



## MEMORANDUM

**TO:** Mayor and Council Members

**FROM:** Jesús Garza, Interim City Manager

**DATE:** January 8, 2024

**SUBJECT:** **A Year in Review: 2023**

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The start of a New Year represents a good opportunity to highlight some of the changes that have been implemented since I began my tenure as Interim City Manager almost one year ago, as well as forecast work to be done over the next few months.

After speaking with all of you, my objectives when I joined the City centered on three key areas:

- (1) Improve the working relationship and alignment of City Management and the Mayor and Council Offices by:
  - a. Implementing more transparent and effective communication
  - b. Addressing Mayor, Council and community priorities with a sense of urgency
- (2) Position the organization for the next City Manager
- (3) Bring stability to the City as a whole through leadership review/assessment and attention to providing operational excellence

Specifically, I listened and learned a great deal about the Mayor and Council's priorities and concerns, heard from the community, and listened to this organization about what was going well and where we were getting stuck. Through all of that discussion and great feedback, I was struck by a theme: The majority of the "pain points" seemed to involve enterprise-wide issues that crossed multiple departments.

With that in mind, we identified priority areas where our success depended on cross-functional work, among them, issues like homelessness, emergency management, development services/permitting and affordability. We also quickly realized that a "one size" fits all approach would not work. Thus, we have initiated changes to the organizational structure where appropriate to provide greater alignment in key enterprise functions which are designed to best maximize outcomes.

Some pertinent examples of how this is working:

- Homelessness Response:

Early on, it was apparent that a consolidated organizational approach would be essential to our being successful in addressing this incredibly complex issue. With a service delivery model sitting in more than a dozen different City departments, it was clear that our structure was untenable.

That is the reason I created a stand-alone Homeless Strategy Office (HSO) in December 2023. The HSO's primary responsibilities include:

- Procuring, managing, and monitoring homelessness-related contracts between the City and third-party vendors, per the City of Austin's purchasing policies and procedures. \*\*Previous to the creation of the HSO, only 30% of the more than 100 contracts under the City of Austin's purview were "reviewed" under "one department/office."
- Overseeing operations at City-run and City-owned homeless shelters. \*\*Previously overseen by Austin Public Health.
- Collaborating with City agencies and community organizations in efforts to expand the availability of housing across the continuum of need (e.g., emergency shelters, rapid rehousing, permanent supportive housing).
- Overseeing and approving plans for public space management, including outreach, clean-up, and compassionate encampment closures.
- Working with the Communications and Public Information Office to help manage communications regarding the City's approach to assisting individuals with resolving their homelessness.
- Working with the Intergovernmental Relations Office to manage relationships between the City and local, state, and federal agencies and officials.
- Collaborating with Austin/Travis County's Homelessness Response System partners to uphold best practices, policies, and procedures for organizations that serve unhoused people in our community.
- Engaging with local businesses and philanthropic entities to broaden the funding base for homeless response services.

Further, many of you expressed an interest in conducting a thorough assessment of our investments and outcomes related to homeless services not only within the City's purview, but across the broader spectrum of our community partners. The goal: to establish clear, measurable objectives and a focus on outcomes to ultimately drive investments going forward. To that end, based on a convening meeting in the last quarter of 2023 with City representatives as well as our local partners in the private and non-profit sectors, including Travis County, Central Health and Integral Health, a contract to conduct the assessment – with our partners assisting with the expense – is forthcoming for your review and approval later this month.

We also acquired and opened the former Salvation Army shelter downtown last month, renaming it Eighth Street Shelter, which provides space for 65 homeless women, including transgender women. The hope is to increase capacity to 150 by the end of March. Everyone staying at the shelter will receive a bed, meals and assistance in locating more permanent housing.

- **Emergency Response:**

As everyone knows, the City's response to the last two major emergencies, in particular, has been the subject of criticism. This has come not only from all of you, but also from the community and even through our own after-action reports. The reality is that we need our line departments to be operating at their very best – especially during turbulent times. We also need to ensure very clear decision-making structures and accurate, timely communication with the public.

Given this as a backdrop, I assessed that the two areas needing to be centralized and managed differently were key decision-making and communications. By way of example, ensuring that when a decision is made to both activate and close the Emergency Operations Center (EOC), the Mayor, Council and other key officials are in the loop. From a communications standpoint, ensuring that the Lead Public Information individual within the EOC/Joint Information Center is the point person for any/all messaging to be distributed to the community, with assistance/coordination with Department Operations Center communications as appropriate.

We're also working across the organization to update the emergency management strategic and hazard mitigation plans.

- **Development Services/Affordability:**

The City's development processes have long been criticized as cumbersome, hard to navigate and adding unnecessary costs to developments which impacts the very real issue of affordability. More than a dozen departments and thousands of code-required steps are involved with providing a City permit for a project. In this facet of city-delivered services, we are not proposing a consolidation as we believe the content experts need to remain in their respective departments in order to best serve our customers. However, we have identified an enterprise function leader, José Roig, who has jurisdiction over all aspects of permitting regardless of what department is involved.

Among the initiatives underway in this space:

- We engaged McKinsey & Company to review our processes related to permitting and development review and are in the process of implementing their recommendations.

- We are conducting a deep dive analysis of our affordable housing investments and programs to ensure that we are structured to produce:
  - As many affordable housing units as possible and meet the goals of the Housing Blueprint in this area and
  - Successful programs that allow more developers to participate in so that we can produce more housing.
- We are also planning a mid-course evaluation of the Housing Blueprint to determine at this critical juncture if our goals, strategies, and programs need updating, including an examination of all housing programs, to determine if:
  - We are on pace with previously established Housing Blueprint goals;
  - If there is appropriate emphasis on connecting our housing goals with our mobility goals; and
  - If we are using public dollars as effectively as possible.

As with Homelessness, we need to focus on outcomes that will then help drive future investments.

Also pertinent to this area, through the FY2023-24 Budget Process, significant expansion in the Planning Department was approved, including seven new staff positions, to expedite proposed changes to the Land Development Code and a comprehensive update to Imagine Austin.

- Resiliency/Climate Change:
 

We are taking a strategic, city-wide approach to addressing both efforts we can engage in as a government organization to effect climate change as well as ensure resiliency where we have the ability to make an impact. This includes our emphasis on:

  - Expanding climate resilience and adaptation efforts to prepare, respond, recover and adapt to climate-related hazards, particularly given they are becoming more frequent.
  - Funding the Resilience Hub Network – community-focused facilities that offer day-to-day services in neighborhoods before and after emergencies.
  - Making targeted investments in preparation and response to wildfire disasters.
  - Funding Austin Energy’s Distribution System Resilience Program to strengthen the distribution system against wildfire and extreme weather events and address overall system reliability.
  - Formalizing the partnership with the University of Texas at Austin on all climate-related work, including joint research projects on issues like heat mapping and climate change effects on the City’s water supply.

We also wanted to move the needle as it comes to building the City’s financial health. I believe we were successful in doing so through the creation of a budget for this current Fiscal Year that bumped up General Fund reserves to a best practice level of 16.7%.

Further, seizing on an historic opportunity with major capital investments in mobility and transportation infrastructure, we instituted the following:

- Identified \$1.8B in authorized but unspent bond funds which led to creation of the Capital Delivery Services Department focused on delivering:
  - A \$7B Capital Program that includes roads, bridges, water and wastewater lines, libraries, Fire/EMS stations and parks projects.
  - The City's \$5.8B Urban Rail and MetroRapid Initiative in coordination with CapMetro and the Austin Transit Partnership.
  - Support for transformational projects, including:
    - a. Expansion of Austin-Bergstrom International Airport  
Airport staff are predicting another record-breaking year for 2023. Numbers aren't official yet, but as of September 2023, total passengers reached an estimated 16.3M. (Keep in mind that 2022 marked the "busiest record on year" up to that point with fewer than what is anticipated for 2023.)

Active projects include:

- A new airline fuel facility (slated for completion in 2024)
  - A new baggage handling system (slated for completion in 2025)
  - West Gate expansion (which broke ground at the end of August 2023 and will bring 84K square feet across three levels) and which will extend the terminal out past gates 33 and 34 (slated for completion in 2026)
- b. Redevelopment and expansion of the Convention Center

We have also met head-on the on-going challenges that are being experienced not only here in Austin, but also across the country, including significant staffing shortages within our Austin Police Department. In fact, it is an issue that we've been grappling with for the last six years. While that has been a significant focus, we have also been able to make significant progress within all of our Public Safety Departments. Over the past several months, we have:

- Focused on filling positions within 9-1-1 with the result of greatly improved staffing. From November 16 through November 30, operators answered 93.28% of calls within 15 seconds. Comparing that to July, when 69.18% of calls were answered within 15 seconds.
  - Call-takers: 21 vacancies out of 104 total positions (20% vacancy rate)
  - Dispatchers: 5 vacancies out of 75 positions (7% vacancy rate)

By comparison, in July, there were 47 call-taker vacancies – roughly a 50% vacancy rate.

Overall:

- 85 new employees have been hired since January 2023
  - The training team and on-the-job trainers have conducted more than 25,000 hours of training for new employees
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- EMS reduced vacancies in 2023 by 10%. Sworn vacancies in September 2023 were 15%, down from 25% in November of 2022. An increased effort in recruiting locally and nationally as well as a labor contract approved in September 2023 contributed to this success.
  - Paramedics were deployed inside Austin-Bergstrom International Airport, allowing ambulances to remain available for other emergencies in Southeast Austin. (Paramedics are currently available 9 a.m. – 9 p.m. at ABIA. The program began in March of 2023.)
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- Arbitration award with the Austin Firefighters' Association in 2023.

I am also pleased to report that we continue to see a reduction in our vacancy rates across the organization. In September 2023, we saw an overall rate of 13.3%, down from as high as 18.6% in October 2022. Still, there are some department vacancy rates above 20% -- but even that number is going down. In January, nine departments had a vacancy rate of more than 20%. That was cut to five as of June 3 and as of August 26, we're down to four departments with a vacancy rate of more than 20% and are actively working with those four, which include Aviation and Forensic Sciences, to bring down that rate.

I am proud of the diverse leadership team we have built and enhanced. As you know, there have been several changes as well as appointments of key leaders serving in Interim roles to permanent. Further, we are currently working to fill two key roles: Deputy City Manager and Human Resources Director. I anticipate having an announcement for both later this month. Additionally, we have created a Chief Learning Officer position who, once brought on board, will lead a team devoted to learning, executive development, creating consistent curriculum and training across the organization. I anticipate an announcement for this position by late January/early February. We are challenged – and energized – to provide the workforce for the future.

### **Conclusion**

As of this year, Austin is officially ranked the 10<sup>th</sup> largest city in the country. While we should always be poised to run our government efficiently and effectively, this ranking brings even higher stakes to perform for our community. Upon rejoining the City of Austin, my intent has remained steadfast in stabilizing and repositioning our organization for continued success and more importantly, to meet the expectations of the Mayor, Council, and community.

It is one of the primary reasons that I instituted a “deep dive” meeting every Monday with the executive team to provide updates on our critical initiatives – a structure that I believe will provide the opportunity for instituting continuous and sustainable changes.

I hope this gives you a sense of how we have structured our analysis around key priorities and challenges. In the coming months, I will be focusing on additional key initiatives, like Project Connect, Workforce Development, Childcare Assistance, and other Council priorities.

Going forward, our leaders will further help to shape the organization for success to ensure it continues to not only survive but also thrive. I look forward to our continuing to work together in our efforts to ultimately be responsive to the community we serve.