

# Closed Caption Log, Council Meeting, 08/24/11

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Mayor Leffingwell: Good morning. I'm austin mayor lee leffingwell, a quorum the present so I'm going to call this budget session to order on wednesday, august 24, 2011. The time 9:05 a.m. We're meeting in the boards and commission room austin city hall, 301 west second street, austin, texas. And the format for today is first of all the briefings we're going to skip item 1 at the request of staff. If there are questions we can come back to it at the end. We'll go directly to our departmental presentations in the following order. , parks, library, water utility and public works, which is a holdover from our last budget meeting. With that said, do you have any comments, city manager?

Yeah, I do. Actually not related to the budget discussions this morning, but I wanted to take a moment this morning to acknowledge greg masaros and his staff. I think everybody knows that we had an incident yesterday at the south austin regional wastewater treatment plant and it's a pretty scary situation. Could have turned out to be a lot worse but greg and his team were on top of it right from the beginning. Of course, we had a bit of a spill that turned out to be effluent that had already been treated, some 350,000 gallons, but the leadership that greg showed and along with his team was just exemplary. And, of course, we dodged a bullet yesterday, but I have every confidence that even if the circumstances had been worse, that they would have guided us through that whole situation very ably so. Greg, to you and your team my appreciation. Thank you very much.

Mayor Leffingwell: And I'd like to echo that. I was out there last night and they had originally estimated they were going to be back on line this morning but they were back on line last night back operating. And it was an accident. It was a broken copper tube about half inch diameter that broke and there was a chlorine spill and the chlorine is very corrosive, of course, and it knocked out all the electrical components so we couldn't really process wastewater for a period there and there was one small overflow but it was quickly under control. And it's due to the efforts of greg and most importantly not taking anything away from greg, but a lot of wastewater folks who were out there and fire department personnel who were still out there at 00 last night trying to handle this thing. Councilmember martinez is ill. He will not be here today. Just wanted to make that announcement. So chief, go ahead with your presentation.

Cole: Mayor pro tem, i had a brief comment.

Mayor Leffingwell: Mayor pro tem.

Cole: Yesterday I thought we were going to get an opportunity to do this or make this point, but today's agenda I think is fitting for it also. I'm a little challenged or concerned that sometimes in our meetings we're not making clear to staff early on something that we would like to see placed in the budget or changes to the budget or something that we absolutely support and would like on the table. And the one item that I know i feel strongly about actually is reflected in councilmember riley's budget question which is the dottie jordan rec center so I'm passing out councilmember riley's budget question that I believe a couple weeks ago a few councilmembers expressed support for that. I know that in this comment I'm not necessarily identifying funds that this should come from. I do think that we wl have extra sales tax revenues and potentially property tax revenues for that to come from, but I think that this is a rec center

that focuses on adult exercise and entertainment that we simply cannot do without in our community.

Mayor Leffingwell: I agree. I think all of us would like to keep that rec center on line as well as another. I think there is confusion about the cost. The cost figure, 39,700 odd dollars. I think there's an additional 100,000 plus associated with that so that is in cost staff demand the rec center. Let's get the total actual cost in that number.

Cole: I agree with that, mayor. I remember, I visited with the people that are concerned about this rec center and it's upwards of 100,000 and I'm using this for background information, but I'd like to keep the entire facility open.

Mayor Leffingwell: All right. We'll go ahead with the a.p.d. Presentation.

Good morning, mayor, city manager, councilmembers, chief of police. With me police is assistant chief dave carter and my boss michael McDonald an analysis hooter, assistant director who handles our financial services and my executive staff is right behind me in case of questions that come up that are their responsibility. The first slide that you will look at is really a pie chart showing the use of funds. Our budget for 2012 proposed budget is \$202.89 million. 3.7% From expense refunds. The majority of our budget, our bread and butter is neighborhood policing which 9% of budget which includes community partnerships, operation patrol which includes district representatives. It's 66 positions throughout the city. Neighborhood debts and tactical teams that respond to emerging crime threats. Specialized patrol, events planning and traffic enforcement. Operation support which includes operations, communications, forensics, science services, swat, bomb quad, dive teams, victim services takes up about 15.4%. Professional standards 9% which includes internal affairs recruiting, training and something that we started back shortly after I arrived, risk management, to deal with what are the risks facing the department and addressing and mitigating those risks including trying to get folks back to work. Support services, transfers and other requirements takes up about 5.9%. Our next slide really talks about our cost drivers. Our cost drivers really 7 million is health insurance. \$6 Million is the sworn 3% base wage and 1% retirement increase which is based on our meet and confer agreement. Southwestern step increases is \$2 million. Civilian wage adjustments is 2%, which -- 2% which is about 500 or half a million dollars. Additional rank for new sworn officers will be a driver of 2.2 million. That's something we'll discuss further in our presentation as to what our plans are with those positions and what we hope to accomplish with those positions. \$4 Million includes the cost of 47 new officers to address the staffing needs, and two of the positions are funded by the airport, which is really funded through the airlines and the fees that the city recovers from them. And seven new civilian positions with additional vehicle -- vehicular video project which is the upgrades the city is going through through council directive and through city manager over a year ago started in that area. Other costs includes our booking interlocal drivers. It's about 600,000 more into that. Fleet and fuel about 2 million. I think the important thing that you might notice that although we're putting 600,000 into the booking interlocal, the increase right now is a little over 400,000, but at the end of the budget year -- excuse me, at the end of the agreement year, we have to have what's a true up that requires us to go back and that number could go up or down and that's what the few extra dollars are in there for. The next slide really talks about budget reductions. The new cadet positions are going to start in october. We're slated to start in october -- excuse me, we had a class starting october that will be graduating in october that has about 70 in the class currently. By dragging our start point from december to -- to march or october to march, what we will accomplish is a savings of \$1.8 million. We're in really good position right now because we have a class that's getting ready to graduate in october that will help us backfill, replace the majority of our open positions right now. And we just started a class right now, a smaller class to continue to address the attrition. One of the things that the department has done in order to try to limit the time frames that we have positions open and to try to limit the drag between when an officer leaves and when one is replaced is really try to balance when we hire cadet classes and having more cadet classes to make sure that we have a constant flow of replacement officers to -- to really limit that. And so we just started another small class and we have another one slated in december. The one that just started right now is 40 and the one in december is about -- probably anywhere from 15 to 20 officers. So the delaying of the class should not impact us. We should be able to -- to really work on that, make that work. The other piece that

something I'm very proud of is since 2007, I'll talk about some of the efficiencies later on, we have really as an organization tried to stretch our budget dollars. We've really tried to stretch our overtime dollars, tried to be very strategic and surgical, if you will, in the way we deploy our resources by using intelligence in policing strategies. So we've been able to achieve some savings in the overtime dollars and at the same time still have a positive impact on crime throughout the city. So what we're looking at is a reduction of overtime, but I think that we've demonstrated throughout the past few years that we can handle that reduction and I'm confident that we'll be able to continue to provide service to the city with reduced reduction. Now, there is one -- one caveat to that that now we have really -- we're at the point in our overtime budget where this is really truly what we use, what we use efficiently and effectively and I think further reductions would be very difficult in terms of ability to respond to neighborhood concerns, quality of life issues, emerging crime threats. I think we're at a good spot but I would caution not to go much further. And the other piece is in the last several years we've been able to actually save the city over \$22 million in our budget as a result of the efficiencies and intelligent by policing strategies. You go on to the next slide, there's a lot of discussion really this the city and throughout the country about staffing. What's the appropriate level of staffing. Is there a formula to staffing. Is there a national standard. I think right off the bat it's important for the community to know and you as our political leadership there is really no national standard. There is no magic number that exists as far as where we are. There's a lot that goes into the development of staffing needs for a city or cities throughout the country. A lot of things that have to be considered as we look at our staffing needs including the population. Do we have a densely populated community or is it spread out. In our city we're very spread out. We also have very densely populated areas like downtown, east riverside area. The education level of the city. You know, is it a state capitol versus nonstate capitol. Universities, industries, what type of industries do you have. What type of activities do you have in the city. Some cities have very few activities. I think we're known for -- this is the special event -- we're not only the capital of Texas we are the special event capital of the world. I love it. There's always something for everybody. You also have to look at the parks. How many parks, how much greenbelt, lakes, water, water -- bodies of water you patrol. Whether or not we have highways that we patrol, urban versus suburban. The mobility for the citizenry, the ability of the department to get from one end of the city to the other. Another thing that you have to look at I think is considered around the country, what is the footprint of our law enforcement entities, policing entities, how much federal law enforcement is brought to bear. Allied agencies, state patrols and in some states the state patrols like my state, we were all over the state of California. We had 7700 California highway patrol transfers that patrolled within the city borders of all the cities that provided law enforcement services to all the cities. State of Texas, for example, that does not happen. We have a very small footprint here in Austin.

Your former state.

My former state, yes. When it's 107, I wish I had the weather, but that's about it. So those are some of the other things in terms of what policing services from other agencies from other levels of policing, what do they offer. And then you also have to look at organizationally, you know, specialized units, how do we staff civilian staffing in some cities you have sworn police officers doing dispatch work or doing forensics work or doing crime scene processing. In some cities you have civilians doing -- under the police department you have meter maids, parking enforcement. So there's a lot of myriads. The last thing or very important thing we have to look at and it is looked at around the country is the community expectations. Do the community -- what level of services the community wants. A lot of police departments, some respond to traffic collisions, some don't. Some respond to nonverified burglary alarms, you know, that go off, some don't. Some will come and take report at the house if there is a burglary after the suspects have left and some don't. Those are the kind of questions that I think are taken into consideration when you are discussing staffing as an organization that we look at and that cities look at throughout -- throughout the country. And so if you go to the next slide, what going to look at, like I said, there is no national standard, but if you look at this slide it will give you a glimpse of how Austin compares to the rest of the nation. At the top end of the chart will you see this is representative of the 32 cities in the country based on in terms of staffing, it's BASED ON AS OF OCTOBER 31st, goes out at the end of the year and asks how many positions do you have filled, how many bodies do you have in positions. So although this talks -- speaks to total officers, it doesn't speak

to total authorized strength. It just speaks to how many bodies were in positions at that time. AND BACK IN OCTOBER 31st, October 31st of 2009, in for example you had a population of 600,000, land area 61.4. Total officers is 4,052. 76 per thousand. Looking at our state, you have dallas that has total land area which is similar to ours of 323 square miles with a ratio of 2.77. Seattle, which is very similar to us in a lot of ways except they are much smaller in terms of land area, you have a rate of 2.24. And one of the things that i think is really important, you know, we talked about how does -- as you talk about staffing, it's not just all these issues we talked about earlier, it's also how is the police department utilizing its -- the resources that you the political leadership provide. I'm proud in 2007 we had an 80% staffing formula. A lot of people have forgotten he this and I remember preparing to come to this city to try to get the job a lot of talk in the statesman about overtime and how much we spend overtime. Well, when I looked at that, the first thing I did is looked at the 80% staffing formula which said that every shift every day, every day of the week of the month, every month of the year we will staff 80% of those shifts which means we will use overtime. I saw that from my perspective and based on my experience and training that was not an efficient use of resources. And so what we did is we eliminated that within pie first week and there was a lot of push-back from the community. What I told my staff is we are going to become and transition very quickly into an intelligence led police department and we're going to take those overtime dollars, we are going to take data, we're going to analyze data on an ongoing closer to realtime, and then we're going to surgically deploy resources using overtime dollars not just -- not just across the board but where it's needed. Consequently, disfight a con extent reduction in budget as terms of real dollars left in the budget, did it spies reduction of several million in our overtime budget, we are efficiently and effectively very surgically deploying those dollars. And I think it's showing a lot of -- if you look at our crime stats, we're able to combat crime very smartly. We've also moved toward our com staff which was nonexistent in 2007. Where again we're crunching numbers realtime as close as possible. Just last month we opened a realtime crime center which is, again, trying to use these budget dollars to stretch them, to work on efficiency. We know we're working hard, but we want to make sure we're working smart and that's something that we're really doing in terms of our use of budget dollars. Now, back to this slide, it's important that, again, the staffing, I think the council in terms of whether there is a national standard or isn't, but the national average based data in 2009, when you look at all police departments across the nation was 2.4 per thousand. If you back away, peel away and leave the major cities 7 per thousand. I give you, again, there is no standard, but as a frame of -- a point of reference for the mayor and council and the city manager to look at. So again, when you look at the fact that we are towards the bottom of that chart and we're below the national average, I'm very proud of the fact that our police department, we're still very safe, we're still when it comes to violent crime number 4 in the country. And we actually take our reports and we have a very educated populace that actually calls us when there is a crime that's committed, whether it's property crime or violent crime. One of our challenges though, if you go to the next slide, that I want to talk about a little bit is an area that we have recognized for a couple of years now is very problematic is the property crime. This is an area where we really believe we need to do betterment and we are doing better. Year to date right now we're looking at an 8% reduction in property crime, but austin is at the wrong end of that pie chart or that chart. I would like to see that bar chart go the other direction. One of the reasons we're asking for the additional bodies and additional investigative resources is we really want to work with these positions to make us - - when it comes to property crime lead the nation in safety and not lead the nation in -- on the wrong end of that graph. So what we did a couple months ago and it's already showing some dividends is we - - we actually recentralized our -- we created a burglary unit. The public safety commission, I wanted to tell them one of the suggestions actually came out of there that we should look at that. We did. We took positions from our decentralized investigative resources, created a burglary unit that is doing some tremendous work and that is already showing some tremendous, I think, payback or return on that investment. Now what we need to do is continue to grow that with additional detectives that we're asking for to work on this issue. I think this is a really challenging area for us. I also want to put out there that I think is important, chief carter was talking about the rand corporation study they did about the cost of crime. We went to that -- to that study that the rand corporation conducted and we inputted the data that it asked for. And according to them, the cost of crime to the city of austin in temperatures of economic loss was \$937 million based on the part 1 crimes. And they also have a calculator to look at what's the savings, what reduction in terms of the economic toll that the 47 new officers that would be for the -- the p.d. Piece, the airport piece would reduce crime about \$14.7 million. Again, if you go to the next slide,

we are going to continue with these resources to really look at working smarter, working -- I think using every resource at our ability in terms of business intelligence, making sure that we're surgical. Some of the additional efficiency I already talked about is the digital vehicular cameras. I think that's going to be huge, specially when it comes to -- our officers love the system in the charlie sector which has already been deployed. To make us much more efficient, more importantly to make us -- to enable us to move resources and move quickly when we see the emerging crime thefts. The 21 positions that we are asking for in terms of upgrades, a conversation with city manager last budget year, we -- we have -- now, this statement I'm going to make I got from will wynn when he was mayor so I'm going to repeat it because I believe it's accurate. We are only second to seattle in terms of parkland, total parkland. That's something he was very proud of and seeing that I use the parks a lot with my family I'm proud of as well. We want to add a lieutenant to one of our regions. We've asked for six sergeants, one to be used in parks, lake patrols, sex crimes and community outreach. We want to work in those areas and make sure we have proper robbery yes, sir in terms of supervisor to subordinate. 14 Corporal detectives. 12 For investigations and two for highway enforcement. If you think about those resources I showed you, if you look at dallas, they don't patrol freeways. We patrol freeways. We're blow them and we do more with them. They had the sheriff's department patrolling their freeways. If you look back at that other , they have a california highway patrol that has a huge footprint in san diego and some of our sister cities where they do general law enforcement, traffic law enforcement. We do all of that without assistance and we're proud of that. Three to violent crime is what we're asking for. Two to property crimes. To the burglary unit because they are doing good work and they are showing us the value of the budget dollars we've placed in there, one to organized crimes division which includes a firearms detective. I think you might have seen yesterday on fox news the destruction of the firearms that we took out of the streets. Two to vehicular homicide and four detectives to replace the detectives we just -- as a department we sometimes steal from one area and put in another area and we would like to make sure the other crimes that the support detectives handle that they don't go by the way side. Comp stats. Public safety cameras and realtime crime center already showing tremendous value. The centralized burglary unit and the top offender program which is again the department trying to catch the worst actors out there in terms of the criminal element. And I think that that's showing some -- some real bang for our dollar. Last of the community programs that really enhance safety and I think helps in terms of keeping our community safe and building that partnership with the community is the guns for groceries that some of you have been at. Yeah, I think a lot of you have been at that. The prescription drug take-back which is a huge issue and councilmember morrison has been very involved with that. The police explorers program is some of the programs that we continue to youth lies utilize, we're doing our share to do everything to plant seeds and relationships with these kids and that's why we have these programs. And so if you look at the next slide in terms of performance measures, we-despite the reduction in the true-up of the budget which will be about \$4 million, we are reducing response times because of strategies like our hot shot call, hot shot protocol where we respond with lights and sirens to crimes in progress. And we hope to continue to, with your support, to continue to see crime going in the right direction. Year to date this year we're still down 8% when it comes to property crime, and we're still down in terms of violent crime and we want to see that continuing in that direction. But one area that we're worried about right now is fatalities and traffic fatalities. I know you all get emails because people think we're just out there writing tickets to generate money, which is about as far from the truth as it can be. We're trying to save lives. And I'm proud of the fact that -- that we have a highway enforcement unit that in this city even though we don't have the resources that other cities have in terms of state police agencies doing the work, we do it ourselves, we have to do it because traffic crashes don't discriminate whether you are rich, poor, no matter what your color is, your religion, people die left and right. The only thing in common is every single one of those crashes is preventable. The way you prevent it is through education and enforcement and high visibility policing so we're going to continue to work on that area. Lastly in terms of our response times, we're proud of the fact that we are at 6 minute, 53 seconds right now, which is still below what our performance measure was. We're beating that performance measure and we're proud of that fact. And I just want to just one word of caution and I think it's important. Councilmember cole and you all know how important community policing is to our offices. I think it's important, mayor and council, our time we have which is uncommitted time for patrol officers is down to about 27%. 27% Where some of the studies in california last year showed that uncommitted time for most agencies was 37%, something of that nature. Our community is really thirsting for our officers, especially our patrol

officers to, get out of the cars, talk to the kids, get to know the neighborhoods. But when you are at 27% uncommitted time, that makes it very challenging. And although we still encourage officers to do that, their number one priority has to be to answer calls. And so I think that we are demonstrating that despite the fact that we have much lower resources as a result of our relationship with the neighborhoods, our relationships with the community, the support of the mayor and council and the city manager, that we have one of the safest cities in the United States because this body and the bodies that came before you have always made public safety a priority. I think we're at a time in our nation when we're going to see a lot of people released from prison. I would just hope that moving forward we continue, mayor, council, to show the support that you've always shown because I think we will use it very effectively.

Mayor Leffingwell: Thank you, chief. A couple of questions, comments. First of all, it's obvious we're doing very well in the violent crime area. We have a very low number in the violent crimes per capita and we're proud of that, but we're not doing so well in property crimes. That's one. Traffic fatalities, that's two. As a matter of fact, I've said several times, I know close the gap a little this year, I don't know whether that's good news or bad news, but in past years we've had twice as many traffic fatalities as deaths due to homicide. That's closer in this past year, as I understand it. But it still indicates that we have a problem there. In two out of those three areas. I want to go back to the discussion about park policing.

Yes, sir.

Mayor Leffingwell: Because back in 2008 we did a consolidation process. We consolidated parks, marshals and airport police into a.p.d. And part of that discussion was that we would supplement surveillance of the parks with park rangers, nonsworn officers, to achieve the kind of oversight we needed in our parks. Instead. So now, you know, we have the comment that we do have police officers working in all three of those areas, sworn officers, parks, airport and marshals, and those are counted had the ratio. The question is and I've been confused about this all along, here before consolidation, were parks, aviation and marshal police officers counted in the ratio?

Michael McDonald, assistant city manager. I'm with public safety. Prior to consolidation those officers were not counted in the ratio. We just focused on that ratio for a.p.d.

Mayor Leffingwell: So has taken over additional areas of policing that they didn't have prior when we did have in effect this policy of minimum staffing ratio. That's distorted a little bit. And I think when I get to parks department I'll ask, maybe you know the answer to this question and I won't have to ask it later, how are we doing on the park reining program? Are we beginning to build that up? Where do we stand right now.

I don't know, I believe they are at 100% staffing. We have a great relationship with the park rangers, they are our eyes and ears, we work together hand in hand. I actually talked to put Fuller who is the -- -- Pat Fuller, I don't know his title is, but he's like the manager of the that program. And it's working very well. It took a little longer than we thought initially to get it off the ground, but it is up and running and working well.

Mayor Leffingwell: So that is a way we can do the total policing job in the city in a more economical way, to use that term, but still I don't want to see you penalize odd the staffing end because still has a role in oversight of parks and airport. We still have sworn officers in all three of those areas.

Yeah, yeah, that's correct, mayor. When we did the consolidation, it was always recognized there was going to be sort of a balance. Even when we expected park police when we had it in place, we recognized there were certain duties that they performed that were law enforcement related and some were more of an ambassador-type role and kind of being eyes and ears out there. So --

Mayor Leffingwell: But you see what I'm driving at, the fact we have actually taken on more policing jobs

for the police department without increasing the ratio at that time. All right. Anyone else?

Mayor, but just one point of clarification. If we added the park police, the former peace officers and their duties, we would be at about 2.11 per thousand. So that -- that adjustment has been made in the presentation.

Mayor Leffingwell: Okay.

Cole: I just had a quick question, mayor. When you talk about efficiencies and the upgrade of 21 positions, I'm assuming that all of that is already reflected in the existing city manager's budget. Is that correct?

Yes, ma'am.

Cole: Okay. Thank you, mayor.

Spelman: Let me start with a small thing. On slide 7, you've got this interesting chart about staffing in other major cities, starting with washington, which is famously heavily policed not just by the metro police department but by the capitol police, the , the secret service, everybody else has got a police department. And if you added up all the police officers active in washington, it's probably twice that 6.7. What struck me about this is the ranking based on violent crimes were quite good, which is great. Our property crime rating is terrible, which is not great. You got to pick one, we picked the right one to be good at. Who is number one in violent crime? Who has the lowest violent crime rate?

The lowest, I don't know.

Spelman: I think it's san jose.

It is.

It is san jose. But I will tell you that san jose, their murder rate is starting to go up now because they've been decimated in the last couple of years.

Spelman: How many police officers per thousand does san jose have? 44, which is I think the lowest -- the lowest with san diego pd. San jose has the highway patrol doing a lot of their workload and there's a huge presence. I don't care what the bad thing is. There's a direct correlation between police visibility annual bad outcomes and they have a pretty large fingerprint of the state police that we do not have.

Spelman: And we also don't have that footprint from travis county sheriffs. They don't do as much patrolling as we do. On the other hand, just looking at this, one of the highest violent crime rate cities is washington, which is famously heavily policed. Boston is heavily policed. Atlanta, dallas have more police officers than we do. El paso, san diego and san jose have fewer officers per thousand than we do and an even lower violent crime rate. I wonder, it looks backwards. Why does it do that?

Two things. One, if you follow police departments around the country enough, the reason the f.b.i. Puts a big old caution, you know, this is not really designed to compare cities to one another. Because not all cities take reports the same way. A lot of cities don't respond to stuff. San jose doesn't respond the at lot of crimes. They just don't, they don't have the resources and it's getting worsement and so, you know, what you put in is what you get out and so I think that's a part of it. The other piece I'm going to brag on the city of austin and the people that live here. I think we have a highly educated populace, a very engaged community, neighborhood councils tremendous, eyes and ears, they tell us what's going on. And lastly you have a police department that has a work ethic second to none. These men and women are committed to -- I see a lot of people standing around doing nothing, you don't see that too often in

austin and i think it speaks to the culture of the police department and the community. That's how we're able to accomplish a lot with a lot less.

Spelman: A friend of mine participated in one of the reviews of the austin police department a few years ago and I had breakfast with him the day he left and asked what he thought of the a.p.d. He said I've never seen a police department with as many thoughtful, intelligent, hard working officers in it and i think that's exactly right based on from my limited experience with police departments around the country, that's accurate. On the other hand, our property crime rate is really bad. [Laughter] this is not anything to do with the a.p.d., I think. We're dealing with a situation where our violent crime rate is good which is good, but our property crime rate is terrible. What can we do about that?

First of all give me more detectives. The second piece, we've already centralized the burglary unit. I don't have all the info. They are working a lot of great cases. The second piece is I've had conversations with the district attorney saying, listen, we don't want you to throw away the key on a kid that smokes a little dope every once in a while, maybe mom and dad cut back on their allow answer and might steel a lawnmower, we want to separate that criminal from the criminal who makes a living terrorizing us when they break into our homes and businesses so we want to be more strategic on who we go after and maybe a little tougher. So those conversations have taken place and in conjunction with the austin police department you are going to see us work on really being at more aggressive with our prosecutions of those more problematic people.

Spelman: As you know as well as I do about 10% of offenders account for most of your crimes and the vast majority of the really serious ones that drive people crazy and terrorize neighborhoods.

Right. And if you think of austin as, you know, drugs is a challenge for us in our community and a lot of the property crime is driven by people that are addicted. Unfortunately throughout the country there's very little in terms of treatment. And prop 64 passed many years ago that had diversion for people if they went through treatment and had dollars in another place another time, but we don't have that in this state and I believe it's got to be a combination of treatment for people that are addicted and for strategic and surgical picking out the worst of the worst which is what we're doing now, especially with our burglary unit where the prosecutor. And I think we're seeing the relative humidities now. Results now. We're 8% down and last year we ended with a reduction from property crimes. Hopefully with these detectives we will continue to build on that success we've had in the last few years.

Spelman: So the additional detectives will improve our clearance rates, improve our caps to it differentiate between criminals and make better cases against repeat offenders so we can put them in jail and prison and spend less of our scarce resources on the kids with the lawn mowers.

Absolutely. And the other piece for our concept process, we now have clearance rates as part of the process that we didn't have in the past. Commanders now we're looking lookingclearance rates.

Spelman: Ours are not as good as around the country.

Let's let carter say something. He's been sitting here.

That's okay, chief. Councilmember, a lot of good effort occurred this year in our interaction with the public safety commission. Looking at specifically the challenge of burglaries in particular, that was highlighted and we looked carefully at that. If questions were raised about, you know, property crime being a big issue. The chief did bring up the fact that last year looking at data we reduced 6% at the closeout of 10. Knock on wood this year we're 8% collectively on property crime. That changes over a period of time. The area that we had a lot of concern is when we highlighted the issue of clearances. There has been discussion in the department for the past two or three years do we have the appropriate number of investigators/detectives. Based on contractual agreements and so forth, a detective is rank, a promotable rank above the rank of officers. So we started tracking the clearance rates and found that in



terms of burglary, and again highlighted this past spring in -- at the public safety commission is that we were somewhere on the order of about 7% in clearing burglaries. The original number was something along the line 5%. After closer review it was about 7, but national was 9%. That was a concern for us so we started looking at two things. One, do we have sufficient organization in the investigative sections of the department working with the public safety commission. We decided we need to recentralize the burglary unit and as the chief mentioned we have seen improvements. Can't quantify that for you. It was clear to us however we did not have sufficient detectives looking at that. Looking at the individual detectives caseloads which I can't give specific numbers to date was pretty clear. Should the budget pass, we do need to address the issue of detectives and I think the chief addressed those specifics.

Spelman: We are draining resource which could be used for more detectives or evidence technicians if that turns out to be a binding constraint. It's one of the things that was on your list of needs for the future. Whether we're draining resources that could be used for 911 operators and other things. And by having this hard, fast rule stuck in our policies, then that reduces your flexibility to be able to move your resources around to the places where they can do the most good.

I think, councilmember, there's a couple of points I would make is that number one is the police department has used the city policy as a planning tool. In other words, that kind of -- when there's been growth in the city, that kind of gives us a bench mark where we're going to go. Obviously it's up to the council and the city to decide how they want to staff. But as we -- as we look at the issues that we're facing today and as we look at the 49 that are projected here, I think it's very clear from the manager as well as the councilmembers that we need to show that there is a solid return on investment. And that's what we're trying to look at at this particular time. As we talk about this 49 additional folks here today, recognizing there's needs all around, we're trying to make that business case to say, hey, this is how these folks could and should be used. Looking at the threats that we see on the horizon. We see the reduction in the clearance rate. I think that's a clear case. We also see the reduction in the uncommitted time of the patrol officer who is going to go out and do two strings on the street, prevent crime by establishing relationship but also going to solve crime by establishing those relationships. For example, in '09, our uncommitted time, and we just started looking at this the past couple of years, was about 31%. Go back to last year, it drops to about 27, 28%. That's -- that's a red flag for us because then that means that we are becoming more reactive and less proactive, less preventive to address some of those issues. I guess what I'm saying here, I'm not looking specifically at the ratio but trying to make a case on this year's budget to say these are some needs we see based on some emerging threats in terms of rising crime. The reduction in clearance. We all know the solution to crime is not strictly law enforcement, it is about education, it is about a strong criminal justice system. wants to do its part with the resources given the most effective and efficient manner.

We all agree with that and comments for you it's just that we're all trying to maximize that return on investments so you can use the resources just as flexibly and effectively as you possibly can. You are asking here for an increase in sworn officer strength and more detective positions. So some upgrades in rank that some of the officers you already have would have. But you are not asking for an increase in civilians except for the seven civilians who would be working on the video camera project.

Right.

Spelman: Would you get value out of having 911 operators or statisticians?

We have to prioritize. When special events show up in the city, I can use a police officer to do nonpolice work, but I can't do it the other way around. So we always have to really balance based on how many budget dollars -- there's a 4 ratio, about 450 more cops, guarantee you, forget about everything else, you would see that property crime come way down because visibility would be huge around the city. That it is not realistic right now. That's not the economy we face. I would say could we use other things, absolutely, but the one thing we need first, the one thing -- the number one priority of the department is to prevent crime. Not respond to crime and not solve crime, it's to prevent crime. The way that you

prevent crime is by a highly visible police department that has the ability to build the relationships and do those kind of things and that's where our greater challenge right now as with our uncommitted time and our visibility is what we want to impact and the way we're going to do that is by having those sworn bodies.

Councilmember, one of the things that the city manager and I applaud the chief on when we had these conversations is he has been strategic in how he utilizes the resource. He commented on how he looked at the 80% staffing that obviously needed to go away because there were some hours you didn't need 80% staffing. Let's talk about the issue of burglary. You know, of course he's asking for debts. By repositioning that burglary unit and consolidating that's going to help. One of the reasons the burglary unit was decentralized it was in the efforts of community policing. You had folks in the community that were concerned that they didn't actually know the detectives that were in some of their areas, and there were a lot of benefits associated with that and that's why we decentralized. One of the unintended consequences we were not equipped in such a way where the burglary detectives could communicate properly with one another,, you know, when it ca looking at suspects because suspects don't restrict themselves to a geographic area, they are working all over the city. That's one of the things i think he's done that's going to pay dividends.

Spelman: I think you are right. If we restrict ourselves you are going to be missing the opportunity to make those connections and the most frequent and dangerous ones who are working all other the city because that's where the opportunities are. We probably won't get closure on this issue today. We've got a lot of other departments to cover, but i look forward to having further conversations with. Chief, I agree with you that the 27, 28% uncommitted time is a problem and we need to crank that up to give patrol officers more time to get out on the street and talk to people. I am less sanguine if we increase that the increase in visibility would have a measurable effect on the crime rate. I'm not sure the record is that clear and what studies I've seen over the last 30 years suggest more patrol by itself won't do a lot of good. We can put those patrol officers to use in a very effective way and I know some of your officers have done very effective innovative things to reduce for example burglaries of automobile and auto theft and I look forward to talking with you further about that but probably not here and now. Thanks.

Mayor Leffingwell: Just to make sure we're clear on this one issue of how the ratio is computed, doesn't matter if an officer is serving at the airport or at a park, he's still in that ratio. So the discussion about your flexibility is not limited. Your flexibility is still there. It doesn't have any effect whether they are in the parks or --

with the exception of the airport because those are funded by the airlines, we move our resources around, we have the ability to do that. To be honest we have more officers in the parks today thanks to the consolidation, we have that flexibility. We've put more resources there because keeping our parks safe is a huge quality of life issue for this community and something that they expect. And so we do have that flexibility.

Mayor Leffingwell: And when we ran the numbers in 2008, there were big cost savings to be realized by not having the parks completely policed but just partially and using nonsworn officers to supplement that. And I just had to community where you talked about all the factors that affect the crime rate, the one you didn't say which I think is probably one of the most important is the economy. I think there's a direct line between how your economy is doing and your crime rates of all kind, burglaries and violent crimes. Just a comment. Just as a heads up, I think we're going to lose our quorum 45 so that doesn't mean anything, it's just a comment. It's just a heads up. Kathy.

Tovo: I just have a couple quick questions. Chief, you had gone through some detail about where the officers would be assigned and I wondered if that exists somewhere in among our material and I'm just missing it or if you could make that available.

Are you talking about the upgrade, councilmember?

Tovo: Yes.

I'm not sure that's in the backup material, but we would be more than happy to provide that in a separate document.

Tovo: Great, thanks.

Our steps and where we plan on putting them.

Tovo: Since you mentioned special events a few times, during the street closure task force there was a lot of discussion about the cost of special events, particularly as it relates to security needs. And I understand that with first amendment events where, you know, somebody is coming, there's not a lot of -- you can't recovery costs for those. But do you have a sense generally of how well -- how well the city is recovering costs related to police presence for paid events, paid special events?

Do you have the -- do you have the numbers with you? We can get you those.

Tovo: That would be great.

I talk about unfunded mandates. We keep track because I see my job when you give me that checkbook and the city manager gives me that checkbook, our job is to balance it, that's her job, it's all of our job. If an event comes up and say you are not going to charge fees to recover your costs, we keep that because it's important to us.

Councilmember, I think part of what the -- what the chief was referring to too is yes, we try to recover those costs as best we can on special events, but you have certain events that take place where we do recover charge and there's still some additional responsibility we have to take on as a community such as when , they take care of everything on the property but there's so much other support that's required there. Texas relays weekend, mardi gras, there's just a lot of other areas there where we end up having to throw additional resources.

Texas relays, thousands of athletes comes from throughout the state and nobody is going to pay for to us patrol the downtown area to make sure we have appropriate resources. is one where they do a pretty good job of actually paying for the resources. But we do keep track of that.

Tovo: That would be great. I would be interested in seeing that. There were a good number of assertions that the city was not doing as much as they could to recover costs and i understand it's in the community's best interest to provide those resources. Lastly, could you say a few words about the youth programs and how effective you feel they are and how you are measuring that effectiveness and what's the trajectory for the future in terms of the youth programs? [One moment, please, for change in captioners]

we do what we can with our resources, and we're going to continue to do what we can. I'm also proud of the boy scouts. We started an actual waterloo district. I went saturday to greater mount zion church. It was their very first summer camp. All you saw in that audience was black and brown cases, and if you think of -- you don't have that many minority scouting. I was so proud of those young men. It was their first time to a summer camp, they had 21 troops -- 22 troops, they were the number one troop. That's what that's about, building those troops. We can only do so much. At the end of the day it has to be crime fighting. We had 300 kids at our summer youth camp boxing camp, and it was a tremendous thing. We're going to continue to work on that. I'll never back away from that as long as I'm chief

because it's too important.

I agree. Thanks. thanks, and on the unreimbursed costs of policing special events, I know that number is available because we discussed it back a couple months ago for a particular special event, and they had cost estimates that were for other special events to relate to that. Not a big number, as i recall, but sue edwards came up with it. So I think she has that. And on the stealing part, chief, I just wanted to add that when I was in a navy squadron we used to say if you didn't have a chief petty officer that couldn't steal you couldn't make it. [Laughter]

thank you. Thank you all. next is ems -- oh, excuse me, laura, chief, might have a question. I have a few comments and questions, sorry. I just want to talk about a couple of things. One, you were mentioning in terms of the crime reduction strategies, one of the ones you mentioned was the a rec center. We had lots of discussion about that as it was being put forward, and as i understand it, we've lost some grants so we're actually integrating some of those costs into our budget here. So I wanted to ask -- and you said it was bringing a lot of value. I wanted to ask if you could talk about in a little more detail the kind of value, what we're seeing coming out of it, and then what costs we're picking up as our long-term budget.

I'm so glad you brought that up because I was going to make a closing statement on top of the one I already made, and I was going to say thank you for entrusting us. I know you had a lot of push-back and a lot of -- a lot of fear out there, but i wanted to thank you for allowing us to use the intelligence center to keep people safe, to -- the public safety cameras. And I think we're showing the rest of the country how to do it right. What the intelligence center affords us the opportunity to do is we talked about burglars don't stay in the neighborhood. Criminals are in the region. They're in the region, and what has happened, and i don't think we're live yet, but we're going to be able to query each other's records management system to look for pieces of the puzzle in terms of solving crimes, that that's truly what the intelligence center brings to us. It brings us -- we have the worst model policing in the world in the united states. We have 19,000 police departments, with 19,000 record management systems, 19,000 management records, and nobody is talking to each other. What the intelligence center allows us to do is query the records management systems of our partners throughout the region to try to connect dots to fighting crime, and I think that if you haven't been out there, maybe one of these days we can have a special meeting out there and invite the public and see that intelligence center because we have nothing to hide out there. But that's truly what it is. It's the ability to in very short -- very quickly, very rapidly, using business intelligence products, being able to connect those dots and relationships between license plates and things of that nature, and that's what it's doing for us. In terms of the cost, chief carter actually oversees it and he'll tell you -- bring you up to speed with where we are on the cost issues.

Council member, a couple of things. One is if you recall there's ten partner agencies with arik, and getting the software programs, it's not fully operational across all ten, but I think within a month or two they will be. Many are already on-line, we're working well with the travis county sheriffs and many others, so that's a work in progress. They actually have had some wins in terms of actual solving some crimes there. I can't give you a list of that, but one of the things that we do is we're doing a monthly report, so to speak, looking at the development, seeing where the issues are and what we've actually solved. So I think the dividends are coming. The other issues that you asked about was that, if you'll recall, when we started the arik, the philosophy was is to use uosci as seed money, because the majority of the crime analysts actually work for the respective police agencies. The uosi grant actually dedicates -- provided funding for three specific analysts, one for apd, one for city of round rock, and one for travis county sheriff's department. So that funding in time, the intention was is that okay, if the funding goes away, then it has to be absorbed by those particular departments, but when you look at the crime analyst staff, the value added here really is, is getting all of those people working together. They're sitting there together currently and actually brainstorming on issues, something we did not have, collaborating and using our taxpayer dollars wisely across the austin area, austin-round rock metropolitan area, is what that's about. So in terms of future funding, the sustainment to keep the technology piece going is always an issue there, and that's one of the things that costs -- once again, I think we proposed that in time, the east jurisdiction would pick up the cost to maintain the center. The bulk of the funding was used to actually build the infrastructure, both hardware and software, and get

the location, so that's where the bulk of that money is. U -- future uosi funding was being used for a variety of things based on you know, what the community -- the greater austin -- round rock-austin metropolitan area wanted, and so that -- those kinds of things, the funding for other related projects obviously have to be found elsewhere, but irik is up -- arik is up and running and it is being sustained the bulk of the money was to get it up and running. so we'll be part of maintaining the facility and the equipment and all and then staffing it?

Yes, and using -- like i said, using a combination of resources that we already had, in other words, moving some analysts out there, and again, this is one of the things that the department has done a good job, i think, is looking at how do we leverage the resources we do have. We didn't just simply say, oh, we need a whole new set of people. We moved existing resources there and found there's some real value added. I think it would be really interesting, if it's possible, to be able to get some kind of report that tells us what's happening -- what the effect of the arik is, you know, what kind of crimes are being solved that wouldn't be solved otherwise.

We actually have that and and they're actually developing a report for us internally. We'd be happy to share that.

Morrison: all right. And also what's the status of the advisory committee with that because there was going to be --

the policy advisory committee actually needs to meet by the end of the year. The -- there are five primary jurisdictions that run arik, apd being the lead but then travis county, round rock police department, hays county sheriff and williamson county sheriff. All but one of the entities has established their person on that, so there's four of the five, and we can talk about austin's selection, either public safety or the council, how you want to go, but there actually is a committee, they're all been appointed, they're ready to go. I would like for them to meet before the end of the year. they've all been appointed but ours has not been appointed?

That's correct.

Morrison: okay. We need to work on that. And then I just wanted to highlight, especially for my colleagues, something that you mentioned, chief, and that was, you know, we're talking about drugs and how drugs drive a lot of the crime and preventing crime is one of your big issues, and also the cost benefits of hiring cops and having them on the street with the rand project. I just want to highlight for my colleagues that we've been looking at the social service contracts and not being able to find everything that we've been able to fund in the past, and especially if you think a lot of us are really committed to, you know, working with youth at risk and then the next level of the spectrum is kids that have already gotten into drugs or folks that have, and then the next level is there's crime and you guys have to solve the crime. But in terms of that middle level, last year and in the past we have funded substance abuse treatment to the tune of \$650,000 through integral care, and that has fallen off our list this year, and so we have some -- we have some work to do to be able to work with those folks to find funding, because that's absolutely key to this whole spectrum of keeping our folks safe and quality of life. Anythi anythi ng else? Okay. Thanks a lot.

Thank you.

Mayor leffingwell: ems. I think it's still good morning. Who's starting?

Good morning. Can we go ahead and start?

Cole: yes.

Good morning, mayor pro tem. Thank you for having us. Members of the council, I'm ernie rodriguez, director of ems, and I've got with me john re-callston, who is our assistant director of finance and administration and on my right is james [inaudible] as our chief of staff and behind me andy hostmeyer who is command arer of your community health program. We're prepared to answer any questions you have had today. Let me start with an overview of our budget. We have a fairly straightforward budget presentation for you today. Our source of funds primarily -- our source of funds are entirely from the general fund with a very small slice coming from elsewhere. 50% Of our funds that fund our ems system actually come from user fees. That's not real clearly reflected on this particular chart on the left side of the screen. 4 million is revenues that we collect either from user fees or from contracts, with the county, for example. So although our budget is 3 million, about 4 million of that is returned into the general fund. And that helps. Now, how do we use the funds? The primary portion of our expenses is completely operational. That's providing direct services to our patients, responding to emergencies and handling the needs of our community. That includes communication system and our paramedics on the ambulances and all the command structure to oversee that process. The difference of that comes from training, continuing education and quality improvement. That's where we spend the rest of our dollars. We do have some support services, fleet maintenance, costs that we have and others of that sort, including billing and administration. That pretty much covers everything there. Now, just to give you a little bit of information about our billing process, we do have different rates which have been approved by the council in the past. The base rate for the als one rate which is the pros predominantly used rate is \$885. We add to that additional costs for medications, certain equipment and supplies that we use. The average bill is about \$997 when all of that is added. The als 1 rate represents about 55% of all of the fees that we charge. So that's the most broadly used fee that we have. Let's look at some cost drivers. Included in the budget this year includes the cost drivers of 2% wage increase. That's about \$105,000 for our department, 3% wage increase for employees that are covered by our [inaudible] "right now. That's about \$720,000, and then the increases in health benefit costs, about \$230,000. Very straightforward there. Now, other costs that we have that we're seeing increases in, fuel costs, \$462,000 are increasing for us. We also have some annualized costs that we need to add to our budget that were not included in the previous year. We had -- we had dollars allocated for about ten months of operation for several of our stations. And next year's budget we'll be operating the whole 12-month period on those stations, so there's an increase of about \$338,000, so that includes the harris branch station, the harris glen station and the new avery ranch station. The new avery ranch station is already built and we're recruiting for that now. The new miller station is under construction now. We anticipate that we'll have that staffed by the last quarter of 2012. So our budget includes the dollars for that period. And that's \$249,000, which is the partial year of operation for that station. The harris branch units, we have two stations that we call the harriss. They're on the east side of 35. Those stations were previously staffed by county units. Those county units were relocated into the county, and then the city backfilled those stations with city resources. Last year we were only able to fill one of those stations with a 12-hour ambulance and then we used overtime to cover the difference. So by -- we don't want you to think that we're adding anything new here. We're just maintaining the level of service that we've been providing for the harris branch units, and that's about \$461,000. Now, we did take some cuts this year. We have frozen five acc cadet positions. Last year I think we were a little bit misleading. We had to freeze these last year too. These cadet positions do not affect our academies. These are recruiting positions that we used to go in and try to pick the best performers in the acc program and hire them early to get ahead of our competitors. The competition for hiring paramedics is very high, and so this is one way that we use to try to keep that competitive edge. So what we do is we go in there, we assess the performance of the students, get recommendations from instructors and then we take the top performers and we hire them early as they complete their program. We start their academy early and get them partially trned by the time they graduate. So that gives us an edge. That -- those five positions were frozen last year and will be frozen again next year. Now, we do still have our developmental academy cadet positions, and for that that's our diversity recruiting program. Those are still in use. We still have those. We've taken our first eight cadets through that process. We're in the learning phase of how to operate that program, and we anticipate we'll pick up probably another two or three this year. But those positions already exist. Also, we've had a reduction in collection commissions, and what that means is that our collection processes have improved. Over time we've added some technology, a better patient records management system, and we've hired a new manager of building program. With

that we've been able to improve our efficiency and what we're noticing is that the number of cases that we're turning over for delinquent collections is dropping. So we anticipate we can reduce that by about \$45,000 in commissions that we normally would pay out. Some other reductions, another 45,000 is in miscellaneous items, books, overtime, some contractual service expenses that we have, nothing significant there. This is a total of about .4 million for us. One of these positions that I wanted to point out that is a freeze, and that is the one at the medical director position. This position is the medical director that oversees the star flight operation. Currently that star flight is 100% under the county, and so we've asked the county if they would consider taking on that position as well. If the county commissioners approved that, then we will realize that freeze. If for some reason they do not, then we'll have to pay for that position in the coming year. Some of our budget highlights. One thing that we're excited about finally doing is converting our harris branch unit back into a 24-hour police staffed station. We have been using overtime for this exposition -- positions that we need for the second half of that shift. We do 12-hour segments. That use of overtime is costly, and also it presents quite an extra load of -- a workload on our paramedics, who are having to come back to work to work that overtime shift. So using regular pay is actually less expensive than using over time in that position. That's six positions. We're excited about staffing our new mueller station, which is in the old airport community, with 12 new paramedics, and as I said, we're going to staff this, we anticipate, the last quarter of 2012. So that's what's included in our budget there. We have had some increases in billing revenue, and again, that is from better alcoholic that we're using. Our -- technology that we're using. Our paramedics now carry electronic tablets, computer tablets, and they start the clinical charting right from the ambulance, so that enables us to get the information that we need to put a bill together much sooner. On average it was taking us almost 40 days to get a bill out previously by hand, and that means when a call is run, we have to go out to the station, get the bill, bring it back, somebody has to read it, interpret it, put everything in the computer. It takes a long time. Now we're getting a bill out in three to four days, so that gives us a great edge for collections. The sooner you get the bill out, the sooner you get it collected. Proving to be a positive for us. We've already realized about \$791,000 in increased collections and that's a very positive thing for us. The estimate for 2012 is we'll collect 5 million in user fees for ems bills. Another thing that's timely for us is the replacement of our cardiac monitors. Probably the most sophisticated piece of equipment that we use, that's the most complex tool that we carry in the ambulance is our cardiac monitors and we use those very frequently, for just about every patient that we have there's something that applies on that monitor. Although it's called a cardiac monitor, we also use it to monitor oxygen saturation rates and blood pressures for patients. So just about everybody gets attached to our cardiac monitors in ems. The total replacement cost for the entire set is about one and a half million dollars. We've got about 725,000 in capital allocated to that, which will -- that gives us definitely enough money to work out either a lease or some sort of arrangement where we can replace those. The other thing that we're working on with our cardiac monitors that we're looking forward to is better technology to transmit EKGs TO CARDIOLOGISTS Ahead of time. Anything that we can do to actually start the physician involvement in the care of a person who's having a heart attack will improve their survival chances from that and their recovery rate from that. So we're looking forward to that. Performance measures, some of our highlights there. Probably one of our most discussed performance measure for us is our response time. And I'll tell you, response time is -- it's an okay measure but it's an intermediate process measure. Our department is trying to most of toward outcome measures so we can actually see what difference does it make, what difference does it make to get there so quickly. Currently our priority 1 response time goal is to arrive in less than 10 minutes 90% of the time. Our current performance is 6%, so we're exceeding that goal currently, and that is the urban community. For us the urban community goes beyond the borders of the city of austin. It takes in about 150 square miles of the county, and that's a significant -- that just shows you how we're growing and expanding out beyond our borders right now. Total number of responses that we have, we're anticipating 120,000. Right now we're at 104. If -- if we continue at this rate we're going to pass our estimate. Percent of calls answered by ems communications in less than 10 seconds. This is the clock that begins from the point that the call is transferred to the ems dispatch component, so it arrives at our communication centers and it's transferred to us and then we start timing it from that point. Our goal has been 95%. Currently we're at 96%. We estimated that we would hit 97%. I don't know if we're going to make that, but right now we're at 96%, and it's above our goal. So that's good. Percent of our patients with cardiac arrest from cardiac causes delivered to an appropriate medical facility with a pulse. We're

at about 33% right now. That's actually a good number. It sounds low, but when it comes to persons who have died from cardiac arrest from sudden death, 33% of them are resuscitated by ems crews, transported live to the hospital, and they arrive alive at the hospital. From that, after the critical 72 hours that occurs immediately following that process, it reduces that number by about -- to 9% survival, and still, 9% survival, from that, puts the city of austin in the top 5% in the nation. So although the numbers sound small, when you consider the challenge of taking a person -- taking a person who's died and making them alive again and giving them a quality of life that they survive to walk out of the hospital, that's very good. And so there is one community that is ahead of us right now, the -- the seattle region, king county. But our goal is to change that. We want to be the top performer in that in texas and in the nation. That pretty much is our presentation. Do you have any questions? thank you. Questions?

Pretty straightforward. Told you. Request request? I want to first congratulate you on the performance measures that you showed today.

Thank you. it's impressive performance. I'm glad to see that the response time is fallen, increasing -- all the measures are looking good. I wanted to ask you about one particular need that has been highlighted by -- by some advocates and some within the department, and in particular it's about the community health paramedic program. The concept is that for those who are using ems services frequently, that we may be able to apply a different model of care that will address the underlying needs of those -- of those customers in a way that is more effective than just sending an ambulance like any routine call, that we may be able to apply a whole different approach there. And we've had some -- some indications of -- some efforts in that regard and some success. I know the data has -- has indicated that ten -- just ten patients account for 1% of all the contacts of ems and 50 patients account for 3% of all the contacts. And then there has been some success in dealing with particular individuals among those, frequent flyers.

That's correct. -- to address their underlying needs in a different way.

Yes, sir. can you just briefly touch on where we are on that?

Absolutely. and what we could do to step those efforts up?

Yes, sir. Let me just give you a little background so that everybody is on the same sheet here. What's happening in america is getting older. We're living longer. Baby-boomers are starting to enter the period of declining health, so people are living longer and staying around longer and they're sicker at it. [Laughter] so what that translates to, it's a heavy load on the health care system, all of it, ems included. There are components of our community, and this is prevalent across the u.s. And other countries, and that is that people depend on ems as the gateway and as the entry point for the health care center. The number -- we've trained everybody to use our 911 system to call for help, and that's exactly what they do. The problem that we're finding in ems is we don't always have the right tools to meet their needs, and the only solution that we've had in the past has been transport them to the hospital only to find out that the hospital doesn't have what they need either. They get released and it starts over again. And so we have a cycle that we're creating by not addressing the root causes and their immediate needs. And so what we looked at is we looked at that trying to assess what the volume of that is, and we did find that a small number of patients does generate quite a few calls. We also looked to see about estimating what number of dollars we're actually expending to provide services to that, and from '05 to '08 we spent of department resources about \$6 million to provide services. We revisited that to see, in fy '10 and '11, was there any difference, and we found that we had 589 patients now that were generating 10,000 contacts per year. And that increased our resource use for that time period by -- to \$5.4 million. So for the period of '05 to the year-to-date '11 we've expended about \$12 million providing resources to that group of persons. What we're finding is that if we take a different approach, which, in fact, today the community health paramedic is an innovation in ems. Today was published in one of the leading journals in ems that this practice is now a best practice in the nation and we're one of the organizations that has led that charge, and so we're really excited that, in fact, it's now being proclaimed as a best



practice and as a good solution for communities to use. So what this does for us is we use our folks like andy and some of our paramedics to help identify persons early so that we can -- we can begin to work with them, and we make contact. It's somewhat of a caseworker process. So we go in and we try to figure out what their needs are, and we try to then connect them to other resources in the community that already exist so that we can more definitively handle their needs. And some patients have simple needs but don't know about the resources that are available. For example, a diabetic patient who doesn't know that there are programs to provide them supplies on a regular basis, may run out of supplies, may not be able to check their blood sugar and then it's an ems call.

> Excuse me. Can I interrupt you just a second here?

Absolutely. as i said, we're kind of running out of time this morning, or commitments that people have. One option is to recess the meeting, come back here, 00 this afternoon. Get a quorum on that? No carrierringconnect 57600 who call us repeatedly, so that we can better handle their root cause issues. We are excited about this program. We had asked -- we have one commander now in that program. We had asked to see if we could increase that by three full-time equivalents, and -- roif. and I see that in the list of -- for fy 2012. The cost on that would be a little over 5,000 -- 508,000?

Yes, sir, and the impact of that is by -- those ten patients you menlised, by working with them we reduce their dependence on ems by 75%. even so there would be an upfront cost it would lead to significant savings.

In the long-term.

Riley: in the long-term. And I notice that the public safety commission has recognized the needed funding for --

yes, sir, and also our ems advisory board as well. well, I appreciate your efforts to move forward on that program. I think it's a very exciting, innovative approach and I would definitely support our request for funding to add to this full-time employees to support the program adequately.

Thank you. mayor, very quickly.

Mayor leffingwell: bill? I am very excited that you're still able to respond to priority 1 calls inside of ten minutes. That's quite an achievement, as your urban area gets bigger and bigger and as people like me get sicker and sicker. I appreciate that you're able to do that. [Laughter] one thing I wanted to point out is you're answering ems communications in ten seconds or less with tremendous regularity.

Yes, sir. but when somebody calls 911 they don't go directly to you. They go to the police department first, is that accurate?

Yes. so what happens is this ten second number means, once it's transferred from the police operator over to your shop, you're able to pick it up and figure out what's going on in a few seconds.

Yes, sir, that's correct.

Spelman: okay. Do you have any information on how long it takes to pick up on the average by the original 911 operate ?er.

Nos, right now we don't. My understanding is that the police department department is exceeding some of their goals. However, I don't have that regular information. We've done some samples and some of the samples indicate that it's very quickly, and it's been -- I think they're picking up in less than 10

seconds as well.

Spelman: okay.

And then once we get it, it's another ten seconds from that point.

On average the police departments, they're picking up those calls on about the third ring, on average, and, you know, again of course you always have that issue where you have like a major, like a roll-over or something and you get 200 people calling in on a cell phone. That's sometimes -- that sometimes hampers us a little bit but on average they're picking it up 3 rings. When we had the power outage for example a few months ago, we probably had a gazillion calls.

Right. so you're able to pick up in 10 seconds and we'll go to the police department to see how -- that whole thing including the original pick up is included in the 9 minutes and --

we only include from the time we pick it up to that point.

Spelman: okay. Thanks. Anything else? Thank you, Ernie.

Thank you. Parks Department.

I'm Sair and Hensley Parks and Recreation, Kimberly is with me and Kelly Schnook, assistant director, and we're ready to go. I know just before I got started the mayor had talked a little bit about other opportunities in our parks being addressed not only by the police department, and I did want to mention that we have our park rangers that have made a significant difference in our parks working hand in hand with our police department, everything to just including and helping with safety, they've dealt with serious issues related to emergencies where they've been first responders and helping with getting there first before EMS, and most importantly I think they've worked very hard with Austin High and have seen a drop in the truancy issue related to -- they send them back when they start hanging around the trail areas. So we have seen a significant drop in some of the issues related to crime and catching things before it happens out on our trails, in some of our parks particularly downtown in conjunction with the police department. Okay. I'm going to run through this. I know there's going to be some questions, and the first slide is our -- our budget, and let me get this here. Our source of funds, our total budget, \$54.7 million. Our source of funds is primarily the general fund 7%, with the golf enterprise fund running 3% and then expense refunds at 7% and grants, which total a 1%. The use of those funds, primarily community services, which includes our recreation programs, community centers, our cultural arts programs, our swimming pools, and then falling behind that is our grounds and facility maintenance at 25.5%. Natural resource management 4% with our planning efforts and doing our planning and capital 4%, support services and financial 5, and then other, which is our transfers and debt service, at 1.4%. This next year we're experiencing cost drivers of approximately \$1.7 million. Not unlike any of the other departments that you've heard before, the wage adjustment, which is a large area of that, 438,003 # hundred \$32. Of course the increased cost of health insurance, and the city of Austin's program in driving forward to the green choice in electricity program which is \$294,000 increase. We're seeing an increase of course with the cost of fuel, which does fluctuate but also the maintenance of our vehicles is at 172,000, almost 173,000. From a departmental standpoint some of the cost drivers for us has been the recent seaxation of the Spring Wood property, the municipal utility district and the fact we're taking over parks trails facilities on this site. The first little bit you're seeing here is for us to continue contractual services but not next year but the year after we'll have to look at how we absorb those co-s of a large parks complex with outdoor amenities as well as some facilities. The urban agriculture 5 positions that includes the community gardens coordinator, conservation coordinator and a part-time assistant and then positions and supplies for some areas that we've recently taken on which is Cesar Chavez he is paid, the trail head area, the armadillo area, in the heart of a neighborhood and a teeny-tiny amount for the boat house which will just be contractual if necessary. Our explanations for our budget reductions came from an effort of looking at a department that was trying to look strategically and holistically how we need

them in the future. The opportunity for us to form partnerships outside of the department even in our own city's government structure and looking at how we can save dollars in other opportunities, which would be to work in partnership with the austin recreation center and the dottie jordan recreation center to the tune of a savings of \$289,438. The keeling pool is a savings because it's closed already. It is already closed. It's cloacted behind the carver -- it's located behind the carver museum, and the -- the carver center, and so we are just recommending it stay closed. The other savings is to close and not be open for winter hours at the two swimming pools, dick nichols and balcones, and we believe with stacy, deep eddy and barton springs staying open that that does give our citizens an opportunity to swim in the wintertime. We're recommending a reduction in services for the playground program, not also on ereducing the number but creating a more diverse program in some areas and then there's a reduction of 5 vacant positions that we're recommending. In addition to a reduction of services or reduction in costs, we're recommending additional dollars to go into offset the reductions, which would be additional revenue we believe we can create through the opportunities at the austin recreation center and then charging a fee at the zilker botanical gardens. The total impact there is a savings of 1,436,000 and \$52. From operational highlights there's a lot of things we're proud of and the staff has done a tremendous job over the last few years. Just to highlight some of the -- stewart has jumped full-blown into the urban agricultural program, the community garden program and created partnerships out in the community and continues to work on that program. We're also proud of the fact we can take our park maintenance crews in the form of blitzes, which means we select areas of our city, we go in as a complete holistic approach and address a park or facility by trying to bring it up to standards. That was the much needed effort to take on because we were seeing some infrastructure issues, and some of our parks were desperately needing some revitalization. We've also been able to purchase some new mothers mowers, which has helped us not only in the area of mowing and keeping our areas, although we're not mowing right now much with the heat, but it gives us an opportunity when we get some rain because they're also more environmentally friendly and that's important as well. We're not creating as much problems in our environment. The other thing is not so much about making savings as it is improving the quality of what we're doing. We've taken on a quality improvement effort in standardizing our programs after school so that we can provide all of our young people, both young and teenagers, a quality program and experience across the city, no matter where you live, and that effort is ongoing now, and the next step for us we were just discussing is to get back with our school district and talk about locations and having those programs on-site versus transporting our young people. And we're also looking at the standardization of our inclusion accessibility of programs. It's important that we serve all of our citizens, and we're seeing a huge -- as we heard from ernie in ems, a growing population of older, I call the chronologically gifted, who need services. So they're not just about people with special needs. It's about people who have needs that are special, and many of those vary from arthritis to diabetes, to all the things that we see, but we play an important part of that as well. So including all of our individuals in that, whether it's veterans in our war and how they're having to deal with things, to young folks who do have special needs, we're looking at how we standardize those programs so that the citizens in our community get a quality program across the board. We've also made some significant improvements, when we come to our capital highlights, and we've been able to replace three fill and draw waiting pools with splash pads, bartholomew, bartholomew pool will be undergoing a renovation to create a great pool in addition to the splash pad. Two splash pads were upgraded, which helps us environmentally, which we're proud that we're not always using new water. We're recirculating this water, in addition to the butler park and the fountain there, we've been able to take care of that. Replaced one fill and draw wading pool with a new pool, west austin. If you haven't seen that it's beautiful, and the neighborhood helped us design it and gave us information on how they'd like to see that rebuilt. We reconditioned the circulation system at garrison, which has helped us also environmentally, and then of course the beautiful renovation of northwest recreation center, which is absolutely fabulous, and we have people actually that have experienced that and it's just a great addition to our recreation centers, and also dittmar and the gymnasium addition enclosure and the improvements there. And then another improvement at morris williams golf course, which we're anxiously looking forward to the renovation there as well, to the 14th hole and the tee program -- the tee at morris williams -- not tee program. And then we only highlighted two of our measures, because we have a lot of measures, and one of them which i think is most important is that we are making a difference and impact with on the environmental awareness with the folks we say on a daily basis, particularly nature center but also our park rangers

made a difference in educating our public about the animals, the habitat, so we have a -- we want to continue that with 95% rate of success in helping people to continue the knowledge and the awareness. We also have the percent of users satisfied with our services. We -- we dropped a little bit from 2008-2009 but we're hoping we bring it back up to 2011-2012 where we continue to have our customers, our users and our members of our community satisfied with our services. And finally, I want to do share this with you. We have our citizen satisfaction with the appears of our parks ground. While we think this is a great goal to have, it's important that we continue to maintain our parks. We may not be able to mow right now, but we have a lot of other things we're working on to keep our parks safe, clean and accessible, so we're hoping to reach an 85% satisfaction rate compared to 70% in 2009 and 2010. We are very fortunate to have a large number of park acres in our city, which helps us keep that acreage per thousands of -- per thousand of population fairly reasonable and actually above the national standard, so again we're hoping, and we hope to see a 81 per thousand population standard. It's above the national recreation and park standard, which is a good thing for austin, and we hope to be able to continue to do that. And the rate we are going with acquisition of property, we should be able to do that and perhaps stay at that level, which has dropped about -- a little bit lower than the 24.21. And with that, that concludes the presentation, and we'll be able to answer questions or comments. thank you, sara. Questions?

Morrison: mayor?

Mayor leffingwell: laura?

Morrison: thank you. Thank you, sara. We love our parks.

Thank you. we love our pools, thank you for all your work. A few questions. I'm really glad that sheryl brought up the issue of dottie jordan, because one of the main concerns that raised for me was that -- and it's similar with austin rec, and that was that we were basically through the budget making a decision to divest ourselves of a recreation center, you know, because it wasn't necessarily going to be used as a recreation center, it was going to be used for offices. The same issue with the austin rec center, it's not clear at all to me that it's still going to be considered a rec center, and I think that that's -- for me that's a much broader discussion that we should have, and i appreciate that you needed to find savings, but I'm not comfortable, and I don't have an answer of where the money has to come from, but I'm not comfortable with just making the decision that austin rec center is going to go away as a rec center. Did you want to comment on that?

Just first of all let me say, you know, I don't think any -- in parks and recreation we take any pride in making reductions, although I think from a more strategic standpoint we're looking at how we can be more efficient and effective in what we do. And as pertains to austin recreation center, and i want kimberly to give you a little bit -- it's really repurposing and reusing but not taking away opportunities that exist. For instance, I want her to share that information because we just -- actually got an email that I think is exciting. The idea here is to look at how we continue to keep these facilities open, and i don't want to mislead anyone. That doesn't mean that we'll have everything that was in that center that was always there. As it pertains to dottie jordan, and we are certainly not saying that that center or that area is any less important than any other area in our city, but when it came down to it we started looking at our numbers through community input and looking across the city to see where we had lower numbers, and where we didn't have a lot of activity there. Now, it may be the fact that we haven't done a very good job. I'm -- and I'm certainly not throwing it back at our staff because they work very hard, but we also are looking at the resources we currently have, which causes a major problem with that, because through our community input process just recently we found that the majority of the citizens would like to see us do more, and they gave us cert had the highest priorities of what they are. We are trying to take what currently we have in staffing and repurpose that to do those things that are priorities based on citizen input. That does mean that we had to make some tough choices. However, through the creativity of your staff and the creativity of the leadership here, we're hoping to be able to not necessarily close those facilities but be able to do things that would keep that facility open and have those programs exist.

And so I'm going to let kimberly tell you because we actually have some exciting news to share with you.

In the case of the austin recreation center, I've been working with a number -- I've been exploring a number of opportunities for partnerships with not for profit organizations and in the midst of my exploration in the very beginning acc was one of the individuals that we immediately went to because they are a large user of that facility, and in the early exploration in june they had said that they weren't at all interested in an increased partnership, but I literally received it five minutes ago, a notification from them that they would love to reconsider that, and they absolutely are interested in providing operational services to us, where they would help us operate that recreation center and continue to provide much of the programming that's already available through rental contracts. One of the things that may or may not continue to happen there is the use -- some of the youth programming, and I don't mean the youth programming of the rental contracts but perhaps the after school programs, because the cost benefit, when you take a look at the number of resources and the amount of money it cospes to run a program. However, we did some research and found out that the two schools that are right around in the area that we actually provide services to, peas park and mathews --

morrison: and mathews.

And mastious, both of those schools have comparable programs that cost the same and have the ability to absorb those children that we wouldn't be able to provide those after-school programs to. So that's the exploration that's been happening at austin recreation center along with speaking to other not for profits, talking with jazzer size, making the commitment to maintain the agreements that we already have in place and somehow working through that. Everyone is interested in providing a public service. Everyone that I've spoken to is interested in supporting the parks department to be able to make that happen. So it's a matter of putting it down on paper. It would have been premature for me to have drawn up an agreement without public comment and giving consideration to council to decide whether or not this was something that they could support. So I have stopped short of drafting any sort of agreement, but I have been in contact with many individuals. At dottie jordan, it's the same scenario. I know there's a conception that we would be -- and i know we heard it from the citizens last night that we would be turning it into office spaces, and that was not the intention. The intention was to find a partner that could provide a public service. I don't know if it would be in the same form or fashion that we're providing it now, but there's other entities out there, there's other youth development entities that are looking for space to be able to provide their programs, arts programs, other youth developmental programs, people like the boys and girls club of america. There's also other social services that might be able to be able to provide services, there are crisis intervention, family counseling, those types of things. So I don't know where the notion came that we were going to turn it into office spaces, but we're exploring all of those options, and again, very premature for me to make -- draw up any sort and have it reviewed -- agreement and have it reviewed until I at least gave the consideration to council to be able to consider that and decide what little that they were thinking would be the best for the citizens of austin. well, I guess there has been, perhaps, a lot of misunderstanding. I actually got something written up from staff that said that dottie jonders, the services that were on ejordan, the services that were there would no longer be there, I got the feeling the services would significantly change, it would no longer be a rec center. I do think with dottie jordan he have we have to take into crption the history of that land and the comimentment that were made on the part of -- I don't know if the commitments were made by the city, but certainly the understanding of what that land is all about, but I think we already have direction in that regard. And I think you make a good point, sarah, that when we -- when we see numbers drop and we see utilization rates drop, rather than saying, oh, that means we don't need the center, we can -- and it's not about staff, a comment on staff, it's about we need to rethink what is meaningful in terms of recreation to the folks that are there. So I'm glad we're reworking that. We're on such a timeline, too, that that all makes it very complicated. And with regard to austin rec center, so you're saying it would remain effectively serving as a rec center. That's your plan?

That is what I'm hoping to negotiate. I spend much of my day -- yeah, I spend much of my day approaching as many different entities as possible to make that happen. So the answer is yes. Can I

guarantee every single service that's there? No, but I would love for it to remain a recreation center and provide that public service to the citizens of Austin. Well, if I got to rule the world and give direction to staff all on my own, it would be the direction is that needs to remain a rec center, and I don't know what the plan -- what makes me nervous is I don't know what the plan B is. You know, we're scheduled for a budget adoption in the middle of September, a few weeks away, and so a lot has to happen to make it -- get an agreement in place that's really acceptable to the council, and if that doesn't happen, that's where I don't know what the plan B is. Maybe, Bert, you can comment on that.

Council member, I think what we can do with staff is we can give you -- it sounds like -- it's pretty obvious from your comments that, you know, the idea of keeping a rec center there, was as with as many of the programs as -- is critical. What staff can do is give you the specifics on a comparison by comparison of what is there and what we believe that we can establish, some partnerships, short of going out and executing agreements because obviously we're not at that point. So I believe that we can work with staff and get you more specific information that gives you that sense that it would be a rec center should that be the direction from the council.

Morrison: Great.

If I may add to that, we're already in the process of running all of the scenarios and all of the cost benefits of those scenarios, so we should have that to you in the next week or two.

Morrison: All right. Let me add to that and just say, I also hope it continues to function -- both of those places continue to function as rec centers. At the same time, I strongly encourage you, Kimberly, to do what you're doing and try to forge these partnerships with other organizations to help us be able to afford as much of this kind of thing as we can. And I would say from my perspective that goes not only for Dottie Jordan and ARC but any other place you may have in mind for the future. Sheryl? I feel like oftentimes, Kimberly, that we give you direction to go and work miracles, and we don't do enough to help. So let me say right now to the entities that you are working with, first, thank you to Austin Community College, and as far as the Boys and Girls Club is concerned and anytime other entity that you may contact, we need your help, we have a difficult budget. We're not asking to -- for you to do it alone, but we want to partner with you. We're working on public-private partnerships, but we also need more public-public partnerships. And to the extent that you need any of us to make a call and talk to somebody to tell them that we need their help, we're here to do it. Are you volunteering all of us, Sheryl? [Laughter] Especially the mayor. [Laughter] Lee, I have just one more topic I wanted to go through. Also, I noticed in the budget, I think there is something new called concession fees that it sounds like are perhaps a new fee for using our parks, for instance, for fitness programs, which I know was a huge piece of a discussion that -- community discussion that came up maybe a year ago when it was originally proposed. So I see it -- am I right that it's in the budget now?

You are absolutely right. And this is from the team of -- we had an awesome team of businesses, fitness companies. We all came to an understanding, which was -- I mean, that's kind of a unique thing. We went through this storming, norming, forming process, and they were all in agreement, and even came before the Parks and Recreation Board and said we support this. [One moment, please, for ]

Morrison: So it was a big long stakeholder discussion.

Oh, yes and it went on and on. We're in the norming stage. We had our storming stage where everybody didn't agree. We worked it through and now we have everyone's buy-in who was on this committee and agree and are willing to bring it back.

Morrison: Last month we got an update on the general fund and apparently there is savings from 48 vacancies which seemed like a high percentage. Can you talk about what those vacancies are and were we really planning on keeping them vacant?

First of all let me say no. We are seeing a lot of retirees. The other thing we lost throw or four park rangers because they, one, went back to school, or two, they are taking jobs at the county or other places where unfortunately the salary is a little better for them. We are not at all, we are planning to use every single one of them. The other part I will see in defense of our staff, we're looking at how we are structured and addressing issues and we've had to repurpose and move some things around particularly in the area of high need. One of the things we're doing is we have to hold on to something if we have to repurpose it or realign it, that means we have to go office to redefine the position and it takes a little while. And so some of that is a result of that, but angela means, our finance grew radio guru is here.

At this time we have approximately 48 vacancies. We began with the fiscal year with approximately 90. We've put on aggressive campaign, if you will, to make sure that we hire all of our vacant positions in our department. We do have quite a bit of retirements. We're just dealing with the turnover from our individuals that have been with the department for quite some time. We're also due to repurposing working with our human resources department in reclassifying several of our positions. So that's where we stand right now. We are doing an aggressive approach to ensure that these positions are filled.

Morrison: Okay, great, I'm glad to hear that. Then we know you all -- we want as much work in our parks getting done as possible. And just to say I know a lot of people that are looking for jobs and would love to work for the city. Will these jobs be posted on our welcome back sight as they come up?

Yes, they are posted on the e career system.

Morrison: Great. Thank you.

Mayor Leffingwell: Chris and then sheryl.

Riley: I want to follow up on that too. I want to congratulate you on the progress you're making on filling those vacancies but i notice pard is still at 9% vacancy raid. I just want to see, i understand that jobs are posted now. Can you tell us are those concentrated in any particular area of the department?

They are heavy in our programmatic side of the community services side so that's our recreational centers. We also just a few in our maintenance area but not much. Just due to the fact those positions were hired very [inaudible] but primarily in the community programmatic sides.

As bert mentioned some of those are in the process. They've been advertised and were in various stages. But the majority of those being in recreation is a repurposing of after the community input session, kimberly had some positions she's looking at where to place those to get the biggest effect on the community making sure we serve the right groups. When we get vacancies in parks, we fill those as fast as we can because we need the boots on the ground as fast as we can. You have several vacancies you are working.

In the very beginning we noticed we were lacking some areas in which to be able to standardize our programs, the core programs that we offer, the after school to summer camps. We noticed there was a lack of ability to provide inclusion services throughout the city. We also realized that there was inadequate or not enough individuals to maintain our ballfields and that -- ballfields happen to be under. And so I took several, I would say up to ten positions, i could give you the exact number, and I reclassified them into different entities. On top of those ten. So if we took ten of the 48 that's down the 38. Just recently I can tell you I've had one, two, three, four, five retirements over the past two months, so that's 15 of the 48. On top of just the regular attrition where people have found other opportunities and moved out of state. I've had three, four, five resignations in the past four months of people who have decided to move back to their home states, go back to school, those types of things. That's off the top of my head that I can account for 20 or 25 of those positions. I can give you a lot more information

but that's off the top of my head right here.

Riley: Okay. Great. If I could just shift back to rec centers, I want to echo my colleagues' comments about they are interested in keeping both Dottie Jordan and A.R.C. Open and alive at rec centers while still continuing our efforts to find new partnerships that will allow us to improve and expand on the programs that are offered at those and other rec centers. In that regard I notice that it seems to me that as we -- as we look ahead to the prospect of, you know, ever -- continuing challenges on the budget and keeping our parks in good condition and well staffed, I think we're going to have to continue to explore opportunities for new partnerships. And I know that there have been -- we've seen some real success with groups like the Friends of Pease Park, other parks where we have citizens stepping forward and trying to fill in gaps where the city is not able to do everything that it would like to. You have private groups coming forward wanting to provide active support for parks and make sure they remain in good condition. And so I want to make sure that we are positioned to make use of those -- those sorts of efforts in the future to the greatest extent possible. I noticed on the list of unmet 2012 there was one item for additional parks, community initiated project support. And that would have been three FTEs. And the cost would have been \$171,581. My understanding is those positions would enable the department to respond more -- more quickly and more effectively to efforts on the part of the private sector to step up and provide additional support for our parks. Is that right?

That's correct, and I'll say too, there's two folds. The city manager has tasked us to come back with recommendations how we can instill more creativity and we'll be coming back with things that might be recommendations on how the city as a whole can take on this whole model of creativity and the partnership efforts. The other side is yes, currently we have one person that's our one-stop shop. And let me tell you there's hundreds of them with Norwood and Mayfield and Peas Foundation and the Austin Parks Foundation and the Austin Trail Foundation, they are coming in with great ideas. My first thing is yes, we can really make this work, but there are a series of steps you have to go through and processes working with purchasing or city attorney's office. And so one of the things and the reason we put that in there we feel like if we had the additional staff to be able to facilitate that we could move faster to getting those things through the doors. That's just one effort. What will be fascinating as a group we'll be coming back with a recommendation to city manager looking at this more holistically and this may be another effort to look at how do we enable these efforts, these partnerships, these opportunities where they want to bring money or bring labor bring any other services, how do we leverage that so the city as a whole runs for efficiently and effectively and environmentally friendly. We're working on that to come back to the city manager. Manager.

Riley: This is another situation where spending that additional money on our part would lead to significant -- not just savings but additional services.

Yes, absolutely.

Riley: And improvements in services in the future.

Actually I tell you that it can save this department and perhaps others. We're talking the opportunity is endless there in saving dollars, saving work opportunities through what we're doing currently, but look a little these other partnerships not just in recreation centers but how we run our parks and develop our parks. All of those things there's opportunities through partnerships with nonprofits, the public and with private.

Riley: Well, I appreciate the department's interest in that and also appreciate the efforts the parts of the groups you mentioned like the Trail Foundation and the Austin Parks Foundation. And I would be very supportive to the extent we can identify the funding to meet that unmet service demand, I would definitely be supportive of that.



Thank you. Thank you very much.

Mayor Leffingwell: Sheryl.

Cole: Mayor, I simply want to support councilmember riley's statement, I would be highly supportive of adding that as an unmet need because it makes so many dividends and I saw it 100 fold with the wallace creek and I really believe in that. I would also add that councilmember spelman and i worked together to do the neighborhood matching fund and we don't have enough people to utilize what we have already said we would do out in the community and I think the community would appreciate that and we would benefit from it.

Thank you. Thank you.

Mayor Leffingwell: Kathie.

Tovo: I have a few questions. I just want to say I too agree with the comments about the austin recreation center and dottie jordan. And I hope that -- I guess i hope as you move forward and bringing in private partners, I wonder if those arrangements could be instructed in a way to -- structured in a way to sort of serve -- have as your basic assumptions some of those most important critical programs will continue and if it's after school programs, and to me that rises to the top of the kinds of programs we want to continue in those facilities, and just make that part of the deal. If you want to come in as a partner, you find ways for those to be preserved. A couple specific questions. You mentioned that peas eflt and matthews are the closest schools to the austin recreation center. For the most part were the children participating in the programs originating?

Those are the schools in which we provide transportation from those schools to the austin recreation center ares to participate in the programs. So those are where our participants are coming from.

Tovo: I would just say i like -- at least on the surface I think it makes good sense to providing those services at the school and that might encourage more youth to participate. Some parents have concerns about that kind of transportation.

And we're looking into opportunities with aisd. Because they were out for the summertime, it was difficult to have conversations but it's something we're exploring, absolutely exploring and having conversations with them. I high lie doubt in all honesty that we'll have something solidified but we're working with them right now.

Tovo: I guess on another topic, the new positions for urban agriculture, I mean I'm very, very supportive of community gardens. I wonder, though, have you given any thought is it even feasible to think about reclassifying positions you already have to meet that need?

Well, actually those positions are in place and we actually -- working with our budget office because we couldn't identify in the middle of the year position we had a vacancy, what we did we worked to go ahead and fill a borrowed position from another area in our department to do that. We didn't fill the .5. That's what that is.

Tovo: Thanks for that clarification. Of the areas of the proposed budget -- let me make the quick comment and then the more difficult one. The zilker botanical gardens, that is a significant revenue opportunity and it is difficult to move from has been a free public resource to something that's charged. But I understand there are no good cuts in here and your options are really limited. But I wonder and I don't know if this is something that can happen as part of the budget process or we need to do a separate resolution, I would like to see there be a commitment on the part of the city to have one free day a month at the zilker botanical gardens on a weekend, a saturday or a sunday so that that can

remain a free public resource at least one day of the month.

That's a great idea. Thank you.

Tovo: And then one of the other areas I wanted to ask questions about and I've read your budget responses, but the playground program. I think that is going to be a real difficult and impactful reduction for the community. And I have a couple quick questions. I noticed in the budget responses to question -- request number 52 there are some user -- there are user numbers for the summer playground program. And there were a few venues that had every other week zero. And it was such a consistent pattern that I'm wondering if you can explain.

Those are drop-in programs and so I cannot explain. It meant that in that particular neighborhood or wherever that particular recreation -- I'm sorry, that particular playground was placed that children had chose not to come. Perhaps they chose another opportunity, perhaps there was something else that they could engage in that the playground program was not necessarily the place that they chose to go to. I can check in if there's any other more specific explanation than that, but that is what my understanding is is we can't necessarily account for that. If those days happen to be when it was extreme heat, perhaps they decided that it wasn't worth coming out. But I would have to go through --

Tovo: What I was saying is it's so consistent, zero six, zero six, zero six, i think there has to be something else going on there.

Sheryl bolin and I think what you are looking at is the first column is for year 2010 and the second 2011. The ones you are seeing --

Tovo: Confusing. A late review. Thank you. Must be something going on in that community. Thanks for that explanation. So when you selected venues for potential playground programs to close, was there a attempt to also look at where free food programs are going on and to make sure you weren't closing down the sites that had --

absolutely. Those areas that are on that map, we were asked to give you a proposal as to where they would go. What I am waiting for, which is most important to me, is the final demographic information for income. And where children are actually living in the city. And I have been -- I have worked with our demographer and I have received ethnicity information but I haven't been able to get the income and the children information, where children live who are 12 and under that would utilize those playgrounds. That will be the demographic information that's helping us decide where should those free playground sites be. Where do most of the children live, where is most of the need needed in the area. While we gave you a proposed because we were asked to give ideas based on attendance and what the previous before 2010 demographics said, we provided a map. But it will be completely reviewed after I receive the demographic information that's most recent from 2010 and that's how the sites will be chosen. Where do the children live who need it most and where do the children need it most that are utilizing that program, where is the attendance the highest that we could meet the needs of most individuals. And we also think that there is a need for us to do a better job of marketing where our free and -- free lunch program is at because if we did a better job of marketing that in areas that we knew there was a need, more children would come to those sites, and so absolutely that's a consideration. While we gave you that map there, it was a proposal so you could see how we were thinking about things, but i cannot say that's going to be the end product until I get the demographic information.

Tovo: Thanks. I guess the other piece of information that would be interesting to know about the playground program is what are the hours where it's most highly utilized. Is it primarily in the morning, in the afternoon? 00 is the primary time that children come.

Tovo: Then I guess as a last question, have you given any -- you are clearly doing some restructuring in terms of increasing, you know, there's an interest in increasing the quality of the programming at the

same time you are reducing the number of sites. In other cities there are playground programs that have -- that run a little bit differently where there is also a charge associated with them. Have you given any thought to having kind of a sliding scale from free and, you know, a good wide opportunity for free use of it but also charging a fee for users who can afford it.

Angela and I who was sitting here before, we are doing a complete fee study together along with an intern that we have hired and we are taking a look at all of the fees, all of our missed revenue opportunities. And we're also taking a look at not just where we could add fees but how could we make those fees equitable or not eliminate groups of individuals from utilizing our services because of a fee. So what would a subsidization level be. The answer is absolutely yes. It's not this the fee schedule for the 2012 budget cycle but it's something we're reviewing and it could be a possibility. I'm hesitant to say if we choose to go to these playgrounds where we think that the demographically there is the most need, I don't know that they could pay but we could look at a schedule because there may be individuals who live in the area and we could collect some revenue.

Tovo: Again, that would be the intent, to provide it as a free service to those who need it to be a free service because it seems to me based on my limited research that serves a very important function for families who need a child care option while school is closed and we want it to be free and accessible as possible and I'm just on the surface, this is a pretty dramatic cut and it is going to reduce access for a lot of families so figuring out whether there's a way to off set it for families that can afford it would be a goal. I'm glad you are looking at that. One concern I've heard there's not much supervision for a program of that sort where they are dropping off children and leaving them. I'm sure that's something you are evaluating in terms of the city's liability, but also in terms of a way to increase traffic to that program.

Absolutely. And when you take a look at the number of resources that you have and maybe it was a mistake for us to expand our services over the summer, because we had a given amount of resources and then we expanded them over an extra number of playgrounds, which then meant we spread our resources more thin or it became -- you know what I'm saying, they became less at each of those playground sites. And so by reducing the number of sites, and granted we are reducing some of the funding associated, but by reducing the sites we can provide the appropriate supervision and the appropriate quality of program that citizens have come to expect. So we may have -- in our efforts to serve as many people as possible reduced our ability to appropriately supervise and to appropriately provide a quality program and hopefully by making these reductions we'll do a better job of that. Not hopefully, we will. We will.

Tovo: Thanks for those response. As I said, it's very clear the challenges are great and there are no easy cuts in your budget. And I wanted to just say also that I appreciate the emphasis on inclusion across the city. Certainly as part of the families and children's task force we heard that for families of children with special needs it is difficult and the recreation centers programs are well respect toed and limited and some families would prefer having their children in programs closer to their home so that's a really important goal and I'm pleased to hear you talking about that today.

Mayor Leffingwell: Anything else? Thank you. I think we can maybe squeeze in the library before we go into recess.

Good morning, mayor.

Mayor Leffingwell: Welcome.

With me today is victoria reiger, financial you're financial manager and dana McBEE ASSISTANT DIRECTOR OF Support services. The library's budget is 3% increase over 2011 current year budget. As you can see from this chart -- sorry.

Go ahead.

As you can see from this 1% of our funding comes from the general fund. 8% Of our spending -- of our spending is on public services. 7% Is spent on behind the scenes support services, and 4% is for materials and the staff to handle materials management. The library's cost drivers total 1.1 million. The additional funding is for \$284,000 for health insurance, 306,000 for the 2% wage adjustment, and the \$500,000 for other departmental costs break out 98,000 for inflationary cost increases for materials and databases, 131,000 for increases in cataloging and processing of materials that has been underfunded in that line item for several years. \$18,000 Additional funding for our security and fire alarm contract. \$59,600 Additional for terminal pay projected for six long-term employees who be retiring. 84,000 For software and maintenance contracts. \$8,600 Net increase for fleet fuel and maintenance. And other miscellaneous contracts and commodities. The library's proposed budget reductions include a \$243,000 reduction in the materials budget and a \$41,000 reduction in cataloging and processing. A reduction from the fox central library hours for a total of \$102,000. 25 VACANT FTEs. We'll open the faulk library later and close earlier. 00 to instead of sock to 9:00 p.m. These are the least busy hours so it should have minimal impact on customers. 36 vacant FTEs, WHICH RESULTS IN A Savings of \$101,000. 270,000 In additional savings occurs by restructuring the lease for the recycled book stores. Reducing the line item for i.t. support by 74,000. Reducing the database budget by 41,000 and reducing contractual services by \$80,000. The 2011 budget highlights it 3 million for library books, periodicals and electronic databases. 5 Million from the annual operating budget, and 800,000 to begin purchasing materials for the new central library. Continues critical funding for security guard services at the winds door branch and security enhancement and repairs for st. john's community center. \$71,000 Is the public library's portion of that amount. And continues the investment in the amount of \$84,000 in which, of course, is central to our core business. It's mostly in contracts. These are the highlights from the library's capital budget. 8 Million for the design and construction of the new central library. This includes \$5 million over the next five years for materials. 544,000 For exterior cameras for all library locations. And 280,000 for boilers and flue retrofit for the john henry library. Performance measure highlights citizen satisfaction on the 2010 survey -- with library materials was at 71%. Because we received an additional \$500,000 for materials in the current 2011 budget we thought the satisfaction would increase to 80%. With the proposed reduction in the materials budget we project that the citizens satisfaction with library materials may decline slightly to 78%. Citizen satisfaction with quality of libraries was at 73% on the 2010 survey. With additional materials and funding increased security in the current budget we thought that the citizen satisfaction would increase to 78%. With the proposed decrease in materials budget and proposed closing of the central library eight hours, we project the citizen satisfaction with the quality of libraries may decline slightly to 76%. In the 2010 budget, a.p.l. 84 per capita on materials. The proposed reduction of 243,000 from our materials funding would result in a decline to \$3.14 per capita. Using a new measure, we think that we will end this current 78 circulations per capita. Because circulation has 4% per year previously and because of the proposed reduction in the materials budget for 2012, we project less of an increase, 3% or 5.85 per capita. Program attendance per capita 16 per capita for the 2010 budget. We estimate we will drop very 15 per capita for 14 for the proposed budget year. Primarily due to an increase in population. Another new measure is business per capita. We think that in the current 4 visits per capita. We think this will remain 42 in the proposed budget because population is increasing and visits per capita annually increase a very small percentage. The last new measure is internet sessions per capita. We think that in the current 94 sessions per capita and that will decline slightly in the proposed budget primarily because we're maxed out on computers and the population numbers are increasing. And that concludes our presentation. We would be happy to answer any questions that you may have.

Cole: Councilmember riley.

Riley: Brenda, I want to thank you for the presentation and all your work. It'sing encouraging to see in spite of challenges you are making progress on fronts. I wanted to ask about the proposed change to the hours of the faulk central library, and as we can pep with any change like that, of course, we have heard complaints about that which is a good sign. We want people to appreciate and value our library services so it makes sense when we propose curtailing there be some protests. I want to ask you about

that. Sometimes we speak in terms of structural changes to the budget that we really think need to be permanent in going forward and others are just more temporary adjustments to meet immediate needs. When people are looking at the hours of our central library and see them contracting as proposed, should we be seeing that as something that we'll just need to get used to like indefinitely, that people should just expect those limited hours, or do we -- would your vision be that over time as we move towards a new central library and a somewhat different model of that library that we might be able to go back to providing the hours that people have been accustomed to in the past?

There's two ways of looking at that. Obviously when you have to make budget reductions you look at the least utilized times, and so that's why this is on the table now. However, we also look at cost effectiveness and efficiency measures all the time. And in the current central library, those are the two times that are the least used by the citizens. It's hard to predict what will happen with the new central library. I would suggest that when we open the new central library we open expanding the hours back to what we have now and then look at it and see if that, in fact, is because of the new location, because of the energy around revitalized facility in the heart of everything that's going on, that will be going on down there. It may be that those hours come back up. But if they don't, we could look at reducing them again.

Riley: There is some basis for expecting a broader range of activity at the new central library.

Absolutely. When new central libraries open, typically the circulation doubles all across the country whenever that happens. Our move to this area we think will increase usage at all hours of the library for a number of reasons. So I'd like to open with these hours restored and just see how it goes. And then if for some reason we find these or any of the hours are not utilized, we could consider cutting back but I would like to start with these hours restored.

Riley: We're gearing up to open up a new central library and so for the time -- for the interim time as we're working on that that we're going to have to see some contraction of the hours of operation of our current central library, but the long-term vision is to go back to the sort of hours that we used to offer, in fact possibly even more. And to encourage more use of the central library than we've ever seen before.

Absolutely. That would be my recommendation. Recommendation.

Riley: Okay. Great. Thanks.

Mayor Leffingwell: So how many branch libraries do we have?

20.

Mayor Leffingwell: 20. And so 21 libraries total? and the history center so 22.

Mayor Leffingwell: How does that compare to peer cities?

21 is the average.

Morrison: I know everyone is excited about the new central library. In terms of the performance measures, the -- a lot of these numbers when we got some presentations previously are significantly less in terms of use age of our library system compared to peer cities. And it's interesting, it's a little like the parks when we look at oh, the utilization is down so we need to rein in what we're using. On the other hand it may be a question of maybe we need to change the way we're reaching out. Do we have -- do you have any idea why, for instance -- I think the number is about half compared to some of our peer cities in some of these usage numbers in terms of library I don't know if it's circulation per capita or

whatever. Do you have sort of a theory as to why that is?

Absolutely. It's all tied to materials. Our materials budget is a third of what most cities, peer cities are. And I contend if we had budgets equivalent to theirs ours would surpass theirs probably.

Morrison: And in terms -- so that's interesting. So people just don't find that much -- don't find as many useful things at the library --

I can tell you that the biggest complaint that we get across the desk, the anecdotal information I get from my staff is that a lot of people tell them all day long every day I came looking for something, I didn't find it. And that it is because of the materials budget and the amount of materials that we're able to get and the quantities that we can spread out across the system.

Morrison: Right. And what are we -- in terms of the new central library, i think that materials is a big chunk of -- or we do have a big chunk set aside for that.

5 Million over five years we'll be adding to the collection.

Morrison: Great. And if I remember properly, last year we did -- we did up our materials budget.

500,000. Reducing it slightly this year. But we -- that boost really helped a lot.

Morrison: So we're trying to make inroads there.

Brenda, you have money in your budget, you have about 240, \$250,000 for 2-12 if I'm not mistaken and for the central library towards the goal of 5 million other five years, slightly less than a million.

800,000.

800,000.

Morrison: And, of course, the central library is going to draw people for even more reasons than materials.

Oh, absolutely. Very exciting.

Councilmember, the other thing I think brenda can explain pretty briefly, as you know, the whole model that we presented to council with the new central library was the library for the future. And that was taking a whole different approach in terms of an environment of -- as a matter of fact, we engaged a library futurist who has been very essential because we found that access to the materials and the books is extremely critical just as much as the technology. So the model that we're creating here, we believe, is going to go a long ways to give folks the access to the materials that they need. It's sort of like the amazon experience for those who are avid book readers and being able to give folks the choices and not having it sit in a shelf at the library itself. We're pretty excited about the model.

Morrison: When you said the amazon experience, i thought we were going to the jungle. [Laughter] yeah, that's really the challenge for the future is the use of technology, but on the other hand libraries are going to be more and more important about being a place of where you can get your hands on a book, which is also an extremely important experience.

True.

Morrison: Thank you.

Mayor Leffingwell: Kathie.

Tovo: I have just a couple quick questions and i want to say boy, I really love and use the public libraries here and my girls love it and it's just a big part of our lives. But one of the things that really that I've noticed living in austin that is different from some other public library systems is the way in which you will transfer books to a facility for the user rather than asking that user to go to the branch library. You know, as a user, it's very, very convenient and it means that I -- I almost all the time can find what I'm looking for, but how costly is it for our library branch, just in kind of global terms. Does that add up to be a costly expense to transfer books back and forth for users at no cost to them and secondly is that a pretty common practice in peer cities?

Cost is relative and we can get you those figures and i can tell you exactly what it cost to do that. Last year council approved two additional vans and two additional staff members because the workload is so hard. I mean it's really increasing tremendously. But -- but you have to consider that is one most popular services we offer. We hear from customers they value not having to use the gas to get from their homes to a branch where a book is residing. In you weigh that, it may balance out. We can get you those figures.

Tovo: That's. That's helpful. Big picture information. Lastly, how does often compare to peer cities in terms of fines? Is there an opportunity to increase them, are they about right?

They are about right. Every year we do some research and find out what everybody else is charging and we're right there with everyone else.

Tovo: And the materials, the cuts in the materials budget for this year, i understand they are going to be off set to some extent by the expenditures that you can now do for the central library. Are those reductions going to be spread across the branch system?

Yes. We'll change our formula. We have a formula in place where we determine how much will each branch get based on circulation that is correct sort of thing. And it will go across the board.

Tovo: Okay. Thank you.

Mayor Leffingwell: Okay, are there going to be any -- we're getting ready to go into recess. Are there going to be any more questions on library here? Okay. Council, without objection, we're in recess until 4:00 p.m. And we'll anticipate about one hour beginning at 4:00 p.m.

Mayor Leffingwell: We are out of recess. Is the mic on? We're out of recess at and will resume with a briefing from the austin water utility.

Good morning. Morning. [Laughter] sorry. Yeah. Afternoon. Greg masarus and david, my assistant. We'll get our presentation started. Okay. I would start off with just a slide on fund summaries. Our projected budget is very similar to the forecast that we gave in the spring. We have a couple of differences that I would note. We're currently proposing in the budget that we're going to have a higher beginning balance than we had forecasted predominantly because of higher than budgeted revenues with the drier summer. With those additional revenues, you'll see that our transfer out category has been increased from about 80 million at the forecast period to about 87.5 million. Transfers out is the term we use for equity or cash financing of our c.i.p. So we had proposed increasing equity financing of the c.i.p. I would note that this assumption for the forecasted or for the budget for 2012 is now also in flux in the sense that we have announced stage 2 water restrictions. And while they aren't likely to hit the ending balance for the current fiscal year, we're currently projecting by the end of the calendar year that we'll --

revenue reductions will be in the 12 to 19 million-dollar range. So we're expecting certainly 2012 as stage 2 water restrictions take hold and likely will stay in place for some time we'll have significant revenue losses as compared to revenue forecasts and we'll likely need to reduce our transfers to the as we did in 2010 when we had a similar effect from wet weather as opposed to dry weather. So even though we're having a little higher cash balances and a little higher transfers out projected from forecast, we think we're going to end up likely giving a lot of that back as we're dealing with what are going to be substantial revenue reductions given the stage 2 water restrictions. Going into requirements, our requirements for 2012, our cost drivers, what's increasing costs, a high level summary so council understands what's driving rates, person personnel costs, compensation adjustment, citywide related matters, additional contributions to retirement, health care increases are accounting for \$3.4 million. Additional o&m, austin water is switching to all green choice energy throughout 2012 and we're a large user of power which will be a substantial increase to our power cost as we switch to green choice. Rate increases will impact us and that's included in here as well as some other related o&m costs such as increases to public works for street cut repairs. On the debt service side, 5 million projected increase in debt service. And we talk about this in the forecast, but a good chunk of that, over half is debt service increases on existing debt. IN THE 1990s, THERE WAS Restructuring of the utility's debt and postponing payments into the future and what seemed a long ago in the 1990s IS TODAY SO THAT Additional principal payments are coming due on our existing debt and that will be with us for the next several years as we're working through that. New debt service for new infrastructure that we're doing is projected to be 4 million, and we separated out plant 4 debt service, 4 million in the 2012 budget. Additional transfers out to other departments in the city beyond our general fund regular dividend transfer, those are increasing in some categories at about \$1.3 million. So that's the total of what's our cost drivers for 2012. We have been taking cost containment steps throughout the year as well as other years. Again this career we're PROPOSING NO NEW FTEs. FTEs REMAIN ESSENTIALLY FLAT For us over about a 15-year period. Additional steps to control operation and maintenance we 5 million of savings there. We continue to control contractual costs where we can at 2008 levels, hardware, software, miscellaneous contracted services, some consulting services, things that we can control or continue to keep those at lower levels. We've reduced budgeted amounts for legal fees. Some of our conservation rebate programs have run their course. Toilet rebates are going down. Lower costs for chemicals in terms of bidding as well as general lower cost computer hardware, software areas that we've targeted. We're chewing up our contingency funds to reflect historical spending which is driving decreases. We're forecasting higher vacancy savings. We have been running higher vacancies most because of the effect of revenue decreases in 2010. Right now we're at 12% vacancies which is too high. We're in the process of bringing that down for 2012, we would like to see that leveled about an average of 7.5% vacancies. We also took steps to reduce as we described in the forecast in the spring reduced that about 12% over the five-year period or roughly \$150 million compared to the previous five-year period. On the revenue side, in terms of the volumetric rate increases to the different 5%, wastewater at 3.5%. Right now reclaimed, we would like to see that increased in the future to come closer to what the potable rates are. Combined cross wart and 5% and then our proposed new water sustain ability fee we're going to rename in a based on feedback at our commission meeting. That's really the central change in this year's budget so I'm going to spend a few slides on that today since that's really the main change. I want to start the discussion on this new fee with the end in mind. What are we trying to do with this new fee, as opposed to what makes up the new fee, wanted to describe the the mayor and council why again we're trying this new fee. And really it's a business model adaptation or change. It's something that we've gotten feedback through the years as we're seeing more volatility in our revenues, as we're implementing more conservation, as we're growing rec more aggressively, that's creating a large balance within our fixed costs, how much we have to pay every year to run the utility no matter how much water or wastewater services we provide. No matter the weather we have very high fixed costs versus how much is raised through fees. There's a structural imbalance and that's one of the purposes. In addition we're experiencing high revenue volatility. We see our revenue really plunge from year to year through predominantly weather but also additional conservation. And we just described that in 2010 revenues plunged because we had 50 inches of rain. This year revenues were slightly above projection but it's been too dry. We have an extreme on the our side as we move by stage 2 water restriction, revenues will start to plunge again. The only way we have to manage the volatilitys is cash balances. We don't have a strategic reserve fund like austin energy, we just have cash on hand. That



volatility is sharpening and we see it as a risk as we move into the future and we're recommending this business model change as a way to address that risk. And here's a little more detail. Our current 2011 requirements, 80% of our costs are fixed. It doesn't matter how much water we sell, we're going to pay that amount of water. 40% Goes right to our debt service for debt we've issued over the last 10 or 20 years. We transfer 8% of all revenues to the general fund. We transfer another 1% to other funds. We have other fixed fees. We don't lay off our people if it rains one year and hire them back the next year. That 80% of our costs are fixed. 20% Are variable. Currently as configured in 2011, just 12 percent of our water revenues come from fixed fees. 88% Come from value you metric. And again, that's -- volumetric. That's a very imbalanced ratio. By implementing a \$6 what we're going to call revenue stability fee, that starts to rebalance that a little bit. It goes from 12% to 21% with the implementation of this new fixed cost fee. So again, just give you a sense of the scale of that. We did a comparison of other utilities across Texas as well as across the nation that we often compare ourselves to and our current fixed fee is \$7 on the water side and that's on the low end. We're in a high volatile part of the country in terms of weather, but our fixed fee on water is pretty low compared to other utilities. By implementing this new revenue stability fee we end up getting that roughly in the \$13 range and we think that's a positive business model adaptation for us into the future. Here's another perspective. If you look at residential rates, we have an inclining block rate. The more water you use, the more you pay. That's done a lot for rate design purposes that you want to send strong pricing signals. If you use a lot of water, you are going to pay a lot more. The first 2,000 gallons of water you use you pay a dollar. Once you get above 25,000 gallons, you pay almost \$12. 12 To run in terms of block rates for residential customers. If we were to say what is the average cost of water for a residential customer, if we were going to charge a flat fee, and I'm not recommending that, just for comparison purposes, we would charge 16 per thousand gallons. What this demonstrates is that the lower blocks are well under costs for residential customers and the upper blocks are well above costs. Again, there's good reason and that's fair and appropriate and in the residential class as a whole is generally at cost, a little above, a little below. What it demonstrates the lower blocks are inadequate to sustain the facility because they are under cost. And we make up for that and have over the years by charging more in the upper blocks. When the upper blocks go away or are reduced through weather issues, either too dry or too wet, or conservation, that's what conservation is targeting are those upper blocks, the lower blocks, the first 9,000 gallons is inadequate to support the utility. Just an example in January when nobody is using more than 10 or 12,000 a month, we're not raising enough money. We make up for that in the summer. But when we have a poor summer for either weather purposes, too wet or too dry and accelerated conservation, it's creating this high revenue volatility for us. Our revenues on the water side are just like a roller coaster. And here's a graphic of that. This is water cash balances over about the last five years. You can see that in a dry year beginning I think it's 05, 06, the blue line starts to climb, revenues climb. The red line is our goal where we would like to see water cash balances be above about 30 million. They peak. We hit a wet year in 2007, a lot of rain, over 50 inches of rain, and you can see water cash balances start to plummet. They bottom out. It gets dry, we start to climb up she we peak again, hit another wet year, 2010, and they fall more sharply, plummet almost straight down over a period of a few months, we bottom out and then we start to build again. You can see our water cash balances have not yet recovered even from 2010 and here we are facing again additional revenue pressures with it being too dry and us going to stage 2. And that's all we have is the water cash balances. We don't have a strategic reserve fund to fall back on. That's all we have to manage as these issues occur. And that's looking riskier. So we're proposing what we termed at the forecast time water sustainability fee based on input from our commission really going rechristen that water stability fee, but we think this fee accomplishes several key outcomes. One, it fulfills a lot of sustainability goals in the biggest sense of the word stabilizing finances. A stable facility is sustainable financially, we start to rebalance some of these volatility issues, helps us continue to do conservation, helps us continue to manage in a high volatility and helps us do things for the community that go beyond water and wastewater. We provide for the community conservation for the long term. We're the primary agency that manages the 35,000 acres of open space for the community. We are growing a reclaimed water program that's heavily subsidized and by working through this new fee we're able to accomplish all those goals in addit to managing he will revenue volatility and we believe this new fee is good for our low-income customers that often struggle the most to pay. I'll have a slide on that. The fee again as we talked about in the forecast is constructed by -- we just kind of looked at originally conservation operations, wildlands, debt service on

wildlands, reclaimed subsidies, losses on conservation and developed a fee that would recover roughly 5 million or roughly \$6 per 5/8 equivalent meter. We took this fee through an extensive public input process at our commission. Our commission held three meetings on our budget and this fee, two budget subcommittee meetings and then the main commission meeting, and we had several opportunities for citizens to come speak. We had several citizens speak on this. Based on that, the commission made some recommendations and we've accepted those and are recommending to council that we adopt -- adapt this fee in a few ways. One, they felt that because the business goal was stabilizing revenues, managing volatility, that a better term for this fee was instead of sustainability. They recommended we not term this revenue loss, they wanted a fee wrapped around hard budget items, what we're actually spend to go implement some programs as well as any additional be characterized as revenue stability as opposed to conservation revenue loss. They felt that was a more defensible, explainable approach to that fee. And so we've made those recommendations or would accept those recommendations and pass those on to council for consideration. Our commission was very adamant that we make sure we communicate that to council that that was their recommendation and so we're providing that to you here today too. Kind of based on that approach, we would really recommission this fee, the revenue stability fee instead of the sustainability fee. We would keep hard budget office. Items. We would call revenue stability to bring to us the recommended total of 23.4. That also gives the council options to build that revenue stability component or not in the future by having kind of that construct in there. So we would still recommend a \$6 fee, but viewed in a different light in a little different makeup based on some input from our commission. As we described at the forecast time the fee is not uniform in the sense that it escalates based on the size of your meter. The bigger your meter, the more you pay. We viewed the equivalent of your meter to a standard residential 5/8-inch meter and charge you an appropriate amount. Most customers pay \$6, but if you are a large residential customer with a meter you pay a little more. Commercial, industrial pays their equivalency and everybody pays. Nobody gets away without paying the fee. It applies to all customers. I talked about low-income customers and why believe this fee is good for low-income customers. A few years ago we joined with austin energy and began to provide rate relief to customers that demonstrate that they fit a certain criteria for customers assistance program we have over 5,000 customers in our customer assistance program and we waived fixed fees. And because this -- this revenue stability fee is a fixed fee, we would waive it for low-income customers. Where if we built it into the volumetric charges, they would have to pay it. And what this table demonstrates for you is in 2008 a typical low-income customer, a customer that qualified for a customer assistance program would have 59 for all their water and wastewater services. That was before we started waiving fixed fees for them. You can see over the last four years including the rate proposed in 2012 with the new revenue stability fee that they actually pay less today because of our waiver of fixed fees than they did back in 2008. So what I'm trying to demonstrate is by keeping this fixed fee, they benefit. Low-income customers benefit. Where if we don't have the fixed fee and have to try to recover for through higher volumetric rates, that low-income customers are going to pay that where they will have it waived as a fixed fees. The most vulnerable customers benefit by fixed fees because they are in essence immune to those if they are in the cap program. Okay. Kind of bringing everything together in terms of proposed rates on the residential side, you can see for each one of the water classes what the rate increases are on the volumetric side and then, of course, our fixed fees would go up if it's accepted, this new fee would add \$6 to the fixed fee so that's the water side kind of together. I would note we're continuing our transition of the residential customers class. They were above costs and we've been on a progression of trying to reduce them about 1% a year to get we'll be right them back to cost. We're recommending with this budget that we continue with the next 1% there. Not a lot going on in wastewater in terms of fees. A small increase to the minimum charge, 30 cents a month, and then some modest 3% range for the block rates on wastewater. But pretty quiet on the wastewater side. Water is really the major change this time around. This is the total picture, water and wastewater and revenue sustainability fee in one slide. Again, the volumetric charges in the 3 to 4% range and the bigger change is this new sustainability fee. 33 a 8% across water and wastewater for all fees and services in the 2012 budget that we have before you. I would note and we described this in the forecast, we are recommending that the council adopt a three-month average for wastewater averaging as opposed to the current practice which is take three months of winter use, drop the highest and have the lowest two. That's generally not keeping with that other utilities do. We also would recommend this change because we think it's more conservation minded.

That folks aren't going to be really tempted to maybe irrigate in one of the winter months heavily and then have that dropped from their wastewater average. We think that this three-month average is also a little more protective of the conservation programs and that's still in our recommendation to council. Plan 4 slide, try to give you a sense where we are in the plant 4 scale of rates. Really kind of put on there a past, and I indicated 2012 as past in the sense rate increase for matters in 2012 is really for work we completed already. That's just the way it works is we short-term finance with commercial paper, roll it into a bond. So the 2012 rate increase for plant 4 is for work already completed. If the council does stop plant 4, it's really going to affect rates in 2013 and beyond. The amount of plant 4 for 2012 7% or 50 cents a month for typical customer, that's what's -- what the 2012 part of plant 4 is. Our estimate for the total 50 per month for the typical residential customer once it's totally completed. And a little bit more on the capital budget and I won't spend a lot of time, but our about \$1.1 billion. Plant 4 completed by 2014. And then the capital program in the ladder two years really stabilizing at a lower level once plant 4 is completed. This is reduced from the previous five-year period and I think as you see future years the capital program will continue to stabilize right around 160 to 180 million. At least that's the hope. Some other notes, of course, plan, 4 is completed. Our existing plants including our funding at hornsby. We invest in water and wastewater lines. Service extensions are down. They are about \$49 million in the five-year c.i.p. Reclaimed waters a little under \$40 million. And we'll finish all of the high priority water conservation task force projects in this five-year c.i.p. We complete our southeast program, our investments in southeast 135 and we complete our downtown wastewater tunnel. Both of those are completed in 2012. A couple more slides. Performance measures, council typically asks for how our water and wastewater rates compare to other cities for residential. This is our graph of where we are and where we would be. I would note that the blue lines, the other cities is based on last year's rates. We typically don't update this with their current rate increases. It's hard to get them to share that until they pass. Witness they complete their budget years, the industry trend is rate increases for most utilities. We think we'll move back towards a central tendency on this graph. In the middle of the drought one of our key measures always is gallons per capita per day in terms of water use, and again you see noteworthy declines in the last few years. Last time we had an all time low. Water use less than 140. Even in the drought this year we're forecasting by the end of fiscal year gpcdu right around 160 which would be our third lowest in the last 15 years n the worst drought we're going to see good progress on our conservation program. Much to be pleased with their. The other slide, we had completed our austin clean water program to reduce overflows of our sanitary sewer system and happy torret we're seeing very high support in the sanitary system. We had our lowest area volume of overflows so I think we're seeing good dividends from the austin clean water program continuing. The last slide, this budget meets all fiscal policies of the council. It will continue to keep us on track for good water conservation in our 140 gcpd plan. We'll continue to provide high quality award winning wastewater and water services at our treatment plants. Water leak repairs, we'll continue our one day same day repair. We're going to rehab over 15 miles of water distribution main in 2012. 75 Miles over the five-year period. And complete several key investment projects, our downtown wastewater tunnel will be totally completed in 2012 as well as \$100 million of investment in our desired development zone in the southeast 135 area -- or 35 area. And that's it.

Mayor Leffingwell: Questions, council? Laura.

Morrison: Thanks, greg, and I appreciate you talking some about the new fee and taking the commission up on their recommendation to change the name of it because I guess from the sustainability fee to the revenue stability fee, i think that -- my concern was that no matter -- we need to collect more money. And whatever we -- whatever name we put on it, people are going to have a negative impression. I think making it a more neutral term is really a positive step. One of the things and I've been thinking about this in the process for coming up with it, and one of the things I'm trying to understand is do we have a -- you mentioned that we don't have a strategic reserve fund like austin energy does, and this actually might be a question for leslie, the question is why. Why don't -- why is it different between water and energy? And then the next question is if we did have a strategic reserve fund, is that what we will be using to try and smooth out our revenue ups and downs?

And I think that the austin water utility has goals related to the ending fund balance that they maintain.

Austin energy just simply designates what they have on hand. I think the water utility is thinking over the next few years of developing a designated reserve as well, but many times entities actually just maintain, for example, a minimum fund balance without designating it. And as long as you've got adequate cash on hand and, you know, you have some targets for keeping your fund balances at certain levels, then i think that's a pretty good practice. But they are actually thinking about calling something out and designating it similar to austin energy over the next -- into the near future, I think.

Morrison: Okay, so it's about just having a certain amount of money and you set a target. Do we have a target for what our end balance should be and where we want to maintain that?

It's based on the days of operation, I believe.

In our financial policy we have 45 days that the targeted. Which is only about \$22 million or so which is a little less than what we would need. So if our financial forecast earlier this spring we did show into the future trying to get that up to closer to 60 to 75 days. That will obviously depend upon rates into the future. But we do try to see the -- a slow increasing of our ending balance.

Morrison: So that's helpful to me because I'm still troubled by the rationale for the value, the amount that we set our fee at. Because it seems interesting but somewhat arbitrary. And so -- and even -- you know, when you first came to 40, something like that that you were proposing. There was some very offhand conversation about gray water and reclaimed water, and next thing I know you're saying, oh, council directed us to raise it by 50% from four something to six dollars. And so that felt really arbitrary especially on something that's going to affect, you know, I appreciate that we have a low-income program, but that's only 5,000 households that we're talking about so it is going to affect them. So for me it would seem a lot disciplined approach to say here's our target of what we want it to be. Here's -- here's a phased in program for reaching that target. For adjusting as things go up and down as you have to dip into your strategic fund or not. I guess the other reason it raises concerns is I know you all did it. We did a cost of service study for water about five years ago or something like that and our shifting -- our costs to more accurately reflect that. What I don't get is why we didn't address this back then and why -- if I understand it, we pretty much put that basic -- the fixed fee in place, the one that's now \$7 back then. And now we're saying, well, hey we have to double it so seems like we were really off. I'm just concerned. I look at austin energy. There's a very disciplined systematic approach looking at all the options and looking at phasing things in, and this doubling of the fixed in one fell swoop essentially, it feels like we could just do a more -- a more disciplined analytic approach to figuring out where we're going and what would be a more reasonable way to phase it in so it's not such a hit to our customers. Was any thought given to that approach?

Mayor Leffingwell: Can i make a comment on that first. First of all, I think that bar graph you showed earlier really kind of says it all. It's kind of inverted. The cost of the infrastructure to furnish the water is 80% and only 20% is volumetric. And the revenue stream is worse than exactly opposite. So there is a need to have a reasonable fee for the cost of providing the infrastructure to deliver the water regardless of how much water is actually used. And my understanding is that the electric utility is going to follow the same principle. They are going to -- and they are going to have a major jump proposal just like this one in a rate increase that we're going to hear very shortly. There's going to be approximately 12% and after that, after they realign this business model, then it's going to assume a maximum of 2% per year trajectory.

Morrison: Mayor, and i don't disagree with you. I'm just saying I don't know what our target is. What are we heading for in terms of being able to eventually -- do we think this will get us to the revenue stability, to the target end, ending balance or strategic fund whichever we want to call it? Do we have a plan for getting there? Do we know how long it will take? And shouldn't we base the fee on getting to that target? So I'm not disagreeing, mayor, I understood that. I'm just talking about where we are and where we're headed and have we given it that thought.

Do you want to take it or me?

Well, I will respond in a few ways. One, we've been identifying volatility risk in utility for at least two or three budget sessions. We've been talking about how our inclining block rate for residential customers has been accelerated, how we're pushing more costs into these upper block rates. How conservation is then having opposite effect of trying to bring those block rates down. Reclaim contributes to that. Certainly very extreme weather extremes have occurred --

Morrison: Let me interrupt because I don't disagree with that. I'm just saying what's the process we're using. Do we even know where we're headed? What's our target?

When you say target, you mean a target for like an ending fund balance?

Morrison: For our ending fund balance and are we using that as a mechanism for figuring out what our stability fee should be.

We didn't have a specific number that we wanted to increase our fixed costs to get it up to 30% or 35%. We really, again, started to say hey, we need to start this process of adapting our business model, that's something we've heard consistently from not only council but some of our boards and commission and internal talk. We talked about how to start that. We did start originally what kind of services do we provide that aren't always considered core water and wastewater services, things like the wild lands, subsidizing reclaimed, and started to construct a business model adaptation from that. But it wasn't really -- it was done in a way to say hey, we need to start down this road to begin these changes. This is a modest step to take to begin that process.

Morrison: I guess I disagree that it's modest if we're doubling the fee. That's part of my concern. So that's my opinion.

Mayor Leffingwell: Okay, so I want to continue just a little bit. To me, the way I'm reading this table here on page 51, the stability part of it is 9 million in total revenue. So that is actually a very small part. 10 stability fee, that's a small part of it. 10 fee is -- has to do with the as Greg just outlined, with the water utility having expenses that are not directly related to the delivery of water or the undelivery of wastewater. For example, our wild lands operation which includes not only water protection open space, preservation of the aquifer which has nothing to do with our drinking water supply and which we all support, I believe, I know I do, but in addition to that the management costs of the BCCP are this that wild lands operation. I remember when it was in the parks department. And it was transferred to the water utility along with water quality protection lands, I think. I'm just guessing 2003, something like that. [One moment, please, for change in captioners] 9, reduced to 2 -- 9 in this year's budget. If you are relating to what a goal would be, maybe it 9, I don't know. I'll leave that to you to answer.

Well, in fact, I think that it's actually a little different. 9 was what you calculated as conservation revenue loss. And now you are transferring something, you are -- it's something different that is just sort of a number that -- that apparently gets you to some kind of goal of -- of stabilizing the revenue.

Yes.

But had we not done a revenue stability fee or a sustainability fee, the volumetric rate increase would have actually been higher. So -- so just to add that.

Okay. Well, I think that I --

that was part of the exercise. And I just would like to -- to re-emphasize that because that was part of the process we went through was trying to get to that stability and as Greg noted, it's balancing that

need for revenue stability and minimizing the impact to lower -- lower water users, lower income users. And again based on our rate block structure, the proposal. You are right. We didn't have this grand long-term, you know, strategic plan. However, certainly I would consider this as first step to get there. So I -- the point is well noted. I think the commission expressed, you know, very similar concerns that -- that we should, you know, formalize this into a more strategic process. And reach our goal. But again, whatever our financial goal is for the water utility, we're going to have to balance that with the impact to our users.

I guess one of the concerns that I have is overall we know that it's about revenue stability. I get that, I support that. I believe that, you know, our conservation operations and our reclaimed water system and, you know, making that workable for our community, are core responsibilities of our water department. So we -- when we see it laid out like that, that's why I started to have trouble with it. On the other hand, if you want to just call it, if you want to just go straight to revenue stability, then we avoid that problem and then the other thing is that I really personally would be a lot more comfortable if we knew where we were headed, if we were able to phase it in more slowly so it weren't such an impact to our users.

One last thing, too, that we look at in terms of, you know, you were talking about targeted ending fund balances. The other thing that we look at is debt service coverage that is affected by the revenues that you bring in. We are required under our bond covenants to have a certain revenue -- revenue covered expenditures and debt service coverage. Their goal is to improve those coverage ratios as well. We heard that from the financial advisor that we need to move in that direction. They kind of varied somewhat over the last few years. Some of that related to the volatility, so that's another long-term thing that we look at.

Right. Well, maybe in -- maybe we can work on that in laying it out a little more carefully.

There's a relationship between the volumetric fees and fixed fees. If we reduce the fixed fees, then you are going to need to increase the volumetric percentages to recover that same amount of water or revenue.

Money, yeah.

And, you know, just internally we had a lot of discussion of that. The risk is if we keep putting the bulk of our revenue recovery from the volumetrics we're going to have really wild swings in revenues. I mean to be honest as director, 2010 scared me badly when we lost \$53 million in nine months. And I see it coming again. Because of the way our rates are set up. And I am just trying to -- I mean, it's not a perfect plan, councilmember, but I'm just trying to communicate to you, I see that as a significant risk. I think my financial advisor sees that as a significant risk and -- and I --

Morrison: I'm not disagreeing with you. I'm just talking about how we're going about it.

You know, there's ways to skin this cat in different ways. There's some thoughts that the council has that -- that we'll do that.

Suffice it to say, we understand the point that you are making, so we will make that part of our consideration as we go forward.

Thank you.

Mayor Leffingwell: I think that's a good idea, also, is to have a goal in mind. What you think we eventually need to get to. So an easy one for ya. The old wastewater averaging, so are these going to be three consecutive months, the same three consecutive month, you don't get to throw one out.

That's right, it would be december, january, and february. Well, doesn't exactly go month to month. Just depends on when your billing cycle is in that period.

Okay. So again, probably that could be better publicized. Because a lot of people have some vague idea that -- that I think it's unusual to even have a vague idea that that's how it's calculated. But knowing exactly what months they were and, you know, I wasn't sure exactly which months they were. I know almost everything about the water utility. .. [laughter] just kidding, of course. But -- yes, I think that could be better publicized. .. I have this other question. Oh, this isn't really a question, but you might want to comment on it. The rate structure, the five-tiered rate structure, I believe that I've heard it says that it's the most progressive rate structure in the state for a water utility.

Actually, in the nation, we would have the steepest, large utility inclining block rate in the nation.

Mayor Leffingwell: I tell you, personally, i don't have the numbers to back this up, I may be wrong, but my guess is that is a huge factor in -- much huger than anybody would -- would think in water conservation. You simply do it the way that we normally do it, limit it to twice a week. That doesn't have anything to do with the volume really. I mean, you could choose to -- to run your system on a 30 minute cycle or a 10 minute cycle or do it all 00 in the morning for that matter. But when you have got to pay for that, it makes a big difference. I know when I was on the -- on the water conservation task force along with councilmember riley and cole and some other folks, there was a lot of discussion of actually having two meters of -- of one for household use and one for outdoor irrigation. So people could -- could run out there and look at their meter and see how much water they just used, run through an entire cycle. So I really do think that a tiered rate structure could be more effective than stage 2 restrictions in a lot of cases. You have got somebody that's got two acres that they want to irrigate, for example and even when they are trying very hard to -- to do that in a responsible way, it's just going to take more water to irrigate two acres than it is your 75 by 100-foot lot in town. .. you don't have to comment on that. I was just kind of talking about it. Councilmember riley?

Riley: Yeah. Greg, I want to thank you for the presentation, I just have a few questions. I'm still processing the -- the business model shift that we've been talking about. It's similar in some ways to the situation that we have at the electric utility. In -- insofar as we're trying to strike the right balance. The -- the underlying problem is that we've got about -- about 80% of the utility's costs are fixed costs and about 88% of our revenue comes from variable sources. So that leaves us vulnerable to -- to times when we are going to see significant volatility. So we need to be sure that we strike the right balance. In doing so, that -- making that change raises real questions about fairness. Just because the shift is going to be regressive in some ways. That doesn't mean that it's not going to be fair, but it does mean that the shift will be regressive because those at the lower end of usage are going to see the steepest increase. Isn't that generally accurate? People using less will -- will see a greater percentage increase. Now, their costs will still be subsidized. Right now about 60% of -- of the gallons sold by the utility are below costs, the users in the lower tiers are subsidized by those in the higher tiers that will continue to be the case even with the -- with the increase in the fixed charges. Isn't that --

yes, you are accurate because our lower blocks are below costs, that continues, but the fixed fee goes up. If you are a low water user, that's a higher percentage because of the change in fixed fees. That's the tough nut to crack is to reduce volatility, you have to make the revenue recovery more -- more dependable. Which means either increasing your fixed fee or increasing blocks one or two. And then when you do that, there is a certain regressive quality to it. And that's -- that's a hard thing to crack. I mean, I heard austin energy director speaking at his quarterly update to the council about that similar nut that's tough for them to crack. Is that within a class how do you manage that. There's -- there's some judgment there. About, you know, managing volatility risks versus managing some of these other matters that you brought up.

One question that I have in this is what do we know about the geographic distribution of the different -- users. Those who are -- I mean, if we know those at the lowest ends in the bottom two tiers are going to

be the hardest hit, what do we know about their geographic distribution across the city? Do we have any kind of maps or data that would enable us to understand the geographic distribution of the different -- of the users in the different classes, different rate categories?

I didn't have those, I'm sure that we could produce those. That's not something that -- that we analyze.

I may submit something in writing because I think that it is important to understand the -- the impact of the change. That's not to say that it's necessarily going to be a bad thing. We may still need to do this. I think even -- even the -- the commission, water and wastewater commission recognized that some need, that there is some need to make this shift in the business model and to creation the fixed charge. Increase the fixed charge. But we ought to do that with our eyes wide open about the impacts and how people in different parts of the city will be impacted.

I think that we could, i don't see a problem, do you.

Riley: One question that I got was instead of imposing a change which is going to hit the lowest users the hardest, why not just impose -- why wouldn't we just impose an additional fee on the top third of users? I hear what you say they were already the steepest utility in the country but it's a fair question. When we are trying to promote additional quarter conservation and we know we need to generate additional revenues, why wouldn't we just go impose the charge at the highest ends of the usage spectrum?

I think a few things that you would have to work to. One, it would depend on what you mean by fee. If you put it back in the volumetric charge and say we're only going to charge the high users and you have a weather year that's really wet or dry, there won't be any high users, you have volatility again, you don't solve the volatility problem which is multi-tall that we need to start to get our arm -- fundamental we need to get our arms around. The second that is really a bit of a legal question, within a rate class you can't set fees that would be viewed from the courts as arbitrary or capricious that you are treating one similar rate customer different than another. You are more of an expert there than i, would you have concerns there?

I think it would be a concern because I think what you are suggesting is if somebody used 30,000 gallons they would get charged a fixed fee potentially as opposed to somebody that uses less. So one I think there would be billing system concerns that would have to do that. I think from a customer standpoint, if in one month they get 30,000 gallons, they get this fee, the next month they get 25,000 gallons, they don't get the fee. Well, that's good if they consciously made that decision. But then it's also differences in bills from month to month that is more complicated to explain, so that would have -- that would be an issue out there. Not that we couldn't overcome that. But there would be billing system issues just trying to implement something like that.

Okay.

Riley: Let me shift to the stage 2 restrictions that we're --

Mayor Leffingwell: Could I just follow-up on that. I think what greg was trying to say is there might be legal implications that -- that there has to be a relationship between the cost of providing that service and the -- the amount of money that you get for it. There would be some state agency I'm sure that would look askance that it would seem kind of arbitrary and not based on the costs of providing that service. We are a publicly owned utility.

Sure. The reason that I ask is if we know that the change that's on the table would be significantly regressive, then before we agree to that change, we ought to explore all -- all options, even if they -- if we haven't really looked at them carefully before. As you knowledge, it's a tough nut to crack, hard to



swallow. It may ultimately be necessary, but I want to make sure that we have explored all other alternatives before we hit the lowest usage customers the hardest.

Would you ask that same question of the electric utility?

Riley: Sure, we are, yeah. Yeah.

I just -- since we're on this topic, chris, I don't mean to interrupt, but why wouldn't the same standard of being arbitrary and capricious apply to the lowest block; is that because you would tie it to the service? Because right now the lowest block customers are going to see the highest percentage in rate increase, why couldn't they make that argument as well that it's arbitrary and capricious?

The fee would apply to all customers, not just low block customers. If I understood councilmember riley, creatively thinking here, a fee that would apply to certain one class of customers but not other i think maybe that would be --

Martinez: What I'm saying is while the fee may apply to all customers, it's affecting one group of customers more so than others. So why wouldn't that same standard apply in that case?

I think that I can answer this a little bit. From a legal perspective there is some differences in rates that relate to what we call a home rule city. The city of austin is a home rule city and the city council sets the rates for the inside city customers. Specifically. Obviously set the rates for all customers but -- but there is a -- there is a -- a the state gives this body a little bit of leeway in -- in actually being the regulatory authority for those rates that are being set within the -- the city of austin boundaries. And so it gives you a little bit of leeway from a standpoint, I'm not saying that it would not have the same argument. But for inside city customers, they -- they would only basically have the ability to come before the council to -- to argue that those are arbitrary or capricious. Now, for outside city customers or wholesale customers, they have a little bit different process as far as a legal standpoint. They actually go to tceq and can challenge our rates where that arbitrary and cap precious statement would be held to where they would have to be looking at that specifically. So there's a little bit of differences in -- in what we can and can't do within the inside city and outside city limits.

I would add, outside of any legal issues, let's assume that we find out tomorrow that there is no legal issue. It's part of the balancing process and so you could pick any number. Again, assuming that there is no legal issue. If -- if council said anybody under 9,000 gallons doesn't get a charge, so -- so the \$60 turns into \$15 and it's only charged and again I'm just hypothetical. But that's part of the balance that -- that we went through. So -- so I don't think there's a magic number that works and this is absolutely the only number that works, but that was a process that we went through.

Riley: I want to be clear, I wasn't suggesting that we do anything that's either arbitrary or capricious. The concept would be we know on a month-to-month basis who are the top users of water. If we know what our costs are, what -- what costs we need to cover -- if we could arrive at an amount that we would expect to extract from the top one third of users, so we can draw a threshold like you suggest, a thousand gallons, anyone who is above that level is going to pay a surcharge on their bill. So to enable the utility to recover these costs. That would impose [indiscernible]

wastewater averaging in reverse kind of. Like a summer average or something.

Right, right.

That's just one approach. I mean, it's -- I want to put it out there because it seems like we just need to give serious consideration to ways to avoid imposing additional costs on the lowest users. Not just avoid imposing additional costs, but disproportionate costs having them bear a disproportionate share. I'm

going to borrow some of larry weiss' information, i also don't want to necessarily associate lowest users with low income. It's very possible that middle to high income individuals are the lowest users.

Right. That's one thing that we might -- that might be interesting to see in a graph showing the geographic distribution of what we're talking about. We might find that it's scattered across the city. Could well surprise people, I honestly don't know where we would find, I mean, i have some suspicions about where we might see higher usage, but it would be interesting to see the actual data. If we could move from that to the stage 2 restrictions, since we are about to enter those, it's a matter of significant interest right now. First I want to ask about enforcement. In past years when we've been in stage 2 restrictions we've typically gone through some introductory period when we would just be putting word out there but not enforcing it, then you would start enforcing it. Do we have any plans about the time frame along those lines? Exactly what we expect, how much we expect to commit to enforcement, when we expect to get serious about it and -- and what that's going to cost.

Well, we -- we have been -- even though we're not in stage 2, we still enforce a two day a week watering schedule. We've actually been taking additional enforcement steps there. We've had more enforcement staff out. We've been doing more concepts called sweeps where we concentrate staff in certain areas on the weekends. And then as we go to stage 2, one day, we will be continuing that and -- and stepping that out, too. Our -- our plan is we really learned from the '09 drought when we went to stage two, because these are misdemeanor criminal offenses, so every ticket that we write, you have to go to court, a lot of them get dismissed, gets messy. What our practice is going to be, councilmember, besides using the media, mailings, other kind of things to update folks about stage 2 coming. When we get to the implementation date. Our technique will be if we see you not following the schedule, water off hours, we will give you a fine or excuse me a warning the warning requires you to -- to provide a response back to the utility that you've taken a corrective action. You've reprogrammed your sprinkler, fixed your broken sprinkler head, whatever it would be. Then we'll go back and check and if you have continued that pattern or continuing to -- to not follow the schedule, you will get the fine. The ticket with the fine. So really it's an opportunity for a customer to get a warning first, to take a corrective action. If they fail to take that action, only then do they get the ticket. That's a better model for us within the courts, too. That when they get to the court it's less likely to be -- to be -- to be thrown out I mean sometimes in '09 we had fines, we would go and see somebody watering with a fountain, fountains unless they support aquatic life are not allowed under stage 2, they would get a ticket. The person would say see i have fish in here, we kind of avoid all of that mess by doing a warning first and only after a repeat do we hit you a fine. That would be our standardized approach to that. If somebody is just grotesquely violating, that would be our pattern -- unless they are, that would be our pattern warn, direct, check. Other interest groups are those that are affected by other parts of stage 2. From '09 we know that -- that car washes are affected. Because there's new restrictions on car washes with stage 2. So we're going to be reaching out to car wash. As a matter of fact we have already sent out a letter to car washes, doing preinspections of car washes to say your equipment qualifies as high efficiency, which means you get a different schedule than if you are a low efficiency car wash. Surprisingly based on '09 power washers are affected a lot. A lot of companies out there do power washing. We get a lot of requests for variances for power washers much certain ones recycle while others do not. We'll be working to better craft a system that's a little better fit for power washers. Another sensitive group is the home builders association. There's a lot of discussion right now with hba on hey we got to plant our landscapes to close our loan and get somebody in this house, the bank won't close the loan until we do a landscape, we are working with the home builders association on those matters trying to craft a solution more wrapped around if you are willing to do a xeriscape we will work with you on a variance. If you want to do a turf grass you are going to have a harder row to hoe. We are working with options there.

In the drought. [Indiscernible]

have we decided on a certain amount that will be dedicated towards enforcement?

When you say a certain amount, you mean people?

Now, funding. Is there anything particular allocation of -- of funds to -- that will be directed? Any additional staff or any other --

yeah, we will be having additional staff. What we -- what we worked well for us in '09, beyond our conservation staff, we reached in, we have other enforcement folks that aren't conservation driven, they do enforcement on wastewater related matters, what we call our special services group, our back flow services group, we will be bringing those folks into our enforcement. I've already been informed we're going to bust our over time budget in conservation, I have authorized additional funds for overtime because enforcement is best -- most of the watering days are on the weekend, that's going to mean more folks out there on the weekend and so we'll be doing those kind of things, bringing in additional utility staff from outside our traditional conservation areas to -- to help with enforcement. Then when we do sweeps, I'm not surprised to reveal the size of my army because people will -- we'll have eight to 12 people out on a saturday doing sweeps, concentrating in certain areas. Typically if we do a sweep and issue 25, 50 warnings in a geographic area of the city, that area calm downs in terms of violations then we switch to another area. We look at high users, commercial accounts we will pay a lot of attention to. It will be a whole combination of approaches. 311 is also an optimistic. Technology in the field, every enforcement officer has an ipad now, digital applications where they can do their documentation, tickets, right there on their ipad, take pictures right there, a little better way for us to store those kind of things so a whole range of options that we're doing.

We've seen from past experience that we anticipate some significant impact from the -- from the stage 2 restrictions they do make a difference. As we look at our years, we have a lot of projections, especially as we look at rates, we have a lot of projections showing expected usage patterns and rates and revenue projections and so on. Have we made any projections that would contemplate extended or more frequent periods of stage 2 restrictions? Can you give me a sense of how that might affect the projections that the utility has made? In terms of revenue and usage?

Well, if I -- we have it projected that -- that over the long term, that -- that stage 2 one day a week water restrictions would be a permanent, adopted schedule. That it's really a drought management schedule. So we haven't built in like our five year forecast a -- an extended year in, year out one day a week watering schedule. We do know, at least based on our '09 experience, we would expect a 10 to 20% reduction in irrigation water use. And we forecast about -- about 10 to \$19 million between now and the end of the calendar year, revenue impact from stage 2 water restrictions. Most of that occurring in -- from september and october months as you get into november, december, irrigation water starts to fall pretty rapidly. Let's call a midpoint to that, 12 to 14 million, likely revenue projections, for stage 2 through the calendar year, 2012. That -- I have some small -- if that continues into the next calendar year, 2012, which I would expect it to, based on current weather forecasts, tropical storms are unpredictable, but in terms of the strengthening la nina again, that would continue, though moderate in the winter months, if we get into the springing, may, at stage -- in the spring, lake levels are not recovered we will have a very profound revenue effect in the summer of 2012, I haven't forecasted that, we are focused on this fiscal year or calendar year, but it would be -- tens of millions of dollars.

A revenue impact that comes at a time when we can probably expect greater than normal revenues to begin with, even with restrictions.

No.

No revenues would be well below normal.

Riley: Really would be some -- some basis for taking another look at projections, projections could be overly optimistic.

Next year's irrigation system, we will be having a lot of discussions with the council on revenue impacts, ways to manage through that. One way to manage is a fixed fee.

Right, I had a feeling that we were coming back to that. Okay. Well, I appreciate all of your work on this. I may -- I will likely follow up with a few written questions but I have taken up enough time today. Thanks.

Mayor Leffingwe Kathie.

Tovo: A relatively quick question, a line item for an increase in advertising and publication of almost \$300,000 for conservation efforts. That's a pretty big, very important program. But that's a pretty big increase. Can you describe what some of those efforts will be or what -- are there changes contemplated? Is that a lot of tv.

I want to make sure that I know where that is. So can -- do we have like a reference page or something?

Maybe a net increase -- i want to make sure that i understand where it is.

I can follow up with written.

Maybe in writing.

I could research it and make sure --

Tovo: Thank you.

Just a couple.

Mayor Leffingwell: Were you there? Bill.

Spelman: I hate to bounce you back and forth like this. But there's seven of us, all with our own questions, sometimes on similar subjects. Let me bring you back to the question on volatility, which I think is a substantial problem and you need to answer it. But let me back up a little bit. You were talking about our volatility having increased and certainly looks from the graph that you were giving us about our fund balance that it seems to be increasing in volatility. Why is that? Are there -- is the weather getting weirder, something else going on here?

I will start off. One I think there is more weather extremes. I haven't lived in texas but four years but it go -- rains like increase and goes to absolute dry we are seeing heavy volatility. More than that, we have structural volatility built in. Not just recently councilmember, really since we switched to a block rate STRUCTURE IN THE MID '90s For rate design purposes and accepting pricing signals and to keep lower block water rights lower for folks that use less water and typically maybe even lower income, we have shifted more and more of our costs, a higher and higher percentage of our revenue cover has shifted to the upper blocks over the last 15 years. We have some very good graphs, I don't know if we have them today, do i? But I can supply you that shows over a 15 year period how the lower blocks have stayed in terms of rate increases have stayed at or below roughly inflation. And the upper blocks have increased percentage-wise many, many times faster. So over a period of about 15 years, we have structurally shifted a much larger percentage of our revenue recovery into the upper blocks.

Spelman: Okay.

Those are the blocks that are going to collapse in weather, as soon as it starts raining, if you have a

rainy summer, those blocks just collapse because people don't use that water. That's really predominantly irrigation water, things like that. Similar when we go to like stage 2 water restrictions they collapse. Then the third element is we are targeting them explicitly by design with conservation programs. That's what the -- what the conservation programs are much wrapped around those upper blocks, you look at like reclaimed water. When you shift reclaimed water you are taking folks, maybe a golf course or a commercial site that's paying 5, 6, \$7 a thousand gallons, you are paying 10 or \$20 million in capital to shift them to one dollar, a thousand gallons. So it's just -- it's these combination of things, structural and what appears to be more extreme weather, their ability that is really sharpening this volatility.

Spelman: We've always had volatility. But if everybody is paying the same amount per gallon, it's going to be one level. If the people who are most volatile are paying the lion's share of the total amount that's going to multiply the effect.

[Indiscernible] planning for the future. One of them is particularly the highest block of residential groups, probably I would imagine be priced -- and more elastic than the average. Most of this is going to be irrigation water. My suspicion is that taking a shower is inelastic. You have to take a shower one way or the other. Irrigation is going to be a lot more elastic with respect to price. That may be some of what's going on. At the same time.

I think that's fair.

Although as we've discussed not necessarily true that the highest users of water are also the richest customers, I bet when you get up to the highest reaches in the residential set we're probably talking about a pretty high correlation there. And there's problem some income elasticity going on there, too. If people are, particularly people with large houses find that they are concerned about having income in the future, their income is not increasing as quickly as it was before if they lose their job, one of the easiest things for them to cut back on is irrigation, it's easier to get more purchase than cutting back otherwise. You may actually have a general -- an economic effect which might be affecting this as well. I don't believe this has any implications in the short run for your operation, but it might help us to understand what's going to be happening in the future so we can forecast [indiscernible] the fixed rate. I feel a need to mention something about that fixed rate, too. You have justifications for it, here. Other councilmembers discussed this, I feel I need to get my licks in on this. Page 51 revenue stability fee. I much prefer the term revenue stability fee, that's fundamentally what we're talking about, the whole justification for it. You have got conservation, operations, wild land operations, debt service on wild land, all of this stuff is fixed, absolutely. But as you have gone to some pains earlier in your presentation to point out, 80% of everything that you do is fixed. Including debt service, including not exactly fixed but fairly closed to fixed, regarding how much you return to the general fund every year and including the majority of your operational expenses are fixed costs. As I understand it. Just from your break down earlier. So we could plug in pretty much any of that 80% into these items here and claim that that's the justification for our revenue stability fee. It seems to me unnecessary to -- to attach it to anything in particular. Just say look, 80% of our costs are fixed. That's why we're going to go to a revenue stability fee because it better matches our requirements. And some will claim well you are blaming it on conservation or reclaimed water, well, you're not. The real reason behind this is not the reclaimed water system or conservation, the real reason for this is 80% of everything is a fixed cost.

That's a fair statement.

Spelman: I'm glad that we agree. I'm glad it was -- I was paying attention to what you were saying earlier. A couple of other real small things. You mentioned towards the end that -- that the water utility is consistent with all Austin fiscal policies. I believe the acid test ratio is not up to 1.5. The last time that I looked 1, quick ratio.

Which ratio?

I grew up with calling it the acid test ratio, the quick ratio.

The quick ratio was below 5 in the 2010 year, mainly because of the revenue shortfall we incurred in 2010, we expect in 2011 it will be above 1.50.

That the bond coverage?

No, quick ratio I think that you call it asset, sort of an ability to lick -- to have liquid assets to be able to pay your bills.

Short term assets over short term liabilities, cash over short term liabilities basically. That we need enough cash in order to meet our short term liabilities. We've barely been able to do it last year. We have a little bit more of a margin now, that should meet it. It is accurate, dave, to say that we were not actually up to standards last year.

We were below 150 last year.

Spelman: Is this, i understand the debt service coverage ratio and other ratios that we spend more time talking about are much more interesting to the bond rating agencies. Were they concerned about the quick ratio or not really --

typically the bond rating agencies are worried about reserves, cash reserves. And debt service coverage. I don't think that I've ever seen them ask about a specific quick ratio, so i think that it's sort of a little bit older ratio that not too many of the bond rating agencies look at anymore.

Spelman: Just as well. [Laughter] I'm even using an antique term for it apparently. I'm glad somebody out there is a contemporary of mine, thank you, leslie. That is actually the argument for -- for some form of revenue stability fee however because that would ensure that your cash reserves never dipped to the point that your cash is not 5 times your short-term liabilities, is that accurate?

I think that would be a reason to -- to have some sort of revenue stability efforts for sure.

Okay. On -- on slide 40, this helps me keep track, even if it doesn't help you, you are talking about your cost containment efforts. You stated that you -- there's going to be \$150 million reduction from the previous five year c.i.p. Spending plan and wondered, I know that you have gone into this at some level at some point in the past, but I wonder if you could remind us, what's missing from the five year plan going forward that was there last year?

Well, it's a whole series of things that we ran through. We -- we significantly updated the way we do our c.i.p. We worked more closely with our public works project managers on their cost estimates that we were seeing a pattern of cost estimates that were still reflective of higher cost structures, particularly on pipeline work from back a few years ago, as we shared with the council several times particularly pipeline work has been a lot lower cost given the economy. So we updated all of our cost estimates and automated all of that process by which it comes in for our forecasting. That had a substantial impact. I mean, as an example, one time we were forecasting our investments for pipeline works southeast to be in the \$150 million range and now we're going to finish that program in 2012 right around \$105 million range. So that was an attempt to update over several hundred projects, our cost estimates. We saw a big change in servic extension requests, just the -- the extensions for particularly residential subdivisions and other kind of things are way down. We updated our cash flow projections for those. We did a very detailed analysis even on -- even if an estimate is correct, project managers tends to be overly optimistic on how they forecast cash, say they have a \$10 million, how they forecast that cash to

be spent over a two or three year period to execute that project, we have started to develop some techniques where we have analysis more based on past cash flows, better cash flow patterns for them to compare to. To say hey you're really not going to spend that kind of cash, you have us spending 10% in the first three months they won't be mobilized. We have reshaped those cash flow curves that have helped us better more accurately project the cash. [One moment please for change in captioners]

if you're talking about a 150-million-dollar reduction, I guess what I'm thinking is 150-million-dollar reduction from the previous five-year plan as though that was a reduction from your expectations for this five-year plan. But in fact part of what's going on is you're just retiring some big projects or you're expecting to retire big projects over the five-year period and that will free up open space on your dance card at the end of the five-year period.

Yes, but to be clear we did take a good chunk of cip that was common between the period and spent two months in the fall of last year really working that through our cost estimates, our cash flows, which projects can we postpone. We're concerned about rates as you are too and are doing what we can to try to keep those in line.

Spelman: I appreciate that. About --

Leffingwell: Councilmember, not to -- i want to remind everybody we've got the room for 25 more minutes and we have one more department. But I don't want to cut you off. We can continue this on another day.

Spelman: I have an eight-year-old I have to go and it's about a 20 minute drive, but I'll have more questions for you. Thank you very much.

Leffingwell: All right. Thank you very much. Public works. Public works will have a very bland report here, i think. No rate increases, no nothing.

No, sir. Howard Lazarus public works director. I have been prebriefed to be brief. Besides, this is more good news than any of us can handle at this time in the afternoon. [ Laughter ] I will go through this quickly if there are any things that I missed certainly there are questions that may want to follow up and address any of those. A couple of things I do want to stress as I start. From a construction standpoint and a maintenance standpoint we're meeting all the goals that we have laid out at the beginning of fy '09 to the council. Even though we've had some challenges with funding through some creative engineering, the mad scientists down at street and bridge have been able to figure out how to keep us on track. The second is we have a lot of really good once in a generation projects that are all progressing well and there are exciting things going on from the capital side preavment but we're focusing on the neighborhood connection that we have to make sure we are responsive to the needs of the citizens and helping them realize that they can in fact make their government work for them. Most of the money comes from the capital user fee or from the capital management fund. Our expenses split among all the different things that we do. What I really want to point out is that in my previous life we talked about two ratios, how much money goes to doing mission versus how much goes to support. More than 80% of what we do goes directly to mission. 20% is to others. The reason that number is higher than you would think is because we do a lot of work on behalf of other departments. All the other requirements for transportation and contract and land management come through us. Transfers are really not a very big part of our budget. We pay our fair share to the city and we get good value in return for those services that the city provides. Cost drivers on street and bridge, the only thing i want to really point out is on the first line you see a 2 million in street preventive maintenance. That's because the suggestion and recommendation of our field crews. We brought some work in-house. Over a period of three years we've increased staff. We've bought new equipment 2 million on our overlay. We've applied that money to taking over right-of-way maintenance for parks, so we've been able to return to them almost two million dollars of equivalent work so they can focus on parklands and the forest maintenance. And we're going to take over maintaining the stuff that's green and grows in the right-of-

way. It's a beneficial relationship for both of us as we can then time that maintenance to meet our pavement maintenance requirements, so hopefully we'll be able to touch every tree and every brush as well as every piece of pavement every 10 years. That's really the main thing I would like to get out of that chart. Cost drivers on the capital delivery side, things are really pretty much the same. The 900,000-dollar difference really comes from two places. One is we're converting all of our pickups to hybrids and we get about an 84% savings in fuel consumption, so not only is the environmentally smart thing to do, but also save us money in our years. The other thing we're doing is we are adding two persons to do project controls. With as many large projects as we have going on right now we save ourselves downstream money in claims disputes and just efficiencies by taking a big business approach to big projects. Really nothing new on the child safety fund side except we're going to give our crossing guards a 50-cent an hour increase to try to be more competitive with the surrounding districts. The other things are pretty much the same kind of standards or increases you've seen with all the other departments as they've come before you. No rate this year, as the mayor said, no increase in the transportation user fee. 29 per month. Controls, we do a great job of managing our commodities by buying them over multi-year prices given the price stability. I've said before fuel usage will go down and we're doing a much, much better job coordinating work among all the entities in the right-of-way, saving ourselves money, not doing anything stupid and actually getting more productivity because we're spending less time moving, more time doing real work. This is our dashboard. You can see that we're on track, bottom left to do the improvement to get to more than 80 percent of the pavements as rated fair or better by the end of 2018. The one chart that's kind of interesting is the upper left. We've actually met the 800 lane miles of improvement that we said we're going to do a couple of years ahead of time. There's a reason for that and I'll show you that on the next chart. What you can see here is we basically increase the amount of overlay we're working doing. When we laid this out, really using 2008 numbers, we've more than just about doubled the amount of overlay that we're doing and that goes into street improvement. As well. We are going to hit the 10% a year from on program standpoint of touching every street every 10 years. The other side is we've increased the number of reconstruction jobs that we're doing. You can see back in 2006, 2007 we weren't doing a whole lot of lane miles. We buffered that up to 30 or more. And then the bottom right corner you can see we're going to start a program of street rehabilitation. So instead of spending a million dollars a lane mile by digging the the whole street we'll spend \$100,000 a lane mile and go down as far as we need to for the upgrade. It's much more cost efficient and will stretch our dollars out. Again, you can see on the red bars how much more we're doing on overlay. Better customer satisfaction, gets pavement improvement as well. Some of the highlights just quickly, we've put in new subservice over at rainy street to see how it works to reduce runoff. We actually put some provisions in there to --

you will have to suspend until we get a quorum back here.

Leffingwell: I didn't even see you come in. Sorry, go ahead.

So we will also start using crushed glass as a construction material. I learned during my participation in the recycling agreement that council recently approved that we have an abnormally high percentage of glass in our recycling stream and there's no market for it. So we're going to start using it for construction materials. Our goal is to become a national leader in doing that. Bottom left you can see what we did with the transportation department, south congress avenue, including that darn backwards parking that people have grown to love. The project was done a month ahead of time and everybody now loves it. Performance metrics on the capital project side, you can see those things all stressed, change order percentage for other than user requested changes is well below the 10% goal. Project management costs are well under our five percent goal and our inspection costs are underneath our five percent goal. The cost savings versus the estimates have gone down. We're still about 11% different, but as Greg just mentioned, the estimates are now reflective of what the market is. So while last year we were saving about 30 percent, we're now about 11%. Some of that is cost increase as well, but mostly I think it's the -- the estimates we're getting are more reflective. Bottom chart shows the growth in the value of the projects that we're managing, so we have a good, healthy and robust program. This is our -- I sent this information to council in April. It shows our accelerated Austin program. It's a city manager initiative to get us moving more quickly on our street reconstruction. We did it in March of 2009 not only to get the



projects moving quicker and take advantage of a positive construction market, but also to create local jobs. The one striking thing from all those charts is in the upper right. You can see when we started the red bars, most of the projects were either not started or in preliminary engineering. Most of them now are either in construction or they're finished. So we're making great progress and will continue to do that. And the methods that we've used to accelerate the work will continue to do as we do future street reconstruction. Some highlights, some really cool stuff we finished this year, public safety training facility, pfluger bridge extension. The rec center which i know sarah talked about this morning. And chief kerr is absolutely bananas over the gold leads rating that the avery ranch fire house got. This doesn't address all the other work we're doing on sidewalks, bike lanes, street reconstruction, water utility work upgrades, leak improvements, sewer upgrades. All kinds of stuff all around town. So if you're stuck in traffic because of construction, we're probably your guys. Cip projects that are in progress next year, there's a whole list there. This doesn't cover t these are just the big ones. We're excited about the animal services center. It should be done in october with animal services moving in in november-december. State-of-the-art industry leading facility. Many of you were there when we broke ground on waller creek. What we're most excited about on the list is the central library which hopefully we'll break ground on in january of 2013. Absolutely a once in a lifetime legacy project that we'll all be proud of. Brenda branch has got great vision on where we're going and we're agog over that project.

I'm going to pause here and talk about neighborhood scale projects because that's also an area where i want to be a leader. I said before we're starting user claim class as base material underneath our sidewalks. It means we don't have to go out and buy rock. On the bottom you can see that sometimes the straightest path to a neighborhood solution is not a straight line, so we're preserving trees and trying to make sure that sidewalks meet the needs of the public. We're also going to start looking at sidewalks as a means of self expression in public art as we go forward. We're stressing that public works is all around austin and we really do want to connect with our neighborhoods. Neighborhood parking program is really starting to pick up. These are four efforts that we started this year. My favorite is working with brownie troop. They came to us and wanted to replace the sidewalk outside where they met. We did that and they were honored with our citizen super hero award and got their making things happen merit badge. elmo road was the first (indiscernible) project. We said we would be done before school started and we were. Child safety, of all the stuff on that start, all the outreach we do, all the students we touch, the third line is the most important. No injuries for a number of years and we will continue that in the future. We're working with aisd. I know it's n issue for council. The bike on wednesday, walk on wednesday program is one that we're particularly proud of not only in terms of promoting health, but also helping them maintain a program that is important to the community. So I would be happy to entertain any questions that you have.

Leffingwell: I just have one. Is that glass paving stuff, is that slick on the roads?

We're not using it yet in asphalt. We've underis underneath -- we've used it underneath. We're look at it on parking lots and other areas of the really cool thing about it is it glows in the dark when you have your headlights on. We'll continue to use it for surfaces that don't have a lot of bearing on them as a way to use it.

Leffingwell: It also gives us a good place to put all that recycled glass that nobody wants to buy.

That actually has a big impact on solid waste because that goes into the residual we have to pay to dispose of. So when we do the waste analysis if we can bring down the residual we'll wind up paying less and I don't have to buy rock. So it's pretty cool.

I do have to tell them that you're off sledgehammer probation.

Leffingwell: Sledgehammer probation. I'm on that too. Okay. Thank you very much, howard.

Thank you for opportunity. The stuff has put together based on the suggestions that you've made

throughout these briefings and I'm not going to read all of it, but what they -- the information that they heard from you was that in parks and recreation there were several additional expenses talked about.

I have an updated one.

Leffingwell: An update. Wa jordan and arc plus meet the need for additional parks community with three f.t.e.'s. All that together is zilker botanical gardens one day free. All of that together is about 561,000. , community health paramedic program, three 's, and associated equipment and vehicles, that was \$508,000. Health and human services, cps and austin-travis county integral care interlocal contractuals for six months, and also substance abuse contract, that total was 1,625,000. As a result of other council action not discussion in the budget, the reduced parking hour extension revenue 355,000 cost and payday lender permitting 27,000. The total of all of that, council additions, is 3,076,000, roughly. And there were no proposed council reductions in spending. [ Laughter ] oddly enough. So that's just kind of to give you a head's up that those figures are available from staff if you want to propose amendments that you can get that information from them. Any other comments or questions? Kathy?

Tovo: Yeah. I probably should have been a little more explicit this afternoon when we were talking about parks and rec, but I would like to see us look toward the possibility of restoring some funding to the playground program as well.

Leffingwell: We will add that to the list and get it -- staff will get a number for you on that.

One of the hopes we had is that you all in the course of your work sessions would -- for lack of a better description kind of make those decisions or we would get a feel for it through the mayor where there was consensus so that then between now and the series of days for budget adoption we could actually prepare those amendments and they would be incorporated into the script. But this is your last work session so what you're left with is either an additional meeting to do that or you would have to i guess do it at the time that we go through the budget adoption process. Is that correct leslie?

Yes, on the 12th.

Leffingwell: Yeah. So probably have to work on your individual amendments and work with staff to get cost information on those.

And on the supervised playgrounds, that would be a restoration of about 184,000. So that's that amount.

Leffingwell: Mike?

Martinez: I wanted to ask leslie, why did we put the \$355,000 in parking revenue in this projection since it's my understanding that revenue wouldn't go to general fund and wouldn't be able to cover any of these items?

This is actually parking fine revenues, so we just didn't make it clear on this sheet. That's the only piece that goes to the general fund. Sorry about that.

Leffingwell: Okay. If there's nothing else, without objection, we stand adjourned at 5:52 P.M.