

City Council Work Session Transcript – 10/11/2022

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[9:16:27 AM]

>> Mayor Adler: We will go ahead and convene the Austin city council work session here today on October 11, 2022. We're in the boards and commissions room. We have a quorum present. Councilmember pool is participating remotely doing city business and work here today in Seattle. So as to accommodate -- >> [Inaudible]. >> Mayor Adler: Councilmember pool, you're on mute. >> Pool: I -- >> Mayor Adler: That got it. I think shuffling papers on the desk I think may have been what we were hearing. But in any event, the time is 9:17. As we posted and discussed, in order to make sure that

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our Austin energy oversight committee chair could be with us, we're going to begin with item number 49, which is the Austin energy psa. When we're done with that we're going to touch briefly on the schedule for October, November, December. I've put up a message board post that identifies some of the issues in front of us with respect to dates. That will get us then to pulled items. We have the custodialservices, the concrete pour, 16 and 39, 40. We have the statesman pud. And we have 68, 69 and item 74, which are the balancing requirement issue, we'll try to work our way through those pulled items.

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We'll do the pulled items that most people have indicated interest in so we can make sure that we get to those. At noon we'll break for lunch. I need to be gone from 12 to 12:30 myself so I'm going to try to hit that for lunch. 12:30 try to get into executive session. We have something on cybersecurity and a lawsuit settlement. And then when we come out at 1:30 we have the oversight meeting. Councilmember tovo, are you chairing that here today in the absence of councilmember pool, I think? Yes? And then we'll pick back up. I have a hard stop today as I think the

mayor pro tem does as well at 3:00. So that's how we're going to be trying to work today so we're going to try and work through issues as much as we can. Perhaps we can get questions

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or identify issues and get questions on q&a. But let's go ahead and start. >> Kitchen: Mayor? I want to let people know I have to step out from 11 until 12:15 or so. >> Mayor Adler: Okay, thank you. All right. So let's go ahead and call up first item number 49, the Austin energy psa. Councilmember pool, you pulled this one. I don't know if you want to speak on it. >> Sure do. Thanks, mayor. And just to let folks know, I'm in Seattle on the after conference on behalf of capmetro, that's the American public transportation association meetings, the annual meeting. So specifically to the Austin energy item we have two consequential tariff issues that have hit up this year and both mean increased cost to ratepayers. So we on council and staff at Austin energy are working together to mitigate the

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impacts. The two issues are separate with specific causes but because they're coming in sequence now from most of the public the issues are intertwined. And in reality the work we're undertaking on both fronts is also intertwined. We have charged the utility with bringing us options that will ease the burden on ratepayers big and small. Since learning about the 104-million-dollar undercollection two weeks ago my staff and I have been in urgent talks with Austin energy searching for viable options to manage the recovery that is required on the power supply adjustment. One of those options will include a gradual recovery that would spread out the easements to ease a bill spike for all users over three years. As I mentioned, we're working to ease the burden for residential ratepayers, but small businesses up until the largest employers

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are also experiencing big jumps in their bills. We are in discussions with representatives from the c-care consortium of customers and I hope to hear from them on Thursday about their need. Our Austin energy staff are here today to lay out reasons for the rather unprecedented adjustment we're seeing this year and as I'm sure they will note Austin isn't unique. Ratepayers across the state are seeing the increase from the natural price jump as well as ERCOT's congested system, which events cheaper renewables from entering the grid easily. And Austin energy staff have spoken to these issues in our previous work session. So for next steps the council has the power supply adjustment before us this week. I'm hoping we will be prepared to vote on Thursday. As a reminder, the psa is

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what Austin energy pays to buy and supply energy, regulatory costs from ERCOT and the transmission costs from the PUC. I would also like us to be nimble in our approach to the possibility of this happening again next summer. Certainly natural gas price spikes could occur in the future. The war in Ukraine, for example, is not over. And the city of Austin is affected by global events. We can get an early notice on any big spikes with a quarterly adjustment as opposed to the annual adjustment that we have currently, and that's a direction I think we should go. I'd like to note that Austin energy will be updating the electric utility commission on October 17. I look forward to reviewing commissioner's recommendations. I've talked with a couple of the PUC customers. I hope each of you will consult with your individual appointees to the PUC.

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And later this afternoon at the Austin energy oversight committee meeting which I appreciate my vice-chair councilmember Tovo leading, we can discuss the proposed dates that I've posted on the council message board for additional work sessions and public hearings on the base rate issue. I would suggest that we delay a vote on the base rate until one of our [indiscernible] That is proposed for November 17 and a number of us will not be on the days that day. Again, that's a scheduling issue that we'll be talking about this morning as well. So I'd like to suggest that we push that vote to one of the two December meetings so we can continue to hear from stakeholders and work on options to ease the ratepayer burden while promoting community values and conservation and renewables. And all of this is in a concerted effort for all of us in our responsibilities to be as publicly

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transparent and accountable to the ratepayers of Austin. Thanks, mayor. >> Mayor Adler: Councilmember Pool, thank you. Colleagues, I've handed out a draft with additional direction that is being posted on backup and the message board just so the public can see it too. I've given a copy to Mr. Dombroski and orally gone over these issues with him. In your presentation today I would really like for you to address the first three and then manager, I would like for you to address the one at the bottom. At a really high level it looks like we don't have any choice but to pay this fee. It's not an optional thing. We have to pay for the cost of energy. And we have a system and procedure and protocol for doing that. It seems as if the real material question in front of us is do we do it all at once or over a three-year

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period of time. And if over a three-year period of time then how do we do that? And I think part of the presentation -- could you pass that around because I was shy one copy down at the end. But in addition to setting that I think it's really important that we either take action on Thursday or start action on Thursday that deals with the broader question of how do we avoid being in this situation where there's a shock to ratepayers as the kind that fall from a sudden increase in the PSA. So I identified three different issues here. The first one is asking the question how or when we set the PSA rates, what can we do to help smooth that out.

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Maybe it's more often, maybe it's less often. Maybe it's tying it to increase in psa. Maybe it's tying it to what our reserve level is, which would be our ability to be able to roll with a sudden monthly jump. But one way or the other we need to figure out what the process is, not to be in the situation we're in now. The second one speaks to doing a tiering or some other device associated with the psa that would enable us to use the psa in a way that promotes incentivizes conservation. From a conversation I've heard it appears as if we're going to do conservation triggers or signals to our ratepayers. I think I heard you say at one point that it's better to do it in the psa than the

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base rate. If that's true then it begs the question of how do we do that to actually get that done and when can we do that, how quickly can we do that? Especially if we do the base rate in December, there's a constituency indicating that we're losing some of the incentives. The third one is should we be looking at different reserve policies? And if we're in a new world that's more volatile do we need to set higher reserves? And taking a look at what we've done here in the last year and a half trying to learn from it, we had an overpayment by our ratepayers. Over last year we returned that money. Now we're dealing with an underpayment. So the spread, the change, the delta that ratepayers are making is magnified and exacerbated from the fact that we're not going from a normal rate to a higher rate, we're going to a subsidized rate, a lower

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rate because we're paying people back to this rate which makes the jump seem even bigger. And maybe we should be looking at different timing for when we pay back ratepayers as opposed to when we are charging ratepayers so as to minimize the shock of an increased payment. While still protecting ratepayers. And manager in the last item I would like you to address is if we did a base rate increase in December that's going to be on top of the psa increase if we do that on Thursday. So I'd like us to be thinking about how we could minimize that combined amount while we're raising one half of it on Thursday if we're going to do that. And the question that I think several people in the community are asking is with a higher base rate there's a

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higher general fund transfer that follows from that incremental increase and maybe over the same three year period of time that we're doing the smoothing out, maybe we don't take that incremental amount if that's not something that you have already started building in to the budget or into the forecasts so as to minimize as much as we can or to mitigate the rate change, the combined rate change that would happen in December. So I'd like for you to address that issue too. Anybody else have anything before we go to Mr. Dombroski. Yes, councilmember Tovo? >> Tovo: I have a lot of questions about your amendment. I assume now is the time. But why don't we start with the last point you raised. I didn't understand the connection you were making. >> Mayor Adler: In -- >> Tovo: I think actually I'm going to -- I think you and I are in a subquorum and I'll ask you about this outside the meeting.

[9:30:40 AM]

So I like the issues you've raised. They seem to follow from the conversation we had last time with Mr. Dombroski and fore I'm ready to enact a policy that seize we're going to look at it more frequently rather than having a multi-stage process to have the manager think about it, come back. I feel like this example has shown us that we need the ability to look at it more frequently. So I'm going to ask you to think about making some changes there. But for example, a, instead of saying options for how -- I think one would be to say every six months or every three months or have a quarterly check in or something of that sort, but I would not want to wait another budget year to make that adjustment on how often it comes up. I need to understand from

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Mr. Dombroski, I don't understand why this didn't trigger a check in with council because of the 10%. I didn't understand your question last time so maybe at the appropriate time you could hit that again. I wanted to ask Mr. Dombroski this is something I've been wondering about whether the psa could be a variable rate based upon your typical energy consumption and I wasn't sure if that is an option. So could you answer that question. Is it possible this 1b, is it possible to have a variable rate power supply charge based on typical levels of consumption? >> So the general convention is it's called a time of use rate so power costs are different during the day than the afternoon hours when wind dies down and our load increases. Prices can double or triple on average for a few hours and drop back off again in the evening when the wind comes online and demand increases. When you use power is probably more important on how much you use, depending on what you use during the day.

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That's what we would be looking at is more a time of use rate. >> Tovo: I see. I didn't understand that then. I think we should be really transparent about that then, mayor, just because it -- I think that language I something people understand and some have concerns about frankly because not every user can really -- can vary when they're doing things. If you work all day long depending on your work hours and not all of us have the flexible hours as some are, but you need to run that dishwasher and the clothes washer when you have an opportunity when you're off work. So time of use I am concerned about what I'm reading with regard to its impact especially on lowering for working families. I have to give that one some thought. I didn't necessarily see that that was what the mayor was suggesting doing in -- and as I mentioned I do have

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some concerns too about two I'm going to address outside of this meeting. And the reserve policies I thinso bears more conversation. It sounds like it would get that more conversation between here and the budget, so that's a conversation the next council can really have. I would say that there was pretty substantial concerns about that when it was being built into the rate case in 2013 just because it is capturing dollars from folks here now to benefit

ratepayers in the future and over lots of concerns about that. But again, I think that's an issue for the next group to sort through. >> And I am wide open to changes to all these. It was more trying to identify issues if there's stuff we could adopt now I would be all in favor of that trying not to be prescriptive. So I tried to incorporate both the how and when on

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number one. You're suggesting we can already decide the one question. I think that's why. I'm not sure we can decide the how question maybe of the alternatives, or maybe we can. >> Tovo: I think he he I'm wide open to changing all this. >> Tovo: I think changing the specificity to a with the understanding that the council over the next years will have to be it active because of the changing situation, but I do want to -- I don't want to take too much time right now. But I think the how in some ways gets to the 10% but I think we need some mechanism in there. I think the mayor pro tem has a question. I don't know if you want to go here with her. >> Mayor Adler: I'm going to stay here with the council first. Mayor pro tem. >> Pool: Thank you. Mayor, I appreciate you getting some of these ideas written down on paper for us to work with and I may have some questions as part of the same forum that I asked you off the dais as well. But I wanted to suggest that

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I think this is a multi-pronged approach so I think we need an approach where we are very closely monitoring what these charges are, what the price of electricity is in the market over the course of this year. And we need to be adjusting the psa more often if there are fluctuations. And if the fluctuation is up and it is smaller than the 10% we're going to have to figure out that in the short run. And then there's a question of how do we redo the whole psa structure piece to achieve our goals and how we think about that, which I think is going to take more time I too am intrigued by the time of use option but I don't understand some of the ramifications of this stage that councilmember tovo is mentioning about how it impacts particular segments of our population. So before we would adopt that we would need that. And that's also going to take a whole lot of

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technical changes to a billing system that we will have to plan for and implement so I think there's two parts of this conversation and we need to immediately be shifting to more frequent look at the psa. Unfortunately I think that the likelihood is that the price is going to go up. So we are going to need to be adjusting that quickly. And then on the reserves I just want to point out we have not been following our can be reserve policy for a long time. It's been -- we've been told for a long time that it was being more or less covered by two other pots and that meant that we had cash on hand. So part of it is we need to actually follow that policy if not adjust it. And maybe you could talk about that a little bit in your remarks in terms of the cash reserve policy and where that fits in.

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>> Mayor Adler: Councilmember kitchen? >> Kitchen: Yes. I just wanted to say I appreciate the way that councilmember pool laid out the conversation and I also appreciate the motion that you've laid out. I think that -- I think it's inherent in what you're asking for here. But the other thing that makes this particularly hard is the double -- the double impact this year on ratepayers. So as part of this consideration I think that it would be important to bear in mind the other things that we're looking at so we don't end up in a situation again where we're looking at increases from two perspectives. So we can manage that better. So thank you. >> Mayor Adler: I agree that too. A talks about how and when we reset and I think that's within that conversation. Yes, council member Fuentes. >> Fuentes: Thank you. Yes, along those lines I think we're all concerned

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about the impact for our double constituency that will happen over the next few months. And I think there is consensus that we all want to reduce the ratepayer shock as much as possible. So I guess mayor, I had a few questions on process because I appreciate the conversation we're having about what we can do moving to avoid the situation from happening like this again. What we have for council consideration on Thursday is we'll be approving a psa rate at that point or will your direction set in motion, Austin energy coming back to us with options on that psa rate. >> Mayor Adler: Right now we are set to decide the psa rate. Apparently we're losing three quarters of a million dollars a day so I think there's some reason for us to act, but it didn't feel right to me to act without spending an equal amount of

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time addressing how we prevent this from ever happening again in a way that is a shock to our ratepayers. >> Fuentes: Right, that makes sense. So for the rate that we set on Thursday, Austin energy will have ons for us to consider at that point? >> Mayor Adler: They presented to us last week and probably can -- two weeks ago, whatever the last time was we met. And they could speak to those today. >> Fuentes: Thank you. >> Mayor Adler: Councilmember Renteria. >> Renteria: Thank you, mayor. And I'm really alarmed about this psa increase that we're going to have. You know, we really promoted renewable energy, wind, solar, but I guess we didn't figure out how to get it delivered as some part of the conversation has been that the transmission lines cannot handle the load.

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And we have a big problem with the transmission part of it and it's alarming because we're heading toward that direction where we're going to increase our renewables, but somehow we can't get it delivered to us. And to me that's alarming. You know, I know the state hasn't done much to do anything about that problem we're having, the congestion part and they did say it was going to cost a lot of money to build the transmission lines to get it to us. And we were going to have to pay for it, but we're paying for it either way because we can't get it delivered to us and that's a big alarming problem for me is the state knew that we were going to be facing that problem, never did anything about it. And they're still not having

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to address that issue again. And if I see my rates going up the way it is I would have a lot of questions to the state also of what the heck is going on. During the series a lot of big corporations came in here and they set up their power plants ready to go and then they walk away with over six million, almost billions of dollars from us. And we're having to pay that back now. Very lucky we own our own power company and we made money, but instead of keeping it, we gave it back to the ratepayers. And we really need to make sure that we have a high reserve. It's getting to that part that we're going to be facing a lot of hot Summers. The predictions are already out there. I think the next 20 years we're going to be facing

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temperatures that are so endometrium that we have -- that are so extreme we have never seen. And I really want to tell people, hey, man, it's time to get up and vote and for the people that are going to address these issues. And if not we're going to end up paying a big high cost, which is going to be a shock out there to the ratepayer when they see that increase. We're looking even at somehow lowering the price increase and it will somehow be in the \$30 a month increase. And that's going to be hard on people. So I hope that we're really looking into those issues that we're going to be facing and that we're not going to be able to get the -- our investment in renewable over there and out in the desert, west Texas, that we need to figure out how to get some here locally so that we don't have that

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problem. >> Mayor Adler: Thank you. Commode. May I can Mr. Dombroski and his colleagues to address a couple of things. One is I'm not seeing the options in the backup materials. I know we had them in the last. This is the tariff and it doesn't show the different options unless I'm missing it in the backup materials. Then I had another quick question to ask you to address. Are the different options included within this? And if not what is the tariff? Is the tariff just recovering -- is the tariff drafted in such a way to recover all of it now? >> Correct. Correct. The backup materials are based upon the current tariff calculation of 12 months. An option I'm going to present to you is a three-year approach, collecting over three years as opposed to one year. >> Tovo: But that is not how the tariff -- the tariff in our backup is not drafted in such a way -- it's drafted to collect it immediately, not over three years. >> That's correct. >> Tovo: So if we want to

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exercise the option, which is what I'm leaning toward, of collecting it over three years, we would need to actually bring forward a motion that's different from the staff -- the posted staff recommendation. >> That's correct. I'll show you some bill impacts on the three-year option, and if that's the option you decide, we'll make sure that the materials you need in order to vote on Thursday are available for you. >> Mayor Adler: So let's hold off on discussing this part of the presentation. But need to talk about the options. And you also need to come prepared

on Thursday for us to be able to act on the options. >> Tovo: And I think it would be great to post that as backup again, even though it was in the previous discussion, I think we need that option chart posted as backup for this council meeting on Thursday. Mr. Dombrowski, just to the point of what -- if we took 1a, the mayor's 1a, but actually had some more prescriptive measures of having it come back three

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months or six months, can you talk about the different -- what the impact would be, say, of coming back every three months, re-evaluating it every three months versus every six months? >> I can. I have a part of that in my presentation. >> Tovo: Okay. Sure. Those are just some of the questions. I said I had a 10% question, but also have a question about which of those -- you know, if we're shifting from every year, would it be every three months, would it be every six months? If you could address the relative benefits of each. Thanks. >> I will try, yes. >> Mayor Adler: Okay. Let's go to you and let you talk to us now, give us your presentation. >> Thank you. Good morning. Mark Dombrowski. I'm the cfo of Austin energy, and I hope to answer all of the questions that you had from the last workshop, I believe two weeks ago, as well as some that you've posed today. And to the ones that I can't get to, I will try to follow up with you as soon as I can.

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>> Just real quick, was that presentation emailed to us so we can pull it up on our laptops? >> I don't know how that happens. [Laughter] >> Fuentes: If I can have a printout, that would be helpful. >> I apologize. Eh >> Okay, so I have some information on the follow-up requests from the last work session that we had. Some specific questions that some of you had. I'm going to compare the two options that were mostly discussed last workshop, which was, you know, the 12-month recovery versus the three-year recovery, and I've got some bill impacts for various types of customers on that. And the recommendation for the 2023 psa as well as future methodologies for setting the power supply adjustment. I don't have any answers for you today, but I have some

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suggestions that we might pursue over the next year. Last time we met, some of you had questions about what's happening with the utilities. And so we've got some snippets and some headlines that we've captured. So first was CPS energy, which was other utilities most like Austin energy. And you can see that their rates are up considerably. The average bill is up 32% from a year ago and 35% over the last five months, and similar that we have new braunfels utilities, their costs are significantly increasing. And of course, statewide, we're

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seeing that they have a 70% increase in price of electricity, and Texas as a whole, that's the ercot market there. So you can see this is a common dilemma for many utilities in Texas. I apologize for the size of the font here, any

other questions in terms of credit, what's happening to other Texas utilities across Texas. This is a snapshot of recent majority downgrades of public power, and that includes municipal utilities as well as co-ops across, and you can see about three quarters those really happened in the first few months after winter storm uri, and what was really driving that was the impact of the winter storm on them. The uri cost per customer. So that's how much, to buy all that extra power per customer,

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each of these utilities incurred. And so, they had some real liquidity challenges early on after the storm. And so that precipitated those downgrades. Austin energy was different. As you can see, we're the only utility that had a credit. Our generation, for the most part, stayed up and running during the storm. Prices were very high. And so we were able to provide a cash benefit for our customers that we gave back last year in the psa. And you also see our downgrade was delayed. It happened in August. But for the same reason, because of liquidity. We've lowered our power supply cost into a rising market, and so that cost strained the downgrade on us in August.

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But it tells us that we need to address these liquidity issues before it gets worse, is our takeaway from that. Next page. And so, the question was, how do you as council get this information? And so, we've been doing quarterly financial updates for you the last several years, and we try to keep the charts and the way we show you the information consistent. So I took this chart that we present each of the quarterly briefings, and so you saw this in the third quarter briefing. And it was through June, which is the end of the third quarter, and we've updated with July and August numbers as well as what we estimated to be september. And so you can see in may and June that you saw, we saw prices coming through the budget. And that line is the amount of revenue that we are collecting from the customers. And again, it was set on purpose

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to under-recover, so that we give back that cash that we earned during winter storm uri. Significantly under budget. And another chart that you saw in our quarterly updates is our power supply adjustment cost components. So as you know, there's a lot of things that go into our power supply adjustment. So the first one that we talk about is our load zone. We buy all the power we need from ERCOT to serve all our customers and we buy that as the power comes it's called Austin energy load zone. 12 months out of August, we spent 1 billion, \$79 million buying power to serve to our customers. That's like the wholesale rate.

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But we do a lot of things here at Austin energy to minimize the price that our customers actually pay. We have our own generation fleet. And so, we run those assets when they're in the money. So, if the price of energy at the time

exceeds the cost it takes us to run those generators, we turn them on and we produce power and that buys down the rate for our customers. And you can see through that 12 months, we had produced a net \$386 million to benefit our customers by running those generators. The next we have is power purchase agreements. We don't own the assets, but we buy the power that we produce. All of these are renewables. There's wind and solar here. And for the 12 months, those assets produced an \$85 million benefit for our customers. And I want to point this out, that typically, that is a cost for us, but because of the high prices we're seeing and we have

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fixed prices on those power purchase agreements, it actually produced a benefit, a significant one for us, \$85 million for 12 months. The next is green choice and valiant solar. Green choice is an option that customers can select and it comes at a slight premium, and they are attributed the benefits of renewable energy in our bills, and so that is a cost reduction for the power supply adjustment. And value of solar, one of the things we point out -- we talk about transmission being a congestion. One of the solutions to that is distributed generation, rooftop solar, community solar. That power is produced right here in our load zone and it doesn't have to be transported in. So we can avoid congestion costs on the grid. That doesn't mean it's an exact tradeoff, because it costs more for that. But that was one solution, part of our problem is more reliance on distributed generation.

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But that value of solar, that's what that is. So we're paying customers to put that solar on their roof, and they get a reduction in that. The last -- there is bilateral and hedging. These are financial instruments that we use at Austin energy to provide economic benefit for our customers. And so, those actions that we took generated \$58 million of net benefit for our customers. So over 12 months, we were able to reduce that \$1,079,000 T to almost 539 million. But that ending number is still much longer than we typically see over 12 months. We would normally expect to see around 300, \$350 million would be our net costs. But you're seeing those high cost of energy flowing through that that we cannot completely avoid with our actions. so this answers I think some of

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the questions that I know council member tovo had about why didn't we react quicker, or the 10% of adjustment. And so, as you can see, this chart shows the blue bar is our running total of our overcollection that happened from winter storm uri. So we set the rate back on November 1st of 2021 to give that cash to our customers through a reduction of the power supply, and it's designed to be -- if everything happens exactly as we planned, to be at zero on October 31st. Intended to give back over 12 months. Things consistently don't happen as we plan. Things happen. But you can see in the early part of the year, they were pretty much going on schedule. You can see the Orange bars. In November, we gave back \$8 million to the customer. In December, it was 8 million. In January, we had a different

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load than we anticipated. We actually collected a million dollars. And can see how the pattern goes through. In May, we saw a significant undercollection for the month of \$28 million. This is really when prices and the weather both hit us. It started earlier in the spring, so people were using a lot more energy. In fact, between May and August, they use 14% more energy than normal. And so, that overcollection that we had was being depleted faster than we had planned on. But it wasn't -- it was still an overcollection phase until July, in which we had a \$43 million under-collection, and that drew us down to an overall under-collection of \$27 million. And so we had this 10% policy within our power supply that says, we will adjust the rates if we're 10% plus or minus of the power supply costs, not the

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rates, but collect from customers on power supply costs. I showed you earlier where these power supply costs are getting larger and larger. So that 10% is larger and larger. And as you can see, if you look in there in September, the total under covers about \$61 million. That's the point that we hit the 10%. At that point, we were already working with you to adjust the rate using our normal power supply adjustment time period. So we could not have acted quicker under the current existing policy. As you can see, by the end of the year, we were under-collected by \$77 million. In October, is where we expect to be. Then we have the little piece that's left over from Tercot bankruptcy that we're going to cover a little bit later here. And so we were significantly under-recovered for the year. That was the result of both higher prices as well as more energy being used by our

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customers and using more energy at a much lower rate than we needed to collect. So that caused the under-collection. So I think that addresses some points we've made, which is perhaps the trigger about when we look at the PSA should not be power supply costs, but maybe more related to what our customers, which is the impact on their bill, or what they see every month might be a better trigger than the power supply cost. Especially in a very volatile market, and where climate change is causing our patterns and use of energy is very different than maybe our historical use. The next request that we heard from you was you wanted to see a comparison of rates across different utilities, and you wanted to see what are other utilities doing in terms of their power supply adjustment. This chart tries to answer

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both of those, but it requires a little more explanation. The first thing I want to point out is all utilities are not the same. We don't all have a power supply adjustment, and those that do have it don't calculate it the same way. For example, here we have PEC, which is Pernalis Electric Cooperative. Some of your constituents get power from Pernalis. Pernalis does not own generation. They are just a wires company. So they buy all of their power from someone else, like ICR or some other provider, under a contract to provide to their customers. So they don't have the offsetting generation for their power supply costs. So they're going to behave a little bit differently. They may have a little more stability in their price, but those prices might be a little bit higher on average than we have in Austin Energy. The same is true with Blue Bonnet. And some of the other -- San Marcos does not own generation.

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They are municipal utility, but much smaller than Austin energy. And they have different general fund transfers. All municipal utilities have some general fund transfer. They're all set at different ways and collected in different ways. So it's very hard to do an apples to apples comparison. The other challenge that we have is utilities consumption is different. Georgetown and Austin are very similar. We both have about -- on a typical customer, uses about 850 to 860 kilowatt hours per month. And so, we design rates based upon how much energy our customers use, or we should. Other utilities, like pernalis, their customers use about 1,200 kilowatt per month. If you think about the types of customers they serve, they're largely or mostly single family homes, rural, homes in circle C.

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And so, even if they have the same amount of cost, they have more kwh to spread those costs out over. So their costs per kwh is lower. So, when you do a comparison based upon a set number of kwh, like 860, which is our typical customer, they're going to reflect a lower bill. But their customers don't pay that kind of bill, they pay one based upon their consumption. So that's the black bar. So after that long drawn out explanation, what this shows is the Orange bar is using 860 kilowatt hours, which is a typical aa customer. The 2021 bill the customer might pay. The gold bar, the yellow bar there is based upon current rates, 2022. And so we're trying to isolate what are all the things that are changing over the course of the year, which is mostly associated with power supply costs. And so the difference between the Orange bar and that yellow

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bar is what you contribute to the power supply costs. And for Austin energy, that second set of bar, that gold bar, we baked in the full cost of the proposed base rate increase as well as the 12-month assumption of the power supply cost. So you might consider that a worst case scenario. So that's where rates would go if we were to adopt base rates in the one-year power supply cost adjustment. And the black bar is the same rates, but based upon the actual utility's consumption level. So those are the bills that their typical residential customers might pay. I apologize for the long anation, but there's a lot going on in that chart. And the level that we use for the consumption is based upon the energy information administration, all utiliies

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must provide data to the federal government. But there's about a one-year lag. And so this data is from 2020, which we were able to get in October of '21, and that's the latest information we have. But since it's October of '22, we're about to get a new set of data for calendar year '21, and we can update this once we start getting into the base rate discussions, and I should have that data available for you. But this is the latest data that we have. The next was, we've often talked ababout the price of natural gas being the drivers. I showed you last time about 42,

43% of the generation in Texas uses natural gas as a fuel source. And because of that, it's what sets the market price often for electricity in Texas. And so, this chart has two indicators for you. So, this is a ten-year history,

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and the Orange line, that top line there is the power supply adjustment over ten years. And you can see early on, back in '12 and '13, gas prices were a little bit higher. That's the yellow line. And then we settled down to a long period of a very stable power supply adjustment. And what we saw was gas prices were going up and down as they normally do, but we were able to provide stability through the power supply adjustment using the current policies that we have in place. And that worked when gas was \$3 or \$2.75 a decotherm, and so we were able to provide that stability to our customers. And you see as we get closer into 2021, that yellow line just almost goes vertical. And that's the price of natural gas. It's called Henry hub. It's a clearing price for us here in Texas. And really, you see the power supply adjustment really reacting to that price of

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natural gas, since that drives electricity prices, the power supply kind of mirrors that same slope on the natural gas. And that's really what we're seeing here. And so, one of the things that I think you're wise in asking is should there be different ways of looking at adjustment, given that natural gas markets are changing, and I think that's a wise thing for us to do this year. The next was, you had asked, what's driving this in terms of causes. And so, we put some dollar values on some of those causes. And so, the -- like I said, our power supply adjustment is based upon actual cost. So we use last year's actual costs to set next year's actual rate. And we apply that rate to however much energy the customer uses. And so in 2021, our psa amount

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-- what the rates were set to recover was \$350.9 million. Over the course of the year, a lot of things changed on us that increased what those actual costs were by 288 million. So that results in the actual cost that we need to recover from our customers next year. The \$639 million. I'll try to break some of these down. They're not easy to put in discrete buckets. But we do know that -- we talked about that winter storm uri, that additional cash that we recovered from the wholesale market, because our generators were up and running. We were able to give \$69 million credit to our customer bills over a 12-month period. If everything else remained exactly the same, the psa rate was going to go up anyhow because that credit had been given to our customers, right? So, when that credit was extinguished, it had to go back

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up to the market rate. So that's \$69 million to be increased. We talked about the congestion that's going on in the grid. And so, it's like the highway that we have more electrons trying to get onto those transmission grids, from

generators that are being asked to be up and running to provide reliability, as well as a lot more resources coming online, a lot more wind and renewable. That's in the part of Texas that it can be produced easily. So it competes to get on the grid and causes congestion. The solution is more transmission lines, but that's a long-term solution. It takes seven to ten years from the time you want to build the transmission line to you get it permitted, constructed, and all working. So it's a long-term solution. So there's a couple reasons for that congestion, it really does drive up the cost of the power we buy. It's supply and demand. And so that we've attributed

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almost \$41 million for that. The next, as I pointed out, the cost of natural gas. We use natural gas ourselves for our sand hill plant, as well as some of our turbine engines run on natural gas. As well as the folks that we buy power from. So they're producing power, selling it to ERCOT at a higher rate because their fuel costs are higher. We have to buy it from ERCOT so our costs are higher. We've attributed a little over \$5 million as a result of natural gas prices. And finally, because our rate was set so low, that as we march through the course of May, June, July, and August, we were not recovering enough to cover these costs. So it's like a makeup payment. And that's about \$86 million, because our rate was not recovering the actual cost at the time. And then the last piece was we contributed it to other factors, and there's a lot of things that

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go into this. So, other factors, we also have coal at Fayette. Uranium at South Texas nuclear plant. We use fuel oil to start generators. We have to transport that fuel through pipelines or by rail cars. We have changes in hedging. There's also changes in loads. So the amount of kilowatt hours consumed by our customers changes the cost. And it's very hard to sort of break that out into separate discrete buckets, but we combine that together, and that added a little over \$42 million. So all those slices of pie totalled to \$288 million that caused the increase. So it's quite dynamic, quite complex in this power supply piece. But that's the best way that we can represent that in the buckets. The next question we had, which

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is the one receivable that we have. And so we're getting a little bit more on this during our executive session. But I tried to explain it here. And so what happened was, during winter storm Uri, Brazos Co-op is a generation transmission provider. And so they produce power and they sell it to their 16-member co-ops. They're based out of Waco and those co-ops are mostly in the north central Texas area. So they provide that power to those co-ops on long-term supply contract. So they have an obligation to provide that power. And during winter storm Uri, their generation did not produce. It went down. And so, since they had an obligation to produce power and sell it to their members, they had to buy what we call in the industry as replacement power. So they were buying power on the market. And if you remember, prices got up to \$9,000 megawatt hour.

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They were selling it or giving it to those co-ops for that cost price. And so that might have been 35 or \$40 a megawatt hour. So we're buying it at 9,000 a megawatt hour, and selling it to R co-op members for \$40 a megawatt hour, their contract price. The rest of that were losses that they were incurring as a co-op. And that lasted for nearly 100 hours. So they racked up about a -- end of the day, about a \$1.9 billion bill from ERCOT that they had to pay. And Brazos did not have the cash to pay that bill. And so they were forced to declare bankruptcy in March. And as a result of that bankruptcy, ERCOT put the normal protocols in place on hold for them. So what that does is each of the generators in ERCOT, we share the risk in short pays. That \$1.9 billion is a short

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pay. So ERCOT goes to all the generators and says, I owe you some money, but I'm not going to pay you now because we were short pay. We weren't paid by someone who was an off taker. Brazos, in this case. So we book that as a receivable. And our share was approximately \$48 million. Normally what would happen is ERCOT, what we call an uplift, and that's to all market participants. That's to everyone who takes power, as well as produces power. And we all share the cost of that short pay. And since Austin Energy is both a generator as well as a market participant, we have both a credit and a debit in that situation. A credit is 48 million and our debit is the 16 million, and you net those differences, and that's about the \$27 million net receivable you've heard us talk about. So there's a lot going on there.

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Add that to the underrecover that you expect to see in September or October, and that's where you get the total under-recovered amount of 104 and how the ERCOT and the Brazos bankruptcy comes into play. And we now have a settlement offer to consider that Brazos bankruptcy that might change the dynamic of this that we'll be discussing in executive session with you. So, I think that covered most of the questions you had last work session, and this is going to get into some of the options that we discussed. [Off mic] >> Mayor Adler: He's gone through the answers last week. Now I think you're going to respond to the questions that were raised? >> I can stop here if some of

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the things I covered earlier -- if that's easier for us to digest as we go along. >> Mayor Adler: Okay. So we're not going to have any questions with respect to options for what we're going to pay or other kinds of issues that are on this sheet. >> Right. So, some of these are coming up here in things that we're going to look at both in '23 as well as longer-term we might change the PSA. And here, I have a comparison of the option that we had presented, which is collected over 12 months. Versus the option which is to spread out that \$140 million over a three-year period. >> Mayor Adler: Please go through this. This is the question that council member Fuentes asked initially. >> Tovo: Mayor, would it be -- is there an option for talking about the -- before we dive in to the options, I wonder if we could ask some clarifying questions about the presentation? >> Mayor Adler: You can, so long as they don't go to the questions that we asked before he started speaking, because I want to get to the answers to

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those questions, too. >> Tovo: Some of them relate to -- I mean, there's sort of how we got here, which is the presentation that we just did, and some of which we asked about. >> Mayor Adler: How we got here questions I think would be good. >> Tovo: Let's see. I want to be sure I understand -- I know what it is. On slide 6, where you have -- let's see, I'm not sure if it's slide 6 or slide 8 is the better one to answer this. Well, no, this is getting to the mayor's sheet. But I'm trying to look at this chart, and as I understood your presentation, it looks like things were basically on track until -- you said may, the consumption started to go up, but it probably became really evident by June that you were going to run out of

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over-collection dollars to distribute to customers. >> Right. So, you can see there that the gold bar, how it really increased in may and June, and we had indications we were going to have a hot, dry summer. And prices were increasing. And so that gave us an indication at that time that we were going to extinguish that over-collection amount sooner rather than later. >> Tovo: Right. And then it went to under-collection. So, to me, looking at this chart, between the chart on page 6 and the chart on page 8, that looks to me like an argument for every three months. With that kind of volatility, checking in even at six months would probably be O O late. >> Right. Last year, that might have been the solution. But the question is, we've seen so much volatility both in volume and price, how can we make sure that we catch this as opposed to saying every six months, because the pattern can be very different next year.

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And so I think one thing that we want to do report back to you on a monthly basis, and what we're seeing, and determine whether we need to change the policy or the tariff about where to change that. I think those are things we do need to look at and I've got some recommendations on that. I think there's always these unintended consequences. We need to make sure that we're providing as stable a price as possible for our customers. We don't have negative impact for our vulnerable customers. And that we're not impacting heavily our businesses in Austin that are our livelihoods. So, all those things have to be considered when we're changing these rates and we really want to be very deliberate in how we do that. >> Tovo: Does the presentation that's coming forward that you're about to launch into, does it have recommendations for how to change that tariff? >> It's got recommendations for how we should look at -- I don't have answers right now, I don't have all the data. We need to work with the euc. We're going to work with you, our stakeholders. A lot of things can get finely

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tuned and maybe make a better adjustment as opposed to a blunt tool to fix it. >> Tovo: It seems to me -- I mean, I think one of you all articulated, maybe it was you, mayor, that there are sort of short-term actions and then there's

a longer-term look at how to restructure. Was that you, mayor pro tem? Thank you. In terms of the short-term, which I see a need for on Thursday, I'm leaning toward just based on, again, those two charts on providing a policy that allows you to come back to council with a psa adjustment, a policy that allows you to adjust the psa every three months if need be, just based on this last year. Does that seem advisable to you? >> One thing we might recommend, like I said, how this really materializes on a customer's bill. So perhaps if our intent is to stabilize a customer's bill, if we look at how the changes impact that bill. And so right now, it's 10% of

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power supply costs, but maybe we trigger, if it's going to change the customer's bill more than plus or minus 5%, that maybe we have administrative privilege to change that on the customer's bill so we don't amass such a huge over or under collection and it keeps up with the market prices. >> Mayor Adler: So these are the questions that I think go to the questions that I asked. So the questions that I initially asked was to have Mr. Dombrowski speak to - - certainly, I agree, we should have more -- I just don't know what the trigger is we should be looking at or what elements. One is the bill. I'd like to understand that better. One is looking at reserve amounts. Maybe when our reserve amounts decrease by a certain amount, there should be a trigger. There's probably a half dozen different kinds of triggers I could have. Maybe it's multiple triggers that we should be taking a look at. So that if any one of these five factors happen. I like the idea of reporting back to council on a monthly

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basis so that we're realtime participating in these things. But I would like you to go through the a, B, and C points and talk about -- and if you were presentation materials on them, I don't know. To be able to present them. But I would like to hear you talk about the first one was triggers, the second one was tiering. We could hold on that until we get to tiering. The third one was reserve policies and speak to that only insofar as it relates to a. So before I'm ready to start going to solutions yet, there's still more insight and background and answer to questions, and I'd like to hear the questions. >> Tovo: Okay. I'm trying to put these -- I will hold off, then, on the rest of those questions. I have a couple others about the presentation. What I'm trying to do is put some of these issues alongside the data, which is the information that he just presented, if I could just ask a couple more questions.

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I want to note that on slide 7, based on your presentation in this data, it looks like our investments in green energy and our contracts of green energy producers, as you pointed out, saved our customers money. I think that's a really important -- you mentioned it, but it's important enough that I just wanted to underscore that there was a real benefit to customers, a real financial benefit of the investments of the commitment that this community has made to clean energy, and the investments that Austin energy has made to execute on those. >> Wind -- the fuel cost is free, and you're seeing the benefits of it. >> Tovo: Yep. And then my last question on this piece is messaging to customers. So you pointed out on one of the slides, 11, I think, that part of -- the benefit was going to go -- the over-collection credit that was going back to customers, you know, needed to end when we hit that base point.

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I'm not sure how well Austin energy messaged, that right now you're getting a credit because of some of the money that, because we overcollected during this period. That included winter storm uri. Were there any notations on the bill? And I haven't had a chance to go back to mine to see whether it was the case. Were customers -- did customers know that this was kind of a temporary benefit, that their rates were temporarily low because we were paying them back? And I ask that, and if that's not the case, you know, how can we message about that piece of it going forward. I think Austin needs to be part of our consideration. >> I don't believe there's anything on your bill that would indicate that. But that is something we can consider with these credits. This is really abnormal. We don't normally have such large over and under-collections. As a result of that, we had another abnormal year because of the market changes. So that's certainly something we

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can consider. When we set the psa, we didn't make it. But people have a lot of things going on in their live they're not always paying attention to what we're seeing. So we can maybe make it more obvious. >> Tovo: Yeah, if they're getting a temporary benefit that's going to go away, just messaging about that might be helpful. >> Mayor Adler: There's a bunch of questions you were asked before you started speaking, and before we lose track of those, I want to hear answers to those questions, and then you have another three pages of your presentation with recommendations that I think respond to some of the questions, as I look at it. I've just gotten it. That respond to some of the questions that we raise. So I'd like you to go through the last three pages where you I think have anticipated some of the questions that were already asked before we start asking lots of more questions. I'm hopeful that we can get answers to some of the questions that were raised earlier. And a better understanding of what the options were on Thursday so that we understand what it is that we're voting on I think would be really helpful.

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And I think that might be the next page that you are addressing for us. Mayor pro tem? >> Alter: I don't have a question. I wanted to point something out that I think helps with understanding with council member tovo's question about when this happened. The slide that's provided today on slide 6 adds data for July and August that we did not have at the August meeting because we have a two-month lag in getting the psa. So, if you're trying to understand that in what happened and what triggered when, we did not have July and August, and even at this point, we are guessing what September and October are in terms of where they're coming in. I just think they're important because they're the big jumps, and we didn't actually have that data in August, and when they were trying to come to their 10%, they didn't have that until they started to see the data

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coming in. >> Mayor Adler: Okay. Mr. Dombrowski, you can proceed. >> Tovo: Which of these are municipally owned? Some of these got major downgrades. If you want to get back to us on that. >> Yeah, I can get back to you. >> Tovo: Just interested to see how we're performing later. >> I know all of them, but I can give you an itemized list. T Tovo: Thanks. >> So, at our last meeting, we had not quantified, but we laid out free options that we could consider. So the first one is option 1, or as proposed. And that's as the tariff is currently drafted, which says we

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have an over/under collection, we will collect that over the following 12 months. We had option 2, which was collecting that over three years. And that is not consistent with the psa tariff, but consistent with how we handle some of the other passthroughs. There's an accounting rule that says that we have to ensure we cover those over a reasonable period, and we've always interpreted that as three years, and we do that with regulatory. But the psa is always 12 months. So we feel comfortable offering that as an option that we think is viable. The consequence is it takes longer for us to recover that cash that we've already expended from our customers, so that's a liability issue for us. We want to make sure that we have enough cash on hand to weather the next emergency that may come up. So that's a consideration in choosing that. The third option, which was to not collect 104, and I didn't

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have an answer for you about where am I going to get \$104 million. I don't have an answer for you. But certainly, if we don't intend to collect that, then we would have to write that off on our financials. And so it wasn't a very viable option. We couldn't -- we don't have enough cash to absorb \$104 million reduction in one year. So it wasn't a very viable option unless someone was willing to write us a check for \$104 million, and I haven't found anyone yet. So, with that, it seemed like the two main options were option 1, as currently drafted in the tariff, or option 2, to spread it out over three years, and what would that look like for customers. And so the next series of charts kind of walks you through what those impacts are. So, this chart here shows our current bill with current base rates in psa. So, sit today, a typical customer using 860 kilowatt hours would have a monthly bill of about \$84.50.

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Inside city of Austin, noncap customer. >> Pool: Do we need to change the slide? >> You should be seeing a slide with six bars with a gray bar on the left side. >> Pool: Okay, thanks. >> So then if we fast forward to January 2023, and the reason why I picked that date is, we're assuming that the base rates as we proposed are adopted, and the psa as we proposed is adopted. So the bar on the left is if we collected over 12 months, and the bar on the right, that yellow bar, is if we spread it out over three years. So you can see, if we do it in a one-year period, that customer's bill goes to \$119.07 a month. And you can see the blue part is how much it adds -- is additional psa. The black section there is how much is the base rate, and the

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regulatory is the small green part. So you can sort of see in terms of scale how much it goes up as a result. And then what would happen in the following November is, if nothing else changes, we would have collected that million from our customers and that the rates then come down, so the power supply would come down. So it would get reduced to 112.01. And then, if nothing else changed, it would be the same thing in '24. If we spread that out over three years, that customer's bill would be reduced by about \$5. So it goes from 119 to 114. And then all else staying the same, the following year, there's no change. It's 114 the second year and 114 the third year. So that spreads out the \$104 million each year, about \$5 per

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month on the customer's bill. The rest of those costs that are baked into the psa, those are the actual costs as a result of gas and congestion, because that's what's going to cost us to actually provide that power to our customers. So that's on a typical residential bill. We often say typical, and we use 860 as a benchmark, because we want to be consistent on how we show these for Austin energy customers year over year. Their actual consumption changes actually a lot year over year. The vast majority of our customers were in tier 1 and 2. So they're not going to see this \$20 increase from the psa. They'll see something much less than that because they use less energy. They're using 300 or 400 kwh. So their psa change might be \$10. If you live in a large home, say in west Austin with a pool and a wine cooler and hot tub and all that stuff, you might see much more than the 20, because you're going to use a lot more energy. So it's -- when we say typical,

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that's why we don't say average. The average customer is going to see less than the \$20 bill increase as a result of this. And of course, 66% of all of our energy is used by our commercial industrial customers. So they are impacted by changes in the psa as a percentage much higher than our residential customers. And so this chart here is intended to show you the various options on those types of customers. So I have some large commercial industrial customers, and then some smaller customers, business customers. And these are based upon an actual customer. Using their buildings from October 21 to September 22 for a one-year period. And then I applied those rates to those customers. So, pr2 means primary 2.

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They own their transformation. These are larger customers, sophisticated customers. In this case, it's a hospital. And their previous bill for that period was about \$1.9 million. Because they are energy intensive, they give the hospital, they're going 24 hours a day, seven days a week. They're always using energy, so they're energy intensive. They're going to get an increase of about \$568,000 in power supply costs and regulatory costs of about 41,000 for a total estimated billing to the next year of \$2.5 million or about a 32.8% increase. Because they're very energy intensive. The next is what we call secondary 3. This is a customer that doesn't own their transformation, but they're using a lot of energy. Up to 300 kwh -- or kw, excuse

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me. So a large customer. And this one is a commercial bank. And in that case, their bill was about 746,000 last year. They would expect to see an increase on option 1 of \$167,000. Regulatory about 17,000 for a total bill of 930 or about 25% increase. And again, a little less energy intensive. So the percentage is a little smaller. You can see how these bills decrease. So the hospital would still get a significant increase because of the price of energy, but we can reduce that down to just below 25% increase, so about 8% benefit to their bill. That's about a 6% reduction in total bills, as a result of spreading that over three years.

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We have a secondary 2 customer. This is between ten kilowatt and 300. This is a large retailer, retail store. They, under option 1, would be 53,000 with about almost a \$13,000 increase in their power costs. \$1,100 increase in regulatory. So that's about a 26% increase. 2 is a little less intensive, a fast-food restaurant. Theirs would go from about 11,000 to 14,000, or a 24% increase. The secondary 1 is retail technology. Think of like a cell phone store in a strip mall. That's about 2,700 to about 3,400 or just over 23% increase. If we go with option 2, they get less of a percentage of a decrease, because they're less energy intensive. So that large retailer would go

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to about 20%. The fast-food restaurant would see about an 18% increase. And that retailer would see about an 18% increase. That's how it shakes out between the two options for both residential and our commercial customers. And so, those are the options that we are bringing to you to consider. Are there any questions on that before we go into some of our recommendations for the '23 psa and future psa's? >> Mayor Adler: So the bottom line is if we go to option 2, it decreases the amount that the entity pays in year one, but it could result in a slight increase or a greater amount that they pay in year 2 and 3. But at least it's level and flat for the three-year period of time. >> Everything else remaining the same, correct. >> Mayor Adler: Okay. >> Pool: It also, mayor, doesn't build in any kind of resilience should the cost spike again.

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I mean, we're gambling that things return to normal across the board. >> Mayor Adler: Yeah. So I think this is important enough, let's have a conversation now, just about the options. And then we'll get into other things in a second. But let's have a conversation, if we want it, on the action on Thursday and the options that will be in front of us. Mayor pro tem. >> Alter: It looks like there may be more slides on this, but I wanted to just underscore what council member pool just said, that these numbers are presented to us without any assumed further spikes in gas prices or energy costs to us. And so we smooth it out, but we have no cushion -- we don't have

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any -- we haven't taken into consideration the fact that costs may very well go you have further. So, we need to be careful about what we're promising folks is going to happen in their bills. If we're going to talk about which option, it looks like they have more. >> Mayor Adler: Do you have more slides with respect to the options, a and B? >> Right, so we looked at this and you asked me to make a recommendation, and I'm prepared to make that recommendation. >> Mayor Adler: Why don't you go ahead -- >> Along with the qualifications, if we accept that option. >> Mayor Adler: Why don't you make your recommendation and explain why. >> So the 2023 power supply adjustment option, we're in option 2, we believe option 2, which is a three-year gradual, is something that we can do. It provides a small amount of relief for our customers next year, although we recognize the

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economic burden, the energy costs have on customers. But if we elect tt option, we believe that it is viable and that we would change that on November 1st. And that would allow us to recover almost \$35 million per year that has some measure of improved liquidity for us. If we marry that with some base rate increase. It allows us to collect that over three years as opposed to one year, the rate shock. I do caution -- and why I'm encouraging you to approve this on Thursday, is for every day after November 1st that we delay this implementation, because the rate is set below where it needs to be, we incur additional under-recoveries, between 750,000 to \$1 million a day. So that under-recovered amount

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gets bigger, and the amount we need to collect from our customers gets larger, so that rate gets higher. So delaying it is not a good thing to do, but we think if you go over the three years, if you work with it carefully, if you'll entertain a conversation each month with us about what we're seeing in power supply, how gas prices are going, what's going on, can we make midstream adjustments, that's something we believe we can offer that provides some measure of relief for our customers. >> Pool: Mayor, if I could at this point? I just want to -- you know, obviously, we're not done with the conversation, but at this junctiointure, I wanted to thank Austin energy for bringing those particular recommendations.ure, I wanted to thank Aust E energy for bringing those particular recommendations. I continue to be concerned about the 30 million a month increase in the loss, and worry, as I mentioned a minute ago, about

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spiking next summer, or if we have another really cold winter. I have the resilience of our provision top of mind. It occurs to me that we might kick around the thought of trying to collect a little bit more in one of these three years, and maybe lower amounts, maybe a higher amount in year one of slightly lower in year two, and a lower in year ree. Something like that, rather than three amounts. But I toss that out there for the benefit of my colleagues on the council, just to kind of be thinking about -- because we are predicting what the future is going to be like, and

that's always pretty hazy picture. Thanks. >> Mayor Adler: Thank you, council member pool. Council member Fuentes. >> Fuentes: Thank you. Thank you for the information. Admittedly, I'm a little

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underwel underwelmed. Correct me if I'm wrong, but the second option still has an increase of 20 there for psa and the base rate. So we're still going through with the double impact of the rate shock on year one, but then the gradual is just that it's less increase -- goes down \$5 year two. And what my intention here is, can we do the gradual where it's a stepladder of doing a smaller, not \$20 or something much smaller, and then increase year two, year three. So, to really temper the shock. Am I reading this correctly that this still has us going next year the full \$20 psa increase, or -- >> So, it goes from about -- it's about a \$5 decrease in the bill on the psa. So that difference between these -- on chart 14, that difference between -- let me pull it up.

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>> Mayor Adler: 11907. >> 11907 and the 11437, that's all associated with the power supply adjustment. So the only thing we're changing there is the power supply adjustment. So that's all attributed. If we were to totally ignore the \$104 million that we needed to collect in under-recovery, the rate can only go to 112.01. >> Fuentes: If we ignored that amount. >> So we're spreading that 104 over three years. That drops it from 119 to 114. If we just ignore the 104 and say we're going to write it off and not collect it from our customers, that's not a viable option. If it was, the bill would go to 112. So you can sort of see the amount of the actual cost of energy that's incurring. >> Fuentes: But going to 112, how much of the psa increase would that be? Instead of \$20, that would be -- >> Right. I don't have that exact number.

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That would be about \$7 roughly. Is that right? 119 to 112. A little over \$7. >> Fuentes: So that's kind of where I was hoping to get out of this conversation, was understanding if we did a \$7 increase and we pulled funds from a stabilization fund, or we explored others to make up that gap, what could that look like? Because right now, these two options, they still have us doing a pretty significant rate shock of -- because we still do the 20 psa beginning in January, and depending on if the natural gas prices go down, then perhaps the rate will go -- we can adjust the rate mid-year to get down to that 112 in 2023. So, I still -- you know, a lot to consider here, but I still need more information on other options. >> I guess there's two concerns I have with that option.

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So, one is those are expenses we've already incurred, so we already spent that cash. So part of the stabilization is we've already stabilized it in some part, because we paid cash from Austin energy in advance of those bills. We intend to collect it in the future. That's the way the rates are designed. And so, we don't have the liquidity or the

cash on hand to further extend that sort of credit to our customers. We're struggling cash-wise to keep up. The second concern is that the rules that we use for how we set rates and how we account for this, the intent is that we will recover that rate over a reasonable period, and we generally interpret that as three years. And so if we don't, we run the risk of being required to write this off on our financials saying you're not going to recover -- you don't have a plan to recover it. And a creditor, the credit rating agencies might look this at in a negative fashion and would react with a potential downgrade as a result of that,

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saying there's not political will to adjust rates to where they need to be to recover the costs. Sose are the consequences of those types of actions. >> Mayor Adler: So I'm looking at this, and on page 14 is the instructive one. Our bill, that includes the base rate in the psa right now is almost -- just under \$85. And if we do the base rate increase as you proposed and the psa increase as you from posed, it goes to 119. That's the double whammy together. What you're saying is, under option 2, it wouldn't be the \$20 increase on the psa. It would be \$5 less than that. So, you're cutting back about 25% of the psa original recommendation. So, the total bill would go from 119 down to 114, which is \$5. So, instead of going up from 85 to 119, it goes from 85 up to 114.

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So there is some decrease there. This is a hard one, right? Because this is a shock to rate payers. Which is why we have to spend a lot of time figuring out how we're not in this place again. At the same time, it's money that we're losing and we have to stop the hemorrhaging. So, we have to act -- and this is money we've already paid, that we have to pay back. So even though it's not good, it is -- it's necessary at some level. So I wouldn't support an option 3, which has us not paying it back for the reasons that you suggest. And I look at options 1 and 2. To fall back on option 1 is -- or the benefit of option 1 would be we accumulate all the reserves again in year 1 and we're best able to be resilient if there's a spike in years 2 and 3. The drawback is that the shock to thee payers is higher

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under option 2. But there is some certainty -- and I think that certainty accounts for a lot. People budget for an expense. If they know what the expense is going to be, they figure out how to do the expense as best they can. And then they just don't want it to change. Option 2 at least sets that for three years. So we have two choices. I mean, I would like to build in the resiliency, which means that the thing has to be higher. But at the same time, I want to avoid the rate shock, which means it needs to be lower. And to me, as I look at these, option 2 seems to be the right compromise between those two imperatives that we have to set. But I would also like, ase're looking at this chart, to get to what is item number 2 on the sheet that I handed out, which is to say that we continue to get a general fund transfer at the same level we've been getting it. We just don't get an extra one over the next three years because the base rate's going

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up. Not that we would change the equation for calculating the general fund transfer. I think we shouldn't be changing the formula. But it just means that we would be deciding not to take that money out of the system. And when we get to that question, I'd like to know how that would also impact the combined bill, because I'd like to know the answer to that question. How would number 2, in fact, impact the combined bill. I would imagine it would have an impact on the base rate case. If the examiner and you all knew that that money that you're currently anticipating would go to the city general fund, went to the city general fund, but then was immediately put to Austin energy reserve. So at some point before we leave you here today, I'd like to know what you think that -- how that would impact this page 14.

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Council member kitchen. >> Kitchen: Thank you. I have -- this is very helpful. I appreciate this. I have just two questions. So, the first one is, I just want to clarify, I think I'm understanding what you're saying. But the 114 that we just talked about, in both of those scenarios, 119 down to 114, I think we said. In both of those scenarios, we're assuming that we -- both of those scenarios include the second piece, the base rate, that we haven't decided yet. And both of those scenarios assume that we're going to go with the base rate that's currently proposed, right? Okay. So, I just want to remind people that we haven't approved that base rate yet. And so we'll need to talk about options for potentially reducing the base rate, although I understand that we have the same kind of -- you know, we have some, you know, parameters we have to work with in there. But I just want to make sure we say that, because there are concerns about the proposed base rate.

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So, we're not -- I want the public to understand, on the action we're taking on Thursday is not an action on the base rate. So there's that. The second thing is, we haven't talked about this, and so I don't know if -- I doubt that it would help us significantly, but I do want to understand the impact on -- of our programs for lower income customers, our cap program. And whether there is any utility or any potential to use that program to help with the rate shop that we're talking about. I know it doesn't help everybody. But we haven't talked about that at all. And so, maybe that's because there is no option there. But I think we -- I would like to understand that. >> Sure. So, relative to just the psa and regulatory charge, our customer assistance program clearly provides -- they do not pay the customer charge, and it's

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currently \$10 a month. They don't pay the cap portion of their cbc, which is de minimus. It's probably less than 25 cents or sothing. I don't know. And they also get a 10% reduction on the total bill amount. So, if you have an increase of \$10 in your power supply costs, they would get -- they would pay \$9, not the \$10. It would be 10% of that. >> Kitchen: So, of course, if we were to do anything different with the cap program, there's still a cost to that. But we haven't -- have you looked at anything that we could do with the cap program, an adjustment we could make to the cap program that would help some with the rate shock for our lowest income folks? >> So, part of our

base rate, which is really where it's impacted, we do have some recommendations to help lessen the impact for our vulnerable customers in that. And that's part of the changing the tier structures and moving more to the customer charge. We're not changing the program

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itself cap. They would still not pay the customer charge. But by going from 10 to 20, they would get a \$25 reduction on the bill. And by reducing the tiers, they would pay less for the energy they use, and that 10% would apply to that. >> Kitchen: Okay. But for the psa, the power supply agreement that we're looking at right now, do you see any possibility for using the cap program to help with this part of this -- of the -- or is that something you need to go back and think about? >> How much to limit the amount of increase that they would see from the psa would be to the discount percentage, right? Kind of like we did during covid, we increased it to 15%. That's the only direct way to impact that under the current structure of the program. I don't want to talk too much more, because I'm not the cap expert.

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Ave folks in the utility who know much more about it than I do. >> Kitchen: If we did that, if we increase the discount, then it has to be made up in everyone else's rates, right? >> That's correct. So that those rates would flow through that community benefits charge and the noncap customers would see an increase as a result of that, that's correct. >> Kitchen: Unless we did -- Una, I'm getting a little beyond what might be possible. Let me just say this thing, and then we talk about it offline. So if we increase the percentage, and just use that increase to find a different way to address what that increased cost was, so it's a kind of a match of option 2 and option 3, but not going as far as option 3 in terms of, you know, just carrying those costs. Let me just think about that, because I think what we're -- I think the biggest concern I have is, I do have a concern about

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the rate shock across all of our customers, but of course my biggest worry was for our fixed income and lowest income customers. So I just want to give a little bit more thought to whether there's any potential to assist those customers. >> I would just add, as a municipal utility, we recover all of our costs from retail customers to the sale of kwh. So I don't have another pot of revenue sources right now to go to if we don't collect it from the retail customer. And that's just a limitation of us as a municipal utility. >> Kitchen: I understand. >> Mayor Adler: Council member vela. >> Vela: First of all, I want to say thank you with regard to the business examples. Because I know there has been a lot of uncertainty in the business community as to how this is going to affect them, and I know this gives you guidance as to the size and type of your business and what kind of psa rate increase that you

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can expect. I just wanted to say thank you for that example. Have we done a multi-year psa increase before? >> So we adopted this current methodology back in 2012, and not since then, it's always been on a 12-month basis. We did adjust it one time mid-year in April of 2016 when we had over-collected, and we were able to give a reduced rate in April. Other than that, it's always been on November 1st. Prior to 2012, we had what's called a fuel cost adjustment, and that was changed administratively as needed during the course of the year. But in the last ten years, we have not. >> Vela: I do appreciate the mayor's amendments and the possibility of going to a quarterly or some kind of adjustment, rolling adjustment like that. So there's not as much of a shock from year to year, especially given the

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fluctuations in energy prices that we've seen. And with regard to the may increase, around may when -- was that a combination of fuel prices and whether there, or what were the kind of outside factors that produced that bump? >> So the cost of the electricity we're buying from ERCOT as a result of gas and congestion, amplified by the amount of energy customers were using. Started to get really warm back in May. We had a 14% increase in consumption between May and August over last year. So, people were just using a lot more, and it was costing more. So it amplified that loss. >> Vela: Did that have anything to do -- I know that the war in Ukraine and obviously the fuel kind of supply, natural gas supply disruptions as well, did that play a major factor in that as well? >> It did. The war started in February, and

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natural gas has turned into a global economy, kind of like oil or gold or something else. And so because you can liquefy it and transport it now, what happens in other parts of the world impacts what we pay for gas here in Texas, even though we have a lot of gas in Texas, it's still set at a global price. >> Vela: Looking at the two different options before us, I'm really torn, honestly. My sense would be to get us over with, honestly. Just because we don't know what's happening with the economy and with the Fed raising interest rates, you know, we could be in a worse economic situation next year. And I would rather -- my sense would be potential increase in energy prices. Again, we're seeing the news with the destruction of the pipeline and everyone's hoping for not a horribly frigid winter that will not send natural gas in Europe -- you know, that will not send natural gas prices

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spiralling up again. But, my concern would be if we spread it out, then we might have to layer a couple of more increases on our customers in 2024 and 2025 timeframe. And given that -- given the example that you showed, I believe it was about a \$5 difference a month in the power supply adjustment, for again, your typical 860 kilowatt an hour consumer, it's a tough one. You know, I mean, you have to kind of look into the future. If we could say that things were going to stabilize in 2024 and 2025, that's fine. Then we can roll that out. But I'm not sure that's true. And that gives me pause to where, are we going to be back in the same situation doing this again, layering a hefty increase on top of a hefty increase. And just one final question. In terms of percentage or size of the increase, is this one of the biggest pas that we've seen? >> I believe so, yes, in the last ten years.

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>> Vela: Thank you. >> Mayor Adler: Mayor pro tem. >> Alter: Thank you. First, I want to thank you, Mr. Dombrowski and the sergeant for meeting with me multiple times to go through a lot of this. It was really helpful. I wanted to ask if you could provide us a similar chart to number 14 at least for the psa -- the passthrough charges, I guess I would say, because this is including the base rate, and since have a adopt that and we go and talk to our constituents, it would be helpful to have that as well to be able to look at that. I wanted to clarify, when we adopt a tariff this week, that is covering not just the psa, but also the regulatory charge and the customer charge; is that correct? >> That's correct. >> Alter: Okay. So I want us to be really clear then on the different charges. So we talk about \$20, that is both the psa and the regulatory

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charge changes that are being proposed? >> Correct. >> Alter: So about 17.55 is the proposed if you do it all at once for the under-recovery. That is all at once, the 17.55 would be the psa portion; is that correct? >> That's correct. >> Alter: And then 245 is the regulatory charge. And what constitutes the regulatory charge? >> Sure. So, the power supply adjustment is the cost of the electricity electrons that people use. And the regulatory charge is what we pay all the transmission service providers to move electricity around ERCOT. We call that a matrix expense. Those rates are set by the PU; Kerr, and then at the end of the day, we send each other's checks based upon how much energy we use. It's a socialized cost. And so it represents moving the electrons from the generators to the load zones.

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>> Alter: Okay. So there's a portion of this increase that's coming from ERCOT, which is regulated by the state, that we have to cover in this -- >> There's some fees from ERCOT in there, yes. >> Alter: And then as -- the other piece that I wanted to make sure that we clarify and goes along with lines I think of what Mr. Vela was saying is this tariff assumes no additional volatility or spikes in prices. >> That's correct. So, it assumes that the price of energy we saw in 2022 will be the same in 2023. To the extent it's not, it will contribute to an over or under-collection in that period. >> Alter: Okay. So I'm still thinking this through, but I think leaning a little bit to where Mr. Vela is, because I think it gives us cushion that we not only not anticipate that, but we don't

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end up under-recovering again and end up having to keep going with that. That seems to be the direction that I am leaning in at this point. I'm concerned about the further volatility. The last question, and you tell me if this needs to be covered in our executive session, but we have 104 million that's under-recovered. And of that, a portion of that 27 million we're ascribing to the Brazos settlement. Now, were we to go forward with the -- let's say what you guys proposed, when that Brazos settlement comes in, that would then allow us either to lower the rate potentially

where we are at or to say in the future years, those are going to be even further lowered relative to where we are in the first year,

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if there's no other changes. >> Correct. If we were to get a payment from ERCOT associated with Brazos bankruptcy, we would get the cash, and that cash can do two things. It can help pay part of the under-recovery that we're trying to collect the rates, or we can pass that back through to the customer through a production PSA rate, but I think that's a decision for council to make once we figure out where we're going to receive those cash. >> Alter: Okay. But as we're looking at, you know, the causes of this, there is the increase in the cost of energy that everyone in the country and the world is facing, and then we have additional costs because of ERCOT and the way the ERCOT market is needing to shift to reliability, and we have to pay those charges. We don't get to choose whether we pay those, just as we don't get to choose whether we pay our creditors for the energy we've

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already consumed, correct? >> That's correct. It's like a clearinghouse. They just pass the cost on to us and we pay them because we're a participant. >> Alter: Thank you. >> Mayor Adler: Just real quick, the question of what risk is presented with future volatility in years two and three, if we choose option 2 in part depends on how quickly you can react as Austin Energy. If there's volatility, and we know we're going to repeat the experience we have here, that may indicate one path for me. If you think that, even looking at what happened in May, the numbers started moving in May, but you don't get the May numbers until July, which is that lag. >> Ju >> Mayor Adler: In June. But you're also seeing numbers in May, right? You're seeing numbers every day. >> Every 15 minutes. >> Mayor Adler: Every 15 minutes.

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So maybe there are ways not to wait until June for the official numbers, but to respond to the information data you're getting in May. Maybe there's a way for us to do option 2, but still protect against the volatility potential, so that we could react to it more quickly if that happens, so that even if that happened, we wouldn't be in a shock or something where we're prejudiced by choosing option 2. And at some point, I'd like you to add -- I mean, is that possible? >> It is. We talked about what might happen in the future, that's speculation. And speculation makes commodity traders very rich, and it makes them very poor, because you're getting right and wrong sometimes. I would caution us against speculating what might happen. We have a lot of tools that we can look at, but before we go there, I think the immediate solution is to look at this on a more frequent basis, and make fine tune adjustments to them

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during the course of the year if we need to. Don't wait until it's 10% of the supply supply cost. That to me is the short-term solution on how to keep this on track, while we look at other options. We don't want to do something that has an unintended consequence. We don't speculate. This is our customer's money. We don't speculate. We don't bet on things. So I would just be cautious about putting those prospective rates into the methodology. >> Mayor Adler: Okay. So, on Thursday, I think it would be helpful to come back with the ability for us to be able to go option 1 or option 2, and I also think if you could come back with us being able to put into immediate effect a kind of thing that you just talked about, whether we picked option 1 or option 2, I think that would be helpful. Council member Tovo. >> Tovo: Yeah. I totally agree with that. Especially if we're doing option 2 -- well, either way, I think that you've pointed the path on page 20 of, it seems to me that you talked about evaluating the

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frequency, and I asked you to consider what an appropriate change might be. Is it every three months, or is it -- or would it be better to do bullet 3, approving the tariff with an amendment to adjust it. I think I heard you say as one suggestion a 5% impact on the bill. >> Just as an example. >> Tovo: You know, I think there is more thought to go into all of these bullets, but I do think we need to do something immediately on Thursday in terms of the tariff. So I think the question for us is what that is. And so, Mr. Dombrowski, what would -- how would you respond to an amendment that I hope you would help me craft that said every three months, you know, the power supply can be adjusted every three months, and/or we have the administrative authority to adjust it if it's 5% of a bill impact? What would you suggest? Along those lines, what would

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you suggest as an amendment? >> So, currently, the psa tariff is an ordinance. So, it requires a city council hearing to change. And so from the time that we say, all right, we need a change, we get it on the agenda, we have the hearing, we implement the change in our billing system, start collecting the cash, that's almost three months. And so, one of the things we're saying, if we want to change the rate more frequently, is to put a collar, plus or minus, administrative rights. And then it would perhaps require USO report back to council, we're going to change the psa, 3% this month, and this is the reason why, plus or minus. That would allow us to be more agile. And if we needed more than that collar, then we would get kicked in to -- this is where we would come back to you in a more formal process. That could be one way. >> Tovo: That makes sense to me, but they're not mutually exclusive, because you would still need the administrative -- I mean, the bullet 3 would help you if you are in a situation

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where an immediate response is necessary, but if there's a trajectory that you can determine at three months, then setting the ordinance for the psa change would also be helpful. So it seems like maybe both a combination of both of those in terms of amendments for Thursday might be useful. >> We were talking about the price of natural gas might go up and might go down, things like that. It allows us to stay ahead of the curve a little bit more than what they currently do. So, as opposed to sort of speculating where I might go and seeing if we're right or wrong, we can keep that price up a little bit closer to what the actual market costs are. It's going to cause our customers'

bills to vary from month to month, based upon the rate. But it will decrease the amount we need to increase it by, if that makes sense. >> Tovo: It does. It's a wacky thing to say. I did have a couple other questions. I don't know if you want to go to council member Renteria and then back to me. >> Mayor Adler: We can do that.

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We can keep moving it around. Council member Renteria. >> Renteria: All of this is really concerning, because even if you go three months at a time, that means that you're going to get shocked for three months when you get your bill for the fuel cost, because it's going to increase -- I mean, here we have a stable cost for 12 months. Now you're going to have three months of it going up maybe 200 to pay for your fuel cost. Instead of spreading it out over the whole year. That's concerning to me. And, you know, I know that one of the power companies is going through bankruptcy. Do you see that we're going to ever collect from that? Do you think they're just going to go out of business? >> No, I have high confidence that brazos is in a position to make good on the settlement negotiated between ercot with the trustee of the bankruptcy court.

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I can't give you a time but I know there is cash available to make the settlement payments. I'm confident that it will go through as proposed. The further you get out in time things could always happen, right? I do want to make a point on your first point, which is we talk about the stable psa rate. One of the things that we see is by having a stable psa, I will use as an example, back in may, June, July and August, it was very hot and customers were using a lot of power for hvac or whatever they were using the power for. We were charging them 2.8 cents. If they really knew that the power they were using at that time was costing six cents, would they have changed their behavior? And I think most folks would. If they knew that's how much it was costing them it would have considered. So having a flat stable psa for some of our customers sends the wrong price signal and now they're saying what can I do about it now? And the point sits already happened.

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We used it in July and August but now we're collecting the money. I think that's the pricing that needs to be in the psa that you don't get through tiered base rates. So that's one thing we need to look at is how do we make sure that customers know the energy, the electricity they're using is priced appropriately so they can get the right price signal and serve where we need to conserve. >> Renteria: Basically you're saying we should do it month per month. Three months later you already accumulated the costs. >> Yeah. What I'm saying is we should look at it. I don't have the answer. There are lots of answers. That's time and use rates and [indiscernible] Rates. But we've already talked about a lot of the considerations here which is we have vulnerable customers, businesses that can't necessarily shut their machines down in the afternoon because prices get high. So all those things have to be weighed and considered and evaluated before we make a change in policy. I just think we need to be very deliberate and we also

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have to see whether what we saw this last year and the last 18 months is that going to continue or are things going to settle back down to what we saw pre-covid, pre-ukraine war, pre-changes in ERCOT. I don't know, but I think we need to be very deliberate in our interactions. >> Renteria: Well, I think that's the answer to my question because it is. It's a very difficult situation because you don't know what it's going to be like. I really think another policy is we should hold on to some of that money that if we get into a surplus and the fuel goes down and put it in your reserve would be another good policy to have so that we can when in the future there's a shock we have somebody to back us up. >> That's where we collect money from a customer today, one customer and hang on to the benefit of a different

[11:17:26 AM]

customer in the future. That's one of the policy trade-offs. >> And I don't want to speculate because we just went through having to sell off the wood-burning plant and spent hundreds of millions of dollars over there. >> One thing we can do is further encourage distributed generation like I talked earlier with community solar storage so when prices are really high we don't have to buy power from the grid. We have it organically in our other Ann. That comes at a cost, but it's an option. >> Renteria: And I would agree for a study and really looking into that because I think that is going to be one of the solutions to our problem. >> Mayor Adler: Mayor pro tem. >> Alter: Thank you. So you have presented option 1 and option 2 and option 2 was requested by council to see ways that we could smooth things out and appreciate the benefits of

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that but if you were choosing between option 1 and option 2, I know you have said you could do option 2, but that is not the same as what you're recommending I would like to hear between option 1 and option 2 from your perspective given the goals that you've heard, which is the preferred way from Austin Energy's perspective? >> We are prepared to recommend option 2 with the qualifications that we are stressed and so if we have another emergency it will add to the challenges that Austin Energy has. We recognize for our customers, and it's a huge economic burden, we're trying to share some of that risk with them in the short-term, option 2, so we can recommend option 2, report back to you and it doesn't come without a risk. >> Alter: Thank you. That's really helpful. As I understand from councilmember Tovo's

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questions before, you were going to prepare backup so that we could go forward with option 1 and option 2. Option 2 you will prepare the backup for that and you will also provide us appropriate language to -- it sounds like it's an issue for code amendments for the tariff or discussions on that or do we need to? >> I know I can do option 2 and get that. I don't know what happens, but I can make it happen. You will have it in your packet for Thursday. The changes to the language in the PSA I'm a little hesitant. Again, there's unintended consequences before we

work through things. >> Alter: I'm not saying this -- I'm not saying that you're tellingss specifically what those are, but what I don't want to have happen is we get to three months and we don't give you the direction and we can't adjust anything and

[11:20:30 AM]

so it sounds like there is a certain timeensitivity to even do a short run change in that tariff so that they can make changes in three months even if we have to do a longer process to figure out where we're ultimately going to land for how we deal with psa adjustments. But from what you describe, overnight that we can do it and we see major shifts so we can be preparing so in the short run we have a tool to do that. I'm trying to understand what kind of motion we need -- >> Mayor Adler: Can you come forward with that? >> By Thursday? >> Mayor Adler: Not necessarily the answer, but come forward with something we could approve that says if we choose option 2 there's greater risk. This is what you should pass to help minimize that risk,

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whether it's authorizing an ordinance, if it is giving administrative flexibility, if it's giving direction. We've called for in the direction we've laid out, but if you can do some of this now and some later -- and I think that's best coming from Austin energy. >> Pool: Mayor, if I may, my chief of staff is already in contact with Austin energy to work with them and legal to bring forth a revised recommendation for this item on Thursday. >> Mayor Adler: Okay. Councilmember tovo. So the answer to that was yes. >> Mayor, council members, this is conversation has been incredibly helpful. As councilmember pool mentioned, we'll try to ensure that there are things that we can bring forward that are more than just the direction that you outlined here that are actually codified in the ordinance, we will do that, but we will

[11:22:31 AM]

need some time to do that and based on this discussion right now. >> Tovo: Can we be really clear? I have a couple of questions on other than the ones I had earlier, but I wanted to be clear in my back and forth with Mr. Dombroski I did want to see and was prepared to make an amendment with relationship to bullet 3 about providing for administrative authority within the psa to adjust by something like five percent as well as changing the frequency at which we addressed the psa rate to three months. So those are the two things that I would like to vote on on Thursday. I'm fine if the staff are bringing that forward, but I wanted some clarity about if I need to initiate it and councilmember pool, I'm not sure what entirely you're planning on initiating, but those are the two pieces that I would want to -- that I would want to be able to vote on. So just to kind of put a -- put some clarity on it, is it something that the staff can work with my staff and

[11:23:31 AM]

work on it or is it comfortable that, you, manager, feel comfortable in working on for Thursday and if five percent didn't work or three, that we can certainly consider it. But are those two components something that you feel confident at this point that you can draft and have ready for us to take action on or will they require individual council initiative? >> On those two items, I think again hearing from our Austin energy executives, I want to work with them and legal and I feel that we could get there, but if there's something in the next 24 hours that would prevent us from doing that, I will certainly provide us an update. >> Mayor Adler: Please let us all know so we can start writing ourselves, which I would suggest is not going to be as good as whatever it is you come up. And further, not to limit necessarily to those two things but to actually look at, it could be that you want to look at reserve levels as a reliable trigger to look at or bill percentage increases separate from psa charges. I think you need to build in

[11:24:31 AM]

whatever flexibility you think you will need to have us be able to avoid the situation. I guarantee whatever you write will be better than us taking out our pencils and trying to imagine what might be the right thing. >> Pool: And mayor, if I could -- [overlapping speakers]. With the folks who are part of the subquorum that I put together, which is vice-chair of the utility oversight committee, which is councilmember tovo and with mayor pro tem alter and with you, mayor Adler, the four of us energy this subquorum and I look forward to continuing to work on the language with city staff with the squorum so that we can bring a really strong -- some really strong language forward for our discussion on Thursday. And yes, councilmember tovo, the items that you're interested in, absolutely we can fold those in and any other language that folks

[11:25:32 AM]

are interested in will put up a draft of the revised resolution the message board as soon as we're able to. And be able to move forward with that. >> Tovo: I think I heard the manager saying there will be at least those two options for us to -- and then -- [overlapping speakers]. >> Tovo: If I could, please ask the questions. I just have two questions about the presentation, sorry to backtrack us back here. On 14 I want to be sure -- I want to ask a question about slide 14 please if you could pull back to slide 14. I'm sorry, 14, thanks.

[11:26:35 AM]

I don't know that I know how to describe this except to go ahead and point, but I want to -- this may have been what you were asking for mayor pro tem, but I would like to see -- I would like to see the section of psa -- >> [Inaudible - no mic]. >> Tovo: Thanks. If it's possible, and again this may be what mayor pro tem alter was asking for. I would like to see what these bars look like. The red wouldn't have it, but the yellow with the psa charge in those forthcoming years. I assume it's this little segment is that right? It's not shifting in years two and three, it's the same immediate amount. So I guess I don't need to see it because I drafted it already on my own. But I think what I just want to underscore because councilmember kitchen and others have mentioned this as well, the really big

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jump, the really big jump is the base rate. So to me that's where, one, I think option 2 is what I'm going to support. But the real work here for us ahead I think is figuring out ways to mitigate that big giant jump because it is really a big one for a lot of our customers. >> That's about \$15. >> Tovo: And then I have a different question. >> And the psa is 20. >> Alter: The psa is not 20, it's 17 [indiscernible]. And the regulatory charge from ercot and [indiscernible]. >> Can we get that updated on those charts then. >> Alter: That's what I was asking for earlier. >> Tovo: But as I'm looking at what is causing this increase to here, it would be good to have the regulatory charge right next to the psa so we could get a visual sense of it, but

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there is -- >> We have an optical illusion here. The psa, the base rate is almost the same amount. One is 17 and one is 15. >> Tovo: But even if -- [inaudible - no mic]. There's still going to be a big increase because of that base rate. It's not that different from what my colleagues said, but I want to make sure that the public hears that we're listening to them and that's an area of opportunity. >> More controlling is the over/under collection, the price of power is something that you can't control as we go through. >> Tovo: And I had a question for you about whether there are -- I don't know that this is visible, but I just want -- is advisable but I want to know if it's legal. Can we have option one for some people and option two for others? For example, could we have residential customers collect from our residential customers option on a three year platform, but from our

[11:29:37 AM]

potential customers option one? And I don't know how that would break down, but it seems to me just based on your scenarios that a lot of that under recovery -- our biggest dollars under recovery might come from this larger issue. >> It's the ordinance you set. Is it practical and would it be easy to manage? I don't think so, but I would have to do some thinking on that and talk with my staff about how to do that. >> Tovo: And by practical you mean because of the way our billing system works because it would require too much work to get it set up to be able to do that? >> The color of money as it comes in the door. Then you have residential could incur a larger undercould recover from the other customers and you would have to keep separate accounting books. >> Tovo: Sounds like a huge logistical challenge. Thank you. >> Mayor Adler: Yes, council member Fuentes. >> Fuentes: Thank you.

[11:30:38 AM]

I still need some more information. At this point I cannot support option 1 or option 2. I think having a more nuanced conversation of what we can do for residential customers is different for commercial large industrial is still needed. We've only been really presented with two options. There's no additional pathways for us here. Andh just these two I know how I would vote on just these two, but I would like for us to consider other alternatives to minimize that rate [indiscernible]. The increase would have to be this year and that's the part I really focused on is reducing that first year impact. There's not a lot of gradual in year two, year three to minimize the shock. So to the

extent that we can provide more information to my if office, I can continue with you to continue the conversation, that would be helpful: I think it would be helpful that you mentioned a lot of the residential customers use between 3 and 400 ciliates waits. And if we know that --

[11:31:39 AM]

kilowatts, and if we know that what would be the estimated, the projected rate amount for them in that case, the pass-through rate and in conjunction to the proposed base rate? >> It's about half. So these would be 860, 400 is less than half and so a [indiscernible]. >> Nine or ten-dollar increase on the psa? >> The psa. >> Mayor Adler: Okay. Mayor pro tem. >> Alter: I was just looking at the posting language and it does not seem that we can change the overall tariff rules in perpetuity this week. There might be a legal way for us to change how it's governed for this year. But I just think we need to get some clarity on I think we can provide direction of what we want done, but it does sound like that we either provide direction that if we change something it's temporary for this year otherwise we will have to

[11:32:40 AM]

change the posting language and set up another hearing to do an ordinance, but if we have a clear path for that I would recommend option 2 so it's supported and make sure that we are providing those guardrails for any of the risk that we're creating by spreading it out over that period of time. But I do think we need to get that clarity over what we can legally do on Thursday. But I do not support postponing this. None of us W wants to take this action and raise these rates, but we spend these costs, the cost of gas is higher and we've got to make sure [inaudible]. >> [Inaudible - no mic]. >> Alter: It's a step we need to take. >> Mayor Adler: Yes, councilmember pool. >> Pool: I would reiterate if we delay making this decision that that gap in the funding the 104 million,

[11:33:40 AM]

that would go up by approximately 30 million every month. And that's an increase that I'm unwilling to allow to sit there and not be addressed. I wish there were more options. I don't know what they are because that gap is there, the undercollection is there and the psa is designed to recover that on collection. I think going forward we will be more adroit in addressing these shifts and that's more of the tariff work that we will be working on. Ideally beginning this year and certainly having that -- any additional adjustments to it next year and going forward but I think the lessons that we're learning here are that the resiliency of this electrical utility and our ability with this

[11:34:40 AM]

public owner that we have is we still have tremendous benefits from owning our electric utility and we just need to be really clear eyed in how international the events affect us, how the statewide legislatures regulating or not regulating prices and the transmission of things like natural gas and the prices that we're paying for that. There is a

role for the state government to play there. And at the end we are having to respond to something over which we don't have much control. And it is difficult. I think our major job is to be very clear eyed and educate the public adds to what's going on and why it's happening and the steps that we are taking in a responsible way to address the gap, the undercollection, and to buffer that cost increase

[11:35:44 AM]

and then to work mightily to ensure it doesn't happen in the future. >> Mayor Adler: All right. I think these things are kind of laid out. I would like to know the answer to number 69. I mean, to the -- I'm sorry, to number 2. Because I think we're all looking at the psa in the context of what the overall impact on ratepayers is going to be. So having your recommendation on that, manager, whether that's something that we could consider appropriately or not, and what impact that would have on the rate being paid. I think ab and C, would like a response to those things too. To the extent that there's something else we could do here to better initiate is, I'd like you to take a look at those things as well. Mr. Dombroski thank you, and Austin energy staff thank you. And mayor pro tem, thank you

[11:36:44 AM]

for talking to her office. You've been to my office several times and other offices several times. So collectively we all thank you for the time you're spending with all of us. Colleagues, let's take a look at the schedule issue as posted. Right now we're scheduled to have a meeting on November 17th. It seems as if the collective desire of the council is to not have a meeting on November 17th because so many people on the council want to not be here and want to be at the city meeting. The question then is that true? If that's true then how do we reschedule that? Do we reschedule that? I think the consensus seems to be to reschedule that and also possibly reschedule it in a way that it could be a deliberative meeting rather than going four weeks

[11:37:45 AM]

without one. We could schedule a called meeting some time for that meeting on the 17th. One option is to have it on November 9th, which is the following week. That's the day after the election. And at least one member on the dais is saying please don't hold a meeting the day after the election. But I think that may be one person. I'm available that day, but would need to be mid afternoon. The tenth is also an available day. I'm not here on the tenth, but that's a Thursday of that week that does have the council meeting three weeks in a row, which is not the preferred sequencing for staff to have three back to back to back meetings.

[11:38:48 AM]

It could be also the 15th, which is the day we would have had work session if we had had a meeting on the 17th. The 15th has everyone here except for me because I'm again at the comp 27 meeting. I'd be okay with having that

as a deliberative meeting. I would ask the colleagues indulgence that if some of the items would have been called that day that are in controversy that I am not there for, I would like that pushed intuitive the first. We might know that when we're closer. I think things like the compatibility ordinance could conceivably come back in mid November or the residential and commercial area could come back in that September of time. If those things were worked out they would be voted. If those things are going to be negotiated then I would like those things held back until I would ask the meeting December. But the 15th is an option. The following week of course

[11:39:48 AM]

is Thanksgiving and the week after that is our regularly scheduled council meeting. So I think really what you're looking at is the 9th, tenth or the 15th. The next council meeting we have posted is on December 1st, work session is on November 29th. My recommendation talking to the clerk and to staff is that we do a special called that week on Wednesday. So we have a work session on Tuesday and we have two days potential for council meetings on Wednesday and Thursday. That would be the 30th and the first. In case we have a lot of things that we need to take care of. We could either put the agenda on the 30th and then do a carryover on the Thursday the first. We could conceivably set two different agendas on the 30th and on the first so that speakers know which day to come to and not

[11:40:50 AM]

potentially come to speak on two days. But we could work out the logistics of that. But it would be my recommendation since we're going to be there that we hold the Wednesday, the 30th, and call the meeting then. The following week is the last meeting of the year. And again, I would propose the same thing. That that following week we also keep our calendars open so that we could do a special called on that Wednesday as well. Work session on Tuesday. We have the regularly scheduled meeting on Thursday, but to keep Wednesday open. I've asked the manager to take a look at the things that the staff will be bringing forward, but just to give us that additional time would be my recommendation there. We do have the Austin energy base rate matters being scheduled during the same period of time. I was looking at chair

[11:41:51 AM]

pool's recommendation. She was recommending that work session and public hearing on the base rate be set for November 2nd. Or November 9th and potentially November 15th if it was needed with deliberation being on December 1st and December 8th if needed. If we did that wednesday-thursday, wednesday-thursday, we would have the ability to act on both Wednesday and Thursday, not just that Thursday. We were already getting together as a council on November 30th. We have an atp joint meeting that's an hour and a half or two hours that afternoon. So we are all here as part of that. So thoughts. Yes, councilmember Kelly. >> Kelly: Thank you.

[11:42:52 AM]

I know previous council meetings I expressed interest in attending the national league of cities, but an opportunity came up the Friday of that week so I will not be going to national league of cities and I am available on the 17th if that makes any difference in what we're talking about today. >> Mayor Adler: Okay, thank you. Councilmember tovo. >> Tovo: I did want to talk about 11-17 because we also talked about the option of just passing things on consent if there were things that were not controversial that could just get done on the 17th. Soiled be interested in knowing especially with councilmember Kelly's weighing in how many people are absent. I want to point out that I am not available on 11-2. I think that's one of the work sessions that councilmember pool has suggested for the base rate possible hearing. I also wanted to suggest -- and I think this is all good. Thank you for going through all of these options. I think there's some good ones here and I'm available and will make myself available on all of these days except for 11-2. I also want to suggest that 12-15 might be something that we want to pencil in.

[11:43:53 AM]

We've got a pretty big transition with three of us leaving council. I think if you look back at the last big transition, how late that last December meeting went, it was like a 3:00 in the morning meeting and I don't know that any of us want that to be our last time as this council altogether. So I would strongly suggest that we pencil in 12-15 with the ability to cancel it if we don't need it. And I'm sure those of us who are leaving might want to make some remarks and that too will probably take a little bit more time than we usually have in the course of our regular council meeting and I don't know if we want to do that on a different day or have some kind of designated hour or ceremony to handle that. But I think we should plan for it in a really thoughtful way otherwise we'll be in the same kind of position we are when we all have lots of stuff we want to talk about on the consent

[11:44:55 AM]

agenda where we're going on and on in our comments. So back to 11-17. How many people now are we missing? >> I think we need clarification from Mackenzie because you still have something the 17th, it's just not out of town. >> Kelly: No, it's actually the 18th that I have something which is why I need to stay here. >> Tovo: Okay. So how many people do we have out on the 17th and would it be an option to -- would it be an option and would it also be a value if those of us who are in town -- I thought it was four people so that would bring it down to three. >> Mayor Adler: There was potentially six, but some people were uncertain or could go both ways. >> Fuentes: I will be out of town on the 17th and would prefer to vote on a separate day, whether it be Tuesday or Wednesday, especially given the high number of individuals who are out. >> I will be out on the 17th and also out on the 15th

[11:45:56 AM]

through the 18th. >> Alter: I'm actually now going to be here on 17th but I could run the meeting on the 15th if the mayor is out of town. >> Tovo: So how many do we have out on the 15th? If we did the work session on the 15th and had consent and non-controversial other kinds of things, if we lose council member vela and we lose you -- >> Vela: I can arrange -- I'm flying out on T day, but I can arrange to do it as late as possible to attend the meeting on Tuesday. >> Tovo: So then we would just be without you. >> Mayor Adler: Just me. And if it's consent I'm fine with that. I would also be fine if you wanted to do some deliberations as long as I got to look at the agenda and ask if

some things could be carried over to the first. >> Tovo: That seems like a good option and keep us moving forward.
>> I will be here both days. >> Mayor Adler: So let's

[11:46:56 AM]

go ahead -- >> Just to remind you that you will have to canvas the election and also any runoff. And we're thinking that the best day to do that will likely be the 21st. >> Mayor Adler: November 21st? >> Tovo: Could we do it on the 15th? >> I don't think we could do it on the 15th because we won't have all the information back from the counties. >> Mayor Adler: How many people do it take to canvas? >> You only need two to canvas, but you do need to -- to order the election you will need -- [overlapping speakers]. >> Alter: We have an audit and finance meeting on the 21st. >> Pool: We have audit and finance and capmetro board meeting that afternoon. >> Alter: But we could canvas the election at the beginning. If you only need two of us, there will be at least three of us. >> Mayor Adler: Let's do this.

[11:47:56 AM]

I'm going to do special called meetings and call them at 11:30 on 12-7, 12-15 and 1. Let me do that in order. >> Pool: Mayor, before you decide on December 15, that is a full board meeting for the employee retirement system. And I was going -- so if we do that we may need -- our special called would need to be in the afternoon or potentially on Wednesday the day before. >> Mayor Adler: Let's do this. That was a new date so let me -- let's hold off and let us or the clerk to canvas that week, but I understand your point. But at this point I think the consensus and obviously we can't make decisions at a work session so this needs to come back to council, but it looks as if what we would do is we would have a special called that's set for November 15th and that

[11:48:59 AM]

would give you flexibility to be able to take action with the understanding that any one member can pull things off to the first. It would also have us doing special called meetings on the Wednesday before the Thursday on November 30th and on December and I think it's the 17th. Those two days. So those are three days that would be set up. Let me work with the clerk's office the staff with respect to saying what day the week of 1215. It makes sense for people to hold on their calendars and we can make that decision as we get closer. >> Quick question, with the tri-party project connect meeting happen, I know on my calendar at least it looks like longer than two hours so maybe you have more

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clarity on how long it may be. But I wonder if it might make sense to a Thursday and Friday meeting instead because after our work sessions we usually need that Wednesday to prep for some of the votes. And that doesn't really allow us a lot of time to finalize amendments or get last minute questions answered. >> Mayor Adler: I'm not

here on the second on that Friday. The 21st and we can also do the 21st to be able to canvass the election. That's the Monday of Thanksgiving week. And then do people have a preference with respect to Austin energy public hearing on the second and the 9th? >> Tovo: I have noted I'm not available on the second. >> Mayor Adler: Councilmember tovo is not here on the second. >> Pool: Mayor, I don't know that we're taking any action that day. That is the intention is to

[11:50:59 AM]

hear from the community. >> Mayor Adler: I'm not here on when you set it on the 9th. I'm leaving late afternoon on the 9th so I could attend at least part of that day on the 9th but I would be fine with the public hearing happening in my absence if I need to leave. It sounds like the 9th is the preferred day than the second for the public hearing. Does anybody feel differently about November 9th? >> [Inaudible - no mic]. >> Mayor Adler: November 9th for public hearing on the work session on Austin energy base rate. So that looks like the date there. It's also been asked that people try to keep November 15th open, but that's obviously a day where there's going to be a set meeting so we could always put that on the agenda if we

[11:51:59 AM]

needed to, councilmember pool, on the meeting on the 15th. And we're otherwise setting so the council can deliberate and take preliminary that day as well. -- Take public testimony as well that day. Mayor pro tem. >> Pool: So on November 15th we're set for an audit and finance committee meeting and if we need to have that meeting or have a special called that would be the day we're getting the independent Austin water report back as of the current schedule, so if -- if you want to make that time available regardless, but we could do that during work session, which is the main thing is that the report and I think our full meeting will be on that report and it is of value to the whole council, but just as you're timingwise for thinking about things. And I would just add that as we add these extra minutes so -- meetings to make things smoother that I don't want the message to be to fill the meetings up with more and more items just to

[11:53:01 AM]

fill them up because we're having the meeting that we should still be somewhat judicious because I think if we're adding the extra meeting in December, make sure that we can take care of business that really needs to be taken care of before we start with the new council, but just to be careful that we don't end up with the 15th being the meeting that now ends up taking forever. I'm not sure what the right balance is with that, but we're not adding the meeting for the 15th to become a giant meeting, we're adding the meeting potentially to provide us the breathing room for that. >> Mayor Adler: Well stated. >> Tovo: That's a very good point. I think front load those things, not stretch them out would be my recommendation. >> Alter: And I had one other request to the extent possible that we can have the agenda that's having the week after posted perhaps somewhat earlier than just the two weeks before so that our staff don't have to do all of it over Thanksgiving,

[11:54:03 AM]

especialy if we're going to be meeting Tuesday, Wednesday and Thursday. >> Mayor Adler: All good points. Thank you. Councilmember Kelly. >> Kelly: I was just wondering if you or your staff could post the finalized calendar that we just discussed on the message board so we would all have that. Thank you. >> Mayor Adler: Yes. We'll do that. Councilmember tovo. >> Tovo: I think there might be a meeting discussed right around 12 N 9 and just a reminder several of us serve on the joint subcommittee with aid so it's not a total impediment, but it would be if we have a meeting on that day we would probably need to take a break and go to the joint meeting. >> Mayor Adler: Okay. And right now I don't think we've talked about anything on 12-9. We had talked about having 12-8 is Thursday. We talked about 12-7. >> Tovo: Got it, thank you. >> Mayor Adler: Staff would prefer wednesday-thursday an thursday-friday as well. Yes, councilmember

[11:55:05 AM]

harper-madison. >> Harper-madison: Thank you, mayor. I was going to propose 12-2 but I think I heard my colleagues say they were not available for 12-2. Can you tell me how many were available on the proposed 11-30 date? It doesn't seem like there was any deliberation on that one. Was everyone comfortable with moving forward on the 11-30 date. >> Mayor Adler: I think so. I'm in not here on 11-30. That is a Wednesday and we have on our calendars the joint atp meeting so there was already something that was on our calendars for that day so the meeting would be set for when that atp meeting was not being held. Is that okay? Does that work? >> Harper-madison: No, no, that definitely works. In my mind's eye there's some staff that wouldn't be available and when it was scheduled for if we can't do the two-day meeting, which I thought was the plan 1 and 2, then what is the plan here? >> Mayor Adler: 30 and first. We still do the two-day meeting. Work session as scheduled is on the 29th, the council

[11:56:06 AM]

meeting is on the first as already scheduled and now we'll add the 30th, the Wednesday in between these two days. >> Harper-madison: Thank you. >> Mayor Adler: Yep. Okay. Yes, council member Fuentes. >> Fuentes: I would prefer not to have a third council meeting in December. It just feels like that third week of December, that we get a lot of district events that come up. And I would like to attend them in the community. So to the extent that if we have to have a third council meeting in December if we could front load that on the front end of the week, monday-tuesday, that would be helpful. But I would prefer not to have a third meeting if possible. >> Mayor Adler: Okay. We'll work with the clerk's office to -- and the staff to poll council on that. We've left that open. We'll come back and discuss that issue. >> Tovo: I certainly understand the concern and we are canceling a meeting that's on our calendar,

[11:57:07 AM]

which is one reason why I'm getting concerned about it also because I know there are several things coming back that several of us have had an opportunity to initiate or be involved in. And to the extent that having that additional meeting allows us to finish up some of that work, I would just ask for that consideration. >> We're not canceling, we're moving that meeting to another day. >> Tovo: But it will likely end up shifting quite -- some of that work to other meetings just because there will -- in the course of any council meeting there are lots of items on consent that get pulled and most of ifcs on so it will have the impact of shifting a lot of that work for other council meetings. >> Mayor Adler: Okay. I think this gives us stuff and we'll come back to council with that. Councilmember tovo, can you do the airport issue, 16, real fast? >> Tovo: I can try. >> Mayor Adler: In five minutes? >> Tovo: Sure, we'll try. My question -- so this is a custodial contract and I

[11:58:08 AM]

wanted to hear from -- I wanted to hear from our -- the department or department representatives or purchasing or both about why this is being handled as a contract rather than insourcing these employees. There was not information in the backup that made that clear. It is a stated council policy after a lot of work that our council has done to really make that practice if it's a consistent. If these are employees that [indiscernible] >>

[11:59:35 AM]

Council member tovo, mayor, members of the council, James Scarborough, financial services department. Council member, we could have been more clear in the backup. My apologies in that regard. Your direction from the council with regard to a preference for increasing the quantity of these services being provided by city staff has been very clear, it's something that we've been working with the other departments to pursue for some time now. In this instance, this particular set of contracts is in its final months. Actually, the new solicitation to replace these contracts is currently on the street. There are just over 4 months remaining in this term. It's just that the quantity of services needed, particularly for the airport, for the department of aviation, has exhausted the remaining expenditure authority. So, this is not intended to be a

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long-term request. This is just to get through the letion of the current contracts to allow us time to complete the new and implement the contract. We had representatives from the various department, including director Alexander from building services. The departments are reviewing their requirements for these types of services, and determining their schedule for bringing those services in. That's done on a department by department basis. But we're well aware of that, and my apologies for not having made that more clear and below the line. >> Tovo: Thank you for that explanation. That's very handy about this contract. But I think I heard you say they are just about to get a solicitation on the ground for a longer-term contract, so to me that kind of brings me back to the same question, what is their plan. And I see our director of our airport here, what is your plan

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for bringing those ongoing -- the ongoing custodial -- I don't know how to articulate it. Bring in-house those jobs where you know you're going to have a consistent, ongoing need for those staff, versus putting that into a contract. >> Good afternoon, council. Councilwoman tovo, we are aware of the resolution that was passed in the past, and we added additional ftes to the budget amendments for this year, also for fy23. This current contract, or the future contracts, will just help us fill in the gap. Currently, we have 40% vacancy rate in our custodial staff, and with the TSA, ten-year background check, that limits the candidates pool. So having this contract will just only help us fill the gap. >> Tovo: I'm sorry, I just want to be sure I heard you correctly. Did you say a 20% vacancy gap?

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>> 40%. >> Tovo: 40. 4-0 among your custodial staff at the airport. >> Yes, ma'am. >> Tovo: Wow, that's enormous. Do the contract custodial staff have background checks? >> They do have background checks. We've been working with the two contractors and they're also struggling to get the staff in. We requested over 20 staff members. So far, they just provided us 11. >> Tovo: I see. So it's the same background requirement. They already have a pool that they can draw from. >> Yes. >> Tovo: Okay. That's very helpful. Thank you very much. >> Mayor Adler: Thank you. Colleagues, we're going to take a recess now. We can meet in executive session, let's say, 12:45. Does that work? 12:30 or 12:45? We okay with 12:30? You want 12:45? 12:30 works. Okay. After executive session, we're going to come back out. We have council member tovo's

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real estate issue to hit. We have the pud. I don't anticipate us going through any of the pud issues, but talk about how we're going to approach that on Thursday, which I think will be similar that we went through two weeks ago. And then we also have the balancing item that I filed, item 74, with my co-sponsors. So we'll handle those pulled items. Council member tovo also had 139 on the concrete pour. But I'm going to call executive session now. >> Tovo: I just wanted to ask my colleagues questions. So I hate -- I'm torn, because I would like to hear from my colleagues and the staff. You may have questions for the staff that only they can answer, but I'm comfortable with that part of it happening on Thursday. If we want the staff, who would otherwise be able to go back to

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their days, you know, I just want to say that that would be totally fine with me if there are people here, just to support the q&a for the real estate, you know, I'm comfortable with taking any questions that come up that only they could address, until Thursday if my colleagues are as well. Mostly, I want to hear from -- >> Mayor Adler: I look at the -- I'm really pleased that you brought that item, because I think that we have kind of a experience now and track record on things that have arisen. There are issues that have arisen, some of which council has given direction on, and to the degree that we can speak to those things as the new council is coming in, I think that would be a really important, and helpful thing for us to do. I'm not sure I'm going to be ready to vote on it on Thursday, and it's pretty broad, and only seeing it recently, I don't know if there's another draft that's coming out that I haven't seen.

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I really haven't heard, had the opportunity to hear back from each of the impacted departments. I think these are really important policies for us to be setting and to share the knowledge. I'm just not sure that I'm going to be able to have the opportunity to vet it with all the council staff that I would want to in order to be able to vote on Thursday. >> Tovo: Okay. So, then, maybe -- I do want to still talk about it this afternoon, and I guess, manager, it's your decision whether or not to have the staff there. One of the reasons I brought it forward on the last council agenda and pulled it for council discussion is to try to address questions and answer comments, so it's been -- you know, it's been posted a long while, mayor, and I know we invited you to be part of that quorum so that we could address any questions. So, I would -- we've been working kind of around the clock with staff to try to address their concern. We will have a new draft that I believe addresses and resolves most, if not all of their concerns. And, you know, we're going to continue plugging through, because I do want to kind of

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move forward with it. >> Mayor Adler: We put on q&a, colleagues, a question that basically said, if staff has reactions to this by departments, I think you have had the opportunity to work with council member tovo's office on this, and they probably are privy to some of the concerns, or ways you think it's really good and should be moved forward, that the rest of us have not had. I put into the q&a asking for that information to come back to council. I'd very much like to see that. >> Tovo: I would just ask, manager, I hope the response will reflect the changes that we've made in response to staff. I mean, some of the comments that we were getting, and this is probably a conversation for afternoon -- I didn't mean to delay it. I was just trying to get you staff back to work. But, you know, for example, some of the questions did require us

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making revisions. Some of the questions required us to kind of point out where it was handled elsewhere in the draft. So, you know, I want to be really -- I know my staff reached out to your staff this morning to work through some of those, because what I would ask is that the responses in the q&a be really direct about any remaining issues, not about issues that were just simply overlooked in other parts of the draft. >> I appreciate that, council member. I think I'll defer to staff, but certainly, I think I have not seen the revised version. And so in order for us to best respond to even more recent q&a, it would be good to work from the most recent draft of the resolution. >> Mayor Adler: Okay. We're obviously going to call it up this afternoon, so let's call it up this afternoon, we can talk about it. City council is going to go into closed session to take up three items. Pursuant to 551.076 of the government code, we'll discuss information to security-related item e1. In pursuant of 551.01 of the legal code, city government will

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discuss legal issues related to items e2. Pursuant to 551.133 of the government code, city council will discuss certain power public utility competitive matters related to item 71. Without an objection here, at 12:04, we're going to do recess this portion of the council meeting. We'll all see you back in executive session, which we will do remotely, and we'll see you there 12:30.

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>> Mayor Adler: All right. So, let's keep going here.

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It's 2:34. Still October 9th -- 11th. 11th. Let's continue on with the agendas that we have pulled. I want to touch base real quickly on the pud items, 68 and 69. I don't anticipate us taking a vote on second reading this Thursday either, as we work through the issues. I've handed out something that I think tracked the issues that we've identified. I handed out a similar sheet like this when we worked two weeks ago. Hopefully, we'll have the staff's version 5 with us as we go through this. We have the hotel use questions, as to whether or not we allow hotel use, we can talk about

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that on Thursday, but that's kind of a yes/no, or whether it's a conditional use seems to be the choices there. Water forward is whether or not we use city code or whether we use something other than city code, based on the brief conversation that we had last time, it seemed as if the sentiment was to use city code that would apply. But that's what that discussion would be. On irrigation, the applicant said that if allowed, they had worked out a deal with Icra to be able to use water from the lake that would be used just off the lake. I'd like to know more about that from the applicant, but that would seem to be reasonable, and if our water department had a problem with that issue, then, manager, it would be helpful to know that. Otherwise, I don't know why we wouldn't let that deal happen. We have the parkland dedication

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fee, which seems to be the question of whether the applicant pays the amount that the applicant was intending to pay before we adjusted the rates. The sentiment seemed to be to ask the applicant to pay what the applicant said the applicant was going to pay before. I think based on my read of the dais, I think people were on that. Parkland maintenance, the question is who does that. Whether it's the developer that does that or whether that's staff, based on the conversation I've heard, it would appear as if it's best for staff to do that, because it's what we do in parks. But if our parks department believes it really needs to be something else, I'd appreciate them reaching out to vary from what is the normal function of who takes care of our parks. On the affordable housing issue, we discussed that a little bit. My sense from the dais is that the critical mass seemed to be

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to use the 422 location, so that it could be started immediately. I think it was 70 units at 80%, and 36 at 60%. There seemed to be a desire to really ask the applicant if they could come back with more. 60% units than 36, if we make the choice to go to a 422. And the other question from the applicant, if the applicant is going to let us use those units and put them into service early, what happens if the city doesn't come through on the back end with capital improvements to Barton springs road and that kind of stuff. Going to be really difficult to get units back. So I think the two questions for that are with respect to the affordable housing, do we want to do it in 422. If we do, are we united in trying to ask the applicant to come up with more units than what was proposed, and what is the appropriate time for the

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applicant to put them into service. Because I think the applicant's request to make sure the whole deal happens is worthy of review. On number 8, the question on affordable commercial rate, I think that our staff had proposed that it would be determined by EdD, the applicant saying rather than leaving that undefined, can we just agree that 60% of class a market rate. I'd like to have EdD manager come back and tell us if they have an issue with 60% of EdD. If there was some other thing that would make it certain, so that it's not left open and unable to put into a pro Forma. They have an alternate proposal, come back to that. But I think it's reasonable to liquidate that, so that everybody can plan around that. Reflectivity is an issue. I really don't understand that.

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I don't know what the policy is downtown, but if our staff could take a look at that. I think council member tovo proposed two different tiers for reflectivity, but there was issue with birds. Not to discuss through that, but I think those are the issues that we need to discuss on Thursday. But having more data information or a recommendation from our staff I think would be helpful. Kathie. >> Tovo: I was just going to mention, that came from one of the commissions. I mean, it didn't come out of my head. It came from one of our commissions, and we do think a letter I think everybody received yesterday from audubon society indicating, I believe, their recommendation is what we passed on first reading. But that should be in your box as of yesterday, or maybe this morning. >> Mayor Adler: Helpful, thank you. I think one of the big issues we have, news, the setback question. We really haven't discussed that one at length, so it would be really helpful if staff could kind of lay out for us, and if the applicant could come prepared to address the setback

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issue. We haven't discussed that yet, so I would think that's kind of like new turf for us to be able to walk through. Council member tovo had a use of public funds to build infrastructure, and I think I understood what you meant by that. But I think there's already public funds in the deal, as it's set up now. So I'm not sure how to reconcile that. I

think your intent is going forward, other than what's stated in the deal, we don't want you to go out aet subsidized for the promises and commitments that you've made. If that's what it is, then I agree with that, too. I just don't know the right way to word that. >> Tovo: So, at the moment, the only information we've gotten from staff about where there is public investment, it relates to the parkland dedication. I don't know if we have more -- there may be more in the q&a. But when I ask the question about what public investment or subsidies were in there, we only got information back about park land. The developer listed off a few other things. That is not something we've got

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a list of or an accounting of. So I would say, you know, step one would be for us to get ahead of counting what the developer has requested public subsidy of. But yes, my amendment says that the applicant is not going to use -- is not going to get public investment or any kind of subsidies to meet the requirements of the proposal. >> Mayor Adler: Okay. So I join in that, too. So it would be helpful if staff and the applicant, wherever the applicant might be, to make sure that we have a real good feel for where subsidies are or not in the project proposal. Or anticipated. The last one that I had here was my amendment, which would allow for traditional development above the 3.5 million square feet in exchange for additional affordable housing. So, purely as a bonus in asking

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staff to come back with proposal. And then I have a section called in progress, and this is council member kitchen's amendments, and council member pool's amendment, which I heard both they've been resolved, but I've also heard they're not quite resolved. So I urge council members kitchen and pool to -- and I urge the applicant especially to try to tell us if there are outstanding issues with respect to that. Hopefully we can move through that quickly. >> Kitchen: Mayor, if it's appropriate, I just wanted to speak to that for a moment. >> Mayor Adler: Okay. Real fast, because we're not actually debating them at this second, we're just identifying issues. >> Kitchen: Oh, okay. Those are in process. I have one more amendment that I haven't surfaced before. At the appropriate time, I would like to raise it, because I think it might go on your list. >> Mayor Adler: Okay, that would be good. I'm going to come back to you here in like 30 seconds. >> Kitchen: That's fine.

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>> Mayor Adler: So those are the in-progress things. We have some things that I think we resolved. The residential units. The ten-foot wide vegetative buffer did seem to be needed. The bike pedestrian safety I think we had. The bedroom mix I think we had. The better building program I think that was resolved as well. But we'll make sure that that language is presented, hopefully I think in v5 that the staff prepared. As I go through these, as we just went through them, I think we could probably really touch base on these. I'm not sure we're that far apart on most of these things, as we just went through the list. But that's the intent to go through them. Plus, whatever additional items people might have. I understand that there are language nits, and I don't know whether they're actually nits or whether they're substantive things. So I think it's really important that our staff get with the applicant to resolve wording changes that may have changed, just generally in the text between what had been presented before planning commission and

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what came back to council anything that can't be resolved, anything that's a substantive issue, let's make sure that we mark those so that we can elevate those issues on Thursday, so that people know there's an issue with regard to that word or words or that concept or policy. So, heads up to each other on additional amendments that we may not know at this point. Council member kitchen, you said you had one? >> Kitchen: Yes. I'm exploring right now some issues related to the boardwalk. >> Can we lower it just a little bit? >> Mayor Adler: You're very loud. It's not your fault, Ann. >> Kitchen: Okay. So my concern has to do with the boardwalk. I definitely do not want to use public dollars on the boardwalk, because it's not that I have anything against a boardwalk, but I'm also thinking that we're doing a lot of analysis right

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now about how we can afford affordable housing, and to me, the boardwalk is not a necessary piece. So I know we're not debating it now. I just wanted to raise that. I may have an amendment related to the boardwalk. >> Mayor Adler: Okay. Sounds good. If you have anything and can post it, that would be great prior to Thursday. Mayor pro tem. >> Alter: Thank you. I just wanted to flag on here, pool's amendment for parks just the annual programming plan? Because I think it went beyond just the annual programming. She has one related to, pass. >> Mayor Adler: Yes. It was the full pool amendment. I just wanted to make sure that was marked. And then I wanted to clarify, it doesn't sound to me like we are ready to vote on Thursday. Is the idea to continue to make progress based on this list, and the moving pieces rather than vote on Thursday? >> Mayor Adler: Yes, I think that's the intent. No vote on Thursday. Hopefully we can set it for

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resolution on the last meeting in October, but if we're not ready to do it at the last meeting in October, we can push it to the week after that. But let's see, because there's just not that many things that seem to be up in the air at this point. So, it would be my intent to postpone it to the first meeting. Let's see if we're able to do it then. If not, we can move it back. If we are, we'll take advantage of that opportunity. And if we're not, we'll take advantage of that opportunity to work through issues that we might need to work through if there are any. >> Alter: Thank you for the clarification. >> Mayor Adler: Yes. Council member tovo. And did you have something you wanted to help us with? >> Just briefly, if one of y'all could share with me, please, the letter because it went to the consulate, not to staff. That would help me. >> Mayor Adler: The audubon letter. Kathie, can you get that to Jerry? >> Tovo: Sure. >> Mayor Adler: Thanks. >> Tovo: A couple things about the sheet, and then I hope we can talk about the process on

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Thursday. Just to be clear, park land maintenance, I think we had asked for some estimates of what it would cost the city to maintain that park land as class a space. Sorry, level 1. >> Mayor Adler: Do you know the answer to that now, or are you going to bring that on Thursday? >> Yes, mayor, we have the answer to that. I don't have it off the top of my head. I know director Mcnealy provided it to us yesterday. >> Mayor Adler: And the director is here. The director is in the house. >> Tovo: You know, one of the things that I've noticed a shift in is it used to be when you submitted questions to the q&a, I think they posted right away, even if the answers weren't up there. So you could see even on Monday or Tuesday, you could see the questions that other council offices have submitted, so you didn't necessarily duplicate them. I noticed lately we're only getting to see the questions once the answers have posted, and it just I think would save a lot of time if we could see the questions that other people were posting. And because this is continued over from council meeting to

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council meeting to council meeting, if you could make sure that, like you did last time, you merge all of the questions for the statesman into one. You know, so carry over all the questions and answers from previous council meetings. >> Mayor Adler: Both helpful. Thank you. Director. >> Kimberly Mcnealy, serving as the director for parks and recreation. We answered the question three different ways. All answers are correct. One was, if the, pas and recreation department took over maintenance specifically just the parks and recreation department, which was an estimate of about \$600,000 with four dedicated staff. There was also a question, I believe, from mayor pro tem's office who said, well, what if there had been talk of perhaps a third quarter entity being able to take over a partner, if it were a partner, their estimate is about \$900,000. And the applicant themselves had an estimate, which I believe, and I don't want T to misquote,

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but I believe it was between 1 and \$1.2 million. But I need to confirm with the applicant that exact amount of money, and that's what the answer to the question says, and there's a spreadsheet that lays it all out. And the reason why the parks and recreation department is a little bit lower with four dedicated staff, is that we would also assume that we would pull from the existing staff that we have when there was a specialty need. So it wouldn't have to hire additional individuals, like a fifth or a sixth person, because if we needed a special forestry thing, we would call on our forestry team, which wouldn't be dedicated to that site. But that's why the others are probably a little higher than the parks and recreation department's estimate. >> Tovo: I want to dig into this issue a little bit, and I don't know if now is the time and I had some other comments on other issues. But something that you said, mayor, you said this is something that we typically do, and I understand there would be cost savings. But I'm also just thinking back

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on a presentation I went to years ago that Tom Turkel did about the triangle park, and he spoke about one of the advantages of private maintenance of that little public space within the middle of the triangle development, and, you know, my takeaway from that -- I don't know if this is exactly what he said or what my takeaway was, but that

because it was privately maintained, they were able to maintain it at a slightly higher level than the city would be able to, just because of a resource issue. And so, I guess I throw that out there just as an example of places where that is a public park space. It's open to everybody, not just residents there. But it is maintained privately. And there may be some advantages to that. >> So there may be some advantages. I can't argue. That is correct. There may be some advantages. But the estimate that I provided for you was the -- was an analysis of how many staff would need to be solely dedicated to

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that space at all times. So we're talking four dedicated staff at all times. They wouldn't work any other parks space, except for that park space. So we tried to mirror what a private -- in order for us to keep it at that level, the highest level of maintenance. We tried to mirror what that would look like. But we're also considering the fact that we do have other resources that we could pull from that a private entity would not have. >> Tovo: That makes sense to me. But it is not an inconsiderable increase in expenses. I mean, you would have to find an additional 600,000 just right out of the gate, and five years from now, that cost will be higher. As we struggle to kind of maintain all of our existing park sites, I just want to be mindful that this would be a big jump. >> That is correct. >> Tovo: Okay, thank you. >> Mayor Adler: Okay. So, we'll pick up these -- yes, go ahead. >> Just for expectation

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purposes, v5 is only a cleanup to ensure that we got first reading, the first reading for what's right. So it won't have anything else, other than a first reading. >> Mayor Adler: And we know that. What we did last time, we took that v5, we kept the color coding the same way the staff had done that, and then we just blocked in red the issues, and we had them here in order. I intend for us to do the same thing with these categories here. Blocking some additional areas that were not blocked the first time that have risen in issues and the like, just as a way to be able to move through the draft, hopefully on Thursday we'll have more refined feel for what the outstanding issues are, but no votes. But no vote on second reading. We're just going to try and push it forward. Did you have any other questions about the pud? >> Tovo: Yeah, a couple other things, yes, I do. And then I wanted to talk about process. And I'm not sure if council member kitchen -- she is good. A couple other things on here, I

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think I already talked about -- >> Kitchen: I have to leave in two minutes. >> Tovo: Maybe we better shift to talking about process. >> Kitchen: I have a hard fast. I have to leave in two minutes. >> Tovo: I would like to talk about what our process is going to be on Thursday. We've received multiple requests this that there be a time certain, and also that there be a very clear expectation about the amount of time people have. But I think amidst that, we really need to have a time certain for Thursday. >> Kitchen: And mayor, if I could just say one thing, since I'm going to have to get off. >> Mayor Adler: Yes. >> Kitchen: Have the same concerns that council member tovo is raising. I just think the nature of what we're talking about here, and because we're talking about it as opposed to, you know, we've acknowledged already it's not time to vote. I think it would be very helpful if we had a time certain so that people would know when they could talk. So I'd like to request that

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time. I also think it would be important if we can to provide more than one minute. And it could be that if necessary, that Thursday's not the day to do that. Maybe we have another separate meeting at a time where people can talk more and, you know, and go through things more. I think it's more important. Because of the complexity of this, I think it's important that we provide enough opportunity for people to really feel like they have a chance to raise their concerns. So I just wanted to say that now. And I apologize, I'll have to jump off in a minute or two. >> Mayor Adler: No, it's okay. The default would be, we would give people time certain so they would know when to be able to come. It's 2:00. And everybody would be invited to come and speak at 2:00 if they've signed up with the number, they would all be able to speak in a group because we call the groups by number. I don't know yet what the

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recommendation would be on how much time people have to speak, because I don't know how many people have signed up to speak to help make sure that the meeting gets handled then. But I hear the issue. That's going to be the default. I'll put something up on the message board post, and then people can respond to it. And then we can decide that question differently Thursday morning if people want to. Yes, council member Kelly. >> Kelly: I just want to say that I'd like to echo what council member kitchen said, and I'm glad that we're discussing it, because I do believe that this needs more time and we need to make sure that people in the public know when to be here. Thank you. >> Mayor Adler: Okay. And certainly, we also know that on this issue, people in the public have had probably four or five chances to speak thus far, and the way that we've set it up we'll have another couple chances to be able to speak. But I'm going to post something. People can respond to it on the message board, and we'll bring that up first thing in the morning. Yes. >> Vela: Just a quick question. The time certain, I think that's very helpful to everybody.

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Can we distinguish between times and speakers depending on topic? I mean, just from a public kind of fairness perspective. I'm not totally familiar with that from a legal point of view. Is it okay to say, okay, you know, these items get one minute, and these other items get three minutes? >> We only have to allow people to speak on each item. >> Mayor Adler: The question is, can we then set a different time depending on which item a person wants to speak to. >> That's a policy question. >> Vela: I was just thinking it was viewpoint discrimination, you know, from a first amendment discrimination point of view. >> Mayor Adler: If staff could take a look at that before Thursday, because I've heard that question raised by some members of legal before. It appears as if some people would have more time to speak, depending on what it is they want to speak to. That will inform the conversation. I know that we have. We'll start with that.

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Okay. And we'll try to lay out the numbers in my message board post of how many people are speaking on which issues, although it's not a definitive number, because we know people can continue to sign up until 9:15, I think, on Thursday. And again, I would remind the public, if you want to speak, you could sign up at the kiosk tomorrow, if you want to. But on day-of, that closes at 9:15. So, please make sure that if you can't be there at 9:15, you come the day before, or make arrangements to be able to sign up. All right. So, I think that takes care -- yes, council member Ellis. >> Ellis: I have a quick question. Sorry to turn back to the sheet. I appreciate this being boiled down into just where the decision points are left. On the affordable housing component, it might be helpful to have, you know, the mfi levels, the number of units, and the timeline of which those would be available in here, just because we can kind of do the math on 55 units versus 70 units. But understanding that one may be ready, you know, right now is something that we should weigh as we look at how many years until the other one is being

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built on site would actually come online. And I'm not saying there's one that's right or wrong, but we just should probably weigh that into which one is really the best deal at this point in time. Or how much 23.2 million might get us nearby, if that's the option of the council. >> Mayor Adler: And that would be good, and certainly, we didn't take any votes, so we could certainly do the nearby option, based on the conversation we had last time, it appeared as if the consensus of the dais was not to go nearby, but to go into 422. But we didn't make any decisions then, and we can certainly do whatever we want to do. Do you have an admonition to us? >> It is being discussed whether there will be a time certain for item 68 and 69. If we can know well in adnce, so we can prepare with the vendor, because we will need to create an additional batch. >> Mayor Adler: We've called it for 2:00, which is the time when zoning speakers are. So, it coincides with the times you would be giving them anyhow. >> Perfect, thank you. >> Mayor Adler: And we will call them as a group, because they

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will be signed up as a group. Yes, council member Fuentes. >> Fuentes: For the conversation on Thursday, council member tovo, on yours, the use of public funds, and I think this relates to council member kitchen's amendment that she's considering on the boardwalk. If I could have a better understanding, like what would be examples of where public funds might be used that we're trying to restrict, that would be helpful. >> Tovo: Sure. And we had asked staff to kind of list them out, because we didn't get a comprehensive list. So this amendment is really quite broad, and I did want to point out, it's really broader. As I said earlier, it's really broader than just building infrastructure. It's really saying, you know, we are not investing public funds unless they've been called out in this little list, and we've agreed to them. We're not investing public funds or any other subsidies in this proposal to help them meet requirements. >> Mayor Adler: Your question about what is the universe is a really good question and that's

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a question we've asked. We've asked staff to come back, as well as asking the applicant to come back with a list of everything that's in this proposal that involves the subsidy and the use of public funds. >> Vela: Sorry, I know we need to move on, but the boardwalk, I'm not sure -- and I appreciate council member kitchen's amendment. What is the purpose of that? I mean, there's plenty of room on the trail there. On the land for the trail. Understand where they put the boardwalk on the other pieces, where those cliffs are, in certain spots. I'm unclear as to why we would want to build a boardwalk there when there seems to be enough room on the trail. >> Mayor Adler: Good question. We're going to hold that until Thursday. You've identified it. We've asked Ann to post her amendments, so we can all read it, and maybe that will give us a greater indication. All right. I'm now going to move away from this item. >> Tovo: I'm so sorry, but I had some other things on this. >> Mayor Adler: Okay. >> Tovo: One, I just wanted to note, it certainly may be the

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case that we resolve the better mix of affordable housing, but I don't remember how we resolved that, so I'm going to have to go back because that's an issue that's important to me. >> Mayor Adler: Okay. >> Tovo: The parking garage, council member kitchen, this may be on here, but I know that, you know, again, in looking for ways that we could increase the affordable housing, she asked some questions about the parking garage at our last time session, and I don't see that reflected on here. >> Mayor Adler: Okay, helpful. Thank you. >> Tovo: That's another important issue. With regard to the affordable housing, I would like to hear some more information from our -- if there's going to be a conversation on the dais about using fees to invest in housing outside of the south central waterfront, I really would like to hear from our staff, our housing staff about their recommendation, because that is an important city goal, and it's in our plan to invest and to make sure that we have 20% of the units, housing units in the south central be affordable. So I would very much like to hear our housing staff weigh in

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on that. >> Mayor Adler: Okay. Thank you. >> Tovo: And... I think that is it for the moment. Thank you. >> Mayor Adler: Okay, cool. I'm going to need to leave here, but just before I do, item number 74. Colleagues, this is an item that basically deals with the frustration I think that I have felt, and I think others on the dais have felt when we get really, really good environmental stuff, and other things that we want to be able to do. But at the same time, we know that ending by themselves, they could result and do result in less buildable area or greater cost to development, and we say on the dais that we just desperately don't want to be put in a position where we're having to decide between really good things, like environmental stuff versus affordability. So this item number 74 attempts to deal with that by saying to staff, when you bring us something that is a really good thing that we want to do, but it

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has the impact of increasing costs or decreasing the development. Please also give us options for mitigation. Because that could include development entitlements, but it could include a world of things other than entitlements. But just something to be able to offset that so that we can truly say to the community, we don't have

to make a choice between these two things and we can do them both. But unless we're doing them at the same time, then we are making a choice. I don't want to be in that position again, and I want to try and help councils in the future not be put in the position where they're having to make those choices, because they're not being made at the same time. There was a question that council member pool raised. She's not with us here and I don't want to put words in her mouth, but there was some questions that she raised, I think, with respect to how that was treated in item number 74,

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because it asked -- it gave -- it said, staff, when you come back with something, please come back with a mitigation. That means staff's originating something. I know there was some concern about giving staff the discretion to be able to originate to come back to us with a mitigation measure. I don't know the way around that yet. So if staff has a thought or suggestion on the logistics or the choreography of how to make 74 work, I am all ears on that. But it's just really important to me that on the day that we vote for one, we're voting for them both, so that we can honestly and transparently say that we're not making a choice. We're both getting the community benefit we want to get, but we're doing it in a way that doesn't increase housing costs. Or diminish supply. If staff could help with that, we would appreciate it. Okay, so, on the pulled agenda, if no one has any questions about that, that leaves just

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item number 39. Council member tovo, that is your item. I'm going to need to go. So, if it's okay with you, I'm going to give you both the chair and 39 for you to be able to raise and then close out the meeting. >> Tovo: Sure. Thank you. And I also raised one on -- I also pulled the item on construction, council member Renteria's. But I really pulled the real estate item. I posted it on or around the 21st or the 23rd and did so to make sure that people had an opportunity to ask questions. So I just pulled it today to afford the opportunity to ask questions about it, if anyone has any. >> Renteria: Item 39 is -- I'm just trying to help H-E-B. They had to pour concrete there, and during the day, traffic is very -- I mean, it's hard. It's bad. We're just trying to figure out a way where we can help out the commuters there to get through there. And they went out, and H-E-B

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went out there and talked to the neighbors, and they came to an agreement that they would get \$300 gift cards for every day that they would have to pour concrete and they could use it for anything. So, that's the agreement that they reached with the neighbors. >> Tovo: So I guess, why don't we talk about that item first and then we can shift to the real estate one that is also pulled. Council member, can you tell me which -- can you tell me which -- who they reached out to? I did reach out to H-E-B, too, but I haven't heard back. >> Renteria: They reached out to the people that was going to get affected by the beeping sound that comes with pouring the concrete. So they reached out to all the neighbors that were going to be affected. That backs up to their property line. >> Tovo: It would be helpful to get just a little bit more information about that. So, you know, you represent an

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area where this is the case, too, but because I represent the central business district, that does have overnight concrete pouring, I can tell you that that sound travels beyond just the immediate area. And so when I saw this resolution that would play those standards for downtown to an area that is not in downtown, you know, one of my first questions is to make sure, you know, to get some sense of who they've reached out to. And so I think there are probably three different neighborhoods that are immediately adjacent to that. Galindo, which you represent. Bolden, which I represent. And Travis heights, which I also represent. So, I don't know if you have any more details on how H-E-B has been working with or who their immediate neighbors are. I know there's the Lucido apartments right across the street. I assume that's part of who they've reached out to. I don't know if they're working with the tenant organizing committee over there, or if that's -- >> Renteria: I'm not even certain if they went out that

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far. Or whether they reached out to the whole area. I know that they reach out to the immediate neighbors. But, I mean, you can make an argument for, you know, all that whole area, I guess. I mean, if you're saying that the concrete is going to affect the whole neighborhood, I really don't know. What I've seen is that if it's not going to be a high level pouring concrete, it's just a foundation that they have to pour. They don't want to mess up the traffic during the day. I don't know what's going to be worse than pouring it during the day, disrupt the traffic for all day long. Or just doing it at night when there is no traffic. >> Tovo: I see that Mr. Rusthoven is here. Do you have a sense of how -- I don't know if you're working with the applicant. I think if we're talking about a couple nights, that's one thing.

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If we're talking about -- my sense of it is if we're talking about lots and lots and lots of nights of disrupted sleep. But could you -- I guess could you help us understand -- are you familiar with the request? Did you hear it from -- have you been working with H-E-B on this request? And can you help us understand, you know, the concrete pourers -- I mean, we've spent a fair amount of time on concrete pourer requests over the years and maybe you can give us a little history of why they are where they are in terms of hourly restrictions. >> Yes, council member. The issue is actually handled by the development services department. I was familiar, obviously, when we went to the ordinance a few years ago. My understanding, my broad understanding is it's a traffic issue as council member Renteria has talked about. It also has to do with timing. Once you start, you can't stop. You need to continue. And I've also heard that sometimes it's going to have to

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do with the temperature. It's better to do in the evening, rather than when it's hot. That's my limited knowledge of concrete pourers. I'm sorry. >> Tovo: And partly, I just called on you because there you were and I remember we spent a lot of hours talking about concrete pour because there were some really strong feelings, and it was a very

long stakeholder process to look at changes to the hours. And we heard from lots and lots of residents about downtown about the need to really make sure that there were very strict limits on those, because it is pretty disruptive. >> I think that many of those were multi-story buildings, but each had its own layer of concrete. I don't know how long the H-E-B is estimated to take, but I imagine it would be much less than a high-rise. >> Tovo: It would be helpful to get more details from development services about this project, and what we're talking about in terms of the number of days. It sounds like one is starting -- you know, the only one that it -- as I understand the rules, they're currently -- let's see,

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currently, it would allow for concrete -- I mean, without this change, they would need to pour concrete between 7:00 A.M. and 10:30, I think, right? Unless you're mid-pouring at 10:30, and then I think you're allowed to go a little bit over. So it doesn't -- to handle the issue you talked about, once you started, you've got to stop. But this would, I think, allow it to go from -- to go overnight from 7:00 P.M. to 6:00 and the resolution talks about that first one starting at 2:00 A.M. on December 5th. But do you have a sense of how many nights -- you know, how many 2:00 A.M. nights are we talking about with regard to this project? >> Sure, council member. I wanted to recognize Brian block. He's also on the call from dsd. What we have in front of us is the council resolution to exempt us. I don't know if we've actually received any information from the applicant at this stage with regard to what their intention is, and Brian can correct me if I'm wrong. But to the extent that you also have questions, for these questions or other questions, we can certainly respond to those

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in the q&a. >> Tovo: Okay, thank you. Do you need me to write those up? >> That would be great if we had those in writing. We can also, of course, put them in writing and send them to your office to clarify that we've got them correct as worded. Brian, do you have much more information from H-E-B with regard to what they're requesting? >> Brian block with the development services department. No, we don't have information on what they're requesting. We just see what's in the draft resolution. It looks like from that draft resolution, they're looking to start December 5th and have some level of pouring through April 2023. I know we haven't had any information or direct communication yet. >> Tovo: So I think our deadline for getting q&a in might be today, afternoon. And so since we're here and I'm going to have a 4:00 meeting, I'm just not going to be able to get those questions in on time.

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I would ask if I can just list them out. If we could get information through our development services about the number of pours and the hour of pours and the length of those pours just between now and then, between December 5th and April 2023 or beyond. You know, what's the total number of pours, what are the contemplated hours, what are the number of -- I think that covers it. Number of pours, duration of those pours, and also if you could provide a little bit of background about the council conversation the last time we considered extending. I think we were considering changing the hours of overnight pours downtown only. >> We may have to get the H-

E-B contact from council member Renteria and we will ask them to put that information in a letter to us. >> Tovo: Thank you, the other

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piece of information that would be available -- >> Renteria: I'll get that for you. >> Tovo: And the other piece of information that would be valuable is exactly who they reached out to and who they contacted as part of their outreach. I did send a note to my contact but I'm not sure if that contact is the most recent one. But it would be good to have that. Thank you. Yes, council member Ellis. >> Ellis: Thank you. I also have a question. This is the one at Olthorff. So I think I knew this. I just heard this through the grapevine. You know how neighbors talk and you kind of learn a little bit more. You might get otherwise. But what I had heard was, they had originally wanted to relocate to the opposite corner, and the traffic patterns were going to be hugely disruptive for that particular intersection, which is why they retooled, moving temporarily into the northeast corner, and then redeveloping the site they're currently on and that footprint. So I'm curious also about the interplay of the traffic patterns, because I believe that

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was something that they had looked at early on and realized that everybody making a left turn going south on Congress to get to the grocery store to get their food and their extra meals for the night just was something that wasn't great for that particular intersection and how many cars it can carry through those left turns, getting to the grocery store, and then trying to get back out going south. So, if we're looking at those hours and trying to understand the impact on the neighbors, I'd also like to understand the impact on a traffic pattern that I think was already determined to be insufficient for that use. >> We can go back to their previous site plan if they had filed it for that property that is catty cornered to their current location, and just see what transportation comments we can pull from there. >> Ellis: That would be really helpful, because I'm thinking they would want to move quicker to get the traffic pattern back to the way it work more effectively for the neighbors. >> Tovo: Any other questions on this item?

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I don't see any. And then, again, I had pulled the real estate. My real estate resolution to see if anyone had any questions for me on that one. Or any of my co-sponsors. >> I'll just note, council member, as you mentioned, the q&a, the deadline is today, and so at this point, staff is responding to the original resolution until we have a revised resolution, but make sure you knew that we appreciate all the great interaction that our staff has had with your staff, and we know that there are changes that are being contemplated, and we will continue to revise our comments based on any revised resolution that is put forward as well. >> Tovo: We can get you a draft today. And it was my understanding that today is the deadline for questions. It's not the deadline for responses. >> We're going to be working on those responses. So the sooner we have that, the better. >> Tovo: Understood. Are there other questions? Colleagues online? Council member Kelly? Council member Harper-Madison? Okay.

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Well, I think we're adjourned then. 3:15. Thanks, y'all.