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>> My name is Allison alter and I chair the audit and finance committee. I'm joined on the dais by my vice chair Leslie pool and virtually by council members Kelly and Ryan alter would like to call this meeting to order at 933 on December fifth, sixth, December sixth. Today we are going to we have one speaker signed up, Michele and think we are going to have that together with the ems present station. Does that work? We'll do that together with that. If someone can remind me, if I forget, that would be great. Our first item is our minutes. Okay. Councilmember pool moves approval. Do I have a second from councilmember Kelly? Second from council member Kelly with no objections. We adopt the minutes. For that are in the agenda for October 25th. Our

[9:34:15 AM]

agenda for October 25th. Our next item, we're going to go a little bit out of order so that councilmember Ryan alter can be with us. Congratulations council member alter again.

>> Thank you. I'll be a little in and out here, but appreciate it.

>> Great. Thank you for being here this morning. We council member Ryan alter and I co-sponsored an item number five. So we're going to take that up first. Related to strategic planning. Good morning. Good morning. And thank you all.

>> Didn't realize I was first. That is. I appreciate that. I'm glad to be here. Kerri Lang, budget officer for the city and financial services department and am going to give an update on the progress that we've made on the creation Ann are the changes to the citywide strategic plan. Okay so you know, the city

[9:35:27 AM]

Okay so you know, the city started with creation of the strategic direction 2023 and we began working on revamping that plan. As we looked at how we were going to move forward with the city's continued efforts and strategic planning, we began working on the next iteration with the foundation of 23. So we looked at what was included in sd and decided to start with that groundwork and began using things like the challenge statements and the initiatives inside of sd 23 to begin creating the plan over the last two years. And this slide kind of talks about the progress and the things that we've done so far over the last two years. We've conducted executive workshops. We mobilized cross-departmental teams to work on developing goals and measures and strategies for the upcoming plan and we are really looking at creating these measures and strategies that are actionable

[9:36:28 AM]

strategies that are actionable and will allow us to move forward as a city. We conducted Eid citywide or the citywide goals were approved by city management. You saw those those goals within the fiscal year 24 budget document. And right now I'll kind of talk a little bit more about this in detail. So we're looking at refining those measures, tirz refining the strategies, implementing a pilot plan for nine of the pilot teams to really dig into work plans and showing progress on the on the strategic plan and finalizing the measures so that we can develop a dashboard. So what are the objectives? When we think about the citywide strategic plan, we really wanted to make sure we looked at the great work that was done with sd 23, but look at the learned lessons from that plan, what things we can do better, what things we can take away from the plan. We wanted to make sure we defined the citywide goals, measure hours and strategies based on things that we could

[9:37:28 AM]

based on things that we could achieve as a city that we had purview over, and then we wanted to make sure, as you all know, the auditor's office completed an audit and made recommendations in March of this year. We wanted to make sure we were incorporating those recommendations in the creation of the next phase of the plan. This plan is more staff led based on those recommendations, but it is very well informed by the priorities of council in addition to incorporating the audit recommendations, we wanted to make sure the plan was a living document that would be flexible and allow for us to adapt to the changing needs of the city, as well as establish a long range plan that can be operationalized, that is that is the focus of the plan. So when we think about what we've done so far, the staff has made a lot of have had has had some great accomplishments with the

[9:38:30 AM]

accomplishments with the development of the plan. Again we established 24 citywide goals that were included in the fiscal year 24 budget document. But in addition to that, in order to get to that space, we had to mobilize over 200 diverse staff. So again, the goal is to operationalize, operationalize the plan into the into the organization Ann, as well as allow for it to lead and guide the decisions that are being made. We are continuing refinement, so with those 24 goals, we have 55 measures, strategic measures that have been created. We are continuing Singh refining of those measures, making sure we have targets, making sure they're actually measurable and will move the goal forward and we have associated strategies. 151 strategies and developing work plans that will help make sure that this plan isn't just sitting on a shelf, that we are seeing the work that is being done behind it. So when we talk about the goals, what we had to do when we were creating the

[9:39:32 AM]

do when we were creating the goals and we looked at the 24 goals that were created, we wanted to make sure that we created categories that align those goals together. These seven categories that you'll see between this slide and the next slide are categories that are crossing over assistant city manager job functions as well as departments. So it's very cross collaborative across departments . And then it also so we also want to show how these goals and how these categories still align with the priorities that we've heard from council. So we looked at the items from council for the last two years and of the 243 items from council, the goals as a whole represent 93% of those items. So we can we can tie 93% of the resolutions and information and requests we got from council to the work that we're doing in the strategic plan. And in these next two slides, I won't go through each goal specifically, but in these

[9:40:32 AM]

goal specifically, but in these next two slides, you can see the alignment of ifc. So housing, homelessness and housing has 56 ifc's that are aligning community health and resilience has 38 ifc's that align. And then when you continue to look at the number of the different categories, we see the alignment from public safety as well as mobility and critical infrastructure. For so then this this slide here really just talks about what we're doing on the over the next steps. And how this plan is going to be set up once it's finalized. We start with the vision and values that you've seen in imagine Austin, the comprehen plan we created, the goals based on the challenge statements that were included in strategic direction. 2023. We began developing these measures and strategies that will show progress towards achieving the goals as well as actionable

[9:41:33 AM]

goals as well as actionable plans on how we're going to implement those measures over the next. We've done a kickoff for the nine pilot teams and over the next several months we will be creating workshops to really develop work plans that we plan to bring forward and continue develop so that those work plans can show what our timelines are, what our project goals are, and implementing the overall strategic plan. So when think about when we think about the next steps over this month, starting last month and beginning this month in December, we initiated the pilot work plans. We will have workshops over the next several months with those pilot teams as we're continuing to refine the measures and strategies about about 90% of the measures have all the elements needed to create the dashboard that we're working on. So we're working on finalizing the rest of those measures and strategies, and then we will move forward with

[9:42:34 AM]

then we will move forward with initiating the city leadership review review process and the dashboard that will be an outward facing dashboard that shows the progress we're making on the plan. Any changes that we're making on the plan and want to reiterate that the goal is to have a living document, a living plan that will adapt to the work that we're doing as a city and allow for us to for example, if a strategy is complete or we find out a strategy isn't working the way that we think have some ability to adapt those strategies and make changes in the life of the plan to ultimately reach the goals that we've created. Thank you all. Am happy to answer any questions that you may have. Thank you.

>> Can we see the screen so I can see who's on line, please? Thank you. Okay so council member Fuentes has joined us online as well. For the record, council member Ryan alter, did you have some questions? >> Do thank you. Carry for that.

[9:43:37 AM]

>> Do thank you. Carry for that. One thing. I'm just trying to understand as y'all develop this, especially as you move it towards next year's budget, is, you know, y'all have set forward these goals and the strategies. But as as we certainly know, in any budget process, you can't fund everything, right? So we have to decide what of our goals are more important, what our priorities are. And I want to kind of understand and how y'all are looking at this through that lens of prioritization, because you know, that certainly crosses into the policy realm. And so trying to figure out how we as a body can impart our priorities on on this plan.

>> Well, I think the short answer is through the continued conversations that we have with you all as council and so as I showed in a couple of the

[9:44:37 AM]

showed in a couple of the slides, the categories and goals have a number of ifc's. We have alignment with the items from council. So we continue to have conversation and so it will be informed, the priorities will be informed by the continued discussions with the body. And I think that as we as we continue with the development of the plan and priorities, we'll look at those, those those conversations , glean what the what the council would like to see and include those in the proposed document. I think there's opportunity for several spaces for us to give receive input when we're, you know, looking at the forecast period or things like that throughout the timeline that if we need to come back, we can come back and have continued conversations. But I feel like we've been listening over the last just continual time to try to make sure that we're aligning this plan on the goals and priorities based on what we're hearing from you all as a body. >> And so when we talk about the

[9:45:38 AM]

>> And so when we talk about the measures element, are those still being developed or when will we get to see kind of what our targets are in terms of metrics that we can actually measure?

>> So we are still refining the measures. There's been some really good work that's been done and creating measures as well as determining the data source. So we're we're in the refinement stage, making sure that these measures are going to move the goals forward at this moment. And so we are looking at finalizing the measures. And before we get to in the spring of 24. So that we can be able be prepared to begin building the dashboard and showing the measures to council and the public.

>> Okay. Yeah, I'd really I'm interested especially, you know, as we think about I looked at, one of the goals and I don't have it in front of me, but essentially as it relates to homelessness to, you know, not only stop increasing our homeless community, but also to

[9:46:41 AM]

homeless community, but also to then set us on a path for ending homelessness and how, how we can measure within the investments we're making in other steps we're taking. You know, are we are we doing more than spending money? Are we actually achieving results? And so and that goes for many spaces. But I'm excited to see those as soon as you can and you know, where we might have, either different ideas or prioritization. Just want to make sure we can have those conversations earlier rather than later.

>> Yes, sir.

>> I really appreciate your work.

>> Thank you.

>> Colleagues, do other folks have any questions? Councilmember pool wanted to thank the staff for taking us with the strategic planning process into the next phase.

>> Remember sitting in a big room with my colleagues trying to craft the initial strategic plan for the city of Austin? And that was, what, about seven years ago now, 6 or 7, something

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years ago now, 6 or 7, something like that. It was pre-pandemic for sure. And then coming back and doing a refresher and reestablishing our Fauci and finding what would be our top main priorities. And it was good work and it continues and this is this is a really good update. And I appreciate our budget officer presenting this today. Thank you.

>> Thank you. Councilmember Collier, councilmember Fuentes, do you have questions? Okay. I have a have a couple questions to appreciate. How this builds off of our prior our work. I think we have, you know, moved the buckets around slightly differently. Eid maybe to, to better meet our needs. Do have a couple questions though. One, you mentioned that you're focusing in on nine strategic measures. I think that was the category that you were calling the nine items for this budget. Can we see those nine items or can you share what those nine things are?

[9:48:44 AM]

things are?

>> Yeah. So we are, we are, I can give you all that detail. Guess push that out. But we are working on, nine areas to create pilot, a pilot work plan. So what we have created so far are measures and strategies and the strategies are plans. But we want to dig a little bit deeper and show project kind of timelines on how we're moving those plans forward. So that is what we're kind of focusing on. But I will share those those nine items with you all. I can send something out to share that exactly what those nine items are.

>> Thank you. I think that would be helpful for us to really get a sense of how this may be operationalized and moving forward and I appreciate the emphasis on the ifcs as a way for council input. But then there are also items from staff that originated way back when with items from council or even just our natural part of our process that we need to make

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process that we need to make sure our, you know, reflected here. So I'm thinking of, you know, the vision plan, our libraries plan, which are not necessarily directly from ifc's, but are things that we have weighed in on, you know, as council for that. And so I just want to flag that. I hope that you're also there are things that, you know, staff have brought us that we have agreed to that are not ifcs as as should happen that are also important as well for these. I completely agree, councilmember.

>> And I think that what we've done with the cross, the cross-departmental teams and the teams that have permeated throughout the different levels of the city has allowed for those discussions as well. So in this presentation in particular, I wanted to show that we are really aligning to the things that council has put forth. But staff has talked about the plans that have already been in place

[9:50:46 AM]

that have already been in place and been approved or been initiated and how those plans can can speak to the strategic plan and inform the strategic plan and our measures and strategies.

>> Okay. So the plans are also feeding into it, not just. Okay. And then. Speaking of libraries was sort of hard pressed to figure out what cat three of the goals libraries fall under. You know, I think that our residents really rely on our library and, you know, there's some you could kind of sort of peg it into. But, you know, we have a whole goal just for the animal center. And I think that our community relies heavily on our libraries, not just for resilience reasons. And not just for creative sector. And so I was having a little, you know, or even our, you know, our, our cultural centers, etcetera, where do those fit in this scheme?

[9:51:48 AM]

those fit in this scheme?

>> And I will have to go back and look at the detail, but I'm going to make the educated assumption at this point that it will those, those strategies and that work would fall into community health and resilience. But let me go back to the team and kind of verify that. And think what we want to do with these categories as well as some of these goals is to make them kind of overarching so that as we elevate things that need to be addressed to move forward those goals in general. So library can be elevated in the space, community centers can be elevated in space or reduced in the space as we see progress being made. So let me go back and look at that and I can give you some more information.

>> Thank you. And think also sort of youth and children was another one where it kind of fits, but it doesn't fit. And and just want to make sure they're not being dropped. Yes.

[9:52:49 AM]

they're not being dropped. Yes. The cracks and in the process of trying to streamline this. And then you mentioned something I think is really important that you wanted to get stuff that we could actually measure. I know that was one of my biggest frustrations with sd 23 is we set out that we were going to measure these things and they never got measured. And so then we could never see our progress because we didn't have the measures against which we could look at our plan. Ann so I'm looking forward to seeing kind of what those are and, and how you are, how you are, thinking about those that, that has been the, one of the biggest charges for our teams as we've created this to this stage of the plan.

>> And if you remember in the audit report, the recommendation was to move away from community indicators or, you know, repurpose community indicators in another space. And so we are really looking at creating measures that we have the, the oversight and the authority to

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oversight and the authority to show the changes and the impact that the city is making as an organization and not have a lot of measures that are, are influenced by several other variables. And so we will be happy to share that information so that you all can see, you know, the measures as they're developed, the goals and targets that we're creating. Some of the measures are brand new measures. So we'll be used Singh 25 to create baselines or, you know, but a number of the measures already have targets and we're working on finalizing that information.

>> Thank you. And I want to just highlight a really appreciate under community health and resilience that it says in. Sure. And preserve equitable access to parks. Et cetera. You know, one of one of the things that we have been working on, say, with the land management plan and conversations we've been having about the need for, maintenance in our parks, including the conversation we had last week about the is that we have a lot of work to do for

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we have a lot of work to do for maintaining the parks that we have. We also do need to grow the parks, but I appreciate that framing of it because I do think we need very much to pay attention to the maintenance of our parks. On that, so there are no other questions. We'll thank miss Lang for being here.

>> Thank you. And I just want to say, you know, I get the privilege of standing up here, but as I mentioned in the earlier slide, it's over 200 staff that's been working on this. So this is something that I think the team as a whole has taken very seriously and we look forward to the continued work.

>> Thank you. Thank you. And please be in touch if we need to have opportunities to weigh in at audit and finance in particular spots that may be more appropriate than a work session. Okay. Thank

obviously we welcome it at a work session. Okay as well. Thank you. So our next item, we are going to move item two municipal civil service towards the end because we're

[9:55:54 AM]

towards the end because we're going to be taking up that in executive session with the related item. So our next item is item number three discussion and possible action regarding recommendations for appointment of members to the Austin convention enterprise board. I'm going to recognize council member pool.

>> Thanks, chair. We have in front of us an expired term for one director, an and we'll be bringing forward a recommendation for a replacement and that resolution is on the page on the dais in front of you. Also our cfo at Benigno is here, if anybody has any questions. And I'm hoping that this will be on our agenda for our next meeting, hopefully on December 14th.

>> So council member Fuentes had asked me to hold this discussion until she was on the dais. Do you have questions,

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you have questions, councilmember Fuentes, and assumed since you were up there, you were on. We're having trouble hearing you.

>> Can you hear me now? Yeah. Can you hear me now? Yes, we can. Great. Thank you. So, you know, my question on on this appointment, before us, I guess, would want some, some insight as to the recommendation for this appointment. First would be my first question.

>> Susana Carbajal is a longtime city staffer.

>> You have her resume and I hope you do in front of you and Ed vannino is here and he can answer some questions about the recommendation coming from staff or miss Carbajal to take this position, this appointment.

>> Awesome.

>> Thank you.

>> And also also my staff just reminded me Caroline Webster is

[9:57:57 AM]

reminded me Caroline Webster is here also from legal. And it may be that Caroline is better positioned to answer the question. So miss Webster, could you also come forward so that council member Fuentes, her questions, can we can get them answered? Thank you.

>> Hi, good morning. I'm Caroline Webster with the law department at the board consists of five members and they serve six year terms and unlike a lot of the other boards and commissions, they tend to they don't get necessarily get all appointed on March 1st like with our other ones they have kind of a rolling appointment schedule. And so we look back on the resolutions that have been passed previously to see kind of whose term is up and where they are in their term, etcetera. Earlier this year, we had an individual who resigned, Sherri Greenberg, and then you all appointed Mr. Madras to fill that unexpired term. And right

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that unexpired term. And right now you have a term that ended in on June 21st of this year and no appointment was made to replace that individual. So he has just been holding over. That was Mr. Phillip Schmidt, who's been holding over since that time. And so this is really just to fill that office so that he doesn't hold over in definitely under the terms of the bylaws and other instruments relevant to this particular commission committee. They they can hold over, but only up until their successor is appointed. And so certainly the idea is to go ahead and appoint another individual or reappoint the same individual, whatever council prefers for the particular incident. So that's what that's why this has come up at this point in time.

>> And is Mr. Schmidt is he is his is he termed out what year is he on his term?

>> He's he's finished his six his six year term. I don't know for sure if this is his first

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for sure if this is his first term or second term. He was previously appointed by councilmember Cassar six years ago and so, as I said, there was no reappointment that came in up until this point. And so that's why there's a now a proposed individual to serve in that role .

>> And has he indicated that he would he is not seeking reappointment and would like to resign or finish out the year?

>> Not that I'm aware of.

>> Okay. I'd like to take this item into executive session, if that is okay. Sure

>> Ms. Webster, is that okay? Yes, that's acceptable.

>> Yeah. Okay.

>> So when we get to that point, if someone can just remind me to add that to the script that I'm working on the script, so I'll add that to the script for you.

>> Okay. Thank you.

>> All right, chair alter yes.

>> Will we be able to do that executive session virtually, I believe so.

>> Okay, great. Thank you. I just wanted to make sure that

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just wanted to make sure that options available. Thank you. We will let Ann know and hopefully they can make that happen.

>> I think we have several of us virtually, so I think that should be a matter of, of, of process. Okay. So we will, table item three for now. And come back to that. And we will now move on to item four briefing on the city's pension system. I believe Mr. Benigno is going to do this presentation. And before we get started on the, the pension overview that Mr. Benigno is going to provide, I do want to acknowledge the service of some of my colleagues on the various pension boards. I believe councilmember pool is on the board and councilmember Kelly is on the board and the mayor by statute serves on the fire pension. Thank you.

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fire pension. Thank you.

>> Good. Good morning. Committee members Ed Benigno chief financial officer and I'm actually not going to do the bulk of this presentation. I'm going to set it up and introduce our guest speaker. But what you're going to see today is a new look for our annual pension update presentation. As you are well aware, we made significant changes to both the civilian Ann system, which we call coas, as well as the police system, which we call all aps. So we made significant reforms at both of those retirement systems the last in, in the last two sessions and in making those changes, we went to a far more complicated funding model. It used to be that we were on a static funding model. So regardless of the system's performance, the city's contributions to the systems was set by statute, and that's what we contribute. And we were very pleased to work in collaborations with the system to move to what's called an actuarial determined funding model, where the city's contribution is adjust depending upon the system's performance. And that really required a new

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And that really required a new tool, a more powerful tool to allow the city to track and monitor these systems and to be able to forecast potential budgetary implications that result from the system's performance, which then will have an impact on how much the city has to contribute. So we have been working with a company called gov invest. Gov invest produces a pension modeling software that's very powerful and adaptable and as you know, 2022 was a very bad year for investors across the globe. Most investors and most pension systems lost money in 2022. And so what you're going to see with the modeling software that we have is how those losses in 2022 impact the financial status of our three different systems. Again, we have a civilian system, a police system, and a fire system. And you can really see how the actuarial based model is working, that it's self-corrects and it keeps us on a path towards financial sustainable sustainability. So I'm going to introduce Ira

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I'm going to introduce Ira Sommer, who is our senior consultant from gov invest, who's been working with us on this. Ira is a retirement program expert with more than 30 years of consulting experience as an actuary for public retirement systems. He's also taught finance and economics classes and he's worked with numerous public agencies across the country on implementing this this software tool for them. So that's all I have. Ira, do you want to come up and run you through the slides? Ira is going to give you some actuarial one on one. You really do need to know some of the terminology to follow what he's going to be talking about later. So he'll do that. And then he's got a lot of slides to a lot of graphics to show how the systems are doing.

>> Thank you. Let's see if I know how this thing works. So, what I'm hoping to do, I'm breaking this into sort of three parts. First, I want to talk about some of the basics S talk about how pension plans are funded and a little bit about how actuaries talk, actuaries

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how actuaries talk, actuaries have a tendency to use words that sound just like English but don't tend to work exactly the same way. So I want to make sure as I start using that terminology, that you understand what the terminology is, then I'm going to go back into some historical information and see where you've been, how you got to where you are now, and then push forward as to where things are going and see if you are on a reasonable path moving forward . The terms of the basics of how pensions work, the, the mathematics involved in the whole in doing the actuarial calculation is very complicated. But the concept behind it is very simple. All the actuarial funding comes down to is across time, the money coming into the pension fund is supposed to be enough to cover the money coming out of the pension fund. That's all it is. It's money and equals money out. Money coming out of the pension fund is a combination of benefits and expenses. And of those two, by far the largest is benefits.

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far the largest is benefits. Expenses tends to be a small portion of the whole thing. Money coming into the plan comes from a combination of employee contributions, city contributions and investment return and of those three, by far the largest is investment return. Depending on how well funded the pension plan is and how the markets are doing. Investment return can be anywhere from 60 to 90% of the money coming into the plan. Now that's great news in terms of keeping your costs down over the long term. It is frustrating when the markets are volatile, which is where we have been for the last two decades, because as when investment income drops down, the basically the valve that has to open to make up for it is city contributions and there tends to be volatility. Now normally the retirement

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Now normally the retirement system does what they can to keep things relatively steady across time. If you're using an actuarial funded model, they do this with a variety of actuarial methodology and actuarial assumptions. So the assumptions basically fall into two categories economic assumptions, ones related to money, things like investment return, salary growth, inflation and demographic assumptions. The ones related to your people questions of when do you expect your employees to retire? How many of your employees are going to become disabled and start collecting benefits early? How long are the retirees going to live and how many employees are actually going to leave without collecting their pension benefits? All of that is taken into account to try and make sure that there's always enough money to pay all the benefits you've promised to all of your former employees. Now they say, you know, in terms of the they do this based on your people, your benefit formulas and the

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your benefit formulas and the assets you have in each of the plans, when they do the calculations, they tend to use specific pension terminology. First term I'm going to talk about is normal cost. Normal cost is the cost for each year of service as it's earned. So so the goal of the pension funding is to pay for the benefits while the employee is working. So there's enough money to be able to pay for them when they are retired. So the contributions should start Burt when they get hired, their going to end when they leave. And if everything goes according to plan, normal cost is the right amount to pay for that. So there's enough money when they hit retirement to pay for their benefits throughout retirement. The normal costs tend to be based on the plan's actuarial assumptions , what the benefit is, the age at which the employee is hired, how much the employee makes, and employee contributions. There's a total normal cost and the

[10:09:11 AM]

a total normal cost and the employer normal cost what's referred to as a normal cost gets subtracted out from that. So there's a share Shaw between what the employees pay and the employer pays the actuarial accrued liability is basically the target. How well funded you're supposed to be at any point in time. Again, with the goal being to pay for it by the time the person retires. So when somebody is first hired, their actuarial accrued liability is nothing you're not supposed to have anything set aside by the time they get to retirement. It's supposed to be the whole value of their benefit as they March through their work lifetime, the target moves up from nothing up to where it is. So that's it's going to increase as as the each year as they're working, it's going to grow. And it also changes when the actuarial assumptions change or when plan experience changes. So if life expectancy increases benefit, you need more money in there to pay more benefits for a longer period of time. The unfunded actuarial accrued liability is the difference between the liabilities that you

[10:10:13 AM]

between the liabilities that you have and the assets that you've set aside at any point in time. So this tells you if you're on target at most pension plans across the country have an unfunded liability. They're a little behind target. This happens for a variety of reasons . The three biggest reasons that we see unfunded liabilities for plans across the country. Number one tends to be that investment returns have not matched the assumed rate of return. So you didn't hit your target. Second biggest reason is that the assumptions have changed across time. You were funding at a certain target you thought you were going to make. For example, 8. Now now you change the expectations bond is went down in value or bond returns may have gone down across time. So you're expecting less money. So now you're expecting 7% less

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now you're expecting 7% less money expected from investment return means more money is going to be needed from you. Unfunded liability gets created. A third reason that we see is that the contributions going into the plan are not enough to pay for those benefits to catch up. So when the agencies that are not funding on an actuarial determined basis are the ones that tend to fall behind across time, the contribution rate may have been okay at one point in time, but as the world changes around you, the amount that you need to contribute has to shift with it. And if it doesn't plan, tend to fall behind, especially during tough economic times. The amortization period is the number of years it's going to take to pay off that unfunded liability and catch up to where you're supposed to be. That can range anywhere from, you know, short period, three, five years

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short period, three, five years up to 30. The Texas pension review board doesn't like to see it get longer than 30 years would actually prefer it to be shorter. The contributing actuarial determined contribution and you have an actuarial determined contribution now for two of your three plans is a combination of normal cost. The cost for each year of service as it's earned, plus a payment towards the unfunded liability, a payment to catch up to get to 100% funded. And those two amounts together become the payment to your retirement system. The actuarially determined contribution. And that's usually the contribution you need to stay on target to get to your funding in that time period. So where have you been across time? Let's start with investment returns again, because the biggest thing impacting results tends to be investment return. This graph shows the return on a year by year basis for each of the three plans for the last ten

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the three plans for the last ten years. Red is fire, blue is police because red is always fire and blue is always police and red. I got as close to the university of Texas as colors I could for the other one. Because my niece graduated from there with a phd in math. I'm very proud. First thing I see when I'm looking at this is, is that the up years are the same for all the plans and the down years are the same for all the plans. And that doesn't surprise me. We see that from pension funds all across the country. The reason we see that is they're all investing in the same markets. They all diversify their investments, but over time, some of the plans tend to do better than others. The Ann asset allocations are not exactly the same between the three plans and the selection of investments

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the selection of investments themselves are not the same between the three plans looking at this, the following this ten year period, the. Think the again, we can actually show the results a little better on the next slide. Yeah. So the one year, three year and ten year returns the fire plan stronger ten year return higher average than the others police in the middle and the civilian plan at the bottom when the market was down to 2022. And I do want to push that back to here to 2022 down markets bad markets for every plan all across the country, every asset class lost money in 2022. There was no place to hide. So the only question was how much money are you going to lose? The fire plan lost a little less police plan

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lost a little less police plan close to the fire and the civilian plan lost more. The returns on a three year basis. This cause is significantly behind the other two, so, again, less money for investment. Return does mean more money is going to be needed to for buy from the city. Now, each of these plans uses what's referred to as asset smoothing because cause of the volatility in the markets is so that it doesn't immediately impact your funded percentage and doesn't immediately hit your contribution rates because they expect the markets to be volatile. They smooth out the ups and the downs in the market over a five year period. They take the amount that they that the investment returns are higher or lower than what's expected and spread that out over a five year period. So that if the ups and downs cancel each other out like they're expected to, your rate can be a little more steady. So if we look at

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more steady. So if we look at the funding or the returns on an actuary value, an actuarial value basis, you'll see again, a lot less volatility here. The numbers are all positive, but the lines across this, that was the expected return for each of the plans. Again, blue police, red fire, Orange civilian plan for most of the years, the returns on an actuarial basis were less than what was expected . Now, the this again, a lot less volatility on the actuary. Smooth basis. The assumptions relatively steady. They look flat on this, but they're not actually flat. The assumed rate of return has been slowly decreasing for each of the plans as well. And that's been happening with pension plans all across the country. For the police plan, at the beginning of this period, it was 8% at the

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this period, it was 8% at the end of the period it was down to seven and a quarter. Kohr's went from. 7.75 to 6.75 less money expected from future investment return is raising your liability, not hitting the target, raising your liability. Katy so that's what we're seeing less money from investment return means more money required from contributions. Getting back to the basics rather than the complicated math in terms of the funded percentages, what we see here is the fire plan much stronger funded position to start with. But it has been coming down over the last decade . The most important thing when I tend to look at pension plans across time is we like to see them moving towards the target of getting to 100% funded. You want to be making progress and in this last decade, what we're seeing is not a lot of progress. Things have been coming down now

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Things have been coming down now , the main reason, again, they're coming down are assumption changes, lowering the discount rate across time as well as the markets being very, very difficult and not having trouble and not being able to make the returns for plans that are actuarially funded agency is make up for that by making bigger contribution. Burns your contributions for much of this time period were fixed percentages of pay. So they were set at a certain point in time that where they appear to be reasonable and sufficient. But as the experience changed, as the situation changed, the contribution didn't change with them. The amortization period, the amount of time it would take to pay off your unfunded liability at the rate you are paying as shown in this graph. What we see again on fire

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What we see again on fire started much lower. But in the last couple of years has jumped up as as the investment losses are not being made up by the contributions as the police you'll notice in 2018 and 2019. Top of the graph and they would go even higher. They were actually infinite at that point in time. I'm saying that the contributions would never be enough to pay for all the benefits that that was. Hopefully one of the reasons why you switched to an actuary determined basis with the police plan to make sure the contributions were sufficient to pay all the benefits that you promised. So where are we going from here? We'll look at this for each of the plans separately. For the police plan. You previously paid a fixed 21.313% of pensionable compensation. You switched to an actuarial funding approach and you started paying off on that basis and paying the amount in 2022. Employee contributions.

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2022. Employee contributions. Currently, 15% of pay. This graph shows the unfunded liability, the red line is the actuarial funding that you're on right now. The unfunded liability is projected to go up a little over the next few years as the investment loss in 2022 gets smoothed in and realized over a five year period. So that's going to get reflected over the next few years and it's going to go up before it starts getting paid off as planned. On the other hand, if you had stayed at the 21.313, the unfunded liability would have kept growing and you would have definitely never paid it off and it would have kept growing across time. Your funded percentage, the assets divided by the liability would have dropped down on the level presented basis. But because you switched the actual funding basis, is, is expected to get to 100% funded in 2050. So you're on target. To do this, you need to make additional contributions

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to make additional contributions . So the contributions on the actuarial funding basis are higher than they would have been. Under the prior basis. And instead of paying 21.3, you're going to be paying 39% after after the investment losses get phased in. Now these projections assume that they're going on average hit the investment return across time. Markets are doing a lot better right now. It becomes a little easier when interest rates are at 5. Then when interest rates were at zero, at least the fixed income portion is earning something a little more solid. And as a percentage of pay contributions will level out once they hit the high rate at 39. Dollar terms, though we expect this to the contribution your payroll should be increasing. And because of that, the dollar amount will be increasing across time for the civilian plan. You recently switched. You have been paying

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switched. You have been paying 19% of compensation on you switched to an actuarial funding basis and you'll begin paying on that basis beginning in January next month. Now employee contributions are currently 8% of pay, but as part of that agreement, the employees are going to start paying 9% of pay next year and 10% of pay the year after. So they're also picking up a little bit more pay as you go through this. What that does is, again, the next few years, we see the red line, the actuarial basis that you're on. It's going to go up as the unfunded liability, as the investment loss gets phased in over a five year period, it will then hit a peak and start coming down. On the other hand, if you stayed at the 19, it would have stayed up there. The contributions would not have been sufficient to pay this off in any reasonable amount of time . The funded percentage, again, would shooting up to 100% in 2050. So you're going to be on target to get there in a 30 year

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target to get there in a 30 year period. Contributions over the next five years will be going up as a percentage of pay. Then they'll start coming down. The main reason for that is that your your funding, actuarial funding from with coast is set up to be a level dollar amortization of the unfunded liability so that you're paying the same dollar amount each year as the payroll goes up as a percentage of pay, it starts, it comes down across time. Still targeted to pay it off over a 30 year period and to do that, that means you're paying more in the beginning and less at the end. And we see that in terms of the contributions in dollar terms going up a little in beginning and again, giving you more of a cushion as time goes to be able to get you in a better place. So inevitably when something goes wrong or unexpected, you're in a better position to handle it. For the fire plan, the fire plan

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For the fire plan, the fire plan has been in a stronger financial position than the other plans for the last decade. City is currently paying 22.05% of pensionable compensation. Ann and the employees are paying 18.7. You know, relatively high contribution. There is currently no agreement to go to actuarial funding. Lang but I wanted to show you the both the current process and what's going to happen and how it would be different out if you did switch to an actuarial funding model on here. And so I picked the one that coerces under because because it's as good as any. So the again your unfunded liability has been relatively low. But over the next five years, because of the big investment loss in 2022, as it gets phased in, the unfunded liability is projected to go up. Pretty much double over that

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Pretty much double over that time period to be over quarter of $1 billion if you just stay on the current basis. The green line shows that it's going to stay up there. Those contributions, which have been enough in the past, are not going to be enough moving forward. On the other hand, if you switch the actuarial funding basis, something similar to what's going on with coerce or then you will by definition have enough money to get to 100% funded in 2050 over a 30 year period funded percentage. Again, it doesn't look like much here, but in dollar terms, again it's significant. And again, the red line, the actual funding line is moving up in a much more rapid pace than the current funding. Now the good news is that you are already. 8,090% funded and which which means you have a little more time with the fire

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little more time with the fire plan to be able to think through the best way to deal with this. But what this shows us is that the current process itself is not going to get you to where you need to go unless the markets start acting much nicer and friendlier. Now to get there again, employee employer contributions would need to go up now. Again, pension funding is not magic. It means more money needs to get in there and ideally sooner rather than later . So the contributions would need to go up as a percentage of pay from about 22% to 25, almost 26% in dollar terms as we see them going up. Now, again, you'll notice the red line dips below the current line for the first few years as the investment loss, though, gets phased in. Then it starts moving above. So. The you know, this is

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above. So. The you know, this is more a question of either you deal with it and the sooner you start to look at it, the sooner you deal with it, the more time you have and the less drastic the change needs to be to be able to take care of that. And think that's all I have. There's only so much depressing news that I can give in any one time I want to close it out.

>> Thank you, Ira. And I just wanted to close it out real quick because I know that was a lot and I and I hope you and your staff will go and look at the information. It's really, really good information to me. The key takeaway is that over the last two legislative sessions, we've implemented significant pension reform, aims to our police system and to our civilian system. And those reforms are working to guarantee that the money will be there to pay those benefits to those workers in the future. And we're going to be there as well with fire. As Ira said, the fire is in very good shape right now,

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in very good shape right now, but we believe in order to ensure that the system continues to be in shape, we also need to make reforms to the fire system, to move to an actuarial determined funding model. We've already begun conversations with the executive director of the of the fire system about pursuing those changes in in the next session. The other key takeaway to me is that right now, under an actuarial determined model, the performance of these systems has budget implications for us. And so we need to watch it very, very carefully. And that's why we've hired gov invest and we have this software to help us monitor and project the health of these systems and how it affects the city's budget in the future. So that's just my closing remarks. And then we'd be happy to answer any questions you may have.

>> Thank you. Thank you for that very thorough presentation. Ann think it's important for us to have that level of detail and appreciate the work. Mr. Benigno that you and your staff have done in collaboration with this committee to adjust the and the coerce process to follow the

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coerce process to follow the actuarial model. I do have a couple of questions before I open it up. What is you know, you showed us the data through December of 22. What are the rates of return that we're seeing this year so far. In 23?

>> The, the I haven't had a chance to look specifically at the plans, but, but we work with hundreds of pension plans all across the country. We market returns have been a lot more more positive in 2023 than they were in 2022, although depending on what day you look, things can get very depressing very fast. But the returns most of the pension plans through June 30 were at target rate as what we've seen across the country, not well above target, right around the target, plus or minus a couple percent. So that's where we would expect these

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where we would expect these plans to be through September 30th, which is probably the last set of numbers that they have. And just hope for a strong December. There are so many things right now that could go wrong and affect the economies, whether it's the, you know, OPEC deciding to raise the price of oil and shut down the production, other things happening need more pressing needs.

>> Thank you so many other things that are outside of Mr. Benigno.

>> If you could just provide us after we have the December 31st returns for 23 as follow up to this presentation, if you could provide that for each of them. And my assumption is if we and Ed also provide what the actual the goal rates of return for each one, when you do that. So my assumption is that if we are meeting the actuary, the returns , that's a good thing. If we're above it, that helps to reduce what we have to have to pay. But if you could just provide that

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if you could just provide that basic update sometime in January when appropriate, assuming you'll have those, we should be able to give you a real good indication by January it won't be the final numbers until until later in the year.

>> Sometimes it takes a while to just like on our financial books, it takes a little while to close things out and get to the exact. But we should be able to give you a real good indication. But the key is, as you both of you have hit on, it's not enough for it to just be positive. 5, obviously is better than -15% like we saw in 22, but 5% is still below what all of the systems have assumed for returns. And so even at 5, we'd still be adding in unfunded liability. And so you need to beat your target. Is the is the game here right.

>> And that's what I want to understand is where we that's why I asked for both of those so that I could see where we were relative to the rate of return. And then first slide 26 for us, that looks like a pretty sizable additional payment in this upcoming budget. Do you have a sense of how large that would be? I mean, eyeballing it looked like on the order of 20 million,

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like on the order of 20 million, I don't have off the cuff now part of that big increase is because we intentionally phased this in over three years with the police department.

>> Part of it is because of the 22 losses. But part of it, a big part of it is just because we chose to phase this in over time. So we didn't have that budgetary shock all at the beginning. But we can also provide you with the dollar amount of the increase we're projecting.

>> Yeah, if you can provide us the dollar amount of the increase that we're projecting and how much you had already forecast because you obviously had forecasted some of it. So that's going to be not as hard to accommodate as the as the delta we forecast the vast majority of that because as we knew what the phase in was going to be and most of it's coming from the phase in while the 2022 was a was a tough year as Ira mentioned, it's phased in actually over three years.

>> So it doesn't start necessarily having an impact on our contributions right away.

>> So you're saying so just I'm just trying to understand and obviously, it gets phased in. But you're saying that we

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But you're saying that we already have planned in our budget 20 million bump roughly speaking, because of the phase in.

>> Yes, we already knew that it was coming. Okay.

>> So most of represented it as a single percentage because it's easier to think about.

>> But we really have two components to our funding now. We have this unfunded legacy liability we call it that's really on a mortgage payment, just like your house. It's on a 30 year mortgage payment. I could tell you 25 years from now with that payment will be the payment escalates every year by 3. So we know exactly what it will be. And then this other piece is this actuarial determined piece based upon the normal cost. And it's only that piece that fluctuates based upon the investment returns and the performance of the system. This legacy liability is paid down on on an exact schedule. We know exactly what it's going to be. So we can plan we plan for all of that.

>> So what is the legacy liability payment projected to be for this coming year and how does that compare to what we

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does that compare to what we love it when I have numbers off the cuff but don't have that one, so we'll get that to you. I just want to understand because the way this presentation was is, is if that was all from the actuarial, the adjustment to the actuarial approach and our our approach for that, for includes those two components. And so we need to separate that because was looking that and I was like, oh wow, we've got to come up with $20 million now for next year. But you're saying we already have that budgeted, we've already got it planned, but we can get you the details if we you know, if we need to increase it a little bit because of the losses in 22, we can tell you how much it's not going to be a significant increase because we so more of that is our effort to change. Yes. The system. Okay, great. Thank you. That's really helpful. Colleagues, any other questions? Councilmember pool, I just wanted to thank staff for the really thoughtful ramp up into the attack approach, which it was.

>> It was a really important decision that this dais made over the last year and getting us there was also really important. I was at a national conference for a employee

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conference for a employee retirement systems back in October. And the conversation around the flexibility for the returns was a key component of that three day conference. And I was really grateful pool to both hear the best practices at the national and international level, but also to know that Austin had moved so well into that position and so thank you for that. Mr. Benigno if I could have one more closing comment just because it struck me that this is this is a partnership managing these systems and the risk associated with this system is a partnership between the city as a plan sponsor and the members who are the beneficiaries.

>> And so we've talked a lot about the actuarially determined basis for the for the city. But but also in the presentation you saw from Ira was employee contributions from for the civilians went up from 8% to 10. That's a two percentage point

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That's a two percentage point increase. But another way to look at it is it's a you know, whatever that actual percent increase is from 25, you know, is it 25, 25% increase in what the employees are paying in over on police? They went from 13% to 15. Again a two percentage point increase. And both civilians and police have taken a lower benefit tier for new hires for existing employees who we had made a commitment to a certain benefit level. They're going to keep that. But in 2012, the civilian system implemented a lower benefit tier, a group B plan, and we did the same thing for the police officers. So the new officers have a lower benefit tier and you see that across the country. You see that, you know, even here in Texas, Houston, Dallas, they all have lower benefit tiers that have been necessary because the market returns have been coming down over the last couple of decades. And so the benefits needed to come down to match that level of investment return. >> We're also responding to

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>> We're also responding to direction from the state legislature in these matters.

>> That's another good point. The Texas pension review board has a standard that systems need to be below 30 years on that amortization period. And if you get above that, you get put on the watch list. You don't want to be on the Texas pension review board watch list. And if you're on that watch list for three years or more, you are mandated to create to develop a funding restoration plan. So we're we have worked with police and coworkers to proact actively do that so we don't get trigger trigger that requirement. Now it's in this presentation that fire currently has an amortization period over 30 years. And so we need to do that as well. We need to proactively look at that system so that we don't get put on the watch list and that we have a funding plan, a restorative funding plan put in place before we are required by the Texas pension review board to create one. We want to do it in advance.

>> Thank you and thank you for emphasizing the partnership with our employees. I think everyone here values the importance of providing the security of the

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providing the security of the pensions to our employees and understands how that is a valuable benefit and important for their security moving forward. So I definitely think that is very important. Colleagues, any other questions? Comments? Okay great. Well, thank you very much. And as I understand it from your comments, Mr. Benigno, the plan is to be moving forward with adjustments for fire, moving into the next legislative session, assuming we have buy in from the I've had a couple very productive meetings with the executive director.

>> I'll actually be presenting to the to the fire retirement board on December 11th talking about the reforms that we implemented in coast and with police and how they've been effective and laying the groundwork for having those discussions with the fire system.

>> Great. Thank you. Thank you. All right. We will now take up item number six, which is the development services department follow up audit. Good morning. >> Good morning, everyone. Hear

[10:40:09 AM]

>> Good morning, everyone. Hear me okay? Hello? Okay. My name is Jake Perry. I'm the auditor in charge for this project. So our office routinely issues follow up reports on our recommendations from previous audits. This project covered two that we did on the development services department. The first was the 2017 demolition permits audit, where we found that the demolition permitting process was not designed to meet city or stakeholder standards. In response, we issued two recommendations to improve the process. As the other audit we covered was the 2019 permitting process improvements audit, which found that though there had been improvements in the overall permitting process, timelines and costs were still an issue to customers in response, we issued four recommendations to further update the process. This so for the 2017 demolition permits audit, we found that recommendation one which called on to hold stakeholder meetings to inform their redesign of the permitting of the demolition permitting process has been implemented. The recommendation

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implemented. The recommendation two to actually redesign the process is still underway. Recommendation two is still underway because it calls for to ensure that the appropriate reviews, safety measures and notices are complete prior to demolition activities. We found that is unable to verify that all of those elements were complete prior to demolition. Now there we nor were able to account for several elements of each demolition permit, including environmental inspections, plumbing permits. The asbestos collection form, among others. We also found that has been automatically failing in the first pre-construction inspection for each demolition permit to allow enough time for the disbursement of notification materials. And both of these things come from some issues with data management. For the second audit, we covered the 2019 permitting process improvements audit. We found that three out of the four recommendations have been fully implemented by the implemented recommendations have to do with pushing for code changes, for

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pushing for code changes, for digitizing the permitting process and expanding stakeholder outreach and education efforts. Recommendation one to address delays in the permitting process is still underway. Recommendation one is to learn to way because has yet to come to a comprehensive coalition agreement with Austin energy has come to a coalition agreements with other departments involved in the permitting process. But the agreement with Austin energy was an important point noted in the 2019 audit. The other parts of the recommendation, which include expanding customer engagement to electronic timeline tracking, have been completed. But the overall pool recommendation is still awaiting on the implementation of the coalition agreement measures. So overall, four out of the six recommendations that we gave have been implemented. And for the remaining two, there are clear next steps that first ought to consistently and comprehensive track all elements of their demolition permits. And second, ought to come to a comprehensive coalition agreement with Austin energy. Thank you for your time this

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Thank you for your time this morning. And we're happy to answer any questions.

>> Thank you. Do we have someone from that wanted to respond or good morning. Thank you, Mr. Mayor.

>> Good morning. Angela means deputy director of development services department. Did you have any particular comments that you wanted to make the development services department concurs with the auditor's recommendation. Burns both of those recommendations are underway. A lot of our effort has been focused on our partnership with our partner departments that are all tied to the development process and the work that we've done with the Mckinsey and company initiative. So as far as the coalition agreements, it was important for us to make sure that we included the great work that we're doing there to ensure that all of the coalition agreements include that language. We anticipate having that completed by by late March, early April, when the Mckinsey effort is completed.

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Mckinsey effort is completed. And as far as the demolition permits, we will have the interim solution completed within the next 30 days. Thank you.

>> And I think this is a little bit out of the scope of the audit, but lately we've been seeing a lot more renovation burns that I that I've been seeing where they're not called demolitions, but a layperson would call them a demolition. They're basically just go down to their studs. So the reason we don't call that a demolition Ann mean, they leave like ten studs up and I will have to ask Mr. Todd Wilcox to come up to the mic.

>> He's our building official. Okay. Thank you.

>> Good morning. I'm Todd Wilcox . I'm the building official for the international existing building code and the appendix in the international residential code. If a remodel doesn't get to a certain extent, 50% or

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to a certain extent, 50% or greater by moving walls, taking off sheetrock really doesn't count as far as the code goes, you have to move the walls or have an alteration in excuse me, if it doesn't get to 50, then it's not considered a complete demo or or a significant alteration to the property and would be just a minor remodel.

>> So even if it's like literally they just have the studs up, if it's just the studs and they're not moving the walls or taking the walls completely down, then the code doesn't consider it a major alteration. Ann okay, but if they just have the studs up, they've you're saying the walls can be disappear, but where they're located has to stay the drywall and insulation, everything else can disappear.

>> But the walls have to stay where they are. Okay. And till it gets to 50% and then it kicks it into the new code models. Okay.

>> Thank you for that clarification, colleagues. Are there any questions? Thank you. Councilmember Fuentes.

>> Thank you. Is there someone here from. >> From. Is there someone here

[10:46:17 AM]

>> From. Is there someone here from Austin energy? No. No, there's not.

>> Okay.

>> Would you mind speaking to the recommendation that was flagged regarding the need for the agreement with Austin energy and participation with Austin energy? No from the feedback that I've received from my community, the, you know, there was significant supply chain issues with getting

transformers in the area and the processes with Austin energy have been flagged for me on numerous occasions as is a huge part of the delay and us being able to get housing off the ground. So would you mind speaking to that recommendation?

>> Yes, we're working very closely with our partners in Austin energy. We've had several meetings through the Mckinsey work. There are different teams that are at various levels within the organization to ensure that we tighten up our relationships as well as the review times and the customer experience that that we are trying to improve. And so I will say Austin energy is at the

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say Austin energy is at the table. They're committed just like the development services department is, and we have a draft agreement that we will make sure includes all of our all of our standards that we would like to improve upon. And so I feel that by the end of March, early April, those items will will be addressed as well.

>> Thank you. And I'll just flag for city manager Swint. I'm not sure if there's someone from the cmo's office, but if I could have someone from Austin energy follow up with my office, I'd like to talk through with Austin energy, their level of commitment to see what else they can and are working on. Thank you. Thank you.

>> Any other questions? Thank you very much. Appreciate it. Look forward to the Mckinsey report and the follow up with that as well. Thank you. That now brings us to item number seven briefing. This is revenue cycle. We have one speaker that we will start with, which is Ms.

[10:48:19 AM]

we will start with, which is Ms. She. Good morning. And while she's pulling up, her comments, I just want to recall for folks that the work that we're going to hear presented today about the revenue cycle is something that grew out of the dispatch equity and optimization efficiency study report. That report identified billing improvements as opportunities and a potential source of additional funding for the department that was a study that I championed. The study predates chief Luckritz and he's been working to implement the billing improvements since he came on board. We also had direction on in the fiscal year, budget adoption Ann with the

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budget adoption Ann with the intent that the revenue from the increased fees that we be receiving be invested back into ems. Michi, go ahead. Thank you all so much.

>> My name is Selena and I'm president of the Austin association. And I really want to thank the chair alter for working with us many years ago. We recognize how far behind we were in revenue collection and we worked really hard on getting more people to help us go through the backlog. And chief Luckritz has done a really wonderful job in making sure that all of that has been processed. One of the efforts is also just trying to get our metrics to make sure that we appropriately document to create better billing practices and standards and make sure that folks are doing their job appropriately. And in that effort, what we talked about is we know that our metrics are still extremely short staffed and we've thought about different creative ways that we can bring in more money to help

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can bring in more money to help with the staffing shortage. And one of it is one of the amendments we brought forward that she just discussed and we know that today that that an additional 10 million likely, after looking at the backup was brought in this year. And so we expect that that money goes to provide more efforts in helping recruitment and retention in ems . We know that some of that money was dedicated specifically to, fold into our contract, which we greatly appreciate. I do have some recommendations for further items and a lot of them are one time costs because I know that our revenue might not continue to grow, although I hope it will. We know that APD, which is also extremely short staffed, received hiring and retention bonuses outside of the contract process. They weren't even necessarily requested by the police union and so when we think about different short term things that we can do, one of them is a similar structure of

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them is a similar structure of recruitment bonuses, retention, bonuses that was put into that was put into ordinance for a year for or as long as we're as short staffed as we are. I do know that many people that have tried to actively recruit have said that moving to Austin is just prohibitively cost wise. And so I think that would really help in drawing more people. Pool in January, we only have 17 people starting out of a class of 30, and that's after our raises went into effect. I think there's a lot of stuff in our department that can also increase retention. Our call volume continues to go up, making our workload higher and higher and especially with our staffing being down, we have fewer ambulances on the street. There's some advanced equipment that I think would really make life a little bit easier for medics, including ventilators and pumps on every ambulance. We only have them for our commanders, but if all of our medics could run very, very potent medications through pumps that would decrease our workload , and if our medics could run all patients who need to be

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all patients who need to be ventilated through a ventilator instead of having a medic or a firefighter manually provide oxygen, that would also really decrease the workload on our medics. I also, when we talk about hiring in public safety for whatever reason has been exempted from juneteenth and the same city policy for family leave. And we know that we can all do better when it comes to diversity in public safety. So I think providing juneteenth for all the public safety agencies and 12 weeks of family leave for all the public agencies would go further. And bringing in more women, bringing in all sorts of diverse diversity into these departments that need them. Just a few other things. We know that we are also behind and, and having vehicles for some of our support staff that help the rest of the crew. And so we're asking for, I'm asking for additional vehicles and also has an occupational health nurse at and they help folks that are going

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they help folks that are going through urges with the whole process and this nurse has done wonders in getting folks back to the job much quicker. And I've seen so many people that have languished with injuries, for injuries, knee injuries and have, have great difficulty working through the Sedgwick and the process, the on the job injury process. So having an occupational health nurse could actually get folks back to work and return. I've seen a lot of people quit because they can't get over an injury and it just seems like they can't get approval for different surgeries and other things. So those are just some of my ideas and I'm happy to send a list and I really appreciate, council member, alter and council member pool for really working with me and thinking about the retention bonuses and other ways that we can promote these efforts and just bring our staffing to where it needs to be.

>> Thank you. Chief Luckritz. Good morning. I'm excited that we're able to have this

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we're able to have this presentation today.

>> Good morning. Council members . Okay thank you very much for giving me the opportunity to present to you all a little bit about the experience that we have had over the past few years working on our overall revenue cycle. I think that as we as we talk through this, as we move forward, this truly is a success story for us. It's something that myself and the entire organization is exceptionally proud of. And it is certainly much of this is because of your support as we look to be able to think differently and grow and expand our divisions, our billing division, to respond to the needs of the community and the needs of the increasing volume that we've seen over the past few years. So the first piece of really good news is that the billing backlog is completely under control at this point. This is a very big graph, but to give you a snapshot, as we entered into fiscal year 23, we saw a billing backlog of about 16,900 trips that we

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about 16,900 trips that we needed to process as of the end of the fiscal year, we were well below 4000. And as of this week, we fluctuate between somewhere between 1000 and 2000 trips, depending on when weekends and other things that happen, which is well within the margin of error. You know, we're we're doing somewhere in the range of 150 to 200 transports a day. And so that one week to week and a half backlog is about normal time for the full level of processing for all of these claims. The other big good piece of revenue or big good piece of news from us is that we far exceeded our revenue projections for 2023. We had a revenue target of $25.2 million and that was well above what we had seen in previous years. And we did turn around and see a $34 million total transport fee. And if we take a look at the overall revenue history year over year, what we can see is again,

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what we can see is again, hovering around $25 million in net patient revenue for until we approached into covid, we saw a drop as we saw a similar drop in our overall transport revenue or transports and now seeing an increase to 35,000,000 in 2023. I will actually highlight one error here. The charity care revenue is separate from the 34 million, so it was a $34 million in total net revenue for us for patient transport. So if we look at the comparison of 2023 versus 2020 versus budget, we saw about a 9, $9 million over budget revenue and about a again, about a $14 million increase over the previous years collections, which is something we're very proud of, came in at about 123% of budget for net patient revenue. And with that, I'll open up for questions.

>> Thank you. Thank you so much, chief. Very excited to see this. This is, you know, additional revenue that goes into the

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revenue that goes into the general fund. But as we have discussed multiple times, we wanted a chunk of that to be reinvested in into. That was the hope of council as we embarked on these changes and made some investments to secure that funding. I wanted to ask you a couple of questions. First of all, what is the size of our January 2024 class?

>> We have 16 individuals in the January 2024 class, nine nine medics, which is entry level and seven of the lateral clinical specialists. Yes.

>> Okay. And how many were we hoping to have in the class?

>> Generally speaking, especially for a lateral class, we do try to anticipate a class somewhere around 30. What what I will say about this class, however, is as I there were a number of individuals with the bargaining and the that was going on over the past year. It was very visible. It was very well known across the community. The deadline for hiring for the January class was June of 2023.

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January class was June of 2023. And so the deadline to get into this class predated the changes that were made in the association bargaining.

>> Great.

>> Thank you. What investments do you think might boost recruitment?

>> I think we, we continue to make some significant investments this year alone. Appreciate it. All the support that we have gotten as we've saw some additional dollars put towards recruiting in the 2024 budget, some additional positions that we are still working to continue to hire. We've made some some good changes in those areas. As we look to have a better footprint and really kind of modify the way that we do our recruiting away from, into a two pronged approach. One of the challenges that we have seen historically was that our recruiting department was also our hiring department, if you will. And so if you look at the numbers that we saw in the various academies over the past year when we went from two academies to four

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from two academies to four academies, it was a great idea. It was good. We've seen additional staffing brought in, but the same staff that were processing the applications were also the ones that were expected to go do the recruiting. And so for one series we'd see a low number of applicants, which freed up those individuals to do recruiting. And then the following academy, we'd see a very large academy and then they were focused on once they were focused on processing those, they didn't have the time to do the recruiting. And so you saw this fluctuation in every other academy of large and small and large and small and when we came to you or we came to the city manager's office prior to the 2024 budget, that was something that we highlighted and it resulted in additional staff being allocated to the department for recruiting so that we can really bifurcate that department and have some staff members that are focusing on the processing and some staff members that are focusing on the recruiting. And I think to your to your other question, you know, certainly we've we continue to have conversations with with the city manager's office about ways that we can be more creative in the way that we

[11:00:39 AM]

more creative in the way that we recruit. The there's really two two things I think that set apart from some of the other public safety entities in the city, one being that we are the only civil service department sworn civil service department that requires you to be certified before you are hired. So we really need to look at how it is that we can do outreach to internship programs and do other things, to encourage individuals to enter into the profession and to partner with things like high schools and other areas to see if we can get more individuals trained either through us or through partnerships to become emts and thereby therefore be eligible to come into the department. The second thing that really sets us apart is that Austin Travis county ems, which I've said many times here I'm so proud of and is what drew me to come from the other side of the country to this organization is so unique and such such so well recognized

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such such so well recognized across the country that there are individuals from across the country that want to come to Austin, Travis county ems. And I think that that sets us apart from some of the other public safety entities. I can't say for certain. I haven't seen their numbers, but we see here is that in excess of 50% of our new hires are coming from out of state and that can be a barrier for us. And so we need to work through creative ideas about how it is that we can make this a palatable place for folks that are in their early careers and may not have the same types of savings and buffers in place to be able to make that move to Austin successfully.

>> Thank you. Look forward to work with you to think about other ways that we can deploy some of these funds for recruitment is my hope. What about things for boosting retention? Ann are there still issues with retention that are challenging.

>> So from a there's always room for improvement. From a

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for improvement. From a retention perspective. And I think that what we have seen in this organization and what we see nationwide is just continuing to work on making sure that this is a good place to work. And I think that's something that we really strive for as an organization here to work, ensure that there's a good leadership culture, that there is a culture of engagement. You know, we have invested as a community significantly over the past few years on station renovation, on new stations, on growth, on ensuring that we have cutting edge technology. You know, there's certainly always areas for us to improve. I mean, we could go back and renovate every station and, you know, but that, that's not necessarily financially feasible. And so we have to kind of balance those with the needs of the overall needs of the city, the community and as a whole. You know, I think that continue Singh to put that emphasis on making sure that we are reasonable, in responding to the needs of our

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responding to the needs of our workforce. You know, one of the, the challenges that we see is we recognize that there is an increasing volume of calls, there is an increasing workload on the personnel, and that that is a huge retention issue because there's such high volume and so using things like the c4 program and other things to try to reduce the ambulance volume. So that the folks that are working on the ambulances, which are really the workhorse of the department but are only or focused on going to sick individuals. And we do that through some of those other creative programs that being said, we still see increases in volumes and there will be times when we need to have that discussion with the city manager with you know, when we look at an overall budget as to what does it look like when we do need to add additional resources is but that can become challenging because we're still working to get ourselves to where to where we need to be

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where to where we need to be from a staffing perspective. And we don't want to step too far out when we already have an existing vacancy problem by adding additional resources. And so if we can find those creative solutions, and I do think that the c4 program that so many of you all have been such advocates for is really going to be key to us as we work to improve the overall work experience of our of our staff. And thank you for your support on that.

>> Thank you mean think the reason that I'm honing in on the vacancy issue and on retention and recruitment is to address that vacancy issue that that you're raising. One last question here. Have there been an increase in on the job injuries that you've seen? Because that also affects retention.

>> Could I answer your earlier question one more? Can I just add one more additional comment? Sure it's. When we look at the recruitment and retention issue for our department, we are net positive for, for hiring individuals. And I think that's

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individuals. And I think that's an important distinction. And it will take time for us to get to where it is that we need to be from a hiring perspective. But part of what we do as an organization Ann to make ourselves so successful is that we do have some of the most highly trained individuals, which takes time for individuals to get through the process. If you go into the field right now, there are numerous ambulances where there is 1 or 2 individuals that are in various levels of training to get them to a place where they can be cleared as additional. You know, staffing and it's challenging for us. And I think for those you know, even beyond me, you know, those that are truly on the front lines right now because they don't necessarily see their experiences that we haven't been able to staff additional ambulances, but we're working through that process of getting people through. If you look historically at our staffing over the past, say five, six, seven years, there was only one year where we saw a

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was only one year where we saw a real net negative for ins versus outs. But we continue to be an organization in a city that is growing, whether it is the new fire stations that are being built. Good night ranch in canyon creek and Travis county and the others. Those add additional vacancies to us. And so while the rate goes up, it doesn't necessarily reflective of a mass exodus of the department. And so we're really working hard to find that balance between recruiting, as you mentioned, and retention and making sure that people know how much they're valued and know that that those initiatives that you all have put into place to add additional stations, although they increase the vacancy rate, the goal is to thereby, when they're filled, reduce the workload on the staff over all. So and to your question about the on-the-job injuries, we have actually are on the job. Injuries have been somewhat net have been flat. What I would need to present to

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What I would need to present to you or I would need to come back to you on and commit to this is understanding what the impact of covid 19 was. Because if I look historically, we saw, you know, a large number of covid 19 on the job injuries. And as those decrease, the question would be, are we seeing an increase in other on the job injuries? That's making the overall number look flat with the reality of what people are experiencing is that we may be seeing an increase and so can't fully answer that question for you, but I'm happy to come back. Thank you.

>> I appreciate that. And I do want to acknowledge that, you know, with respect to ems, with the vacancy, a lot of that is because we've added ambulances, we've added stations as opposed to going backwards, with your existing staffing, there is still nonetheless the need to retain the staff that we have who are highly skilled and, and to recruit more so that we can fill those vacancies to meet, meet, meet the growing needs. But, but it is a very important point to understand and that the

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point to understand and that the origin of the vacancies that we're looking at is that we've actually tried to add staff to things. So I think that's important. Congrats relations. I'm very excited to see this increase in revenue and look forward to working with you. I'm not sure if someone from the city manager's office is here or if they're watching, but look forward to continuing the conversation. See Mr. Benigno here we began that conversation the other day and hopefully we can continue to find some ways to invest some of this money as council had directed. So thank you very much. Appreciate your time. Unless I'm sorry, councilmember Funches.

>> Thank you. Thank you for your presentation and just wanted to share my support for ensuring that we're able to expand paid parental leave for our sworn employees, as well as ensure that they have juneteenth off as a paid holiday.

>> Thank you.

>> Thank you very much. Thank you for your support and look forward to continued growth.

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forward to continued growth.

>> Thank you. Any other questions? Okay, great. Thank you. We will now move to item eight regarding enforcement of lobbyist regulations.

>> Good morning. My name is wajiha Rizvi. I'm an assistant city attorney with the law department's open government and ethics and compliance division under section. Four 812 of the Austin city code. The law department submits this report related to compliance and enforcement of chapter four. Eight of the city code dealing with the regulation of lobbyists. This report that was provided as backup to this item will cover the period of August of 2020 through October of 2023 and going forward, a written report will be made to you on a quarterly basis, as well as an oral report on an annual basis per code.

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per code.

>> As you can see from this report, since 2020, a law department received no referrals for enforcement from the city auditor, city clerk or other departments, and no investigations were open. One complaint was filed, filed with the ethics review commission in the summer of 2022, a preliminary hearing was held in September of 2022 and the ethics review commission voted to dismiss the complaint. At this time, I'm happy to answer any questions that you all have about the report.

>> Thank you very much, colleagues, any questions? Okay. Thank you. And we are moving to a slightly different reporting process.

>> Absolutely right. We will be providing a written report on a quarterly basis going forward, as well as an oral report like this one on an annual basis.

>> Great. Thank you very much. Appreciate it. The next item is item nine, which has to do with the disaster preparedness audit in light of the very extensive

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in light of the very extensive briefing that we had, we're going to postpone that audit until that that report, until January. We have still asked staff to come back and go through exactly what they have done that was in that audit item. You know, so that we can see item by item what has been done looking at it, that slice of it. And also with respect to the storm, Mara recommendations to understand the timeline for implementation and that will be returning in January. Before we break to go into executive session, I think councilmember Fuentes, do you want to just speak to item three briefly before we go into executive session?

>> Yeah. Before we go into executive session, I wanted to ask if Caroline Webster is able to join us at the front end to provide accurate information or someone if can have someone from our legal team join us at the front to provide accurate information as to the term of

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information as to the term of Philip Schmidt serving on the board. High Caroline Webster with the law department.

>> Did check the bylaws and the state law and the terms are six years in Ann. Philip Schmitz specific situation. I was mistaken in when I spoke earlier, so I'll correct myself. He he was actually appointed to fill another term. An individual had left and he was appointed to fill the remainder of that unexpired term in 2020. And so he, he finished out the last three years of that term. There is nothing in the law that restricts how many terms consecutive terms that they can serve. But but yeah, the terms are six years and he has served served three years of a of another term.

>> Good deal. Thank you. Appreciate that information. I think it'll be helpful for us going into executive session. Sure. Thank you.

>> Thank you. So we are now going to go into the, executive session on unless there's

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session on unless there's something anybody wants to raise before I read the script for that. Okay and my understanding is we do have it available virtually. Is that correct? Okay. Yes so council member Kelly and council member alter, if you're able, you can join us virtually. So the audit and finance committee will now go into closed session to take up two items. The time. Is 1114 pursuant to section 551.074 of the government code, the audit and finance committee will discuss personnel matters related to item two, which is item ten. On our agenda discussion and possible action regarding recommendations for appointment of members to the municipal civil service commission and item three discussion and possible action regarding recommendations for appointment of members to the Austin convention enterprise board. Is there any objection to going into executive session on the items announced hearing none. The committee will now go into executive session. We will come out. We will have to take some quick votes on those items

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some quick votes on those items when we come back. Thank you. Did you behind the bar thank you. We are out of closed

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thank you. We are out of closed session and closed session. We discuss personnel matters related to items two, dash ten and three. I will now move to item two. With respect to municipal civil service and I will just announce that we are going to move forward with interviews that we are going to schedule in January. We have also asked for the clerk to add an attendance waiver for one member of kavita Gupta to be on our December 14th agenda with respect to item three, do I have a motion on councilmember pool move to approve moving the recommendation to appoint Susana Carbajal to the board on our December 14th council meeting.

>> Thank you.

>> That seconded by council member Kelly, any discussion? So we will now take first of all, I'd like to thank Mr. Schmidt

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I'd like to thank Mr. Schmidt for his service and we will now move to a vote. All those in favor. So council member Kelly, myself and council member pool in favor. Councilmember Fuentes, how are you voting?

>> Will abstain.

>> Councilmember Fuentes is abstaining. So that item is adopted. The last item is future items. Real quick.

>> Great. As Corey stokes, city auditor, as mentioned before, the update on disaster preparedness audit recommendations as well as after action report recommendations will happen in January. We will also bring oh, and it sounds like there will be some municipal civil service related items in January. And then we will be bringing a citywide ethics review that was done by my office with a consultant. There's an item from fleet on fleet management and optimization, an update on pard related bonds and audit of

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related bonds and audit of support for medically vulnerable people, and then some audit related city code changes. So lots of things for actually they're not specified January versus February, but lots of things for early next year.

>> Great. Thank you. And we are our goal is to have the municipal civil service in interviews during a special called meeting because we have a fairly full agenda for the January meeting and Ms. Webster is going to work with the clerks and our staffs to get that scheduled for us. Great. Well, thank you. With that, we'll adjourn at 1159. Thank you.