let's do this over a three-year period as we've done with the other charges. So that's within your discretion. And that will slightly reduce that burden on our customers by cutting that from 17.55 a month to \$12.85 a month. Some of the regular

[11:51:45 AM]

attributes -- negative attributes as I will point out here, we are very low on cash. We like to keep around 150 days of cash on hand. We're about 120 days, 121 days. Unless we get the rate changes we'll continue to spend cash for ongoing operations. Think of it in retirement as you're using your savings if you don't have a way to replenish that, at some point you run out of money. So we are very low on cash. The other issue is there may be things that we can do. If we can offset some of our costs, then we can attribute to that cash, that's possible. I don't have any solutions here. We've just set the budget and some of the lowest costs or budgetary increases we had in recent years. As you know, we're seeing a lot of inflation in our costs. So I don't have a solution for you here, but we'll look

[11:52:45 AM]

for ways to potentially reduce expenses that would save some of that cash for us to offset that. And while a negative attribute is it does reduce an increase on our residential customer, \$12.85 is still a big increase. We recognize that. But it does kind of dampen that. The third option is to eliminate the under recovery with non-ae funds. And I don't have anyone touring do that, but it's an option that we can talk about, consider and see if there are sources. If we were to totally eliminate that 104-million-dollar under recovery, that would lower the rate to 4.097 cents. And really what that represents is what is just the actual historical cost

[11:53:46 AM]

to provide power. That kind of isolates that. So that's what we actually spent in '22 to provide power to our customers. That would generate a 42% increase. That's the baseline. It's a 42% increase or about \$10.49 on average customer. Again, you're the city council. That's within your discretion. And it would reduce our psa burden. Kind of the negative attributes. \$1,110.49 we recognize is a significant increase on some of our customers. We have a generous cap program that customers can apply for, but even the folks that don't offer a cap, ten dollars can be a lot of money. It's \$120 a year so we recognize that. Next is Austin energy does not have the cash to fund its operation. I can't offer this and say we can absorb that difference.

[11:54:46 AM]

I can't write that down. Will have to find some way to reduce the cost or increase the revenue and apply that. And I don't have the solution sitting here for you for that. And finally, this would be not consistent with existing utility rate-making and potentially credit impacts. Why that point is I showed you the slide earlier from Fitch that really what they expect is a balance that you have financial policies and rates that work in conjunction with each other and you recover your costs from those things that caused cost. So for utilities that's the rate-making so they may look at this negatively, not as negatively as we don't collect the cash at all, but it could have a negative credit impact. And to give you an impact, we were downgraded this year from aa to aa minus by two

[11:55:47 AM]

of the agencies and make no mistake, aa minus is still a good rating. Aa is a good rating. But what is really important to take away from that is why did we get the downgrade. It was because of our liquidity. It means we have less cash on hand. We've incurred two years of negative net income and we see increasing prices both in power market as well as just other inflationary items. So they're watching what we do for rates and they've said if your rates reflect where they need to go that's a positive. And that could be a future credit improvement. But if you don't take appropriate action you can expect further negative or a future downgrade. So this spring in 2023 Austin energy will be going to the bond market to borrow money. We're looking at refinancing our 2012a and B. We think we might be able to

[11:56:48 AM]

get a better rate and buy-down that interest cost for our customers. Very similar to what water just did a week or two ago. We also have commercial paper that will be hitting close to its limits so we borrow long-term. We take on -- we take down that commercial paper, we pay it off with long-term lines. At that time we will get credit review by the crediting agencies and so a lot of the actions we're doing today and this week and next week will be evaluated by the credit agencies and send signals to the investment community where we sell those bonds and would raise the cost of those bonds for us in the spring. And finally, option 4 is kind of a range. So I could sort of give you option 1 through 3. You could sort of pick a tolerance. So we can go somewhere between 10.49 dars, it if you can find me \$104 million

[11:57:50 AM]

or \$17.55 and stay consistent with our past practices or somewhere in between there what you think might be a rate that's tolerable for you as a city council and then we can come back with you and tell you what those impacts would be. Somewhere in these ranges here. So again, you're the city council, you get to decide. That's within your realm. So you can help us decide what is affordable, if you think \$17.55 is not affordable and you want something less, tell us what you think is less and we'll tell you

what the impacts are. Negative attributes is not consistent with rate-making principles. Generally governing bodies don't decide what the rate are and then tell the utility. It's kind of the other way around. But that could be a credit impact on that. Finally, the negative attributes were very similar to options 2 and 3.

[11:58:52 AM]

Somewhere between really general par dieing or slowing down recovery of the cash to having to find \$104 million. [Inaudible]. And evaluation and -- I've thrown out some of these numbers for you. Our cash balance at beginning of October 2020 our fiscal year was about \$402 million. 2020. Since that time we've been using cash both for our power supply, our regulatory charge, as well as our base rates, our are under recovery. Since our time the cash balance at the end of August is 1,084,000,000. We're down \$218 million, which is significant. And it's one of the two pieces of that. So the psa and regulatory, which we've addressed today here, it's about 123 of that

[11:59:54 AM]

218 million. And the other 95 can be attributed to current operations. Part of that is to adjust base rates to recover some of those cost increases that we're seeing there. And this is the point I was making earlier with options 2 and options 3. Unlike the regulatory charge or cbc, where it's under recovery, we can often float the difference for three years. We can act like the bank and use our cash to stabilize those rates for our customers. The power supply costs are so high now, and our cash balances are so low that we don't have that option within Austin energy. We can't float this increase and still expect to maintain adequate cash balances. And I think this is the end of -- oh. So that's the psa.

[12:00:54 PM]

And I know some folks were saying should we do something different, is there things we can do different in the future. Like I said, you are the city council. You have the ability to change that tariff. There's no other agency you have to go to. You don't have to go to the state to change the psa tariff. That's within your discretion. And, in fact, many utilities do it differently than we do. Some may do it better, some may do it worse. We have an opportunity to find what people are doing and learn some stories. Some of our challenges with this, the power supply costs, they are becoming more volatile. As you saw that chart, where they change from month to month pretty significantly, the price we're paying. And they're trending higher. They're not getting cheaper. Part of that, again, is natural gas prices. The war in Ukraine. Because natural gas is a commodity, it drove up the price of natural gas around the world. As long as ERCOT still uses

[12:01:56 PM]

about 42% of its generation of natural gas, that will be the pace-setter for prices of electricity. And we don't see those -- they're moderating, but we don't see \$2, \$2.50 gas like we saw two years ago. We don't see that occurring any time in the near future. Adjusting the psa, we tend to do it during the budget season. It makes sense. We're part of the city, we're setting rates and budgets. But Austin energy, as I showed you, that is the most volatile time for us. I'm trying to figure out what's going to happen in September and October, and those are what we call, you know, September is a summer month. October is a shoulder month. And it could be pretty volatile. And we've been -- we're always wrong. We just hope we're not wrong by much. And sometimes, we are wrong by much, because October turns into really hot October. Customers use a lot. The rate hasn't changed yet. And so we may over or under

[12:02:56 PM]

recover based upon those factors. So it's hard sometimes to forecast that. Current methodology, we use the prior year's costs to set the current -- the next year's rates, right? And so, historical costs may not be reflective of the future. And this is really important. We're sitting here today, when we set the cost for '22, we were looking at '21 costs, which were pretty low. And it was nothing reflective of what we actually saw this year, as I showed you earlier. We didn't know about the war in Ukraine. We did not know that summer was going to be so hot. We did not have an indication of how the operational posture was going to change in ERCOT. We've seen a lot more congestion. Because as generation moves away from the load zones, renewables like solar and wind make sense, putting them in the panhandle and down in south Texas and in

[12:03:57 PM]

west Texas, because that's where the wind blows and sun shines, but that electricity has to travel to the market. That is changing every year on us. And so, it may give us pause about just looking at the historic rate for setting future rates. The next is by doing this once a year, by setting the psa, that over or under collection can accumulate large balances. Now, we have a trigger, it says plus or minus 10% of the psa budget. And of course, as a psa budget gets bigger and bigger because the costs get bigger and bigger, that 10% gets large in terms of dollars and impacts customers differently. And so waiting for the whole course of the year or simply using 10% may not be the right thing to do for our customers. And finally, as I pointed out my

[12:04:59 PM]

analogy with cars, we can base rates -- those costs are largely fixed, meaning they don't change the amount of consumption of kilowatt hours. They change over time, but not consumption. And so it's like your car payment. And so the benefits of conservation efficiency are really in the power supply adjustment. If customers use less, they use less kilowatt hours, so that we buy less power from ERCOT, and that lowers the cost. But the PSA, the way we do it now, it's fixed for the course of the year, and it's flat. So the customers who are using 300 or using 3,000 kWh are using the same amount. So the price should be in the power supply adjustment and less so in the base rates. So, some of the opportunities, I don't have any solutions, and I think this is something we need

[12:05:59 PM]

to work with the EUC with as well as council on some work sessions. Some of the things we might look at this year is, evaluate the frequency at which we adjust the PSA rate. So, some utilities do it every month. I'm not recommending that. But that's their approach. And so you get more change, you know, gradual change from month to month, but you don't get the large dollar change, because you're keeping up -- you're not accruing an over and under. And it's more reflective of the actual market price. So I always think about this summer, our customers that were using energy, would they have behaved differently or conserved energy if they knew the energy that they were spending was costing 5.8 or 5.9 cents rather than 2.8 we were charging them on their bill. I know I would have. I would have set my thermostat differently. But the way we do it now, that price is coming to the customer.

[12:07:00 PM]

That's why you see the shock when it comes out. So I think we can maybe modify that conservation behavior with a better PSA rate. Evaluate changing it during non-summer months, which is common for a lot of utilities that used to do. One is it's less volatile. You really know what's happening on those high volume months, so you have a better sense of where it is. And also, it dampens the impacted effect, because we're a summer peaking utility, so if you use it in non-summer, it has less of an impact on the customers. It gives them more of a chance to budget, right? So we're not seeing such an impact in the month it occurs. It gives the customers a better chance to react to that. Evaluate using the historical as well as forward-looking power prices to anticipate market movements. And so, as I pointed it out, started seeing natural gas

[12:08:00 PM]

prices moderate next year. And so, should be taking into account when we're setting the psa. So we don't end up in April or May having a big overrecovery, so we've collected more than we need for our customers. That's one way to look at that. And finally, time of use rates. Some of you have heard about that. You may have a utility that offers time of use. And so really what this means is that the price of this energy can fluctuate during the day depending on how much it costs us to buy during the day. It kind of makes sense. If you look at 3:00 in the afternoon on most days, ERCOT prices really tend to rise, because people are using more energy because it's hotter for the cooling load. We tend not to see wind during those hours. It dies down and it comes back

[12:09:02 PM]

in the evening. Solar can be close to peak, that helps. But regard leg, there's not enough solar penetration in ERCOT yet to make a difference. It's about -- if I remember, it's about 10% right now. So, if we set a rate that says, if you can use less power between 3:00 or 4:00 in the afternoon and maybe 7:00 or 8:00 in the evening, if you use less power, your bill will be less, right? And so you run your dishwasher or your washing machine in the evening hours, don't charge your car during those hours. Adjust your thermostat. Or join one of our programs or smart thermostat programs. We can do it for you. Those things can help a customer pay less. But the sticking point on this is we've had time of use rates here in Austin. We've had pilot programs, as you may be aware. These are optional, so customers

[12:10:03 PM]

can sign up, if they want. What we saw when we analyzed the data, was we did have some customers sign up. You know, mostly on the commercial side. I think we had one residential customer still on time of use. But we found that the customers who signed up were the ones who didn't use the energy during those hours anyhow, and so they got a break on their energy, but we did not see an equal decrease in our costs. And so the cost of that program just increased the cost for everyone else. If you make it mandatory, you make everyone respond to the same price signals. And I kind of equate it to like we have the tier structure now, it's mandatory. Same thing on the psa. If you made it mandatory, you'd have customers responding to that. And over time, it would change their behavior. And you'd have folks making investments in energy efficiency that could drive that down. It makes things like our thermal

[12:11:07 PM]

energy much more effective. That's what we do. So we freeze water at night on our chiller plants, and then we use it during the daytime to buy down those rates. Downtown billing, they can do the same thing. So, I think these are some opportunities that we can evaluate. I'm not recommending any of these right now. I haven't done the analysis and we need to have that discussion and see how it impacts our

customers and hear from them. But these are some opportunities that if we're going to continue to see these volatile and high energy prices, things that we might be able to do to dampen the impact on our customers. I've done a lot of talking. >> Mayor Adler: I appreciate that. Let me ask some questions, and then I'll go to Leslie right after that. On the -- just a quick -- on page 9 of the report you gave, there's the congestion map that you had. >> Yes. >> Mayor Adler: There's three different maps.

[12:12:08 PM]

Are those different time periods? >> That's correct. >> Mayor Adler: What were the time periods? >> I can get back to you on that. I believe it was one day, but I don't remember the intervals. So, we presented this to the council about a year and a half ago, so this happened about a year and a half ago. But I can get that for you. >> Mayor Adler: Okay, just to be able to understand that. I appreciate that. With respect to the -- obviously, we're paying costs into the system now in ERCOT for the Brazos bankruptcy and for other things. There were utilities around the state that were not prepared as much as we were for the winter storm. We had done more hardening, and that's why our generation performance outperformed the state generally. But yet, I'm not sure where we're seeing the benefit from that, because we're also now indemnifying those folks that did not prepare; is that true? >> That's true. So, we did get a benefit. So that \$104 million of revenue

[12:13:09 PM]

that we generated, that was the result of our plant staying up and running when other plants went down. And also, our supply of gas is not interrupted to the extent that some other folks were so they couldn't generate. So, those two things came together and we were able to generate revenue. Again, the PSA tariff says you pass that back over 12 months, which we did last year. We held back that receivable from ERCOT associated with Brazos, because it had not been converted to cash yet, right? So we're still sitting on that receivable. I showed you that on the map, that that bankruptcy is potentially coming to a close, and so we think we have to elect how we're going to handle that receivable. So we may get that cash, at least half of it, over the course of next six to 18 months, depending on the bankruptcy. But there's some of it that,

[12:14:10 PM]

because we're a market participant, we will not recover. And that's called uplift. And so, over the course of time, they add that to everyone and ERCOT to their fees, and then we cover that over a long period. So, yes, as a market participant, we share in that risk. >> Mayor Adler: Okay. You would think that if we're smoothing that cost around in the whole system is indemnifying people that we would also -- the whole state would share in making sure that our generation was fully compensated. But I understand that

that's a bankruptcy issue. So there are two issues here. We have the psa, obviously, that we're talking about, that you put on the agenda for Thursday. There is the rate increase that's happening at the same time. And I recognize those are two different things. But for most of the people in the community, it's one thing. They're looking at what's going to happen with their rates next year. There were a lot of conversations about the impact

[12:15:11 PM]

of the \$15 increase, and now in the last ten days, seven days, it's now apparent that it might not be 15, it could be a \$35 change. I think that's what we're addressing. I appreciate the background and the education that you've given us. But I think that we need to try to figure out if there's a way to smooth that out over time, and I appreciate the options that you have given us for that. I have some questions about that. I recognize from the choices that you gave us, in order to be able to do it internally within Austin energy, you can put it on a three-year plan, you can get roughly just under a \$5 a month savings or \$60 a year savings.

[12:16:15 PM]

And I understand there's a reason for that. The question that I would have directed to the manager is these are all solutions that are trying to solve the problem internal to Austin energy, and I don't know that we should necessarily be limited that way. If the rate as proposed went through as proposed, there's 1.6, 3.3, and \$5 million over the next five years in increased dividend payment that comes in. Because of the increase in the total rate capture that that dividend calculation is based on. But I don't know if we should be looking at that dividend recapture that hasn't been part of the budget process to change that number over a three-year

[12:17:15 PM]

period of time. In terms of looking at the budget, you know, we had some additional dollars, \$35 million that came to us during the budget process that we distributed, because those were uncommitted funds in the general fund budget, and we quickly found uses for those dollars. Had we known that this was something that we were going to have to take care of, I don't know that the conversations would have necessarily been the same during the budget just a month ago. That might have been something that we might have considered putting some of the general fund against in order to impact the rates. But I think it would be important for you from an enterprise standpoint to look at whether there's anything, based on forecasts, that you think you can bring to bear. It will be helpful to know what's happening in other jurisdictions dealing with the

[12:18:15 PM]

same thing. I know that Austin is looking at 20, \$30 million of extra funds right now, and they're giving a discount to their customer base, because they will have a wind fall in their distribution, or their dividend payment, because their dividend payment is calculated on the combined psa and rate revenue, and ours is just the rate revenue. We don't take a dividend on the passthrough costs. They do. But other than Austin, which is now because of that in a different position, what about the other utilities around the state? Is everybody going through the same kind of exercise? >> Yeah, everyone's processes are increasing. I showed you the table there. That table was using existing rates. So we went out and looked at actual rates, published tariffs from other utilities.

[12:19:18 PM]

As I pointed out, people set their -- people call it a power supply or fuel cost adjustment differently. Per Dallas electric, they do theirs on a monthly basis. So they did two things. One, I believe they have an adder on their bill, just for winter storm uri. Some of our citizens in us a -- Austin, they see an adder associated with winter storm uri. And their psa gets adjusted every month to reflect the actual costs. You have to look at the cumulative amount. Their costs are increasing by a similar fashion. We all buy power from ERCOT. Power comes from the same place. We all use the same transmission grid. And so really the question for our customers is, if you're a pec customer, they intend to use more energy than Austin energy

[12:20:18 PM]

customers on average. And so their bills are higher. >> Mayor Adler: I appreciate looking at that. My discomfort with voting on Thursday, is this is a pretty significant decision to be made, and we really haven't had a lot of time to discuss what the options or variability is. On the option that you have there, certain assumptions that are built in with respect to psa costs going forward, I don't know if it makes sense for us on a monthly basis to recalculate that three-year equation, always with that three-year ending point, but based with whatever the information is. So, the additional charge for a psa in order to be able to cover not only the payment we have to make, but the future payment, is going to change over that three-year period of time as we get more information, as we get deeper into that three-year payment. So I don't know if we should be setting something now that's just for three years, or whether

[12:21:18 PM]

we should be having some kind of vehicle or function in the event that it's variable. Which goes to your statement earlier about long-term, we should be looking at whether or not our price pressures should switch from the rate to the psa. I think that's a conversation worth having, but it's not just a longer-term conversation. It probably is in some measure a shorter-term conversation in terms of what happens with this charge that people now are going to anticipate and read that is a three-year impact. So that's a second question that I have with respect to the immediate action that we would be potentially taking. And then the last question is, is there injury or prejudice to Austin energy if we postpone this question for two weeks so

[12:22:18 PM]

as to be able to ask more questions or see additional observations for the manager to take a look at whether there's an enterprise element to be associated with this as well? What kind of prejudice comes from a two-week delay? >> Sure. So, obviously, the longer we wait to actually change the rate, the larger the under-recovery becomes because we're not clicking it in the actual rate. So, right now our calculations are set to change rates on November 1st. So they start getting billed at that and the cash will start flowing in December. So, I would have to get with our folks that program this into ccmb and see if we deferred that two weeks, could they do that. So, change rates November 15th, rather than the first. It's a possibility. Potentially under recovery,

[12:23:19 PM]

because I'm assuming October 31st. Now it would be November 15th. So it would not be significant in terms of dollars, we're talking about two more weeks. I think we could accommodate that in terms of working with the city council to give you more time. >> Mayor Adler: So if you could help us with the ramifications, so that on Thursday we have that information to consider. If you could get it to us ahead of the meeting on Thursday, so we have a chance to indicate, so you could let us know tomorrow or later today that calculation. >> I assume everything would slide two weeks, so you'd approve the psa rate two weeks late, implement two weeks late, collect two weeks late. >> Mayor Adler: Okay, so check and see what that is. But there's something for a long-term manager to have, such a substantial increase in people's bills that come to us and say, you have to act within

[12:24:20 PM]

seven days on this, begs the question of how can it possibly be that we suddenly hear about this and expected to take action in seven days. And this council can't be ready for that. The community can't be ready for that. No one can plan for that. There's got to be a different and better way for us to be able to deal with this situation. Leslie. >> Pool: Thanks, mayor. Mark, thanks for the really excellent

presentation telling the story. It was really important. I hope our reporter friends are catching all the specifics and the nuances and gets that out to the community. That's part of why we want to continue these conversations. On the 11th, we'll have at the oversight committee meeting, we'll have a list of additional work sessions and public

[12:25:20 PM]

hearings in advance of the tax of the rate case discussion. And as the mayor pointed out earlier today, these are two separate issues, but they're coming at the same time, and in the public's mind, they're woven together. So, we will have more opportunities for these discussions, and we'll schedule them in ways that I hope that everyone is able to participate one way or another, and mayor, hopefully you and I will definitely be on the dais when the dais when the conversations take place. You mentioned liquidity, and how Austin energy doesn't have much or any, and the financial markets have noticed that. And I think you said that that was the primary reason why we were downgraded. Not that we're in a bad place, but we did go from -- was it aaa to -- >> Aa to aa-minus. >> Pool: We're a public utility, so we can't book profits. >> That's correct. We don't have any profits.

[12:26:22 PM]

>> Pool: Right. We could, however, create reserves. >> Yes. >> Pool: So, you mentioned we're going to the bond market next spring to refinance some bonds, and we're hoping for favorable rates. So I want to ask about a reserve fund. I think I'm remembering that council may have looked to create -- prior councils to this one, may have looked at creating reserves for Austin energy, but that didn't happen. Can you give us a little summary of what that -- because I think previous councils at some point may have looked at creating a reserve fund for Austin energy as a hedge to spiking costs, but that did not happen. If you could describe that. >> Well, if I remember, I think you're referring to within rates. >> Pool: Okay. >> So, in 2012, when they set the base rates, they put in an amount in rates to collect reserves. So that money was taken and put

[12:27:22 PM]

into the reserves specifically. So it was above and beyond the current operating costs. By the time we got to the 2016 rate review, we had adequate cash. We were healthy. We had upgrades from our agencies. And we had positive margins. The only margins that moved were based upon weather. At that time, we decided we no longer needed to collect reserve amounts in rates, so we removed that, and that helped lower the rates back in 2016. The only thing we put in there is if we have a warm year, and people -- again, it's base rate, so it's fixed, right? And so they use a lot. They have tiered rates. They generate more cash. I take that cash, stick it in working capital and reserves. And when things are going

back, as they have the last two years, I take that money out of working capital and I use it to pay ongoing bills in the hopes of collecting it from future rates.

[12:28:23 PM]

So, right now, our rates do not have anything for reserves. >> Pool: Okay. And that may be something that we'd want to look at. Your slide 22, option 2 is the gradual recovery of the undercollection. Does that assume no new spikes in future years? >> Right. So, this still uses that sort of historical cost. And I think one thing I'd like to recommend given where we're going here is, either through the oversight committee or maybe the city council meeting, carve out a little bit of time, allow us to talk to you about what's going on in the market. It may be -- rather than 10% of the adjustment, for example, if we get those funds from brazos, the flowthrough from ERCOT, it might only be a 1-2% change. But maybe we come back and we adjust the PSA downward by 1-2%, get that back to our customers immediately. As opposed to hanging on to it. Things like that, we can discuss during the course of the year.

[12:29:25 PM]

If gas prices are going down, maybe we adjust it to reflect that. So I think we have some options going forward. Right now, I can't do anything about the bill we've already paid for. But going forward, I think that's some of my options. Let's work together to try to moderate the volatility in this PSA. >> Pool: Some of the criticism that we're hearing since the memo came out, and through the tax rate discussion, is that it seems like Austin Energy and the city of Austin is no longer rewarding people who are conserving. And so, that concerns me because I think all of us are entirely committed to our lower -- to our alternative fuels policies, and only want to expand them. And some of the conversation that -- the discussion that you had, you mentioned that the PSA could possibly be where we reward conservation, maybe

[12:30:26 PM]

instead of it being fixed, there is some kind of a rebate for those people who are using a lower amount of money, so that somehow we figure into that calculation the reward for conservation. I don't know what that would look like, but that would be something I think we would need Austin Energy, and probably our energy advocates' assistance in looking at that. >> That's where the benefits of conservation efficiency flow through. You know, energy efficiency is using fewer kWh to the same task, right? So you put in more efficient HVAC or double-pane or triple-pane windows or more insulation. So you keep the room the same temperature, but you're using less kWh. Conservation is not doing a task to save energy. So that's like turning your thermostat down or turning the lights off when we get the notices. Both of those do the same thing, they reduce kWh.

[12:31:26 PM]

And where that benefit resides is with the psa. And so an example is time of use rates. If we could have time of use rates that are mandatory, when customers do that during those high-priced hours, they would immediately see a passthrough, they would see the reduction. We don't see a reduction in those fixed costs. The pole costs the same, the wire, the truck, the salary. And so, it doesn't flow through the psa. Would people have behaved differently if they got the actual price in July, at 5.8 cents rather than the 2.8 we were charging them? I think they would have and they would have paid less, and potentially, we would have paid less in costs to get energy to our load zone. So I think those are things we can evaluate and work on. >> Pool: And I do, too. >> Mayor Adler: Could you do that if we postponed for two weeks? Could you come back in two weeks and say here's a -- less do

[12:32:26 PM]

option 2, but let's do it in a way that promotes conservation? >> I don't think I could get that done in two weeks, but I could come back during the course of the year and brief the euc and the oversight committee on some options. I would hate to make a violent move in one direction or the other and not understand the unintended consequences of that. >> Mayor Adler: Even if we weren't deciding that, it would be nice to advance that conversation so the community might be able to understand directionally where we might go. Kathie. >> Pool: I just had one last question. >> Mayor Adler: Oh, I'm sorry. >> Pool: That's okay. I know that we reviewed the pas and the passthroughs regularly, but we adjust them just that one time a year. And so maybe -- and I think you talked about this in your presentation, maybe considering the psa a little bit more often.

[12:33:27 PM]

And we can balance out some of the incremental changes in the bills as opposed to the annual adjustment. So that might also be something that we look at. So not just the gradualism of repaying the gap over three years, but also having some more nimble adjustments to the psa over the year. Thanks. >> Mayor Adler: Kathie. >> Tovo: I have a lot of questions, but I think some of them may be answered once I review this more carefully. Thank you very much for this really, really detailed information. I think this is very, very helpful. I would suggest that we also figure out a way to translate all of this to kind of a one-pager that we can give to constituents who also have a lot of questions about it. I think the memo gets closer to kind of describing it in more general terms. And as I think about how I'm going to have to translate it, I think it's going to be one more level up. But I also appreciate, and I

[12:34:28 PM]

dive into the details, so I really appreciate that you presented to us this really detailed level of presentation. To kind of start where my colleagues ended, I support making those changes to the power supply adjustment tariff, and would the appropriate place to do that be in the upcoming rate proposal? I think if I understood what you were saying, that there might be opportunities to reshuffle how we assess the power supply adjustment. But I would assume that gets built in going forward. >> Tovo: We have options for how we deal with the situation now. But in terms of figuring out a new paradigm for how we're assessing it in the future, I would think -- when and how do we approve the tariff for the power supply adjustment? Is that on an annual basis in the budget, or will we also be asked to approve it in the

[12:35:30 PM]

upcoming rate proposal? >> Right. A little bit of history. Historically, we did this with the budget. When you approve the budget, it included our tariff schedule and the passthroughs. When we changed the budget schedule, we it's a month earlier now for us. Because we have to go to voters. That caused a lot of problems for us. It's very volatile. >> Tovo: Right. I'm really talking about the policy. How we structure that tariff. I think you've highlighted -- I didn't mean to cut you off, but you've highlighted a few things that we should probably look at. How frequently we adjust the psa, kind of what the triggers are. That maybe 10% isn't really getting at it anymore. The mayor suggested some other elements that might be factored into the psa. So, when and how are we going to address the policy, our policies for the psa? Is that something you want us to

[12:36:31 PM]

do outside of the rate review process? Or is that something that we would ordinarily do within the rate review? It seems like we've talked about those policy issues in the rate proposals themselves. >> They do work in tandem, but they are separate. I would recommend they do it outside of the rate review process. Because they behave differently, they're assessed differently. But I get it. The customer pays one bill and they see it. But the policies really should be handled independently of each other. They recover different costs. They behave differently. They're set for different time horizons, so they really should be different. >> Tovo: So in terms of the recommendations that you've made on page 24, I guess I'm unclear how quickly we want to come to some conclusions on those. On which of those -- when do you want direction from us, on which of those you should move forward in evaluating and/or changing. >> We can begin working on this right away.

[12:37:31 PM]

>> Tovo: Okay. >> And give you updates during the oversight committee meetings as well as our euc, we'll work with them to help craft these policies. Or recommendations for policy changes. >> Tovo: Super. Thank you. And I have to look through and really think about those three different options that you've presented us with. But in summing up kind of where and how we got here, and I think it's pretty - I appreciate that, you know, as I understand what you're saying, so much of this increase is really outside Austin energy. It's really driven to a great extent maybe almost wholly by ERCOT and ERCOT changes and the gas market. Is that a fair assessment? >> I don't want to blame ERCOT as a body, but it's the competitive market we're in and how it's structured. For the longest time, the market was focused on a bias towards price. It really focused on low-cost power. And we enjoyed that for many years. And now the bias is more towards

[12:38:32 PM]

reliability. And so that drives up the cost, and that's what we're seeing. >> Tovo: If I had to summarize, though, a good deal -- some of this power supply adjustment increase is a result of our not having been paid 20-plus million that we're owed that's now wrapped up in bankruptcy proceedings. >> Yes, that's part of it, yes. >> Tovo: So we're owed money. I would say that, I would guess -- you know, I would say we definitely should try to spread that out and not assess that to our rate payers right now since we have a reasonable expectation that that money is going to come in. Just as an observation. The other elements, the congestion cost, which I'm still trying to understand, the third natural gas prices, which are responding in part to the storm -- >> Storm, because inventories were down. It's a free market for natural gas. It's not set.

[12:39:32 PM]

And so, they will charge more if they can. And that's what we're seeing. It's also because it's a global body with gas going globally. Even though we have a lot of gas here in Texas, it doesn't necessarily come to our market. So it's going down to Houston and being shipped out. So all those things put pressure on gas. >> Tovo: And then fourth, I have some questions for you about some of those costs. And then the fifth is the over-collection. With regard to the fourth, some of -- and again, I've got to go back to the details to really understand this. But one of the things you were talking about as the conservative operating practices that are now being -- that are going to cost more and are being now assessed to different utilities like Austin energy, one of them was having that -- I'm just going to put it in my own language, kind of redundant power. I thought that we participated.

[12:40:36 PM]

I thought that was one of the entities that is a designated extra redundant power, person, entity. Is that accurate or is there any cost savings for us? I've forgotten the term, but there was a very interesting newspaper article, and then we discussed it at our -- >> Black start? >> Tovo: Yeah, that's exactly what I'm take ING saying. Thank you for translating my general language into that. Is that what we're talking about? >> No, not at all. >> Tovo: Ah, okay. >> So this is -- you can imagine as long as -- this is really reserves. If you need a thousand megawatts to serve customers, and you have 1,100 megawatts that's bid into the market, you're going to hold 100 in reserve, right? And so ERCOT might say, I need -- I want to hold 400, right? So they'll go down there and another generator, say I need you, I'm going to pay you to be on standby reserves.

[12:41:36 PM]

So you're not going to sell power. You're just going to be in reserve. And the way I'm going to pay you is by assessing a fee on everyone in the market. What that assures is if we have a generator that goes down that breaks or trips offline, that we have enough generation that can immediately respond. And so the customers aren't interrupting the power. >> Tovo: Thank you for explaining that. That sounds so much like the black star, but thank you for identifying that it's a little bit different. Okay. So I think in my general assessment, it sounds like a lot of these costs are being driven by forces outside of Austin energy. And so, that's concerning. I hope we can tell that message really clearly to our rate payers who need to have confidence in the work that you all are doing and are doing really well. And two, thank you for coming forward with those options that I hope we can discuss to really figure out how to lessen the impact on our rate payers. And definitely assess it going forward, assessing that PSA on a more frequent basis as you suggested with different kinds of triggers, with possibly a different paradigm for assessing

[12:42:36 PM]

it, it makes a lot of sense to me. >> Kelly: I agree with all of you. I think we do need more feedback and discussion in the community. But earlier in our presentation, you mentioned as a standard that you'd like to keep 150 days cash on hand, but currently we only have 125 days. Could you maybe explain to us how quickly we're running through that cash on hand and what a delay might have on the cash on hand? I just want to understand that more. >> And I wish I had a great answer for you. There's a lot of cash that flows through Austin energy with bills. But one of the slides I showed you, just as a comparison, is that -- I don't have a future projection for you. But if you look in the last two years, we used about \$213 million of our cash to fund ongoing operations between the base rate and the power supply

[12:43:36 PM]

and regulatory. And right now, we have about 182 days of cash on hand. Now, I do have reserves. And I can access those reserves by coming to council and saying I need it. But you kind of alarm, right? I'm not going to do that unless I have a serious problem going on. We're getting close to that. But the bigger problem is if we don't adjust rates now, I can't replenish that cash. Rates don't do that. And so, we will continue to lose cash by funding ongoing operations, unless I find some way to reduce the costs. We've tried that. Everything's going up. Inflationary costs. So I don't see them -- at the best, we can kind of moderate them. But it's tough. Two years, tops. Maybe 18 months would be a very bad situation at Austin energy. >> Kelly: Okay, thank you.

[12:44:40 PM]

>> Alter: Thank you. I have a whole slew of questions. Let me start by asking, you know, if you were to use our current base rate for the current rate for the psa, how much more are we trying to recover? What is that dollar amount? >> I'm sorry, I'm not following. >> Alter: So, I'm trying to understand -- you've thrown out a lot of numbers and there's not been a whole lot of clarity frankly in what is fully causing this in terms of how much to ascribe to which. And so you had an example of congestion on the rates that was over \$100 million higher than before. And yet, we had \$100 million underrecovery. And as I tried to put all of these different numbers together and tried to figure out how much of this is changes in the market, how much is changes in the market that are due to ercot not moving things, how much is due to things that we didn't account for in Austin energy, I can't do that at this point in time. I don't even know how much money I'm trying to go for as my aim.

[12:45:41 PM]

We have -- you know, with -- and I understand there's a certain amount of variability to that. But when we do the rate case, there's a revenue requirement and we're shooting to try to recover that much revenue. What is the equivalent with the psa to that revenue requirement. And if you can't tell me now, if you can provide it after. >> I can tell you the total number, that was on slide 17. That's the 639.2 million. And I can give you a breakdown. However, that may involve some competitive information in the ercot market. But I can provide that for you. >> Alter: But is the change, the 288 -- because you were assuming that you're doing the tariff over the 12 months. I mean, there's a lot of -- >> Right, so, that's the amount of increase.

[12:46:42 PM]

>> Alter: That includes the 104 being captured as opposed to being spread out over three years. >> So that would be the 77.3 million and the 8.9 is the amount that we would spread out over three years. So that's our actual under recovery, and our projected -- and that 8.9 would increase if we defer it for two

years -- or two weeks, right? And maybe a small amount. That number would get bigger. >> Alter: Okay. And there's 140 million swing, that's just because of uri and we gave the money back? Because it's 69 million less and now it's 69 million more. I'm just trying to figure out very clearly, you know, if I had to explain to somebody what --

[12:47:46 PM]

where these pieces are. At this point, the story you're telling us is not clear enough for me to go and talk to my average constituent and say, this is why we need to raise your rates, and these are the causes. Or I think even for a reporter to be able to articulate the causes. And it's more complicated than simply the cost of natural gas went up. And so -- I understand it's a company. But we need to be able to get to that point, which I think is what council member tovo was getting at. [Off mic] >> Alter: We can, but I have a lot of other questions. >> I can try to take another cut at trying to describe these. It can get quite complex, because, for example, the price of natural gas, yes, we buy power from ercot, but we also sell power to ercot. So there's an offset. But you take into the fact we have congestion. So the price I'm selling might be the price I'm buying. So all these things kind of complicate that.

[12:48:46 PM]

We'll try to do a better job of putting these in buckets that may be a little bit easier to comprehend. >> Alter: Okay. Council member tovo requested that we go through this, and I think that would be good. I'm wondering if I should surface my questions, because at some point, I think we're going to have to break for lunch, and maybe that would give you time to have some answers. [Off mic]>> Alter: We can try, because I don't know if you'll have answers by this afternoon. On page 19, where you try to provide us a comparison with other utilities, you do so based on their average consumption, that their utility experiences and what the costs are. I understand that's probably what they give you off their website, and so that's what you have to use. But if I'm a rate payer in Austin, I don't care that if I was in Austin, I would be -- if I was using 1099, I would be

[12:49:47 PM]

paying, you know, over 140. I care what I would be paying if I was using the same amount of energy I'm using in Austin. And so this is not useful for me to understand because I want to know if I had the same energy usage there, how my rate compares, not what the average consumer is. Otherwise, that's not favoring those who have conserved, and it's not useful to me as a consumer. So I'd like to see another layer of this information where you're really getting a sense of, if you were the average consumer here in Austin and paying the rates in those other cities, what would you be paying. Because otherwise, I can't assess that. I'm using, you know, 250 kilowatts less. So it's not comparable, in my view. >> We can

do that. One of my cautions against that is utilities design rates based upon consumption levels, and so they're going to have different customer charges. As far as I know, of these

[12:50:48 PM]

groups, we're the only tiered rates. And so they will set the average much higher, because we're assured of that load. So you can get some really skewed results by standardizing all 860. But we can certainly do that. We can also break down the per rate is. But, for example, all of us are -- our power supply costs are in the eta. It's always tough to compare. We think this is the fairest comparison. It's what a typical customer pays to use electricity in their city, in the utility service area. But we can certainly do this at 860 and provide this for you. >> Alter: Right, but this is combining the base rate and the psa, as I understand it. So I'm not sure that that variation -- >> Oh, it does certainly. Because 860 is only to the second tier within Austin

[12:51:49 PM]

energy. And so the second tier is about 50% cost of service. If you're a utility and your average customer is using 1,200, you can have a much higher rate at 1,200 and collect all your revenue. We're not collecting this here. So, the tier structure and the customer charge and the typical bill are all interrelated. >> Alter: I need more information. I don't know what the right format is so that I can go to my constituents and explain what we're doing relative to what other folks are doing in other jurisdictions, and whether they are also facing and having to pass on the same costs, because if the costs that we're passing on are from the price of energy and if they're from ERCOT congestion, presumably, other utilities have to pass things on similarly. And that's not a picture I can get today. >> It's possible I could do a --

[12:52:50 PM]

>> Alter: I don't know what the right way to do it is, but this doesn't do it. >> Perhaps we could look at the same utilities and see if they can figure out what they were charging two years ago, or a year ago, and compare their increase to ours at the same level of consumption. That would isolate changes in cost, whether it's base rate or psa. >> Alter: My goal is to be able to make that comparison and understand where we are relative to others in the face of a similar shock, so that I can separate out -- it's a really challenging story to go and say, well, we actually made money during URI, but now you're paying for in this way. Because we have to adjust your rate. It's a challenging way to have to explain things. Okay. On page 22, you had provided for option 2 the three-year gradual

[12:53:53 PM]

recovery. When you were speaking, you were speaking about how there might be increases over time to that number. So that it didn't stick at 1285. Absent a major shift in psa above and beyond, which you're anticipating with the 1285 be there over the three-year period, or would it -- is your projection there with it rising or with it constant? >> It would rise. So each year, we would -- assuming it was an offset by some sort of revenue or cost reduction. It would rise. We take another third of it the following year and a third of it the last year. >> So when you come back with more information, if we could have that more clearly laid out, that would be helpful. >> Alter: It seems to me that we have two different policy decisions that we need to focus on that are related that may not

[12:54:55 PM]

happen at the same time. One is what we're doing in the short run to make sure that we recover these costs and we have to make at least a short run decision. It may not last for very long, if we come up with some other policy or whatever through the rate case or through having the discussion about how we adjust the psa rates, but we need to make a short run decision on what we're doing in November for the rates. And then there's this question of our policy for the psa, what trigger is looking back at it. I am really intrigued by the time of use approach, and I think that is really important for conservation as well as for smoothing our costs out, et cetera. So I definitely want to have that conversation, but I just want to acknowledge that I think we have two different situations. Can you explain a little bit more about the ercot receivable? >> Yes.

[12:55:57 PM]

So, when we -- during winter storm uri, when we're producing all of that power, again, we sell our power to ercot and we buy it all from ercot. So, at the end of the day, ercot said we had a number of utilities, including Rayburn and brazos, did not pay ercot. They said, I can't pay. And so, what they do is they take that -- it's called a short pay and they spread it amongst all of the participants there. So, everyone gets a piece of the short pay that ercot did. So, ercot's just a clearinghouse in that way. Over time, we've had participants either leave the market, meaning they left their receivable with ercot, and that gets turned into an uplift, and they spread that over a number of years, a small amount each year. Rayburn used the state securitization. Last summer, they passed

[12:56:58 PM]

legislation that securitized some of that debt. So they were able to access that. They paid off their debt to ERCOT. And so ERCOT gave us our money. Brazos was different. They declared bankruptcy soon after the storm. And so they -- that receivable to ERCOT was tied up in the bankruptcy court, and it's been playing out over the last year and a half. So at this point, we have in the books a -- I'm going to get the number wrong. A \$49 million receivable from ERCOT. But we also know that we're going to get some amount of uplift associated with ERCOT. So, that 16 million, and the net's about 24, 28 million. I'll get you the exact number. So that's what we're sitting on the books here as receivable. We don't know exactly what would happen until we elect our options with ERCOT, and we

[12:57:59 PM]

receive those funds. We don't know when we're going to receive them. So until that time, it's just a receivable on the books. >> Alter: Okay. So if you were to credit that, that would reduce the 288.3, what was the 20 million net. >> If I gave the customers credit now for that receivable, that would -- I would have to use cash from working capital, because I haven't collected that cash yet from ERCOT. So, I won't get that until bankruptcy court settles. So we would have to use and further deplete that cash in order to pass that back to customers. That's why we've been sitting on it. What I suggested was, we're getting close with the bankruptcy decision. Once that's made, perhaps you come back immediately and make an adjustment, even if it's only 1-2%, we give that back to customers immediately. But sitting here today, if I did it now, it would further deplete cash. >> Alter: Right, but there may be a way that -- I'm not supportive of reducing our general fund transfer, but there

[12:59:00 PM]

may be some ways for temporally smoothing things out with other reserves that we have, so you don't deplete it. I have to think those through, but I think there might be a way to use our other reserves. >> For Austin energy? >> Alter: Well, one could imagine. I don't want to reduce the general fund transfer, or dividend, whatever you're calling it. But I do think there may be a temporal opportunity there to think about smoothing that so that we could build that in. I think those are my questions for right now. Thank you. >> Pool: Mayor? I just wanted to make a couple comments about climate change, and then I'll be done with my piece, and maybe we could get some lunch. Based on some of the information that Mr. Dombroski provided in

[1:00:02 PM]

his presentation today, it occurs to me, we could be doing so much more to combat our weather extremes that are undermining our communities, if we weren't having to deal with climate deniers in our state leadership who are failing to act. For example, if Texas were to ramp up its solar power

investment more than the current 10% of statewide energy produced, I think the 10% is the number that you gave us, mark. >> It's 6% we're looking at. 6% is solar as of September 7th. >> Pool: If the state of Texas were to ramp up the current 6% of statewide energy produced, then we'd have another buffer to soften these price increases. And as in most things, the city of Austin cannot do all of this work alone. We need a more resilient grid system from state leadership to help with the inevitable shocks and stressors.

[1:01:02 PM]

I'm looking at the state of Texas and its legislative leaders for support and assistance as I expect all areas of our state are doing at this point. We're in a tough spot. No municipality across the state can carry such sizable financial burdens alone. Thanks, mayor. >> Mayor Adler: Okay. I think -- well, I'm anxious to see whether the prejudice and what the impact is for delaying two weeks so we can consider options. I think that one of the most persuasive arguments to me as I'm hearing the debate about the rate case and going to a flat fee in the rate case that's going on, is that we lose the price indication to customers by going to a flat rate. If we were to consider maintaining a price indication, by moving it to the psa, as opposed to the flat rate, which

[1:02:05 PM]

I hear you recommending today, potentially as a way to handle the psa, because that's something that is a cost tied to how much power somebody uses. That decision may not only help us benefit how we're doing the psa tariff change, but also taking into account the issue that's been raised with respect to the rate case. Because we wouldn't be losing the indication. We'd just be moving it to the more appropriate place. I think that's an important discussion to have, and I understand you can't advance all the way in two weeks, but I think that that would be a really important part of, if we're setting something with a psa in order to stop the deficit that we're in, I understand that. But if there were real clear

[1:03:06 PM]

indications, these are the things we'll consider moving to in bringing back to the oversight, and to the community and to the council, and this anticipated time period, I think that would be helpful. >> I just want to be clear, I'm not advocating our proposal is three tiers for all residential customers inside and outside the city. Currently, we have five inside and three outside. So our proposal is three tiers. So we're not advocating a flat tier at this time. >> Mayor Adler: In the -- >> In the base rates. >> Mayor Adler: And I understand that, but there's an increase in the flat rate component. It's still an increase in the flat rate. It does serve to -- it serves to impact the price indication with respect to usage. And that's by design.

[1:04:08 PM]

That's by design. It's just a more holistic discussion about where it is that that price indication should appropriately be, and maybe how do you do that price indication in both areas, but what's the appropriate place to put it, to what degree in each one. I think that that conversation of the psa will not only help us maximize the use of the psa to help drive equity and our climate change values, but also help put into perspective holistically the conversation that we're having with respect to the base rate change. Ann, and then Kathie. >> Kitchen: I won't take a lot of time with my questions, but just to signal them, and I can do some of them offline. I want to understand a little bit better what's built into the psa, in terms of the assumptions. I think I heard you mention that one of the elements is the power

[1:05:10 PM]

supply agreements. So I want to -- correct? >> Our purchase agreements, yes. >> Kitchen: I'm sorry, that's what I meant. Power purchase agreements. So I have some questions about the assumptions there. And I'll just make a statement that, you know, we kind of went down this road before, but decided not to pursue it. We also have values -- we have values for climate change. We also have values for worker protections and worker rights. Which from my perspective carries true when we do power purchase agreements. So that's a whole nother issue. And I'm going to want to understand what kind of assumptions we're making related to the cost of those. And that's a separate discussion about how we proceed and understand our values as a city related to workers.

[1:06:15 PM]

I also agree with the questions that others have raised, and I think it's really important that we do delay this, because it is coming too fast. And it's also totally caught up in the public's mind with the rate case. They are not distinguishing this, nor should they, because it's all -- you know, both things -- the bottom line for them is how much are they going to have to pay. So we really need the additional time. So I just wanted to echo what you had said, mayor, and what others had said with regard to that. >> Mayor Adler: Okay. Kathie. >> Tovo: Thank you. And council member kitchen, I agree with you about your point about worker conditions. I need to better understand 17, and I can make this quick as we leave. I'm looking at the projections for 2023 and trying to understand. We have prior year's actual cost

[1:07:16 PM]

of 539. No new measurables. And then we have the estimated over/under at 29 and the actual over/under at 75.2. And so that's a difference of about 45 million. Is that what -- >> So the actual over/under is, as of the end of August 31st, and then the only number that is not a historical number, is the estimated. So that is September and October. >> Tovo: Gotcha. So the total over/under, we think -- I mean, the total over -- no, total under is about 105. >> 104.2.

[1:08:19 PM]

>> Tovo: And so back to that question that mayor pro tem asked about the number we're hoping to recover, is that the number we're hoping to recover with the power adjustment supply? If I had to give one number to folks, it sounds like it's the 105-ish, 104 something. >> It's 104.2. >> Tovo: And so of that, some of it has to do with the money we haven't collected, and I lost -- I lost you on what that total was. I thought I heard it was \$49 million, and then you mentioned uplift. So is it 49 million plus the additional 16 uplift? It sounded when you described uplift as if that's money that comes to the utilities. But if I'm looking at that 105, it's like half of it we hope to get through relative estimated half of it, a little less than half of it, we're respecting to

[1:09:20 PM]

come back. So we have 150 that we have under collected. \$49 million is the amount we're owed, so that's almost half of that amount that we under collected. And then where does the estimated 16 million uplift factor in? Is that sort of a credit once we get it? Is that a credit towards that under-collection? >> So the uplift will be a charge that we pay -- >> Tovo: The wrong direction. >> In the future. >> Tovo: Okay, so that's not helping us here. But just to kind of assess here, we under-collected by 105 million, but nearly half of that is money that we're owed. That we just didn't get paid for because it's tied up in bankruptcy court. >> No. So, if we go to bankruptcy -- you know, I'm getting to an area I'm not that versed in yet, which is bankruptcy. So I don't want to give you a false number. But the amount that is expected

[1:10:22 PM]

in the bankruptcy is not the 49. There are some options. We may recover about laugh of that in the near-term. That's the 18 to 24 months, because there's some conditions that need to be met that would convert that to cash. If you take that option, you forego the remainder. >> Tovo: The total, yeah. >> And what we're calculating is the present value. What's best for our customers. Over time or all at once. That's what we're working on now. >> Tovo: Okay, thank you. Again, in terms of my trying to explain this to rate payers, we need to make up about \$105 million, and as we look at the different causes, back to your question about what the amount is of the different causes, it sounds like 49 million of that is

revenue that we were owed that we did not take in. That we did not -- we were not able to collect on. Some portion of which we'll get, we hope, through bankruptcy. But we were owed 49 million.

[1:11:23 PM]

>> I can get you a full reconciliation to help you out with that. >> Tovo: But am I right on the general understanding? >> I don't believe the 104 has the full 49. It has the 49 minus the uplift. So that's the receivable that's sitting on our book. That's what we expected to receive from ERCOT. >> Tovo: Gotcha, okay. >> But we booked that before where the bankruptcy court happens, so now we have this settlement from the bankruptcy court that we just got, I believe end of last week that we're analyzing. So I don't have the exact number to give you. >> Tovo: Okay. Thank you. >> Mayor Adler: What's the difference between the 86.2 and the 104.2? 86.2 is the actual over and under plus the estimated over and under. It's the 77.3 plus the 8.9. >> What tab are you looking at? >> Mayor Adler: 17. >> Tovo: And that's the next column. Yeah. Under change. >> So for 2023, through the end

[1:12:25 PM]

of August, we are under-collected by 75.2 million. We expect by the end of October to be another \$29 million under-collected. You add those two numbers together, that's the 104.2. >> Mayor Adler: And that's the shortfall that we don't have that we need to recover? >> That's cash that we've used to pay the bills. >> Mayor Adler: I was looking at the wrong -- I was looking at 20 change versus the 2023. Mayor pro tem, Allison. >> Alter: So, two more wrinkles, which is where this is getting confusing for me, is we were under-recovering because we were paying what we had gained back from URI. But the market shifted faster than we anticipated and we didn't get on that fast enough. So we have some of this under-recovery, the fact that we changed our rates in order to provide URI under-recovery, which is provided seemingly

[1:13:25 PM]

two places here, if you look at the 288. >> That shows on page 11 there. So that's where we're tracking - the blue bar is in total, and the Orange bar is what's happening on a. >> Alter: Right. So in addition to not being paid, we have been paying back to the customers -- we've been charging a lower rate to provide the money back that we had earned during URI, but we didn't adjust it fast enough so now we're under-recovering. And in addition to all of that, we have higher prices that we have to cover. So it's not all the 104, but it's somehow figuring out how do you communicate that to people because, you know, the URI stuff is a good story and a bad story. It's a good story because we made money on URI. It's a bad story because we didn't adjust it fast enough to get going. 104 there's the part that we

[1:14:28 PM]

didn't recover. >> We didn't correct it fast enough. >> Alter: But the 104 also includes money fa if we had not done the 69 million we -- if we had not made that adjustment we would have had that money. And then there's the cost of the -- the cost of power, which is up in part because of how ercot is changing things and the congestion cost of ercot. And so that's a lot to try to explain. >> Very dynamic. >> Alter: And I think there's a piece here at least in these numbers and it's not real clear with what happened with the uri over-recovery and under-recover roadway which if you look at the 288.3, which you told me before I should be looking at, it seems to be double counting the 69 because the change-- because that change is appearing as a positive

[1:15:31 PM]

change in a row for uri after recovery and also a cause for why we didn't get the 75 there. >> Mayor Adler: Kathie. >> I appreciate it. I will try to be more descriptive. I live and breathe this stuff so it hard sometimes to look at something and say I don't understand this. But I appreciate the input and we'll try to do a better job. >> Alter: Thank you. >> Tovo: Just to

[1:19:39 PM]

[music]

[2:17:31 PM]

>> Mayor Adler: Good afternoon. It is 2:17. We're going to reconvene the council's work session here on September -- I guess it's the 28th, 27th, I've missed that day both ways now. September 27th, 2022 in the boards and commissions room. Colleagues, we have the briefing on climate equity plan, the briefing on trash in creeks and then we'll go back and do -- unless, Kathie, you wanted to do those Ila's quickly or we can wait until the briefings are over. >> Tovo: I'm fine waiting, mayor. I know we have folks who have been waiting to present. I can do them after. >> Mayor Adler: Let's do that. We'll do the two briefings then we will double back and do the remaining pulled items, plus the discussion of Thursday. Manager? >> Thank you, mayor and council. We'll start this afternoon

[2:18:31 PM]

on the first briefing on the climate equity plan and to introduce the topic I'm going to turn it over to our chief of staff Jason alexanderment. >> Good afternoon, council, Jason Alexander. You may recall we were last here before you in June to give a very high level briefing and update on the climate equity plan implementation. It was also at that meeting that we signaled to you that we would come back on a more regular basis, perhaps quarterly, to update you on specific areas within the plan, and that brings us to today. Today is the first of the opportunities where we'll be talking about transportation electrification. I'm not going to do the presentation, I'll turn that over in a moment, but let me quickly introduce our presenters. Zoning us today is Zach Balmer with our office of sustainability. Carl poppin representing Austin energy, and Laura Morrison representing the Texas electrification resources alliance which is a non-profit focused on ev adoption across the state. Also with us is Rick Harlan from our city's fleet

[2:19:32 PM]

services department in case there are any questions for him at the end. With that I will turn it over to Zach. >> Great. Thanks, Jason. Do you have the slides? Perfect. Good afternoon mayor and council, I'm Zach Balmer, climate program manager with Austin sustainability. Today we'll give an update on transportation electrification and that section in the Austin climate equity plan. So there are, as Jason said, we gave a sort of overview briefing in June and over the course of the next five quarters we are going to give briefings on the detailed implementation and withdrew we're at on all of the five sections of the climate equity plan. The first one up is transportation electrification. And mayor, as you can see, these are the five sections in the plan. Next slide. So I'm going to quickly give

[2:20:34 PM]

some implementation updates high level on the entire plan implementation and then we'll dive into the details of the transportation electrification section and as Jason said, I have today with me Laura Morrison as well as Carl poppin and they will do the bulk of the detailed presentation and at the end we'll talk about next steps going forward. So just a very quick high level plan implementation update. Things being implemented across the city organization and across the plan. The first is we have now launched the second cohort of the Austin community climate ambassadors. The first cohort was launched during development of the plan. Now that we're at implementation of the plan we have nine community members working with us and working on sort of community-focused projects about implementing the plan in the community. It's exciting to have that off the ground. The next thing I wanted to highlight, there was, if you recall, in the phi 23 budget proposal -- in the phi 23

[2:21:35 PM]

budget proposal there was a section on internet dough and highlighting projects that were in the budge that are direct -- going to be directly implemented focused on the climate equity plan. Now that we're moving into the next budget year those things will be now moving off the ground. We talked about this in June. There is going to be a new community focused task force that my staff is going to be recruiting and working with over the course of the next year, basically calendar year '23, to be focused on measuring equity and implementation and the metrics associated on how do we measure implementing the plan and how are we being successful from an equity standpoint. And then finally, our next quarterly briefing, which will likely occur in January, is going to be focused on sustainabilities, so that will be the next plan. The next presentation. Next slide. So I told you about this in June and this is now launched and live and it can

[2:22:36 PM]

be accessed by the public. We created implementation dashboard to give more transparent information on all the strategies and goals that are part of the Austin climate equity plan. These are just some snapshots from that dashboard. You can click through to the link and essentially see updates from staff on all 74 strategies that are listed in the plan. And you can see the status of where they are, are they over/under way, have they not started yet, community partners that the city is working with, what is needed, what's upcoming. Basically a whole run down on each of the strategies. So we're going to be updating this dashboard at least once a year so it will give stakeholders a much more detailed look into how the plan is being implemented and all the steps along the way beyond just these briefings. Inside. -- Next slide. So to jump to transportation electrification, these are the three goals that were part of the adopted climate

[2:23:37 PM]

equity plan. The three goals are around 40% of total Austin BMT being electrified and it being culturally and electronically diverse. Having the charging infrastructure built out across the city to support that much vehicle electrification by 2030 and also for the austin-round rock, San Marcos msa to be a leader in transportation electrification. This is one of the five major sections in the plan and if we reach these quantitative targeted laid out here emissions could be laid out 18% by 2030. So this is a major section in terms of achieving emission reductions because gasoline and diesel used in on road cars and trucks are such a huge portion of emissions in our community. So just to set a little context before I hand it over to Laura and Carl, so in terms of the climate

[2:24:38 PM]

equity plan, in terms of the best option for climate change and transportation, walking, biking, using public transit, those are the best options. That gets us to zero emissions very quickly and easily. But cars are currently somewhat necessary in Austin. They're driving by right now. Our Austin transportation electrification goals are some of the most aggressive in the country as we've looked at other plans trying to get to 40% vmt. That is about as aggressive as it gets. We know that manufacturers in the market are moving quickly. Lawyer are will give a lot more information on that, but evidence you're seeing now models announced or new manufacturers talking about electric vehicle options at varying price points. And on the regulatory side, California and other states are now banning the sale of new gas-powered vehicles in California and there are I think 14 other states that have like interconnected laws that if California bans the sale of new gas-powered

[2:25:39 PM]

vehicles that these other states would do the same. So we're now getting to a point where it's not just voluntary, but there will also be mandatory measures related to electric vehicles. But we also know that most of the ev's are too expensive for most people. So keeping a focus on equity and adjust transition as we move towards more and more ev's being adopted is key. And just finally, evs support our local economy. The amount of money that this community spends on gasoline and diesel is in the billions and when that money is instead sent to Austin energy to charge those vehicles, that funds our local economy, local government, it saves our users money on maintenance and fuel. It reduces air pollution, supports renewable and can protect residents against fluctuating gas price as we've seen this summer as gas prices went so high. So there is a lot of opportunity in the space not

[2:26:40 PM]

only for climate, but also for local economic activity. All right. So Laura is going to give the next few slides to talk about the landscape of electric vehicles. >> Thanks, Zach. I do appreciate the leadership of the city of Austin with the climate equity plan and also I appreciate the partnership that we have with the city. We work with Austin energy, with the sustainability office, with fleet, so it's a great partnership. This slide that you're looking at shows the upswing in sales between 2010 and 2021 in ev sales and you can see it's steadily becoming steeper and steeper, and I want to mention that it's -- that the sales continue to accelerate because in 2021 2021 overall in the U.S. Two and a half% of the sales were ev's and in the first half of 2022 alone they had already doubled to five percent. So it really is

[2:27:43 PM]

accelerating, and according to the Bloomberg report the U.S. Is hitting a tipping point now in the transition. We're seeing the same trend in Texas. I would recommend that dallas-fort worth clean cities

coalition website for really terrific data on electric vehicle registration. They track it every month. The total registrations. And as of August last month there were 141,000 evs registered in the state of Texas and we know that it was at the end of last year that we hit the 100,000 mark. So we have increased the number of registered evs by 40 percent in just nine months. They have several breakdowns. They break down the registrations in several different ways. This one is showing part of the break down by county. You can see perhaps not surprisingly that Travis has the most absolute number of evs ahead of the other

[2:28:44 PM]

larger counties so per capita we're way ahead. One of the barriers to transitioning to electric vehicles is the limited options of models that are available, but this projection shows that in the next two years they expect that the number of models should be doubling. And as those number of models increase we're going to be seeing more and more less expensive ones, which is really important. In fact, GM has an SUV they're planning to come out in 2023 or 24, I forget, with a price of \$30,000. And if you're eligible for federal and state incentives you might be able to get that down to \$20,000. So that's really getting into a reasonable new car price. And the and the union of concerned scientists has projected that within two to six years, that we

[2:29:45 PM]

will reach initial -- what they call initial cost, initial price cost parity, so that the time depends on the vehicle type. But that it will be a cost about the same to buy an electric vehicle as it does to buy a gas vehicle. And auto manufacturers are going all in on this, and as Zack mentioned, the California ban on electric -- on gas-powered vehicles by 2035 should have a significant impact on the market. And another driver -- oops. Thank you. Another driver of this transition is what's happening at the federal level. It was in August of 2021 that Biden set a goal that by 2030, 50% of all light duty sales would be electric. And congress, I'm sure you have heard, has followed that up with three really historic acts which are going to help to move that

[2:30:46 PM]

forward. And a recent analysis that I read by new energy finance said a Bloomberg report said that with these federal actions, that it's completely reasonable to expect that we will hit that 50% goal by 2030. And I do want to mention that in addition to all three of these historic acts that I'm going to talk about, focusing on climate change, they all have centered, as part of this good jobs and equity. The first one, I'll just mention briefly, the chips and science act that was passed last month will help address the supply chain limitations that we're seeing now, that basically make it impossible for many people to even get their jobs on an electric vehicle if they want to right now. The other one was the infrastructure

investment and jobs act that was passed last fall. It had lot of different elements that are going to help electric transportation.

[2:31:46 PM]

The first one I'll mention is the national infrastructure program that will put 500,000 fast chargers along our freeways and across the country to address range anxiety. There are billions of dollars, billions and billions of dollars for electric buses, which the cap metro, of course, is a leader on, and also for electric school buses, and I'm excited to report that I just heard from aid that they just put in their first order for electric buses. So that's pretty exciting. And other significant investments that it will make also. With regard to the nevi program, I want to talk just a minute about that. It's a \$7.5 billion program. It's divided into two. The first part, \$2.5 billion is a grant program. Information is not available yet. It should be out this fall about exactly how that's going to work. But hopefully, there will be some programs and projects in central Texas that will be able to take advantage of that.

[2:32:49 PM]

The other \$5 billion is a formula program that allocates a certain amount of money to every state, and the state of Texas is getting 500,000 -- excuse me, is getting \$408 million over the next five years, and every state had to submit a plan about how they would be using their money. It was submitted by August 1st, and just this morning, the feds announced that txdot's plan that had been submitted was passed. So, that means that the state will be getting that money, and it's a good plan in many ways. It takes half of the money, and allocates it to basically to our freeways, what are called the alternative fuel corridors, to ensure that there's a fast charger every 50 miles along the freeways, and then it also makes sure that every county in the state has a fast charger.

[2:33:50 PM]

There's 190 counties that don't. So even though that money won't be coming directly to Travis county, because we're already pretty well-taken care of there, it does mean that Austin drivers are going to be able to drive on interstates as well as many secondary roads, like there will be every 50 miles from here to Houston on 290, for instance, going through the different counties. So that's good news for us. Then the second half of the funding is allocated to the mpos, and campo will be getting 20 million starting in 2023 to put charging stations in the campo area. And I do want to mention that that money, all of this nevi money is subjected to justice 40, which is an executive order that requires that 40 -- that the program allocate 40% of the benefits to dischallenged communities. So that's going to be an

[2:34:50 PM]

interesting conversation for all the mpos to have. But an exciting conversation. And I understand also that txdot is going to be providing -- making available some money to the mpos for planning and for having that, at least in a public engagement. To ensure that grass roots folks are at the table and equity is appropriately addressed. And then the last one that I'll mention is the inflation reduction act. I'm sure you read about that last month having passed. It has tons of money and support for electric transportation, and I will mention just a few highlights. First, it's the first time we'll have a tax credit for used evs, which will be terrific for a lot of folks in the used ev market. There are going to -- with regard to medium duty and heavy duty incentives, there's a

[2:35:50 PM]

billion dollars that hopefully the city will be able to take advantage of for replacing some of their larger vehicles in the fleet. And that's going to cover -- as well, it will be covering 100% of the charging infrastructure, planning, technical training. It's a really comprehensive section. There are tax credits for commercial vehicles and also for commercial charging stations in low income areas. That is limited to low-income areas, so that's great. And then the last one I want to mention, there's \$27 billion of green bank funding, which is exciting because it is funding to help to overcome financial barriers in areas such as transitioning to electric transportation. So, a lot of good stuff there. And with that, I'll turn it over. >> Thank you, Laura. Good afternoon. The Austin energy strategy to address transportation electric

[2:36:53 PM]

vification, something we produce is call the pillar strategy. This strategy aligns with the climate equity plan. It's very holistic, and it's very outcome-based. So, those five areas are charging infrastructure, equity and affordability, fleets and mobility, outreach, and grid integration. Today, we track 25 initiatives under this strategy of five pillars. Today, I'm going to highlight five of those projects to include two of those with our friends from cap metro and city fleet services. So, project number one, I'd like to kind of highlight. So, really just more boots on the ground. We've got a lot of kind of what the industry is doing and the overall dashboard. I want to just give you some real world projects that we're seeing some pretty good momentum from. One is the Austin energy ev buyers guide. When we launched this, we really didn't know what kind of metrics or how many unique visitors we would get, and it really exceeded expectations. We're seeing more than 10,000 unique visitors to the Austin energy ev buyers guide, to a

[2:37:55 PM]

market that sells about 1,000 evs, or registered about 1,000 evs in our territory. So, great sales funnel in collaboration with our local autodealership. Another important feature for the buyers guide was a realtime inventory. So it just wasn't promotional information. So, customers could be engaged and see what vehicle was on the lot, not only new, but used. So, the used vehicle, realtime inventory aligns well with the new program of the \$4,000 incentive for used vehicles as well to make sure we have a better experience for all types of vehicles. And we were also trying to change the talking point that evs are toys for the rich. You can go to the buyers guide today and see under \$10,000, 7,000, \$8,000, great commuter vehicles that are in lots today ready to be sold. So we're excited about the buyers guide. Second project where we're seeing the metrics far exceeding original projections is, we

[2:38:55 PM]

launched evs for schools program several years ago. I believe council member kitchen is in the promo shot that Austin American statesman run. So we launched that in four schools. And the purpose of that was to engage next generational leaders, and also change the conversation once again of how accessible evs are. And to also change the home conversation, when the parents are talking about getting a new vehicle, the kids are -- here's what I've been learning in class. So there is tiered through sixth grade through 12th grade, three tiers. We launched it in four title I schools. This particular launch party was at Akins. And since those four schools now turned into 140 central Texas schools that all promote and offer this training. Also, to support new virtual learnings with the pandemic, this was made free and available online to teachers and parents. There's both an English and a Spanish version. And there's a virtual reality companion app. You can see that kind of at the bottom right that teaches kids in a virtual reality space of how to plug in and how the evs

[2:40:02 PM]

work. And just kind of makes it a fun element. Project three is, we are very working very closely with city fleet services on electrifying our own fleet. The highlight here is steady progress and ahead of the savings plan. So, originally, when this program launched, with the original amount of vehicles as part of a work with electrification coalition, the expectation was to not only reduce greenhouse gas emissions, but to save the city \$3.5 million in ten years. Fleet is ahead of schedule in that savings. They expect to be about a year, a year and a half ahead of schedule, \$3.5 million. And then within the ten years, based on the acceleration purchase of the evs, that savings can expected to double, closer to \$7 million of savings, than if we would have stuck with our usual businesses. Two major factors there. One is the obvious, it protects us from the fluctuation of gas prices that have been spiking. But even the maintenance, talking to city fleet services,

[2:41:03 PM]

they're just much more efficient, a lot less maintenance calls, and obviously, you don't do oil changes with those type of maintenance activities. So very good savings there for the city. The fourth out of five projects is cap metro bus electrification. You can see here on the visual is this is now a state of the art -- it used to be a derelict mattress factory, if you recall. Now it's a state of the art cap metro north ops bus depot that can support up to 187 electric buses. Cap metro also enrolled in the 100%, not just for the bus electrify indication, but also their ops centered green choice. So they're supporting wind renewable energy there. Cap metro got approval to purchase additional 197 e-buses. Market is one of the biggest purchases in North America. Coming soon in 2023 is two bus rapid transit lines that will be

[2:42:03 PM]

fully electrified. And the number should be around 70 electric buses. So there is about 12 in service today. So, a very fast incorporation and a lot of support from their board to move forward. And then the last project to highlight is e-bikes are for everyone. Very exciting campaign. So this was to put infrastructure and e-bike accessibility with our partners. It includes public training. There was an event just this last weekend with the hokka ambassadors that went off very well. And we are also sponsoring a pilot to put infrastructure at a 75% affordable housing unit. You can see the picture of that and what the design of that will look on the left. So there's a secure place for residents to not only store their e-bikes, but with every lease of an apartment, the e-bike and the helmet and the

[2:43:04 PM]

training comes with that apartment. So very excited there. You can also see a story arc of some of the ambassadors and property managers were reached out to create training videos, and then "Usa today" reached out, because there was a little buzz about that. We connected them and they had a really great write-up. Reading into kind of a full-throttled support. So we're very excited with that there. So, really, I'd just like to highlight just the multitude of partnerships and the ecosystem. There's nothing my small but mighty team does without collaboration with others, and conclude the focus you see here. It really is a great ecosystem here in Austin, and a lot of different folks and communities involved. Just really ending on next steps. So, the theme of next steps is to continue to leverage these

[2:44:06 PM]

partnerships. That the key to getting frankly anything done in the community goals. We're going to be leveraging the ev buyers guide, especially with the new language around the 4,000 up front credit for

used evs. We're very excited with that. Continue to partnership with ngos and school districts. Laura mentioned asd just announced their first order for electric school buses. That has been a long discussion with aid. We're very excited there. Collaborate with housing providers on charging station car share, as well as further expand and develop the educational and outreach programs. Ev is a great platform to do that with. We do owe console an update on the e-bike program update. They sent very strong language to go bigger and bolder, so by November is our timeline to come up with our new plan for electric bike questions. I'm very excited to be forwarding that information along. We're currently in the process of evaluating the different program, and the overall program

[2:45:09 PM]

revamp. Cap metro is to finalize the design to deploy their bus rapid transit lines and city fleet to continue to expand the ease of operation. That concludes the presentation. Thank you. >> Mayor and council, this is an update that we have on this first section, but we will come back to you as noted in January with further updates. But I'd just welcome the opportunity to answer any questions or comments on the presentation. >> Mayor Adler: Really appreciate the presentation and the work that this city's been doing for a couple decades to really press the envelope, and the city is responding to mitigation. Glad the city is going to have a staff presence at the c40 conference coming up, as well as cop27 meetings as we go into the fall. Hopefully there will be recognitions there for the work

[2:46:11 PM]

that Austin has done. It's great to see how we're leading with electric vehicles. The numbers just make that inevitable. You know, I still hear people say the Texans won't adopt evs because we so love our pickups. Until you sit in a Ford f150 lightning and realize that that's going to leave in the dust any Ford pickup that is on the road today. We need the cars at absolutely all ranges. But I really appreciate the work and the leadership that this city is showing. Ann. >> Kitchen: Yes, thank you. This is a very exciting - a lot of progress since we first did the fleet electrification for the city of Austin, gosh, many, many years ago. So, this is great. I want to drill down just a little bit, because I know you've been working on this over

[2:47:14 PM]

the years. But, what are you seeing in terms of purchase or use of electric vehicles or electric bikes by different income levels of folks. I know that you've had programs to try to incent or assist folks in buying cars. What's the latest on that? >> Well, I can talk from the local perspective, ma'am. >> Kitchen: Yes. >> So we have several rebates. We rebate electric bikes. Right now, the current rebate for an individual is up to 300 dollars. We also rebate infrastructure for level two home charging. But potentially, more

importantly is the targeted outreach we do, especially with historically underserved communities. Over five years ago, we started evs are for everyone, and that was to hire a dedicated person to have program design and

[2:48:14 PM]

budget, and also help consult on all our programs on how we're putting equity at the front of the table, if you will. So we continue to see a very good adoption, and that's always been the core value of evs for everyone. And hence why you saw evs for schools starting in title I schools, why we saw an emphasis that we put used vehicles in on the buyers guide. So you see a lot of program design elements change. What we are seeing is a steady increase. We have a lot of work to do, but we're seeing with the used vehicles and the new 4,000 cash on the hood, it's not a tax incentive done into the future. That was a big part of the program. We're seeing that really being accessible to more folks. But everyone has their entrenched views and interests and hearts and minds are the slowest things to change, but we are seeing a significant increase in the demographics of

[2:49:16 PM]

who are buying these. It continues to get wider, but we still have work to do. >> Kitchen: Do you have tracking? >> Our program targets how we work around budgets. So we take a look at changes to the programs of how they might do uptake. But we do not have a specific metric. What we found in looking at different programs, of what kind of information we feel comfortable with asking just to help with that credibility. But we do see the locations where the rebates come from and the zip codes. But overall, that's the program design. Really, for everyone is who the programs are for, and then targeted outreach or engagement is historically under certain communities to ramp up and make

[2:50:16 PM]

sure they know they're part of that. >> I just wanted to comment that obviously there's a lot of work to do. If you even just look at the statistic, that right now, 80% of people that own electric vehicles charge at home, that means that 80% of the people that own at electric vehicles can charge at home, single family homes and all that stuff. But I think that's one of the reasons that the nevi program, and just married with justice 40 is so important. It means getting charging stations into areas where there's not a market for them yet, and that's why the feds are paying for o&m on top of it. They expect that. But along with that needs to come programs like the evs for schools that helps to educate and help people understand. But across racial and ethnic boundaries, there is intense interest. And, in fact, the consumer

[2:51:16 PM]

reports just put out a survey that showed that among different racial and ethnic lines, the most interest was from asian-americans. Second highest, African-Americans. Thirds highest, hispanic. Fourth highest, whites. So, any assumption that there's limits on demographics in interest is probably not a good assumption. >> Kitchen: Thank you. Appreciate that. >> Mayor Adler: Allison. Sorry, Pio had his hand raised. And then Allison. >> Ellis: Mayor, I'd like to be in the queue as well. >> Mayor Adler: I'll get to you, Paige. >> Renteria: Thank you, mayor. With metro, their e-bike program, it's great. I own one, I have over 4,000 miles on it. I'm really happy with mine. But I have a lot of seniors --

[2:52:18 PM]

we're building a lot of senior housing in my district, and a lot of these people are not capable of getting on a two-wheeler. So, I have been trying to promote the three-wheelers where they can rent those out. Our seniors really want to be more mobile and want to get out. You know, some do have electric wheelchairs, but not all. So it's a great opportunity for our seniors to be able to have that ability to be able to get one of these electric bikes, and they take metro, but they're just not in the condition. They have bad knees or whatever. And they will not ride a two-wheeler. But they will get on a three-wheeler. You see them in the grocery stores running around there shopping. So this would be a great opportunity to look into that

[2:53:20 PM]

also. >> Mayor Adler: Allison, then Paige, then Kathie. >> Alter: Thank you. I'm really excited about this update. These are good developments, you know, nationally and locally. There are some things that we didn't talk to today that were brought up in the resolution that I brought forward in 2019 on electrification of transportation. And I don't know if that's necessarily the folks who are here doing the presentations remit, but I want to raise them, and if you can get us more information, that would be great. One, in that resolution, we had talked about taking some steps for building codes, and ev readiness. So if you could speak to that, if you're able, to what the status is of that. >> Thank you for the question, council member. I can briefly address it. So, how we have worked on

[2:54:22 PM]

building codes with my team is working with our green building program. As you know, typically, the green building program is a precursor so city building codes. They kind of leapfrog each other every two years. You see an update of one or the other. And so where our funnel has been into the green building

codes. So originally, when we started, it was called an innovation point in the green building code, and it would just talk about infrastructure. Since then, that was completely revamped. It's its own separate part of green building, specifically covers ev readiness. It's just not infrastructure. So specifically what we find in new construction, it's so much cheaper to put the infrastructure in place prior to rather than a retro fit. So we had very specific ev readiness. And we're seeing a lot of participation, people participating in green building, participating in the ev readiness. We even posted on our website a case study of a downtown location who they wanted to go all in originally at 40% of

[2:55:23 PM]

their garage ev ready, a very high number. And they were getting such good market feedback, they went to 100%, just based on customers saying why we're buying this. So that is where we are today. It's not in the city codes. But we do have some pretty robust language now in the green building codes of the Austin energy building program. >> And if I could add to that, the climate equity plan does have a recommendation that we implement explicitly, some kind of ev ready code, whatever level it is. It might be that it's only for multi-family, which is one of the highest recommendations you need in a multi-family. And it's my understanding that that has been a topic of discussion, for instance, at the resource commission. And Austin energy has -- is leading -- do you know these

[2:56:24 PM]

guys? Austin energy has started leading a small group discussion and doing some outreach for that. The international building code or energy code or whichever it was, I can't remember, the last one that was approved, there was talk about actually putting it in there. And then it didn't make it in at the last moment because it was somewhat controversial. And likely, it will be in the next one. Versus just adopting it through the international code. I know that I spoke with them -- spoke to one of the group meetings some months ago, and I haven't kept up to date with that conversation. So, I'm sure we could find the folks to bring you a specific update from Austin energy to actually take it to a code requirement, as opposed to a recommendation in the green building code. >> Alter: I'd appreciate that. I think there is value in sort of modeling it and doing what we're doing with some of our

[2:57:25 PM]

water rules where you're kind of demonstrating that this is paying dividends and worth doing and being able to do that. But we do definitely have an imperative, particularly for the multi-family, to be able to get that in. And I think that goes beyond just the ev bike component, although that is an important next step. >> More and more folks are understanding that if they want to be able to promote themselves as a new market availability, that they're going to need to say what they have charging available. So it's

getting to be more market driven. >> Alter: That's great. I would appreciate further information on that. I don't think you're going to be able to answer this one, but I want to flag this for the city manager because it relates to our earlier conversation with Austin energy. I think we need to understand what the load assumptions are for our electric vehicles as

[2:58:26 PM]

part of our rate case, because part of the argument, well, we're conserving more, so we're not taking in as much of the revenue, but at the same time, people are shifting to electric vehicles, they're going to be requiring more energy in some circumstances, and that does affect the mix. And I'm assuming that there is an assumption that's underlying our rate case. But -- or our psa adjustments. But I think we need to better understand what that assumption is and how it maps on to the growth that we're now seeing, and whether it's caught up with that. And then the other part of the resolution that we had was ev grid integration and demand response. So, I think we have talked a lot here today about adoption of evs and all of the benefits from the financial and from the perspective of the environment, but there's also opportunities for this to help us with grid reliability and resilience as we

[2:59:29 PM]

try to respond and be prepared for climate change. And I would love to hear if there's been more done on that with the city in that regard. And so this is where you can take the stuff in the electric buses from the schools that aren't being used in the summer and use it to put energy back in the grid at peak times or vice versa in other different settings as well. >> Certainly. One of the five core pillars is grid integration, so we have about five different initiatives to your point. One is we have an active pilot called ev 360, so that's a time of list pilot to shift charging of the evs to off-peak of the electric grid. That helps with nighttime wind renewables as well as grid health. We have just finished statement of work for demand response around ev charging with energy

[3:00:30 PM]

hub, so that's the platform of how we curtail -- shed load, is what we call it, during air-conditioning peak. But how can we incorporate evs as an additional module. That is on top of an arpa e-grant. We are also under discussions with Ford and specifically what can the Ford f150 lightning be at home, so there's a lot of activity because the conversation has really shifted from if evs are happening to when, how quickly, and what are we going to do about it. So we have a pretty robust portfolio. Also to add Austin shines. That's the integration of vehicle to grid with a larger ecosystem of stationary storage and pb solar. So what does that look like? So that project is completed an over 500 pages of white paper from Austin energy developed as an industry leading thing on integrating vehicle to grid.

[3:01:33 PM]

So we're definitely on the forefront there. There's a lot we're doing in there. And I know there's some specific language that was presented by council, as well as even having tiered rebates on whether a home charger a -- whether or not that's already been implemented. There's a lot of program design elements that have been implemented. So once again, there's still a lot of work to do. One of the reasons why, as soon as I'm done talking with y'all, I'm going to the move America conference. I think mayor Adler is speaking tomorrow at that. That's just a continuing part of our journey in the integration of transportation electrification. >> And if I could add, there's also a docket open at the PUC right now. I know we're not regulated by the PUC, but it does indicate the technology that's coming. It's specifically about energy resources and electric vehicles are being considered one of them

[3:02:34 PM]

that they're talking about. And so it does require new technology, a lot of work in that regard. I think there's a lot coming down the line. >> We really wanted to cherry-pick, as really just a construct of time. But there is a lot of activity. I don't want not being on the board to be a lack of activity. It was more about what to present at this particular briefing. But there's a lot going on in that space. >> Alter: Thank you. I would look forward to further conversation outside of this one. Thank you. >> Mayor Adler: Paige, you're up. Sorry, you didn't hear me. >> Ellis: Thank you. I appreciate the callout on this second-to-last slide about the e-bike information coming back to us in November. Can you tell us briefly how those conversations are going at this point? >> Yes, ma'am.

[3:03:35 PM]

Certainly. They're going very well. The team has ramped up the initial assessment of both efficacy of program changes, as well as budget impact. So, phase one, we put together a packet for the executive team to review, and then it goes to the overall process. So that's where we are. We are on track to meet the council resolution timeline of getting back the update by mid-november. I don't expect us to be late on that. And it's very encouraging. We did take to heart, my team took to heart, to go big, and that's what we're promoting. We did an analysis of every single line item, and then some, because the council resolution had several suggestions to look at to include. We did look at, plus added to include every item on there. And I think we're going to have a very strong and robust recommendation. But at this point, until I get the executive and management reviews, I'm not ready to go into details. But a lot of the internal team analysis work has been

[3:04:36 PM]

completed. >> Ellis: Thank you. I really appreciate that and respect wanting to have a full product before you start talking about what might be in it. I appreciated the rundown of talking about what the city rebates look like and flannel rebates for electric vehicles. Are you aware of any statewide rebates, either for Texas or for other states that might be doing something different? Are there a lot of state and local rebate programs being built right now? >> The state of Texas has something called the Terp program, Texas emissions reduction program. I think about 14 state programs to give incentives and rebates. One of them, for light duty, provides \$25 rebate, and that's for purchase or for lease. So that's a nice option, but it's not in the federal one. And there's a certain amount of

[3:05:37 PM]

money each biennium that is allocated -- it's capped at the certain amount of money. The previous biennium, I don't think they ran out until the end. This biennium, they ran out in June. Rc 6 does some lobbying in the state, and we and a lot of other folks are going to be lobbying to increase that. But beyond the light duty, there are a plethora of programs from everything from rail yard, to heavy duty and to buses. It's quite a compendium of programs. >> Ellis: To your knowledge, does it extend into things like e-bikes, or is it mostly at a level of fleet vehicles or mid-sized trucks and things like that? >> Yeah, no e-bikes at the state level.

[3:06:41 PM]

It's just for fleet. >> Ellis: Thank you. I appreciate that. I'll wrap up by saying I really appreciate how proactive cap metro has been by trying to electrify their fleet as well. And in their acquisition of the metro bike program, they have done a really good job of making sure that there's e-bikes available for those quick trips. I think that really helps enhance bus service to help have those good options for first mile and last mile connectivity. I'm glad to see that and I hope maybe they can share some notes as we try to encourage the school buses to also get electrified shortly here. >> I understand that the school board is considering a resolution to set a goal to electrify 100% by 2035 or 2030 or something. So they're definitely getting very engaged. >> Ellis: That's great. I know a few of us signed on to the environment Texas letter, trying to encourage them to step up as well. So we appreciate them looking into it and trying to adopt that

[3:07:41 PM]

technology. >> And I have been speaking -- and Carl alluded to this. They've been interested in it for a long time, but they haven't ever been able to figure out or get a grant to cover the difference in price, and that's why the federal money is so late. >> Ellis: Thank you. I know our school boards are trying as hard as they can given what circumstances they have ahead of them. >> Mayor Adler: Okay. Thank you. Anyone else? Kathie? >> Tovo: I wanted to start by thanking all of you for the presentation. It's great to have the update. I had some questions about the school buses, first of all. Council member Morrison, I think you mentioned that aid is getting ready, has just placed its first order. Can you give us a sense of what some of the other school districts in the city of Austin are doing, how involved and engaged they are? I see a few listed here under collaboration. Is it a goal in some of our

[3:08:41 PM]

other school districts as well? >> Not that I know of. What I can tell you is that about three years ago, one school district in Texas called Everman ISD got the first electric school buses in Texas. Since then, a lot of money has been really funneled from the feds and the EPA to put more money in it. F a version rp has grants. They weren't able to get the EPA grants. And now they have -- the feds have opened up this new possibility. The grants from the feds and the new guidelines, they're prioritized ISDs and non-prioritized ISDs, and aid is not one of the prioritized ones, surprisingly. This is what I think is so interesting about the whole

[3:09:42 PM]

market in general. We're finding that it's really moving beyond politics of cool liberal cities wanting to do stuff for climate change. In applying for those electric school bus grants, I understand that Fort Worth ISD and Dallas ISD both applied for 25 of them, and there are activists that have been trying to get Dallas ISD and others to engage about electric buses for years and haven't been able to. The money is available. This is where the market is going. They went all in and applied for the maximum level. I think that's pretty exciting. >> Tovo: That is great. And I look forward to Austin energy and to others continuing to try to engage with our other school districts to see if you can get them onboard, and aid might be a great participant in that once they've got theirs

[3:10:46 PM]

onboard. Just a couple quick observations based on things I've heard from constituents. I think it would be great if we had chargers within each of our city facilities, and I think we are moving along that direction. But just down the street is an example of one that does not. It has the fast chargers outside, but those aren't accessible to all electric vehicles or some of the plug-in electric. Those are only, as I understand from trying to use it, they don't work for everybody. And there are some spots designated

for hybrid or for electric vehicles, but they're only accessible to individuals who lived within that housing. Consistent policies across some of our city buildings, our city parking garages I think would be great. I sometimes get feedback from -- some are behind payroll, so to speak.

[3:11:50 PM]

I assume that's part of the balance you all are trying to strike, identifying those stations that are free. The other thing, there doesn't seem to be a clear way to provide feedback on. Some of them are positioned in ways that don't allow, if you have a back charger, they don't allow you to actually charge your vehicle because the cord is so short. As individuals encounter that kind of thing around town, it would be helpful to know who to provide feedback to. The one downstairs is an example like that. If you have a back charger, you can only use a couple of those parking spots. The same is true across some of the other public charging stations. I don't know what the answer to that is, but you probably are the right folks to get that message. But again, thank you. This is great. It's especially great, manager, to have these regular updates on the equity plan so we can be

[3:12:51 PM]

sure we're making progress towards those goals. >> Just a word of thanks to the team. On slide 17, it really focused on the work that our fleet services were doing. So just wanted to do a shoutout to the director and Rick who's here with us, and again, we're trying to lead by example, and we've seen great work from Austin energy and our fleet services. Thank you all for your work. >> Alter: Mayor, I have one last comment. Just as a member of campo, I just want to invite you guys to make sure that as we're having those discussions, that we're aware from your perspective what we need. We very often simply receive advice from atd, and most of the time, that is appropriate. But in this case, feel free to be reaching out to us. We do meet regularly in advance of our campo meetings, and we can initiate conversations in advance. But we would have to make sure that we have the guidance that we need to be effective in that

[3:13:52 PM]

process, and it seems like there might be -- you know, with those 40% equity goals, there may be some opportunity for those school buses to be something that everyone can get behind. I mean, I think the real challenge is how do we do this in a way that everyone can get behind and just sort of wanted to say that we would welcome advice on how to think about that with the benefit of the larger ev framework that you all have. >> I'll take you at your word for that, because I think public engagement and justice are very important in the guidelines and the feds for nevi. So I'll keep you apprised. >> Kitchen: Can I speak to that too? >> Mayor Adler: Go ahead. >> Kitchen: So on campo then, why don't we set up

another call. I think that would be great, because those of us on campo, it would help us to dig into some of the details, if you have time. You know, then -- because then we know what's coming down the pike. And we can be proactive with

[3:14:52 PM]

campo. Because, you know, given the equity requirements, we think that the city of Austin is going to be a key area for that kind of funding. And so, assuming they're geographic -- right? The equity requirements? >> Well, I should say, when you talk to the feds or anybody else, doe and others, about what do you mean by 40% of the benefits, one way to measure it is that 40% of the charge -- this is just for charging stations. 40% of the charging stations are in "Disadvantaged communities" and they have ways of measuring that. But, also, there are other potential benefits, like air pollution reduction, jobs, wealth building, things like that. So small businesses could get charging stations so. The recommendations that we've heard from the federal folks is that you need to work with the community to understand what their priorities are. And I think with campo, it's going to be a bit of a

[3:15:53 PM]

challenge, because it's really varied, right? I forget how many exact zonings you have. But we are working with Austin energy right now oncoming up with maybe some protocols and different ways of engaging the community and different tools that we've brought to the community. We've heard from other mpos, like we don't know how to do this. We don't know how to have this kind of conversation with the community. So, we're going to be working on that. >> Kitchen: What's the order of magnitude of the timeline? >> So, the money will start coming in 2023 to the mpos, and it is -- nevi is a five-year plan, but it doesn't start until the second year, so you'll have four years to plan and use that money. And they do -- I believe that there's stuff in the act that says you need to spend the money quickly. Honestly, there's still some

[3:16:53 PM]

questions about what's allowed and what's required. So it's a very fast-paced program. >> Kitchen: Okay. As mayor pro tem mentioned, we'll set that up to be proactive about it, because it's the best approach. >> Mayor Adler: Natasha? >> Harper-madison: Thank you. This is actually not for the presentation staff. Jason, this might be for you, too. I, for one, cannot charge my car here at city council without a second person with me, because I can't get a signal in the garage where the charging ports are, so I can't get to charger point from my phone without running over to the stairs where I can lift my phone up into the ability to get charged, do it there. But if you're on your own, it clicks, you know, and offers you

[3:17:55 PM]

access to the charger cord before you get back over there, it locks it again. And then it says it's unavailable. So, all that to say, I for one, because of who my provider is, can't charge my car on campus. It's a two-man job. I can do it if there's another person with me and we can coordinate and holler out when it's time to plug in the cord. But just letting y'all know that that's a challenge that we have with our garage, and my dreaded T-Mobile service. That's something we should be taking into consideration if we are electrifying the city, something to take into consideration. >> So the trick on that one, if you have an apple phone, you can download -- once you're in charge point, you can download it to your apple wallet, and then when you go into apple wallet, you don't need signal.

[3:18:56 PM]

You just hit apple wallet and it pops up, and you can beep in without having cell service. >> Harper-madison: Thank you, I appreciate that clarification. And I don't know if y'all could tell by my new attitude, I'm a recent -- I just started using an apple phone from my many, many years of an android user. But that's -- I don't know that that's an option for android users. >> Thank you for flagging that, council member. We'll follow up. >> Mayor Adler: Thanks for also mentioning the move America conference that begins here tomorrow. It might be one of the most important in the world. And it's great to have it here in our city. Tickets are free? >> Tovo: It looks like there may be free tickets if you work for government. >> Mayor Adler: Correct. All right. Let's go to the next presentation. Thank you all very much. Colleagues, let's keep going. We have a hard stop today at 5:00 as we do on Tuesdays. Manager? >> Thank you, mayor, council. Our last presentation for the afternoon is in response to a

[3:19:58 PM]

resolution that was passed in 2020, in January of 2020. Actually, pre-pandemic. And so you'll hear about some of the challenges that we had in navigating this during that time. But we're very excited to give the response to that from our water shed protection department, and I'll first turn it over to our director, Jorge morales. >> Good afternoon, council members, mayor. My name is Jorge morales. We're excited to be back. We actually put out the memo to mayor and council in August, and I think one of the media called it a book report. I guess today we're giving you the cliff notes of that book report. Thank you for the push that you gave us. We've been studying creeks for years, but we haven't looked at it from the angle that we did. So thank you for that push. We're here to present the findings on that. I have Katie, our environmental officer, and Andrew, who will be doing the presentation.

[3:20:58 PM]

So I'm going to turn it over to Katie first. >> I'll keep it very brief. Katie, environmental officer, assistant director, water shed direction. Just very proud of my team for this work. It is maybe an unexpected item of a trash in creeks presentation, that you're going to hear a whole lot of science in a way that is really exciting. It's kind of the highlight of my day. So I'm excited to pass it over to my amazing staff, Andrew. >> Thank you for that introduction. I am with the team called applied water shed research. We're the team that basically does the water quality monitoring on our Lakes and creeks and streams, and we're the ones that bring things like the emergency contaminants blue-green algae toxins and other issues. The reason I'm here today, of course, we said, started back in 2020. At that time, there was lot of concerns about scooters, too many scooters downtown, scooters in creeks, too much trash in

[3:21:59 PM]

town. Encampments was a big issue at that time as it is today, too. And there were many deliverables that requested. And most of them had been addressed, but some of them kind of took a long time to figure out how to address these. So we broke the two remaining deliverable portions into a field study, which was kind of more in-depth science. And then a benchmark report, which my colleague Laila goslink researched across the nation and truly across other countries around the world to see how they're all grappling with this problem, because we are not unique in this dilemma. When I first got the assignment to try to break out the different sources and the different percentage of responsibility for all the different sources of trash in our environment, I looked at it as a simple normal kind of typical pollutant assessment, where you look at the pollution upstream, and you look at the amount of pollutant downstream of a source.

[3:23:00 PM]

You subtract the two and you get the amount that is contributed from that source. But you cannot do trash that way. It does not work that way. Trash from little storms is brought to the creek. Large storms blasts the trash out of the creek and far down stream. Limestone bottom creeks like little walnut. The trash just moves on through. Even though you may have large sources of trash there, you never see it in the creek, just because it keeps moving on. Other creeks like Barton creek or bull creek might have a lot of trees and shrubs that the trash hangs up on. You can see them quite a bit. So, instead, we tried a couple pilot projects, one in east golden, and we found quickly that the only way to do this project is to do a very labor-intensive, very high resolution data collection effort. You can just walk in a few meet and the problem goes from nothing to something, or from something to nothing.

[3:24:00 PM]

We chose 20 creeks to represent all the council districts. That's about half the creeks in our Austin area. Of that area, we looked every 30 feet and over 110 miles of creeks. We got 19,467 data points. We didn't just look in the stream. At first, our pilot study, we looked just inside the creek, because I took your direction very literally, and quickly found that the trash is in the flood planes, the areas it gets caught up or hung up. The benefit to this really, to me, was eyes in the field. I've been in these creeks sampling the water quality, looking at these sites for 18 years or more. And when someone told me anecdotally, oh, the trash is getting worse and worse, I at first said to myself, I've been here for 18 years, it doesn't look like it's getting worse to me. But of course, being out in the creek, I started to realize there are places in these creeks I have never seen, and just having eyes on the field was really quite amazing. We were able to, at the same time, observe -- document

[3:25:02 PM]

locations of all the schoolers in the creeks. We only found 21, which is surprising to me. I can't tell you if that number has been going up or down because there's no baseline from which to do that. Now we have a baseline, so we can tell if in the future it's going to go up or down. But those 21 creeks, since the time of the 2020 resolution, Austin transportation department has worked with 311 to have a really outstanding part on the app where people can take a picture, identify a scooter in the creek. The atd will quickly in the short order talk to the vendor. The vendor will collect it. Out of that 120 miles, 21 scooters found, they've been removed now. I think we feel like the city has a pretty good handle on that. Of course, keep in mind there's another 90 miles of creeks out there as well, so they're not all gone. But I do believe that the process to get rid of them is very efficient, and atd takes it very seriously. We used a scorecard to evaluate each of the 30-foot segments on a scale of 0 to 20, mostly on

[3:26:03 PM]

volume, but also on aesthetics and the time it might take to clean that site up. At the same time, we were able to identify sources, if we had a very salient and obvious source of trash there, we would note that in these different categories. Now, there are other sources of trash obviously, but these are the ones we focused in on. In addition to that, we didn't guess where it might come from. It had to be obvious, clear, and present. %Pby occurrence, the largest contribution was by encampment. Part of that is spatially biased, because encampments, of course, are often down in green belts and down in creek areas. Of course, that was different when the ban was in place. Flow the ban is not in place. We don't have a good frame of reference before and after. now the ban is not in place. We don't have a good frame of reference before and after. Although, it was at that time the most frequent source that we observed, it was not the most

[3:27:04 PM]

intense source. Dumping unknown, which means where someone backs up their truck and dumps a whole bunch of garbage at a culvert, was actually the narrowest range with the highest intensity, much higher than encampment. We found some encampments that had virtually no trash. But if you'll notice, all the other categories, with exception of one, basically met in the same range. And what that tells me is that although encampment is something obvious and salient, we have a lot of work to do on many different aspects of sources of contribution. And it's more of a community problem. The benefit -- another benefit of the result of this project is that we have a georeferenced map that can tell you exactly where the most intense trash areas are. And we can correlate those now to locations of the sources that we saw. We can correlate those.

[3:28:04 PM]

I was very excited about this, because I like to be standing on solid ground as a scientist when I talk about significant relationships and correlations to things. So, mathematically, you have a data set that's 9,467 points, as a science nerd like me, you start to get excited because you have very reliable results. So this map on the right-hand side is publicly accessible. We can share that with our partners. We already have. Kab and other oari organizations and departments to show where the highest intensity trash levels are, and we can also -- for example, if you look at Shull creek on this map, on the left-hand side it shows the intensity in red, and low intensity in yellow. With the sources. There's only one encampment in this reach. There are many high points. So this tells me that things like dumping and overflowing dumpsters are just as big a problem. This is a high density data graph, and I don't expect anybody to look at it for too long, because it does strain your eyes. But this is what it looks like

[3:29:05 PM]

when you take that much data and you crunch it down by water shed. The reason I include this graph is to show you that some watersheds increase in trash downstream. Some are upstream. Some, it doesn't matter, there's trash everywhere, and the dead is very messy, pun intended. We can take that and look at it at different levels. We can look at the right pair in ownership, which turns out to be extremely important. You can look out, 3,000 feet away from the creek, and try to correlate what type of land use. You can look at how dense the transportation is, the impervious cover, the census population. Anything you can have in gis, you start to correlate to trash intensity. Unfortunately, just like going upstream or downstream graphs, all these graphs are virtually flat. Some of them trend a little bit, but there's no significant -- statistically significant correlation between land use, census transportation, and parks.

[3:30:05 PM]

That was very disappointing to me because now I can't point to a problem. I can't have a smoking gun. I can't say they are to blame one way or the other. Basically, this trash is in our environment. It gets stopped in areas of constriction and thick vegetation and that's where it accumulates. I think that is probably why anecdotally people have said the trash is getting worse and worse because it accumulates in certain areas, in certain hot spots. What is out there in the creeks? Virtually everything. Anything you can buy in this town is in our creeks. I saw everything. Everything from households, office, from retails, from recreation, camping, restaurants, landscaping, construction, erosion, stabilization controls, all these things we put to help the environment, they find their way into the excrows as well. Road works, emergency response. I found bags of hazmat stuff. Toys from children. Children are at fault, too. Telecommunication cables. We are all, every single one of us in some way or another, is somehow a part of this.

[3:31:08 PM]

Shopping carts I think is the one takeaway that I was really appalled at. I've seen shopping carts in creeks. It's gross and it's weird and completely out of place. It's a very juxtaposition problem. There were over 500 easily. Over 500 shopping carts. Most of them have the proprietor's name on them. So it's possible that, as with scooters, we could get the vendor of that to help reclaim their material. Of course, I'm sure they're not happy about it. They're losing a lot of revenue by their materials being there. But there are strategies out there. Places in Pennsylvania don't let you take the cart off site. There's tokens to get them. So there are strategies out there that retailers can use to keep their property on site. A nice little nugget. Everybody loves a good pie chart. Out of all the trash we found by volume, three quarters of it is found in only 10% of the area. So in the 110 miles that we walked, ten miles of that is the area that has 75% of the trash. That tells me that maybe kind of the volunteer and city originated locations for

[3:32:10 PM]

cleanups may be not as strategic as it could be. And there's a low-hanging fruit there that we can share with our partners and with ourselves to try to identify the hot spots to these areas. Not only are they accumulating trash, but during a rain event, that trash might work downstream. The trees and shrubs are actually kind of helping us. It's kind of having a boom in the creek, nature's boom. So the field report itself provides lots of recommendations. Too many to talk about today. Some of them are very site-specific, as in in is an outlet here for a site control. Larger more broad ranging things. Enforcement, education. And then coordination with our partners, so there's multiple levels of recommendations. The benchmarking report itself focused on three different strategies. One is to get the trash out of the creek once it's there, which turns out to be extremely expensive and labor intensive and hazardous. The other

is interception, how do you keep it -- once it's on the landscape, how do you keep it from getting to the creeks. The last is, how do we keep it from coming into our community

[3:33:10 PM]

to begin with? How do we stem that flow of items? Extraction, we see a boom here. There's a trash collection device. That may work in some areas. We have not found that to work in the Austin area because it fills up too quickly with organics, leaves, sticks, and logs make up about 80% of the floatables. So it's very difficult to tweeze those out. Currently, field ops has a wonderful crew. It has almost a constant presence on the lake and they're removing it by hand. They've tried different techniques, and by hand seems to be the most efficient and effective. But we can target cleanups in hot spots and we're looking at using booms in smaller devices as overwhelm. The novel devices, although enticing in their appearance, and robotic structural nature don't seem to work too well for us, because really, you still have to tweeze it out. And maintenance is a long-term problem as well. There are other places that use really interesting, highly visible incentivized community participation. In this case, I like the one there in the Netherlands. You see a bunch of happy people collecting people. Not too many people collect

[3:34:10 PM]

trash happily. But that raises more than just collecting a few basketfuls of trash, but it raises awareness and brings the problem to home. We have many vendors on the lake. Standup paddle boards and kayaks. There's an opportunity of people in that environment that could maybe help contribute to some of the solution. Interception, stopping from getting to the landscape with overflowing dumpsters we don't have that many rules about dumpsters themselves. And maybe that's something to look at. Obviously, if there is a clear and present amount of trash, that can be -- use your 311 app. Get on 311 and say here's a problem, and do something about it. Telecommunication cables -- there was miles and miles of telecommunication cables. When a cable provider comes and changes your service, often they'll clip that and let it drop, and it's not up to them, because the not their prompt, to recollect it. So you might want to look at what rules are associated with that. Capacity proximity accessibility. Both Walt Disney and kab independently did studies and

[3:35:11 PM]

they found about 30 feet. If a citizen is more than 30 feet from a trash receptacle, it probably won't make it to the trash, because they'd rather throw it on the ground, which boggles my mind. But if you're in areas that are very far from trash receptacles, like if you're in a kayak, where do you throw it away? You might have to hold onto it. Maybe some river venues have a mesh bag. They attach it to the kayak or something like that. Street sweeping or drainage system controls, water quality ponds. There's no

silver bullet to address this, except for source reduction. We increase our dependence as an entire city, an entire globe on single use containers, whether it's styrofoam, packaging, overpackaging. If we can somehow or another somehow reduce or be a part of that growing concern to reduce a single use dependent society, then we're going to address a lot of the floatables that are in our environment. The bottom line that I really

[3:36:13 PM]

want to take home here is that the trash and creek is not any one source. There's not a major place, if we address that, we'll fix it. If we solve people experiencing homelessness tomorrow, we would still have trash in our creeks for eternity. Extraction is not the answer because we'd still be cleaning for eternity. Our next steps here is that we do need to improve -- there is an opportunity to improve our efficiency and effectiveness of extracting, but also intercepting and reduction. Although it doesn't list a roadmap on how to get us there with clean creeks, it is a very large toolbox for a lot of different problems that need to be fixed. Some of the low-hanging fruits, of course, we can work out with our partners. For example, H-E-B was a wonderful partner when the bag ban came around. Even though we weren't able to -- the legislature inhibited our ability to ban that, H-E-B was a great partner and they kept that going. So, I think voluntarily, we can work with a lot of our

[3:37:14 PM]

community, whether it's retail or apartment complexes, or whether it's our other departments to find solutions that bit by bit are going to reduce that problem. And at this time, I'd really like to thank a lot of people. Laila was an excellent researcher. We pulled her out of retirement just to do this. Of course, my team Jeremy walker, we brought him on to do it. He walked more miles than anybody. A great data management crew, gis specialists. And of course, all the partners who are out there in the trenches working on getting rid of it. Austin resource recovery. They are doing stuff -- they're coming up with a new comprehensive plan shortly, and they've got the clean creeks crew that just came on this last winter, and they're in the creeks pulling trash out. Pard has to deal with this quite a bit. And we have groups like keep Austin beautiful. And of course, all the contractors and volunteers that in their own time do this. There's a new word I want you to learn for the day, and that's plogging. The Swedes came up with this. When you go out jogging, you pick up a piece of trash along

[3:38:14 PM]

the way. Plogging. New Jersey, it's catching on. Maybe we can somehow or another harness the power of the jogging community to start helping us pick up trash. And with that, I'll take any questions, comments, ideas. We're still working on trying to find all the solutions here. >> Mayor Adler: When I saw

this working its way to our agenda, I thought there was no way that this would be particularly interesting report, but it was absolutely fascinating and really well-done. And really answered a lot of questions that I really didn't even know that I had ideal you started giving answers. So, thank you for that. Paige. >> Ellis: Thank you for recognizing me first, mayor. I know it's been a long time since council passed my resolution, and I appreciate the co-sponsor's work on it as well. This is a really fascinating

[3:39:16 PM]

report that y'all have put together. There's a lot of detailed information that can help us learn how we need to be addressing the situation of the debris ending up in the creeks. Can you talk a little bit about how the staffing up of the clean creeks crew, which was called out in this resolution as well, how is that going at this point in time? >> Great question. That crew was placed under Austin resource community. They're still working on creating the crew. But they have been working with our department to help prioritize and train that crew. It's a unique challenge, you're not near the road. You can't just pull up to the trash. So we are partnering -- we're working with them. But I couldn't specifically give you an answer on how it's doing. But we'll come back to you on that. >> Ellis: I appreciate that check-in. I think it is almost completely staffed up. So I know it's been hard over the years to keep our Austin resource recovery crews

[3:40:16 PM]

well-staffed, which is why we focus so much on the recruitment and retention strategies over the past budget cycle. But I really appreciate that information. I think there's some folks out there that really see this and see that 10% of the area and 75% of the debris as all of the trash that we're seeing publicly is due to encampments, and even though we know that encampments can produce debris, it's really important that we focus on each of the strategies and each of the locations that is causing this, because I've also seen, you know, illegal dumping -- you know, I've seen places behind businesses where people are, you know, dumping hazardous materials into drains and I've seen people dropping off washing machines because they don't know where to take them, or they can't afford to have a professional crew come and dispose of that equipment appropriately. So, I look forward to mapping out what the next steps are

[3:41:16 PM]

going to be. I've also participated with keep Austin beautiful, that you had mentioned, and also the parks foundation doing it's my park day, and there's a lot of neighbors and communities that know exactly where the debris ends up, especially after a rainstorm, and are usually pretty well coordinated. So if you see things nearly, there's probably a block captain that knows exactly how to help, or bring it to

your city council member's attention so that we can have the clean creeks crew address that. Could you speak, director, briefly about how the crew expects to rotate through these different areas to help maintain the habitat that is in these creeks? >> When you referred to crew, you're referring to the watershed crew that came out and evaluated the creeks? Okay. >> Ellis: Yeah, because the clean creeks crew is going to help address the rotation schedule of how they're going to target each creek and how they're going to work through to

[3:42:17 PM]

make sure that they're picking up the debris, but they're not just waiting for the phone call. There's supposed to be some sort of mechanism to say, you know, generally we know that we're going to need to be doing these, you know, routine cleanups, so can you speak a little bit about how that is planned? >> Once again, those fall under director snipes, but I'll get with him so we can actually provide you the information. We do coordinate, obviously, the information we provided today points where we should focus and how we should rotate on that. I did want to emphasize what Andrew said. There was only about half the creeks that we did for the study. And so there's more work for us to rotate and evaluate. I don't know if that's something you could speak to, what that cycle might look like. But as it relates to clean creek crew, I will respond back to you soon. >> So what we found, we found that some of the higher intensity creeks in the north, the south, they're all over town. We didn't find one specific zone or area that was worse than

[3:43:19 PM]

another. So we don't anticipate at this time doing all the rest of the creeks. What we would like to do is after these measures are implemented, working with kab, working with clean creeks crew, of course, pard is working on their leave no trace program. Water shed protection is doing other things. shed protection is doing other things. You've heard of adopt a creek? There's actually adopt a drain now. Lots of strategies being implemented. What we'd like to do, go back and reproduce part of this study in a couple of areas and see if we are trending worse or trending better, and use that as a barometer for the rest of the creeks. >> Ellis: Thank you, I appreciate that. I know that some of the council districts on the outskirts of town didn't get all of their creeks evaluated as well. So I really want to make sure that we do get through that list as much as possible so that neighbors know exactly how they can help their community out. >> Mayor Adler: Okay. Kathie, and then Ann.

[3:44:20 PM]

>> Tovo: Thank you. This was really an incredible, incredible analysis and report, and there's so much here, I only had time to kind of read through it really quickly. But there's just a lot of, I think, next steps

that you've identified, and so, you know, I'm not sure whether you intend to bring some of those forward. I guess I'll just invite you to let us know. Is there a list of actions that you have in mind to bring forward to council for next steps? Or would you like us to kind of mind this report and identify things that we plan to bring forward as resolutions? Or a little bit of both? Or should we invite you -- and council member Ellis, I would be remiss if I didn't thank you for your leadership in this in bringing forward the resolution that prompted this work because it's really valuable. >> I'll start, but I'll let Andrew and Katie jump in. This is a toolbox for all of us to take part of. So watershed already has education programs.

[3:45:21 PM]

We have litter cleanup programs. Our partners are non-profits that work with us. So there's a lot that we're doing. This helps point us in the right direction. There's more work to be done. But as you stated, this presentation is very inspiring. Ever since I saw it the first time from Andrew. And it continues to inspire. And I hope it inspires the whole community for us to come with new ideas to the table. But we're open for new suggestions from the council and our community as we continue to tackle this collectively. >> Tovo: Yeah. Great. >> Yeah. I know everyone is looking for a roadmap. >> Tovo: I know, I'd like your list. >> More of an entire hardware store than just a toolbox. So, what I would say was that I was pleasantly surprised by our other sections, the departments inside the city. Every time we came up with a great idea that we found in this report, we mentioned it and they'd say oh yeah, we already did that. Pard, solar compacting trash cans, so that you don't have to go to them as often. Wow, that sounds really great. The maintenance is lower. Pard already tried it and it

[3:46:23 PM]

didn't work. Kab, you know, I was talking about the adopt a drape, that's a great idea. We're on it.in, that's a great idea. We're on it. I feel like a lot of the suggestions that are in here, at least the things that we found that have worked, are things that we're actually working on. So I do think this report didn't come out and now we should start thinking about it. My wonderful colleagues have already started many of these things. Many of them, the more gadgety, the kind of interesting things, the Mr. Water wheel and other things, the up front cost is a lot of money, but more than that, the maintenance cost is a lot of money. And really good old fashioned elbow grease is the best way to get it out. But as far as programs to keep it out and then more political kind of initiatives to try to reduce things, I think we're kind of looking programmatically from our executives and from y'all. But we are actually doing a lot of these things. And I'm personally going to -- now that the ball is rolling full steam, I'm personally going to push some of these forward. >> Tovo: Great. Thank you. Just a couple of things they wanted to point out. That's very helpful. And I do think there's a lot of

[3:47:24 PM]

material here for council to mind as well. You know, I'm really struck just a few things by tourists using about 30 plastic bottles per person for a two-week trip. Yikes. I try to remember to travel with mine, and probably we need to do a better job encouraging other people to do the same, and if some of those are landing in our creeks throughout the city, it could be a really good investment to give people a reusable water bottle when they get off the plane. >> And props to Austin water. They are put up more watering stations around town. That's our side of the bargain. We can't just expect people to change their behavior unless we help enable that. >> Tovo: Exactly. My resolution, it was something suggested by some individuals experiencing homelessness as a real need. But the water utility got that done in record time, and they're beautiful, and I'm so glad we have them, and we need more of them. And actually, manager, I asked a

[3:48:25 PM]

question in the budget q&a about what those cost and how they could be funded and where we need them, and I would that's -- that should be on somebody's to-do list. I'm not sure if I'll be able to get that one done before I leave, but they've got a great product, and that was one of the city projects that moved forward faster than I can imagine, thanks in large part to assistant director who worked on that. I wanted to say -- one, I want to give a shoutout, as we're thanking you for th work, we do have another model. Some of our neighborhood associations have been doing creek cleanups for years. You started talking about the building creeks, and that neighborhood association has taken on annually for decades I think the cleanup of that area, and that's a really good model for other community organizations as well. And, you know, as we're talking about this subject, I want to invite my colleagues, I have

[3:49:27 PM]

room for one more person on my single use plastic resolution, doing basically what we do with water in our restaurants, during times of drought, which is that you opt -- you have to opt-in to plastic utensils if you're getting takeout. We're working with the restaurant association and reviewing and getting their feedback, but I expect that to come forward next week. So I think I have room for one more council member if you want to participate in that. I have participated with building creek in years past on their creek cleaning and have seen the plastic bags in the years before the ban, and remember when we were on council talking about the bag ban, some very strong voices against it. And one of those voices, one of those individuals came to me after the ban passed and said she had been participating in a creek cleaning in her area and couldn't believe what an impact

[3:50:28 PM]

made. She was not a believer in the bag ban, but it passed and she could see the visible impact on her creek. And then, of course, it got reversed. So I want to add my thanks to places like H-E-B for continuing to be good partners in that. But I can see the difference, as I go around the city, I can see the difference since that bag ban got overturned in our creeks, just in the trash blowing on the side, a lot of it is that lighter plastic bag that is just picked up by the wind and carried all over. So that's really, really unfortunate. But not to end on a tough note, but anyway, thank you all. This is super, super helpful and very useful research. >> Mayor Adler: Allison, you want to close us out? >> Kitchen: I was next. Sorry. Okay. I want to just quickly to ask you about -- so the gis that you set up, that's very helpful. So you can go in and zero in on a creek. So I basically have two questions. So, for example, for Williamson

[3:51:29 PM]

creek, are you all at this point thinking in terms of specific strategies for each creek, or are we still at the more global, you know, phase in terms of a list of strategies, but not tied to each creek. >> Each set experiences a different set of problems. Even within Williamson creek, different sections have different problems. Since we're not focusing on just these 20 creeks, we're focusing on 40-some-odd watersheds, it's going to be more of a global implementation than just a specific creek. >> Kitchen: So there's not a next step for a particular plan for each creek. >> Not at this time, no. >> Kitchen: Okay. So the question might be if the neighbors around the creek are interested in learning what can be done exactly for that creek and how they might participate. What's the avenue for them? What should they do? Can they reach out to you all? If y'all are still thinking

[3:52:29 PM]

about that, that's fine. >> So the program that council member tovo was talking about, that communities can work with non-profits, keep Austin beautiful and other non-profits, that's a great program. The information we have, the data we have can help those communities hone in on if you really want to make a difference within your watershed. I think we can come back to you with more information on that. >> Kitchen: Okay. Because I know that you all do cleanups, but you're very limited, in fact, with your resources. But I would like to understand where you are at in your program and what you can do on cleanups. Is that something we can share that information with neighbors? I've particularly heard concerns about onion creek, and I know you all have over the years, and you've been very helpful in responding to onion creek.

[3:53:30 PM]

So, onion creek is not one of these that was reviewed, right? Is there thinking about reviewing it at some point? >> We may go back and add some more watersheds to try to give it a fuller picture. Onion creek

is a monster. It's enormous. And where would you draw the line? The reason we chose these particular creeks we did was because we wanted to keep them in the city limits, which is where most of our reach is going to be. There's nothing stopping us from exporting these ideas to satellite communities around us as well. At this time, we don't have any plans to do more of the creeks, but I think that would inform more and we certainly could. >> Kitchen: The reason I'm asking that, I'm really only talking about the part of onion creek that impacts Austin, that is the onion creek neighborhood. As you all know, they have -- they continually have concerns about the creek and about trash in the creek.

[3:54:32 PM]

And they haven't really had a way to address it. We've sent them over to you guys, often and over over the years. We're not sure what to do or what could be done. So as a follow-up, maybe we could have another conversation about onion creek. This information is very, very helpful, and, you know, really appreciated. But I'm not quite sure what to do with it, in terms of this very targeted neighborhood issues. And that's really more applicable to onion creek. Williamson creek has a number of plans associated with it that are being carried out with pard and with others. And what you've done with Williamson creek can be shared with those neighbors. Onion creek, though, they continue to be concerned. And then also concerns that there's trash in the creek bed, that it's going to contribute to

[3:55:32 PM]

flooding. I know we've had those conversations before, and it may or may not contribute to flooding. But that community is one that experienced quite a bit of flooding, you know, really emergency, serious flooding a number of years back. And so that continues to be a concern. So, perhaps we could follow up on that. That's another aspect of thinking about trash in the creeks that's important. >> Thank you for that, council member. Yes, we recognize the concerns in onion creek, and we'll continue that dying lo, -- that dialogue. In addition to the resources we have. So we're committed to doing that. >> Kitchen: Okay. >> Alter: I'll be quick. So, this is really very informative, and it sounds like there are a lot of very actionable ideas in it. I wanted to ask the city manager, you know, and thank council member Ellis for her leadership. She may have different plans, but it seems like you could just

[3:56:34 PM]

do a follow-up that tells us what you're going to do in response to the report, in terms of next steps, and share a memo or something back with us, rather than us having to go through a whole nother resolution and try to pick out the things. Because I think you probably have a pretty good idea what you can prioritize. You've already had the conversations. It seems like it's just extra work for us to go and do another resolution when you could come back in a month and say these are the things that we're

working on that we want to prioritize, and we always have the opportunity to do additional work. I don't know what would be appropriate, but it seems like we're just adding another step for -- like, I don't want you to stop doing stuff because we didn't give you direction, but I also think we should be moving on some portion of this. And I'd like to have a roadmap for this. >> Thank you, mayor pro tem. I couldn't agree more. I think there's no stopping this work moving forward. I mean, we all contribute to this issue in the city, and it's

[3:57:35 PM]

an all hands on deck approach to addressing it through all these strategies. And as Andrew outlined, there's certain ones that we checked off that we already started moving on, and it's work across departments. So, without action from you, that does not change that we will be prioritizing there work moving forward. And if the memo is helpful, we'll follow the city manager's directive on providing whatever follow-up is appropriate. >> And just to add on. I mean, that could include then recommendations for if there are policy considerations that would come in the form of resolution. But that would be more target area specific. To that point, I agree with you. We'll just provide an update, and then there will be things that maybe would be handled on this side of the dais. >> Alter: Certainly if there's policy changes that need to happen. I see council member Ellis also wants to chime in. >> Mayor Adler: Paige? >> Mayor Adler: Page? I think you might be stuck. >> Ellis: I think I'm

[3:58:37 PM]

back. Okay. My intent would be to handle it similarly to the way that we did the urban trails stakeholder group. And I think in that memo there was very specific information about what would be handled administratively and move forward and which ones would take council direction. Like an ordinance change or some other level of update to policy that council has previously approved. So as long as we have those details, we're happy to keep the ball moving and to work with any co-sponsors who are interested. Because I definitely want to keep moving forward on this and just appreciate knowing staff's intent is to do what they can administratively, but just to have it spelled out very clearly would be helpful for all of us. >> Mayor Adler: That would be helpful. Leslie. >> Pool: Another topic. Councilmember Harper Madison. >> Harper-madison: Thank you. I had a really interesting

[3:59:38 PM]

conversation with one of our constituents recently who's got an idea that it would personally like to fund. And it was an idea about three kayak -- free kayak rentals for people who could clean up trash while they used the free kayak. So, like, the cost of a kayak is a bag or two of trash. What direction should I point them in terms of really putting some legs underneath that idea? >> Thank you for your

question, councilmember. I would think that the appropriate folks would be to work through the folks in pard who deal with our vendors on the lake. And we're happy to also be a part of those conversation. >> Harper-madison: Thank you. Awesome. Appreciate it. >> Sure. >> Mayor Adler: Anyone else for this presentation group? Manager, thank you. Thank you all. Fascinating report. Thank you again. Leslie. >> Pool: I wanted to return to the Austin energy

[4:00:38 PM]

item. To talk a little about whether we will take it up on Thursday or whether we can have staff withdraw it and set the public hearing for another date. And I had asked the city attorney what we might or might not be able to do. I'd like to signal to the public so that they don't come down and talk since we're looking at either postponing it or withdrawing it, we can remove that item from the conversation. >> Mayor Adler: I think for -- I appreciate you bringing that up. I had a conversation late this morning. Staff because of notice elements has indicated that on Thursday they are going to move to postpone item number 71 to 10/13. But I think that the staff's recommendation is that's how we handle it. >> Pool: That means that people who come, if they talk, it's only to talk on the postponement, but that does tend to end up talking

[4:01:39 PM]

about the merits. But I don't think there's any opposition to it being -- I don't think there's anybody who wants us to take it up as opposed to buy some more time. What I would say to folks listen in is save your commentary for when we actually take it up as an issue and instead of coming. >> Mayor Adler: There will certainly be more to talk about at that point as we get answers to the questions asked. >> Pool: We won't have a public hearing on this item on Thursday. >> Mayor Adler: Correct. We'll set that -- obviously it will get called as all items on the agenda are, but anticipate it being postponed until the 13th. Also item 39 being postponed to 10/27 and item 40 being postponed to 10/13. Those are the two tenant tenant/landlord issues. Also being postponed is item number 70. We received a memo on that now, that's the environmental ordinance

[4:02:41 PM]

being postponed to 10/13. Councilmember kitchen. >> Kitchen: I wanted to make sure I heard you right. So both of the items related to the tenant organizing and the tenant eviction, both of those are being postponed? >> Mayor Adler: Yes, number 40 will be postponed to 10/13 and the other one on notice, item number 39, will be postponed to 10/27. >> Kitchen: Okay. Thank you. >> Mayor Adler: Okay. >> Alter: What was the number for the environmental? >> Mayor Adler: Environmental one is item number 70. We received a memo on that, I think planning commission is considering it this week. All right. So

continuing on where we were, I think that with respect to the meeting on Thursday and talking to councilmember harper-madison, her desire is to be able to be here to participate in the health south item. And that would be the one item that she would like to get called in the morning.

[4:03:42 PM]

She is with us potentially until 12:30. I don't know how many amendments there are going to be on health south. I don't anticipate a lot, but I'm going to post something on the message board to invite that. If it does not look like there are many amendments or it's going to take us much time, it would be my intent to make sure we called that before 12:30, so it's possible I could call health south after speakers and even before we do consent in order to enable councilmember harper-madison to be here. Councilmember kitchen. >> Kitchen: At this time I was going to tell you about my scheduling difficulties for Thursday. I have to make a presentation and I will have to leave at 12:15, so I'll be gone from 12:15 until probably about 1:15, possibly 1:30. >> Mayor Adler: Helpful. Thank you. Councilmember tovo. >> Tovo: Mayor, I may have some questions that need to be asked in executive session about health south. It depends a lot on whether or not there's a council

[4:04:42 PM]

majority to separate negotiation and execution. But there are a couple questions if we're -- if there is an interest in moving forward with both, then I'm going to have to have a more extended conversation likely largely in executive session. >> Mayor Adler: Okay. For the reasons I gave this morning, I'm comfortable splitting those two. But that's part of the other question ask that question of our colleagues on the message board. And I'm happy to incorporate that into my general -- I'll go ahead and ask that question too. My sense was we ought to be able to have this play out that way in the morning but let's see. All right. We have three items to discuss. Item 53, 54 and then councilmember tovo had number 92. If you wanted to discuss it with those that were left, I don't know if you want to elevate the 54 questions. >> Tovo: I do. >> Mayor Adler: Go ahead. >> Tovo: Do we have more scheduling for Thursday?

[4:05:43 PM]

Multiple people have asked if we could give some sense of what we think the big issues are and how long it's going to take. I see the statesman as a conversation. We may have a lot of speakers. I don't know that we've set a time certain for that. I think that's been requested. I'm not sure whether it was an applicant request or others, but I think it's a good idea. >> Mayor Adler: It's hard to set. Speakers will be called for that. Either the morning time or the afternoon time. I think the statesman podium is really the big one because the other ones seem to be, you know, being postponed and put off. And we've resolved

potentially I think the health south matter. The eviction stuff was moved. Water quality agreed. Austin energy pass-through being moved. >> Tovo: That's kind of my assessment too.

[4:06:43 PM]

I think there are not that many items that are going to generate a lot of conversation. >> Mayor Adler: I think that's right. >> Tovo: With regard to the Ila, several of us asked questions if last month's council budget -- council Q and a. I need to have that conversation fully more with staff. Part of this is coming from a conversation that we've been having at the sobering center and the sobering is there now uses non-apd officers because the staffing situation at the city of Austin was creating a shortage, frankly, of officers who on an overtime basis would be able to staff the sobering center. Which had been a long-standing, as you know, a long-standing partnership and continues, I will say. APD has been a terrific partner of the sobering center so I don't mean to suggest otherwise. But in terms of on site

[4:07:45 PM]

security initialingly there had about a request it be APD staff but that's no longer an issue. So I was surprised and, of course, we're talking a lot about vacancies and that's been a priority we've talked a lot about council certainly in recent months about the staffing challenges and the way in which that impacts officer morale, if they are being, you know, called in to work overtime shifts or being requested to work overtime shifts. So I was surprised to see these two las committing our officers to work on an overtime capacity with these other entities, U.T. And the state. And so I asked the question about whether or not it impacts APD staffing and got back the answer that it doesn't, but need to -- you know, certainly the situation is more complex than that because, as we approach issues or times like spring festival and others, many officers, it's my understanding, do come in and work on an overtime basis.

[4:08:45 PM]

And we're filling some of our staffing throughout the city on an overtime basis. And so I would think that these contracts do indeed impact our ability to do that. So that's my objection. That's my point, but I would like staff to respond to that, please. >> Good afternoon. Happy to touch on that. So there are a number of events at university of Texas that require a lot of police officers to kind of organize the massive amount of pedestrian and vehicular traffic that ensues, and it's not all on the university of Texas campus. A lot of it spills over to the city of Austin in all directions, specifically the football games. We have six to eight home football games a year. There's 100,000 person capacity inside the stadium with another 50 to 100,000 people outside the stadium depending on the popularity of that particular football game. And managing the crowds is

[4:09:46 PM]

not just an issue that is for the university, but we have to think about the domino effect of what happens if we don't manage that effectively and how affects the rest of the city. Over the years we've deployed APD officers to voluntarily sign up for overtime and they have a really good system to get people in and out as quickly as possible. The -- take care of the inside of the stadium and immediate surrounding streets of the stadium, and APD handles the ingress and egress of pedestrians, vehicular traffic for the day of the event. What we've found is, first of all, we are able to insulate the rest of the city. The on duty officers handling the rest of the city's 911 phone calls and patrol efforts so they don't have to handle what might spill over from the event, and we're able to reduce the 911 phone calls that come in by managing that pedestrian and vehicular traffic

[4:10:47 PM]

appropriately. If we didn't have officers there, we're going to have backups, traffic jams, fender benders that generate more calls for service. Not only are we able to keep people in the vehicles from getting into accidents, but insulate the rest of the city from that. We haven't seen there's been a staffing shortage in regards to people filling overtime for the rest of the city and quite honestly the overtime in terms of morale, it's a great question, I'm glad you asked it. The U.T. Overtime football games are considered kind of a good place to go work to get away from patrol and to have more of a light-hearted affair, it's usually a fun event, people are in a good mood and the officers enjoy that experience. So I don't think that it affects staffing, I think it actually helps because if we didn't have our officers there, it would generate more calls for service and affect our normal patrol operations if we weren't there. Do you want me to pause for questions or hit the next item number on the Texas

[4:11:47 PM]

department of transportation at the same time? >> Mayor Adler: Go to the next item. >> Okay. So txdot, they have one meeting a month. It's only four hours and we have two officers at that meeting. It's pretty minimal impact. So there hasn't ever been an issue with us not being able to fulfill, you know, normal patrol operations or fill shifts. Those are also voluntary assignment. But the U.T. And txdot Ila require 100 reimbursement so there's no official down side to this arrangement, it's logistical and support in nature. >> Tovo: Thank you for that information. >> Absolutely. >> Mayor Adler: Okay. Anybody have any additional questions or thoughts? Anybody have any additional -- thank you, officer, thank you for being with us. Any additional pulled items people want to raise and address? Councilmember tovo, the last thing on the agenda would be

[4:12:48 PM]

for discussion of 92. You wanted to cue that up. >> Tovo: I would love to hear feedback, but I understand it's late in the day. However, I didn't put it on this week for a vote to afford this so I will answer -- I would love to hear some feedback about it or to answer questions or, as I said, to provide some of the examples that have given rise to some of the policies that I'm suggesting. So I can do any of those things or just wait for questions. >> Mayor Adler: I for one am happy that you brought this because over the course of the last several years and probably before that even we've had repeated conversations about policy dealing with real estate. The truth is with everything else going on, I still haven't had a chance yet to read through it so I'm not going to be able to comment to you now trying to get you comments, but I appreciate and support the effort to give rise to these. >> Tovo: Thanks. And just I'll provide a little more framework. You know, in my time on

[4:13:48 PM]

council I've seen issues like the growth where we had an opportunity, we had the right of first refusal under state law, I think, to make an offer for that property. It sat on -- it never made its way to council until the very last minute. This was before your time, city manager. So this would set in place a very clear expectation that those kind of offers make their way to council immediately so council has an opportunity to assess them. Because the fact of the matter is that by the time that came to council's attention, it was too late for us to really do the kind of work we needed to do to figure out what financial options we had. I think it was like \$29 million, and there are all kinds of other things I could bed say why that went wrong-say about why that went wrong. I would say winnebago lane

[4:14:51 PM]

is another one. I happen to notice it on the agenda. We had a vigorous conversation and a couple -- at least one other resolution I had brought and that is still in public hands as a result of council work but we had to reroute to get it there. We've had a very vigorous conversation recently about rfps and whether the council can and under what circumstances can we view them. I think that should be part of the expectation and we can look at them in executive session if that's the appropriate place for them. But the very -- sometimes challenging path we've taken with health south, I think a lot of that could have been avoided if we had seen the rfp before it was released. What we had to do when it came back with a recommendation is then, you know, accept the -- and send staff off with this list of suggested amendments that I brought with the end I think

[4:15:56 PM]

councilmember Houston had embedded some of those in that original resolution, but they didn't get incorporated into the rfp. And so we had to kind of reroute things at that point and we want to not reroute things in the future. That was giving rise to another one of these. Points. You know, again, so there are lots of other examples, see home parking garage. Staff visit my office eight or so years ago about possibly selling the Seaholm parking garage. Got the feedback from us, why would they sell the garage, parking garages are going to continue to be a good investment in the downtown. So these provisions are intended, I'm going to do some work on them to clarify a few of the points, but they are -- they are really about making sure that council is involved, that we are notified as soon as there's an offer on some of those properties. If the staff are considering

[4:16:57 PM]

selling some or leasing, that there will be notification to council making sure that council has an opportunity to review our fees. There may be projects where we don't -- where we don't or y'all or future councils don't need that kind of early notification and maybe there's some way to temper that. One of the things that we've talked a lot about through the years is really making sure that we have a clear and transparent social service public health contract process for those contracts. I would like to see us at the city have a similar one for real estate transactions and leases on some of our city owned properties. So there will be a provision if there's not already, I'm having trouble finding it at the moment on setting up and asking staff to come back to council on approval of a process to make sure we're making those decisions equitably and also requiring from those groups the kind of accountability we do from our social service contracts. And I think I'll leave it there for now. There's a lot of other things in here, but those are a couple of the main

[4:17:58 PM]

ones. And also again carving out a really clear role with our aedc, our economic development corporation. >> Mayor Adler: Okay. Thank you. Any comments on this or anything else anyone wants to talk about at work session? Alison. >> Alter: Thank you, Kathie, for bringing that forward many I'm a co-sponsor. I've got a few more ideas and thoughts and I'll do that one-time union, but I just wanted to say I favorite. -- Favor it. >> Mayor Adler: Anything else, with that, this meeting work session is adjourned. The time is 4:18.