

Audit and Finance Committee (AFC) meeting Transcript – 3/27/2024

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[9:29:49 AM]

You're watching a-t-x-n the City of Austin S Government Access Channel good morning. It is 9:30 A.M. On March 27th, 2024. My name is Alison alter, and I'm chair of the audit and finance committee. And I'll call this meeting to order, I'm joined here on the

[9:30:51 AM]

order, I'm joined here on the dais by mayor pro tem pool and council member Ryan alter, and I believe we'll be joined by at least one more, committee member by the time that we are done. We have a big agenda today. So I'm going to get moving. It's my understanding that we do not have any citizen communication. Is that correct? Correct. Great thank you, so our first item or our minutes, do I have a motion to approve our minutes? Council member Ryan alter makes that motion. Seconded by mayor pro tem pool, with no objections, the minutes will be adopted, so the first item that we're going to take up is item number two. And this is an update regarding the results from the animal services audit that was presented in September of 2023, and understand that director bland will be presenting. Together with miss hayden-howard .

[9:32:02 AM]

. >> Good morning. I am Stephanie hayden-howard, assistant city manager. Thank you all for the opportunity to be here this morning, we wanted to, spend just a little bit of time to provide an update, for the audit that was presented here on September 27th. In July. We hired Devin desai to assist us with the audit that did come out in September on the 27th. Devin worked with the city manager's office. He

worked with animal services staff, elected officials and stakeholders. On January 30th, we came to council and we presented, a review of the recommendations for code change, as well as some additional items that we felt like would move us to a better place as a shelter. We are grateful for the work that Devin did to assist us, and we want to

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did to assist us, and we want to wish him well in his new role. We have been working with building services and implemented some additional areas to ensure the building is cleaned inside and out, we are preparing for the strategic plan and the convening this process for the strategic plan and the convening with the stakeholders. We will be using our own staff for from the continuous improvement team, from our financial services office. Under the leadership of Audrey muntz. Audrey has already done some work for us at the animal center. And so this will just be building. But she will not do this work alone. We will have a third party vendor that will assist her. And so the third party vendor will focus primarily on the external stakeholders. And Audrey will focus on the internal staff as well. At this time, I'll turn it

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well. At this time, I'll turn it over to don and he can share some additional information about the recommended actions. Thank you. >> Good morning. Committee members. Don bland, chief animal services officer, on the audit, there were six recommendations for the updates. On recommendation number one, during as acm has just reported on our, February 1st, the council did approve an ordinance change, to change some of the impoundment languages, add requirements for public safety, and clarify some definitions for us, currently, the city real estate department is working to identify any city owned property or any property available to purchase that would serve as an additional adoption site and or shelter and aso has begun working with a national shelter planner, to negotiate a

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shelter planner, to negotiate a contract for a site assessment with those needs, all those recommendations that you, the council approved on February 1st, one of them was to adopt a new bite scale, we currently use a three part bite scale, and we're taking our level to the national Dunbar scale, which is a six level scale that is nationally used and recognized. It also clarified the live outcome rate, that it included all animals except for wildlife, because that definition was kind of unclear, also, we did a code cleanup to expand the impoundment to include animals that are fostered by the finder to assist us with our space issues. An update on recommendation number two, as you heard just then, city manager's office is working with city staff, a third party vendor and stakeholders to develop a

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and stakeholders to develop a strategic plan. The city staff from the continuous improvement team from financial services will assist with this. An update on audit item number three. Also leadership has been reviewing all of our protocols and making necessary changes. Some of those include, to be in compliance with state law and to mitigate the risk of disease and spread of harm to animals, as we no longer use housing animals in temporary crates, we also are reviewing our protocols for our specifically animal care unit, to determine where improvements can be made in their cleaning sops or any, look at different chemicals, all of the necessary, steps that we need and building services has been helping us with our shelter cleaning as well. And we'll get into that in one of the other slides recently, building services has been doing a phenomenal job, and they have a long list of things that

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have a long list of things that they've worked on. But I'm just going to hit a few of the highlights real quick, they looked at our ambient air temperature for the kennel runs, and they hired a contractor to come in and do an outside evaluation. And they received that report at the end of January. They are working on quotes currently. And once the findings identified in the doe is created, they will begin that work, this spring to make those improvements on our grounds maintenance instead of twice monthly. They've been coming four times a month now. And one of the things that all the storm debris that was, from the last ice storm they had that removed in October of last year as well. But the audit also talked about the birds and the nesting, and they are working with their contractor and all of the pest control vendor and deterrents will be installed and all that will be done by summer. This summer, in the in the air vents, they are steam cleaning all of our air vents and making sure all of those are on a schedule as well, the pharmacy safe while

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as well, the pharmacy safe while it's in a locked room. It wasn't secured to the floor, so they've taken care of that as well. And they are also working on a prefabricated building for us to house small animals in small dogs in, to get them out of the cat kennels on audit item number four, also staff hold regular meetings to ensure that all our staff are aware of the processes in their work units, we also hold specific meetings for all staff trainings such as we just did bite prevention. We'll be doing, Dunbar scale training, in on top of our regular quarterly staff meetings, also, also holds workshops for our volunteers as well. We held our bite prevention Ann, workshop for all the volunteers to be able to participate in as well. And some of the volunteers have expressed interest in the city's budget processing with the animal

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processing with the animal shelter. And so we'll be holding one of those and kind of walking them through that as well. On, audit item number five, the city manager's office, as you heard, is hiring an outside consultant to do a series of stakeholder meetings as, also is holding meetings with the municipal, shelter directors in our region. And we also hold quarterly volunteer meetings and specific workshops on audit item number six, we were lacking in support service in many areas. And one of those was it support, also has been dependent on Austin public health and ctm to provide our data support and create our reports for us. And with the council was very generous in, allowing us an at position this budget year. And we have hired someone for that position, this position is going to be crucial in generating our reports and making sure our data that goes into the, public portals is,

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into the, public portals is, accurate and current. And we hope, they started actually on Monday. So they're in training right now and, we're in a few weeks. We'll be able to have them over and start working, and we're looking forward to having that option. That's a quick update on our where we're at. Does anyone have any questions for me? >> To see I'm happy to see, so much progress, wanted to see if my temple wanted to say anything. I know you initiated, the audit in the first place. If you wanted to add anything, I just really appreciate the movement and the progress and the reporting back and hope we can continue to get the reports and everything. >> I know that, our, folks in the community are avidly active, and so it's important to keep the, the clear lines of communication open and accurate information to continue to be

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information to continue to be published. I want to give a shout out to Devon deci and tip of the hat. If I had one on my head, thank him so much for wading into this really fraught arena, and my fingers crossed and my heart hopeful for, for continued progress in the future. And thank you to Stephanie hayden-howard for her able leadership, which I also hope will continue in the future. Thank you so much, director. >> Thank you. Colleagues, are there any other comments or questions, well thank you, director bland. Thank you. Acme hayden-howard I'm glad to see that we are making, some progress. The community is really asking for it, and I hope that we'll be able to deliver on these promises. So thank you. Our next item is from the auditor's office, the city wide ethics assessment, which assess the effectiveness of the city's ethics and compliance program. And we have Patrick Johnson.

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And we have Patrick Johnson. Good morning. Morning. >> Wright, yeah, I am Patrick Johnson, assistant city auditor. Pleasure to be here today. I'm presenting the results of an assessment of the city ethics program. We hired an external expert, the ethics and compliance initiative, or eci, to conduct this work. And really, you know, the first step is, well, what is ethics and why is it important, ethics is a cornerstone of integrity. It provides a framework to help guide behavior. But really, what does that mean in terms of how the city operates and provides services to its residents, and everyone who who accesses our services? A strong ethics can help city officials and really every employee make better decisions each day in the public interest, strong ethical environment, promotes values such as honesty, fairness, trust, respect and

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trust, respect and accountability, moving to the assessment of Austin's program, eci is a recognized expert in ethics and compliance best practices, and they help organizations identify how to build and sustain strong ethics programs. The eci followed a three phased approach, as you see here, the first phase was an ethics and compliance assessment, which was really two, two separate surveys of top city staff and ethics and compliance staff, this really served as a self-assessment of Austin's ethics program. Second was an ethics culture survey, which was a survey of all city staff and third, they conducted interviews with key city staff and then pulled together an analysis of all three phases. And this all resulted in a summary report that includes recommendations to address identified gaps in the city's program, the report identified really high level findings, including trust issues within the city, and they identified

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the city, and they identified multiple fragmented processes really, really related to the ethics program, key focus areas included city values, consistency and accountability, and really expanding the reach of the city ethics program. We included a companion report to provide some context and to capture management's response to the recommendations. Burns really, the main issue we saw was a clear split in perspectives about how well the city is doing related to ethics. Just across the board, staff perspectives were consistently lower than executive perspectives, and this was especially true related to trust questions and topics. We noted three specific employee concerns about reporting ethics issues, which were identified through eci's work, first staff thought the corrective action would not be taken, they also thought the reports would not remain anonymous, and they feared retaliation. Returning to the issue of kind of perspectives

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issue of kind of perspectives that that perspective issue, city leaders and their self assessment assess the city's ethics and compliance program as more robust than the eci assessment. What you see here is a maturity scale, where one denotes a new or a kind of a struggling ethics program, five would, would denote a program that's, that's really optimized, working really well, city management assessed the ethics program at a 3.8, that's shown by the red arrow. So that means the ethics program would be considered effective or good, in this assessment, their assessment was we were at about a 2.4. So in between the defining and adapting levels and what that means is, is eci just felt there were elements in the city's program that were either missing or that they were there, but they just needed some improvement. Eci also recognized the city's experience at several organizational changes in the

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organizational changes in the last year, this obviously includes at the city's senior leadership team, they cautioned some results likely reflect employee perspectives that have built up over time and so it may not fully reflect the current city leadership, that's in place now, moving forward, we know there are more changes coming, and really, this gives the city an opportunity, opportunity to take decisive action to improve the city's program and focus on building a strong ethical culture. Which brings us to eci's recommendations for city management, management's agreed with all these recommendations is, really the first was to clearly identify responsibility for the program, and management has already appointed a chief ethics and compliance officer who will assess what a strong ethics program should look like in the city of Austin, eci also recommended the city revisit its city values and formalize its compliant compliance risk management efforts, just across the city, kind of filling in kind of some of those fragmented

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kind of some of those fragmented areas that they saw, the next recommendation, seeks to address the staff concerns I noted earlier, this would be to provide more ways for employees to report issues and to do so anonymously, this recommendation also seeks to align the case management and tracking functions of the several city groups that investigate ethics and integrity issues. And last, eci recommends the city promote accountability through appropriate and consistent outcomes. Eci also made a recommendation to our office to work with the new chief ethics and compliance officer. We've already had several meetings and shared information from eci's work, and also all the recommendations in this report will be tracked via our public recommendation dashboard, and if you have any questions, I'm happy to address those. >> Thank you. Patrick, I wanted to see if the city manager's office or our compliance officer wanted to respond. I know you guys have been working.

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guys have been working. >> Yeah. >> Good morning. Council members . Ed chief financial officer here on behalf of the city manager's office and our interim, chief ethics officer is here, Devon desai. So, management is in full support of these recommendations. We're looking forward to implementing them, we already took action in February to bring on, Devon desai as that interim position, I think he'll probably be in that position for at least a year. And then we would reevaluate in the future. Where we want to go with that position, whether or not we need to make it permanent or if we just need the position temporarily to get these reforms implemented. So we are already working on these reforms and again, fully support, all of the findings. >> Thank you. Did our, interim officer want to speak? You don't have to. I just give you the opportunity. No. Okay. Thank you, colleagues, any questions or comments, mayor pro tem pool, I'm fully in support. >> Appreciate the hard work and the depth to which you guys, dug

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the depth to which you guys, dug into the issues. Thank you to our cfo and our new interim chief ethics officer. Again, Mr. Desai. And, look forward to good work in this arena going forward. Thank you. >> Council member alter, I have to get Devon like a sash that has all the departments. >> He's he's worked for so he can make collection. Now. I'm excited to see you in this role. I appreciate your willingness to continue to serve the city in many forms and fashions, and just want to reiterate what mayor pro tem pool said. Thank you to the manager's office for taking this head on, and I'll just conclude by saying, I also appreciate you taking this hut on, reading the report, there were a lot of really concerning things in there. And I don't want to, undervalue the importance of taking these steps , I appreciate that, you know, through the process of doing this audit steps have been

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this audit steps have been taken, but we do need to see them through to, conclusion, and there will be several challenges that our new city manager will need to take up, in relationship to addressing these gaps, and I hope that, our interim officer will have the ear of the cmo's office in order to be able to make changes, because many of those will require our, senior management leading in such as making sure that the values are permeating the organization. Those are not things that just the officer on his own can make happen, so I think, you know, it is really imperative that, you take away from, from our comments here that we, we do want you to lean into this and that we do want you to make this happen. It's important for the future of our organization. So thank you. Thank you, Mr. Johnson. So our next item is item number four, the Austin

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item number four, the Austin energy medically vulnerable registry audit . Good morning Henry. And I'm not sure I know how to pronounce your last name. Is it katumwa? >> Katumwa? >> Katumwa. >> Okay. >> Welcome. Good morning, council members. Like I said, my name is Henry katumwa, and I was the lead auditor over this project. The objective of the audit was to determine if the city's medically vulnerable registry program effectively and efficiently serves residential customers in need to lessen the impact of power outages on Austin energy. Customers with critical illnesses or life saving medical equipment at the city of Austin offers the

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city of Austin offers the medically vulnerable registry program. Through this program, the city provides eligible customers with services including one on one case management for example, program participants work with a designated Austin energy case manager to develop personalized emergency backup plans. If customers are having trouble paying their utility bills, their case manager can help with flexible payment plans and other options. City staff may also. >> I just want to check if we're supposed to have a presentation up, but there's some kind of technical problem, we want to take another item, so we pull it up. >> Let's just keep going. >> I think we can pause. >> Okay. >> I think you can keep going. And it's up to you. Mr. Katumwa. >> Whatever you want, councilmember. >> I'm ready. >> I think we've read the audit, so I think we're okay, to move.

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so I think we're okay, to move. And as soon as you can get it up, you can put it up. Thank you. >> I through this program, the city provides eligible customers with services including one on one case management for example, program participants work with a designated Austin energy case manager to develop personalized emergency backup plans. If customers are having trouble paying their bills, their case manager can help with flexible payment plans and other options. City staff may also refer the customer to other social service providers for additional services. The program serves over 250 customers every year and is managed by Austin energy, and a third party vendor. Our first finding many Austin energy customers are not able to access the program due to a complex application process. Overall, the program participants were

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the program participants were surveyed, appear to be satisfied with the program, and they believe that the program meets the expectations. However, many customers are not able to access the program to qualify for this program, an applicant must be an Austin energy account holder or someone who lives in the home of an Austin energy account holder. Residents in apartment complexes with a master meter, and this is where renters pay their property management for their utility bills and are not able to participate in the program. Austin energy management said. They are currently 92 master meters. However they are. They are not able to determine how many residents are associated with each of these meters. Program participants and other stakeholders noted that the application process is inefficient due to the frequency of recertifications and challenges or challenges. Obtaining efficient signature. A

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Obtaining efficient signature. A program applicant must complete sign and submit an application to the city. The application requires a physician's signature . In addition, program participants are required to recertify periodically depending on the medical condition that is assigned by the physician. We surveyed a sample of program participants on the experiences and perceptions related to the application and recertification process. 45 of the respondents stated that the process is inefficiently, is inefficient, mainly due to the frequency of recertifications and the challenges in obtaining a physician's signature. We also surveyed 80 other cities and found that the city of Austin requires program participants to recertify more often than the cities that we looked at. While the city of Austin is recertified, Ann frequency

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recertified, Ann frequency ranges between 2 and 12 months. For the six cities that we looked at, recertification frequency ranges between 12 and 24 months, one city and this was this was Sacramento offers a lifetime enrollment depending on the medical condition of the patient. In fiscal years 2022 and 2023, about 70% of applications were denied due to the applicants not submitting the necessary documentation within the required time frame. While an incomplete application does not necessarily mean that the applicant would have been eligible if they had submitted all pieces of the application, there is a significant number of denials. Austin energy noted that they are currently working on changes to the application process. The proposed changes include lengthening the amount

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include lengthening the amount of time between recertification and including a lifetime certificate certification option, as well as allowing a broader range of medical service providers to certify eligibility .

Austin energy management plans reject the proposed changes to city council. In May 2024. Our second finding the city uses a manual process to manage application and eligibility verification. This increases the risk that the data may not be secure and reliable, and it also leads to inefficiencies. The program application process relies mainly on manual methods such as faxed and mailed, and paper applications, and other program documents. This requires the information to be entered into the systems manually every time. Also, program information is tracked in multiple tools that do not automatically share

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that do not automatically share information. Eligibility. Verification information is mainly tracked in third party vendors and city systems, and denial letters are sent to the applicants are tracked through another vendor system. The manual process also presents some other challenges, including receiving incomplete information we received. We reviewed eligibility verification documents for a sample of 100 applicants and found required information missing from several applications. For example, eight applications had no physician signature and 24 applications had no mvr category. 43 applications had no patient account holders signatures, and these are all required. Approving applications without a physician signature violates the program regulations as stated in the city code, and approving

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the city code, and approving these applications is inequitable for other customers who are denied from the program because they were not able to provide all the documents, Austin energy management said. An online program application tool will be completed in September 2024. As an additional observation, we noted that the city of Austin's program appears to offer more services than similar programs that we looked at in the other cities. As already stated, we surveyed a sample of six other cities, city programs designed to assist medically vulnerable customers during planned and unplanned outages. All cities that we surveyed, including Austin, noted five participants of an outage and give participants more time to pay their bills through flexible payment plans. Austin energy, as part of case management, also performs site

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management, also performs site visits and works with the program participants to establish personalized emergency backup plans. To address the issues, we noted in this audit, we issued two recommendations. I'm sorry we can't see them here, but, recommendation one was aimed at ensuring that the program is accessible to all qualifying Austin energy customers who may need the program services. Austin energy management agreed with this recommendation, and there implementation timeline is May 30th, 2024. Recommendation two is aimed at enhancing the efficiency of program

application process and ensuring that required information is collected and is retrievable again. Austin energy management agreed with this recommendation and the implementation timeline is September 30th, 2024. This concludes my presentation. I'd

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concludes my presentation. I'd be happy to take any questions that you have, Mr. Katumwa, and we appreciate you doing this with without the slides we've all reviewed the audit before, so and it was a pretty straightforward one. >> So I think that that worked out okay. I hope that we can make sure that those slides are available, for the public in the back of if they're not already, did Austin energy want to comment on anything here ? Good morning, chair co-chair. And to council committee members. I am Kerry Overton, the deputy general manager, chief customer officer at Austin energy. In regards to our operations of the medical vulnerable registry, the mvr program, we found the auditor's findings, acceptable, and we

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findings, acceptable, and we agreed to them. The auditor's office identified two findings, and they were surrounding improvements to the certification process and improvements to the application process, including, developing an online option. We agree with those findings, and we recognize that these additions to improvements will improve the overall and experience and the enrollment process. As you can see, we have implemented a very quick turnaround on our implementation of fixes to the programs, and we're very pleased that we have a very strong team that had been working on those items. And the auditor highlighted some of that work that was going. And then I just want to also just mention to the auditors while they do their work and even to their leader. Qadri. You don't often find it, but they also in their discoveries, and working with our peer cities indicated that we have offered more programs than any other peer city. And in

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than any other peer city. And in fact, overall, our customers who participated in the program were satisfied that we met their needs. I will address any questions that you might have. >> Thank you, Mr. Overton. This is a really important, program and I appreciate the fast timeline to address, the shortcomings or the opportunities moving forward. And being able to do that before next winter, I think is very, very important, I did have a question. We have recently been able to expand our cap enrollment, tremendously with some different types of outreach , and I wanted to know what we might learn from that cap outreach for this medical vulnerable registry, accessible question. >> Yeah. In fact, council

member , if I recollect, we're we're due to give a formal response, in June of this, of this year on terms of our cap outreach, we are on track to continue to reach the goals that you have

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reach the goals that you have provided for us. There are some correlations that can improve, in this outreach, and as you can see, as part of this is, really simplifying the process, one of the things that's helping us right now is reaching out to industry, other entities and part of that is the school districts. So that work is going along pretty well. And so, most of it where we have a little bit of challenges, is, getting all of the entities to do the data sharing and getting past, you know, the sort of the legal terms and getting comfortable with the hipaa laws and the other requirements and sharing the kind of data that they're giving to the to the city. But we've been able to meet with all of their leadership. And so, yes, there is application and we believe we'll be on track. And we will apply all of those learnings to what we're doing in ndvr as well. >> And are you working with our public health department, which I believe has a seniors officer, to reach some of those nonprofits that focus on seniors

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nonprofits that focus on seniors like drive a senior, etc? >> We are we're working with Austin public health, and in fact, one of the items that we are going to incorporate into them is, using more of their assistance in our wrap around service, particularly when we're actually going on site to customers enrolling in the program. >> Thank you. And then one of the things that we really experienced, you know, starting with storm uri, was a sense that we had, you know, not just individuals who were medically vulnerable in individual homes or apartments, but that we also had entities like our nursing homes and our assisted living care. And I know that's not covered per se by the medically vulnerable registry, but how are we, addressing situations where we have more congregate living for our seniors? >> Yeah, again, the nbr program is mostly designed for those individual customers who are in their homes in certain areas where the whole goal is to not only exercise their emergency

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only exercise their emergency plan, but to get them to facility that have more emergency equipment and services and personnel there. And so in those nursing homes, in the nursing home, that would be the same requirement, at some point in time, those plans calls for us to evacuate those individuals and move them more toward hospitals and other care centers that could provide the greatest care. But I do appreciate that you mentioned that in terms of the storms, and our role is to make sure that we're coordinating with the management team and operators of those care centers. >> But do we now have a map and the phone tree and all of that information somewhere for these various facilities in our

community? >> The details of how that's mapped out, I would have to, refer that more to our chief operating officer. But we do have a better sense of where these entities are. And as we call them, you know, our, you know, the criticality of their load, that work has been ongoing. And my understanding that I could report to you that

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that I could report to you that I understand has been successful, the status, I don't know, at this time. >> So if you could maybe just follow up with us with a brief update on how you're connecting Singh, with those facilities. I know, again, it's separate but related, but I think it's very much important for our emergency response. And we learn the hard way that we didn't have those systems set up. So I do want to make sure that that we continue to build out that preparedness. Yes. I want to acknowledge that. Council member Fuentes has joined us on the dais, and I'll recognize, vice chair pool. >> I just had a quick question on, navigators, do any I imagine that the, the nonprofits employ navigators to help folks with these applications? Can you speak to that a little bit? >> Yes, in terms of, getting access to those applications, we're using all of the current tools, and again, as you said, what we said here, the implementation for what we would put in place is a little bit

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put in place is a little bit till September, not quite as quick as we would like it to be for some of those reasons, in terms of incorporating the best use in the highest use of applications, and they will have those features, for those that have any impairments, because that's really helpful. >> It's proven to be the case in our, our chair of public health is here with us now on the and is also on the committee. And she could probably speak to the vital role that the navigators play. And maybe there's something that we can tap into with regard to this. I know that, Austin energy has a subcontractor working on the applications and the enrollment and working through them. So you're not actually physically doing the processing yourselves. So this is really more of an oversight for the contractor to see if there are more is more assistance that the city of Austin can offer through established, established means that we know are tried and true and just apply them to this, to this circumstance. Okay. Thank you. >> Colleagues. Any other thoughts or comments? Thank you

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thoughts or comments? Thank you both, for the presentation. >> Thank you very much. >> So next up we're going to do a briefing from the financial services department. And we're going to combine items five and eight, together. We're actually going to, I believe take up item eight first. Is everyone here okay, which will be the update on mwbe WBE procurement program, by Edward campos. And then we will

hear from James Scarborough , about updates to our small business local preference program. Thank you. Good morning. Good morning. >> Thank you for having us, my name is Edward campos. I am the director of the small minority business resources department. So we're here to provide an update on three items that we've been working on to date since council adopted our, 2022

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council adopted our, 2022 disparity study, and that is an update on our ordinance and administrative rules, update on personal net worth and update on where we are with our development of aspirational goals for the city. So in July of 2023, council adopted our new mwbe procurement program ordinance. A lot of hard work went into that development of that ordinance. We have since been working on revisions to our nbdb administrative program rules, there was a process to those to be adopted. They were posted for public comment, from October 11th through November 13th. We received no comments, we provided an opportunity for stakeholders to, provide comments to the rule process. On October 10th, October 24th, and again on November 3rd, the final administrative rules were posted on the city clerk's website, as well as our own department

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well as our own department website. December of 2023. We have been working on the development of our personal net worth calculation. This has been , a really worthwhile component that we've been working on as a very integral part of our certification program. But how did we get here? Why did we take this charge to review this process? Austin is quite unique in that we have two components to allow folks to participate in our nbwa program. The first is you must show that you are socially disadvantaged Ed, and that is categorized by being included in one of our presumed groups, African Americans, hispanics, native Asian Americans, as well as females, the other component and the component that talks to the personal net worth component is we also have an economic disadvantage component to our ordinance and the way that we determine if someone is economically disadvantaged is by

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economically disadvantaged is by their personal net worth. And so one of the items that council, through a council resolution that was passed in March of 2020, was to create an inclusive procurement working group, or ipui, for short and one of the items that council had requested, the ipui review was the personal net worth component, as well as the economic disadvantage, definition that makes up that personal net worth. The committee reviewed the personal net worth as it currently stood, and made the following recommendation burns keep a personal net worth component, but consider modifying or revisiting the structure. Look at the pnw whether or not it's too low for the unique Austin market

conditions and whether or not we should continue to use the south consumer cpi that we use to establish our personal net worth in order for us to conduct this work. Snbr. Contracted with txp incorporated

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Contracted with txp incorporated to review our process that we determine what is personal net worth, what is that threshold. And so we're going to show you the results from that study. So this slide shows you just a basic overview of where we started with personal net worth. This was initially part of the ordinance that was adopted in 2006. It became a certification requirement in 2007. And the first time that we actually initiated a personal net worth limit was in 2008. And again, this shows the increase that has, that's been a part of the personal net worth since 2008 to 2023. Currently, our pnw for 2024 is set at \$2.2 million. So part of the analysis that we asked txp to conduct was based on and centered around two questions is the current, pnw

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questions is the current, pnw threshold and at the time that we, contracted with pnw, excuse me, with txp, it was at 1.69 million. We didn't know whether or not that was too high, too low for the unique Austin market conditions based on the analysis, the current pnw limit at that time, 1.69 million, was determined to be too low for the unique market conditions of the city of Austin. The second question is, should we continue to use the cpi that we use in conducting and determining the personal net worth limit on an annual basis, through the analysis that txp provides? Ed. Yes, we should continue to use the consumer price index, although it is very limited in its nature. So we should consider using and adopting other indices as well. The recommended approach on our new to establish a new personal net worth limit was to include

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worth limit was to include additional indices employed. Surveys from the bureau of labor statistics, the S&P 500, information from the Texas A&M real estate research arm, and information from the Austin board of realtors. Staff has reviewed this information with the members of the inclusive procurement working group. We wanted to brief them on what we were planning since this was under their purview. Under that resolution that council passed in March of 2020, they did approve a new approach. And so we have started the adoption of the inclusion of these new indices, as well as the current cpi process. And we contracted with txp to provide us with that new 2.2, threshold for 2024. So we're really happy about the work that staff, as well as the members of the inclusive procurement working group. Did to

get us to this point. Now, I want to talk to you about the aspirational goals. As part of the disparity study, there were

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the disparity study, there were two recommendations that the disparity study requested that the city undertake. The first was the development of an annual procurement forecast. The second was to use that forecast to develop aspirational goals for minority and women owned business participation on our procurements that will be competitively bid. So financial services took the lead in developing that annual procurement forecast, provided that information to snbr and based on best practices following the method of our development of our goals for our disadvantaged business enterprise program, which, as you all know, is our federal program, that we also administer on behalf of the city of Austin and for Austin, international airport. There were over 200 procurements that were identified to be released in fiscal year 24. That was a lot of information to digest, so we decided to break this up into

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decided to break this up into quarters. So we're happy to report that for quarter one of fy 24, the goal for mwbe participation will be 7.28. The goal for wbi participation is 2.13. For quarter number two, we are at 7.39 for mwbe participation and 2.24 for wbi participation. Again these are aspirational goals. We'll set two additional goals by the end of this fiscal year for quarter three and quarter four. We'll provide a memo to mayor and council with an update on what those quarterly goals look like. And then we will provide you, updates on where we are with meeting those goals. At the end of this fiscal year, as well as providing periodic updates to mayor and council on where we are when it comes to actual payments, that reflect the participation levels. So we have aspirational goals. We have goals that will show what council awards at the time those contracts are awarded by council

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contracts are awarded by council . And then we'll have Progressive reports, periodically to show how we are really with actual payments to our minority and women owned businesses. And I'm here to address any questions. We also have, John hockenos from txp, who we want to thank publicly on providing us with a really detailed analysis of our work. >> Thank you very much, Mr. Campos, I'm glad to hear that we're going to have that additional reporting. Where is that reporting going to be happening? Is that memos or to the committee or what is the plan? >> Yes, ma'am. >> It will be, a various ways. We'll first have a memo to mayor and council, and then we'll report those through our website. >> Thank you. And then, how do these goals compare to where we were before for the disparity study? The new disparity

study was adopted. I know there was a fear that they were dropping substantially. How do we understand these goals relative to where our old goals were? >> I think in terms of the

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>> I think in terms of the information that was presented in the 2008 disparity study, which were which were reflective of the goals that you're speaking about. They're almost cut in half, the availability that we start with, when we're looking at the development of goals, has really been very low for this disparity study. And so we're working in other avenues to try to increase the number of certified vendors that we have to work with. >> And what accounts, in your view, for that drop? >> I think we've had two economic conditions in our in the United States over the past several years. And I think that that has, really led to some folks just not being in the spaces that we procure from. >> Okay, colleagues, I want to just call your attention, you know, again, to this big drop, it's going to have a potentially enormous impact on our, our, our minority women owned businesses in our community, and we need to be, you know, taking steps to

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be, you know, taking steps to support the growth of these businesses. That's how we expand opportunity, there is a regional economic equity development plan that is underway that our diversity and ethnic chambers are working on, it was something that this council, helped launch when we worked to redo the, relationships with those chambers, that process is going to be unfolding this year, it is going to need support when it is finished to be, implemented, it is a, you know, innovative approach that's, you know, different than what other regions are doing. And it does provide us one of the clearest ways that we can look at, how to support, these businesses and help them to thrive. And it's just all that much more imperative, given the drop, in the goals, at the same time that we're having an enormous amount of investment, and, and I and I, I wish this were a different

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I wish this were a different way, but we need we need to keep taking, these other steps as we can, colleagues, are there other questions on this presentation before we move to the next one? Council member Fuentes, just thank you. >> And to echo your comments, chair alter, you know, similarly, I'm very concerned about the drop in our, in our goals, in particular at this time where we are going to have so much investment in our city over the next decade, so I would be looking to see you know, what more and what can we be doing to help support our minority and women owned businesses? And, you know, I haven't been briefed on how the regional equity plan is going. So I'd also like to request an update on that effort. And of course, we'll reach out, to our chamber leads to see if we can have that update,

perhaps with the department, too, so that we can, you know, put our all our heads together and collectively think through what the city and our chamber community can be doing. So I just wanted to echo my support for that effort, also

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support for that effort, also very pleased to hear with the update on the personal net worth. Thank you. >> And I believe we adopted that a little while ago. The personal net worth component as part of the new ordinance that was adopted by council in July of 2023. >> Yeah. >> And the next item that we're going to take up is actually another step that we are taking in order to address some of these issues. You may recall that we, initiated a small business local preference, pilot, for procurement for certain areas of procurement, last summer that went into effect in October, if there are no more questions for Mr. Campos, then we'll move to that other briefing with Mr. Scarborough. Scarborough for item number five, which looks at this other step that we're taking to try and address some of these issues. >> Thank you, Mr. Cummings. Thank you. >> Good morning. Committee chair alter members of the committee, James Scarborough, financial services department, I am your

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services department, I am your chief procurement officer, thank you for the opportunity to come back and visit with you again regarding the enhancements that that the financial services department has made to the city's, local business preference and small business preference programs, because of the partnership, the ongoing work that, that financial services does with our colleagues at small minority business resources department, actually, Edward will will join me for the initial part of this presentation to kind of explain, some of the drivers associated with the work that we did, based on on your further direction, when the disparity study was received last year. So if I can ask my colleague Edward to come back up and kind of explain the transition between, the further comments from the, the, the council and what we then did, what financial services then did on our two respective programs. Thank you.

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Thank you. >> Thank you James. So as I did mention previously, we did have a new disparity study that was adopted by council in October of 2022. One of the findings in that study was really low availability for our minority and women owned businesses across our marketplace, based on the ordinance revisions that took place in July of 23, a motion was made by councilmember Allison alter on really looking at some, other components that would be complementary to our mbb program. And so as Mr. Scarborough mentioned, we are here today to just provide an update as to what that pilot program is looking like to date and to address any questions you may have. Thank you. >> So following the, further

direction from council financial services initiated a number of stakeholder engagements. As you can see here, several of them, met with us both in person and

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met with us both in person and through survey responses, to share their perspectives with regards to, what's working, what's not working, what other governments are doing and some suggestions or ideas for possible approaches that the city could pursue in enhancing these two programs. What we heard from these meetings and from the survey, strong support for the city's mwbe program and a strong desire not to negatively impact the program through any changes that we may make in these, related programs, there was strong support for local businesses and small businesses, there was a desire to emphasize them both equally and not one above the other, and to the extent that an entity was both local and small, to somehow recognize that, as being additionally beneficial, there was interest in including, subcontractors, if possible,

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subcontractors, if possible, there was a strong support for continuing to recognize kind of the gold standard for, for small businesses. That's the federal government's small business administration's small size standard, there was great interest in expanding the city's definition of local or the location of local, from our previous definition to, to a larger definition of local, there was also interest in, in being more intentional, more specific with our definition of what parts of a company would constitute as being located within that area, specifically the headquarters there was also some interest and conversation about, future opportunities for one or more of the programs, including possible certification of, of local firms. A couple of concerns that we definitely received from these, Conway is that as we, enhance these

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that as we, enhance these programs, it's not, a it's not immediately possible to make sure that all participants in the programs are benefited equally, we can apply the preferences, but to the extent that they are are benefiting, certain contractors and not other contractors, we'll have to kind of study the numbers over time to see where we can make adjustments to, to make it more equal. But it's not immediately possible to ensure that that, that, that participants are equally benefited, also, we heard, regarding the application of the program to professional services and most, construction contracts as being a concern as well. And those were all taken into consideration when we developed the enhancements. Okay. So based on the feedback in our analysis of the market, our analysis of comparable programs, the financial services department began a two year pilot starting with the

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pilot starting with the beginning of this current fiscal year, October 1st, 2003, we capped the benefits, the enhancements to both programs, to, solicitations and resulting contracts that that are do not exceed 50 million in aggregate value, over this pilot period, we will monitor and continue to report back on program performance. But during the pilot period, we also wanted to kind of refrain from making long term codifications and regulations regarding program procedures, because we wanted the ability to make adjustments. We wanted the ability to continue to study and look for opportunities and perhaps make program revisions early, before we are kind of locked into, to regulations in both programs. So and we've done this with, with previous programs before. We like the ability to kind of take a walking start with regard to these types of fairly substantial changes. So with the local preference program, we revised and streamlined the

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revised and streamlined the program criteria and optimized the preference amounts where we're where necessary. We then mirrored those those criteria, to the small business program. Both programs existed before they just existed in a smaller and a in a different format, different set of regulations and criteria. We've enhanced the regulations, but made them so that they mirror each other so that when programs apply, they apply, they apply the same time the same way, but they apply separately. So what did we change? Definition of local area for local preference. It used to be the full purpose jurisdiction of Austin. Now is greater Austin. The five county Austin, Round Rock, San Marcos, metropolitan statistical area. This area is actually consistent with the significant local business presence, area identified in the city's mwbe program. So actually, by expanding the definition of

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expanding the definition of local, we made the two are made the mba program and the two local, the local business program, more consistent with each other in terms of what is located within the local area. It used to be headquarters and branch, office, branch determining and defining and confirming what a branch office was, could sometimes be challenging and subject to scrutiny. And we heard, pretty strong support for identifying headquarters only, and also the definition of a branch office seemed to be more advantageous for larger companies that were located outside of Austin that could come in and create a branch office for purposes of being more competitive in Austin , but still not necessarily be an Austin company. So to speak. So, based on that feedback, we, we, we agreed and, limited the definition to headquarters only, in small business space, we are maintaining, the, the small business sba, small business

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business sba, small business size standard, but we are recognizing more certified certified died, or certifications than we did previously. So when we identify a certification, whether it's the city certification, a state certification or a federal certification, we're using the certification as an indicator that the company is a small business because of the criteria that those companies need to meet to become certified, consistent among all of the certifications is the fact that they are they meet the sba small business size standard. So when we reference certification, we're just using that as an indicator of small. So for our major competitive source selection, processes the invitation for bids and the request for proposals, as you can see here, depends on the estimated contract value, local companies will get a certain percentage or a certain number of points, and small companies

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of points, and small companies would get a certain percentage or a certain number of points. And if the offers are local and small, they would get a compounding of both the local percentage or points and the small percentage of points. And you can see they're differentiated based on what the contract is for. So if it's for goods, general services or construction, then you see the preferences, the points and percentages, available. They're up to a contract value of, of 50 to \$100,000. Once you go over \$100,000, there's some statutory limits that come into play. Now we're just talking about goods and general services, and then once you get up to 500,000, the preferences will then drop again. Those are based on statutory limits. So if you see the underlying limits for, for local, that's where we got those amounts from. We just mirrored them for small. So when you compound local and small five and five is ten three and three is six.

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is six. >> Mr. Sharp, I just wanted you to please clarify that these are for prime contracts, not for subcontract. >> Correct? Correct, a major differentiator between the enhanced or these programs and the enhancements to these programs is that the preferences apply to the prime contractor to the offer, who actually submits the offer to the to the city for evaluation? The mwbe program, is more focused on subcontracts and encouraging and creating opportunities and goals for subcontracts. So whereas the mwb program is predominantly in the subcontract space, local preference and small preference are in the prime contract space. So as we proceed we're about six months in. But as we proceed, with the enhancements to the to the to the programs, we will, first and foremost continue to consider the excluded elements

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consider the excluded elements and, and discuss options. Opportunities for their, their possible inclusion. We didn't want to hold up implementation of these enhancements given the changes occurring in the mwbe program. We felt like timing was optimal and necessary to proceed with the enhancements now, as opposed to fixing or addressing some of these rather technical, nuanced and regulatory issues that may or may not allow us to include some of these other elements, but as we continue the pilot, we will look at subcontractors, and the possibility of somehow including the preference, as being applicable to, to local and small subcontractors, there were some concern that if we got into the subcontract space with these programs, that we would somehow create a decent incentive or somehow cause impediments to prime contractors participating

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prime contractors participating under the mwbe program. And that was the thing we heard the most from our from our stakeholder feedback don't hurt the mwb program. So that's why we did not include subcontractors as we rolled out the pilot, but we will continue to study if it is possible to do so and do so in a safe way. That's not going to, negatively impact the mwbe program, we'll continue to look at construction services, but they're pretty straightforward in terms of our ability to apply preferences. Over \$100,000. It's pretty pretty clear from the statutes and from our conversations with the law department that, that's not necessarily a regulatory option for us, but we'll continue to look at it, as was previously under both programs, professional services were not included. They weren't included before we were not recommending that they be included now. Now I know that there was some discussion, concern about professional services. So we're providing some additional

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providing some additional information here for your for your information and information. Information of the public. When we look at professional services, they are not a category of contracts unto themselves. We have ten categories of contracts and every one of those categories has services and professional services within each. We don't have a separate category for professional services because professional services are differ . They differ depending on what types of advisement, expertise, analysis that you're receiving. We have two general categories of professional services. The first are specified professional services. They are identified under statutes specifically under the Texas professional services act. They are subject to Texas government code 2254. They are also referenced and subject to Texas government code 2269, concerning, cip procurement and Eid and state and local government performance

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and local government performance of cip procurement, but that specified professional services includes architects, engineers, but it also includes surveyors, physicians, nurses, cpas and so forth. So as you can see, the definition of specified professional services in itself is located in multiple categories. So there's no one category that they would all fit under. So specifically because they are named in in statute, we are not able to compete them with any process that includes price competition. So that means specifically no invitations for bids and no request for proposals because both of them, include price competition. We can compete based on qualifications and experience, but not price. The other large category of professional services are exempt professional services. So that's essentially everything else that's not named exempt professional services are not subject to Texas government

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not subject to Texas government code 2269. They're not subject to Texas government code 2254. They are are exempt from the general procurement regulations that all municipalities are subject to. So there's no competitive requirement there, but they are addressed in the city charter, which prohibits us from competing professional services based on price competition. So specifically, no invitation for bids for exempt professional services. So this would include everything else, all manner of consultants, advisors, analyst experts, anybody providing intellectual services, expertise, guidance, reports you name it. So if we have a, a service contract and we do many, many service contracts over the course of a year and if we have a defined scope of work and we have the

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scope of work and we have the ability to perform price competition, we will do a request for proposals to source that contract. And when we do a request for proposals, we will include our applicable programs. But if we are determining that these are professional services and we need to contract with a specific firm or a limit the competition to certain specific firms because of the area of study, because we're going to defer a lot to them, because of their expertise. We will determine a professional services exemption. So the only time that we determine professional service exemptions is when we are not doing normal competition. Normal competition is where these preference programs apply. So with all of that, that's why we recommended not including professional services in the enhancements to the two programs, at least not now. While we continue to study the programs to see what works, to see what can be adjusted. But

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to see what can be adjusted. But for right now, if we were to consider the inclusion of professional services, it would likely delay the implementation of the enhancements that we have already implemented as of the beginning of this fiscal year. So with that committee members, I'm available for questions. Thank you for your time and consideration of the work that we've done on these two programs, as we are about one fourth of the way through the pilot, we will continue to look at numbers and look at outcomes, talking to, committee leadership and to the extent that we can include any of these excluded areas, we're glad to do so. To the extent we cannot, we will provide you with a clear and detailed explanation of why not. >> Were there also some numbers on how the other program was working that you wanted to share? >> We have one more slide. I'm sorry, I might that's okay. I might have, yes. So of the solicitations that we completed with the enhanced programs. Thank you. Committee chair, we

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Thank you. Committee chair, we had a number of solicitations that were underway so we could not add the enhancements to those programs. We have a number of solicitations that are still in evaluation. So we can't look at the outcomes of those, competitive process yet. But of the ones that we added, the enhancements to that have completed, since the program enhancements occurred, we had 26 solicitations of those 26 solicitations, we had over 100. We had 102, offers of the offers that we received, 30% were from local businesses. Now, based on the definition of local being larger, now that 30% is much larger than you would have seen in the past, of the offers that we received, about 16% were from small business firms. Of those solicitations, there were none where the outcomes actually changed, meaning there was a local or small business firm. That was number two. And because of the program, they became number one. That hasn't happened

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number one. That hasn't happened yet. But what we're looking at is the establishment of a baseline data so that we can see how many more, local firms are responding to our solicitations, how many more small firms are responding to our solicitations, and then how many more local and small firms are successful as a result of the solicitation? So we may not actually overturn or change the outcome, but we may have more participation and therefore a larger portion of our successful offers being either local or small. And so far, that's what we that's what we, in fact see. Of these 26 solicitations, we ended up with 33 contract awards, roughly half of those contract awards are from local and small firms, predominantly local, but it's roughly half of those contractors are local and small. So 30 and 16% going in, 48% coming out. So they're overperforming on the successful, measure. So we will

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successful, measure. So we will continue to look at that. We will, encourage through outreach and education even more awareness of these opportunities. And hopefully that will increase the number. And over time we would like to be able to use these numbers to inform us where we can address our further programmatic efforts to increase the outcomes, increase the results of these of these firms. If we get to a point where we have 60, 65, 70% of local and small firms winning city contracts, that's that's a pretty positive direction. So but we need a baseline of numbers first. And so that's what we would like to do over the remainder of the of the pilot period. >> Thank you Mr. Scarborough. I'm very pleased that we were able to launch this pilot and that we are really focusing in on the data to see how it's working and the willingness to kind of, pivot and adapt and adjust as we learn, from things on the ground, I would ask that you maybe come back in November

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you maybe come back in November or December and give us another update on the data, can be October, if you prefer that. I'm not sure what six months from now is, but I think that would be helpful for us to see another piece there, on the professional services is, is there a way to have as part of the qualifications in smaller local and put points in that even as you're you're competing on qualifications? >> Council member, committee chair, we are definitely open to, a ways to achieve that, that were would not, you know, blatantly contradict statutory regulations. We're looking at our colleagues in other local governments to see if they have found a way that we haven't identified before, so we're very open to it. Staff are agnostic with regard to whether or not these these elements are included in the competitive processes. It's just based on what we see in the statute and

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what we see in the statute and what the advice that we received from the law department that we just we cannot recommend going there. But if there are other ways to get there, we're definitely open to it and we will continue to look for those. >> Thank you, and then the last thing I wanted to just ask is, you know, just to I think you already are, but, we just met for the regional economic equity development plan advisory board. And, you know, procurement is one of the key ways that they're seeing, opportunities to support businesses. And it's not just procurement from the city of Austin, but procurement, you know, of all entities, whether they're public and private, and there's some really interesting ideas about bringing, folks into the process to learn, you know, how to go through the city procurement or these other entities, and then there are some opportunities as we develop these plans, to share them with other governmental entities, whether it's atp or, or, other entities that are are investing a lot, even though atp is a lot of construction, there's still

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of construction, there's still non-construction pieces, so I just want to, you know, invite you and, and, you know, to the extent that's necessary, provide direction to participate in those processes and be available for them, so that we can be taking every step we can to encourage these businesses to participate, in our procurement. So that helps to keep the money here in Austin and helps to build these businesses. Glad to thank you, any other comments or questions? Great. Thank you very much. So next up we have item six, fleet management and optimization update. And related to our Austin climate equity plans and presenting, we have Jennifer Walz and Rick Haaland from fleet .

[10:48:31 AM]

. >> So good morning, Jennifer Walz director of fleet mobility services. Okay >> You can take a second if you need to. Yours may need to have a your presentation was more complicated. So we definitely probably need your presentation up. >> Okay . >> It is hard. >> Okay, we can jump to item

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>> Okay, we can jump to item seven for a minute while we're. While we're waiting. That is future items that. >> Yes. So the April meeting, is quite a busy meeting. We have our actual actuarial audits, for all of the city's pension systems coming from, our financial services folks, we also have our external audit, which is conducted by deloitte and potentially our single audit, which is also by deloitte, we have two, six month reports from my office. One is the, kind of relatively newly reinstated six month report on audit recommendations, that will be, this will be the second time we've done that since implementing a new system last fall. And then also a six month report on our integrity unit's activities, we have an audit that's done by an outside contractor. Related to the city's cbi or criminal background investigation process . And I understand there may be some bylaw amendments related to

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some bylaw amendments related to boards and commissions. So lots of items. >> Hopefully those are those tend to be quick items even if there are a lot of them. So yes, when I looked at the time, we are assuming our audit reports are as clean as they've been of late, then, I think that'll we'll be able to manage it. >> Correct. It looked like it would still fit within our two hour time frame. >> So great. >> Thank you, did you want to say something? >> Good morning. Diana Thomas, deputy cfo. I'm just going

to let you know. We do believe that we'll have both the occ for report and the single audit report. Deloitte so we do expect to have both of those. But we kind of put it on the may agenda for the single audit, just in case the single audit is wrapping up. But we do believe we'll have both of them ready. >> Great. Thank you. And I understand, council member pool, you have a coerced meeting at the same time. So if you can take a look at the actuarial report for the pension system, since you're on that, particular pension board, and let me know

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pension board, and let me know if there are any questions or comments you want to raise, and the good news is Diana Thomas is also a trustee on the board. So she'll be right there on top of it as well. Thanks >> Great, Harry. So is there anything that any committee member wants to think about for a future agenda that we need to discuss? One, you mean 911 or, did we mention the 911 special report? >> We have not yet. >> Okay, that to me, I mean, certainly want to recommend everyone to take a look if you haven't already. I know it's been made publicly available, but if there is an opportunity for us to consider the special report, that might be a topic. >> Okay. Thank you. >> Yeah. So there was a special report that I and council member Fuentes requested to really look at bulk arrival of calls into the 911 call center. And it had some really useful information

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some really useful information for us, that we need to be following up on. And you know, it's not an audit. It's a special, special project, but, you know, perhaps it's a broader discussion of 911 that maybe we want I don't know if that's better in the public safety committee or here, but, we might be able to do that in may. I don't know that we'll have space in in April. >> Okay. >> Great. Thank you. How are we doing on the presentation? We're ready. Okay. We'll go back to the fleet services. Thank you. >> Rick's always prepared. I think he brought it. Brought it, brought the presentation, as you all know, we've been on this trajectory to reduce the emissions in the fleet since 2007. Actually, prior a little bit before then. So we've started with, alternative fuels, and we've worked our way to electrification. And during this

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electrification. And during this time we've built out a strategy for incorporating new technologies into the fleet and an acquisition program that allows us to take advantage of new technologies as they come on. I'd like to say that before we get started about how this strategy fits into the climate equity plans goal of am I to close, 40% of total miles driven and how that how that correlates with what we're trying to do from a fleet standpoint. So again, there's the 40. The second thing is the charging infrastructure. That's that's one of the goals. And but we're prepared to discuss the 40% today. And we do have

strategies for charging infrastructure, build out as well so we can discuss it if you want that the presentation. So some of our challenges from fleet management standpoint is the diversity of our fleet. And what I understand the while the climate equity plan is a community based plan,

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plan is a community based plan, as city leadership and stewards of city funds, we want to be kind of lead the way. We want to be lead by example. But this slide basically shows kind of the complexity of the fleet and sometimes the lens. When we look at the community's adoption, it may be a little differ from how a fleet management, department achieves those goals due to that diversity. And so we've got this kind of they've got these strategies that we set up that we've developed over time in history and experience with, with change in the fleet and adopting new technology. Georges, let me turn to the next. Next slide. Oh that's me okay. There. So yes, these are these are some of the things that we take into consideration when we're developing that plan. So the community based climate equity plan, which we're, we're kind of a small part of the miles that we're doing, it's I believe it's here, that's quite

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believe it's here, that's quite a few miles. It's like, I think it's over, like close to maybe a billion miles that run the city. Ours is about 45 million gallons. I mean, a million miles that we drive, which, like I said, is about 1% of the miles driven in the city. So so, with that, given that being said, I will I think Rick will get into the details of kind of our strategy. We're looking at trying to align ourselves with that plan, but also maintain those strategies that that are developed over time, that kind of ensure the continuity of services to the city and help departments adopt new technology without, without them feeling like they can't provide the services that our citizens expect. So I'll turn it over to Rick, who can talk a little bit about kind of what we're projecting or some of the risks of, of, of early adoption. So sorry. Thanks

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sorry. Thanks >> Good morning, chair alter chair, council members, part of the audit finance committee. Can you hear me? Okay. Yeah we a little foam thing came off. So we're I'm going to put this on. Okay. So our strategic approach to transitioning to bevs, really is ensuring operational soundness during the transition. We, as Jennifer said, we've got quite the diverse fleet, you know, we want to select the bevs that meet the service requirement of each one of the departments and the service duty that they provide, we're prioritizing light duty vehicles initially, and we're testing new battery vehicle technology with pilot

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vehicle technology with pilot programs as they make come available to us. And we're setting our transition timing goals to meet our infrastructure buildout and as these technologies advance, so our fleet is a on road, off road powered, non-powered fleet to get to 40% of the total miles traveled. Our total miles traveled is 45 million miles. Our on road fleet consists of 5147 on road fleet assets. 18 million miles would be the target. In order to get there, we had to pick a selection of vehicles that would most likely be able to achieve that goal. On the screen, you see this group of light duty vehicles leading into kind of a medium duty size. We excluded public safety from this selection. This gets us about 2800 vehicles, 20 million miles of travel. It represents

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miles of travel. It represents 44% of the total fleet miles traveled before we kind of get started, we got to talk about our current glide path. This is where we are today. We're on a 2040 current glide path today. In order to get to the 18 million miles, we would have to buy 2100 battery electric vehicles. It would cost us roughly about \$163 million. We'd have to increase our inventory by 14% each year over 17 years. At the end of that 17 years, we would reach the 18 million mile threshold. In today's total miles, we would have to increase our utilization rate by 3% per year. And as we get into more of the vehicles that are our bread and butter, if you will, that becomes, you know, the normalized, utilization rate charging infrastructure to meet that demand would cost us

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that demand would cost us roughly \$11.3 million over that time frame. There are some assumptions that build into this. Part of it is manufacture, product diversification. They need to build the vehicles that we need for our fleet and secondly, they need to be able to produce them and support them. Once they're produced. Pilot programs are great, but unless they can support them after sale, we really can't have them in the city fleet. So that's our current glide path to get to 2030, which is the question on the table, and we would have to obviously buy the same number of vehicles. It just compresses that time frame. So we would have to spend 163 million over six years. Our average increase in battery electric vehicle inventory would be a 40% increase in inventory year over year. We would get to the 18 million mile threshold. Our utilization rate would increase by 7, and our charging infrastructure would be the same

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infrastructure would be the same because we're supporting the same number of vehicles and again, the same assumptions are true today. So these are high level assumptions on the purchasing patterns in order to achieve the 40% total miles traveled goal. But we have some opportunity and I'll talk about that later on with APD and some other things that are important. But to level set where we are compared to the national adoption of battery electric vehicles, your top blue line on this graph is the total number of vehicles sold in north America. It's in millions. The Orange line is your number of battery electric vehicles sold in North America, and the percentage is the percentage of purchase of battery electric vehicle to total vehicles. So we know that sales have grown year over year, and we always use this as a benchmark on how we are doing in terms of the nation . So we know vehicle sales have increased substantially year over year. There's a lot of

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over year. There's a lot of enthusiasm with it market dynamics, consumer preferences, technological advancements have a tendency to evolve and enhance drivers to want to buy more battery electric vehicles. But we believe that, you know, a regular assessment of these things is important to understand where we're going. We're we're adopting new technology in a manufacturer Singh environment. And so there's a lot of players at the table here that have to do with this Wright. And infrastructure development is critical. Policy changes are going to be very important as well as consumer behavior to drive the demand for battery electric vehicles. So where do we get to? We know the transportation sector accounts for 25% of all greenhouse gas output in the 2030 plan. The total cumulative carbon savings over that six year life cycle would be 42,000 metric tons of carbon output savings. And over the 17 year, our 2040 plan, it

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the 17 year, our 2040 plan, it would be 93,000 metric tons. And the reason why that's such a larger number is it's just a larger, longer period of time of cumulative savings. That's the target. That's the goal of the climate action plan. Climate equity plan. But we have opportunity. And I've shared this previously with council member Ryan alter. And we're looking at a pilot program with our police pursuit vehicles, they there's a Chevrolet blazer that's a police pursuit vehicle, we are in phases one through three today, and to get to phase eight, which is really where the decision is made. And the key stakeholders evaluated how this product has performed would be q1 of October q1 2026. So it's important that we are cautious about how we approach implementing battery electric vehicles in our law enforcement police pursuit, fleet, there's many, many things to take into consideration the opportunity is

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consideration the opportunity is great though. If it is a positive thing, we replace about 120 police vehicles a year. We have about 1200 of them in the fleet. So there's this and they represent 40% of the total miles traveled all by themselves. So this is, something that we just have to kind of go down the road, see how this works, and act accordingly according to what the results would be from this pilot program. And the manufacturers are going to have to be more than one manufacturer that's building a police pursuit battery, electric vehicle to want to dive into this too heavily. So from a battery electric vehicle transition from a flexibility standpoint, there are a few things that are driving our world today. And one of them is the macroeconomic realities, the cost of capital, the inflation rate, these things are kind of headwinds generally in the economy. The expansion of DC fast charging is critical. We definitely want, vehicle to grid technology in place so we can actually push that power that we don't use back to our own

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don't use back to our own infrastructure, we've got transitioning battery technology itself going from lithium ion lithium ion batteries to solid state, which would significantly improve charging time and reduce the weight and give us greater range, the vehicle manufacturer tier. They've got a lot of challenges. These are for profit companies, and they've been struggling since covid, their supply chains were fairly devastated during the covid time frame. And we still are dealing with long lead times with them today. And then, of course, the diversification of the Bev market. They've got to build what we need, for a working commercial fleet like ours. And then of course, the supply chain challenges all the way from for batteries, all the way from the mining operations to the supply chain distribution to assembly, the inflation reduction act, kind of the \$7,500 savings per vehicle hinges on this, where the batteries are assembled and

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the batteries are assembled and where the materials come from, drive the inflation reduction act. So that's the \$7,500 savings that we would have per vehicle, according to the inflation reduction act. So that's an important piece. We've got to pull those back to the, free trade countries. This is where we start to be able to leverage that savings. So in conclusion, we're committed to the 40% on road vehicle miles traveled by battery electric vehicles, absolutely committed to that. Operational soundness remains our paramount, focus throughout the entire transition process. Our goal is to carefully select vehicles and make sure that they meet the service duty, so that we can provide those services to our citizens. And, you know, we continue to prioritize our light duty vehicles, initially while simultaneously evaluating the technology. And for our fleet, we're on the 2040 glide path today. And you know, we remain dedicated to the objectives of

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dedicated to the objectives of the 2030 climate equity plan, Jennifer mentioned this earlier. Our acquisition policies and procedures allow us to revise our purchasing strategy and purchasing volumes. Each year. We do a five year forecast, and as each year we look at this, we will synchronize our development of charging infrastructure and onboarding of battery electric vehicles. With the advancement of battery vehicle technology and of course, that infrastructure build out. And that's the presentation. Any questions? >> Thank you both, council member Ryan alter, you requested this with me. Did you want to go first? >> I first off, just thank you all for doing this. It's a really interesting, exercise. And the information is really helpful to understand the full picture. So I just want to thank you all for diving in here. I do have a couple of questions about some of the numbers. The \$163 million figure, first off is

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million figure, first off is that that the total cost of the vehicles or is that the cost above what we would spend on a gas powered vehicle? >> That's the total cost of the vehicle. >> Okay. >> So that's a that's an estimate of the cost of the vehicle. Sure. >> So, you know, if we assume, you know, I saw a recent report that it's about \$5,000, I'm sure for some of these more complex vehicles, that number the delta is much, much larger. But, we are going to spend a large chunk of the 163 million regardless. So we're talking maybe in the 20 or, you know, \$30 million range in terms of the premium that we would pay. Are y'all also factoring in that number as if you were going to get the tax credit? Well, we're right now we're focusing on the actual cost of the vehicle, what we believe to be the cost of the

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believe to be the cost of the vehicle. We're not factoring the tax credit in at this time until those mining operations and supply chain and assembly plants are built and pulled back into the free trade countries. Sure >> And that's I'm just trying to understand all the assumptions that went into to calculating these numbers. >> It's a it's kind of an average cost per vehicle is what we kind of laid out, obviously some would if we got into, let's say, refuse trucks and fire apparatuses. You're talking in the millions, right? You know, if you're talking a sedan or an SUV, you could be talking 20 zero zero \$0. Right? >> And I think, you know, your focus on light duty makes a lot of sense because that's where the market, right now has more of that availability. >> So, all right. Well, that that's very helpful just to understand that. And I'm also curious, I remember and it might have been your previous presentation y'all talked about the savings as it relates to gas and maintenance for electric vehicles. Do you have is there like kind of a rule of thumb or

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like kind of a rule of thumb or kind of a ballpark number that you save on a vehicle for gas and maintenance? >> For a light duty vehicle? It's somewhere for just north of \$1,000 per vehicle annually. >> Right. Okay. And are we like six years vehicles? Well, on, if you're talking about life cycle of the vehicle. >> Yeah, yeah. So, light duty is anywhere from seven, you know, around seven years on average. Yeah. Okay. We're an inner city fleet, so we have a tendency to age our vehicles as opposed to hitting mileage thresholds. I can imagine, all right, well, I would like to, to continue this conversation. I think there are opportunities here. You know, we not only as a city, but you look historically when, very aggressive goals have been set, you know, there is oftentimes a, a I won't say a reluctance, but a questioning of whether or not we can do it. Right. This is

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we can do it. Right. This is certainly nowhere in the scale of but, you know, the Kennedy moonshot of we're going to go to the moon. And everyone said, no, you can't do that. And lo and behold, we did it, because, you know, we put our mind to it and we found a way. And so I'm really curious, to continue the conversation with you all about looking at where are our opportunities, where we might hit the accelerator, as it were, and what areas are more appropriate to, push off. So I just I just again, want to thank you for your work on this, and I look forward to talking with you all more. >> Okay. Very good. >> Any other questions, I have a couple questions. So this was really helpful to understand, but one of the things for me that was still missing was like, we have to pay for vehicles anyway. So when we evaluate the amounts, it'd be helpful to know what you would otherwise expect us to pay and how much more we're spending on these vehicles because they're electric. But

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because they're electric. But also taking into consideration the gas costs, that are involved, as well as, you know, you gave us a little bit about the emissions, but it just seems like it's not like, oh, well, this costs this much money. And oh my god, because we have to buy these vehicles anyway. And I don't know how much, you know, I don't know how much the delta is, to really understand that. And, I want to, you know, I want to sort of split the difference and kind of say, okay, let's say 2035 and, and make that the goal, but I want to make sure that I'm understanding from you that what I hear you saying is that we are currently on this glide path, but it is your policy and your approach to seize every opportunity that is available to move us more quickly to the goal. And you gave one example, which was the pilot, there is that a correct assessment? Like we don't need to give you a new direction to have you taking advantage of

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have you taking advantage of every opportunity that makes sense. >> So again, with our like lessons learned from 2007, we've built an acquisition strategy that takes advantage each year of whatever is available on the market. So it's all kind of moving at the same time, we'd love to lower that goal. And we it might be completely possible because like I said, we don't know what technology is going to come out in the industry in the next between now and 2030 or next year for that matter. And then, like I said, with this, the police driver substantial amount of miles on vehicles, so does rr of fuel use. So as those kind of heavy hitters, the technology develops in those areas. Then our acquisition program and how it's designed can take advantage of it. Almost in that same year, along with any grant funding that's available at the same time. So that's another factor that could offset the cost to the city. The

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offset the cost to the city. The incremental cost that you're talking about. But we are moving forward with electric vehicle purchases even now. So that number of vehicles that we need to electrify will reduce every year in the light duty side of the fleet. So I don't know if that kind of helps. >> Yeah. Yeah. >> I just want to, you know, like I feel like we have the climate equity plan. It has the goal. You're responsible for trying to meet that goal, you're saying that we have this path, but that I just want to be reassured that we are. We're still going to pivot every move that we can understand. You need to be realistic, and you have to provide a fleet that functions and that can be serviced, etc, but additionally to like you said, the climate equity plan is a community based plan. >> So it doesn't necessarily, address some of the challenges in the sectors of vehicles that are in a public sector fleet. So like I said, we I think we can make a lot of progress. Like you

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make a lot of progress. Like you said, on the light duty vehicles, but there's so many other stakeholders out there that influence the outcome on the heavier side of the fleet. And like I said, some or some of the more critical fleet like public safety. So, we do that with a little more caution. But, from as the director of the organization, I'm a firm believer in, in reducing the emissions in the fleet. So like I said, we're we're trying to design a program that takes advantage to the to the extent possible that we can to reach that number sooner. >> Okay. >> So, I know you touched on it a little bit with respect to the federal money, but can you say a little bit more about how we're trying to take advantage of the federal resources that are currently available for transitioning? >> Sure, so today, everything that we've bought since 20, well, 2020, I was, fall of, 2023, the, the, the inflation reduction act was in place. And

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reduction act was in place. And so we are trying to take advantage of the, tax credit, and we're working through that right now. It's a little new for everybody, and it's kind of complicated when you've got a municipality that doesn't pay taxes on vehicle purchases to go get a tax credit. So that's a little bit of a twist for us, 2024, the tax credit purchases after January 2024 are supposedly at the point of sale. So we that's our preferred methodology. Again, the inflation reduction act has to do with where the minerals are mined from and where the battery is assembled. And we're not knowledgeable of that information. So we're relying heavily on the manufacturers to provide that information to us. We're also taking advantage of turfgrass butts gaf grants, and working closely with Austin energy on charging infrastructure grants that applications that are being placed out there. We're working closely with all parties that are involved to try to, take

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are involved to try to, take advantage of any federal or state, allocated grant dollars that are available to us today. >> Thank you, and one related question I have is not exactly on this, but, we have periodically over the years heard complaints about idling, by our public safety, vehicles. I happen to have seen several of them doing that in the last few days. And, what is the policy over that? And do you have data that helps you to know when they're idling? >> And it's a great question. >> We just happen to actually have that data at this point. Now that we've completed the installation of our gps telematics system. So for the first time in the history of the fleet for the city of Austin, we can actually measure the amount of, idling that is taking place where a vehicle is in a stationary geo spatial position and the engine is on and running. So we know that today

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running. So we know that today we measure that. Today we have reports that come out for that. Today it's on a dashboard that's provided to every department to look at. And our goal is to implement a more robust anti-idling program, in addition to that, with the APD, there are some, you know, a vehicle is a place of refuge during the hot Summers and the cold winters, right? So there is some need to idle, but there's a large quantity of other fleet that's out there that unless it's a part of what drives the mechanism of the vehicle. Itself, it really shouldn't be idling. So there's a lot of opportunity out there across all departments to turn the vehicle off. >> So I've seen several that are idling with nobody in them while they've gone in to get food or go to the bathroom, which is not the same thing as sitting in the vehicle. And, and I don't know if there's an operational reason that they have to be able to jump right into their vehicle. But that doesn't seem to be the same thing as a, as a refuge.

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same thing as a, as a refuge. >> So there there is two different I've talked about this a little bit in the past, but it's there's two different kinds of, video, capture systems for APD, one is the legacy Panasonic system, and the other one is an axon related system. One's cloud based and one's, requires an offload of information to servers. And so the vehicle has to idle in order to get that video information. Body body cam, vehicle cam. So there's some legitimate reasons for that. But there is an auto shut off mechanisms that are put in by the ctm wireless shop to, to, you know, where it won't you know, they could turn the vehicle off and it could download. And if it puts the battery or after a certain period of time, it turns that communications equipment off so it doesn't drain the battery. So, there are some reasons why there would be some small amount of idling, but to leave the vehicle idling and walk away, that is something that should be

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that is something that should be questioned by the department itself. >> Okay, so again, historically before we came from just putting anti-idling stickers on vehicles, we do have a policy now, but with the telematics, which thankfully you guys approved us getting that we can dig deeply into who exactly who's doing it, so we can add some context to some of the some reasons why people may audit, may idle their vehicles. >> But having telematics is just going to be a game changer on improving all areas of how vehicles operate in the city, especially from the sticker we had just to actually knowing what's happening. >> Well, maybe at some point over the next year or so, we can invite you back to talk a little bit more again about the telematics to do that. >> Yeah, I know that. >> I know that you're a big fan of it and it's gonna help us a lot, in a lot of ways. So thank you. Great well, colleagues, does anyone have anything else they want to add, so with that, I believe we're done with all of our items, and we will adjourn

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our items, and we will adjourn this meeting at 11:21 A.M. Thank you