

# Audit and Finance Committee (AFC) Transcript – 10/19/2022

Title: ATXN-1 (24hr)

Channel: 1 - ATXN-1

Recorded On: 10/19/2022 6:00:00 AM

Original Air Date: 10/19/2022

Transcript Generated by SnapStream

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[9:03:40 AM]

>> Alter: Good morning, little October 19th, 2022. And my name is Alison alter and I'm mayor pro tem and the chair of the a and the finance committee. I'd like to call this meeting to order and I'm joined remotely lie councilmember Fuentes and councilmember Kelly is in, um, the chambers with me. And I believe that councilmember tovo will be joining us virtually. And councilmember pool, vice chair, is on the dais as well. And we are going to get started with public communication. Did you want us to start with remote first? Or in person? What's easier for you? >> [Indiscernible] [Off mic]

[9:04:42 AM]

>> Alter: She's not set -- okay. Then I'd like to call up tauny Sor, he was just here. There he is. I can't see if that's tauny in the back. If you could please come up, Mr. Sor. They changed our lights out here and we cannot see anything. [Chuckle] Good morning. You have three minutes. >> Good morning. Good morning. , Mayor pro tem and councilmembers and staff member. My name is tauny Sor, and the CEO of C.S. Consulting and with an engineering firm from Austin, Texas. And it's a pleasure to be here with you today and to share my

[9:05:43 AM]

perspective on an item that will be coming to you for consideration. Last year, the city of Austin began work on updating its 2016 disparity study. The study has been completed, and the results will be presented to the city council soon. I wanted to clarify my position today. I am not here to challenge

the study. Methodology or the results. Instead I like to use data from the study as a basis for considering an alternative path for supporting not only our M.B.E. And W.B. Contracting consultant, or small and local business in Austin area. Mayor pro tem, we appreciate your time and support and in our initial discussion on framing this proposal. A striking point for me from the study is the migration of the city of Austin procurement dollars to other counties since

[9:06:43 AM]

the last disparity study. Before this recent study, the previous data collection reflected 75% of the procurement dollar in the Austin M.S.A. Today, we see that data reflect a decrease to 63%. The largest municipality in the 19 county area have some form of local preference featured in the procurement practices that supports the local businesses. For example, Houston has its Houston funds program. And the other have their version of local preference featured too. I have no doubt that these programs help keep more of the procurement dollars within the area. The continued migration of contract dollars outside of the Austin M.S.A. And the impact,

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the lower goal for minority and women in Austin businesses will decrease, and the project participation levels, making it more challenging to keep up with the cost of doing business in this area. Recruiting talent and expensive housing market, increased taxes, and long commute times for our employees. There another potential loss for the city of Austin. The city of Austin, the surrounding region, and the state, are experiencing tremendous growth. Competition for engineering and related technical talent is very high. [Buzzer] Local firms that are best suited to support the city of Austin projects because of the knowledge and the familiarity for our community area are less likely to pursue city of Austin project because of lack of talent, or because they believe they have better chance of getting awards with

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other projects. There is not -- there is not as much competition. To help me to get this impact I asked the city council to consider the following two items: One, to consider the local preference feature for small local business enterprise. >> Alter: Mr. Sor, Mr. Sor, your time has elapsed but we'd be happy to let you wrap up. Your three minutes has expired. Thank you. >> The small local business enterprise, in competing with the city of Austin project. Aligned to the completion of the disparity study goal implementation with introducing a new small local preference program as L.B.E. Goal administered by your office. Thank you for your time. >> Alter: Thank you, Mr. Sor, for being here and, colleagues, we'll talk about this a little bit more later, but I will have, um, an amendment along those

[9:09:46 AM]

lines at our council meeting next week. Is Jonathan Johnson here? Okay. If he ends up coming in, please let us know. We will now move to approval of the minutes, which is item one. Do I have a motion to approve the minutes? Councilmember Kelly makes that motion. Vice chair pool seconds. All of those in favor. Unanimous on the dais. At this point, that would be four of us, with councilmember tovo not visible yet. Then, we will now move -- I move to item 2, which is our city services for older adults audit.

[9:10:49 AM]

>> Good morning. I'm corrie stokes, the city auditor, and we are here to present this audit. We have naha Sharma, and Kelly Thompson, the auditor in charge. And Kelly is a manager in our office, just FYI, and Kelsey will do our presentation this morning. >> Good morning. My name is Kelsey Thompson and I was the lead auditor for this project. The objective for this audit was -- does the city provide services to older adults equitably and effectively. There we go. Older adults, or people 50 years of age and older, make up an increasingly large portion of the population globally and here in Austin. Stin residents between 65 and 74, are the fastest growing age group between 2010 and 2020, increasing by almost 70%.

[9:11:55 AM]

Sorry. Okay. Getting used to the clicker here. The city has taken several actions to suppo older adults in Austin. City council adapted the city's first age-friendly action plan in 2016 and the city hired a program coordinator in 2019. The commission on aging, previously named the commission on seniors was instrumental in both of these actions. In 2021, the city updated the anxiety-friendly plan, noting achievements and areas still in progress. Yet, there are improvements that the city can make regarding the age-friendly plan. I'm having trouble with this clicker. Okay, thank you. Our first finding is that the city does not have an effective way to measure progress towards the goals in the age-friendly plan, establish responsibility for these goals, and assess if the city's efforts are equitable across all groups of older adults. We saw that the age-friendly plan did not have clear indicators to measure progress,

[9:12:56 AM]

making it difficult to know how much progress has been made on the plan's goals and strategies. In this example, the strategy is to provide multi-generational programs, however, it is not clear how many

programs the city should provide to accomplish the plan's goal and to meet the community's need. Various city departments and community organizations provide services to older adults. We saw that the plan did not clearly indicate which department was responsible for goals and strategies in the plan. And this example, the strategy is to support Austin up, which is a community organization, to develop age-friendly best practices. And the update from 2021 said that the program design T.B.D., so it's unclear which department is responsible for working on moving the strategy forward. And without clear responsibility, it is difficult for the city to know who is working on what, to ensure the goals and strategies are implemented. Collecting and analyzing demographic information is an important way to understand if and how programs and services are equitably serving the community. And to review this in the

[9:13:57 AM]

context of older adults, we reviewed 10 programs across four departments that serve older adults and found that there was not a consistent process to collect demographic data, analyze how programs and services are affecting different groups, such as older adults of different races or ages. Departments were collecting some demographic data across programs, but the type of data varied, making it difficult to compare and use for analysis. And we found that the age-friendly plan does not include the use of demographic data to understand how the goals and the strategies in the plan may affect different groups of older adults. And that the demographic data that departments are collecting are not used to inform the age-friendly plan. We had a survey of partners who work with the city to provide services to older adults. We sent the survey to 32 partners and we received 19 responses for a 59% response rate. And we asked how does the city meet the needs of older adults. On a 10-point scale, with one being no needs met, and 10 being all needs met, the average

[9:14:57 AM]

rating for each category was 5.4 or below. Housing, transportation, and communication had the lowest average ratings at 3.6 or below. And so the city can better meet the needs of older adults in Austin by developing a way to measure progress towards goals in the plan, establish responsibility for the goals, and assess if the city's efforts are equitable across all groups. Our second finding was about outreach. We found that the city does not have clear consistent outreach about city programs for older adults, making it more difficult for older adults to find what they need. We found that the city's efforts to communicate about programs was decentralized and varied by department and program. We saw that the city does not have clear, consistent online advertising for city programs and services, and the city information for older adults is located across various city web pages. For example, the age-friendly program has a web page with information and resources. The Austin public library has online information, guides for older adults. And there are some overlap between these, but there's differences as well.

[9:15:59 AM]

And additionally pard, housing and planning, ems, have information about programs and services for older adults across their respective web pages. And this lack of clear and consistent, um, trying to change the slide here again -- okay, thank you -- this lack of clear and consistent communication makes it more difficult for older adults to find what they need. In our survey of community partners we asked about outreach, and 58% of partners disagreed that older adults are aware of city programs. 85% disagree that it's easier for older adults to find information in one central place. And 53% said that the city's site was not so useful in helping older adults to locate programs. Our third finding is about resources and many departments, including public health and pard, and housing and planning are responsible for goals in the age-friendly plan. And the city's age-friendly plan coordinator works with these and other city departments and over 30 community departments to

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provide age-friendly services and align with the plan. As I mentioned, the city hired a coordinator in 2019, and they have been instrumental in making progress on the city's plan. And respondents to our survey noted that staffing this position has allowed for more targeted outreach, effective budget discussions, better coordination. However, these resources may not be enough to effectively coordinate efforts across all city departments and partners to fully implement the age-friendly plan. 70% of our community respondents disagree that the city has sufficient resources dedicated to program a and services for older adults. And we also conducted a review of the top scoring age-friendly cities that were selected by the aarp, and we found that 70% of them have an aging services function, such as an office or a department. Council did approve another position for the age-friendly program as part of the fiscal year 2023 budget, based on a commission from -- based on a recommendation from the commission on aging.

[9:18:01 AM]

Trying to change the slide. Thank you. We issued four recommendations. One to the city manager. To ensure that all departments are familiar with the age-friendly plan. And three T to the director of Austin public health, where the age-friendly program is located. We wanted to update the plan to include the items that we noted, two, to have guide around communication, and, three, to assess the resources needed for the plan and the management agreed with our recommendations. Thank you. And we are happy to take any questions. >> Alter: Thank you. Is there staff from public health here to respond? I think that's -- search serp I [indiscernible] I think that I just saw Adrienne -- >> Trying to get my camera

to work, good morning, everyone. >> Alter: Would you like to comment on the audit at all? >> I have no comments and I appreciate the work THA the

[9:19:02 AM]

auditor's office did and this is a very important program to the department and the city. And we are ready to implement the recommendations. >> Alter: Thank you. Did you want to add something? Thank you, colleagues. Are there questions? Councilmember Fuentes. >> Fuentes: Thank you, and thank you for the information presented today. My question is, as part of this report, how -- has this already been presented to the commission on aging, and will they be offering additional recommendations, particularly when you laid out the areas in which older adults are experiencing hardships. I saw in particular that housing was at the lowest, I think 3.8 on the scale of one to 10. I'm just curious, how will we, um, receive even more detailed recommendations on how the city can, um, better enhance our outreach and our programming for -- for older adults?

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>> We, throughout the project we have been working closely with the chair of the commission on aging. And we will be presenting to their commission in November. And can have that discussion with them about the process moving forward for more detailed recommendations in these areas. >> Fuentes: Good deal. Thank you. >> Alter: So I want to just say first of all that I'm a little disappointed with the time frame for delivering on the recommendations. Ms. Sturup, can you speak to the time frame? You know, one of the first recommendation is about not having a way to measure -- that we're moving forward or assessing our efforts. And I believe that the delivery date for that was July of 2026? Can you speak to that, please? And then there's another one,

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um, about, you know, making sure that all city departments are familiar and contributing to the plan. And that one is June of '24. And the other ones are in '23 which is still later -- which is still later than I would like but it is reasonable. Could you speak to the dates please? We can't hear you. >> All right, sorry about that. And, so, we are ecstatic that the council, um, has given us the additional position in the budget process. And we are posting that position and hoping to have that person come onboard. Typically it takes four months to have someone onboarded for the city ofustin. With that, the age-friendly coordinator that we had in place was recently promoted to a position in the office of civil rights. So we currently don't have any

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staff to do this work. So the first window is a four to six-month ramp-up to get people onboard. And then to have time to orient them to the plan, to get acclimated to the commission, and kind of get their bearings, so that we can begin to dig into the meat of the work. I think the measures item is -- is that far out to give us time to really plan intentionally and to get some of our city systems in place. I can speak for Austin public health, just to work within one department to get a coordinated system of demographic collection has been challenging. And so to look at that across several different departments to make sure that we've identified the data points, and that we have a cohesive system to collect them consistently across the board is going to take some time. And that process will impact how

[9:23:09 AM]

we're able to establish and report on measures. >> Alter: Thank you. And, I think that this might for the audit staff, but, um, you know, there were some discussion of housing being a really important factor. Are you able to drill down more into that, to help us to understand if it was access to housing or if it was more accessibility issues, or what was the wait that was given to different things in that response? >> Yeah, in our survey, we did not drill down to that level of detail with housing. But we know that the commission on aging has several work groups related, and one of them is related to housing. So that's something that we can -- we can provide all of the comments that we got, which are provided in our report, and we can have more discussions with the commission on aging to get their input on those drilling down into those categories. >> Alter: Thank you. And, Ms. Sturup, I know that you're struggling with the staff, um, but I am concerned about when we plan to have a

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report delivered in October, and we do a budget in August. Is there a way that we can get either a preliminary report on the budgetary gaps in advance of budget, you know, preferably before the city manager finalizes his budget so that he has that information. But if not that, at least to city council, so that if we want to emphasize additional services for those who are aging, that we have information and the benefit of that report, um, to do that. >> You make a good point. And, yes, we can look at adjusting that timeline so that there would be some information to drive budget discussions. >> Alter: Thank you. >> You're welcome. >> Alter: And then one last question that I want to ask is -- to the extent, um, that we're looking at this space, to what extent are we -- we supporting the caregivers for

[9:25:16 AM]

our seniors? And how does that align with where you're going to go with the recommendations or with what you're recommending? >> So, through the budget process this year, we did get some funding for a short pilot. And I am hoping the information that we -- for caregivers, with adapt, and I hope through that pilot that we'll be able to get some information that we could use to kind of either give recommendations to council about additional investments, or to reimagine some of the dollars that we have at our disposal in the basic needs category. >> Alter: Thank you. Colleagues, does anyone else have any questions? Okay. Thank you very much, ladies. I appreciate it. Item number 3 is our audit and finance committee meeting dates

[9:26:16 AM]

for 2023. Ms. Stokes. >> Chair, did we need to accept that audit? >> Alter: Um, yes, thank you. Do I have a motion to accept the audit? Councilmember Kelly. >> Kelly: Sure, I will make a motion to accept the audit. >> Alter: Okay, councilmember tovo makes THA and seconded by councilmember Kelly, and all of those in favor? That is unanimous on the dais and we can see everyone who is virtual. Thank you. >> And, chair, I am -- as my office shared with you, needing to split my time between Austin police retirement board, which I also serve on and audit and finance and I apologize for being late, having had some technology difficulties, but I'm going to have to sign off for a little bit and I'll rejoin you all her soon. >> Alter: Thank you. And I do appreciate your office letting me know that in advance. It was helpful. >> Thank you. >> Alter: Ms. Stokes.

[9:27:16 AM]

>> Item 3 is the audit and finance committee dates. And it would be great if you could pull that up, actually. That these are the dates, basically we look at, you know we're trying to aim for the third Wednesday, sometimes that works and sometimes it doesn't. But we try to find a week that doesn't have a council meeting and we have canceled the June meeting. And the -- as always, the November and December meetings slide around, based on calendars. >> Alter: Thank you. And if we have to make any adjustments to the council calendar, then we'll make adjustments to the audit and finance. Absolutely. I know that there may be -- there may be a few adjustments, say, in the August time frame that we might see. So there may be some adjustments as we move along. Do I have a motion to approve the calendar? Vice chair pool makes that motion and seconded by councilmember Kelly. All of those in favor. >> One sec.

[9:28:16 AM]

>> Alter: What? >> Starting at 9:30 in the mornings. >> Yes, the plan is to have the 9:30 to 11:30. >> Alter: Yes, this will be 9:30 to 11:30, and Austin water that will start at 1:30 -- >> That sounds good,



thank you. >> If I could see that list for two more seconds. I'm ready to approve it, I want to just make sure that I wrote everything down properly. >> And maybe send it to all of our offices and I waited to see if it was all here -- >> It's in the backup. >> Yeah. >> Alter: And just a flag for those of us who -- because I think that four out of five of us are staying to the next council, so we decided to have a January audit and finance meeting, just so that we don't get backlogged too much with our work, because we are anticipating that this December's meeting will be when

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we hear the Austin water, um, audit come back on December 13th. Councilmember Kelly. >> Kelly: I just want to say that I have appreciated the work that we have done over the last year and I anticipate that will continue into next year and so that additional meeting will be have been helpful. Thank you for that. >> Alter: And then we can introduce our new colleagues to our committee and I think that it will be good to have that work moving forward. So, we have a motion and a second. All of those in favor. So at this point, there are three of us who are present, and councilmember pool, councilmember Kelly and myself. That was unanimous. Thank you. >> And a quick update, our caller -- our citizen communicator from earlier is actually online now. >> Alter: Okay. Is this Ms. Reismeister? Jamie reismeister? >> Hello, can you hear me? >> Alter: We can, thank you for joining us. >> Thank you all, I apologize

[9:30:17 AM]

for, um, my confusion on the call-in. Should I begin? >> Alter: Yes, please begin. You have three minutes. Thank you. >> Thank you. Good morning. Jamie reismeister, and the chair on the commission for aging. And I am speaking on my own behalf this morning. The audit was not made public prior to our last commission meeting, therefore, the full commission could not review and vote on the comments -- and vote on comments. I appreciate that throughout the review the audit staff met with me and other commissioners several times. Overall I'm in agreement with the findings and the recommendations, which confirm areas of improvement that have also been identified by the commission. And I would like to make just a few comments. And we agree with improving measures of progress towards goals and strategies in the age-friendly plan, action plan. And we have been working with the age-friendly coordinator on that. And we believe that better data

[9:31:18 AM]

is necessary to improve equity. As a commission, we don't believe that we have the tools necessary to review the equity of programs for older adults. In 2019, we passed a resolution, requesting the city to collect more granular demographic data to help us to better understand how older adults were or were not being served by programs and services. And on behalf of the quality of life commission, the joint

commission has reportedly asked the city to collect demographic data in a standard format that all of our commissions could use to evaluate programs and services. The audit recommends that the city manager should ensure that all of the partners are familiar with the age-friendly action plan. I also recommend that the city manager should give the age-friendly coordinator the authority to recommend which department should be responsible for which strategies in the plan, and that each department should assign a point of contact for the age-friendly action

[9:32:18 AM]

plan. On communication outreach, it is more the complaints that we hear most from older adults is that they're not aware of what the city offers. The pandemic and freeze are examples of where we were scrambling to get vital information out to older adults. Community-based outreach is effective in reaching older adults, and the commission made a request in the current budget cycle for an additional staffer to work on just that, especially around resiliency and emergency preparedness. And this was funded during budget amendments during council. We've also been working with the community -- with the community partners for filling gaps, and an organization called "A mighty good time" has donated and built a custom web page for the city for a one-stop-shop on older adult activities around social/cultural, and life-long learning. And the site has gone through various approvals within the city and is pending the final

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actions needed to go live. And it will be embedded within the city of Austin website. But this is just the first step and the city will need to make its own website more friendly for older adults. And, finally, as the older adult population needs to grow, we will need more resources to support the age-friendly program as the audit mentioned. [Buzzer] The community service provider by the auditors will strongly agree that the program needs more resources. The additional staff and the additional resources are necessary -- >> Alter: Ms. Reismeister, can you wrap up, please? >> I am done and I am happy to answer any questions. >> Alter: Thank you and thank you for your many years of servicing on the commission of aging. We appreciate that. I would like to ask someone from the city manager's office to make sure that Ms. Sturup, and someone in aph, hears those comments because they came out of order with the a.

[9:34:20 AM]

To make sure that -- that the appropriate person at aph is hearing that. Thank you, Ms. Reismeister, I appreciate you being here, and if the commission on aging has additional, um, recommendations please make sure that those get -- to our offices as feedback for the next steps. Very often with an audit it's not just what the auditor says, but it is also what the council offices decide to push after the fact, and we

can add additional things as needed to that process. So, thank you. Was there an additional -- >> [Indiscernible]. >> Alter: Okay, Mr. Johnson, you can come up to the podium and you have three minutes, please. Wait until you get to the podium so we can hear you clearly. >> Okay, I wish that I was in better condition. I'm having an issue with your libraries. And I had addressed this issue

[9:35:23 AM]

last week, and I've also emailed the city manager, Mrs. Spencer. And so I don't -- I don't know, you know, I appreciate that you've got a busy schedule, but the response is pretty slow on something very simple. I don't know if this would be the proper forum, it's for the simple fact that I'm appreciating the efforts to be dealt with. And this is something very small. But I think -- not think -- I know that I have hand delivered three complaint forms. Last week at city council meeting. I don't know if you got it in particular or whoever might have got it, but, um, I think that my -- my, um-- what was my goal here? I have a lot of stuff in my brain. Oh, yeah, so I signed up because it was the finance and audit committee so I'm thinking, right, would you be involved with auditing the library budget here, or am I overboard and a little bit too late? >> Alter: We could be.

[9:36:23 AM]

>> Could be? Because I asked Ms. Sami up there and she was very helpful, and I want to say that more employees like Ms. Sami, and things would function around here a bit better, in my opinion. So, story short, my time is up here, but I did notify Spencer, and I'm pretty sure they're working around the clock. Mr. Alex deea, the receptionist, was very helpful. And I have been allowed to go to the library, right, but the issue that we have is that this issue hasn't been resolved with Mr. Walker down here on the east -- east Chavez street, nor Mr. Weeks who I think that has shown poor leadership rules and disregarded his own rules and policies. So if you -- you know, if you are the committee that audit the library, I think that you should be expecting something from me pretty soon. It might be emailed or hand delivered. >> Alter: Thank you, we will look forward to the material that you share and maybe, Sammy,

[9:37:23 AM]

if there's additional health and assistance that you could offer Mr. Johnson in addressing his concern, that would be appreciated. And you already have met. >> Thank you, chair. Ms. Simmons has done the utmost by allowing me to speak to the gentleman, she didn't have to allow me to do that. Thank you. >> Alter: We are slightly more flexible at committee because people are less accustomed to it. But thank you for being here. >> Thank you, thank you, thank you. And if I'm at the wrong committee, I will fix it. I had to get that out there. But like I said, hopefully I did come to the right committee, and if not, I will come fix it. >> Alter: This is an opportunity. >> So do you audit the library budget, I want to make sure

that I am clear about this. Yes or no? >> Alter: We have oversight over the library. [Buzzer] >> All right, that's all I need to know. >> Alter: Thank you. >> Thank you, ma'am. >> Alter: All right, we will now

[9:38:24 AM]

return back to item 4, which is the proposed draft audit plan. >> Morning committee members, the deputy city auditor. And I'm going to present our draft audit plan for calendar year 2023. And I'm going to do my best to make sure that this works. Before I get into the proposed projects for the plan, I want to talk a little bit about our capacity, like, many other city departments, we have experienced turnover. We feel very fortunate that we have been able to recruit and hire successfully. We have brought in several new auditors, but what we have lost is some institutional knowledge. We've lost experienced project managers. We have brought in newer auditors and we're really optimistic about what their leadership capabilities are going to be like over the next couple fiscal years. But in the meantime, our capacity is reduced a little bit as far as the complexity of the projects that we'll include in our plan. So if you compare it to prior plans, there would be a few less

[9:39:27 AM]

highly complex projects. So, we have the capacity to put 14 projects on the plan. The first six that we've included are carry over projects from the current audit plan. They are depicted here in this table. All of these projects have -- have already been initiated or are beginning work soon. So we anticipate carrying some significant progress on each of these projects into the next calendar year. The next table -- next slide -- thank you. This shows the eight remaining proposed projects that we have for the calendar year plan. We've noted the complexity on the far left column, but I do want to note that does not reflect the level of risk or the importance of each audit topic. It is just the complexity with which we need to understand our capacity and assign projects out. So all of the topics on this year's plan and the alternate table, which is I will present next, are medium to high risks.

[9:40:29 AM]

These are all topics that we need to address in the next couple years. They're all very important. We just have limited -- excuse me -- limited capability to do so much work at one time. and then, finally -- next slide, please -- the last slide shows some alternate projects that we have. Again, also medium to high risk, very important topics that the city needs to address soon, that our office will incorporate soon. Any of the projects on this alternate project table can be swapped in for some of the projects on the proposed plan, provided they're of an equal or lesser complexity. So next slide, please. At this point, I'm happy to take any feedback, answer any questions. As far as next steps for the audit plan, we can take

any feedback for swapping in and out and adjust the plan and come back to the text audit committee or you can vote to move the draft plan for to the full council for their approval.

[9:41:29 AM]

>> Alter: Thank you. I will make a motion to move the plan forward to the full council for its review and approval. Councilmember Kelly seconds that motion. I do have a couple of questions. >> Sure. >> Alter: So I understand the constraints that you're operating under. There's two on the alternate menu that I -- that I remain concerned about. One is the boards and commissions system effectiveness. You know, we are going to have at least four new members coming in in January and there will be a lot of appointments that will need to happen. And, you know, it would be great if we had some sense on -- if there were some boards that we wanted to not continue with, if they were not serving the needs of council. Our Bo and commissions provide lots of really important insight and opportunities for folks to engage.

[9:42:29 AM]

But they also do engage staff heavily in that work and they take them away from other things. So we need to be -- make sure that our boards and commission processes are functioning. We haven't looked at it in 10 years. So can you speak a little bit to what -- what you might be able to do in that regard? >> Sure. >> Alter: Even if you did undertake it. >> Sure. If that -- if that audit isn't moved on to the plan, we are anticipating doing some special request work, where we'll answer a number of questions. I don't have those questions finalized in front of me right now, but we will be doing some work in this area and sharing that information with council, so that you have a little bit of work there. And if that special request reveals any higher risks, anything that suggests that we should elevate it, there's always a potential to -- to adjust the plan mid-year. >> Alter: Okay. And are those special plans already in process or do you

[9:43:29 AM]

need us to -- >> I don't know that they're finalized yet but they're a work in progress, so very soon. >> Alter: All right, and you're working with colleagues on council to do that? Great. Maybe you could circle back with me so I can have a better sense of who is doing that. >> Sure. >> Alter: That's great. I'm happy to have people leading on that. And then for the infrastructure management, we had talked about doing some kind of series on that -- that's where you asked if the city effectively and manages streets and bicycle paths and pipelines. What is the logic on waiting on getting started on that? >> I wouldn't say that there's an argument for waiting on it versus the others, it's just everything that is on our proposed

plan and the alternate list are all very important. And so, um, we could trade that out for another project if the committee desired. It just -- everything that is on our proposed plan is also very

[9:44:30 AM]

important. >> Alter: Okay. I'm comfortable with forwarding this to the full council. I would like it to be on the November 3rd agenda though, not the 27th. Go ahead. >> Yeah, this seems like an appropriate time to let you know that over the last couple months when we discussed -- I guess the commission on commissions or the boards and commissions process in general, I have taken a lot of council's comments. And I have started drafting an ifc, so if you would like to be involved in that process with me, perhaps we could, um, utilize that as a way to also to be more efficient and effective with our boards and commissions. >> Alter: Sure, I'd be happy. I appreciate you taking the lead on that. Vice chair pool? >> Pool: To the extent that you're kind of pulling together the raw material for a special request, and I would also like to have a conversation and see which of the different boards and commissions are kind of being looked at, and I'd be happy to join you, councilmember Kelly, on the ifc, for an

[9:45:30 AM]

overarching review. But we would need to somehow coordinate the two efforts. So let's have -- let's all get our heads together and see how we can -- the special request, of course, we can do more quickly. At a smaller -- perhaps less ular level. Kind of get the top lines working. But if W do approve an ifc with an overarching review that the city clerk would lead on, definitely we want to see what role the work that the audit team with special requests could bring to it. >> Kelly: I want want them to work together in concert but that's my intention to have the city clerk to review the process and to come back with recommendations to the council, to at least get the ball rolling on something more efficient and effective for the whole of council. >> Pool: And I think that they look at different things, right? Because these guys can dig into missions and procedures and a little bit more specific to how things are processed, and then the clerk can manage the larger effort as a process.

[9:46:32 AM]

And staffing and that sort of thing. But we can -- you probably have all of this -- kind of outlined with ifc, so I appreciate -- I look forward to the opportunity to look at that. >> Kelly: And I look forward to meeting with you all to discuss the details and specific see can really make it a wonderful ifc so we can benefit the city as a whole. >> Pool: And I appreciate others taking the leadership on these issues. Thank you very much. >> Alter: Thank you. So we have a motion and a second, and I would say that we would put that on the November 3rd -- assuming that is the right date, November 3rd council meeting. That will give me a little bit more time to think about the infrastructure management item, and whether

there's something that I want to substitute out for that. So all of those in favor? It's unanimous with the three of us on the dais. Thank you. >> Thank you. >> Alter: Okay, our next item is

[9:47:34 AM]

the project connect financing conversation. And I think that Ms. Alvares will introduce and then pass it on to Mr. Rivera? >> Kim Alvares, deputy CEO. And I will introduce Mr. Rivera from financial services department. So we do miss him, but happy to have him here to talk through all of the various funding related to project connect and the uses and give you an overall update on things as well. >> Alter: Thank you. So Mr. Rivera, you are the treasurer for atp -- >> Alter: >> Alter: And evolved with the TRE, and you have been involved when you were at the city with \$4 billion worth of -- of debt credits or whatever -- issuance. So we're pleased to have you back and hopefully atp is not

[9:48:35 AM]

stealing anymore of our staff. [Chuckle] And part of the reason that, um, we invited atp to come and speak and work with them to make this happen is this is the city's money. We are in the audit and finance committee and we wanted to increase the touch points that we had with atp for council, and audit and finance seem to be a really good place for us to be doing that on the financial side. So thank you for being here this morning. >> I appreciate it. Thank you, mayor pro tem and councilmembers. Again, I want to echo what you said. I mean, the city is one of the largest investors in project connect. So we do believe that it is important to be before this body again just giving periodic updates, keeping you guys all informed on what's going on. And basically bringing you guys along with the process of how we are going to leverage the prop a funds to finance the program. So I just wanted to do a brief

[9:49:37 AM]

kind of look back at the history of how we were founded, or what brought about the formation of atp. We're about a month away from being able to say two years ago the proposition was approved. And essentially the position set aside an independent board to oversee the finance and acquisition and construction and equipping of the rapid transit system, all via the prop a funding that we're going to leverage over time to enter into loans, issue debt, and as you will see in a later slide, that funding also plays a crucial role in being able to secure grants to fund the project. And as you all know, the independent board was created both by the city and capmetro, and, again, the -- one of the main responsibilities of the board is to oversee and

[9:50:38 AM]

finance the project connect system -- [audio blip] Again being able to leverage those funds without impacting or having the city to take on those additional obligations of the pp board, and atp is solely going to be responsible for those loans and bonds that are issued in the public market. So shortly following the -- the approval of the prop a funding, the city of Austin and Austin transit partnership entered into an interlocal agreement to -- to basically lay out the formula of how the funding is calculated on a year-by-year basis. Again, it also set out the payment process for how those funds would be remitted over the fiscal year for the associated year that you're in, or that

[9:51:38 AM]

we're in. And it also stipulated some requirements really from a financial cooperation perspective between the two entities. Again, to support the various items such as annual budget process, the annual comprehensive financial report, and, again, the associated bond sales that are anticipated to take place over the life of the program. So the atp board, again, as I have mentioned previously, is the main body that is designated as the financial oversight, if you want to call it committee, for the prop a funds. Again, they are -- they have three community members on the board, and one voting representative from each capmetro and the city of Austin sitting on the board to help to govern the project and make those policy decisions that are going to be required of the board. Again, from just holistically

[9:52:40 AM]

and what's -- what was included in the foundational documents for the creation of atp, atp is the main entity for planning and implementing the project connect program as a whole, responsible for financing the program, and just providing oversight over the prop a funds that would be received, or that are going to be received from the city of Austin. With -- with being able -- and as designated within the ballot language, we're going to be contracting with capital metro for operations on the light rail program that -- that is going to take place. And, again, T are also implementing the metrorapid projects that are currently underway. The board is responsible for a myriad of tasks. Really the main ones are kind of listed up here. Again, approving the annual budget for atp as a whole. Once the project picks up and we enter that construction phase, the board will be entering into the contracts for professional

[9:53:42 AM]

services, construction of the light rail program, acquiring the vehicles needed to support the program, and as well as any dates that need to be acquired from a right-of-way perspective and even for the maintenance facility that's going to be needed to support the light rail program. And, lastly, again, the



atp board is a board that's going to be responsible for the financing and the debt obligations that are going to be issued in the public market. So more recently, um, back on September 21st I believe our board approved our fy 2023 budget. And listed here are some of the highlights from the budget that was recently approved. One of the main things were the board set aside and appropriated an additional \$35 million for the anti-displacement funding, which brings a total up to \$100 million being funded and set aside for that aspect of the

[9:54:42 AM]

program in less than two years. And we're also, again, the board -- the board approved the staffing level for a set amount of ftes, to be -- to possibly be hired over the next fiscal year, which included two new audit -- internal audit positions. And along with the budget that was approved in September, those internal audit plan that was approved by the board as well, trying to prioritize, again, the financial oversight of the use of funds. So those -- those activities are underway now. And another one other main aspect of the recent budget that was approved was, um, in addition to really the financial policies that were already set up last year with the budget, um, and also, again, just getting ready for what's coming down the pipeline in the future from a financing perspective, and best positioning atp, again,

[9:55:43 AM]

to be able to take advantage of any financing that comes down the -- any requirements associated with the financing items that -- as we go down that phase. Again, as I mentioned, the financial policies -- the one that was added was an operating reserve of \$20 million or 180 days of operating expenses. And really that was established in connection with our financial advisor pfm, and just, again, thinking -- thinking in the future, knowing that we're going to be accessing the public market, we do know that credit rating agencies are going to want to see that, um, atp has adequate reserves on hand to support any -- um, any delays and whether or not the payments between the city of Austin and atp take place, or T take -- basically to resolve any issues that may arise throughout the fiscal year. We do know that as -- as we do get closer to issuing debt in

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the public markets, that there may be additional reserves required. One by the investors. At the time that we're bringing our obligations to the market. And, T,, from a credit rating agency's perspective. So some of these things are either capital Reser or debt service reserve, associated with the obligations that are going to be issued. And, again, just highlighting that our budget process, or our budget document, is inclusive of our financial policies. So as the board approves the budget document, they're also approving the financial policies that kind of help to guide us throughout the fiscal year. We know

the funding was created and established to fund a whole list of different items. And it's kind of a balancing act, as we go through this process of making sure that atp is best positioned to take

[9:57:44 AM]

advantage of the public markets and issue debt. Some of the things that the funds are going to fund are obviously the operations and maintenance of the light rail line, administrative costs associated with running atp and supporting the program holistically. We know that the funding is also going to be utilized to pay for construction costs with cash. And also, a key point of -- and a key reason why the TRE was founded was to provide the local commitment source that's required to enter into a new starts grant agreement with the fta, which is a grant if you opportunity that the federal transit administration puts on for the entire U.S., separate an apart from the discretion Nair funding -- discretionary funding provided to regional transit authorities throughout the U.S.

[9:58:45 AM]

The main important use of the prop a funding is to act as a security pledge for the obligations we're going to issue in the public market. We know we're going to issue contra revenues bonds, which are bonds secured solely by the prop a funds on a senior lien basis. And then we'll be taking advantage of some low-interest loan opportunities that the build America bureau via the U.S. Department of transportation offers. And these loans obligations that we're going to be entering into with the build America bureau afford us the opportunity to take advantage of lower interest rates, as these loans are real tied to the 30-year treasury rate. And although the rates have been increasing recently, the rates that we would be able to secure via the contract revenue bonds would be slightly higher than the 30-year treasury.

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One other aspect of this loan program that build America bureau offers is flexible repayment terms. So, they're willing to allow for longer duration periods to pay back those obligations to allow us to finance more to bring a more holistic program during the construction period. And then also, we're going to be utilizing some short-term funding or financing obligations similarly to how the city uses their commercial paper program to provide for -- just in time financing for capital projects on Austin water and Austin energy. We'll be creating a similar short-term funding program at atp to help with the liquidity needs during the construction process. And as mentioned before, the prop a funds are serving as the local match for the new start grant. And these grant agreements that are executed by the federal

[10:00:51 AM]

anansit administration are paid out over a duration of time. It is more than likely the duration of time the agreement will be paid out over is going to be longer, essentially, than what the construction process is going to take. So, ultimately what we're going to have to do is issue these grant anticipation notes in the market that are going to be secured by these federal dollars that are going to be received via the fta and there may be a need to add an additional backstop or security to those obligations via the prop a funding, which we can do. So that's something, thinking through the program and what's coming, trying to get a holistic picture of the various obligations that are going to need to be entered into to finance the program. Next slide. So, with all that, just wanted

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to kind of give you all an overview of what work is currently taking place and some of the work that we're going to be completing over the next few months. Really, to get atp in a place where we can access public markets, we're starting the work on crafting a master indenture to help securitize those prop a funds. And what it does, it sets up the -- if you want to call it the waterfall, or the flow of funds for the prop a money. And again, we're working through that with our financial adviser and the bond council firms we have that we're entered into a contract with. So, help, again, craft that master indenture so provide the most security to bondholders and making it clear to credit rating agencies that this new credit that we're creating here a atp is going to be a secure funding

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source for one, the program, and again, for bondholders. Ultimately, as we go through that process, any additional security that we can provide to bondholders is going to give us a higher credit rating with the agencies and lower financing cost for the program as a whole. As we're going through that work, we're also trying to identify additional funding sources via federal programs to help bring additional federal dollars to the table to help move the project forward. And we continue to just look at the financial model and analyze the variables that we have in there to help us refine what our overall affordability picture looks like. So, that's all I have for you guys today. I'm here to take any questions that you guys may have.

[10:03:55 AM]

>> Thank you. Councilmember pool. >> Pool: We're really happy to have you here today, Mr. Via via Ver I sit on the capital metro board, and sitting and watching from two different vantage points has been

particularly informative. And it was really important, those of us on the cap metro board felt that in our work with atp, with the partnership from that perspective, and knowing that the city of Austin, in fact, the financial engine that will drive -- >> Mhmm. >> Pool: Project connect forward and ensure that it happens, that we have some regular reporting back to the city council. And it seemed like this committee was a really perfect spot for that to happen and I appreciate the chair's willingness to add this to the agenda. It's important that partnership staff, in fact, are in front of the city council so that we can create a relationship and get to know you and get a better

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understanding -- a deeper understanding of the pretty technical financial details. M not even talking about the operational side. We're just focused on the financial side here in audit and finance. So ts is a process that I hope that we can establish here today and continue as project connect proceeds. I had a couple questions for you. >> Sure. >> Pool: Kind of high-level. I'm sure my colleagues have additional questions. The city and partnership staff have a strong collaboration on property tax and anti-displacement policies, and those tenants and principles and tenets are driving us forward. What new processes or procedures has atp put in place to increase controls and transparency? >> Yeah, sure. As I mentioned previously, as part of this budget cycle, there were two additional internal audit staff added to the staffing role for atp. That's going to support Katie

[10:05:57 AM]

and our internal auditor in executing the audit plan that she brought forward to the board and was approved. So that was one function from a controls perspective that was added. And then again, highlighting that audit plan. This is the first audit plan that was put before the board. And I know she's been working very closely with the board members to identify key areas that they want to look a little deeper into. So, just having that financial oversight from that perspective. And then from a policy perspective, again, as I mentioned, as part of this budget, we created the operating reserve to just ensure that we have adequate funds on hand for any issues that may arise. >> Pool: And things like contract reviews? >> Sure. One thing that is currently under way, re-recently onboarded earlier this year we onboarded a commercial risk adviser delivery partner, via Ernst and

[10:07:03 AM]

young, and they're looking at the contracts that we've entered into to date, and looking at our procurement process to see holistically how we can ensure that atp is best positioned to manage those contracts and from a risk perspective is not entering into any additional risk that's not needed. >> Pool: That's pretty important. And the amount of money and the impact on our city going forward, and into

the future infinitely is a very distinct and important responsibility. I think we all recognize that. And I'm glad to hear in year two as you finish year two of the partnership's existence that the focus is on reviews and audits and careful consideration of financial expenditures and making sure that all appropriate controls and guards are in place. >> 100%. >> Pool: As atp begins its process to issue debt for the first time, what would you say

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the market would be looking for as we issue this new bonded debt? >> Sure. I honestly think the one main -- I wouldn't call it issue, but need that we need to keep in mind is ensuring that we're keeping this as simple as possible, especially one, from a bondholder's perspective, any sort of complexity when it comes to financing increases the risk on their side and it also increases the financing cost. So, one, ensuring simplicity is maintained from a financing perspective and also that the entity, the way atp is structured, the entity receiving the funds is the entity entering into the on -- obligations. >> Pool: The elegance of simplicity helps -- does it affect the interest rates? >> Yeah. So as the risk increase from a bondholder's perspective, it

[10:09:06 AM]

also increases interest rates that would be associated with the obligations issued. >> Pool: I just have one last question. You used a term backstop. Is this the same as collateral? You were talking about the prop a funds would be a backstop. >> Right. That's on the grant anticipation note side of things. In a perfect world we would like to just have those grant anticipation notes secured by the grant revenue that's going to be received for the project, but knowing the inadvertent risk with a grant agreement and having an external entity appropriating funds at the federal level, we know that bondholders may view that as a risky investment to enter into. So, again, providing some additional security by backstopping it with the prop a funds will kind of help reduce that risk to bondholders and reduce the interest rate cost associated with those obligations. >> Pool: Thank you.

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And thank you also for your willingness to come back regularly to report to this committee. Thanks, chair. >> Alter: Thank you, vice chair. Councilmember Kelly, and then I want to recognize that councilmember kitchen is with us as well. >> Kelly: Thank you. And th you for being here as well. I appreciated your discussion. I noticed there's no presentation in the backup on website. I request that we get that posted so that the public can view the presentation as well. And councilmember pool, I want to echo what you said about this being a partnership. It's really important we hear regularly from atp. I was wondering if we don't already, could we have a standing audit and finance item quarterly so they

can come talk to us? Do you think that might be a good idea? >> Alter: I think we were initiating that today. We hadn't determined the best cadence. It will depend in part when we're having tri-party meetings. We have one in December,

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tri-party meeting, or November 30th, I guess, technically. But the idea was to initiate that atp would be speaking with us regularly or if not atp, then cap metro or our finance staff related to the project, because each has their own piece of this. And in this committee, we would be focusing on the financial aspects, whereas the mobility committee would be focusing more on the project. >> Kelly: That sounds great. Thank you. >> Alter: Yeah. Thank you. All right, councilmember kitchen. Thank you for joining us this morning. >> Kitchen: Yes. Thank you very much. And I apologize for joining late. So, if you all have already covered that, just tell me and I can ask that question offline. But what I wanted to check in with you all on -- I know that atp is in the process of reviewing the -- we talked about this in the mobility committee, that atp is in the process of

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reviewing the program, the different pieces from an engineering perspective, because we have seen as a community, just as we've seen across all of our infrastructure, we've seen some increase in cost. That's not different for atp. It's the same as we've seen for all of our infrastructure. So we will get an update on that at the right time. I know that's still in process. But my question to you all has to do from a financial perspective more about the pro Forma. The pro Forma was made available to the public a few years ago and it was the initial estimate of how the tax dollars would relate to the cost that we anticipated at that time. So my question is simply, is the pro Forma being updated? My thought is that that might be available to us at the point that atp has completed their review of the project and bringing forward their ideas of

[10:13:14 AM]

ways to adjust the project in light of the new cost. Do you expect the pro Forma to be updated? >> Sure. Thanks, councilmember. Yeah, the financial model is forever being updated. We know that, again, as I mentioned in the presentation, we continue to analyze the various assumptions that we had with the financial model and we are working closely with the technical team to ensure that the project that's brought forward or the items that are brought forward do fit within our financial affordability realm. >> Kitchen: That will be important as the technical team completes their analysis and review and brings that back to this body as well as cap metro and to the public, that the updated financial model be brought at the same time so that

[10:14:17 AM]

there's full transparency and people can understand any adjustments in the assumptions and our financial model. So I wanted to bring that up. It's not timely yet because of the technical review still occurring, but I wanted to bring that to your attention. So it's your expectation that that's happening, it sounds like. >> Yes, ma'am. >> Kitchen: Thank you. >> Alter: Thank you. We've been joined on the dais by councilmember Fuentes. Did you have any questions on project connect? Great. Thank you. >> Awesome. >> Alter: I've had an opportunity to speak at length with others at atp, so I don't have other questions, but it is important. I wanted to see if anyone from our city finance staff wanted to say anything. You don't have to, just wanted to give you the opportunity if you did. You're fine? Great. Thank you, Mr. Rivera. >> Thank you, everyone.

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Appreciate it. >> Alter: And the next item that we have on our agenda is the 2022 disparity study for the city of Austin minority-owned business enterprise and women-owned enterprise program. Items 34 and 35 on our agenda on the 27th relate to this item and we had one speaker earlier address this issue. Good morning. >> Thank you, mayor pro tem, councilmembers, Edward, director of the small and minority business department. Thank you for having us today. We have a presentation that briefly overviews our activities to date as well as an up date on the work of the inclusive procurement working group that council formed by resolution.

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Thank you. We wanted to start off -- thank you. I'm going to give a high overview of the purpose and objectives of the disparity study, some information related to utilization, availability, disparity ratios, some study recommendations, information related to briefings and outreach that we've done on behalf of the study and its contents, the inclusive procurement working group, and the next steps in the process. Next slide, please. I don't think this is working. So the purpose and objectives, as you have heard before, we are a race- and gender-based program. We have to comply with constitutional mandates related

[10:17:35 AM]

to evidence supporting our program. That's where the main objectives of having the disparity study. It also provides a legal defense if we are challenged, provides accurate data for goal-setting and gathers feedback for potential program improvements. So, some of the good information that came out of the disparity study in terms of quantitative data had to do with the utilization of mbes and wbes on city contracts for contracts issued from 2013 to 2017 so it was a five-year period of time. We provided the consultant with over 4,000 contracts. She took a sample of those contracts and this is the result of the analysis that she provided. We have utilization for African Americans, hispanic, Asian, native Americans, and white females. We also have weighted availability information on city contracts. This is the weighted information

[10:18:35 AM]

from the city's marketplace, which is the 19 counties that were identified in the disparity study. For weighted availability we have African Americans at 1.5, hispanics 4.7, Asian Americans 1.4, native Americans 0.4 and white females 6.5%. If you look at the disparity ratios, that are very important to us in terms of determining whether or not there are disparities in the marketplace and if so what can we do to decrease those disparities, we have African Americans at 118%, hispanics at 122%, Asians at 142%, native Americans at 20%, and white females at 104. According to the courts, I'm not a statistician, but they look for a ratio of at least 80%. 100% would be taken as no

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disparity and anything over that would be an overachievement of the improvements that the program has made over the last five years. Some of the study recommendations that came out from the analysis of our program includes the use of additional race-neutral measures, the use annual procurement forecast. I'm excited about the development of it. Centralized our program's data to our new system. Enhance strategies on professional services contracts, architects, engineering in particular, and use the study availability data to assist us in setting our mbe and WBE contract goals as well as using that information on any annual procurement goals that we may establish. Looking at implementing a comprehensive supportive services program. Council this year provided us with positions that will help us

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start that process. And then adopting a mentor/protege program, which we will implement in a couple years. That takes a comprehensive measure for those particular items. This is a very brief overview of the road show we went on over the course of three months. We did 17 unique events, providing information to our stakeholder community, allowing them to address our staff as well as the consultant



and ask questions related to the study and its contents. We also did a lot of communications and outreach strategies. I think this is the most comprehensive briefing and outreach that we've done in any disparity study in the 23 years that I've been with the city, so we're very proud of the work that the staff did on behalf of the study. Council asked us to form the inclusive procurement working

[10:21:37 AM]

group made up of city staff members, department heads, as well as and most importantly community members and stakeholders. We've been meeting since last August, August of 2021. We've held over 26 meetings with the community. In looking at improvements too our program. We still continue to meet and we hope to finalize the information related to those 11 poignant items in the resolution that council formulated by the end of this year. So, next steps. September 13th we went to the mbe/wbe advisory committee. They recommended adoption of the proposal and extending the sunset date. October 27th you have two rcas for your consideration, the adupon of the disparity study as well as the extension of the sunset of the ordinance to allow us to continue the work of the inclusive procurement working

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group and finalizing the changes to our mbe/wbe procurement ordinance. In november/december we hope to finalize the revisions, complete the revisions to any administrative rules and again, continue to work with the ipwg. We hope to do some public engagement in the spring of 2023 and bring the council in the summer, a new ordinance for consideration. I'm here to address questions and joined by Ron, our city attorney, as well as Tamela, our point person on this project. >> Alter: Thank you, director compos. I have a couple of questions. We -- in the feedback and responses you were asked a question is the goal methodology going to be modified for how smbr is setting project-specific goals or will this stay the

[10:23:40 AM]

same. The response was that you will continue to utilize best practice in accomplishing goals and reviewing minimum level of scope and work and the scopes of work identified for specific projects. I read that question to really be asking what's going to happen to the goals, given the disparity study and what has changed over time. What do you anticipate is going to happen to our goals given the disparity study results? >> I think if you're talking about goals related to professional services we're going to see a decrease in those goals. The goals we have been using are availability numbers that were provided in a 2008 study and they were adopted as goals. We've been using those for the past several years and so we want to go back to the practice of establishing project-specific goals, which is best practices and what we've done for every other solicitation outside of the professional services

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contracts. >> Alter: Can you explain the nuance of what you were doing before? With what I saw in the disparity study was a lot of variation across different types of services in terms of the availability, so I want to make sure I'm understanding what you just said. >> Sure. There tends to be some confusion when folks see availability numbers, they automatically assume that those are going to be translated into goals and they are not. The availability numbers gives us a starting point in our goal-setting process. We certainly have a lot of data that is included in the disparity study and so at the granular level we'll be looking at commodity codes, scopes of work, trades, and looking at what is the availability that we've seen in the marketplace for those goals and then translate -- like we would do for any standard establishment of a project goal, using the base data, which is the data that's in the availability study -- excuse me, the disparity study -- and looking at what we have in our internal system and seeing how we can

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marry those two or massage them to create an appropriate goal for a particular contract. >> Alter: So, are any of the goals going to increase? >> It depends on the specific scope of work. More than likely, since the availability numbers have reduced, we probably will see a reduction in goals. >> Alter: Thank you. The program is focused solely on subcontracting opportunities, is that correct? >> For the most part, yes. >> Alter: Colleagues, I'm not sure if I'll be providing an amendment or direction on I think item -- 34 but it could be item 35 next week. I think that as our m/wbe program as been successful, as we have been purchasing more and more outside of our local area

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it's important that we investigate what kinds of opportunities we have at the prime contract level to meet some of these goals that we have been looking at and to create a small business enterprise-level program that has a local preference at -- for the prime contracts. And just to flag for you that we'll be putting together direction related to this. This doesn't necessarily end up in the smbr department. This would be more, sort of, procurement. We're seeing more and more of our dollars go out, so this allows us to emphasize local. And there are many distinctions, m/wbe being one of them that allows us to focus on businesses that are designated as small. There's hub, lgbtq, disability, etc. So this would be something along the lines of the small business

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enterprise local program that Mr. Soor was speaking about and there will be direction to make sure that's coming back consistently with when those goals are changing so that we are able to meet the needs of our community and our policy goals to invest locally and support our small businesses. So I will be bringing that forward. The last question I had has to do -- we heard some concerns from the disability commission about not being included in the m/wbe program. Can you speak to ways -- the program I'm suggesting for the prime contract level could include disability measures as a qualifying factor? Can you speak to m/wbe and how we might include opportunities for our disability community businesses? >> Yes, ma'am.

[10:28:48 AM]

So, if you recall, we included disabled veterans in the 2016 disparity study. And we did that by capturing relevant data in our Austin finance online. That is where we capture our data for distribution to any disparity study consultant that we would hire to do our disparity study analysis. I did speak at the mayor's committee on disability last Friday, and spoke to them about ways we can work together with our purchasing office to try to make sure we have data points in our Austin finance online portal so we can extract that data to see how many contracts we have with folks that identify as being disabled and then we can provide that at a future study period. >> Alter: I may have some direction with respect to next steps, with respect to the

[10:29:48 AM]

disability community, of businesses. I think it's overlooked in our current program beyond the veterans, and we have, you know, 20% of deaf people in Texas live in Austin because of the school for the deaf. And I think there's some real opportunities to take advantage of what they can offer our community through our procurement. >> Sure. And just as a reminder -- >> Alter: Do that. >> Just as a reminder, we are a race and gender-based program, so anything outside of that would be a procurement office program similar to what we have done with the initiative you initiative under the disabled veteran program. >> Alter: Thank you. I appreciate the clarification. One of the things I've been learning is there is a difference between the subcontracting through the race and gender-based and the prime contract piece, and we have opportunities to use some new

[10:30:49 AM]

tools for the prime contract. Councilmember Fuentes, thank you for joining us again. >> Fuentes: Thank you. Thank you, mayor pro tem. I, too, would like to share that I'm looking at bringing forward direction.

I served on the hispanic chamber of commerce board and the executive committee for four years and know many of our members' issues when it comes to participation in our m/wbe program. And so I appreciate you highlighting what you're working on, mayor pro tem. And that's one of the questions I have for you, director, is we had a resident testify or provide comments earlier today on a local preference program. In fact, he referenced Houston having one and I believe the city of Miami also has a local preference in contracting procurement opportunities program. Can you share your initial thoughts on what that could look like in Austin and have we considered it before, or some context behind that concept? >> Sure. Thank you for the question.

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We are actually looking at it in two ways. We do have the inclusive procurement working group looking at the current local business preference program and its implementation through the purchasing office. Mr. Scarborough has provided us some information. We are circling back with that working group to finalize any recommendations that they may have to make improvements to that program. I think as a whole there isn't anyone in the city that doesn't see the importance of trying to maintain business in the local community. It would just be something that would be outside of the smbr department and would live in the purchasing realm. >> Fuentes: Okay. What's the timeframe on those recommendations getting back us to? >> We hope to have something in your hands in terms of a final report in the January timeframe. >> Fuentes: In January. Okay. Thank you for that. The other questions I had on the

[10:32:54 AM]

report that you provided was one of the recommendations that came forward in that report had cited some concerns on -- or suggestions on broadening the selection process for the qualifications-based solicitations. And some of the feedback I've heard is how onerous our requirements are. And I'm curious what work is being done on that end to broaden the selection process. >> That's a great question. And that was one of the 11 items in the resolution that council passed. A tremendous amount of work has gone into looking at the current certification process and the members of the working group providing us with proposed recommendations. To date we have over 40 proposed recommendations on improvements. A good chunk of those are related to certification. Not all of them will make their way from a proposed to a

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recommended recommendation. So we're working through that process now. But we certainly are looking at the process, how onerous it is. We don't disagree with you there. We know it's an administrative burden at times. We're trying to see where we can lessen that burden while still

maintaining the integrity of the certification process. >> Fuentes: Okay. And those recommendations would come forward -- >> In the January timeframe, yes, ma'am. >> Fuentes: What about reducing contract size and complexity? Any work being done on that end? >> That work is always done in our office. That's one of the things that we do for our compliance team. They're instructed to look at the contracts. If it's quite large we work with the purchasing office and the buyer in question to see if we can break it up. If we can, we make that recommendation to do so. >> Fuentes: So I guess because this report, this audit, shows

[10:34:55 AM]

that these are issues that you're saying that you're already working on, how are we squaring that away between what is recommended from this report? You did say that this was from a contract size sample of 2013-2018, so the recommendations that you're referring have been initiatives that have been initiated in the last four-five years? >> I've worked with this department since 1999 and that's always been a component of compliance work, is to look at size of the contracts being issued by the procurement office and looking at ways to reduce that to have smaller firms complete on contracts that would otherwise be larger and hard for them to bid or bond. So we always have done that. I think a lot of the items we'd like to work on is being able to tell our story. Council recently in this new budget provided us with a new fte for outreach services.

[10:35:55 AM]

That's part of the outreach, do you know what we do on a daily basis on behalf of the small, minority and women-owned business community and I don't think we do that well. >> Fuentes: I'm struggling to discern between what the report is showing as areas for improvement and your responses have been we are actively addressing it. But are you all making -- will the department be making further adjustments based on the findings of this report? >> I think so. It's going to be in concert with our procurement offices to see how we can take the recommendations and make some stronger components in terms of review. I know for example there was some concern about the contracts related to professional services, architects, engineers, and how we have those contracts set up. We'll be working with the capital contracting office and procurement to see what we can do to mitigate some of the concerns that were raised.

[10:36:57 AM]

>> Fuentes: Okay. And my last question is you made -- I think it was slide slide . . . On the disparity ratios you made a comment that the benchmark you would look for is around 80% and it shows for our hispanic and black communities they're above 100, same thing for Asian and white women. So is -- are

you saying that we are doing well on our disparity contract? >> Great question. The disparity ratios are showing we are doing exceptionally well with the exception of native American firms. They are the only ones showing an acute disparity within the contracting process for the city of Austin. So we will be working on ways to try to mitigate that.

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That's not to say that there aren't disparities impacting the other racial groups, or white females, it's just that it's not showing in terms of the utilization of contract dollars to availability. >> Fuentes: Okay. Thank you. >> Alter: Thank you, councilmember Fuentes. I just want to clarify that what I'm going to be providing direction on would be a small business -- small and local business enterprise approach that would be focused on the prime contracts, but it is the small business and local, and m/wbe only comes in as it is one way to certify that somebody is small. And so these would be -- you can use the m/wbe certification that we're using right now for subcontractors as one of the ways to say that a company is small under our sble program if we were to launch one.

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So it has a local preference. It would be amplifying the local preference. Right now -- and we have some decisions to make over the area. Right now we have -- I believe we have a local preference for our prime contracts, but it's only if they're in the city of Austin full purpose jurisdiction. And so we would be able to decide whether we wanted that to be broader under the sble and that would be part of what staff would have to come back as a recommendation, but we can talk to you more about that if you like. Any other questions from colleagues? Thank you, Mr. Compos. I look forward to the discussion next week. And we will be, you know, trying to our amendments up as soon as we can. I did want to also just mention, councilmember Fuentes, I thought

[10:39:59 AM]

you may want to talk with our procurement staff, because they have introduced some additional mechanisms for reaching folks for smaller contracts that they're experimenting with and are planning to expand if that is of interest to you. >> Thank you. >> Alter: Thank you. Appreciate your being here. Okay. The last item on our agenda is item number 7, which is to discuss items at future meetings. Stokes? >> Yes. At this point, you know, the agenda for November is still in flux, but we do expect -- we have an audit related to emergency shelters we expect to present, the briefing on the city pension system will be at that meeting. We've also been requested to present the special request related to airport community engagement. That report's not out yet, but hopefully will be in time for that presentation.

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And then we had some other items as placeholders, particularly I think the disaster preparedness comes back periodically. So that could be November. It could be later on. and ems billing as well. So -- actually, I believe the medical office, the ocmo, which I can't even tell you what that stands for, but related to health records and billing, the -- >> Office of the chief medical officer. >> The chief is the part I was missing. I believe that's what we have right now and then we are talking -- looking at the next meeting, December 13th, tentatively we are hold that for the presentation from the Austin water external review. >> Alter: Thank you. And, you know, I'll mention it again. When we have a calendar discussion on Tuesday going over our new calendar, by that December 13th meeting, if everything stays on track for

[10:42:00 AM]

that external review, it will be very important. For the November meeting for audit and finance, just so you know we will be canvassing an election at the beginning of the meeting. I believe we're going to set the times for the special called and for the audit and finance committee meeting to be the same. And so we will -- I think if people show up on time and we have the quorums that we need we can move really quickly through the election canvassing to our audit and finance committee meeting, but I didn't want to go earlier unnecessarily. So, thank you. Colleagues, anything else that you want to bring up for future meetings? Okay. Great. Well, then it is 10:42, and I will adjourn this meeting. Thank you.