

Closed Caption Log, Council Meeting, 06/07/12

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good morning. I'm mayor leffingwell. We will begin this morning with the invocation. We will welcome the pastor from austin stone.

>> Thank you for having me. Lord god. Thank you for being present with us this morning. I pray for the city council as they meet to discuss and decide in many ways the progress of your great city. Thank you for putting them in leadership. I ask that they do justice, working mercifully and work at the shalom of your city. They represent the people of austin because of the range of diversity and priorities. And not easy to decide the greatest over all good for the greatest number of people. I can image tin -- imaine it is difficult not to seek more power and direct themselves and I can imagine the difficulty with those they dissent. Give them endurance, selfless love so they can do what is right in your sight. I pray this in your glory so the city can flourish and austin be blessed. In jesus' name we pray. a quorum is present, I call this meeting to 05 a.m. We are meeting at city council building. Start with changes and corrections to today's agenda. .. item number 5 is withdrawn. .. it is just a spelling error on the word purchase. Delete the existing word and insert the correct spelling p-u-r-c-h-a-s-e. Item number 52, delete the word " time-certain items, 12 noon we will hear general citizens or after general zoning, 4:00 p.m. 30 will be live music and proclamation. There will be exceptions I will read in a minute. Read item 36 into the record. Those are nominations and appointments to boards and commissions. That item will remain on consent. To the zoning and planning submission, shawn compton is councilmember riley's nominee. Following items pulled off the consent agenda. Item 7, 8, 9, 10, 14 are pulled by councilmember morrison. Those will be heard together. Item number 16 is pulled by councilmember tovo. Item 24 pulled by mayor pro tem cole. Item number 32 is pulled by mayor pro tem cole with the intention to postpone that item. Items 33 and 34 are pulled by councilmember riley with the intention to postpone. Item 38 is pulled by mayor pro tem cole. And requests that that item be taken up simultaneously with item number 55, which will be heard after 4:00 p.m. Item number 39 is pulled by councilman tovo. We have no items that are pulled for speakers, in addition to the items that have already been pulled off the consent agenda. And we have no speakers wishing to speak on the consent agenda. So with that I will entertain a motion to first approve the consent agenda. Councilmember martinez moves approval. Second? Second by councilmember spelman. Councilmember martinez is first and then councilmember morrison.

>> I want to make sure 40 contains the backup. I'm trying to pull up the agenda. Make sure it contains the amendment we said on tuesday or said it would amend coming forward to add you as that committee member. I have seen it. It is on there. Councilmember morrison. it is the campaign finance ordinance about campaign expenditures. I want to leave it on consent, so I want to make it so we are approving it on first reading and see it back on june 28 for second and third reading to allow additional review and outreach. can the city clerk note that item 39 -- 37 is first reading only on consent. Further discussion? All in favor signify by saying aye. Opposed no.

That passes on vote of 7-0. So start to work our way through the items that are pulled off of consent. Some of these, no objection, pull up item 32, first. Mayor pro tem cole with the intention of postponement. There are no speakers. this has come to audit and finance but the audit is not ready. I would like to postpone it to june 28 to allow the audit to be completed. Moved and seconded. Postpones until june 28. Approved. Passes on vote of 7-0. Councilmember tovo has a very quick question on item 16. If no objection, we will go to that. Councilmember tovo, there are no speakers signed up. thanks, this is an item to authorize the police department to enter into an for a conference center space pip wonder if a representative from a.d.t. to answer that.>> Yes, ma'am, patty robinson here. can you give me a few lines with the conference space?

>> We host large trainings for officers in the area, and in the region and throughout the state. Additionally, we host training for other members of the city of austin and travis county sheriff's department. Some you have heard of is west point leadership academy, commander leadership academy. In addition in law enforcement training, we often do not have the space at our training facility or our academy to host crowds of this size. The commons can set off that opportunity if they have space if it. I didn't have a sense of how many trainings this coffers -- covers. Have you entered into the finishals a versus a private facility?

>> We have been partnering with the university of texas for quite a number of years. It is a little more internationalized, easier in and out parking. One of the reasons we tried get a facility out from the downtown area is to enable the folks that are attending the training an opportunity to get away from the normal setting so they can concentrate on the training we're providing for them. As far as the cost analysis. This is a low cost. \$40,000 Per year, up to six years. If we do this we won't have to come back again for six years. That is why it is the \$240,000. It is \$40,000 a year. I understand parking on u.t. is a challenge, too. Do you have a sense of how the cost compared to using our own city convention center, which would have the benefit of supporting one of our own cities?

>> We have looked into the convention center and they're usually already booked up. Some of the training folks, guest speakers are not available. So often we have to rearrange or reschedule. That is not conducive to something like the convention center. So obviously, they're quite busy over there. is there a reason why we need to do all six years now? Is there a way to vote on one year and consider in a year once we have an understanding whether or not we understand whether it makes the best financial sense to have it on a noncity facility.

>> I think that would be up to you guys. But at \$40,000 a year, if we get this today, then it is for six years. Prices only go up in austin.

>> So for that \$40,000, what, in effect, do we get? What is the extent of the time that you're available to use it? That kind of detail wasn't in the backup. I probably should have given you a heads-up and asked for that.

>> The parking, food services, restroom facilities. Sometimes we need a larger classroom in addition to the large auditorium. All of that is included. If we have break-out sessions, they provide the additional room space for us.

>> How many training sessions are we talking about?

>> I think we have up to 10 or 20 there a year. And all throughout the year.

>> Ok. I guess that's my last question. Thanks.

>> Thank you. motion on item 16? Councilmember martinez moves approval. Second by mayor pro tem. Any discussion? All in favor signify by saying aye. Opposed no. Passes on vote of 7-0. Item 24 pulled by mayor pro tem cole. There are no speakers. I have a couple of quick questions for staff on this. The purchase of street light holds for austin. I know we have been working on this for a while. I would like for you to tell us how we're coming along on the final design for our transit corridors and for grade streets?

>> Ok. David wood. Vice president of

[indiscernible] service delivery. This purchase item is just for our standard pole replacement program. We do comply with great streets. I'm really probably not the right person to talk about transit corridors and great streets. I pulled the item because I thought we were finally at the stage where we are doing a final design and that we were going to redesign our lights to be more energy efficient and compliant with great streets. I was trying to figure out if this met with that. It sounds like it doesn't.

>> Actually item 22 is lumineers and that is where we will purchase l.e.d. lights. Those will be more energy efficient, we will purchase those going forward and that will be a savings. we are still trying to and energy-efficient lights but there are still some we're buying that don't meet that initiative.

[10:17:32]

>> As part of dark skies, 2015, we will meet the requirement of having more energy-efficient lights. We have approximately 70,000 street lights. By 2015 half of those should be REPLACED WITH L.E.D.s. Any new street light installations will use new l.e.d. lights as well. We will continue to have a population of the older-style lights that are less energy efficient and we will evaluate that on a case-by-case basis on whether it is cost efficient to or replace the bulk.

>> We made a decision to use lights and I would like to encourage you to do that. Mayor I move the approval of item 24. mayor pro tem moves approval. All in favor signify by saying aye. Opposed, no. Passes on vote of 7-0. Item number 33, pulled councilmember trial pep -- riley. There are two people signed up to speak. If you are going to postpone, we'll do that first.

>>Riley: that is my intention. Those are items related taxicab permits for lone star and austin cab. By city code, we have to allow third days to pass between first reading and third reading. Which means third reading can't happen until after our july break. So postponing for one week would have no effect on when we are able to actually pass this item on third reading. I expect that there will be a couple of taxicab items on a separate but related issue next week. I thought it

would be helpful to talk about all of the items together at once next week. I ask that we postpone the two for one week.

>>Mayor leffingwell: Councilmember riley moves to postpone 33 and 34 for one week. A second by councilmember tovo. Anybody here signed up to speak, wish to speak to the postponement? Mr. gilmore.

[10:20:12]

>> Mayor, members of council, I'm henry gilmore, representing lone star cab. If the council will, it is our preference to go for first reading today. We don't see the issue coming up next week being related to this issue. If pie chance we can get first reading today and we do that today. We would prefer to go for first reading today if possible.

>>Mayor leffingwell: Councilmember martinez. when we have items like this, have to have them on three readings and something that other councilmembers want to get completed prior to third reading, typically at least vote on first reading, continue the work that we're doing and then fix it on second and or third reading. I was wondering why we wouldn't consider that today? If the net effect of either or, passing on first or postponing next week is nil, and it allows the item to continue, why not consider continuing first reading? if the council would prefer to vote on this today, we can go forward. The items next week do have relation to this. Specifically the items next week relate to the special permits for wheelchair accessible cabs. There have been proposals from at least one cab company that there is a way to manage accessible cabs in such a way to address peak demand. There is -- obviously when we issue additional permits. The while idea is additional permits at this point is to address peak demand. Issues are related. It would make more sense, to me, to discuss them all at once. Especially since taking action today would have absolutely no effect on when the permits are actually released because we won't be able to do that until after the july break anyway. But if for some reason people would like to go ahead and discuss this today, then that's fine with me.

>> Mayor? so I think the question is -- are you willing to withdraw your motion to postpone or do you want us to vote? Councilmember tovo. if I could make a comment along those lines? If there are items related taxicabs, we have cabdrivers that want to speak and have franchise owners that want to come and speak. Part of the thought was to make sure that they didn't need to come down this week and next week again because in the past, you know, sometimes it has been hours that they have been down here, waiting for their item to come up, and it is a day's lost wages for many of them. So it was really, I believe, also a courtesy to our franchise holders and also to the cabdrivers who would want to come down and speak about these issues, to make sure they're consolidated on one day. I hope we will keep that in mind. I know some of the cabdrivers who have weighed in on this issue and perhaps even some of the other franchise holders have been informedaa -- informed that there would be an item for postponement. I don't see many people signed in. I'm thinking certainly they think it will be postponed. It is on our agenda, but i mention that I believe many of the stakeholders thought it would likely be postponed today. motion on the table to postpone items 33 and 34. Councilmember martinez makes a substitute motion to approve item 33 and 34 on first reading only. I think we probably need to take these separately. So your motion would be to approve item 33 on first reading only. And leave the public hearing

open. Is there a second to the motion? Councilmember morrison, second. will it be posted for discussion next week also? yeah, public hearing would be open. it is for those coming down. will we hear from the speakers signed up to hear the topic? we have to hear the speakers now. Joseph eli, ily? Not here? Henry gilmore. You have three minutes.

[10:25:40]

>> Thank you, mayor. Ahem. Council, this item is phase two of the total of 50 additional permits the council supported for lone star cab last december. Phase one was approved by y'all in february for 30 permits. The approval of this item would add 20 additional permits. You may recall there was an unforeseen delay in third reading for the 30 permits so lone star hasn't yet been able to put the 30 cars on the street but will do so in about three weeks. If approved the 20 additional permits will hit the streets in october, in time for the austin city limits inaugural formula 1 here in austin. Each permit helps provide better service to the city of austin and more effectively compete with the other franchises. The revenue will help increase visibility and community awareness through advertising and marking and help them invest in better technology. In fact, as solomon will explain, the company has already made a significant investment in new dispatch technology that will be installed in the 30 new cars to hit the streets in a couple weeks. Solomon can explain the nature of the technology if you have questions. We're asking the council to -- council to approve the item you introduced last december. I would be happy to answer questions. next speaker is solomon casa.

>> Good morning. Solomon casa with

[indiscernible] cab company. Mayor and council members, lone star council company is the smallest cab company that has been in business since 2010. The last five years,

[indiscernible] the ability to survive the economy and thriving to compete with the companies that are eight and 10 times its size.

[10:28:02]

[Indiscernible] ability to use

[indiscernible] technologies such as gps based assignments. In the course of our five years of operation, we have faced many journeys. One is the size of our fleet. 55 Permits was one of the challenge in the city

[indiscernible]. This 20 would help improve our response time and ability to compete with others. The challenges generally in the taxicab industry that we face since the last five years where inability to answer every service call, especially during peak hours, it would be tight and dispatchers could not answer. This costs maybe a future trip by requesting a service right away or passengers may call to find out where is their car. You can imagine the frustration of passengers who do not want to miss their flight or doctor appointment or any such service intended. The second challenge across the board for every industry is challenge to arrive on time at the pickup place inspect is the time it takes my driver to reach the location. Currently my

drivers have a mp sco. Most of the time they call dispatchers to help them. Missing a turn has a problem on gas consumption, environment and cost of the call. The other challenge across industries [indiscernible] producing detail reports. Currently our system produces reports for the transportation department. However, we want to exceed to capture detail street information, including time the call came in, wait time, completed trips, no shows.

[Beep]

[indiscernible]

>> you have additional time donated by mita galip. So you have three more minutes.

>> It is also important to have credit card, cash so when drivers complain about making \$250 an hour. We have backup to dispute or shed information. Mr. mayor, council members. We are in a tough, challenging world. The dispatchers we start started five years ago, however we did not overcome the industry challenge I mentioned earlier. Austin is an upper class city. The customers that live in this city need better class service. These citizens spend hundreds of thousands of dollars for

[10:31:42]

[indiscernible] from a well known district. This is not an upgrade. It is updating technology in the market. It would keep our company ahead of our competitors. The installation of the technology on the new 30 vehicles is completed and replacing the existing system would be completed in next two months. Features of the new system. Every vehicle will have seven-inch screen touch screen. The system will find the shortest way to pick up passenger, reducing time and gas and help dispatcher answer service calls. The [indiscernible] text mode and voice mode. The text mode to ride is disabled. The driver can't read messages from dispatcher. The push to talk button for drivers to communicate to dispatchers. Safety features. When emergency panic button is activated by the driver, the dispatchy -- dispatcher can open mic and listen to what is happening in taxicab.

[Indiscernible] drivers out of the cab can be arrested. Drivers can choose zone and

[indiscernible] about which zone is busy and can switch to the busiest zone [indiscernible] software-wise, to choose the closest taxicab.

>>Mayor leffingwell: thank you.

>> Thank you. daniel ajiga. Is daniel here? And there is also actually wanting to donate time to henry gilmore who didn't use his three minutes mulegeda, saliki. You already do 98ed your time. Zinnal mercier? Those are all the speakers we have on this item. Discussion? Councilmember riley. if I could ask a couple questions of staff. Gordon approaching. Gordon, this item .. how many permits would this provide to lone star?

[10:34:58]

>> I believe this is as per the council resolution in december. I believe it provides 20 additional permits to lone star. if we look at the city's formula for allocation of permits, as I understand it, that would have called for 19 permits for lone star for this year; is that right?

>> Yes. and so far, they have received 15, is that also right?

>> Carlton thomas, austin transportation department.

>>Riley: they received 30. The formula calls for how many?

>> 19.

>>Riley: they received 30. This would call for another 0. So one more time. Formula called for 19 this year. They have received 30. And this would provide an additional 20?

>> Correct. so at this point, the formula is -- if we have already tossed the formula out the window and this is piling on top an additional 20 permits.

>> Correct. has the transportation commission considered this particular release of permits? Have they recommended --

>> they have not had on this. There were discussions on december before that action. And they had asked us to continue to look at the formula and how that might be revised in the future. they asked us to look at the formula. They have not recommended this release of permits?

>> Correct.

>>Riley: ok. Thanks.

>>Mayor leffingwell: Councilmember tovo. I have a couple more questions. Have you heard concerns from drivers about this release of additional permits?

>> We have, over the last six months of discussions, ongoing concerns about the number of taxicabs that are currently in the street and the permitting of additional taxicabs. we heard some of that ourselves. We had a lot of cabdrivers here in december talking about it. I did support the in addition allocation of 30 permits for lone star because I think -- i absolutely support the value of making sure we have got three, strong, vital taxi franchises here in austin. I think it is to everyone's benefit, the drivers and our community at large and the tourists that come here that rely on cabs for transportation. But I do -- I take very seriously the concerns that the cabdrivers raised when they were here in december. I wish some were here today to share those concerns with us. I think it is an important discussion to revisit. I know we will hear from them next week. I wanted to read just one of the e-mails that we all received -- I believe we all received yesterday. Urging us to vote no on the two items, the additional disbursements of permits. And the driver who wrote said we have yet -- I am quoting. We have yet to feel the effect of the additional 45 cabs scheduled to come online at the end of the month. I cannot fathom the need for the extra permits let alone another 30. Today I worked an eight-hour shift and cleared \$30 for my effort.

Less than \$5 an hour. This is typical. I have 30 years experience driving in austin. It isn't that I know the job. I'm skipping. The simple reason to the next being low is the overabundance of cabs and other transportation services on the road. I think this is a subject we need to really spend time listening to different perspectives on. I look forward to doing that next thursday. I will not be supporting the motion today, for those reasons. I think that in our discussion, back in december, we talked about the need to evaluate how those additional permits would effect the market, both the market for franchise holders and cabdrivers. We haven't had an opportunity to see what the impact of the additional permits would be because they're not out on the road yet. So I would, at a minimum, like to see us take time, see what the impact has been before we vote to allocate additional permits. further comment? Mayor pro tem cole. I want to say, as expressed in previous issues about the taxicabs and permits, I'm seriously concerned when we abandon the formula. I think that has been emphasized already. I want to express that on record. So I will be supporting the motion.

[10:39:50]

>>Mayor leffingwell: Councilmember spelman. could I ask casa a question? As you know, and as we have been talking about, effectively what we have done is not discard the formula, but put it aside for purposes of giving lone star more permits because lone star appears to be able to need additional permits to provide coverage to the city and have a financially stronger operation. At what point -- how much is enough? How many permits do you need where you can say we can provide the coverage we need to support the dispatch operation that casa very thoroughly described for us earlier? At what point do we say that is as far as we need to go, we don't need more permits to become financially stronger?

>> Councilmember, I would suspect that with the 50 additional permits as the council resolved back in december, that that would help even the playing field. The very reason we were here to begin with is because we felt the formula wasn't adequately measuring the true taxicab demand. It still doesn't. You haven't changed the formula. The additional permits were awarded in order to help maintain competitiveness. We had requested 75. The council resolved to award 50. We think that with 50, we would be glad to come back to council and show you how those additional permits have helped us to maintain -- to be competitive, helped us invest in better technology, helped us better serve the city, if you would like a report, after we have a chance to put 50 on the ground. To answer right now, I can't answer exactly when is enough. I would say, we know the formula is not enough. you made that case over several months, I agree with it. I look forward to the reports casa could give to us after six months after having the first 50 additional cars on the street and hear more about what you can do with the 50 cars, what you do with dispatch system that you weren't able to do before.

[10:42:24]

>> We will provide that information in six month it's one year's time to provide about the 50 permits [indiscernible] and also based on driver next in

[indiscernible].

>>Spelman: sure. I suspect mayor that drivers come ask not how many cars are on the street, but at a particular time. The allocation of cars over time have an effect on how many jobs you will get and quality dispatch operations such that casa is trying to put together will put more money in the pockets of the drivers because they'll not be trolling around or waiting at the airport but put to a much more productive use to pick up somebody for a particular place. The better dispatch operations, the better services and the financially lone star and other cab companies will be.

>>Mayor leffingwell: Councilmember morrison. I'm going to support the motion. I wanted to mention that I know that this is a difficult issue. We had a lot of things to balance. I wanted to remind everybody that when we last took up this issue, one of the things that we specifically did was to add additional fees that the drivers were going to be able to collect to help the whole basic issue of improving their pay.

>>Mayor leffingwell: . Councilmember riley. one more question for staff. Tom, or gordon, whichever. ray mundi to help us resolve the issues with the taxicab permits and help us come up with a reasoned, intelligent approach to the taxicab permits. How much did we spend on the study?

>> I can't tell you offhand. It was approximately \$50,000.

>>Riley: 55?

>> \$55,000. mayor, I will not support this item. As we mentioned this release in permits is far in excess of the permits we have in place. Has not been recommended by the transportation commission has no relation to any recommendation ray mundi made in his report. mundi explained in his report simply releasing additional permits does not address the problem of peak demand. What it is likely to cause is longer lines at the airport. Cabs waiting that much longer for rides. It does not have any direct relation to peak service. The principal effect it to drive down wages. It doesn't benefit drivers whatsoever. We're making this determination without the input of drivers that thought we would be doing this next week. The only -- in terms of releasing the permits, there is absolutely no effect in considering this item today as opposed to next week. We don't have the drivers here. Making a significant decision far in excess of the formula, ignoring the recommendations of the consultant that we hired, and I think this is not -- not an appropriate way to proceed with our handling of taxi permits. I'm not supporting it. the motion is first reading only, public hearing be left open. All in favor signify by saying aye. Opposed no. Passes on a vote of 5-2 with councilmember riley and tovo voting no. Go to item 34. And councilmember riley also pulled that item. Do you have any remarks?

[10:46:43]

>>Riley: no. I think we might have a speaker here. Josephil -- joseph ily? Joan caffely?

>> Good morning, members of the council. I guess austin cab comes into the picture because of the question of fairness. .. as you well know, austin cab is a child of harlem cab company. .. our family bought harlem cab in 1984. At no time did the city council bend over backwards to assist us with our operations. We always followed a formula. In december of last year, the council

decided to give 30 permits to lone star, and later additional 20 to make it a total of 50. We always spoke up to say if lone star gets additional permits, we should as well. As a matter of fact, we have been planning, as lone star has, to improve outloaded dispatch -- outmoded dispatch systems on the assumption that we would be getting more permits. So this is something that perhaps needs more discussion. However, if the vote is taken today, that will be fine because there are second and third readings at which we can sort out all these misunderstanding. But, you know, when you hear six months previously that you're getting additional permits, that the council had come up with, some kind of way to set aside the formula, after all, we oar we got the impression we were mundi's formula. And that the fact that we will have better dispatch systems will enable us to get additional permits based on performance, rather than on traffic at the airport and population increase. So I think that we still stand by our recommendation that if lone star is given additional permits, we should as well. Because we are one of the -- although we're the oldest company, we're one of the two smaller companies. And perhaps we can assist the riding public, whether tourists or austin residents [beep] by having a better dispatch system, which is based on additional next. I have a couple of questions.

[10:50:25]

>>Mayor leffingwell: go ahead. Mayor pro tem. I want to be clear to whether or not -- what extent you support the formula or you don't. The formula? mundi's formula has not been implemented yet. Slow slow, I -- I want to be clear as to what extent you support the existing formula. Let's take the existing formula. Do you support that?

>> Well, I thought that was fine. I unde mustn'ty -- mundi wants to see the franchises more productive. I don't have anything terribly against the formula, but what i thought, I think going language with congressman -- councilmember spelman says. he kind of looks like that. He'll take it.

>> I got the impression that in december the council very intentionally set aside the old formula and did not move toward dr. mundi's formula. I know his formula will be implemented. I don't have any particular objections to that. But I'm just going based on what the council decided back in december. So if we are making plans, if another company has got into a contract or purchase based on what the council said in december and we have found an excellent company as well, tran wear, it just sort of puts us in a difficult position.

>>Cole: I understand. I wanted your position on the record clearly. mundi's idea. Council has not implemented yet, so it is hard to know. do you have questions?

>> Ma'am? I have a question for you. casa was saying that he needed additional permits or additional permits were needed to provide better service to the citizens of austin that need cabs. We talked about the dispatch system. I don't think I heard that you have plans to update or put in a new dispatch system. Is this something you have plans to do?

[10:53:13]

>> Yes.

>>Spelman: [inaudible].

>> I beg your pardon? do you have a go-live date? When will you put it in operation?

>> I would have done it six months ago myself. It hasn't happened yet. It will happen. I would have redone the city's website if I could do it myself, but I don't have that authority. Go ahead.

>> One of the things that happens if you have a really good dispatch system, you will get more calls coming in. You need enough cabs to service the calls. And, you know, what we want to do is get our drivers out of the queue at the airport. I'm sure all franchises are aiming at that. But with a good dispatch system, we really need enough -- enough cabs in the zones, really, to give a quick and efficient service. And if you're in the hundreds, compared to yellow cab which has 455 or so. You know, you're not really quite competitive. one of the reasons why I was in favor of the last item to give additional permits to lone star because at 88, it seemed to be a logical presumption they didn't have enough cabs to maintain a good dispatch operation, too many calls they had to say we can't get there. With the additional 20, on first reading at least. We granted them, they're at 108. You're at 177.

>> Which we haven't got yet quite. we're talking here on first reading to give you 10 more, which would give you 187.

>> Right. if lone star believes they can make a good of a good dispatch with 108. Why do you need more permits to go to 187? Couldn't do you 177.

>> The dispatch system that we purchased three or four years ago is really faulty service. It is not real-time. A lot of the drivers have stopped using it. They cut off. So we have plans to, in the new system, we plan to have the gps directly hooked up with our dispatch and a driver will not be able to turn us off. You know, there will be a great improvement in our service. And we made a mistake in purchasing the system that we did before. But you have to kind of pay your way out of it first. That is why we kept it so long.

[10:56:11]

>>Spelman: I understand.

>> We're ready to get something that is up-to-date and with the features that solomon just described of their new system. Yeah. And then of course, you need the vehicles to serve the calls that will be coming in, in a much more efficient and effective way. if he has 108 and believes he can serve his calls efficiently and effectively and you have 177 now, why do you need 187 to serve?

>> That goes back to the point they need earlier, that ok, in the old formula, everybody got -- whenever something happened, everybody got additional permits.

>>Spelman: right.

>> Even the purchase of roy's taxi by yellow cab, austin cab got additional permits. So this is something -- I don't know if it is a gentleman's agreement or lady's agreement but, you know, when you have the weaker companies, if something happens, you always get a little more. We have a long way to go to have the number of vehicles that yellow cab has. So even if we have 188, that is still a far cry from 450 or 455.

>>Spelman: I understand.

>> I think this was agreed to in december. And I can't remember, people along this side that were .. who were very vocal and put the motions forward that a few months later, meaning in june, these permits would be allocated to these two companies. you see what I am getting at. 450 Is obviously the big dog. There is more yellow cabs out there, than there are lone stars and austin cabs put together. And if we are trying to maintain good customer service and having three, financially strong cab companies to provide at an appropriate level of competition, there has to be a certain critical mass, a certain number of cabs on the street to maintain a good dispatch operation. I don't know whether adding 20 to lone star is enough to get them to that point. They say they think it is. We will find out. I know the dispatch will tell us how they're using their cabs. If I can get the similar information from you, I'm inclined to say give you a few more too. I'm concerned as is councilmember tovo and riley. If all we are doing is putting more on the street, it is not improving the service.

[10:59:10]

>> Yes, I think -- we have been meeting with the staff, city staff, you know, every month, even twice a month sometimes to work out how to provide a better service, both to the accessible van customers and regular riders. And so, this is something that we're very serious about doing. Of course, the purchase of a better dispatch system will make a tremendous difference. And -- I don't know. The reason I gave you the history behind this is because it doesn't seem fair that it took us, now it is 28 years. It took us 28 years to get 162 permits.

>>Spelman: I understand.

>> And that is going by the formula all the time. mundi's argument. I have no qualms about our being competitive when the new formula comes in. casa can get me a report sometime around april 2013 that will say what he can do with all 108 cabs he's got on the street, and particularly with the 20 cabs that we're talking about granting him now. Will you be able to make the same deal? Can you provide us with a report telling us what you have done with the 187 cabs on the street, how many are responding to calls, how many are going to airports and so on?

>> Oh, yes. We have made sure that the system we selected will indicate -- the driver will indicate whether it is a pick up from the street or hail, airport trip or dispatch trip. We want to emphasize dispatch because that is the core of the taxi business. And we will be able to provide reports to the city on a monthly basis, weekly, if they want. we don't need weekly reports, ma'am. Please don't.

>> Not daily?

[Chuckling] is that all?

>>Mayor leffingwell: Councilmember martinez? I want to bring up a few points that have been made or touched on. Emphasize that I certainly believe we need to improve our service. I think even if we had the perfect dispatch system and required all the cab companies to use it, we still have the issue of inequity. If we move forward of the allocation based on things like dispatch service. Only the largest company will be rewarded for that. Only the largest company will continue to grow and only the formula will continue to not be followed as it has not been since before any of us got on the dais. When the sale of royce taxi took place, that is when it got out of line. I certainly appreciate wanting to revisit the formula. I have wanted to revisit that since joining the council because I believe there are factors that would play into it, but you can't impose a one-size-fits-all policy on three companies that have three very different fleets in terms of requiring them to provide the exact same service over the other. One company has over 450 permits, the smallest has 50 and will no have another 50. I want us to keep that in mind as well. Along with the reports that come back, I would just ask austin and lone star, if you would just ask some of your drivers to voluntarily provide information about how they derive their personal next from a day's worth of using the taxi. We don't need their name or anything, other than the factual information. We have one e-mail that was sent to us about a particular driver who only cleared \$30 in a day. And I realize, while that may be true, there are varying factors as to how that truth bears out. I would ask that you would help us in that conversation. About how drivers earn next or not and have slow days and why those things occur.

>>Tovo: mayor?

>>Mayor leffingwell: Councilmember tovo. I agree we need better data on those kinds of issues. I want to remind my colleagues, some of you may have received a report that the taxi drivers association did. They did a study with some outside assistance to look at driver next. So I will -- I don't know that we have got anybody from tdaa here as I mentioned earlier. I don't think we have got any representatives of cabdrivers here today. I suggest they ree-mail our office way link to that report. It is an attempt to show -- moving away from anecdotal information. But it is a few years old at this point. And I would also like to get some sense from our transportation department, perhaps next week, to how, if you have got any evidence about how the additional charges that we did pass earlier this year have helped us begin to meet the demands for service. Those were the peak hour charges, the per passenger charge. Can you it will at this point, whether that is having any measurable effect on wait times or the number of drivers out there on the road during the peak hours?

>> Councilmember, I do not know the answer today, let me see if I can bring you back that information next week, one way or another. We don't have the information yet, we can tell you that next week.

>> That would be great. I think we need that piece of data and we also need to see -- as I already made the argument, I think we should look at how the additional permits are impacting the market. While I hear the point that we'll have that data a year from now, by then, those permits will have already been released plus an additional -- perhaps an additional disbursement through the formula next year. By the time we get data to show how it is impacted there are several

releases of permits, perhaps. I think it is more prudent to see what impact it has before we make an additional decision.

>>Mayor leffingwell: Councilmember riley -- did you have another comment? I would like to ask a question of staff on this, if i may. A quick question for staff. Similar question to what I asked on the last. I want to get a confirmation of how many permits we have issued so far to austin cabs this year and compared to what the formula would contemplate?

>> Austin cab received 15 additional permits as opposed to the formula would have allocated 19 as well. formula would have allocated 19. They have received 15 and this would provide?

>> 10, Additional.

>>Riley: an additional 10. That would make 25 so far this year as opposed to the formula calling for 19?

>> That is correct.

>>Riley: ok. Mayor, again, obviously, I'm not going to be supporting this item. mundi's -- mundi suggested was by no means a one-size-fits-all approach. He did not suggest basing the allocation of permits on an effective dispatch system. What he recommended was a thoughtful approach that speaks to peak demand. Our the issuance of permits addresses the problem out, there which is providing effective taxicab service in the peak periods. There are a number of ways to do that. The most important thing is have a thoughtful approach to how you manage the permits. In doing that, you might -- you would also be able to make progress on other related issues, such as progress towards greening our fleet. Other cities around the country have made significant progress on making their taxicab fleets more sustainable. Meanwhile, here in austin, we have made absolutely zero progress on having a sustainableplete -- sustainable fleet of taxis. With this decision today, we are continuing that progress, doing nothing to promote sustainable taxis. Certainly with the issue of accessible taxi service, there are problems with the way we have done that in the past. There are opportunities to address that in a more thoughtful way. I'm hopeful we will make progress on that front next week. In that regard, there would be an opportunity to have a discussion about exactly how we are managing our taxicab permits to address all of the issues. My preference would have been to have all this discussion next week so we could have a more thoughtful, coherent approach to the management of our permits. It is obviously not the case. It is not the case today, and i will not be supporting it.

>>Mayor leffingwell: Councilmember martinez, i believe you wanted to make a motion earlier? Councilmember martinez makes a motion for first reading, public hearing stays open? Is that correct? What is your motion? Yeah, ok. Seconded by councilmember spelman. Seconded. All in favor signify by saying aye. Passes vote of 5-2 with councilmember riley and tovo voting no. Item 38, mayor pro tem cole, i believe you want to table this item until we -- and hear it at the same time as the other case? this has to do with the governance structure of austin energy moving forward. I think we should hear it with that item. is there a second to postpone that until later today? All in favor signify by saying aye. So it will be heard as the same 00 today. That takes us to item number 39. Pulled off the consent agenda by councilmember tovo for question.

No citizens signed up to speak on 39. I don't know if we have staff to address this or if i should direct questions to my colleagues. I will jump in and say I guess i would like a little bit more understanding of how this changes what is in our existing code. As I looked over our existing code and what is before us today, it looks like there is a major expansion in terms of secondhand dealers. And so I do have some questions about some specific provisions in here. I would like to get a global perspective about what outreach was done with secondhand dealers. It seems to me this is a pretty broad definition. It will encompass everybody from jewelry dealers that deal with jewelry 100% of the time, to individuals who sell household appliances inexpensively to many people in austin, to our vendors at the citywide garage sale to those that purchase things at garage sales and resell them to antique dealers. There are a lot of people that are impacted by the definition of secondhand dealers in here. I would like a sense of outreach done to the groups, the antique mall dealers, to places like uncommon objects, to people that would fall in that group. Many questions there to handle. I would be happy to go through one by one, that gives you a sense of the questions I have. I plan to postpone this UNTIL THE 28th.

>>Tovo: that makes it easier. I guess I would suggest. I have some familiarity with this business. I know that, you know, you are touching on some people that are going to be really impacted by this. Many people who sell at places like the austin antique mall or citywide garage sale get up early friday and saturday and might hit garage sales, estate sales and jewelry, antique dolls.

>>Cole: do you do that? I paid my way through grad school that way. let's get back to normal procedure here. we veered off into colloquy. If you are buying jewelry at a garage sale, need to stop, get paperwork done. I would suggest and be happy to help with recommendations. I suggest you reach out to the austin antique mall and citywide personnel. I'm happy to recommend names and get a sense of how they might comply with what is in the proposed ordinance. Just get feedback on that. mayor, I will make a motion to postpone this. mayor pro tem, go ahead. I will make a motion to postpone this. We met with several stakeholders, we can meet with more. We certainly welcome your input. what is the date? june 28 mest mayor pro tem moves to postpone this item to june 28. Is there a second? Second by councilmember spelman. mayor, I vote to postpone the item, I think it is a good basic question. If somebody from the police department could answer the question in a broad brush sense, I think it would be a helpful thing. Who did y'all talk to to put the ordinanceing it, who did you consult with? Has there been sufficient input from secondhand dealers?

>> Thank you for inviting us back up. Jerry met with several customers on this. I will let him speak.

>> We met with a gentleman from play it again sports and jewelry association. They met with us. We had input and give and take with regard to the ordinance itself. I heard you mention garage sales a few times. The ordinance isn't gonna -- the focal point, at least -- there is a motion on the table to postpone. We should only discuss whether or not --

>>spelman: I have a question. Garage sales are exempt?

>> Correct. buying from garage sales.

>> Mayor leffingwell: Councilmember spelman has the floor. I will recognize people to speak. Councilmember tovo.

[One moment please for change in captioners]

>> all in favor of the motion to postpone -- mayor, I'm sorry, I have a question. council member morrison. Same applies. We're only talking about the postponement. I understand that. I wonder if the interim you all could provide a memo, perhaps to all of us but at least to me, that includes from a broad prospective what is the goal, the change you see is needed and why. city manager?

>> I'm a little puzzled by the conversation because this almost sounds like a staff recommended item. This is an ifc, and the question may more appropriately be addressed to those who are sponsoring it. and we'll address those questions when we hear the case. Right now we're only talking about the postponement. I have a formal question, mayor. council member spelman. this is only a question about formality but one of the issues that has come up and will come up in the future is why are we doing this. In a resolution it's easy to explain why you're doing something because you have all those whereas clauses you can describe it in. This is an ordinance, not a resolution so I'm wondering what would be the appropriate means for us to describe the intent and objectives of this ordinance.

>> I think that could be done in the below the line language with the rfc instead of putting it in the actual ordinance under our rfc process. There's an ability to explain why or what is happening with an ordinance.

>> Spelman: okay. I'll make sure that mayor pro tem cole and I get with people in the legal department to make sure that's provided. and many times an ordinance, the first part of the ordinance is a set of findings, which would address that issue. All in favor of the postponement say aye.

>> Mayor leffingwell: aye.

>> Aye. opposed say no. Passes on a vote of 7-0. That brings us to items 7, 8, 9, 10 and 14, which will be addressed together and we do have a number of speakers signed up. Are there any questions of staff or statements by council members before we go ahead to our speakers? Council member morrison. I pulled this item. I've been working with a couple of my colleagues on it, but I would have some suggestions to make but i would like to hear the speakers first.

>> Mayor leffingwell: okay. First speaker is john row rosa rosado.

>> Mayor? council member martinez?

>> I believe they're outside in the atrium. Last minute negotiations going on. Can we give them a second to get in here? we'll go to the next speaker, emily little. Emily little. We'll go back to emily little. I assume she's also outside. Zoe la vega? These items all relate to seaholm.

>> Yes. I have a presentation. Thank you. I'm zoe la vega. I asked the -- I was asked by the mayor to limit my comments to seaholm and I'll abide by that. I want to thank you for shaking my hand. The last time we shook hands was arbor day last year and I had the honor of meeting you there. That was a wonderful day for me, several city council members came, coal, morrison, tovo and I really appreciated the mayor coming and honoring heritage trees. He did a wonderful job mulching the trees and explained how important it was for austin to maintain and preserve heritage trees. The tree lady attended and she passed away last february. It's a special lady I still remember. So let me get to seaholm. What I'm here for is to ask you, I read that there's a change in the plans and there's a plan to put an underground parking garage, and I'm concerned about the heritage tree that's at the corner, I don't know the street name, cesar chavez on the southeast corner. You can see it right there under that red dot. I called city staff and they assured me it's not going to be there, but I just wanted you to be aware because i don't want to go through the same situation of waiving the heritage tree ordinance too and not protect that tree. Could I have the next slide in I don't have a remote. This is the landscape plan that was proposed and you see the heritage tree at the bottom right of the picture. So please make sure that this heritage tree is protected. It's also being affected by the road. I think the city arborist is working with staff making sure that it's not impacted, but the heritage tree ordinance needs to be respected, and the heritage tree needs to be preserved. And I wanted to add as a side note, this is the landscape plan that was just recently released. I would like to know how i can provide comments because I don't see a whole lot of green, again. There's a lot of concrete, there's a lot of formal design. I would like to see more of relaxed and more open green areas. There's a lot of concrete and a lot of glass. Thank you. thank you. Go back to john rosado. Is john here yet? All right. Donating time, barry lewis. Is barry lewis here? No barry lewis. Rose lewis? Rose lewis? Not here. Mark littlefield? Alan cowden? All right. So john, you have nine minutes.

>> Thank you, mayor, council. I'd just like to make a brief statement. 60 Years ago when the seaholm power plant was conceived, designed and built, no one could have possibly visualized what we're embarking on today. If they had they surely would have designed the building to be more user-friendly. Today is the beginning of the next 60 years, and we cannot predict 10 or 20 years in the future, much less 60. What we do know is that the building will still be here thanks to the efforts of this council and past city councils. The building will be saved and enhanced so it can function as an asset to the city and not sit as it has for the last 20 years as a shuttered power plant. The seaholm team has worked on this project for eight years. We have been under contract with the city for over four years, and we have spent millions of dollars preparing to begin construction this summer. Two changes to the mda are essential to move forward with this exciting project. The tower was planned to be a condo and boutique hotel but the market demand is for apartments. We are proposing 294 apartments. The mda had a provision that states if we went to apartments, that we would provide 5% affordable units for 25 years. We will honor that provision. The second change is to allow office use on the main floor of the power plant. Our desire six years ago was to attract the children's museum for the building, and we've worked diligently to accommodate the children's museum and the museum of art. Over the past several years we've had many conversations with large potential uses. However, since the economic tsunami, the retail and financing markets have traingd drastically. The building structure and the desire to maintain the grand openness of the main floor while finding an appropriate use for the lower levels requires a large retail or office user. While the market for large retail uses has not materialized, we are lucky that austin attracts creative companies that appreciate the raw

funkiness of seaholm. We're now at a critical juncture. We must accept the market seize the opportunity to restore thisy congress structure and -- eye congress structure. We should turn a power plant into a tax generating asset for the city. We should enjoy the addition 5 acres of new programmed outdoor space. Take pride in the unique \$300,000 catchment system that will provide irrigation without ever using city water. We should celebrate the fact that great companies like trader joe's have made a commitment to join us at seaholm. By moving forward now we will take the first step, the hardest step, of saving the building and redeveloping the site, setting the stage for the next 60 years. Nothing we do now will compromise or preclude future civic or retail use. There's no doubt that many of us are disappointed use, my favorite, the children's museum, has not materialized, but we should not reject the good hoping and waiting for the perfect. Vote yes now and I promise we'll be good stewards of this iconic structure. We'll preserve it and the surroundings for enjoyment for future generations. I'd like to add I've had several conversations with several of the council members, and I've talked with council member martinez's office several times and he and I are going to continue to work over the next several months talking about and addressing worker safety and welfare at the power plant. With that I'm available to answer question. Questi questi ons for mr. rosado? Council member martinez? I want to expand a little bit. John, first of all thank you. We have been discussing these issues that continue to be brought up and hopefully we will codify at some point in the future, but we are very close and hopefully we can achieve the first joint venture project where \$12 an hour is the minimum wage and prevailing wages apply above that \$12. We need to make sure that the contract -- some contractors have already signed their contract for providing the work, so they may not be a part of this agreement, but we're working out the details. I think it's going to be extremely significant, a historic step, and i appreciate john willing to take that step with us to have a project for the first time look at its workers and try to take care of them to the utmost. So I really appreciate it, john.

>> Mayor leffingwell: okay. Next speaker, council member tovo? rosado leaves. I want to be clear, sounds like you'll continue to work on that but is that basically a commitment you've made that you're going to --

>> no, it is not a commitment we can make today. It's a financial -- very major financial decision, we need to look at that, we need to look at it in balance with all the economics of the project. I will assure you that i personally will look and work very hard at working with contractors and subcontractors to see that we take care of the workers.

>> Tovo: okay. Thanks. council member riley. john, I want to ask you about the change we're considering today that would allow office use to go into the ground level there at the power plant. As you know, a lot of folks are very interested in public access to the power plant. In the past there were visions of having perhaps a civic or cultural venue there and there remains -- and there's still a lot of interest in ensuring that there is a regular flow of people, that this is a place where austinites will want to visit on a regular basis, certainly more so than the typical office building. Can you speak to that concern and how you see that concern being addressed in the context of the change that we're considering today?

>> Yes, thank you. What we're working on right now with the current tenant that we're talking to is providing spaces within the power plant on the main floor that would invite the public to be

able to come in and see the grandness of the main floor. Everybody is interested in the main floor. Not too many people care about the basements. But, you know, that's a real important issue to us and we're working with the current tenant to find ways to be able to do that. would there be an opportunity to revisit this issue at any point in the future with respect to the -- at the time that the renewal of the office is being considered?

>> I think so in terms of how we structure the ability for the city to have some input into future tenants. I think we're working on some language to try and do that. is there anything about the build-out of the office space that would impair the public's access to the facility either in the short-term or in the long-term?

>> That is a very good question. Our commitment, and absolutely there isn't anything we're going to do that's going to compromise the historicness of the building, particularly the volume of the main level. The idea we're bringing this building back to life and that it's going to be available for other uses, those uses now may be office. You know, 20 years from now may be a retail mall, might be a large civic user. Maybe the children's museum will expand and come back to downtown. We'd all like that -- expand and come back to downtown, but there isn't anything we're doing for this tenant that would preclude those things from happening.

>> Riley: okay. Great. Thanks.

>> Morrison: mayor? council member morrison. thank you, rosado, I really appreciate the work you've done and I've been collaborating with my colleagues, tovo and mayor pro tem with some common interests. And as a quick review, especially in light of your questions, council member riley, I wanted to toss out there the issues that we've been discussing and where you think we are on them now. One, it's a matter of making sure that under the contemplated lease there would still be some public access for -- even though there's going to be office use. And so we were talking about three specific items, one, that there would be a green store and interpretive historic display in one corner, second, that there would be a publicly accessible art gallery, i believe it is, and then third, that there would be in your current design, let's see, a restaurant that's accessible from the plaza, but then have (space on the mezzanine. Is that your understanding of where we're going with the --

>> that is my understanding. A lot of the details need to be worked out, but that is the understanding of the agreement we have.

>> Morrison: right. And so -- and then also, in terms of the future, we wanted to hold open the possibility that there could be much more public access, either if this proposed lease doesn't actually come to fruition, or when the lease is over, so we were talking about if retail is viable at that point, that you would do retail, and also that the city would have an option, a 60-day option for use of some of the level 1 space for public use.

>> Yes, that is correct. and I really appreciate your long conversations with myself, and I know you did a tour with other council members and all, and I do have a motion sheet to get the terms down after we hear the speakers, but it seems like a good balance, a good pragmatic way to allow

you to move forward with something specific now, some public access, because it is a wonderful building now, and preserving the opportunity in the future.

>> Thank you.

>> Morrison: thank you.

>> Mayor leffingwell: okay. Thank you, john. Next speaker is emily little.

>> [Inaudible] all right. And michael bullerd, likewise. All right. Ken altus? Ken altus? Speaking against the ordinance. You have three minutes.

>> Morning, council. My name is ken altus, i started friends of seaholm in 1989. I had gone to london and visited the tate museum on the thames river and when i came back to austin and i was on the city's resource management commission, i realized that -- learned that the seaholm power plant was an obsolete city property, put 2 and 2 together and I started to organize for the public use of it. I conducted 100 tours in the building, a thousand people. The city council has passed numerous resolutions, some of which I put basically for cultural and civic use. We had a public process that was very formal. The city sponsored, with hundreds of citizens, and they -- they wanted public use like arts and sciences, a science museum or performance spaces and places like that. -- Uses like that. Nobody wanted to see an office. Now, I realize we're late in the game here, but this rosado and his group, if you'll look at the large picture, the issue was always the seaholm building, the precious, iconic building. The proposals were for that building. Well, everything that he proposed, the residential towers, the commercial uses, at's all going forward. Nothing he proposed for the building itself turned out to be viable. It really wasn't in the public's interest, and the council has had a weak vision for this building and a weak guidance, weak policy control. I really think that if you allow this kind of fig leaf, this particular agreement, and you allow this to become an office, it's gone, and you'll be remembered as the council that lost seaholm. You had -- the city council had potential to make a world-class museum, world-class facility, that the city wants, the public wants, has expressed time and time again, and you've really allowed it to go into a commercial use. And these are token things. You're going to allow - I'm sorry, council member morrison, I'm a huge fan of yours -- but a huge display on the wall for some artwork and all of that stuff, is first, not really the public use of anything close to the public use. The building itself should be the center of what happens at the seaholm. Now it is really just an amenity, and now it's not even that. It will be used for commercial gain, and for all intents and purposes excluded from city use, public use. thank you.

>> Thank you. michael fossum. Signed up neutral. You have three minutes.

>> Good morning, council, my name is michael fossum. I just want to say that i support the comments that vega made earlier, and would ask that you please make certain that the heritage tree on the seaholm site be preserved. Thank you. thank you. Charles betz? Signed up for. And you have three minutes.

>> Thank you, mayor and members of the council. I'm charles betz. I'm here this morning representing the downtown austin alliance, the downtown property owners organization, and I

simply want to express to you our strong support for approving the two variances requested. We think multi-family is market-driven at this time and it would be a shame to miss this opportunity in the cycles. We've waited a long time to see the economy in such a position that we could move ahead with the development of seaholm. I also think that, again, it's to some degree market-driven and without huge municipal subsidies we are -- you are -- you have the opportunity, I think, to approve a very fine adaptive reuse of this building. And I think you'll be known as the council that saved the building. We have to have adaptive reuses to save our iconic and historic buildings, and I think this is appropriate and we -- I hope very much that you approve it. Thank you. thank you, charlie. Danny roth? Also signed up for.

>> Mayor, council, I just wanted to briefly ask for your support for the changes and just remind you that certainly those of you who know me know that I care a lot about the kinds of adaptive reuses charlie betz just referred to and that our history is that we've taken care to preserve buildings and to bring them back to life, and that that's what we intend to do here. And remind for the public, I'm a partner in seaholm power and a partner with john rosado and southwest strategies and we're here to fully support and ask for your support for these changes. Thank you.

>> Spelman: mayor, question? council member spelman. Question for you, danny. altus was suggesting that once the seaholm building itself is turned into a commercial use, then there's no chance of it ever becoming a public use in the future. On the other hand, although everybody supports it being a public use, nobody wants to pay for it to be a public use. So we have to keep - balance these two issues and I think you've done a reasonable job of striking that balance and putting the building back in operation where it's going to continue to be used for something, is probably the best thing for us to be doing right now. Is there -- the question I've got for you, is there anything that's going to be done to put this building into operation for commercial purposes, which is going to be precluding its ability to be used for public purposes downstream?

>> Absolutely not. In fact, the improvements to the building that -- you know, tying into the city's chilled water system, doing the park-like areas around it, that's all permanent, and could be adopted to many other -- adapted to many other uses. how long do you expect the office tenants to remain in that structure?

>> Well, the lease is going to be between a five and ten-year lease.

>> Spelman: okay.

>> So -- and that's typical for any lease. So we look at this as we're sitting -- setting up for 100 years, 150 years, that it could be there and could be any number of uses. thanks very much.

>> Thank you. Anything else? council member morrison.

>> Morrison: thank you. Thank you, mr. roth. We're talk about commercial uses. Actually the agreement right now allows commercial use. Is that correct?

>> That's correct. because it's retail use, so really the change that I see in this is public access, not -- we're not moving from civic use to commercial use at this point. Is that -- is that correct?

>> That's correct.

>> Morrison: okay. So what was contemplated in the agreement that we're changing is -- basically,.

>> Uh-huh. and then one thing about the lease, you said you're contemplating a five to ten-year lease. Is this reasonable to expect that you'll also have some lease renewal periods in that?

>> It's reasonable we intend to use for renewal periods, yes, but that wouldn't -- we might add two five-year term or one five-year term or something like that. Beyond that they wouldn't have any rights. It's not an unlimited amount of renewals. There will be a limited amount of rules. and rosado about is we would then have the right to access for a civic use some of that space, and also then that there would be a market study done so that you would move to retail -- back to retail if that's viable.

>> And we're perfectly fine with that.

>> Morrison: great. Thank you. mayor, I want to be -- mayor? mayor pro tem. I want to be clear on the renewal periods. Under the current language, which is not included in the development agreement, so we don't know what your lease is going to read with your tenant. So what are you contemplating now in terms of renewable periods?

>> I think we're contemplating two five-year -- is there two five-year?

>> If I can help clarify, you know, that is still in the negotiation. The likelihood of ten-year with two five-year options is highly probable.

>> Cole: okay. Because I know that we've had discussions about expanded public use and some retail use at the end of the lease period, and I want us to be clear about what are those terms, whether it's a five-year period that we get that option or a ten-year period.

>> It's -- right now it's at the end of the lease and all of its additional -- all of its -- everything that's written into the lease, which would be the option periods as well as the initial per, yes. so would you be opposed -- because we have no authority over the lease, so if you went and negotiated a lease for two five-year periods or three five-year periods, then the lease would not be terminated under, I think, any of the contemplated language that we have now, and I think we want to make sure that that option is available to us. And so -- at the ten-year period. So would you be opposed to that?

>> Yes, I think the language that we're talking about now is a -- this goes on for 20 years. It cannot go longer than 20 years, and that's what we agreed to.

>> Cole: okay. Thank you, mayor.

>> Tovo: mayor? council member tovo. this may actually be a question that we need staff to verify, but since it's come up in the q and a, it's my understanding from discussions with you that

the mda that you entered into with the city doesn't actually allow you to have a nonprofit in the seaholm structure. Is that accurate? I thought in the course of our conversations -- i thought I heard mention of that because -- and a factor of the tif, the need to support the tif.

>> Council member, fred evans, economic growth. That is correct. In the restrictive covenants that were put in place when the agreement was fully negotiated, it does prohibit a use that does not pay property taxes because of the impact on the tif, or use that would not pay market rates because of the impact on the development pro forma. so, you know, we've had conversations both, you know, individually were you also at session about our interest in having a cultural institution like the children's museum, like amoa be in that building and that's a grand vision i support and I think the community supported but in effect the mda wouldn't have permitted either of those organizations to be in seaholm because neither -- i believe they're both 501(C)3s, OR CULTURAL Institutions like those.

>> I'm assistant city manager. Council member, you're correct as the mda states. However, in the language that we have negotiated, there would be an opportunity to put a public or nonprofit entity into seaholm. We have always wanted it that way, but as fred evans stated, the reason that it was there at the time was because the tif needed -- was -- the property tax that is coming off of the property that goes toward paying for the bonds is what is -- we're really looking at. So this is right now at 30 years. However, if you recall, not too long ago you extended the tif boundaries, which did allow for you to have additional money coming in, and we anticipate if this is as it's written with a ten-year lease and make possibly two five-year extensions, that at that time you will know perfectly well how much of the bonds have been paid off. And so it would be a decision -- it's our expectation that the bonds would be paid off, but it's also a decision that if we want a nonprofit to go in at that time, then the council can look at whether or not they will provide subsidies or not, if they were needed. But the -- the changes to the mda that are contemplated today would allow you to have a nonprofit in there.

>> Tovo: right. And I just think that's an important point because, you know, we have had some correspondence from the public, and again, it's a grand vision I really support. I think that building would have been fabulous as the center for a cultural institution. I know that's a comment that I represented from southwest strategies have said as well. At some point, I don't know if it was 2006 or 2008, the council entered into an agreement, an mda, that said those were not appropriate uses for that site. So to some extent that decision -- you know, we kind of crossed that bridge back then, that restricted the use of the seaholm building to retail use. I see mayor pro tem cole shaking her head. I would really like to understand this. I just want to go over -- but it sounds like the discussions with the children's museum, amoa, other cultural institutions and mda happened before, not after, unless I'm misunderstanding.

>> It happened both before and after and fred asked me to remind you all that the mda does have a provision in there that that provision of not allowing a nonprofit at the time can be waived at any time by the council. So it was contemplated. The vision was it would be wonderful to have a nonprofit or entertainment in there, but at the time it was not available simply because we couldn't pay for it. We couldn't find another way to pay for it at that time, but if there were, and you could be creative, yes, there were ways to do that.

>> Tovo: I see. Thank you for that additional clarification. So the mda prohibits it but has a provision for waiving the prohibition. Okay. Okay. Thanks. so we have three more speakers. I believe we'll be able to get through our speakers before we have to break, and we'll have to continue this discussion after citizen communication and after executive session. So we'll try to get through our speakers. David stoch? David stoch?

>> [Inaudible]

>> mayor leffingwell: stowch. No. Wait a minute. Do you want to come up and say that or are you just passing?

>> [Inaudible] thank you. Earl brusard? Consent collins, also signed up in favor, kent collins, signed up in favor, waiving his time. And greg casar signed up neutral. Three minutes.

>> Council, it's good to see you in the morning. My name is greg casar. I'm from the workers defense project, and yesterday we were in conversations with southwest strategies about implementing procedures to improve worker safety, to raise wages on the project and also to get workers who are coming out of training to have chances to work on such a historic project. We really believe that we should judge the sustainability of a project on a triple bottom line where the environment matters, the economy matters, that it's economically viable and also as the economic vitality of our city but is also equitable and space where working class people can improve their lives by working on such a project. And so we really hope that even though this mda was negotiated years ago, that with goodwill from southwest strategies we can continue to have these conversations and really improve this project over time over the next few years, and I'm excited to see you all for this commission over the summer. I heard some of you being very excited about attending that with me as well. So hopefully we will talk about ways this can be implemented over the long-term for all future MDAs. So I thank you so much. thank you. Sandy grueneberg? Signed up against. You have three minutes.

>> I just moved to austin about five years ago and i absolutely love the city for how unique it is. I'm extremely interested in the seaholm and the future of it, as a person who could rent the venue and possibly have my wedding there. I love of that building more than pretty much any building ever and my main concern is that with the office space, that public usage to rent it as a venue would be totally squashed. So I was just wondering what mainly the plan for that was, if there was any concern about it being rented as a venue. I know there have been a lot of events held there, and i don't understand how that wouldn't possibly pay the bills as far as, you know, renting it as an event space. That was pretty much my concern. thank you. Sabrina tipton. Is also against, and you have three minutes.

>> Good morning, council. I am also against it with my roommate who just came up. We have both been inside the heart of the seaholm. We have gone to many varied events, the events that have happened there, and I've really felt like it is definitely an icon of austin, and with the retail establishment I also feel like, yes, it may gain austin money, but however i do not feel like it would actually help support the feel of austin. I understand that we are a little tiny speck of blue in a sea of red when it comes to texas, but I also feel like with retail and not being able to have a public establishment, I do definitely agree if it became a science or art museum fully where it

had access for everyone to enjoy it, but I definitely feel like with the news of becoming mostly retail or business offices that it would become a loss with a part of austin and with the loss of leslie, I just feel like it would also be another death for austin. Thank you. thank you. That's all the speakers that I have signed up that wish to speak. A number of other people who are signed up in favor but not wishing to speak, and those names will all be in the record. So, council, we have about five minutes before we need to break for citizens communication. Any comments or any discussion before we go to that? Mayor pro tem? yes, I'd like to call sue edwards to finish up on a couple of questions and issues. The one question I have is how -- have we owned all of this land since the building was built or has there been any purchase more recently?

>> I'm sorry, could you repeat your question, please? I believe that we've owned all this land since the building was built. Has there been any more purchases recently? Is that the case?

>> Not that I'm aware of.

>> Cole: okay. So how much did we pay for the land back in 2000?

>> Council member, I don't have that information, but i think I can find someone who can get that for you. It was a combination of pieces of land that we bought -- if you are responding to the question about the why and the bigger piece of why, is that your -- what I'm getting at is I know that the purchase 9 million and I believe that we paid approximately the same, about, for that land.

>> Not for the whole piece. We only purchased a y, which is a piece that is in between the development to the west and seaholm.

>> Cole: okay. So -- and all I'm getting at is that we've had a significant increase in values in downtown, but the purchase price that we're selling the land for is not necessarily reflective of that.

>> No, I -- we're actually -- there -- I'm going to ask andrew ingram to come up and talk to you about it because it's a fairly complex negotiation where we're leasing the piece of land that seaholm is on. We are not selling the building, nor the land that seaholm building sits on. the \$99 --

>> -- the pieces that are behind that that are the office building that is -- that will now be trader joe's and then -- what is the price of that? What are we selling it for?

>> I'm going to ask andrew to come up and talk to you about it. Andrew ingram is our attorney who negotiated this.

>> Council member lorraine wright, real estate. On november 6, 2003 we 6 acres and we 9 million for it and we bought it for the railroad, and it was approximately \$25 a-square-foot. and what are we selling it now for?

>> Andrew will answer that.

>> Andrew ingram, thompson knight outside council to the city. I think of it as thirds of the property. The front third is the power plant lease, the back left third is the office building lease. The back right third is the parcel that's being transferred. The back right third is being transferred for approximately \$2 million. The back left third is being leased for 915,000. 9 total for the back two-thirds. and if I remember right, with green we sold it for 43 million. Does that -- now, the amount -- and it's in here somewhere, I'll go through pretty quickly because i know the mayor will get on me here. 9 Million we're putting in for the city garage. Is that correct?

>> That's correct, for 315 spaces. and we are putting in infrastructure of 4 million for the streets and other infrastructure?

>> I believe so. Let me ask fred evans to comptroller.

>> Mayor pro tem, if you're asking about our investments on the property, we are 5 million in the power plant rehab, 1 million in the plaza, 7 million in the street work, which that gets to a subtotal of 13.6 million. The remainder to get up to 4 includes the buoy under pass that has been included under the tif now. Park garage is separately funded and that's another 9 million, and then we had additional -- we had utility relocation costs that we incurred early in the project.

>> Cole: okay. I certainly support this project and have followed closely the whole time I've been on council, john and danny's difficulties getting tenants and getting it moving in the system. But I didn't want to leave untouched the significant public investment that we are making so that some of the items that my colleagues are negotiating about even currently, such as council member martinez, workers' safety, and what I know council member tovo and morrison in terms of public space and myself with public space, I think can certainly be done. And with that I'm going to move approval, mayor. so we're going to have to take this in pieces because some are ordinances and some are resolutions. Do you want your motion, i take it, to be to approve the ordinance amending for items 7, 8 and 9?

>> Cole: yes, mayor. is there a second for that? Council member morrison. Is there any further discussion? Council member tovo? may I ask a -- i don't know if we have time to get into the amendments, but I did have a quick question related to the cost of the property. So it's my understanding that it was purchased in -- for \$2.9 million. I did receive -- one of our citizens referred me to an article back in, in fact, daily from 2003 that talked about how that land was purchased and I wonder if you could just talk me through. 5 holy 5 million of funding cause from austin energy and 457 came from transportation planning and sustainability. And so it's my understanding from the backup that there may be -- that the land might then be sold, again, to austin energy, and i guess my question to you is, are we selling austin energy land they've already purchased once?

>> Well, let me break it down. There's really three pieces of land. There's the original site that has the power plant on it, and then there's a piece we call the y piece and there's a piece called the crescent. And when we purchased the y and the crescent piece, those were purchased with a combination of the austin energy and the transportation fee, and they split it, and so now what we would be doing is looking and seeing on just the crescent piece, is there any additional money that austin energy would need to pay to buy that property. maybe we do need to take this up off.

I guess I have some additional questions about that. The y and the crescent were purchased with this combination of ae transportation funds?

>> Correct. and so are you suggesting that the y and the crescent are about evenly split and austin energy then would -- basically pay for the y but not the crescent?

>> One is bigger than the other. The y is a little bit bigger than the crescent piece. So what we would be -- we would be looking -- i haven't done the math on that. I didn't realize that would be a question, but if there would be any difference owed austin energy would be paying that. and so in -- in our consideration today, are we in effect giving approval to austin energy to make that purchase or are we just -- or would that come back before council? Because I do have questions about how they intend to use it and that kind of thing, but it sounds like that might be a second level of approval. Today I guess I just want to be certain that, one, we're not approving that purchase, and two, again, as I said, that austin energy isn't going -- well, we can take it up then, maybe.

>> And that's not a part vnl transaction, no.

>> Tovo: okay. Thanks. -- That's not a part of this transaction, no.

>> Tovo: okay. council member morrison, did you have a comment? I did want to make a motion to amend the motion.

>> Mayor leffingwell: okay. A friendly amendment. yes, I think it will be a friendly amendment, and as I said, i rosado and my colleagues, council member tovo, and mayor pro tem for pushing these issues about public access. I understand the disappointment that there won't be, number one, a civic use, like a museum, and I'm afraid that went by the wayside quite a while ago because of the economic realities. And so in terms of being pragmatic about allowing office use for a period, that's what these motions address, and I've passed out the specific term sheets and the -- and will ask the staff to incorporate these things into the documents themselves, but specifically so that we can make sure that people do have at least some access to this amazing building, now there will be the -- the motion is to allow for three areas of public access. The first is at least a thousand square feet of a green store, I guess is the way we've been considering it, 5,000 gross square feet facing the plaza for a restaurant, plus at least a thousand square feet for dining space inside the building. And then thirdly, at least a thousand square feet at the main entry, which i understand is on the west side of the building that will allow for public art display. And then which could be operated by the city. So that's the small amount that would co-exist with the office, and then to maintain the opportunity for it in the future, as I mentioned before, that there would be -- when the lease is up -- well, when the lease is going to be up in two years, that the developers or the owner would do a -- would have an independent market study done to see if retail is viable, provided to the city, and if retail is viable, then you would shift the use over to retail, as well as maintaining the opportunity for the city to find a civic use for the level 1 ground floor up to 45,000 square feet, and that would be on the table when the lease is up or if the lease doesn't come to fruition, we would have that option to work on getting something in there. So it is an amazing building, and austinites belong inside that building, and although it's

going to be minimal now, I think this preserves the opportunity to turn it into meet the broader vision in the future. do you accept that, mayor pro tem?

>> Cole: yes, mayor.

>> Mayor leffingwell: okay. I just have one question. Does the restaurant requirement exclude cafeteria? Never mind.

[Laughter] it would be a good place for a cafeteria.

>> The mayor is always looking for a good lubys. council member morrison? mayor, I forgot to mention in the initial thousand square feet that i was mentioning there will be a coffee or juice bar or something like that so that people can go in and sit down and just be there. It's a great experience. council member tovo, did you have another comment? I have a couple questions and then a comment and I guess I just want to to do a process check. Are we trying to wrap this up before citizens communications? Okay. I'll try to make it fast. rosado, I have a question for you, we had spoken a bit about the motion in front of us, and i share council member morrison's thanks to you for, you know, really working over the last coupled to figure -- couple days to figure out how more public spaces could be accommodated with this space, and I think you used the term, more or less, you know, let's not let the perfect be the enemy of the good. You offered your own version of that, and I do think this is a good -- a good solution. We, though, do want to allow for the possibility of civic uses. I know the last clause on here does that, but I want to be sure that if it -- if there is a very viable cultural use, civic use, that comes up in the meantime, that that that third-party independent research study, if it returns the information that retail is a viable alternative, that you would also still be considering, you're not going to preclude consideration of a civic use or a cultural use if it's viable at that point. And so I don't know if we want to wordsmith here today, or if it's sufficient if you concur, just to provide direction to staff that in their final wordsmithing they get that point in.

>> I think we'd be happy to have any 100,000-square-foot tenant that can meet the market demands and feasibility of it, and we would have no feeling that it would have to be retail over civic use. Obviously civic use would be, I think, more beneficial. great, or some combination of both. But again, I wanted to be sure the motion -- the amendment we have in front of us is not going to preclude your -- anything to a cultural institution, an art gallery, something like that.

>> No, -- at the end of the lease.

>> It's not an intention.

>> Tovo: terrific. We did have some questions about the heritage tree. Do you have any plans to remove that heritage tree or is it staying?

>> Where is the heritage tree? Southe southe ast corner.

>> Southeast corner. That's where west avenue will go by that. I have not studied that. That's where the street, west avenue, comes into Cesar Chavez, is the southeast corner. Staff might be -- southe southe ast.

>> Just wanted to clarify, the development has submitted site plans for review and they do show preserving the two trees, there's two trees, one of which is heritage at the south corner, where west will be extended into Cesar Chavez.

>> Tofabulous. Thanks. Also I guess if there -- if you're in agreement, if you could encourage your tenant to at least keep open the possibility of renting out that office/art gallery space, the public art space, for small gatherings, I think that would meet some of the concerns that we've heard both here and elsewhere about the ability for others to come in and use that space as appropriate. And then I guess lastly, and very briefly, I know that the provisions in the amendment we're considering today are for 5% of the units at 25 years' affordability. I just wanted to talk to you about that length of time. I know that's what was contemplated in the original agreement. Do you think there's an opening there to have those units remain in place longer than 25 years?

>> Such as?

>> Tovo: such as, say, 40.

>> That sounds like an interesting idea. If that is the last question we have today, I'd be happy to do that.

>> Tovo: fabulous.

[Laughter] I think that is terrific, and I think it's just a great -- a great thing for the community. And again, I just want to thank you. I think this is going to be a very exciting project and it is an iconic building and I really have great hopes in the development you've undertaken. So thank you.

>> And I just want to thank all of the council members and the mayor for the time that they spent with us talking about this and each and every one of you were very open and very helpful and we're all trying to pull the wagon in the same direction.

>> Mayor? just to wrap this up, mayor pro tem and council member Morrison, accept that friendly amendment extending the duration of affordability to 40 years.

>> [Inaudible] she gets it. So. Council member Spelman? to prevent us from making further demands. Rosad objection, I call a question. Without objection, the question is called. I'll withdraw the motion. Go ahead. I was hoping to just ask one question. Council member Riley. John, as you know, my office has been attached with your team recently to discuss issues related to bicycle access, to ensure that this project is as bicycle friendly as other projects such as the green project which we just considered. Are those measures that we've been discussing -- are those integrated into the agreement before us --

>> yes, I'm sorry, we've been dealing with a lot of issues, and you're correct, the idea of the plaza being open to bicycles, absolutely. There are some issues of where the bicycle accessibility would be.

>> Employee showers.

>> There's employee showers provided.

>> And that's been addressed and integrated into the agreement before us?

>> Yes.

>> Riley: thank you. all in favor of the motion, and this is for approval on all three readings of items 7, 8 and 9, say aye.

>> Aye.

>> Mayor leffingwell: aye. Opposed say no. Passes on a vote of 7-0.

>> Thank you very much. and related items, I think we can do very quickly. 10 is a resolution for reimbursement from COs.

>> Move approval. mayor pro tem approves that. Motions to approve item no. 10, Second by council member spelman. Discussion? All in favor say aye.

>> Aye.

>> Mayor leffingwell: aye. Opposed say no. Passes on a vote of 7-0. 14 is authorization of negotiation and execution of all documents and instruments necessary, et cetera. Is there a motion to approve that?

>> [Inaudible] council member spelman moves approval, second by council member tovo. All in favor say aye.

>> Aye.

>> Mayor leffingwell: aye. Opposed say no. Passes on a vote of 7-0. Go to our citizens communication. First speaker is mcLeod. No topic.

>> Yes, good afternoon, mayor and council. Will mcLeod. I'm back again. I am here to thank the mayor for actually doing something right this time. We moving urban rail from the november ballot. Hopefully you'll slowly realize that urban rail costs too much and does too little. Also, on austin energy, well, actually let me scratch that. Let me get back. On sidewalks, you just proved to us that we have the resources to build sidewalks, so let's use that \$550 million to put more sidewalks up. And then austin energy, austin energy, we need -- before we pass any rate increase, there needs to be a stipulation that it requires ssdi or lifeline telephone subscription in order to

receive cap discounts so you don't gentrify -- cause the genocide of the low income people of austin. I have a vehicle that talks about multiple condition -- chemical sensitivity.

>> It's a condition that has to do with multiple chemicals sensitivity.

>> Multiple chemical sensitivity syndrome and someone suffering with this may have trouble walking in the detergent aisle of the supermarket. They're susceptible to paint, stains, solvents, perfumes, not just doesn't like them but reacts severely to them and the reason is they have a toxic accumulation in their system that causes them to be even more reactive to things around them.

>> Some of the reactions would be like nausea, headache?

>> So it would be more than even a typical reaction for someone who has seasonal allergies. They might get a cough that becomes chronic. They might get headaches. They might get extreme fatigue just from that single exposure to the chemical or the perfume.

[🎵 Music playing 🎵]

>> I have the right to breathe clean air.

>> To live in a smoke-free environment.

>> Free of carbon monoxide.

>> Cancer causing pollution.

>> And poisonous gases.

>> I have the right to remain healthy.

>> To protect myself from asthma, heart and lung disease and cancer.

>> Okay. For those of you who don't know 11 years ago then florida governor jeb bush declared multiple chemical sensitivity awareness in the state of florida, and i think we can do something here. Thank you.

[Applause] richard viktorin? Topic is formula 1, egrso, john hokenyos. Txp economic validation study. Of the time is up, just kidding.

>> Mayor and council if we can return to last summer and this council's decision to allow formula one to make application to the major events trust fund in the amount of one quarter of a billion-dollar respect total. Susan combs the controller of public accounts produced the first estimate of economic tax but that estimate was found so biased that it was seen by many as a deliberate effort by controller combs to shake down her own treasury for the purpose of relieving racetrack to the

[INAUDIBLE] red McCombs and other track investors. As a do-over the local organizing committee and the circuit of the americas hired don hoyt to give it another try. He's a former employee and formerly ran the major events trust fund. As part of the process they asked john hokenyos to review the report. I would like to note that neither don hoyt or jon hokenyos have degrees. The hoyt report while a more artful effort at economic ledger domain nonetheless repeated many of the original errors, it did not limit the benefit to the increase in economic activity and its tax receipts and it continued to inflate attendance and most importantly out of the stay attendance as seen in the historical record. Hokenyos gave his blessing to the hoyt study. Note from the dates on these hokenyos performed his review and published his assessment in less than 24 hours. City auditor morey, that circumstance identifies a risk factor for this city subcontractor. As the city passed the bad deed to the sea lock for execution, these documents, two economic reports from do not hoyt and the letter opinion from john hokenyos were linchpins in making this deal okay. While the vote from this body was 5-2 in favor of formula one, tovo and

[inaudible] voted against the diversion of taxpayer money to build a special purpose sports facility for BILLIONAIRE red McCombs and investor groups. A recent open records request from the controller of public accounts produced communications between combs and one christian silt. silt is acknowledged in the racing industry as a leading authority on formula one and its economics from january of this year. January 2, silt emailed to combs, I noticed several errors and inconsistencies in the hoyt study. January 20, a second silt email to controller combs. The existing economic impact study is so significantly flawed in many key areas. Much of the core data produced by texas economic com is not even remotely accurate. The flaws cover such key information as the length of time fl staff will stay in the area of the staff, number of staff members, the value of likely merchandise sold, the number of spectators from outside the state and crucially the total number of expected spectators. thank you.

>> Thank you. council member spelman has a question for you, mr. viktorin. viktorin, could you get us a copy of the silt letter that you were describing a few moments ago?

>> I absolutely can.

>> I noticed the last one said there was leading economic authority on the fl industry are debunked the hoyt study.

>> That's hoyt.

>> That's what I was wondering --

>> that's silt.

>> I'd like to look at them.

>> I can get them to you.

>> Thank you.

>> Gavino fernandez, jr. Celebrating the 4th of july barrio parade, cesar chavez street, pleasant valley to fiesta gardens.

>> If you could place the flyer throughout my comments. Good afternoon, council, my name is gavino fernandez and I come to you as lulac district 12 director, and i come to educate and invite the community to our 4th of july parade in the barrio. This is one of the first parades that we've had in our neighborhood celebrating the 4th of july, and we'll be honoring war veterans from the neighborhood, both living and deceased. The parade is scheduled to be held on saturday, june 30 to july the 4th -- july 4th falls during the week so we chose this weekend. It will start at 10:00 a.m. And we'll be leaving -- it will be beginning at

[inaudible] valley and cesar chavez. We want to thank ibc bank as one of our sponsors and the parade will conclude at the airport this don park at festival beach and we'll join chris to ray jamica that will be in action. I went to the web because i wanted to make sure that -- to be mindful the significance of the 4th of july and the significant of the declaration of independence. This is what it reads. We hold these truths to be self-evident that all men are created equal, that they are endowed by their creator with certain inalienable rights and among those are life, liberty and the pursuit of happy. To secure these rights governments are instituted among men deriving just powers from the consent of the government. Whenever any form of power becomes destructive, it is the right of the people to abolish it and institute a new government. joe

(inaudible) was awakened by several officials at the door of his home in east austin demanding entry. Before it was over the police department, s.w.a.t. Team and fire department had been deployed and del rio said he was detained and questioned for ten hours because of what official called a multilevel bunker under the house with suspicious and unusual materials. Well, at the end of the day, del rio, a veteran, not only a veteran but an employee, security for the austin city council for 22 years, and yet on this day he was denied that life and liberty and the pursuit of happiness because the government became a guess gestapoa than and entered his home, circled it with an 8-foot fence took his property and put him out on the street. del rio contacted each of your offices and as of today no one has returned or addressed to learn the story about mr. del rio. And this is the uniqueness of our parade is that we're going to be honoring men and women that after they put their lives to protect the freedom that we enjoy, they get treated like this by certain -- by governments. del rio will be serving as one of our grand marshals for the parade and we invite the entire community. Thank you. thank you.

[Applause] tim jones? Tim jones. Clean air force of central texas.

>> Good afternoon mayor leffingwell and council members, I'm here on behalf of samsung semiconductor but as board member and vice chair of the clean air board of central texas. Speaking on behalf of samsung we've been actively involved with the clean air force for many years and i can tell ut positive impact has been improving air quality through effective programs and public education. It's important to samsung to support the efforts of the clean air force because we recognize clean air is important to our community, our employees, and we see the air force -- clean air force is a leader of air quality in central texas. The clean air force is unique in many ways. They are nonpartisan. There are a collaboration of public and private stakeholders. They have over 19 years of expertise in air quality for our citizens, businesses, governments and

schools. Speaking as a citizen, i know how important air quality is to my quality of life. It impacts me every day. Just as it does you. Sometimes we take clean air for granted, but I've had the opportunity to travel to cities where their air is quite terrible, quality is not pretty. Poor air quality affects everyone's day-to-day life and whenever I return to austin I'm tremendously thankful for the clean air I'm able to breathe and the efforts of the community itself. And finally, speaking as a board member and vice chair of the clean air force, I'm here to ask you today for your continued financial support for our organization. We're the only group in the region exclusively focused on quality improvement in addition to local elected officials on our board such as mayor leffingwell. We also have corporate civic -- corporate and civic participation from all five counties, which enables us to accomplish goals that no other organization can accomplish individually. The city of austin was one of the original founders of the clean air force in 1993, and has continued to be a vital part ever since. Our mission to improve air quality in central texas is one, be the unified voice on air quality education and issues in central texas, to the central texas public and to manage ozone programs with our local schools, businesses, governments and citizens so they continue to help keep our ozone levels below epa standards. Many people think we are just a public outreach organization but we do a lot more than that. And our region would likely not be meeting epa's current ozone standard without the clean air force efforts. The city of austin's funding to our organization helps us leverage other government and private funding so we as a five-county region can synchronize our air quality efforts, find synergies and prevent duplicity of efforts across all five counties while minimizing cost to taxpayers. I would like to encourage the city of austin to continue to provide financial support to the clean air force so we can continue our important and impactful work. Thank you for allowing me to participate this afternoon. thank you, tim. Stewart snider?

[Applause] stewart snider, topic is geographic representation.

>> [Inaudible]. we don't allow time donations in citizens communication. So you'll have to speak for yourself.

>> All right. I'll go fast, then. Mayor and council members, thank you for having me here today. Stewart snider, one of the co-presidents of the austin league of women voters. It's about advocacy, education and we take on topics like this on occasion. And I'm here today to talk about our position on geographic representation, otherwise known as single-member districts. The league in austin has held since 1972 that supports a hybrid method of council elections and about a year ago at our annual meeting we took a look at this issue and decided that since the mayor had brought the entire issue up, maybe it was time to revisit the issue in context of its age, which is 40 years and the fact that when we started this position, austin had a population of about 200,000. We formed a committee, and this consisted of local members who not only were pro change but also some who wanted to keep the at-large system in place. They started out that way. We met with the city demographer, numerous political consultants, we organized several discussion panels during the year that were open to the public as well as members. We reviewed findings of our member terrell blagojevich eth, along with barbara jordan studied this issue at the lbj school in the '80s. We looked at a book called governance by decree, the impact of the vote rights act in dallas and this looked at what dallas did when they went from at large to hybrid and then hybrid to district only. We've published several things to our members. We've attended meetings of austinites for geographic representation and we watched the consensus building that

happened there. And we've attended charter review committee meetings where we testified strongly in favor of the citizens redistricting commission proposal that goes along with this idea. At the conclusion of our study, the committee recommended unanimously to members that we should expand our written position to include support for district-only and for super-district plans, provided that any plan that's under consideration include enough districts to create opportunity districts for minorities. And based on our amended position, our board subsequently voted in favor of endorsing austinites for geographic representation's 10-1 plan, which I am here to advocate today. We like 10-1 because the league believes in representative government and we've seen this come about because of representative government. The 10-1 plan does a great job of equalizing influence and making city government accessible to all austinites. We want citizens to better know their representatives and we want representatives to share geography with their citizens. A city council candidate should not have to campaign to a larger population than a congressional candidate does, and I probably don't have to explain that to you. Voters have voiced their distrust of every previous geographic representation plan put on the ballot by a sitting council. Conversely, the agr 10-1 plan is being driven by austinites who invested enormous efforts in making this happen. As far as the citizens redistricting commission goes, we believe it is imperative that average austinites are the ones to draw city council districts. The state legislature gave us an example of how -- of why elected officials should not be -- wrap up, please.

>> Yes. The austin league will share what we know with voters and we hope that you will get on board with the 10-1 plan and adopt this very soon so the league and other like organizations have time to educate the public about this issue. thank you.

>> Spelman: mayor? council member spelman has a question for you. very quickly, sir. You at the end urged us to adopt of the 10-1 plan and put it on the ballot. Are you revoking your history of also supporting hybrid --

>> we have not revoked that. We've just added to it. But we like this plan in particular right now.

>> Spelman: okay. So in particular means if you had to choose between an 1021 and a 821, and a 10-1. You would advocate for the 10-1.

>> I can't answer that. That would be a board decision. you haven't taken a vote on that subject?

>> No, we have not.

>> Spelman: thank you, sir.

>> Thank you. jessica same topic, geographic representation.

>> My name is jessica he ellison. I'm here to talk about geographic representation and with austinites for geographic representation. There's a growing misinformation campaign against cd 10-1 probably because if passed it will disrupt the balance of power that political consultants got used to. Here are actual facts on the issue. Fact, cd 10-1 is backed by a grassroots coalition when there are 14 endorsers, lou lake, the naacp, austin police association and league of women voters.

Over a year they groups met and designed a plan all could agree on. Lots of plans were heard and compromises made. The cd 10-1 is a result. Your charter committee heard from hundreds of austinites, they deliberated, compromised and the majority voted for cd 10-1. Zero grassroots support. 10-1 Will design african-american opportunity district while the the other is illegal. Under williams versus dallas in the fifth circuit court 821 is a violation of the voting rights act. An opportunity district for african-americans can't be drawn with only eight districts. It's a fact. If passed, 821 will be thrown out and we'll be back where we started. Fact, cd 10-1 gives neighborhoods representation while the idea -- it's are. The fact is if you're used to getting your way at city council, politics is just a description of someone else having a say about public policy. Geographic representation will bring new voices to city hall and lower the amount of money it takes to run for council. cd 101 allows non-geographically clustered like asians, fair representation. San antonio and houston have currently sitting asian american council members from districts that are less asian than the one that we can draw in austin. In an openly gay state representative served in san antonio from a district that was predominantly hispanic for 12 years. Is the opposition implying we're less progressive than san antonio or houston? With our history in austin, it would create addition. How would an asian or message of the lbj win a seat without a majority of the white vote. It's not a surprise to me that you in the city council have yet to put cd 101 on the ballot. It's obvious to folks who have your ear. It isn't us. The opponents aren't out petitioning austinites. They don't have worry about getting 20,000 signatures to get their plan on the ballot since they have you in their pockets. Truth is the folks in opposition to 10-1 don't want to have geographic representation. Their agenda is to sow confusion, kill the grassroots bid for geographic representation in austin history and keep things the way they are. You have the solution to austin's unfair representation in front of you. I urge council to surprise me with a recommendation for cd 10-1, the plan that the people of austin work on and compromised over for 16 months. Thank you.

>> Thank you.

[Applause] francis McINTYRE?

[Applause] welcome. You have three minutes also.

>> I would like to object to the process of not giving other people three minutes of my time. that's been a long-standing council rule before I even got on council. We --

>> you mean is it specifically for citizen communication? yes, ma'am.

>> Not for the other items on the agenda. that is correct.

>> Okay, I misunderstood then. The -- the thing that i wanted to say about the 10-1 plan is that I want to emphasize that the 10-1 plan is a citizens initiative. A citizens initiative is one of the most grand examples of democracy. It comes directly from the citizens of the town, from the people, and that fact alone should weigh heavily on your deliberations about whether to put this item on the ballot or not. You are representatives of the citizens also, and i think that's the right thing to do. The league is very much -- the league of women voters is very much in favor of this plan because it gives districts -- it gives equal influence from each district and no one district has

more votes than the other. And that is what this big organization, this Austin for geographic representation, which has been going for over a year and was thorough in its examination of all the plans that were put forth at that time. And the 10-1 plan is the one that we believe is the most equitable plan for representation in the city of Austin. Thank you.

>> Tovo: mayor? council member tovo. I have a question, MS. McINTYRE. I guess I want to get back to the point that council member Spelman raised about the league of women voters and their position. So is it the league of women voters' position that it is the most equitable?

>> Yes, it is. It is. And we have not seen another plan, but it would have to -- whatever the other plan is, it would have to give representation to the minorities in town, significant. It would have to be able to pass the justice department. But there is a past league of women voters endorsement for hybrid system as well.

>> Yes, there was, but this time we've expanded our position to include single-member districts, pure system, and that is what the board of the league of women voters decided was the one that we wanted to support.

>> Tovo: okay. I guess I still am a little unclear as to whether -- whether you've expanded your position captained -- whether you've expanded your position or -- I've heard league volunteers are collecting signatures. I'm trying to nail down whether the league voted to endorse the 10-1 plan over other plans or over a hybrid system, you know, where you come -- where the league comes down on that question of is it just an expansive -- a more expanded endorsement or is it really a preference?

>> Well, the way the league works is they study an issue and they come to a consensus of opinion on it. That consensus of opinion included -- because we have been -- for 40 years we've been for -- we've been for geographic representation, we have not been for an at-large system. And we expanded the position which read before that we were in favor of a hybrid system. We expanded that because 40 years ago that looked like one that would be applicable, but after our study we expanded it to include various scenarios of the plan, a pure, a hybrid, an 8-1 for the big districts --

>> tovo: super-districts.

>> The super-districts, yes, and that kind of thing. But -- and then after -- after the membership agreed to that as their position, then the board of the league of women voters is the one that interprets and decides how to act on those positions, whether it's on environment or solid waste or whatever. And the board looked at the position and decided that the 10-1 plan was the one that they were enthusiastic. Thanks for that additional clarification. I'd just like to follow up because I guess I misunderstood because I snider's response to council member Spelman's question, does the league of women voters support the 10-1 plan more than they do the hybrid? Snider said that would be a board decision that hasn't been made.

>> Well, that's because we haven't seen a hybrid plan. We don't have anything to base any decisions on. All right. I just wanted to clarify that.

>> And if a plan comes forth, the league will -- will look at it and see if it fulfills our requirements.

>> Mayor leffingwell: okay. Thank you.

>> Uh-huh. carlos leon. The subject is signs everywhere.

>> Thank you, mayor leffingwell. My name is carlos leon

[speaking in spanish] june 7, 2012 to speak for what's right. First of all, after almost a month of free skies, good-looking skies in austin the way it's supposed to be each and every day, unfortunately the poisonous demonic cem trails reappear to pollute austin skies this week. Cem trails have no place in our air space. Slide. Speaking of clean air, please look at the slide above that's posted outside austin's city library branches everywhere. Though it says all clear, the background is cloudy. That's mistake one. Next look, there's a period after clear like it's a sentence, but a is not capitalized, so there's some confusion there, and actually all clear is not even a sentence so there shouldn't be a period. Those three mistakes are examples of cognitive dissonance that don't need to be there and cause unnecessary confusion. Unfortunately it continues in the next sentence. Though t is capitalized in this, which is good, there's really no reason for tobacco free property to be capitalized. In fact, that's a subtle way to remove individual sovereignty of each branch and renaming them individually to tobacco-free properties. Actually it's also poorly written. It should say this property is tobacco free. Now, all these -- you have to have a little laugh at the city council meeting. George carlin would appreciate this. When we put this all together it doesn't seem to me that the austin public library who is credited with this would actually create such a sign with all these mistakes. In fact, one librarian told me after seeing the sign patrons came in asking for their free tobacco.

[Laughter] I can't make this up. They also said that they're actually beta testing the sign and it will be throughout all austin public buildings. So as you can tell, although I'm all for clear air i think we can do better one siej because it does a poor job of representing austin on our public libraries and since my understanding is austin public libraries report to you, the austin city council, I would appreciate if somebody would look into this and put up some clearly communicated signs for all of austin to enjoy. And that's all for now. Thank you and have a good day. are those regular clouds or are they clouds of smoke? I can't really tell.

[Laughter]

>> it's actually regular clouds, if it's a better picture. Carola carola nnerosefrumthedeadead kennedy. That's the way you signed up.

>> [Inaudible]

>> topic is incessant arguing with bologna sanditches. Come on up, it's your turn to speak.

>> [Inaudible]

>> well, you have to have a microphone. Can you get her, carol ann, a microphone?

>> No, I don't have a

[inaudible] no, you can't throw roses in here. You can't throw anything in here, as a matter of fact.

>> I told you I was going to

[inaudible]. that's it. I'm telling you, don't throw those things.

>> Okay, I am very upset.

>> Mayor leffingwell: okay. Your time is starting.

>> You started? Okay. Top of the morning, texas. I have a song for you all that everybody knows, and i want you all [inaudible]. I changed the words.

[Inaudible]

>> mayor leffingwell: yes.

[♪♪ Singing ♪♪] ♪♪ take me out to the sea, tip my over and [inaudible] just please make sure that i don't float about ♪♪ ♪♪ and it's root toot toot for the funeral ♪♪ ♪♪ [inaudible]

>> I'm out in the deep blue sea. ♪♪ Take me out to the ocean ♪♪ ♪♪ [inaudible] take me out to the sea ♪♪ ♪♪ [inaudible]

>> play ball. all right.

>> Okay [inaudible] thank you. Walter olenick? Topic is fluoride.

>> Good afternoon, mayor and council members. First let me congratulate those of you who recently won re-election. It requires a thick skin to take your seats knowing how slight your mandate really is, some of you more so than others. I for one could never run for public office and be comfortable knowing definitely how many tens of thousands of people don't like me. Anyway, elections are over now and you can get back to work without further distraction, and I hope you'll remember that you represent those who voted against you as well as those who voted for you. I'm here to talk about fluoridation. That issue has not gone away, and now is a good time to do it with voting just passed because it's a reminder that the public gets a chance to vote every two or three years to replace their elected officials, correct past mistakes, if you will, yet in the matter of fluoride we're told to accept that the people have spoken and what the people misspoke 40 years ago is locked in for all time. I don't think so. On may 21 while we were away traveling, ki tv ran a survey asking austinites whether they thought fluoridation was a waste of money. By the time we reached an internet cafe we learned from friends that the channel had aired a waste watch story the next evening, given the results, 49% of respondents said yes, it's a waste of

money. But the story on ki's web site didn't show that information either in the video clip or the accompanying transcript nor did google searches bring it up. Soon the clip itself vanished. Luckily someone had already taken a screen shot and there you have it. A near even split. This despite relentless promotion of fluoride by the powers that be. So much for the theory that anti-fluoride sentiment is limited to some small fringe group. Remember, austin especially prides itself on a population that's educated, well-read, aware, health conscious, creative, et cetera. It's part of our branding. That translates into a whole lot of people smart enough to know that they don't want toxic waste dumped into their water and relabeled as medicine. Ironically you don't seem to realize that before and i hope you do now.

[Applause]

>> those are all the citizens we have signed up to speak. So without objection the council will now go into closed session and take up one item, pursuant to 071 of the government code, council will consult with legal council regarding the following item, item 42, discuss legal issues relating to open government matters. Is there any objection to going into executive session? Hearing none, we will now go into executive session.

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

>> We are out of recess, and we will begin with our zoning cases. Mr. guernsey.

>> Guernsey: Thank you, mayor and council, my name is greg guernsey, the director of planning development and review, the department and I will go 00 o'clock items, these are the zoning and neighborhood plan amendments and there is hearings and then possible action. All of these we are going to offer for consent with the exception of one discussion postponement over a date, so i am going to skip 43 and 44. That is the discussion postponement item. Item number 45 is c14-2008-0159 for the department at 301 and 311 colorado street and 114 west third street, applicant has requested a postponement to this item to your august 2nd agenda. Item number 46, c14-2012-0028 for that same property, 301 and 311 colorado street and 114 west third street. Applicant postponed in this case and request to august 2nd. Item number 47 is case c14-2011-0065 for the property on 800 and 804 congress avenue. The applicant requested a definite postponement and they come back we have to provide additional notice both in mail and the newspaper. And 48 is c14-2011-0165 for property east of 51st street and staff requesting postponement of this item to june 14th and item number 49 is c14-2012-0002, for the property located at revarious addresses on burnet road and west braker lane and domain drive and esperanza crossing. The applicant asked for postponement until june 28 and they are working with capital metro regarding access on the domain property. I think that was something that came forward during first reading and they are working through that issue. Related rca case is item number 50, case c14-2010-0087, again, for various properties on burnet road, west braker lane, domain andanza crossing and the applicant has asked for a postponement until june 28. And those are the consent items I can offer at this time. let me read, item 43 postponement until august 2nd.

>> Forty-four, 45, until august 2nd. what happened to 43?

>> Guernsey: Forty-three and 44, mayor, are the discussion postponement. 45, postponement until august 2nd and 46 postponed until august 2nd. Forty-seven indefinitely postponed. Forty-eight is postponed until june 14th, 49 and 50 postponed until june 28. Council member spelman moves approval of the consent agenda. Seconded by council member morrison all those in favor, say " aye. Of. Oppose say no, pass on vote of 7-0.

>> And 43 and 44 are related, one is neighborhood plan amendment and the other is neighborhood change, npa0012, 01, a neighborhood plan amendment in the oak hill neighborhood planning area for the property located at 4806 and a half trail west drive. Item number 44 is for the property at 48 and a half trail west drive, 2012-0016 and we have a request from the community association and the request is for august 2nd and the reason is there is fluke weigh on the boundaries of the property and changes and how they -- there is fluctuations and changes on that and on number 43 and 44, they would agree to postponement but not until august 2nd, but either june 14th or june 28th and i think both parties are here to speak to the discussion postponement.

>> Mayor leffingwell: okay. We will hear from one person on each side to speak on the postponement. We will take the one from the neighborhood first. And we are just talking about the postponement, not about the merits of the case.

>> Okay. Hi, thank you. I my name is laura dunn and i speak for the citizens of travis county who proposed to keep the current zoning and neighborhood plan to keep open space and collaboration of this and I want everybody to stand here who are concerned about this. We also have 114 forms here to represent those people who are at work here today who couldn't be here who wanted you to know they wanted to be here and they are concerned. Thanks, y'all. We asked that you postpone this hearing until august 2 and i want to briefly state some of our reasons. We were informed just yesterday the bidder now gerrymandered the boundaries of the zoning request and there is this first time we have received a petition from staff and there are many questions outstanding as to its accuracy. We were notified at the last minute gerrymandering of the proposed boundaries specifically violates the neighborhoods valid petition. We submitted a valid petition of 86% of this petition within 80% of this land proposed to rezoning, and now the plan the bidder has presented during this process has been dramatically so the neighborhood needs time to evaluate and understand what this means. This is public land owned by a public entity, aisd and the bidder now appears to be exploiting a public process in a way to avoid public in put from the citizen who is live adjacent to the property in question. It seems good to discuss this with aisd and have a true win win rather than force a rezoning upon a organized neighborhood who has been respectfully and diligently following the procedure. If there is alternative of development of equal or higher value for aisd that consists of the comprehensive plan's directive to move density off the recharge zone and serve as an example where austin establishes itself where neighborhoods work together with governmental bodies to shape a land shape that represents innovation and forward thinking, then we are arguing that there should be a chance to fully explore that. thank you. Council member morrison.

>> Morrison: Thank you, dunn, so we are basically talking about what the date of postponement is going to be, either june 14, which is next week, june 28, or august 2. So I wanted to ask you what kind of endeavors you think you will be undertaking -- you are mentioning other financially -- you hope our -- you are exploring other financial opportunities and things like that?

>> Yes, just briefly, you know, there has been an ongoing effort within the neighborhood to find a way to meet aid's needs, and, yet, preserve the integrity of the neighborhood and preserve the land. And now that boundaries have completely changed, it -- there is a lot of questions with that, many, many questions. I don't need to go into all of that at this moment. We can stipulate if you need us to, but what this means for the neighborhood, so we think there should be an opportunity to fully investigate what this means for the neighborhood and in parallel, just be able to have discussions with aid to let them know what there are alternatives that could be very viable and could be a win win, rather than this kind of, you know, arguably -- I am careful with my words, but a process that really voids any public -- any citizen input.

>> Morrison: And so you would be exploring and interacting with aid if you found some options and all --

>> ideally, if we could.

>> Morrison: If you could. Okay. Thank you very much. so you would be exploring ways to make sure that aid received the same financial benefit that they would receive if the property were upgraded?

>> Of course. That's the number one priority.

>> Mayor leffingwell: okay. Thanks.

>> Morrison: Thank you. is there someone here from the applicant. Council member tovo has a question.

>> Tovo: Just a quick question. Have you had an opportunity to talk with the developer since the boundaries shifted, or would that be another -- another possibility that could become open if you had more time?

>> I would imagine if there was more time, there would be a chance, yes. We were just given this information yesterday late in the day so there hasn't been any we just have been scrambling to try to figure out what this means.

>> Tovo: So you don't have a sense of how the development would reshift?

>> We have no idea.

>> Tovo: Based on new boundaries so that would --

>> right. We do not have any specific information other than the boundaries have been redrawn and it invalidates the petition and it is a dramatic departure from the plan that has been discussed and proposed for the past few months.

>> Tovo: Right. Thanks. but in reality, the redrawing of the boundaries actually provides more open space adjacent to the neighborhoods and was the case originally?

>> No, we don't know. There are many questions, i assume by spot rezoning, we understand there is a parameter that still would be public zoning. We don't know what that means, there is so many open ended questions as to what that needs for the neighborhood and what it means for the process. Could that be then rezoned at later date. Can driveways go through and there is so many questions and we have a long list of that if you want, we are happy to discuss that. thank you. Is the applicant -- someone here representing the applicant?

>> Should I sit down?

>> Mayor leffingwell: yes.

[Laughter]

>> mayor, council, we are aware of the policy for postponements and we would be able to honor it if you deem it as necessary. However, we do not see any new information being presented according to this. The neighborhood has not collected anything in the past two years of any value, so we don't believe they would come up with anything in the next two, three weeks for it. Furthermore, they have not even attempted to work with us. We have extended our offers numerous times, that we wanted to work with the travis country community association and there are two groups that emerged from that, one that wanted to discuss options with us, and another one that opposed anything and everything. And that's what you have here presented to you before you. Another group that supports us, they are here obviously as well. It is not a developer versus the neighborhood as a whole. It is the neighborhood being divided. So that's what you hear. I don't believe there is any new information. I don't believe there is going to be anything new discovered and furthermore planning collision approved all of 12-acre site. We've gone and drawn it smaller so we are requesting four and a half acres to be rezoned, using the rest p, public as a boundary dunn said, she doesn't what that means. It means precisely this, 8-acres will stay p public as it has been in the past. That's what it means. Thank you. any questions for the applicant?

>> Riley: Mayor. council member riley?

>> Nicholas dean, I am the applicant and contractor applicant on this, not the bidder, which has been presented to you.

>> Spelman: Mayor. council member spelman.

>> Spelman: The live question is between the 28th of june and the second of august from your point of view, what is the difference?

>> From my point of view, i would obviously prefer tonight. As you see, there are a lot of people here so they are clearly prepared, I am thinking they are shifting a delay tactic, however, I understand and honor the policy, I would be accepting the 28th, not august 2nd because that is an exorbitant amount of time we don't see being necessary. The customary policy is two weeks.

>> At what point did you submit the change in the boundaries of the proposed development?

>> That was after the planning commission meeting.

>> Spelman: So that was --

>> after may 22nd.

>> Spelman: After may 22nd?

>> Yes.

>> Spelman: How soon after may 22nd?

>> Maybe a week after that. It was the end of may.

>> Spelman: So it has been over a week since you submitted the change in the boundaries?

>> Yes.

>> Spelman: Okay. Did you just submit it to city staff? You didn't send it to anybody in the neighborhood?

>> That has been submitted and needed to be validated and once it was validated one time, then they put it around and collected more signatures to make it again valid and so we have gone and obviously redrew the boundaries to where we are right now.

>> Spelman: Sorry, so you have redrawn the boundaries of this twice?

>> We -- during the process were going through different revisions, so yes.

>> Spelman: Okay. So pardon me, I am a little slow right after lunch.

>> Uh-huh.

>> Spelman: So you have the original project which is the entire lot and then you redrew the boundaries immediately after the planning commission meeting?

>> Yes.

>> Spelman: And then you redrew the boundaries again?

>> Yes.

>> Spelman: When was the most recent redrawing of the boundaries?

>> Friday.

>> Spelman: To friday is when city staff --

>> friday to monday, yes.

>> Spelman: Friday to monday?

>> Well, we submitted it on friday and it was redone on monday.

>> Spelman: City staff officially accepted it on monday.

>> Yes.

>> Spelman: And they notified the neighborhood in the usual form. And they found out yesterday -- that is not consistent with a monday staff. patterson can answer that or greg guernsey but monday or tuesday they found out. why did you redraw the --

>> Spelman: Why did you redraw the boundaries that second time, sir?

>> To give a buffer.

>> Spelman: So the first redrawing of the boundaries did not give a buffer?

>> Not as much of a buffer as the community requested.

>> Spelman: So you redrew it a second time to increase the size of the buffer?

>> Yes. So right now or rezoning is for 4.059-acres and it was almost 5.

>> Okay.

>> Tovo: I have something. are you finished, council member.

>> I am finished with mr. dean. I have question of staff but tovo wants to speak with the applicant that's fine.

>> Tovo: I want to be clear on the chronology and maybe this is the question council member spelman is going to direct to staff, so you submitted -- when did you submit -- I know you just went through this chronology but I want to be clear. When did you submit your first request for redrawing the boundaries, was it last week?

>> I don't have the exact date but yes I would say it was last week.

>> Tovo: Did you receive some feedback? It sounds like you talked about not having much contact with the homeowners association, so did you receive feedback from them, that they felt it wasn't adequate buffer because you said you redrew the boundaries to provide more buffer. Was there any actual correspondence with the homeowners association on that front?

>> No, not with the opposition group, no.

>> Tovo: With the homeowners association.

>> Well, there are two parts of the homeowners association. We have been talking to one part of them but not the other party because the other party does not want to speak to us. So we have listened to the people who did want to speak to us.

>> Tovo: Okay. But in terms of the point you were making about why you redrew the boundaries, it was to provide more of a buffer?

>> More of open space, yes.

>> Tovo: And I didn't understand who you said you were. You said you were not the applicant?

>> Yes, I am the applicant.

>> Tovo: You are the developer of the project?

>> Yes.

>> Tovo: -- i think it was council member riley, you had said you were -- I didn't understand your --

>> I said when there was a statement being made that this is just the bidder that's asking you for this this request, i said, no, not a bidder, I am a contracted party with aisd. This is not during the bidding process. We are beyond that. That was finished in december. We are under --

>> Tovo: Thank you for the distinction. I heard you say I am not this I am not this and I am not that.

>> I am not a bidder but contracted party.

>> Mayor Wynn: Council member spelman.

>> Spelman: I would like to ask a question from staff.

>> Jerry west-ven with development review. There was a petition submitted. What was the status of the petition when it was originally drafted, when the project was originally drafted, the original rezoning case?

>> Petition was determined to be valid.

>> I remember hearing the percentage, 86?

>> I believe that was the number, right around there.

>> Spelman: Eighty-six% value lid petition in the first re -- the first drafting. Then it was drafted a second time, sometime in late may, around may 29. Do you know the exact date by any chance?

>> I don't know the exact date. I know after the boundaries were adjusted, it originally came 19 percent so this was just under 20% to be valid and at that point it was pointed out by some of the neighbors that a couple of the signatures were not counted because we did not have what is called the the authority signatures we needed for those. We were able to get those and get that straightened out and then earlier this week, the petition was valid again.

>> Spelman: Okay.

>> Then the boundaries were changed again, and if petition -- and the petition went back to being not valid and 5% and then there was a further tweak yesterday and the petition was 9% and where it is now, it is not valid, 18.9%.

>> Spelman: We went from 86, everybody is against its, to 75, how do you get from 86 to 19.75?

>> Both the state and city law says the petition rights are for those within 200 feet -- sorry, twelve acre site, it is large enough that you can shrink the boundary in 200 feet, if we are customer classestaing about a circle, go -- if we are talking about a circle and you take in 200 feet and so you get all of the people around thege to count the petition, by moving in 200 feet, you take away all of those signatures, so in this cases the mostly 200 feet around and then there is a portion of it where they didn't have to take out that 200 feet because they were already under the 20%.

>> Spelman: Okay. So, for example, if there were no need for a driveway and you could helicopter into this place, you could bring the whole thing in with a 200-foot buffer all the way around and there is no possibility of a valid petition, right?

>> Yes.

>> Spelman: And that is more or less, sam's helicopter, what the applicant was trying to do here?

>> Yes, but there is a portion that gets to the street so you don't need the helicopter.

>> You have to have the darn 9% right now. Is it technically possible for this petition to exceed 20%, given the current boundaries?

>> Given the current antibody boundaries, no, and I believe looking at it, that the applicant has created the boundaries in such a way that there would be impossible form there to be a valid petition.

>> So, if, for example, i remember the neighborhood association hoping to find a way of making a petition valid, more or less what the applicant has done through this success sive shrinkage of boundaries is made it technically impossible, even everybody within the 200-foot zone has signed it and declared eligible to sign it, there is so much of a buffer around the current shrunk area that it is not possible for it to be valid?

>> I believe we have reached that point, yes.

>> Spelman: Okay. Thank you.

>> Mayor leffingwell: okay. So as council member morrison pointed out, we basically have a choice of dates for postponement. I would suggest that because we have the for if entire month of july after the 28th, the next available date is august 2nd. That is almost a two-mont delay, and I -- it makes sense to me that we would -- we could reschedule this case for the 28th of june at that point and make a determination whether to hear it or postpone it again. Council member morrison.

>> Morrison: Mayor, I think your logic is sound and I am particularly interested in knowing if there really are some pragmatic alternatives that might be considered, so hopefully by june 28th, you all will be able to come back and let us know if there are alternatives on the table, if you can have conversations and explore that, that would be great.

>> Spelman: Mayor. council member spelman.

>> Spelman: By common convention, there is no formal rule on the subject, but by convention, we allow each side to have a postponement. In this case, given that the neighborhood believes there may be a possibility that they need more time than until june 28, if they seek postponement and have good reasons for seeking postponement on the 28th of june, I would like to put it on the table that, in my opinion, we should take very seriously their request even though they've already had a postponement. all right. Thanks for the comment. Council member morrison.

>> Morrison: And of course we can always make a motion to postpone. Yes, which I agree, we will need to consider seriously. is that a motion, council member morrison, postpone until the 28th? Second by council member spelman. Further discussion? " aye. Oppose say no. Postpone, items 43 and 44 are postponed until june 28.

>> That takes us to the briefing. I will introduce jerry westoven of the zoning department and present the utility number 2 briefing.

>> Good afternoon, commissions, plan and development review, jerry westoven, the proposed planning document is a 580-acre development on the southern edges of the city limit. This pod the comprised of what is noun as the sun field m.u.d. es es approved with the city's consent in the early 2000s. Some of you may recall that there was an agreement reached with the city of buda, whereby es 1, 3, and 4 were established in the city of buda's etj and number 2 was left in the jurisdiction. At that time the agreement was 2, 3, 4, would be single portion, and then the other one would be the industrial portion of the m.u.d. is proposing development consisting of 4 and a half million square feet of light industrial use, 7,885,000 square feet of retail uses, 6 million square feet of office space, 3,749 apartments, and 81,000 square feet of post office. At this time, the staff is not able to say that pud meets tier 1 or tier 2 requirements, however they have noted a willingness to work with staff so that before we go to the council with the actual submittal, they will meet the tier one and two requirements. However, the details have not been worked out at this time. In addition, the developers are proposing quite a few modifications to both chapter 25 of the city code and title 30 of the code which is joint city county code. I believe at this time they are proposing 90 modifications so we will be working on trimming that list down hopefully substantially. In addition, the land use on the site plan proposed are quite a few. They are proposing to prohibit mobile homes, single family residential and horse stables and allow everything else, so i believe that we will be probably working on them on framing that list down -- on trimming that list down and the land use is rather vague -- the land plan is rather vague and where land use will be located and applicant said they will be willing to work with us on achieving a finer level of detail on what is generally speaking, I believe la the applicant is seeking on this site is a large -- it is not environmentally sensitive area. The only environmental features on it are a couple of stock ponds. It is in the city's desired it has very good access to i-35. It's a corporate campus type site or an r & d type site and they are trying to keep the options open for marketing the property but in general they are looking for a large scale campus-type development. Do you have any questions? council member tovo.

>> Tovo: westoven for that summary, I want a clarification on the process. I guess I was understanding that the pud application would go to council for the initial briefing if it doesn't yet meet tier one requirements or tier two?

>> There is not a requirement that it meet tier one or two. The idea when we worked the pud ordinance a new weeks ago is say the council only seeing the pud application at the end when it was presented for approval, we would talk about what items the applicant is proposing for both tier 1 and tier 2. Requirements specifically tier 2 because all puds are required to meet tier one so there is not a lot to talk about there other than they are meeting it or not. But specifically the intent is to go over what they are proposing for tier 2 to see if it meet what is the console's intentions are for the property. At this time, however, I don't have enough detail from the applicant that they meet either tier 1 or tier 2, other than they told me that they intended to get there before we are done. We still have a lengthy review process to go.

>> Tovo: I guess I just remembered sort of what the consensus was out of that pud revision and I thought it was applications won't go forward unless it met the basic framework.

>> It was not a requirement. It has worked out the with the others.

>> Tovo: That they have met the tier one requirement.

>> Yes, that they were meeting tier one. In this case, they have not but there is nothing to stop them with the formal submittal of it and then we will go to work on that.

>> Tovo: Thanks. I assume that they would have to meet the tier 1 requirements before they begin going through the process?

>> Yeah. If they did not meet the tier 1 requirements, I don't think we could stop them from filing the application but we would certainly bring it forward and recommend denial because it didn't meet tier 1. does the applicant want to make a presentation.

>> The applicant is here, joseph and I do believe he wants to make a brief presentation.

>> Mayor leffingwell: okay.

>> Mayor, council members, I my name is john joseph. I represent the applicant, the a&m option, 541lp, I have a powerpoint presentation. I have met most of you or your staff and gone through the tier 1 initial threshold requirements. I believe we do meet the tier 1 threshold requirements. They simply ask questions, for instance, if we are going to meet the green builder program for the city of austin, the answer of that is yes. The staff says, well, how are you going to meet those requirements and that remains to so we have answered, as far as the application is concerned, all of the tier 1 requirements. I have a presentation. I can provide it to you if you'd like to have that. I have met with all of you. There are -- there were questions that were asked. I have answers to some of them. I am happy to address questions that you may have now and I do, also, have a thumb drive that shows the location of the property and the -- I think this is it right here. One of the unique characteristics in this property that is unique from two basic characteristics, number one from environmental standpoint, it is environmentally unremarkable. It is remnant, historic form, ranch land, no critical environmental features. There is no critical water quality zone, no water quality there are no sinkholes, rim rocks, not over the edwards aquifer, not over the recharge zone, it is about as environmentally innocuous as you can get. It is basic general rolling farm land located on the eastside of i-35 near 45 near buda. And this is the outline of the the two tracks we proposed in our initial application. What we seek to do by the pud and the other unique characteristic of it is it is located in travis county and in hays county and the city of austin limited purpose jurisdiction. We have three jurisdictions including the municipal utility district that we have -- regulations we have to comply with and so part of the reason for the modifications to the code requirements is to try to unify, consolidate and coordinate those desperate development regulations. We think the pud will allow us to provide for a greater open space, greater connectivity, both from a vehicular, but a pedestrian and bicycle connectivity and also provide more contiguous open space between the site and between the tracks, both inside the m.u.d. And outside the m.u.d. So one of the questions that was asked of us is how we intend to bury the alternative -- how we tend to meet the requirements of the commercially designed standards and we intend to do that through alternative development standards. That's a site plan issue. It is more appropriately addressed at the tier 2 requirement. The open space that is currently being provided within all of the municipal utility districts is 597-acres. The question was asked of us, as far as affordability is concerned, if we would address

affordable issue from geographic standpoint, the point being there would probably be a different criteria that you would apply in this area any city of austin than the seaholm plan or the green water treatment plant site and we agree and so we will look at affordability from the geographic standpoint. We are in the hays county consolidated school district. I have reached out to, i believes the carter sherr, the development supervisor for the school district to try to meet with them to discuss the impact our development will have on that school district and how we might address the issues that might arise with respect to that. The -- right now, the single family and -- as proposed to the pud, single family located on there is no single family development in the 2, and the consent agreement contemplate there is wouldn't be any single family in m.u.d. 2. We are proposing multi-family to address residential needs in that section. But the question was asked what the prices were of the homes in es 1, 3, 4 and the answer it ranges from \$100,000 to \$280,000. We are in district 45, which is representative jason isaac's jurisdiction and we are in district 47, which is representative paul workman's representative district. County commissioner mark jones is the commissioner for this particular portion of hays county and commissioner manage rez gomez is the -- margaret gomez is for travis and I have met with the representatives to coordinate with them what I will do in relation to this development in relation to the issues there. If there are any other questions, I am happen by to address them. 1, 2, 3, 4, if you would like to see that. would anyone like to see the picture? I don't think so. Thanks, anyway.

[Laughter] so this is the opportunity, i guess, for council members to provide some input as to what they might like to see, specifically with regard to tier 2 going forward. There is no action that we are taking today. Council member morrison.

>> Morrison: Thank you. I do have a couple of means and then I have -- I do have a couple of comments and then i have a question for staff. And that is that you are talking about putting major industrial as well as multi-family on this track and I think major -- is that what mi stands for, major?

>> Correct.

>> Morrison: And so that's the heaviest, dutyiest industrial that we have in terms of zoning and so I just wanted to be clear that we make sure that the compatibility and quality of life of the people that are in the mf is seriously taken into account and that it's understood that people that live in multi-family are just as important and deserve just as good a quality of life as people that live in single family so in terms of looking at the compatibility issue, whether there are public health issues and noise and all of that, that be taken very seriously.

>> Absolutely and as we discussed, we intend to address compatibility issues through if entire tract to make sure there is -- through the entire tract to make sure there is appropriate spacing and scale and clustering within the entire pud.

>> Morrison: Okay. I do have a question for staff westoven, I don't know if this is for you or mr. guernsey. But can you tell me what -- as of yet a comprehensive plan about this area of town?

>> I will take a pass. I will put it off on mr. guernsey.

>> Morrison: For instance, is there a town center or anything nearby?

>> I don't know the size of the center but there is one at 45 and ih-35 and this is just south of that.

>> Morrison: So it may well be.

>> Guernsey: It may well be on the southeast side of that intersection is what we are talking about.

>> Morrison: So with that regard, we are looking at potentially encouraging job centers and relatively colocated residential.

>> Guernsey: That's correct near if intersection of 35 and highway 45 which heads east.

>> Morrison: Do you know if our comprehensive plan states anything about where we may want to put major industrial?

>> Guernsey: Not off the top of my head but before this comes back, we will certainly have an answer for you.

>> Morrison: I think that would be interesting to take into account so that we can, as much as possible, pay attention to that.

>> Guernsey: Yes. Thank you. thank you. We will move on, then, if there are no more questions or comments, and without objection, council pick up some of these that might go relatively quickly, item 52, which is -- do we have a staff presentation on 52? No speakers signed up to speak in this public hearing.

>> Mayor, council members, my I ham with lre shed protection and i am here to request a site specific sos amendment and environmental variance for the barton springs pool bypass culvert repairs. Let me see if I can make this work. And let me give you history. You may know some. Back in may of 2010, we had a previous design that we were planning to construct and there was some concerns, but at that time we went through all of the environmental board, parks board and planning commission and they all recommended for approval to the city council. When we had concerns -- and i think there were some citizens who had some concerns, we started looking at it again. So in the summer of 2010, due to the public input, internal questions regarding previous design, additional alternatives were analyzed and then in the fall of 2010, a new alternative that utilized rock anchors was selected to address issues with the previous design. Since that time, we have been working on the design, going through preliminary design process, working to get the needed core permits and also the fish and wildlife permits and here we are, asking for that sos amendment and variance. just to briefly go through the elements requiring the amendment in the variance. We are going to have to build some temporary access roads and staging areas to actually get down to the bypass, so this first area -- and this is on the proposed ordinance. A temporary access road located on the north side of barton springs pool, between the parking lot and the concession I think I have detail out of that. This is directly out of the ordinance. If I can

get down here. This is eliza spring, if you are familiar with barton springs pal right there. This is the parking lot in this area. This is the concession stand right there and what we are proposing is to actually use the already paved -- part of that paved parking lot as part of our staging area and over the decomposed granite, come down in between -- this is plantar boxes for trees. We actually have to move some of those picnic tables. They are movable and we can scoot them out of the way. Come across the decomposed granite and there is a gate right there and this area right here is the grassy ramp down to the bypass. That is the area that historically has been used for access. I have a picture there. Here is -- let me get my mouse back. This area right in here is the we would come right down there there over -- let's see, the decomposed granite, turn the corner -- sorry, turn the corner by the concession stand which is there and then this area right here is the grassy -- the grassy ramp down to the bypass. Okay. The next area is area b, a temporary staging area and temporary access path located at the west end of barton springs pool, leading to the pool grounds and I have the exhibit here. This is the main stairs going down into the pool, so we are talking about way west of the pool, and so from the ordinance, this is the staging area and access down to the upstream end of the pool, just upstream of the upstream dam and here is the ariel view of this area. This area here will be our staging area and we will utilize this already paved asphalt and gravel driveway down to this area right there and that's where we are going to enter into the culvert, right in this area. That area -- you can see the water standing there. That's after a rainstorm. Okay. Let's see. Area c, temporary access ramp to the barton creek at upstream end of the bypass. This is how we actually get into the creek once we are at the edge of the creek, and as you can see here, the same general area and the area specified down at the very upstream side of the culvert. Go to the next picture. This is essentially -- if I can get my mouse back. There we go. We are going to utilize this concrete riff raft that is there to get us down into the creek. This is the inlet. At the upstream end of the pool, and that's where we are going to enter into the bypass and so the area that was specified in the ordinances, this concrete area, getting this down to the bottom of the creek. And then of course the last area is to do all of the repairs that we are planning to do, again, right out of the ordinance, you see at the downstream side we are doing some dam repairs, working on the downstream gate. Doing all of the repairs for the bypass. We are also working on the upstream gate and of course here is a picture. Looking at the down stream end, this is the downstream dam here, the bypass is essentially the sidewalk on the north side of the pool. We are doing repairs inside the bypass. On the upstream side we are actually doing some work to the inlet grate. That's it. Okay. What is next, of course we will go through permitting. Getting the sos amendment is a major step here at council today. We will have to come back for the bid and award phase for both projects. The inlet and outlet grades, i believe we are going to be back on the 28th of this month. We hope to start construction in july and finish construction hopefully in september for the inlet and outlet grate, there is no closure of the pool. They are going to be on the outside of the pool grounds working upstream of the pool and just downstream of the pool. The main repairs of the bypass, we hope to come back -- I think we open the bids next week. We hope to come back the beginning of august for the reward phase and to start construction, we are actually going to start mobilizing the middle of september. We will get into the pool october 1st, but at that time, there will be a portion of the pool that's still open. The downstream portion of the pool will still be open for the first phase. When we start the second phase, it should be somewhere between the middle to the end of november and that's when the pool will be closed. We are hoping to get out of the pool by the end of february, which would be prior to the spring break and that's

historically when the pool starts charging for admission again and that's our goal, to get out of the pool. That's it.

>> Mayor leffingwell: okay. Questions? Council member morrison.

>> Morrison: Thank you, price, I appreciate your work and working with some of the questions that a -- some of us got, I think, from some swimmers and some vigilant swimmers.

>> Yes.

>> Morrison: And kudos to you because they were very complimentary of your work and how much they respected your work.

>> Thank you.

>> Morrison: One of the ibs they brought up that they said -- one of the issues they brought up that they said they had been talking to you about is the actual resurfacing of the deck and sidewalk. I assume that would be following all of this work. Is that correct?

>> It happens at the end. We were trying to do it all at one time so we can have a congruent surface across the entire north side of the bypass -- or north side of the pool. I am actually -- I already contacted parks to go back to the joint committee. At the last meeting I went to with the joint committee, they had asked for renderings of what that would look like so I have renderings and I am going to go back and show them those. There are a lot of decisions to be made, such as color, texture, all types of decisions they would still have input on for the final esthetic look but the main thing about the sealant on top, if everybody can think about all of the little cracks that may exist in the concrete that we actually don't see that water, you know, we are in a wet environment. Water gets into the cracks and migrates down to rebar and it starts to grow and it shortens the life span of the culvert. What we can fix is the big cracks and the joints. That's what we are going to force but we need some kind of overall sealant over the entire thing to protect the water structure from water migrating so there is a lot of things we can do to change the look, the character of that finish that we are going to put on and we still have time to decide that because it is such a small, you know, as far as how much it costs, it is such a small portion of the work and we have time to do that since we are doing it at the end and we will continue to work with everybody, the joint crowd bill -- bill bunch, and so those things, we still are working on.

>> Riley: Okay, so there will be plenty of opportunity to take a look at what the options are in common?

>> Yes, yes.

>> Morrison: Okay. Thanks very much. I move approval. council member morrison moves to close the public hearing and approve the ordinance on all three readings. Is there a second? Second by council member martinez. I will only say that I am glad to see this project underway. It only taken us about four plus years and it absolutely has to be done. It is much needed. Obviously I am going to support it. " aye. Opposed, say no. Passes on a vote of 7-0.

>> Thank you very much. council without objection, we will go a little bit out of order to pick up some of these things that can be shorter than some of the others, item number 354, public hearing to consider an appeal to the rdcc, commission decision. Before we start, I would like to ask, is there anyone who would like to ask for a postponement or has question about the standing for the appeal? Okay. Hearing none, we will hear from the person making the appeal, and you will have ten minutes to make your presentation. Item number 54.

>> Good evening, council members, mayor, mayor pro tem. My name is david and I am on here on behalf of the property owner, crupp, the rdcc decision denied 367 square foot addition to a proposed second story on a detached garage at 3700 lawton avenue. As you may recall, I was here, i was last month or so, we couldn't hear the full case so i will briefly run through this and then open the floor for your questions. 2%, the home is 3-2 with 2600 square feet. We are proposed 3098 square feet and it would be over a second story -- a detached garage which 3 or less than 3% of impervious cover which would 367 allowable far and then on november 8, we had boa acring and they asked us to come back with regard to trees and other information and we did so on november 29, where they approved setbacks but then approved far to the rdcc and we prepared and went to january 31 rdcc and we thought we proposed a comprehensive packet of information, floor plans, exterior site photos, 25 plus letters of support, no opposition from the oak lawn neighborhood. However, the rdcc requested us to reengage the neighbors and postpone until february 27. We returned and further engaged. Between that time the surrounding neighbors, we verbally confirmed, there is no opposition. We showed no exterior site plans and elevations to show the size and scope of both the existing and proposed structures and the rdcc expressed concern regarding the primary detached structure. Their concern was that the primary structure was too large. They said we should think about demolishing part of 2 second story to follow the current far regulations and not only far but the side 10 encroachment. This primary structure was built in you 4, prior to sub chapter 4 being adopted so we were kind of connoused in terms of thinking, well, why should we have to demolish part of the second floor, the entire second floor is a master suite, built part of sub chapter f, doesn't seem applicable and the homeowner feels like she is penalized for a rule that was not in exist when it was built in construction which was built by somebody else prior to her ownership. I guess even more concerning is that there was a vote to deny with one person approving and then there was in our absence, a reversal of that vote, with the member that voted to approve, voting to deny. We didn't know about that until one of the commissioners approached us afterwards. That being said, we were still kind of at a loss, well, we are not sure what is going on. This is our fifth hearing in six months and certainly there has to be some sort of workable solution for this type of project. This is a site that's on a corner lot. It's a growing family that needs more space. Active duty husband, gone six months a year, need to be close to mabry, it was built prior to sub chapter f. It is legal nonplant structure. The rdcc is penalizing an inherited design. They have based their decision on that and they do have a history of approving much higher fares for much less hardship. Here is neighborhood overview between mopac and shoal creek and west 35th. Here is the site in question. That is the primary structure in yellow, the garage in back. This is pictures I will run through quickly, primary structure. This is the garage in question. This is oriented towards west - - excuse me, towards lawton and it backs up to a public alley. More pictures. Here is the proposed elevation you can see from the street. From the alley. That is a picture from the inside. There is some floor plans, very small unit, 3,067 square feet of you can see on this map we are surrounded by very large duplex.

[One moment, please, for change in captioners]

>> we should not have to tear down that partially demolished primary structure to accommodate an extra 367 square feet. The benefits of this are that it keeps a growing family in central austin. It remains a property that is owner occupied. It increases city density. It supports bike and ped traffic. It decreases vehicular traffic. It increases housing affordability. The project is in keeping with city of austin land use regulations for guidelines that promote denser development. We have 25 neighbors that support. We have more neighbors that have provided verbal support. The oak month neighborhood does not object. The board supported both set back requirements for the first story and second story garage addition unanimously. The site is a mixed -- is surrounded by condo, mixed uses, and this is the type 00 that we all hear about as citizens, which is the city is always touting we want inner city development. Owner occupied property to be utilized to its highest and best use that promotes a family friendly urban neighborhood. And again, we're only asking for 367 square feet. At the end of the day we ask what is the rdcc ruling on? Are they deciding what's best for their neighborhood or in their opinion, or are they deciding what's best for the oakmont neighborhood? We would ask that they consider the latter with the evidence that we've supported. Thank you.

>> Mayor Leffingwell: All right. We'll hear from those in favor of the appeal, that is overturning the decision of the rdcc. First is david --

>> that is me, mayor.

>> Mayor Leffingwell: Kerri krupp. You don't get another three minutes anyway. Is kerri here?

>> She's here, but I don't know if she would like to speak.

>> Mayor Leffingwell: Is there anyone here to speak in opposition to the appeal? All right. No one to speak in opposition, no one signed up to support the opposition, so obviously you don't need a three minute rebuttal since there's nothing to rebut. So I will entertain a motion on this item to close the public hearing and either support or deny the appeal. Councilmember martinez moves to grant the appeal, which would overturn the decision of the rdcc. Is there a second on that? Councilmember spelman. Further discussion? Councilmember morrison.

>> Morrison: I'm going to not support this motion and respect the rdcc. I think that the issue at and is we have a house that's already maxed out and the rdcc evaluation can take into account mitigating factors in terms of the additional far that's being added. And it's my understanding that the rdcc did not find mitigation to the additional far, and the point being that we don't overbuild single-family lots. So that's my rationale for not supporting it.

>> Mayor Leffingwell: Councilmember spelman.

>> Spelman: As the rdcc taken into account mitigating circumstances and so can we and I'm looking at the totality of the case and it seems that I'm disagreeing with the rdcc in looking at all the facts involved.

>> Mayor Leffingwell: All in favor of the motion say aye? Opposed say no. It passes -- you're voting no.

>> Tovo: I am noting no. Sorry, I was reading a few emails from our rdcc members. Thanks.

>> Mayor Leffingwell: That passes on a vote of five-two with councilmembers tovo and morrison voting no.

>> Thank you for your time. Thank you. S.

>> Mayor Leffingwell: So again, skipping to the ones that should be a little bit shorter, we can take up item number 56.

>> Thank you, mayor and council. Item number 56 is regarding a public hearing and consider a resolution request by speedy shop food store for property located at 6707 cameron road. The applicant has submitted a postponement request on this item to your june 28th meeting. They've been contacted by the neighborhood of some opposition and I think they would like to address that. So that's item 56, a postponement to june 28th.

>> Mayor Leffingwell: All right. Councilmember morrison moves to postpone this item until june 28th. Is there a second? I'll second. Any discussion? All in favor say aye. Opposed say no. It passes on a vote of six to zero with councilmember riley off the dais. And item 57. Two speedy stops.

>> Two speedy shops. Item 57 is another public hearing to consider a resolution regarding speedy shop food store at the location of 3020 east oltorf. The applicant is also requesting a postponement of this item to your august 2nd agenda and is working with a church, a neighborhood association as well with regards to this alcoholic beverage waiver and is requesting a postponement.

>> Mayor Leffingwell: Is there any opposition to the postponement for that date?

>> No. As far as I know both of these items, there's not opposition. I'm aware on item number 57 in particular that the church in question did not have an opposition to the postponement.

>> Mayor Leffingwell: I'll entertain a motion on item 57.

>> Cole: I move to POSTPONE UNTIL AUGUST 2nd.

>> Mayor Leffingwell: Mayor pro tem moves to POSTPONE UNTIL AUGUST 2nd. Seconded by councilmember morrison. All in favor? Opposed? It passes on a vote of seven to zero.

>> Thank you, mayor and council.

>> Mayor Leffingwell: We'll take up -- we'll get started at least on item 55. And we will also consider item 53 after item 55. Excuse me, item 38 after item 55. And then item 53.
Councilmember morrison.

>> Morrison: I just wanted to make a note to folks in the audience that on item 55 we have 54 minutes of testimony. And on item 53 the short-term rentals we have something last time i looked, 300 something minutes. So five and a half hours. So I certainly agree it makes sense to do that, but the short-term rental folks can go have dinner.

>> Mayor Leffingwell: I certainly suggest that we will not take up this item 30 break for proclamations. Do we have any kind of staff presentation on item 55? We've already done that. Did you want to make weiss, before we start the public hearing?

>> Yeah, afternoon mayor and council. Larry weiss, general manager, austin energy. We do not have a presentation, we are prepared to provide some analysis on different tiers that we have analyzed on rate schedules, so when we're ready for that discussion that's the only material that we've presented.

>> I have one more quick question that has come up. It has to do with the conformance of adopted policy, the bottom 50% of the rate structure, and two percent per year thereafter. I've been assuming all long that that applies after this phase one, the two percent per year, applies of a phase one. And I believe it says in the paperwork that it would not apply until after 2017. So which is correct?

>> Yes. We did not of course contemplate at the time we did the affordability approval that we did not contemplate doing the retail rate increase in two pieces, but generally within the framework I think the answer to that is yes.

>> Mayor Leffingwell: I would like to get your input. This will be a question after the public hearing. It seems like two percent of a this year would automatically be about six percent by then. If at all possible I would like to stay within that cost containment.

>> For planning purposes, what we've been talking about is that after the budget of 15, which would be in 14, that thereafter the affordability, the two percent, would come into play.

>> Martinez: I know there have been some meetings this week and some requests for tweaking or amending or adding language to the proposed ordinance since it's been posted. Does it contain changes since the posting last friday? And if so can you very lightly touch on those? Because there may be speakers that are asking us to insert that language and it's already in the ordinance.

>> I'll have andy perney from law talk about that.

>> It does contain a few changes. The most major of which is that one tariff was inadvertently left out and that's the pilot program for electric vehicle charging. You will find that on page 35. It's not a new rate, it's just one that was inadvertently left out. We made a slight typo correction on page. On page 40, the stand by capacity that's now closed, 191 per kilowatt for the voyage.

That was changed to 193. That was a typo. We apologize for that. And also in the street lighting 35 there's a provision inserted that talks about the rate that the cost of service for street lighting is based on. And that rate is the rate at which the street lighting charge to customers is intended to offset. So that provision was put in just to basically make clear that a cost of service upon which the street lighting charge was based. And I believe that and I believe that covers it. I think there were some minor -- I apologize, there were some minor changes to the thermal energy storage rates. There was just some incorrect rates in that one. And you will find that on page 25 and 26 and they were very minor. I think that covers it.

>> Mayor Leffingwell: Do we have the alternate -- revised alternate rate schedule based on the flatter tiers?

>> I believe staff has those alternate tiers, but they're not reflected in the ordinance that's in front of you.

>> Mayor Leffingwell: Can you pass that information out? We can do some of it now if you like. We have staff in the back and can do that now as you're taking speakers. Also, when you're done with speakers I have some presentation of those same slides that we can do for you that show the different tiers.

>> Mayor Leffingwell: All right. We'll go to speakers. The first speaker is ward tisdale. Donating time is ashley kegly. Is she here?

>> Mayor Leffingwell: She's here? Okay. You have three minutes. My name is ward tisdal and I work for advanced microdevices. I will read a few sections from the letter just to make it clear of what our position is regarding today's proposal. C care supports the recent two phase proposal brought forth by councilmember spelmans and riley and mayor pro tem cole, which seeks to bring more stability to the utility. Under this plan the first phase of the rate increase would strengthen the utility's balance ctrma without placing an unreasonable burden on any customer class. We applaud these efforts to help this important process move closer to a successful resolution. We plan to remain at the table and work with the city and the utility as austin energy undergoes an exist exhaustive financial review prior to the council taking action on the second phase faze. We believe there are still some non-related utility costs that could over time be removed from austin energy's annual budget and therefore shape the amount requested in phase 2. We also believe that with adequate time to closely examine the utility's finances, business practices and future revenue needs, we can ensure the second phase is implemented accordingly with an appropriate revenue requirement. C care would also like to emphasize the importance of all customers paying their cost of service. We believe the average in excess demand, plus or minus five percent cost allocation model as described in the spelman-riley-cole plan, is an important step in reaching that goal. C care also requests that once the first phase increase is implemented, the affordability goal also be implemented. This council adopted cast saving measure for all customers was designed to assure future rate increases are limited to two percent are less each year and that rates for all customer classes remain in the lower 50% of bench mash cities in the state. C care does recognize however that if the second phase similar implement it had could be greater than two percent, though our rates would still remain in the lower 50% of benchmark cities in texas. As we have learned over the last two years, austin energy's current

business model has not been sustainable. No business can survive if it charges its customers significantly less than it costs to serve them. The utility is no different. The city council and austin energy must make sure the utility's financial policies and practices are sound and are guided by the latest industry standards. They must also withstand any possible challenge from the public utility commission. This is important for customer classes inside and outside the city. Our coalition also supports efforts to study the government structure of austin energy. As an organization that represents many of austin's largest businesses and employers, c care can be a valuable resource to the city and austin energy during this review. I guess I'm out of time. I guess I've made my point. Thank you.

>> Mayor Leffingwell: Next speaker is trey salinas. Donating time is --

>> won't need that. I'm trey salinas for the coalition for clean, renewable and affordable energy. Thank you for listening to us tonight and taking comments. I want to thank everybody for a very exhaustive process that we've all been going through. It's been a long time coming. We hope that it comes to a successful conclusion tonight. I want to reiterate that c care appreciates all the efforts of the utility -- all the efforts of the utility staff. We appreciate the efforts of the city council. We've all spent a lot of time meeting on this. Thank you, councilmembers, morrison and tovo, for pushing the work sessions. I think we all agree that was very helpful to the process. If the second phase comes back and it's potentially more than a two percent increase, we understand that, but I don't think we should wait to 2017 to have the affordability goal implemented. Again, thank you for your time.

>> Mayor Leffingwell: Thank you. I'd just comment I don't think there's ever been a question about the 50% part because we had pledged that we were going to be in the lower 50 percent through this process. We'll address that question after we get through with the speakers. Tom smith? Donating time is carol geiger. We'll put karen hadnot as donating time also. So that gives you up to nine minutes.

>> Hopefully I won't need nine minutes. Mayor, councilmembers, my name is tom smith or smitty. I'm director of public citizen' texas office. And I want to thank you all for the attention you have paid to the very important question of how much is our electricity going to cost us in the future. And how it is that we want to generate that energy and send the right signals to austin energy's consumers about what energy really costs the city. The brackets you have before you is a heck of a lot better than it was when it was filed, but it's far from perfect and we'll talk a little bit about some next steps in a few minutes. You've put the initial rate increase by 44%. Watch out for the second phase. It's going to catch back up with you in 2014 and could be a three to five dollar increase in the average bill as will. Reduce the fees from 22 down to \$10, create a community benefit fund that includes cap, the energy efficiency renewable program, street lighting and so forth. We've gotten far better language on cap eligibility, created a five-tier system that encourages conservation by increasing costs on the biggest users. Create add very good value of solar program and a slightly better cost of service model. Then however, and today it is our hope that you will do some additional things. Because of the way the tiers work, the lowest users pay proportionately more than the people in the middle block. In other words, those who consume less than 750-kilowatt hours. 6% increase in their net bills, while those in the 750 to 4% increase in their bills. We think with a few minor tweaks you could even that out. It

actually penalizes those people who use the least. We are hoping you will assure adequate funding for the programs by wrapping the cap program in and doing it volumetrically as opposed to on a fixed fee. We think that the council ought to create a process where they review the annual goals of all those programs in the community benefit fund. The cap program, the renewables program, the efficiency program, look at how much they've accomplished and readjust those costs in order to ensure we have enough funding to obtain aerogels and do so as a separate hearing outside of the budget madness that you get into annually and perhaps do it as part of a subcommittee of the council or maybe as the council as a whole whoever you would prefer on that. But in addition do the same on fuel. Because as we learned from this process, the question of what is happening to austin in a post-nodal world is really still pretty much of a mystery. And a lot of the revenues that we get in from what we used to call off-system sales that are now called ERCOT settlements may increase dramatically or decrease dramatically and your ability to adjust those charges when the power supply clause is going to be critical. And we think there ought to be a separate hearing to bring all that information out and it needs to be a council level hearing so that y'all understand the implications. We think that you ought to go back and do another study over the cost of service between now and 2014 because that's when the big industrial contracts change. And you will have an opportunity perhaps to make some modifications. You made a lot of -- you made a big step in going away from the proposal that austin energy had to the 4 cp, but we still think that significantly and disproportionately affects austin consumers. I think you have a letter that describes this in far more detail than I can. We think you should set criteria for the 2014 review and remind the city manager and the general manager that it's the council's intent that we build and continue to have world class efficiency in renewables programs. And we're sliding backwards. A study that Paul Cherek provided to you showed how far we've fallen in terms of the best in class in the United States of America. And it's worth noting that the efforts we have made as a city to invest in efficiency and renewables have paid off. You know we have deferred about a coal plant. When you add that up through energy efficiency this costs us about \$16 million. You contrast that to what a new coal plant of the same size would have cost us and it's somewhere in the 2 billion or four billion if we built a nuke of the same capacity before you fuel it, maintain it and try to clean it up. On the solar side you've created about 615 jobs. That makes solar industry the 40th largest city in the city with a payroll of well over two million dollars a year. We've saved so much energy and so we want to make sure that it's really clear that you want to maintain that leadership status. In the near future as you begin to debate the governance resolution later on this afternoon and as you begin to put some meat on that particular resolution, we would like to ask you to consider creating a new governance structure for the utility that requires that you meet as the board of that utility at least monthly. And that it be a full council deal where you actually sit down and look at this stuff because the issues of this utility, your largest revenue generator are too important to leave to a citizen committee alone. We think you should establish a policy of doing a rate case every five years, and that way everybody knows that there will be the opportunity to make this fundamental adjustments and you don't get out of balance like you have this time. And before you do that -- and you may want to consider doing it in 2014 depending on the nature of the changes in the industry and what you find out in your cost of service. Before you go through your next rate case, however, we think it would be a really good idea for you to do what the public utilities commission it does and that is bring in hearings examinations to do a lot of the heavy lifting. Chris raise some day very good questions when I was discussing this proposal with him the other day that got me thinking a great deal. One of the things that makes austin energy so unique is we're

not like everybody else and that's because this council has had the opportunity to sit down and have serious discussions about where we want to go in policy. And he said we'd lose that if we just had a hearings examiner who put us in the same box as every other utility in Texas. And I thought about it and he's right. And the way I think to do this is to have a set of discussions early on about what city -- what the council wants this utility to be. Sets some big policy parameters, get a lot of public input and then get the hearings examiner to do the heavy lifting on the quantitative things, looking at the cost of service, looking at fuel charges, looking at a lot of the way that ERCOT market works and then bring back a number of things to you for decisions. So that you take out probably about 60% of the quantitative things that needed to have been looked at more deeply in this process that you did not have the time, nor frankly the expertise to get into at the level and depth that they should have been. But it still gives you ultimately a say about what those numbers ought to be and allows us to be able to have the policy direction from the council that I think we all want. So in summary I support the rate increase going forward and I want to thank you again for the tremendous efforts you've put into this and the amount of time this has taken you. And as somebody who practices both here before the Austin City Council and the Texas legislature, I really appreciate the intelligence and the dedication you put to these very hard decisions. I wish that the kind of work that you put into these things was what we saw on the major decisions at the Texas legislature, and I'm so glad I live in Austin, Texas. Thank you so much for your time. Any questions?

>> Spelman: Mayor?

>> Mayor Leffingwell: Councilmember Spelman.

>> Spelman: Smitty, I will have to put this on my resume, better than the Texas legislature.

[Laughter]

>> I thought I would get it hoisted on the faint praise thing.

>> Spelman: I think you hit that on the head. Thank you, sir.

>> Anything else? Thank y'all.

>> Mayor Leffingwell: Chris Strand? Not here? Kent Ambrose. Larry Sellers? Scott Johnson? Bob Batlynn? You have three minutes.

>> My name is Bob Batlin. I'm an Austin interfaith leader and come here representing 30 plus Austin interfaith institutions and the many thousand Austin energy customers who belong to our institutions. In December, which seems like a long time ago, I spoke to you about the Austin interfaith concerns about the impact of the rate increase on low income households and on houses of worship. At that time I asked you to the December proposed rate approach would have more than tripled the monthly fixed cost for residential customers before the first kilowatt hour is consumed. This would create hardship for low income customers, make it more expensive to maintain a home in Austin. To alleviate this, Austin interfaith suggested that all households eligible for supplemental nutrition assistance program be enrolled in the customer assistance

program that waives these charges. We expect the council's commitment to cover all of these customers and the program will be honored. We understand work has to be done to figure out exactly how. While today's proposal still nearly doubles fixed charges for those customers not eligible for the customer assistance program, austin interfaith recognize as significant improvement over the december proposal. The december proposal was particularly -- had a particularly significant impact on houses of worship. If implemented those rates would have forced houses of worship to reduce their funds available for programs to assist those in need. The average rate increase on houses of worship was an estimated 80%. Today's proposal still results in a substantial increase on houses of worship, but austin interfaith leaves the average rate increase -- thinks that the average rate increase of 18% is fair. Austin interfaith improves the improvements made to the rate proposal and thanks the council for its efforts.

>> Mayor Leffingwell: Thank you. Michael (indiscernible). And after michael I see scott [inaudible] /is here/sheer and you will be next.

>> Thank you for your many questions and concerns you had with austin energy. You had to listen to them, but you have to listen to us because you represent us. Thank you for a face at the time when the industrial contracts come up for reexamination and that way everybody will be paying a fair share. So thank you for all your work.

>> Mayor Leffingwell: Thank you. And I don't know if i mention it had or not, but we're hearing the public comment portion of this for item 38 and item 55 at the same time. And I think you're signed up on both.

>> Okay. Thank you, mayor and council. goode and city staff, my name is scott johnson and I'm here today representing what's called the resource conservation contractors association that hopefully you've goal community benefit to know, and that's eight of the leading agency efficiency contractors. The majority would be 10 or 12 of the top companies in austin in terms of doing work on replacing heating and air conditioning systems. We are strongly in support of the tier structure as proposed. That would make people who use more electricity pay a higher rate than currently they do obviously -- partly for self interest and that we hope that that would get people thinking more about energy efficiency, weatherization and changing out their mechanical system. It may also help them think about turning off the light, which is another component that I call conservation. We are also in support of the idea that because of the benefit that those folks outside of the city derive from the vast amount of programs, not just energy efficiency, but the water programs and other programs that the city has that they don't tout enough that we do not support a discount for those folks that live outside of the city that represent somewhere around 12 or 13% of all the ratepayers, but according to information gotten through kathy tovo's office they use up over 20% of all the rebate dollars. This is very significant. And this includes areas that are not simply in southwest austin, but include areas in other parts of the city where they may not be as affluent. Related to that issue we've said in private meetings and also I've said publicly that we believe that the better buildings grant that austin energy secured in 2010 that comes from the federal government, those funds should be directed at folks that I would call lower middle income. They might have the money to take advantage of the isn't si programs, but they don't have -- of the efficiency programs, but they don't have a lot of extra money to do that, so they're not able to qualify for the free weatherization program, but then they're not taking

advantage of the programs in quantity that we'd like them to because some of them live in '70's and '60s era homes that don't meet the code that we have today for this instruction, also we believe that these funds could be directed towards nonprofits that could places of worship. This is something that may be a challenge because those funds are supposed to be fully encumbered by next year roughly, the middle of 2013, and the program has had a slow launch. So I've talked to staff about it and I wanted to share that with you that this is an area of opportunity. We need to act quickly on it if there's any opportunity at all. Overall we strongly support the recommendations that now I believe have become the council plan and we'd be happy to stay in contact with you as we try to work out the details of how to continue to have a strong energy efficiency program and improve it. Thank you very much.

>> Mayor Leffingwell: Thank you. Will mccleod?

>> Good evening, will mccleod back again. I don't have my questions answered regarding these austin energy rate increase. I asked a representative over here about a couple of minutes ago, whispered to him, hey, does this cap program include ssdi and life line subscribers? And he goes I don't have time to chitchat. Well, you work for us. You know, we pay you as a taxpayer, so I expect questions answered by someone who works for a public utility. It's that simple. And also, san antonio's saws is delaying their rate increase until next year. San antonio is a larger city than us. Why aren't we doing the same? Take me, for example, live in an apartment. I look on this city of austin electric rate 289 cents per kilowatt for energy efficient services, for energy efficient rebates and cost of solar rebates. Some of those green building initiatives comes from the federal government. Why are you taxing me that lives in an apartment who cannot get these energy efficient rebates because i do not -- I'm not a homeowner? That's taxation without representation. And furthermore is what about the lavish spending by austin energy? Going to truluck's? Why don't you bring your sack lunches and decrease your samrys? What did the council do to cut the salaries of the workers that work there and are we going and buying new cars in facility are or we using used? These questions have not been answered. I don't expect them to be answered today, but the very important issue is that these cap customers, we need to include snap, we need to include life line, we need to include ssdi to the cap program. Are these included in that proposal before you? Anyone? They are? Cool. Ssdi and life line? Not life line, but ssdi.

>> [Inaudible - no mic].

>> Ssdi no? But life line yes. Okay. All right. I appreciate you weighing that in and I think you should include the ssdi into the program, offer it as a friendly amendment and supplemental food stamp program as far as cap eligibility is concerned. Thank you.

>> Mayor Leffingwell: Joshua houston? Following joshua will be bea morehead. You're donating time? Okay. You have six minutes.

>> My name is joshua houston, I'm general counsel of texas impact and we're here today in support of a new rate plan. Since last august we have said that we needed three things to support any rate plan, off peak, charitable nonprofits not be penalized for preno, ma'am innocently off peak usage. That the cap program meet the actual need in the city of austin and that a percentage of the energy efficiency rider be donated to low income ratepayers and not just the wealthy who

can afford the rebates. The faith community now supports this ordinance because it saw the off peak nonprofit program and with the understanding that the cap will have three times the current funding, nearly triple the enrollment. That enrollment will be automatic. That all fixed charges will be weighed and that a 10% discount will be on the rest of the bill and that there will also be energy efficiency for low income weatherization with the directive.

>>> We thank you for all the hard work put into this plan during this very long process. The public process can be messy, but we are without a doubt better for it. Your work reduced every ratepayer's increase by -- your work reduced the increase on every ratepayer by 44% by lowering the revenue requirement. Your work reduced fix charges that gives residential customers control over their bill which benefits family budgets, the environment and grid reliability. Your work developed innovative rates that give proper incentives to energy efficiency and solar and you've taken into accounts special consistency like schools that the deregulated market would overlook. And just today we received word of policy changes at the utility to help ensure the energy efficiency programs meet the unique needs of worship facilities. Your efforts did not just redesign rates, but helped build a community, something that does not concern a wall street owned utility. We have made tremendous progress that would not have happened without your tireless efforts and for that we thank you.

>> Cole: Next we have Laura Presley.

>> Thank you, Mayor Pro Tem and thank you, Councilmembers. Laura Presley and I'm an Austin resident for 23 years. When you don't have enough money to operate a business, we do two things. You either raise your prices or you lower your expenses. And I've been hearing a lot of the former, but not the latter. We need a requirement from the council for a goal of five to 10 percent reductions for fixed and variable costs for Austin Energy. Organizations don't push the envelope for cost reductions unless their leaders expect it and demand it as policy. Policy is the issue here. Engineering communities, whether you're in the automotive engineering community, semiconductor or in a manufacturing environment, they use a very systematic methodology called lean business practices. And I have a lot of experience with this. I spent 17 years in the semiconductor industry. I was the lean business manager for a billion dollar entity at Freescale Semiconductor and we exceeded our goals. So this process works. And I'll tell you a big secret. Engineers love defined processes and methodologies. We just love it. And lean is a well-known road map and system that Austin can benefit from. Austin Energy needs directives and resources to implement these systems. And as a council and community we need to set the policy and expectations for cost reduction goals and report outs on a monthly and quarterly basis. This is what the council needs to be doing. If the council doesn't ask for a cost reduction culture in Austin Energy, we won't get it. And that's the key. We need to start this now. Are there any questions?

>> Cole: Any questions? Thank you, Laura. Next we have Paul Robbins? Paul Robbins?

>> Evening. I'm Paul Robbins, an environmental activist and consumer advocate. First I want to ask you to lower the percentage of increase for low consumption customers. Most of whom are in low income brackets. The percentage increase for users in the first tier is way above the average percentage increase. It has been said that even if the percentage cost is high, the actual

dollar increase is low. But this is all relative. Five or \$10 a month to an austin energy executive is not the same as five or \$10 a month to someone on social security and food stamps or the working poor. I also one last time am asking you to put conservation and customer assistance in the base rates. The proposal today lumps these costs into the community benefit charge. I believe this stigmatizes these programs and is another indication that austin energy does not have the highest regard for them. I mean, think of it. Would you want to put the nuke, our most popular power plant, as a line item? How about tree trimming? Maybe delinquent bill collectors. I mean, austin -- would any of the austin energy executives like their salary line itemed on the bill? In normal times line items will not be a problem. In times of recession and depression, there will be people that will use community benefit charges as a scapegoat. I was here in the late '80's and early '90's when environmental programs were attacked viciously. I cannot believe that this would not happen again. I cannot predict when it would happen from now. It could be five years from now, could be 15 years from now. But I don't want to have to fight the same battle that i fought and my friends fought in the early '90's. Thank you for your attention.

>> Cole: Thank you, mr. robbins. We do not have any more speakers signed up to speak, but robert whitmire has been signed up neutral. Lynette cooper has signed up neutral and carol podesky --

>> they all signed up punish wishing to speak.

>> Cole: Sorry. Robert whitmire?

>> I'm bob white meyer and i was a residential advisor on this case up until about a month or so ago. What I want to talk to you about tonight a couple of items. One, there needs to be some sort of disclosure agreement on who somebody's competitor is in a hearing like this. I filed an open records request and found out that lynettea cooper, randy chapman and carol

(indiscernible) were my competitor. This council showed an awful lot of deference to those folks during this entire process. I know they had meetings th you, I know you were on stage with them. There's fundamentally a problem there that that was never disclosed to me and i suspect it was never disclosed to you. It's clearly a conflict of interest, particularly since we're looking at another rate increase two years from now. So I would ask you to put in some sort of a requirement that competitors that are going to be participating in this at least acknowledge and notify you that that is actually going on. Okay. That out of the way, what's a little bit troubling to me in this process that there was a process put together -- you guys were part of getting that put in place. It contained a member of low income community, a solar customer, an at large customer whose primary focus was people who weren't low income, but just above the poverty line that didn't qualify, and myself. From what I can tell the recommendations for that group were never seriously considered. That group, diverse individuals, came together and filed a set of joint recommendations, which i thought was a major accomplishment for that. And from what I can tell that was never considered. Going forward I have one more ask, and that is for 14 there really needs to be a study of low income energy usage. A lot of folks seem to think that low income customers are low use customers. But let's back up and think for just a minute. You think low income people have more people living at home or fewer? Most people say more. You think they spend more time at home or less time at home? Most people are going to say more? They

live in new energy efficiency housing or older housing? Probably older housing? Do they enough energy efficiency appliances or older energy efficient appliances? I think I've made my point that needs to be looked at. Austin energy says members of the cap are not low use customers, they use more than average. Paul robbins has data that says no, that's not true, so as an engineer I did what engineers do, I picked up the phone and called my friends in san antonio and said what do you see? They said yeah, -- let me back up. There are low income customers that are low use customers, absolutely. They look just like all the other customers except there tend to be a more shift to higher usage.

[Buzzer sounds] san antonio and el paso both show that low income customers tend to use a lot more than average. If you have volumetric charges, think about who is getting hit.

>> Mayor Leffingwell: That was your time. Thank you.

>> Tovo: Mayor?

>> Mayor Leffingwell: I've been trying to make that point as well, and I think one of the earlier speakers remarked that this was an incentive to get people to buy newer appliances and to upgrade their weatherization program and in many cases the low income people don't have the means do that and so they're just stuck with higher bills.

>> Tovo: I wanted to say thank you for the work that you did throughout this process as a residential rate advisor and i appreciate you being here today and your suggestions going forward. Thank you very much for the contribution that you've made to this process.

>> Thank you.

>> Mayor Leffingwell: Lynettea cooper? mayor, members of the council. I'm here on behalf of texas legal service center. Our comments tonight are short and are focused on the cap program to which this council and austin energy have proposed significant changes to the program's eligibility criteria and enrollment process. Final approval of the council approval will ensure a greater proportion of low income consumers will get help on their electric bills. An expanded cap program should also decrease the utility's bad debt expenses and utility disconnections for nonpayment, there by decreasing austin energy's operating expenses. The council's proposed expanded cap program therefore is a win-win for the utility and its low income customers. mayor, councilmember cole, spelman, morrison, tovo, martinez and riley, for proposing the establishment of one of the best low income programs in the nation. We urge you to finalize this recommended expansion of the cap program tonight. If the council approves the expanded cap program, the challenge going forward then becomes the implementation and oversight of the cap program. To that end we look forward weiss in making austin energy's cap program the best run program in the nation. Thank you very much.

>> Mayor Leffingwell: Thank you. Carol (indiscernible).

[Laughter]

>> Mayor Leffingwell: After all this time, you said? mayor, councilmembers. My name is carol bajitsky. I'm the director of texas roads, which stands for texas ratepayers organization to save energy. And I did sign up neutral on this rate ordinance this evening and I did that because it's really hard for me to be for a rate increase. And while I agree with many of the comments that were made here this evening that there are a lot of improvements that have been made in the package since december. It's still hard for me to be for it, but I am for the proposal which I believe you have in front of you about the cap program, the amendments that you will be discussing after we're done speaking. And I really encourage you to adopt those. I am one of the many people that has inundated you with information throughout this process about the fact that we have many poor households in this city that spend 40% of their income on electricity while the rest of us spend about two and a half. And this program is really needed. The fact that this amendment is before you shows that you have listened and that you're acting on the needs of the people in the community. And I can only speak for myself when I'm here, but i can tell you that I've talked to lots of people about this amendment and there are a lot of people out there that are really excited and very happy that it is before you as well. So I want to thank -- first weiss and his staff for working with us throughout this process and getting this to the point that we're at now. mayor and thank you, councilmembers. I urge you to adopt this amendment so that we can begin the important work of delivering those benefits to the people who really need them.

>> Mayor Leffingwell: Thank you, carol. It seems like we've almost come up with a perfect proposal here because nobody seems to like it completely.

[Laughter] it must be good. Those are all the speakers that we have signed up wishing to speak. Is there anyone else who would like to speak that has not had the opportunity on this item 55 and 38? We took the public hearing together on these items. Okay, council. Oh, you did too. We held the public hearing at the same time. For both items. Sorry, you misunderstood me. Thank you. Comments, council? We could go into recess here and begin our discussion. We've only got about three minutes. So without objection we're in recess until approximately 7:00.

>> Mayor Leffingwell: Time for live music at the austin city council meeting in austin, texas. It's our pleasure tonight to have a musician who has -- is an austin-based, of course as all of them are. Nanowhitman. Welcome nano. Nano has enjoyed the best of both worlds in his music education. He has a harvard degree in music composition, but he's also worked as a minute tore from the -- mentor from the berkley college of music, and that's berkley with an ee on the end, not an ey. It's probably some kind of plot that they came up with that name. His collaborations have continued during his career. He's worked with well-known local greats, including former spoon player joshua jarbo, singer song writer cat edmundson and singer lawyers gardenson. Ealso worked with blondined fast ball. His live performances have garnered a loyal following and having highlighted by numerous blogs. His song break it on your own time has been chosen twice as the song of the day on kut and has song 28 won first prize in the 2010 billboard world song contest for american folk and second place in the 2010 international song writing competition in the singer song writer category. Please help me welcome nano whitman.

[Applause]

>> hey. This is a brand new song called damn near perfect. ♪♪♪♪ ♪♪♪♪

[applause]

>> thanks.

>> Mayor Leffingwell: That was really damn good.

[Laughter] so now you get to plug yourself a little bit, tell us about your website, where you're playing these days and where people can buy your buick.

>> This is shaun culvert and he is my partner in time. We were waiting tables over at truluck's a long time ago and we are playing tomorrow night at the saxon pub and we're playing with a couple of incredible bands. You can get your music at itunes or waterloo. And we'd love to see you at a show.

>> Mayor Leffingwell: Now I have a proclamation in your honor. be it known that whereas the city of austin, texas is blessed with many creative musicians whose talent extends to virtual letter every musical genre and whereas your music scene thrives because austin audiences support good music produced by legends, local favorites and newcomers alike. And whereas we're pleased to showcase and support our local artists. Now therefore i, lee leffingwell, mayor of the city of austin, texas, the live music capitol of the world, do here by proclaim june 7th, 2012 as nano whitman day in austin, texas. Congratulations.

[Applause] a little last minute rehearsal here.

[Laughter] so tonight we're celebrating our fourth and largest graduating class from the business success skills program. We all know what a vital part small business places as a part of our austin economy. I talk about that all the time. In fact, austin has been named the top city for small business for the past two years. The city of austin values the contributions of small business to our local economy and we show that commitment to helping small business owners become better entrepreneurs through our partnership with the university of texas professional development center. Through collaboration we help business owners develop skills to grow their business and ultimately contribute to job growth in our community. So we're honoring the following committed individuals who have taken at least six business education classes to achieve their business success skills certification. And before I bring them up I'm going to read this certificate of congratulations just one time, not 10 times. You're glad to hear that, I'm sure. And then I'm going to bring up vicky valdez to say a couple of words and she will introduce the honorees. So this certificate of congratulations, we're pleased to congratulate, your name, for having successfully completed course work to qualify for the business success skills certificate. This specialized small business training that helps participants build a corset of business skills is offered through a partnership with the city's small business development program and the university of texas at austin's professional development center. in recognizing and congratulating this year's class of small business owners on pursuing the education needed to help build strong, viable businesses within our community. This certificate is presented in recognition thereof the seventh day of june the year 2012 by the city council of austin, signed by myself, mayor lee leffingwell. Congratulations to all of you. And vicky, I'd like to bring you up and you can say a couple of words and we'll pass out these certificates.

>> I apologize for that. My name is vicky valdez and I'm the small business administrator here at the city. I wanted to add a couple of comments to what the mayor just mentioned. The relationship that we have with the university professional development center has been in existence for about two years and we have had such successes with this program with the classes that we offer. Small business development programs for this relationship offers 23 different classes, different topics during the year. We've trained -- actually educated over 560 business owners this past year. Training hours are over -- let me make sure. Over 2,400 training hours. So it's been quite successful and we're quite proud. As you mentioned, mayor, this is the largest graduating class we've had this far. So we're really, really pleased about that. So let me go ahead and introduce the business owners. Allen hays. Congratulations. As you're called, go ahead and come up.

>> Amanda clap, owner of pop pass party. I like that name. Beatrice Fincher, owner of mass appeal. Christina pierce, owner of daylight donuts. We'll have to go visit her.

[Laughter] david cusack, owner of bookkeeping solutions.

[Applause] hannah lee, owner of not your ordinary bookkeeper.

[Laughter] shell ron, owner of self inspired floral.

[Applause] and ty young, owner of ty professional services. Congratulations to each of you.

[Applause] I'm going to add a couple of tidbits while they're taking the photograph. We actually had 17 business owners that qualified to graduate this time, so i just want to point out there was a lot more that were in attendance today. And also mayor, thank you for your continued support for the small business development program and austin city councilmembers. And kevin johns, our director of economic growth and redevelopment services. And of course, rosie who founded the small business development program 12 years ago. And now look where we are. Thank you.

[Applause]

>> Mayor Leffingwell: It's my great pleasure tonight to honor another retiring austin professional, barbara hinojosa. How many years have you been ? Since the beginning.

>> 23 Years.

>> Mayor Leffingwell: 23 years since the very beginning. She's been in the field the entire time, contributing to corps the very best in the country, and it really, truly s I know a lot of people have played an important part of that, but nobody plays a more important part than our folks who are out there in the field delivering this vital service to our community. So I want to present this distinguished service award to you, barbara. for more than 23 years of dedicated service to the citizens of the austin community, first as a member of the austin emergency medical services, then the austin-travis county e.m.s. System, and also as a member of the motorcycle medic program and the first female to spend her entire career in the field paramedic role, a motorcycle e.m.s. person. Barbara hinojosa is deserving the public acclaim and recognition. career has been

marked by dedication and a vision of life, health and safety. Her leadership has been instrumental in strengthening the bonds within one community and bringing an enhanced sense of professionalism to emergency medical service providers. This certificate is presented with our admiration and appreciation for exemplary service on this seventh day of june, the year 2012 by the city council of austin, texas signed by myself, lee leffingwell. Congratulations to you, barbara. And I hope you enjoy your retirement. Thank you very much.

[Applause] would you like to say a couple of words?

>> I just want to say it was a crazy ride, but one that i would never trade. And I wanted to thank everybody that helped me get to retirement. It's awesome!

[Laughter] [applause]

>> Mayor Leffingwell: I'd like to issue a certificate of congratulations to our office of homeland security. Otis laton and his office of professionals who have worked for us these past few years and have earned a singular which we'll talk about in a moment. The work of homeland security goes on everyday, kind of behind the scenes. We have stepped up our efforts because it's an all encompassing effort, includes things like, for example, the wildfires that we experienced last fall. Almost a year ago now. Since that happened, by the way, otis and his folks have been very instrumental in stepping up and helping us development a regional effort, not just the city of austin, but folks all over the central texas region so that we can be better prepared and better able to respond when these kinds of unfortunate events occur. for being the first office in texas for receiving national accreditation by the emergency management national accreditation program, the austin office of homeland security and emergency management is deserving the public acclaim and recognition. Hsem complied with the best practices developed by experts that show our program has the policies, procedures and resources to manage any emergency or disaster that may impact our city. Austin hsem is currently the first and only program in the state of texas to achieve national emergency management accreditation. We're pleased to recognize the dedication and tireless efforts of the entire staff to join the elite class of jurisdictions who have achieved national accreditation. This certificate is presented in recognition thereof the seventh day of june 2012 by the city council of austin, texas, signed by myself, lee leffingwell. Congratulations to all of you for your great work. And I'll let otis say a couple of words.

[Applause]

>> thank you, mayor. We're a very proud office, but it's a situation where we get the opportunity to get this award, but we had a lot of help from all of our partners within the city and within the region. Because we could not become accredited without the help of everyone within the city working with us and showing that we had therograms in place and the partnerships in place to make sure that we could meet those standards. And those standards was very intense. We had to have an accreditation manager, barbara, to crack the whip on us and make sure we stayed online and on task. And we had to make sure we had a government and a city manager and all of the partner directors who helped us to make sure that we would get in there. So I'm very proud of this presentation. And last but not least a great staff that worked on all of this. In addition to all of that work, we didn't stop doing our regular work while we were going through accreditation.

We had to do our regular work and accreditation at the same time. We're very proud of that. Thank you a lot.

[Applause]

>> Mayor Leffingwell: On behalf of the austin city council, the city organization and our community, I want to thank each of you. Austincorps graduates for the dedication to the city and thank you for being here. Because I know you've already graduated and on vacation, and i especially appreciate you coming out here. You've successfully completed the city's second annual austincorps program. Leadership development program for austin high school youth and we have two high schools that are participating, and we're very proud of what you've done and hope to get more high schools in the future. During this past year, you met twice with representatives of more than 30 city departments and offices, sometimes learning in a classroom setting as well as hands-on exercises. And your second semester, you successfully participated in a mentored city internship for 10 hours every week. And I'm very proud of our austincorps graduates for your hard work over the past year, obviously and through this program, that each of you now have a better understanding of how your local government works or doesn't work, whichever the case may be and it's my hope that each of you will use what you've learned to become more engaged in your community and help shape our future. We're going to pass out diplomas in just a minute, but first I'd like to thank all of the city departmental staff who participated, worked so hard to make this program a success. Immediately, following the ceremony, we'll have a reception in the boards and commissions room with cake and lemonade. Patricia worked very hard on the program. Will call out the student staff and their names and hand out the certificates. And I want to recognize of the principal of one of the participating high schools, greg shapiro. Is greg here? Thank you, sir.

[Applause] and david dupont. Thank you, david.

[Applause] I know both of you have been involved in this program from the beginning and thank you for all you've done, I appreciate your work. With that, we'll pass out the certificates.

>> The first graduate, representative rodriguez, from adkins high school.

[Applause] , rachel worked in the public information office as a community engagement intern. Her staff sponsor was larry skuller who is unable to be here this evening.

[Applause] our next two graduates are with the fire department. Alfredo hernandez.

[Applause] virginia hernandez.

[Applause] and staff sponsor is alicia westcamp. And we'll get a group photo with all of you.

[Applause] our next graduate is sarah martinez from crocket high school.

[Applause] sarah worked in the communications and public information office and her staff mentor is jill goodman.

[Applause] our next graduate is joshua newcomer with the austin police department. His staff sponsor is officer william beck.

[Applause] joshua is from crockett high school. Our next two graduates are from adkins high school. Christian palatzio.

[Applause] sierra selandra.

[Applause] and her staff sponsor is joy miller with the small business and development office. In total, we have 16 students graduate but many couldn't be here this evening. But thank you, austincorps, 2012.

[Applause] ♪♪♪ before us that's been gone over many, many drafts and amendments so far to get to the point where we're at. So we have one common document to work with, I'd like to move approval of the ordinance and service rate charges that are before us now. I fully expect there will be amendments and many i support.

>> Mayor Leffingwell: Motion by councilmember spelman and second by councilmember morrison. Move approval of the ordinance before us now. On all three readings. Close the public hearing and approve on all three readings.

>> Tovo: Mayor. Councilmem councilmem ber tovo.

>> Tovo: I would like to propose several amendments related to the customer assistance program. The first is on a motion sheet i put on everyone's chair and it's converting the residential customer assistance charge from a fixed to a volume metic charge. This is something we've had an opportunity to discuss in our work sessions and we've heard from the community. Several members of our community have weighed in this support. I think it's important we have - the proposal before us is to have a \$10 fixed fee, per customer fixed fee and converting the customer assistance charge from a fixed 50 to a volumemettic fee results in the same revenue but impact our low-use customers less dramatically. It would be better for the low-use customers to have it as a volume dell metic fee than a fixed fee. The document before you was drawn up by austin energy so the volumemettic would it's my understanding result in the same amount of revenue we've been talking about with the is dollars 50.

>> Mayor Leffingwell: Is there a second? Second by councilmember martinez. Councilmember spelman.

>> Spelman: I would like to offer an amendment to that amendment. That the -- let me ask you a question first and then maybe it won't be necessary. If we're charging it on a volume dell metic charge we're charging for energy efficiency and solar volumemettic is part of your intention to have them rolled up into a single line in the bill.

>> Tovo: I have another motion that does that. If there's support from the council, I will distribute it. I think it makes sense to have those rolled into one charge to make it easier for customers and less complex on the bill. So --

>> Spelman: I'll anxiously await that second amendment.

>> Tovo: I shall distribute it.

>> Mayor Leffingwell: This is strictly for the customer assistance amount of the dollar fifty charge. And so there's a motion, with a second, for that amendment on the table. Let me -- so I'm not going to support that because I think it makes sense we maintain a fixed amount. It's a simple way to do it. And we can predict what the total amount available is going to be. Where I think that's going to be much more difficult to do with the variable amount. Basically, the volumetric charge for customer service. We'll not know how much we're going to have, but the estimates it would produce the same amount of money, it really depends on the use of electricity. And also, as a pointed out before, I don't think there's -- a lot of -- other folks have commented today, too, there's not necessarily a direct correlation between energy efficiency and ability to pay your electric bill.

>> Tovo: Mayor, I appreciate --

>> Mayor Leffingwell: So councilmember tovo.

>> Tovo: Mayor, I appreciate your comments. I would like to ask for clarification from Austin energy staff on a point -- on a related point. In the RSI for this week, I asked the question if a volumetric rate were established to generate revenue per cap could a rider be used to achieve desired revenue targets should it be insufficient and the response was yes. And it's my understanding and we might need clarification from Pererney, that the motion before us to combine the community benefits charges -- well, either one. The motion before either to bundle the charges or to convert -- to keep caps separate but as a volumetric charge, either way, it's my understanding that the motion before us to change from a fixed fee to a volumetric allows us the ability to go back in the revenues generated are insufficient and adjust. It's -- is that your understanding, Mr. Weis.

>> That's my understanding. Let me get --

>> Tovo: Because I -- I take your point, Mayor and I think it's a critical one. We want to generate enough money through our customer assistance charge. Volumetric or fixed. We want to make sure we generate enough to serve the customers who are eligible.

>> Under any of the scenarios, the customer, the charge would be separate from the energy charge so essentially coming -- either way, it's still in the separate -- I wouldn't call it a rider or schedule, in the budget process you would be capable of adjusting the schedule without adjusting of the energy rates.

>> Tovo: If we determined in part of the review during the budget process that the revenues we had collected were insufficient per cap, we would have the ability to adjust that upward to make sure we're -- and vice versa. If we were overcollecting we'd have the ability to adjust that down.

>> That would be the case in the regulatory charge and the customer service charge. Thayer they're set out separately and can be addressed separately.

>> Tovo: Great.

>> Mayor Leffingwell: I have one question. Mayor, if you don't mind. Is there a estimate what the charge would be, for say, an average user, I guess, 1500 kilowatt hours per month.

>> I can tell you what it is, .00172 dollars per kilowatt hour. But it's going to be variable throughout the entire range. But I would like to know if we're proposing a volume metric rate as opposed to a fixed rate. A nominal rate of \$1.50. What would be the high and low? What would someone who used a thousand kilowatt hours a month pay and somebody who used 2500 kilowatt hours. 70 and so they pay more and as you went up, it would go up correspondingly. Because you'd be paying -- in other words, if you use 4,000 kilowatt hours. 72 -- have we calculated those? You would have to take that rate of --

>> Mayor Leffingwell: A thousand 70 more than the \$1.50.

>> A \$1.70 versus the \$1.50.

>> I'm surprised that the. A lot for say 25,000, it would be four or five dollars.

>> Right, that's correct.

>> Mayor Leffingwell: So that's the kind of thing that we have to know, I think, before we vote for something like this. Dramatically increasing the quote, fixed charge, for customers in the mid to higher ranges of use.

>> Right --

>> Mayor Leffingwell: Whether or not they're there of their own volition. Mayor pro tem cole.

>> Cole: I've been concerned, for the mayor's reason we wouldn't have enough to satisfy the cap program if we did it this way. But the comments made earlier about being able to deal with it throughout the year in the budget process, I'm assuming that's through a budget amendment, do you agree with our ability to do that?

>> Yes, we would adjust the millage amount, the rate, to make sure we hit our budget target. In other words, we know specifically how much we get at 50, we would be doing a forecast at the rate and so we get to the end of the budget year and make the program whole and make adjustments as needed.

>> Cole: Ok, thank you. I'll be supporting that.

>> Mayor Leffingwell: Can we also talk about the effect that would have on our affordability goal. Making sure we stayed in the bottom 50% and the 2% increase per year. And I've been assured we would. On the current proposal but would we under this new proposal?

>> We would meet our affordability goal under the new proposal. On a whole, when we look at the affordability goal, we're not looking at affordability on specific energy users within a rate class. We're looking at the entire rate package. Councilmember councilmember Riley.

>> Riley: The proposal currently on the table, the main proposal, would a cap customer be subject to the cap charge?

>> No. They would not pay the \$1.50.

>> Riley: And with the volume metric weight, do you foresee any issues with weighting the cap charge as to the cap customers?

>> That's a good question, because mathematically it's hard to make that whole but we would do our best to make that adjustment. We would make a percentage discount on the energy and so -- let me get help up here on that.

>> Ann Little, CEO for Austin Energy. We would be able to capture that charge separately in the billing system so we could waive that within the community benefit charge.

>> Riley: Even if it's bundled up into one community benefit charge and not separately itemized on the bill, we would be able to pull that out and the charge that appears on the bill is reduced accordingly.

>> Now that it's volume metric, it depends on how much you use, how that affects you.

>> Riley: Right.

>> Mayor Leffingwell: If that was the case, wouldn't you have to readjust all of those numbers?

>> Well, if we're using a volume metric rate, we would have to monitor that very closely to make sure that of the discount was applicable and mathematically turned out the same. We're talking about waiving that exact charge which means if you're a large using cap customer, I'm going to turn to Arne, wouldn't you say more? A larger discount if you were using more under that?

>> That's true, because it would be larger, the more you used but we would still waive that amount that was applicable to the customer assistance program.

>> Mayor Leffingwell: But wouldn't you have to adjust this .001720 per kilowatt hour charged if you're taking part of it out. Don't you have to raise it to raise the same amount of revenue?

>> No, we would -- it might be a little bit off. But I think it would be immaterial. We would change the dollar per kilowatt hour for the cap customer so it would eliminate the portion of the community benefit charge on their bill.

>> Mayor Leffingwell: Sounds unbelievably complicated to me. I guess that would be the perfect electric bill. Nobody could figure out what it means. Any other comments?
Councilmember martinez makes a motion to call the question on this amendment. Is there a second. Second by councilmember morrison.

>> Tovo: To clarify. Councilmem councilmem ber tovo.

>> Tovo: I wanted to clarify the makers of the motion I think asked for clarification about the bundling. Shall we vote on the motion first to do the volume metic? Is that the question --

>> Mayor Leffingwell: What's that the motion is. Right now we have a motion basically for olympicure.

[CHORUS OF AYES] All in favor of the amendment, say aye.

[CHORUS OF AYES] Opposed, no. No. The amendment passes on a vote of 6-1 with yours truly voting no.

>> Tovo: Ok. And I have another amendment related to the customer assistance program. We have in the course of our work sessions, made -- came to some agreements about expanding the eligibility. And the motion before you really just makes that concrete and add that's language to the ordinance that's before us. I'll wait a minute until they're distributed down. Well, I'll start by reading it, I guess. This would add to the adopting ordinance the language as the council find that's rising utility rates affect low income households and -- bill payments for residential customers within with inability to pay due to poverty. To mitigate the rate increase, the council establishes a customer sift program as set forth in the schedule and then the additional language down below and I won't read all of it. As to the community benefit charge, the following language which clarifies really just what we've agreed to in our council work sessions which is to expand the eligibility to include medicaid, supplemental nutritional program, the children's health insurance program and then details the benefits that the participates in the customer assistance program would receive. So I would be happy to answer questions about it but really it's an attempt to make sure in the proposal we adopt today, we have done what I think we've told the community we would do, expand the eligibility and be specific about the discounts we'll offer through the program.

>> Cole: I have a question.

>> Mayor Leffingwell: Well, let me ask first --

>> Tovo: That was the motion.

>> Mayor Leffingwell: The maker of the motion, would you accept that motion as friendly?

>> I have a point of order first. We have two motion sheets you handed out before the last one. Which one did we pass? The one that was just made -- the cap volume metric and also bundled in the with the other two charges. It was the volume metric. What are we doing with the second motion sheet.

>> Tovo: Well, it was the volume metric but then there was a proposed amendment and I -- i thought when -- that was the point I wanted to clarify with councilmember martinez calling the question. So we have passed the volume metric piece. And I think what you're pointing out maybe we didn't make a decision on the bundling.

>> Riley: Yeah.

>> Mayor Leffingwell: I thought that's what we agreed to. To defer that decision.

>> Riley: I'm happy to decide that's what we agreed to.

>> Mayor Leffingwell: Ok, all right. Do you accept this amendment as friendly?

>> Riley: Let me ask a question first. 1272 Centss per hour and that's going to fund the cap program at 25,000 participants and we're talking about all enrollment for the classes of programs. And our best separate as we heard. -- The households amount to 23,000 households and we ought to be -- I'm concerned about what if we're not.

>> Tovo: I think that's a question for austin energy staff. How they're -- able to participate in the program. And austin energy, I believe, can fund about 10,000 of those eligible, which amounts to somewhere in the 30% of those eligible. weis, I know we've talked 57600 .

>> I think that's accurate and in working with the stakeholders like some today, that we feel like we have a pretty good handle on the potential number of the work we have done collectively on that and it's very difficult for anybody to pinpoint forecast exactly what we are going to have.

>> Spelman: Sure. Would it be -- I was thinking about this a little bit differently than you were and help me think this through. If we are sure of what happens with medicaid and snap, which is where we started. Perhaps you can make all medicaid and snap eligible households somehow defined. You have the magic words for that, automatically enroll them and see where we are and if we are at 18, 20, 22,000, we have plenty of space left, then we enroll all of the chip customers we haven't already got and then 25,000, we enroll the lifeline customers up to 25,000 and then you come to us and then you say we have a problem here, we hit our 25,000 and we think there is another 6,000 households out there but at least we have got them in rough order. I am thing of partly how many we know there are and, also, in rough order of how important it is to include them in the cap program, because the eligibility requirements for medicaid and snap are a lower income than they are for chip than they are for the telephone lifeline program, which I am given understands about 150% of the poverty level. Is that accurate?

>> I think it's accurate. If you get more detailed than that, I may have to call some of my experts on this. But we have agreed to use a third party to identify who is eligible and I think that's

fundamental and we will do that consistent with how it's done around the state and then what we will do is we will feed that into our system. I think the thing -- I think the issue that is difficult is these are customers that are eligible, not people, so it makes the statistics very difficult to get ahold of, and in every discussion I have gotten into with our staff, you know, to try to drill down to find out exactly how many we are going to have is frankly too difficult to do. It is just too difficult to do so our perspective is we will get the program going, have it operating and funded at this level. Then we will find out through some experience, as you are suggesting, how the program goes and we will continue to work with our stakeholders and take advisement on that and continue to make the program work better and better.

>> Okay. Mayor, I would like to ask the maker of the amendment whether she would be comfortable with giving the highest priority to medicaid and snap and then to chip and to the lifeline program until we hit 25,000 before coming back to the council and asking for any additional funds as necessary to fill out the program. I am just thinking we need to get the people in the greatest need in the program first. would you be willing to modify your proposed amendment?

>> Tovo: So it would be some proposed language. They still would be able to participate but the highest priority, some kind of language that would say the highest priority would go to snap recipients and medicaid recipients.

>> Medicaid, snap, chip and then telephone lifeline. I am thinking there is going to be some delay between when somebody qualifies and we are able to fund them for a couple of months. But we are going to have a waiting list until we are actually able to increase the rider or change the bill or whatever it is in order to put or money into the program and i want -- it seems to me it would be fairest to have the first people in line to be the people in greatest need which I think will be the medicaid and snap recipients.

>> I am comfortable with that, as long as it allows the possibility of the other recipients to come forward and, weis' assurances that you will kind of keep us abreast of how the funding matches and what the needs are out there in the community because we want to be sure we are meeting them.

>> Cole: Mayor, can I ask the maker of the motion. mayor pro tem.

>> Cole: I would like to ask the mayor of the motion and council member spelman to allow me to bob witfyer up which is the residential rate advisor who did a significant amount of work on this. Is that okay? Bob I know you made several comments and looked at the customer assistance program and you specifically advised against automatic enrollment and you understand we want to expand the program and the goal of the council is to serve more people. So can you tell us, first, i believe you had concerns about the billing system, ae billing system. Can you talk about that?

>> Yeah, on the -- let's see. Problem with the billing system. Oh, we had several concerns we did have one customer that I was meeting with unrelated to the cap program, that had been enrolled in the cap program and lived in westlake and not by mean in any means and was

automatically put into the program unbeknownst to him and the other point I would like to make, in talking residential customers they clearly understood 1 dollar or 1 \$50 on their bill and the volumetrics were very confusing to them.

>> Cole: I want to limit my questions specifically to the question of automatic enrollment because we already had a motion pass about the volumetric charges but I am concerned about the ability of the automatic enrollment and doing that accurately and I want to ask about your work in examining that.

>> When we looked at the automatic enrollment program there were definite concerns at the low income community at the cap that that wasn't being done correctly. They wanted a -- they wanted a third party to look at that before they just went off and -- with people into that program. They wanted a person in the process somewhere. It sounds like Austin Energy has done that through their third party provider.

>> Cole: Right. Larry, I believe you all had worked together and put together a discount advisory steering committee. Is that correct?

>> That's the intent, yes.

>> Cole: And what is the purpose of that steering committee?

>> To monitor effectiveness of the program, to recommend any changes we make administratively or financially and as of yet, until we have this going, we will -- we won't know what all of the tasks are but we intend to engage the stakeholders in this as we go forward.

>> Cole: Because it is my understanding they have been doing a considerable amount of work in some of the organizations -- religious organizations involved; is that correct? And there are elderly meals on wheels. Stan Pruitt is involved with it. I believe he may be the chair. Veterans involved with it. The Texas Veterans Foundation, any baby can is involved with the group. Travis County Health and Human Services Commission, and the Texas Health and Human Services Commission, so, anyway, we have went through this process of recognizing this as something that we very well may want to do for ease in serving more people but that it has some complexity and we've put together a steering committee who is going to make recommendations to us later. So I support -- fully support 90% of this but I am concerned about the automatic enrollment in that we are not capable of doing that where the level of accuracy that we have need at this point.

>> Tovo: Mayor. Council member Tovo.

>> Tovo: If I could just ask Weiss -- I know that you have been meeting -- these are really suggestions that came to us from a group of consumer advocates. Vagstad and I know have been meeting with them all week to talk about them and I believe, I understood you had a level of comfort with them, but could you confirm that is the case?

>> That is the case. We reached an agreement on how we -- how we select the customers, the funding, and how -- how the program works going forward and I think you heard that today from them. And -- but specifically, we didn't talk about how it's funded. We talked about how --

>> Tovo: Sure. That's right. How about the automatic enrollment part? From austin energy's perspective, would that be something that you are comfortable with?

>> Weis: Yes. Yes.

>> Tovo: And would welcome as a tool in the tool box to getting participants enrolled?

>> Weis: Yes. Yes, we have reached an agreement on how to do that.

>> Tovo: Great. council member morrison.

>> Morrison: Thank you. I realize this is a new arena that we are moving into and i think it's right to be concern and that we do it right and that the automatic enrollment be an effective and accurate system and a lot of stuff going on and also the point that council member spelman brought up, that there is -- there is some unknown out there about the numbers and I wonder if our audit and finance committee might be a good place to get some reports from you all as you move through this process in implementing it and that will allow us to keep an eye on the numbers as they are growing and I think the bottom line is we are -- we are making a policy statement about who we want to have covered, and if it breaks the bank, then we can change that policy, as long as we are well informed and hopefully the chair of our committee would agree with that, that that might be an appropriate place for us to keep an eye on it.

>> Cole: I fully agree with that. I guess we can --

>> I fully agree with that. Perhaps I can offer a friendly amendment to council member tovo's amendment, that we have -- that we -- how do you feel about automatic enrollment for the snap and medicaid customers like you suggested and then we get periodic reports over the additional people that we are suggesting, based on the steering committee's -- these recommendations? So we don't give the system so much automatically and we don't know if it's working correctly and we charge the steering committee with making these determinations so we start out with the smaller group of people that we are actually putting in to automatic enrollment. again, i think we are making this way too complicated. I would prefer that we just list the organizations right here that would make someone eligible and give austin energy the ability to administratively manage it and report back if there are any problems. Council member martinez.

>> Martinez: Thanks, mayor. I completely agree. I think we need to stick to the proposal that was made in the motion. Austin energy has no authorization to spend one more penny than we authorize them to do, so if they are hitting the cap and they get 25,000 and we didn't raise enough money because we've switched to a volumetric charge, it's going to come back to us so we are either going to have to cut the cap or we are going to have to increase the funding, so if we agree with these groups as automatic enrollment for eligibility, then let's vote on the motion. I would

further suggest that you come back to that with council because ultimately that's where it's going to have to come anyway.

>> We are not going away.

>> Spelman: I will consider the amendment to be friendly.

>> Cole: I am supporting the amendment. this is a friendly amount. We are not voting on it. The maker and the second agree so it is part of the motion. Do you understand it, mr. weis? You may be the only one in the room that does.

[Laughter] it is this piece of paper giving austin energy with the priority, direction that you just got to administratively manage this and report back if there is a problem with it.

>> Weis: I think the answer is yes.

>> Mayor leffingwell: okay.

>> One more, actually two more. So I think now it's maybe a good time to go back to the other motion I distributed which is a suggestion that we consider combining the community benefits charges below -- you can ignore the piece about some fixed volumetric because we already made that decision. Let's see. Actually, to be clear, let me distribute a motion that specifically combines the community benefit charges and the intent here would be to, again, improve -- to make it easier for our customers to see those charges all in one place rather than lots of smaller ones and I think we heard some testimony from members in the public about this. so are you proposing that as an amendment or --

>> Tovo: I am proposing it as a friendly amendment, if the makers consider it ton friend friendly.

>> I consider it to be friendly, mayor, but if you would like to register a vote against it, we can vote on it, too. It is friendly as far as I am concerned. I would prefer a vote on this one, because, first of all, I would like to talk about what all community benefits are involved here.

>> Tovo: I am sorry, mayor, i didn't hear what you said. explain community benefits charges.

>> Tovo: I actually do need to make a few changes. perney to come up and help me change on the motion change that we have gotten.

>> Currently on the motion sheet there is a reference to deleting the tables in the back of the community charge -- the community benefits charge schedule and as far as that -- and how far, one of the references is to the customer assistance program charge and if the tables are deleted then you no longer have a definition of the charge for purposes of calculating the customer systems program discount and and so that number would need to remain in the ordinance somewhere and that may not have been what you intended to begin with but want to bring that up, that's what the motion sheet says. perney, the molt sheet you prepare that says combine community benefit charges, that last table.

>> Yes.

>> Tovo: After the community benefits charges scheduled to be entitled to a benefit charge, singular, the rest of the sentence should be stricken?

>> Correct. and this would be strictly for the customer assistance program?

>> If you deleted those tables you would need to insert somewhere in the ordinance the reference to what the customer assistance program charge is for purposes for calculating the discount for the customer assistance program participants.

>> It seems like a technicality to me.

>> It is, but it is an important one. It needs to be in there somewhere.

>> Tovo: And I believe -- i believe I also received the feedback that the city attorney should be -- the language in the next paragraph that says this amendment will require changes to numerous rate schedules. Accordingly the city attorney is incorporated to direct the changes. That should be the city manager.

>> Spelman: Is that so? I think the question, is that so, being is it --

>> Spelman: Two numerous rate schedules, why are changes?

>> The department is responsible for that pursuant to the authority under the manager, because it is the department that goes back and does those tables and does that work, the department would be responsible for making --

>> Spelman: I understand that. I do agree with that. I am just wondering whether or not this amendment will, in fact, require changes to numerous rate schedules. I think all we are doing is adding the one line that assistance program is now 1.726-kilowatt per hours.

>> Yes, it is in reference to the c, the community benefits charge in the rider around putting a number in there. You are not changing rates but you are changing the tables. You are just putting different information into them.

>> Spelman: I see what you are seeing. I see.

>> Tovo: But thank you. , Mayor.

>> Mayor leffingwell: okay. So does the maker accept this and the second? Okay. Council member morrison.

>> Morrison: I just want to be clear -- and maybe up missed it if it was already identified, the three discrete charges are actually the ones that are listed on page 37 of our yellow page. We

have a schedules that community benefit charges and it will be community benefit charge and referring to customer assistance service area and lighting of service areas. Is that correct?

>> That's correct.

>> Mayor leffingwell: okay. So that's accepted by the maker and if second. And the second. Next.

>> Tovo: One last one and this is going to require some weis or mr. perney. At our work session on tuesday, I brought up again the issue of 5 million in off system sales and presentled it to my colleagues for consideration again before we vote today and i just want to clarify one thing about that. If the council today were to adopt an amendment to reduce the 71 million-dollar revenue requirement by 3 and a half million dollars, if we did, three of us voted that in a work session, if we were to have a majority of the council vote for that, is that something that you could -- that we could incorporate in and provide you with direction to go ahead and make the changes necessary and still adopt on all three readings here today?

>> The answer to that would be no. The problem is that the directive to lower the revenue requirements results in a very complex redo of literally every rate in the rate schedules, and the problem with that is the calculation, when you give a directive to produce the revenue requirement, it doesn't result in an easy to understand across the board, predictable adjustment to each of the rates. It can, in fact -- it can actually affect the rate design to a certain extent and the problem with that directive is that when we leave the room, nobody, including the council, would really have an understanding of what the actual rates would be when the 3rdinance -- when the information is recalculated and the ordinance is redrafted. So essentially you really wouldn't know what the end product that you are voting on would be because the rates will fluctuate in ways that, really, we just -- we don't have that information right now and really can't have it for some time.

>> Tovo: I guess in the interest of making sure that we can conclude this process and allow austin energy to move forward with a rate increase, i will not be making a motion on that point today, though I wish we had been able to see our way through reducing the revenue requirement a bit more by that amount. So --

>> Spelman: Mayor, if I could speak on a similar issue just for a moment. council member spelman.

>> Spelman: Larry, I think it's actually a question for you. It is my understanding that the -- that the difference of opinion about that 3 and a half million dollars is largely due to a difference of forecast as to how much we will net in bilateral sales and ancillary services sales. If, in fact, our ancillary services and bilateral sales are 3 and a half million dollars better than we expect them to be on the calculations upon which these rates are based there -- under -- what would happen then, if we are making 3 and a half million dollars off ancillary services and bilateral?

>> From here on it would reduce the fuel charge, so all of the net effects of any off-system sales would affect the fuel charge. It wouldn't have anything to do with our electric rates at all. It

would be off of the fuel charge. However, the confusing part is that's not always been the case and as time has gone on, it has been handled differently and also sales have been different over time. And so it's a difficult issue. Suggest that in the future we take a look at it and make sure that we identify what those sales are and be real transparent about it. That's the difficulty, too, because right now in the ERCOT market we didn't be transparent about it. It is very difficult for us to extract from the noodle sales and the way they work in the ERCOT market which we don't have time to go into at any time with the council, probably. But we need to be able to extract that value. So we understand the issue going forward, we will be able to identify that, I hope.

>> Spelman: Is it accurate to say that if we do better with bilateral and ancillary than expected it will show up in ERCOT settlement and that will be 3 and a half million dollars better than expected and so it would feed naturally into the power supply investment which we would be chewing up every year, anyway?

>> That's correct. So it goes to the customers, in other words if you have a really good wholesale year, it all flows to the customers.

>> Spelman: So we don't need to take it into account in base rates, if, in fact, Kathie is right and I am wrong, the customers will be 3 and a half million dollars better off anyway because it will be adjusted at PSA.

>> Weis: Right.

>> Spelman: Thank you.

>> You've won either way.

>> Tovo: We already talked about the way in which it benefits some of the large contracts in a way that it -- it gives them more of a benefit than it does for the residential consumer, so we don't need to recap that but of course that is my interest in making sure we are accounting for that as fairly as possible and frankly reducing the rates that are proposed here today, if at all -- if it made reasonable sense.

>> Mayor. is that all you have, council member. Council member Morrison.

>> Morrison: One thing I learned about a wrinkle in about this the past couple of days, are the off-system sales or what are equivalent to them going to be recouped through the power supply and the old fuel factor and the -- what is it called, the old fuel adjustment or just the --

>> fuel charge, power factor -- power adjustment charge. They are all the same. It is a separate item we have on the bill for fuel.

>> Morrison: Right. Exactly, but our special contract customers only use the fuel adjustment rider or a schedule. Whereas all of the rest of us are going to be using the power supply schedule?

>> Weis: I believe that's correct but --

>> Morrison: But it flows into both of them.

>> Weis: Yes it does. Thank you. And when the contracts -- when the contracts come off, then everything will be back to whole.

>> Morrison: The power supply.

>> Weis: Correct.

>> Morrison: I do have amendments if I can toss those out. The first one addresses the residential rate schedule, as has been suggested, I think mitty and paul robins talked about this and that was a request to consider lowering -- adjusting it so that the lowest tier was adjusted downward just a little bit and the second tier was adjusted upward just a little bit to try to smooth it out to some degree, because there is, in terms of percent increase, even though it is not a large dollar increase, a bigger impact to the lowest tiers. So we are working with staff and that would change the -- the first tier from 2-cents per 8 for winter months and then the second tier would go up from 5.2 to 5.6. So the idea is to smooth out the percentages a little bit, even though it's not a big dollar amount. So I wanted to make that -- and, mayor, I am guessing you might want to talk about this separately and I am willing to accept it as a friendly amendment, but if you would like it to be a separate motion, i will be happy to make that. well, you can try to make it a friendly amendment or make it an amendment. Your choice.

>> Morrison: I will make it a friendly amendment, if my --

>> Spelman: This is -- let me ask a question before I say whether it's friendly or not, because I need clarification. On page 2 of the --

>> bring up slide 2, please.

>> Morrison: These are the numbers under what is labeled council member tovo reduced first tier and increase the second tier.

>> Spelman: We have a series of slides of -- that I believe you prepared for council member riley last week, which show the percentage and also the dollar change and the average bill for different classes of customers or for customers with different amounts of kilowatt hours per month.

>> Weis: Correct.

>> Spelman: I wondered if you prepared any slide of that sort for the second to last column "

>> let me see what we have in here. Again, we brought over a quiver of slides. Let me clarify on slide 2, it is -- the mayor asked a question and then staff put in this 25% spread and then the. -- Council member morrison just talked about the council member tovo column, which was run by

staff, and so I want to point the slide 2 out. Then you are asking about the bill impact, the more complex sheets?

>> Spelman: Yes. I see a short version of that on the bottom of this page and wonder if you have a more complex version of that.

>> Weis: Yes. We can get really complex.

[Laughter] nope. It's not on this slide. We are handing out an example, residential bill impact right now, and it has all of these complex calculations in there. The summary of these are on page 4 and 5. And what page 4 and 5 does is try to take these monthly analyses and these are real customers that we've analyzed this on. Frankly they have to be employees that have these certain characteristics of homes, and there isn't anything more special about them other than we tried to fit -- tried to find examples of our customer base, but the month of february and the month of august typically shown in these and it shows the dollar increase on each rate increase, for example, starting with a small apartment, electric heat, the ae recommendation would have been a 49-dollar cost in the month of february and the monthly increase is 3, I guess it is rounded up to 3. The mayor's would be \$3 and then at 25% spread, we did that. Now, we did not have the request from council member tovo when we ran this analysis. The one we handed out just now, we have, and we can put that on the screen, I think, right there. I apologize. It will be very busy. But as you -- you heard me say several times it gets -- it gets hard to do because what you have to do when you have tiered rates is you really have to compare monthly. You can't compare averages and annually because it is difficult. Anyway, here is the data. Now, I can't remember what your question was.

[Laughter]

>> Spelman: You could, faced with a graph like this. Well, let me try to parse this based on the numbers. That purple line on the bottom of each of these sections is the labeled cm tovo, which we mean cv morrison and if I am comparing that to the ae recommendation which is what we are still working off of for now, small apartment with electric hate would have 15% increase under original recommendation and this would reduce that to 10.

>> Weis: Correct.

>> Spelman: Average gas home heat would be 12, this would change it to 13.

>> Weis: Correct.

>> Spelman: And in terms of the general curve, what we were dealing with before w shallou, where it was lower for end user, 300, 700-kilowatt per hour per month users, it drops slightly around 11,000, 100-kilowatt hours and increased steadily after that and it changes the curve from a shallow u to an increasing graph and the lowest percentage increase generally speaking are at the low end and the percentage increases are going up.

>> Weis: Correct.

>> Spelman: Is that accurate?

>> Weis: That's accurate.

>> Spelman: That's good and let me ask you the bad news and understand if there is balancing for bad flus. I understand one thing we are trying to do is be fair to our customers and I think there is a general agreement on the dyas, if not reality, that the lowest users tend to be of lower income than the highest users, although there is a lot of counter examples to that. So this sounds likes the equitable, but is -- one of the other things we were trying to accomplish is to true up our rates so they better reflect cost of service. Is this doing a lot of damage to our cost of service objective?

>> Weis: It's not doing a lot of damage to the cost of service, but the more that you move in the trend you are talking about, the more that you move that, yes, these start to move. But this change does not move the math enough to do anything, really. It is -- I mean, it's -- I know it could be significant to a customer, a dollar a month, but it doesn't move it a lot.

>> Spelman: Okay.

>> Mayor. council member morrison.

>> Morrison: I did want to just add to that, to reflect back on when we actually settled on the tiers in the first place. We were looking at a relatively flat, moderate and a steep and we all settled on moderate and there are vastly -- there are some sort of vast differences on either one and for me, anyways, the rationale is we don't have a huge driver to go to either end. Let's start in the middle and work from there and so this is just one small minor adjustment within that moderate and so my sense is and it sound like you may agree, that we are still well within that moderate arena by making this small adjustment?

>> Weis: Speaking for the staff at austin energy, that's correct.

>> Morrison: And that part it goes down and dips up, that smooths it out a little bit, makes the dip not so difficult.

>> Spelman: I will accept it as a friendly amendment. let me just say -- I was going to bring this up later but I sort of got preempted here. The reason I asked for the data that I did on -- was to minimize the differential, to decrease the steepness of the rate structure within the residential class, so the objective here was simply to have no more than a 15% increase in the rate from the second tier to the fifth tier. And you also provided the additional information which would provide no more than a 25% increase from the second tier to the fifth tier. That was my objective, because the steeper that gradient is, the steeper the rate structure is, the further away from cost of service we are getting for some people, people in higher tiers are further away from cost of service than people in lower tiers. That's what I mean. You may be in there on the average, but you are not in there on the extremes and that's the reason I brought that up, was this is our first venture into multi-tiers. We pointed out we have had two tiers for a long time but this is the first venture into multiple tiers. We don't know what kind of -- what kind of criticism this

is going to attract and I am really subjected that the less radical we could make it, in this our first venture, the better off we are, but I don't sense that there is a lot of will on the council to -- to lessen the steepness on this from the moderate. I mainly brought it up because i wanted to see what it looked I will still support it for the reasons that I gave, because I do think on the extremes, that we are getting too far away from cost of service. That apparently has been accepted. Council member morrison.

>> Morrison: Thank you. I have two other items I just wanted to bring up. The next one is an amendment to the actual ordinance that sits on top of the schedule. In part 4, where we are actually identifying the revenue requirements, and talking about how we are going to be doing -- that we are going to raise rates to collect an additional 71 million and then in october of '14, we are planning on revising the rates again to capture the additional revenue, and we have talked about how we are going to be doing evaluations. We are going to be looking at our reserve policies in that time, and so I have worked with staff to add some language that will help to clarify that, and basically, what it does is it clarifies that we are approving a statement that this is the revenue requirement under our current city financial and reserve policies and that we intend, as we move to full recovery through the second part of a rate increase separately, to examine our reserve policies, prudent cost reduction measures and allocations of off-system sales and net revenues. As we do that, and then thirdly, it also adds that we will be doing that with respect to the most recent available test year data at that time. So it says that we are going to have the opportunity before we actually go and implement a second rate increase in a couple of years to look at all of the things we haven't been able to look at yet, but it does verify that this is the revenue revenue requirement under our current policy. So I would expect that as a friendly amendment. But I would certainly be happy to answer anything. more importantly, does council member spelman.

>> Spelman: Thank you for the advice, council member morrison. Fundamentally what you are doing is -- can you summarize what you are saying in 30 words or less?

>> Morrison: I am making it clear that the revenue requirement that we are approving is under our current policy.

>> Spelman: Right.

>> Morrison: And prior to doing another rate increase, we are going to be reviewing those policies, how we are doing off-system sales, we are going to do cost reduction measures and we are going to -- did i already pass the limit? And we are going to use new test year data.

>> Spelman: Okay. That's a highly friendly amendment as far as I am concerned.

>> Morrison: Great. Thank you. And then the last item that i want to offer relates to -- relates to the fact that, you know, we will be changing through various processes the fuel factor, the community benefit charge, and the power supply adjustment and regulatory charges and this amendment, what I would like to do is make sure that we have a public process for doing that, that we do notification and that these items come to council for approval. There has been a lot of discussion about, for instance, the fuel factor, and now, as we are working through with our

energy efficiency and the full community benefits charge, this will give all of us an community to have a full community conversation about it and make sure it comes to council for approval. It is a little bit complicated because it's got to refer to the different schedules in the ordinance. For your reference, the community benefit charge is on page 37 of our document. The power supply is 36 and the fuel adjustment is 36 and i don't remember the number for the regulatory. So based on advice from our staff, these were all the places we needed to change to actually affect public notice and council approval for these items. weis, do you have a comment on that?

>> Weis: Just verifying the pages and everything. I think it's correct. council member spelman, did you accept that?

>> Spelman: I think we are going to have to vote on this one, mayor. it is not accepted. Amendment by council member morrison. Is there a second to that.

>> Cole: Mayor, I would like to I am sorry, I didn't know if there was a second. council member tovo, do you second?

>> Tovo: I do. all right.

>> Cole: Mayor, we have had considerable conversation about the need to not have to be in this place again, 17 years from now and not having dealt with this and I appreciate all of the efforts that we have put in, in trying to figure out how that will happen. I am passing out a very simple amendment that would actually not be made to the electric rate case but will be made to the ifc that we are carrying, council member and spelman and I have today, item number 38 and it basically says -- excuse me, mayor pro tem, is this another subject here? . Here.

>> Cole: Well, it is the same subject but it would not amend this item, we are considering 55 and 38 together. let her do an amendment and vote on that first and then you can propose another amendment.

>> Cole: I wanted you to be familiar that I was doing that and doing it in a comprehensive fashion.

>> Mayor leffingwell I have it bright jell-o hear.

>> Morrison: Mayor. council member morrison.

>> Morrison: I know we have had a lot of suggestions from the community about much more comprehensive issues and hearing examiners and all of that and my attention would be. It sounds like the same lines, that we assign the problem in a comprehensive way. And this is to be in the schedules themselves that there will be public talk and council approval of these items and it sounds like if I were to do a resolution in the near future, it would need to be a short term one until such time that we might change the governing body?

>> Cole: Mayor --

>> mayor leffingwell: okay. We need to discuss council member morrison's amendment.

>> Cole: Yes, I want to talk with that amendment.

>> Mayor leffingwell: okay. Mayor pro tem.

>> Cole: I think we would be well served to actually have experts study what we should be doing as a governing body under our current system and under proposed new systems in terms of intermediate review about the fuel revenues, the adjustments, the off-system sales and that that is just a healthy body of work that we can get that back relatively quickly and go to the euc and come back to us by august 31st which is a way to continue to keep up with.

>> Mayor pro tem.

>> Mayor leffingwell: yes.

>> I know this item is related -- item 38 is related to this.

>> Cole: I am commenting on her item --

>> I was going to say we need to take them separately because 38 is a resolution.

>> Cole: I am not commenting on that right now.

>> Morrison: If I may, currently, in some places, it explicitly says in the schedule that this is done administratively, and so this is -- since it is addressed in the schedule themselves, I don't want to leaf it as an administrative thing. We have had trouble with that so this could be considered just a stop gap for now until we get to all the work that you are talking about. .

>> Tovo: I want to offer my support and offer my rationale from my perspective for my support. As I look through this and council member morrison, the maker of the amendment said, right now in our ordinance, there are processes for these things happening administratively and I am sure we have all received the same email throughout the process. The public wants to know -- wants to understand better how the fuel charge is arrived at. We are embarking on kind of a new direction for the customer assistance program and, really, these changes are just changes are giving us the ability to happen at council where we review those charges -- or review the calculations, rather in the course of burr budget --of our budget process so there is transparency for all of us. Mr. weis you have a comment.

>> Weis: Yes, I will make this as fast as I can. This is a lesson in public power, not just austin energy. In order to satisfy the ex[cy of [-- the expediency of the fuel management and what has worked at austin energy like other utilities in our peer group is that we have a very complicated risk management program and we have, out of that mechanism, we come out of our fuel charge. And that fuel charge is viewed as positive by rating agencies in the financial markets in that we can administratively change that, so if -- if -- if we need to -- for example, if we had a year where we had a lot of power supply costs in january, the way it administratively works now is we have

a team -- we call a risk oversight committee, which consists of city and austin energy experts, and we have an outside consultant and what we do is come in and look at all of that and move forward so we make that change pretty quick and to what we would have to do is we would have to figure out how to make that change fast within the council, within your approval. That would be the challenge to us, to try to figure out how to make that fast and transparent, and the problem with some of it being transparent is some of it is confidential, so therein elies the problem. I don't have all of the answers for you. Can I tell you the reason it is today is for a reason. It was built that way and i would suggest that probably council members in the past and others dealt with that and that's the reason the policy exists the way it does today. And it is pretty identical to other public power utilities -- to have this administrative ability to pass on the fuel costs but to have those really defined so I wanted to point that out.

[One moment, please, for change in captioners] into the light and have a public conversation about it and if it's proprietary, that's one of the things we can vote on in executive session which law and that's what we do with austin energy stuff that's proprietary. So I think supporting the amendment doesn't make wholesale changes. It does put something in front of you that requires you to come up with a process for it. If that process doesn't work, this council has every bit of authority to go back to the administrative process, I think we have to try it and review u prove to the citizens and us that it doesn't work and then look at alternative plans. I'll support the amendment. Councilmem councilmem ber spelman.

>> Spelman: Let me -- the reason you want -- the reason this is done is through a administrative process rather than a political process, because sometimes you have to make decisions quickly but the council still reviews the ability to second guess and overrule after you make an administrative decision, is that correct.

>> I don't know if I'm the one that can confirm that, but i would presume so. If there's a question at this level about what made up the fuel charge and why it was done the way it was. We can lay that out.

>> Spelman: Ok, so one, at least partial alternative to what it is that councilmember morrison is recommending is that you -- whenever there's an administrative change, you provide information to the council, the puc, the public, somebody.

>> Right.

>> Spelman: Here's what we did and here's exactly why we did it and give us a chance to --

>> uh-huh.

>> Caller: Change it back, back, change it differently.

>> That is in my experience, that's done. When you have a post-analysis of why the change was made, it's administratively in place, so we're financially ok and then there's a meeting to talk about how it -- why it was changed and what it was changed for.

>> Spelman: Would it be appropriate from your point of view to provide information to -- well, you're saying some of this may be proprietary, would that be true in case of a change or -- for example, if I asked you for a yearly true-up of a power supply adjustment, would you be able to provide the information on the components of that power supply adjustment to the council in a public session or executive session.

>> In a post-situation, we can show pretty much everything. I don't -- I'm not sure -- I'm not going to say everything, because there might be something I'm forgetting but we can show the whole portfolio, why the costs are the way they are, what happened to different power plants, the difficulty in the market is everything forward. And sometimes when you get up to the point where you do the administrative change, you have to reveal forward positions in which you cannot do.

>> Spelman: I see.

>> For example, it might be April, we would come -- as a suggestion, we do our quarterly reports, we come in April, we could do a full report on what happened to the fuel charge last year.

>> Spelman: Ok. As an example. Could you in April tell us here's what we did to the fuel charge last month. We did something in March, sent you a notice we're changing the fuel charge and here we are in April to explain why we did what we did and if the council is in a position to say we think you did it wrong and want you to have done it differently, we could at least in theory, second guess you and change it. Would you be able to give us the information we needed on, say, a month's notice without getting into proprietary --

>> not on a monthly basis, but on a -- but we do a rolling average. We have a true-up and we under-collect or over-collect in a given year, but that's just -- that's just a cushion it financially but to know what we did last month and get it reconciled is not possible. It needs time to get it cleared out.

>> Spelman: Could you give us sufficient information in executive session we would understand what you did and how did you do it, say, within a month?

>> Yes.

>> Spelman: Mayor I'm not sure if I should offer a substitute or let it go.

>> I think we have to vote on this amendment.

>> Spelman: I'll let it go.

>> And then entertain other amendments. Councilmember Morrison.

>> Morrison: I have a question, weis, you were talking about in general the way it's done, to do it administratively and then a post-analysis. Have we done the post-analysis.

>> Yes.

>> Morrison: And what does that look like. Is that at the euc?

>> Yes.

>> Morrison: So my concern is that the concerns we're hearing is what we're doing now is not adequate in terms of being able to understand what's going on. Are you suggesting anything different than adding council to -- a council briefing to what we're already doing?

>> No. We're just -- we're just -- i think what we're doing, administratively, we're bringing it before council as well.

>> Morrison: My concern, what we're hearing from folks involved at the euc and other concerns there's not enough transparency and it's not working for us now and so the suggestion of just doing a post-analysis at the euc and council is no different except adding council on top. And so I would like to go ahead and stick with this motion. And we'll go from there.

>> Mayor Leffingwell: All in favor of the amendment say aye.

[CHORUS OF AYES] Pose, no.

[CHORUS OF NOS]

>> Mayor Leffingwell: I believe that fails on a motion of 3-4 with mayor pro tem cole, myself, councilmember spelman and mayor pro tem cole voting no. The amendment fails. Now the floor is open, and i believe next in order is mayor pro tem sheryl cole.

>> Cole: I'll yield because mine relates to another item.

>> Mayor Leffingwell: Oh, i would like to make my one proposed friendly amendment than friendly amendment would be to just reaffirm that the only exception to our existing policy with regard to affordability. To remain in about a 50% and to limit increases to no more than 2% a year, be waived only for this phase that we're doing right now. And I believe you affirmed that according to current plan this would not affect phase two of this proposal.

>> That's correct, it would be right out at about 2%.

>> Mayor Leffingwell: I want to reaffirm our policy remains in place with this one exception. This phase one we're dealing with right now. Will the maker accept that as a friendly amendment? And second?

>> Questions from other councilmembers about it first, if that's possible. Councilmem councilmem ber tovo.

>> Tovo: Mayor, did you say you wanted to -- does this regard the bottom 50% part of the affordable bit clause or the 2% or both.

>> Mayor Leffingwell: Both.

>> Referee: I guess there's a question for mr. weis. How does that impact our special contracts? Are we then saying there would be no more than a 2% increase to their rate beyond what they are today.

>> No. No, the special contracts would fall into the rates that they are published for their loads. And the 2% would apply post, post that period.

>> Tovo: Ok, so there's no way in which we would be limiting austin energy to collecting no more than 2% beyond the special contract rates.

>> Right.

>> Tovo: Ok. Thanks. Councilmember councilmember morrison accepts that so that's a friendly amendment accepted by the member and second. And councilmember tovo, you're next.

>> Tovo: I want to go back to the motion that councilmember morrison made and ask a couple of additional questions and see if there are ways we might tweak it so that it's acceptable to the majority of council. weis, I think I heard the most concern about the fuel adjustment clause. About inserting in there a need for a public hearing. Was it the -- am I -- the power -- excuse me, the power supply adjustment as well as the fuel adjustment. Are those the ones that are really where you need to maintain your flexibility.

>> Those are both one and the same.

>> Tovo: Ok. We've listed -- I mean, they're listed out different on the motion sheet because one is for the special contracts and one isn't. But I wonder if this might -- am I correctly characterizing that that's really the charge about which you have a concern, and it not being administrative?

>> Right.

>> Tovo: So as we look down the motion sheet, the first one deals with the regulatory charge. Is that something where you need to be able to act? Or could it be determined -- are you comfortable having that determined through the city budget process?

>> Yes.

>> Tovo: Ok. And then the next one is the community benefit charge. Are you comfortable with that being determined through the city budget process?

>> Yes.

>> Tovo: So the next one, with regard to the power supply adjustment schedule, I wonder if we strike that first sentence, and just start with unless done to eliminate an over or under recovery as provided below, adjustments to the power supply adjustment will be made annually. That's as we -- some of us talked about yesterday, the strategic use of passive voice. I think it leaves us the option if we can figure out a way for it to work with your process to have a public process here at council. It allows us that option without precluding from you making an administrative decision if it needs to be made. Do you feel comfortable with that? Do you have the language in front of you?

>> Pardon me.

>> Tovo: Do you have the same motion sheet in front of you?

>> I --

>> Tovo: I can maybe adjust -- councilmember martinez, we can get your feedback on that. In the next point of councilmember morrison's original motion sheet it talks about replacing austin energy shall adjust the fac with the fac shall be adjusted. That leaves our options open on that one. It's not specifying austin perny, am I right in thinking that would allow us have the option to have it don't administratively.

>> I don't think. Rate making is the council's prerogative and there are limited circumstances such as an adjustment, a formula-driven adjustment like the fuel charge where that can be delegated to the staff but I think if you had an ordinance without some clear delegation of that authority, I think from a legal standpoint, you'd have a hard time arguing that the council delegated that authority to staff. That's the council's authority and the council's prerogative whether or not to delegate it.

>> Tovo: Thank you.

>> I think the delegation has to be clear.

>> Tovo: You explained that yesterday and I should have remembered that explanation. Let me quit there then. I would like to move that we adjust the -- use the first half of this motion sheet. So basically the bit that says strike the following paragraph from the regulatory charge schedule and then to the regulatory charge schedule add changes shall be determined after notice and public hearing and then keep the next provision, to the community benefit charge and add this charge shall be determined through the city budget process. And councilmember morrison, maybe you'll affirm that I think that gives us the ability to have the community benefit charge and the regulatory charge happen after a public hearing. Weis, are you comfortable with those two happening not administratively but through a public hearing?

>> Ok. So as I understand it, you're talking about the regulatory charge and all of the other charges happening through the budget process.

>> Tovo: Regulatory and the community benefit.

>> That would be through the budget process.

>> Tovo: The second, through the budget process -- section 2545, city code.

>> I don't think we have a problem with that happening through the budget process.

>> Tovo: Ok.

>> Where I got lost is where is the fuel charge.

>> Tovo: Yeah, the fuel -- we're abandoning the power supply and fuel adjustment. We just voted that down. That's my motion. My suggested friendly amendment.

>> Mayor Leffingwell: I perceive that as very friendly. S that accepted. Do you understand it mr. weis?

>> I understand the benefits charge and --

>> Mayor Leffingwell: And none of the rest of this.

>> Pardon me?

>> None of the other items other than the regulatory charge and the community benefit charge.

>> Correct.

>> Spelman: Mayor. Councilmem councilmem ber spelman.

>> Spelman: Immuring the motion passed out by councilmember morrison, but from the words -
- strike the word administratively down at the bottom would be limit natured and only --
eliminated and it's only the stuff at the top.

>> Mayor Leffingwell: Yeah.

>> Spelman: Ok. Got it. Mayor, I have a slightly different approach to solving the problem that councilmember morrison and councilmember tovo were talking about. I'd like to float it if I could.

>> Mayor Leffingwell: Are you proposing a friendly amendment to yourself?

>> Spelman: That I would regard as friendly --

>> Mayor Leffingwell: Ok. Sure.

>> Spelman: This is going to be in a slightly different form than the last few motion sheets because I had actually put together a couple motions for my purposes. It's easier, however, than

just reading it to you. I think you'll have a better sense what I'm getting at. Larry, let me give you one of these. There are three motions, I was preparing to make. One of which, the first of which is we've passed that on councilmember tovo's suggestion. The second one is add these -- starts with add these paragraphs to the end of the power supply adjustment, the second of three. And the idea is a reporting mechanism rather than a requirement that the city council or anyone else make the -- what's currently is an administrative adjustment on the fuel charge. The first paragraph requires annual reporting at least annual reporting to the electric ute commission on the -- utility commission on the basic calculations on the fuel charge. Where does the fuel charge come from and breaking out costs and credits and purchase costs and revenues and bilateral sales and fuel costs, of course. The raw material where we get the fuel charges would have to be reported at least annually to the electric utility commission and, therefore, the public and the city council. The second part of that, allow me to amend this slightly on the fly. What I'd written is following any adjustment to the psa, allow me to add within 30 days following any adjustment to the psa. The utility will publicly present a report to the city council. That provides the underlying calculations of the psa. Both pre- and post-adjustment of the customer class. This would give us the information in more or less real time within 30 days of making the adjustment we'd get the same information what's happening before, afterwards and why. There would be a reporting mechanism rather than a decision making mechanism and we'd have the opportunity to second guess you if we thought we needed to. And I would consider that to be an extremely friendly amendment, myself.

>> Tovo: Wouldn't it make sense to add this also to the fuel adjustment clause?

>> Spelman: The fuel adjustment clause, I perceived was closed because we were not going to make changes to that. But now that you mentioned it, it probably should be given. It's going to float up and down in the same way as the psa.

>> Morrison: Right, applying to if we would make it to the end of the fuel and -- on page 46. I would consider it done.

>> Mayor Leffingwell: Technically that whole thing is your friendly amendment. Councilmember spelman. As adjusted.

>> Spelman: As adjusted, yes.

>> Mayor Leffingwell: weis, do you have any comment on that?

>> No.

[Laughter]

>> Mayor Leffingwell: It is what it is. We'll have to do the work. It --

>> it doesn't prevent any of the problems that we discussed. Proprietary information with regard to uncertainty, potential effects on bond ratings, etc. As -- we're going to administratively going to make the charge change and that means we'll collect the revenue necessary at that time and

come back within 30 days and let you know why we came up with the rationale to come up with the calculation the way we did.

>> Spelman: Yes.

>> That preserves the business plan we currently have.

>> Spelman: Ok.

>> Mayor Leffingwell: So that's accepted and incorporated into the original motion. I think we're ready to vote on the final motion.

>> Cole: I have a couple of items, not amendments but we talked about the isd, with the plus one program. Do you recall that, larry? I would like to give staff direction to establish a fund and include on the bills the option to donate toward that fund for the benefit of independent school districts in the austin service areas. Did you understand that?

>> Yes.

>> Cole: Ok.

>> I have a question, you're talking about a individual line item on the bill or the ability for us to ask customers to do that?

>> Cole: A line item.

>> Mayor pro tem?

>> Cole: Yes, volunteering.

>> Mayor Leffingwell: So -- go ahead, are you -- go ahead and finish, I'll have a question about it.

>> Cole: The second item i wanted to give direction on. We talked about it during hearings but I wanted to be clear that austin energy was going to engage in a cost cutting process, an examination of all the departments and it was clear though we're raising rates we're giving clear direction to begin cost-cutting evaluation as part of the budget process.

>> Could I address the first one first?

>> Cole: Yes.

>> The plus one. We can do that? Ok. Yeah, so we're ok to be able to do the plus one. Wanted to make sure.

>> Mayor Leffingwell: Can I ask a question about that before you go on to the next. In the case of customers whose bill is auto-pay, how would that be handled? Would the requirement be that it require a affirmative action by the customer before you can assess that voluntary payment?

>> Yes.

>> Mayor Leffingwell: How would do you that?

>> I don't know.

>> Cole: That's the best answer. An honest one.

>> We would have to discuss that with some of the billing folks but they might have to sign a pledge for a year or something, so it could be presented on their bill automatically for certain set number of months or something.

>> Mayor Leffingwell: But you'd have to have individual contact, even, for that, right?

>> They would have to give us some information, sign something to allow us to do that.

>> Mayor Leffingwell: You would require a positive response from each customer before you assess that?

>> Yes, sir.

>> Mayor Leffingwell: It wouldn't be just, we're putting it on your bill unless you say no?

>> No, they would have to give us a positive reason to do that.

>> Mayor Leffingwell: So that's a friendly amendment for the voluntary donation. Do you accept that, councilmember, and councilmember morrison? Ok. What's your next one?

>> Cole: The next one was that we need to begin immediately looking at cost-cuts measures throughout austin energy as part of our budget process. Mayor pro tem, I would request that you clarify -- under the state law and the charter, he's given the authority to do that, if that's your direction that it's pursuant to that authority under the budget.

>> Mayor Leffingwell: I think that would be the appropriate time to do it as well. Is during the budget process. Instead of right now.

>> Cole: It's my intention as part of the budget process we direct the city manager to begin looking at cost savings and cost managing.

[Applause]

>> Mayor Leffingwell: City manager?

>> I would just note, though, that folks on the -- focus on the cost side, it's something that we always do. But I certainly understand the context within you offer that -- that suggestion this evening, so -- councilmember councilmember Spelman.

>> Spelman: One more, mayor. I hope. In the set of motions I sent out just a moment ago, I discussed the second of the three -- the first no longer applies because councilmember Tovo beat me to it. The third one has yet to be suggested and councilmember Martinez suggested it would be a good idea to add it. So let me suggest that last piece. Which adopts as policy in this ordinance, not just in our financial policy, that review rates every five years and we establish a policy for rate development and decision making and that we agree in advance we're going to hire a consumer advocate. Part of our policies, hire a consumer advocate and consider the policy of hiring an impartial hearing examiner to do things that Tom Smith was suggesting, that examiners could help us with and the next rate review be included in the 2015 budget process.

>> Could I suggest maybe some other language related to the council hiring in that it be more generic, I think that may cause some charter issues.

>> Mayor Leffingwell: The council does not have the authority to hire --

>> other than the specifically listed officials in the charter.

>> Spelman: Fair enough.

>> I can't think of the language off hand, but maybe just a general statement that --

>> Spelman: How about the city will hire?

>> Yeah, that's it's your intent we have these independent individuals as part of the process.

>> Spelman: I like my language better. The city will hire. It seems more direct. Uses more Anglo-Saxon words.

>> That's great. Also more general.

>> Mayor Leffingwell: This is part 12, rather than 11 because we've added two parts. Second to the last part you have a question about that? Councilmember Martinez.

>> Martinez: The one question I have, I do think this is appropriate. In the previous action we took, we actually voted on these -- in favor of -- or accepted it as friendly to have a rate review prior to phase two, you have a date in here that says the next -- you have a sentence, the last sentence that says the next rate review will be included in the f.y. 2012 budget process.

>> Mayor Leffingwell: Why don't we [inaudible] the last sentence.

>> The amendment I made that referred the October rate review. The rate review was already in the ordinance, I was just expanding upon it.

>> Mayor Leffingwell: Hold on just a second. A consultation with the city attorney over that language. To make sure it's -- councilmember morrison.

>> Morrison: I wanted to make a general comment. Would it be ok if I went ahead while they're consulting just to move things along.

>> Mayor Leffingwell: Just to fill the gap here?

>> Morrison: Just fill the gap, yeah. We have to take note if you compare tonight to our hearing - when was our hearing, mr. weis, in december? Our first hearing in city hall?

>> In '12 or '11?

>> Morrison: On rates.

>> It was '12, or december of this year.

>> Morrison: It would behoove all of us to take a moment to think about the difference between tonight than december hearing. There was so much work that went into it. There's no doubt this rate change that we're looking at here has the imprint of our community on it. This is what it's all about. I remember going to several months ago, the town hall meeting that mayor pro tem held in east austin and having the full discussion, the fact that we own austin energy means we get to integrate our community values in the way we run the city and there's no doubt that we have been able to do that with this and the variable love fest for the rate increase tonight. And I appreciate everybody's work, my staff and colleagues and everybody who has worked so hard. Especially myself, working with councilmembers tovo and martinez, one-on-one and I think we have built the construct to really move forward and in a very positive way. I want to comment specifically on our care for our low-income folks in the community and also being able to focus on energy efficiency and renewables is so important. It's not clear we have enough money that we're investing yet but we'll be changing that through the budget process and we can move forward and we've got the expertise and we'll maintain the leadership so that is the committee said, we can be a world class place when it comes to efficiencies and renewables and I think this is a day we can all be proud of.

>> Riley: Mayor. Councilmem councilmem ber riley.

>> Riley: I agree we've come a long way and made great progress and I want to thank everybody who has contributed to this process. A lot of austin energy staff and outside counsel. As well as a lot of folks in the community who have been to countless numbers of work sessions and meetings and helped us. And the work we've been doing does not stop tonight. There's a lot of very important work that will continue. We know there are ongoing studies and we have the line extension study and the time of use study still underway and critically we still have work to do in the course of the budget process to ensure we get back on track. With respect to both energy efficiency and renewable energy to make sure we're on target to hit goals for 2020 and that's going to entail ramping up in the efforts in recent years. We've talked about getting on a five-year track with respect to energy efficiencies and make sure we're going to hit all of those

targets. This should not be a significant addition to the cost the ratepayers pay since energy efficiency is the cheapest form of energy. It's a matter of making sure we're making the most of the new five-tier rate structure we're putting in place today and helping customers reduce the payments at the highest rates by participating in energy efficiency programs and having them in place to lower the impact on customers and make sure we hit the targets that the community has set for 2020. On renewables, it's critical we continue working with the local solar advisory committee and act on their recommendations and we have a reasonable budget for our rebate programs and using our -- the 2009 budget as a benchmark. And that we make sure that we take every opportunity that we put in motion to ensure that Austin remains a world leader with respect to both solar and other renewables as well as energy efficiency and I feel like we're well positioned as a result of the work done in this and again, I want to thank everybody who has gotten us here.

>> Martinez: Mayor. Councilmember councilmember Martinez.

>> Martinez: I'll be brief. But Larry, I wanted to thank you and your staff for being as responsive as you could. It was quite frustrating for me. As soon as we found cost savings, the response was it's going to cost us more. Like tonight, \$3.5 million. It might cost \$4 million next year. But seriously, I thank my colleagues and the citizens who helped us get to this point. It's not the ideal process. Lengthy and difficult at times but in the end, this does have a little piece of everybody that contributed. This truly is not only this council's proposal, but the citizens' proposal as well from the feedback and your proposal, as well, Larry and your team and I wanted to thank everybody. It's not perfect, not everyone got what they wanted but it's way better than what we had in December when we started the process. I think it was worth every minute we spent on it. And the three of my colleagues who spent the last six months also campaigning while we were going through this rate case, we share this special bond. And I appreciate everyone's work and proud to support this proposal. Councilmember councilmember Tovo, did you want to say something?

>> Tovo: Yeah, I just wanted to add a few comments. One of the speakers said earlier, it's an awkward position to be stepping out in favor of a rate proposal but I plan to support the motion and I think it's been really an extraordinarily difficult, but worthwhile, process and I think what we've got before us really does, as councilmember Morrison print of the community on it and as a council worked very hard and long to make sure to -- to mitigate the impact of the increase and make sure it's as modest as possible and equitable as possible across ratepayers. We do as others suggest, need to look for ways to cut costs. That's a goal of our Austin energy manager. One of our community members this week said the work sessions were long, arduous and a waste of time. I want to disagree. It was long and arduous but I think it's been a valuable expenditure of our time. We've reduced the revenue requirement to adopting a new policy with regard to debt. To expanding eligibility for customer assistance programs. And on and on. Many of the proposals we're voting on have developed out of those work sessions and the consensus we were able to form. I want to send a big thanks to the community members who have been active. From electric utility member who is serve for no pay and members of the public involvement committee to the many, many people, some of you here in this room today, who spent hundreds of hours visiting council offices and making sure we understood the complexities of the issues they deal with every day. And -- that we deal with much less frequently and we really have a

proposal before us that's stronger as a result of those suggestions so thank you again to my colleagues. And especially to the austin energy staff for all of the work you've done to provide us with the information we needed to make good decisions for this community. Thank you. All in favor say aye.

[CHORUS OF AYES] Opposed, no. Passes on 7-0. The public hearing is closed.

[Applause]

>> I wanted to thank larry weis. As we end this long journey, you and your staff, for your work, elaine and arne little and robert good, also, was very much involved in helping us get to today. So thank you very much.

>> Mayor Leffingwell: Thanks, marc, thanks for your support.

>> Mayor.

>> Mayor Leffingwell: We have one more item to deal with before you leave.

>> I'm not going anywhere.

>> Mayor Leffingwell: Number 38.

>> Before we get to item 38, i didn't want us as a council to recognize larry and the robert good and arne and the whole group in answering all of our calls and being so snappy with answers and having to come back and deal with it over and over again. We appreciate that. Councilmembers, you have before you an amendment to an ifc, item number 38, which directs the city manager for study and -- the governor models for public utilities and I add the last sentence that we study the scope of governing bodies regarding reviews and decision making as part of studying the governance structure, I thought we needed that information. So I move that this be added to item number 38.

>> Mayor Leffingwell: There's not a -- do you move to prove proof number 38.

>> Cole: As amended.

>> Mayor Leffingwell: All right. Motion by mayor pro tem, second by councilmember spelman. Let me just say that I very much support this resolution and i hope that when you come back with the report on the various options that may be available, that we take a very close look at the cps model in san antonio and see how that model has worked because I think it's been successful and my objective will be to emulate that model as closely as possible. I hope we have a good analysis of that. Councilmember tovo?

>> Tovo: Mayor, if I could just add a couple things. I don't know -- I don't want to propose these as official amendments, I just want to suggest and this may be obvious in the kind of things you may do in your research anyway. But I would like a sense as you compile this information how

in these different models, the various bodies fit together. If they have structures as ours does of a volunteer board. Do they have a volunteer board and another governing body and a council? What are the various parties that play a role in utility -- in utilities in the different models you study and what the relative roles and responsibilities are and what the decision making authority is. I'm sure that's the kind of thing you would bring back to us. I'd also be interested in seeing a sense of how often the decisions are upheld. Are there recommendations done by a volunteer board typically upheld by their city council or does it function, if we have models like cps, are those decisions typically reaffirmed by their city council or are they often reversed. You know, just to get a sense how effective those systems are working in terms of making recommendations that the final decision makers tend to support or not. Just some additional -- just some additional direction in terms of the kind of information I think would be useful to us as we evaluate those models in august.

>> Mayor Leffingwell: City manager.

>> We'll be mindful of all of that as we do our research for you.

>> Tovo: Thank you. All in favor say aye.

[CHORUS OF AYES] Opposed, no. Passes on a vote of 7-0. Which brings us now to item number 53.

[Applause]

>> mayor. Councilmem councilmem ber martinez.

>> Martinez: Folks, we've got six hours of public testimony on this one item and so I don't know if there's been conversations about trying to condense some of your messages. Some of you are here with the same position. But I'm just going to respectfully ask we would greatly appreciate if you could do that. Coalesce and those of you sharing the same views try not to be repetitive because it will be a long public hearing if even half of those signed up speak, it will be after midnight.

>> We've lost our quorum. That council will go into a brief five-minute recess.

[Recess]

>> Mayor Leffingwell: If I can have your attention. If I can have your attention please. We're out of recess. We're out of recess. And let's -- we're taking up item number 53. And we'll start with a presentation.

>> Talking this evening about short-term rentals. This is an issue that's been under discussion in the community and with planning commission for may be months. I want to give a brief background about the short-term situation in austin and walk you through the planning commission recommendation and the staff recommendation and staff will be available for questions so we can move on to the public hearing.

>> Mayor Leffingwell: Ok. Any questions of staff?

>> Well -- if it please the mayor --

>> Mayor Leffingwell: You paused. You paused.

[Laughter]

>> I paused. A little audio-visual. It's there. I'll remember never to pause again and speak more quickly. It's estimated by the city auditor that there are about 1500 short-term residential rentals in the city. This number is difficult to track.

>> There's not essential register that the city -- registration that the city keeps.

>> The closest we would have is folks paying the hotel occupancy tax but not all property owners are paying the tax. The number is difficult to track and the number is fluid. Changes by season. Changes by changes in real estate market and the number of short-term rentals changes by the needs and desires of individual property owners as well. Where are they? Throughout the city. Every neighborhood has some short-term rental. They're concentrated in central Austin and about a third in the 70784 zip code. Who owns short-term rental. Most are owned by Austin residence resident easy. 89 Short-term rentals where we can determine ownership, almost two-thirds owner-occupied. Another 24 -- and 5% owned by out of state. The units we're going to be talking about this evening, I wanted to specify which ones would be affected by the proposal. Staff and planning commission. What we're talking about is residential uses that are permitted in single family zoning. Single family residential anding is family attached and duplex and two-family residential. There may be times in the presentation when as a short-term, I talk about single family residential uses and that's the universe I'm talking about. That kind of single family uses and only talking about properties rented out for less than 30 days. Properties on a month-to-month basis at least 30 days, properties rented out for the summer. Any lease that's greater than 30 days, it's not impacted by any of the proposals under discussion this evening. Just to clarify, the units not affected by this, any that's rented for 30 days or more, would not be affected. Multifamily or apartments or condominiums, no additional additional regulation for those. And the group residential use. These are not the kind of residential uses that are under discussion. The issue of how the multifamily apartment units play into this, maybe something you want to discuss but the planning commission discussion that's taken place specifically did not include discussions in apartment and multifamily units. They were not representative of that stakeholder group present in the discussions and so the focus has been on the single family short-term residential rentals. So now I'm going to talking go through the planning commission proposal. This was generated by the committee on the planning commission and passed on to the planning commission and approved by the planning commission on a 6-0-3 vote. The planning commission recommendation would create two new land uses in the development code. Type one short-term rental and type two. Type one short-term rental is an owner-occupied short-term rental. So you live there, it's your exempted place and it might be rented out fairly often but the idea is it's where you live. It's your home and that would be a short-term rental. Type one. Type two roughly speaking is a short-term rental where there's not an owner-occupied structure involved. There's some nuances but that's the basic. Type one owner occupied and type two, not

owner occupied. Type one, to qualify as a type one under the planning commission proposal it would need to be owner occupied and a registered homestead and the cumulative total of short-term leases could not exceed 90 days per year. You would have to meet all three of those to be considered a type one under the planning commission recommendation and you could qualify as a type one short-term rental if there were two structures on the property, like a duplex or two-family residential, one was the owner-occupied and the second one was the short-term rental. In that case, the planning commission said, their recommendation is if the primary residence is owner-occupied and occupied by the owner at least 270 days a year, the second unit on the property could be rented out on a short-term basis without the that which would apply to the -- it's the focus is on owner-occupied housing. The requirements of type one rental, you have to continue to pay the hotel occupancy tax. State law requires any residential unit rented for less than 30 days required to pay a 15% hotel occupancy tax. That's split between the city and state, but that's current state law and no proposed changes in that.

[One moment, please, for change in captioners]

>> that property owners within 100 feet be notified this property is being used for a short-term rental and this will include either the property owner's contact name and information or the name and contact information of a locally responsible agent is so that if the immediate neighbors around the short-term rental had an issue, they knew who to get in touch with. There are certain prohibitions on this type 1 owner-occupied short-term rental. The planning commission recommends that gatherings be prohibited there. The intent is to be rental for someone to come and stay but it not be used for assemblages, wets, that kind of thing. There is a prohibition in the planning commission recommendation, that would prohibit the individual rental of rooms, the certificate of registration would not be transferable and that certificate of registration would become void if there are three or more citations against the tenants or property. Moving on to the type 2 rental. The type 2 short-term rental under the planning commission proposal is basically everything that doesn't qualify as type 1 so if it is not owner-occupied or homestead exempted or rented out on short term basis for cumulative total of more than 90 days per year and then it would qualify as a type 2 rental. Many of the same requirements. Would apply for a type 2 rental that apply for type one. You would continue to need to maintain your hotel occupancy tax. There is no change in that. One of the bigger difference is that a type 2 residential use under the planning commission's recommendation would be a conditional use in single family, multi-family and mixed use zoning. The spacing requirement -- there is a spacing requirement in their recommendation, the type 2 rental cannot be closer than 1,000 feet to another type 2 rental or a bed and breakfast use. Because it is conditional -- a conditional use, instead of permitted, a type 2 rental would be required to receive a conditional use permit. There is approximately \$461 for filing a notification that is required. The main part of that is that it also requires a public hearing in front of planning commission. At that time the applicant would make their case before planning commission about why a certificate of use -- excuse me, why conditional use permit would be appropriate and if there is anything that needs to be modified in that conditional use permit. That public hearing at planning commission, those decisions can then be appealed to council and so if there is not an appeal, it can stop at planning commission but if there is appeal, it can go to council as well. Like type 1 rentals, they need inspection and need to receive certificate of registration and provide a similar packet to their tenants and also need to notify property owners within 1,000 feet. So the big difference between type 1 and type 2 with

requirements is where type 1 is the owner-occupied use and the type 2 is a conditional use under the recommendation and that is significant because the spacing requirement would keep them more than 1,000 from another type 2 or a bed and breakfast and conditional use permit would mean there is a public hearing involved in the process -- in the approval process. The same set of prohibitions would apply to a type 2 rental, no gathers, may not rent out individual rooms, the certificate of registration cannot be transferable and the planning commission, again, recommends that certificate of registration which is required to operate a short-term rental would become void if there are three or more valid citations against the tenants or property. That concludes the planning commission recommendation. Staff recommendation is shorter and it does not differentiate types of short-term rental. Our goal with the staff recommendation is we wanted to bring in the entire universe of short-term rentals into a registration process. So any single family residential units that rented out for 30 days would have a mandatory registration required under the staff proposal and with current state law they would be required to maintain the hotel occupancy tax. It would be a permitted use in single family, multi-family and mixed use zoning and in fact we aren't creating additional use. It would simply be an allowable activity and there would be a packet of information that you would be required to give to your tenants. The similar prohibition about the not renting out of individual rooms is included in the staff recommendation. Staff really believes a mandatory registration program will provide many advantages over our current policy. It will provide the ability to monitor short-term rentals and to bring all of the short-term rentals into a higher level of compliance with the hotel occupancy tax. Also, it will provide a mechanism for staff and the community to be readily able to contact protoowners or their locally responsible agent to let them know what their responsibilities are if they choose to rent out their property on a short term basis. And, if there are problems that arise, it provides a much easier avenue to address those. We have got the contact information. We can go to the property owner and we can discuss the problems that are being occurred, provide a much easier way to resolve those. Again, our goal is to bring as much as possible the properties rented on a short term basis into the registration process and our goal with the staff recommendation is to make that registration process very easy and accessible and a benefit to the short term owner -- the short term property owner -- the owner of short term property and also to the neighborhood as well. That registration process will also provide as -- a way to monitor if additional steps are necessary in the future and to assess other impacts of short-term rentals as they might occur. That's a very quick overview of the planning commission recommendation and of staff's recommendation as well. Staff is available for questions and there are a number of people here to speak on the item as well. we noticed.

[Laughter] any questions of staff? We can go to our public hearing. And if there is no objection, council, we have worked for the last few hours to try to reduce the number of speakers and still hear from everybody at the same time, so what I am going to propose to do is I have gotten a list from the different side and around I am going to call out the written list rather than what it appears on the computer. We will pick those off and after we have heard from all of these folks, we will go to the list and ask if there is anyone else that would like to speak that's not been given the opportunity. So without objection, we will proceed in that manner, and the first speaker will be dal gallet who has time donated from leslie rosenstein. Is leslie here? You have 6 minutes.

>> Good evening council, mayor. I am glad to visit with you about this topic. I represent a group of individuals and homeowners and groups from all over austin. They are loosely have been

affiliated as protect austin neighborhoods. Would everybody stand up that i represent or am speaking for tonight? This group came together concerned about the nuisance issues and the uncertainty of who is going to rent the short-term rental next to them next week. They are frustrated with the lack of enforceable by city staff, but they are unified in the belief that commercial short-term rentals are not appropriate in single family areas. This group actively participated in the stakeholder process, and they came to the table of that stakeholder process with a compromise. No one else has come -- has come with a compromise but we came with a compromise. Rather than ban all short-term rentals in sf zoning, they propose and they steadily maintain a compromise to allow homesteaded strs in sf zoning classifications and only, only to ban commercial strs in sf zoning. They acknowledge the value of homesteaded strs as an access reuse to your single family use and a way to earn extra money and they also understand the importance of strs in appropriate commercial areas to provide a different housing

They came up with inhat -- i read it -- short term tenants have littlest in publicencies and the welfare of the citizenry. Ey don't participate in local government, coach little league or in the hospital. Theyo lead a scout troop, nteer at the library oreep an eye o for elderly neighbor. Terally they are here today d gone tomorrow rather than participate in activities that weld and strengthen community. We believe that strongly defines the difference in use, when a commercial use is made.

[Buzzer alarming] is that my three minutes or is that -- that's six.

[Laughter]

>> okay. you said .. Well.

[Laughter] I give you an extra already.

>> Thank you. thank you. If there is no objection, i would like to hear next -- special situation -- sheila fabreezo for 3 minutes. gallett about whatever it was that you said because I can't hear you? Is the microphone on here?

>> Sorry, my name is sheila fabreezo. I am from allen town, pennsylvania and I am here living in a short-term rental this week for my son's communication program who is 20 year and he's nonverbal and autistic. We come here four times a year to improve the quality of his life. The first year we came a couple of years ago to meet with soma from halo, I am not sure if you know where that's at, at 44th and medical road. She has been here. She has been on tom brochav and abc and 60 minutes and an hbo documentary. If you are not touched by autism, I strongly suggest you are holding a gem like me of mothers in the city and before you invoke on a journey of knocking us out because we need a place for our children to walk while we wait the week of camp, you, who were waiting since 00 o'clock like I was, may have seen my son constantly. His name is derek. He cannot be in a hotel. We tried that the first year. It didn't work. So we decided to rent short term. We respect your resighing laws. We respect your street laws. We are on mount banell which is a respectable neighborhood. With. We do nothing but live in the home and behave and act like a family and go twice a day, four days a week, stay there sunday to sunday, just to make my son's life better. I am not quite sure but I am getting a good flavor from the

gentleman before me of what this is all about but I can tell you that this is not a black or white issue. You need to allow mothers like me and special circumstances for people who come here -- and i love your city. We just ate at a restaurant around the corner waiting to come here. Iv think it's fabulous compared to where I live. It breeds life into me, this city, and I love to come here. And it's not a cheap resource, but it is a great resource and that's what is important, that you need to know this because i am an outsider and I don't want you to shut me out. If I had to come down here and stay in a hotel for my son, i couldn't. I may consider buying something here, I can't. I don't have that kind of money. What I do have is hope and i think that if you allow people to short-term rental here with restrictions. I believe that nobody should have -- if you put the restrictions in and do some kind of guidelines, you know. Just be open. Everybody needs to be open. You are all like an anger trip perhaps, be open, because i am an autistic mom because i fight every morning and wake up, you have to get along. Every day I wake up, it is a journey and I hit a lot of obstacles and I was sitting on the wall. sheila, the sound you just heard was the end of your time.

[00:04:45]

>> Thank you.

>> Thank you.

[Applause]. next speaker is tom knuckles and donating time is mario cantu and so you have -- you asked for five minutes. You have up to 6.

>> Thank you, mayor, mayor pro tem, council members and former colleagues. It is going to be back. I am tom knuckles. I am a member of the board of the barton hills neighborhood association. I am speaking tonight on behalf of that association. Our membership voted to legalize homesteaded str's but to maintain the current ban on commercial str's. I, too, am for both sides getting off the anger trip and let's get on the land use policy trip, because this is a land use policy issue. And like a lot of land use policy issues, it involves property rights, so the first thing I am going to talk about tonight is property rights. Excuse me. .Even in texas, property rights do not include the right to make the most profitable use of your property regardless of how it affects your neighbors and your community. Property rights are based on expectations which are created by the law, and when the law is changed in a way that defeats those expectations, that is an infringement on property rights and now one of the str proponents was recently quoted as saying you can't legislate your neighbors. However, that is exactly what city code has done as long as anyone can remember. It has legislated that a homeowner should not have to have a business as a neighbor and all we are saying is keep that in effect. That's in effect, the point that boa vindicated. Str's are now asking you to up zone them and that's really what this is. This would be a massive up zoning by code and I would point out that if the property next door to me were being up zoned to allow a commercial use, i would have valid petition rights. But since you are doing this up ozoning by code, I don't have -- up zoning by code, I don't have valid petition rights and mine are, because a valid petition right are based on the kind of expectations that I am talking about as being property rights. And so what were the expectations of the commercial short-term rental owners? These were essentially people that invested in a business. When you invest in a business, prudence demands that you do due diligence and part of your due diligence

is getting the permits you need to operate your business, indeed, just looking to see if the business you want to operate is legal. So cstr owners who did the due diligence would have seen the city code, would have seen the prohibition on transient uses and if they did, well, they made their investment choice knowing that what happened might happen. That is, the boa ruling that these uses are illegal. If they didn't do their due diligence, well, they basically just took a big gamble. Either way, they all took a business risk and now they are essentially asking you to bail them out of that bad decision. Contrast that with the expectations of homeowners who bought in single family areas. Buying a home is the single biggest investment most people make, and people who bought in single family residential districts bought with the expectation that they wouldn't have to have businesses as neighbors. Now, I know that euclidian zoning is falling out of favor and that's what we are asking for and we are moving out of that and barton springs is supporting vmu but if you buy residential in a vmu building you buy with the expectation of a business as an neighbor and that's not what we did. My home is the single biggest investment I will ever make. I consider myself lucky to live in a neighborhood I live in. I couldn't afford to buy there today. We have been there ten years. The question is, I am going to be able to afford to stay? And I know that my neighborhood is not the most affordable in the city of austin. There are a lot of nice homes there, but by and large, it is a middle class neighborhood. My home was built by bill millborn and if you remember that, it is a middle class home. My family like many of yours, two government employees with a school kid, and the economics are making it very hard for people in my socioeconomic class to afford to stay in the central city. Indeed I know a city of austin employee who lived in barton hills and succumbed to those economics and had to leave for the suburbs and so this is a phenomenons that affecting your own employees. Electric rates are rising, water rates are rising and i understand that. That's stuff you have to do. We have to pay for that stuff and I am willing to pay for it. But legalizing cstrs will increase those economic pressures. There is a finite stock of central city housing and the prices are high enough just with homeowners keeping against each other, if you legalize cstrs, then the loams also have to compete against businesses and when you increase demand for a finite supply, price is going to when home values go up, property taxes go up and so in the face of that, people like me are under real economic pressures. The difference between cstrs and electric rates is you don't have to legalize cstrs. Now, yes, you have to raise electric ratings.

[00:11:07]

[Buzzer alarming] but not cstrs. Thank you very much. thank you.

[Applause]. Andy elder. And donating time to andy is charles rockingball. Charles. Okay. So you have up to 6 minutes.

>> Thank you, good evening. I am andrew elder and I am a zilker resident. President of zilker neighborhood association and most importantly, I am the father of a 5 year old who I can probably understand our second speaker more than most in the room. My daughter suffers from a syndrome which is a rare genetic disorder and it has a flum of features including she will never feel full. She is on the autism spectrum and she has stranger danger and a number of development issues. She is the gem of my life and we have to travel as that speaker did, also. The single most important thing in our life is that she has access to the gym of the staff of zilker elementary which she has been the last year and a half and entering kindergarten with her cohort

next year. I really want to talk to you about imagine austin and the policy implications of this ruling. They are critical. But in light of some of the special circumstances that people must deal with, I urge you to recognize the circumstances that your residents, your constituents must deal with, and that if my school is not full, if my school is threatened with closure, if our staff is not available to service their needs, which they have done in exemplary fashion the last year and a half, that is a supreme hardship on my family and the other members of her class. So this is obviously a personal perspective. I would like to skim through policy perspectives I think are related to this with a presentation that is for elder. I will try and do this with extreme haste. I think the main thing that has frustrated me throughout this process is the fact that it's moving in parallel with imagine austin and, yet, it cannot be moving in the same -- in a more opposite direction from imagine austin. If I distill imagine austin down into a cloud, the most concentrated word usage throughout that document, what are we left with? It is a bit of rorschach test but it talks about who we are, a city, a community, built on neighborhoods. What do we need? We need housing, services, transportation, we need them affordably. So if we look at these goals for housing, what are the key things we need coming out of imagine austin plan? Limit sprawl, increase central housing, preserve affordable housing what do commercial str's do? By definition displace households. Residents don't live there. They replace central housing and put profit before residents as mr. knuckles discussed. They add competition to the precious resource of being close to zilker elementary, which on that topic for services, there is universal support for keeping our neighborhoods schools open and vibrant, building complete community that is are access to everyone, to provide safe streets. What do commercial str's do? They by definition exclude children and families and hollow out our community and create holes where no one lives. They remove eyes on the street so during the week when people aren't here for the weekends, there is no neighbor sitting on the front lawn watching out for and they invite nonresidential uses, again, as was discussed earlier, this is not necessarily a good actor or bad actor problem. We had recently a drug bust at an -- a commercial str in zilker where \$300,000 of drugs were shipped from california. Perhaps more problematic than the event itself was the reaction of the neighbors as quoted in the piece. I never heard anything or rare live seen anybody at that house. What are we doing with commercial str's? We are removing a vibrant component of our community and neighborhoods. We are creating blind spots where we don't expect people. We don't expect our friends and neighbors to be going. Weapon expect strangers to be coming and going at interim times. For transportation, we need to connect people to places, create efficient networks and reduce transportation costs what happened do commercial str's do? They disconnect our residents from our places and neighborhoods. They create commercial sprawl, instead of concentrated use, we have hotel use across the entire city. It con found transportation planning for identifying where the residents are and where they need to go. Comments on chris bradford contrarian noted this. I consider my family at the margin. And we have a lot of choices to make. I consider most families in our neighborhood to be at the margin with a lot of choices to make. Neighborhood schools closing, affordable housing going by the wayside, and family housing migrating in tandem with development sprawl. We are turning our urban neighborhoods for gateways for entertainment which cstrs service. This is not aligned with the policies of imagine austin and not in line with our neighborhoods and if we cannot align our policies towards the common goals then what is the point of imagine austin? What is the point of these lotble goals if on the one hand we -- we serve them up and on the other hand we enact a policy that knocks them right back down? Do I still have time? 8 seconds.

[00:17:25]

[Laughter] with that, I have one quick observation on the --

>> with that, I have one quick observation on the statistics that came through.

[Buzzer alarming] what is your one observation?

>> One, I just wanted to point out that through all of the effort of the staff here to go through, I think what is an impossible task, they basically identified that the incidents of 9-1-1 calls are essentially statistically even between str's and residential homes. I think there are a couple of key things to identify. One if about 2/3 of str's are residential str's, then we should not be surprised that homesteaded residential uses would align in terms of 9-1-1 activity or 3-1-1 activity with purely residential activity. thank you, andy.

>> All right. Thank you very much. steve mcguire. f.

[Applause] donating time is gerald balaca. All right. You have up to 6 minutes.

>> Good evening, mayor and council. Steve mcguire from the zilker neighborhood. I am going to talk about the growth of str's. So I have a powerpoint. Here we go. What drives the growth? Because short-term rentals can charge significantly more than long term rentals by providing lodging on a night by night basis without the expense of on site management, security, ada compliance, adequate on site parking and other commercial measures, but at the same time, undercut hotels and motels that do have these requirements and that do pay hotel tax. I see no natural limit to the growth of str. This chart is from the audit, the first column are the 68str sites that they -- are the 8str sites they chose and they excluded main str sites, vacation rentals as well as smaller sites. The second column is the initial pulled -- I mean the second column is the initial pull date which is basically mid february. The third column is the gross total they came up with which is 2,045 and the very last column on the right is they pulled consistently to the middle of april and at that point they found 3,030, so my point is the initial pull was made in february, with a growth count of 2,045, with duplicates removed over 1500str's were identified or 74% of the growth count. By mid april the growth count was 3,030 and the real count was then, likely over 2,000. The gross count. And if you use the multiplier from the audit, 74% times 3,030 is 2,242. The two sites with the most austin listings are airbnb, which was founded in 2008 and home away which was founded in 2005. You can see that last fall airbnb had 650 listings and it has increased rapidly today, they have 2,075 listings. Home away had 6 listings in 2006. This week they have 446. These sites are competitors. They have very different clientele. There is hardly any overlap between the two sites. Brian sharkwell is one of the founders of homeaway agrees with me. He said there is hardly any overlap. So if you add the two sums, 2,075 and 446, you get a quick estimate and perhaps a conservative estimate of how many str's exist today this week, which is 2521, and of these 245 are paying hotel tax. Last year -- last year's new york time's article on the growth of str's in san francisco including census data of them back to 1990 that should be a warning to all of us. And if you look, you will see 1500 in 1990, 5,564 in 2010. That article included this statement, it's become a very active speculative industry, to be affirmatively turning rental apartments into hotels. When I first saw these numbers last year, I was shocked,

but i believe at the current rate of growth, austin could have over 5,000 strs in the next 12-18 months. This is a snapshot of the listings in the zilker neighborhood this week. Last may we counted 80 in the zilker neighborhood -- sorry, 30. In september there were 50-60. This week, you see -- I just used the four sites with the largest listings and the total is 156. I used the 74% multiplier and got an estimate of around 115. 115 Strs in the zilker neighborhood and you compare this to the long-term rentals available in zilker. Currently there are 7 available there are five pending on mls and 126 leased according to mls. Airbnb has the most str listings in austin. This is a quick rundown of some of the neighborhoods in austin and their totals as of this week. I am not going to -- 30 seconds.

[00:24:05]

>> Pardon. 30 seconds.

>> I won't go through those. The february ached identified 1500 strs and of those 900 had ownership information. Of the 900, 337 were nonowner occupied commercial strs or about 37%. I ask all of you, our leaders to reserve our residential zoning and the residential character of our neighborhoods and to prohibit commercial strs. Based upon -- [buzzer alarming] the audit's information, there are a large of growing number of owner-occupied strs is fill this niche market. thank you.

>> Thank you.

>> Peter nesbitt. Peter nesbitt. While you are walking down here, what I am going to do is take -- just so that we don't have everybody that's on one side speaking and then everybody on the other side, I am going to alternate and take five and then switch to the other side and take five from the other side, so that we have a balance going through the evening, if there is go ahead, peter, you have three minutes. mayor and council, thank you. My name is peter nesbitt. I live next to commercial short-term rental property. Three doors down and it feels like I live next to it because my wife and I and neighbors are routinely disturbed at the activities that take place at the short-term rental property. We are disturbed late at night when the drunks come home after the bars are closed. They trespass on our property and knock on the door in the middle of the night or looking for the party or short term rental property. They flip their cigarette puts in my yard and throw beer cans on my street and urinate on my neighbor's house, the activitiesta take place in this commercial short-term rental property are completely unacceptable for my residential neighborhood and had I known that this property existed or these types of disturbances would have taken place on the streets where I purchased the new home, I never would have purchased that house. If you speak to the neighbors that live on the west and eastside of the commercial short-term rental property. They will tell you the same thing, had they known this property existed or had they known these types of disturbances were going to take place, they never would have purchased their homes there, either. Once I started experiencing these disturbances in the neighborhood, I started reaching out to my neighborhood listserver, to neighbors, to the austin rental am lines, even, asking for their -- austin rental alliance, for their help, better business bureau, city council, code compliance, 311, 911, and so far my elected an appointed officials have been unable to help me. I have no recourse to deal with this problem property on my street. Nobody can help me. This 311 operators tell me they don't take complaints of short-

term rental properties. The 9-1-1 operators tell me it is a low priority and that they will send an officer out when they can. Sometimes the officers show up. Most of the time they don't. When they do show up, sometimes it is an hour or two later. I think the biggest issue for me as a resident on my street and in my neighborhood is I have no recourse. We need solutions from this council -- everyone talks about compromises but we need solutions and the residents, the permanent residents of our neighborhoods, we need a way to deal with these problem properties. The commercial short-term rental property on my street is a problem property and I have been unable to restore the peace on my street and I need your help. We all need your help. Thank you. thank you. I am going to go to the other list. Jay reynolds. Donating one minute to jay reynolds is nikell meade so you have 4 minutes.

[00:28:29]

>> We will try to keep it less than that.

>> They said in public speaking you should make your audience without clothes on and you made mayor, thanks to your ferris bueller video. I want to thank you for that.

>> Not a pretty picture.

>> I am an austin board member of the austin rental alliance and I want to say it has been confusing that both sides generally oppose the planning commission proposal and I would like all of those in favor of the staff recommendations to please stand.

>> Whoa, yeah.

[Applause].

>> Thank you. I am here to highlight the process that we have all been through over the last couple of years that's brought us here tonight, through all of the neighborhood meetings, workgroups, planning commission meetings and a lot of hair loss.

[Laughter] I have a hat on. We truly understand the complaints being made not just by the neighborhood but by the city. We know there is complaints. We wanted to find solutions and to try to understand what the actual problems were and what problems were merely being spawned from fear and misinformation. We heard that we are bringing brothels into our neighborhoods and we heard we were destroying the fabrics of the neighborhoods that we all cherish and most of us living in. We heard we were forcing neighbors out of neighborhoods enough to forcing schools to close. We did our best not to dismiss these concerns even though we pressed to find actual evidence and our city government helped us answer these questions with the most recent city audit. The three main questions that we feel were the most important, i have up on the screen. Question number one, is there an issue with tax compliance? The answer to that question is that according to auditor report in 2011 taken of a sample of properties showed we had a 42% tax compliant rate. One year later that has doubled or nearly doubled. There is no issue with public safety. In fact, per the auditor's report, the auditor's reported error and correction -- that was, I believe, given to you guys this week or last week -- str's produce fewer 311 and 911 calls.

There is no issue with density and, yet, we are still in support of the density cap that has been tossed around by staff and others. I have to tell you what bothered me of the process over the last two years. It was made very clear by one of the planning commissioners during the planning commission hearing a few weeks ago. She said, and I quote, we try to find something in the middle that everyone can live with. And the problem with this is that our group being the austin rental compliance or pro short-term rentals, we did start in the middle and you may hear otherwise from the other side but we started by being supportive of fair and reasonable regulation. We supported mandatory registration. We supported posting current city code that is already in place in our properties for our incoming guests to see and abide by so that they understand. And we certainly support a tax compliance as is obvious by the numbers. The middle ground between effectively banning full-time short term rentals and our fair and reasonable approach is still far too extreme. Had we been stall ward and refuse to agree or comply to any regulation at all, I would imagine middle ground to be what staff recommendations come up with. We hereby stand in support of the staff recommendations and hope you will, too, and maybe after tonight we can all take a day off.

[00:32:27]

[Buzzer alarming] perfect timing. Thanks.

[Applause]

>> mayor leffingwell:

[Indiscernible] stevenson. May stevenson. After may will be rene craft. So may, you signed up for two minutes but actually you have three, if you want it.

>> Oh, you are a dear. thank you.

[Laughter]

>> I don't really need 3 minutes.

>> Mayor leffingwell: okay. You don't have to do it.

>> Well, I would like to donate them to john hugins, can I do that? one minute.

>> I would like to donate two minutes.

>> Okay. You have one minute, now.

>> I would like to tell you I am may stevens and live on parade ridge which is west off of 360, I do not own an str but I have observed things and listened to things carefully as they have evolved, and I think this is very much like when we moved to texas in 1942 and my mother was probably an original short-term renter. After the war, gis on the gi bill needed to have short-term or explore the possibility. Others came who needed to explore work here. There aren't

enough places to rent short term. And the other thing I would say is that having grown up here, the motto used to be austin the friendly city and I think short-term rentals are the friendliest thing that we can do if we want to promote tourism --

[buzzer alarming] -- yes. I am so sorry, did I use all of my minutes.

>> Mayor leffingwell: you did. Thank you.

>> John, I am so sorry. Well, thank you.

[Applause]. bob easter. Who did you say you were donating your time to? Bob easter? All right. Bob easter. Okay. John hudsons. Bob easter is the next speaker, though. You have three minutes.

>> Mayor, mayor pro tem and city council members, thank you for allowing us to come and discuss this issue with you. My name is bob easter, I am a tax paying homestead and str owner. I have some great news and even some better news. A through-city tax revenues reveal how critical a role str owners play in helping balance our city's budget. A brief history in 2010 survey by the austin business convention bureau, it said that 9 billions in this city and add a whopping \$85 million to the city's budget. According to the survey, without this tourist-generated tax revenue, every household in austin would increase \$900 on their property taxes. Here is the great news. Occupancy taxes in the first quarter of 2012 increased to 2 million due to, in part, to education of short term rental owners to pay their hotel occupancy taxes, that is almost 6 million of the first quarter of 2010. In 2011, visitors paid 4 million in a hotel occupancy tax, an increase of \$5.6 million in 2010. And american statesman today reported that austin's share of sales tax revenues rose to 4 million, a 1 million-dollar increase from 2011. Visitors have -- to austin have spoken loud and clear. They want to come and they want to stay together as families. And now, the better news, new revenue. The staff's recommendations create registration and rules as all owners can follow. By registering all owners, especially the ones who are not paying taxes now and requiring owners and visitors pay the hotel tax, additional new revenue will flow into the city's budget. How could any citizen be against collecting taxes from all owners and str visitors in order to help the city avoid additional property taxes? As an owner, I am far playing the -- playing the playing field to be fair and equal for all owners and visitors. Everyone should be paying a hotel occupancy taxes. Visitors are demanding str owners and they are standing at the door. Let's open the door and collect the taxes by supporting the staff's recommendations. Thank you.

[00:37:58]

[Applause] thank you. Sherreen fisher. You have three minutes.

>> Thank you very much for your time on this evening and your continued support on this issue and seeking resolution. I am sherreen fisher and I would like to ask, what is the problem we seek to resolve? I fear I have a full whole of solutions looking for a problem. No one in this room wants a party house next door. We all want to be able to enjoy our time at home with our family and friends. Peter nesbitt talked about the cstr on his street. Peter nesbitt, travis heights and even the austin rental alliance have struggled together with this known party house and a difficult owner. This home vacation rental ad states in bold, bachelor, bachelorette parties welcome. As a

property manager and as an austin resident, I cringe and i feel sorry for these neighbors, how do we help? He talked about the commercial short-term rental. However, this particular home on harwood is a homesteaded short-term rental. It is able to rent 45 out of 52 week under the proposal in front of you -- how do we get rid of party houses? I want to actually know the answer to that question. I also have a homesteaded neighborhood with a party house. My full-time owner-occupied 45 year old neighbor parties all of the time. There are over 80 calls.

[Laughter] from neighbors to 311 to no avail. There is 0 calls to service for the full-time california owned cstr three houses away. I don't want to live next to a party house. Finally, I got some relief from my neighbor is in jail for his three strikes on drunk driving. He couldn't pay the 14k in property taxes while unemployed so he had to sell. I now have a wonderful neighbor. How do we help peter nesbitt today with his homesteaded party house on his street? I want to thank you for your thoughtful deliberation and solutions-oriented reply to offer relief to problems neighbors whether they are short-term rental or not. Since I have tiny bit of time, there is mention of airbnb, and brian sharpell said there is very little overlap, because it is a room rental site, you rent a couple of your guest rooms. The all the rep stated 65% of the austin advertised homes are room rentals, not whole house rentals. Thank you very much for your time. thank you.

[00:41:21]

>> Thank you. I ham going to switch again and pick up with cynthia keahane. And you have three minutes.

>> Good evening, mayor leffingwell and city council members, I am the executive committee of the austin neighborhoods county as the anc sector rep that brought manier shall rentals to the attention, I am filling in for the ance president who was called away on family emergency. I am here to represent the policy resolution adopted by anc on the topic of short-term rentals. The issue of str's is of vital importance to our membership as you know. I want to outline how it reached its position and what we are asking you to do. Last year our membership took up the issue of short-term rentals several of our anc meetings are of the working group provided updates from those meetings. As our members discussed this topic, we allowed all interested parties including owners of str's to list and to voice their opinion. Our resolution went through several drafts and was revised extensively. Then at our november 2011 general meeting, our membership approved a resolution by a vote of 22-3. This resolution has been provided to each of you and i think it was handed out again just a few minutes ago. The resolution asks city council to do two things for residentially zoned areas. First, to allow short-term rental of homesteaded owner occupied homes and, second, to prohibit any strings that are not homesteaded and not owner-occupied. In other words, commercial or business str's. The reasoning behind it for us is that commercial str's are a business use, not a legal land use under the current development code, nor do we feel the code should be a amended to allow it. Moreover we believe that commercial str's just don't belong in single family neighborhoods. As several of our speakers mentioned before, and I will be quick, a neighborhood full of commercial str's may look nice, but it no longer has the character of a neighborhood. It lacks the crime watch, block parties, kids at the ending neighborhood schools. In other words, we miss out on our neighbors and your constituents. So, I urge you to adopt the anc recommendations. I want to

particularly mention. I want to thank the planning commission for the incredible hard work they did on the str proposals and, finally, I want to thank city council members and staff who met with many of us time and time again over the last year and a half. We know that you value neighborhoods, your neighborhood and ours. We are counting on you to make if right decision.

[00:44:35]

[Buzzer alarming], drawing upon your personal values as homeowners in single family neighbors. Thank you very much. thank you.

[One moment, please, for change in captioners]

>> regulation won't replace a neighbor. We put down money for this american dream. Those were the conditions on the grounded when we bought our homes. It's not right to change the rules after the game has started. It's harmful to put businesses between homes and children playing. They were designed as a safe haven. Now problems that are unique to commercial short-term rentals. The customer is not a resident, they destabilize our neighborhoods, it's either a empty house with a lock box inviting criminal activity or there's constant partying or constantly barking dogs. Graduation parties, and motorcycle rally party, they increase anxiety for neighbors and decrease safety. You have a constant stream of strangers next door to your home. And there's no neighbor next door to watch your house while your out of town, or borrow a shovel from or watch the fourth of july parade. There's no one where responsible for complaints. Customers are not properly vetted. No criminal background checks or control or enforcement. The law says that short-term rentals are illegal. So let's enforce the law so neighbors won't have to waste their lives policing. The question is asked would you like to live next door to a str. The condo towers downtown don't allow it. A gentleman who signed up against commercial short-term, he wanted me to pass along that not only is he against them, but his dog is too. Tired of getting up barking at those departing. Thank you.

[00:47:52]

[Applause]

>> Mayor Leffingwell: Paulette kern. Ok, so you have three minutes.

>> Good evening, I'm paulet, a resident, citizen and native of austin. To be clear, you have I have no problem with the type one homeowner occupied or HOMESTEADED STRs AND BELIEVE They need little regulation because someone, a property owner actually lives there. The type two, the commercial STRs, I'M ADAMANTLY OPPOSED TO Because they convert residential property into commercial property used on a transient basis and I believe they should be banned in residentially zoned neighborhoods.

>> It had clear that the intent of the code was to create stabilized areas for residential living. Residential neighborhoods are made up of resident citizen who is become neighbors.

>> It's to the sleeping in a house for one or two nights. I'd like to tell you a little bit about my realize neighborhood of 36th years. My residential neighborhood. They have library cards and their mail is delivered to their homes. I joined a baby sitter cocoon and hosted block parties in the front yard and found wonderful teen babysitters for my children down the street to the east and around the corner to the west and shopped at local businesses and engaged local repairmen, children went to neighborhood schools and as well were bussed across town, first to third grade and sold girl scout cookies. Several neighbors were wonderful mentors to my son and daughter. And an elderly neighbor watched out for everyone on the street while the neighbors were gone. And took in the mail during vacations and family emergencies, when my sister-in-law died, one of my neighbors offered to keep my son. And I could go on, but you get the picture. All of the above characteristics are possibilities in a residential neighborhood and none will happen with customers of a commercial str and for every home you take out of that possibility, the fabric of a neighborhood initiated. It doesn't mean -- diminished. Rather, they live and struggle together as they invest in the area and each other. There can be problems with neighbors but you work them out over time. And I believe the city of austin made a covenant with me when we bought our home, we agreed to abide by the zoning code and believed that the cfa would uphold their zoning code. The str is not a neighbor, it's not a residential use and has far reaching trickle down effects on the character of austin. Yes, there's a place for cstrs and it's in commercially zoned areas. Thank you.

[00:51:13]

>> Mayor Leffingwell: Thank you.

[Applause] before we go to our next speaker, mayor pro tem sheryl cole moves to extend the meeting 00 and mayor pro tem cole seconds that motion. All in favor say aye. Opposed, no. Passes 7-0. Charles price.

>> Mayor, councilmember, my name is charles price. I'm a registered appraiser with the state of texas, I live in the same neighborhood that peter who spoke earlier lives in. We live at opposite ends and unfortunately, we've both been afflicted with party houses. ONLY THEY'RE COMMERCIAL STRs. As an appraiser, I have a real issue with upzoning as earlier mentioned. Commercial enterprise is fantastic. That's what makes this country wonderful. But I live in a residential neighborhood. I was a scout master of my son's troop. He went to travis elementary. THE COMMERCIAL STRs, THE People arrive at all hours, night and day, it's not a compliant use well, a single-family zoned neighborhood. The -- I have a list of cities which have actually prohibited short-term rentals in fs zoning. Fran, travis city, michigan, chicago, napa, california, new york city, it goes on. There's about 30 or 40 on this list. There's a town, jackson, wyoming, where they didn't do anything about recognizing that the owners of the property, the neighbors, have an issue, and this is my problem with what staff is recommending to you all today. There's nothing to protect the surrounding properties. When you have a type one, str, that's homesteaded, that's usually owner-occupied. The person has a concern to be the policeman of that property. When you have a commercial str or a type two, there is not that similar concern. Thank you.

>> Mayor Leffingwell: Thank you.

[Applause] zane has three minutes.

>> Mayor and councilmembers, thank you. I'd like to thank the council for their time and patience on this issue. My comments are directed to COMMERCIAL STRs IN THE Planning commission proposal. Hotels and motel the and b and bs and boarding houses are under the changes proposed by staff and the planning commission, COMMERCIAL STRs WOULD BE Allowed to operate without complying with the bulk of the fire and security and access requirements imposed on comparable rental businesses. By carving out exception, the current proposal would disadvantage existing businesses that have made the necessary investments in access and safety compliance and furthermore, to the extent they've displaced other rental operation, it would condone the exclusion of handicapped and visitors for non-compliance with ada regulations. As someone who has had numerous issues including a fire started while rented, I'm concerned about the increased risk of property damage which commercial STRs ALREADY BRING TO OUR Neighborhood. Thank you.

[00:55:13]

>> Mayor Leffingwell: Thank you. Switch to the other page now.

[Applause]

>> mayor and councilmembers, as several have said, thank you for continuing to work on this issue with the public. It's -- we really do appreciate the time that's been spent. chairman carol. Our firm represents homeaway. We're here tonight, this late in the evening after everybody in this room has spent -- I can't even think how many hours, countless hours, dealing with a issue that truly is not an issue. We've identified the numbers of STRs IN OUR CITY, THE NUMBERS Are low. We've identified that there's no higher incidence of problems WITH STRs THAN ANY OTHER Residential property. Why are we here? Why are we focusing so much energy when this city has problematic issues it has to deal with. Homeaway, as we've said several times is for regulation. But there's no justification that's been presented by any of the opponents for regulations that are onerous and punitive. Such as the planning commission's recommendations or a ban would be. We don't have, as I said, an str problem in this city. In our view, the best regulations are those that establish a reliable way for the city to identify and contact the str owner, make tax collection and remittance simple, understandable, and realistic doable for str owners. And treat str tenants just as the city treats long-term residential tenants. Because, in fact, there really is no difference that can be identified between a person who rents a property for 30 days and one who rents it for 31 days. We support the staff recommendation. After a long road getting there. Because we believe the staff recommendation fits this criteria. There's one exception to the staff recommendation that I want to point out, which is that properties have to be inspected and we feel like properties that have a cfo should not have to have a inspection. Thank you, mayor.

>> Mayor Leffingwell: Thank you. Pete reynolds.

[Applause] , that's right, I called you. You're tiffany?

>> Yes.

>> Mayor Leffingwell: And pete reynolds will be next, after tiffany. , my name is tiffany keaton, I've been a austin resident for 17 years and homeaway employee since 2007. I'm here ton behalf of the 281 homeaway employees who are also austin residents and have signed this petition in support of short-term rentals. I'm proud to call austin my home. I and my colleagues are proud to work for homeaway. We believe in our business. We wake up every day knowing our efforts and the company we work for help families and groups come together to create unforgettable experiences while on vacation. This is what makes our job so rewarding. We've hit many milestones in our company's history. I walk and the city with a sense of pride in all we've accomplished. Homeaway was founded in austin seven years ago and our leed gold headquarters is at the corner of fifth and lamar. I'm pretty sure we're keeping whole foods and starbucks in business. We were featured in time magazine's in 2010 and we were honored with a bicycle-friendly business award that recognizes businesses who create bicycle friendly environments for their employees. More importantly, is the joy we get from giving back to this great city. The employees are your neighbors and customers and a big part of the fabric of this community. Last year, homeaway donated \$175,000 to 60-plus nonprofit organizations. Our employees have built three homes in austin with our partnership with austin habitat for humanity and worked with short-term rental owners to house the victims of the fires. We represent this community and all that's austin. A proposal like that of the planning commission or the austin neighborhoods council that severely regulates short-term rentals, sends a message that we're not wanted here and our work is for the valued and sends a message to other municipalities that our hometown doesn't believe in or recognize the work we do. For that, we hope you'll not impose onerous restrictions for reasons that have not been substantiated. I appreciate your time.

[Applause]

>> Tovo: Mayor. Councilmem councilmem ber tovo.

>> Tovo: I have a couple of questions for the last speaker. I know we have a lot of speakers but if you wouldn't mind coming up. Thanks for being here. So I know from my own research and also from that that's been presented by some of our community members including some tonight that many municipalities have adopted regulations about commercial short-term rents and I assume that homeaway continues to operate in many of those places within the confines of those regulations. Do you have commercial short-term rentals in some of these municipalities that have some form of regulations?

>> If it's ok with you, I'd like to defer any questions for homeaway corporate to nicole meade.

>> Tovo: That's fine, thanks.

>> Thank you.

>> Can you -- I wasn't paying attention to your question.

[Laughter] would you mind repeating it?

>> Tovo: Be glad to. I know homeaway represents people internationally, and i assume that you are -- that homeaway has some kind of presence in municipalities that have adopted some form of regulations of commercial short-term rentals and as we know from the research some of the staff have done and our community members, the regulations run the gamut from bans on up to other kinds of regulations. Does homeaway find a way to continue to have commercial short-term rentals in places that have adopted some form of regulation?

>> I want for clarification to say it's really not homeaway, finding a way to have the short-term rentals, it's what we've been staying, people will find a way. It's interesting one of the speakers on the other side of the issue says san francisco has something like 6,000 short-term rentals and another speaker said that they were banned in san francisco. So people will find a home away, because homeaway is not actually renting those properties. It's a site where people advertise and because homeaway has so many jurisdiction, we don't take on the responsibility of figuring out if the person advertising is actually meeting the regulations. They're asked to sign an acknowledgment that they are meeting the local regulations.

>> Tovo: Right, but there are some commercial short-term rentals opportunities even in municipalities that have adopted some type of regulation short of a ban?

>> Absolutely.

>> Tovo: Ok. Thanks.

>> Mayor Leffingwell: Ok. We'll go to peach reynolds. And you signed up for two minutes.

>> Ok. , my name is peach reynolds, a long term resident and have a strong vested interest in keeping the quality of life in zilker and other austin neighborhoods. On the whole, the safety and upkeep of short-term rentals is far better than that of long-term rents and there are feedback mechanisms in place that will weed out the bad properties without the need for city inspections. The neighborhood association officers do not necessarily represent the majority opinion of the neighborhood residents. In the zilker neighborhood meeting, a fair vote was taken regarding the anc resolution AGAINST STRs AND IT WAS VOTED Down. In spite of the fact that the leadership was behind the anc resolution. Some folks are concerned that the existence is having a detrimental impact on the number of school age children in 78704, the largest demographic is the 06-64 age group. Up nearly 94% from 2000 to 2010. In addition, sales prices average about \$250 per square foot. The two main reasons there are fewer school age kids, one, young families can often not forward the high prices and two, there are a lot of empty nesters like my wife and myself who don't want to leave the neighbor. But if families do want to live in 78074, there are 108 properties currently for sale. Neighborhood life, property rights and some people's livelihoods. I think we understand how difficult it is to balance these concerns. I hope you don't harm the good players with bad regulations. Thank you for your time and consideration.

[Applause]

>> Mayor Leffingwell: Folks you have to say I appreciate your enthusiasm, but you're allowed to clap but not holler in the future. Please. Lenny keith. Signed up for two minutes.

>> Thank you. As a recent austin resident, might I say I'm very honored to be here tonight and thank you so much for your time. All of you. I wanted to speak about the experience my family and I had when we came home to texas and how we used a vacation rental to ease our transition as well as get our son started in school on the very first day. When we moved back to texas, we were in the process of selling our previous home and coming to a vacation rental really give us a place to land. And we had towels and a washing machine and those things you don't have when you're moving and selling your home. Our rental enabled us to register our son in school. And like I said, it really just gave us a strong footing in our new area. And the other thing I loved so much, I know what I've heard a lot of tonight, it's difficult for neighbors to have short-term rentals like us in the neighborhood. We wanted to be there, because we wanted to be part of the neighborhood. Thiamin made us feel like we were part of austin and our son finished his first year in barton hills elementary and we're proud to call ourselves residents of austin. I also wanted to say the people we rented from really acted as our welcome wagon when we first arrived and we keep in touch with peach and cynthia and they made us feel that austin was home again. Which was what we wanted. Thank you very much for your time.

>> Mayor Leffingwell: Thank you.

[Applause] tracy downing. Pass? Ok. Connie leverton. Tracy? You're going to speak, tracy? Ok. You have three minutes.

>> Hello, my name is tracy downing, a homestead str owner and I'm in favor of staff recommendations. I do depend on the income of the str and I would like to state that the austin neighborhood council does not represent me or my best interests. It is my understanding that there are about a dozen people who have voiced their DISPLEASURE WITH THE STRs IN The neighborhood. What you don't hear about are the many neighbors who are happy with them. As a homeowner, who had a long-term lessee in my property that left the exterior of the home looking like a junkyard, my neighbor comments through the years how much nicer the home is now that's it's a str. My friend made a comment that she wished the long-term rentals around her would also convert to STRs DUE TO HOW MUCH NICER They're kept. As the owner of a str, it's vital we maintain a positive reputation and keep the properties in tip tomorrow shape to keep from getting negative reviews. As a homeowner, I was concerned about my home being used as a party house. What I've done to prevent that is have all of my lessees sign a agreement that informs them i want my neighbors to be respected, that the house is not a party house, and that they understand that if they are to have a party, that they will be kicked of the property immediately and their full deposits will be kept. Perhaps having str owners adopt this practice would be a better solution, rather than banning or placing heavy burdens on the many owners who have nothing but positive results with their STRs. Another positive result of the STRs IS THE 9% TAX REVENUE They bring into the city of austin. This revenue helps support arts and cultural organizations here in austin and also helps to pay for city service, including parks, fire and police. IF STRs ARE BANNED, NOT ONLY Would it hurt those of us that rely on the income to support ourselves in these hard economic times but hurt the arts that attract so many tourists to this city. Thank you.

>> Mayor Leffingwell: Thank you.

[Applause] connie leverton. Has three minutes of following connie, will be cody slain.

>> Is it possible to get three more minutes? One of our speakers had to leave. Cody, and nancy has volunteered her time and she would have requested that on the sign-in sheet.

>> Mayor Leffingwell: Is nancy here? Where are you? Ok, so nancy, you're on the list.

>> [Inaudible]

>> nancy reid.

>> Mayor Leffingwell: Ok. So this is not in the original agreement.

>> Ok. Well --

>> Mayor Leffingwell: You have six minutes.

>> Thank you very much. I appreciate your time and mayor, thank you. I own a short-term rental in east austin. I've been a owner for about three years, I bought it as a homestead in 2001. I live not far from the power plant and I've been impressed by the city's decisions and progressive behavior with environment and economic and arts. One of the things that occurred with the short-term rental, i started operating three years ago, I found my neighbors were very supportive of the short-term rental. I gave them my phone numbers and wanted to know if there was anything going on to contact me. They don't need to contact me because very little goes on there that need it's. But I've hired my neighbors. It's a multicultural neighborhood with most of my neighbors being mexican american and what that does for them is gives them a window to the world when people from all over the world come in and they meet them and become part of the lives and THE KIDS THAT COME TO THE STRs Play with the kids down the street. There's the pool, there's the hike and bike trail. And it's a new progressive way to think about a neighborhood. It's -- it's very interesting integration of welcoming visitors and people to austin, embracing them, saying, "we're " and gives the neighbors a window into another world. They hear stories -- I met this person from france and it goes on. I've appreciated it. It's a new kind of neighborhood. It's not divided us. It's brought us together. All of the neighbors know me and talk to me and get involved and they come down and help my new residents that are there. Not only has the neighborhood become more interesting, the cultural arts program has increased. As an artist, which I am, I'm a juggler.

>> The texas juggling society has been prominently displayed for about 15 years getting grants from the cultural arts doing a free public show once a year. Many arts organizations, including the film festivals and the dance companies and there's the woman that could not be here today, cody, with the egg lift. Austin gay and lesbian film festival. She brought a folder with many different letters to give to you. Which I'll give to you after, including the austin film society and the austin creative alliance. The film society is right now building great studios and using 15 short-term rentals right now. And all sorts of cast and crew and people from all over the world stay in the short-term rentals. This is also true of broadway productions that have stayed at my house. So there's many different kinds of people that come in. Very few party houses. Really, the houses that are a problem, we're going to solve that with with your help but really this is an opportunity for our progressive austin to be a leader. An amazing force, to represent to the entire

world. Because the arts are very important. Imagine in montreal montreal had a group of street juggler, they got a grant from montreal. What they did then was create a bigger, better circus and it's called and this would be possible. Think of the possibilities here in austin and how this can be something that benefits us all, we can work together and make it a good thing for everyone and because it's possible, so look beyond the juggler. Beyond the juggler and imagine the things that can possible out there. Thank you very much.

[Applause]

>> Mayor Leffingwell: Thank you.

>> Mayor Leffingwell: Codey swain. He's not here. Dan matolla? Ok. Is that him? You're signed up for two minutes.

>> Thanks everyone for being here so late. We discussed doing an interpretive dance in lieu of speaking but I'll just speak. I'm dan, 706 west 35th street.

>> The acting president of the heritage neighborhood association. In 78705. I operate a homesteaded str. And garage apartment behind my house. I am in favor of the staff recommendations and against the planning commission's recommendations. I've had no violations or complaints on my short-term rental. I've had a lot of interesting folks come through. I have a lot of happy neighbors. One of them who owns food head cafe which my renters frequent quite a bit in addition to quite a lot of other local businesses. As far as the heritage neighborhood, there are no complaints or issues regarding short-term rentals. We did not have a vote nor is there any known opposition that I'm aware of as the neighborhood president. Personally, owning and operating a short-term rental helps me forward the high cost of living in central austin. I don't make a whole bunch, but it helps me offset the property taxes and the restoration of the home in front of my short-term rental. We maintained the historic character of the house so the income from the short-term rental really help that is. I'm fully registered with the city and state, compliant with my hotel occupancy taxes and i can say that was a very confusing and tedious process. I as for a simple and straightforward process and regulations that encourages code compliance and compliance with hotel occupancy taxes just like the staff recommendations. Thanks very much.

>> Tovo: Mayor, a question for him.

[Applause]

>> Mayor Leffingwell: All right.

>> Tovo: I want to underscore a point you made. Are you here representing the heritage neighborhood association. Of which I'm a member. I thought I heard you say there wasn't a formal vote.

>> I am the acting president. I'm not here to represent the position of the heritage neighborhood association.

>> Tovo: Thanks for clarifying. So the neighborhood association has not taken a position on this issue?

>> No, ma'am.

>> Tovo: Ok. Thanks so much.

>> Mayor Leffingwell: Heather reese. Not here. Sarah shaw. Sarah shaw signed up for two minutes.

>> Good evening, mayor, mayor pro tem. Councilmembers. My name is sarah shaw. I'm a born and bred austinite and my husband and I live in a duplex in 78704 and we share multiple walls with a vacation rental and I'm here because i love having a str as a neighbor. I've had no problems whatever with any of the guests being disruptive or loud. And, in fact, the only problem I've had is one of them told me to be quiet once.

[Laughter] and -- there are many things i like about having a vacation rental next door. I have two very playful dogs and I enjoy it when guests bring pets and kids and we have a big yard and they all play together. Another great pecker, my -- great perk, is that my out of town guests have a place to stay next door. With a kitchen and washer and dryer and yard. It's convenient. I do understand the sentiment of having a long-term neighbor i can build a relationship with. But honestly, the people who end up staying in the short-term rental next door are much more friendly than the long-term neighbors. With long-term neighbors you never know who you're going to -- many of the neighbors have broken down trailers and trash filling the alleys and I know the people STAYING IN THE STRs ARE GOING To be wholesome people. They go threw a screening process and -- through screening process and I've had a happy experience getting to know the people staying in the vacation rentals. In conclusion, I love sharing my walls with a vacation rental of no problem with having them in the neighborhood. I think there's misconceptions about the effect they have on neighborhoods. I think they add to the eclectic nature and I thank you -- the eclectic nature and i thank you.

>> Mayor Leffingwell: Thank you.

[Applause] john hudgeons. You have two minutes donated from may stevenson. No? You're not on the list, I don't think. Well, I would just make this point. We started off trying to equalize the time on a volunteer basis and now your side is adding time as we go along. So keep that in mind. We have the right to do so.

>> I asked her and she had me for six minutes, which was two minutes that was donated and i guess -- four -- I don't know, it was just six. That's all I know.

>> Mayor Leffingwell: All right.

>> I really only need five.

[Laughter]

>> Mayor Leffingwell: You have your three minutes and you're donating two minute, that's five minutes.

>> Right. I'm john, I'm a 24-year full time resident of austin, a 50-plus full time, resident of austin, no rental property in the city whatsoever. I'm here to urge the council, the reasonable ones, to basically reject all of these things before you. I looked at the str workgroup thing, talked to a number of people and many of the things that were there were things that they didn't agree to in the first place. I looked at the affordability impact and item three says it doesn't impact the cost of development. When you start adding stuff, yes, it does. Anything to do with business when you add on, it costs.

>> The last thing was the ordinance itself. I saw so many problems and loopholes. I've spoken to land use attorneys around the state and it just looks like something that the city is going to be faced with one suit right after the other. You're looking at \$11 million deficit. Doesn't look like good money spent. So that's what I'm saying there. The other thing that I see, is that this thing really started because a very vocal, small group of people started making calls to code about these STRs. And I think it was proven someone talked about the vote tonight over in I guess allandale. Approved by 22-3. Allandale has about 6500 people. So I don't think that's a majority. I think that's a real tiny little group that's making a whole lot of noise coming down here, spreading a lot of mistruths about the str thing. So if you look at what's gone on in austin, austin's always been a progress i, open city. Is this what we really want to go about preaching to the world. No, we don't want to be an open city? I don't think so. I doubt seriously if anyone here, almost positive nobody was here when the hot amendment came in through the state in 1987 but the design was for 50% of the money that came into it to be used to try and get people to come here. Still being used that way. Ok? Then they changed it, and 15% of those funds can be used for arts, 15% can be used for preservation of property to get more people here. Well, if you look at the numbers for 2012, the first quarter was \$14.2 million. That's going to be \$56 million or \$8.5 million going to the arts. 5 Million going to the preservation. Why do you want to shut these things down? I just called today, you've got 100% occupancy in the city in the hotels. Where are people going to go. Do you want to send them up to georgetown? Wouldn't you want them here and pull in that money for the city's use? Seems like a practical thing to me. The last thing I want to say is that -- that what's happened here in austin, the growth, happened with this council, and numerous councils before it, happened with the chamber of commerce, it happened with -- with industrial development. But it's here. This city -- if you've been here for a while, you know it's sold in size -- tripled in size. They're spending a lot of money, we have to deal with it and offer places to stay and if you think the people coming in here are transient, paying \$300 or \$400 a night. That equates to about \$9,000 a month. I don't know if anyone here is paying \$9,000 per month for a house paint. A retired federal judge came here because his daughter was here for cancer treatments. Homeland security was here. That won't even fit the bill for the thing about gatherings. What are you going to do about that? Are you going to say they're wrong? This takes a council that's going to have to step up here and be realistic and not pay attention to little groups that make a whole lot of racket. You've got to make a sound decision. And lastly, if you look at long-term rentals, if you've got long-term rental problems, you've got long-term problems.

[Applause]

>> Mayor Leffingwell: Going to go back to blake tulette. Blake is not here? No hurry, blake.

[Laughter]

>> blake, I'm here representing

[inaudible] neighborhood group. You're being asked not to LEGALIZE COMMERCIAL STRs AND Truly this is all about money. I mean, they're not doing anybody any favors.

>> This is commercial ventures. I've lived in my home for 35 years. My expectation when I get up in the morning, I expect to live in a stable neighborhood. With a mixture of long-term renters and homeowners. Over the years. You know, we've lived together, we live in a -- we've woven a fabric that's comfortable to all of us. That's my basic vision of austin. A commercial str fundamentally changes the fabric of a neighborhood. It's not a residential use anymore. We have customer, we don't have neighbors. I have yet to be shown a policy justification for pushing this use on the neighborhoods. Some of the folks you've heard talk about how they're HOMESTEADERS AND HAVE STRs, That's fine. I support that. That's a good use. A good new use for the neighborhoods but that's not what I'm here to complain about or ask you not to do. It's the commercial ones. The question for me is why are they going to maximize their profits on my neighborhood, my stability. My peace of mind, my enjoyment and security? The last several months we've talked to you all individually and I always ask the question: Are you comfortable with a commercial str across the street, next door to you? And some of you all looked me straight in the eye and said, " my question then, if not in your neighborhood, whose neighborhood are we going to put these things into. This isn't -- I represented west austin, we've been down here before on single zoning. This isn't a single property. You're being asked to rezone every single-family. District in the city with this decision to allow the commercial ones in here. I'm not sure that's -- I would ask you to be very, very careful when you do that. In your deliberations and take maybe small steps at first and try do it through the homestead ones first. See how it works out. There's plenty of stock. People are going to come to austin, it's not going to be a problem. I guess that's pretty much everything ever everything. Thank you for your time. Thank you for staying here and, yes, I did want to speak. I've been here since 3:00 or so.

>> Mayor Leffingwell: Thank you.

[Applause] helen rocking ball.

>> [Inaudible]

>> Mayor Leffingwell: Ok.

>> As you consider this issue and I thank you all for staying late too, I want you to keep in mind this is a land use issue. 18 Months of being involved, we've had no complaints, for an homesteaded owner-occupied str. The house on harwood is not owner-occupied. And that's been reported. Conversely, the enforcement of THE COMMERCIAL STRs IF PASSED Will be under the neighbors. It will be under code enforcement with the neighbors, the burden on the neighbors. Code enforcement doesn't work on nights or weekends. rent and d -- 14 emails

starting june 25th and ending october 28. Four months to get something done about that. So when you have a problem, and it's -- you know, there's lots of problems in the city, it's not easy to get help from code enforcement and weekends and nights, it's impossible. Peter is one example. The staff recommendation is not workable because commercial STRs AND STRs ARE ALREADY Required to register by law with the state and city for hotel tax and they're not. It was pointed out in the audit by I believe councilmember tovo that it only increased from last year to this year by 12 properties. The audit also showed that only 162 of 1500 registered -- 152 out of 1500 were registered so they're actually siphoning away money from the arts. In the workgroup, it was said that it never worked. So what I've been told by the str owners that the fire that happened can happen anywhere. Undetected gas leak in a vacant str is no big deal. The party house, like -- over at peter's property one day and charles' the next day. They're not meeting in a coffeehouse, they're sending them to the neighborhoods, next to your house and next to mine and say if you don't let us have our way, we'll go underground. THE STRs IN NEIGHBORHOODS IS A Poor policy and not a wise decision. Bad neighbors are a problem, but they're predictable. THE STRs PUT A NEW STRESS AND Unpredictability every weekend. First picture, please. I enjoy -- that's not the first one. Sorry. Could do the other one. I enjoy the rally, the bikers bring tons of money but also rent out the expo center and work with the police and have proper permits. They don't belong in neighborhoods. This is what belongs in neighborhoods. That's the future of austin. Next picture. Not great on the screen, but it's a yard full of bikers?

>> Thank you.

>> Thank you.

[Applause]

>> Mayor Leffingwell: Richard donaldson. And you signed up for two minutes.

>> I want to thank you all for being here so late. I'm a homeowner, I don't have an str. But I did have in february of last year, a fire. And it was through the great efforts of the austin fire department I was able to not be totally destroyed. But I still had to move out of the house and moved into a hotel originally, and after you've had a fire, it is very, very depressing and you've lost , but -- everything, and -- and malls and etc. But a short-term rental, it was a nice place to stay, washer and dryer, whatever. That's why I'm in favor of the city staff commission to allow single residences. When you tell people about your personal story about fires, you hear their stories and the fire, many people had short-term rental, that's where they lived after their fires. This fills a need that's there, a demand that's there. Thank you very much.

>> Mayor Leffingwell: Thank you.

[Applause] b.j. hangly. Not here? Here? You have two minutes.

>> Hello, thanks for being here. My name is brendan hinely. I live in the clarksville area. I have a series of hopes in travis heights and we bought them back -- we brought them back from shambles, we rent them out at short-term. Our neighbors next to us are 90ish years old and I talked to them this week and they told me, I said, have you guys, you know, reconciled living

next to five short-term rentals, and they " we couldn't ask for better neighbors. We meet all kinds of neighbors. I have a an award from the austin historic society for bringing the homes back. I've got a message from blake and -- in wang. And couldn't have done it without being short-term rentals, we're for the staff recommendations. That's it.

[Applause]

>> Mayor Leffingwell: Carol cordell. You're signed up for two minutes.

>> Good evening, again, nighttime, actually. Mayor and mayor pro tem and councilmembers, thank you. My name is sheryl cordell, i live in the highland park neighborhood. Southwest of 22. It's a nice quiet neighborhood. I enjoy living there. And lo and behold, someone owns a vacation rental in my neighborhood. I didn't even know it. Those people that come and visit are just like me and the neighbors that I do know. So nothing has been amiss at all during my time in that neighborhood with the vacation rental. One of the things I believe is that duration of a rental should not distinguish regulations to rent residential home to other families. Renting a home for a long period of time, potentially create ace long-term problem rather than a short-term problem. In august I'll have lived in austin for 33 years. For 14 I was a landlord with long-term renters. I would have preferred some of those renters had been short term. But I'm in favor of reasonable regulation so all property owners can enjoy their properties. I don't know anyone in austin those who rent or do not, who condone parking problems and garbage problems and to the extent that such problems do occur, code enforcement should equally penalize all violations for the invasion of any homeowners rights. Local businesses in our economy benefit from short-term rentals in our community. Visitors spend money and often become property owners in the communities they visited. And as I've thought about this, one of my favorite word dollars respect. And I do -- favorite words is respect. And I think life would be better if we each respected each others' rights and opportunities.

>> Mayor Leffingwell: Thank you.

[Applause] kayla perkins. Signed up for one minute.

>> I want to thank everyone who came tonight tonight. It's good to see citizens coming out and voicing their opinion. Thank you for staying and thank you guys for staying late.

[Applause] I'm a broker, I'm part of the steering committee and I'm in favor of staff recommendations. I've got a minute. Most of the time we've rented OUT THE STRs WE'VE BEEN Renting them, renting them to family who is are looking to move to austin. As someone who moved to austin 12 years ago, I met some of the friends and colleagues through these great neighborhoods and my str allows me to introduce so many people to austin and as i broker show them the neighborhoods and sample the neighborhoods before they buy a home there. Tonight, I heard about one str owner, one that's an owner-occupied short-term rental that seems to be the catalyst for everyone's negativity. I can tell you I'm doing more good than bad. Thank you for coming and staying late.

>> Mayor Leffingwell: Thanks.

[Applause] christian erickson. Signed up for two minutes.

>> Good evening, mayor, mayor pro tem, councilmembers. Nice to see you again. It's been a while. I am a realtor with the austin board of realtors in town and I'm a resident on the east side and own property here in the city and we've all been involved in this discussion since the beginning. We're very encouraged and excited to be so near to a solution after all the discussion. All of compromise, but the draft offered up by the planning commission does not meet that goal. Unfortunately. We urge you to vote against the planning commission ordinance as written. Defined at properties for residential use and subject to the same requirements as other residential properties, we do owe -- homeowners should be treated equally, who lease short-term should not be required from the planning commission to use their property with the way that already complies with the existing residential requirements. And believes in protecting private property rights and neighborhood cohesiveness and support an open enrollment system that allows the city to track and gather data on short-term rental, but we believe that owners should be required to provide the tenant with the safety packet as information about the -- everything they need to know to not disrupt their neighbors. We support the city staff recommendations with the exception of mandatory inspections. Home inspections should remain complaint driven. It's invasive the private property and a direct violation of private property rights. Safety checklists will ensure basic requirements are met without bogging down an already strained code enforcement department.

>> Mayor Leffingwell: Thank you.

[Applause] brian bowers. Two minutes.

>> Thank you, mayor and council. I'm also one of 8,000 members strong, a member of the austin board of realtors and lived in austin since 1995 and purchased my first home in bolden creek. And since then, we've moved to zilker and rent our properties. 57600

>> Mayor Leffingwell: Those are all the folks I have on my lists. And the following are from the sign-up sheets. 57600 that is not true. Place applause[applause]

>> the reality is that even residents of the neighborhood with the highest number of short-term rentals, voted to oppose any restriction on property rights and short-term rentals, the city itself considers long-term rentals and short-term rentals equally, if short-term rentals are commercial, so are long-term rentals. And the texas constitution gives all property owners a right to rent at will. The audit has proven that short-term renters are not a problem, except in the minds of a very, very tiny few, probably all of whom happen to be here tonight. I have a very strict one-page lease that minimized problems, apparently virtually all the other short-term rental owners do too. My long-term tenants are far more problematic, despite a nine-page lease. I'm up-to-date on hot taxes and ledgered. I'm not opposed to regulation when it is necessary but history and the audit make it clear very little or no regulation is needed. I support city staff recommendations. Thanks again for your service to our great city.

[Applause]

>> I think all the council members received this from christina who left. I checked neutral because that was not a box on there to plead THE 5th. What I've heard tonight is, you know, and I'm really not up on it, kathie served on the task force, she is the owner of the haywood hotel, and you, you know, to me, this issue of commercial short-term rentals, especially in our neighborhood, we have the second highest REGISTERED NUMBER OF STRs, THE ISSUE IS COMMERCIAL STRs IS The same issue I have with trailer food. We have people like cathy and business people who invest in brick-and-mortar and then we have these people who find an easier way to make a lot more money than people who have made major investments in the long-term in our neighborhoods. So, I don't support the staff recommendation to allow commercial rentals on commercial properties, and I especially have concerns about allowing them a mixed use and in the condos. You know, the council has worked for years trying to help us stop the abuse of secondary units where people are building condos, and our neighborhood created the rules for secondary units. We anticipated being able to do things like short-term rentals or long-term affordable housing, but what we are seeing now is condos were built for half a million dollars apiece, they can't be sold, and now they're turning to short-term rentals and making more than they would if they sold them so, we're looking at condos in the neighborhood that are going to be mini hotels. And, that's not what a neighborhood is made up of. I also have problems with finally the hipsters that came to the east side taught us how to make money off short-term rentals and once the natives figure out, hey, this is a way to help pay these escalating taxes or to split town because they don't like all the rot rallies, now we're proposing to make it illegal to rent a room. Most of the low income people WHO ARE PART OF STRs ARE DOING The very unique things off airbnb like renting tent space and a bedroom and a tree house and all these unique opportunities where low income families who cannot leave and go rent somewhere and, also, just one more real quick thing, the issue of gatherings is a real problem because just recently i had this mayor over at my house and I also had a congressman, so, you know, if I were to get into the short-term rental business, then people, the republicans, could file code complaints on me because I have bearings in my yard, thank you -- gatherings in my yard. Thank you.

>> Okay.

[Reading names]

>> mayor, council, quickly, i haven't rented out my home short-term but ask you not limit my right to do so. I feel there is potent manufactured outrage around this issue. If I support any regulation it is only on the very margins on the commercial side of it and only if there is demonstrated nuisance as a class. Don't strike at our vibrancy as a can community, don't make our neighborhood inhospitable. Thank you.

>> Thank you for staying this long. I'm not going to get any applause when I speak because I'm against commercial short-term rentals. I live on glenview avenue in the break woods neighborhood and the attorney for homeaway I think and other speakers tried to make the assertion there is no difference between short-term and long-term renters and i think that is an auspicious argument. The vast majority of short-term renters are people on vacation, and generally, people on vacation, people generally act different when they're on vacation than when they were in their own home and surround by their own neighbors, when you're on vacation. You can do things that aren't going to get back to your neighbors. If you think about it, there is a very

famous slogan copy righted by las vegas. Things that happen in las vegas stay in las vegas. That is a copyrighted slogan by the las vegas tourist industry, and the reason they have that, and spend millions of dollars to promote that, is that it resonates with people because people believe that when you go on vacation, you can do things that don't get back to your neighbors. And that's las vegas promotes that slogan. Austin doesn't promote any different slogan. We don't promote what happens in austin goes home with you, and so the -- I think vacationers don't act any different in austin than they do in las vegas. The reason that I'm concerned about replacing long-term residents with vacation people is that you lose that cohesiveness. That you have in a neighborhood when you have long-term neighbors that you know and that you can trust. Or that you -- if you replace them with vacationers, that changes the character of a neighborhood. Eye cross the street from me, the owner of the property said at the end of july he's going to install a hot tub and convert his property into a short-term party house. That, I think, is something that if you allow commercial short-term rentals in austin, every neighborhood is going to be -- become a neighborhood that has vacation people in it. And if that's what you want, that's the result of allowing commercial short-term rentals in austin. Thank you.

[Applause]

>> how about, what happens in austin hounds you for the rest of your life.

[Laughter]

[01:58:02]

>> I hope this doesn't hound me. Thank you, I'm going to keep this short but a little story this actually happened today. In a neighborhood called hyde park. New families recently moved in. They've got two young kids and a new nanny, and the nanny today, she wanted to bake cupcakes with the kids and got everything ail set up and the oven didn't work. She went across the street and knocked on the door and the lady opens the door and she said, we're trying to make cupcakes can we use your oven. She said, come on in. That lady who said come on in was our customer in our house, renting from us. We live in a vibrant, wonderful neighborhood. We know our neighbors in hyde park, and they know us. This nanny was brand new and she didn't know that it was short-term renters. It worked out pretty well. I want to say that the council in recent years has worked very hard to make our city move forward with green initiatives, make us a world class city, make us a vibrant place. We're bricking people here all the time. If we can't have people come here and stay in a home in our city and see what our city is like, then it doesn't seem like we really want them to come here. I believe in short-term rentals. I do not support the planning commission proposal, I do support staff recommendation. Thank you very much.

>> Thank you.

[Applause]

[reading names]

>> I'm a bed owner in 78704 and the point I want to make is bed breakfast and short-term rentals are essentially the same business. We cater to transient guests that come and visit our city. As a bed and breakfast owner, there are some differences. One thing that is the same is we're required to collect tax, a hotel tax, and I believe anybody that is collecting tax is a business owner, but, as a business owner of a bed and breakfast you have to go through lengthy process with the city to submit site plans, to petition your neighborhood, to have a change of use and a license and have inspections. You're also required to provide off-street parking, to have a secured fire alarm system with a central alarm system, the security. As bed and breakfast, we're also required to live on site and to be responsible for the guests that stay at your bed and breakfast, so one of the other things is you're prohibited from having any gatherings at your bed and breakfast, even though you live there and would be able to monitor the gathering, you also have a prohibition at the number of people that can stay at your bed and breakfast. All of these things are not part of the potential ordinance that could be set up for short-term rentals and I think that one of the things we really need to look at is either leveling the playing field and saying that if you want to start a bed and breakfast you can just go start a bed and breakfast and not have to have a license and do all those things, or we should look at where the similarities are with bed and breakfast and short-term rental, which is catering to transient guests to visit other city and look at regulations in place for hotels and bed and breakfasts and incorporate that into the ordinance.

[Applause]

[reading names]

>> my comments have been reflected by other speakers but I would like to say that as the owner, a new owner of a short-term rental, we've enjoyed welcoming many guests. Having a short-term rental has allowed us to maintain our property, it's one of the most pristine properties in our -- pristine properties in our area. We are concerned about having regulations that would make us, even though we're complying with being members and paying our taxes and having a safe place, having rental agreements with all of our guests, but now under the proposed changes in the rules, the proposed regulations, we have to pay a fee. In fact, there were two fees for the privilege of playing, following the rules. I think that it is not right for the city council to punish people who are good neighbors because there are bad neighbors. I don't think it's short-term rentals, I don't think it is commercial rentals, I think it is people who are not being good neighbors and I don't think regulations will change that. The city staff can't respond to the code cost, that is something different and regulations will not change that. Thank you. If you want to know what it is like to live in the central city where we have long-term rentals that cause problems, you could live in my house which is two down from some of the super duplexes with which are rented to students and they change every year. We have another 1 person living in a -- 18 people living in a 12-bedroom house, so thanks.

[Applause]

[reading names]

>> hello. I reside in the barton hills neighborhood. I'm one of those voices that you never hear from. I'm not part of a council, haven't been, and it's important to me to stay here tonight for you to hear from somebody who generally I don't hear from. I owned an str in another state, got lots of complaints about it and decided that I did not want to be a part of a lot of other people's angst if I wasn't willing to do more than just make money. I do not support commercial short-term rentals in my neighborhood or in the city. And I respectfully request that the city council factor my input into your final decision. I'm discouraged by the use of homes in barton hills that have been purchased solely for the purpose of short-term vacation rentals. They're disruptive to the residential nature of our neighborhoods. As you are no doubt aware, these houses have been rented for such things as large and noisy parties with no limits, nor oversight on those activities. One such rental included a bachelorette party where neighborhood children were exposed to a view of a pool with inflatable graphic sex toys, sex floats used as party props by the paying guests. Neighbors of these houses are bearing the brunt of hotel-like paying guests where there is increased traffic, excessive noise, parking problems and trash. When I purchased my home in barton hills, I did not intend to have an intimate neighbor of de facto hotels, and I object to that use. It's an uncontrolled stream of unknown people passing through my neighborhood, and I'm opposed to the short-term rentals in the neighborhood. It's my hope that i, as my representative, as council members, will take into consideration the importance of strong neighborhood communities. In my mind, your decisions will reflect how much money and big business can be invasive and influence the character and growth of austin in many ways that will not preserve neighborhoods. As a taxpayer, I cannot help but wonder why we aren't regulating something that can make some money for austin, and I have a lot of empathy for the person who spoke from the bed and breakfast perspective. I would love to have a bed and breakfast, but were they to do so, -- were to do so, I would expect to be regulated. I would love to do a short-term, I would love to be regulated if I did that.

>> Thank you.

[Applause]

[reading names] mayor, mayor pro tem, council members. My name is peter hess, I'm chair of the committee on area developments. In the fountain hills neighborhood association. As tom mentioned a few hours ago, earlier on in this hearing our neighborhood voted, the membership voted on a commercial short-term rentals and voted against asking to you suppress commercial short-term rentals, type two. We have no problems with neighbors renting out their homes for occasionally for south by southwest or these nice ladies early on with special needs, we have no problems. Type one is something we can live with. However, we do have a number of COMMERCIAL STRs IN OUR Neighborhood and every one of them create as real hardship for the neighbors. Many neighbors talk about moving away because they don't want to deal with the daily disruptions THESE STRs REPRESENT. This ordinance wants to the do away I will alley nuisance by making -- with illegal nuisance but regulating it, but it is still a nuisance. You would change zoning by allowing commercial activities in residential noons. We don't don't want car repair shops or mini hotels next door. We don't want to see our neighborhoods commercialized and that seas why we would like you to take our type two out of this ordinance. Type two would promote a business model that is not compatible with residential neighborhoods. WE HAVE PLENTY OF STRs IN OUR Neighborhood and everyone impacts their surroundings. Type two

would promote the business interest of a few at the expense of the quality of life of all of us. Be responsive to people, not businesses. Please take out type two of this ordinance. Thank you.

[Applause]

[reading names]

>> my name is ann watson and i am an owner along with my husband of one of the so-called commercial short-term rentals. Our house is located in a college court subdivision on the southern boundary of hyde park just north of the ut campus. It is an austin historical landmark built in 1911 that's meticulously restored by the previous owners. She was an interior decorator of the texas historical commission and her husband heads the library here. We plan to retire to this property in a few years but can't afford to do that now, so, in the meantime, we furnished it with our family heirlooms and we rent it to family groups on a short-term basis in order to afford to keep the house and the property. We don't want long-term tenants. We've had those tenants before they are a nightmare. We are able to inspect our house meticulously as each guest leaves, repairs are done immediately when problems are noticed. If they are a behavior problem, the guests are gone. We don't have a lengthy process of forcible entry and detainable process. All of our guests are screened. We don't allow parties, if we hear the words brides maids are bachelorette parties, we say no. We've never had complaints from the neighbors. The cemetery is our back neighbors and they've complained. Two of them are our caretakers. We have had no code enforcement violations, we have strict controls of the number of occupants and we're compulsive about paying our taxes. We employ eight people, gardeners, service people, plumbers, electricians, appliance repairmen in summary, much time is spent vetting the staff recommendations we think are reasonable and don't interfere unreasonably with our property rights that are afforded really to all of us. Thank you very much.

[Applause] is there anyone in the chamber signed up to speak whose name I have not called. Come forward and tell us your name. I had you marked off as donating time.

>> No. I don't think I donated to anybody. Thank you, council and mayor. I'm laura presley and I live in eye 41 and i allandale, I would like to boil these issues down, homestead and single family zoning, which i don't think we have an issue with. Those are compromised by the asc. COMMERCIAL STRs IN COMMERCIAL Zoning areas, no issues. FEES AND REGULATIONS FOR STRs In those categories, knock yourselves out, we should have taxes and people should honor those commitments to our community. THE ISSUE COMMERCIAL STRs IN Single family zoning. That's the issue. And, you know, basically this ordinance, by the planning commission and the staff, does not protect our neighborhoods against temporary residents to violate our single family zoning. I will not apologize for speaking out against the numerous violations of our land use codes that these present. Regardless of how much money THESE COMMERCIAL STRs AND Single family zoning bring in, regardless of how pretty their yards are and regardless of the heart felt stories, they are still violating our laws, period. That's the bottom line. THESE COMMERCIAL STRs IN Residential areas exploit the benefits, culture, intent of our neighborhoods and single family zoning. Basically, if you pass this, you are in breach of contract with our neighborhoods and that's how we should look at it. Ironically, these commercial short-term rentals in residential areas, they are -- they want an ordinance

destroying the culture they're marketing, it is almost like they're eating their young, you know, seriously. If you agree with these changes, it will affect each of you personally. I live in neighborhoods that are single family zoning and you can have a short-term rental next door. That's the joy of having you guys live in our city this could affect you, also, and I think that's important. Please honor your commitments to our neighborhoods and maintain the commitment to single family zoning. Thank you.

[Applause]

>> did you give usures name?

>> I did, laura presley.

>> Okay, thanks. Anyone else?

>> Thank you, mayor and city council. My name is brian curlis, I'm up here with not anything as elegant and scrappy notes but i want to get nigh feelings across, as well. Also unorganized, one fact i felt strongly about is when they said there is really no any other screening. I run background checks, I look for sex offenders, felonies, misdemeanors and just like batch lovettes, bachelors, I used to stay in the place I rented out. I commuted to austin for 16 months before I moved here about half the time I was staying in a place that is either a short-term rental or a place where I met someone and became friends with them and I didn't pay any more and I wouldn't be here today if I didn't. Even now, like the person who stays at my last short-term rental, this guy from california moving here, he taught near mee how to make this chinese dish. These aren't just people coming here for vacation. He was here because he is planning to move to austin. I don't think people understand that, a lot of my traffic, because I market over 20 properties, a lot of the traffic is properties that are for people who want to move here, not on vacation or people here for business. People that want a backyard to put their feet up on and let the dogs roam, you can't do that at a hotel and I have people who say they wouldn't -- like that makes a big difference in traveling because it is an experience and they're here, not necessarily for vacation, here as a family. Parties, one thing, I wouldn't rent to myself, I don't rent to anyone under 25.

[Laughter] people laugh at that all the time but anyone under 25 i wouldn't rent to and I don't think most of these people, even most of these people would rent to someone who is under 25. I don't like parties next door, I can't study. I'm still in school. I can't study if there is a party going on, no matter who you are, you don't really want that. Let's see. Another big thing is they talked about airbnb growing will big. I use both airbnb and homeaway, these where to completely different things. Airbnb makes it so I can rent my couch in my room and homeaway makes it so I can rent these properties that are fully furnished, cleaner than any friend of mine's place that I've ever been to, or my parent -- i mean, cleaner than my mother's place. And these homeaway properties, these are quality, well kept properties. Sorry for being funny, just trying to get some feelings from where I'm coming are from on this. I am pro, I do think there should be regulation. I think that the staff's recommendations are very good.

[Applause]

>> okay. Not too sure you helped yourself much there, but all right.

>> Hi, I'm Sharon Williams, my daughter Amber and my son are 30 and we've been here a long time and I appreciate you all staying, too. We're considered a commercial short-term rental but this is my home. I don't live there right now but I'm renting it out because I'm making ends meet. Do we children's music, we do it in Austin, we give back a lot to the community. This is what we do. We're Austin residents. We, you know, we're not a big commercial operation, we're mom and pop and I think a lot of the STRs HERE THAT ARE CONSIDERED Commercial are mom and pop. They lived in their homes or living across the street from their home, they know their neighbors. I know all my neighbors. When we rent our house, which we have been doing for eight years now, with the permission of the city, by the way, legally, you know, we screen all our tenants, we don't have any problems, we don't have parties, we're very particular about who stays there, we plan to move back one day. But right now I'm very concerned about all the proposals through the planning commission, you think that is totally out of line. I would like to see the city proposal being considered but there is a couple of caveats there. I think that we need to look seriously at any kind of regulation that will require us to do something different than long-term renter. I don't think we should have all these checks and safety inspections because we check our property frequently, legal the other thing we need to be concerned about, if there is any implementation of three citations and you're out, I think that is a real problem because you could have neighbors or people that randomly send bogus complaints and we could lose our sense of income. We have to be careful about what we pass as far as regulation. And that's really about it. Thank you.

>> Thank you.

[Applause]

>> anyone else who signs up and whose name I haven't called yet. Okay. One more. Wait until you get on the mic.

>> My name is Dennis Walsh, I live in Austin. We lived here 17 years, we moved to Houston and moved to San Diego and back to Austin. WE OWN A COMMERCIAL STRs IN Austin. I wanted to answer up with question that Miss Tovo asked and that was about this other cities. MY WIFE AND I HAVE RENTED STRs In Italy, Germany, France, Buenos Aires and other states. I am the kind of guy you want next door, I coached 13 teams and was a scout master. The answer to that question is, you asked about cities that have BEEN STRs, I WILL NOT GO TO Portland because they made STRs ILLEGAL. That's all.

[Applause]

>> anyone else wishing to speak? All right. Council comments? Council member Riley.

>> Yeah, first I would like to start by thanking everybody for staying so long with us today, on it wasn't just this meeting tonight, either. The planning commission, a lot of you were at the planning commission for a number of hours and, in fact, there was a very long process at the planning commission through a lot of committee meetings and a lot of you put countless hours into

this process. We have learned a lot about short-term rentals and gained a lot of insight thanks to the input of you folks out there and I really want to thank you for your contribution to the process, including being with us here so long tonight. I want to just briefly offer my perspective on the issue and offer what I see as a potential way of addressing it. I think what we've learned that there are some issues associated with short-term rental we need to deal with. We need to have a simple process for registering short-term rentals, we need to make sure serve actually paying the taxes they're supposed to pay under state law, we need to make that process easier for everybody. We need, and it would be very helpful to provide contact info for all short-term rentals so people experiencing issues with a short-term rental would know who to reach out to and that could easily be done with a registration process that is for everyone, including neighborhoods of the properties. We need to have some mechanism for dealing with a problem properties. If there is a particular property that is a problem, again and again, whether it is owner occupied or not, we need to have some way of dealing with that. And then there is also, I think we do have a particular issue with nonowner occupied short-term rentals, but I want to be clear about what I see as the issue with those particular properties. Just to provide some context for that we've come into calling those commercial short-term rentals when in a way that conjured up images that aren't really accurate because we know from the data we've gotten with the help of our auditors, - as you know, 70% of those nonowner occupied renters are owned by people in Austin. The average -- applause place most of the people live, as you might expect, most folks who have a short-term property separate from their home, they live fairly close by. The average distance is three and a half miles so these are typically people who live fairly nearby and exercise some degree of care, typically, about the property. And these are not properties infusing a lot of chaos in most neighborhoods. If you look at the 911 calls we've learned about from the auditor's office, the number of 911 calls per property is actually 25% lower for the nonowner occupied properties than the owner occupied properties which is counterintuitive but there is some screening and so on that goes on with respect to the nonowner occupied properties so they have to' actually not been that much of a public safety issue compared with owner-occupied properties. But, nonetheless, I think there is a real concern. To me I think the real concern is, what some have referred to as the hollowing out of our neighborhoods. The issue that people are unable to form long-term relationships with their neighbors, think don't know who exactly is living in the neighborhood and I think there is a legitimate concern there. If you can imagine, if nonowner occupied short-term rental were to grow and to keep growing to the point where you had no long-term neighbors, eventually, I think most would agree, you would get to the point where there could be a problem there. For me, growing up in Austin one of the good, great things about my neighborhood was having long-term relationships with families that live nearby, and I think most people in neighborhoods cherish those long-term relationships with neighbors that they know. So if you envision a world where I don't know any of your neighbors long-term, that can be a problem. So what I would like to see is a regime that puts reasonable rules in place that all property owners live by and sets some reasonable limits on the number of properties available for nonowner occupied short-term rentals. And so, I've actually prepared a few, prepared a set of suggestions to how I think we could get there and what I would suggest is that I would offer this for first reading only, understanding this is a -- taking a stab at a very difficult problem and outline items I think would be a reasonable part of a solution like that. And this is a motion that I would make and don't have strong feelings about whether we close the public hearing or leave it open, but as a starting point I will suggest we leave the public hearing open. Well, no --

>> (inaudible).

>> All right, in the interest of trying to get votes I will suggest we close the public hearing and pass on first reading only that we, in particular, with respect to what the planning commission, the type one rentals, I will offer the following amendments that type one rentals be considered the general properties ascribed by the planning commission, the type one includes owner occupied homes, registered homesteads and short-term leases that don't exceed 90 days per year cumulatively. For those homes require payment of taxes, registration, inspections or a certificate occupancy. I don't see a reason why we would require inspections of properties that already have a certificate occupancy, we would expect an information packet which should include limits occupancy to apply the rules for single family dwellings. And, those registrations could be voided if there are three or more valid citations against the tenants of the property to make sure we deal with properties that are a problem on a repeating basis similar as the planning commission recommended, secondary unit on the same property could be rented on a short-term basis for more than a cumulative total of 90 days per year. I thought that was a sound recommendation. The type two rentals, nonowner occupied rentals, I suggest the same rules but apply some cap, impose some cap on the number of properties in a particular zip code that could be used for nonowner occupied short-term rentals and I would suggest that that cap could initially be set at 3% of the single family detached homes within the zip code. And I draw that number based on looking at the zip code that is the biggest problem right now where we hear the most complaints and data shows has the greatest concentration and that is 78704. It is hard to know what the number currently because of number of properties we looked at, we were not able to determine what the ownership status is but we think the number is somewhere around 3% so we would say 3% would represent a cap in any given zip code of the number of single family detached homes that could be used for city nonowner occupied short-term rentals. And that would address the concern about an overconcentration of short-term rentals in a particular area that would address the concern about people becoming strangers in their own neighborhood and not knowing their neighbors, as we would know the number will not grow to the point it overtakes the neighborhood. In fact, it would be capped at about 3% of the properties. And we would have a system in place that manages those that do exist, but make sure that the problem doesn't get out of control. I know that there -- I'm sure there will be concerned about all that and I would welcome any suggestions but that is my initial attempt at solving this very difficult problem.

>> Second.

>> Actually, mayor, if I could add one last thing that I think is an important piece of that. I think the city needs to have a very good web page that provides information about short-term rentals and makes it very easy for folks to register their problems and get information about short-term rentals, how to register and find properties in your area. I think that we would have to work with staff on developing a website to facilitate that and that could also provide information about the number of short-term rentals in the zip code.

>> A motion by councilmember Riley. Close the public hearing and carry over on first reading only and this obviously will require a lot of work by the law department to codify this. Council

member martinez. I'm not going to ask a bunch of questions, I will support this on first reading knowing it will come back. are you seconding?

>>

>>martinez: no.

>> I seconded. the questions relate to the cap and what mechanism, if we can't identify them right now, how do you impose a cap and then how do you enforce that cap when they are hard to identify? I don't want to create some under ground market of short-term rentals that aren't out in the light and that aren't complying with the regulations that we might be imposing so that's the concern I have with that. The other concern is, obviously, if you base it on -- if you base the cap on 78704, you know, it is going to squeeze it somewhere else. It is going to go somewhere else so each zip code by zip code will hit that cap and if we're able to find an enforcement mechanism it will start to go in a other areas, as well. It is a mild concern, it's not, you know, not a deal killer for me, I just don't know what, one, the identification mechanism would be that we can all agree on, and two, what the enforcement mechanism would be by enforcing that cap. But I agree with the registration, I agree with the website. I think we have a few bad actors in this industry that need to be addressed and I think we can do that. But I also do believe there is some value for short-term rentals even for folks as itly lates to, I've heard a few stories and one tonight was folks being able to deep their home and not sell it that have been unemployed, they lost their job so they go rent an apartment they can afford and they use their house as a short-term rental so they don't lose it. And doesn't get forecasted on. There are many different scenarios that come into play here and so I'm going to support this on first reading but will continue asking questions before second.

>> Obviously, a lot of unknowns yet to go and I think council member riley indicated that the cap issue is something that needs to be studied a little bit more by the time it comes back and, obviously, a lot of detail, I think, is going to have to be given on the enforcement mechanism, which I think is probably key to this whole puzzle. Mayor pro tem. I want to thank council member riley for delving into this I think it issue that is out there quite some time. I think we're trying in earnest to strike a medium that recognizes the bad actors in a particular neighborhood and at the same time for short-term rentals to exist as a proprietary interest. The auditor has done some very good work and I think between now and when we come back on second reading we can further study that and maybe give some instructions to him about some of the issues that council member martinez brought up in terms of knowing exactly where some of the short-term len tales are and what would be whether we need to think of a range for certain zip codes or all out cap because we are within the central city, I think some of those things need to be hashed out for us to think about. I did want to ask one of the neighborhood -- why don't you come up a second. I wanted to see or any -- I'm sorry, cynthia. I just wanted us to have -- we're only doing this on first reading and I wanted is to have the benefit and also ask mikhael to come up about your initial thoughts of what council member riley has laid out opposed to you all -- I mean, if you're against it, say you're flat out against it, that is okay, or if you don't have anything to say, say you don't have anything to say rather than you all trying to get on our schedules next week.

>> I really appreciate your effort and having talked to you all like a year and a half ago, I definitely have seen some movement in the directions of my POSITION ON BANNING THE CSTRs But this proposal falls far short what have I'm looking for.

[Applause]

>> thank you, cynthia. Hikhail, did you have any initial thoughts on this proposal.

>> I guess, like cynthia, it is very different from what we feel is necessary and that we've been supporting, but frankly, and i don't want to speak for everybody, but I think overall it is, it goes a long way toward figuring out a fair way and enforceable way to deal with the problems that have been identified and other real problems that have been identified. So I would don't think, I think there is -- I would tend to think, I think there is a lot of detail that needs to be worked out, the mayor is right about that, but overall the concepts are supported by our side.

>> Okay. We wanted to make sure we are on the road of being fair and we will have discussions about that in the interim. Thank you, mayor. council member spelman.

>> I very much appreciate, first, everyone being here at almost midnight. I appreciate myself being here at almost midnight, the too.

[Laughter] I appreciate the staff working hard on the issue, a lot of big issues that hit the council in the last couple of weeks and this is one that slipped through the cracks in most of our offices and it did not slip through the cracks at riley's office and i appreciate you coming up with a proposal we can all at least tentatively accept on first reading and I look forward to working with your office to maybe whatever improvements we need to make to it. Two things I will think about between now and second and third readings. One is enforcement is not just a matter of identification of who is actually operating an str. It is once we've identified an str what do we have that has some teeth actually hold them to the rules. If they are in excess of the registration limit, for example, 1% in the neighborhood, for example, what instruments are available for the city to slit them down. If, and I'm most concerned about that because I think it is a long ways off for most neighborhoods and more serious concern is what do we do about an str in the 5% that shall driving their neighbors absolutely bananas and where the cops have to keep coming out and code compliance guy have to keep coming out, neighbors keep complaining over and over again and nothing is done. Something needs to be done. We need to talk with our police department and codes people and anyone else enforcing rules in the neighborhoods to make sure THEY UNDERSTAND WHERE THE STRs Are located and understand we need to take serious action against the ones we keep come, back to over and over again which I think is going to require changes in standard operating procedures and almost lean going to require changes in practice among the municipal pros kitters who are very oriented to compliance but not as much oriented towards the kind of change in behavior we really need for this to succeed in other neighborhoods, especially neighborhoods that HAVE A LOT OF STRs IN THEM. I think we have a lot of work to do between now and when this proposal is done. I look forward to working with you all and putting it together and I know staff will help us out with it. council member morrison. I know it is midnight by I have to share my thoughts on this. It is a critical issue and fundamental things we need think about. Interestlsy, the comments are where I was thinking

about. As soon as we limit the number of short-term rentals, I have sort of stepped back from that and started thinking a lot more about it and asking the question of, let's start from the beginning. Why do we even separate he is deny shall from anything else. -- Residential from anything else. Someone mentioned euclidian zoning.

>>Mayor leffingwell: I don't. you're going to learn about it. I used to think it was named after geometry which we all studied in 10th grade but it is named out of a case of euclid, ohio, which was case that went to supreme court and the supreme court ip up held the right, 1926, council member spelman knows about, it upheld the city's right and authority to separate uses and it pretty much came out of, as i understand it, in large part, the first time people started thinking, hey, we need not have residents right next to industrial uses, for instance. But, at the same time, the court also recognized that maintaining the character of residential neighborhoods is a proper purpose of zoning. So, it really started getting me thinking about why do we keep commercial separate from residential. I know we've talked a lot about and I do consider, I mean, for me, commercial short-term rentals are commercial activity as opposed to a less deny shall activity. -- A residential activity. And the court indicates that he mentioned, did I read that. It was california appeals court, but they referenced a lot of supreme court, and they really articulated a lot of very interesting things about why it was important to have residents in residential areas and I just want to reference a couple of those. They said the promotion of long-term residency, because of court case was about whether or not this could be short-term, commercial short-term rentals, says the promotion of long-term residency, with it comes stability, increased interest in the protomotion of public agencies such as schools and churches and gave recognition of an individual's responsibility for his share in the safeguarding of the welfare of the community and increased pride and personal achievement which must come from personal participation and looking to the community benefits. So, they said that short-term rentals have little interest in public agencies or in the welfare of the citizenry, they do not participate in local government, coach little league or join the hospital guild, do they not lead a scout trip, volunteer at the library or keep an eye on an elderly neighbor. Literally, they are here today and gone tomorrow with without engaging in the sort of activities that weld and strength a. community. So, for me that helped to articulate what we're talking about the importance of residential is really having individuals live there and anchor, provide anchors for the community where you know they're invested in the community. So, for me, to allow commercial short-term rentals and commercial activity that is not resident signal these residential areas is unprecedented, we do allow a couple of commercial type of activities in our code now, home occupation in residential and BNBs. And with both of those you're required to have an own they're lives there so you still have that anchor with both of those.

>> They found a short-term rental, if it was rented 70% of the time, would yield three times as much as a long-term lease. So you can -- you can bet that there's going to be some financial pressure to push for these. Interestingly, the national association of realtors, had a study done and they talked about the impact on the cost of housing, allowing short-term rentals. It says, I quote, short-term rentals can affect housing costs in a community when property owners elect to rent their homes on a short-term basis rather than renting on a longer term, they essentially squeeze the supply of housing, pushing up the demand and subsequently the cost of housing in the community. In some cases, allowing short-term rentals may fuel speculation in rising housing markets by allowing investors to cover the caring costs of a house for a period of time. While the property appreciates in value and then sell it for a profit. This is interesting, tourist communities

in particular may be affected if the workers in low paying service and prison jobs, which austin is a --

[indiscernible] jobs which austin is for a period of time, can no longer afford to live in the community, reasonable commuting distance. Specifically supporting neighborhood schools and families. If we're willing to allow a loss of 3% of our housing stock that could support families in central austin, then we're talking about potentially a 3% loss in our school-aged children in central austin, which is absolutely critical to the foundation of our community and I do want to mention i have a -- I have a -- I have a quote from imagine austin, someone gave quite an articulate discussion of how this does not comply with imagine austin. For me, I found one specific -- one action or building block or something, it says develop incentives and policies to encourage more families with children to live in austin's established neighborhoods, by increasing the supply and providing [indiscernible] housing. This is decreasing the supply of housing for families in our neighborhoods. And then lastly, I just want to mention that I also think -- I don't think people mentioned much of this, but the issue of sprawl and density. If we are taking away the ability for families to live in our central city neighborhoods, that's promoting sprawl and that's what we're trying to counteract with the comprehensive plan that we will be looking at in -- in seven short days. So I -- in conclusion, i think we have serious issues with affordability, with impacts to families, to our schools, to sustainability and I think that it's the wrong thing to do. So I do have -- I've come to the end of this. I do have a substitute motion that I would like to make. I have a copy here. That is simply to allow them as an accessory residential use if it's a homesteaded property. What I have passed out here is a simple, elegant solution. I want to remind everybody that in fact I think 63% of the short-term rentals in the study were -- were homesteaded properties. So in fact this would -- allow 63% of the short-term rentals to continue. And basically, what -- what my motion is, is to add a section to accessory uses for a principal residential use that says the short-term rental of a residential dwelling unit or secondary apartment for periods of less than 30 days and not more than annual total of 90 days in a calendar year, provided that a dwelling unit on site is owner occupied and has at least a partial residential homestead exemption as defined under state law. So basically, what this ask is allow you, if you are living on site, then you can use any other part of any other dwelling unit on site or your own dwelling unit as a short-term rental for up to 90 days. So it's -- so it's quite simple. In fact, it applies to any residential use. So it was -- it's actually more expansive in some ways than what we've been talking about, because it would apply to multi-family and things like that, also. So that's my substitute motion.

>> Mayor Leffingwell: So is that a substitute motion to close the public hearing and approve that motion on first reading?

>> Morrison: Uh-huh.

>> Mayor Leffingwell: Is there a second for that.

>> Tovo: Yes. I would and I have discussion that I would like to offer and also a possible amendment to that. I'm not going to echo what councilmember morrison said except to say that I agree and several of you, because you have raised the question about why are we spending so much time on this. I think that's a good question to ask ourselves, whatever issues we take up

here. It is critical, I believe, that the council be involved in planning and zoning issues as they affect our whole community. Many hundreds and hundreds of hours have gone into our neighborhood plans, our comprehensive plan. I know many of you on every side of the short-term rental have been involved in

Title: CHANNEL6 Channel: 6 Recorded On: 6/8/2012 12:00:00 AM Original Air Date: 1/1/1900 12:00:00 AM Transcript Generated by SnapStream Enterprise TV Server

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While the property appreciates in value and then sell it for a profit.

This is interesting, tourist communities in particular may be affected if the workers in low paying service and prison jobs, which austin is a -- [indiscernible] jobs which austin is for a period of time, can no longer afford to live in the community, reasonable commuting distance.

Specifically supporting neighborhood schools and families.

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I think that's a good question to ask ourselves, whatever issues we take up here.

It is critical, I believe, that the council be involved in planning and zoning issues as they affect our whole community.

Many hundreds and hundreds of hours have gone into our neighborhood plans, our comprehensive plan.

I know many of you on every side of the short-term rental have been involved in the comprehensive planning process.

These are issues that are really critical.

For me this is an important

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issue not just because some are nuisances and they change the dynamic for the people around them.

Those are all valid reasons.

But if you have seen the auditor's report, you have seen the way in which short-term rentals are clustered in particular in some of our neighborhoods and I agree that I don't think 3% gets at a cap that's going to be sufficient.

And you know one of the things that I would like to suggest is that at our next meeting we have our city demographer here.

In one of the conversations that I've had with him, he has he -- I'm going to look at my notes so that I'm careful not to overstate what he had to say.

But he did cite the clustering of str's, which we know is going on.

We have documented evidence now from our city auditor that there is a clustering factor, that, one, the number of short-term rentals in this city take has increased and is increasing dramatically and they are trending toward locating in certain of our neighborhoods.

And that clustering, brian robinson, our city demographer, has cited for one of the reasons for population loss in some of those neighborhoods.

Not the only reason.

Perhaps not even the main one.

But a factor.

If you follow the conversation about the increasing number of family -- of the trend, of families with children moving out of our central city into the outlying areas, you know that this is a critical problem, it's really difficult to get our hands around strategies that are going to help reverse it or at least slow it down and the last thing we need to be doing is supporting a commercial use in our residential neighborhoods that's going to exacerbate that trend.

So for me this really is a very serious issue and you know in looking at some of the research, in looking at some of the municipalities that have adopted regulations or bans across the country, often they do so not just because of some of the nuisance issues that have been raised, which, you know, we can argue as you

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have that those could be every bit as prevalent in a long-term renter as they would be in a short-term renter.

But many of the municipalities cited are talking about good, solid planning reasons for being concerned about commercial short-term rentals.

Councilmember morrison and i seem to have read some of the same articles so I'm not going to quote the court case and some of the other things she did.

But this from the american article in zoning news from the american planning association.

With regard to short-term vacation rental, residential or commercial use.

I quote, a more insidious problem with short-term rentals is their impact on housing cost, we've heard about that earlier, when property owners decide to increase their represent stream with short-term rental agreements rather than by renting for the season or year they squeeze the housing, subsequently pushing up the demand and [indiscernible] the costs.

One of the articles that appeared in the new york times talked about how in some san francisco neighborhoods there are now more housing units dedicated to seasonal, recreational or occasional use than they are available apartments for rent.

Again, that's going to have a tremendous impact, not just on the affordability of our central city neighborhoods, but also as has been discussed the number of families with children living in our central city neighborhoods where we so desperately need to support or system of neighborhood public schools.

And then the last quote that I'll mention is also from a new york times article, quoting the code enforcement supervisor in the san francisco planning department who said the trend toward vacation homes was -- called it deeply troubling.

I quote, they are taking away from the city's affordable housing stock and the amount of units available for permanent residents.

If you look beyond austin, i think, you know, we have had heard some comments tonight that there are, you know --

[00:12:00]

a handful of disgruntled neighborhoods who maybe live next to a vacation, short-term rental, municipalities across the country are confronting this issue, they are doing so because they regard it as a problematic land use.

A land use that is going to have a tremendous impact on those neighborhoods.

And will change the shape and character of those neighborhoods.

I really look forward to continuing to have a thoughtful discussion on this.

Councilmember riley, i appreciate the proposal you brought forward today.

I also appreciate that there is an attempt to cap it.

But I concur that it does not go far enough.

And so I will support the motion that councilmember morrison made.

In the interest of acknowledging that we do have commercial short-term rentals right now in our existing neighborhoods, I do have an amendment to propose that I will distribute.

While that's working its way down the dais, we have got len lots of emails from multiple perspectives on this issue.

Some of the -- I think we got 100 or so that came in with the subject head that visitors benefit austin.

Absolutely they do.

We recommend visitors.

They will have many places to stay in this city regardless of how we make a decision about commercial short-term rentals.

We are preserving the right, I think we've all agreed that we want homeowners association to be able to rent out their houses on -- in a limited way so that if a family wants to vacate their premises for several weeks during the year for families who can come in or visitors who can come in to use it for acl or others, we're preserving the right for them to do that.

There will still be short-term rental opportunities regardless of how we make a decision here tonight or next week.

And -- but we also know that there are several new hotels

[00:14:00]

coming, we have other kinds of options here for visitors.

So we welcome them.

I am personally as a cultural arts professional very glad for the money that they provide through the hotel motel tax to our cultural arts programs, but we have other options for them.

Other than creating commercial short-term rentals in our residential neighborhoods.

So again in the interest of acknowledging that there are some individuals in our community who have purchased properties as investments and are currently operating commercial short-term rentals, this motion would offer amnesty for a period of three years, allowing them to come into compliance with the prohibition against commercial short-term rentals in our residential neighborhoods.

And the bullet points are you see them before you, councilmembers.

If there is no residential homestead exemption, they are strictly a commercial short-term rental, in existence 90 days prior to the board of adjustment ruling on the 19th they would have three years to come into compliance on the city code from the date that the ordinance goes into effect.

The evidence for that would be hotel/motel occupancy tax receipts.

Thank you.

>> Mayor Leffingwell: Okay.

So accepted as a friendly amendment and incorporated into the substitute motion.

>> Spelman: Mayor.

>> Mayor Leffingwell: Councilmember riley and then councilmember spelman.

>> Riley: I appreciate all of the comments and hard work on the part of councilmembers morrison and tovo, I think they have made very, very powerful arguments about why we would want to limit commercial short-term rentals, considering all of the input and wanting to strike reasonable balance between all of the competing balance I disagree that limit needs to be zero.

[00:16:00]

[Applause] I don't know that 3% is the right number, but I think it provides a little more reasonable balance of the competing interests than zero.

>> Mayor Leffingwell: Councilmember spelman?

>> Spelman: I believe councilmember morrison called it right when she called her solution elegant.

A ban is certainly elegant and a ban with a three year amnesty is almost as elegant as a total ban.

But we know what happens when we ban things.

We banned alcohol in the 1920s [laughter] that didn't work out real well.

We banned marijuana today and I know a bunch of people who don't pay too much attention to that.

I won't ask anybody in this room, by the way.

What happens when you ban things, which are popular, is you put them underground.

That means in this case we wouldn't be able to take any taxes.

It means we would find it much more difficult to enforce good behavior, which I think is the biggest problem with strs, a very small percentage of them who haven't got with the program.

The vast majority of the program in this room who operate or live next to strs are doing absolutely properly, screening your clients, watching very carefully what's going on in your properties and your clients and you are exhibiting very good behavior and you don't get any complaints about it.

That's the sort of thing which I think we need to be focusing more attention on.

I think a ban is simply solving the wrong problem.

I will be voting against the motion.

On the other hand I think councilmember riley is right, we do have to deal with the issue of hollowing out of the neighborhood.

At some point there will be enough strs where we're not going to have the kind of neighborhoods we're looking for.

I don't know what that percentage is.

I look forward to working working with it.

But a ban, zero is the no the right number.

Not the right number.

>> Mayor Leffingwell: Any other comments?

In that case, the vote will be on the substitute motion.

All in favor of the

[00:18:00]

substitute motion say aye.

>> Aye.

>> Mayor Leffingwell: Opposed say no.

>> No.

>> That fails on a vote of 5-2 with councilmembers riley, martinez, myself, and councilmembers spelman and mayor pro tem cole voting no.

And that brings us back to the main motion.

>> Mayor?

>> Mayor Leffingwell: Councilmember morrison.

>> Morrison: I won't be able to support the motion.

But I do want to throw out there that I hope clearly it's probably going to be going forward.

And I wanted to throw out a suggestion for additional ways for limitations on the number.

I know that there have been concerns about the thousand foot because of ways to game the system and all, but one of the ideas that had come up was to look at the thousand foot limit, but only allow a -- a property that is not homesteaded to trigger that thousand dollars foot.

I think there was concern that folks that live there would just apply for a commercial, to be a commercial str, even though it's their homestead, just to sort of put a mark on the map and -- and basically the ban of a thousand feet, that would be a much different situation, if in fact you only counted ones that were not homesteaded.

You wouldn't be able to get into that situation where a bunch of people that just live in the neighborhood and own those homes [indiscernible] I hope that I'm making sense at 12:30 in the morning.

So it's another way to look at the thousand foot that might be a simpler way to do it.

>> So obviously this question is something that -- that may have a lot of different -- different solutions and consider that direction to staff to look at other methods of controlling density besides simply the zip code.

[00:20:00]

So all in favor of the main motion, this is first reading only, say aye.

>> Aye.

>> Opposed say no.

Passes on a vote of 5-2 with councilmember tovo and morrison voting no.

So -- that completes our agenda for tonight.

So without objection -- [applause] -- we stand