

# Closed Caption Log, Council Work Session, 06/21/11

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I'm officer may lee leffingwell, and a quorum is present, I'll order this council work session on tuesday, june 2, 2011. The time is 9:05 a.m. First we'll go to our briefing and the plan would be, council, take up item a1 which is discussion and update on formula 1, and then go to our 139 item agenda, and then come back to presentation on health and human services, library, and parks and recreation. So mark, did you want to

Mayor, I think they're ready to go, I believe.

Mayor and council, we -- this will be very brief. We just wanted to give you an update since there have been a number of different changes since we talked to you last time about formula 1, and to let you know what will be happening on thursday and what we'll be presenting. I'm going to turn this over to rodney gonzales who is the assistant director for economic growth and redevelopment services office.

Good morning, mayor and council. Rodney gonzales, the city's deputy director for economic growth and redevelopment services office. Today -- today's briefing, as sue mentioned, is for the grand prix and major events trust fund, as you recall both of these subjects have been discussed at the june 7th and the june 9th council meetings. The topics will focus on the updates since the june 9th meeting, we will then provide council the detail of what is included in the proposed contracts that are posted for the june 23rd council agenda. The most significant update is a change to the financial arrangement for these proposed agreements. On thursday of last week, the circa events local organizing committee informed the city they would annually contribute the \$4 million to the major events trust fund, which they previously requested the city to do. This also meant that the contract terms which have been negotiated based on the previous requests required a detailed rewrite. This caused delay of not posting the contracts with the friday agenda, however the contracts were finalized yesterday and they have been e-mailed to council offices and posted to the website. Regardless of this new financial arrangement, it's important to respond to the council questions posed on june 9th and 7th. Those responses have been posted to the website. They were posted on friday. Those responses also include information on annexation, should the council decide to move forward with annexation, that information is available for you. Yesterday, circuit events organizing committee released the impact study that has been prepared for the formula one event, both the study and the outside review has been posted to the egrc website. Review of the two agreements that are required to establish the major events trust fund for the formula one event. Sabino romero and lela fireside will present this information.

These two slides are brief and very similar, because the two contracts that are now in city backup are really intended to complement one another, and ensure follow through for the city, the state, and the local organizing committee. The interlocal agreement document, we wanted to make four points about this contract. It's the document that creates the major events trust fund, it authorizes the local organizing committee to deposit money into the major events trust fund, take that money out, and do all of the logistics of the annual request for future events and all of the related backup economic studies, attendance figures, assurances, which is another way of saying insurance of some kind, et cetera. It addresses indemnification in the standard government document manner and then provides as in government to government, and then provides for a ten year term. The agreement with the local

organizing committee complements the interlocal by describing the city's relationship with the local organizing committee for purposes of the major events trust fund. This one authorizes the local organizing committee to enter into the actual event support contract with the site selection organization to put in the money, take out the money, and make the annual requests just as reflected in the interlocal. It also addresses indemnification for the city. It has the same tenure term. A few complimentary comments. The city obligation under the agreement with the local organizing committee is to enter into the interlocal with the state. To authorize the loc to act on the city's behalf and to assist the loc with its reimbursement request as it deposits and then draw down money. Other terms, it mixes performance-based criteria about whether to continue the relationship. It relies on the event happening, it relies on the local organizing committee meeting its annual obligations which are the city's obligations delegated to it, and then the loc also annually and timely depositing the local increment to the metf.

Thank you, sabina. Mayor and council, to summarize the proposed agreements reflect the following, the city participates as an endorsing municipality. The city's participation no longer includes the financial contribution of increased tax revenues to the major events trust fund. The circa event local event organizing committee will be the city's designee for this arrangement and must provide the annual major events trust fund requirement to the texas comptroller and lastly this agreement with the loc is performance based, meaning that if the loc does not meet its obligations, the city can terminate the contract. Mayor and council, this concludes today's briefing, we are available for questions. Thank you.

Questions from council.

Mayor?

Councilmember cohen.

First of all, I want to thank all the professional staff for their work. I know this was on a short timetable, and you have gone the extra length to try to get us as much information as you possibly can. That being said, I still have some questions and i guess they should be directed at the city manager, or maybe the city attorney. One of the things that I had thought was important is that we have an outside attorney and we did not that do that. Do you have an explanation for that? Do you want to respond to that, please.

Councilmember, the reason we didn't hire outside council counsel is because we believe we have the experts in house. This particular statute, nobody has ever used it. Our lawyers have been looking at this since august of 2010 getting ready to bring this forward to you, and I think they are the experts in the state on this particular trust fund right now.

Thank you. I did not ask for outside counsel to suggest that i had any particular lack of confidence in lela or sabina, I just feel like we have stretched you to your absolute max on various issues, and this was on such a short time line that it would better protect the city and you for the work that you were going to have to do. But that being said and that decision pretty much residing with the city manager, let's make sure that we nail this one. And I'm not practicing law. I just think that these are basic questions that the public needs to be answered, but you are practicing law. Now, the first question is i want to deal with the \$4 million that we are telling the public is going to be put up through the local organizing committee and therefore we are in essence not putting up city funds. Where is the language that shows our increment in tax revenues, sales tax, hotel tax, I guess eventually property tax, alcoholic bench tax, that will allow us to get that out of the -- from the comptroller?

Councilmember, this is lela fireside for the law department, and I would say that is not going to be in the agreement because that money is going to come to us in the standard way that all of our sales tax, alcohol bench tax and then the process for hotel occupancy tax brings those funds to us in the usual course of business. We basically have taken that out of this agreement and out of the mechanism to withdraw it early and so it will come in the quarterly disbursements that we always get from the

comptroller and I do have comptroller attorney mike esparza and robert wood here if you have more questions.

Specifically I'm concerned about the language in the contract that says that those incremental revenues will be put in the state treasury outside of the comptroller's office and I think that our normal tax revenues goes straight to the comptroller, and it seems they are being handled differently, so are you telling me that they are, or they're not, or where --

the funds come into the comptroller in the standard way that the funds come in, and as far as the city's revenues, they come back to us in the standard way that the city gets its revenue. The provision that references the treasury is an acknowledgement of the authorization that ends the statute that lets the comptroller use its revenues in the function to be able to put the revenue in, the state revenue, and withdraw it in the manner set forth in the statute, for this event without annual appropriations. The first -- the first bit of it is going to be the appropriation that was made by the legislature and that's acknowledged in the recitals, and then the rest of them are going to be through the incremental increase that they get.

Well, I think i understood everything that you said, and most of the things that I'm asking you questions about are really should we put in the category of please check on this, this is concerning me.

Sure.

Make sure that this is loophole.

Yes.

And basically what I'm saying with what is are we handling money that is incremental to us differently under these agreements than we normally handle our sales tax revenues? And we may be, but if we are handling them differently, then we need to make sure that it is clear that we are absolutely entitled to them, because I don't see any language in here suggesting that, and I think it would actually be a safer course of action to referent the statutes that actually deal with how we get our normal sales tax, or hotel occupancy tax, or any other taxes from the comptroller as opposed to language that says outside of the treasury. So let's just look at that and make sure we nail that one.

Happy to review for that.

Okay.

Councilmember, as a follow-up, on that note, the interlocal does state at the bomb of page 2 the source of the local increment will be the local organizing committee. We can certainly commitment that by underscoring it will not be from taks. Those two requirements dovetail to require the loc to be the only source, we can visit that to make sure we state it in a different way to make sure if there is an ambiguity that is clarified.

Right. It jumped out at me because I really think it puts us on treacherous ground if we're handling our sales tax revenues pursuant to disagreement differently than we normally handle them, and if we are, we say this is how we normally handle them, but we're handling them this way for a reason. And the reason can't be because the comptroller or the local organizing committee or formula one or anybody has discretion over them other than us, or what is otherwise set out in statute. You see my concern.

We do see your concern.

Councilmember?

Uh-huh.

Sue Edwards, assistant city manager. It's my understanding that because the local increment is being put in by their local organizing committee, that the taxes that would be generated by the event that would come to the city will be handled just like regular other taxes that would be handled, but we will make sure of that.

There's no referent to that in the agreement and I think we need to say that.

We'll do that.

And refer to that tax code.

We need the language.

We might.

That is set out in the statute for the comptroller.

You see what I'm saying.

Absolutely,.

There's no reason to ask that or beg that question. I notice that the make event trust fund agreement as compared to the circuit events local organizing committee agreement which we've got these two agreements, I was very pleased that the major events trust fund agreement had language that made it very clear that the local organizing committee was the solely and exclusively utilized the local increment but I was concerned that that language was not referenced or included also in the local organizing committee language, so I guess I'm just asking you to look at item 6 under the recitals of the circuit events local organizing committee agreement, and compare that to item 9 of the major events trust fund agreement, because I think that there should be some overlap to make that clearer what we're doing. And because that -- both of those paragraphs deal with our \$4 million and the fact that we're not putting it up at the local organizing committee is putting it up, and on that same sort of thought process, we have a severability clause in here that I know is very standard for contracts. You're aware of it, right? Do you want to explain what that does?

The severability clause allows a term that is problematic to be overlooked without affecting the credibility of the rest of the contract.

So one of the things that I think we have repeatedly represented to the public, and that is clear that I think all of my colleagues want is that the \$4 million be contributed and that we not put in that \$4 million. So I think those clauses that require that, such as the ones I just gave you, and I think there's a few others, should not be subject to the severability clause, and so that if we have a situation where that is not put up, the agreement cannot go forward.

Yes, that would be grounds for termination, and it would in turn terminate the interlocal.

Okay. But I don't know -- and I'm just asking y'all to look at it. I don't know that any of the other provisions necessarily need to work that way. I'm only commenting about the 4 million. I might go back and determine you should do this or that, I wanted to make sure about the \$4 million that we nailed

that down, if that becomes void, the whole contract is void. I don't know about the other provisions. The other item, can you tell me what happens if we have an increment of, say, \$6 million, and that goes to the comptroller, and we know that \$4 million is being used and taken out by the local organizing committee, so if we -- if we have an excess -- I guess I see sue shaking her head. I guess I'm trying to ask the question if we have an excess in tax revenues, because the economic impact study absolutely suggests that we will, what is the process for us to get that money out?

Councilmember, first of all, if you recall, the \$4 million is really put up by the local organizing committee. Therefore any increment that we get from the event comes directly to the city. Any increment.

Okay. That is not reflected in the -- show me that in the agreement, or if you can't find it, show me thursday, because that's the way i thought it was supposed to work, but I did not see that language. Yeah, just make sure we have that pointed out specifically on thursday. Just exactly what -- I just didn't see it.

Okay. And the very last thing that I would like to request for thursday is I notice that the economic impact study was very broad and very good and I'm glad that we got them from both places, but the one question I didn't know or didn't have time or didn't want to try to add up for myself, because I was a little nervous, is I'm trying to find out what is tax revenue impact, because we talked about, you know, airport fees, and ticket sales and a lot of other things that are very good for the economy, and very good for our businesses and local businesses, but I'm trying to figure out what is the direct contribution to the city, and so if we could just do that under the taxes that we talked about, i think that would be great. Do you know that, kevin? Oh, you know that, rodney?

Yes, there's a table toward the front section. I believe it's table 5. I think that's the one document I didn't bring with me this morning is the study.

Okay.

It's table 5. You have three column, the direct tax revenues, indirect tax revenues.

We got a lot of stuff last night.

And I believe the combined total, councilmember, is 4.6 million.

I saw that. And so that is the combined total of alcoholic bench taxes.

Yes, it's on page 15 of the economic impact study.

Okay.

Are you doing that, bill?

So the far right column, which says total austin tax 6 million, that is comprised of the direct tax gain, the indirect tax gain and the induced tax gain.

The reason, rodney, I was confused about that is because that number also included air fare costs and tv production costs and advertising and event costs and a lot of other things that I don't think are actually tax revenues, and I'm trying to get at what are sales tax revenues, alcoholic bench tax revenues, hotel occupancy tax revenues, and the total amount and, you know, I know that we've talked about ultimately the property tax revenues will come into play too, you guys have given me that number,

but I'm just trying to get that figure for year one, or whatever is estimated, I couldn't --

well, to begin with, when john had reviewed this, he made clear that the study was done according to standard practices. Everything that we've seen before with studies like this have been done in this manner, and what you're going to find with the indirect and the induced, you will notice that zero for direct, because you're absolutely right with your comments, but it's how that money then is spent in the local economy when it comes to austin, and so that's the -- those are those gains.

Councilmember, we can get you broken out I believe the taxes that you're asking for, but this is in addition to -- and so it looks as, as rodney has said, indirect, so if I am an individual producing -- having a production in austin, there are going to be taxes associated with that because I have spent money buying certain goods in order to produce that -- that production. So what you see, as we normally do with economic development projects, is you see an indirect and an induced tax in addition to what we normally see as the a beverage tax or any of the other taxes that you're familiar with, and that means that an individual is going to go out and spend money in the economy in austin to provide some other service or to purchase something while they're here, and that produces additional taxes, so it's a trickle down effect. But we'll get you specifically the taxes that you want and then just understand that there are other taxes that we benefit from from this event.

I do not question at all that hosting this event as well as our other events, south by southwest and many others helps local businesses and helps the economy overall. I'm just trying to get a feel for what does it do to our direct revenues.

We'll do that.

Further questions? Councilmember morris?

First I want to compliment my colleague, cheryl cole for staying up. I have not had an opportunity much at all to be able to review these and I hope to be able to do that and have more question, but a couple of things just jump out that I would like to ask, and the first one is have we -- and this might be on the website, because i think it was one of the council questions. Have we come up with an estimate of costs to the city, direct costs to our city government for putting on this event? Or for not putting on the event, but for the event occurring.

Councilmember, we have looked at those costs and the plan is to handle this event just like what we would do other large events in the city where there is a request to provide direct city services to support the event, we will then build the promoter in accordance with the city's fee ordinance, as far as cost, there is no cost, if we plan to do it the same way that we do it with other ventings.

Councilmember, you will find on the website one piece that has several of the large -- well, it has all of the large events that occur in the city of austin, and the kinds of expenses that have been incurred. You will also see where we have either waived fees or have not waived fees, and you'll see over time, so it's a breakout of the larger events that you'll see. This one again is somewhat different in that it's going to be outside the city of austin, and so we -- as rodney has indicated, if there are any things, any costs that occur, we'll then go through the same billing process that we do for other events.

Okay. So essentially zero direct costs?

Yes. That's how we plan to handle it. and then in terms of the presentation that you made, I have a question on the slide number 3. Talking about what the loc will be authorized to do. One of the points says that they will be able to withdraw up to 4 million annually from the major events trust fund and what will those funds be used for?

Those will be expenses to -- that have been incurred to put on the event. I think it's been indicated that the cost of putting on the event is about \$11 million, and so as eligible expenses or eligible costs, the loc can draw down for those eligible expenses. Those will be approved by the state.

Okay.

As eligible expenses.

And those are expenses incurred by a point.

Yes.

Goes back to the circuit of americas?

Yes. Okay. And then one question about the contracts that I didn't hear asked and that is do we, the city, have the -- is the contract re-upped every year with our agreement -- another way to look at it is do we have the opportunity to terminate it any year that we want?

There is a renewal provision built into the contract with the loc. You can terminate it at any time. You don't have to wait for an annual period if there's been a violation, but both approaches are built into the contract that it foresees that the council may reconsider this contract on an annual basis. It considers that council may find a default and want to bring it to the loc's attention at any time.

And our annual consideration, is that completely discretionary, or are there requirements as to when we have to renew it or have the option to not renew it.

It's not discretionary. There has to be cause. It is a perform abc based contract. And that is standard for similar economic development type agreements. We want them to perform and as long as they're performing, we remain a party to the contract.

And the performance criteria are the three that are listed here on number 5, so it's that the race occurs, that the loc meets its annual obligations, which are listed on the previous slide. Okay? And that they must make the deposit of the \$4 million?

Right. There's a lengthier, more detailed list in the contract for both the first year, future years and the final year, but in general, they can be summarized into those categories, yes.

And then one other question, a more general question about the statute, and the way the state will be handling it. The amount of 25 million that we've been throwing around, is that capped at 25 million for textbook years or can -- ten years or can that change?

The comptroller's office is here and they can address that. I think their position has been that at least for the amount of money that is pulled out ahead of the event, it's currently been capped at 25 million.

So that's the first year that they're talking about? So how -- how would the future values be -- and maybe this is a question for the comptroller's office. How is the future number determined?

I'll bring robert wood up here from the comptroller's office.

Thank you.

Good morning, robert wood, director of government assistance and economic development for the

comptroller's office. There's a requirement that the study that y'all have seen that I have not, there's a requirement that a study be done annually, annually we'll go in and do a new estimate. That new estimate will essentially be what it is, and if it's -- if it's lower than 25, then it would be lower than 25. If it were above 25, the statute, the cap that we can pre-advance is 25 million, because that is the amount in the appropriations rider. We cannot advance more than that, before the event.

Okay. So in fact am I correct in saying that the way it works is that if you're going to do a study and if it shows that the increment -- tax increment to the state was 40 million, then it could in fact be 40 million?

The --

that the state --

the pre-advance piece -- the advance piece is limited to \$25 million.

But the advance piece is just this first year.

No, no.

Okay.

The advance piece -- every year, the anticipated structure is that annually there will be a pre-advance that will go to formula 1 and that amount is capped at that \$25 million appropriation.

Okay. So then you do the study, let's say the study comes and says that the tax increment is 40 million, then what happens?

At that point -- I think at some point obviously if it's \$40 million, then I think there's going to be a discussion about, okay, what should happen next? The anticipation has been how do we work with this up-front, pre-advanced piece to get this event here? And I know that there's been some discussion back and forth with our attorneys, with the city attorneys and the state attorneys on exactly, okay, what happens in the future? The -- the pre-advanced piece is clear. The -- if it's additional, at least the last draft that I've seen said that no additional money can go into it without the express written consent of the comptroller's office, again it becomes an issue that everybody has to look at, if that were to occur.

I guess maybe a little confusion I'm having is I'm not sure exactly what pre-advance means. Advance -- before the event.

Before the event on an annual basis.

On about annual basis, yes, ma'am.

Okay. Okay. About opportunity where somebody co says, hey, wow, this is doing everything we wanted it to, plus some. Yes, ma'am.

Okay. Thank you, I hope to have the opportunity to look into the documents more.

Councilmember spellman. wood, why you're still there, if you could.



Yes, sir.

How -- let me be sure I'm clear on the timing and the procedure for determining that increment.

Yes, sir.

The loc and the city -- back up a little bit. Who actually does the annual economic study? Is that going to be done by the loc? Is that going to be done by the city? Are we going to see it before it goes to the comptroller, how does that work.

The loc is going to do it. That is one of the contractual requirements of loc.

Are we going to see it before it goes to the office, have a chance to comment on it, add, subtract.

We're going require that they do that, as we go through every contract or through the provisions, we're going to check off what they've done, so we're going to need to see that they've done that.

Okay. So if there's something which we consider michael larging in some way, we'll be able to flag that and have a conversation with whoever did the economic study to make sure that we can iron that disagreement out?

Yes.

Okay. Then the economic study goes wood, or the comptroller's office generally. What happens then?

We do a review of it and essentially go through -- we look at all of the underlying assumptions, look at the attendance figures, we gather whatever information is available outside that, and essentially issue our -- our estimate which on a general basis is probably, you know, I would tell you on average is probably a little bit lower than what is typically sent to us, sometimes significantly lower, in the case of the superbowl it was significantly lower, so it sort of depends on what information we get, how complete is the study in our mind, what information is available to us.

My guess is that if the study were done by somebody like don hoyt who is extremely familiar with your procedure, there would probably be less adjustment afterwards.

I would -- I mean, i can't say for sure, but hoyt, certainly john, there's a number of economists in state who are familiar with state practices that, yeah, I would believe that by and large they're familiar with the statute in the state economy, yes, sir.

Okay. Now, help me with the timing of this. At what point obviously has to happen prior to the race? At what point prior to the race does the economic study get done?

The contract between the city and the loc requires that the economic impact study for the next year's event be submitted on or before 20 days after the previous event, so for example, the economic impact study for the 2013 race will be submitted 20 days after the 2012 race.

Okay. And will that -- that would be prospective, but it would also have the benefit of the specious of the previous race, I'm guessing. Is 20 days after the event sufficient time for don hoyt, john hockingose, other economists to collect the data they need to do the post mortem on the previous event. That seems like a very short amount of time.

One thing I can say is that the contract provision was negotiated with the loc who of course has

contracted with don hoyt.

Yeah.

And what we've been told is that with the advent of technology, that for surveys and things of that nature, they could do things as simple as having an ipad in place collecting data on sight at the day of the event, so I would an 'tis pa patriot they would use more recent technology to speed up the process of that study.

That restricts us to a particular class of research designs. My apologies for getting technical, but that means we're working off of a study based on surveys, based on county numbers, based on an educated guess as to how many days people from out of town are staying, a proportion of all of the people who are here, which is very much like i hoyt has actually done here, but it's not based on accounting of the actual tax revenues that came into the city or came into the state from the previous event. We couldn't get that within 20 days, is that correct?

That's correct. But there's also a second study that is a look back study of the event that just occurred and that study is not submitted until nine months after the event.

Okay.

So you have one done in anticipation of each event 11 months ahead which is very much an estimate based on what is occurring.

Okay.

And then you have a look back study done nine months later, when you have far more hard data and then you can compare the look forward economic study to what actually happened.

How are we -- so we've got two. Look forward, look back. How are we going to use those two to help improve the look forwards in the future?

Well, I think that that is up to the local organizing committee and comptroller to refine their processes. The comptroller has to be comfortable that their numbers are accurate for their tax estimate, and so that would -- in essence, that would be their time for the number crunchers to discuss it and work on any refinements they feel is appropriate. I think it's going to be a little bit of new territory, this is the very first one of these types of agreements where it's for a ten year term.

Right.

And we have this triggered in order to pay for the annual fees.

There's no particular reason for doing a look back if you're not going to do it again, on a one-time only event.

Right. Exactly. wood, have you encountered this look forward, look back idea before?

The -- and really the first -- the first study, the first actual study that will be a good look back study is actually being done by the superbowl now, currently, based on the -- you know, based on the 2011 superbowl that we just had here. The statute for a number of years had a provision that said that events had to provide information to us, -v sme basic information on attendance, but it didn't event that we have ever done in the state, they knew everybody was interested, so they voluntarily doing that. That will be

the first, i think, the first study that we have that is sort of a post -- a post event study, that will give us some good information, obviously we're doing work in our office on, okay, how does that work? What are the things that, you know, the tax pieces that can be measured, where are they, when are they available, those kinds of things.

If you find there's a big mismatch between the go forward estimate and the look back estimate, you will be able to crosswalk that and use that to inform further forward studies with the same technology.

That would be our goal, yes, sir.

Sounds good. You're going to get the go forward study 11 months before the event. You're going to have some time to take a look at it. Tell me what you're going to do.

We go through again, the go forward study, I mean the one that, again, that you've got, our analyst also go through it, look at the underlying assumptions, look at the attendance figures that are cited, look at the out of state attendance figures that are cited. Look at the expenditures per day per person and essentially evaluate those against other events that we've held in the state, superbowl, final 4, n.b.a. All stars, other events in the major events trust fund category, look at those events, we look at whatever information we can find publicly and evaluate the reasonableness of that, and then essentially we do what hoyt has done is multiply those out by the tax figures and make sure that all of that adds up.

Okay. So based on this study, haven't obviously had a chance to look at it as carefully as you would like to, if you looked at this and said, yes, this is about what we're looking for, these numbers are about accurate, this would mirror it, four million dollars of local money and \$25 million of state money, something like that.

That is the presumption we'll look at that and come up with something like that.

Okay. Then you're going to transfer your opinions on this study to the city saying your increment is 1, whatever it is, is that accurate?

The -- and I think some of that -- some of that may be subject to the agreements themselves, as to exactly how that happens, but presumably, yes. Presumably we take that, we take that information, we come up with those numbers, we give that information to the city, to the loc, and I'll leave it up to y'all who have seen the more recent agreement drafts on exactly when and how and who does that.

That is going to be about ten months before the event, something like that.

Yes, sir.

Okay.

Thank you very much, sir. I appreciate your help. What happens then, he tells you our increment is 4 point whatever million. What do we do now.

The loc contributes our portion 0 to the fund.

Okay.

The state contributes their portion to the fund. And then the loc can draw those funds down for eligible expenses.

This is starting ten months before the next event?

Right.

So we know -- we know, the loc know, the comptroller knows \$4 million say is the increment for this next year of their estimate.

Right.

Then the loc puts \$4 million into the account.

Right.

Tell me about that account. Is that a city account, is that -- how is that going to work.

No. The comptroller establishes the major events trust fund.

Okay.

So they're the people who keep the fund, their money and the other money in it.

Okay.

And then they hold that, and then as the eligible expense requests come in, those will be checked against their rules to make sure they're in compliance with their rules. We also get to review them and submit them, and then the loc can draw down the funds.

Okay. So the reason the city is not going to be out any cash is that the request from the comptroller for \$4 million or the notification that you're eligible for participation in the major events trust fund goes to both us and the loc. The loc takes the \$4 million or whatever it is, and puts it into a state account, not a city account, the city doesn't put anything into that state account, the loc is eligible to draw down off of that state account plus the 25 million or whatever the match is for that year, the comptroller puts into the same account, right?

Correct.

Okay. Are we eligible to put anything in or to take anything out of that account?

No. We're not putting anything in, so we're not taking anything out.

Fair enough. We will have some expenses as councilmember morrison was asking you about a moment ago. I want to ask you a couple of questions about those expenses. We've got a -- a list of expenses associated with some of the major events that we've had in the past. I think I remember there's a longhorn football season, austin city limits and south by southwest. There's probably another one in there some place.

I think the rot rally.

The rot rally. Yeah. How is it we determined what our expenses were for each of those?

I think that can probably be expressed better by the different departments, but in general, the

departments have, and you approve with the annual fee ordinance, fees for their services, for various events. If an event promoter comes in and says I want to put this event on and I will need x, y and z, the departments figure out what their costs are in accordance with this c -- with the fee ordinance rates.

Okay.

And then work out an agreement with the event promoter to recompense them for those costs and then you will see on the chart, i think they've put into backup, council has the authority to waive some of those fees, as you know you periodically do, but if you don't choose to waive the fees, as in many cases you do not, then the event promoter pays those fees that we have come up with and calculated as costs for the event.

And we're talking about exactly the same deal with formula one as with any major event here.

Correct, to the extent they're coming and saying we're going to use city resources and we need them and we work it out exactly as we did all those other events.

I can imagine two classes of costs and it sounds to me that we're collecting one of them really well, but one of them we're not, and the one we're collectly really accurately is the direct cost, if for example, we need to provide further security for the formula one event itself, we need to send some police officers out there in uniform to direct traffic or something like that, we're probably collecting that information really accurately. We know how many offices we're sending, but if we've got 95,000 out of town visitors wandering up and DOWN SIXth STREET, HAVING A really good time. We're probably going to be making more arrests, we're probably going to need a little bit more police overtime to keep the crowds in place, things like that, and it seems to me the method you just described is probably not collecting those indirect costs as accurately. Is that an accurate statement or am I wrong?

I think it's an accurate statement for any event that we have, there is an assumption that we're going to provide health and safety, and we do that for every event that we have.

Right.

And unless it is something as lela fireside has indicated that is a cost attributed directly to the event, I need cones put out, I need street closures, i need that sort of thing, then it is a regular municipal expense that we provide for every event that we have.

Exactly. As well we should. That's our job. But if we have -- what we're looking at is a comparison between that cost to taxpayers with the event, the cost to taxpayers without the event, the taxpayers are being held completely harmless for all of the billable expenses, the traffic cop, the guy who is directing traffic in and out of the event itself, for example, that is not a cost to taxpayers because we can bill formula one for that, if we have additional indirect expenses because we need for example, more police overtime because we've got a bunch of carousing wandering up and DOWN SIXth STREET, THAT Seems to be the hope of the guys of dis anyway, then it's my hope, I hope they spend lots and lots of money, then we're going to have some other expenses which we're not collecting here.

That would be like halloween or mardi gras or any of the other events that we have.

Is this going to be halloween or mardi gras-like in its size or is this going to be more like longhorn football weekend in its size?

I can't predict. Never having had it in austin before, I don't know.

I understand. It seems to me, though, two things seem to me, one of them is that it's probably not

something we haven't seen before. Maybe knights in ameres we don't see on a regular basis. We do see longhorn football fans seven times a year, i think we have a sense for what kind of crowds we're probably dealing with, on the other hand -- and because we have the sense of what kind of crowds we're dealing with, it's probably not going to be an outlandish expense. On the other hand it might be worth trouble for us to figure out what expense that is, how much solid waste removal do we need to do and so on after something like a longhorn football weekend that is not necessarily a direct and billable expense. It might be worth the trouble for us to check it out.

I think, yes, I think the only way that we can do that is by having the event. One of the other things to consider, though, is that this event is going to be outside the city limits where every other event we've talked about has been within the city limits where we capture all of those individuals, all of the time, or most of the time, in the city, in this case there are three days of events that will be outside the city, and although we don't anticipate that everybody is going to be there, every hour of the day, the majority of the individuals will be at the event at least during the day time. Different from what we see at south by southwest or austin city limits.

Absolutely true.

Something like that.

The flip side of that is of course there's a really nice burger joint in el roy which I had a pleasure of going to. The vast majority -- well, yeah. Where else are you going to get a yak burger, you know, or at least they say it's a yak burger and I didn't ask too many questions. There aren't too many places out in el roy to have a good time, they're going to be spending most of the time away from the race, some place close by here, so we will be their host for the vast majority of the time they're actually here. I think we ought to be ready for that.

We agree with that. I'm just looking at some of the large event cost impact analysis where we do have and from austin fire department and from the police department what we're calling surge costs which means those costs that are incurred when you have a larger event or crowd that are not attributable to your fees, and we do have -- we do have those costs and i believe they're up online. If they are not, I will make sure that they are, because --

if they are online, i didn't see them, I will take another look for them, if you make sure they're up, i would appreciate that.

I'm looking for example, the university of texas football season 2007 for afd, apd and e.m.s. -- 2010. I think the total impact looks like if I'm reading this correctly, about \$11,000, if I'm reading that right, and we'll put it up there, that is for the year.

For an entire season of longhorn football games, including something like 50 or 60 -- I don't know what the numbers are, a large number of out of towners in for at least the day, our costs were, the surge cost for public safety are \$11,000, \$1,500 a game?

If not, we'll put this up on the web.

I think it would be real helpful to as swaij people's concerns. I've people saying we have no idea what our costs are going to be when we have 95,000 out of town visitors. Seems to me we have 95,000 visitors fairly often and we really are in a position to identify pretty accurately what our surge costs are likely to be as a result of that, if we've already done it, I think everybody needs to take a look at it and verify they will not be outlandish. Thanks.

Councilmember riley?

Thanks, mayor. I just wanted to raise a few questions about how we can secure commitments from formula one on some environmental issues, and we've been in discussions with legal staff and representatives from the circuit of the americas for some time on these issues. We've talked about having a term sheet that would include a number of environmental measures, and the idea is that we would secure agreements from -- from the circuit of the americas with respect to the items on that term sheet and that is item 101 on this week's agenda. Can you just help us-- help me understand how that term sheet can become a -- an enforceable agreement that it is a meaningful commitment from the circuit of the americas?

A term sheet is a list of ideal contract terms between two parties and it can become the basis for a binding contract. The term sheet is not the contract per se, but it's a good faith commitment to work toward a common set of goals for the contract. So the term sheet that might be developed this week will be developed this week for purposes of thursday's agenda will be turned into a contract with the facility, which is different from the two contracts we've been discussing this morning because our goals of environmental standards would be ones that the facility would follow through on on a day-to-day basis, as opposed to the loc might follow through on in regards to itings daily business of expenses and related reimbursement.

Okay. And of course we are continuing those discussions and hope that is clear term sheet for discussion for the meeting on thursday. I want to ask about the possibility of including some referent to that term sheet in one of the other documents they do have before us. The -- the agreement with the local organizing committee does provide for a performance measures that set out conditions that must be met in order to continue the city's participation in the trust fund, and we include some referent to the term sheet or the -- or whatever contracts, the amount of discussions on that term sheet, we can include some referent to that as a performance measure and it can be integrated within the agreement with the local organizing committee?

I think it can be discussed as a negotiation point. I can imagine that the loc may have suggestions for the circuit of the americas facility may have suggestions on other ways to memorialize that agreement and make it binding in a manner that ties the agreements together. But we can certainly talk about it.

Okay. Bottom line is you are confident that you will be able to -- we will be able to memorialize the commitments made with respect to the items on that term sheet in such a way that it would be binding requirements?

We can take that as direction from council and make that a prerequisite for entering the agreement.

Okay. Thanks.

Mayor pro tem.

Thanks, mayor. I appreciate all the questions. I think everything has been covered. I think I may only have three questions remaining. Go back to the point councilmember morrison was making about if the increment that comes in from the event exceeds the 25 million, where -- where does the excess increment end up and who has the authority to place it wherever it ends up?

I'm going to try to answer this for you, and may need to get some backup for it. If you recall, the increment is both increment that belongs to -- or would come come -- flow to the state and would flow to the city. If the increment is more than anticipated from the city's standpoint, we get all of the increment regardless of whether it is more or less. If it is the state's increment, it's my understanding that if it is more than the 25 million, the state has the discretion to make a decision about how they want to use

that and there would be a discussion at some point about how they would use that increment.

So along those lines, is there a procollusion in the major events trust fund that would prevent us from putting a claw back provision regarding that excess increment, if it were to occur, so that we could have, the city of austin could directly have a say in where that additional increment is -- can we enter into that through the interlocal agreement.

I'm not sure I'm understanding your question correctly. I would say that the agreements we've put in backup envision the local organizing committee putting in notl increment, whatever that is, and then they would have the option of pulling that out of the trust fund. We the city get our local increments in the ordinary course of getting our taxes, whatever it is. So if it's greater than the \$4 million, then we get more than 4 million.

Understand.

Okay.

But if it's greater than 25 million for the state. We -- this city council is literally obliging the entire state of texas for \$25 million, that's what we're doing when we enter this interlocal agreement. All I'm saying is if we're going to be burdened with that responsibility, shouldn't we have some say as 7 councilmembers to where additional revenues above the \$25 million increment is the comptroller's responsibility.

My name is mike to question, councilmember martinez, the major events trust fund statute specifically prescribes what can be done with the local increment and the state increment. I think if I'm understanding you correctly, if -- if it exceeds -- you're talking about an instance in which the state increment exceeds the \$25 million? wood has said in response to the line of questioning is if that were to happen, we think there would be a conversation about it. That to me is not good enough. We -- you know, I want to know what kind of conversation, who's involved in that conversation, and exactly what we're going to be discussing.

Well, I think the conversation would be between the city, the state, and the loc, as to whether the additional funds generated by the event could be used through the major events trust fund statute to pay additional expenses related to the event. That would be -- that would be the conversation. Using the money for other than those purposes isn't authorized under the law.

So the law specifically precludes those any additional increment from being applied to anything else other than major events.

That's correct.

Okay.

Well, that answers my question then. Along this similar lines, in the resolution on item 21, there are two specific points. One is in the whereas, i think it's the one, two, THREE, FOUR, SIXth Whereas, second to the last line, it says that, you know, the circuit events local organizing committee will act on behalf of the city. What specific acts does the loc have authority over and why is that enumerated in the contract specifically?

Councilmembers, could i ask that you share your private conversations, since we are in a meeting, with council.



I will, as soon as mayor pro tem finishes.

The specific responsibilities of the local organizing committee are to make the annual request to the comptroller for the reactivation of this fund, to commission, pay for and provide payment of the economic impact study for the next year's event, pay the city's initial estimated local increment contribution. They have authority to enter into event support contract with the site selection organization which is formula one management. Submit to the comptroller dock tailgate of the site selection organization's selection process. Provide and fund a performance bond or other financial or performance assurance. That's what we refer to as the assurance. And prepare and submit disbursement request letters for the event for disbursement from the metf. So those are the responsibilities in rated response -- enumerated responsibilities and then they're in addition obligated to maintain a city representative on their board, to comply with the open meetings and public information act and then in future years, those responsibilities are slightly modified to reflect that the event is moving through a progression, so we start look back economic studies, then the final year the responsibilities of terminating the metf fund.

You said I guess we could terminate this agreement at any time within the ten years for noncompliance, could we modify it also in the interim if we find that certain acts on the city either are warranted or should be removed from their authority?

Absolutely. We could amend the contract going forward, maybe there will be a change to the act and we want to integrate those changes. It's flexible.

And then again going to the resolves on number four, in the same resolution, same question applies, resolve number four says that the city manager is further authorized to execute related agreements. What related agreements are we talking about and what scope of authority does that provide the city manager to act on behalf of the council and the city of Austin.

I think those are the agreements where the questions had been raised about if the -- raised about if the city is requested from the promoter to provide direct services, then that's what we're talking about, that we would then engage in those contracts with the promoter.

So that is referring to police presence, security, safety?

Yes.

Currently, I think that the circuit of events -- circuit of Americas is negotiated with police, fire for services, and so if there were some outside of that that we needed to enter into, it would be those types of agreements, administrative agreements.

Okay. Thank you. Thanks, mayor.

Mayor, I have a follow-up.

Councilmember Cole?

I do have some of the concerns that mayor pro tem expressed specifically. It's my view that the local organizing committee has a tremendous amount of responsibility to act on our behalf, is that fair?

Yes.

I noticed that in the agreement it stated that the loc is appointed by the city. But when we looked at the

actual members, the city only had it -- had one representative, and they were a nonvoting ex officio member, is that correct? They're appointed by the city as the city's designee. The individual members are not appointed by the city. Except for our designee. This is not a city board or commission. I guess my concern is either one or the other. It can either act on our behalf or it can't. And I would just want to be clear that if it is not a city board or commission, and it doesn't, I guess it's just a nonprofit, that we don't say that they are acting on behalf of the city, and that they are appointed by the city, and if they are appointed by the city, then they are appointed by the city.

They're appointed by -- i mean I guess that's a term that is reflected in the statute. They're appointed by us and designated by --

that's the term I'm seeing in the agreement.

Right.

Okay.

We're trying to track the statute as closely as possible, and the comptroller ne them to be formally recognized by the city as our designee in order to provide all of those items that we've said we don't want to do, that we want them to do on our behalf, so that we're minimizing the costs to the city as you all have requested, so appointed i guess have a common meaning that -- where you all regularly appoint people to our boards and commissions and in here it just means appointed to act on our behalf, so we're saying to the comptroller and to the state, these are designees to perform these functions.

Well, I don't have any specific knowledge or concern with any of the appointees, but I don't like sort of representing to the public that we have even read their resumes and they're not going to make any financial disclosures as any other boards or commissions but we have appointed them. So I think maybe we need to do one of two things which is we do not have to kind of address this issue this first year, but as council's option we will in the second year consider the appointment of the members, and I guess we need to make that language consistent with the statute, but i don't think we should have a situation where we have a group of five people that we did not select, that we have received no information on, and we're giving them powers of the city and we're also saying they were appointed by the city and they really aren't a board or commissions or acting under any of those requirements and we have no way to ever consider their appointment or address that issue. Ever.

We would be happy to talk that issue through with the attorney for the local organizing committee.

Okay. Thank you.

Councilwoman.

I have some followup questions, this might not be a question that can be answered, but why wouldn't the city itself been involved in putting together the individuals that comprised the local organizing committee?

Well, I think that the -- the local organizing committee in general, in these types of major events, are host people who have agreed to kind of take on these responsibilities, and that was -- I guess a function that the organizers felt they could best handle and so they did that review. I mean they have to meet all the nonprofit conflict of interest requirements and other things, and so these people are independent from that process as I think mr. Suttle can address.

And in terms of the conflict of interest, how is that -- the requirements for the conflict of interest, how is that laid out, actually, within the loc? Because that's one of the issues that was raised. So has that been

vetted and by whom?

I think that is a good question to address to mr. suttie.

Mayor and council members, richard suttie, i have a dual role today representing both the facility of the circuit of the americas and the circuit events local organizing committee t local organizing committee is a nonprofit that operates under the irs conflict of interest rules and that is none of the five have any business dealings with the event or the facility, and then they also operate under the -- by statute under the public meeting and the -- open meetings and the public information act. We had several people as they drilled down they might have even a future interest in the event and so they were dropped out of consideration.

Okay. I guess the -- one of the reasons it's raising -- it just sort of raises a question is because very recently, we entered into an agreement with another nonprofit to essentially act on behalf of the city, but -- and that was a conservancy, and that was something worked out with the city, so it's a very different approach, I know some folks have raised concerns about that. I wanted to get that on the table. And then two other follow-up questions. I guess it was, I think mayor pro tem who was asking about the referent to other agreements in the edwards you were saying that might be for instance if we were working out agreements with the police or whatever, does that mean that we're -- could those agreements reflect waivers to fee, fee waiver decisions are being made by staff as opposed to council.

Fee waivers cannot be waived by council, fee waiver are by ordinance --

can't be waived by staff.

Cannot be waived by staff, sorry.

Okay. Then I'm sorry to have do this, to circle back around once again about any increase in the tax increment over the 25 million, at the end of that conversation, I heard that the statute requires that anything attributable to f1 that is over -- that's over the 25 million by law has to go to f1. Has to go to the trust fund? Two major event, so that is to major events in general?

No, into the major events fund, but I think that is a question that is best addressed by the -- again, if you havelence to the statement increment. Provide the up front estimate, that essentially sets the amounts, okay? So if for example, that is the 25 and four, if the after the fact study shows that indeed the city, which is ultimately the goal obviously. Ultimately the city, you know, we hope it's not four, we hope it's six, we hope the state is not 25, we hope it's 26 or 27 or 29, those amounts, that amount is simply -- that is the state's benefit. I mean that's state's -- that's the state's incentive for providing this program is so that ultimately we see economic activity that we would not have otherwise seen. So that amount, and, you know, if we -- if year one is 25-4, then that amount is the amount we're all working with. After the fact if we decide those numbers were actually higher, then you're better off, we're better off, and that is the whole goal of the program.

Let's say it's 30 for the state. What happens to that extra 5 million.

Goes in general revenue, in the same way that your taxes will go back to you.

Yeah.

That -- that money will essentially just go back to the state in the same way.

Into the general revenue, because that's not what i heard when mayor pro tem asked that question, so

we're getting --

and I think the confusion -- I'm sorry, I didn't mean to cut you off.

No, that's all right. Please.

I think the confusion is money actually designated that goes into the fund can only be used for fund expenses. Okay? So the 25 million and the 4 million couldn't -- if ultimately we, you know, that money couldn't go to general revenue for the state or the city. Because it's in the fund. It can only be used for expenses to pay -- it can only come out of the fund to pay expenses unless it's delegated back out. If ultimately there were left-over money, it would go back out in the prorata shares that it went in, but essentially it can only come out to pay expenses. The joyride is the economic benefit that we all hope to see. Does that help answer the question? I hope I'm answering.

Yes. If that's -- if that's where we land.

Mayor pro tem?

Real briefly, I think that explained it a little bit better, because esparza said any additional above the 25 could only be spent on major event, but I think that's only in the event that the legislature allocates that additional revenue. It goes into the general fund of the state of Texas is what I'm understanding from what you're saying.

If -- any money that goes into the major events trust fund has to be used for expenditures and so -- correct.

And again, if that amount were larger than 25, in this case, again, we have 25 million that was appropriated by the legislature, and so that is all that we can -- we can advance prior to the event. The -- so -- so -- you know, and just I think to maybe make it a little easier because the \$25 million because it was appropriated is -- sets that cap for that pre-advance piece, for example, in the case of the superbowl, in the case of the superbowl, the state 8, the 3 or so, and -- and if for example, that after the fact study that we discussed shows that the state got 29, then the state -- then that excess revenue is part of the state's -- part of the state's benefit, so I think that is -- I mean I -- the 8 and 3 can only go to pay expenses.

So it goes straight into general revenue above and beyond what's been appropriated by the legislature.

And in the same way, the city's taxes, those visitors bring, the city's taxes will just accrue to the city.

So I think it's actually very -- fairly simple proposition. The state's obligation is \$25 million, if they make more than \$25 million, they get the benefit of that additional increment. That's, I think, really all that has to be said about that. 25 Million goes back in the major events trust fund, the extra goes into the general fund of the state of Texas and works the same way on the local level, except that that money goes back to the local organizing committee, because they put it in, the city gets the excess above that. It's really that simple, isn't it? Isn't it?

The city actually gets all of our revenue.

Yes.

Councilmember morrison?

I am interested in talking with chris about what's going -- what the conversation is going on in terms of I think it's item 101, shall we include that now or --

right after this discussion we're going to go to items and we can take that item up first.

All right.

Is there anything else on the subject of this discussion and update? Thank you very much. Council, as previously agreed, we can now go to the general agenda, and any specific items and councilmember morrison has requested to discuss item 101.

Thank you.

Chris, I appreciate the work you're doing on this, you probably saw in backup, I guess in backup, there's nothing in backup yet because it's still being worked, we did receive an e-mail from tom smithy, public citizen, I'm wondering if you can walk through the items that we're working on and how that might compare to suggestions we got from public citizens.

Some have been helpful throughout this process, glad to have the opportunity to work with him about other environmental advocates to make sure this event is as green as can be. I actually wrote on op ed that appears in the statesman today, and for purposes of thursday's meeting, I hope to have a term sheet prepared that essentially just sets out what bullet points each of the substantive items that we're talking about, each of the requirements that we expect to apply to this site and this event. And I'm happy to go down oh godown the list, if would you lieuld like. The most important really relates to the air quality issues, because we are currently -- let me previous face it, the context we're operating in, should be one where we expect carbon neutrality. Often the way they achieve no carrierringconnect 57600 .. preferred parking sites are scattered around the region, so they don't have a -- a congress good morning league of nation of a whole bunch of cars jammed together trying to get into that particular site. Providing bike access, if you ever go to austin city limits and seen all the people who choose to get there by bike, you know there are people who are willing to do that. Obviously this would be more problematic, be a harder site to get to, not impossible, and you can try to provide a separated dedicated bike access to the site and have showers available for people who do that.

Can I make this a little bit of a conversation. I don't know if other people have comments. Before you go on. What about the possibility does anybody ever actually limit the amount of parking at the site itself so that in fact you can sort of reserve parking and people will know that they have to find another way to get there?

We've talked about setting it in terms of a percentage, but I think that, you know, so for instance, no more than x% of the parking can be on site. They do have built in limits on the number of cars that could be parked on site, because of space requirements, I think all those options about limits are totally on the table.

And I would think that in fact if you want to move a few steps forward, people get -- reserve their seats and if parking is going to be limited, people need to know they might get there and there's no parking available, so actually to reserve, some system for reserving parking, I don't know if that has been done before, but something like that could really help.

Sure. Absolutely.

And the other thing is that in terms of satellite parking, we probably need to project where people that

are not in hotels are going to be coming from and make sure that the satellite parking is out where they are so they're not driving very far to get to the offsite parking.

Right. And in fact it's my understanding that the organizers are -- have already identified a number of sites that would be secured for satellite parking and of course that conversation will continue.

Mayor, if I can make a comment.

Mayor pro tem?

Well, I was in the meeting with councilmember riley last week, with subtle, and, you know, obviously we have a model in place that works at least for a 60,000 person event and that is the acl model of having a direct pickup and dropoff point and dedicated lanes going into the site, so as a starting point, i think we build off of that model. We have to find available parking somewhere in the city that's very closely connected to a pathway to the event site, but at the same time on site create those dedicated lanes the get that shuttle service, making sure it runs on time. It provides such an incentive. Who drives to acl? I don't know a single person. I know tons of folks that go. You just don't. You either ride your bike or you take the shuttle. We can create that environment, not identical situation, but austin has created this model that i think we can apply to the formula 1 event.

I have a question for --

councilmember cole?

I guess chris or mayor pro tem. Now, I'm assuming if we and next this area capital metro will begin to receive their one cent, penny of sales tax?

I believe it's already --

is it already --

I believe it's already in the metro service territory, regardless of annexation, the one cent sales tax would still come to capital metro.

Okay. Anything else on the subject? Councilmember spellman.

Just air quality. You started with air quality but I bet you're not done yet.

Just a few more things i wanted to highlight, it's important that we put measures in place to ensure that the site is designed in such a way as to minimize the resources that will be consumed on site and in particular we can expect the -- all future buildings to be a certain level of green building and lead certification, we expect all areas to comply with the commercial landscaping ordinance even though this is outside the city. Re xeris scaping, and the environmental board has actually looked at the issues and made a number of recommendations, our recommendation, every one of those recommendations from the environmental board would be integrated into these bullet points, those include complying with new commercial landscape standards, complying with parking lot shading areas, investigate the restoration of the areas along dry creek, demonstrate a black land prairie land restoration and establish a monitoring program for the impervious pavement used on site. (One moment, please, for ..)

what we could require is that the that -- that the circuit of the americas designate a single point of contact to deal with sustainability measures and that I would expect an -- an ongoing collaboration between the city and that point of contact. I really want to make sure that that relationship is there and

that -- going forward, if the events materialize, that -- that it continues to be -- we continue to seize opportunities to demonstrate best practices and environmental standards. I mean, what I've been suggesting is that at some point in the future we ought to envision the city's sustainability officer giving tours of the site to point out to -- all of the measures that have been in place to make this event as green as it could be. Finally, the one last category of things that I would mention, oh, by the way, on those -- on the sustainable practices, I would expect things like on site composting for all events, recycling and community gardening. There actually are significant areas over there in the floodplain that could be made available for community gardens. We would want to work with folks in the area. Obviously there are some -- some good soils in that area and no reason why we couldn't make some part of that site for community gardens. The last thing that I want to mention is the relationship between this site and the event around Austin's tech community. I have had conversations with Austin's technology incubator. This is actually significant interest there in potential synergies between this event and Austin's tech community. We already have people out at Freescale designing chips with automotive applications. And there is continued effort and interest in -- in -- in clean technology. Obviously we have a whole silo at -- at the Austin technology incubator. That is -- that focused on clean energies issues, we ought to have demonstrations for clean energy out there. Picture solar powered vehicle racing at the site. Picture an ongoing relationship between the site and the University of Texas, the whole Austin tech community to make sure that we take advantage of opportunities to work continued environmental improvements. We're going to see increasing pressure within the automotive industry to make progress on -- on moving away from fossil fuels. Formula One has made strides, the hope is that process will continue. Austin, with that kind of relationship that supports Austin tech community, Austin could be right at the center on fuel efficiency and impacts in moving away from fossil fuels towards more sustainable energy. My hope is there would be support from the whole Austin community to benefit from those kinds of efforts. -- I would hope that the tech sheet will include some reference to Austin incubator to make sure there is mechanism for an ongoing collaboration.

Morrison: Thanks you for your work on that. A couple at the end specifically referencing impacts to the local area. Specifically for southeast and east Austin that may be impacted from -- from proper vague winds, but -- but what's not mentioned here is also noise and I don't know if there have been noise studies or anything, but -- but as a follow-up to that, looking for committee's to do local, also living wage scale for events staff.

I have had that discussion about local hiring. Certainly the -- the -- the representatives have spoken with. I've been assured that -- that the vast majority of the jobs out there would be a -- local hires, did not include that as a bullet point, because this was focused on sustainability. Measures. We frankly have not had discussion about wage scales, but Richard is here, we could ask about that. Suttle, could I ask you to talk a little bit about that? Specifically about -- about where the recruitment will be for -- for the event staff and what kind of wages or spread of wages.

Sure. Our intent is to hire -- hire locally all the way around. As we have in the again of construction of the site. We're still getting the numbers to settle, but it's looking as if -- as if 70% of the people working on THIS SO FAR IN THE 70s, I think it's like 74% are from Texas and right now 54% of those are -- are on a dollars volume from Austin. What gets skewed from that is that we have a German engineering firm. If you were to take those out, our numbers go way up. We intend to hire locally on the scale of types of jobs as you can imagine, events held out there. Some of those jobs are event related. Part-time jobs for that events. They range from -- from ticket takers and -- and people that are taking the surveys for our economic study all the way up to -- to management and -- and all so the range is anything probably could be anything from a minimum wage job for a kid that wants to make a little money, see the race, take some tickets all the way up through a permanent -- permanent person that's working full-time and is -- is making a lot of money. That's on the events side. Then on the facilities side we have -- we have the numbers are still settling, but we have several hundred people that will be employed working at the facility. Again there's a broad range. Types of scale for that, too, also part time and full time for that.

I think in terms of local recruitment, this suggestion is actually trying to zero in I think on southeast and east Austin. In particular. Do you have those jobs that you are talking about beyond the construction,

once its in play. Do you have any plans or concepts in terms of how to reach out specifically to the -- to say the del valle area, the southeast austin and east austin.

Yes. Of course we're still early on. What you intend to do is through the school systems, through our communi outreach. Also one idea that we are playing with is have a job fair where we make -- make people aware in that area. Now, obviously we can't limit it to that area. We can't make them show the utility bill and say oops sorry you live outside of the area. We can certainly make people aware of the opportunities atmosphere the facility, both and -- at the facility both and at the event and intend to do that. We also have -- have voluntarily reached out and are meeting the mbe/wbe reachout provisions of our ordinance, we are happy to say right now we're running about 19% of m.b.e./w.b.e. Participation on the construction of the site.

Mayor Leffingwell: Initial else on that item? Okay. Other items that councilmembers want to bring up that are -- that are on the agenda for -- for thursday? Councilmember morrison?

I believe it's -- it's item no. 89. Which is an item from -- from council about -- about waiving fees? An agreement regarding the wastewater line on the construction of a hotel to be located at second and congress and so this -- we're talking about a convention, a second hotel that could serve -- could allow us as I understand it to serve larger conventions than we can right now.

It is a large hotel, not a convention hotel.

Morrison: So we had discussions back in november, I believe it was, talking about the opportunities that might exist and what benefit that could bring to the city. So -- so -- you know, I'm -- I'm -- I'm just trying to understand about whether or not we should have another hotel. What we're doing fundamentally with this is investing our -- our funds that would otherwise be, as I understand it, in the general fund or in our water utility. So -- so I'm trying to understand the analysis that we have that helps us determine why this is an appropriate level of investment.

I was going to ask rudy to explain this.

Rudy garza, assistants city manager. Councilmember, probably the best benchmark that we have is a couple of things. We've -- we've had -- we've had several meetings with other interested groups, asking for -- for interest or exploring opportunities to partner with the city to go to another large hotel in the downtown area. And all of us -- all of those discussions have ranged in a -- in a seeking opportunity of -- of assistance in the range of 60 to \$100 million direct cash contribution from the city. That's one benchmark. The other benchmark is probably the most recent large hotel convention center type of hotel that -- that I'm aware of. It was built in nashville. The city of nashville contributed \$25 million cash, the household providing over \$100 million in economic development grants over a 20 year window and they are also providing a 62% tax abatement. So -- so the level of contribution by cities is tremendous. It's -- it's anywhere from a third to -- to -- to -- it's -- it's half a million dollar of cost participation, the city will realize about a \$300 million investment, that will be the cost of -- of building a thousand room hotel. .. what the mayor, councilmember spelman and -- and mayor pro tem I believe the other sponsor are putting forth has not been seen in the rest of the country. Anywhere from 60 to 100 million plus dollars for the same level investment from the private companies.

Morrison: I believe when we talked about this before, back in november, one of the things that -- that came out in the conversation was that of course with any investment we want to know that it's a net positive for the city. What you have told us is that it seems like a good deal relative to other things that are going on. But where do we see the -- the -- the analysis that tells us what -- how the benefits relate to this?

And -- and I don't have the report in front of me. I did have a texas perspective on how to prepare an analysis of the impact of the second hotel. I can tell you from -- from my experience with the downtown



hilton in a four year window, we lost 6 million room nights of -- of potential business because we could not accommodate larger conferences. And that's been -- that's been our biggest stumbling block in competing with big cities. Because we don't have the capacity. So what this will do, it's going to add capacity, will allow us to then be -- be very -- more competitive in the market, austin is a destination city. People want to come to austin. But we just don't have the -- have the hotel capacity in the convention area.

Councilmember, one of the things that we came do is -- we can do is get you a copy of the -- of the report that texas perspectives did. We can also run some analysis on property and sales tax estimated from that, also. It won't take us very long to do that. Probably within -- if we have the basic information from the hotel, folks, we can do it probably within a week. So we'll just work on getting that for you.

Morrison: I think that will be helpful. We had a briefing on it. And -- and it was -- it was -- there were a few different scenarios in the recommendation -- and the recommendation was we sort of focus in on the middle scenario, which also -- also so it brings me to other questions. The middle scenario also -- also -- also assumed some -- some -- that was a scenario assuming various -- various types of participation by acvb to make it work. So -- so that brings up for me a question of do we have -- do we have in fact and we're -- we're -- we have the -- the authorization and approval of the acvb contracts and new bylaws on our agenda this time around. Have we thought about folding some of that into the conversation and ensuring that acvb is sort of on the same page to promote scenario b, which is the one that -- that is sort of resting on.

In fact, we are scheduled for a meeting tomorrow with -- with convention center director, executive director for acvb bob lander, as well as the individuals from white lodging because we want to begin preliminary discussions on marketing the site. We have -- we have conferences and conventions that are we are pursuing. So acvb is on board, like we are scheduled to have that discussion.

Morrison: Another question that I have, sort of trying to nail down specifics are any requirements that are going to go into the agreement for these waivers. Because I don't see anything like that in the resolution.

Mayor Leffingwell: We have a letter that was -- that was addressed to me basically outlining this entire proposal. I can make that available to you. It calls for 1,003 room hotel. Other specifications along with it.

I think that would be helpful to have that in backup so everybody could take a look at that and i guess that I would like to understand if that's -- if that's maybe it is a formal contractual commitment or something that staff will take as --

a letter of intent. The negotiations have not yet begun. This is -- this is a -- a direction to the city manager to begin those negotiations and execute a contract. Embodying all of these specifications but - - but that is yet to be done. They only authorizes fee 8 million in fee waivers in cost participation of up to \$500,000. The rest of the details -- will come in the negotiation process.

Okay. Well, I think that I need to understand -- it will be helpful to understand what the constraints are that -- that will be -- that will be-- that the negotiation will be subject to.

Mayor?

Councilmember cole.

Cole: Thank you, rudy, for sort of laying that out. I -- I certainly am supportive of expanding our tax base. And -- and just believe in that because we need to provide so many services. And I don't -- I don't know

many of the specifics of this deal, but I also know that -- that the public has become increasingly skeptical of our not only putting in money but excluding money from our general fund for fees or any other type of what might be considered economic development deal. So when we stand up and talk about competition with other cities and what other cities are doing, they say, well, we -- other cities, people are coming here anyway, why are you all giving away that money? And they deserve to have that answer. And so I'm concerned here that -- that we are digging a hole for ourselves for no really good reason and that we could take the time to lay out in the briefing that councilmember morrison has mentioned, and lay out in the analysis that has happened in other places that you have mentioned. And what -- what white lodging is planning to do and what some of the other entities have brought forth to us and allow not only council but also the public to understand why we are even making this consideration. The idea of a convention center hotel, I don't know to what extent that differs from a large hotel. Can you speak to that?

Councilmember, you may recall in prior discussions we've had with council some of the limitations that we have because of our because of our interest in the downtown hilton. It's pretty clear that we cannot name another convention center hotel. The -- the bond indentures restrict us from having the second convention center hotel. So -- so this will be a large downtown hotel.

Okay. Well, I know that I have also seen some information about the need for -- for our convention center to have additional space and -- and the potential that -- that another large hotel could help with that endeavor and also some -- some market analysis that needs to be done. Especially if we're going to contribute to hotels coming, large hotels, we want to do everything we can to make sure that they are successful. It's one thing if you bite off that market risk with no government money, but when you bite off that market risk with government money then we are involved and we are -- we are -- must be responsive to our taxpayers and to be -- being able to justify that. So I'll just leave that out there for my colleagues to think about on thursday and I know that this -- this offer is on a short time line and I think we could work with -- with that. In terms of getting all of that information laid out and maybe special called meeting or something else. But -- but those are my kind of first reactions.

Councilmember spelman?

Sue, you mentioned a few moments ago that you would able to get further information to us within the week. We are scheduled to take a vote on thursday. So it actually needs to be made a little bit shorter than that.

Councilmember, I am not sure that we have enough information from the hotel, with respect to -- to what we would need to do in order to make that economic analysis. If we do, we can do it very quickly.

Okay.

I'm -- I see. With his head in his hands, I'm sure only temporarily because he's got a very short headache, the -- the attorney for quite lodging, suttle, can you come up just for a second. I'm going to ask you this question. Why do we need to from your point of view, why do we need to negotiate and execute on thursday, why can't we negotiate and then execute at some -- some one hopes very shortly later date.

What we've found on this project is that time doesn't necessarily help. The last time that this was going through as we -- as we churned through the various issues on this same site, we had a recession, we had a market crash, we had financing to take place. What we have in this instance, I hesitate to use the word perfect storm because that implies something bad. This is the perfect carnival, let's just say. The -- the hotel flash that we're working with has come to the table to -- to meet some of the gap. The financial markets have come to the table to meet some of the gap. The construction industry has come to the table and the landowner has come and then my client white lodging has come and is taking more risk and less return. This is coming off their indianapolis hotel, this is a very large -- the fear is if we wait

even a month, that -- that one piece of that could come unravel velled. And then -- then the whole thing comes unraveled. What my client would like to do is if we get negotiate and executed if we get going quickly in july, they can start advertising and booking rooms for three years out because then we can lock in construction schedules, lock in finance mechanisms and move forward.

Spelman: How long does it usually take, in your experience, to negotiate an agreement of this kind with the city.

This one to me would be very simple. I would imagine it could be done very quickly. My head in my hands silent comment over there is because we're running the city staff so ragged on another project.

Spelman: I understand. This is one of my concerns here.

But generally speaking, fee waivers, we made this as simple as possible so it that could move quickly. As you heard other cities are doing large investments. We made it very simple so that it could move quickly. Imagine that the fee waivers that you're talking about, if you figured that this two or \$300 million project, let's say it's on the books for 200, 250 million, it pays back with property taxes within a year or two, not to mention the hotel taxes. It's a very fast return to the city. It's a very fast process to work out on fee waivers. And that's why we didn't make it so complicated in order to move quickly.

Spelman: I understand that. My concern is not frankly the merits of the agreement at all. I read the hockenyos report, I have read it in the last few weeks. I remember reading it inking okay I get a sense for what kind of a city contribution would make sense. The contributions on the table is only half a million of out of pocket taxpayer expenses, the rest of it is revenue forgone, raise taxes to provide that. We're talking about something like a \$300 million investment, which is going to pay a lot of property taxes, some sales taxes certainly get our money back pretty quickly. That said, we're also dealing with an electric shown very recently -- electorate its lack of trust for deals of this kind. I would like whatever disagreement there is on this -- on this agreement, to be on the merits of the agreement and not on the speed with which we came to that agreement. Is there -- let me ask you a hypothetical question. I will not hold you to that answer, mostly I want to ask you so you can think about it. If there were some way that we could authorize negotiate of this agreement on thursday and then hold a special called meeting, i can hear the mayor blanching over on my left. Hold some kind of a special called meeting within a couple of weeks after that, we're not scheduled for meeting until the end of july, that's a long five week period. But if there were a way that we could all get back together sometime in a couple of weeks to review the details, look at sue edwards' economic study and verify this is a good idea, we would also give the public a couple of weeks to get their arms around this idea. As you know, they've all been focused on formula one, they haven't been thinking about this. I think this is a good deal, based on everything that i know about this is a good deal. But I would like my 800,000 friends to agree with me on this. If we gave them a couple of weeks to wrap their arms around the ideas and the information I think they would come to that decision as well. Would that -- would that hypothetically work out as far as your client is concerned?

I have talked at length with my client and the reason we tried to move this quickly is because it's the only way they can say that they are going to deal with this deal. If it do it this thursday, they can do this deal. If we push it off two weeks it's a risk that I can't estimate. Whether or not -- if we do it thursday, they are planning on announcing friday and start advertising room rates. If you put it off, the deal -- is the deal dead? I can't say that for sure. But I can tell you that it's not a for sure deal.

Spelman: On the other hand on friday they are announcing a little bit of a pig in a poke. We are just entering into negotiations, you actually haven't got a deal. All that you have is the beginning of negotiations with the city manager.

Except on the very simple nature of this, that I'm confident that we will negotiate -- it's just -- it's easy. It's money that you won't have unless this project is built. And it's fee waivers, we're not entering into a

large economic agreement. The performance basis is basically a thousand room hotel and it's just -- it's very simple. I'm confident, I would be confident enough to know that we can announce on Friday that it's a done deal. I'm confident that the -- that the terms of the agreement are going to be so simple and so agreeable that -- that both parties will be fine.

I see your point. Yes, ma'am?

Councilmember. Would it be acceptable if we put together a term sheet which you would authorize, negotiate and execute and have performance -- have performance in it?

I'm not sure what would be acceptable or not. I would sure like to see that term sheet. Is there a possibility of getting something like that economic study talking about, off the table. Something that you are not able to do. I realize that you are run ragged by formula one, this sounds to me like the sort of thing which the public has a right to take a look at before we enter into a \$4 million agreement.

I can get --

instructions.

We can do it.

I would love to see it. If there's anything that I can do to help you put it together, I'm happy to do that.

Let me just say that -- that I think this is a unique opportunity. We can put together all of the information that we can before Thursday, but I think if we don't take this action, the action that's posted, we definitely run the risk of losing a very unique opportunity for this city, a great frankly a great boon to the city. As for calling a special meeting in two weeks, this is the time that has been set aside for council break. I know a lot of folks have plans for this time. I know that I do, for example. I know it would be very difficult to plan on putting together a special meeting between Thursday and July 28th.

Mayor?

Mayor pro tem?

Martinez: I'm glad that you respond understand the affirmative that we can get something by Thursday. But I was struggling with how difficult it would be to even conservatively project what a 1003 room hotel would be in terms of property tax and what it would be in terms of occupancy rate in terms of hotel/motel bed tax and sales tax. Because we have hotels here in town and we know on average what their occupancy rates are. We know on average what the hotel/motel bed tax is on an annual basis. I just was struggling with how that was going to be so difficult to explain to folks that this 4 million-dollar fee waiver could be recouped literally within the first nine months based on those taxes that come back.

What we would do is what we normally do, councilmember, with any economic development project, where we would put in -- into the formula that we run the -- the amount of the investment, what we estimate would be sales tax, what we would estimate would be the construction costs and that's why I was asking subtle whether or not his client had that information. Because if we have that information, we will put that into the formula, run the formula and it will come out letting us know what the property and sales tax would be. Property tax is probably a very solid figure because we know what the estimate going in is, whatever it is. Then we know what the property tax will be based on that. Sales tax is somewhat iffy, but sales tax is always an estimate because we are never sure, but we have a formula that we use, a consistent formula that we use on every one of the economic development projects that we do. So we could -- if we have that amount, then we can run the estimates of room nights. If we have

that information we can put that into the formula, we can run that formula and take a look at it.

Great, thank you.

Mayor Leffingwell: Just one final. This isn't before scratch, before the recession, this development was virtually planned out, got drug out over a period of time, drug into an economic time that made it unfeasible to go ahead and kind of got dropped. That preliminary planning will be of great use in going ahead with this. It's not going to be that different than what we planned three years ago.

Mayor.

City manager?

Just some conversation with the city attorney, i wanted to speak to that. It has been given -- stated a number of times, we are stretched pretty thin given the magnitude of that project. Karen, do you want to speak with your ability to deal with this particular opportunity as well?

We have a different team of lawyers working on this, also outside council that we brought in to help us, these are pretty standard fee waivers but if we need extra expertise we have already talked to the outside council to make sure there's nothing we've missed on this, so I don't think it's going to cause us any concern to get this done. Councilmember cole.

Cole: Rude, how much do we receive annually on fee waivers?

I'm not sure that i understand the question.

Cole: I guess normally we-- unless it's something we are trying to use in our toolbox to incentivize development we charge fees, correct?

You are saying how much we collect from fees.

In fees, whether we normally collect.

Gosh, I don't have that. I'm not sure.

Let's see.

Leslie, back there --

I would like to get leslie up here.

I think we put together some information on looking at that both ways, both in terms of what we waive versus the other way. The -- you happen to have that? Would know that off the top of your head. Can you access it pretty quickly?

We would like you to sit down.

Sorry. I could have -- but --

I'm kidding.

I think the analysis the city manager is referring to is really [indiscernible] analysis about fees we waived for a variety of special events ranging from south-by-southwest to other things. I mean in regards to the amount of fees, we have recovered or collected recently for development projects, we can certainly get that information for you very quickly. I don't have it. Off the top of my head, of course, but we can get that together very quickly.

The reason that I ask that, rudy and sue, I think we are confusing the public. We come and we say this is not an economic development deal because it's not a 380 deal. But sometimes we do collect fees and various big promoters in our city pay some fees, they get some of them waived, then pay some. So when we talk about not receiving some fees, the public is -- is -- they are confused and not confused. The part they are not confused about is that that's real money that you didn't get. That's real money that you didn't get. Tell us why. Then we say well the return on that investment is huge. And then we begin to explain rightfully so, that we're going to get property tax revenues, sales tax revenue, hotel sales tax revenue. We have a very educated electorate, they say how much property tax revenues, how much sale tax revenue, how much hotel occupancy tax revenue? And when do we break even? And I think that we know the answers to that. I take that back. I know we know the answers to that because I've seen y'all do it time and time again. It's not a question of we have decided that we do or don't want to do this endeavor is the question of putting that information on the table, not only for us, but also for -- for them. And I think we need to have a discussion, I don't necessarily think that it will take y'all a long amount of time. Not to -- not to -- to belittle the fact that y'all are being run ragged by the last meeting. Guess what? We are being run ragged. Three days, four days, I'm not really -- I can't imagine that that would make or break this deal or that we would represent to the public that that would make or break this deal. I don't know, mayor, when you are going out of town, but we can talk about some timing.

Councilmember, I just want to point out that these are fees that we waive on a fairly routine basis for meritorious projects. \$3 Million for example, if my recollection is correct, 3 million of this total amount is just for use of right-of-way to the street during the construction process. It's a one-time thing to build a project that's going to spin off revenues in the form of all kinds of taxes. Bed tax. Sales tax. Property tax forever. You know, every year, not just the next two years during this construction process. I think it's fairly intuitive and can be easily demonstrated that this is a project that is a unique opportunity and really a great boon to the city of Austin to the taxpayers of Austin as well.

I agree with you. As you suggested that we increase our -- our tax base in that it can probably be documented exactly what has been said. But we need to take the time to do that. I don't necessarily think that can be done by Thursday. But more importantly, I guess it's \$3,800,000, if we had seen an outcry in this community about \$4 million --

Mayor Leffingwell: I think we just said they could produce a rough estimate of these numbers by Thursday.

Mayor?

Mayor Leffingwell: Mayor pro tem?

Martinez: I think it was a good question to ask how much do we waive in fees annually versus take in in fees charged. I don't know the answer to that. But I think that would be a good conversation to have at a future date moving forward. I do know specifically one event that we waive almost a million in fees every year since I've been on the council and that is south-by-southwest. We do it because it's a huge benefit to the city. It's a \$90 million economic impact every March, we love south-by-southwest and it's turned into this major iconic international event. Really I think, I'm not trying to oversimplify it, but that really is what we're talking about. We're talking about a one-time fee waiver of \$4 million, a little more than \$4 million, one-time fee waiver for a lifetime of benefit. Millions of hundreds of millions of dollars. Not just a one-time hit. We do this on a regular basis. So I'm fully confident that we can get this done by Thursday. I appreciate the questions and concerns. I am supportive of this obviously as a co-sponsor. But I will

also work and put all hands on deck with my staff to get everyone's questions answered.

Mayor?

Mayor Leffingwell: Councilmember morrison.

Morrison: Thank you. I just want to share with my colleagues I'm very concerned about the timing on this. I understand that intuitively it seems to make sense. But I believe that -- I feel like we have a responsibility to the public to get these numbers out there, to allow people to take a look at them. If you will recall, with our 380 agreements we have a very strict schedule and this amount of money is on par with the amount of money we do in our 380 agreements. We have a very strict schedule that allows for public input, even if we get the numbers up tomorrow, which would be amazing if -- another amazing feat by staff. That's 24 hours and I just -- oftentimes in -- in this position, we have to make a decision between running the risk when we're told we have to rush it through and it might fall through versus doing our due diligence and -- and I feel like if a month is going to make that much difference, I guess it's hard for me to grasp that a month is going to make that much difference. Of course that's not my and you can. But it is my call as to what kind of risk and what kind of dedication to public transparency that we have here. So -- so for today, for right now, I just wanted to share with you all that I'm probably going to be supportive of a postponement of this item. On thursday.

Mayor Leffingwell: Well, council will have to make that decision on thursday. Anything further? Any other items?

Spelman: Mayor? I have some questions on item no. 94. Which is with regard to draft city charter amendments.

Mayor Leffingwell: Yeah, well, I don't have a list with me. I don't know if they're posted on the backup yet or not. But these additional items are items that were compiled and only possess by the city -- composed by the city clerk as basically cleanup items.

Spelman: Okay. Some of these have the effect of changing policy, that would be inconsistent with the clerk -- reduce city council term limits from three terms to two terms. That -- that wouldn't seem to be something that -- I would expect the city clerk to consider to be a cleanup item.

Mayor Leffingwell: Well, you know we already approved a long list of items to be considered. It was suggested subsequent to that, I should have said most of these were items proposed by the city clerk, suggested subsequent to that that since we're proposing a -- a term of four years instead of three, that the current term limit of three terms might be inappropriate a little bit too long. So we're just putting it up there because it was suggested by others that that would be appropriate to limit it to two terms instead of three. I think it's certainly appropriate for anything that you would either not like to include or propose to change to do that on the dais on thursday.

Spelman: Who suggested this?

Mayor Leffingwell: Pardon?

Spelman: The suggestion is if we --

Mayor Leffingwell: As I recall in a public meeting at some point, councilmember morrison made that suggestion.

Spelman: Okay. So --

Mayor Leffingwell: That's just my memory of it.

Morrison: I'm happy to take credit for it. I don't remember actually. But maybe it would make sense to ensure that we tie that --

exactly.

Morrison: To the terms going to four years so that it's only two year -- it's only a two-term limit if it's a four year term.

Mayor Leffingwell: Yeah. I think that's certainly appropriate, too. And, you know, that's yet to be determined. That will be there are i think in all about 21 different proposals. It's sort of a pot pourri, some of those would be stand alone, some would be bundled together, co-dependent on each other, that would be a decision for the council to make when we come back and make the final decision to put these items on the ballot.

Okay.

Spelman: So, for example, if we wanted to ensure we didn't go from three terms to two terms and keep the term length at three years, that we could bundle this with the change in the term length to two years, either all go up or all go down?

Mayor Leffingwell: I'm not sure that I followed that completely. Are you saying we might decide to keep three year terms instead of going to four?

Well, if we have two proposals one of them to change the term length from three years to four.

Mayor Leffingwell: Correct.

Spelman: Another one, this one here, item 1, to turn term limits from three to two. To effectively the length of time somebody can be on the council would move from nine years to eight years.

Mayor Leffingwell: Correct.

Spelman: We could put those two pieces together in the same charter amendment.

Mayor Leffingwell: I think that would be very appropriate.

Spelman: Okay. That was the question that i was getting at. Item 3 is something that i don'tfully understand. Establish that campaign contributions for runoff election may only be collected after the election day of the general election for which a runoff is to be held.

Mayor Leffingwell: Well, it's based on the fact that in the past there's ambiguity about when you could collect contributions. A common understand in this the past has traditionally been that you wouldn't collect contributions for runoff election until there was a runoff.

Spelman: Right.

Mayor Leffingwell: But the issue actually did come up a few years ago where a candidate was collecting contributions for the runoff, in other words, another maximum amount from the same people, before the



regular election was held. So that's just to clarify that.

Spelman: I understand the definition between the \$350 contribution for the general election and another \$350 contribution for the runoff not getting that second \$350 until after --

Mayor Leffingwell: Right.

Spelman: I get that.

Mayor Leffingwell: What this says you can't collect both of those contributions before election day in anticipation of a runoff.

Mayor Leffingwell: I get that.

Spelman: I get that. What this also seems to say, however, it looks like it might have the unintended consequence of if you collect more money than you need to spend for the general election, if you have \$50,000 in the bank account that you can't spend it in the runoff.

Mayor Leffingwell: No.

Spelman: I understand that's your intention, we need to be very careful on how we write that to be sure that's not an unintended consequence of that.

Mayor Leffingwell: I welcome your input on that additional clarification because that's certainly not the intent.

We have a legal opinion. We hired outside council when this issue came up. The same lawyers helping us on these charter amendments. We will make sure as we craft that provision, it coincide with the legal opinion of how the language needs to be, they specifically address the ambiguity in the language, we will make sure that legal opinion is maybe crafted in a way or the ballot language or provision is crafted in a way to address the issues that the legal opinion raised.

Spelman: I think my primary reason for bringing this up is to get into the language, legislative intent, so your people will have a good idea for what it is that we are trying to accomplish here when they write up the other charter amendment language. That's all, mayor, thank you very much.

Mayor Leffingwell: This is not the final product by any means. Councilmember cole?

Cole: Mayor, I have a question for you. Is the intention of this resolution for these particular amendments to also go before the charter review committee?

Mayor Leffingwell: Yes.

Carolyn: I'm sorry, i don't know if that language --

Mayor Leffingwell: In addition to the ones previously supported by council and I would anticipate that before it's all over there will be more suggestions, additional items from all of you to include on that list.

Spelman: Mayor, I have a question on item 92 as well.

Mayor Leffingwell: 92, go ahead.

Spelman: I believe this is for -- for councilmember Riley. We've got a list here of -- as I understand it, we have a rotation list for corridor studies. What this is doing is directly particular engineering firms on a rotation list to particular studies.

Right.

And the one I completely understand is assigning Kimly Horn to do the airport boulevard study because they're already working on airport boulevard. Why deaf to assign ushdr --

We are flipping the two. Kimly Horn was assigned to -- to MLK. And so they really could have preferred airplane. Vice versa the term assigned to airport really would have preferred MLK. Even though it's less money because they recognize that the work -- there's already work going on on airport and they felt that they would have two consultant teams just bumping up against each other. My understanding is both consultant teams prefer this and they recognize that there would be greater efficiencies in making this switch because we already have people in that Kimly Horn teamworking on airport. So it just seemed to make sense to everybody involved.

Spelman: Okay. All we're really doing here, the fact that HCR is already looking at East Riverside, Wilber Smith looking at North Lamar.

Doesn't affect them at all. Just switching the two on airport and MLK.

Spelman: Sounds like a perfectly sensible thing to do, my apologies for not understanding it the first time around, thanks.

Morrison: Mayor? I have a question probably [indiscernible] on number 78, we have been getting more information about it. This has to do with Balcones resources and putting together an interim or backup transition facility. I wonder if you could talk about that and maybe I think the questions that I had are why are we doing this as opposed to the alternatives?

Councilmembers and Mayor [indiscernible], this item -- thank you. This item is on the agenda in response to -- to the April Council meeting. In requests for changing out the transition site that's dedicated within the Balcones agreement. This is simply a site assignment. It is not a negotiated contract in any means at the moment. The next step after this transition site designation would be a negotiated rental agreement of the property. The -- the purpose of this site is simply in the event that the construction is delayed and Balcones is not capable of receiving materials on their newly constructed recycling facility, this is a backup transition site. It is intended to be used for longer than 90 days to complete the construction if there is construction delays.

Morrison: I thought we had talked about the idea that we have a short term recycling contract in place right now with TDS and that that actually would be a backup for us because we knew that there could be challenges, not that we expected them. And for Balcones getting up and running. So it sounds like this is a different approach.

This is a different approach. However, that approach in comments on the TDS agreement, that agreement ends September 30th of this year. However, we will extend that agreement through two six-month extensions written into the contract. That would expire September 30th of 2012. We do have the ability to amend that contract, however, it's not an option that's available in the current language of the agreement. So it would require a contract amendment. There's also the possibility of -- of amending the -- the new contract with TDS on the 40% to accommodate 100% until Balcones is up and running.

Morrison: Okay. Is there a reason why we're taking this tact instead of going with finding a way to just have tds pick up the slack?

Any of those options are available. The reason why this direction is the negotiation with balcones was a balcones operated site and in the event of a delay in construction. I have reviewed over their construction schedule, they are scheduled to be open and operational by July 31st of next year. This is only in the event of a delay and the negotiated contract conversations with balcones operations for the handling of the material. We can move away from that direction, but that was the genesis of this concept.

Morrison: Okay. So -- so if they are not up and running and I understand that the risk of that is low, but if they are not up and running and -- and we go with this plan b as a backup, what -- what happens to the materials? The recycled materials go to this site on Todd Lane and then what happens?

The city would deliver the material on the floor of the transfer station, inside the building. Balcones would be responsible for moving that material to the back lot of that facility, there is some old mrf equipment that the city owns that is not operational at this time. The balcones would retrofit that equipment and operate that equipment and process the materials on site. This would of course be through tceq permit and that is quite possible we've had that discussion. So the material would be processed on site and then shipped to its markets from that site.

Morrison: Okay. It just seems like it a lot of hoops to jump through versus just extending the other contract and so that's why it's a curious approach.

I certainly can entertain the concept of the extending the contract with tds. I have no objections there.

Okay. What kind of time line and -- would you be on so if -- if the council decided to take that approach instead, 78 would be withdrawn or whatever and then does the time line end -- for negotiation and everything still work out all right?

We do have time. First of all, I would -- I will be monitoring the construction at balcones and by April we would know whether we're having a construction delay or not. That -- that would be very obvious and in my site review in April. Between now and then, we can easily work out a transition site. It's not a rush at the moment. But there is plenty of time to work out an agreement.

Okay. I guess what I didn't ask you, do you have any mind some actual benefits to going with the approach on 78?

Yeah. The transition site as it's proposed now would -- would, one, be a revenue for the city in -- in rental. I have asked the city real estate office for a fair market rental price tag for that property. We would charge a rental fee for that property. And there would be a full reimbursement from balcones on any city incurred expense for this type of transition operation. So the city would be fully reimbursed for costs plus gain a rental fee.

Okay.

The other advantage that I would add is that lower carbon footprint. We wouldn't be hauling materials. I have been very much looking for an answer that -- that reduces transportation of the material.

Morrison: It would reduce. So there would be fewer miles to tds from the north.

Fewer miles to tds or any other facility that it might be hauled to. This is an operational center for our trucks. They start at that location. They end at that location. It would be the easiest path for our

operations for our drivers as well as the smallest carbon footprint. That's why I've looked into this option.

Okay. The requirement would be that it's processed on site?

Yes. Processed on site and -- and.

Shipped to dallas?

No. No out of town delivery. I know there was a rumor of dallas. I took that off the table in conversation with ker getherdt a couple of weeks ago. He agreed it would not be shipped out of the city.

Morrison: Thank you for your explanation.

Mayor Leffingwell: Any other items for discussion? On the agenda? Okay. We can go to our briefing. Health and human services, i guess an introduction by ed here, health and human services library parks and recreation.

Good morning, mayors, city council, I'm going to turn this quickly over to assistants city manager lumbreras. This is a discussion to -- to discuss prior to delivering the proposed BUET TOHE CITY COUNCIL 27th. Y we have on schedule for the city council to hear briefings from our health and human services dement, the library and our parks and recreation department. So with that brief introduction, I'm going to turn it over to assistant city manager lumbrera.

Good morning, assistants city manager over community services. I'm not going to give too much of an introduction other than to introduce what I think is a very dynamic team of department heads. First of all acting director over health and human services, shannon jones. Next to shannon is our library director, brenda branch and then also our parks and recreation director, sarah hensley and our new chief animal services officer, abigale smith. So at this point I will turn it over to shannon to begin the presentation.

Thank you, mayor and council. We're here to give you an overview of our budget. Preparedness, plan, I would like to walk you through the presentation that we have here for you. There's a slide here. A one million dollar savings for the health and human services. The savings in y '10 are attributed to significant efforts by the departments in terms of reaching that goal. 632 Million -- thousand dollars in personnel savings, 466,000 in grant support and indirect cost recovery an additional 350,000 in grant reimbursement. Primarily due to stimulus funding that we received was able to reach take goal of one million in savings. The sustainability fund for child care development and workforce development, [indiscernible] roughly 2-point \$6 million. We were able to maintain our goal in that area. In fy '11, during the original forecast, the department anticipated being over by approximately \$250,000 primarily due to a moratorium in animal services. However, due to staff's effort to contain costs, the department will be able to in both the general fund and sustainability fund be within budget. In '11 anticipate management within the budget and appropriate areas. When we look at our key performance measures, this slide shows the department has met its cye for key performance indicators in fy '10. Please note that the department has reached 2010 targets on several of the key performance indicators, including the number of homeless persons moved into safe and affordable housing as a result of receiving case management. Total infant mortality rates, per thousand live births, internal childbirths, adequacy of prenatal care, infant mortality and access to care. The department is still striving to reach its indicators and some successes -- particularly the number in our shots for tots. Increased 16% in fy '10 compared to fy '09. The department will continue its effort to meet the targets of 48,000. The percent of animal sheltered live outcome continues to increase -- when compared to previous years. And the department has made strides in reaching 90% of live outcomes goals for the -- for the-- set forth by the council. Very proud of. The fy '10 target was 75%. The fy '11 year to date live outcome rates for cats and dogs is 87%. The unemployment rate which we have some but not complete control over is still a community indicator of the hhsc monitors to continue to work in our social service agencies. The fy '10 target unemployment rate was [indiscernible] percent. 6. When we look at our

horizon issues, particularly during fy 2012, the business plan process, hhsd identified three horizon issues that will impact the department's ability to deliver key services, effectively and cost efficiently during the next three to five years. Social service investments and the homeless service continuum. Hsd has received an evaluative proposal which are familiar with. This initiative is fundamental change in the way city invests in social services. The homeless service continuum is a part of the overall social service strategy, the budget, including funding to end homelessness includes homeless prevention, data integrity and others. Our second horizon issue is the funding for public health infrastructure and potential loss of grant funding. As you are familiar, a lot of significant impacts at the federal and state level will impact our ability to provide public health infrastructure. A significant portion of our core public health functions are funded through grants. Public health and emergency 's and key functionalities in epidemiology, toxicology and disease surveillance are areas in our department that will be significantly impacted. Loss of this funding would result in the loss of our ability to investigate disease, outbreaks as well as the ability to respond to emergency preparedness from the public health area. Then finally in terms of the horizon, fulfilling austin's live outcome goal for animals, in fy '10 the council improved the service implementation plan to increase live outcomes by [indiscernible] reducing the intake as well as increasing outcome by increasing the number of adoptive animals returned to shelter. When we look at on our unmet need, I would spend a little time emphasizing some of these because they have significant impacts in terms of our operation. This slide represents the unmet needs at hhsd anticipate requiring for fy 2012. The general fund support is funding used to mine obtain maintain the current service level provided did I the department of its mandates functions. 8% Of the department's budget is funded by grants. Some of these functions such as immunizations, tuberculosis programs are mandated. The immunization grant only 33% of those expenditures in immunizations. Hsd has requested 103,000 for increased grant support to address increased personnel costs in these programs. Public health preparedness is funded 100% by grants. Any cuts at the state and federal level will cause concern for the ability of the department to respond to those issues in terms of public health preparedness. We roughly receive \$811,000 's to conduct those functions. The state budget homeless housing and service program, currently funds 46 permanent supportive housing units and partial operational costs for the austin resource center for the homeless. It is probable that hhsp will be severely affected by the state budget cuts for fy 12 should this program be reduced and the state budget hhsd will have -- will have not the response or resources to continue the hhsp [sic] program as relate understand the arts program. This unmet need includes 861,000 permanent supportive housing and 138,000 for the arch. Funding for the community services block grant is anticipated to be reduced by 50% of the federal level. It is important to note that this grant currently funds 's used to provide services at all of the neighborhood centers in the community health outreach efforts in our community. A loss of this funding would result in losing seven 's and reduce the hours of operation at the neighborhood centers significantly. The request of this unmet need is 406,000, which would allow the department to 's that would be loss in grant funding. Since the department -- since the development of this proposal, the department has also learned, been notified, that reductions for the office of public health practice which is a funding source from the feds, has been eliminate pod this coming fiscal year. Has been eliminated for this coming fiscal year. That means the \$200,000 that we had utilized to operate the centers there will also be loss resulting in three f.t.e.'s being reduced. These two reductions in grant funding result in 10 's which would cause significant reduction in the services that the -- at the six neighborhood centers in our community outreach efforts in the communities. The moratorium has significantly impacted staff and resources at at animal center. In order to reach live outcomes we have continued to meet the level of funding. There are currently 15 temporary staff added to address the staffing needs. 's requested would allow the animal service office to maintain the current capacity at the temporary positions would be converted to full-time positions. Potential budget reductions. The city has recently completed a reduction exercise to address the potential federal and state reductions that would directly affect city operations. Hsd has a five percent or two million target. In order to reach that target, the department has to make severe reductions through the departments including, I'll just go through these, elimination of the marketing communication consultant position. One sanitarian which is responsible for food, management, training. One vital records assistant. One vital records specialist. One vital -- one community worker. And one records management position. We would also eliminate the allied [indiscernible] security contract that we have with -- allied barton. Change a portion of our general fund for administrative senior. Elimination funding for temporary would also be in the areas of vital records. Road and vector. Tuberculosis control,

day laborer, graffiti abatement, immunization and disease.

Shannon, I'm sorry. Before you go on, I just wanted to ask a quick question on the -- on the positions that you mentioned. Some of those sound pretty significant. I just want to make sure that that's not the -- the only person in those roles that we would have either -- that's an elimination of a position but we still have other employees who fulfill those functions.

We do have other positions that will fill them. But any reduction that we face will have an impact in terms of operation, particularly in vital records, for instance, we currently have five we're talking about reducing so that will impact that. But, yes, those functions will go on. Just will be the level of [indiscernible] in a we would have.

What is the allied barton security contract.

That's a contract that we have for several facilities that we operate, we would not be able to continue those specific contracts. We would have other security measures in place to address those.

Martinez: Such as?

Such as being able to have the services that are provided by other programs that would allow such as aid to work some of their facilities and some of our other operations where apd are on call to respond to and let us know and respond ourselves. It would be limited operation but impact, it would be an impact.

Morrison: Thanks, sorry to interrupt.

Martinez: Thanks, sorry .

In addition, reduction and in department-wide contractual and commodity budgets including small tools, small equipment repairs, maintenance, planned travel, training, all of these would be part of the reduction effort. The elimination of our rapid testing would delay the diagnosis of in some of our communities by up to two weeks. Reduce funding for immunizations, drugs, with potentially -- has an impact on our mass flu clinic and services offered by hhsd. Reduce funding for maintenance of our air purification units and our std and tb program. Reduce department-wide grant support to maintain support personnel costs in our -- tb programs would also be impacted [indiscernible] additionally we have talked about the elimination of the unallocated dollars in social services to unspent unanticipated services and service dollars that have not been spent. Elimination of funding currently allocated for the social service planning process, which is a process we plan to use to be able to address the next r.f.p. Process that we would go through once this one has been completed. Finally, in terms of potential budget reductions, the elimination of two animal services implementation plan, the parvo prevention program, which will provide free parvo at all rabies and adoption sites, in order to enhance community efforts in adoption and reduction of animal service implementation plan of the stray cat relocation, feral cat program and the public awareness campaign. In conclusion, these budget reductions will significantly impact the department's ability to provide services to our community. It would result in closing several of our neighborhood centers on several days a week, reduction in our ability to respond to some of the public health surveillance, eliminate immunization possibility in terms of some of our areas and possibly impact on our mass flu and vaccination program. So that's an overview of what we wanted to -- to bring before you in terms of our perspective.

Morrison: Perspective.

Martinez: I assume we want to ask questions after each department as opposed to waiting. I will open it

up for questions. Councilmember morrison.

Thank you, shannon, this sounds pretty dire. Basically what we're dealing with is significant reduction in -- in federal and state funds. So I want to make sure that I understand. The slide that presents unmet service demands, is -- are these the unmet service demands if we stick to the current amount in our budget? And then on top of that you are offering potential budget reductions to get to the five percent reduction?

Correct.

Okay. So even without the five percent reduction, we're looking at the list of -- of for instance public health emergency preparedness. Things like that. Okay. And I presume probably in the -- I know staff provided a much more detailed analysis with potential budget reductions and all of that. But I think that to be able to -- to -- because some of these things are so dire i mean public health emergency preparedness is a pretty significant arena to just be cut completely from what i consider a responsibility of city government. Unfortunately with no funding. But I think I'll be certainly interested in looking at sort of some cumulative numbers for -- for being able to meet some of these things that have been removed.

Let me emphasize that public health preparedness funding is not being cut as present 100%. But there are reductions there. Those reductions will have -- impact our ability to do the things that we've talked about. So we are still going to get some funding, but it will not be at the level we once did.

Martinez: Okay. You mention --

Morrison: Okay. You mentioned the figure of 811,000, that the total amount.

Correct.

What are we looking at in terms of how we expect to be cut?

Excepting -- 9%, which is [indiscernible] four f.t.e.'s.

Morrison: Okay, all right. I think it will upon for for us to -- important for us to really go through, as mayor pro tem mentioned, some of this is not removing the capability completely, but just decrease the capacity there. To understand and really get a grip on priorities from our perspective of these, thank you.

Thank you.

Spelman: Mayor pro tem?

Martinez: I thought the mayor was back. Councilmember spelman?

Spelman: You have a mic in front of you. He doesn't. Let me be sure that I get the broad outlines of what we have here. I think that you said that 8% of your entire department's budget is paid for from grants, is that correct.

Correct.

Those grant funds are declining fairly precipitously. Both from the state and federal government.

Correct and that's leading to a general reduction, even if we don't touch this general fund portion of your

budget at all, that's -- that's going to lead to a general reduction in your budget of about how much? [One moment please for change in captioners] level that we are not anticipate any additional fund, we'll get equal to or less than for most of the grants that we currently have.

We're not going to be zeroed out of anything that you know of?

Well, the ophp, we will be zeroed out. That's the one in the office of public health practice, that is \$200,000, those are four ft's -- no, two fts, three ft's.

Got ya'.

Your total budget is how much?

64.5 Million. 5 Million, so despite the fact of 32% of your budget comes from grants, you're really only anticipating, well, maybe one and a half percent reduction in the entire department budget as a result of cuts and federal and state funding.

Well, that's where presently and those are in critical areas of operation. Many of our programs are operated 100% primarily by those funds, true overall that may be the case, but in certain programs that will be --

right. So -- okay. I'm trying to get a sense for how bad the damage is, top of that, you've been asked by all departments to imagine a reduction of 5% on top of that, we're talking about 6 and a half percent reduction if we took all -- advantage of all of the budget reduction opportunities available and I guess what I'm getting at is are we talking about a reduction at large, particularly since it's spotty. In some cases it's a very large reduction, in some cases it's stuff that you can -- you might be able to offer up.

Correct.

That rather than focusing as you have on how many fte's you're losing, you follow the lead of mayor pro tem martinez, who I think was leading you in the direction of imagining what number of people currently receiving services would not receive services or what would be the reduction in the quality of the services, those people would receive. Or the intensity of the services those people would receive. It's real easy when talking about a budget to say we're losing this many fte's and this amount of money, but what matters to us is particularly not the money, the fte's, but the -- what the experience is for our citizens, what is the change in their life going to be.

We understand that.

I know that is very important to you too.

Yeah.

That should be the frank of these conversations, i think.

And we concur with that. Our presentations try to give you a perspective in terms of what we look -- in terms of horizon. In terms of overall service delivery model that we're implementing, what this refers to is we're going to have to do some downsizing, some focusing in on particular services, and those are things that we're going to be doing that we anticipate doing.

Yeah. At some point we'll probably need to have the conversation of what happens if we have to undergo that \$800,000 reduction in state and federal funding to the people who are currently receiving



services. We lose a tv position. How many fewer people are going to get whatever it is we're providing for tuberculosis pre-vex and reduction, that sort of thing. How many more cases of tb are we going to get, that sort of thing.

We'll be happy to provide that as backup. We are in the process of trying to assess all of that. Some of this, as we said, is really unfolding as we speak. Being able to get the specifics and we'll be able to provide that information best we can.

I understand. I understand why you haven't got that already, because as you were saying the state and federal situation is still unfolding, but at some point before we actually have to make decisions on the budget, that is the kind of information we're going to need.

Councilmember spellman, one of the things I might add to that is that one of the things the staff has been doing is looking at the array of services that we certainly believe based on the numbers and the folks that are actually accessing those services, where are the more critical areas? And I think that's what you're alluding to out of the w menu of impacts that we're having both at our level and other levels, whether federal or state, where are the priorities that we need to focus our attention and what would be some strategies to be able to provide some -- some different plans of how we could approach it even with those -- even facing those pretty extreme reductions. For example, one of the things that is certainly critical to this community is the work that we do with our community centers. A lot of folks take advantage of those neighborhood centers throughout the community, and so staff is looking at strategies of how best we could provide the services, maybe at a reduced level, reduced hours, but still availability of services at certain centers and at certain facilities with limited staff and so we're certainly strategizing and thinking of ways of how we might be able to do that, understanding the challenges that the department is facing. We're certainly working through those scenarios.

Brenda.

Are we going on to the next department.

Yes, we are.

I'm Brenda Branch, the director of the Austin Public Library. The following are the library's annual performance highlights. The library usage or program attendance remain the same 16 per capita. Circulation per capita increased slightly. Visits per capita declined slightly. Internet users per capita declined slightly. Materials, expenditures per capita decreased from 290 48 per capita. Citizen satisfaction with quality of libraries stayed constant and citizen satisfaction with materials saw a slight increase. During the summer of 2010, the ETC Institute administered a community survey for the City of Austin. The purpose of the survey was to assess satisfaction with the delivery of city services and to help determine priorities for the community as part of the city's on going planning process. A five page survey was mailed to a random sample of 3,000 households in the city. And here are the survey results for the library. Satisfaction with overall quality of city libraries is at 73%. Satisfaction with library programs is at 72.4%. Satisfaction with materials 6% and satisfaction with hours is at 58.9%. And you'll remember that we're closed a day a week at the branches. This slide shows the variances in comparing the 2010 and 2011 budgets. The variance from fiscal year 2010, current year estimate, to fiscal year 2010 year-end is a savings of \$161,000. The projected variance in the fiscal year budget, fiscal year 11 budget, to the fiscal year current year estimate, fiscal year 11 current year estimate, is no scairns. In other words, we project that we will end the year at budget. Comparing the 2010 previous year budget to the 2011 current year budget, the difference in revenue is approximately \$50,000 less -- \$50,000 less, and we feel that that's due to improved customer notification system that we've recently developed letting customers know when materials are overdue before they're overdue. 2011 Current year budget is 25.9 million. 5% increase over the 2010 previous budget of 3 million, significant changes were \$500,000 additional to the books and materials budget, and 81 for 81 -- 81,000 for the delivery van personnel. Total fte's were 34.18. 7% of our 9 million comes from the general fund. 9% Of our spending is on public

services. 15.6 Million. 3% is spent on behind the scenes support services. 5.9 Million. 9 million is for materials and the staff that handles our materials budget.

A core component of the broader goal of being the best managed city in the country. To that end, during the business planning process, library identified the most pressing operational issues and opportunities for improvement, and these we refer to as our horizon issues. The Austin public library is on the verge of losing many experienced staff members due to retirement eligibility. And these losses will obviously negatively impact our corporate memory. By 2016, the number of eligible employees is 80. 31 Of those employees are currently in managerial or supervisory positions. As a result of the evolution and popularity of the internet, activities, products and services have exploded in the digital world. Customers expect the Austin public library to provide information and access in this same digital format. Even as we provide information and services in a virtual world, we strive to achieve a balance between traditional library services, and by the way, our book circulation increases about 3% every year, and has this year, and providing access to the types of media and media delivery systems that our customers expect. Over the next 20 years, a steady growth is projected for the hispanic and asian populations in Austin. The library has a need for more bilingual and Spanish language materials. We have begun moving in this direction by increasing funding for these types of materials by 40% in fiscal year 2011. Funding for world language materials is increasing 59% also in 2011. Rather than attempting to be all things to all people, we need to begin to focus our resources, to operate every branch library at its own optimal level. Concentrating on the information, programs and services that are in high demand in a particular service area, even if this means repurposing our under utilized facilities or reducing underutilized hours. Austin has become a major urban area, and the criminal activities typically experienced in the more densely populated major urban areas of our nation are being felt here in Austin by our library staff and in our facility and inventory, with increasing frequency. Vandalism and break ins of library buildings and of vehicles in their parking lots are common at many branch library locations, as are gang-related altercations, graffiti tagging, and intimidation and harassment of library staff and customers. Recent incident reports at libraries highlight the dangerous behaviors the customers can exhibit placing staff and other customers at risk. Keep in mind those horizon issues as we talk about some of the needs of the library. 1 million library budget is 2 million more than the 25.92010 million budget. That additional funding is for the following. Increases in health insurance and a 3% wage adjustment, additional funding for increases in database costs and book costs, materials processing cost, projected terminal pay and increases to software, and hardware maintenance contracts. As part of the annual forecasting process, general fund departments are tasked with identifying and analyzing operational requirements that they consider to be unmet. And these are our unmet need requests. Exterior security cameras. Funding would allow for the purchase and installation of 84 exterior cameras at various locations. In the amount of \$544,000. Only 54% of our staff responding to an annual survey felt well protected from violence at their work site. Number two would be additional security guard positions. Two in the amount of \$88,000. Over 2,000 violations were reported by library staff fiscal year 2010, an increase of 31% over fiscal year 2009. The addition of guards will enhance overall security and possibly decrease in the number of incidents so that our customers and our staff are safer. Building and grounds positions, the funding of two custodial staff in the amount of \$87,000. Increasing custodial needs in response to unsafe and biohazardous conditions and will improve the response times and ensure the safety of our customers and staff. The library's budget reduction options include \$1 million in reductions. The reduction of systemwide materials and processing budget in the amount of \$484,000, which would reduce materials by 403,000 and the cataloging and processing costs by \$81,000. Reduce the Faulk central library hours in the amount of \$102,000 which would reduce the hours of operation by 8. We would open one hour later and close one hour earlier, Monday through Friday -- excuse me, Monday through Thursday. No weekend hours are impacted, and that means our schedule Monday through Thursday would be 11 to 8, rather than 10 to 9. 36 vacant positions, vacant FTE's in the amount of \$101,000. And we would offer other operational reductions in the amount of \$270,000. \$75,000 In restructuring of the lease at Recycle Read, \$74,000 for information technology support costs. 41,000 For a systemwide database budget. And 80,000 for other contractual services. And that concludes our presentation. And I'll answer any questions that you might have.

Mayor pro tem. Brenda, thank you for the presentation, although it's not very pleasant. Considering the -

- you know, the previous budget cycles where we've cut library hours and cut some funding for certain things, this one million dollars on the last slide, this one million dollars of potential reductions, does that assume that the 3% increase in pay still would apply?

Yes, conceivably we could freeze employees' increase and maintain all of these programs add additional revenue without cutting. I want to speak on an issue that is related to your issue number 5. About security. This seems to be increasing every year in terms of incidents at libraries, inside the libraries, not just externally, but insides that come in with customers -- not customers, but citizens that come in, specifically a couple of days ago, the reece library in southeast austin had its air conditioning units stolen for recyclable materials. I saw some e-mails about the projected time line to reopen the library is two months. Is that accurate?

We don't know exactly, yet. We have to see how long it takes to get the parts for those ac units. We really have to rebuild the units. It really will depend on how long it takes to get the parts because they're not -- they're probably not going to be here in austin.

Well, city manager just obviously this is your -- your call as to handle this, my suggestion would be that, you know, two month delay in reopening the reece library, virtually shuts the library down for the entire summer, and I would absolutely be supportive of a one time expenditure out of reserve fund to just replace those units and I bet they could be replaced a day or two as opposed to try to repair them and wait for two months for parts. It's concerning to me that we don't have the ability to handle a situation like this, and get a quicker turn around than two months.

Well, I know that staff is investigating all of those options including that one, you know, we're always confronting with funding challenges. That's what this whole conversation is about so we'll certainly evaluate that, and see if we can expedite getting the library back open.

Maybe austin energy will help us out since we'll be paying them electric rates.

There you go.

Roger, are you here?

There's a flash back there.

Mayor?

Yeah.

Thanks. Every -- every year it sounds like, brenda, you come if, you give us another woeful tale about how we're going to have to cut back library even further, cut back materials acquisition even further. Let me back way up to your second slide where you've got the annual performance highlights on it. I don't know what every -- every department has a different set of peer cities. I don't know who the peer cities are here. I'll take it on safe that it makes sense to compare the libraries for.

In the cities that austin typically compares themselves to, jacksonville, charlotte, columbus, san francisco, milwaukee, seattle, denver, boston.

Okay. Most of those are on the same list in every department. Milwaukee seems to stick out a little bit. Green bay, but never mind that. We have an average of peer cities, do sound like peer cities, where our library usage circulation per capita are lower at least than the average and our materials expenditures per capita are also lower than the average for peer cities that you mentioned. Something that is not on this list because it's not directly impacting on library, but something i think we all know is book

expenditures per capita in austin are higher than they are in any other city in the united states. Partly because people like me make ut students spend hundreds of dollars a year on books, but partly because austinites are very well educated and they're major readers. We're not going to the library. We're going to barnes and noble. Why is that? Is it because we're not spending enough money on materials or because we have lousy air conditioning in our libraries or what's going on here?

Are you asking quhiefn our circulation is low and why the book stores sell so many books, is that what you're asking me.

Yeah. Why is our market share in the information provision business lower than it appears to be in milwaukee, denver, charlotte, et cetera?

Well, if you look at materials expenditure per capita, the average is 290. We're at 284. We're up because you guys gave me 500,000 last year, which I'm offering back, but --

we may not take it.

I think that says it all right there. We're closed a day a week which impacts the number of people that can come in.

Right.

But I think the material expenditures per capita says it all, anecdotal information from our front line tell me that a lot of people that come in the door every day at every location say I can't find what I'm looking for.

Right.

And our reserves and our ill, interlibrary loan requests verify that. We have long waiting lists for reserved materials, for the popular materials that people want, they come in and can't get, if we could buy more copies, we could satisfy the people that want those materials. Interlibrary loan, people are going elsewhere to try to find materials that we don't have in our library.

Sure. By definition.

Other libraries handle -- well, this is not because our practices are different from practices in other library systems in our peer cities, where they get systematically different kinds of materials, that's why the numbers are up, is because they've got six copies, the latest harry potter or something like that. I guess there won't be any more latest harry potters, but they've got six copies of something everybody wants to read.

We get more than six copies because they get a whole lot more.

Because they have a higher acquisitions budget.

Right.

I can go to barnes and noble and get it, I can go to a library, maybe I'll get it, maybe I won't.

That's what a lot of people tell us. I'm just going to go buy it.

Let me ask you about the hours issue a little bit too. It seems to me that we've also had -- we have a lot

of libraries -- I'm sorry.

I'll keep it short, i won't hold up the train too much. We've got a lot of libraries, many years ago before we -- before we were having to cut back as much as we have, the libraries were open a large number of hours and we've been cutting back every year on the hours of the day they're open. What effect does this have on our total circulation and on the habits that people have of going to a library, rather than barnes and noble.

We're closed a day a week at all the branches.

Right.

And as I said earlier, our circulation continues to increase, so it hasn't impacted our circulation. It has impacted the number of visits the people make, so they're not necessarily altering their day to come to the library, and it impacts the internet use because we're booked solid all day long at every location and not as many people can get to the computer now.

The internet use is based on total number of hours and basically every hour --

right.

Okay. So if you had more hours, you would have more internet use.

Right.

If you had more hour, what else should change? You say circulation probably wouldn't?

It might go up even more.

Okay.

But it hasn't declined. It's increased by 3%, and that is of books.

Okay. That's just of books.

Right.

And then by the way, this year, we are beginning to move into the digital realm and we're going to be offering down loadable books.

Okay.

That might make a difference. We'll see how that works.

Sounds like an excellent idea. I'm not sure how you do that, but we'll have an off line conversation about how you download a downloadable book and then up load it back again rather than just purchasing it out directly. But I don't want to get into that right now. It's a good idea, I'm glad you're getting into that. Does it make sense at some point to ask the question can -- we can reduce our hours, we can reduce our materials, or alternatively something we haven't tried to do, we can reduce the number of libraries and another way of going about this is saying here is a branch we can't afford to keep open anymore, to save the rest of the branches -- to save the rest of the body we're going to have to lose this limb. Is that

something that we have considered.

We have considered that many times. It's not something that the community is necessarily in favor of.

Of course not.

And so, you know, we've not pursued that to the full extent of actually closing a facility.

Sure.

But we have discussed it on many occasions over the last -- I've been here 33 years and we've discussed it many times.

Okay.

And also one of the things that I mentioned here is we could repurpose a facility, so instead of -- take a low activity branch that is not circulating a lot, but is in a low income area, really could use a career center, internet center, we could repurpose the facility to do something like that, and that's -- we've been thinking very seriously about that lately.

Okay. Thinking very seriously but doesn't show up on the budget. Why doesn't it show up on your proposal for next year.

I mentioned it in my presentation, it's something we could do.

Okay. So it's a plan that you've got in place, we just need a green light to be able to go with that plan.

Uh-huh.

If you did repurpose facilities, give us a sense what the budget impact would be. Would it go down in.

Well, that is why you don't see it as part of the budget, because it wouldn't go down.

Okay.

In fact it may actually cost more.

Okay.

Because you have to equip it.

Okay.

We may not have quite as many staff member, but you would still have to have close to the same number of staff members to assist people in their job search or with computers, but that's why you don't see it, because it would take an infusion of money to repurpose the building itself.

Okay.

And then you would see probably stronger usage numbers in the future.

Okay.

And of course your first investment you wouldn't have to make again except for upkeep, maintaining.

Sounds to me like exactly the sort of conversation we ought to have is this kind of repurposing conversation. It may not lead to a budget reduction. May lead to a budget increase, but more important, it's going to be a budget change and it's going to be something that you could reasonably do, which might improve your ability to meet the public's needs over the course of the next year, so seems to be very important thing for us to be talking about. How -- how far along are you in terms of having a plan, if you were to get a green light from the council and the city manager, to just go ahead and do that, how long would it take before you actually know exactly what you were going to do.

We actually have a plan.

You do?

So if that was the will of the council, we could move forward.

I have no idea whether it's the will of the council or not, because we don't know enough about your plan.

I know. But it's going to cost money.

Okay.

That's why it's not here. You're not going to save any money now. In the future possibly, but not this year.

Okay. But at the low, low price of only some number of hundreds of thousands of dollars we would presumably be able to better meet the needs of our citizens that we're doing, it would require radical changes in practices.

Right.

We need to know what changes in practices are. At some point I will would ask for a further briefing before this council on what your proposals might look like.

Councilmember spellman, if I could address one issue on the books and materials budget, starting in this october, there were dollars that we had included in our '06 bond approval that would be for new books for the new central library when the facility would open, and the city's -- the staff's plan was to start budgeting a million dollars, starting this october, that would go into the -- into the department so they could start purchasing the books on a phased-in approach versus trying to buy all the materials all at once right before the facility, so that is going to start october, even though --

good.

In this reduction it's taken away 500, it has actually then given them the \$5 million to start making purchases to the new facility when that opens.

Thanks, bert.

Councilmember morrison?

Thank you. I just want to ask -- make one comment and then ask a question real briefly so we can move on, and that is with regard to repurposing, I wonder if you all have had or could take the opportunity to think about partnering with other departments, for instance I'm thinking of our small business development folks and who knows what else, or even outside the city department to partner with nonprofits or others to help defray the startup costs and get a multiuse facility.

Absolutely be happy to do that.

I wanted to ask a question about the security issues, because an increase of 31% in violations is really huge over one year, and I wonder if maybe this could just be a budget question that you all could provide us the answer to, if you could give us a break down of what kinds of violations we're seeing and where -- by different branches, as well as I noticed you're one of the things that is desired by the staff is exterior security cameras, whether they're inside or outside violations and all that, that would really help, and not only this past year, but the year before, so we could see where the increases are.

Okay.

Thank you.

Provide that.

Anything else?

Next.

I'm sarah hensley, I'm the director of parks and recreation, and I'm going to see if I can get my presentation going, I'm going to move quickly through this because I know that we're very time crunched and there may be some questions.

First of all, is that a prop you have --

yes.

I'm going to share it with you.

For us to look at while --

you can and I'm going to talk to you about this, because I think this ties in exactly with what we've been talking about. We have some traditional parks and recreation services, we all know about, parks and pools, golf course, recreation center, museum, special events and our arts, but we also have other services that we're really highlighting this year, and that is public/private partnerships for our services, not just alone in our recreation centerings, but also in our parks and our nontraditional or really nontraditional is public cemetery management which sometimes goes unnoticed but is very key and critical to our residents and obviously we're trying to beef up there as well as the oversight of the water use, which is critical especially now, and we're seeing a lot of requests that are coming through the navigational board in the parks and recreation department and looking at issues related to structures to get down to the water. I'm going to go through -- it's in our packet, the source of funds primarily again general fund, how our money is divvied up and how we serve our community, and maintenance makes up another large portion and then the smaller pies are everything from natural resource management to planning to support services. Our revenue this year for the 2010, our actual are going to be a little less, the reason is our beautiful opportunity to redevelop the craig softball fields which did not allow us to offer programs for the fall season, and then the northwest recreation center which is absolutely gorgeous and will be opening on july 7th and was closed due to the expansion and the improvements,



so you'll see a little bit of a downward spiral t other side of it is, as far as our expenses, is with the request to move in some areas into the general fund. Where we're seeing for the future expanded services, we're seeing the right across the city hall area, we'll be taking that over after a two year warranty, the johnson creek trail you'll see some modification, shoring of the bank there, there will be a restroom facility, this is through a partnership with the trail foundation which is a wonderful biewf beautification effort. Armadillo park open up in december of 2011 at 42-acres, the waller creek boat house will be coming on board, our effort there, talks now pre-positioning for contractual services, and the opening of that in april of 2012, and then additional services will be required of us through the spring woods municipal utility district and all the other -- all that which was 5 positions and other things to it will increase our general fund 6 million which does include the proposed increase in salaries and compensation benefits and that such -- i want to share with you just a little bit here as an indicator, whereas where we were in 2005 when it came to acres of park land, and how many staff that we had associated with that, and then -- and then how much -- how we are now with our staffing. We had in 2005 we had 16,822 acres. Now we have 19,359 acres and growing. In 2005 we had 115 full time equivalents and now in 2010 we have 97 full time equivalents. So although our increase is going up as far as land, trails, facilities, we're seeing a decrease in staffing which is not unusual and certainly no more important than our peer departments. Horizon issues. Cost containment requirement versus facility expansion. This is no different than anyone else, but we're seeing a need to contain our costs, but we're seeing a rising increase from the public to have more park land, to have more trails, to better maintain those trails, through the annexations and through renovations of facility, although we may see a decrease in our facility costs through utilities because of a better environmentally friendly service, we're seeing need when you expand that you have to add staff. Insufficient staffing ratios for large urban park system, I gave you the numbers there and the key indicator. We're seriously facing an issue related to aging infrastructure. Our approximation of what we're facing for our department alone is about \$500 million in aging infrastructure. That is everything from air conditioning and elevators to roofing and to facilities that are going to need to be completely renovated. Even our pools, our average pool age is 47 years of age, usually a life expectancy of a pool is 50 years. the reed pool was built in 1956. Neither one have had significant repairs throughout that time. Of course the austin cemeteries. We see about a \$4 million need in repair of infrastructure there. Recently -- well, it's been awhile, the budget office worked with us to do a citizen satisfaction survey specifically focused on how safe were the parks. We had some wonderful comments but we also received some suggestions from our citizens and residents that talked about you need to increase the patrols in our parks. We're seeing another increase in some issues related to the same thing the libraries are seeing with some violence and particularly inside our facilities. They wanted to be more family friendly and they would like us to do a better job of cleaning up our parks and restrooms and to add safety features. One of the comment, they didn't necessarily feel they needed an officer in the form of a police officer but they did appreciate the fact the park rangers were present and had a better feeling if park rangers were there. All of our facilities, meaning the roofing and the park bench, and the pools and the athletic fields and the ground maintenance, in addition we're seeing we have over 386 contracts and growing. The future for us is public private, and public nonprofit and every type of part any ship you can create. As brenda said, we're going to be shifting our focus from a direct service provider to indirect service provider which means we're going to have to have oversight of these contracts and agreements to make sure as we work with our partners in the city attorney's office and our purchasing department that we are maintaining these agreements. We're using an increase in community initiated progress, the friends out in our neighborhoods, so we're seeing a rise, a huge rise in the number of grants that they're getting and then coming to us to say help us bu pavilion, help us increase the amenities in this park, when we do that, we have to have staff that can work with them through the permitting process and making sure they have the right resources to do the project right. Excuse me. And then we have the issue of the demands by park users, now we're getting requests more and more for parks for special events which we think is wonderful because in most cases we serve on a team of city departments that help monitor and set those up, but the number now is increasing to a point where one aging infrastructure in our park grounds, but, two, being able to keep up with them and give them the type of service that they need. The facility maintenance since 2000 our staff increased 28 to 15. When we go out to take care of pools and other areas, we have less staff to deal with the number, but we're also not having the amount of money to be able to do the minor maintenance issues. We've increased by 27 facilities and buildings, totaling more than 197,000 square

feet and currently maintain an infrastructure 8 square miles with 1,562 park facilities and we show some pictures there where we're desperately trying to catch up. In grounds maintenance, it's the same situation. Additional funding would allow us to be able to develop a preventive maintenance program, so we're not going in and having to put capital dollars to do something completely over but to be able to take care of what we have. We have adopted a performance measure with objective of improving staffing levels from the current ratio of 168-acres per fte, to 75-acres per fte, right now we 19,359. When you look at our reduction recommendations, they're a little different than what you would probably expect, but it's the whole item of -- I show you my box here, which is reduce, reuse and recycle, one more thing which I would like to say is reinvent. When we have too many facilities or too many items we have to look at new ways of doing business, so what we're recommending is looking at some of our facilities to look at how we can partner with nonprofits and other groups to operate those facilities but to also keep citizens happy with the opportunities they're used to seeing. So one of those is the austin recreation center where we would partner with either a nonprofit or another entity to look at how that building could be used in the future, continuing our jazzercise program which is huge and possibly actually expanding their program which we've had discussions. The other thing is the volleyball games that go on at night would continue, and perhaps be able to expand that. So it's not about cutting a service, it's about improving and enhancing, but reinventing how we do our business. The other thing is the same thing with dot at thisty jordan, we partner with the community for the purpose of using it for rentals or reservations or community meetings, but possibly looking at other city departments that might need an office location that can help us keep that facility open. We're also looking at how we can reduce our supervise play ground program from 27 to 10, but improving the quality of that program. What that means in the past they've been dropping programs and we've allocated staff. The new idea working with staff is to create four premiere sites in the highest area of need where all young people get an opportunity to experience the highest quality of programs no matter where they live, but to also offer programs in the city they have -- they're not premiere sites, but they're all staffed and maintained and programmed at the same level. It's a reduction in cost, but it's also an improvement in the service. (One moment, please, for ..) .. not taking it from one area completely, but although knowledge at it across the city in a fair manner. The other things that we put forward, I don't personally recommend, but they are out there is that we have some fill positions that are in key areas, citizen programs, citizen -- senior citizen programs or I like to say the chronologically gifted, ball field maintenance, our individuals with disabilities and serving those individuals that we have a serious need on trying to improve and an increase and then we have one position that is so critical to us in filling with contract compliance, which we need to stay on top of. The two that we are recommending with the budget office is a vacant program manager position and a vacant program supervisor position. And finally just again i think that the future for us in parks and recreation, unlike many city departments is to look at how we are doing business, reinvent ourselves, look at how to better use our facilities in partnerships, reduce the dependency on the general fund, but continue to be able to offer the great services that we do in our community, thank you.

Mayor Leffingwell: I would just say that I agree with you on that last statement. I agree with you on pretty much everything, especially on that last statement. I think the future is in finding new ways to fund our park system. Which my general take on it is we basically outstripped our ability to maintain what we have. And this is nothing new. When you took this job, when you are interviewing this job, we talked about this very subject, how easy that was to do. It is require new facilities and then you don't have the money to maintain them. I personally think, I know that you have talked about this in the past, that -- that the future in great part lies with -- with looking for opportunities for public/private partnerships, I know that we have already begun that process. But as you are going through your presentation, I was reminded of one that sort of been on the table for years, zilker botanical gardens, i know there are folks out there that want to do this, furnish not only labor, work on the maintenance on that facility, but also money. There are people who are willing to donate a lot of money to make that happen. Is that something that you're working on now?

We absolutely are. As a matter of fact our staff, two assistant directors, actually all three of them are working together to create a request for services to look at how we could do that very thing and hope to be able to come back in the next budget process to talk about that partnership, either through a

foundation format or through a public/private partnership.

Mayor Leffingwell: Excellent. I know that we started a facility in north austin partnering with the ymca. I don't know what the status of that is at this point. But I think that serves as a model for the way we've got to do things in the future.

Mayor, absolutely. I think it will be the norm and not the trend anymore for us to look at not that we always have to be the ones to offer the services, but who is the best entity to offer the service and one of those models is the partnership with the ymca, which by the way is a beautiful drawing and forces our community members to go from an 18,000 square foot facility to a 373,700 square foot facility which to me is just a no brainer.

Kind of a heads up. Sort of an advance notice, I've been briefed on a proposal, possible venture involving the town lake ymca. Which is going to have the support of the lance armstrong foundation and some other folks who have a lot much big dreams about has that can be.

We've been talking about our friends at the y on that as well.

Morrison: Just a brief comment. Really just to follow-up on that, I know that you've heard probably a lot of concern about the idea of the pool closures. But I think the exciting thing about -- about the response is that there's a lot of interest in having the community step up and find some ways to partner with the city so that the neighborhood pools that mean a lot to folks can be sustained and, you know, the study that you are doing that you are talking about i think will be really important. But that's -- that's something in the near future if people want to get together and start talking about it, I'm looking forward to that.

Absolutely, councilmember morrison, the good news here is that the community cares. And with kimberly and everyone else, we're going to plan to sit down with the community and figure out a way how we can, one, improve the pools to be more economically feasible and environmentally feasible, but two work with the neighborhoods, figure out how to form a partnership to make that happen.

I think that very important element of the community response is that while individuals might have an interest in their -- the pool in their own neighborhood, that there is an understanding that it needs to be across the city.

It needs to be shared.

Support across the city.

Absolutely, we have kind of sent that message. Believe it or not, these people are absolutely fabulous and wonderful. They have said not only do we want to continue to help program the pools that are here, we want to help share that opportunity in other areas.

Uh-huh.

Mayor?

Councilmember cole?

I just want to bring attention to the neighborhood matching program which was designed for this exact purpose. lazarus, did a great job on it. I wanted to reminds you to take advantage of that program.

We sure will.

I know you will.

Thank you.

Councilmember riley.

Riley: Just real quickly, picking up on councilmember morrison's questions about the pool closures, I know a lot of people have expressed concern about that issue and just so we can address real quickly those concerns. We're not talking about closures this summer; is that correct.

No.

This summer we're --

no changes.

What we're talking about is next summer. We expect to have as we can organize around community response, we hope that that response will enable us to deal with the issue of pool closures for next summer.

Absolutely. I will be honest with you. My mantra here is not to have to revisit this, but create the kinds of partnerships that has the city looking at how best to support this and how the neighborhoods can best support it, how we have created almost another type of partnership with these communities so we don't have to revisit this again.

Great. Thanks for all that you're doing on that.

Thank you.

Mayor Leffingwell: Further comments? Okay. Council, that -- we've managed to consume three and a half hours here. Without objection, we stand adjourned at 12:37.