

## Closed Caption Log, Council Meeting, 04/22/10

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this morning with our invocation from father tom frank, the pastor of san jose catholic church. Everyone please rise.

I'd like to first thank gale chavez for the invitation from the council and a couple of reminders for the opportunity to offer this prayer, which I hope will be helpful today. To the god of artistic beauty, for the bluebonnets and other wild and flowers that are blooming now in spring, we are grateful. You enliven our spirits. You are the cornerstone of all things, for this fine building, spacious and comfortable, we are grateful. You remind us of our material blessings. [Please speak up] material [speaking spanish] the god of patience, percent persevere rens and real progress we are thankful for this group of deliberators, that they continue to listen and hear well the presenters and each other and decide based on the common good with the special concern for the poor and underrepresented. To the god of love, reminding us occasionally or often that you are with us no matter where we are or what we're doing. That you strongly care for each of us. We are grateful. Glod bless this gathering, -- god bless this gathering, bless this day, bless all those who we care about and love. Amen.

A.

Mayor Leffingwell: Please be seated.

Mayor?

Martinez: A moment of personal privilege. Father tom, I wanted to just thank him and acknowledge him. I didn't invite him here today, but I was so glad to see him. I've known him for over 30 years. I went to his church in bryan, texas where my grandmother was a member of his congregation, as an eight-year-old kid growing up, and I've known him for a decade. Father tom, you bring back so many wonderful memories. You were so good to my family and to my grandmother and I just wanted to thank you. Good to see you.

Mayor Leffingwell: Okay. A quorum is present, so I'll call this meeting of the austin city council to order. ON THURSDAY, APRIL 22nd, 2010. by the clock on the wall. We're meeting in the austin city council chambers, austin city hall, 301 west second street, austin, texas. We'll start with the changes and corrections to today's agenda. The first is -- first and only is item number 16, which will be postponed

until april 29th, 2010. Our time certain items today general citizens communication. we'll take up our zoning matters. our public 30, live music and proclamations. The consent agenda today is items 1 through 50, with the following exceptions. And first I will say that councilmember cole will recuse herself on items number 21 and 22. And I will read item number 35, which is the appointments to boards and commissions. to the ethics review commission, abu habib, councilmember riley's appointment. And to the commission on immigrant affairs, laura hernandez, which is councilmember spelman's appointment. hernandez, also waives the attendance requirement of section 2-1-26 for absences through today's date. Again the consent agenda, items 1 through 50 with the following exceptions. Item number 2 is pulled for a staff presentation. Item number 3 is pulled by councilmember morrison. Item number 19 is pulled for a staff presentation. Item number 20 is pulled by councilmember morrison. Item 22 pulled by councilmember spelman. Item 31 pulled by councilmember spelman. The following have been -- in addition, the following have been pulled because of a number of speakers signed up. Those are items number 21, 32, thra and 37. We have a number of items pulled off the consent agenda. Any other items that need to be pulled for speakers by the clerk? None that we know of at this point. So with that being said, council, I'll entertain a motion on the consent agenda. Councilmember spelman moves approval. Councilmember morrison seconds.

Cole: Mayor, I also want to reiterate because i believe I have to do that on the record myself, that I am recused from items 21 and 22.

Mayor Leffingwell: Duly noted, councilmember. Any further discussion? Mayor pro tem.

Martinez: Mayor, I want to make a comment on all of the procurement items. This -- this is something that's really important to , westbound outreach, and we always tend to bash staff when we don't reach our goals, but each and every item on this agenda has met or exceeded the goals for participation. I want to personally thank lara and her department for all their work and just acknowledge the fact that we are achieving success in that area. Thank you.

Mayor Leffingwell: All in favor say aye? Any opposed? It passes on a vote of seven to zero with councilmember cole recused on items 21 and 22. Council, without objection, item number 2 has a number of speakers signed up, so i would like to go ahead and get rid of some of these other items that indicate they might not take much time to do. The first will be item number 3, which is pulled by councilmember morrison.

Morrison: Thank you, mayor. First I want to provide a little bit of background. Before the texas alcoholic beverages commission reviews an application for a liquor license, state law requires that the city clerk certify that alcohol sales is allowed at the address on the application. The purpose of this ordinance is to streamline the city clerk's process so that it's consistent with the state law. In doing so the draft that's in the backup right now would eliminate reviews currently performed by the fire department, the health department and the police department as part of the city clerk certification process. So I move to amend the ordinance that is in backup consistent with legal language that has been provided to the city clerk and distributed on the dais. It is to keep in place the existing reviews that are done by the health department, the fire department and the police department. The departments would then have this

information available to help them decide whether to recommend that tabc deny an application, which is consistent with state law. The city clerk, however, will no longer hold up certifications of the application if the proper zoning was in place. The amendment also clarify that just having the city clerk clarification does not entitle an applicant to sell alcohol. They would still need to get their license from tabc wls a certificate of occupancy and any other city approvals needed to operate their establishment. So with that, mayor, I would like to move that we adopt the ordinance as I -- as identified in the amended backup that's in yellow in front of all of us so that we can, number one, be consistent with state law, but number two, still maintain the reviews by the police department, the fire department and the health department.

Mayor Leffingwell: Motion by councilmember morrison, seconded by councilmember spelman. Any discussion? All in favor say aye? Any opposed? It passes on a vote of seven to zero. Before we go on, I've just been informed that there's a late sign-up for item number 49. So council, without objection, I will go ahead and let michael (indiscernible) speak, keeping in mind, michael, this has already passed. So you're welcome to speak. mayor, councilmembers, I understand it's already passed. We had hoped to be able to speak simply as to the time of the hearing that you're setting on may 13th on this item. The time that you all have, this is a hearing that is on the most important thing happening in our neighborhood, ridgely, since the 1981 shoal creek flood. I know a lot of our folks will want to be here and we were hoping that the time could be set after the workday ends when people will be able to get here.

Mayor Leffingwell: I respect your request, but the standard time for the public hearings is four p.m. And it would have been very helpful if you had made this request before today.

I understand that. And I was not aware of -- i learned of the standard time late, so I simply am here when I can be. I hope not to be asking for such a thing again, but next time we'll know the rules.

Mayor Leffingwell: Council, there is a possibility that we could move to reconsider item number 49 if anyone on the council wants to do that. Mayor pro tem moves to reconsider item number 49. Seconded by councilmember morrison. All in favor of the motion to reconsider say aye. Any opposed? It passes on a vote of seven to zero. And I'll entertain a motion on item number 49. Councilmember shade.

Shade: I'll move to change the time for the public hearing to be -- to be six p.m.

Mayor Leffingwell: Motion to set the time for the public hearing on item 49 at six p.m. on may 13th. Seconded by the mayor pro tem. Any discussion? All in favor say aye? Any opposed? It passes on a vote of seven to zero.

Thank you all. Sorry for make a russell in the proceedings.

Mayor Leffingwell: So that brings us to item 19. I believe we have a brief presentation from law on this.

Morning, council. Item 19 seeks council's approval of a settlement of a personal injury lawsuit involving

plaintiffs adam rabinowitz and sarah evascu. It involves a bicycle rabinowitz in '08 in which a bin was solid out in front of him. The parties were able to negotiate a settlement in the amount of \$65,000. We seek council's approval of that. The law department recommends that settlement. I'd be happy to answer any questions.

Mayor Leffingwell: Questions or a motion, council?

Move approval.

Mayor Leffingwell: Councilmember cole moves to approve item number 19. Seconded by councilmember riley. Any discussion? All in favor aaye? Any opposed? It passes on a vote of seven to zero that will bring us to item number 20, pulled by councilmember morrison.

Morrison: Thank you, mayor. This is an item to name the park that we have in front of the city hall. How many cities would create a park that is less than a quarter of an acre in the middle of a busy intersection to preserve a grove of heritage live oaks? This is a perfect example of the legacy that margaret hoffman has left to austin. She was affectionately known as austin's tree leader and without her leadership in the tree preservation movement in the last decade, austin would look very differently today. In neant 70's, trees were being destroyed for development all over austin. Margaret spoke before council in the early 1970's to save an ancient oak tree on south congress from being destroyed to build one parking space. That tree is still standing today. She authored trees week and created think trees bumper stickers. students climbed trees in protest of their removal to build the erwin center, she passed out think trees bumper stickers to the bulldozer drivers. They weren't successful in stopping it, but many of the drivers put their stickers on their truck. She created a tree registry of the biggest trees in austin. Shfs appointed to the environmental board by lowell lieberman and helped write the first draft of a tree ordinance. She was a driving force behind the 1983 tree ordinance and served on the city council from 1975 to 1977. While on the council she had many accomplishments, including the creek ordinance to preserve the creeks and protect our waterways. The city arborist position was created and she still apparently calls him to this date to give him advice. Sidewalks were very important to her and margaret pushed for austin to build sidewalks around all elementary schools. And in light of that, the council commissioned a sidewalk survey and installation began and she was also part of the first smoking ordinance. Now, many wonderful and worthy people were nominated for the naming of this parkland, including the poet albert puffsickler, who had several nominations. Hyde park was his home and was the subject of his poems. I understand that there are plans to create a public park on city property near the corner of 38th and duval, and I've heard that hyde park residents have suggested naming that park in memory of albert, which seems fitting. Margaret hoffman changed the way city leaders and residents view tree preservation. She understood the I am measurable value of trees and what they add to our environment and our quality of life, and I think that it's only fitting that this parkland that has become the gateway to city hall be named in her honor. With that I would like to make a motion that we embrace the --

Mayor Leffingwell: We have speakers.

Morrison: I'll wait for my motion.

Mayor Leffingwell: We do have two speakers that are signed up in favor who would like to come up and try to talk us out of passing this. [ Laughter ] the first one is elsie cogswell.

Thank you. I am the president of the austin poetry society, and in that role I was the first person to suggest that this park be named for albert puffstickler. There's a poem that begins with this line, I think that .. and most of the people in the .. A poem lovely as a tree. Anyone who thinks that poetry and trees are in any way opposed to each other doesn't understand either. Only the day before yesterday I learned that another name, margaret hoffman park, had been proposed and received a lot of support. And that's problematic for me because I've lived in austin a long time and I've had two lifelong friends, albert huffstickler and margaret hoffman. Because of that if I were sitting up there where margaret once sat, I might make a motion that this park be named the hoffman huffstickler park, but i don't expect that's going to happen. And because I recognize that you have many important things to deal with, like bicycles and budgets, I want to make your decision as easy as possible. I believe that quite a few poets have made it clear to you that austin is not just music city, but also poetry city and that some official recognition of the fact would be appropriate and not to mention beneficial to the long-term interests of the ty. Huff is the willie nelson of poetry in austin. Although I can't speak on behalf of poets in general or even everyone in the austin poetry society, I can say that I would consider it completely appropriate for you to name this park for margaret hoffman, who is not only a friend of trees, but also a person who has been blessed with a creative, poetic spirit. If you do name this for her, I would be delighted, but i also ask you to remember in the context of 38th street and hyde park that some other memorial possibly in hyde park should be erected smz as a focal point for poets and poetry organizations in austin. And I thank you for your time and for all the difficult and creative work you yourselves do. Any questions?

Mayor Leffingwell: Thank you, lc. So far you haven't talked me out of it. We'll go to our next speaker. Shannon haley. And is roy whaley in the room? Roy. Not in the chamber, so you have three minutes.

Good morning, mayor leffingwell, members of city council, my name is shannon. I'm vice-chair of the urban forest board. First I'd like to thank you for considering our nomination for naming this after margaret hoffman, better known as austin's tree lady. The forestry board unanimously voted to nominate margaret because of her unsure passed efforts for tree preservation in our city. And we felt that because of the unique location and the history of preservation of this oak -- of these oaks that they were emblematic of her leg reas in this -- legacy in this regard. But a more noble less geas in her was to instill a sense of reference. All too often we tend to objectify the things that stand in the way of our desires as human beings, whether those things are trees or other people. As philosopher paul woodrif says, reference just stand in awe of something. hoffman who included numerous bombings in world war ii and lost half her family in concentration camps, witnessed the wholesale destruction of human beings at the hand of man. Here in austin she also witnessed destruction of the natural world at the hand of man for things like progress and development. To refer to trees as our -- she refers to trees as our older citizens, things that have witnessed early explorations, countless deaths and celebrations of birth beneath their bows. I think that it is appropriate that this grove of trees be dedicate understand her honor to stand as witnesses to city hall in its noble attempts to administer justice in an open and honest

government, by and for its citizens. This indeed would be her legacy. Thank you very much.

Mayor Leffingwell: Thank you. I just noticed roy whaley is in the room if you want an additional three minutes. Those are all the speakers that are signed up, so I'll recognize councilmember morrison.

Morrison: Thank you, mayor. I want to especially thank cogswell for his graceful comments. With that I would like to make a motion that we embrace the urban forestry board's unanimous suggestion that we honor margaret with this park and that it be named the margaret hoffman oak park and that it be formally -- that it be formally named in honor of austin's tree lady.

Mayor Leffingwell: Motion by councilmember morrison. Is there a second? Councilmember spelman. Any discussion? Mayor pro tem.

Martinez: Real briefly, there were some other suggestions made. I received several calls in my office to consider the name m ivins for this particular tract of parkland. And while I appreciate folks that want to honor molly, I'm going to support this item. But what I want to say is for those folks who want the city of austin to recognize and honor molly, councilmember riley and shade and myself will come forward with an item in the next few weeks to appropriately honor and recognize molly for all of her tremendous work and effort in our community. Thank you.

Mayor Leffingwell: All in favor say aye? Any opposed? It passes on a vote of seven to zero. That brings us to item 21 and 22. 22 Was pulled by councilmember spelman, i believe. 21 Has been pulled for speakers. Can we consider both these items together, 21 and 22? So in that case, councilmember spelman, you have the floor if you would like to make a statement, otherwise we'll go to our speakers.

Spelman: [ Inaudible ].

Mayor Leffingwell: Speaking on both items, 21 and 22, first speaker is gus pena. Gus pena. Gus signed up against. And you have three minutes.

Mayor, good morning, ott, gus pena, native east austinite. I wasn't going to come to the meeting today. I've tried to take a sabbatical because I just get disgusted sometimes at things that don't go right for the public, the less fortunates. Item 21 and 22 is a very controversial item. As you well know, I brought this item forth a year, year and a half ago and I want to thank first of all lee nichols of the austin non-kel and also ben wear of the "austin american-statesman" because from them I learned a lot, the community learned a lot. I brought this issue of the debt from capital metro, the money they owed to city council, city of austin, taxpayers' money, a year and a half ago. My boy was at the dell children's hospital. I called you, mayor, and i called a couple of councilmembers that are not here anymore. I do know that a lot of people are disgusted with this proposed plan and repayment plan from capital metro to the tune of \$51 million. Where are we going to make up the money for road infrastructure repair? You go down to any street around here, you see potholes. Roads that were repaired last year, potholes. Cars in disrepair because of potholes. I will say this mayor and city manager, I don't have trust in the current leadership at capital metro. A lot of us don't in community. I get phone calls. Go down and talk to them.

I'm tired of going over but I have to come back over here just to bring this to the public and let them know what's going on. I don't know how you're going -- it is very difficult to read the backup. I'm a former i.r.s. Investigator and it's very difficult to read. How can we justify a payment plan to the tune of \$51 million, staggered whatever years it's going to take? What about the social service programs? Are they going to lose funding because of this? How about summer job programs? How about the military veterans that are coming back from iraq or afghanistan or just the vietnam veterans or whatever? And what is going to happen to them? They need help. The poor, the needy, the less fortunate, the homeless and the hopeless. I would like for somebody to plain sh, councilmember spelman, I think you're more intelligent than I am and i know that for sure. If somebody would explain this please to the public, how can we justify 51-million-dollar payment that capital metro should have done. They shouldn't have spent our money in an inappropriate manner. We know that we need the light rail. Somebody needs to do a better job of transparency, honesty and better leadership at capital metro. This is what the community and the taxpayers want and demand. I'll leave it at that and I'll hear your comments and rebuttals or whatever. Let me tell you something, i get tired of coming over here k but I'm pushed, I'm urged by people. I will tell you this much, a society's worth is measured by the treatment of its less fortunate. It is catastrophic with the budget shortfall. Look at the paper. I'll leave it at gloomy budget picture painted. Thank you very much do it for the best interest of the public.

Mayor Leffingwell: Thank you. Next speaker against is joe ruiz. He's opposed to both items, 21 and 22. Joe ruiz. Joe is not in the chamber. Dr. ron barnes. Dr. ron barnes. He also signed up against, but apparently not in the chamber. So those are all the speakers that we have. Councilmember spelman.

Spelman: Thank you, mayor. I realize that this is usually not done to respond to a speaker, but I just want gus for you to know that while you were talking I was looking at the backup to try to make sense of it myself and I understand why you had some difficulty understanding it. I did too. Is there somebody here from city staff that can answer a question? I won't ask you to revisit the term sheet, but as clearly put out as it is, i don't want to confuse people further by trying to explain it. As I understand it there are some projects that we have undertaken already that we have to at a pai for and we haven't gotten the reimbursement from capital metro to pay for it, is that correct?

That is correct. Right now out of the 51-million-dollar commitment, they owe us seven million dollars. We typically bill for the project costs that we incur as we incur them. That's the current status of it.

And these projects are-- have been done on a pay as you go basis? We haven't incurred any debt?

That's correct.

Will we be incurring any debt to finish any of the projects that we started and that we have scheduled?

We anticipate that we will need to incur debt going into the future for some of the projects. Out of the 51-million-dollar commitment that is currently outstanding, we looked at developing an interim spending plan for -- since obviously capital metro is not going to be able to probably pay us back as we incur those costs. We identified a number of projects that we thought we could defer until later in the program

when we have the ability to repay. And out of that 51-million-dollar commitment we are estimating that we would need to issue around \$16 million. That's a knot to exceed amount, I believe, in future debt to move those projects along. And that includ improvents that are scheduled or underway in the seaholm area, the reconstruction of brazos street and the reconstruction of second street. Those are the major items.

Spelman: There will be a lot of projects that we will have to defer in the future since we don't have the funding for them.

Yes. And I don' highlights of those in front of me, but it's around \$13 million. And the alternate funding sources that we have looked at, for example, we were able to reallocate some of the bond programs for some roadway improvements there. Including the pfluger bridge. And the 1998 bond program had a small amount of money remaining that we would be able to devote to great streets.

Spelman: As far as the debt, we've got ability to pull debt from the 1998 bond package, the 2000 bond package in small amounts for a couple of very specific purposes. Is that added to the 16 million you're talking about?

No, that is not. What will actually happen there is because we were planning to do those projects under the capital metro program and now we've done some shifting of funding sources later on down the line as capital metro regains financial footing and is able to start paying us back -- and you know, basically paying for project costs as they're incurred, then we'll able to substitute some new transportation projects.

Spelman: Okay. As I understand our current bonding capacity, the amount of debt we can incur without property tax increase is about \$200 million. Is that right?

I believe that was the last estimate that we looked at. Greg canally is in the process of refining those numbers and we'll reflect this piece in there as well and is planning to come forward to the audit and finance committee with that analysis I believe next week.

Spelman: Okay. We'll hear about in audit and finance on tuesday.

Yes. That will be reflected in there.

Spelman: The \$16 million will be in certificates of obligation. It would be in co's?

Yes.

Spelman: It would reduce our bonding capacity by about 16 million?

It likely would in the short-term. We'll be looking at that between now and tuesday to refine that.



Spelman: I look forward to hearing more about it then. Appreciate it. Mayor, I move approval of items 21 and 22.

Mayor Leffingwell: Councilmember spelman moves to approve 21 and 22. Seconded by the mayor pro tem. Any further discussion?

Martinez: Mayor.

Mayor Leffingwell: Mayor pro tem.

Martinez: I want to thank the city manager, leslie, robert good and other staff members who have worked with cap metro to renegotiate this agreement that we have. This will continue the obligation that cap metro has made to the city, but as everyone in this room is fully aware of, tough economic times, and when you're dependent solely upon sales tax, which is the most volatile, regressive source of funding source that cap metro is going through financial difficulties just as we may face this year based on yesterday's economic forecast, but i think that for the parties that are involved, the city of austin and cap metro, this lets us continue the service that we provide in terms of transportation at cap metro, but at the same time meets our obligations and commitments that were de from the year 2000-2004 to the city of austin. And we look forward to continuing this relationship with the city and obviously speaking as cap metro board member, I disagree with pena's assessment that the leadership at cap metro can't be trusted. We will go through some difficult times tomorrow. Cap metro will face a sunset review that certainly will not be flattering. But it will be our next step in improving that organization and transforming it to transportation authority that I think our community deserves. So I thank you all for your support.

Mayor Leffingwell: Let me say I support this item too and I'm not happy about it. The situation is that capital metro owes the city this money. They've decided not to pay it and now the economic circumstances have evolved to the point where they really can't. So it's a situation where basically you can't get blood out of a turnip and i believe that the city negotiated the best deal for restructuring this debt that they could over -- and for that reason I'll support it. I believe one of the city attorneys wanted to say a brief word.

We helped to restructure this relationship [inaudible - no mic].

Mayor Leffingwell: I misunderstood that. I do know that ross was intimately involved in the very difficult negotiations, and again I think that they did the best possible job that could be done under the circumstances. So with that said, all in favor say aye. Any opposed? It passes on a vote of six to zero with councilmember cole recused from both items 21 and 22. So that brings us to item 31, which was pulled by councilmember spelman.

Spelman: Thank you, mayor. I wonder if there's somebody here from public works who could speak to this item? Morning, howard.

Good morning, councilmember.

Spelman: As you know probably better than I do, production of cement has a large effect on greenhouse gas emissions and accounts for a large percentage of greenhouse gas emissions. I wonder to what extent that has factored into future decisions as to which provider we obtain our cement from. And if you would say anything about the greenhouse gas emissions with this contractor?

By and large, the city is the second tertiary purchaser of portland cement. In this particular contract we're buying ready mix concrete and cement is only one component that goes into concrete. Portland cement we buy directly is really a small quantity. Most of the time when we deal with concrete, we buy it through a contractor who puts it in place as well. Some of the things that we can do to look at the impact is we can -- first we can look at the specifications that we have. Our specifications are very descriptive not only in terms of the strength of concrete, but also the mix design. We can relax that a little bit and go to a -- measure that really performance based and give it a little bit more flexibility. That could reduce the amount of portland cement in the mix. When we look at buying a project that is concrete intensive, we can also do things like look at competitive bid proposals or best value type procurements where we include a valuation of environmental impact of the project to something that has value and then where the contractor gets his concrete from could be part of that evaluation. That kind of process will impose an additional burden on the city. Perhaps even things such as plans to confirm the source of their cement and where they're getting it from.

There's no certification procedure such as organic farmers have to go through to identify a process for production?

Not at this time.

Spelman: As far as you know, does concrete get -- as I understand it, there's a couple of processes here which are used to produce cement. And an older wet mix process produces more greenhouse gas emissions than a more efficient and newer process. Is this something which has been considered in production in terms of this particular item?

I don't think it was in terms of the procurement of this item, but that particular vendor does have information that they provide us on the process they use and it is a little more environmentally friendly. We can provide that to you.

Spelman: If you could, I'd appreciate it. How much do you suspect it would -- as I understand it, there's another issue here too, which is the richness of the concrete or something else to do with the construction of the concrete that has an effect on how much total concrete we'll actually need.

One of the things that -- portland cement in the mix serves as the binder. Concrete is made up of cement, water, sand and aggregate and then highly scientific term known as and part of the other stuff sometimes includes things like fly ash which serves a similar process. So fly ash is cheaper than portland cement, it's less environmental intrusive to produce because it's a by product. When we look at

our specifications we can be very prescriptive on the amount of portland cement and allow for substitution of other stuff.

Spelman: This is something we could do. Is this something we're going to do?

I think it's something as we look at all of our specifications to allow the use of more recycled, rerecovered and more environmentally friendly materials, look at all specifications that are in our cip documents.

Spelman: Okay. Would we be able to have a conversation about the particular specification for cement sometime in the future?

Certainly.

Spelman: I would like that very much. In the meantime, i understand this is a three-year proposal for a three-year procurement.

It is a three-year base and there are some options on it.

Spelman: This is not the only concrete we're going to be procuring over the next couple of years, is it not? There will be other opportunities for us to revisit our procurement of concrete and cement?

Yes, sir.

Spelman: I look forward to look at those specifications for the next procurement. In the meantime, i understand that this is necessary right now. We've already gone through the mill with our current specs. Mayor, I would move approval of this item.

Mayor Leffingwell: Councilmember spelman, if you would hold that thought, we do have three folks signed up to speak.

Spelman: I'll wait for them.

Mayor Leffingwell: First is terry moore. Terry moore signed up against. Terry moore evidently not in the chamber. Scott johnson. And is roy whaley still in the chamber? Okay. So scott, you have six minutes. You're signed up against.

Council, regarding item 31, the sthaiz a history of doing things proactively to green up their operations. On this particular item, as councilmember spelman pointed out, concrete or cement, which is the base product, is very energy intensive and there are a tremendous amount of greenhouse gas emissions created from that process. Local co 2 emissions would be somewhere in the category of five percent, give or take one percent. The energy intensity change has gotten lower in the , but we're now getting cement from china. And council has the latitude or the city manager has the latitude to look at the

purchasing process to drive change. One of the resolutions that was passed or that I was involved in comes from 1998. It says the city manager or his designee can implement cost effective measures that rely on the city's purchasing process to provide intents for its contractors to reduce emissions of ozone forming pollutants. Thank you. Secondly there is a resolution in 2003 -- secondarily in 2000 there was a resolution that said again that constituent can use its purchasing power to effect contracts and with that a pilot project was put into place that I worked on that specified for landscaping contracts that we use, alternative fuels and electric option equipment, if possible. And the city is gaining ground on that particular issue. This is from the climate registry that the e.p.a. Puts out that there's not only emissions from the heating of the cement to make that material, but there's emissions if you look up there from the quarrying of it. Also from the purchased electricity, which is often coal based. And as well as from stationary combustion and emissions that are strong greenhouse gases from the refrigeration and ac. On this earth day I would ask that the council look closely at the specification for future cement purchases, concrete purchases, and try to do better. I was in copenhagen for the climate summit last year and I can tell you that people that live in island nations in the pacific came to that conference and are begging and texas to take action on the climate pause water levels are rising already due to the changing climate of the earth and they're going to have to evacuate and go to new zealand or australia. They don't have any alternative. Ecosystems are changing around the world based on our intense use of energy. The city has not an opportunity to reduce carbon emissions more effectively through the purchasing process than these other programs that are more high profile like the cars to go program, etcetera. I would ask you to try to limit this contract scope as it moves forward. I can talk to the purchasing manager about this earlier and not simply let it renew if there's a better specification to come down the pike within the next month or two months or six months. Thank you for your kind attention and I'll be happy to answer any questions. I'm sorry, I did have something else to say. This could be a vehicle for some of the high profile projects that the city is going to especially park on such as bawrt treatment plant four and the waller creek project to try to make specifications that put more fly ash in or use e creed, an environmental alternative that moves away completely from portland cement and the accelerate austin program should be looking at specifications for roads, bridges, sidewalks and any structures that the city builds. Thank you.

Mayor Leffingwell: Thank you. Councilmember spelman.

Spelman: I appreciate the concern that a number of people have expressed about this issue. We need this particular contract to go through i think on the current schedule. On the other hand, we will have opportunities to buy more cement. Perhaps with more fly ash rather than cement in it over the next couple of years. And I anticipate that we'll have a renewed attention to the specifications to ensure that we are as green as possible. I move approval of the item.

Mayor Leffingwell: Councilmember spelman moves approval. Seconded by councilmember riley. Any further discussion? Councilmember riley.

Riley: Mayor, I wanted councilmember spelman in expressing concern about this particular contract. I think it is necessary at this time, but I think it's appropriate for us to pause and think carefully about our purchase of this material. It does have serious environmental consequences. I think as we look around

the country we see that other cities are actually making great strides in their purchase of materials that are more environmentally friendly. I know -- in addition to the materials that he mentioned such as e creed, there are cities such as portland that have pioneered the use of rubberized asphalt and other techniques that actually make use of recycled materials. Just this week we had a presentation at one of our council committees about development of zero waste related technologies. I think there are opportunities, particularly in purchasing of materials for our streets and roads, that we should be looking carefully at to make sure that we're exploring every available opportunity to develop new technologies that are more environmentally friendly and that can actually work on green businesses in the process. But I join councilmember spelman in encouraging staff to start scrutinizing every purchase to make sure that those opportunities are being maximized. Given the necessity of this purchase at this time, I'm willing to afford it based on the expectation that we will be making additional progress on future purchases.

Mayor Leffingwell: All in favor? Any opposed? It passes on a vote of seven to zero. So council, if there's no objection, we'll now go back to regular order and address item number 2 in the very faint hope that we can get 00 citizens communication. We will have a brief staff presentation and then go to our speakers, which I will take in the order that they have signed up regard ms of whether they're for or against and after that we'll have discussion of a possible action. Mr. good.

Thank you, mayor. Robert good, the interim general manager for austin energy. I want to highlight three changes of the document in front of you. We had published the document with the presentation I made on april eighth. And we've made three changes of that document that are reflected for your consideration today. I want to highlight those. Further direction we got from the mayor and council on that april eighth presentation, we went back and put the language that said we couldn't move forward with the resource acquisition of 10 mega watts or greater for an agriculture gra dpait of 10 megawatts from a single program without having the affordableability benchmark completed. That is reflected in the document. And two changes on figure two and figure three to update actual 2008-2009 load factors -- load data. So those are the changes that are in your document that I wanted to make sure to highlight before you have seen a difference in the document from april eighth to today. A broof summary. There are a lot of goals and targets, but the four major goals that are still included in the document are to increase the energy efficiency goal from 700 megawatts to 800 megawatts from 2020. To increase the renewable energy goal from 20 percent to 25 percent by 2020, to increase the solar component of the renewable energy goal from 100 megawatts to 200 megawatts by 2020 and to establish a co 2 reduction goal to 20 percent of the 2005 goal by 2020. Those are the main goals that are obviously still included in that document.

Mayor Leffingwell: Thank you. We'll go to our speakers. The first is matthew johnson. He signed up for. You have three minutes.

My name is matt johnson. I work for public citizens and what can be said about this plan that hasn't already been said? After nearly two years --

Mayor Leffingwell: Thank you. [ Laughter ]

just a few more. After nearly two years of robust public debate and input from so many diverse stakeholders. Environmental organizations, consumer groups, low income advocate and individuals, you have this dynamic plan before you. It is because of the community that's been involved in the development of this plan that it has the support of nearly 80 businesses, nearly 20 nonprofit organizations and hundreds and hundreds of individuals who signed up in support through the clean energy for austin coalition. It is also because the community has been involved in the development of this plan that it is affordable, it is reliable and yes, it is green. Public citizen is a consumer advocacy organization, but because we work on energy issues a lot in texas, we're often considered an environmental organization with good cause. But I want to highlight some of the aspects of this plan that are good for consumers. The first being that the largest component of this plan, the largest new energy resource acquisition is energy efficiency. The plan is composed also of smaller sized generation resources, and that protects consumers. That protects ratepayers who won't get trapped -- who won't run the risk of getting trapped paying for large projects, construction boondoggles like the which the city has seen in the past. It is flexible and adaptable. At the time when the energy industry is rapidly changing, the ability to review and adapt is a vital consumer protection. Finally, the process that we have undergone in the development of this plan is indicative of the plan -- of the past that this plan outlines. What I mean by that is that as long as community stakeholders are involved in the process going forward, in the deliberation of new resource acquisitions, then we will not be faced with some of the headaches that we've had in years past. So I urge you to make every effort to include as many stakeholders as possible as we move forward. This will ensure that the city -- that -- this will ensure that the city's cost effective transition for a sustainable city occurs. So I thank you for your vote earth day.

Mayor Leffingwell: Thank you. Next speaker is steve taylor. Steve has signed up for. You have three minutes.

Thank you, council, mr. ott. Appreciate your time. I'm steve taylor speaking on behalf of applied material. Applied is a major employer in town. We have a large manufacturing facility in northeast austin. We've been here since 1992. We employ more than 2,000 people. I am always struck by how often people tell me if only government was run more like a business. This plan is a very businesslike plan. It's very prudent. It keeps your options open going forward in a very dynamic environment that will have a lot of change as far as forecasts and options for energy. -- Affordability and options for energy. It provides for annual review. You can adjust to those changes. And it truly is best for your customer because that kind of process is going to ensure that they get the best service at the lowest price and also from the best resources. There is a lot of unpredictability in the energy market. Our business is involved in the energy market as well, but there's a lot of opportunity too. There's an opportunity here to truly make austin a center for renewable energy businesses. That's going to create jobs for people who live here now, going to create jobs for our children. And that's the kind of long-term outlook that this plan encompasses. I want to thank you for all -- all of you for your leadership on this issue and I encourage you to adopt this plan. Thanks. [One moment, please, for change in captioners] .. in light of all of this discussion of affordability matrices is to have better representation of consumers and low income customers in the process. I was not a member of the generation planning task force, but when I found

out what was going on, we got involved, we made recommendations, we're happy with the fact that the task force was responsive to many of our suggestions, and if we're not going to make any forward movement in implementing the plan in low area of efficiency until this affordability matrix is done, I would like for you to take some steps to make sure that when this affordability matrix is done, that the representation in the formation of that matrix is very well balanced and that low income and residential consumers have professional representation in that process. I think that moving forward with this plan is a good idea. Lots of people have made the point that it is a plan, it's not a done deal. That it will create jobs. We hope that if the energy efficiency programs are implemented that we will see more affordability, that people will be able to pay their bills.

Thank you, carol.

Okay. Thank you.

Your time is expired. We do have a number of speakers signed up, I'm going to hold the time limits pretty closely. I hope you understand. Next is jay downhaur who has signed up against. You have three minutes. mayor, I'm sorry to interrupt, I'm not mr. downhaur. But we have several speakers affiliated with austinites for action, we were told if we wanted to speak in a particular order we needed to get that to you when you began the presentation.

If you will get to somebody on my staff and get that information to them, we'll be glad to honor that request.

If you would let all the other speakers go before us, that would be great.

I don't know if I can figure that out or not in the meantime.

I think more accurately i would like to be neutral on this. Good morning, mayor, councilmembers, my name is jay downhaur. I'm representing the committee for a constructive tomorrow or cfact. This is a national organization that has student chapters including one at the university of texas. There may be some students here today and we believe the technology drives energy efficiency, cleaner skies and affordable power. We were pleased to hear the council's concerns about affordability two weeks ago and councilmember cole, councilmember spellman had some issues about affordability,, we were happy to hear about that, coal, c-o-a-l, is the most affordable power that we have, but part of the plan with austin energy would say we want to reduce the power consumed by fayette by a quarter at the same time when we would be demanding 20% more power over the next ten years. Quite simply, cole is -- the less coal we use the more expensive our utilities are going to be, coal prices have been very stable. Two weeks ago it was suggested more renewables in our portfolio might insulate us against inflation and overhaul higher prices. That may be true. But what may be true is renewables are intermittent in nature, clean texas wind which blows about 40% of the time, has to be backed up with something else and usually that is natural gas. Natural gas is reliable. Also very clean, but one of the problems is is that it has a price volatility, and two years ago, in 2008, when oil and natural gas prices were so high, the price of our natural gas power production was four times what fayette cost. And so we're not very sure if

we'll see price spikes like that again with natural gas. You have to be careful about that. I'm not saying we buy more coal assets for the city, I'm saying we should consider keeping fayette running at fuel capacity to hedge against high utility rates that can hurt our hard working austin families and consider this, I'm probably going to get some snickers by saying this, but it's true. The less coal we use, the dirtier skies will be. This is how it works, developing countries are building new coal plants faster than we could ever moth ball our existing coal fleet in this country. The less we invest in new innovative scrubber technologies for the abundant resource that other countries are going to continue to use, the dirtier the plants in those developing countries are going to be. I've heard great things about the city of austin, we want to try to be a leader in green technologies and i would argue this, I think that clean coltecologys can be the ultimate green jobs because they can do more to mitigate carbon just based on scale. Now, several companies are here in austin already, and that's exiting news, university of texas bureau of ek nick geology is home to some of the greatest evident minds, mitsubishi industries is here in the austin city limits, I was passing around a sample, I'm not sure who has it now, that is green coltecology in your hands. We believe that supporting fayette would send a clear message that we want to support these businesses, thank you.

Thank you. If I call your name and you want to defer to be on this list, just let me know. Next speaker is frank aaron. Defer. Jake lewis? Jake lewis? Carol strayhorn? Sutton paige? Roger borgelt.

I'll defer.

Lord tisdale? Tisdale signed up neutral. Is trey salinas here? Trey is here, so you have six minutes if you need it.

I'll be brief, mayor. Mayor and councilmember members, my name is ward tisdale. We're an organization that came together last year based on concerns we had about the power generation plan. There were a number of issues that we really galvanized around affordability being the key one that our group was primarily concerned about. We represent more than 50 thousand central texans in our organization, and collectively we purchase more than 200 million-kilowatt hours of green choice energy. Environmental stewardship is a key part of our organization. Many of our companies are leaders not just locally or nationally but globally as well, so we are very forthright and supportive of the clean that's in our mission, but we also do have concern about affordability. We are very encouraged and we've had excellent discussions with austin energy of late and I give robert goode a lot of credit for having a place at the table for us to address our concerns and we're happy that an affordability goal and matrix is part of the plan and is required by the end of the year, so that's very encouraging, and we will continue to work with you all to make sure that that is a very robust and defined goal for all of our community. Secondly, we're also encouraged that no purchases of new energy beyond ten megawatts will occur until the metric is in place. Again, a very positive direction and a positive movement for not just our coalition but the community in general. Let's make no mistake, cost will go up based on austin energy's own numbers which include current green energy projects, additional orcot fees, the generation plan itself and inflation rate of two and a half percent. You can see bills -- all of our community can see their bills go up 39% over the next five years. That's a big hit obviously for businesses, large businesses that rely on energy, in areas such as manufacturing, but for our low income residents as well who some



times have to choose between paying their bill and putting food on the table. Another area that we would like to see is conservation. Many of our companies are leaders in technology and we think going to a thousand megawatt is what the plan ought to include. It's often during the debates regarding water that conservation is at the top of that debate inappropriately so we would like to see more focus on conservation on this plan. The megawatt you don't use is the cleanest megawatt available. And further, transparency we would like to see more of a transparent and open organization. We see steps moving toward that. We're happy that the annual report will be comprehensive and transparent and I think that is good obviously for the community but Austin Energy as well. We look forward to continuing to work with Austin Energy and the city council on ensuring that a very robust, defined and strong affordability matrix is in this plan so that we can truly have a clean, reliable and affordable power generation plan for our community. Thank you.

Thank you. Verna Jean Mott? Verna Jean is signed up against. We have three minutes.

Good morning, I'm Verna Mott. I'm here to share with you how the cost of Austin Energy's proposal to increase reliance on renewable energy will impact our district. Tell me if this sounds familiar to you. Budget deficits, flat revenue, increased expenses and more demands for services with fewer resources available to provide them. I could be talking about the city of Austin but I'm talking about our public school system. Districts across the state are cutting budgets, reducing staff numbers and decreasing the types of programs available to students. Please don't add another burden to our already-stressed budget. Pflugerville ISD is making great strides to reduce its energy consumption and we fully support renewable energy when the numbers make sense as evident in our current use of 1 million-kilowatt hours of green choice energy annually. Electric costs are a major part of our budget. 1 million, and in the third -- and sit the third largest budgeted line item. We purchase approximately one third of that energy from Austin Energy. However our mission is to educate an increasingly diverse student population. We support green energy but not when it interferes with the education of our children. Based on Austin Energy's own numbers including additional Orcot fees, the generation plan and the inflation of 5% we expect our bills to increase at least 39%, in just five years. For our budget, that increase equates to over \$500,000. Said another way, we would have to cut ten or more teachers out of the classroom in order to offset this cost. Although the plan is supposed to be flexible and be a guideline, the plan you're voting on if enacted will force our board to make hard decisions to support your program. Do we reduce the number of teachers, increase class sizes? We are encouraged by the city council's recognition of an affordability goal's importance to the proposed generation plan. We now urge the council to establish that goal and the metric as quickly as possible so that affordability can be a part of the generation plan. We are outside your city limits but we are in the ETJ, so sometimes we feel that we don't have exact representation, but we appreciate the services that you do provide. We know that our country must move toward renewable energy and we support that ideal but the focus should not be on meeting a deadline. It should be to identify reasonable ways to conserve energy while at the same time pursuing other energy sources. On behalf of PISD, I ask you to tell Austin Energy to go back to the drawing board and develop a plan that takes affordability into the equation and I think that was mentioned earlier on the update so thank you very much.

Thank you. Next speaker is George Holcomb. George Holcomb is signed up for.

Mayor, city council, honored guests, I'm representing Texas Impact. Dee Moorehead is not able to be here today. Texas Impact is a group of interfaith denominations, Jewish and Muslims, and they are for the plan. I'm George Holcomb and I'm the pastor of Asbury United Methodist Church. We've gone through the process of becoming a green congregation and we've replaced all of the light bulbs through the Austin Energy office, and our water saving toilets. We've just finished with our roofing to be more energy efficient and we're in the process of establishing a HVAC system that will be about 70% more efficient. For this and other reasons, we support this plan. We know it's difficult but you have a step by step plan. It's not all at once and it has annual reviews and those annual reviews also include looking at affordability for those in poverty. And so we support this. Our denomination, and other denominations have passed rules and their conferences and their national offices over the past several years to support this type of legislation, and so we -- we're behind it. We're also behind it because we would like to see our children's children have a green earth and as good an opportunity to live life as we've had. And also we're for it because we would like to see Austin be number one green city in the United States, as it deserves to be. Thank you.

Thank you, Pastor Dominic Chavez I believe is deferring. Mr. Fernandez, same. Deferring. You want to speak now? You're on this list of speakers that I was given. Same for Marcella Safoya. Marcella is also deferring, I believe. Paul Hernandez. Paul Hernandez? In the chamber? Paul is not here. Doug Luwin. Doug Luwin is signed up for. And you will have three minutes.

Thank you, sir. Mayor and council member, thank you for giving me the opportunity to speak to you today about the proposed energy plan. I'm with a clean energy consulting firm here in Austin. I'm co-managing the Green Jobs Initiative project with the nonprofit Texas Foundation for Innovative Communities, we've partnered with a consortium of 7 community colleges and 8 workforce boards called the I-35 Green Corridor Collaborative to coordinate green jobs in Texas. The consortium includes Austin Community College. Our role is to be a bridge to green businesses to help the community colleges develop industry driven training programs. I was asked to give some perspective about the green jobs impacts of this plan. We have not done a job projection analysis of this plan, but I can speak in general terms about the potential impacts. First of all, it's important to point out that most clean energy jobs are in energy efficiency. According to a study done last year by the American 5% of all clean energy jobs are energy efficiency jobs. Renewable energy jobs are growing at a faster rate but from a very small base. The adoption of this plan would cause the growth rate to increase faster. Retrofits mean an increased demand for carpenters, plumbers, HVAC technicians, energy auditor, lighting specialists, energy architects and more. A study out last week from Georgia Tech and Duke University estimated 100,000 new jobs will be created by 2020 in Texas. The increased goal from 700 to 800-megawatt will certainly have a positive and significant impact on the labor force in Austin. Most likely saving many of the jobs that will be created from the stimulus, as you know weatherization funding has been increased by 20 times. An increase in the energy efficiency goal will likely prevent that from happening, energy efficiency is the aspect of the plan that does the most to keep energy costs down because as the saying goes, and the speaker before me alluded to, the cheapest watt is the watt you don't consume. It also happens to be the aspect of the plan with the biggest impact on employment. I would

also add that in creating energy efficiency goals we create major opportunities for smart grid technology companies. This clean energy sector has tremendous potential for employment particularly for software engineering and computer programmers. Through the course of our work we've compiled many studies about job impacts which might be of interest to the council. There are many others including some of our own. I would be happy to meet with you or any of your staff to provide more data, context and insight into this important issue. Finally I want to thank council staff, council austin energy, the commissions that worked on this plan. The commitment to the inclusion of community input that has been a part of the process from the beginning is to be commended. I thank you for your time. I would be happy to answer any questions you might have.

Thank you.

Thank you.

Next is bob laron. I believe bob is deferring. And adrian longnecker. Adrian longnecker is signed up neutral and you have three minutes.

Good morning. I am adrian longnecker, I'm with the capital area food bank. Good morning. I'm here to give thanks for the emphasis on affordability. The food bank serves 48 thousand clients each week, and of those about 55% have indicated have been to choose between buying food and paying for their utilities. I offer my continued support and services and expertise as the matrix is developed, and again on behalf of the capital area food bank and the 48 thousand clients that we serve each week, 5 of whom indicate having to choose between buying food and pay utilities, thank you so much on the emphasis on affordability.

Thank you. Next is cyrus reed, signed up for. Welcome. You have three minutes.

Thank you, mayor, councilmembers, city manager, I'm cyrus reed, i represent lone star chapter of the sierra club, our members both in austin and in texas, I was on the generation task force, my first statement is my familiar refrain which is it's a road map not a straight jacket and I think there are a number of things in the plan to make sure we look at it continually. We're guiding toward more energy efficiency, more renewable power, but we're going to look at it over time. There are a number of studies incorporated in this resolution that will be on going. We're going to look at noanl at the 800 mega watt energy efficiency goal but if we can do more. We had a recommendation to try to get to a thousand megawatt, I think it's appropriate to study that and see if we can get there, just yesterday the city of austin received announcement for ten million dollars to do sort of a pilot program on loans for folks to make their homes energy efficiency, those are the type of programs we need more of. And we should look at those kind of programs and others. I would say in terms of cost, the people on the generation task force, we looked at 12 different scenarios that were presented to us by the consultants and then we developed three more, and out of all of those different scenarios, we felt like the scenario before you was the most cost effective and also hedged us against future rise in coal and natural gas costs. When we looked at it over a 20 year time frame, the actual cost per megawatt hour, these plans essentially came out the same, so if we did nothing but what's our present course or if we adopted this plan, the

cost was -- was the same or actually cheaper for this plan, so I would disagree with some of the speakers' notion that this is a costly plan. It isn't. And we have some built-in ability to look at the plan as we go forward. I am also part of the clean energy for austin coalition, I'll drop off about 500 signatures that sierra clubs that received from different events that we've held where people have signed up and they support this plan. My one suggestion for all of you in addition to this plan it would be nice to tell austin energy please come back in the next few months with a time line for when you're going to do these studies. The issue of coal was mentioned t agreement that we had on the task force was we adopt the plan but we do want to continue to look at the coal plan issue, and that is now a study to say, you know, should we be using coal more or less, should we get out of the coal plant, what are the technical, economic, legal implications of that? I think we should as a community with all stakeholders look at the use of the coal plan but I would like to see some time lines in this resolution, but maybe that is something that we can direct austin energy to come back with so all of the stakeholders can be involved in the study, in the plan, in the process. Please go forward, let's continue to talk on this issue.

Thank you.

And I'll drop off these signatures.

Next speaker is luke metzger. Luke metzger is signed up for, and you have three minutes, luke.

Okay. Good morning, mayor, mayor protem, councilmembers and city manager, my name is luke metzger, I'm the director of environment texas. What a great present for earth day. 40 Years ago today more than 20 million americans came to rallies and service projects to demand action for our air and for water and our land, and here in austin we took that charge very seriously. I particularly had austin energy which has become of course the national model for green energy while at the same time maintaining some of the lowest electric rates in the state of texas. But we can't rest on our laurels. We in the next 40 years from now, we have a whole set of new challenges including volatility, the price of fossil fuel, our reliance on energy sources from nations hostile to us and most importantly the grave dangers of global warming. So this plan we think really helps us of course protect the environment. It really creates an insurance policy against some of these risks that we have in the coming decade. And it really helps make austin a global hub for clean tech and green jobs, we're excited about the solar goal. We, austin and texas, really has what it takes to be a national leader for solar production and incredibly popular here in austin as evidenced by the successes of the solar rebate program, so we very strongly supportive of this plan and urge you to pass it today and thank you so much for all of your work on this and for austin energy's leadership. Thank you.

Thank you, luke. Tim crowley is signed up neutral. Welcome, tim, you have three minutes. mayor, councilmembers, mr. ott. I'm here today on behalf of opportunity of austin, the investors of opportunity austin which I think you all are ware since 2004 have worked diligently to try and retain and attract quality employers to this region. One of the nemesis of any business is unpredictability, whether it be cost of raw materials, cost of the health care, certainly fuel costs. I've appreciated some of the comments this morning about the affordability matrix which I believe is underway and believe it that is an imperative part of this plan, certainly a laudable and worthy goal to be one of the greenest cities in

the united states if not the world, but please make sure we have an affordability matrix in place with this plan to make sure we can predictably tell the employers and our citizens what their rates are going to be in the coming years as we again strive for this very worthy goal. Appreciate your time. Thank you.

Thank you. Next is ben obadiegua. Ben is signed up against. And you have three minutes.

Good day mayor leffingwell, and councilmembers. I'm ben. I do not think that I'm not against this project. I'm here for a matter of clarification and understanding. Working for a nonprofit and working with people that are poor, I notice that our bill went up. Last year 100%. And then austin energy working with me, but it has not changed anything. My bill went up from 2001 or 3001 to almost \$7,000 a month. I've been working with austin energy to reconcile the problem, but it has not been reconciled. So I'm here to talk to the council, because when we talk about increasing that cost, I wonder what would be the cost, you know, so to me I just want our city council to work with those, because a nonprofit that has worked and done good work in the community and we have been bombarded with a lot of issues and I would like the council to consider working very closely with us, because we have been a positive force in helping this community. You know, as you know, our funding was cut due to mistakes, and false information given to the council, and that we have some issues, with legal issues. We ask council for their position and work with us, because we are all team and we enjoy the work we're doing. I'm not here to push you but I need you to work with us, thank you.

Thank you. Next is carrie ferchel. Who I believe wants to defer. Robert murray? Robert murray? Signed up for. Yeah, that's right.

My name is robert murray, and I've been in austin for the last three years. I'm a consultant, business strategy, and a long background in energy, in the '70s, IN FACT, IN THE Northwest, I was involved in most of the technology and policy studies, and as a result of that, and making a bad decision, I accepted the offer to become the general manager of seattle city light in 1979 and '80, which was interesting, to put it mildly, because on the day I was brought into the office, I was automatically seattle's representative on the washington public power supply system board of directors and the de facto head of the executive committee of it. So I had a firsthand glance, more than I wanted with what happens with large scale thermal plants be it nuclear or coal. They always cost a lot more than they were thought to -- be called the washington public power supply systems was four times when I was last checking in, but the initial estimate was. I'm here to talk about affordability. I support the plan because I reviewed the numbers. I've got a couple of degrees in engineering, so I can do this thing, and I've reviewed the numbers and I see that the plan is being put before you is actually the preferred plan from the affordability point of view. What I'm here to ask you to do when you do invoke the affordability matrix is look into the future and look into the uncertainties. One of the gentlemen said it's uncertainty, this business, that is exactly right, that is why the head of duke energy, for of duke energy called for cap and trade because it's coming. We don't know when and how. There's no question that it's coming. When that happens the cost of existing coal plants is going to go up significantly. If that is not in the affordability calculation, you haven't done your job. In the case of the uncertainty, I think that right here in austin, I'm very impressed, any of been involved directly, but I've been very impressed in what has been done here in making a public process involving as many people as possible. It exceeds everything

we did in seattle and seattle i thought was the actual leader in citizen participation. It is a terrific asset. You've got a great base. Keep working it. But when you look at affordability, look at everything. The cost of renewables is coming down. The cost of the traditionals is going up. If that's not in your calculation, because that's where it's all going to come out. That's what's important. So I would urge you from standpoint of a nearby friend to keep going what you've got going and make it better and better. You're off to a great start. I really support your vote on this. You're doing a great job. Thank you.

Thank you. Next is robbin rather. Robbin is signed up for. Welcome. You have three minutes.

Thank you, mayor. I'm speaking today just for myself, liveable city, a group that I'm proud to be a part of, passed a resolution for the plan, I'm not speaking for that group today. I want to just say a lot of people would love to come down and say, wait a second, this is a plan, as green as it is, and as ambitious as it is, still keeps us in the coal and nuke business for quite a long time. I want to start off by saying this plan is a very balanced plan. It's a compromise. And I think everybody feels great about the level of team work and the level of process and the level of really thoughtful discussion that's gone on, and I want us to feel great about that. city manager, I wanted to direct a few comments to you, because the theme of the day has been affordability. And your team at austin energy, I think there's no other word than to say they're genius. They're genius. Their core expertise has been at pushing us as much as we can possibly go in the green direction, and at the same time keeping residential rates among the lowest in the state, and i want us to recognize with all the talk of affordability, this isn't a new concept for them. I think every decision that they make. Every iota of the plan that they put before you has the issue of affordability, part and parcel, right at the core of it. And my request, I'll try to make this brief, is I don't actually understand why it would take us six months to come up with an affordability matrix. I ask that you ask your team to come up with it straight away. I mean right away. I think they have the expertise in house to do this, and if there's some data that they're missing or they can't get, that we need a consultant to get, let's not hold up the plan or cause any kind of a moratorium. I hope that we can implement this incredible dynamic plan right away with no delay, understanding that a lot of times city operations get dismissed as, oh, that's the bureaucracy in action. Austin energy has an unbelievably nationally-recognized core expertise in threading incredibly difficult needing between moving in a green direction and a healthy direction and keeping our rates low. Th what they do. I hope you'll let them keep doing at that as intensely and as expertly as they already know how to do it. Thank you very much.

Thank you. Next speaker is roy whaley. Roy whaley signed up for. Roy, you have three minutes.

Howdy, y'all, my name is roy whaley, I serve as the vice chair of the austin sierra club, we are for this indeed. We want to move quickly on the affordability matrix so we can get this going. I love being in the position of speaking this late in the game because all of the good stuff has already been said, so I can just second that. One thing I would like to say, though, is the idea that, man, the more coal we burn, the cleaner the air is going to get, reminds me of those old chesser the filled cigarette ads from the 50s, WITH ALL THE Hollywood types that said chester fills, they're actually good for my voice. And most of those hollywood types died early. But anyway, we know that burning coal not good for us, let's get out of the coal business. Thank you for your time. Let's do some good work today on earth day, and for many earth days which should be every day for years to come. Thank you very much.

Thank you. Okay. So now I have a group of folks who have deferred. If there's anyone who has not requested to be deferred, whose name i haven't called, let me know now. I have one name on your list who has not signed up on the master list, so I'll go with those who are signed up, first it's dominic chavez.

Good morning. My name is dominic chavez, I'm former president, current member of the casslwood oak valley neighborhood association in far south austin. I'm always impressed by the statesmen editorial board, they always have a great way of capturing an issue and helping people understand it, and in today's editorial they use the metaphor of the home sale to describe what is happening here today. I have a little bit of a different spin on it from our perspective. That is what this process is really like is akin to my wife negotiating a home purchase with a broker I've never met, using metrics I've never seen, pledging my the paycheck and good credit without having the common courtesy of asking me if it's okay. A lot of marriages under those circumstances don't last too long. We're here to ask you to honor a tradition in this community, a long tradition in this community which is participatory democracy, we're asking you to take this plan, take this new affordability metrics you are considering, take this analysis, take it to the voters and let us decide whether this is the right thing for us to do. A simple message and a simple request. Mayor leffingwell, I'm reminded of your time before council. You were a leading in the environmental community. You know how important it was for the voters to go and speak up and stand up for open space and water quality. So you should know of all people how important it is what we're requesting today that we go to the people. Mayor pro tem martinez, a member of the firefighters association, you were instrumental in taking an initiative to the people on collective bargaining rights. You of all people should understand what it is we're here asking for today and respect that. Now, I hate to point to los angeles, and compare austin to los angeles, it's an unfair comparison, but there's an interesting thing that happened there last year that is very -- relates very closely to what we're doing today. They had a solar energy initiative, a very bold energy initiative that was going to have a tremendous impact on rate payers and was going to require a lot of investment by the city. They said we're not going to adopt this in the dark of night. We're not going to adopt this when anybody is in the council chambers where they're working. Measure b. Proposition b, march 2009, los angeles took a measure to the voters. That's what we're here to ask you today. Take this analysis, take your affordability matrix, take all the good work that you've done and submit it to the voters for approval. It's a simple q it respects our tradition in this community. And it's something that can be done if we put our minds to it. I know a lot of people will talk about whether this is a good plan or a bad plan. I just wanted to say my main thrust here is the people ought to have a better chance to weigh on this proposal. Thank you for your time. Thank you for your service, and we hope you will consider our request.

Thank you. Next speaker --

mayor, I have a question.

Councilmember cole.

I would like to ask the city attorney to briefly explain the process of taking items to the voters.

Yes, councilmember, i will be happy to do that. The -- basically the state law holds that the city can't just take items to the voters. The city has to have authority either some provision -- under some provision of state law or under some provision of our city charter to submit things to the voters. Austin is not a city that has the authority in its charter to just submit things to the voters. The citizens of austin have the power of referendum, which means that if council were to pass an ordinance, if sufficient number of signatures were put on a petition, the citizens could test that ordinance. The citizens of austin also have under our charter the power of initiative. They could with the appropriate number of signatures bring forward their own ordinance. But the city of the authority to just refer an issue to the voters. As suggested by the speaker.

Thank you.

Mayor pro tem?

I just wanted to add a little bit more context to the comments that were made, yes, I did lead a referendum with the firefighters and we did put it on the ballot but we went out and got 23 thousand signatures from the citizens and it's required by law to have an election if you want collective bargaining rights, so I'm sure that the workers in this community would love those same rights without an election, but it's required. Secondly, this is the cry that we hear every time we make difficult decisions as a council. Many of the folks who are opposed to this generation plan are some of the same folks who are fully in favor of us voting on water treatment plant for and moving forward without a vote. You know, you can't have it both ways. When the decision is in your favor, you're all down here wanting us to move forward and lead because that's what but when you're against a decision pending before us, you want it on a ballot. You can't have it both ways. So I just want to make those points. Thanks.

Next speaker is sutton paige. Sutton paige? You want to defer again? [Laughter]

my name is sutton paige. I work for austin air balancing corporation, and I'm here to speak in favor of having this council by whatever means put this to a vote to the citizens of austin, because the question is isn't whether or not we needed a additional energy for the future. The question is where it's going to come from. We're austin energy, not a monopoly. I don't think we'll be involved. There's no businessman or woman in right hand would have invested in the solar array or that bark burner, as I call it, in east texas the same hold tries for an overtime commitment to a huge investment in the proposed strategy for energy sources. Then there's the question of cost, reality for past city of austin energy and cap metro projects when the final costs were substantially higher than those projected by the city. Or austin energy or cap metro. How ever well intentioned the citizens of austin are being bled to death. Two and a half years of planning for future energy requirements, I must have missed something, because i missed it and was-- anyway, regardless, planning should be looking at 20 or 30 years from now, but we should be looking at what is available today. Already working systems alternative energy sources, don't require distribution lines that I don't know that have or have not been considered. As to the ability for the council to make a decision, it is your decision to make or put it back out to a referendum process. But as far as the input that you've received, I'm not aware of what it contains exactly, but I suspect that it is biased, predisposed, single-minded as to preclude other considerations



available to us. I also seriously question the cost of constructive facilities in the enormous infrastructure required to support it. In the plan, my question to you is just how flexible are the transmission towers it will needed to be built to deliver power from west texas and how about the carbon that will be required to manufacture all the components. Have they been factored in or conveniently excluded? Regardless, this project is going to have a huge carbon footprint. Further regard to cost and --

that is your time.

Thank you.

Thank you. Next is bob laron. Bob laron, former councilmember. Welcome. You have three minutes.

Mayor and councilmembers, city manager, bob laron from the southeast corner alliance of neighbors. I want to take this ott once again for visiting our neighborhood last summer on a very hot sweltering afternoon. ott's spent three hours out there walking the streets learning the priorities and the problems of our neighborhood. In my 33 years here, you're the first city manager to take the time to do that, on behalf of my neighbors i again thank you for that. I thank all of you for deciding to take into account affordability in this plan for the future with our utility. Because I'll tell you, with my neighbors, in southeast austin, affordability is everything. Affordability is everything. Right now if you visit our neighborhood on a hot summer night, you'll see people and families sitting out on the driveway in the front yard. And that is because the inside of the house is sweltering. They can't afford their air conditioning now. And like a former speaker mentioned, a lot of them are making those hard choices. Will it be the utility or food this month? They come to my door with these problems as a former leader. They think I have the power to do something to help them but I don't. All I can do is come here and ask you to put a lot of emphasis on that affordability factor. Saving the planet, that's a worthy goal, but if you come to my neighborhood and talk about saving the planet, please forgive my neighbors I stare at you like you're from a different planet, because they have other priorities, they're trying to save their family, they're trying to put food on the table. They want to know they can go look for a job during the day and come back and find their house still safe. They want to know they can get a night's sleep and still find their car in the driveway the next morning. And they want to think that they can enjoy an evening in the front yard without being the victim of a drive-by shooting because of the drug activity in our neighborhood that's gone unchecked for way too long. So I ask you to consider that affordability. And please make it easier on your families to afford the finer things in life. You know, we look at electricity as a necessity now, not a luxury. But it looks like in the future it might be a luxury in our rates get much higher, so please consider that cost factor, keep that number one in your minds. Thank you for your time, mayor and council members.

Thank you, councilmember. Next is marcella tafoya. Marcella? Apparently not in the chamber. Gavino fernandez? Gavino, you have three minutes.

Good morning, council, I'm going to try this side of the podium this time. My name is gavino fernandez, I'm here on behalf of the coalition of the mexican neighborhood associations. But I will be speaking on behalf of lulac district 12. Marcella was not able to be here due to an illness. We are very concerned

about the unknown cost factor of this ambitious endeavor. We have been on the record for alternative energy since the issues of the holly --powerplant when we realized fires in 1993. At that time I remember very clearly when roger duncan came to this government and said that because our encouragement was to entertain more renewable energy so that we would not have to operate the holly powerplant and continue to harm the health of our people, but austin energy's response at that time was it was too expensive. There wasn't sufficient grid to deliver the energy that would be produced by alternative energies. That was 15 years ago. And I don't think that the cost has gone down since then. So what is to say that the cost figures that you're throwing out today are going to remain the same? And again, when it comes to using energy, we by practice are the most efficient users in this entire community because we have no choice. And this government has a very poor track record of going to this community and presenting proposals like this. Light rail, for example. Recently I saw a bumper sticker says don't blame me, I voted against light rail. But it was the same jargon and same promises that this government was making to the people about light rail. Look at where we're at right now. So, you know, if you were to be coming to me as a creditor, you have a very, very bad credit rating, you know, as users and rate payers of this electric company, and I was having a dialogue with an electric employee and he was trying to convince me that, well, he was saying that we had the lowest rates compared to other cities. Yes, you have the lowest rates because you have a monopoly. And that was the reasons that you have a monopoly is because when you go into the legislature, that was one of the things you promised that you were going to maintain lower rates. So we do not support the plan as it is right now. And, yes, people have said we've met, we've had 20, 30, 40 meetings, but look at the reality. Look at the time we're having this hearing. Ten a.m. in the morning. Doesn't allow common folks to come and testify and give their input. So I do feel that we should go to a vote on this. Thank you, mayor.

Gavino, I would commit this comment, this is not a public hearing. We're taking public comment on a consent eye at the point, basically, but it's not a public hearing. So just wanted to let you know that.

I don't know why public hearing come out, but thank you for your wise -- frank her ron. Her -- heron.

Mayor and council, my name is frank heron. It wanted to speak today on the idea of public participation here in austin. And I didn't come here to fight over legal opinion, but I would ask that the city look again at articles one and 12 of the charter. And I believe that the city council has any right to put something on referendum that the voters could have given this council. I would also consider that this city has indeed proceeded on public referenda without an initiative and a petition DRIVE IN THE '70s AND IN THE '80s AND IN 1990. As far as the water treatment plant, I don't know anybody that opposed sending that to the voters, but I believe, and correct me if I'm wrong, but I think it went to the voters some 25 years ago, and it took us that long to get the construction underway. The concept of public participation in austin is virtually sacrosanct more so than in seattle. Every day, on almost every issue, this council says that it wants public input. We create task forces and surveys and the problem with our version of public participation is that the -- part of the public that always winds up participating is that part that's talked about in scott swarcen's new book. We know who those people are, we know who the organizations are, and they bring a plaintiff point of view to the process. Scott says himself that it's not an objective history. It's a certain point of view, and that it has produced people that has learned to work the city bureaucracy to achieve what they want. Those are his words, not mine. The results of our public input

so far on this issue are meager at best. If you look in roger duncan's powerpoint, there's a page that says public participation process, and it says there were 570 thousand hits on this special website. But if you go to the place where citizens are asked to comment, in the last six months there's been one citizen input, and he was against the plan. That website is hard to find. The public hearings that were supposedly held, I stay fairly well plugged in and I didn't know about them until the very last one then, even though we were told that we would be able to submit written questions and have those questions answered, that never happened. There was zero public input at the mayor's town hall. What we need to do is expand the scope of public participation. We need to have this debate on commercial tv stations, on the radio, and I ask the council to please change direction and do that starting today. Thank you.

Thank you.

(One moment, please, for ..) as far as the affordability matrix, that's a dr. thing. That's a step in the right direction. I echo what a previous speaker said, move up the establishment of that. If we're going to adopt this plan, then we for sure need to know what will cost us as residential ratepayers, as small business ratepayers, as large ratepayers. There's no reason for you to adopt this plan before you can actually tell us how much it's going to cost us. As far as the greenness of this plan, it's laudable, but there are some things that you need to look at. I think a little more closely. A lot of the plan the expansion of green energy involves additional wind turbines, additional solar capacity. Those things, because of the existing technology, have to be backed up. You have to have either parallel source of power when the wind is not blowing. It is stroomly expensive. There's battery technology being developed which will make that power more economical in the future and so I would just discourage entering into any kind of long-term contracts for that kind of power now until we have hopefully cheaper solar and renewable power in the future. Again, this plan needs to have far, far more robust public debate than has. Previous speakers have talked about the lack of ability to participate in this process until very recently. And if you want to adopt a green plan, that's great, just make sure that the granny part of it is not the -- the green part of it is not the dollars and it's the power.

Mayor Leffingwell: Thank you. And the next speaker is carol keeton strayhorn. Welcome, mayor. You have three minutes.

Honorable mayor and councilmembers, I'm carol keeton strayhorn. The history of our great city is primarily a city of reason, a diversity of residents reasoning together while disputing one another, at the same time respecting the contrary point of view. The the only thing austinites won't tolerate is intolerance. The hall marks of austin city mall and democracy are transparency, accountability, accessibility, open to all citizen whose care and dare. Only in alice in wonderland would a plan be adopted today, a consultant hired to do the financial analysis next and affordability matrix next year and more to follow. You took no bids, no vote of the people for the 3 billion contract for a wood fired generator in nacogdoches. 500 New jobs for nacogdoches, not austin, and our dollars going to japan. You had no vote of the people to the 250-million-dollar contract, 10 million a year for active careers for solar power from a plant whose equipment will be manufactured in china and millions and millions of austin ratepayer dollars being shipped to china and spain. These two contracts are already part of this plan and today with approval of the plan you're adding 7 billion in capital improvements, a 2 billion tore

broarn by ratepayers. Residential electric rates will go up a minimum of 57%. Inflation included. Just for the plan. On top of that we'll have transmission costs, fuel costs that other cities don't -- they factor that in the rates. And a rate increase in 2012. Because our utility is now operating in the red, expected deficits, nine million this year, 45 million in 2011, 177 million in 2013. We could end up with the highest electric rates in the state. And that's compounded now that we were told the city budget is facing a gap of more than \$11 million. If you increase the tax rate to the rollback rate for next year. A 28-million-dollar deficit if you leave the effective tax rate the same. Families, small businesses will no longer be able to afford to live in austin. Austin belongs to no special interest group, no special political credo, no special individual. It belongs to all austinites. You taught 8 town hall meetings and eight in 2008 and 2009 that only 239 people attended. That 239 total was removed from the city's updated version of the plan a couple of days ago. I attended the mayor's third public hearing. And there wasn't even an open mic. And I can assure you a chunk of the 200 good folks there re city of austin employees. We've had citywide referendums in austin on the , the airport, the convention center, we have fine tv stations and radio stations with a public conscience who I am certain would provide prime time for debates. Mayor and council, it's not what you have to do before you adopt this plan, it's what you ought to do before you adopt this plan. Let the people have a real debate. Let the people decide, let the people vote. Thank you very much. [ Buzzer sounds ]

Mayor Leffingwell: Thank you, mayor. [ Applause ]

Mayor Leffingwell: I have no more speakers in your group. And the last speaker is carry perchell. Carrie.

Thank you, mayor and council. My name is kerry. I was a member of the generation planning taskforce. And first I want to commend the city, and particularly austin energy for the process that they have gone through to bring this plan to you. This has been a process that's lasted over two I personally have been involved in it for two years. And met with the taskforce for five months. It's interesting to me, I've heard the comment from our fellow citizens here, but in the two years that I have been involved in this, I've her ron or strayhorn or any of these other people at any of the meetings. We had weekly meetings of the taskforce for nearly five months. Never saw them at a single one of the taskforce meetings. Never got any input from them before. So what -- and the level of their input hire is pretty indicative of the amount of time that they've spent trying to get their arms around this plan. What I want to say to you is this didn't just bubble up out of nowhere. Two years have gone into it, an enormous amount of staff time, an enormous amount of citizen taskforce member time has gone into it. You can trust the numbers that you're seeing from austin energy. Read their report. The numbers are what they appear to be. I would not accept some of the members that just come out of thin air that you've heard here today. If we're wanting to talk about affordability, the most important thing I think we can do is just let's reduce this to data. Austin currently has a residential rate of about nine and a half cent kilo watt hour. The average rate in texas is 5 cents per kilo watt hour. Recently it was 13-cent a kilo watt hour. All that time in austin it's remained nine and a half cents. That didn't come from failing to plan, failing to think ahead, failing to diversify your fuel sources. Austin energy has done a pretty good job of planning in the past and they're doing a pretty good job of plan going forward. There have been a lot of people who have reviewed this and only in the last couple of weeks have I heard people showing up with 57% numbers that come out of thin air. The truth is this is a well thought out, well constructed plan, and you should have a lot of

confidence both in the process that you put together to make this happen and the results. So I encourage you to pass this plan and to encourage austin energy to deploy the plan as fast as possible. Thank you.

Mayor Leffingwell: Is Jake Lewis in the chambers? I have a Jake Lewis. Those are all the speakers that I have who wish to speak on this item. So with that, that will conclude our public testimony segment. We're past time for citizens communication. So what we'll do is we'll suspend this item until after lunch, go directly to citizens communication. After that I anticipate that we'll go into executive session for one item and take up -- take up this item again for discussion and deliberation by council in the afternoon at 00, approximately 1:00. So with that we'll go to citizens communications. The first speaker is Walter Olenick speaking on water fluoridation.

Martinez: Folks, if you could please take your conversations outside so we can begin with citizens communication. If you could please take your conversations outside. Thank you. Olenick, you will have three minutes.

I'm ready. Roll the clip.

Martinez: Folks, if you could please take your conversations outside so we can begin with citizens communication.

Could you restart that?

Martinez: If you could please take your conversations outside. Y'all didn't know I was a ventriloquist, did you? Olenick, you will have three minutes.

I'm ready. Roll the clip.

It's fluoridated water, bottled for babies. Dental expert warning that too much fluoride could be a bad thing --

Martinez: Folks, if you could take your conversations outside so we can resume citizens communication. Olenick's time is not running. Could we get this fixed and restart the clock, please?

For a parent --

Martinez: Sorry about that. We'll try to get this fixed.

Technology. A good servant, not a good master.

Martinez: Reefersed, are you going to fix this problem for us?

[Inaudible - no mic].

Fluoride and babies tonight. Dental experts warn that too much fluoride could be a bad thing. Tonight what you need to know.

I've east austin it in the stores -- I've seen it in the stores.

If you're a parent you may have noticed nursery water too. It's flower dated daughter, bottles for babies and marketed as a way to help prevent t decay. Dental experts say there's no doubt that fluoride is the best way to fight cavities, but here's the warning, parents should not be giving it to infants under one year of age.

During the time when they're growing, very sensitive, very small, excessive fluoride can be damaging. howard needleman is a pediatric dentist. He says while fluoride is safe in small amounts, too much of it can make a smile look less appealing.

Too much fluoride can cause flower row sis, which is this mild spec he willing of the teeth, a little white or yellow streaks.

Mild fluorosis is a cosmetic problem. It does not affect the teeth. Parents should not give any fluoridated water to babies under one year old. It doesn't matter if it's coming from a bottle or your faucet.

That's when the insizers are beginning to develop and cal is a fi where the excessive fluoride can damage the way the enamel is laid down.

But the company which makes nursery water backs up its product, telling news center five that according to the american dental association, the use of flower dated water request help children build strong teeth and prevent cavities and tooth decay. Something parents want to pore over.

I find out it is really big and have you to do your research to figure out what is good and safe for the babies.

At this point i definitely wouldn't give it to her yes.

The doctor also sels tells us what your child's teeth are fully developed, which is usually around the age of self, it is usually no longer an issue. If you're in the sure in your town's water has fluoride in it, log on to our website and you can learn more on it and about flower dated water in again.

A health advisory about fluoride and peabz tonight.

Okay. The abc news clip you just saw bundles good information together with serious miss at the same times and omissions. For instance, point, we're told dental flor row sis is a purely cosmetic problem which doesn't affect the teeth strully. Look at these teeth -- structurally. Look at these teeth. You've got

the picture before you. If you look at them, they are noticeably deformed. This obvious damage is caused by the fluoride. Second point we're told first that excessive fluoride is an issue for children only one year old. Later the age is upped to 12. Which is that? Next point is we're not told that nursery water, the fluoridated water in the clip, has settled a class action lawsuit based on false advertising.

Martinez: Thank you. Your time has expired.

Okay. That's the kind of information you get from the media and we're here to give you the real truth.

Martinez: Thank you. The next speaker is christopher ringstaff, to speak on city arborist and the death of the heritage oak tree. Welcome. You will have up to three minutes.

My name is christopher ringstaff. I'm a professional arborist with the department of transportation. I've lived in austin for 25 years now. I would like to tell you something about myself. And that I'm trying to give back to the city. I'm currently donating an archaeological survey to the parks and recreation department to help them with the cultural resources inventory of properties in south austin. With the city of austin and texas historical commission as signatories, opposing an antiquity's permit for this property. This will save parks and recreation approximately \$25,000. Over the course of this ongoing research, eight archaeological sites, including 19th century merman settler, stacked limestone walls and hunter gatherer sites dating more than 100,000 years before the present. I have documented four of these archaeological sites by the developer dr horton. Since that I'm I've contacted the parks and recreation department to inform all parties of violations of texas antiquities code. I will be meeting with the texas historical commission, parks and recreation staff to discuss these issues next friday and I extend an invitation to any of the councilmembers that would like to attend to meet me, and I will leave my information. It should be a good meeting. We're going to tour some archaeological sites. Unfortunately this was not the original topic of communication. Today dr horton has code compliance problems beyond texas antiquities code. On my property I have a three hundred-year-old heritage oak that has been adversely impacted by up to 10,000 cubic feet of clay fill material that they put in on 90% of the critical root zone. Unfortunately these impacts were done with the approval of the city arborist. It seems that our city has let me down. Every consulting arborist that I have hired to work on the tree has been appalled by the permitting irregularity and lack of code enforcement that this case represents. All verify that the fill material has in fact damaged the tree. The fact remains the tree ordinance review application was submitted by dr horton, including that they committed an act of tree removal. The city arborist, reviewed, revised and initial, improved the permit, downgrading it from removal to encroach. Perhaps he didn't believe that 10,000 cubic feet of fill didn't constitute an act that causes or may reasonably be expected to cause a tree to die. Tree removal as defined under city code. Regardless of the clay fill section, I was told that despite the post impact permit submittal, dr horton's impacts were in compliance with city code since their permit had been with permission. I have a copy for you. In an effort to save the tree I coordinated measures with horton who in bad faith -- [ buzzer sounds ] and forced me to sign a waiver. I won't be able to finish this. I have a copy of this transcript and my information for you to give. And my apologize.

Martinez: Thank you. If you will provide a copy to the clerk here. She will be glad to get that to us.

To the council, thank you for allowing me to come and speak. And again my name again is kenneth lewis and I'm fighting to justice and compensation and clarity of statutes of limitations of the city charter. Again, of course, mayor leffingwell is not here, but to the council, city manager and citizens of austin, I'm here fighting for compensation from the city of austin for the terrorism I experienced from the austin police department and the austin police monitor's office in '07. In communicating with dick wills of the city's legal department, initially he was polite and professional. After I sent dick wills letters and documents relating to the abuse and harassment by the rogue cop who refused to identify himself, and my even actual arrest, which necessary stated me going to the austin police monitor's office to find the identity of the rogue cop who refused to identify himself, only for the monitor's office to reprimand him with the least reprimand of a c, a mere slap on the wrist. There's no wonder there's an abuse of citizens, especially minorities' civil rights. Let's not forget nathaniel sanders who was killed by a.p.d. In my attempt to talk with dick wills and his superior, unfortunately for me she refused to ever talk to me. Instead they start talking about the expiration of the statute of limitations of the city charter. As I petitioned certain council persons and city manager's office, I'm given complicated legalese to passing the buck to the county. It's evident at this point the city's legal department, the council and the city manager's office don't empathize with my financial loss of several thousand dollars, with my six months of house arrest with a monitor on my ankle, the fact that I had to report weekly for a year and a half to pretrial services of travis county, my face appearing in the american state man's crimestoppers throughout central texas, the fact that I've shared with a therapist my continual nightmares and anxiety attacks. What I'm seeing clearly right now is the city's callous and indifferent attitudes towards one of its citizens who happens to be a minority. I'm especially disappointed with minority representation of sheryl cole and mike manners and also with city manager ott's office. I shall at this point attempt to establish a legal defense fund since my resources to hire an attorney are nonexistent. I will continue to petition the city for compensation and for clarity of the city charter's quote unquote statute of limitations. I shall return and thank you for your time.

Martinez: Thank you, mr. lewis.

Are there any questions of me? I think I provided all your offices with documents pertaining to this issue here. Thank you.

Martinez: Our next speaker is essie barnes. Am I pronouncing that correct? barnes, you will be speaking on wrongful violations of people going to prison. You will have up to three minutes.

Good afternoon. To the mayor and the city council, I appreciate this opportunity for my need to speak. My name is pastor essie barnes of christ chapel church. I'm here today to speak on kenneth lewis about the statute of limitations as far as the city's charter. When it began and when it ends. lewis for several years and I have counseled him spiritually. He was so kind to sing at my 50th wedding anniversary. lewis was accused an arrested for sexual aggravated assault, he was not advised of and from that the statute of limitations to claim compensation of when he was arrested at any point. lewis raping anyone because he is not that kind of man. This remind me about king harold. When he -- when the person was



persecuted for preaching the gospel, he killed james, the brother of john. It was pleasing to the jews, so he imprisoned peter, but god intervened. lewis is not guilty, but was accused wrongfully. I will come back if you will allow me and appear on the next time. Thank you very much for your kindness.

Martinez: Thank you, ms. barnes. Next speaker is melanie wilmoth. Hi. You will be speaking about lack of resources for women who are homeless. You have three minutes.

Good afternoon, councilmembers. My name is mill any and I am a student -- melanie and i am a student at the graduate school of social work as well as a case manager at trinity center just downtown, resource center for people who are homeless, our neighbors here in austin. I came here today because I've been -- while I've been working at the center I've noticed that there is a lack of services in our city specifically for women who are homeless. Although there is a disproportionate representation of men in the homeless population, women still make up a significant portion of that population. And due to the large number of men who are homeless, most of the shelters, like the arch and the salvation army, focus their services on men while the salvation army does have beds for women, they're very minimal numbers. So I do a support group for women every week, and every week they come in saying we don't have enough resources. Our voices aren't being heard. We feel like no one is listening. And so considering the research that I've looked into as well as the things that I've heard the women and the neighbors say, i feel that we need to create a homeless shelter for women that would provide comprehensive services such as hot meals, case management, counseling. We have a shelter for men only, so why don't we have one for women as well? And we need that. The other thing would be continued support and funds for supportive housing unit. So as members of the austin community, I know that we all want to enhance the services available in our city, to our community members. So I'm hoping and I'm asking that you will all be willing to join with me and other community service members and other community members to advocate for more services for our neighbors and the women who are homeless here in austin. Thank you.

Martinez: Thank you. The next speaker is wayne hensley. Wayne hensley. hensley we have brandon slaughter to speak about downtown parking. Welcome, mr. slaughter. You will have up to three minute if you need it.

I want to thank the city council for hearing me today. I know you guys have a lot of big issues on your plate and this is relatively small relative to what I've heard today, but it is a very serious issue for myself and my neighbors. So what I have for you, i have very limited time, so i will just cover the bullet points of my issue. I have for you a detailed report and proposal for what I'm suggesting which is a very easy thing for the city to take care of for us. Essentially the situation is recently the -- there was a parking expansion into the west downtown area, kind of approaching judge's hill. We live in that area. We live at the northeast corner in a building called rio house apartments at the intersection of 17th and rio grande which lies immediately east of judges hill and approximately halfway between austin community college and university of texas at austin. The parking expansion from what I can tell basically occurred without any warning or notification of the residents in the area. They did -- I talked with steve grassfield, who is the city's enterprise parking manager, and he said that he had talked to some local businesses in the area because there is high parking command demand and he asked if they were interested in because

with the high parking demand the businesses were not able to have open street parking for customers that were wanting to come into the area and visit those businesses. However, without talking to any of the residents scattered through the area. The result was they took away all of our excess park and those of us who live in particularly older buildings where parking demands were much lower per capita when these structures were built we now have inadequate parking. Dealing with the city staff on the issue, it hasn't reached a total dead end, but it has slowed quite a bit, so that's why I'm taking up your time today. Let me give you quick numbers on our situation. We have 38 usable parking spaces, 45 apartments, 60 residents and a total of 53 vehicles. These are only the vehicles that are owned and operate bid our residences. These include -- it doesn't include visitors or family coming out of town to stay with us. It doesn't include people that infringe on our lots, which happens a lot. With the recent expansion, which went into effect this week, this is not an enterprise market for the city and parking. There are no people parking there. These streets are empty. Yes, they were filled all the time when it was open, ample, available, free parking, but now that there's a five hour parking limit and dollar per hour fees, students are no longer enticed to come into the area and use the resources. What I'm proposing is not going to represent any kind of loss in revenue stream for the city. In fact, the pay stations put into place as shown on the map can remain in place because what I'm suggesting in our proposals is a modification to streets in front of our building and next to it that would require signs only. The pay stations can be an effective demarcation point for the areas that we're not proposing changes to south and east and north of our particular residence. Additionally, I have a petition signed by -- this is not just me. We have solidarity among our community. [ Buzzer sounds ] included in the report is a petition signed by 90 percent of our residents. Please review it and pass it on to whatever staff can help us with this issue. Thank you very much for your time.

Mayor Leffingwell: Next speaker is ronnie reeferseed. Topic is peace and freedom generally speaking.

Thank you, ladies for bothering to show up this week to hear from us lowly citizens. I'm ronnie reeferseed saying hi, kids, don't kiss off your childhood because you're going to miss it. Don't rush with addictive nasty cigarettes. Don't waste it with alcohol that makes babies retarded. Keep off the grass. It's the wrong crowd. Criminals. Speaking of crims, headline, cheney, rumsfeld told investigators to whitewash 911. Why? Because 911 was an inside, outside job, an evil scheme to fool awful us to waste the blood of our troops and our treasure to serve zionist israel. Just like the latest hog wash against iran, now we're supposed to sacrifice your soldiers for world war three. the final nail in our once proud constitutional republic is still in serve study to zionist cooks as we keep on killing people worldwide for what? It's all pure hog wash. Iraq as we know now was no threat to us with no weapons of mass destruction, but we're still killing them. 3 Men, women and children so far. And the so-called president president obama is leaving 50,000 u.s. Troops permanently stationed in iraq. That's occupation, people. We would not put up with that. Why should they? diplomat says afghan president is a drug addict. That's why karzai's brother still runs the drug thugs. Let's keep our own troops and treasure prearchitecting the family from drug thugs. We could grow hemp marijuana. Help preserve top oil soil and farms and help feed our hungry planet. Set free non-violent marijuana offenders and fill the same jails with criminals now being set free for drunk driving, etcetera. We need to instead have a healthy check economy of farmers to take hemp marijuana and take millions from drug thugs and give it to the farmers. That's a headline. The judge's ruling pointed to cia involvement, ie, foreign intrigue. Thus the okc bombing 15

years ago was an inside, outside job. The truth is coming out and these traitors are coming down. Speaking of traitors, call the mayor, 974-2210 and city council to demand me that ronnie reeferseed has the same right to speak as anybody else, three minutes. com, ron .org. Let's listen live to fm 1, 11 to three on weekdays, four to six on sundays for alex jones. Call toll free. For weekly updates from ron paul who is running neck to neck with barry sotoro. And true conservatives -- [ buzzer sounds ] owe.

Mayor Leffingwell: That is your time. Next speaker is rae nadler oak hill in this case. Topic is -- olenick. Topic is water fluoridation.

Good afternoon, mayor and councilmembers. There are a few local news briefs. Yesterday we had a table at the earth day festival in triangle park where we handed out literature and talk to many people. Among them a former austin city councilmember, a daily texan reporter and several dental health professionals. Most were already on board with abandoning fluoridation, but even those who weren't proved very open to our message. And two weeks prior to that we did the same thing at a small health fair in fredricksburg. So we are gaining some public visibility. The fluoride free austin reading room is ready to become part of our fluoridedefree austin.org. It will place a complete education at the fingertips of anyone wanting to really delve into the subject. We have come here week after week to speak not only for ourselves, but no a large constituency who don't have the scheduling flexibility we have. The tide is turning and people are waking up and i talk to them and I hear from them by e-mail daily. Here is a sampling of e-mail from a recent two week period. A dental hygienist who has practiced in austin for 30 careers has written a book on oral health. This formerly staunch supporter of fluoride changed her mind 180 degrees during the course of researching her book and she has devoted 14 pages to fluoride toxicity. For those interested, the title is mouth matters and book people carries it. A young austin man called my attention to the fact that marble falls quietly killed its water fluoridation program a number of years ago. That brings to three the number of texas towns in the last three years. The other two are elgin and alamo height. Another austin man who is starting an organic compost business contact node discuss how we could work together and a san antonio activist also got in touch. Yes, there's a big push against fluoride in our neighbor down the road to the south. And I could go on if I had more time. Thank you.

Mayor Leffingwell: Thank you. The last speaker is gus pena. Gus pena. Gus is not in the chamber. We have no more folks signed up to speak in general citizen communication. So without objection, the council will go into closed session pursuant to section 071 of the government code for consultation with legal counsel to take up one item, that is item 51, concerning lions municipal golf course and the university of texas land known as the brackenridge tract. Is there any objection to going into executive session on this item? Hearing none, all those in , the council will now go into executive session. I will mention that councilmember spelman has recused himself from this discussion.

discussed legal issues related to item 51. No action was taken. And now we'll resume our discussion of the public comment period -- the public comment period is over. We will continue discussion on item number 2. Before we get started I want to say a couple of words. I know it doesn't seem like it today, but it's been a long, hard road getting here. This process began back in 2007 with the passage of the austin climate protection plan. Mayor will wynn

sponsored sponsored and I was a co-sponsor. In that 2007 plan we established goals which are very similar to what we're considering in this revision today. So in the interim there's been nearly three years of hard work by a lot of people, including staff, and I want to acknowledge some of those here before we get started. First of all, Roger Duncan, who is very comfortably retired right now, basically led the effort throughout in this initiative. But also Sheryl Mealy, who I believe is here. Martin Dryfus. Michael Osbourne. Sherri Overton, Chris Smith. John Western and Carl (Indiscernible). If any of you are here, please stand up so we can recognize you. [ Applause ] and also I want to recognize the city manager Robert Goode, who is now acting as general manager of Austin Energy. He literally stepped into this in the last minute of the fourth quarter and has done an admirable job getting up to speed and getting this item to where it is right now. Robert, thank you. And also the city manager Marc Ott has been very involved in this Austin Energy initiative, as have a lot of other people from the very beginning, and I appreciate his leadership with staff on this item. And I'd be remiss if I didn't acknowledge my council colleagues. All of us ever since 2007 or if you were elected subsequent to that you have been involved in this process your entire time on council and have engaged and made a very strong contribution. And of course our citizens advocates, the taskforce, the electric utility commission, the resource management commission, countless meetings over the last three years have been held. All of those meetings open to the public and all of which took public comment. Someone asked me earlier if I thought there had been enough public process in this particular item, and I know that issue has been raised here today. My response was this has been public process on steroids. I frankly have never seen so much public process. So not only all the boards and commissions and the special taskforce, but the utility itself conducted numerous, numerous public hearings in which the public was invited to come down and make their comments known, and those ideas in large part had a role in shaping what this policy that we're considering today looks like. I want to especially acknowledge Phillip Mantz, the chair of the citizens taskforce and also chair of the electric utility commission who has spent, to put it mildly, a lot of time on this. And also Chris Herbar, who is on the taskforce and also chair of the resource management commission. I talked with her earlier today. I don't see her now and I don't see Phillip out there, but I wanted to mention their names. The other taskforce members, Gary Virgil, Matt Johnson, Terrace Reid, Mike Rogerson, Mike Sloan, John Sutton and Roger Woods, thank you very much for your hard work in bringing us to the point where we are right now. There's been a lot of input from all of the stakeholders all across the board, including industrial power users, low income advocates. And we've heard from them again here today. And I think we have a very well balanced plan that is accepted by most people as a result of that process. I will be supporting this plan when we come to point of taking action on it. And the reason is that I believe that Austin has in the past shown leadership on environmental initiatives and especially on climate change, and I believe we should keep ourselves in the forefront, realizing that global climate change is, I believe, the environmental challenge of our era, of our age. I really believe that. And I believe it's up to us to stand up and address that. Back in 2007 when we adopted the climate protection plan, I said at that press conference the reason that we -- this is a global problem. It's not a local problem, but it's a global problem. That's why it's important that we get engaged. Especially appropriate today, Earth Day folks do what's right for our environment, but what we're doing is also right for our economy. Renewable energy, clean energy is critical to our economic future. And if we want it to grow we have to show leadership here in our city at the policy level. Many difficulties ahead. In fact, moving forward the only constant we can rely on is change. The energy industry is changing rapidly, changing by the

day, and that's why we knew from the outset that we had to have a very flexible plan. It has to be a living document, one that we can stop, start, -- stop, start, change direction in order to meet whatever the situation is at that time. Technology is changing by the day. Costs and carbon based fuels and other commodities are changing all the time. There are big events on Austin Energy's horizon. We're going to do a cost of service study in 2011 and we're doing a rate case in 2012. All of these will have big impacts on what we do incrementally in the future. The regulatory environment is changing. We anticipate federal climate legislation. Here at the state of Texas is undergoing sunset review and that could have big effects on how that agency views its job as far as regulating electric utilities around the state. Right now as we speak the Texas legislature has convened an interim charge energy committee that is right now looking at ways municipal utilities in Texas do business. As a matter of fact, they have a public hearing scheduled, that committee does, on May 19th, just weeks away. So everyone we know is watching very carefully what we do here today, and we are going to be responsible in what we do. Elephant in the room, the one we've talked about constantly is affordability. Austin Energy has three values and mission statements, clean energy, reliable energy, affordable energy. And we have to give all three of those equal consideration. Now, we should honor the work that's been done over two years, adopt the goals and strategies, but we also have to honor that three-part mission. Over the last several months we've been working on different ways to advance that affordability concept, and there's been this talk about an affordability matrix. We have to be able to address costs as we go forward. We want clean energy, but it cannot, we realize, cannot come at any cost, otherwise we're not doing what we should be doing for our customers and we imperil our ability as an energy company to survive if we do not honor those values. The draft plan says that we won't consider any project that is over 10 megawatts before that affordability matrix is done. When the motion is made this afternoon to hopefully approve this policy, I will be offering a friendly amendment to expand on that a little bit and specify that the plan itself will not become effective until the matrix is adopted by the city council. So I'll wrap up by just saying once again this plan is not only the right thing to do for the environment, it's the right thing to do to plan for the future and for the future economy of Austin. And I want to reaffirm the council's -- and especially my commitment to making affordability equally important as the other two goals and cost of energy value statement. With that I'll open it up to discussion from the council. Councilmember Cole.

Cole: Mayor, first of all, I want to thank you for your steady hand in getting us this far even along with former Mayor Will Wynn. This goes forward with benchmarks and affordability and still recognizing our core values as a community for an enhanced quality of life. But most importantly I recognize that our community as a whole must look the future in the eye and not be afraid. And that means that we must make a commitment to energy conservation and energy efficiency like has never been done in generations past. We have work to do, but I know that Austin can do it. Mayor Leffingwell talked about the public process that has been on steroids. We heard from numerous groups today, and this process has gone on for two, with the Citizens Taskforce, the boards and commissions, with the environmental advocates, with the business community, with the industrial users, with the people concerned about low income rates and affordability. But I think as of today we had very little opposition. Most testimony was either neutral or discussion about how we may or may not be able to take it to the public. But in Austin we call that a truce. So we recognize that when we get this close to what I call a cease fire, you have given us a level of trust to simply govern responsibly. And I believe that we will do that. Mayor, I move

approval.

Mayor Leffingwell: Councilmember cole moves approval of item 20, which is the austin energy resource generation and climate protection plan of 2020. And I will second and offer the following friendly amendment, which states that the austin energy resource generation and climate protection plan of 2020 will become effective upon the austin city council's approval of an affordability matrix to be included in this plan at a later date. Do you accept? Okay. The friendly amendment is accepted. And so now we have a motion and a second to approve with a friendly amendment. Is there further discussion? Councilmember spelman.

Spelman: I'd like to goode if he could come up and answer just a couple of questions. We're talking about the effective date of the generation plan being that point when we have a affordability component, affordability goal or matrix or whatever we end up calling it before us. And in the plan it says you will have a goal for us on or about the 31st of december. Do I understand you?

Yes.

Spelman: Can you walk through what will happen between now and the end of december to produce that goal and what you think it might look like?

We expect to have a contract in front of council hopefully in may to help us go out and get that bempleg marking information -- benchmarking information across the state and across the comparable utility that's the foundation for this affordability work. Snoongs we get that consultant on board, then we will begin developing that benchmarking, that affordability data that would be required in this work. So we expect that may take a couple of months to put together. And that's the time frame that you have in front of you. That's why we put december. We expect to have it done before then, but obviously it's made clear that this is an important element of this plan, so we're going to expedite it to get that work done. We commit to the end of december, but I think we can get it done before that.

Spelman: Okay. So it will take a couple of months for us to collect benchmarking data, which would be, am I right, presuming this will be residential rate or utilities elsewhere in the state?

We're trying to look at all customer classes and get as much available data as we can on all customer classes.

Spelman: Some of which is not available -- some of which is proprietary information.

Some of which will be difficult to obtain, but we'll do our best to get whatever we can on that kind of information for those classes of customers.

Spelman: Okay. So when this is done, the affordability goal is going to be our position with respect to the other utilities around the state with respect to each of those customer classes.

That's the information that we'll be able to provide you after that work is done is that affordability benchmark where we fit into the other comparable utilities in the state as far as rates go for each customer class.

Spelman: Okay. And our use of that would be, for example, if we were considering adoption or acquisition of some asset which would provide more than 10 megawatts of power to it, then the effect of that acquisition and operation of that as it would have on our position with respect to the other utilities around the state, we would have the information to figure out where that would put us.

Exactly.

Spelman: Thank you. I've got one other question with respect to energy efficiency. I know that as we are currently thinking about generation, we're thinking about term of generation of electric power. But a way that many of us have been thinking about it, I think one of the ways you and I have discussed thinking about electric provider generation is considering on the same playing field not needing to generate power because we were able to conserve it because we were able to provide energy efficiency. And something I would like to see when we revisit this plan, not now, a lot of time and effort has gone into producing the plan we have before us. I do not want to open it up. I do understand we're going to be opening it up periodically and the next time we do open it up I would like to put on the table the possibility that we consider energy efficiency to be just another means of providing power and that we include it in our list of power generation options on this plan as a co-equal option with the other sources.

Certainly. And there are some energy efficiency goals included in this plan.

Spelman: Very much so. This is what I look forward to figuring out how to do more and more of over the next few years. Thank you, Robert.

Mayor Leffingwell: Councilmember Riley.

Riley: I would like a couple more questions for Robert. Robert, you previously approved the goal -- approved the goal of 30% of (indiscernible) by 2020, is that right?

And so I want to make sure I understand the impact of the -- what we've talked about today in terms of the effective date of this plan. Are there already plans in place, in progress to make purchases that might be affected by a -- by saying that we're not going to take any further action until we get the affordability in place?

It requires 30% renewable by 2020. We're continuing to look at the renewable sources and where we're at now. We do need to increase the renewable. And as you're well aware, we have 77 megawatts of wind power that comes off of our flow in 2011. We're continuing to look at that after -- I don't see that this delay will impact that. We're still a current generation plant and we're continue to go work on those alternatives. The affordability work will obviously necessarily be in place before we make any resource acquisition decision. But again, we expect that in a few months. I don't think that will impact where we're

at.

Riley: You weren't planning on bringing us something next month.

Riley: I want to make sure we're not going to be foregoing any opportunities by deferring the effective data. And there are -- in the last couple of years -- last year in particular we have seen some funding opportunities that had significant time constraints, stimulus funding often comes with very significant time constraints attached. So I just want to make sure that we're not going to be closing the door on any opportunities to secure funding that would help us achieve our goals by saying that we're not going to do anything significant this year. For instance, suppose an opportunity for stimulus funding came up next month and we had to act within 30 to 60 days. Would the utility feel free to pursue that opportunity and bring it to us based on the language that is currently on the table?

We would certainly expect as the mayor's mentioned frequently, this is a dynamic plan. If something came up in the next month where we could get free money, we would certainly bring that forward to the city manager and I guarantee you that he would support us bringing that forward to council. That's a new dynamic that wouldn't be in place today. So certainly that would be an opportunity we would not ignore. We would bring it forward. One of the things that I think I'm hearing clearly from this body is transparency. We would bring it forward in a transparent fashion so the community could evaluate that with us as well. I think that would be on a go forward basis.

Riley: Okay. Thank you.

Mayor Leffingwell: I think free money would definitely meet any affordability criteria. We could go with that. Any other comments? Councilmember Riley?

Riley: I would like to say just a couple of words about this, about the plan. I do expect to support the motion. As you indicated, this is a culmination of a truly exhaustive, years' long process. I'm satisfied that it fairly expresses our commitment to clean, affordable, reliable energy, including both significant energy efficiency and renewable energy goals. It defines a course for the utility for next decade, which is particularly important at this time as we set about the search for a new general manager. I think this is going to indicate the kind of leader that we expect in a general manager, and serve to convey our expectations to whoever winds up in that spot. There have obviously been a lot of concerns raised about the fact that this is going to be way too costly. And you absolutely heard those concerns. The taskforce had affordability in mind throughout this process. That was a driving consideration of the taskforce. And I kept in touch with the taskforce throughout the entire process and I know how important affordability was throughout. So now with the addition of the affordability matrix, I'm satisfied that we are in fact taking that concern seriously. What wasn't gotten mentioned so much in the past few weeks is that our current dependence on carbon based fuels has very serious costs. We're currently shipping some \$80 million a year to Wyoming to pay for out of state coal. Our dependence on carbon-based fuels subjects us to real risk in terms of fuel cost, future regulations that will drive those costs up further, exposes us to inflationary risk. Also has significant health effects and pollution. On the other hand, shifting to conservation and efficiency will have significant savings. Obviously people pay bills, not rates.



So if you can avoid spending money by not burning the energy, you will wind up paying lower bills. And renewable energy, to the extent we are able to rely on renewable energies, where we're essentially eliminating our fuel costs for that fuel, so instead of spending \$80 million a year on coal from out of state, we're keeping money here in many cases to support local businesses and getting multiplier effect from spending money locally. That winds up being a hedge against inflation because of the nature of the contracts for those forms of energy. Promotes predictability of costs. We hear speakers today are very important in terms of maintaining a good business climate. Also strengthens our role as a leader in renewables that we've been known for that no for some time and I think our adoption of this plan reinforces that. So it strengthens our position in the economy of the future, which is likely to be centered more on clean energy than on carbon-based fuels. And in the process it allows us to leverage our region's intellectual capital to serve both environmental and economic goals. I'm proud of this plan. I feel very good about it. I think it clearly -- our approval of the plan today clearly sets the direction for the utility even if the effective date is being put off until we have the affordability matrix in place. We clearly endorse the work of the taskforce that has gone into this, and I think -- I'm proud to support the motion.

Mayor Leffingwell: Councilmember. No further discussion, all in favor say aye? Any opposed say no. It passes on a vote of seven to zero. [ Applause ]

Mayor Leffingwell: Okay. The happiness was short-lived. We move on to item 32.

Mayor Leffingwell: Okay. Item 32 is pulled off the consent agenda for speakers. And so we'll begin hearing public comment. And the first speaker is Whitney Cox. Who has signed up against. Is Whitney Cox in the chamber? Okay. Anne Garbon? Is she in the chamber? So Whitney, you will have six minutes.

Thank you, Mayor, Mayor pro tem, Councilmembers. My name is Whitney Cox, a staff attorney with Texas Rio Grande Legal Aid. As far as I can tell the city is in a bit after budget crisis. In the last UTC meeting, the owner of Yellow Cab State that had he spent five million dollars purchasing permits when the Roy's taxi transaction happened. That's five million dollars and those are city permits. Before you give anything else away, I'm hoping that you will be willing to take a moment here and ask if there's a way to get a fair income for drivers and a fair income for the city. Council can decide to leave this for the next council to deal with, but this is a problem right now. And right now is a time when we need to not close any doors and not do anything to prevent something from changing. Yes, Yellow Cab and Austin Cab have been here for 20 plus years, but that doesn't mean there can't be changes. It doesn't mean we can't improve system and it doesn't mean other people don't deserve a chance. You can take care of the poor and underrepresented or you can continue business as usual. You can say that you don't care about cab drivers because they could go do something else. You could say you don't care about farm workers, day care workers or house cleaners, but this situation is one that city council created and this is a system that they have to work in because of city ordinance. In closing I just want to say that any ordinance that does get passed needs to be very clearly stated and word that had it can be amended, it can be changed, it can be fixed. Permit allocation should be something that is up for discussion still. Thank you very much for your. I'm happy to answer any questions.

Mayor Leffingwell: Thank you. Any questions for Whitney? Thank you very much. The next speaker is

deanne johnson. Is see an in on -- is dean in the chamber? I don't see her, so we'll go to kenneth brant. Kenneth brant? Kenneth is signed up for if there are questions. And the same for henry gilmore. And so deanne did not want to speak. Those are all the speakers we have on item number 32. Council, comments? Mayor pro tem.

Martinez: Thanks, mayor. I guess we'll just take the two items up separately, even though -- can you make a motion on both items?

Mayor Leffingwell: Let's take them separately because different speakers signed up.

Martinez: I plan to make the exact same motion on both items. I do appreciate the concerns that the cab drivers and legal aid have brought forward. This council adopted a resolution that created a taskforce, a semi of utc to look into various issues, and that report will be back in september. What we specifically enumerated in the resolution can be adopted via ordinance to not pay franchise amendments at any point because wire talking about things like rate structure and a set fare from airport to downtown and a zone. So all of those things, the work can still continue. When the report comes back this council can contemplate the recommendations from this report. The other items that are being discussed such as portability of permits, i think are important discussions. But I think it takes a whole lot more planning and quite frankly a lot more research before we move into any type of restructuring of our permitting process. I'm open to that discussion, I look forward to continuing to have it, but I don't think it's something we're ready to do at this point. So my motion is going to be to adopt the staff recommendation with the amendment that the franchise agreement be a five-year agreement instead of the recommended two-year agreement. I'll make that motion and continue to discussion if i can get a second.

Cole: Second.

Mayor Leffingwell: Motion on number 32 to approve amended to be a five-year agreement instead of a two-year agreement. Seconded by councilmember cole. Is there any further discussion?

Cole: Yes, mayor. I'm sorry.

Martinez: Thank you. The reason I'm -- that i feel like it's important to continue with our five-year agreements is that -- there are many, but specifically i think just from a business practice and planning standpoint that it's very difficult to operate a business on a two-year plan. You struggle to find lending to invest in capital improvements, to be able to buy that -- to pay that debt down over time. A lender will look unfavorably on you. And then potentially that -- any unfavorable lending would be passed on to the drivers because it's the drivers that have to pay ultimately for the infrastructure improvements. And I think it could harm our drivers by putting the franchise in that situation. I think that we have the ability to make the changes discussed at utc, again, other than the ones that would require a franchise agreement amendment or renewal of a franchise agreement. So I'm going to support the five-year franchise agreement. I'll make the same motion on the next item. Then I plan on asking you all to consider an item from council that would align the lone star franchise with the expiration of these

franchise agreements so that they're all in alignment for 2015 and then potential issuance of additional permits to lone star and austin cab because yellow cab is already at the 60% threshold -- actually, they're over that, but we certainly don't want to remove permits from them, but we should be contemplating additional permits for the two other franchises that will be working in the city. Thank you, mayor.

Mayor Leffingwell: Councilmember cole.

Cole: Thank you, mayor. Our council has made a long and deep commitment to small businesses. And in this case austin cab and yellow cab are no different. And we have continuously renewed franchise agreements over a five-year period. And I think that simply due process and notifications of any changes in that should be required before we randomly would reduce that time period. The other issues about the permits and portability of permits, none of those are before us at this time. I think those issues will require a complicated analysis over what exists, what is the competition like, what authority that we have. And when that issues comes before us I think we will have to carefully examine it. But if we do decide that we're going to extend additional permits, we will have to do a careful analysis that we do on an equitable basis. Because this issue is limited to the five-year agreement, five years, and that is what austin cab has had in the past, I will be supporting it.

Mayor Leffingwell: Councilmember spelman.

Spelman: Thank you, mayor. I wonder if there's somebody in the transportation staff who can answer a couple of questions?

Mayor, council, robert spillar, department of transportation.

Spelman: The recommendation on this is two years, not five years, am I right?

Yes, sir.

Spelman: Our usual practice is five-year franchise agreement, not a two. Why is it you're recommending two.

Well, as we were developing our recommendation, part of that process was to meet with utc. It became apparent by this council's direction to us, plus the comments we heard at utc, that perhaps there was a desire to talk about potential changes to the franchise agreements earlier than the five years. That really is a matter of policy, however, staff made the recommendation that we needed to line up all three franchises at the same time. Whether that happens at two and a half years out or five years out is really a matter of policy that we would need direction from you all as to how soon, if you want us to talk about those ideas. But the critical point that staff was looking for was to get them all lined up. I want to reiterate that our recommendation is of two. Two and a half years, is by no means a value, value analysis of the quality of service that these two companies has given. It's outstanding. In fact, if it were not for that perceived desire to have that discussion earlier than later, we would have recommended five

years.

Spelman: In fact, if we at the end of two and a half years, should we decide to give a two and a half year franchise agreement to both sides, that if we were to disrupt the continuity of our taxi service by failing to give additional time to one of these two, there would be significant disruption in taxi service, would there not?

Yes, sir.

Spelman: We took the permits away from yellow and gave them to -- took them all away from yellow, took them away from austin and gave them to somebody else, it would be awhile before things returned to normal and we would be able to get the taxi service as it had been before?

I can't speculate, but I would assume that it would be a high probability, yes.

Spelman: I guess it's not your job description to speculate. Unfortunately it is in ours. If we were to -- there are several issues on the table that came out of the stakeholder process. And I understand -- as I understand it, most of those are things which we could do in the middle of a franchise agreement period without requiring a renegotiation of the franchise agreement. Am I right?

Yes. That is the advice we got from -- advice we got from city legal counsel.

Spelman: Is there any way to your mind that we could find a middle ground where we would say we're going to give you an agreement to a five-year period as usual, but we would like to reserve right to revisit it at a certain point, like two and a half years, because something big has come up, the portability issue that we've all been talking about, and that might require a fairly substantial change in the terms of the agreement. Is there any way that we can choose something that would give them the certainty of a five-year period, but still give us the flexibility of being able to make a major change after -- to negotiate a major change after two and a half years.

That sounds like a legal issue. I will ask Gregory to come up for that.

Gregory Miller, City of Austin Law Department. Basically as I understand it there really is no middle ground in that sense. We're talking about making substantial changes to the structure of the franchise. Those are best left for the beginning of a term of the franchise. For various reasons I could go into if you want. Primarily we -- if we were to introduce substantial changes, say halfway through somebody's franchise, and these changes somehow lessened or damaged the value of the franchise, franchise holder could make a claim or attempt to make a claim from a (indiscernible) against the city. However, the likelihood of such a claim is impossible to make that claim essentially if the changes are introduced at the beginning of the franchise. The problem with having a five-year franchise with some sort of two and a half year checkup point or something like that is that it's not really a five-year franchise in that sense. When we do say that a franchise is for five years or seven years or however long, it needs to be -- state law is developed in such a way that the terms for a franchise agreement are basically set in

stone. And once we say the franchise is for a certain amount of time, it's really hard to change that.

Spelman: So if, for example, we wanted to introduce some sort of affordability requirement or -- a portability requirement or opportunity, that would be a substantial change from a previous practice, it would be a substantial change from the franchise agreement before us right now. And would -- if we wanted to adopt something like that two and a half years in, it would require us basically to renegotiate the franchise agreement from scratch.

I believe so.

Spelman: Okay.

Councilmember, if I could add one thing here. It is possible that we could envision a process that would give us portability that would not affect the franchises. I don't know what that is. And so again, the staff recommendation at this point when you line them all up is not going what the outcome or the solution might be to give us the broadest ability to make those recommendations to you.

Spelman: This is something that we've been discussing in the stakeholder process. There has been forward process on what portability might look like or what we might be able to accomplish with some form of it.

We have had one meeting meeting -- so far. And so I can't report it one way or the other. We know that issue of portability has been raised, but I don't know how that might solve it. It could affect the franchises, it may not. I don't know the answer to that, hence the recommendation to line them.

Spelman: Thank you.

Mayor Leffingwell: Further comments? Councilmember shade.

Shade: I wanted to clarify. So much of this conversation is around the new stakeholder process, the findings that were raised from the audit, the work of the rio grande legal aid. So that's all happened here, we passed the resolution like in march?

It seems like it was just the last council meeting.

Shade: It was very recently. But the franchise dpreament applications went out when?

I believe we received them several months ago, the start of that process.

Shade: So those people that were applying, it was january and the rest of this has come since then. They're not necessarily related.

Yes, ma'am. The discourse that's been occurring has come recently since the two cab companies have

applied for their franchise renewal.

Shade: But they applied in january?

He can't tell you exactly january, but I believe it was the january, february time frame when they applied as part of their normal reapplication.

Shade: The original recommendation was five years, then we passed resolution 60, which has in it several items that need to be addressed that have no bearing whatsoever on a franchise agreement, but some that could. And as a result of that, the utc looked at five years or one year and just picked two because it was somewhere in the middle, but there was no real business base to support it. It was a compromise. Neither camp was happy with it. And staff just felt like the most important issue was to line them all up, all three cab companies together. Is that a good summary?

Yeah, that's the best.

Shade: I wanted to be sure I understood that.

Mayor Leffingwell: Councilmember riley.

Riley: If I could follow up on the same line of questioning. I'm trying to get a sense of how much of that stakeholder process is focused on changes that we will be able to do within the term of an existing franchise. I don't want to pull the rug out from under that stakeholder process. For instance, if it were principally devoted to changes, fairly minor changes that could be done during a franchise, I would feel fine with this. On the other hand, if the bulk of their work were focused on proposals that really would have to be done at the end of the term of a franchise, then I would have real anxiety about entering five-year contracts. So there's a spectrum there and I'm not sure exactly where we are. How much of what -- of the taskforce's mission is devoted to things that we could do within the term of an exiefting franchise?

Councilmember riley, i would tell you most of it is devoted to things that we can do that are ordinance based and the franchise agreements that we're required to handle. This next meeting, which i believe is tonight, they'll be discussing cab hailing systems and taxi cab stands. So we actually have topics for each of the meetings. So the majority of those meetings are dpeerd towards issues that are either ordinance based, which have nothing to do with the franchise. Or in terms of this meeting tonight, right-of-way issues.

Riley: So the taskforce really could continue its work just as it is now and --

absolutely.

Riley: And still implement the changes.

Absolutely.

Riley: I suppose one outcome, if we were to approve five-year franchise renewals today, then one possibility might be that the taskforce can go ahead and on do whatever it's going to do on the bulling k of those -- bulk of those things. And to the attendant that it reaches issues that go beyond the scope of what we can do within a franchise, then it can simply identify those issues and put them in a separate parking lot for consideration at some point down the road, within the next five years. Say we plan on reconvening a taskforce in three years. And for those parking lot issues that are going to require a little further work and that would have to be -- to the extent it results in significant recommendations that those changes would have to be done at the end of a franchise term. Is that one potential approach?

Yes, sir. Because the taskforce is a subset of utc plus other stakeholders and parties, i would expect that that discussion could continue through utc and still some type of recommendation would be brought forward to this group over whatever that period might be. Again, going back to the recommendation or the intent of the recommendation was to give us the opportunity to line up all three franchises and whether that happens in two and a half years or five years, you still achieve the same goal from staff to line those up, give this body opportunity should you decide to make the change.

Riley: Okay. I didn't have benefit of watching the utc consideration of this issue. I understand they recommended two years. Is there anything that you can share with us about their discussions that led them to recommend two years? They're the ones who we're looking to to work on this.

Yes. And councilmember, again, that goes back to why we made the two and a half year recommendation is because we perceived that there was a desire, at least in the public that were attending the utc meeting and the utc commissioners, whether there was a desire to talk about issues that might result in a franchise change, soond -- and talk about those now as opposed to over the next two or three, four years. That's why we made the recommendation. And as councilmember shade said, asked us if there was a business consideration, and we did not have the benefit of communications on those issues prior to our recommendations. So the recommendation was made.

Riley: Thanks.

Mayor Leffingwell: Councilmember morrison.

Morrison: I am going to dead and support this motion because I understand the business aspect and trying to do the long-term planning, but I think a very important thing that mayor pro tem martinez mentioned is the item from council that he's going to bring to allow lone star franchise agreement to get extended so they can now from here on out work on a five-year plan because otherwise they would only be two years and then three careers, which wouldn't be fair at all. I think it's very important to look at the idea of extra permits because clearly we have some business aspects that need to be balanced there also. And immigrateful for the utc for taking up all these items and having the conversation that needs to be had and we have some follow up on the audit that needs to be had. There's some hard issues that need to be discussed. And as councilmember riley said, some of them might have to go into the parking

lot, but I assume that won't be a surface parking lot, that would just be an underground or something. So I -- I think this is as good as it gets for us in terms of balancing all of the issues that we have. So I'll look forward to the item for council.

Mayor Leffingwell: Councilmember spelman.

Spelman: Since we are we're about to take a vote, I m well announce in advance what I'm going to do and why. I'm not going to support the motion, not because I don't believe giving yellow and austin cab companies some sense that they'll be in business for five years, they'll be maintaining a franchise with us for five years. Because I would like an opportunity after two and a half years to make some potential changes. I don't know whether we'll be in a position to make substantial changes, but we might. And if we vote for the motion in its current form, we won't be able to. We've just begun a stakeholder process where some things were brought to the surface that were new to me and new to other people. Cab drivers don't net a lot a month. Most of them don't make a lot a month. They are currently very constrained by they're relationship with the individual cab companies to cut a deal with. They can't pick up and go someplace else, some other cab company, even if they believe they would make more money, even if they believe they would be taken more seriously, treated with more respect. It's not an opportunity for them. There's no portability in those permits right now. There's a bigger issue for me, and that is that even as we have an opportunity to make some kind of an adjustment of how many permits each company gets, and of course we're talking about doing that. I don't know who needs mor permits. I don't know whether lone star needs more permits, i don't know whether yellow or austin need more permits. I'm not even sure exactly how many permits we need because in this franchise agreement there is no market. There is no invisible hand that is determining who is a winner and who is a loser, who ought to be getting more permits because they're treating their drivers with respect or treating their customers with respect and doing things very efficiently, and who is not. There's no way to know. The only way we ever find out -- we don't find out. We decide we're going to give this cane a few more and we'll give this company fewer. And there's nothing in the market, there's nothing in the record available to us to help guide us. I'm extremely uncomfortable in the situation where we're picking winners and losers and the market is not and the customers. And I think the great benefit of a new form of portability is that it reduces some form of market. If the drivers can leave one company and go to another, that's a way of the market saying this is a way of the market showing this company is doing a good job and this company is not going a good job, and the licenses, the permits are going to go to the places where (indiscernible). Right now we have limited information as to where the permits ought to go. I'm not sure if it makes sense for me to make any decisions tuesday who ought to get additional permits. I'd like the sort of information that can only be provided by a market and i would like us to be in a position to provide a market. That's what portability is all about and I don't want to wait five years to provide that level of information for us, for our customers and that level of security for our drivers. [ Applause ]

Mayor Leffingwell: Councilmember shade.

Shade: I'm going to be supporting the motion as it currently stands, but I did want to make a couple of comments. One is that voting -- I do not see these things as being mutually exclusive. And I think



people who know me know how much I care about cab drivers and that I clearly support the discussion that's going on right now to look at issues of equity, look at the issues that were raised in the audit. I think the insurance policy, where we're not -- the enforcement ordinance that we currently have, that needs to be addressed. And I assume that there's a lot of uncertainty out there in terms of whether or not portability becomes an issue and that there's a business case made and how that affects the overall industry. Our job up here isn't to pick sides and frankly it's a really complicated business, much more so than I realize. And a good friend told me the truth lies somewhere in between and I have a feeling that that's probably the case here in terms of what adjustments need to be made. I agree with councilmember morrison's comment about we're trying to strike a balance here because our job is to make sure that there's some level of stability. And that means that if there are dramatic changes that are going to be made as a result of the work that's going on with the utc, then there needs to be a fair amount of time to plan and make arrangements for that. And that means treating -- and those folks that have gone through the process to apply in january, that takes lots of time to do. There are the financial decisions and everything else that we've talked about, but ultimately if in two and a half years there's a business case made and this council has made some changes in the way the business is going to run, then the 2015, it doesn't have to be put in a parking lot, it can be made effective as of the franchise agreements that will be issued in 2015, which I would assume that means those applications would be going out in january of 2015. So again, those -- that time comes quickly and I want to encourage all the people who are listening and who have a stake in this, stakeholders to actually participate and get done what needs to be done. You have a definitely finite timeline. Thank you.

Mayor Leffingwell: Councilmember riley.

Riley: I have to add one last word about this because I am very concerned about making sure that we are able to fully address the issues identified in the report that councilmember spelman mentioned. It raises very troubling concerns about the -- in particular about the working conditions that our taxi cab drivers are subject to. I think what's clear now is that we essentially -- we are working within a certain paradigm and we are locking ourselves -- if we approve this item today, the motion on the table, we will be locking ourselves into that existing paradigm for the next five years. I think portability, we may well wind up at a point where portability is really the only answer. And that's going to signify a whole paradigm shift. I think that -- if we can't meaningful progress on the wage and hour conditions in next five years, I think we'll be fully prepared to make that shift as of 2015. I think our challenge for the next five years is going to be to see if the existing paradigm is capable of addressing these concerns. And that's a serious question. And my hope is if we look around the country and see what other cities have done, I think we may be able to find ways to make meaningful progress on those issues within the existing paradigm and in ways -- so we can actually make those changes during the duration of the existing franchises. And that's my real hope. I may be proven wrong, and if that's the case, by 2015 it will be apparent and we will be ready, I hope, to make that shift towards portability or what other very other dramatic change is necessary. But this is essentially saying okay, we're going to get one last chance, we're going to make take a shot at working on the current arrangement to see if we can address these issues and improve the working conditions of our cab drivers. We've got five years to do it. I mean, if we can't just put it off for five years, we need -- the utc and all other stakeholders need to be working on this today. spillar indicated, that literally is true, we are actually working on that actively now.

I don't know if council -- I suspect the council would be receptive to whatever ordinance changes are recommended to make progress on those issues. And so I'm hopeful about making those progress on the issues within the next few years. We'll see how it works. And if we still haven't -- haven't made real progress in five years, then I expect it will be time to consider the more radical changes than just portability that might actually produce those changes that we'll need. So with that I do -- I will be supporting the motion with mixed feelings.

Mayor Leffingwell:

Mayor Leffingwell: All in favor? Opposed? It passes on a vote of six to one with councilmember spelman voting no. We'll now take up related item number 33. And we have a number of speakers signed up. First again a Whitney Cox. And Dora Bond. So Whitney, you have up to six minutes.

Actually, I was anticipating these being clumped, so I will be brief. I would just like to say that there are actual people here who are affected and five years is an awful long time. I personally can't imagine being told that it's okay for me to continue making -- working 60, 80 hours a week, 45 an hour for the next five years. I don't think there's any reason for council to handcuff itself from making changes in five years. Maybe in two and a half years you won't be ready, maybe. But maybe you will. And I just think that it's really, really ignoring a large population of people who are suffering and are counting on this city and putting their faith in this council to do something about it. Nobody knows what's going to come out of this. I'm not standing up here saying yellow cab shouldn't exist or Austin cab shouldn't exist or that they shouldn't continue to operate in the city. Basically the city is not crossing off these drivers. These drivers are struggling. And somebody is going to have to fix it. I just was hoping council would take this opportunity to really fix it. Thank you.

Mayor Leffingwell: Thank you. Let me just say, speaking for myself, that I certainly sympathize with the drivers' situation, whatever that is. And if anyone is guilty of treating their employees unfairly, then I am willing to weigh in privately, personally, in any way that I can to help that wait-on situation. It doesn't necessarily have to be tied to the contract that the cab companies have with the city. There are other ways to pursue these issues. Let me assure you that I'm willing to do that. Mayor pro tem. We do have some more speakers. Jeff Brodie signed up for. Jeff Brodie not in the chamber. Joseph Dilley. Alley. My bad. Joseph has signed up against. And welcome. You have three minutes.

I'm a cab driver at Austin cab. I used to drive for yellow cab. I've had experience working in all three cab companies. And I know that right now the drivers have been struggling over the years and there's no reason why you can't follow the UTC's recommendations because two years, two and a half years, whatever it may be, is not going to affect those cab companies from being able to continue to do their business as they're doing now. I strongly believe that they are afraid of changes in this business. And changes in this business needs to happen because the drivers right now are suppressed. I right now, I feel threatened to even be here, but I'm here because I am willing to stand up for my rights to stand here and speak to you all, even though my job could be on the line. And if that may be the case, then that may be. But as it is now, there's only one cab company in here that has to lose, and that is yellow cab because they are the only cab company here who finances cars, Austin cab and Lone Star cab do

not finance cars. Those cars are brought on the line by the drivers, paid for, title clear. Only yellow cab finances cabs at a 15% interest rate. That's outrageous. They do not allow their drivers to go outside the company and finance cars, which means they're monopolizing that industry. By allowing them to have this five-year contract, you are allowing them to gouge these drivers for five more years. That's five years you're going to allow these drivers to be gouged. And you don't even know it. Martinez, you said that this is a financing thing. The only person here who has got a finance interest to lose is yellow cab. If they lose on five-year contract, they have the possibility of losing their cab business. For instance, if I went outside and I bought a car and I financed it and I was a yellow cab driver, they would lose the markup value on the car. They would lose the interest rate on the car. They would lose the tax deduction on the car because they do not license the car in the driver's name that they sell that car to. They would also lose on the ad valorem tax deduction they take each year on those cars because they still don't have the cars licensed in the driver's name that they sell those cars to. When I was buying a cab from them, my car was not in my name. It stayed in their name. Even though I paid 15 percent interest and I was buying the car.

Mayor Leffingwell: Thank you, Joseph. I'm very interested in this 15% concept. Mayor pro tem.

Martinez: I wanted to Cardwell if he can come up and make some common regards to some of the things that were just mentioned about the operation of yellow cab.

My name is (indiscernible).

Mayor Leffingwell: Pull the mic up.

Martinez: Can you spell to some of the comments that were made about the financing structure at yellow cab.

Independent contractor drivers at yellow cab can bring in their own cars. Everybody is not required to buy a car and have it financed through yellow cab. They have the option to go out and get their own financing and purchase their own vehicle. We have some drivers who go buy used police vehicles, some drivers will buy cars from out of town. They shop for them online. They finance them themselves. There are drivers who, you know, for whatever reasons in their lives, may not have the greatest credit, and so they ask us if we'll finance the purchase of a vehicle for them and we try to present those opportunities to the people who want to get into the business of driving a cab, so we try to help create small businesses for those independent contractors.

Martinez: Is a requirement if I go work for yellow cab that I have to finance a cab through you?

Not at all.

Martinez: Thank you. Mayor, I want to move approval of staff recommendation with the amendment to amend the franchise agreement to five years.

Mayor Leffingwell: Motion by the mayor pro tem to approve item number 33 with the same amendments, pending the time period of five years. Is there a second?

Cole: Second.

Mayor Leffingwell: Seconded by councilmember cole. Any further comments? All in favor say aye. Opposed say no. It passes on a vote of six to one with councilmember spelman voting no. Council, that brings us to item number 37. Item number 37 is also pulled for speakers. And the first speaker is gus pena. Gus pena. Gus pena is not in the chamber. Joe ramirez? Joe ramirez. Joe ramirez is not in the chamber. Those are all the speakers that we have signed up. I'll sprain a -- entertain a motion on item number 37. Motion by councilmember shade to approve item 37. Seconded by the mayor pro tem. Any discussion? All in favor say aye. Any opposed say no. It passes on a vote of seven to zero. Council, I believe that 00 zoning cases. Mr. guernsey.

Thank you, mayor and council. I'd like to go through the 00 zoning and neighborhood plan amendments. This is where potential action may take place. The first item for consent is item 52, case c-14-2009-0102 part, this is the upper boggy creek neighborhood planning area vertical mixed use building, opt in, opt out prois. The staff would offer a postponement of this item to your may 13th issue to address some issues that are related to position and a motion sheet we would like to have prepared to you so you can clearly understand what is happening before you take action. Item number 53 is case c-14-2009-0151, this is the property located at will 35 west sixth street to zone the property downtown mixed use, central urban redevelopment combining district zoning. Planning commission recommendation was to grant the downtown mixed use central urban redevelopment planned district zoning. Item number 54, case c-14-2009-0164 --

Mayor Leffingwell: What was the disposition of 53?

Consent approval on first reading only. Just first reading. Item number 54 is case c-14-2009-0164 for the property at 1705 aldrige drive. This is to zone the property general commercial services, conditional overlay. The zoning and platting commission recommendation was to grant the cs-co combining district zoning. This is ready for consent approval on all three readings. Item number 55 is case c-14-2010-0002. This is for the property located at 9333 brown lane zone the property limited industrial services combining district zoning. Zoning and platting commission's recommendation was to grant limited industrial service conditional overlay. This is ready for consent approval on all three readings. Item number 56 is case c-14-2010-0003, this is a different portion of the 9333 brown lane to zone the property limited industrial services conditional overlay combining district zoning. The zoning and platting commission was to grant the li-co combining district zoning and this is ready for consent approval on all three readings. Item number 57 is case c 814-2008-0136 for the property located at 12221 north mopac expressway northbound and 2311 to 2511 park bend drive. This is to zone the property planned unit development or pud district zoning. The zoning and platting commission's recommendation was to grant the pud district zoning with conditions. And this is ready for consent approval on first reading only. And that concludes the items I can offer for consent at this time.

Mayor Leffingwell: guernsey, you will make short work of this consent agenda. For those items where we have yet to hold a public hearing, is to postpone item 52 until may 13th. To close the public hearing and approve on first reading only item 53. To close the public hearing and approve on all three readings item 54, 55 and 56. And to close the public hearing and approve on first reading only item number 57.

Morrison: Mayor?

Mayor Leffingwell: Councilmember morrison.

Morrison: I would like to have discussion and make comments on item 53. I would like to keep it from being that easy on you and pull item 53 from the consent agenda.

Mayor Leffingwell: Item 53 removed from the consent agenda. The rest have were read, is there a motion to approve? Motion by councilmember shade, seconded by councilmember spelman. All in favor of the consent agenda say aye. Any opposed say no? Evidently that passes on a very silent seven-0 vote. [ Laughter ] [one moment, please, for change in captioners] cure stands for crawl urban redevelopment -- central urban redevelopment district. The modification of the property would allow for a proposed increase in height on the property from 120 feet to 350 feet. There would be no change to the floor to area ratio of five to one on the property. It's recommended unanimously by the planning commission on a vote of 8-0 of the staff recommendation. As part of the approval the applicant agrees to participate in the great streets program. It is partially located in the capitol view corridor, which does limit the building height for a portion of the site. To 55 to 70 feet, which is the reason why they are asking for the cure zoning so on the balance of the property they came make up some of the far they have lost due to the decrease in height to the capitol view corridor. The property is located in the 25 year, 100 year floodplain and the council did grant a variance for construction of these areas in 2007, which was updated in 2009. The properties to the north of the site, there's a parking lot zoned dmu. So the north, south, east and west of this property all zoned dmu. To the north are offices, to the south is consequences to the east is office and cocktail lounge to the west is a grocery store type of use. The applicant also agreed to a two-star green building. For the structure green roof building techniques. Also agreed to some some improvements to the shoal creek hike and bike trail and channelization improvements to shoal creek to reduce the place of flooding in this area. There are two other boards that did review this application. There -- they were the design commission and downtown commission and both recommended this request. At this time, I'll pause, if you have any questions. glasgo is here to present on behalf of the applicant. I think she has a short presentation that might answer some additional questions that you may have.

Mayor.

Mayor Leffingwell: Councilmember riley?

Riley: One quick question, greg. You said they are not seeking any increase in the far for the property.

That's correct, it would remain.

Riley: Far is five to one, they are seeking no change in that.

That's correct.

Riley: What additional entitlements are they seeking.

Primarily height because as the capitol view corridor impact a portion of the site and limits their height, they have asked for additional height on the remainder of the property to recapture the available far.

Riley: Okay, but no change in the far. And in terms of the applicable provisions -- there's been some talk about the affordable housing. I know the planning commission devoted some -- some attention to that. We currently have an interim ordinance in place that -- that addresses affordable housing. As I understand it, that's not triggered in this case.

Thearl. I don't believe it is because there's no increase in the far. However the applicant may share some information with you about affordable housing that they would like to offer as part of their request.

Riley: Okay. Actually I have got -- I do have one other short question. To what extent are there design requirements built into this -- into the cure? Does the cure that's before us today include any provisions that would govern, for instance, the -- the location of parking or the treatment of parking at any level?

There is a requirement -- some requirements that earned the cbd-dmu districts that speaks to design. Those particular things are unique to that district. I think there is something that speaks to parking, although I'm not exactly sure how it's handled.

Riley: Just the provisions that say if you are going to have parking at the ground level it needs to be separated by the street from a pedestrian oriented use [multiple voices]

general provisions that are unique to cdb and dmU --

Riley: Nothing in particular within the cure -- rezoning on the -- before us today that would change any of those general provisions.

Not that I'm aware of. There are still great streets that would have some improvements along the rights of way that they have agreed to do. If and when they construct this new building.

Riley: Okay, thanks.

Mayor Leffingwell: Follow-up question to councilmember Riley's. So -- is what you are saying is there isn't any density bonus triggered with this configuration? In order to really trigger the interim ordinance you really have to start increasing the far. In this case, the only thing that they are asking is for an

increase in height and not far.

So how can we even get into this discussion of negotiating the affordability or other community benefits?

I think the applicant has some proposals that they are offering.

Mayor Leffingwell: Granted if they wanted to offer something a private restrictive covenant or otherwise as long as it's not a condition of the zoning or does not have the appearance of contract zoning.

That's correct.

Mayor Leffingwell: So i think that's something that we need to be aware of in this discussion, councilmembers. Okay. So speaking for the applicant, is alice glasgo. Who is entitled to five minutes on her own as the applicant. But she has other folks donating time. Brad slosher, brad here? David [indiscernible] david. And lisa rose. Joe longaro.

Joe had to leave.

Mayor Leffingwell: Let's see, you have -- you have 14 minutes instead of 15.

Thank you, mayor, alice glasgo representing slosher development. I will be brief since mr. Guernsey gave you an overview. What's being passed out is an update to sheets 13 and 14 of our pop on presentation. It has to do with -- with page -- sheet 13 has the community benefits, rather sheet 12 and 13 and then 13 has the affordable housing with some tweaking language that we have added after we had meetings with some of you. So hopefully that will help. But I will start off. The site is located east of whole foods and it is bounded by bowie, west fifth, west sixth and, to the east is shoal creek. This is just a -- just an overview of two pictures that show the existing to the left, the site is paved, it's used as an existing parking lot. Surface parking lot. Shoal creek, this is what it looks like today. I show this so that you can compare it to the improvements that will be contemplated as I proceed with the presentation. The -- the site comprised of 713 acres, zoned dmu and that allows for floor to area ratio of five to one. The maximum height under dmu zoning is 120 feet. So the total square footage allowed on this site is 598,891 square feet. That's the maximum that we can build under the five to one far. We have an approved site plan with two uses, retail and office. That comprises of 397,585 square feet just for those two uses. Obviously the two buildings, one is under -- within the capitol view corridor as limited by those heights and the other one is outside of the view corridor. The height we are seeking is 350 feet from 120. And there's mr. Guernsey indicated that we are not seeking additional floor to area ratio, we would simply be absorbing the square footage allowed under five to one far within a taller building. It will be a vertical building which will give us additional space for green space that will be accessible to the public. The uses proposed here are office for a total of 438,850 square feet currently. Retail 50,300 square feet and 90 condos at approximately 100,000 square feet. Of course tho numbers could change once the ultimate tenants are in place. So that may change somewhat. We may ends up with more condos than contemplated right now, but this is what we are contemplating rights now. This slide shows you how the

capitol view corridor divides the site into two. The building that is up to five stories, I'm sorry that kind of moved forward, is right under the orange line, which is about, you know, one -- one level of retail and four levels of office space. Then the tall building, which the 350-foot building has the mix of residential above the blue is office space, brown is -- some levels, three levels of a parking garage, under -- then brown is retail and then below there's some levels of underground parking, also contemplated. This next slide shows you the -- the -- the existing approved site plan where we show this so you can see compared to the proposed site plan we pick up some open space that you can see the green areas. As shown on the -- on the proposed site plan, the current site plan has the building limitation line that -- that shows the a that -- that has a limitation on development per the -- per the floodplain study that was conducted by the city in 2006. After the property was purchased. The -- this slide shows areas that are going to be dedicated to green space and as we met with the design commission on two occasions, they wanted us to commit to having some publicly accessible open space and we agreed that we would have approximately 30 to 35,000 square feet of open space, five thousand adjacent to the creek and the others at grade. We planned on having a green roof on this site and -- and that's -- that's exciting. So hopefully that will -- that will help address some of the benefits that are attributed to having a green roof. We agreed to have great streets and this is an example of what the great streets would look like. It's a cross-section on bowie street. So again on all three streets we'll -- we'll work with staff to comply with great streets program. Shoal creek improvement, this is a slide that shows how shoal creek will be improved and this is a design on the creek improvement that has been coordinated with the parks department and we worked with them several years ago to come up to -- to commit to a design that they were comfortable with. This is a cross-section of the -- of the -- of the shoal creek trail improvement without the building, just shows you the creekside and the -- and the trail itself. This is a slide that shows the -- the city approved lance armstrong and pfluger bridge ex-extension bikeway. City staff, anique bodyt asked that we construct it to extends the bikeway from the -- from the pfluger bridge downtown across to bowie street on to 9th street and we have committed to do that. Here on slide number 12 shows the community benefits and I handed you a copy of the changes that have been made. We have -- we've added item -- you know you have the -- the green building, the lance armstrong bikeway, the city asked that we coordinate on the west side. That's the whole foods side that when we construct the lance armstrong bikeway, that we also help them construct the one on whole foods side, they will compensate us, so you only have opening the street, having the street constructed just at once and not multiple times. We've talked about approximately 20,000 square feet of a green roof improvement to shoal creek, hike and bike trail, [indiscernible] of the creek to the flooding which benefits the development mostly obviously the public, also, reduces flooding upstream and downstream. With the residential development, we will comply with the parkland dedication ordinance. Publicly accessible green and open space of 32 -- 35,000 square feet. We will participate in the great streets program. The commission asked that we provide signs directing pedestrian and bike traffic to alternate routes during maintenance and construction of shoal creek trail. That makes sense. Thcommission also asked that we visit with the parks department to determine, for us to look at the possibility of having -- having public showers or restrooms on the site. Obviously due to safety and liability issues, developers cannot accommodate such facilities on the site. But we, the applicant is committing to donate to the parks department, they informed us when we met with them, that they have a bond election item that they would like to put on the november ballot to improve the restrooms and maybe possibly add rinse



showers at the trail head of shoal creek and lady bird lake, so we would like to donate, if the project exceeds 482,687 square feet the developer will donate \$10,000 to the parks department towards that improvement. I mentioned the -- the 482,687 square feet. That is the benchmark that we agreed to with the planning commission, that if we were to have mixed use development, retail office development today, without cure zoning, this is the maximum square footage that we can achieve today. That being the benchmark that if we exceed that then, you know, your affordability triggers and all of these things trigger, too, as stated. This is the page that addresses the affordability. We are offering this. It's voluntary. We understand that the current affordable housing density bonus ordinance does not apply to us because we are not seeking density bonus, but my clients would like to volunteer the items listed here and this is -- this is -- this is a deal that we negotiated with the planning commission members and we agree that -- that number one preference is that the project exceeds 482,687 square feet, that 5% of the total units on the site would be -- would be dedicated to 80% mfi and -- but -- not less than one unit for every 20,000 square feet in excess of the benchmark would be units on site. This is to provide some equity that at least you do have a minimum number of units in the event that that square footage exceeded. The other option would be that if -- if for whatever reason it's not feasible to have the units on site, that we would work with the neighborhood housing department to pay a fee in lieu of when we exceed that benchmark square footage, we would donate \$3 a square foot above the benchmark square footage. As you saw that, beyond a benchmark square footage we could go up to an additional 100,000 square feet of development. The other option would be that -- that regardless of density, mix of uses, and/or the square footage, the benchmark, the developer at a minimum would still pay \$100,000 towards affordable housing. So -- so this is the -- this is the list of -- of -- of affordable housing options that we have, that we are offering. That concludes my presentation, I will be glad to answer any questions at this point. Mayor, I have concluded.

Mayor Leffingwell: You are done, okay.

Thank you.

Mayor Leffingwell: Questions for the applicant? Councilmember morrison?

Morrison: I just have some comments, but i don't have any questions.

Mayor Leffingwell: Okay. Go ahead. First I want to thank you alice, brad and david for working on this project and for the -- for the conversation that you had at the planning commission. Regarding affordable housing and the offer that you made. I think that, you know, this is -- i understand that the interim affordable housing density bonus doesn't kick in here so that it's not clear to me if that was really the intent of that bonus density program that got into place. It might have been an oversight. But in any case, from my perspective I think it's very important to keep in mind that this is an increase in entitlement, even though the far is not being exceeded. The height is going from 120 to 350, which is a pretty substantial difference. So I appreciate that you all are acknowledging that. And I'm having a really tough time with this one because I -- because I -- you know, just a couple of months ago, we all sat here and had -- had hour after hour of hearings talking about -- about the need for affordable housing, in our community, and the limited resources that we have for affordable housing we were down to our last \$13

million in bonds and how we needed to do everything that we can. To make sure that we're -- that we're leveraging everything that we have in this community to be able to provide the -- the -- for the amazing affordable housing needs that we have. I think it's important to keep in mind that all zoning is discretionary. That -- that in fact cure itself is specifically cited to be used to accommodate high priority projects that enhance the stability of urban neighborhoods, including the development of affordable housing. So one of the other way that's I look at this also is that we did recently do some affordable housing with regard to a project in -- in south austin, the -- the in that case there was a -- an offer that was worked out that came to I think almost \$5 per square foot. So that's what I'm having a really tough time with this because I feel like in a way if our expectations for the kind of benefit that a project will bring to our community is moving backwards, then I think that we're headed in the wrong direction, we're going to be in danger there. So -- so I guess that I'm just sort of -- sort of really at sea about this one. I'm not sure what to do with it. I think that it's going to pass on first reading. I hope that maybe we can roll up our sleeves and talk a little bit more and die appreciate the time that it's taken talking with me and the effort that you have put into this.

Mayor Leffingwell: Well, let me say first of all, in the case of a , negotiation for community benefits, including affordable housing, is specifically authorized. That was in the rewrite of that we did that was one of the reasons that we did it. But in a straight zoning case, I don't know whether the cure part enters into it, but I'm very concerned about it and I'm going to find out on second reading. In the meantime, I'm working on the assumption that your offer for community benefits, including the affordable housing, is strictly an offer on your part. And not something that is -- that is negotiated or even talked about as -- as to whether or not we -- this council approves your zoning. So -- so if we can get an answer to that before we come back on second and third.

Cole: Mayor?

Mayor Leffingwell: Councilmember cole.

Cole: I want to thank slosher for bringing us a project that might keep us here 00, we are just glad for the development. But we do recognize that we have to make a decision about the zoning. But I emphasize that because we've had to little development in the cpd or the downtown area for at least the past year. So we thank you guys for putting up the investment money and congratulate you on being able to get your financing and move forward. And as far as the community benefits go, I hear councilmember morrison loud and clear in terms of our deep need for affordable housing, but recognize that this is within the interim density category and that you are -- that is normally not required in any zoning cases and appreciate the fact that you have come forward to -- to make community benefits for affordable housing. And I've -- I've visited with you in my office and seen the project and a lot of the other benefits that you are offering. And so with that, I will move approval on first reading.

Mayor Leffingwell: Councilmember cole moves to close the public hearing, approve on first reading only. Item no. 53. Seconded by the mayor pro tem. I want to ask one question of you, since you are standing there. You talked about all of the things that you are going to do as far as great streets, underground parking, creekside improvements, et cetera. Is that -- is that -- is that one of the conditions of the

zoning? Or is that -- is that just something that you have talked about?

The law department staff will incorporate those conditions either in an ordinance or a restrictive covenant and they will decide which items go into a public covenant and which items go into a private one. I would just like to indicate that the community benefits by themselves total \$2.3 million. That's not including the affordable housing proposal, I didn't mention that. I just wanted to put a dollar figure to just the community benefits alone. Thank you.

Mayor Leffingwell: Thank you.

Riley: Mayor? Following up on that same question, so it's -- so the parking provisions will be recorded in what form?

I thought you asked about the community benefits. That we are offering.

Riley: Those will be in the form of?

Some of them will go into an ordinance, some of them in a public restrictive covenant.

Riley: Okay. Will we see that on second reading?

Correct, second and third readings staff take the items that we have under community benefits, the affordable housing can be a public covenant. I'm not sure because we're donating the funds would be donated to understand the future towards a city department including the parks department, we'll just work with the law department to find out whether that -- what kind of instrument ought to be captured in. That will come to you at second and third readings.

Along those lines, with respect to the parking, I understand that you do expect to have -- if you get the density that you hope, then you expect that a significant part of the parking will be ground underground?

Yes, there will be some parking underground and some in -- in the -- in the taller building, there will be -- three levels contemplated of a parking garage. Does that answer your question?

Riley: Would that parking be screened?

The -- in the parking garage, skinned, yes, screened. The building will be just like -- when I say skinned, it will look like the CSC buildings where you have a parking garage and yes it will be screened.

Riley: So how much parking would be underground.

Well, we are contemplating -- well -- the final numbers haven't been defined, it will be one to two or

three levels of underground parking.

Is it possible that you would be able to commit to any provisions to be recorded within in the form of a covenant based on the level of density that you achieve? Like you could say with a certain -- x level density then x amount will -- would be underground? Would you be -- is it possible those should be committed to covenants.

You could say if we exceed the benchmark square footage the 482687 square feet then we will commit to -- at least two levels of underground parking that would be acceptable.

Riley: Do you expect to have parking at the ground level?

That's underground.

Riley: Ground level.

At level? We are thinking we -- we don't know who the final tenants are going to be, we would like to have flexibility in case they are need for short term parking at grade. Is that what you are asking?

Riley: Would you able to --

you can say probably no more than 30 spaces.

Riley: You would be able to commit to no more than 30 spaces.

At grade.

Correct.

Would be short term parking.

Okay.

Riley: So all of those agreements with respect to parking could be included in the covenant. The reason [multiple voices]

it can be.

It has been a sensitive issue downtown.

We can certainly do that [multiple voices]

do that on second read being.

Correct. So clarify no more than 30 at grade parking spaces for short-term needs should there be a need for that in the future. Once a tenant or tenants are finalized. Secondly that if we exceed the baseline square footage of 482,687 square feet then we should have at least two levels of underground parking.

Riley: The garage parking above grade will be screened. So all of those provisions could be include understand a cough innocent that we could -- included in a covenant that we could see on second reading. I just want to add my voice to councilmember coles and -- in acknowledging the significance of this project coming forward and expressing my appreciation for the levels of design that we're seeing here. We haven't seen much activity especially in the central city in the past year or two, so it is appreciated.

[Multiple voices] [no microphone]

he wanted to clarify that the 30 spaces would not include the portachere parking if you had a hotel or for condos.

Riley: Would there be an upper limit that you could commit to with respect to that parking.

David, come speak to that.

Mayor and councilmembers, I'm sorry to interrupt, i wanted to make sure that it was clear. All I'm saying is that the concrete area for a portachere would not be -- have to be consequence construed as parking -- I'm not talking about more parking, but if we have a portachere that has dropoff spaces we are really squeezing down the number of spaces now on a surface level. The code already requires in dmU for us to have it screened as I've heard mentioned earlier. So there won't be anything visible from the streets other than what you can see through the drive. I just want to make sure that a portachere that might be necessary for a hotel would not be construed or have anybody feel disappointed that we didn't make that clear at this point.

Riley: Still 30 spaces.

Riley: And that language could be worked out for second reading.

Okay. Thanks.

Morrison: Mayor? I have a question for mr. Guernsey. I wonder if you could explain a little bit about the situation with the floodplain and the floodplain variances because I understand this property is in the floodplain and they have a floodplain variance right now.

I think I'm going to actually ask someone from watershed protection come up because we anticipated there might be a question about the floodplain variance that's already been granted. Can I just ask for clarification. Was there an amendment to the motion that was on the table to address the 30 spaces, the

two levels --

Mayor Leffingwell: I think what we had mr. Guernsey was a motion on the table with additional direction for second and third readings on the covenants.

I would be happy to make it in the form of a friendly amendment if that would be agreeable to address the parking provisions that we just discussed in the covenants or other provisions for second reading.

Mayor Leffingwell: I think we are covered unless you just want to do it.

Riley: If we are covered that's fine then.

Morrison: I wonder if you could explain, I'm wondering if a different floodplain variance is going to be needed or if the floodplain variance just carries over.

My name is [indiscernible], I'm the manager for the watershed division. Approved in 2007 was [indiscernible] dealing with the applicant, so we got to a site that was able to co-exist with the floodplain. I talked to the applicant today and the engineer and they assure me that the footprint is not changing, so it won't be [indiscernible] cost by exchanges that they are doing. We still wanted to look at it to make sure there is no any changes in the grade or anything. Still we have the access to the parking above the floodplain, we still have the pedestrian access to get out of the building safely and have our first responders able to go to the building. So I told him to come to the office and look at it. What we are looking at it today it doesn't look like the variance needs to come over again. The variance will expire i think when we came last year, going to expire in october of 2011. In building permits [indiscernible] before that day, definitely the variance will need to be extended again.

Morrison: So floodplain variances don't have to take into account the square footage, actual square footage or the uses, is that what I'm hearing.

Yeah, looking at more what it is that they -- an area where they are filling if that area continues to be in the same, not putting more fill, then if you go vertically it won't be a problem. Fema requirement that is not [indiscernible] on the first floor, if you have residences on the floors that won't change it.

I have a feeling there won't be residential on the first floor. Okay, thank you.

You're welcome.

Mayor Leffingwell: All in favor of the motion say aye.

Aye.

Mayor Leffingwell: Any opposed say no? Passes on a vote of 6-1, councilmember morrison voting no. And without objection, council, we're in recess until 4:00. Gurnz, greg guernsey, we are you the out of

recess, we will take up our 00 public hearings, possible action, first is item no. 58. Conduct a public hearing and approve a resolution et cetera. Welcome, ms. plumber.

Judy plumber, real estate 58 is a change in in your dedicated parkland which triggers a chapter 26 public hearing. A wastewater modification to the town lake shoal creek beach and shoal creek greenbelt. The amount of mitigation to the parks department for this transaction is 226,009.74. The legal fact finding is that there is no other feasible and prudent alternative to the taking of the dedicated parkland which includes all planning to minimize harm to the park.

Any questions of staff? No citizens signed up. Councilmember cole moves to close the public hearing and approve item no. 58. Seconded by councilmember morrison. Any discussion? All in favor say aye.

Aye.

Opposed say no. Passes on a vote of five to zero with councilmember shade and spelman off the dais.

Thank you.

Mayor Leffingwell: I think we're done. I believe city clerk, that is all of the items on our agenda. So without objection, we stand adjourned at 4:07 p.m. Test test test test test test test test test

mayor leffingwell: okay. So let's get started with our live music for tonight. And tonight we're privileged to have a band called cheyenne led, I guess, by our own mark heinrich, who lives in the city's it section here and makes our meetings go electronically every thursday. I didn't know he had this extra talent, you know? I've heard him give the invocation, now I see him playing in the band. So what's next? You've got to wonder. Anyway, this country rock band has been entertaining audiences in central texas for over 15 years. Cheyenne's passion for performing pleases crowds of all ages by playing a mixture of country classics and the newest country rock hits, cheyenne has become one of austin's most popular cover bands. You can find cheyenne performing regularly at austin's regular country dance halls around central texas. Please join me in welcoming cheyenne. Take it away. [Applause] [applause] [applause] [music playing] [ â™ªâ™ª singing â™ªâ™ª ] is. my kind of music.

Back in mississippi. very good. Are you going to play another one? No, I guess we don't have time. But anyway, tell us where we can see you playing live around central texas.

Thanks, mayor. We play oh we play at la palapata thursday nights around 10:00. We have gigs in marble com [www.cheyenne-country.com](http://www.cheyenne-country.com).

For people like me can you tell me where la palapa.

290 And cameron road.

Cameron road. Okay. Thanks a lot, guys.

Thank you. [Applause] so i have a proclamation for you, and it says, be it known that whereas the local music community makes many contributions toward the development of austin's social, economic and cultural diversity, and whereas the dedicated efforts of artists further austin's status as the live music capital of the world, now therefore i, lee leffingwell, mayor of the city of austin, texas, do hereby proclaim april 22, 2010 as cheyenne day in austin, texas. Congratulations. [Applause] so it's my pleasure tonight to help revive a long-standing city of austin tradition, which has been on-again, off-again sort of since 1983, and that is our environmental awareness awards. Many of you know that I was on the city's environmental board a few years ago back around the turn of the '90s, 1999? Okay. We'll get specific. The first thing -- first duty I was assigned sort of as a nugget on the environmental board was to work on the environmental awareness awards, and it was such a huge task to try to get out mailing lists, and so I know the work that you go through to really get a good representation on -- good competition for the seven awards that we give. And at that time we collaborated and cooperated with a couple of other boards and commissions, and I believe it was the water wastewater commission and the resource management commission, but if you know those two groups you probably know that the environmental board had to do all the work. [Laughter] what can I say? So it may still be the same way now. I don't know. But the board and commission selection team for this year consisted of mary gay maxwell, who's chair of the environmental board. Is mary gay here? I don't see her. Grace suzay and kristen herb ber on the resource management commission. I saw her earlier. Rick cover and -- robert smith, chair of the utility commission and sarah fos of the water and wastewater commission. Much bigger group, wider representation than we had a few years ago. And I know the award has not been done for nine years now and a lot of that is done -- I know we discontinued it for a while back in 2000 or so because of budget impacts. You know, that's one of the first things to hit the chopping block when an economic downturn hits, so probably that's the reason we haven't done it since 2001. But now we're doing it again. It's a good thing. Had 70 applicants for these seven awards. The categories are individual, large business, small business, community organization or nonprofit, school or educational program, governmental agency and city of austin department. So without further ado we'll go ahead and pass out the awards, and esther mathews from austin energy will come up and do the honors and I'll help her.

If all of you who are receiving an award would like to come up and stand beside your poster. Well, that was half the audience. [Laughter] well, to start off with, we're going to do the mayor's individual achievement award, and the person that received this award is richard craig. [Applause] richard won this award for his efforts, trees for peas, which was a project that was in the peas park portion of the greenbelt. Since its inception the project has raised close to \$100,000 and scores of volunteers have joined in planting 333 trees, installing irrigation systems and covering barren ground with moisture retaining mulch. Thank you very much, richard, and we appreciate -- [applause and cheering] the city of austin program award is going to the austin energy greenbuilding program, and richard morgan is accepting. [Applause] yes, I know, we're giving ourselves an award. [Laughter] but we weren't on the -- we were not on the review committee. The austin energy greenbuilding program is all about sustainability. The program developed systems to raise sustainability of homes and buildings and shapes city policies and energy codes. It also raises public awareness and creates demand for sustainable building practices, and we thank you -- we have some green builders in the audience.



Thank you for being here. [Applause] the community nonprofit award goes to central texas zero waste alliance, and we have david hogan and j.b. Porter accepting. [Applause] the zero waste practices are among the most effective ways to decrease trash, reserve resources, protect the climate and create economic sustainable development. The ser waste initiative tackles these environmental programs with a great deal of zest. Thank you. [Applause] our governmental agency award goes to texas facilities commission recycle program. And thomas shook is accepting. [Applause] the real texans recycle mantra and its program has made a tangible contribution to all state agencies. Since 2002 the program has recycled over 17 tons of material, generating a revenue of over \$1.6 million. Thank you very much. [Applause] [00:48:01] our large business category goes to dell and goodwill industries of central texas, and we have mike watson -- and I'm not sure who the other -- melvin kemp, thank you so much. Did you know that you can recycle your computers and computer parts by taking them to goodwill industries? It's a very unique thing that austin has. Since october of 2004 the 45 reconnect donations sites in central texas have diverted over 18 million pounds of computers and computer-related items from landfills and from being illegally dumped inroad sides or in our waterways. Thank you, dell, and and goodwill. [Applause] and our school, in our educational category, the binner was bryker woods -- winner was bryker woods elementary school pta. [Applause and cheering] the mission of the bryker pta go green program is to a promote a culture of environmental responsibility in its school community, with activities such as composting and to reach out to its neighbors as well as other schools attempting to go green. Thank you very much, bryker. [Applause and cheering] and the last one, the small business -- the small business category goes to melanie macafee. Hi, melanie. For bar mansion and artisan ballroom. Have you-all been out there? It is beautiful, especially at night when the lights are on, it's just a fairy land. Bar mansion is a certified organic facility and family-owned business. They employ only green purchasing practices and have dedicated a full-time position to research everything for the business. Thank you, award winners. Thank you, mayor. And we have. [Applause] -- we have a reception on the third floor if you would like to join us, please do. all of the environmental awareness folks, please go up to the second floor. There's a -- excuse me, third floor, third floor, there's a reception for you up there with cookies and milk. so as many of you may know by now, today is earth day, and we have been going through celebrations of earth day. In fact, we kind of celebrated at city council in a way this afternoon, and we also had an event this 30, a press event, in honor of earth day's 40th anniversary. Can you believe that? 40 Years ago? He was just a little kid when that first one happened. [Laughter]

me too. you don't have to laugh that loud. But anyway, it's a great day, and it's my pleasure tonight to honor our solid waste services department. We had a little press event earlier this week out on the plaza announcing their one green step program with our new solid waste director bob gide I I over here and my astronaut friend, richard gariot who was also there, and we were all talking about austin's program on solid waste and how we're going to ramp this thing up and pledge to take one green step to try to meet that goal that we've set of reducing our waste stream to the landfills by 90% by the year 2040. So working together we can all do it. If we don't all participate, if we all look for the other guy to do it, we won't make it. So we have to work together to do this. So I'll read this proclamation. Be it known that whereas this year marks the 40th anniversary of earth day, and whereas the city of austin's solid waste services department is celebrating earth day with the launch of the one green step campaign, which is an environmental awareness campaign that asks each austinite to commit to taking one step towards

making the earth a better place to live, and whereas solid waste services is also launching a new composting program called the green 50 challenge. This pilot program asks citizens to do three things -- maybe that was the green 30 challenge. Yeah, okay. [Laughter] take a free basic composting class, start composting in their yards and decrease their garbage cart to 30-gallon green cart, which I've already done, by the way, and whereas the city of austin is committed to zero -- the zero waste goal of reducing the amount of waste sent to landfills by 90% in the year 2040. Now, therefore, I lee leffingwell, mayor of the city of austin, texas, do hereby proclaim april 22, 2010 as earth day in austin, texas. Congratulations to all of you. [Applause] so I think both of these guys want to say a couple of brief words, so we'll bring up my astronaut friend, richard gariot, say a few things.

Well, you know, to expand on what we said earlier in the week, you know, not only, of course, is it -- i think this is a great program for the city of austin, but one of the things I've learned even in this last week through the discussions including some more data I got this evening, was about how, you know, some of our competitor cities around the country have already reached goals of somewhere in the neighborhood of 70 and 75%. So even I thought that 90% aspiration was fairly and audacious until I realizeeesser cities were already in that same ballpark. So I don't know about anybody else, but I'm reinvigorated again, even this week, to go even beyond the steps that I've been taking previously and hope the rest of austin will join us in that -- in reaching that goal. Thank you. thank you, richard. [Applause]

and I wish to thank the mayor and the city in committing to zero waste. This is definitely a big step, and it will take the community at large to reach zero waste. And today as we celebrate earth day, we are celebrating our first steps towards that zero waste, and so I want to emphasize that we get there through small steps, and our theme for this week is one small step, and we ask each of you to take one small step towards that zero waste goal. And thank you. thank you. [Applause] thank you both.

Thank you. we all know that here in austin, as in communities across the nation, across the world, even, our youth, our young people are our most valuable asset, and we also know at the same time our youth here in austin and around the country are in trouble and they need our help. They need the help of a lot of folks who are willing to donate of their time and of their treasure to pitch in, and in many cases rescue kids from very bad situations, kids who are going down the wrong track, and we've got all sorts of programs to do that. The city of austin, for example, participates in a mentorship program in our public schools where the city uses paid administrative leave for employees to go out and mentor kids. I personally did that a couple -- a couple of years ago I went out and I tried to teach some kid algebra. It really brought things back to me. I'm not sure who was the student and who was the teacher at times, but cary is an organization that deals with cases that have gone beyond mere inability or unwillingness to learn. They deal with kids who are in very deep trouble, and they've been one of austin's recipients of our contracts for social services for many years now. I've known adrian and we've talked about his needs and the way he does his business, and we're very proud to be associated with cary. So I'm going to read this proclamation. Be it known that whereas the week of april 20 each year is a reminder of the devastation of school-based youth violence as it marks the anniversary of the 1999 columbine high school massacre that left 17 dead and 23 injured, and whereas the texas dps arrest data for school age crime in travis county for 1999 to 2008 includes more than 90 arrests for murder and manslaughter,

1200 arrests for aggravated robbery, 2,000 arrests for aggravated assault, and almost 17,000 arrests for other assaults, and whereas the council on at risk youth cary works intensively with 600 at risk youth in the youth violence prevention program conducted at aid to help them develop nonviolent behaviors and become productive members of our community. Now, therefore, i, lee leffingwell, mayor of the city of austin, texas, do hereby proclaim april 18 to the 24th, 2010 as cary youth violence prevention week in austin, texas. So congratulations, adrian.

Thank you. thank you for the work you do.

Thank you so much. [Applause]

yes, 11 years ago this week the horrendous tragedy at columbine occurred. One of the worst events in the history of our public schools in this country. Ten and a half years ago council and -- cary came into being and we started a partnership with the austin independent school district collaborating and working with this very challenging group of youth. Six years ago the city of austin partnered with us, as did travis county, and we're so very appreciative and so grateful for the support that allows us to work with those 600 kids. Those are youth who are in the school disciplinary system for assault, aggression, abuse, intimidation, bullying, kids who we know from the research and the absence of a good strong intervention program, like cary's youth violence prevention program, these are kids who graduate not from high school, but graduate directly into our juvenile and criminal justice system. We know from studies of the costs of crime and criminal justice that very, very conservatively an investment in these 600 kids, each dollar returns at least \$20 in taxpayer money and savings to criminal justice cause. So again, we're very appreciative, very thankful of the support we get, mayor and council members, with this six-year partnership. We hope it has a long period of time ahead of us. I want to say thanks to the 20 community leaders that represent the cary board members, to our six staff members who work with those 600 kids on a daily basis in our middle schools. So thanks once again, mayor. thank you.

[Applause] we have a proc -- a proclamation, I believe you had a press conference this morning to announce the work you do and try to publicize it and probably get a few more people involved in your program. Unfortunately I wasn't there. I had another earth day event I had to go to, but i know how important the work you do is. My wife is an icu nurse at seton northwest, and so I'm well familiar with the tragedies that occur every day in people's lives because they need medical assistance of some kind, and this is a particularly specialized form of medical assistance. It's personal for a lot of people, and it's something that I think we've all got to sit down and talk to ourselves a little bit, remember to check off that blank on your driver's licenses that you want to be a donor, because this is something that is literally a life or death matter to somebody, or will be. So I'll read this proclamation. It says be it known that whereas almost 10,000 people in texas are on the organ transplant wait list and every 90 minutes one person dies while waiting for a donated organ, and whereas a single individual's donation of the heart, lungs, liver, kidneys, pancreas, small intestine can save eight lives, eye donations can restore sight, and donation of tissue can save and enhance the lives of up to 50 others, and whereas more than 600,000 texans have signed up with the glinda dawson donate life texas registry to ensure their wishes through the organ, eye and tissue donors are honored, and whereas we encourage all citizens to check yes when applying or renewing their driver's licenses or id card or to sign up on line, or doanl org -- or donate vidate -- donate vedate texas.org. Now, therefore, i, lee leffingwell, mayor of the city of austin,

texas, do hereby proclaim april, 2010 as donate life texas month in austin, texas. So congratulations, ms. segovia. Would you like to say a word or two?

I would.

Mayor leffingwell: okay.

Well, thank you, mayor, lee leffingwell, and I'd like to thank mayor pro tem martinez as well as the other city council members who have helped us reach this initiative with the city of austin. Mayor pro tem martinez came up with the idea of educating the 12,000 city employees, but that will extend to the community as well. So as mayor leffingwell said, there are more than 107,000 people awaiting lifesaving transplant in this country right now alone, and 18 die each and every day because there are not enough organ donors right now. So I encourage every one of you to please sign up and register your intentions to be an organ donor. One person can save eight lives, and it's very easy to do. You can go on-line to donate org and register your intentions there or when you renew your license you can decide to be an organ donor and have the opportunity to be a hero. Thank you. [Applause]

shade: hi, welcome. I wanted to call up everyone who's involved in this. This is actually national infant immunization week, and I wanted to take the opportunity to make the presentation of today's proclamation, and I know we have a big group of people, but I want to specifically thank you, who's this is a national effort to educate parents, caregivers, providers and communities on the timely importance of immunization. Vaccines are among the most successful opportunities for preventing disease and death. They help protect vaccinated individuals but entire communities by preventing and reducing the spread of infectious diseases, and as the mother of two infants, or one is I guess now technically a toddler, i know how important this is, so again I appreciate all the work you do and it's my honor to get to present this proclamation. Be it known whereas vaccines are among history's most successful and cost-effective tools for preventing disease and death, and our -- are one of the most important ways parents can protect their children gets serious diseases and whereas children need a series of vaccinations starting at birth to be fully protected against 14 potentially serious diseases, these have been reduced by 99% or more since the introduction of vaccines, and whereas especially during this week we urge parents, children, caregivers and public and private health care providers to advance the care of our children by ensuring early and on time immunizations against early and preventable childhood diseases. I, mayor lee leffingwell, do hereby proclaim april 24, through may 1, 2010 as infant immunization awareness week, and I want to thank you again for all of your efforts and welcome, thank you, if you'd like to make a few comments. [Applause]

thank you, council member shade. You know, infant immunizations truly are a public health success story, and, you know, infants are particularly vulnerable to infectious disease and that's why it's so important that infants get their immunizations. Each day nearly 12,000 babies are born in the united states that need to be immunized against the 14 recommended vaccine preventable diseases by age 2. And immunizations are very safe. Before -- they were early tested before being -- thoroughly tested before being approved and monitored by the doctors and researchers and public health officials during the course of immunizations. Finally I want to mention that vaccine not only saves lives but they save

money. For instance, for every dollar our nation spends on measles, mumps, that generates about \$12 million in savings. So immunizations are a true public health success story. And I want to then give the whole team of the people in our community that are -- in -- at the city health department that make the immunization program work and coleen christian is going to talk about our health for tots program.

Thank you. The shots for tots issues big shots programs have three locations in the city of austin and we serve almost 19,000 people each year with low cost immunizations. About 75% of those people are children, and most importantly infants. During infant immunization week we'll be teaming up with the local wic offices and providing p dot vaccine to parents of infants. It's important we immunize parents to prevent the spread of per susa in infants. Williamson and travis county have the highest rate of whooping cutoff. We'll be doing a reminder with children less than 15 majors of age in april and may to encourage them to be fully immunized by age 1. Thank you. [Applause] per tus a well, when I do proclamations sometimes I'm texted and told that my children are watching. This is a call-out I get to do, hi ethan, hi emmy, I'll be home shortly. I love you, and kayla welcome home from new york city. It's always great to get to see city staff that are doing great work were you but the next proclamation I'm honored to do is important to me because this is somebody who's become a friend but who is a real civic leader. For more than I guess 19 years she's been the citizen in this community who's taken the responsibility to lead others to protect what is now going to officially this weekend become a historically designated cemetery with marker, but i guess there will be a big event this weekend to mark the anniversary. I guess it's 82 years since the first person was buried in austin memorial park, but again, anybody that's followed the interesting history, and again, you know, for me personally I do know a few people who were buried in the state cemetery, but literally everybody who's important to me who's passed in austin, that's where they're buried. So I really appreciate as a fellow citizen the extra effort that sharon blythe, who I'm about to present this proclamation to, has taken. I think she stands as a great example to citizen involvement, and again, when I realize you've been doing this since 1991, I realize that's 19 years of some really wonderful bit of work you've done for our community. So now I'll have the honor of presenting this proclamation. Be it known that whereas the texas historical commission reserves inclusion of cemeteries in the national register of historic places for those who meet stringent criteria and whereas many austin notables are buried in austin memorial park. Veterans from every war from the civil war to the present, james michener, zachary scott, several ut football coaches and divest mers of austin's community, and todays marker, again we'll present this on saturday -- today's marker dedication is the result of an application submitted by members of automatic ramp, which stands for austin rescue memorial park, and approved by travis county and the texas historical committee, therefore i, on behalf of lee leffingwell, mayor of the city of austin, texas, do hereby proclaim april 24, 2010 as dedication of the historic texas cemetery marker for austin memorial park cemetery. And again, I thank you for all your hard work. [Applause]

thank you, randi, very much. I'd like to thank the city council also for helping us with these projects over all these years. I'd like to invite the city of austin citizens to come 30 in the morning on this saturday to celebrate with us to make history out there, because it's going to become to become a very -- it is a very important place in austin but it will become more historic that day too. And I'd appreciate it very much if you could come too. Thanks. [Applause] this is another fun one. This weekend will also be the birthday

celebration of shakespeare, and I am really thrilled to have this wonderful group of people here. I also want to recognize the shakespeare theater, richard gariot's home, which is wonderful. I've had the honor of even being a performer on that stage, which is incredible. But this is one of the greatest assets we have in austin, is the talented people who bring this to us, so I'll present this proclamation and let and ciccolella say a few words. Be it known where as the austin spaik spear is through high quality production and plays by shakespeare and other play rights, and austin shakespeare produces the popular shakespeare in the park at zilker and enables teens to perform on a stage, with its young share spear program, and it annually serves more than 15,000 audience members, hires more than 100 actors, designers and technician and has more than 200 volunteers and advocates, and whereas austin shakespeare was ranked number one by the texas commission on arts. Now therefore i, on behalf of lee leffingwell, mayor of the city of austin, texas, do hereby proclaim april 2 2010 as the 25th anniversary of austin shakespeare, and again, I'm so happy that you guys are here, and I'm so glad to do this.

Thank you. Thank you so. Would you guys line up? [Applause]

i wanted to be able to see some of these marvelous costumes. We are about to go into zilker park, even though the rain is threatening and rehearse our play. We're doing a midsummer night's dream for the entire month of may in zilker park for free. You'll see some of the ferries here. Could you turn around, fairies, and show them your wings? Thank you, fairies. Thank you so much. We'll also speak some shakespeare for our city today, and I really want to thank all of the board members for the 25 years who put this together, some of whom are here today who are current board members, some are past board members and some sitting in the audience to applaud us. Thank you. [Applause] thanks so much to council member shade for recognizing us. It was a surprise to me that she offered to do this. You know, the words that she read very much are our mission. That is, we believe that shakespeare put the spotlight on what it is to be a wonderful human being, that shakespeare put the spotlight on the beauty of the english language, and that shakespeare really gets us all to be better people. He really strives for excellence. Council member shade also mentioned that richard gariott, who's a private citizen, has a replica of an elizabethan theater on his property and gives it to us for free, and we also have a teen shakespeare company that will be performing at the end of june and beginning of july, and people are auditioning right now. So if you have a teenager who likes talking shakespeare, this is the opportunity for you. I send you to our web site for interest in any of your austinshaib spear.org. We're a resident company of the long center and will be back there in september. And I had to convince an 11-year-old in the audience here that she would like the tempest, because her mother has already bought the tickets to the tempest and told me to convince her she would like the tempest. So thanks very much to anyone in the city that really helps us move this forward. The parks and recreation department has donated our zilker hillside theater for austin shakespeare for 25 years, and we can't ignore the fact that we're just representing many, many people that have gone before and our audience, we have calculated are over -- over the 25 years totaled over 100,000 families and kids. It's really a wonderful thing in the city of austin. I guess I want to close by saying that the arts in austin are so extremely important, and often under siege, so right now we just want everybody to sort of take a breath and enjoy some shakespeare out with us in zilker park. Thank you so much. Thanks for coming. [Applause]

so I asked alex to speak the last words of our midsummer nights dream play for your enjoyment. ALEX

VEROAL, McDONALD.

If we shadows have offended, think what this and all his men did, that you have but slumbered here while these visions did appear. And this weak and idle theme, no more yielding but a dream. [Applause] per tus i per tusy congratulations.

Thank you.

Shade: my pleasure. Yes, it is, and I would have noticed it. Thank you, I will not forget. [Rumbling]

Announcer: What if a disaster strikes without warning? What if life as you know it has completely turned on its head? What if everything familiar becomes anything but? Before a disaster turns your family's world upside down, it's up to you to be ready. Get a kit. make a plan. be informed today.

Mayor Leffingwell: Good morning, I'm austin mayor lee leffingwell. A quorum of councilmembers is present. So we will call to order this special called meeting of the austin city council ON WEDNESDAY, APRIL 21st, 33 by the clock on the wall. And we will go ahead with our presentation this morning on the budget forecast. And I believe we have some folks at the table here. If you could introduce yourself. Well, city manager would like to make a few introductory words.

Thank you, mayor, thank you, good morning mayor and councilmembers. We are pleased to be here with you this morning for really the budget kickoff in terms of the public process for developing the budget for 2011 for council and for the community. So we are happy to be here today. I would begin by talking about a few things that i think you are already aware of. By saying that despite the significant downturn in the local economy, particularly in the areas of sales tax and development revenues, i think you all know this, austin has fared better during the recession than most other cities. To date we have weathered the financial storm with no impact or very little to the city's core services and just as importantly without laying off any of our employees. Furthermore, during the last two budget cycles, we have not only managed to keep our budget in balance, but we actually were able to do so while adding slightly to our general fund reserve balance, thereby putting the city in a stronger financial position for the future. We have also not taken the easy way out. What I mean by that is that this council, the community and our workforce have collectively made the tough choices that were necessary to address the structural nature of the city's budget shortfall and I'm going to just share a few examples. You will recall that we cut 124 positions from the city's 2010 budget instead of simply freezing those positions. That's a structural change. We increased tax and fee revenues in a prudent manner based upon broad community support for maintaining our core services and our workforce, as you know, rose to the occasion by offering to renegotiate labor contracts and foregoing planned pay increases. While most indicators suggest that the economy is beginning to improve, we anticipate it will be some time yet before our revenue growth returns to levels experienced prior to the economic downturn. Therefore, we will continue to tighten our belts, to seek innovative ways to do more with less and to improve efficiency of our service delivery. And importantly, given the resource constraints we continue to experience, funding for new programs and services may require us to make strategic, albeit difficult decisions about some of our programs and as far as that's we currently provide -- services that we currently provide today. It may well be that we will find it necessary to reduce service levels in certain areas or outright

eliminate some programs in order to fund new priorities that more fully meet the needs of our community. Your staff and I continue to be highly committed to -- and inclusive and transparent in the budget process and this year's forecast, we will place a greater emphasis on enterprise operations than we have in the past, adding an additional and separate three hour work session to the agenda for that purpose and you'll recall, as I recall, last year at this time when we were going through the process, one of the comments that we received from council was the desire for us to focus more attention to discussions in regard to our enterprise operations. We are also publishing for the first time a comprehensive report entitled horizon issues. Now, that report, which you should have received already, is a detailed analysis of some of the most significant operational challenges the city will be confronted with over the next five years. This proactive approach to planning for the future is yet another step on our part on the path towards having Austin known and recognized as the best managed city in the country. Although many of the challenges that are discussed in the report are significant, and although resource constraints will make it difficult to meet all of our department needs, the staff and I felt it important for the council and -- and community to be made fully aware of what these challenges are. A fully transparent budget process, we think, demands nothing less. Lastly, I want to close by stating that the forecast that the staff will present next assumes some level of wage increase for both sworn and civilian employees. As I alluded to previously, our employees have played a pivotal role in balancing the last two city budgets by agreeing to renegotiate labor contracts, foregoing wage increases and market studies and by doing more with less as vacant positions have been frozen or eliminated outright from this current budget. Today our employees are being asked to take on more responsibilities and to work longer hours than ever before. And I would add that they have done so willingly and without complaint in order to maintain the high level of service and outstanding customer service that our community has grown accustomed to. Our police, fire, and e.m.s. Unions have already negotiated wage increases for 2011 through their collective bargaining agreements. It is my firm belief, ladies and gentlemen, that some level of wage adjustment is likewise warranted for civilian employees. With that backdrop in mind, I want to, mayor, with your permission, introduce our presentation team today. As in the last, we have John Hockenjos from Texas Perspectives, our chief financial officer, Leslie Browder and Ed [indiscernible], John as he has in the past will provide an overview of both the national and local economies. Leslie will recap some of the efforts the city has taken. Over the recent years to manage the general fund budget. And through these most difficult times and she will also highlight some of the elements of this forecast and then finally, Ed will provide a more detailed look at the city's revenues and expenditure projections for the next five years. He will close out the presentation with a discussion of what's next. As we develop the budget for 2011. As always, we certainly welcome and look forward to your questions and your comments. With that, John, if you are ready.

Could I say just a quick word. If at all possible let's try to hold our questions until we get to the end of each segment. Of course if it's a question that only requires a clarification of a statement, then it needs to be done then, please do it. But let's just try to hold it. Thank you, John. Mayor, members of council. Thanks again for having me back this morning. I was asked this morning whether I had a smile on my face or not when I walked in the door. Of course I pasted a cheesy grin on said yeah we're going to go. But I will say this is an easier conversation in Austin, Texas than almost any other community in the country right now. We're working with lots of different folks and in a number of communities the situation



is shh version of how -- some version of how grim is grim. Clearly not the case in austin in part because some of the things the manager already touched on, I'm sure will be touched on further in the presentation. As we always do, what we're going to do is start up at 50,000 square feet, talk about what's going on nationally. Because obviously it has an enormous impact on us here in austin and in central texas and then we will drill it down into what the outlook is for our region, our community and then some specific things related obviously to issue that's concern the city of austin. Issues that concern the city of austin. So the term dismal science to me is -- has always been kind of sort of gilding what we do beyond what other people might say. Some people say it's witch doctor stuff. Economics really is part science and part psychologist. The science stuff says hey we have got some issues to work out, but the psychology piece of it says some things have been improving. As you look around the country, you look at things like the equity markets, look at consumer confidence, some of the headlines. You read. And people really are saying gee i think we have come out of this entire negative situation we've been in. Some of that is based on some stuff that's real. Some of it is based on the fact that in my view people are a little bit sick and tired of being sick and tired and are looking forward to doing something. We will talk about increases in productivity. Talk a little bit about some bounce up in consumer activity for the first time in a long time foreign trade is actually beginning to be a little bit of a positive for the united states. Where it's been quite negative for a long time. The job situation has improved just a hair. 7% growth. Boom. Everybody feel good about that? Neither does anybody out in the real world, we will talk about why. What's beginning to happen against this back drop of sort of media reports of what we are calling the first green shoots of recovery, you are seeing second wave. The impact of jobs lost some time ago, foreclosures, people exhausting their savings, bankruptcy it is occurring and all of that tends to hit the public sector later than it does the private sector. The guy loses his job, runs through his savings, negotiates with the bank, can't work it out on his mortgage, ends up going into foreclosure, ultimately bankruptcy. Somewhere along the way the value of his house stops and he stops spending discretionary income. It doesn't happen when he loses his job. It happens somewhere into the process. Particularly for communities li ours where we rely so heavily on consumption taxes and property taxes, there's a lagging effect that we're dealing with right now here in the public sector. One of the things that is conventional wisdom is that the extraordinary level of debt that has been incurred both as part of the recovery process and the stabilization process and then also specifically associated with stimulus activity has to yield inflation over time. Of course the key there is over time. Right now, there's no indication of any inflation in the economy mostly because demand doesn't match capacity. But logically somewhere down the road it should happen. One of the constraining factors on that is commercial real estate where we have yet to see I'm calling it another shoe to drop. There's clearly going to be a resetting of commercial real estate values that's going to happen over the next several years, we'll talk in some detail about that. But the bottom line really is the bottom of this recession I think, the summer of 2009, both nationally and I would also suggest locally here in austin, the trend while it may not be moving as rapidly as we would like it to be, is clearly headed in the right direction. Some pictures. To illustrate all of that. Gdp. Looks great. Except for the fact that of 6 percentage points of growth, over 60% of it, 8 percentage points was a buildup in private inventory. In other words, people made things in anticipation of ultimately selling them. Now, there is some indication that there is some pent up demand on the consumer side. We talked last year I think I said in about 13 speeches last year, nobody did anything except by gas and groceries from the fall of lehman brothers in 2008 on through about mid

summer of last year, you are seeing some anecdotal signs of consumer activity picking up a little bit. But this accounting convention, which is you count something that's part of growth in the economy and when it's produced, as opposed to when it's ultimately consumed, is a little bit of a false indicator. Because I think at this stage of the game, a gdp 6% is not reflective of the overall pace of the economic activity in the united states. And if you look at the chart on consumption, which is really all of us spending money out there in the real world, seasonal adjusted at annual rates to give it the appropriate whatever you want to call it, it's only growing at 6% through the fourth quarter of 2009. Probably has picked up a little bit in the first quarter of 2010, but that's still relatively slow growth and that's in the wake of a giant volume of decline. You see back there in the third and fourth quarter of 2008 that was the gas and groceries period. People spent the money required -- spent only the money they required because of their personal situation and the overall viability of the economy as a whole. We talked about inflation. You see there change again on a 12-month basis in the overall consume price index. Yes, it has picked up a little bit. 5% there toward the end of 2009, probably pushing 2% right now in part because oil is firmed up into the MID 80s RANGE. Those numbers back there in the four and five percent range are reflective of \$140 a barrel of oil and it's ripple effects all the way through the economy. We apply school house rock notion to inflation as we do in some other things, which is in fact three is a magic number. If you have inflation rates below 3%, it's not in people's planning process. People are not paying attention to it. They are not concerned with price indexes as part of their overall economic decision making. Quite frankly, in my opinion, the consume price index does a poor job of capturing changes in real estate values. It is really mostly about consumer spending for consumables, if you will. And so I think the real number, if you factor in the drop in housing values, the implied drop in rents, is probably, if anything, negative at this point. Unfortunately this index just doesn't really pick that up. .. again, while we think somewhere down the road some of the policy decisions made at a national level are going to yield some inflation, not this year and probably in the year as well. Anybody unclear about the trend in employment growth across the country as a whole? In the category of very, very tepid good news, I would say in this case we are getting worse of a slower rate. That's positive. But you see a lot of things baked into that. Not the least of which was some uncertainty in recent years about the direction of health insurance reform. I have thought for a long time that one of the significant constraints on hiring over and above sort of assessment of demand et cetera, is the need to provide workers with health insurance. The accelerated costs associated with that. Now that there's been some resolution on that, where that may actually help accelerate hiring a little bit, although it's going to take a little while because obviously a number of the provisions in the recently passed health care legislation don't take effect for a couple of years. So we do expect that negative trend to get better. But it's going to be a while before you actually see positive growth, certainly on a year over year basis in national employment. This chart always kind of amuses me a little bit. Consumer confidence. Two different series there. The bottom one, gray line is the national consumer confidence index as put forward by the conference. Also one from the university of michigan that's reasonably analogous to this. The top line there is the wsc region, the census bureau region, west south central, that's us, texas, oklahoma, louisiana, arkansas, those two series tend to move in tandem as you see. And people in this part of the world, which just by definition based on population is dominated by texas, tend to be more optimistic than the country as a whole. Some of that is because the regional economy tends to outperform the country as a whole. Some of it because we're texans. Texans congenitally tend to be more optimistic

than the nation overall. Obviously you wouldn't read too much in any single month's change. Those numbers are through march, through february, actually drifted back down in march, but if you used 1985 as a benchmark, you can see people are not feeling particularly good. By contrast, three or four years ago, you would have seen readings up there well above the 1985 equals 100 base liability that's an indicator that while things aren't getting worse across the country in people's minds, they are not getting better, significantly rapid rate, either. So if you fire everybody, and you have three guys left to do a bunch of work, productivity goes up. That's essentially what happened. You see extraordinary growth in productivity rates there through the tail end of 2009. You can't sustain that, obviously. You cannot sustain productivity growth in the 7, 8% range and go forward. You know, there is really important stuff for long term forecasting. Not as important for short term forecasting. But it is again an indicator of what's been done in the recent past. While that's positive this is the one that worries me a little bit. This is capacity utilization across the country, industrial capacity utilization at 70% in 2009 that is the lowest number in the post world war ii period in the united .. what that says is we certainly have some room to accommodate some rise in demand. But you won't see a real surge in productive investment for some time because you have got to fill up some of that capacity. Before you get on down the road to start having to build new factories and new other productive uses. .. this is the one that I wanted to talk a little bit. Too many words on the slide. You would think after all of this years I would know better than that. I want to focus your attention on the third slide where it says between 2010 and 2014, almost a trillion and a half dollars in commercial real estate loans will essentially have to be refinanced. Remember commercial real estate lending tends to run on a much shorter amortization and loan term schedule than typical housing loans do. Of that, trillion and a half dollars, almost half are at this point underwater, which means obviously that the value of the underlying property based on people's best guess as to the value is below the level of the balance on the note. That's going to be very, very challenging. And what it's going mean, frankly, is that it's going to be hard to come by commercial capital any time in the near future. I mean, that is one of the things that we are seeing all over the united states, even here in austin, we are seeing right now bank lending has come, if not to a halt, has slowed down significantly as people are working through some of the issues associated with this. There are lots of issues. Not the least of which is a regulatory issue. Many, many banks are now being told by the regulators they have too much commercial real estate on their books. So there's two ways to deal with that. One that is you try get rid of the commercial real estate. The other is that you try to do a bunch of lending to rebalance the portfolio. It's challenging right now to do a bunch of lending to rebalance the portfolio because unfortunately in this day and age, most lending or at least a significant chunk of it is collateral rised by property somewhere. Well, if you don't know what property is worth, it's hard to lend against it. What you are seeing right now is banks saying great, you know, you have a piece of property, you say it's worth a thousand dollars, we'll for collar purposes assume that it's -- collateral purposes assume that it's worth 400. Traditional, 60, 75, 80 was the working number, in the boom you get to 90. If you have a loan to value ratio of 40 to 50% you are not going to get the deal done because you are not going to have sufficient collateral. This is an issue facing the country as a whole, facing austin as well. We are again in much better shape than the country as a whole. Our real estate is not nearly as far under water as it is in other parts of the united states. But it's a drag on our growth over the next couple or three years. These are the worst charts that I put in the whole presentation, I apologize all came from an congressional oversight panel in february. Really the one in the upper left-hand corner has to do with

basically interest loaning. The one -- lending. The one down below has to do with delinquencies as the one in the upper right hand corner, lower right hand corner has to do with maturity, the timing of the mature active these commercial real estate loans. You can spend time pouring over that, but it essentially makes the point we have a lot of stuff coming due, all going to have to figure out how to be refinanced sometime in the near future. This is interesting. This is the beginning of a look at the regional distribution of employment change. We took sort of the peak of the boom, which is fourth quarter of '07 and did it compared to fourth quarter of '09. Green is, indicates some growth. Maroon is bad. No aggie implications anywhere in any of that i swear. Which means it declined more than 5%, yellow is somewhere in between above figure but no real growth occurred. You say gee it used to be bad to be next to an ocean, used to be bad this and that. The current term of art is people saying the sand states are having significant problems, although there's a fair amount of sand in texas. So I think that may be missing that. But it is and somewhat striking to see that the middle of the country has performed relatively better and texas really is the bright spot in the overall equation. It may not be a light that's shining particularly brightly, but the lights are in fact on. I'm not sure over there in alabama if anybody is home at this stage of the game. That's a solid, solid piece of maroon. Gives you a fearful the sort of distribution -- a feel of the sort of distributional effects. This is another version of the same story. Housing prices, average home sales price for a selection of metro areas. Austin's the top is highlight understand orange. In gray metroplex, houston, san antonio. You can see that unlike many parts of the united states, austin home values in 2009 are above where they were in the recent past. By contrast look at miami, las vegas, to some degree look at the bay area and you see an enormous drop in housing values of the i have no idea what's going on in las vegas, but an extraordinary drop in value. Obviously has put them in a very, very dire situation. So our national conclusions, clearly gdp is going to be positive this year. But I don't think you're going to get recovery that translates to the street, translates into people's mindset until at least the second half of this year. You have seen an effect associated with the stimulus, you have seen some jobs created certainly. But I don't really think that people are going to feel comfortable until job creation follows growth and demand that isn't a function of stimulus, i don't think that can really happen until we get further resolution on the credit front. It is possible that you could get a double dip recess, I'm not forecasting that, but die think that it is possible -- but I do think that it is possible. I do think that you are getting a modest uptick in inflation and prices right now. But I think that it's unlikely that you are going to see monetary policy change any time in the near future. I do think that while it's a positive thing, that the health insurance issue has been at least to some degree resolved, to the extent today so that i understand exactly what was passed, I don't think that it's going to have a measurable effect on the economy this year. Having said that, looking a little further down the road, I do think there are two sort of best case and worst case scenarios much one is some version of back to the future. A traditional model where we export our way to some degree out of the problem in part because there is a global recovery expected. The imf announced this morning that they expect the world economy to grow 2% this year, which is pretty good growth. If we are able to take the traditional approach, learn the lower value -- leverage the lower value of the .. create exports that could be a pretty positive thing. It would be interesting, it could kind of be back to the future in terms of the drivers of our economy. Worst case is probably some version of the late 1970s, where you end up with some kind of stag-flation, .. Obviously would stifle growth at that stage of the game. That's a lot in a relatively short period of time, I surfed by it all pretty quick. How does it translate here to austin? As I said, I think our

recession is also over as well. I do think our consumer spending here is still fairly sluggish. There are a few bright signs, one of the things that we are hearing anecdotally is car sales are picking up. Good things on that the last month or two. Real good sign. As it will nationally, we do think that the real estate recovery here is going to lag the rest of the economy. Although it is interesting our developers here at least across the metro area have gotten the message and so you have seen a real pull back in lot development. It is possible, especially if population growth continues at a relatively rapid pace you could have a lot shortage here in as little as 18 months, because we are not developing new lots at this stage of the game. I talked a little bit already about the need to see a reset on real estate values. Particularly on the commercial side. Much of this conversation really is about commercial lending which is going to drive our job growth. We have been fortunate, certainly, to have had some economic development success over the last three to six months, by my back of the envelope calculation we have about a thousand new jobs in austin due to economic development activity. That's very, very positive. One of the communities in the country that can say that, that's terrific, there will be positive spinoff effects associated with that. But until we really are able to see small business lending pick up, see credit become more available, you are not going to get the kind of growth that you otherwise might anticipate. So I think overall what you are talking about is that it's probably another year before you really get balance restored. And I think at this stage of the game it is not truly a v shaped recovery, more of a u shaped recovery. Some pictures again to illustrate all of this. Probably more technical than you all are interested in. But it is instructive. The green line is household series, where someone calls you up says mayor do you have a job? You say yes or no. It's based on your place obviously of residence. It's the series upon which the unemployment rates are calculated on. Then there's what's called the ces, non-ag wage and salary survey where they call up the ball bearing company saying hey how many do you guys have working there, stratified by industry and location of employment. Then actually a quarterly census of employment and wages based on tax records. And what we saw, let me back up, the household survey and the non-ag wage and salary survey, also known as the ces survey, come out with about a [indiscernible] week lag. Reasonably real time. The quarterly census six to nine month lag. So it's not as real time. That chart that I'm showing you right there is a chart that we saw developing last fall and actually sent over to city staff earlier this year saying there's a big disconnect between the survey based information and the tax based information. Of course what the procedure is every year the bureau of labor and statistics rebenchmarks non-ag wage and salary survey back to the [indiscernible] the initial reports were that austin lost half of a percent which is different than what I told you guys last year. I told you last year that you would lose around 2%. Rebenchmarked back to the census the numbers came in at negative 2.3. This is not a criticism of the survey process because what tends to happen is you miss it going down, also coming up. There were years when my forecasts were way too low because things were booming and the surveys couldn't keep up. The good news that is the data has now caught up i think with how people were feeling, which was pretty negative last year. And it's beginning to improve this year. So that -- that may be a little bit of an overly technical conversation, but it's useful for some perspective. One of the things that's happened in austin really in the last several years is we've become a major tourist destination. I think last summer or the summer before that the new york times said we were the number one tourist destination for that particular summer. I my economist hat on and went great tax revenue. My citizen hat damn no parking places anywhere. You see the tension between the two. We have seen a dip in hotel occupancy and a dip in revenue, but it's still well above where it was

even five years ago. I would submit as the economy recovers, these numbers will recover as well. I put this information in here I think as much as anything to remind us that we're changing as a city. And that part of what we have built here is a brand that's really, really attractive across the world and even though we are not immune to economic cycles, that brand is still pretty

Of the envelope calculation we have about a thousand new jobs in austin due to economic development activity. That's very, very positive. One of the communities in the country that can say that, that's terrific, there will be positive spinoff effects associated with that. But until we really are able to see small business lending pick up, see credit become more available, you are not going to get the kind of growth that you otherwise might anticipate. So I think overall what you are talking about is that it's probably another year before you really get balance restored. And I think at this stage of the game it is not truly a v shaped recovery, more of a u shaped recovery. Some pictures again to illustrate all of this. Probably more technical than you all are interested in. But it is instructive. The green line is household series, where someone calls you up says mayor do you have a job? You say yes or no. It's based on your place obviously of residence. It's the series upon which the unemployment rates are calculated on. Then there's what's called the ces, non-ag wage and salary survey where they call up the ball bearing company saying hey how many do you guys have working there, stratified by industry and location of employment. Then actually a quarterly census of employment and wages based on tax records. And what we saw, let me back up, the household survey and the non-ag wage and salary survey, also known as the ces survey, come out with about a [indiscernible] week lag. Reasonably real time. The quarterly census six to nine month lag. So it's not as real time. That chart that I'm showing you right there is a chart that we saw developing last fall and actually sent over to city staff earlier this year saying there's a big disconnect between the survey based information and the tax based information. Of course what the procedure is every year the bureau of labor and statistics rebenchmarks non-ag wage and salary survey back to the [indiscernible] the initial reports were that austin lost half of a percent which is different than what I told you guys last year. I told you last year that you would lose around 2%. Rebenchmarked back to the census the numbers came in at negative 2.3. This is not a criticism of the survey process because what tends to happen is you miss it going down, also coming up. There were years when my forecasts were way too low because things were booming and the surveys couldn't keep up. The good news that is the data has now caught up i think with how people were feeling, which was pretty negative last year. And it's beginning to improve this year. So that -- that may be a little bit of an overly technical conversation, but it's useful for some perspective. One of the things that's happened in austin really in the last several years is we've become a major tourist destination. I think last summer or the summer before that the new york times said we were the number one tourist destination for that particular summer. I my economist hat on and went great tax revenue. My citizen hat damn no parking places anywhere. You see the tension between the two. We have seen a dip in hotel occupancy and a dip in revenue, but it's still well above where it was even five years ago. I would submit as the economy recovers, these numbers will recover as well. I put this information in here I think as much as anything to remind us that we're changing as a city. And that part of what we have built here is a brand that's really, really attractive across the world and even though we are not immune to economic cycles, that brand is still pretty powerful out there. It is likely next year we will see those numbers recover and I would say by 2011 we may very well surpass 2008. Some focus on real estate. Single families in relatively good

shape. Really housing in austin is in relatively good shape in comparison to really almost any other market. I did obviously mention the lot shortage piece. You are seeing people aggressively right now taking advantage of the first time home buyer tax credits. I believe the board of realtors reported home sales were up 27% in march from the previous year. I do have to think a bunch of that is people taking advantage of government incentive. But even so, our housing market is not particularly bad shape. We are overbuilt on the office side. There's no question about it. I will show you some charts the cvd is a little bit of an exception to that. Retail is also a little bit overbuilt and office at this point I'm sorry not office industrial is pretty much billed to suit. So the charts I'm going to show you that follow come from charles heimsath over at capital market research. Think of this more or less as supply and demand charts. First let's go through the housing stuff. This is annual home sales. In austin. '09 The let mes fall back to approximately 2004. Again not surprising, a bubble is pretty well indicated there with a peak in 2006. This is dollar volume, an indication that values stayed a little stronger than in many other parts of the country. Months of available housing inventory. This is a series that the folks over at a&m put together. Six is the magic number in their mind. When I cross from six months available housing inventory, above that it's essentially a buyers market. Go below it, it's essentially a sellers market. We have just crossed the line. Now, this to some degree con seals more than it reveals. Because with any overall real estate market, home sales market, there are niches. If you are trying to move a million dollar house now it's been a buyers market for some time. If you are trying to move 125 to \$145,000 house it's a buyers market. Trying to move a \$275,000 house, it's a sellers market, reflecting to some degree at the high end you have seen people obviously having problems. At the low end you have actually seen people having problems. In between we are in pretty good shape. Overall, though, to be that relatively balanced is remarkable. I would submit that we are probably the only community of our size in the country where you see that kind of balance in place at this stage of the game. So we talked a little bit earlier about the lot situation. That's single family building permits which is of course not perfectly -- wasn't -- doesn't perfectly line up with delivered lots, not too far off. You see how low that number is for 2009. That's the lowest number since the bust in the late 80s. So again what's happened is the builders have pulled way back, said look we're just -- we're not going to go through the process of lot development until we work off the inventory that we have. The best guess is that may be a year and a half to two years on down the road. So then these are the charts about some of the other segments and basically think of the blue line as supply, and the orange line as demand. And you see in the apartment market you've had a little bit more supply brought to the market over the last several years. Than you have on the orange side of the equation, although it's not wildly out of balance. You see back in the last bust, 2001, 2002, quite a bit more product was brought online, you see several years of working it off. Now we've had -- we've had a surplus of product brought online, you're going to see several years of working that off as well on the opt side. Apartment side. You really see that pattern on the office side. 2001, 2002, Negative absorption. Which I -- what does that mean? That means occupied office spacings vacant -- goes vacant. A giant amount of new product brought into the market between those two years, probably close to 25 million square feet, then virtually nothing built for the next five years as the market works to absorb all of that. Then what you have sneent last three years -- seen in the last three years a lot of product. Negative absorption in '09, logically relatively little office space built over the next five years, the market will work to absorb that. You say well see an individual project here and there of course. This is a big picture view of the market as a whole. There will obviously be individual

instances that will buck that trend. Interesting to look really since 2000 how out of sync supply and demand on the office side has got attorney in comparison to -- gotten in comparison to where we were before that. Retail a little bit better, but again a little bit of oversupply in the last couple of years, finally -- charles doesn't have data on the industrial market we had to go talk to the folks at grove and ellis, basically what this is telling you here is what we said before, it's going to be a billed to suit environment. Going to be virtually no speculative industrial space build. It will all be built on a custom basis for individual customers really. So I pulled back again something I wanted to just illustrate as we sort of transition to talking about our forecast here. I've said for some time although the details are different, the overall impact of the most recent recession has seemed to me to be quite a bit like the 9/11 technology bust or whatever we are calling it that we experience understand 2002, 2003. So what I have done here is a chart of 12 month change in overall employment for the period from 2001 up through march of 2010, then in those boxed areas I have taken the pattern of growth that we saw in 2004, stapled it on to the balance of this year. If you look at those charts the rate of decline is pretty comparable. Not perfect, but it's not far off. Obviously the causes are different. But the effects are more or less the same. In both cases you had essentially entire economies come close to freezing up. Now, obviously, in the wake of 9/11 it was because we were afraid for physical safety. In the wake of the tech bust it was because we invested a giant amount of capital and non-productive idea, [www.mygreatidea.com](http://www.mygreatidea.com). In this case its due to an oversupply in real estate, but some of the effects are pretty similar. If you do that, what you would logically have gotten would be an employment forecast for 2010 for austin of growth of 1.2%. However, one of the things that concerns me greatly, i have referenced it several times in this conversation is there isn't capital available right now for business expansion or said differently it's very, very challenging to come by. So I think that in combination with -- with both here locally and also nationally, which obviously has an impact on some of our companies that sell into national and international markets means that while we would expect growth rate this year of 2% using that previous pattern, I think a more likely scenario is about half of that, about half of a percent growth, which translates into growth of 2800 jobs for this year. Now, recall earlier that we saw we got about a thousand jobs coming as a result of economic development efforts. Not all of those will show up in 2010. For the sake of argument, figure that three-quarters of them do. Put a ripple effect on that of a couple -- you know, say every job that we get we get another job ripple effect, you're talking about 1500 jobs just based on economic development in 2010 and then I'm saying another 1300 or so net based on some recovery. But the number would be higher, it would be in that 2% range if the financial sector in general and particularly lending capacity for small business were in a little bit better shape. We may very well catch up on that next year. I will not forecast because I don't think it would be great for planning purposes, a surge in 2011, if it all breaks right, then some of the forgone growth this year could be moved into next year and the year on after that, we would turn back toward what I think is a long-term speed limit here which really is job growth in the two and a half to 3% range. I do think that is sustainable given demographic patterns in this part of the country. That's the employment forecast. Personal income tracks that a little bit. Personal income is actually a little bit stronger in part because we have so many people in austin who have some income tied to the performance of the stock markets. While we are not forecasting continued growth in the stock markets at the rate that we have seen in the last year or so, they have obviously recovered pretty well. That's a whole separate long conversation and let me be sure to say as a caveat, never take stock market advice from an economist ever. Whatever I say, do not do anything with your portfolio based on



that. But it is a little bit better than we saw in the wake of the last bust, in part because of the relatively strong performance of non-wage related incomes in this area. I think a little bit slower growth on the population side. I think that '09 number may be a little high. I think they may have seen that stronger than it actually was. That will tend to knock the down a little bit. There is no question that this part of the world is one of the two or three most attractive markets for anybody looking around the country as a place to relocate, none of this changes that. There may be some constraints in the short run. Guy can't get out of his house in another part of the country, but medium and longer term no question. This remains one of the most attractive sites for relocation and quite frankly that's going to be the strength of our economy going forward. We continue to be the place where capable people want to live, work and raise their families. Those are the numbers you can drill through those to the extent that you want to. Then just a couple of things on sales tax. We really have seen a remarkable correlation over the last 10 years or so in the changes in city of austin sales tax growth rate and overall job growth rate in the metro area. You see a little bit after gap there in the most recent year. But the trend is pretty positive. As goes the economy in general, so goes sales tax. There are some however factors out there that you know we are paying attention to. One was in the most recent boom you had a surge in construction, we taxed building materials in texas. That tended to jack it up. When you had rising property values, we used to talk about let's all go get a home equity loan and buy plasma tv's. Jacked up consumption because people felt affluent and were willing to take some of the equity out of their homes and spend some of that. What you have also seen a little bit that's interesting is I think historically there was an overinvestment in real estate because there was perceived to be not a lot of great alternative investment options. Now you have seen an overinvestment in the equities market because everybody in the world stands around at parties saying what are you doing with your money? I don't know, let's go buy blue chips. Literally a herd mentality on that. A couple of things to consider in this bust? Seeing a lot of people having a sort of fundamental conversation with themselves saying really how many fill in the blank do I really need? How many pairs of blue jeans do I really need? And so what you are seeing people beginning to focus on is necessities and/or quality. I don't need auto pairs of cheap blue jeans, I need two or three pairs of blue jeans that I really like, for god's sake I need to get rid of a lot of stuff. How many people have said though those close to them, don't buy me anything, particularly something that I have to store. I have seen that over and over and over again. One of the things that we saw this pastime in austin, particularly in our technology sector, is the people cut wages rather than jobs. So while you didn't see people losing their job, you saw people being furloughed. If you have been furloughed you are going to reduce your consumption for sure. The internet share of the overall consumption as of right now nationally is about 4%. It was one percent 10 years ago. Two the extent that grows, that takes money out of the city of austin's pocket. All other things being equal. Then in tough times, an awful lot of people say to themselves you know what, i don't feel wealthy, I don't feel good. I better pay down some of this debt even if I have money that in theory i could go spend, I had better focus on reducing my credit card obligations or I had better take my money and use in it a more intelligent way and up my investment as opposed to going out to dinner as much, et cetera, et cetera. All of these factors come together in my mind. What I think the translation is that for fiscal 2010 the city of austin is going to get i think relatively little, if any, sales tax growth. That's my shake down of the whole thing. Now I am not your budget analyst, not your sales tax forecast guy, so I will defer to the folks to my left on that. When I stack all of that stuff toying, I think that's about the -- that stuff together, I

think that's about the way it shakes out. That is a lot in a relatively short period of time. Questions?  
Ffers.

Mayor Leffingwell: COUPLE OF QUICK QUESTIONS, You alluded to the fact that there's been sort of a dearth of new subdivisions, I have heard people believe we are headed for a tight housing market here in austin because of that. Would you agree with that.

Yes, I would.

[Multiple voices]

would translate to me into -- into at least stable prices --

logically, I -- particularly in the collar counties out there, in the metropolitan area outside of the city of austin, what you might actually see as a result of that is more people living in the city relatively speaking, if you can't find house in this a new subdivision in leander or down in hays county, wherever you are looking, may say maybe we will go live in the city, rents rather than buy.

Mayor Leffingwell: According to a lot of people, there's a potential confided shortage of housing in downtown austin, something like only 400 units available right now.

That's right, same trend.

Mayor Leffingwell: Seems like probably all over. Real quickly on commercial real estate. I believe I recall that [indiscernible] ellis just about a month ago forecast that austin was the strongest area in the country in the next year for commercial real estate. .. we can try to verify that.

Well, would it be interesting --

Mayor Leffingwell: At least I have been saying that to people so I hope that it's right. And then of course we talked about on the residential side, you had a pretty good break down of relative housing value declines arou country. But I don't recall seeing that on the commercial side. So for example in residential it ranged from down half a percent down to 35% which is a huge, huge range. So -- so what I'm wondering is -- commercial we were talking mainly about -- about the numbers were mainly about nationwide numbers. So we see that kind of huge variation regionally for commercial as well as the residential?

Mayor, I'll be honest with you, I don't know. I wasn't able to find a secondary data source that had all of that. At least not that I could access without spending a giant amount of money on it. I think that we could certainly talk to the people like cushman wake field and [indiscernible] at least get a more refined sense of it. There's got to be variation, market based variation.

That map color coded map of the united states was pretty impressive. That was -- owe of course the

choice of colors as you said may not be ideal, but we will have to live with that.

Thank you.

We will move on with that.

Mayor Leffingwell: Anyone else?

Cole: Mayor, I just want to follow up on the line of questioning that the mayor was bringing up. Because I recognize how important new construction is to our property tax revenues. And I'm getting mixed signals from you when we talk about a tight suburban housing market. I would think that in short order we would start to see new construction and that would help.

Yeah, it's a timing question. Mostly what I'm talking about is the forecast for this year. I don't think that anybody thinks there's a lot shortage for 2010. There may be one toward the middle of the end of 2011. When we get into next year, I think you may actually begin to see positive stuff associated with that. But for this year I don't think -- I think the timing is right for it.

So I understand your forecast is just for this year but sometimes even when we are preparing the tbowght this year, we have to think about future years.

Sure.

Cole: So I also would like to know your opinion about the decrease in assessed values and what we could expect to see there over the next year?

I -- I have heard anecdotally that we are talking about a decline in assessed values for this year, which I think is not surprising. I think that what you would logically see, my sense of what the appraisal district disrks this is what appraisal districts do in most places is they try to lag it a little bit, try to leave some room. So I would think that you would probably see a decline for this year, probably relatively flat for next year. If I had to sort of venture an opinion on that. I have not talked specifically to them about that.

I won't try to pinch you down on any details. I realize that you are not the appraisal district.

We are going to get to that as part of the details.

Cole: That's great, that's great. But I know that you have been doing this type of forecast work for the city of austin for a while. And I'm curious if you remember the last even time period that we had a decline in appraised values?

I think off the top of my head, I think it was back in the wake of the technology bust.

Okay. Testimony thank you, mayor.

Mayor Leffingwell: Anything else? Councilmember Spelman?

Just a couple of long term questions, John. I think that my guess is that this forecast, short run was relatively easy one to make.

It was [laughter]

Spelman: You've had a lot more difficult years to figure out what's going to happen next. In the long road of course crystal ball gazing, but do you have a long track record to rely on for things like population growth and job growth. I wanted to ask you a couple of questions about that.

Sure.

Spelman: On your slide, on Travis County population growth, you were suggesting that our population growth at least county-wide is going to be extremely low for the next year or so. It seems -- on its face, if we are dealing with -- if we are dealing with the brightest spot, the brightest MSA in the entire country, that there would be a lot of people who would want to come here because maybe we're not doing so great, but we're doing better than they are in Wilkes-Barre.

Why is it that the population growth is so low.

I think -- Robinson and I spent probably more time than we should have one day talking about. Historically you would look at Austin as a place where white collar folks tended to relocate. Other -- Houston tends to be a place where blue collar, lesser extent the Metroplex, to some degree down in San Antonio. We think what might have happened is that Austin's positive reputation spread across that demographic and you had people who were able to basically walk away and move and walk away and move in 2009. I think, this is by no means certain, I think what you have got for this year, people who might want to move here are going to be constrained by their lingering real estate. I would like to get out of my house, I can't sell it, struggling to rent it, et cetera, et cetera, I think it may actually pick up a little in the coming years in part when the economic development success hits the media again. Hopefully as people worked some of that out, I think that you will move back toward the historical pattern that we have seen, which is this is the place where people want to come. Particularly on the white collar side.

On the short run people are kind of locked into where they are by the recession, by the inability to sell houses for example.

Yes.

Once that loosens up, we're going to go back to the regular long term growth rate.

I think so. 8% historically I think Ryan's estimate for the population growth for the metro area or Travis

county for the last year might be too high.

It's actually the official census bureau number as of July of 2009. So it's a comparison of July 2008 to July of 2009. Released last week or so.

Spelman: So you think that's going to be corrected --

I wouldn't be surprised.

How come?

Because I think in spite of what I just said, I think that's an exceptionally rapid rate of growth at a time when really when the entire economy was in a pretty significant recession.

Spelman: Seems too high relative to everything else. Just an estimate, they didn't actually count people until last week.

That's right.

Spelman: You mentioned long term speed limit for job growth. Is there a long-term speed limit for population growth?

Yeah. I would say so. In this community I would say it's probably two and a half percent.

Spelman: Okay. Do you think we are going to get there what, 2014, 2015.

A little bit of a -- once the credit markets start to loosen up. So 2011 you would forecast relatively little population growth job growth, but that would be corrected in 2012.

Yeah, some of this is the tie. For example the census -- timing. For example census bureau numbers are dated July 1. It's a point in time in the middle of the year. So, you know, by the time we get to this fall, we are substantially beyond where the official -- last official data point is. As we sit here we are nine or 10 months away from the 2009 number even though most of the data we are talking about is data that goes all the way through December.

Spelman: Last question. When you were discussing credit markets what was likely to be happening there, discussing that in the national picture not locally, is there any reason for believing the credit market locally is going to be any different than nationally?

Yeah, it's all influenced by the same thing. I sit on the board of directors of a bank and we are having those same conversations, but the picture is just not as dire. We are having conversations about do we reduce the loan to value ratio from 80% to 60% or 65% not 80% down to 30%. So yes we are still experience the same thing and the fundamental issue is concern over value of collateral. The concerns

are not as deep and wide and pervasive. I'm from the midwest and up there it's hardly worth the building material value in some cases.

Spelman: So even if you apply the same national policies, you're talking about national bank, applying the same policies to austin, texas. We would have looser credit. There would be more money --

that is an issue that is for national banks policy tends to be centralized. So what might make sense on a national basis may not make sense on austin, texas, but very challenging to get a bank to deviate from that national policy.

Spelman: My sister is a banker, she deals with that all the time. So even if you are using the national policy, it will look really stringent in des moines but a lot less stringent because our assessed values haven't been increasing that much.

What you may see is this may be an opportunity for regional and local banks who can be more market based in their evaluation of credit than some of the national guys can.

Spelman: Thanks very much.

Sure.

Mayor?

Mayor Leffingwell: Councilmember morrison?

Morrison: Thank you. Just one question. I saw some numbers recently that were a li was relative to the median income nationwide some years ago, seven or 10 years ago, we were above and that it now dropped to 91% of the median income. I don't know if it's fair to throw these numbers out to you. Maybe they are something -- something different than what you work in. But I'm wondering what that really tells us. Is it just that the cost of living is lower here in -- a while ago we had some people that were way overpaid? Or are we having -- which could be true. Are we --

Mayor Leffingwell: Don't look at me [laughter]

Morrison: Don't look at any of us up here. Or are we actually showing a change in the kind of jobs we're getting and the kind of wages? I wonder if you could comment on that. [One moment please for change in captioners]

I'm really curious about if there is a way to break down retail markets, square footage for instance, really just the city limits. Clearly we've had a lot of growth in some of the outlying areas, it's not sales tax that we recognize, I know in the paths I have seen a slide that shows what percentage of sales taxes in the city limits versus outside and we're doing some things in terms of economic development activity to try

to keep in it the city limits. Can you speak to that a little bit?

There's a lot of great data is it a on sales tax revenues by municipality. You can get a lot of detail from the comptroller's office on everything from pflugerville to -- to westlake or to anything that you want. You can get that information. Can you get to some degree stratified by industry. You know, within retail trade. What's building materials, what's, you know, auto sales, what's clothing, all of that. Real good data on all of that stuff. You can do some interesting there is not, as best that I can tell, as good of a data on the real estate side of the equation at least from any sort of public source short of going to the appraisal district and talking to them. But they are not going to give you vacancy rates or anything like that. the past we have -- in the past we have done a lot on that. Shifts on consumer activity within the metro area. We can certainly do some of that again if it's of interest.

I would be interested in more detail on that, if we can talk about that, thank you.

Mayor pro tem.

Martinez: I just have one question, john. When we go back to the slide of the commercial loan status, that's a nationwide picture. There is a way to break fla down to a local -- break that down into a local level.

The short answer is i don't know. Clearly there is. The numbers had to roll up from somewhere. I haven't found a handy source for it yet. That doesn't mean we can't start calling some of the regulatory agencies and what have you saying hey can we get a geographic break down on this.

Okay. I would like to try that if we could.

Riley: Just one question that I -- along the same lines about geographic break down. You mentioned within the office market that the cdb has been an exception to the rule, actually maintained high occupancy rates and strong leanings leasing activity. Any patterns within the residential areas? Have you seen areas where absorption has really lagged behind supply? Any patterns in the distribution of -- of -- of difference between the demand and the absorption rate.

Not so much from a geographic perspective, certainly from a market segment perspective. The general sense out there is that extremely low priced housing is suffering. Because a lot of folks have lost their jobs on the lower end of the market. Extremely expensive housing, there's very little demand for. In part because an awful lot of that housing wasn't really mortgage based. People tended to pay cash for more expensive houses and as a result, you know, as things turned out they were no longer able to do that. The sense is that -- I'm going to say housing from between 200 and \$400,000, 250 to 350, that market is actually -- has actually held up pretty well. We can certainly get some more information on that.

Riley: Thanks.

Martinez: Sorry, john, one more question. When you compiled this data, is there a value to incorporating

foreclosure rates and geographically identifying where a majority of those -- because I think you hit on a point where over the last four or five years, a lot of the moderate to lower priced homes, you know, tended to be bought up very readily. But now that the economy is -- has taken a severe downturn, those were the first folks to get into the foreclosure situations. When I look at the demographics of foreclosures for Travis County, it's largely in east-southeast Travis County and in -- in communities of color and lower socio-economic status. What value is that to -- to put into a report like this?

I think to the extent that a document is what we both probably believe that it's useful, you know, happy to do it.

Martinez: Thanks.

Mayor Leffingwell: We will go ahead and move to the next segment.

If you can queue up the slides. Now we will be moving into the outlook for the general fund and before we do that, we would like to -- next one. Take you through a little bit of history. Then we will update you on where we're at in terms of the current year and then finally before we turn it over to Ed, I will hit the high points of some of the things that he's going to be covering today. So first history. 2008 Was really the first year that we began to see some slower growth in the sales tax. We actually ended the year about one percent above where we were in 2007. During 2008, after the city manager arrived, he took steps to lead us through reducing our spending in mid year, so that we could remain within our projected revenues. What we did there primarily is held positions vacant to generate budget savings and the public safety departments also cut back on their overtime without any perceptible effect on services. So they did a good job managing that. Then in 2009, as you are aware sales tax continued to decline, we ended the year with the taxes about 5% below where we were in 2008. We again took steps to further reduce our spending and there was a -- there was a very significant mid year effort in that regard. In both years, though, on a positive note we actually generated a surplus by the end of the year. I just wanted to acknowledge right now the departments across the general fund and the support services fund for -- for really tightening their belts and bringing in savings greater than we anticipated and -- in both of those years. So -- so that's a significant accomplishment. Then moving on to '09, this slide gives you really the highlights of how we fared in 2009. The city manager touched on a number of those things. We have actually previously done. Started this year we have done quarterly updates. Audit and finance committee, talked about a lot of issues in great depth there at the March meeting. The chart at the bottom of the page actually shows you our general fund reserves currently. We actually have three different reserves. And reserves are very important to local governments. We pay a lot of attention to our reserve levels and try to preserve those. And they really provide a level of security for your organization as well as a limited funding source to invest in your capital. That's what we do here at the city of Austin. The top two reserves are primarily aimed at giving us some funds in the event that we need those during emergencies. The budget stabilization reserve, the third item there in the chart actually serves a dual purpose. Provides security because we always maintain at least two-thirds of that balance intact and don't earmark that for capital expenditure. But -- but it also does provide a limited funding source for us to invest in our capital. We do that primarily related to our fleet and our equipment to keep that in good working order. And, again, you can see there that we were able to slightly grow that



just in comparison to the prior year. Based on the hard time that's we have been facing over the last couple of years, really that -- that came to a head in 2009. We consider that significant accomplishment. Moving into the current year, as council is aware, when we brought forward the forecast at this time last year, we were facing a pretty significant budget deficit, \$30 million at the rollback property tax rate and it was even more significant at the effective rate. It was \$43 million. So we made a number of structural corrections this year. We eliminated a number of vacant positions as the city manager previously indicated and that has actually held us in good stead. Not only for how we ended 2009, holding those vacant positions open, but in terms of balancing the budget for between and i think that will -- for 2010 and I think that will help us as well as we move into 2011. We did stebsive outreach -- extensive outreach in preparation for delivering a balanced budget to you in july last summer. In addition to getting feedback from our citizens on what they thought about potential budget reductions and basically how they viewed those in terms of priorities we also really harold significant support for -- heard significant support for maintaining service levels at the city of austin. I think people felt very strongly about that and we kind of heard that across the board. So ultimately, when we delivered a -- a proposed budget to you in july, at the rollback property tax rate, it was a tough decision, but I think it was one that really allowed us not to make significant reductions in service during the current year. And then lastly, the -- the last subbullet on the -- on the first bullet, we were also able to avoid employee layoffs, reductions and ultimately a graduated furlough program. Then on the last bullet, i want to just stop here for a minute and give thanks to our employees. Across the organization. They have really stepped up with their hard work and their generosity. The public safety labor unions were willing to -- to renegotiate those contracts this year. There have not been any pay increases for our civilian workforce as well. And -- and then of course the hiring freeze which the city manager mentioned has -- has really caused everybody to work a little harder these days. This is really just reference material for you. These are a summary of the some of the recent budget cuts we went through in 2010. Really one of the focused areas I guess our driving force in terms of developing the 2010 budget was to really try to preserve those front line staffing services so that the residents who actually receive our services did not see too much of a -- of a diminishing. But when you look down at the internal service category, you will see that we eliminated a number of positions there. So that was our primary focus. And -- in doing the 2010 budget. And our support services were stretched thin at this point. Now for the highlights of the 2011 forecast and then I will turn it over to ed. Our focus for 2011 [indiscernible] and we do have build-in cost drivers, we will see costs increasing. In particular, we have included a modest employee wage adjustment in the -- in the assumptions as the city manager indicated, we will see rising health insurance costs next year as will most organizations across our city, country, state. We plan to begin taking steps to improve the funded status of our pension system. So while we are focusing on our core services, our core costs, you will be seeing some increases. In the revenue area, we are continuing to see a decline in development revenue. In particular this year, we have forecast that into 2011. I guess on a positive note, though, we are seeing better than expected sales tax numbers this year. That should help us to offset that shortfall that we're seeing this year and will help us in balancing the 2011 budget as well. We will continue to monitor that and report to you knowly. Then the last -- report to toyou monthly. The last bullet point before the detailed presentation. We are projecting a shortfall, we have looked at it both on a roll back property tax basis as well as the effective rate. You can see about 11 million at the rollback rate and about 28 million at the effective rate. What we will do from here is we will -- as we go into proposed

budget development, scrub our numbers, we will refine estimates, keep looking at revenues, keeping you up to date. Then in July we will bring a balanced budget proposal to you with a recommended property tax rate at that time. But you can see at the effective rate 28 million is a pretty big hurdle to -- to jump over. So with that, I will turn it over to Ed for the details.

All right, thank you, Leslie, good morning, Mayor, Mayor Pro Tem and members of the Council. I thought that I would just start off my presentation with a 30,000-foot look at the general fund budget. The general fund budget is the city's second largest, \$615 million roughly in 2010 right behind Austin Energy in terms of size. It funds a lot of the basic services that occur in this city, including public safety services, public health services, recreation and culture, planning and development services, also operations of the municipal court. I think gets for y'all to keep this in mind as we forward and start talking about some of the things that drive our cost increases from year to year. Clearly on this pie chart you can see that two-thirds of the budgetings to public safety services, being police, fire, emergency medical services. When we get into talking about some of those cost drivers, it's really not a big surprise in those same areas we are seeing some of the biggest cost increases. Whether or noting at some of the basic expenditure assumptions, the forecast is not in any way intended to replace the budget process. The forecast is primarily focused on the costs associated with existing programs and existing policies, recommendations related to changes in those programs are funding of new programs will be brought forward in the context of the city -- city's budget proposals that will be delivered to Council in late July. The city has about 11,800 positions which the manager mentioned in his opening comments, about 124 fewer positions than last year due to some of the cost cutting, cost containment measures put into place. We assume all of the positions will be funded, we are not assuming a hiring freeze will continue, or vacant positions will be cut. We are assuming that the positions the Council approved in the previous budget will continue to be approved and that's our starting point. All of those positions are funded in the budget, but we do take into account anticipated vacancy savings. 11,800 Positions is a lot of positions. They are never all filled at one time. There's always attrition, takes time to fill those positions. So right up front we assume that there will be some vacancy rate and some savings associated with -- with the budget so we take that into account. We have assumed employee wage increases, 3% for sworn police, fire, EMS employees, consistent with the contracts they negotiated with the city. Two and a half percent annual increases for civilian employees. Also a discussion with audit finance committee a couple of months ago, proposing to supplement funding for the employee retirement system. An additional 1% included in the contracts that were approved for sworn police officers. An additional one percent in each 2011, 12, 13 for sworn fire employees, we have included an additional 1% in 2011 and 12 and additional 2% in 2013, for -- for the civilian retirement system, we are proposing the additional 2% annually between 2011 through 13, which would take the city's contribution from 12% currently to 18% by 2013. The goal of doing this is of course to increase -- to increase or to reduce the amortization period of the different retirement systems that keep it at -- at around 30 years and also to improve the funded status of those retirement systems over time. Additional funding we feel is only going to be part of the solution, so we have already mentioned to the audit finance committee we begin some discussions about looking at other options including the possibility of creating a second benefit tier for new employees, those discussions currently happening, ongoing and will be coming back to Council in the future with more details on those recommendations. You may recall last year we were able to hold

that rate increase flat, but that was the unusual data point, 10% is really what we have been experiencing -- been experiencing in recent years. We expect to see a 10% increase in the premiums. Again this year. Both for the city's contribution and in the employees -- employees -- employees premium that they have to pay. And then going on in the future, we are also assuming a 10% increase which is actually better than what a lot of other jurisdictions are seeing. Of course we flu inflationary cost increases for utilities, fuel, contractual services and commodities, I will sea we don't use a blanket increase, we work with departments, look at their individual needs and we adjust various accounts, depending upon -- upon the circumstances. Still growing, annexes, population still moving here. We included additional staffing for the annexed areas for opening the new facilities, expanded facilities, additional park acres, you can see in the parks department, we have included costs associated with the opening of several new facilities, including a bmx skate park, expansions of the northwest rec CENTER, McBETH AND Dittmar. We have included costs associated with that. Associated the avery ranch to service that jury in 2011. 13 Sworn police department positions included in 2011 related to population growth and additional positions in the future based upon the demographic projections that we have gotten from the city's demographer. There's a council resolution you all are aware of to transition the remaining fire units to transition those five units to four person staffing over time. And you can see the schedule there's one additional unit that's planned to be converted in 2011 nother one in 2013 and another one in 2015. The resolution that was approved actually has that transition being completed by 2019. And finally, council recently approved a resolution directing city staff to come forward with the -- with the plan for implementing a live outcomes no kill plan for the animal shelter and we have included funding for that. Taking a look at some of the numbers as I mentioned, public safety is by a considerable margin the largest piece of the general fund budget. You can see there for those uniform personnel, we are 2 million of -- of cost increases. Associated with the contracts. Associated with police and fire, step and longevity pay, avery ranch annexation, adding a unit there I already talked about. 2 Officer per thousand, four person staffing fire trucks of course [indiscernible] for non-uniformed 8 million of cost increases for similar types of items, health insurance increases, wage adjustments, and supplemental pension funding. Various other departmental cost increases of 6 million, that's getting at some of the inflationary costs for contracts and commodities. New facility openings, the live outcomes, no k plan. Finally in the transfers and other requirements category we are projecting 2 million of cost increases for fiscal year '11, that's where we budget things such as worksers compensation, accrued payroll, the transfer from the general fund to the support services fund to pay their fair share of financial services, human resources, computers and technology management and those types of services and it's also where we budget our economic incentives program. So taking a look at how this looks as a picture, you can see a history here dating from fiscal year 6 to fiscal year 2009 of actual changes in expenditures. We saw a growth rate 6% -- of about 6% as the city was annexing new area, adding new officers, fire station, ems units to keep pace with that growth. A fairl rapid growth in the budget during those years of 9.6%. You can clearly see the structural shift that's been mentioned several times here as revenues started to turn down, we really needed to shift our expenditures, you have a pretty dramatic shift in expenditures occurring between fiscal year nine and 10. In the future we are anticipating growth in the city's population, continued annexations occurring, continuing to add staff and costs associated with those areas and -- and costs of contracts. We're projecting in the future approximately 6% growth as you can see on this slide in the future years. So significantly slower growth in the budget than what we

had experienced prior to the downturn. Kind of recapping and summarizing what we are seeing on the expenditure side again, I mentioned that the average growth rate over the forecast period is projected at 6%, which is significantly lower than in the years we had prior to the downturn. The focus of the forecast is on service maintenance and cost containment. And, you know, I will mention here that there's clearly some costs in here that are beyond our control. There's clearly some costs that are within our control. Things such as public safety contracts, the costs associated with fuel for vehicles, contracts and outside vendors, commodity costs, a lot of those things are outside of our control. Some of the things that we can influence through colorado policy are the employee compensation for our non-contract employees, our -- the design of our health insurance plans, and staffing policies and of course service levels are things that we could influence to lower our cost increases by policy decisions. Moving on to revenue, you can see approximately 60 specials of the general fund --% of the general fund revenue is generated via property and sales taxes, 22% from transfers in from the city's two utilities and the remaining 18% comes from other sources, these include our development fees, franchise agreements and interest earnings. Both the property taxes and utility transfers have historically been quite stable sources of renew. Sales taxes and the other revenue category tend to be far more volatile. And as we have seen in the past 18 months, can actually vary quite significantly from year to year with the ups and downs that occur in the economy. [One moment please for change in captioners]

the appraiser at least feels is going to be larger than what we have experienced in past years, so we're anticipating quite a few protests occurring this year. We think it's going to flatten out in 2012 before returning to more normal growth rates of about 2% in 2013 through 2015. If you move over a couple columns to the new property, that's a very important column because it's a key driver of increased property tax revenues. And 2010 was still a relatively good year at \$2 billion of new value coming under the tax roll. The appraiser expect expecting that to drop to 3 billion in fiscal 11 and we're projecting it to remain more at that level from 2012 through 2015, around 1 billion to 2 billion of additional value per year, so still a growing city. Things still happening, just not the rate they had been happening prior to this downturn. I'll go back a little bit and mention with the great number of protest the appraiser is anticipating this year, he's already put us on notice that he thinks it's a real possibility that certification of the tax roll could again be delayed this year as it was last year. I'm just mentioning that because it could then again affect the timing of the adoption of the tax rate and maybe create a disconnect between the adoption of the budget and the adoption of the tax rate if that were to occur, and he did -- he has predicted that he expects a lot of protests, and if that happens at the same level as last year it's going to be hard for him to get the tax roll certified at the time that he would otherwise normally be able to. Looking at a couple different tax rate scenarios we've run here, the first one is looking at a scenario of 42.09. That's what the tax rate currently is. No change in the tax rate. And you can see we would project, given the decline projected for assessed valuation, we would predict a significant drop in revenue, property tax revenue, if the tax rate were to remain flat at its current level. I'm looking at scenario where there was no overall increase on existing property so any additional revenue would come from the 3 billion of new property coming on to the tax roll, essentially the effective rate that we call it. We would be projecting a 9 million growth in revenue, and then the roll-back calculation we would project at 6 million growth in revenue, and I put down there in the fine print that I'll draw everybody's attention to, the rates over on the left are only estimates at this time. They're based upon preliminary

data that the appraisal district has shared with us, and they varied quite a bit last year, from the time of the initial estimate here in april to the time of certification, and so I'd just put that caveat out there that these are strictly estimates at this point in time. Taking a look at property tax by type, roughly 63% of the overall property tax roll is in residential areas, both single-family and multi-family. About a quarter of it is in commercial properties and 10% is in personal property, a very small chunk, only 2%, is held in land, and you can see the red arrow, the down arrows, are the level of drop we're projecting in these different categories as we move from fiscal year 10 to fiscal year 11, a significantly larger drop being projected for the personal property category, and particularly land. Various the city of austin is but one of five taxing jurisdictions, by far the largest share of property of the property tax rate, or 55%, is to fund the school district, followed by the city and county at 19% each. Take into account various exemptions. The city receives about 21% of a typical tax bill, or for a median valued home, about \$791. Taking a look at how that \$791 compares to other texas jurisdictions, you can see we actually stack up fairly well. We currently rank third of the five largest tax cities, but are only about \$15 above the lowest, which is fort worth at \$776 per month, and we're significantly lower than the highest tax bill jurisdiction, dallas, which is at \$928 per month. Prafg on to sales tax and just beginning with a bit of a background, 2009, we ended the year 9 and a half% down from the previous year. In the budget for 2010 we assumed we would fall a further 5%. I'm happy to report to you year-to-date we're actually in the black, 1.3%. 3% ahead of where we were last year at this point in time. I do need to continue pointing out that a big part of that has to do with a very large adjustment that occurred to our february payment, one and a half million where the comptroller's office made an adjustment that brought an additional one and a half million into the city coffers to protect for prior year's errors that were made. Without that we would be 3% this year relative to last year. So I think that's important to keep in mind. Looking ahead for the remainder of 2010 and into future years, we're projecting that our sales tax revenue will come in a little bit better than the 5% we had projected. We're projecting a negative 4%. We realize that may be viewed as conservative, but we also feel that it's prudent, given the recent history we've experienced of double digit monthly declines that the potential that john talked about of a double dip recession. Looking ahead to 2011 we're projecting slight growth of 5% in sales tax revenues and then 2012 through 2015 we're predicting 5% growth in revenues, which is consistent with what we've seen in more typical years. And you can see that somewhat in this chart. You can see the volatility. The yellow bars are showing your annual percentage changes in sales tax revenue from one year to the next, and you can really see large variations here from as high as nearly 15% positive back in fiscal year 2000 to the 9 and a half% drop we saw in 2009 and literally almost every number in between there. So this is a revenue source that really does vary a lot, and you can also see on this slide the big dip that's occurred. The line there is showing the actual revenue that we've realized over time, and in fiscal year 2009 a big drop projecting a slight further drop in ten before we start digging ourselves out of this hole that's been created but it's ongoing take some time. We're not projecting even getting back to the 2008 level of revenue until fiscal year 2013. This is a new graph that we wanted to share with council this forecast. It's giving you 25 years of monthly sales tax data, and then what we've done to this data is to smooth it out a little bit by taking a six-month rolling average, and it clearly identifies the three significant downturns that we've seen in the last 25 years. First in the late '80s in the wake of the fallout of the savings d loan crisis; in 2002 and 2003 in the wake of 9/11 and the tech bubble burst, and then the turnt downturn we're in coming on the heels of the housing market crash and the financial crisis we've been seeing. A few

things that are worthwhile taking note of on this graph is really if you take a look at the current downturn you can see how steep it was, but you can also see how steep the recovery has been and that we're really on the cusp of this six-month rolling average sales tax number getting back into positive territory. The second thing I'd point out is that assuming that we do get back into positive territory in the next couple months, the duration of this -- months, the duration of this downturn appears it will be shorter than what we saw in the previous two downturns, and I think what's most important is you can clearly see once this metric goes negative, it tends to stay negative a year and a half to two years. That's the good news. The bad news is once it's gone positive, it's stayed positive for an extended period, the last two years. John highlighted that he thinks there's some possibility of a double dip, but that would be contrary to what we've seen in past downturns. So there's at least some good news in this graphic, I think. Not as much so for development revenue. We're continuing to see significant slides in this revenue category. All of our building categories are down except for remodeling projects, new land development applications are down nearly 39% since the peak they reached in fiscal year 2007. Residential applications for new construction are down about 40% since that time. Commercial applications, down 58%, and single-family building permits down nearly 50%, 48% down from the peak year we had in 2007. We anticipate a continued decline in 2010. We think it will flatten out some in 2011 and then as the economy rebounds we'll see a gradual return to what would be more typical levels, and you can see this clearly in this graph we put together. The blue bars are showing the percentage change in development revenues from year to year. The dark line is showing the actual development revenues that we've realized in each one of those years. As you can see, we are really still working our way down from what was a truly unprecedented and unsustainable level of revenues for development activities. Prior to 2006 the highest annual amount of development revenue the city realized was about \$12 million, and we actually had a 13 year period between 1993 and 2009 where the revenue fluctuated between 8 and \$12 million, which still represents quite a bit of fluctuation, but nothing like we've seen in the last four years where we reached nearly \$20 million of development revenue. So I think the story here is at least as much how much development revenues rose between 2006, 2007, 2008, that's at least as much of the story as how much they've declined in the last few years. Based upon discussions we've had with local economists such as John Hockenjos as well as city developing and planning staff, we anticipate revenues will drop for the remainder of 2010. We think they'll flatten out in 2011 prior to beginning a more historical levels, all that being shown in the dotted line we've put on this graphic. So utility transfers. Utility transfer rates have been held stable for quite a number of years, which is viewed positively by the rating agencies, electric 9%, water transfer is 8.2%. For the water utility we're assuming that transfer rate will continue exactly the same over the forecast horizon. For the energy utility we're predicting the rate will stay the same for sure in 2011 and 2012. Looking ahead at the utilities there's uncertainty in regards to anticipated rate cases, uncertainties in regards to fuel price and conservation efforts on business model and there's uncertainty as to the bis calculation itself. So instead of making a guess what that might look like in the out years of this forecast we're trying to be conservative and we're assuming that the transferred growth rate, the growth and the actual transferred dollar amount in 2013 through 2015 will be equal to the growth in the base electric revenue of the utility. The consequences of that is, you know, you actually see that the -- you know, the forecast allows for the possibility that the utility transfer revenue may actually represent a smaller percentage of overall general fund revenues than it has in the past. Historically we've had you ever had right around the -- hovered around the 20%

range in terms of how much it costs to fund operations. We're allowing the possibility for that to decline from 20% to 18% by 2015. Not saying that will happen but again a lot of uncertainty and we're trying to be cautious in the forecast. A few other revenues to discuss. Franchise fees are one of the larger sources of the other revenue category we talk about. They primarily coming from telecommunications, gas and cable franchises. One area to talk about is the gas franchise fees are coming in a fair bit lower than in 2010 than where they had been anticipated. Fuel prices, natural gas prices have dropped considerably from where they had been. That factors into the revenues of those operations and factors into the franchise fees that the city realizes, and we are projecting moderate increases beginning in 2011 based upon where the future prices of natural gas seems to be heading. And lastly, interest earnings, they've dropped significantly due to lower yields, and really quite significantly from a peak of almost \$9 million in fiscal year 2007 to a projected two and a half million in fiscal year 2010, really being driven by the fact that interest rates have been held so, so low for so long now. We're expecting that to improve a little bit in 2011 and beyond but not a lot. Putting all these assumptions together and taking a look at how it looks in a graphic, the green line on this chart shows historical revenues between 2006 and 2009 and it also shows projections from 2010 and into the future at the roll-back tax rate calculation, so the green line is really the history of where we've been and also the roll-back tax calculation into the future. The blue line shows what the overall revenue growth looks like at the effective tax rate. As you can see, there's about a 7 million difference between the two lines in 2011 and that difference between a roll-back and effective tax rate scenario grows to over \$100 million by 2015. It also shows, similar to the expenditure side, it shows the dramatic shift that occurred in revenue growth during the past two years. Between 2006 and 2008, total revenue grew at an average annual rate of 8.6%. That growth has fallen considerably to less than 1% in 2010. Again, as John had mentioned, we feel that the bottom has probably occurred back in the summer of 2009. At least technically the recession has passed, anticipating some improvement in the economy in the future, so we'd be projecting a return to higher revenue growth rates over the forecast period, 6 1/2% annually at the roll 9% annually at the effective tax rate. There's just some conclusions on our revenue. The economic recovery has resulted in improved sales tax revenues in recent months. We also -- we anticipate that development revenues are going to continue to decline and to decline significantly for the remainder of this year before return to more historic norms. We are allowing in the forecast for the possibility of utility transfers representing a smaller share of general fund revenues in the future. And also the county appraisal's office is projecting a drop in assessed valuation, which will result in higher tax rates in the future. Lower tax rates better than other anticipated growth or better than anticipated growth in valuations or reductions in costs or services. And finally revenue growth projected to pick up considerably from the last two years. About 6 1/2% over the forecast period but not nearly as high as it had been prior to the downturn, 8%, and again, the 6 1/2% would project roll back tax rate, 2.9% at the effective rate. Green revenue -- putting revenues and expenditures together and looking at the two different scenarios, you can see we're projecting an \$11 million gap in 2011. That gap actually grows a little bit to \$13 million in 2012, but a slight surplus is projected in 2014 and 2015 as the economy improves and cost containment efforts continue, and again, this first scenario is at the roll-back calculation. It's important to note at this time last year we were projecting a nearly \$30 million budget gap, and if not for the significant and permanent nature of the cuts that were made during last year's budget, this gap would be much, much larger than what we're showing here. It would probably look

more like what it looks like at the effective tax rate. Moving on to the scenario calculated, the effective tax rate, you can see the shortfall in 2011 increases from \$11 million to 7 million, and it gets progressively larger in subsequent years. The conclusion here really being that the effective tax rate revenue growth is not expected to be sufficient to keep pace in a city with the built in cost drivers. Just a few concluding comments and a reminder what we presented to you today is a forecast using only basic expenditure projections that assumes that existing programs and service levels will be maintained and that staffing increases are limited to annexations, opening of new facilities and previously approved council policies. We're also projecting slower overall revenue growth and expenditure growth over the forecast horizon than what we realized in previous years, and a very significant drop still to occur, we think, in development revenues by the end of the fiscal year. The gaps we've laid out for you at the roll-back tax rate for 2011, we're 4 million, realizing I had an error in my speaking notes earlier, 4 million for 2011 at the roll-back tax rate and about \$28 million at the effective tax rate. This slide is just showing you where we've been in the budget process so far. We're currently here at April 21. Departments have concluded their business planning process. The city manager talked about the development of our horizon issues report, and we've also developed the financial forecast that you're now seeing today. This is the horizon issues report. When you leave here today and go back to your offices, you should all have a copy of this at your desk, so the intent there is to lay out some of the challenges the departments are anticipating over the next five years. We'll be coming back to council next week, next Wednesday, April 28, with our enterprise fund forecasts and we'll be busy in May and June developing the budget recommendations and gathering community input. The proposed budget will be delivered to city council on July 28. In August we have three council work sessions scheduled and three public hearings scheduled, and then the budget adoption is scheduled to occur September 13 through the 15th. So that concludes our forecast presentation and we're available for any questions or comments. Mayor, I have a quick question.

Go ahead, council member.

Do you know the breakdown of the utility transfer numbers between AE and the water utility? And you can get that to me later if you want to. I was just curious.

In the current year's budget, in the 2010 budget, the electric utility is 101 utility transfer and the water is \$9 million transfer.

Cole: Thank you.

Anything else? Council member Riley.

Quick question, on page 52 you were mentioning that you're projecting an average growth of 6% in expenditures over the next few years. And you mentioned that that was a significantly slower than in past years. What was the rate in past years, say from '06 to '08? I see that it's a steeper curve. Do you know what the percentage was?



It is. It's actually at the top of that slide between --

9.6, great.

On the average.

On the average, yes. Okay. Thanks. council member shade?

I actually had a question related to that. Can you explain to me what the basis is for the 6% growth in expenditures? You talked about annexations and so forth, but I'm curious and population numbers are down. Can you kind of tell me what your assumptions are based on --

well, the population growth numbers are down, but the population is still higher than what it was in the previous year, so it's really -- if you turn a slide ahead to slide 51, 8 million of items. A lot of it has to do with negotiated police and fire contracts, step and longevity pay. I mentioned avery ranch that has joint fire and ems station added. We're added the cost of associating that with station with the ems unit, adding additional officers for the council policy of maintaining two officers per thousand. A council resolution pertaining to four person staffing and there to four person staffing in 2011 per truck. We've talked a little bit about an assumption there would be some level of pay adjustment for civilian employees. We plugged it into the forecast at two 1/2%, 10% health insurance costs. you'd expect that to be consistent -- the -- in the coming year -- i mean, I realize that we have some salary increases that are -- assumptions that you have here, but your assumption would be that you would need to do that each year, 6%? I mean, in other words, we're getting something in return for the annexation?

Well, a lot of those assumptions go out for the whole forecast horizon, and so some of the biggest cost increases are personnel costs, and so we're assuming 3% increase not only in 2011 for public safety and employees, but in the future, 10% increase in health insurance, not only in 2011 but each year of the forecast. So those are some of your biggest cost increases. And we're also assume something level of population growth, around 2 1/2% annually which drives the need for additional officers, and as i mentioned, there's also -- the plan is to transition additional fire units from three person to four person staffing in the out years as well, so yes, a lot of those cost costs are occurring not only in 2011 but also in the out years and that's where the 6% comes from. what was our health insurance increase last year?

Last year it was held flat at zero percent, and that had a lot to do with the fact that the fund built up ending ambulances and we were able to -- balances, and we were able to lean on the balances not only to keep the lending flat but the employees premiums flat. That was a nominal year. Historically we've been seeing increases more along the lines of 10%, so that's the basis for our assumption of 10%. so that's a good -- I mean, 10% every year except for last year was an anomaly? I mean, it's --

very high, and I can tell you it's better than a lot of cities we're seeing.

And we've been able to hold contributions flat from time to time. I can't remember exactly the last year we did it, but i want to say we were able to do it in 2005 and 2006. So from time to time we have good

experience in terms of our claims and we're able to kind of, you know, utilize that and keep the employee and the employer contributions down.

Shade: okay. And then another question was just when we do the property tax comparison again, the median home price, that's based on austin city limits, not the mas; is that correct?

The median home price for austin is actually based upon appraised values provided by the appraisers district for the austin city limits. for the city limits. Okay. Great. Thank you. mayor pro tem. thanks for the record. I want to clarify a couple points. When we do the bunt forecast as we've done today we behave it on assumptions, and so are your assumptions for things like revenue that comes from fees and transfers based on no increase in fees? Similarly to the health insurance your assumption is a 10% increase in costs for health care, but there is no assumption of increasing employee contributions or increasing co-payments to offset that 10%; is that correct? Garbage fees and things of that nature, this is keeping those flat?

Well, we'll look at enterprise funds next week and you'll actually see some fee increases there, but just in terms of the main fees that, you know, come into the general fund, or, for example, fines, you know, parks and recreation fees, and I don't believe that we've predicted anything significant there, but we will look at that as we go forward into the budget process and come back with any proposals for you at that point in time.

Martinez: great.

I'd like to mention that parks -- the parks department is taking a look at all the fees they charge for their different services and their different programs. Planning and development review is also beginning a process to look at their development fees, but we're not making any presumption about those fees being approved or not including fee increases in our revenue projections.

The reason I asked that is to let folks know there's a much larger conversation to be had as opposed to just the roll-back or effective rate, that there are other parts of the budget that we can use to offset the gap. Thanks. Thanks, mayor. just one quick question, make sure I understand the projections on sales tax. The year we're in now, fy 2010, the protection was minus 5. 3, but it looks like you're still forecasting for this year minus 4. Is that correct?

Uh-huh.

That is correct. and that is because you think the anomaly is what caused the increase? 5 --

not only that -- the large adjustment was a big part why we're in the positive territory. Without it we would be 3, but there's no denying that we are positive -- being 3 without the anomaly but yet you're still -- you're forecasting further declines for the remainder of this year?

We are out of due caution and the possibility as john mentioned, of a second dip in the economy.

Whether that occurs or not, you know, we can't say with certainty now, so out of caution we are projecting -- at any rate. It has no effect on our current budget because it's still, even in your worse case scenario, it's above the original projection.

That's correct.

That's correct. and next year you're forecasting this budget forecast as 5 for fy 2011?

That's again correct.

Mayor leffingwell: okay. Council member morrison?

Morrison: thank you. Two questions, one to follow up on the mayor's question. Does the forecast that we have in front of us assume that we ended up the year of sales tax at, you know, minus 2% or something like that? Or 1%, and then roll over the leftovers?

As soon as we end the year at minus 4% and then that minus 4% becomes the new floor, the new base upon which we would grow by 2 1/2% in 2011. but I guess my point is that if we do better this year than we had projected and built into our budget, we have some leftover money, so does that money help offset what we might be looking at as a gap in revenue?

It does and it would.

Morrison: it would. But we're not assuming that yet.

No, we're not, not at this time.

Morrison: okay. So that's hopeful. And then just one question on the next steps. I know last year with all the community input forums and there's a lot of chatter among the community members, a lot of great input, so I'm looking forward to tha again. We also did some boards and commissions reviews, and do you plan to include that this year also? [One moment, please, for ]

Mayor Leffingwell: Anything else? Ust one thing, mayor.

City manager.

Martinez: We don't go back that far, mayor. [Laughter]

all of recorded history [laughter]

Martinez: Only you do. [Laughter]

ooohhh.

Moving right along, mayor. [Laughter] before you close out today, I just certainly want to acknowledge the team that presented today, leslie and ed and john who obviously has already left. But -- but thank them for all of their hard work and that the staff that supports their efforts, i also want to thank the acm and the department heads and their staff that they have focused on the budget issues that -- that we address all the time and would even -- with even keener focus when it's time to put together the budget for the next fiscal year. My appreciation and thanks for all of you.

And a big hats off to the budget office.

Mayor Leffingwell: As always, great job, as usual. And we will look forward to our -- to our -- our meeting next week. And then we don't hear anything again until mid july. I believe. At this time, things will be considerably rosier, as they always are. [Laughter]

## **End of Council Session Closed Caption Log**