Audit and Finance Committee (AFC) Meeting Transcript – 10/21/2026

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[9:29:45 AM]

This is a-t-x-n the City of Austin's government access channel good morning everybody. It's 930. Wow, that is loud. But I like the sound of my voice. So let's continue forward. It's October 21st, 2026, and I will call to order the audit and finance committee meeting of the Austin city council. We have a quorum of the audit and finance committee present, and we are meeting in the city council chambers located in Austin city hall at 301 west second street. So we welcome everybody. We will start with citizen communication. And I, to my understanding, we have two people signed up. So I'll ask that you call out their names.

[9:31:13 AM]

>> Yes, sir. The first speaker is Scott Cobb speaking remotely. And then the second speaker is Kamal Haygood.

[9:31:21 AM]

>> All right. Remotely or here.

[9:31:24 AM]

>> In person.

[9:31:25 AM]

>> All right. Did you hear your name called? Did he mispronounce your name?

[9:31:30 AM]

>> Kamal Haygood.

[9:31:31 AM]

>> All right. Well, we'll go ahead with Scott Cobb and then we'll see what comes after that. Can we hook him up? Hello? Can you hear me? Yeah, we can now. Thank you. Thank you very much. So my name is Scott Cobb, and I used to work for the city of Austin, and I'm calling in today to question why the city's living wage is failing to keep pace with inflation, despite the recommendations of its own living wage work group in 2022, the living wage workgroup specifically recommended that once the city has reached a living wage use, the average of the annual increases in the cpu cpu in Texas to increase the rate each year, it has to increase with inflation or we lose purchasing power. Yet this past year, we living wage only increased by $0.10, which was a 0.45% raise, where the current rate of inflation is over 3.5%. Even this month, it reached 3.7%. So when the council adopted the budget in August, the latest available Dallas and Houston cpu readings showed an annual inflation rate of 2.9 and 0.8.

[9:32:53 AM]

So if you average those, it would have been 1.85%. That would have been meant that the living wage should have increased from 2205 to 2246, rather than 2215. So I have three questions. What is the cpi data measurement period and calculation used to determine the 2020 627 living wage increase? Why has the city not implemented the living wage work group's recommendation to adjust wages annually to reflect Texas inflation? And why? And will the city auditor examine whether the city's living wage adjustments have kept pace with inflation, and whether workers have lost purchasing power as a result? Today's agenda includes an audit examining whether city contractors comply with living wage requirements, but who is examining the city's own living wage policies, a living wage that fails to keep pace with inflation becomes less of a living wage every year. So I asked this committee and the city auditor to ensure that the city public, that the city publicly accounts for its living wage calculations and

takes meaningful steps to protect the purchasing power of its lowest wage workers. Thank you very much. Thank you, sir. Let's call that name again.

[9:34:19 AM]

>> Come on. Haygood.

[9:34:22 AM]

>> Okay, why don't you spell it?

[9:34:28 AM]

>> Comellcomell?

[9:34:29 AM]

>> Okay, well, I don't see anybody coming forward, so thank you for that. Members. That would include all the people that have signed up to speak on general public communication. So now we have we'll go to the agenda. Item number one is approval of the minutes for the July 16th and the August 19th, 2026 meetings of the audit and finance committee. You've had those. And the council member duchen moves approval of the minutes seconded by mayor pro tem. Any discussion? Sir?

[9:34:55 AM]

>> It's 2025. July 16th, 2025.

[9:34:59 AM]

>> Oh you're right. Good catch. Does that change your motion, council member duchen okay, well, well, council member duchen knew that he was moving to approve July 16th, 2025. It was only the chair's

error, not council member duchen or the mayor pro tem second. So the motion is to approve the minutes for July 16th, 2025 and August 19th, 2026 of the audit and finance committee. Is there discussion? Hearing none. Without objection, those minutes are approved. Now. Item number two deals again with minutes. But members, as you've seen in other committees and other work that's been going on, staff has gone back and looked at at a number of the minutes of different meetings and found places where we needed to make corrections and correct those minutes. That has been done, and this is what is before us in item number two. Are there any questions with regard to those minutes? With that being said, the mayor pro tem moves and council member alter seconds a motion to approve item number two, which relates to the corrected minutes or a number of audit and finance committee meetings. Is there any discussion? Hearing none. Without objection, item number two is adopted. That will take us to item number three, and we will recognize our clerk staff.

[9:36:21 AM]

>> Good morning. Stephanie hall, deputy city clerk. And I'm here to present to you two proposed bylaw amendments. The first is from the hispanic Latino quality of life resource advisory commission. They are proposing to add public safety into their mission as part of their bylaws. Article two. Their justification for this is that adding public safety to the commission's purpose would formally recognize equitable access to public safety resources as essential to the quality of life for Austin's hispanic Latino community. Codify the commission's existing oversight of interactions with law enforcement and closing a gap in its current duties. Staff has no concerns with this proposed edit. However, if this. If this is approved, it will require an ordinance to amend a piece of code. Section 214146. The second is for the Austin Travis county food policy board. This is to edit their membership requirements for the county terms to align with our city terms of four years and starting on March 1st of the appointment, this actually came from the county. They wanted to to correlate with that, they've made a recommendation and then has the board. So we certainly support moving forward with this. That's all I have.

[9:37:27 AM]

>> Thank you. Members. You have any questions? If that's the case, then I'm going to take these up separately just so that we have clarity and we will. I'll seek a motion to approve the bylaw amendments to the hispanic Latino quality of life resource advisory commission made by the mayor pro tem. It is seconded by council member Laine. Is there any discussion? Without objection, the motion to amend the bylaw bylaws of the hispanic Latino quality of life resource advisory commission, or adopted, and we will now move that forward in the process that has been outlined by our professional staff. The second motion that I'll entertain is a motion to amend the bylaws related to the Austin Travis county food policy board. That motion is made by council member duchen, seconded by council member alter. Is there any discussion? Hearing none. Without objection, that motion is also adopted.

[9:38:27 AM]

Thank you very, very much. Members, we have supplied to you in consultation with professional staff and in working to make it kind of correspond. Not kind of hope, is it fully corresponds with what we're doing with council meetings in the year 2027. I got that right. Right. Okay. In 2027 with we. So we have a list of the committee meeting dates for calendar year 2027 for the audit and finance committee meeting meetings. I'll ask if anybody has any questions or any things that they would like to suggest changes on what we have submitted. That being the case, the mayor pro tem moves approval of the audit finance committee meeting dates for calendar year 2027. It is seconded by council member alter. Is there any discussion? Hearing none. Without objection, item number four is adopted. That will now take us to item number five, which is a discussion and possible action on the city auditor's calendar year 2027 audit plan. And I see our city auditor.

[9:39:35 AM]

>> Morning, mayor. Committee members. Jason Hardaway city auditor, I'm here to present the draft 2027 calendar year audit plan. We'll be looking for any feedback that you may have and recommendation for forwarding this plan to the full council for approval. So if the the plan is broken into four sections. The first section is the the new audits. There's ten new projects for calendar year 2027. That's the first section with the green header bar. Below that, you will see the alternate audits that we've included there in case we move through some of the plan quicker than than anticipated, or if any of those projects need to drop off for any reason. The last couple of alternate projects are flex projects. They're just placeholders for anything that may come out of the citywide efficiency assessment that's ongoing right now. We're anticipating they may identify some risks that don't fall within their scope on the efficiency assessment, but warrant our attention. On the back, you can see the carryover audits. Those are projects that we're actively working on.

[9:40:37 AM]

We've kicked them off in 2026. We anticipate completing them in the first half of 2027. And then lastly, we've included a section that briefly discusses our oversight for the efficiency assessment and the plan for the for the three years of the city wide efficiency assessment, which departments and areas of the city will be covering in each of those years. So with that, I can take any questions that you may have on any of these projects.

[9:41:04 AM]

>> Members, you have questions of. Mr. Yes. Councilmember duchen.

[9:41:09 AM]

>> I just have one question, and that's in relation to the memo that we got yesterday about item 52 on the agenda for Thursday, which is about the Gallup contract, which also deals with retention issues. And so my question really just is, can anybody help me understand the relationship between what that contract is exploring regarding employee retention and what the audit that you would be doing next year on compensation, which would be focused on retention also?

[9:41:39 AM]

>> Sure. So I think those those two items would be connected, but not not completely overlapping. So as I read it, the the Gallup contract is intended to replace the former listening to the workforce survey that we conducted annually. That survey, Kahn obtained a lot of data and feedback from from the workforce on a number of factors, including compensation, but it really measured employee engagement, job satisfaction, their perspective on health and safety in the workplace, benefits, ethics throughout the city, their department, a number of other factors. So I think that the Gallup survey may address employee satisfaction with compensation practices, but wouldn't fully address everything that we we want to achieve by looking at our compensation philosophy, looking at our historical practices and how those compare to to the market and making us an attractive employer.

[9:42:38 AM]

>> So they're complementary. And what would your expectation be for next year then? For once, I suppose we've got the results of the Gallup work as well as your audit.

[9:42:49 AM]

>> The Gallup work I would look at as an ongoing. So when we had the listening to the workforce survey, that was a major source of data that we used as part of our development of the annual audit plan. So we would be looking at that as consistently as possible. I don't know how frequently they'll they'll be pushing out results, but that's something that we would be monitoring citywide and a department by department basis to determine where we might need to initiate audits going forward.

[9:43:15 AM]

>> Okay. Thank you.

[9:43:16 AM]

>> Good. Thank you. Further questions or thoughts? Yeah. Mayor pro tem.

[9:43:23 AM]

>> Just the.

[9:43:25 AM]

>> Facilities management audit just really jumps out on that list as a as a very timely and important one. So just look forward to, I think this is a great list and just look forward to seeing the results of this down the road.

[9:43:38 AM]

>> Thank you.

[9:43:39 AM]

>> Thank you. All right. There being no further discussion on the item related to the city auditor's calendar year 2027 audit plan, the mayor pro tem moves approval of item number five, and it is seconded by council member Laine discussion. Hearing none. Without objection, item number five is adopted. Thank you members. Thank you, Mr. Hadavi. That will take us to item number six. The next three items are briefing items. The item number six is a briefing on the city's redevelopment and public facilities portfolio, including a number of specific items. And it looks like everybody knows where they're supposed to be. Or at least they're acting like it.

[9:44:25 AM]

>> Good morning, mayor, council members Kim Alvarez, director of financial services. Thank you for the opportunity, for myself and my team to come forward this morning to talk to you about the extensive portfolio that they manage related to all of our redevelopment projects, as well as our public facilities projects, delivering very important and unique facility facilities to our workforce and community. We're also happy to talk today about how we're digging into our real estate asset strategy efforts. As you may be aware, Manny Demayo, we recently, well fairly recently stole her away from the housing department, and she is now the real estate and asset strategy officer.

[9:45:04 AM]

>> There's an audit getting ready to start on that.

[9:45:08 AM]

>> She's the real estate and asset strategy officer for financial services department. I'm very excited for her to take on this role, as we try to do all that we can to utilize our real estate portfolio in the most effective, efficient and productive manner for not only city organizational needs, but community needs, and also ideally, positively impacting the community's tax base and various other needs. So I'm going to turn it over to Mandy and team for them to do this presentation, but I'm always available for questions. Thank you.

[9:45:42 AM]

>> Great. Thank you.

[9:45:43 AM]

>> Thank you so much, Kim, and good morning, mayor and city council members. We're excited to be here this morning to talk to you about the work that we are doing on our team, both the redevelopment team as well as Austin public facilities corporation. I'm joined today by Christine Rundell, who's our interim redevelopment division manager, and Andy Moore, who's our redevelopment project manager over the Austin public facilities corporation, or a PFC we're going to be talking this morning about some

background and history of our group and our work. Christine is going to take us through redevelopment projects. Andy is going to take us through the apfc projects, and then we're going to talk about real estate and asset strategy. So who are we and what do we do? Under the direction of Kim Olivares? Our group came over about three years ago. We repositioned under-utilized or surplus city properties with the private sector. We deliver city facilities and we utilize innovative public private partnership structures. All of our work is guided by city council policy, grounded in community vision and anchored by financial and market realities. I'm going to turn it over to Christine to talk about the redevelopment projects that we have undertaken in the past, present and future. You got it.

[9:47:09 AM]

>> Very good. Great.

[9:47:11 AM]

>> Good morning. So the redevelopment team is a team of architecture, engineering and planning professionals that work to re-envision underutilized city owned land with council and community identified priorities. This particular division has been active since the late 1990s, when, through council and community advocacy, the C homies, second street and Miller projects began to take shape as redevelopment opportunities, building on best practices learned through the implementation of these projects, the division added colony park to its portfolio in 2014, followed by saint John's in 2017 and then the grove Riverside site in 2024. The redevelopment division works across multiple council districts, including D nine, D four, D one and D three. The project portfolio covers roughly 1400 acres of Austin's land area. This is a high level breakdown of the services the redevelopment division provides to the community and to the projects. These phases are flexible. They are not strictly linear and may overlap or be tailored based on the unique needs of each project, but I'll quickly just run through them.

[9:48:27 AM]

So first and foremost, research. The team takes a look at existing conditions, including environmental real estate, encumbrances in the remaining structure of debt on a parcel or assemblage. We look at market demand to understand feasibility of potential uses and at a high level, understanding of expectations of any operational standpoint. For community priorities, we meet with key stakeholders and community leaders to establish lines of communication. We provide structured engagement and outreach tailored to the individual community, typically with the assistance from a community engagement consultant. And then we memorialize these goals, which in the past has included council adopted community visions. We go out for solicitation by building an internal inter-departmental team of subject matter experts that can coordinate on expectations around housing, open space,

transportation and entitlements. Using the community identified priorities as a basis, we structure a national search for a development partner through a request for qualifications or an rfp, and with the assistance of a multidiscipline consultant team score and recommend a development partner for council action. We also contract by building, negotiating, drafting and executing these agreements.

[9:49:43 AM]

We establish mechanisms, mechanisms for contract compliance, and we identify and define community benefits tied to these agreements. And then lastly and the heavy lift is project delivery. So even after contracts are executed, the majority of oversight and specialized work begins ensuring the project is successfully delivered to the Austin community. This includes facilitating land transactions, entitlements, subdivision permitting roadways and vertical structures, utility coordination, construction, administration, and oversight of contract compliance, including delivery of community benefits and other contract obligations. And I'm just really quickly going to go through some of our active projects right now. These these are long term, multi-decade legacy projects. There's a lot of information I could talk about, but I'm just going to quickly highlight each one of them. So the Seaholm district encompasses 90 acres of a former city owned industrial land located in the heart of downtown Austin. The site included a 1950s art deco power plant and supporting pole yard, both decommissioned in 1995. In 2001, Austin city council adopted the Seaholm master plan, envisioning a sustainable, mixed use district that preserves historically significant structures. Today, the district includes the adaptively reused Seaholm power plant and surrounding grounds, green water, the energy control center and the Austin central library each advanced over different decades based on infrastructure needs and market timing for delivery. Major public infrastructure investments have included the district chiller power plant, the sorry district chiller plant number three, the Pfluger bridge extension, sand beach parkland, and the lower shoal creek trail, to name a few. I'm going to move quickly, so the second street district was created between 2000 and 2012 through a public private partnership to deliver a dense, walkable and urban experience in downtown Austin. The district supports 3000 office and retail jobs and provides 175,000ft S of retail space, exceeding the requirement of at least 30% to be locally owned businesses. The district includes seven public art installations curated through the art and public places program, and buildings across the district meet high sustainability standards, achieving Austin energy green building or Leed certifications.

[9:52:10 AM]

Then we have the Miller redevelopment community discussions about the future of the former Robert Miller municipal airport began in 1984, advocating for relocating the airport and the. And redeveloping the land. A task force was created in the 90s. Roma. Now. Mccann Adams was brought on board in the late 90s, and in 1999, the Austin Bergstrom air force base relocated. Council adopted the redevelopment plan. In 2000, an rfp went out in 2002, and the development agreement was signed in 2004, with construction beginning in 2005. Today, 7435 homes are complete or underway, including 1855 income

restricted affordable units supporting more than 15,000 residents at building at build out, Miller will include 144 acres of parks and open space, and more than 12 miles of continuous connected trails, and is estimated at 2.5 billion of taxable value. Colony park began in 2010 with a $3 million federal grant for community outreach and planning, stewarded through the city's housing team. After the master plan was adopted in 2012, the project transitioned over to the redevelopment division.

[9:53:32 AM]

This year, the project broke ground, completing the first roadway. Helen Miller view through a combined combination of federal and public additionally, in may of this year, central health broke ground on the 30,000 square foot northeast health and wellness facility within the colony park neighborhood, identified as a health care desert. Early on in the planning process, the facility will bring adult primary care, dental services and integrated behavioral care through community care. I only have two more, I promise, saint okay. Saint John's is a 19 acres of a former Home Depot and car dealership located at the northeast corner of I-35 and saint John avenue. The history of the saint John neighborhood goes back into the late 1890s, when it was established as a freedmen community and has a rich history up until the late 20 tens, when advocacy from council in the community initiated a community engagement process to reimagine the 19 acres that was adopted in 2020. And in 2021, we entered into an agreement with greystar and Austin housing authority through their public facilities corporation. And so the project is projected completion in 2028 or 2029, and will deliver 526 mixed income units, 70% of which will be income restricted between 50 to 80%. Mfi it will also provide 15,000ft S of community serving commercial retail, with 5000 reserved for below market rents, and then expand the existing saint John's pocket park to roughly three and a half acres.

[9:55:11 AM]

And then lastly is the grove Riverside site. This is a 125 acre strategic redevelopment of three publicly owned tracts in southeast Austin, including the improved former Tokyo electron campus. Thank you. 60 undeveloped acres to the west of the former campus, in 18 acres at the southeast corner of the intersection, and that is owned by Austin housing finance corporation. This has created a cross-departmental collaboration with housing, facilities management and financial services to deliver this project, with a focus on deep affordability and displacement mitigation. Integrate an integrated economic development strategy is being created, including affordable housing, city services and commercial space. In our community, engagement is being tailored to the existing neighborhood. We're currently in community engagement right now, and we do have an open house scheduled for November 4th, 2026 at the montopolis recreation center. We will be presenting our community priorities that we've heard to date. Thank you.

[9:56:20 AM]

>> Thank you. And let me just say before we open up for discussion, for example, Miller, just last last week, right? Yeah. I lost track of I don't know what day it is, but but which I probably shouldn't admit out loud, the we had a group of mayors from different cities in Austin through the U.S. Conference of mayors. I've been asked, as president of president of the U.S. Conference of mayors, has asked me to serve as the chair of the community development and housing committee of the U.S. Conference of mayors this year, and he's doing an affordability tour throughout the country, doing different things in different cities. But Austin, he wanted to look at housing. And so our, our, our staff put together a tremendous tour for the day. But a key part of that was Miller and, and it's just, it's, it's so much fun to be out there and see what an enormous success that is as part of, of, of our portfolio.

[9:57:23 AM]

So and of course, secretary, retail district, we all know. And so it's good to know that these things are on track in that way. And I just want to say again thank you, Mandy, you were very helpful on that. So thank you very much.

[9:57:35 AM]

>> We love showing our things off. And just so you know, we're we're not done yet. There's more to the presentation. We're going to pivot over to Austin public facility corporation.

[9:57:45 AM]

>> What I want to make sure is if anybody has any questions on this. Sure thing. Yes, mayor pro tem.

[9:57:50 AM]

>> Just a very quick question. And I believe this was mentioned as part of the the the recent developments with the university of Texas on the Brackenridge. But there's that portion of undeveloped land along 51st street that I believe was is leased to UT. I was just wondering what's the status of that land and have there been or are there any changes of what's going to happen with it, though again, frequent questions from constituents. That's a d4d9 boundary. And everyone's always like, what's going on with that?

[9:58:21 AM]

>> Sure thing. There is 11 acres that was leased to UT in 2006. It is currently undeveloped, and at the time when UT and the city of Austin entered into the lease, the plan was to have the medical school in that area. Since the medical school has moved to north Austin, there no longer is a need for the medical services. So as part of the Brackenridge, UT agreement, we will be recommending an amendment to the lease with UT to add residential uses as well as child care. So they've asked for the ground lease to be expanded in terms of uses and also expanded in terms of time frame. So we're recommending that moving forward, that will be part of the package that will be coming to you on November 19th.

[9:59:11 AM]

>> Great. And is that a long I'm assuming it's a very long term lease.

[9:59:15 AM]

>> It is a long term lease, and there were certain triggers for them to start construction, which has not happened yet because of delays in the planning around the medical school. So another component of this is regular reporting to the community regarding the status of that site. We know there's a lot of interest. We work closely with the Miller plan implementation advisory committee, or piac, and they will be reporting out to them in November on this issue as well.

[9:59:47 AM]

>> Thank you for the update, and I would be remiss to not say congrats on the saint John groundbreaking. I just I, I feel a little satisfaction every time I drive by and I see the, the dirt turning and the, and the kind of the, the, the foundation starting to form for where the buildings will be. It's just, it's great. And I know that the saint John neighborhood and community feels the same way.

[10:00:10 AM]

>> Great. Yes. Councilmember alter.

[10:00:13 AM]

>> Just one note. It's not listed in the properties that you included in the presentation, but the fire station and and I'm blanking on the address, but you know what I'm talking about.

[10:00:28 AM]

>> 3002 Guadalupe.

[10:00:29 AM]

>> Thank you very much.

[10:00:30 AM]

>> We know it. Well.

[10:00:31 AM]

>> I know there have been some community conversations about that potential use. And so we're just exploring and talking with the various groups about that. So I just want to highlight that that is one that's not in the presentation, but also being discussed.

[10:00:47 AM]

>> Absolutely. There are a lot of properties that are in the community dialog. And that is part when we wrap up the presentation, we'll be talking about the real estate and asset strategy, which will be taking all of those properties, some of which we have been talking about as a community for a decade or more, and how we are going to think about repositioning those.

[10:01:08 AM]

>> Good. All right. Thanks. Please continue. I just want to make sure we're tracking along.

[10:01:14 AM]

>> Good morning, mayor and city council members Andy Moore with financial services. I manage the public facility, city of Austin public facilities corporation. And as a reminder, council approved the creation of the apfc in 2023. We had our first solicitation in 2024, and it's a delivery method to support the creation or renovation of city facilities. Our board is made up of of all city employees, which are approved by council, and then any funds that we are requesting for for the projects come to council, and then our included in a amendment to a our Ila with the city. For the last 10 or 15 years, we've been. We've been developing and working on a long range plan for our facilities. And, you know, as a part of this that are the big driver behind our.

[10:02:15 AM]

Our philosophy is to get out of lease space and into owned space. And, you know, we had a study done and a recommendation from consultants saying getting out of lease space will save $300 million over 30 years. So there's a significant savings by getting into owned facilities. So, you know, as a part of this plan too, we've been given direction or requests by council to look at individual properties to either monetize, redevelop. Those certainly influence our, our, our moves. But we've also benefited from a very high, highly favorable commercial real estate market over the past few years. And so we've been able to make some purchases recently that will help us with this goal as well. So our key projects, northeast service center, which is a joint facility with rr and fleet, and this will help us address some of our worst facilities, which are our vehicle maintenance facilities.

[10:03:18 AM]

We are also a growing city, growing population. We have large storage needs that continue to grow. So warehousing is very important. Our public safety headquarters recently we learned of a failing facility at the APD headquarters. So we are addressing that through a recent purchase. We're also, again, a growing community that needs to be able to expand our emergency activations and communications. So we are building a second or intend to build a second C tech location to to address that need. And also our municipal court is in a current lease facility, and we want to get them into owned facility as well. So this is a map of our current projects that we have distributed throughout the city. Again, I mentioned we will be having a future plan project for new municipal court. I just want to run through some of those

projects we have actively in either construction or design, northeast service center, as I mentioned, for ar and fleet, this broke ground in September of last year and several of you were there for the groundbreaking. Thank you. But it is it is in construction. It is on schedule for completion next September, and it is also within budget. You know, several of these properties.

[10:04:45 AM]

And you guys mentioned earlier the the Guadalupe fire station, but several of these projects that we're working on will free up existing facilities that we have that can be redeveloped subsequently once we have them completed. So northeast service center will allow us to get out of the service center fleet service centers number six, also known as the Hargrave property, which has long been a council priority. Also, I want to mention that this project and all of our projects do have green building goals. We will be hitting a four star for this project. We have. All of the rooftops will be will have solar panels and then the parking areas will all have shade structures that will be have the infrastructure to be converted to, to solar panels once, once we are ready to do that. The next project also water control center. This is on huntland drive, just north of highland mall and just north of the permanent permitting and development center, a building acquisition that was made, and we are remodeling it to house the Austin water control centers, which which monitor the water and drinking water and wastewater infrastructure for the city and then dispatch as needed when when repairs are required. It will also house our Austin waters drinking water lab and their their wastewater lab. The drinking water lab is currently in in lease space. So again, trying to address that need of getting into owned facilities. It will be completed in February of, of 2027. So just a few months out, public safety warehouse.

[10:06:40 AM]

Unfortunately, we ran into some issues with this after we purchased it. We are currently the project is on hold while we are working with the insurance company to address the the slab issue, it will be the future home of forensic sciences. Please. I'm sorry. Fire, ems and emergency management. When it is completed. Public safety headquarters, I mentioned, you know, we have a failing police headquarters, but we do have a new facility that we are working to get them into as soon as possible. Several years ago, 2022, we did a feasibility study looking at Rutherford Laine as a potential campus for for public safety. The estimates we had on that construction was 420 million.

[10:07:37 AM]

We again benefited from a commercial real estate market that provides us with some opportunities to get get this facility created at a much lower cost. We will be coming to council in November or December asking for funding for for the construction, which we hope to begin with. With that approval,

we would then begin the remodel in February of of 2027. Trejo 400 grove, which is a part of the redevelopment project that Christine mentioned. This is the the office building and research and development building from Tokyo electron. This will. The office portion will house some public health and Austin technology. Again, freeing up space that we have at rbj and Levander loop. And then also the c-tec project. We will be coming to council again for approval on either November or December. Looking for those construction approvals. And the last project is university park.

[10:08:53 AM]

This. This will be a facility for. Well, it's currently. We have moved the Austin police into. From the downtown command, we will be building out a vital records facility for public health and then capital delivery and transportation. Public works will be moving in in the future. And again, another another opportunity for a new building at a what we consider a below market rate and a great acquisition. Mandy.

[10:09:29 AM]

>> Thank you so much to both Andy and Christine. I am really excited to be part of this team and proud of the incredible work that they've done over the years. This work is building on. As Andy mentioned, we have 15 plus years of analysis of our facilities, administrative occupancy plan, direction from city council to move from lease space to own space. We have essentially gotten to that point, and now we are ready to pivot. Hence, in 2024, we were fortunate to be part of the government finance officers association, or gfoa putting assets to work incubator project, which really delighted some of our assets that could be repositioned for a variety of different purposes. So we are now at the strategic acquisition and disposition point of looking at our city owned land and facilities. In the last year or so, we've also had three city council resolutions that I think are really pivotal. They all focus on how we might utilize our city land and assets more strategically, and leverage them for a variety of different benefits. So the economic development resolution from may of this year really focused on economic development priorities and affordable housing. The March of 2026 resolution on partnerships and land policy really focused on community benefits. And then, of course, from 2025 and August of 2025, we had a resolution related to city owned land and climate projects. These are all asking us to look at our city owned assets and land through a variety of different lenses. So from economic development to affordable housing, cultural spaces, climate projects, we're currently working on layering all of these goals on our current portfolio to determine how we might reposition properties accordingly. So we're building on a lot of foundational work. The Austin facilities management plan a in January of this year released a memo detailing all of their vacant properties and how they were prioritizing those for solicitation. We have also all of our work is going through an existing governance structure, which is a strategic facilities governance team. That team meets monthly and includes representation from Austin financial services, both real estate and redevelopment, as well as Austin facilities management. We are currently undergoing a comprehensive analysis of our city owned assets and then repositioning those

recommending repositioning those in alignment with city council priorities. We are mindful of other efforts that are going on at the same time, including the economic development roadmap, and we are aligning our efforts

[10:12:29 AM]

with the economic development roadmap. So right now, at this time, we have compiled a list of city owned assets that meet a variety of different high profile criteria. So we'd like to look at assets that are located in core activity corridors that are aligned with high frequency transit, as well as project connect, and then also looking at properties that may be vacant, but certainly underutilized properties that are highly attractive for economic and community. Community development. We're in the process of assessing each property, whether it has been previously prioritized for affordable housing. I use, as an example, 4800 bohme that you may remember this summer was transferred to. That's in D three transferred to Austin housing finance corporation. A hfc is currently planning a solicitation that should be released in early 2027 and again, that, per city council resolution, was prioritized for affordable housing. We are looking at sites that are underutilized. We have very few sites that are vacant. Council member alter mentioned the firehouse on Guadalupe, and it should be noted that is currently utilized by a city department. We have a plan for moving that function out of Guadalupe, which will better prepare it for potential redevelopment or repurposing each of the sites. We're looking at developability market feasibility as well as timing where we might make these things happen. So again, in alignment with the economic development roadmap, we are entering into listening sessions and community engagement to hear community priorities as well as council priorities for economic development. We are taking some of our high priority projects and initiating some preliminary due diligence so that we can make the most educated recommendations to you all in terms of repositioning those properties. We're continuing scouring through afm has very detailed facility condition assessments of each of our properties. We're continuing to look at those. At the same time, we have a parallel process going on with our service centers. Many of our departments have land that is tied up with service centers that would include all of our utilities. We are looking at where we might either co-locate service centers to better leverage our land, and also acknowledge that we have, because of changes and growth in the city of Austin, we may have different geographic needs related to service centers. Our plan right now is to come back with a comprehensive briefing and listing of properties and recommendations for repositioning and timing of those repositionings to city council in spring to 2027, so

[10:15:31 AM]

that we can align with economic development roadmap. Happy to answer any questions that you all have.

[10:15:39 AM]

>> Excellent. Good council members. Mayor pro tem.

[10:15:47 AM]

>> Thank you very much for the presentation. That's a great summary. Few questions. We purchased the new public safety headquarters for $106 million. How much is the renovation planning? How much is the cost of the renovation to get it ready for us?

[10:16:07 AM]

>> We are getting the the final numbers ready. We just completed 50% construction or sorry, development, design documents, construction or construction documents. Sorry. And from that we're going to get pricing true up on pricing. So we will have that ready and probably about a week and a half. And we'll be presenting one to schedule a time with each of the offices to give you an update on what the cost is going to look like.

[10:16:36 AM]

>> Great. And without kind of getting into the, the detailed amount on the number, though, I mean, we were looking at an estimated $420 million to purchase the property, build a building, you know, finish it out and whatnot. And again, $160 million plus whatever the remodel costs are for the new. I just want to I don't know if a lot of people have really heard about that, but that was just such a tremendous opportunity for the city. And we're talking about the savings of in the, you know, $200 million and delivery of a new public safety headquarters in a much shorter time frame than if we would have gone out and purchased it. It's just a tremendous move by the city. Very good. I think the idea of having all the three public safety agencies in the same place, I think, is an excellent from a just operational perspective, from a communication and integration perspective. So I just need I want to highlight that. I know there was a recent article about the city's use of, of certificates of obligation.

[10:17:44 AM]

This is a great example of the city being a very opportunistic purchaser of real estate. So I just want to highlight that and how important. I mean, we can't, you know, agree on a purchase like that and then 18 months later have a bond, you know, that, you know, we're not we would never be able to buy real

estate if we couldn't use CEOs to buy real estate. So I just want to highlight that as just a great move by the city.

[10:18:08 AM]

>> And mayor pro tem, thank you for that. I think that is a really crucial point. I will also say that in the public safety, the creation of the public safety headquarters also involves moving everybody out of the current APD headquarters, which creates an opportunity, a redevelopment opportunity. So it's not only providing new world class facilities for our public safety folks, it's also creating an opportunity for redevelopment down the road of that particular block downtown.

[10:18:40 AM]

>> Mayor pro tem appreciate you very much for for for bringing that up. The utilization of CEOs. We have we have always are, of course, following state law around utilization CEOs. We also have extensive financial policies around that. But like you noted, the real estate market created an opportunity that we honestly, we might not see again, for another generation at least. Hopefully the economy does not struggle like that. Again, I've I've spoken to this in testimony before state house and senate committees. Similarly, that the real estate market does not wait for bond elections. That's right. We were able to enter the market and and take advantage of opportunities that not only create redevelopment opportunities, but also create much better working facilities and conditions for our our city employees. Not only is the Austin police department headquarters challenged, to say the least, you also have significant issues where Austin fire has been headquartered out of techno center. That building is literally shifting off its foundation and also considerable issues at Roig center, where ems has been headquartered. So there's a very. The the strategy for these acquisitions is multifaceted to address facility conditions, to take advantage of a real estate market that is unheard of, to also take advantage of the savings. You realize when you're doing a remodel versus a brand new build. And you can definitely speak to that. The cost of building new right now is drastically higher than remodeling. So it it really is. It speaks to a long term strategy. It speaks to, from a facility perspective, a strategy from fiscal management perspective and, and more. So honestly.

[10:20:29 AM]

>> Again, just a great work. And I mean, it's not the only strategic acquisition. I just think it's probably the most prominent and one of the best deals. We got a bunch of good deals. But I mean, that might be the best deal. We got to that point. We inherited a bunch of tenants in that space, as well as my understanding, the new public safety headquarters.

[10:20:54 AM]

>> Excuse me. Yes. We have five remaining tenants that are within within, I think on November 19th, we bring two lease amendments for a couple of them. So we'll be down to down to three. And that's factoring into what our cost estimates will will show. One of them, one of the tenants has a lease that runs until 2035. So that knowing what that cost will be to remodel, then, you know, we're estimating, but we also will be working with those existing tenants to, to see if there's a way that or if there's any interest for them to, you know, similar to the ones that we're bringing forward to be able to, to amend those leases early.

[10:21:35 AM]

>> But at the same time, those, those tenants have also been bringing in a certain amount of revenue that has allowed us to help offset cost for just the just operating. You have to pay electricity, you have to pay for hvac, and so on and so forth on the site. So it's been able to offset costs as well.

[10:21:52 AM]

>> I mean, it doesn't break my heart to have some, you know, tenants paying us money to lease the city office space. I just I got no problems with that whatsoever. So again, I, you know, obviously I'll let you all, you know, manage that. But but I know we do have a lot of space and sometimes there's space open and, and again, I know that's part of the audit plan. You know, to the extent that we do have extra office space, I have no concerns with that. I mean, I think we've got to be entrepreneurial with the property tax caps and just kind of different revenue considerations. And I think that's a great way to be entrepreneurial. And just to be clear, so the APD headquarters there on seventh and I-35, that's completely empty at this point.

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>> I.

[10:22:35 AM]

>> It is currently vacant just recently within the last two months.

[10:22:41 AM]

>> Okay.

[10:22:42 AM]

>> Awesome. Facilities management has been working very closely with APD to make sure that the folks from headquarters, as well as the downtown air command and baker sector are, are supported and and an appropriate facility.

[10:22:53 AM]

>> Got and the municipal court, the old municipal court building that's also completely empty at this point.

[10:22:59 AM]

>> Correct.

[10:22:59 AM]

>> Are we still doing that? Violet, the storage there or.

[10:23:06 AM]

>> Violet.

[10:23:06 AM]

>> Yeah, it's still there. It's still there. For now, we're gonna have to identify a new location for that.

[10:23:12 AM]

>> And just to clarify, the, the, for the people experiencing homelessness, they can store their belongings there.

[10:23:18 AM]

>> Mr. Mr. Mr.

[10:23:19 AM]

>> Yeah. I think the storage bin or the violet bins or something like that. Right. Great. And then finally, I know that the APD vehicles are still there. I see them, you know, on that. And that eighth street kind of the the well, how long will those be staying there? Just out of curiosity, when will that entire kind of complex be vacated and moved over to the new public safety headquarters, if that's the case?

[10:23:45 AM]

>> Are you talking about the parking garage adjacent to the APD headquarters?

[10:23:49 AM]

>> Yes. And the and the mechanic shop, you can kind of see in there too.

[10:23:53 AM]

>> Yeah. There's there's two garages, one being the there's a fleet fleet operations across eighth street that's going to stay for the near future until we can find a new location. To, to house that the I I'm not positive on how long the the police car, the police APD vehicles will stay in their existing garage. I think once we get the public safety headquarters like fully operational, then they would all be be able to move out of there.

[10:24:25 AM]

>> Great. And what's the timetable on moving into the new public safety headquarters?

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>> So if we begin construction in February of next year, will be in in about 18 months.

[10:24:38 AM]

>> Okay.

[10:24:38 AM]

>> Thank you very much. Thank you mayor.

[10:24:40 AM]

>> Thank you, mayor pro tem other questions or comments? Yes, councilmember duchen.

[10:24:45 AM]

>> Thank you. I appreciate all the work and the updates you've shared with us. And it sounds like they're really taking advantage of a lot of opportunities here for mayor pro tem points, especially as you mentioned, around the efficiency of moving the public safety facilities and what that would have cost to

rehabilitate that facility in east Austin. What I'd like to understand is, between the work you all are doing and all of the other city hall property, who is sort of helping us understand kind of the 30,000 foot view of those kind of opportunities. But in the other spaces that aren't part of your portfolio, for instance, I'll just give you an example. Like, you know, I know councilmember Laine and I met recently with APD and talked about their facilities and how old the substations are. And you mentioned also your conversation around the old police headquarters. And some of those facilities are also pretty old. And I'm just trying to understand, given this contest or tension that we have between reinvesting in certain facilities versus the kind of work that you all have done with your portfolio here, who is helping manage that process?

[10:26:01 AM]

Because I'm not clear that somebody has the same perspective or attention that you all are having on your portfolio than we have on all the other departments and their portfolios across the city.

[10:26:13 AM]

>> So all of the department's facilities needs run up through the strategic facilities governance team or sf G T, which I had mentioned previously, that was created in 2013. It includes representation from Austin financial services. So us, including Mike Gates, who is our real estate officer, as well as Austin facilities management. So all of those, we try to look holistically at all of the city needs, not just hone in on certain departments. Those all funnel up and have analysis conversation at the sfgt monthly meeting level.

[10:26:53 AM]

>> Got it. So if we wanted to sort of get a better holistic understanding of all of the inventory and the age of properties and what the sort of vision is for, again, to the work that you've done to either acquire newer properties that are much more economical to maintain versus rehabilitate or preserve older properties. The S fgt is we would go to for that information.

[10:27:19 AM]

>> We can get you that information through Austin facilities management that provides the asset management for all of the city's facilities.

[10:27:28 AM]

>> Okay, great. We'll follow up on that. Thank you.

[10:27:30 AM]

>> Thanks, councilmember. Anything else? Anything else? Nicely done. Thank you all.

[10:27:39 AM]

>> Thank you.

[10:27:41 AM]

>> Members, that will take us to item number seven, which is a briefing on social services strategy that will include issue area compliance and policy discussion.

[10:28:10 AM]

>> Thank you, mayor, mayor pro tem and members of the committee. I'm Daniel cullotta, assistant director with Austin budget and organizational excellence. Today, we're here to provide you an update on the social services reset, as well as additional information on how agreements are monitored for compliance and performance. I'll go through five areas. Background the issue areas, compliance and performance policy, areas that will be reviewing with committees and the council and the timeline. Start with some background. The social services reset is based on direction from three council resolutions. Resolution 56 called for rubric to evaluate social services funding decisions and evaluation of funding sources, and engagement with the community and with vendors. Resolution 22 called for an evaluation of social services agreements going into fy 27 to assess whether any needed changes or reductions, and resolution 14 calls for an evaluation and reset of the issue areas, partnerships, agreement structures, funding and reporting to be implemented beginning in fy 28. These three resolutions build on each other.

[10:29:21 AM]

The rubric lets us evaluate needs and priorities. The agreement evaluation showed us where our current agreements stand, and the reset combines the two with additional work on partnerships, resources, and strategy so that we can adjust toward our best investments for the community in the coming year and beyond. Resolution 56 asks for a rubric so that service prioritization and funding decisions are made against a common set of criteria. The rubric has five dimensions to describe and help prioritize the issue. Areas and community need carries the most weight. It looks at how common and how severe need is and where the equity gaps are. Using sources such as the community health assessment, the American community survey, and homelessness data from hmis and the point in time counts need trajectory looks at where a need is growing and where funding gaps are likely to widen. City strategic role asks how the funding, how how the service fits within the city's strategic priorities, where the city has a unique role as a funder or service provider, and whether the service avoids cost and other city systems.

[10:30:31 AM]

Investment efficiency looks at a at service outcomes and provider, track records and the outside funding that providers or other funding sources add to the social services portfolio. City council and community direction looks at how the issue, area and services have been prioritized by council boards and commissions, community feedback and other city strategic direction. The social services strategic reset is organized through working groups led by the city manager's office and the departments that fund social services. There are four working groups. One covers the issue areas themselves, how each is defined, the level of need and gaps, the city's role, the intervention strategy, the services portfolio and best practices. A second working group covers contract and grant structure, performance measures and reporting. The third group is a stakeholder cover stakeholder engagement to ensure that we understand alignment and priorities. And the fourth group is looking at governance and partnerships.

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Each working group has a lead and co-lead at the director or assistant director level, along with program staff and relevant stakeholders. The working groups are scheduled to finish their work by the end of December 2026. This year. The results will inform leadership direction on the services portfolio, funding levels, partnerships and the agreement modifications and solicitations that come ahead of fiscal year 28. The working group's results will help ensure that the recommendations are based on evidence, current need, partnerships and best practices, not just what we've funded in the past. Next, I'll briefly review social services funding and the issue areas we are using in the reset. This table shows the fiscal year 27 social services related funding across eight departments. The total city investment across these departments is 101.4 million. Of that, 46.8 million is city grants, 36.7 million is operations and 17.9 million as one time funding. Homelessness strategy and operations is the largest at about 53.8 million, followed by public health at about 24.9 million. Together, those two departments account for more than

three quarters of the total. The right hand column shows which issue areas each department funds. Issue. Areas are often addressed by multiple departments. For instance, behavioral health is funded by four of the eight departments shown here. This table shows the nine issue areas included in the reset with their fiscal year 27 city grants and one time funding, which totals 61.8 million.

[10:33:20 AM]

Homelessness services is the largest at 29.1 million. Child and youth is next at 10.1 million, and then behavioral health at about 8.2 million. The definitions on the right describe what each issue area covers. I'd like to make two points on scope here. During the fiscal year 26 budget process, we conducted a broad inventory of social services and similar contracts from across the city. Because of this broad scope agreements not typically included in the social services portfolio were added, and we added issue areas and subdivided others to fully capture and describe the scope of services in the inventory. For this reset, we are refocused on services for which we provide funding through contracts and grants, and as such, we're returning to the set of issue areas historically included in the social services portfolio as our starting point. Specifically, the issue areas of transportation equity and inclusion and housing are funded through department operating budgets and other sources, so they're not included here. And legal services are combined into the health equity issue area and family services into the child and youth issue area. Those services

[10:34:35 AM]

>> Is are so present. This is just a change in how they're organized. I'll turn it over to assistant city manager Stephanie hayden-howard to provide details on compliance and performance for social services agreements.

[10:34:48 AM]

>> Thank you Daniel. Good morning. I'm Stephanie hayden-howard, assistant city manager. As we look at the reset process, we thought it was important for us to explain the current process for compliance. The portion of this presentation will take a holistic look at compliance. All staff maintain knowledge of boilerplates exhibits, contracting policies, and compliance standards. Staff have a manual that establishes a framework for managing and monitoring social service agreements. This manual ensures compliance with regulations. Stewards of public funds, standardization and accountability. Compliance begins at the solicitation process. During this process, staff can minimize a risk by reviewing the organization's capacity before awarding funds.

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This process is called a threshold review and ensures agencies are eligible to have an agreement with the city of Austin, work in the state of Texas and meet federal requirements. All contracts are monitored. The areas of contract compliance are financial, administrative and programmatic. Performance falls under programmatic and staff are ensuring that agencies are meeting with the clients, and the clients are eligible for the service and outcomes are being met. Staff are trained using a performance definition tool. This tool establishes clear, consistent standards for measuring outcomes and outputs, so performance can be fairly evaluated. Compliance is an ongoing activity. If an agency has an agreement for five years, the compliance is tracked during the entire life of the agreement. Staff can look back over the years and determine if an area of compliance shows any level of weakness. Compliance issues can be minor, such as missing a deadline or not submitting correct backup information. Major compliance issues such as breaches of the terms of the agreement or violating federal, state or local laws. All compliance issues are noted by the contract manager. Agreements are reimbursement, which means the agency must spend the money and and be provided with a reimbursement for the funds.

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Agencies are required to submit their general ledger and all of the back up documentation, which will include receipts for those purchases. Staff determined if they spent the money on allowable costs and funding was used to support client outcomes. For example, spending money on fundraising efforts is not an allowable cost. If monthly claims are submitted with an allowable cost. They must be corrected and including the backup material. The agency will be required to resubmit the request and deduct those costs. This is noted as a compliance issue, and a citation will be noted by the contract manager. When compliance issues are identified. Departments follow a corrective action process. It sets out clear expectations, measurable improvement targets, and defined timelines. The consequences for being out of compliance. Increase in severity. Staff will allow an agency to correct a problem unless it is too egregious. The consequences for increased noncompliance includes stopping payments, cure, no cure notices, and termination of the contract.

[10:39:06 AM]

Over the years, the departments have terminated contracts, uncovered infractions with billing, and required agents to agencies to reimburse the city. All departments take compliance very seriously, and staff are committed to being great stewards of public funding. At this time, I will transition back to Daniel.

[10:39:29 AM]

>> Thank you acm. And now I'll cover policy areas, timeline and next steps. So in the coming months, staff will bring three policy areas to the committee for review. The first is issue area and portfolio validation and prioritization. That means issue area definitions, levels of need, the service portfolio and proposed funding levels in each. The second is the accountability framework. We will. Where we will ask you to validate the compliance and performance approach for new agreement structures and the city's role and focus in the social services ecosystem alongside our partners. And the third is funding and agreements, which ends with final grants and contracts coming to council for approval. Each policy area will be presented to this committee. The economic opportunity committee, the public health committee and then the full council. Those presentations will run through February 2027. Engagement runs alongside that work. We are working with vendors on services, agreement structure and performance framework options. We are working with Austin communications and engagement to reach residents and the people affected by these services, and city leadership and staff will work with counterparts at regional government partners to define roles and focus areas across the system. This timeline from for the reset runs from now through October 2027. From now through January, we define the issue areas, services and partnership strategy, agreement structures, and funding levels.

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Beginning in January 2027, contract and grant modifications and solicitations will be developed and issued the fiscal year 28 budget process and adoption runs alongside that work, with the budget process engagement running from early 2027 into the summer. Vendor notifications for the new agreements will begin in July 2027 and run until they take effect, most of which will be in the new fiscal year. Those new agreements will take effect in October 2027, which is the start of fiscal year 28. Engagement with the community vendors, partners, this committee and the full council will continue through that whole period. Our next steps are to complete the issue area definitions. The gap and service services analysis, and the determinations on partnerships, funding and agreement structures. We will confirm structure and governance changes for the portfolio and for the agreements, and keep engaging with vendors, staff and the community and leadership. We will also prepare for agreement, modifications and procurement processes in early 2027.

[10:42:19 AM]

Solicitations and modifications for all issue areas will take place during fiscal year 27, so that every agreement is in place by the start of fiscal year 28. Thank you, and we'll be happy to take any questions you have at this time.

[10:42:33 AM]

>> Great. Thank you. I want to start, if you might. If we might, council members, I recently the city was recently invited to come up and testify on this issue. On the issue related to how we use, not how cities use nonprofits, and Austin in particular, cities in general. Before the house, the Texas house of representatives oversight government oversight committee and. And I went up there and testified on behalf of the city of Austin and. One of the some of the things that I tried to communicate was that there is, I believe, overlap between what the city is doing with regard to looking at contracts that we have for social services and with non-profits, and what the oversight committees charge was. And sorry about that. If you've seen Rebecca up here, it's because I was hacked and y'all have made maybe you have been invited to a party that I'm not having. Just know that if I were having that party, all of you would be there. So there's some work going on in that regard, I apologize. The. There's a there's a specific house of representatives charge related to the issue that our professional staff is here talking about. And and what I communicated to that committee is a couple of things. One is that when we're when we're doing this kind of work, when we are contracting with nonprofits for social service activity, we should know why we're spending money. We ought to know what we're buying. We ought to know whether we're getting the result that we were promised, and we ought to know what that somebody is paying attention when we're not getting what we've said we're going to provide. And what I communicated was, I believe that stewardship, and I believe that's the framework that we ought to follow when we're going forward on this. I also pointed out that I don't believe contracting with a nonprofit is inherently good government, nor is it inherently bad government. It's a tool, and I want to say that out loud here, because I don't want us to fall into the false sense that it is good government for us to be doing that. Just ipso facto, inherently good government. It is a tool that we ought to be able to use, and sometimes it's the right tool. Sometimes it's the right tool. Because a nonprofit has specialized expertise. It has people, it has infrastructure, it has relationships that the government doesn't have, and it may be able to provide that service better or more efficiently than building the capacity inside government. But I never want us to lose sight

[10:45:34 AM]

of the risk that are there as well. There are risks, too. And I want to say, I think that's part of why we need to be doing the drill down that we're doing. We can become accustomed to renewing contracts because we've always renewed them. We can focus too much on how much money we spent and not enough on what the money is accomplishing. And we can make a worthy mission. We can, we can. I know I'll say it this way. We can mistake a worthy mission for demonstrated performance. And that's why I think we ought to continue to follow a pretty simple rule, and that is that contracting something out doesn't contract out our responsibility. And I go back to that framework, when we're spending the taxpayer money through a nonprofit or an outside consultant, we ought to know why we're spending it. And I want to say that again, why we're spending it. We ought to know what we're buying. We ought to know what we're whether we're getting the result we were promised, we ought to know that somebody is paying attention when that's not happening. And the reason I bring that up is because I think the

resolution that we talked about at the time, and it was councilmember alter's, I had a I had a what I would consider to be a subset of his resolution on the budget process. And I deferred to councilmember alter's because it had it had broader language, it was a better resolution. And but what it said was that what we're going to do in this year is we're going to drill down and we're going to look at things like why we're spending the money. There was even some suggested change that the suggested change was, yeah, we're going to look at why we're spending the money, but we're not going to spend any less than we're currently spending. That was ultimately changed to say, well, the amount we're spending ought to be a factor. That can be a factor when we're looking at these things, but it shouldn't be the sole determinant. So I, I apologize for, for filibustering on this, but but as, as we're having to answer questions not just from our constituents, but also at the legislature about how we do this, I want us to be the model.

[10:48:12 AM]

I like us being able to go up there and say, here's why we're doing this. But but as I look at page 18 of the of the presentation, I look at page 15 of the presentation, it makes very clear that we're going to understand issue area areas, definition levels of need, service portfolio. And then on 18 gap and services analysis complete and issue complete the issue area definition gap and service services analysis, those kinds of things. To look at what it is we're spending money and why. And then the last thing I'll say about this, because it is a valuable tool of local government. Again, not inherently good government, not inherently bad government. It is a tool we have to use the right way. One of the things I want to say is that the audit, the audit that we recently have, if you all will remember, I ask us through this committee for a preliminary analysis last year, a little before this time last year, on where we were with nonprofit contracts that resulted in a bigger analysis that came out in the in like may. I think I think right about that. And, and now here we are working on things through, through the budget process and getting to this point. What happened in that audit was it was pointed out to us as a council that the auditor had previously, at least once, I think it was twice. But as most recently 2019 indicated, that one of the systems that we ought to repair in utilizing this tool, although it wasn't said that way, I'm saying it that way, was that we ought to apply the anti lobbying ordinance. We ought to also apply the the same way we do when we purchase widgets. If we're going to purchase widgets or transportation needs or whatever we we have, we have an anti lobbying ordinance that says we cannot be lobbied if there's an rfp out. We don't do that when it comes to nonprofit contracts, but yet we spend $100 million on those nonprofit contracts, more than $100 million. We ought to do that. We ought to have that as part of our approach. And I think that ought to be something we look at soon. To show we we recognize it is a tool, and we want it to be a tool that gets us to good government, not inherently good government or bad government, but it gets us to good government because we use that tool in the right way.

[10:51:05 AM]

So I didn't intend to talk that long, but councilmember alter and councilmember duchen.

[10:51:13 AM]

>> Thank you and forgive my voice here, but I just want to piggyback on that. And two pieces, number one. You know, I think in looking at starting with the needs assessment and you talked about it and mayor was talking about it, you know, figure out what it is that we need and then go from there. I think it's almost, dare I say, like a, a zero based budgeting approach where we start at not assuming we're going to be doing anything but figuring out what it is that needs to be done. Then figuring out within each need the best tool to do it, whether that's external or internal, and then building that up. And inevitably, I anticipate the needs will be greater than the resources. They almost always are. But we can then prioritize and figure out what the proper line is there. But I think it I think that's what you're doing. But just as as we get the information back, if you can kind of help us organize it in that way of just not starting, just assuming it's the baseline or whatever word we always choose to use, but is where we are. But just starting with just what are the needs from zero and then how we build that up and prioritize that. And you talked about the matrix being one way to do that. I also wanted to better understand the performance contracting piece of all this. It's a discussion we've had for a number of years now about, I know, so had a pilot to put performance into their contracts and, and give payment above the contracted, you know, reimbursement amount if they met certain performance guidelines. You know, I'm, I'm not a contracting expert, but if there it just seems reasonable that, you know, certainly we're going to pay for contracted services, but that some piece of that contract should be tied to getting the outcome that we're seeking. And I don't think it's necessarily just on top of the contracted amount, right? Like if it's $1 million contract, seems like if you're doing okay, right, maybe you get $900,000, but if you're knocking it out of the park, maybe you get 1,000,001, right? So we're helping advance the, the work and the organizations that are, we know are highly successful.

[10:54:10 AM]

You know, the food bank comes to mind as, as one of those, right? They consistently over perform. And so we should try to continue to prop up and expand someone who is proven to do more with less. So I just want to put that out there. As you all are looking at the contract structure to help us figure out how we might integrate some more performance based contracting to drive the results that we're trying to get.

[10:54:41 AM]

>> Thank you, councilmember duchen.

[10:54:45 AM]

>> Thank you, mayor. And I just want to start out by saying really fundamentally agree with your comments about where we are and that this is a tool just like any other that helps us solve problems. And I think that's a key piece for me. I think the challenge is from including this briefing, we're still not there yet, right? We're we're using these tools zo problems. We're trying to move the needles on community and civic and public health issues. I know we're doing good work. But and that many of our contractors and partners are, are doing extraordinary work in the community. And we have to recognize that. But I'm still in a place where I can't tell anybody what the specifics are. Beyond the 400 page report that outlined at least some metrics of 133 contracts. So. So my hope is that when we complete the needs assessment, we are in a place early to mid next year where we can tell those stories and we can lift up organizations and partners that are doing good work in this space. But I think there's a flip side to that, which is we also have to take appropriate action for those that are falling short of our our goals and our standards. And I'm fairly sure that's also happening. Wright. I think of the urban alchemy contracts, where for whatever reasons, we learned that employees were fudging reports to inflate metrics for shelters. And what we I know what we also don't want to do is create perverse incentives where we're encouraging organizations or they're so fearful of whatever the process is that we have, that they feel obliged to go do that to try and preserve funding. And so for me, the best outcome is, and I think the mayor alluded to this a few minutes ago or half an hour ago.

[10:57:02 AM]

>> Man, talk about that'll cost you, that'll cost you. Oh my goodness.

[10:57:12 AM]

>> The the mayor alluded to this when he talked about the anti lobbying ordinance. Right. And that's a place where in my mind, the ideal scenario is council gets taken out of as much of this equation as possible, where rather than organizations coming to us throughout the year and coming to council and coming to committee meetings and making their case, we instead have staff between the needs assessment, between the the reporting, between all the things that you've outlined, they're able to deliver to us whatever cadence updates on performance and how we're reaching our goals and who is excelling and who is falling short, and that that's an ironclad system where we don't have to be involved and can rely on staff to let us know. These 100 organizations are doing great, and these 33 need some work, and we're working with them to either meet those goals or to make important changes so that other organizations can meet those goals or whatever the plan is.

[10:58:14 AM]

But I'd love to see a future where you all have an incredibly defensible strategy for making sure that there is accountability.

[10:58:25 AM]

>> Oh. I'm sorry. I'm sorry. That was inadvertent.

[10:58:32 AM]

>> Well, I'm glad I'm wrapping up.

[10:58:34 AM]

>> Here.

[10:58:35 AM]

>> But I'd love to see a strategy where you all take ownership of that space. And so we're pulled out of having to deal in a, on a day to day or weekly basis with many organizations that are instead lobbying us directly for support and help. And instead, we can just point to objective reality that you all are capturing and making good decisions from there. So I'm looking forward to that, and I'm looking forward to the needs assessment. I'd like to get to that place. Thank you.

[10:59:03 AM]

>> Thank you, councilmember duchen. I think councilmember alter.

[10:59:07 AM]

>> He reminded me of a question I meant to ask earlier within the homelessness services category. Is that inclusive of our contracts to operate our city facilities like the arch, like the eighth street shelter?

[10:59:24 AM]

>> The shelter contracts are counted in the operational expenses. So they are part of homelessness services. The grant, the city grants are the services that nonprofits carry out that aren't operational in nature, like those that are not at our facilities or directly on behalf of the city.

[10:59:45 AM]

>> And are those the second category also included in this or that's separate? You're saying.

[10:59:49 AM]

>> We're primarily looking at the city grants, which are those services that we contract out for or create agreements for that are not directly related to operations at our facilities, like like shelters. Yes. They are included in the primary focus. Shelters will be included. Shelter operations will be included, but aren't in typically in the the amount that we're looking at here directly.

[11:00:17 AM]

>> And is there some similar kind of dividing line as it relates to like, I'm thinking about all that workforce development does Ed. Like obviously it's way more than $3.6 million. So what's the dividing line there and help and why?

[11:00:34 AM]

>> With workforce development specifically, there were contracts that were moved into economic development to further bring together all of the workforce development work they had previously been in other departments, like a P H, some in homelessness strategies and operations. Those the contracts included here in workforce development are the ones that primarily got moved over that were considered social services before. There are other contracts that are economic workforce development

in nature that were funded primarily by economic development department to start with. And those are outside of this this analysis, though, I believe with the economic development plan and and the ongoing work here, we're going to be working on putting a more comprehensive strategy to where there's not that separation between those.

[11:01:27 AM]

>> And that's where we're going. Like as we continue, I think I know you're you've got a big thing you're trying to do here. So but as, as this builds and, and we learn from this, you know, looking at those others and, and at a minimum, if you could just help us understand what is in and what is out, because we might think something's in, that's out or vice versa. And, and just as we're talking about it or trying to understand it, that'll be very helpful.

[11:01:54 AM]

>> Thanks, councilmember. Anything else on this item? Very good discussion. Thank you all very much. That'll take us to item number eight, which is a briefing on the living wages audit, which looks at whether departments are monitoring their contracts to ensure compliance with the living wage requirements.

[11:02:40 AM]

>> Hello. Good morning.

[11:02:42 AM]

>> Morning.

[11:02:43 AM]

>> Thank you guys. Thank you guys for being here. My name is Mateo Macias and I am the auditor in charge of this living wage program audit. The objective of this audit was to determine whether departments are monitoring contracts to assure compliance with the living wage requirements. The city

of Austin created living wage program in 2016 to monitor compliance for city non-construction contracts with the city's minimum wage requirements. Eligible services include janitorial, landscaping and automotive repair, among others. Austin financial services administers the program, assigned contract managers and departments for which contracts are providing a service are responsible for contract management, contract monitoring living wage program is monitored through the collection of the contractor certification form and the employee certification form. The contractor form is collected when the contractor submits their bid for the contract and the employee forms collected with the first invoice, and annually thereafter. These forms provide attestations from the contractor and the employee that state they understand the program's requirements and payment rate. Complaints can be made by these contracted employees to Austin financial services, where the complaints will be investigated. Our finding is that living wage program monitoring is inconsistent due to insufficient training and guidance. We observed that monitoring staff did not consistently collect required program documentation. We took a sample of 59 living wage contracts for 15% of them.

[11:04:17 AM]

Contractor certification forms were not collected for 46% of employees. In our sample, employee certification forms were not collected, and randomized spot checks were inconsistently performed. Fortunately, despite the control weaknesses we identified, we did not observe a significant impact on employees not being paid the living wage. We obtained payment information for 285 employees for 15 employees. We had concerns about compliance. Afs investigated all 15 and found only one instance of noncompliance. Afs reported that it has since been corrected and wages have been back paid. We also observed that training and guidance for the living wage program are limited. The only training provided to staff regarding the living wage program is one part of an overall purchasing refresher training, which is high level and focuses on program updates, as opposed to how to apply living wage monitoring procedures. Some staff were unaware of program requirements, monitoring procedures and responsibilities, such as not knowing what contractor certification form was, not knowing it was the responsibility of departments to monitor for living wage requirements or how to apply the program's eligibility requirements. Additionally, some program guidance is unclear. Program guidance doesn't clearly state the types of employees that are exempt, which it has, which has caused discrepancies of understanding between afs and contract managers. Our additional observation is that Austin's monitoring efforts do not focus on employees who earn near living wage rate. Currently, living wage and monitoring practices require staff to monitor for employees who already earn well above the living wage rate of employees.

[11:05:56 AM]

In our sample, 65% are paid more than $25 an hour, contract managers have said this is unnecessary and inefficient. We recommend to help ensure living wage contracts are consistently managed across departments. The director of Austin financial services should improve training and guidance for city staff

responsible for monitoring, so they know what the living wage requirements are and how to monitor contractor compliance. We'd like to thank afs for their time and cooperation on this audit. Will now be taking any questions you may have.

[11:06:31 AM]

>> Great. Thank you, mayor pro tem.

[11:06:35 AM]

>> Thank you very much. And just want to. It's great to see that there were was one, I think one of the 285 checks. So it's great to see that there's again substantial. I mean substantial is probably even not a good enough word. But you know that that the idea of the living wage was to make sure that our contractors are paying people a living wage. And that is overwhelmingly the case. So it's great to see that we are achieving our goals through those contracts. And I just wanted to to point that out. Again, I appreciate all the monitoring that we want to make sure that our systems are functioning properly, but I don't want to lose sight of the fact that the goal of the program is absolutely being met. And I just wanted to to make sure and highlight that quick question on the monitoring. So if I'm understanding that last slide correctly, it looks like that the vast majority of the folks that we are contracting with are paying well above minimum wage, which would be about what, $22.05, is that the current city minimum?

[11:07:48 AM]

>> Currently it's 22, 15, 2215. Yes, sir.

[11:07:51 AM]

>> Got it. And if I'm understanding the recommendation correctly, basically we don't. I'll take for example the public works contract. Our our the efficiency ordinance that the mayor has has led on their employees would be subject to the minimum wage ordinance. Is that correct? The public works folks.

[11:08:23 AM]

>> Council member James.

[11:08:25 AM]

>> Scarborough, financial services.

[11:08:28 AM]

>> The the the.

[11:08:29 AM]

>> The scope of the program currently applies to non-construction related contracts. The. The contracts that would be subject to public works would would fall under different statutory requirements, most of which those consultants are paid well above the city's living wage. And then in the construction space, those contract contracts and those employees of the contractors would be subject to a separate state and federal program associated with prevailing wages, which is includes a living wage component for the for the bottom of the scale of wages, but for the most part did not apply to the scope of living wage program or this audit.

[11:09:08 AM]

>> Got it, got it. And the I guess the point that I was trying to make was that a lot of these city contracts, the. These are professionals sometimes with advanced degrees where we're not concerned with. And there's no need to kind of put a lot of time and effort into. Is that the crux of the recommendation there from from the staff?

[11:09:29 AM]

>> Yes, sir. Jason Davis, city auditor. So we were just highlighting the percentage of employees that fall under living wage contracts that are making far and above the living wage amount, yet they're they're falling under the same amount of monitoring. And so contract managers were highlighting that it would

be more efficient use of their time to focus on the employees that are closer to the living wage, and not so much time on the employees who are making far and above.

[11:09:54 AM]

>> Again, makes a world of sense. And I appreciate that more kind of intelligent level of supervision. I know that, chief Davis, with regard to the use of force, had a very similar analysis where, you know, that that let's not there's a very minimal use of force where those are not really the ones that we're concerned about. We're concerned about with the more serious cases and that, you know, trying to understand or trying to evaluate and supervise all the entire universe takes away sometimes of the effort of focusing on the more serious cases and not the very, very, very minimal cases making a similar recommendation. And I just generally, I think that's a that's a good approach. Again, just trying to use our kind of supervisory time, our audit time in the most efficient way. So I appreciate that suggestion.

[11:10:43 AM]

>> Thank you, mayor pro tem, other questions or thoughts? Thank you all. Thank you. Very good. We appreciate all the briefings. If there if members if you have any items that you want to discuss at future meetings. Say it now or you can get it to me later and we'll make sure it goes on the agenda. I'm not hearing anything right now. So that completes the agenda. I do want to say, before we complete the agenda, that one of the things we voted on, we voted on it very fast, was fixing the correcting the minutes that we had on one of the items. A lot of work went into that, and I really appreciate the level of detail that everybody that you all went into to look back and find what ought to have been some basic things, but they were just mistakes. And you've updated the record in an appropriate way. So we moved to that a little faster than I'd like to. I just want to say thank you all. And I know that the committee also thanks you for that work. But that being said, there's no further business to come before the audit and finance committee for the city of city council of Austin, Texas, at this regular scheduled meeting on October 21st, 2026. So without objection, the committee is adjourned at 11:11 A.M. Thanks, everybody. Thanks, everybody for presenting to.